

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	3 February 2022
<b>Subject:</b>	Sefton Hospitality Operations Limited – Strategy and Business Plan (2021-22 to 2024-25)		
<b>Report of:</b>	Executive Director (Place)	<b>Wards Affected:</b>	All Wards
<b>Cabinet Portfolio:</b>	Cabinet Member - Regeneration and Skills		
<b>Is this a Key Decision?</b>	Yes	<b>Included in Forward Plan:</b>	Yes
<b>Exempt / Confidential Report:</b>	No		

### Summary:

The report provides the Cabinet with the proposed strategy and business plan for Sefton Hospitality Operations Limited. The focus of the business will include, but not be limited to, operating the hospitality offer at Crosby Lakeside Adventure Centre (CLAC), and this report follows on from the previous reports to Cabinet on the CLAC project.

### Recommendation(s):

Cabinet is recommended to:

- (1) Note the Strategy and Business Plan for the company, including its alignment with the Business Case for Crosby Lakeside Adventure Centre previously presented to Cabinet;
- (2) Approve the Strategy and three-year Business Plan for Sefton Hospitality Operations Limited;
- (3) Approve that any material variations to this financial forecast be presented back to Cabinet for further decision; and
- (4) Approve that an updated Business Plan for the three years from the financial year 2023-24 be brought to Cabinet for approval in advance of the start of that financial year.

### Reasons for the Recommendation(s):

Sefton's Growth and Strategic Investment programme includes a number of projects that enhance and maximise the offer across the borough to residents and visitors alike. This offer goes beyond the physical assets themselves, and the role of Sefton Hospitality Operations Limited (SHOL) and its opportunity are to provide an experience for customers that aligns with the vision and objectives of the borough and the council. Moreover, SHOL and its strategy will enable support for local people with access to higher-quality career opportunities in the hospitality sector.

**Alternative Options Considered and Rejected:** (including any Risk Implications)

There are no alternative options to be considered.

**What will it cost and how will it be financed?**

**(A) Revenue Costs**

All financial implications are discussed within the report and the Business Plan itself.

**(B) Capital Costs**

All financial implications are discussed within the report and the Business Plan itself.

**Implications of the Proposals:**

<b>Resource Implications (Financial, IT, Staffing and Assets):</b>	
Any resource implications are contained within the report.	
<b>Legal Implications:</b>	
Any legal implications are contained within the report.	
<b>Equality Implications:</b>	
The vision and values, strategy and operating procedures of the company will align with the ethos of the Council, in respect of equalities, and will be reflected in all areas, including recruitment, procurement, etc.	
<b>Climate Emergency Implications:</b>	
The recommendations within this report will	
Have a positive impact	Y
Have a neutral impact	N
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	Y
The vision and values, strategy and operating procedures of the company will align with the Council's response to climate emergency, with focus on environmental sustainability.	

**Contribution to the Council's Core Purpose:**

Protect the most vulnerable: Inclusivity will be at the heart of the company's vision and values, in respect of both the physical and experiential offer to residents and visitors.
Facilitate confident and resilient communities: Inclusivity will be at the heart of the company's vision and values, in respect of both the physical and experiential offer to residents and visitors. Moreover, the company will offer quality employment and career opportunities for local people in the hospitality sector.
Commission, broker and provide core services: Project future returns to the Council, as sole shareholder of SHOL, will provide revenue to contribute towards service provision.
Place – leadership and influencer: The physical and experiential offer of the company will support enhancement of sense of place across the borough.
Drivers of change and reform: The enhancement of physical assets, the offer to customers, and the approach to employment and career opportunity, will all support change across the borough and in the sector.
Facilitate sustainable economic prosperity: The company will support economic prosperity and resilience through the offer of quality employment and career opportunities for local people in the hospitality sector.
Greater income for social investment: The strategy and business plan outline the significant intended contribution of the company in respect of social value.
Cleaner Greener: All projects and operations will align with the highest environmental standards, reflecting the council's focus on climate emergency.

## What consultations have taken place on the proposals and when?

### (A) Internal Consultations

The Executive Director Corporate Resources & Customer Services (FD 6670/22) and the Chief Legal & Democratic Officer (LD 4870/22) have been consulted and any comments have been incorporated into the report.

### (B) External Consultations

There have been no external consultations.

