

Report to:	Cabinet	Date of Meeting:	10 March 2022
Subject:	Customer Experience Training - Business Case		
Report of:	Executive Director (Place)	Wards Affected:	All Wards
Portfolio:	Cabinet Member - Regeneration and Skills		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

To update on the Southport Town Deal project, Building Better Customer Experience, and to present the preferred option for progressing the commitment of Town Deal funding for the project.

Recommendation(s):

Cabinet is requested to:

- (1) agree that the Business Case for this project is endorsed to go forward as part of the Town Deal investment package;
- (2) delegate to the Executive Director of Corporate Resources and Customer Services, in consultation with Executive Director (Place) and the Chair of the Southport Town Deal Board the signing and returning of the Project Documentation to Department for Levelling Up, Housing & Communities (DLUHC) in line with Town Deal funding deadlines, in order to trigger the release of funding and commence the project activity; and
- (3) note that the Executive Director (Place) in consultation with the Cabinet Member and Section 151 Officer will be requested to approve a supplementary revenue estimate of £200,000, as per the Financial Procedure Rules, to be fully funded by the Town Deal.

Reasons for the Recommendation(s):

Under the Town Deal Heads of Terms, Sefton Council is required to submit business cases within 12 months of the initial offer (ie by March 2022).

The preferred option for Building Better Customer Experience is set out in the business case and reflects an understanding of the needs of the Town in order to make key improvements in the quality of the local workforce to underpin the transformation of the Town.

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

The Do-Nothing option has been rejected on the basis that we have recognised there are key issues connected with the skills and aptitudes of the local workforce which are necessary to address in order to achieve the level of transformation we envisage in the Town Deal Investment Plan, with increased visitor footfall, increased length of stay and return visit and higher levels of satisfaction in key attractions, leisure facilities, catering and hospitality settings.

What will it cost and how will it be financed?

(A) Revenue Costs

The Project will cost £200,000 to deliver and will be financed through Town Deal funding.

Any supplementary contributions – including those identified from Sefton Community Learning and Southport College – will be funded by those partners – and where these are Sefton Council services – these costs will be met from within existing budgets.

(B) Capital Costs

There are no direct capital costs associated with this report.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):	
The projects will be delivered by known and credible delivery partners who will recruit and deploy new staff to work within their establishments alongside existing staff. IT systems to report outcomes, account for funding and supply necessary evidence to support performance are already in place.	
Legal Implications:	
There are no legal implications.	
Equality Implications:	
An Equality impact assessment is required under Town Deal requirements and will be supplied to cover this project. Since this project will focus on developing the skills of people currently outside the labour market accessing second-chance vocational learning opportunities it is envisaged that the equality implications of this delivery will be positive.	
Climate Emergency Implications:	
The recommendations within this report will	
Have a positive impact	Yes
Have a neutral impact	No
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes
The Building Better Customer Experience project will significantly contribute towards the council’s Climate Emergency targets through promoting the recruitment and retention of	

local residents into employment opportunities within Southport, thereby reducing the average travel to work geography. Furthermore, participants in the training will have access to a range of support including travel to work plans promoting public transport and cycling including travel passes and access to cycles for those meeting key criteria.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: As with all council regeneration projects, the project business case will identify and develop inclusive opportunities in employment and training for all people across Sefton. This project will particularly impact excluded younger people wishing to enter the labour market.

Facilitate confident and resilient communities: By raising the quality of the local workforce and promoting the viability of the visitor economy as a sector of desirable and sustainable employment

Commission, broker and provide core services: The project will work closely with other initiatives focused on business growth in the town. It will also be aligned with the emerging processes to maximise job capture from capital investments arising from the various elements of the Town Deal approach.

Place – leadership and influencer: The proposed project will be the first initiative of this type in the Town Centre and will seek to drive forward a new standard in customer experience that will be linked with the transformation of Southport. The project will be an enabler for change and lead to further private sector investment in Southport.

