

**BUSINESS CASE**

**SOUTHPORT TOWNS FUND**

**BUILDING BETTER  
CUSTOMER EXPERIENCE**

# 1. Executive summary

The business case has been developed for Southport's Building Better Customer Experience project and is a core component of the Southport Towns Deal Fund project.

## 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. The impacts have been worsened by the lockdown which affected 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 it is recognized that the bricks and mortar approach must be supplemented with skills and employment interventions if the full extent of the programme is to be realized for the community.

The pandemic has caused workers to drift away from the hospitality sector and in order 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 a customer experience.

Of course, the private sector has a responsibility to train its own staff in the nature of their business but such an approach is piecemeal and does not create a consistent and higher level approach to customer service and the customer experience. A coordinated response in this area can ensure that a consistent approach is delivered; that there is a general uplift in the level of skills across the whole hospitality workforce and that this drives both business performance and the visitor experience. The improved visitor experience will in turn generate greater dwell time, repeat visits and the total number of visitors.

A coordinated programme of training activity has been established by three partners within the town – Sefton Council, Southport College and Sefton Adult Learning Service. The programme dovetails with the wider work that is involved in capital project delivery so that the improvements in the hospitality workforce will be in place as these new developments come on line.

The partners will provide their existing assets, reach, delivery structures, management and monitoring activity to the approach and are seeking a small incremental grant fund of £200,000 to increase their delivery capacity.

A key part of delivery is stakeholder engagement and from the demand side private sector employers and the Southport bid are formal engagement partners to help determine course content and provide workplace experience for learners. From the supply side, engagement with schools and Job Centre Plus will raise the recognition of the programme and also highlight the opportunities that hospitality and leisure will provide within the town in the coming years.

## ECONOMIC CASE

The funding received for the project will enable greater levels of staff time and wider learning resources to be provided to students. The preferred approach will ensure that Sefton Council provides 1,500 units of blended learning to the staff members that have 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; and Sefton Adult Learning Service will provide 300 courses to a cohort of working age people not currently engaged within the workforce.

This provision will ensure that the formal Towns Fund outputs for training and development programmes are delivered and these are:

- Deliver 1,500 training interactions with Sefton Council staff in customer service delivery through the Council's Me Learning site by the end of 2022.
- Provide additional training modules to 320 Southport College learners spread across 16-18 year old learners and adult learners by 2024.
- Deliver 300 training courses to those currently outside the workforce and aged over 19 by 2024.
- Collaborate with 150 private sector organisations within the Visitor Economy either in course development or in finding work placements for trainees during the duration of the programme 2022-2024.

In addition, the economic case has assessed the economic uplift that could be achieved from the training provision. The calculation of the uplift 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 Gross Value Added (GVA) was 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 Benefit-Cost Ratio (BCR) has been calculated at 5.3 and as such the scheme offers very good value for money against Department for Levelling Up, Housing and Communities (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. This has not been costed but it can be seen that the level of the BCR generated has significant headroom to incorporate this costing and for the scheme to remain excellent value for money<sup>1</sup>.

## FINANCIAL CASE

The financial case sets out the basis for the cost recharge proposed by the 3 partners and amounting to £200,000. This reflects the incremental cost of training additional modules to the cohorts of people identified.

## COMMERCIAL CASE

The project will be delivered by 3 existing training providers acting as partners within the programme and no surplus is generated. As such there are no particular procurement issues to highlight and no Subsidy Control implications.

## MANAGEMENT CASE

The applicant for the funding is Sefton Council, but the activity will be delivered by the three partners in line with their current activities. As such the project management internally will be carried out through the existing management structures of partners. The managers of each element of the programme will make up a management team who will meet regularly to monitor training development, stakeholder engagement, deliver and the achievement of outputs. Any slippage in performance will be reported to the relevant director .

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.

The management case also sets out the key risks associated with the programme and how these have been mitigated.

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<sup>1</sup> 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.'

# 2. Introduction

## INTRODUCTION

The Building Better Customer Experience project is part of the Southport Town Investment Plan. This business case sets out details of the delivery of the scheme.

This project will be funded by Southport Towns Fund. It will be run as a partnership activity with Liverpool City Region Skills and Apprenticeship Hub, Southport College and Sefton Adult Learning Service.

### The Project

The aim of the project will be to create a consistent level of exemplary service across the hospitality and leisure sector which can be associated with a 'Southport standard' in order to strengthen the visitor experience and, in turn, the visitor economy. The project will also improve the overall provision and level of transferable customer service skills across Southport. In particular, the project will involve working with a wide range of stakeholders and businesses to deliver a range of training and development programmes for everyone who has contact with visitors and customers in Southport.

The programme will involve the development of a number of 'Southport ambassadors' across different service settings to build confidence and aspiration for all those who live or work in Southport and who will demonstrate the highest standards for those visiting. This will build confidence and aspiration for those involved in all types of public interaction to allow them to be advocates for the town.

Within the training, there will be a focus on the understanding of Southport and its assets as well as specific product and service knowledge and the programme will also incorporate a strong underpinning of diversity and equalities training that aligns with overall objectives for Southport to be a great place for everyone to live, learn, visit and work.

This project directly links into the ambitious series of visitor economy projects being brought forward by the other capital projects in the Town Deal Projects programme in order to maximise the impact of capital projects and other investments in the town. As such, this revenue project is an initiative which ensures that the maximum impact is achieved by this wider work.

Southport are requesting £0.2m from Towns Deal funding, and this will leverage further support and skills provision through Sefton Council, Southport College and Sefton Adult Learning Service.

The project is scheduled to take place in 3 strands mirroring the organisations involved.

- Strand 1 will be 'Training in the Workforce' and will need to be completed by September 2024 within Sefton Council.
- Strand 2 'Training for Jobseekers' will be delivered within Southport College as both standalone courses and additional modules within existing courses, and
- Strand 3 'Training for Volunteers and WorklessPeople' will be completed by the end of 2024 by the Adult Learning Service.

There will be an array of different supportive stakeholders involved in the delivery of this project including Southport Business Improvement District, DWP, Jobcentre Plus, Sefton@work, , training providers

offering Sector Based Work Academies, and other employer networks, training providers, schools, colleges, community and faith groups. This broad engagement will ensure that the reach of the programme and an awareness of opportunities is widespread.

This project provides a close fit with Southport's wider regeneration delivery plan as it provides essential skills and knowledge for a large spectrum of beneficiaries involved in customer experience which will help transform the perceptions of the Town, contribute to its sense of unified purpose as an attractive destination for residents and visitors and contribute to the aims of ensuring that Southport attracts entrepreneurs and investors to see Southport as a great place to start and grow new ventures.

As well as benefitting Southport's vital visitor economy, the project will support and provide experience to hundreds of learners and support Southport's skills infrastructure.

### **This Business Case**

The business case has been provided in line with the Towns Fund 5-case template and as such the details which follow are:

- The Strategic Case
- The Economic Case
- The Financial Case
- The Commercial Case
- The Management Case

# 3. Strategic case

## INTRODUCTION

The strategic case sets out the need for the Building Better Customer Experience project and the rationale for its inclusion within the Towns Deal Fund.

## CASE FOR CHANGE

### *Introduction – the situation*

The 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. The capacity of the visitor economy businesses to offer excellent customer service is closely related to the skills of the workforce and the ability to recruit new entrants with suitable customer service skills.

Southport is a key tourist and leisure destination, attracting millions of visitors from all over the country every year. Southport has developed a successful annual events programme including the Air Show, Flower Show and British Musical Fireworks Championship. In combination these generate large numbers of visitors to the town and provide an important boost to the economy of the area, but their impact is time limited and cannot sustain businesses in the tourism and hospitality sectors year round.

Southport’s visitor economy is estimated to generate £597m per annum in economic impact and supports over 6,800 FTE jobs. Each year there are estimated to be over 8m day visitors, and staying visitors generate £222m for the local economy, supporting the accommodation, tourist attractions, food and drink offerings, as well as the retail sector.

Alongside tourism the town also performs as a ‘day to day’ town centre retail destination for residents as well as a wider Sefton and West Lancashire catchment area. The town centre is the location of the highest concentration of employees in the majority of the visitor economy sub-sectors across this catchment area.

<b>Visitor Economy Sub-Sector</b>	<b>Jobs</b>	<b>Businesses</b>
Retail	13,000	1,100
Food & Beverage	6,000	650
Accommodation	1,250	40
Sport & Amusement Activities	1,750	145
Service Sector	1,250	410

However, Southport’s visitor economy is facing a number of challenges.

- Southport’s shopping experience has suffered a significant decline, before Covid-19 the Town had a vacancy rate of over 18% (well above the national average of 10%) and since that point the town has suffered further losses with the closure of the Beales and Debenhams department stores.
- Southport currently has a lack of all weather attractions and this results in seasonality and a greater reliance on the short summer season. This creates a vulnerability in the sector.

- The outdated nature and poor functionality of the Southport Theatre & Convention Centre has resulted in a loss of destination conferences in recent years which has in turn caused a falling number of business tourism visitors and repeat leisure visits.
- Transience in the visitor economy workforce due to its reliance on students, young people and highly mobile sources of labour. This leads to difficulties in management and skills development in the sector.
- Southport depends on building its tourism offer for the domestic audience and creating a reason to stay in order to thrive. At present, only 9% of visits result in overnight stays.

Intervention is therefore needed in order to ensure that 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, the Building Better Customer Experience 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'.

Not only will this benefit the visitor economy in Southport, through increasing the number of visitors and length of stay, it will also improve the skills infrastructure in the town. The programme will provide training to hundreds of learners and boost opportunities in the town, particularly for young people.