## Implementation Date for the Decision

Following the expiry of the "call-in" period for the Minutes of the Cabinet Meeting

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**Appendices:**

Appendix – Strategy and Business Plan document

**Background Papers:**

A link to the CLAC Business Case report considered by Cabinet on 4 February 2021 is below

<https://modgov.sefton.gov.uk/ecSDDisplay.aspx?NAME=SD2987&ID=2987&RPID=32329296>

## **1.0 Introduction**

- 1.1 In February 2021 the Council agreed the Full Business Case for the Crosby Lakeside Adventure Centre project. This includes approval of the recommendation to incorporate a new operating company, with board members nominated and appointed in accordance with the Council's Constitution, and the recommendation that £500,000 working capital was loaned from Sefton Council to the new hospitality company to cover the launch and the first 18 months of operation. After this time the debt would be paid back to the council over the 10 years of the business plan and as the first financial commitment from profits generated.
- 1.2 This report covers the three-year Strategy and Business Plan for the operating company, named Sefton Hospitality Operations Limited (SHOL) and wholly owned by Sefton Council. The Strategy and Business Plan document is appended to this report.

## **2.0 Strategy**

- 2.1 The focus for SHOL will be on being an employer of choice in the hospitality sector. This is intended to include focus on offering full-time, permanent employment opportunities, with all roles paying a real living wage or above (and the Business Plan herein is based on this assumption). These terms and conditions will be one part of an attractive and differentiated offer to employees, ensuring that the company attracts, develops and retains staff. This offer will also include training and development opportunity, working towards long-term career growth in the hospitality sector, and will be complemented by the ethos and core values of the company that should ensure an organisational culture of which employees wish to be a part.
- 2.2 The ambition is to deliver a quality experience for employees, who in turn will deliver a quality experience for customers – this strategic approach is not uncommon at the “higher end” of many sub-segments of the retail sector.
- 2.3 This employment offer also aligns with the core values of the Council and of the borough, and SHOL offers employment opportunity for a number of cohorts, aligned to the Council's priority areas.
- 2.4 In respect of service delivery and the potential for growth, the strategy for SHOL during this Business Plan period will be:
  - To ensure that the start-up of the business is successful, building the structures and teams necessary to delivery the vision, strategy and core objectives herein;
  - To ensure that the opportunity at Crosby Lakeside Adventure Centre (CLAC) is maximised by the company, as a priority; and
  - Beyond CLAC, to selectively pursue other opportunities for profitable growth, in line with the values and objectives herein, with low capital investment and no additional borrowing by the company.

### **3.0 Business Plan**

- 3.1 The Business Plan is summarised within the appended document. Detailed and commercially sensitive information behind those assumptions is not included in the plan. This Business Plan aligns to Full Business Case (FBC) approved by Cabinet for CLAC in February 2021, and the long-term returns anticipated in that FBC are unchanged in this Business Plan or in the assumptions over the 10-year period assessed within that FBC. This includes company profitability, repayment of the shareholder loan, and dividends from the company to the shareholder. Furthermore, SHOL will deliver circa £250,000 benefit to the Council per annum, by way of the previous subsidy being removed and other measures, as stated in the FBC above.
- 3.2 Continued uncertainties in the hospitality sector, due to the COVID-19 pandemic as well as other factors, are taken into account in this Business Plan, and reflected in the prudent approach to growth exemplified by the strategy summarised in section 2.4 of this report.
- 3.3 As per the FBC approved in February 2021, an initial debt facility has been made to the company by the Council. However, no additional borrowing by the company from the Council, or any other source, is anticipated in this Business Plan, and repayments are expected in line with the previously-approved FBC.
- 3.4 As with other council-owned companies, any material variations to this Business Plan will be reported separately to the Cabinet for review and approval.
- 3.5 Moreover, an annual update to the three-year Business Plan will be reported to Cabinet, with an updated Strategy and Business Plan for the three financial years from 2023/24 to 2025/26 presented to Cabinet before the start of the 2023/24 financial year.

### **4.0 Other Key Considerations**

- 4.1 The approach to strategy, business planning and associated reporting is and will be consistent with other council-owned companies.
- 4.2 This will include governance matters, with the process underway at the time of this report to appoint an independent Chair of Sefton Hospitality Operations Limited. That role would be intended to bring strategic oversight and sector expertise to the company.
- 4.3 The Council's redevelopment of the Crosby Lakeside Adventure Centre has been delayed due to the previous contractor's delays and failures to satisfactorily progress the works. Following termination of the contractor's employment under their contract, the Council is implementing its contingency plan to complete the scheme. These delays have impacted the company's operations in the short-term, but as above there is no expected variance across the period assessed within the FBC for the project. Moreover, alternative short-term opportunities are being progressed for the company to mitigate the impact of these delays, which have been outside the control of the Council or the company.