Drivers of change and reform: The project will provide a new template for private sector investors and business to drive up the quality of visitor experience, promote return visits and further promote engagement between the Town Deal and the local community and the visitor economy sector.

Facilitate sustainable economic prosperity: Equipping individuals with higher levels of marketable skills will enhance their resilience and employability in the longer term. Working with employers to understand their quality expectations will enable a smoother match between businesses wishing to recruit and those seeking entry to sustainable work.

Greater income for social investment: The project will impact across the private, public and community sectors by enhancing the visitor experience. This in turn will assist in providing the key determinants for increased social investment.

Cleaner Greener: The future operation will contribute to Sefton's aims to becoming net zero Carbon Neutral by promoting local employment, reducing commuter travel patterns and offering access to cycles or public transport support for potential new recruits.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6722/22.) and the Chief Legal and Democratic Officer (LD.4722/22.) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

The Building Better Customer Experience project is part of the Southport Town Deal's Town Investment Plan which was submitted following an extensive public consultation with residents, visitors, business owners and young people (on which more than 7,000 responses were received).

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:

The following appendices are attached to this report:

Appendix A
Building Better Customer Experience Business Case

Background Papers:

The following background papers, which are not available elsewhere on the Internet can be accessed on the Council website:

Cabinet meeting 1st April 2021, Southport Town Deal – Heads of Terms: [http://smbc-modgov-03/documents/s102024/Southport%20Town%20Deal%20Heads%20of%20Terms.pdf?\\$LO\\$=1](http://smbc-modgov-03/documents/s102024/Southport%20Town%20Deal%20Heads%20of%20Terms.pdf?LO=1)

Town Deal Board: <http://smbc-modgov-03/mgCommitteeDetails.aspx?ID=881>

1. Background

- 1.1 Following the successful submission of Southport's Town Investment Plan, under the government's Town Deal funding programme, Southport has been allocated £37.5m for a range of projects. All project funding allocations through the Town Deal have been developed with the agreement and support of the Town Deal Board and in line with the Town Deal Programme Heads of Terms.
- 1.2 One of the projects agreed and allocated £200,000 of funding is The Building Better Customer Experience.
- 1.3 The Building Better Customer Experience project is the only element of Town Deal funding which is revenue based as it will be used to support the training of employees, residents and other stakeholders.
- 1.4 The preferred option sets out the business case for the Council's delivery of the project including roles and responsibilities of providers and will then be responsible for the operation of the Building Better Customer Experience project and achieving the outcomes and outputs required under the Town Deal Heads of Terms.

2. Project Outcomes

The Project is a co-ordinated programme of blended training to be delivered by trusted partners committed to the transformation of the Town which will deliver a step change in skills and attitude of workers engaged in the visitor economy and public sector services across Southport to enhance the quality of visitor experiences, promote return business and increase length of stay.

- 2.1 Key objectives of the project include the following Towns Fund output requirements for training and skills development projects:
 - Number of closer collaborations with employers – The programme will engage with employers to provide input to course content and to provide trainee employment experience. The programme will collaborate with c30 employers.
 - Number of learners/students/trainees gaining certificates, graduating or completing courses at new or improved training or education facilities, or attending new courses. This measure will be delivered by Southport College and is estimated at 320.
 - Number of learners enrolled in new education and training courses. This measure will be delivered by Sefton Council and Sefton Adult Learning Service and is estimated at 1800.

3. Delivery Approach and Recommendation

- 3.1 A range of options for delivering the project objectives has been assessed and a Recommended Option developed.

- 3.2 The preferred option entails a three-strand approach delivered via Sefton Council workforce development team, Southport College and Sefton Council's Adult Learning Service.
- 3.3 A funding agreement will be set up between the Council as the applicant for the Town Deal funding and Southport College to cover those elements of the project being delivered through the College.
- 3.4 The preferred option is recommended on the assumption that there are key project assurance processes, safeguarding and quality measures in place within the delivery partners that will enable a swift start
- 3.5 Commencing after the release of government funding, the training will be delivered over 24 months from January 2023, with financial completion of all activity by end March 25. Approximately £135k is scheduled for expenditure in year 2, with the remaining £65k in year 3, allowing for funding to be rolled over between years if necessary.