#### *Market failure – Covid-19 impact on visitor economy*

In May 2020 Sefton Council commissioned a Covid-19 Response Report to highlight the position of various sectors across the town and the impact that Covid-19 was having at that time. The area of most concern and with the highest impact for Southport was the visitor economy and specifically the hospitality and leisure industry with retail also seriously affected.

The reason for this is the relatively high proportion of Southport's jobs and businesses that lie within the sector, coupled with this being one of the hardest hit industries by lockdown restrictions. Despite Government support mechanisms, the sector was essentially faced with closure for large periods of time.

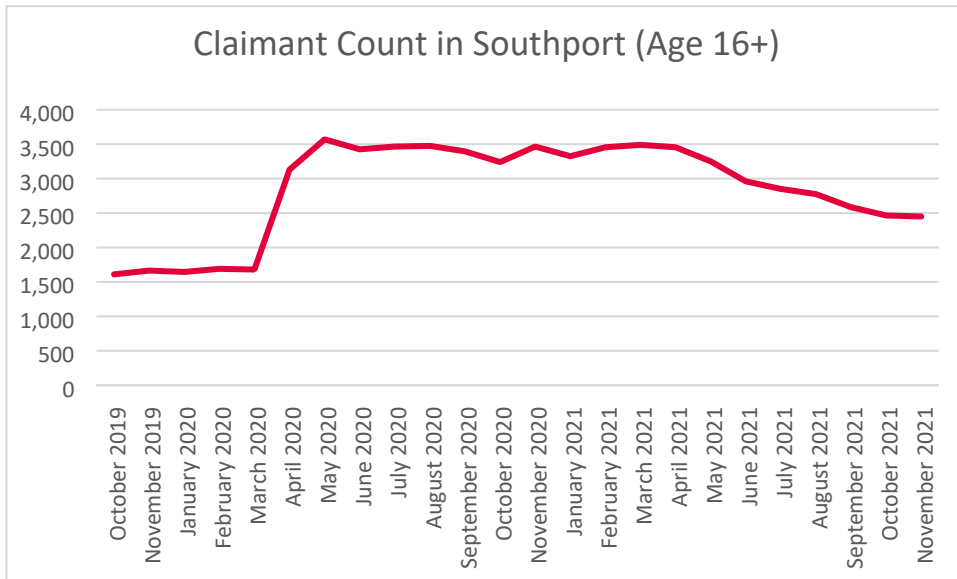
Employment and unemployment indicators from the early months of the pandemic illustrate the severity of the crisis for Southport. This included:

- A total level of unemployment of 3,420 claimants within the Southport constituency area as at September 2020
- Ward level increases in unemployment of between 58% and 164% (measured by the claimant count) within the town (March to September 2020).
- Youth unemployment increasing by 120% between March and September 2020

The impact of Covid continued beyond September 2020 with further lockdowns over the winter of 20/21.

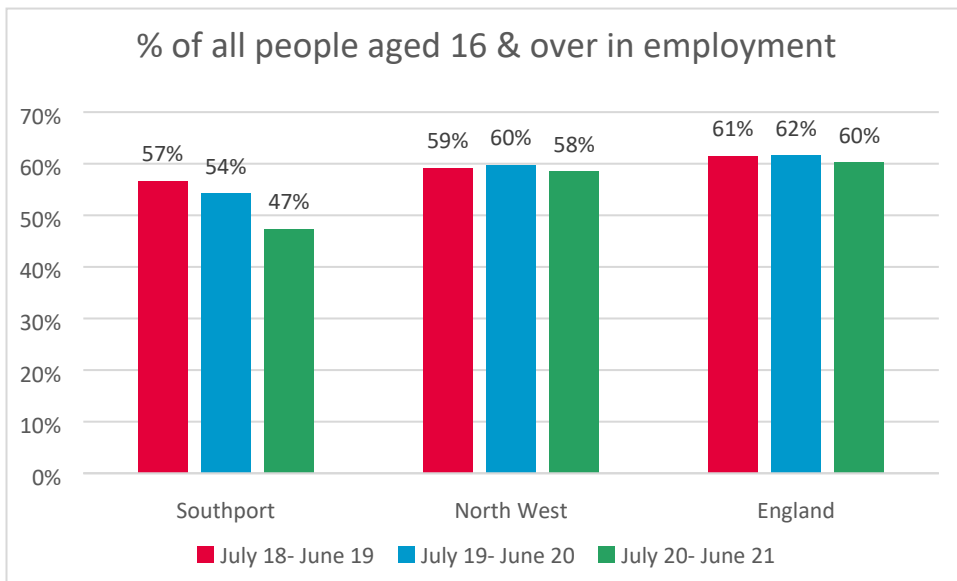
Even by early 2022 the visitor economy continued to struggle to bounce back after being hit by the fast spreading Omicron variant, simultaneously harming confidence in the public to use leisure and retail facilities and hitting the industry with staff absences due to isolation rules.

Whilst the claimant count in Southport has reduced since the peak in May 2020 during the height of the first lockdown, as of November 2021 it was still 45% higher than pre-pandemic levels in March 2020, before which it was relatively stable.



Source: DWP sourced from Nomis

More recent post-pandemic figures show Southport experiencing larger reductions in employment rates than the North West region and England as a whole. As can be seen from the graph below, the over 16 employment rate dropped from 57% in the year ending June 2019, to 47% to the year ending June 2021. In contrast, both the North West region and England each experienced only a 1 percentage point drop in their unemployment rates for the same period.



Source: DWP sourced from Nomis

There is little doubt that the impact of covid-19 on the visitor economy in Southport is a contributing factor to the deteriorating employment position in the town. This can be backed up by evidence of how important the visitor economy is for employment in Southport. As the table below shows, 16% of all employees work in the retail trade industry, 7 percentage points higher than in England on average. There is also a higher proportion of employees in the food and beverage service, accommodation and sports activities, amusement & recreation activities industries.

### % of Total Employees in Visitor Economy Industries in 2020

	Southport	England	Location Quotient <sup>2</sup>
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<sup>2</sup> Location quotient is a measure of the proportion of employment in a location compared to the proportion of employment nationally. As such a location quotient of 1.74 demonstrates that 1.74x the average proportion of employment in England is employed in Southport



Retail trade, except of motor vehicles and motorcycles	16%	9%	1.74
Food and beverage service activities	7%	6%	1.24
Accommodation	2%	1%	1.74
Sports activities and amusement and recreation activities	3%	1%	1.82

Therefore, it is important that Southport’s vital visitor economy is able to bounceback from the impact of the pandemic and this will only be achieved if it attracts an improved number of visitors.

### *Market failure – vacancies & skills*

In 2020 a survey was undertaken across a wide range of visitor economy employers in the Liverpool City Region and they reported that:

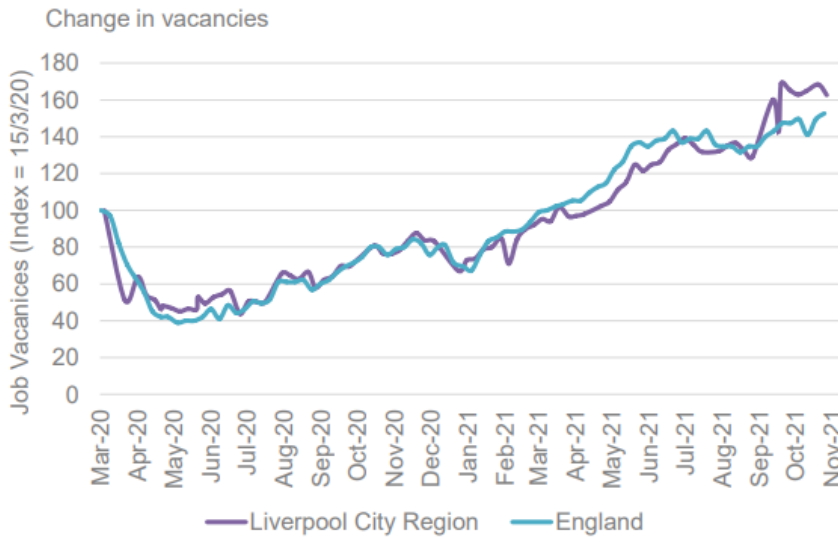
- 45% of employers had found it hard to fill vacancies over the previous year – compared to only 27% across all sectors
- 42% of the vacancies were hard to fill because of deficits in general employability and work readiness, much higher than the all sector average of 33%
- 40% of employers said basic communications skills were skills deficits in the workforce

It is clear, therefore, that despite increasing levels of unemployment, those unemployed within the area are less willing to consider roles within the visitor economy than other sectors. There is also some suggestion that job losses within the industry during the pandemic at least partly affected EU staff members and that those employees were lost to the UK if they then returned home as a result of the pandemic. Feedback from key visitor economy employers has highlighted the workforce challenges appear across all levels of the labour force, and have affected engagement with younger people seeking entry level positions as well as hampering the recruitment of more experienced staff who have since left the sector for other types of employment during the pandemic and are reluctant to return. Whatever the reason, certainly the capacity of visitor economy businesses to offer excellent customer service is closely related to the skills of the workforce and their ability to recruit.

The number of online job adverts has risen considerably in 2021, surpassing pre-pandemic levels. As of the start of November, there were 19,300 online job adverts in LCR, a 63% increase on pre-pandemic levels. This is slightly greater than the increase in vacancies seen across England (52%).

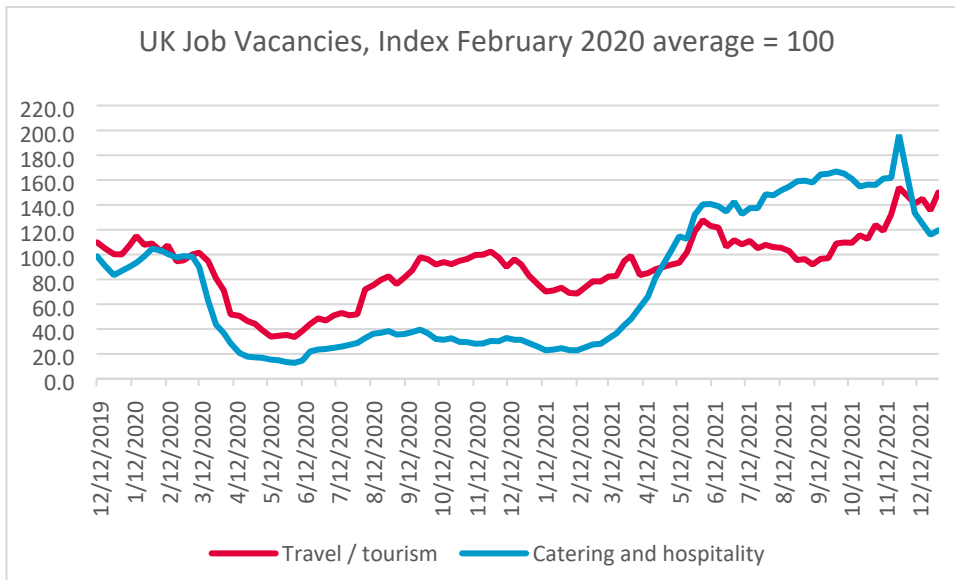
To some extent, this vacancy growth will be due to recently re-opened businesses catching up on recruitment, but strong vacancy growth across a range of sectors is likely to support a recovery in employment. It will be important to ensure these vacancies are filled and do not further drive skill shortages but in Southport there is a considerable number of workless people who are deemed to economically inactive which also serves to reduce the number of “job ready” people seeking opportunities from whom employers have to choose

Graph: Regional and national changes in job vacancies since March 2020



Source: ONS online job advert estimates, 2021; Azuna, 2021

Nationally, the number of vacancies in travel/tourism and catering & hospitality jumped up as restrictions began to ease in mid-2021. These vacancies remain above pre-pandemic levels as hospitality and tourism businesses strive to reopen to full capacity.



Source: ONS online job advert estimates, 2021; Azuna, 2021

**Public Policy Objective**

The analysis has shown that Southport’s important visitor economy is suffering after the impacts of Covid-19 and that intervention is needed for its recovery. The Southport TIP identified strengthening the visitor economy as a key theme going forward highlighting challenges such as high retail vacancy rates

(even pre-covid), a lack of all-weather attractions, low levels of overnight stays and struggles with management across the sector due to a reliance on highly mobile labour, students and young people.

In response to this, Sefton Council have proposed 4 projects to strengthen Southport's visitor economy. Of these, 3 are:

- Marine Lake Events Centre
- The Light Fantastic (a walkway into the lake as part of a water, light and sound, complementing the Events Centre)
- Project Barnum (transformation of the existing Southport Pleasureland)

These 3 projects will attract more visitors to Southport, but for this to succeed with vacancies filled and visitors returning with lengthening stays, there needs to be an improvement in the standard of customer service in the town and an increase in the labour supply with the relevant skills to increase the capacity and further attractiveness of the sector.

The Building Better Customer Experience projects meets the Skills Priorities for the Liverpool City Region's Skill for Growth Action Plan for Visitor Economy Skills 2018 – 2020 and also reflects the priorities in 'People First in 2020' which identified the benefits of good customer service

### *Case for Change Conclusion*

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.

### *Market*

## **1. Visitor Economy in the UK**

### ***National Trends***

#### *Leisure Trends:-*

Prior to the pandemic, society viewed leisure, recreation, tourism and culture as an essential part of everyday life. Taking short breaks, eating out, retail therapy and visiting attractions were commonplace and are expected, post-pandemic to continue to drive the expansion of the service sector.

As a nation however, we are generally 'cash tight – time poor' meaning customers are more discerning and will look for quality visitor experiences that offer value for money. The expected cost of living

squeeze and as consumers take time to return to their pre-pandemic lifestyle, there is an expectation that this trend will continue.

Virtually all UK consumers have access to the internet. The older generation are becoming increasingly confident at using these technologies, social media is recognised as the media of choice for engaging younger audiences and user generated content on platforms such as TripAdvisor and Facebook are trusted sources of information for recommendations and pre trip research. The shift to mobile and tablet devices also means visitors expect web content to be mobile optimised, instantly available and able to enhance their experience through things like mobile ticketing, interactive mapping and digital interpretation. Good or poor ratings for customer experience through these means can have significant impacts on the success of businesses which seek to promote return and continuing trade.

#### *Business Tourism Trends:-*

For Liverpool, the sector was worth in the region of £68.5 million per annum (last estimated by UKCAMS - 2014). More generally, destinations rely on business tourism to sustain venues and generate income out of the main holiday season and during mid-week periods. Conference and meeting organisers are attracted by destinations with good local amenities, however they are increasingly attracted by unusual venues with distinctive and attractive 'backdrops', landscapes or views.

#### *National Demographic Trends:-*

Nationally the population is growing, however it is getting older. Those in their retirement years are more affluent than their predecessors. Over the medium term there is likely to be an increase in young people but a decline in those aged 35-49 years. New types of family structures are also emerging with families becoming significantly more dispersed as people choose to live away from their place of birth or the place they grew up.

The population is also becoming more diverse with the proportion of people born outside of the UK increasing from 7% to 13% between 1991 and 2011. This has been a significant driver of people travelling to the UK to visit friends and relatives.

#### *UK Inbound Trends:-*

In 2018 37m overseas tourists travelled to the UK for leisure purposes, with built heritage, cultural heritage, sport and shopping being among the primary motivations. As a consequence of recent incidents of terrorism in major cities however, pre-pandemic inbound visitors from countries like Germany, France and Spain were choosing 'second tier' cities as they are perceived as being safer than many of Europe's capitals.

The consequences of Brexit in terms of the welcome, visa and taxation for those travelling to the UK remain somewhat unclear. In the short term at least, the falling value of sterling has made the UK more attractive and makes the UK a competitive inbound destination.

#### *UK Domestic Tourism Trends:-*

Domestically, falling incomes and exchange rate has increased the number of UK residents choosing domestic breaks or 'staycations'. In 2015, the number of holidays taken in England increased to 43.7 million with city and urban destinations such as Liverpool seeing significant growth.

For UK tourism economies this means:-

- Tourism is becoming increasingly experiential. Tourists are more experienced and are looking for immersion in culture and experiences that are unique and authentic. This is especially true for older visitors who are becoming more active and will pursue leisure and recreational activities that are quality driven and offer value for money.

- Families will also be much more likely to take holidays and days out with grandparents, with group sizes getting larger and increased demand for ‘intergenerational family’ experiences.
- Similarly, the demand for large family functions is increasing as dispersed families reunite for ‘get togethers’ and special occasions such as christenings, weddings and anniversaries.
- As couples wait longer to have children, the double income pre-kids market has grown and has considerable economic power.
- Digital media is replacing the traditional marketing collateral. It is becoming increasingly effective (in terms of reach and cost) at targeting different visitor segments, especially younger audiences.
- The ‘cash rich, time poor’ phenomena are shifting visitors towards planning higher frequency short breaks. As a result, they will seek quality and value for money experiences meaning joint packaging, discounting offers and good quality service will be essential for stimulating demand, encouraging repeat visits and increasing word of mouth recommendations.
- Consumers trust platforms like TripAdvisor more than destination literature when planning a visit and will look for information (including tickets) to be accessible in a variety of digital formats.
- The rise in ‘Staycations’ to major cities is likely to continue as sterling weakens against the Dollar and Euro. The falling value of sterling also makes the UK more attractive to inbound markets including the growth markets of Germany, France, Ireland and the USA.
- Inbound motivations for visiting the UK are primarily centred around the country’s build heritage, cultural heritage, contemporary culture, sport and shopping.
- The continued threat of terrorism is likely to drive overseas and domestic visitors away from the capital cities to experience second tier UK cities and potential the destinations within their immediate reach.

Many of these trends support an increased number of potential visitors to the Liverpool City Region in general and to Southport as the LCR’s seaside town. The trends do highlight, however, the changing nature of Visitor Economy requirements and the pandemic is unlikely to have changed many of these trends. The different target markets, nature of visits, expectations around experience and digital interaction all support the approach being taken through the ‘Building Better Customer Experience’ bid.

These trends can be directly overlaid with the Southport experience as shown below.

## **2. Southport’s Visitor Economy (informed by significant primary research for Sefton as a whole)**

### *Sefton’s Current Visitor Markets*

Throughout the three years prior to the pandemic, Sefton undertook a significant amount of primary research within the Sefton Coast and Southport to understand the nature of its visitors and to identify the potential markets it should be seeking to attract. In terms of the coast, 80% of visitors to Ainsdale and Crosby originated from the Northwest with over 70% being leisure day visitors. Those visiting from elsewhere in the UK amounted to 18.9% of all visitors with 1.3% travelling from overseas.

Conversely, Southport commands a much broader spread of visitors with around 31% travelling from outside the Northwest and just under 30% staying for either a leisure or business trip. Those travelling from overseas account for 2.6% of all visitors and are mainly staying in serviced accommodation or with friends/relatives.

Across all visitor types, there are a number of motivations for people visiting Sefton, which are relatively evenly spread between those seeing friends and relatives, visiting attractions, exploring the destination or to take a holiday. For Southport, the allure of Lord Street, the Seafront and Pier provide the focus for visitor activity, while Another Place, Red Squirrels at Formby/Victoria Road and the Sefton Coastal path are the primary motivators for those visiting the coast. These findings for Southport in particular were a key underpinning for the Visitor Economy aspects of the Towns Fund bid.