4. Business Case

The Business Case developed for the project meets the requirement set out by Government for approval through the Town Deal Programme. Advice from the Town Deal appointed consultancy partners indicates that while the Business Case for a revenue project of modest budget such as this should adopt a Treasury Green Book approach providing a 5 Case Model, it should also be proportionate in scale and complexity

The Business Case therefore covers the following domains:

Strategic Case
Economic Case
Financial Case
Commercial Case
Management Case

A summary of each of the 5 cases as contained within the Business Case as follows:

STRATEGIC CASE

- Southport has been badly impacted by the national decline in town centre retail activity and some of the general issues affecting seaside locations.
- Impacts have been worsened by lockdowns effecting the leisure and hospitality sector during the pandemic.
- There is a wide-ranging plan for renewal within Southport to reinvigorate the visitor sector which is fundamental to the economy of the town but we recognize that a bricks and mortar approach must be supplemented with skills and employment interventions if the full extent of the programme is to be realised for the community.
- Pandemic has caused workers to drift away from the hospitality sector. For Southport to deliver on an objective of providing a distinct and high-quality visitor

offer there is a need to create a skilled base of workers that can help create an enhanced customer experience.

- Visitor economy is the largest sector of employment in Southport. The ability of the town to attract visitors (and repeat visits) is affected by the quality of customer service and the wider experience that visitors receive.
- Intervention is therefore needed in order to ensure Southport's highly important visitor economy experiences a quick recovery from the impacts of Covid-19.
- By aligning with other Southport Town Investment Plan (TIP) projects, this project will provide training and development programmes for anyone that has contact with visitors in Southport with the aim of creating a consistent level of outstanding service that can be associated with a 'Southport standard'.

ECONOMIC CASE

- Preferred option provides 1,500 units of blended learning to Council staff members with interactions with the public; Southport College will deliver 320 modules of customer service training alongside its relevant course provision for both its young person provision and adult learners & Sefton Adult Learning Service will provide 300 learners not currently engaged within the workforce.
- Economic uplift that could be achieved from the training is based on a Government assessment of the impact of the FE sector on earnings and employment. This assessment is then used as a core set of assumptions for the economic model reflecting the short term and modular basis of the training provision.
- The uplift in GVA is calculated as £1.27m over the three years of the programme after adjusting gross outputs to net outputs and ensuring that aspects such as optimism bias have been considered.
- A partial BCR has been calculated at 5.3 and as such the scheme offers very good value for money against DLUHC benchmarks. The partial BCR reflects a difficulty in costing the provision which will be made by partners from the infrastructure, systems, marketing and management
- MHCLG (now DLUHC) 'Towns Fund guidance (stage two): business case development' 16 December 2020 notes the following, 'Value for money is ideally demonstrated in a credible Benefit-Cost Ratio, but where some of the costs and/or benefits cannot be monetised at the present time, the economic case should proportionally capture these impacts and specify a partial value for money measure. Wider benefits and costs should be considered and specified where these are sizeable, compared with the direct impacts.'

FINANCIAL CASE

- The project will be funded by £200,000 revenue funding from the Town Deal. However, additional contributions will be received from partners as follows:
- Sefton Council will devise content within parts of their 'Me Learning' platform to deliver aspects of the training to Council employees. The website will be adapted & managed and monitored internally using Council resource.
- Southport College will provide their own management & monitoring resource to the project. The College will also build their employer engagement to ensure there are work placements for students undertaking relevant modules.