As a destination, the retail offer of Lord Street, Southport Pier and the Sefton Coast stand out as the places that visitors most closely associated with Sefton. However the borough's cultural offer in terms of its natural and built heritage, sport and assets including the Atkinson and the Another Place also stand out as prominent features. Whilst overall visitor satisfaction is generally good, there are some challenges in terms of the quality and range of shops/retail available and the provision of basic amenities such as toilets and parking. Clearly the pandemic has had a further negative impact on this particularly within Southport.

In terms of business visitors, the STCC and the resort's hotels provided a broad range of conference facilities for regional and national conferences. Even prior to the pandemic national conferences selecting Southport had been in decline and the total amount of conference delegates in 2018 was 6,905, with a total of 17,815 bed nights compared to 12,745 delegates in 2008 with a total of 43,570 bed nights. Clearly the current closure of the STCC and the plans for major renewal are a key plank of the Visitor Economy strategy for the future – and the closure will continue to create a gap in the number of visitors attracted to the town.

The overall profile of visitors to Sefton is skewed toward the middle-aged audiences. Those aged 35 – 64 years make up over 57% of all visitors. This corresponds closely with the range of attractions, outdoor and cultural experiences typically demanded by these groups and where Sefton has clear strengths. These audiences are either travelling with their families or partners, are in full time work or retired and fall into the A/B and C1 socio economic groupings. Younger audiences aged between 16 and 34 years make up only 16% of visitors to Sefton, with those aged 65+ making up 13% of visitors.

### *Sefton's Emerging Visitor Markets*

As part of survey work undertaken in 2019 for Crosby Coastal Park and Ainsdale on Sea, the potential for attracting new visitor markets was assessed. Whilst assumptive, the findings provided a useful barometer for the opportunities for Sefton's wider coastal offer such as the similarities in terms of the overall product and experience. This includes Southport albeit the offer is somewhat different – and the nature of the visitor also differs somewhat.

Working from a sample of people that had never visited either of these locations, or had not done so in at least ten years, the findings showed that over 51% respondents had low, if no awareness of the coastal offer. Similarly, of those that had visited, 48% indicated that low levels satisfaction at the time of their trip along with their perception that there are more attractive destinations to choose from would not generate a repeat visit. In contrast, the relatively high levels of satisfaction among the coast's existing visitors and the strong likelihood of recommendations, suggests these preconceptions may well be an opportunity rather than a weakness.

Those surveyed also indicated a strong interest in the countryside, seaside resorts, nature and coastal areas as primary motivations when planning trips, however their awareness of these attributes being core features of the Sefton Coast was also low. While investment in key amenities (food and beverage, transport and toilets for example) will be integral for conversion, it is the awareness and perception of Sefton's coastal offer among these audiences that appears to be the main barrier for converting visits.

There are also opportunities to attract younger markets, with 60% of those surveyed aged between 16 – 34 years being receptive to the coast's leisure and recreation offer. This contrasts strongly with the dominance of current visitor base which tends to be older audiences aged 45 years plus.

Analysis through the Mosaic segmentation model also demonstrates the potential for Sefton, especially those audiences within a 60 - 90 minute drive time. Overall, five of the Mosaic segments had strong associations with Sefton's core offer and ranged from middle aged family groups with affluent lifestyles to younger more aspirational pre-family groups with more limited incomes. These groups have strong similarities with the groups/audience profiles already identified through Sefton's visitor marketing strategy including the weekend escaper, go getting families, experience seekers, mature explorers and pragmatic pioneers segments.

Overall, the opportunity for growth lies in the fact that while Sefton is currently attracting a total of c.287K people in each of these segments, however there is a potential market of over 3.5 million. Sefton's proximity to Liverpool (and arguably Manchester and Cumbria), means there is also potential growth opportunities for attracting tourist day visitors. Working on the basis that there are approximately 1.9m domestic and overseas visitors staying in Liverpool per annum, research conducted in 2015 showed that only 10% of these are travelling outside of the immediate city centre during their stay. Furthermore, only 0.8% of those surveyed in Southport during this period were visiting Sefton as part of a day trip whilst staying in another town or city.

In terms of business visitors, Southport has lost key conferences such as the Liberal Democrats National Conference (up to 2,000 delegates) over the last 5 years. It was thought pre pandemic that the STCC alone should have been attracting in the region of 20 conferences per annum (of 1,000 delegates plus) with the association & societies, charities, political, trade union and medical conference markets all forming part of its primary target.

### *Implications for Sefton*

To deliver growth, and based on the wider context in which Sefton's visitor economy operates, the main implications for delivering the draft visitor economy strategy drafted in 2019 were thought to be as follows:-

- **The importance of staying visitors** – Staying visitors (those staying in serviced accommodation) to the Sefton Coast and Southport spend more than 4 times as much as day visitors, however they are only contributing 19% of the £590 million delivered by the sector to Sefton's economy. The position is symptomatic of the high proportion of day visitors to Sefton that make up over 91% of all visits to the borough. Furthermore, the majority are travelling short distances (80% are travelling from the Liverpool City Region or from neighbouring Lancashire) that further diminishes yield through reduced levels of discretionary spend. While Southport commands the majority of staying visitors, average occupancy of 70% (pre pandemic) demonstrates the capacity available for increasing revenue. On the basis that average spend per person staying in serviced accommodation is £195, this equates to substantial amounts in lost revenue per annum assuming a rate of 85% occupancy. Similarly, only 4% of visitors to the coast are staying in serviced accommodation in Sefton, which indicates the need for better packaging of short break products and strengthening the association with the amenities in Southport.

Hotel investment in terms of capacity and quality will also be integral for attracting higher value visitor markets. The offer in Southport is mixed with lower to mid range hotels not having the appeal to attract the higher value leisure markets and also not meeting the requirements of business visitors. Similarly, if destinations such as Ainsdale are to generally realise their potential as holiday destinations, additional capacity is needed both in terms of providing quality accommodation, driving up the standards of existing operators as well as additional facilities for the caravan and camping market. These recommendations have all been made in Sefton's recently approved Hotel Strategy, however an investment strategy that engages the land owners, developers and potential operators is now needed.

It is clear that any increase in overseas visitor numbers and a strategy to upgrade the accommodation provision will also require an associated increase in the levels of skills and customer service provided.

- **Attracting younger markets** – Overall, the Sefton Coast and Southport have limited appeal to younger markets and families (those ages 25 – 44 years), particularly those looking for cultural, physical recreation and leisure activity. Across the North West, these markets are significant in their size and through the Mosaic profiling the Domestic Success and Aspiring Homemaker segments comprise over 1.2 million people that have an affinity with experience Southport and the Sefton Coast have to offer and live within a 90 minute drive time. To convert them however, Sefton will need to develop its leisure/ recreational offer at the key coastal gateways of Crosby, Ainsdale and Formby as well as investment in basic amenities.

For Southport, building on and enhancing the quality of leisure attractions in areas such as the sea front will be a prerequisite for these markets, as will the need to upgrade the night time offer and the retail and cultural experience in key locations such as Lord Street.

In both cases the standard of experience will be influenced by the standard of customer service covering every aspect of the visit from basic amenity through to hospitality venue.

- **Focusing on near markets** – There is significant capacity in markets within a 60 – 90 minute drive time of Sefton. Currently, the majority of day and staying visitors are travelling from the Liverpool City Region and Lancashire, however there are opportunities to increase penetration and repeat visits in existing North West markets such as Greater Manchester, Cumbria and West Yorkshire, as well as North Wales and Cheshire. As over 7 million people lie within this catchment, there is an obvious benefit in focussing marketing and product development on these audiences.

Whilst a strategy can increase penetration rates for first time visitors from these markets, repeat visits will be determined by the experience of those first time visitors, with excellent customer care being a key determinant in the judgement of these experiences .

- **Developing domestic and overseas markets** – The capability of Sefton to compete in far domestic and international visitor markets is limited, both in terms of the competition it is faces and because its profile has limited resonance with these audiences. While Southport does attract visitors from the West Midlands and Greater London areas, they are small by comparison and tend to be staying with friends/relatives or for major events such as The Open and Grand National.

This is not to say the that Sefton shouldn't be attracting these markets, however the most effective way of reaching them is likely to come through the development of content and packages that can be jointly marketing with those cites that are within reach of Sefton. They not only possess the pulling power to entice these visitors, but will also have the budget to deliver the cut through in what is a very competitive market.

The proximity of the Sefton Coast and Southport to Liverpool is a particular benefit. As the profile of domestic visitors to the city are similar to Sefton, the ability to integrate marketing and product offer means there is a real opportunity to attract markets that would normally be out of reach.

Capitalising on the experience of visitors who do attend major sporting events or make a short visit from Liverpool could further stimulate further visits.

- **Capitalising on the Travel Trade** – The group travel market is an important channel for attracting older, but higher value visitors who do not wish to travel independently. It is also an effective tool for extending the main shoulder periods and helping reduce issues associated with demand seasonality.

Southport has been very successful in this market both in terms of establishing itself as a coach friendly destination, but also in developing repeat business by building long term relationships with the coach and tour operators. Over the last 10 years, coach travel has contributed £82m to Southport's visitor economy, which is predominantly made up of day visitors.

The challenge facing the resort is the ability to create sales leads and sustain growth with reduced resource as well as developing packages that meet the expectations of a discerning market seeking both quality and value for money.

There also needs to be a greater focus on building packages and itineraries that will attract over night stays either as part of excursion to the wider North West offer or by greater integration with the opportunities for outdoor recreation and nature associated with the Sefton Coast. The latter



point is important as coach business to the Sefton Coast is virtually none existent, however the product offer and its proximity to Southport can bring significant diversity to the overall proposition.

- **Business Tourism** – The conference, exhibitions and business events market was critical to Southport both in terms of developing mid week hotel business on a year round basis, and safeguarded the position of key venues such as the STCC and the Atkinson, which also generated discretionary spend for local shops, bars and restaurants. The closure of the STCC has clearly damaged this market still further, but even before this the reduction in corporate and association conferences for Southport over the last 10 years had been damaging.

The reinvestment in this market is expected to restore the position of Southport as a location but the success of the approach will be underpinned by driving up positive reviews and experiences in customer experience

- **Using known brands** – Southport, Royal Birkdale, The Grand National, National Trust Formby, Another Place are arguably brands that command national if not international profile. Harnessing the power of these assets and their association with Sefton through product development, marketing and PR will be important for raising awareness of the borough's wider offer and positively influencing visitor perceptions. Linking to an aspirational standard for the highest customer care will be a key focus if the association between the local offer and these key global brands is to be achieved.
- **Digital Marketing** - Use of mobile technologies and social media continues to grow in importance in the way we communicate. The profile of Sefton's potential markets (see above) is similar to the profile of users of both smartphones and social media – with significant implications and opportunities for future marketing communications.

This is a relatively new trend within the Visitor Economy and the acceleration of its importance is a key element in terms of skills and training provision. Immediate feedback from customers is now a reality and poor service constitutes missed opportunity for future business.

- **Investing in product** – Southport and the Sefton Coast are the places that differentiate Sefton from other visitor destinations and therefore should be the focus for investment. This is a core element of the Towns Fund bid.
- **Developing Major Events** – Southport's events programme has been a contributor of visitors to the resort over the last 20 years, it is testimony to the fact that events such as the Flower Show, Air Show and Musical Fireworks are income generating and have contributed some 2.7 million (since 2003) visitors during that time. Similarly The Open at Royal Birkdale commands the largest number of spectators outside Scotland and the Grand National at Aintree is an international spectacle that fills hotel rooms in Southport and across the wider region.

In that sense, events are not only essential for Southport, but also in terms of developing awareness of the coastal offer. Opportunities to invest in training and skills of the workforce as well as the content of Southport's established events has been identified as paramount and will set the Southport offer apart in terms of quality.

Overall, therefore, a significant amount of work has been undertaken in understanding the current position of Southport and Sefton in terms of the Visitor Economy and the future direction that the location will focus upon. This intelligence has led to the capital investment programme planned for Southport in particular. It can be seen from the work on the market, however, that high quality skills provision is an equally important part of the overall approach.

## STAKEHOLDERS

The stakeholders for the programme will include the 3 delivery partners. These are Sefton Council as a delivery body ensuring that skills are embedded within Council staff. The second partner will be Southport College who will create opportunities for the relevant training within its own course delivery as well as, where relevant, creating suitable standalone provision. The provision offered by the College will cover both young people and adult learners. Thirdly, Sefton Adult Learning Service who will support the voluntary sector and those groups who are not currently involved within the workplace.

A wider group of stakeholders will ensure that the programme of activity is widely known and aligned with need. This will include Southport Business Improvement District, DWP, Jobcentre Plus, Sefton@work, Training providers offering Sector Based Work Academies, and other employer networks, training providers, schools, colleges, community and faith groups. Work has already started to engage with these organisations on the opportunities provided in the visitor economy as recovery builds after the pandemic.

## POLICY ALIGNMENT

The Building Better Customer Experience approach not only aligns with the wider policy framework within the UK and the City Region, it is also a direct response to some of the key requirements identified in Sefton's Strategic Recovery Plan.

### *Liverpool City Region*

The Visitor Economy is one of the core sectors supported by the Liverpool City Region LEP. The LEP has established that the Visitor Economy was worth £4.9bn and supported over 55,500 jobs (2019 figures) and continues to develop as a major growth sector bringing both economic benefits and reputational advantage to the City Region. The LEP previously set out its skills strategy for the sector, 'Liverpool City Region Skills for Growth – Visitor Economy' in 2013 and the 'Building Better Customer Experience' bid aligns with this approach – albeit reflecting the impact that Covid has had on the visitor economy.

The LEP has also developed the 'Liverpool City Region Visitor Economy Investment Plan for Growth' and this aligns with the approach taken by Sefton in those Towns Fund bids which support the visitor economy.

The LEP continues to work on the revitalisation of the Visitor Economy, recognising that Southport is a key part of the LCR Visitor Economy offer and the LEP has an established Visitor Economy board which helps inform the future strategy for the LCR Visitor Economy. This Board will help to raise awareness of the Sefton 'Building Better Customer Experience' across the sector and it is envisaged that the lessons learned in the delivery of the approach will provide input into the Board for future work on skills within the City Region.

### *Sefton*

Prior to the pandemic, Sefton created a Draft Visitor Economy Strategy (2020-2025). This draft plan had already highlighted the need for investment in skills to help drive the prosperity of the sector. The strategy work was then rolled into the work on economic rebuilding.

Post pandemic, Sefton has built on the earlier work and created a 'Strategic Recovery Plan' for the economy. This plan aligns fully with the work on 'Building a Better Customer Experience' and highlights the importance that the Visitor Economy will play in the future vitality of the Sefton economy and the importance of the provision of employment and training support for Sefton residents as well as devising a range of community learning responses to meet the needs of furloughed employees. In many ways it is this aspect of the Strategic Recovery Plan that has informed the Towns Fund Bid.

### *Sefton Business Improvement District (BID)*

The BID is also considered highly relevant. As an organisation working at the business level within Southport the BID has both informed the approach proposed but is also a key stakeholder in the successful delivery of the scheme. It is the membership of the BID who can help inform and develop the skills programme which is required – and it is also the members within the Bid who will, for the most part deliver the employment opportunities arising.

### *Towns Fund*

The approach underpinning this project fully aligns with the wider objectives of the Towns Fund and supports some of the anticipated outputs from the other projects in terms of visitor numbers, dwell time and repeat visits.

## **VISION AND OBJECTIVES**

The vision is to create a skilled workforce and pipeline of talent which supports the need of a recognised destination and delivers a high quality experience for the different range of visitors to the town. This will, in turn, increase the attractiveness of a career within the visitor economy creating an increasing range of opportunities for development within the sector.

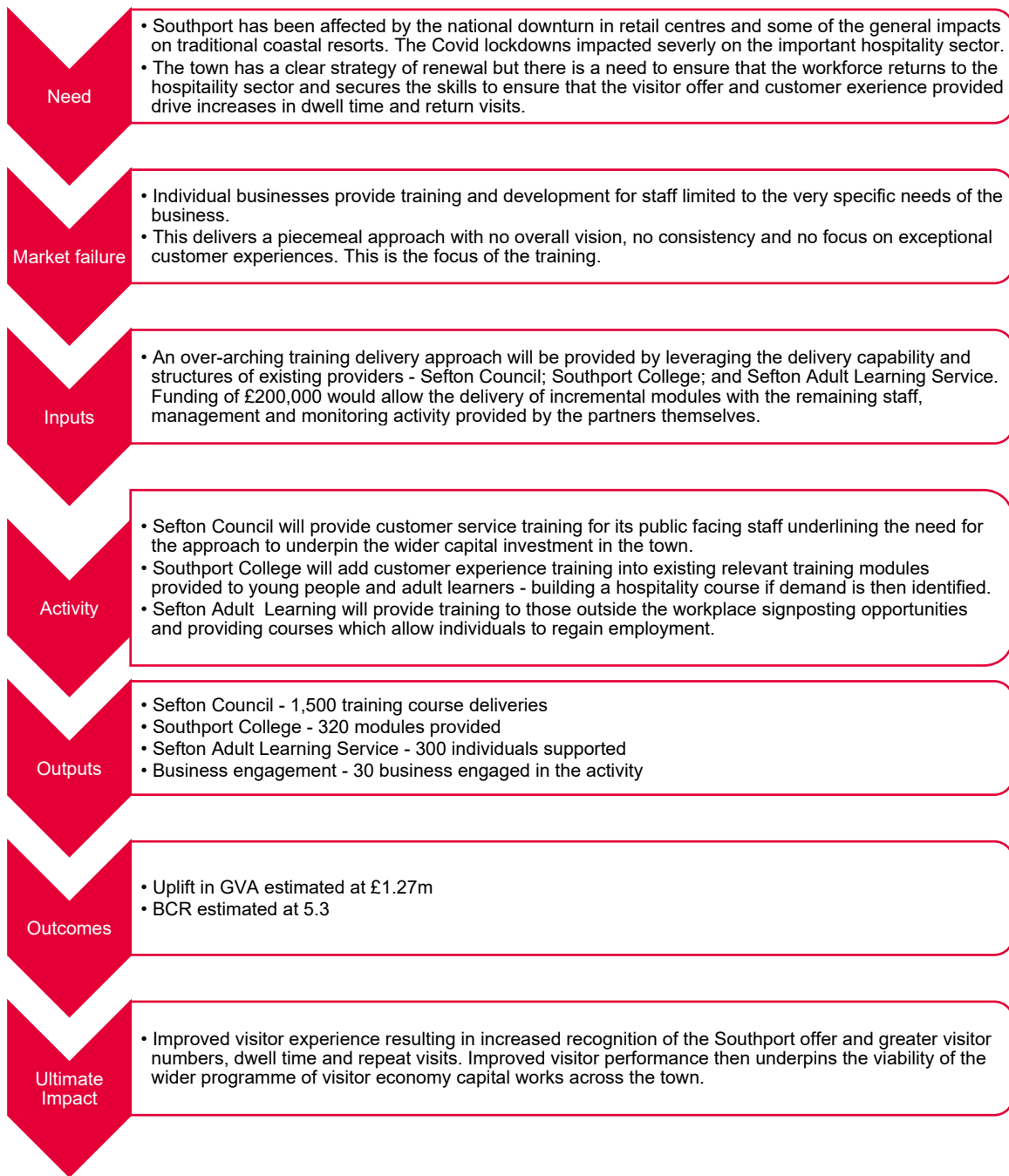
The Objectives are identified as:

- Deliver 1,500 training interactions with Sefton Council staff in customer service delivery through the Council's Me Learning site by the end of 2024.
- Provide additional training modules to 320 Southport College learners spread across 16-18 year old learners and adult learners by 2024.
- Deliver training courses to 300 people currently outside the workforce and aged over 19 by 2024.
- Collaborate with 30 private sector organisations within the Visitor Economy either in course development or in finding work placements for trainees during the duration of the programme 2022-2024.