- Within the College strand, where there is demand for hospitality and leisure focused courses providing skills in customer service, management, leadership, marketing and team building it will be possible to deliver NVQs relevant to the industry and share evidence of the associated skills and training budgets that such activity will draw down.
- Sefton Adult Learning will provide their existing management function, systems & monitoring processes into the project and support to post-19 learners in the community will attract funding from the Adult Education Budget.
- Therefore, the £200,000 Towns Fund programme will lever in considerable additional resource but the difficulty in capturing the internal benefit in kind provided and the uncertainty over the level to which trainees to whom budget provision is linked will engage with the programme compared to other non-budget attracting trainees has meant that no value can be attributed to this provisional match under the preferred option.

COMMERCIAL CASE

- This considers the mechanisms for delivery in terms of procurement and contractual structure.
- The approach taken in building the programme focused on working with those organisations for whom training and development of the wider workforce is already a core purpose and who already have the base infrastructure and systems to support the initiative
- It is possible that small items of expenditure may be required in order to deliver a blended learning approach (additional on-line provision or minor additional items of training equipment for example) and where this is the case the procurement rules of the 3 organisations will be applied – which in each case are fully compliant with public sector procurement regulations.
- No items of expenditure will exceed the threshold for a full procurement exercise. Procurement will follow the internal processes of partners but are likely to involve suppliers procured under previous competitive processes covering the aspects of expenditure required (software, small elements of IT equipment or stationery) or will involve a 3-quote process.
- The project will support the incremental costs of the specific training activities but this could not be delivered without the underlying expertise, infrastructure, performance monitoring & governance procedures such as health & wellbeing, safeguarding compliance that each organization has in place.
- Project is assessed as being Subsidy Control Compliant and offers no element of profit in delivery to the partners

MANAGEMENT CASE

- Applicant for the funding is the Council but activity will be delivered by three local partners ie. the Council Workforce Development Team, Southport College and the Council's Adult Learning Service. Project management will be through existing structures, with lead officers for each partner making up a Project governance group. Any underperformance to be reported to the executive Director of Place and Head of Economic Growth and Housing.
- The project will be delivered against a programme covering 3 years and during this time existing performance monitoring systems will provide detail on how

outputs have been delivered against programme. The employment outcomes of trainees will also be monitored as well as private sector engagement.

- A detailed milestones plan has been devised as a framework for keeping the project on track
- The plan identifies the methodology for assurance against agreed standards and ensuring the project scope is well understood
- A key assumption in devising this project is that there will be no further recurrences of lockdowns affecting visitor economy businesses
- The management case also sets out the constraints associated with the programme and how these can be mitigated

5. The Case for Change

The following compelling case for change has been made within the Business Case document:

- Southport has suffered challenges from the economic shifts impacting on retail and the impact on the town centre was then accelerated through the shutdowns imposed as a result of the pandemic. As the economy has re-opened the hospitality and leisure sector has struggled to recruit staff with significant vacancies reported – and there is a mismatch between the skills of the rising numbers of unemployed within Southport, and the needs of the sector as it moves forward with its transformation
- The Towns Fund will strengthen the visitor offer of the town and attract greater numbers of visitors but there is a need for this approach to be matched with interventions to strengthen the local skills base and ensure that there is a pathway from worklessness into the opportunities which will be created. There is also a clear need for the level of customer service to be up-skilled within the workforce to ensure that this supports the highest quality visitor experience within the town.
- The nature of the hospitality and leisure sector in the town, with very few major national players and a preponderance of local SMEs has meant that there is a limit to the skills provision which can be provided by the private sector players. The provision of a wider and planned approach for skills provision across the sector will ensure that there is a consistent and high-quality approach taken by providers and the nature of the training and its value will be understood by employers. The content of the training will encompass a focus on disability confident working practices and awareness, along with other elements of equalities, access and diversity training to maximise the attractiveness of the town as a destination for all groups of visitors and customers.

6. Next Steps

- 6.1 The Business Case and Summary Document which is required by DLUHC will be submitted to Town Deal Board for their information and in order to meet the government deadlines for release of further funding to deliver the Building Better Customer Experience Project.

6.2 Appropriate governance mechanisms will be set up in summer 2022 to commence arrangements for project implementation, with a view to a swift start following the release of Town Deal funding.