## **THE PROPOSED INVESTMENT**

A logic chain which summarises the overall approach within the Strategic Case is provided below.

Building Better Customer Experience Logic Model:



Estimates of outcomes to be achieved from the project:

In terms of the Towns Fund output requirements for training and skills development projects the proposal will result in:

- 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 Sefton Adult Learning Service and is estimated at 300.

## **RISKS, CONSTRAINTS AND INTERDEPENDENCIES**

The project has been considered in terms of constraints and dependencies and none have been identified. The inclusion of the key learning providers for each cohort of staff has ensured that the programme can be delivered directly and with no known issues. There are some areas of initial work in content development for different learning styles required but these are considered to be critical areas of delivery rather than interdependencies because they are within the control of partners.

The risks of the project are considered in detail as part of the Management Case and a risk register is prepared and provided in this section.

The key risks picked up in this section are considered to be:

- The programme does not address the needs of the sector
- There are insufficient employment opportunities to enable trainees to bring their skills to the workplace
- Those receiving training will find employment opportunities outside of the intended Southport area of focus
- There is insufficient interest from potential trainees to meet the programme outputs
- Delays to the programme mean that outputs will not be achieved by the end point of the programme
- Costs escalate and there will be insufficient resources to allow delivery.

Sefton Council has identified these risks alongside its partners and a robust mitigation plan has been aligned with each risk (see management case).

# 4. Economic case

## INTRODUCTION

In line with HM Treasury Green Book best practice guidance, the economic case identifies a number of potential options and uses an established mechanism for measuring the value for money of the scheme. The work has established the gross economic impacts achieved and then makes a series of adjustments to arrive at an estimate of the net impacts before assessing these net impacts against project costs in order to evaluate the value for money of the preferred approach.

## APPROACH TO ECONOMIC CASE

The Economic Case was approached by first assessing a number of options to arrive at the preferred choice both in terms of the number of learners, the type of learners and the different potential delivery options. The benefits and costs calculated are then used to calculate a Benefit Cost Ratio (BCR) to determine whether the project represents good value for money.

The benefits have been measured by calculating the uplift in employment and earnings that can be triggered through the provision of customer experience training through each of 3 strands of activity. These strands relate to the training provider and target learner types. Finally, conclusions are made using the results of the BCR and a qualitative assessment of the benefits to argue the economic case for the use of Towns Fund for the Building Better Customer Experience project for Southport.

Treasury Green Book Guidance sets out a requirement for different options to be evaluated in order to ensure that the most appropriate option is selected for delivery. Towns Fund sets out a requirement for the economic modelling to consider a minimum of the 'preferred case' against the 'do nothing scenario'. As a result, a review of the initial options against the critical success factors has been undertaken and then an economic model used to evaluate the preferred case against the do nothing scenario. This approach ensured that the 'do nothing' scenario equated to deadweight.

There are 3 project options that can be evaluated to determine which delivery option would be most likely to succeed in achieving the desired outcomes, compared against a 'do nothing' scenario. These options are based on differences in the number of learners, and delivery options.

<b>Option 1 – Do Nothing</b>	<p>It is standard for Green Book business cases to measure the value for money of options against a 'do nothing' scenario. The number of options considered depend on the funding scheme and the quantum of grant.</p> <p>The Towns Fund guidance requires projects to be considered against a do-nothing scenario as the minimum requirement – and this is required anyway as part of a consideration of the deadweight impact.</p> <p>In this case, a 'do-nothing' scenario would mean that there would be no investment into improving customer service skills in Southport, and so no learners would benefit from the uplift in earnings unless provided by the private sector.</p> <p>Whilst the private sector may provide very specific customer service training in relation to their own</p>
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	<p>activities, this type of training is less transferable and in any event, has always taken place. The approach proposed in terms of Better Customer Experience training is intended to be over and above the work that has always taken place. As such the 'do nothing' effect can be assumed to involve no comparable outputs.</p>
<p><b>Option 2 – 4,000 learners</b></p>	<p>The original plans for the project involved providing training to 4,000 learners.</p> <p>The original project proposal was developed at a point when all economic commentators were predicting a very large increase in unemployment and the scheme proposed was intended to, in part, provide skills to enable residents to consider careers in the hospitality industry (which continues to create the largest number of jobs within Southport).</p> <p>The cushioning of the anticipated spike in unemployment by the furlough scheme has affected the likely demand for the training – but its requirement remains absolutely valid if visitors are to recognize the Southport difference and be motivated to return and make longer stays.</p> <p>It has therefore been recognized that the initial assessment of total outputs were initially too high as this was driven by the best estimate of the labour market impacts of the pandemic at the height of this unprecedented economic shock. As a result the provision of high quality training is scaled down in this option but its impact remains important for future recovery and growth</p>
<p><b>Option 3 – Delivery options with different partners</b></p>	<p>The delivery of Customer Experience Training for different numbers of learners could also be delivered through a different and wider range of partners.</p> <p>This approach was considered, but the partners selected (Southport College and Sefton Adult Learning Service) were considered to be appropriate on the basis that a wider range of providers would dilute the ability to offer complete consistency in the approach and the partners selected were the major providers for the identified cohorts in the Borough and could therefore deliver training targeted most appropriately, identify potential learners most effectively and deliver against the requirements of a programme of this type.</p>
<p><b>Option 4 – 2,120 learners</b></p>	<p>Following a review of the capacity of stakeholders to provide training to learners and the likely demand for input following a better understanding of the medium term post-Covid position, the</p>

	<p>number of learners to receive training was reduced from 4,000 to 2,120.</p> <p>This number will allow providers to realistically reach the target number of learners whilst still be sufficiently wide-reaching to provide significant quantitative and qualitative benefits to the town.</p>
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## ECONOMIC BENEFITS

The methodology taken to derive the economic impact is based on Green Book principles. An economic model has been developed which models the costs and benefits of the scheme.

The key quantifiable benefit of this project is the Gross Value Added (GVA) derived from the uplift in earnings for Southport. This comes from both a rise in additional wage premia for some learners, and through a gain in employment for others, depending on the strand.

The strands are split as follows:

<b><u>Strand 1 – Workforce Development</u></b>	<b><u>Strand 2 - Southport College</u></b>	<b><u>Strand 3 - Sefton Adult Learning Service</u></b>
<p><b>Target Cohort:</b></p> <p>Sefton council employees. Those Sfton employess who, through the course of their work, are likely to have some interaction with visitors to the town.</p>	<p><b>Target Cohort:</b></p> <p>Young people aged 16 to 18 as part of study programmes or other pathways. Young job seekers. Adult students. Training incorporated into other qualifications or developed as stand alone activity to draw down match funding. Bespoke sectoral courses for employers. People employed earning under £18,500.</p>	<p><b>Target Cohort:</b></p> <p>Adult learners aged over 19 in the community, focusing on those individuals currently workless and seeking opportunities and/ora community volunteer offer. Pre recruitment training will be delivered in conjunction with Sefton@work, the Council's inhouse job brokerage service</p>
<p><b>Contribution to Project Outputs:</b></p> <p>1,500 learners</p>	<p><b>Contribution to Project Outputs:</b></p> <p>320 learners</p>	<p><b>Contribution to Project Outputs:</b></p> <p>300 learners</p>

The Green Book requires the gross benefits calculated (in wage uplift terms) to be adjusted for the likely 'real world' benefit.

As such the model is adjusted for removal of 'deadweight' (what would happen anyway); 'leakage' (those benefits secured but which may benefit neighbouring places rather than Southport); displacement (the effect to which the project simply moves benefits from provider A to provider B).

The final measure is multiplied by the type II industry GVA multiplier to monetise the benefits. Multipliers set out the economic advantage that would accrue from the anticipated expenditure in the local supply chain and the anticipated additional demand created by the earnings of those newly employed / promoted as a result of the intervention.



Due to the variation between strands, each has a slightly different approach to calculating a final contribution towards the economic benefits. Therefore, each strand will be explained separately.

### Strand 1 – Workforce Development

As this strand of training will be given to Sefton Council employees the learners will already be in employment and so it is not possible that any participant will enter / re-enter employment through this training course. However, assuming that many of the council employees that take this course will be in more junior roles / grades of employment, such as Apprentices it is possible that a small percentage may benefit from an increase in wages.

It has been assumed that 5% of these learners will go on to experience a 1.25% increase in wage. This wage uplift has been derived from the guidance by the Department for Business, Innovation and Skills on Measuring the Economic Impact of Further Education. This guidance states that a Development Learning course given to someone whose highest qualification is a L3, 4 or 5 can be assumed to experience a 1.25% wage premia. A baseline of minimum wage at 35 hours a week has been used throughout the model.

Deadweight for Strand 1 has been chosen at 50% to represent the assumption that half of those who receive a wage premia would have ended up getting a rise in wage anyway, regardless of whether they received the training. This reflects an assumption that those securing wage increases were those who might be expected to achieve this because of their roles / attributes, rather than directly as a result of the training.

### Strand 2 – Southport College

It is estimated that the majority (90%) of learners receiving Customer Experience training through Southport College will go on to gain employment. The employment gain creates an uplift in earnings and results in additional GVA for Southport.

However, as most of these students will already be enrolled at the college it is likely that most would have gained employment anyway. Therefore, a large deadweight of 90% has been applied to learners in Strand 2.

### Strand 3 – Sefton Adult Learning Service

The learners receiving Customer Service training through Sefton Adult Learning Service are the most likely of the 3 strands to be unemployed and seeking work at the time of taking the course. They are therefore likely to be seeking employment within the customer service industry and looking improve their chances of gaining employment through taking the course.

It has been assumed that 30% of the Strand 3 learners will gain employment, with a lower deadweight of 50% applied to account for those that would have found employment anyway.

### Leakage and Displacement

For all 3 strands leakage is assumed to be 52% to account for those that will take the benefits outside of the town following the training. This is because it is not a requirement to be a resident of Southport to receive training from any of the 3 providers and that the measurable influx of commuters into Sefton is 52% (from the last census).

Displacement is assumed to be 25% to account for the scale of the benefits that would be moved from existing providers. This is a standard 'low' displacement measure applied to economic models and consistent with Government guidance.

## **ECONOMIC COSTS**

The costs of the project can be broken down as follows, occurring in Year 1:

Project Budget				
	Strand 1 – Workforce Development	Strand 2 - Southport College	Strand 3 – Sefton Adult Learning Service	Total Project
<b>Cost</b>	£20,000	£140,000	£40,000	£200,000

Green Book also requires any economic case to adjust for optimism bias – which is the tendency of all projects to 'look on the bright side' when estimating costs / timescales. An optimism bias of 25% has been considered when calculating the final value for money assessment.

This is considered to be prudent. Green Book supplementary guidance provides long term examples of project cost escalation across different capital cost projects. Less guidance is provided with regard to revenue based projects but a cost escalation of 25% is considered to be at the upper extent of possible escalation.

## VALUE FOR MONEY ASSESSMENT

To calculate the value for money of the project, a Benefit Cost Ratio (BCR) has been calculated using the total costs (capital costs from public funding), likely GVA of employment gains and uplift in earnings, and a discount rate of 3.5%

A persistence effect of only 2 years following the 1<sup>st</sup> year of funding has been applied because if most learners were not able to secure employment within a short period then, on the whole, different employment scenarios / training may present themselves within a relatively short time frame.

The outline of the project costs and benefits is therefore summarised in the table below:

**Table: Summary of costs and economic benefits**

	Year 1 £	Year 2 £	Year 3 £
<b>Capital Costs</b>	-200,000	0	0
<b>GVA of uplift in earnings</b>	0	691,564	691,564
<b>Total</b>	-200,000	691,564	691,564
<b>Total costs</b>	-200,000	0	0
<b>Total GVA</b>	0	691,564	691,564

The project costs and benefits set out in the table above have then been incorporated into the economic model to establish that the value for money outcomes is as follows:

**Table: Economic Outcomes**

Value for money assessment	
<i>Discount Rate</i>	3.5%
<i>Net Present Value Costs</i>	£0.193m
<i>Net Present Value Savings</i>	£1.27m
<i>Benefit-Cost Ratio (BCR)</i>	6.6
<i>BCR after Optimism Bias</i>	5.3

DLUHC guidance suggests that a BCR of above 2 represents good value for money although a BCR of greater than 4 is considered unlikely and requires further explanation. In this case the BCR has been calculated at 5.3 after optimism bias.

The reason for this relatively high BCR is that further public sector contributions will be made into the scheme in terms of management time, processes, residual systems and potential Adult Education Budget contributions which cannot be assessed at this stage. The result is that the model somewhat under-represents public sector 'costs' and as a result the BCR is somewhat inflated. It does, also demonstrate, however, that the project is likely to provide very strong value for money.

The stage 2 Towns Fund Guidance issued by the Ministry of Housing, Communities & Local Government states that 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. The inability to fully estimate costs has resulted in this approach being taken<sup>3</sup>.

## **NON-QUANTIFIED BENEFITS**

In addition to the quantified objectives, the scheme can deliver against a number of additional qualitative benefits.

### **Learners gaining skills on new training courses**

Due to the fact that this project targets 3 different strands delivered by 3 different providers, a wide range of learners will benefit from the customer service training, each of these gaining new or improving their existing skills. The specific benefits will vary depending on the level of experience, current employment status and age of the learner but, all of those that gain these new skills could improve their employability which can potentially improve their chances of employment or promotion in the future.

These courses will provide learners with evidence on their CV to prove they have received additional customer service skills and providing a boost at the job application stage. The approach is also likely to improve the learners confidence which can have wide ranging benefits, from a college student having confidence in their first interview to someone already in employment gaining the confidence and skills to take on a managerial role.

The training could encourage college students to take up a part-time job in customer service whilst they study, and give hospitality managers the confidence to hire young people knowing they have experienced a consistent and high level of training.

Overall, this could contribute towards reducing unemployment (particularly youth unemployment) and increase wages.

### **Benefits from employment gains**

Overall, the availability of a trained workforce, developed specifically for the opportunities relevant to Southport will in turn create an uplift in local employment, and provide an associated uplift in GVA for Southport's economy. The qualitative benefits of these employment gains are also important.

The increase in employment in Southport's customer service industries will help to fill empty vacancies that have been caused by the pandemic and individuals lost to the workplace (the pandemic has increased the number of people removing themselves from the workforce and EU nationals leaving the UK). An increase in employment with well trained staff will improve productivity in the sector and allow businesses to provide high quality service, increase profits and grow.

Evidence presented in the Strategic Case highlighted that the Covid-19 pandemic had a greater impact on employment in Southport than in the North West and England as a whole. This creates the risk of

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<sup>3</sup> 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.'

potentially widening inequality between the town and the rest of the region/country. Getting more people back into employment through these courses reduces this risk and provides the opportunity for overall improvement in the quality of life.

### **Benefits to Southport's visitor economy through improved perceptions of Southport**

One of the key aims of this project is to create a 'Southport standard' of customer experience. The idea behind this is that by providing a high standard of customer experience, the overall perception of Southport will be improved. In particular as a place to visit, as the visitor economy makes up such a large proportion of Southport's businesses and employment.

If visitors enjoy their time in the town they are more likely to return, and to book longer trips, increasing overall footfall and spending in the visitor economy. This gives a boost to existing businesses as well as potentially attracting more businesses and creating more jobs.

By improving the overall perception the word will spread and, it is intended, that the combination of new investment and highly skilled professional services staff will kickstart a process of renewed visitor confidence and improved experiences within the town. This will drive an increase in dwell time, return visits and staying visits from all of the target segments for the town.

### **Towns Fund Annex Benefits**

The Towns Fund specifically identifies a number of core measures for training interventions and the Build Back Better Customer Experience course will provide outputs against these measures. These are specifically:

- 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 300

## **SUMMARY**

Following analysis of the quantitative and qualitative benefits of investing in the Building Better Customer Experience project in Southport, it can be concluded that the preferred option for the project offers very good value for money and is expected to achieve several qualitative factors. The project will complement other projects within Southport's Town Investment Plan that focus on strengthening the local visitor economy.

# 5. FINANCIAL CASE

## INTRODUCTION

The financial case for the programme sets out the estimates of costs and the contributions from the partners in the project. The project is entirely based on expenditure based on revenue rather than capital.

## APPROACH TO FINANCIAL CASE

### *Funding*

It is intended that the funding for the project will be provided entirely by the Towns Fund to a maximum of £200,000.

In addition the project will be supplemented by contributions from partners. This is broken down as follows:

- Sefton Community Learning will provide their existing management function, systems and monitoring processes into the project and the provision of the support to post-19 learners who are not currently within the workplace will attract funding from the Adult Education Budget.
- Sefton Council will re-purpose content within parts of their 'Me Learning' website to deliver aspects of the training to Council employees. The website will be adapted and the programme will be managed and monitored internally using Council resource.
- Southport College will also provide their own management and monitoring resource to provide oversight to the programme run within the College. The College will also leverage and build their employer engagement programme to support the initiative and ensure that there are work placements for the relevant students undertaking modules within the College.

Within the College based provision, 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 the associated skills and training budgets that such activity will draw down. Where this is achieved, the college will share evidence of these qualifications with the project.

It can be seen therefore, that the £200,000 Towns Fund programme will leverage 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 provision / match. It is clear that the match will be significant, but monitoring during the programme would be extremely difficult and the partners are very keen that students are selected on merit / motivation to take part and progress rather than by their funding position or whether their personal characteristics can lever in match finance

[NB it is accepted that the outline application within the overall Town Fund bid did place an estimate on this match funding but when the practicalities of such an approach were considered and the likely conditions that this would cascade into a Grant Funding Agreement, it was thought to create significant problems for both the funder in terms of monitoring and the applicant in terms of estimating and capture].

### *Revenue Modelling*

There is no revenue associated with the project (aside from the contribution of budgets associated with learners). The provision of a profit and loss account showing fully loaded staff costs and associated

overhead against the potential budget lines associated with learners is considered to be too complex for this application.

More straightforwardly, the approach demonstrates the additional value that the provision of Towns Fund would bring and the identification that the funding clearly pays for additional cash costs to the partners rather than the re-allocation or payment for any previously committed and now reallocated resource.

## COSTS

The costs that make up the £200,000 funding request are broken down as follows:

### Summary cost plan including cost breakdown structure and basis of estimates

Strand	Type of Cost	Year 1 Cost £	Year 2 Cost £	Year 3 Cost £	Basis of Estimates
<b>Strand 1</b> <b>Sefton</b> <b>workforce</b>	Staffing & associated staff costs	0	17,000	0	Current known pay rates within partner organisations as baseline for Year 1 with uplift of 2.5% per year thereafter
	Other Costs (including Marketing & Comms, Equipment, etc.)	0	3,000	0	Current known rates for other costs for existing comparable projects being delivered as a baseline for Year 1 with an uplift of 2.5% per year thereafter
<b>Strand 2-</b> <b>Southport</b> <b>College</b>	Staffing & associated staff costs	0	£65,000	40,000	Current known pay rates within partner organisations as baseline for Year 1 with uplift of 2.5% per year thereafter
	Other Costs (including Marketing & Comms, Equipment, etc.)	0	25,000	10,000	Current known rates for other costs for existing comparable projects being delivered as a baseline for Year 1 with an uplift of 2.5% per year thereafter
<b>Strand 3-</b> <b>Adult</b> <b>Learning</b>	Staffing & associated staff costs	0	16,333	8,167	Current known pay rates within partner organisations as baseline for Year 1 with uplift of 2.5% per year thereafter
	Other Costs (including Marketing & Comms, Equipment, etc.)	0	8,850	6,650	Current known rates for other costs for existing comparable projects being delivered as a baseline for Year 1 with an uplift of 2.5% per year thereafter
<b>All Strands</b>		0	135,183	64,817	
<b>Total funding per strand</b>		Strand 1 – Workforce Development =£20,000	Strand 2- Southport College =£140,000	Strand 3 – Sefton Adult Learning =£40,000	

## FUNDING AND REVENUES

As noted the revenue associated with the costs is based on the provision of Towns Fund.

## **AFFORDABILITY ASSESSMENT**

The modest costs of the programme have been calculated on an additional cash cost basis to partners and the provision of the programme clearly leverages the established mechanisms, systems, management and support of the partners. On this basis the programme is considered to offer considerable value in addition to the demonstration that the economic benefit achieves the required value for money thresholds.

## **WIDER FINANCIAL IMPLICATIONS**

There are no wider financial implications although it is noted that the modest revenue ask associated with this programme does de-risk elements of the capital programme expenditure across the visitor economy elements of the Towns Fund programme. The provision of high quality visitor economy skills ensures that the strategy for Southport is delivered with the visitor at the centre of the approach and is not simply a series of regeneration initiatives.

# 6. Commercial case

## INTRODUCTION

The Commercial Case for Building Better Customer Experience considers the mechanisms for delivery in terms of procurement and contractual structure. Given that the delivery of the programme is based mainly on the work of partners in the programme, there are aspects of the standard business case proforma which are less relevant to this business case.

## PROCUREMENT STRATEGY

The approach taken in building the programme focused on working with those organisations for whom training and development of the wider workforce was a core purpose and who already had the base infrastructure and systems to support the initiative.

As a result of this approach, the delivery is based on the three partners, Sefton Council, Southport College and Sefton Adult Learning Service. Training provision is based on estimated cost with no additional profit element and as such there was no requirement for a procurement exercise. Each organization will deliver the required outputs against the programme.

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) 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.

### *Procurement Planning*

As the delivery programme is fully developed, partners will be required to identify those areas where additional small areas of expenditure are required. These are likely to be limited and are not currently anticipated to be beyond £10,000 for any single item – any external provision is likely to involve small additional IT requirements to enable the delivery of blended learning and record management and small incremental expenditure on training room equipment such as IT equipment and stationery. In these cases it may be possible to use existing suppliers to partners who will have been selected as the preferred supplier through a previous tender exercise or through the provision of 3 quotes to ensure that different providers have the opportunity to bid for the contract.

### *Timescale*

As the procurement involved will only involve small elements of incremental equipment or changes related to course content, procurement may be required throughout the duration of the programme but with expenditure skewed towards the initial 6 month period.

### *Process*

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.

### *Person responsible for gateway checks at each stage of the process*

In each of the partners a Procurement Officer will ensure compliance with internal policy.

### *Person responsible for day to day delivery of the procurement*



The delivery of the procurement will be the programme manager in each of the 3 partner organisations in line with the instructions of the Procurement Officer.

### *Compliance*

Compliance with the internal processes of the partner organisations will be ensured by the Procurement Officer.

### *Social Value*

The levels of procurement involved in the delivery of the programme are unlikely to trigger any thresholds requiring a formal evaluation of social value.

## **COMMERCIAL DELIVERABILITY**

The commercial deliverability of the programme is based on leveraging the extensive experience and systems that each of the partners have in place.

The programme will support the incremental costs of the training activities but this could not be delivered without the training and development, training infrastructure and performance monitoring and governance procedures such as health and wellbeing, safeguarding compliance that each organization has in place.

The programme will not be delivered as a 'commercial' activity as no surplus or profit will be secured by any of the partners involved.

## **WIDER CONSIDERATIONS**

In all Towns Fund Business Cases it is important to consider Subsidy Control. Subsidy Control considers the suitability of the provision of public funds to organisations and the likelihood that it may distort competition or confer an unfair advantage to recipients.

The Build Better Customer Experience programme has been assessed as being Subsidy Control compliant on the basis that the programme is an extension of the core functions of the organisations involved and that these functions are based on providing a public good. In addition, the programme involves no element of profit in delivery.

# 7. Management case

## INTRODUCTION

The Management Case sets out the core aspects of programme delivery. The partners have worked through the various elements required to ensure that the programme can be delivered effectively and the governance, timetable, costs, risks and performance management are all set out below.

## PROJECT ORGANISATION AND GOVERNANCE

Sefton Council is the applicant for the Towns Fund and is responsible for the operation of the contract. The contract will, however, be delivered by three partner organisations and each will be responsible for the outputs identified against their element of the programme. The overall management of the programme will be led by a management team made up of the programme leaders from each of the three partners.

The project management team will meet initially on a monthly basis whilst the programme is being developed and established and after c6 months the meeting will move to a bi-monthly basis. The purpose of the management team will be to:

- Ensure programme development is in line with the core objectives of the programme
- Ensure that the progress of the programme is meeting the key milestones in the project plan
- Ensure that delivery is meeting the standards required
- Ensure that the critical success factors associated with stakeholder engagement is being undertaken effectively
- Ensure that output delivery is meeting programme
- Ensure that the partnership continues to work effectively
- Ensure that monitoring mechanisms are in place and working effectively

Any significant issues identified at management team meetings will be cascaded to directors as set out in Assurance below.

## ASSURANCE

An assurance framework will be established that ensures that the project is delivering against the programme, is meeting the critical success factors considered essential to meet the outputs of the project and is making adequate progress against project outputs.

Where under-performance is identified by the programme management team, the issue will be red-flagged for continuous monitoring at each meeting and if under-performance continues the issue will be cascaded to the Director of the partner involved and the Director of the overall programme. Each organisation will be responsible for delivering their element of the programme and as a result under-performance will require additional resource to be allocated to address the issue.

## SCOPE MANAGEMENT

The scope of the programme is well defined and is limited to the provision of training in customer care activities by the three partners. The Programme management team will monitor the nature of the courses developed and ensure that they remain in line with the key principles of the training which is to provide delegates with an understanding of excellence in customer experience and how excellence is delivered in different aspects of hospitality and customer facing industries and what is required of staff at different levels within an organization.

## PROGRAMME/SCHEDULE MANAGEMENT

## **Summary timescales**

The project will commence in summer 2022 immediately following approval from government to release town deal funding. Initial phases will focus on the production of the detailed delivery and methodology plan with partners and all required approvals and consents to proceed will be put in place across the three delivery partners. This phase will also include the production of a contractual agreement between the Council and Southport College to incorporate a financial schedule which will govern how payments are made to the College based on effective delivery of the agreed activity. The financial schedule will be based around a milestones payment plan where the Council will require quarterly returns to be made in accordance with Town Deal compliance requirements and any adjustments or corrective actions to be made. We also intend to embark upon a partners consultation, design and feedback stage to ensure the training products and materials to be used are attuned to the requirements of the participant audience and the employers who will be involved. Employers involved with the project and benefitting from the staff training will be asked to sign up to an engagement plan to capture the roles and responsibilities between the project and each employer, including safeguarding and health and safety risk assessments for work placements where necessary. The delivery partners will enter into the implementation phases of the project in January 2023, with activity continuing until December 2024 when we expect to have achieved all our outputs. A further three months at the end of the project has been allocated for financial completion and the production of an internal evaluation report which can flag any areas for ongoing work the partners feel is required to assist with the further process of transformation of Southport as the main capital elements of delivery move forward.

Performance management and assurance processes will operate across all stages of the project. Delivery partners will establish a project steering group which will include the three strands and seek to reflect the voices and views of beneficiaries including participants and employers. Robust performance management systems will be put in place to help with the early identification of any issues which could affect the successful delivery of the project and the Council will ensure that this is conducted in a way that is open and transparent. Reports will also be made in line with wider programme monitoring system for the Town Deal ( DELTA) and will include reports to the Town Deal Board as necessary. Monitoring and evaluation of the project will be undertaken via Sefton Council's Employment & Learning team which has an established track record of administering external funding from a variety of sources. All claims will be audited through this team and claims will be moderated and verified based on the production of evidence in line with the agreed Monitoring and Evaluation plan for the project.

## **Details of dependent and interdependencies with rest of TIP and non-TIP projects**

Although this project contributes well to the overall objectives and aims of the TIP, it is not dependent upon parallel activity within the Town Plan in order for it to proceed. The stakeholder agencies have the structures, processes, and expertise to undertake the project independently according to its own agreed timescale.

## Summary of key milestones including key decision points, assurance, consents, approvals

<b>Milestone</b>	<b>Commenced by Date</b>	<b>Completed by Date</b>
DLUCH approval of business case in place	<b>March 22</b>	<b>June 22</b>
Full Business Case completed, and release of funding is greenlit from government according to published timescale	<b>June 2022</b>	<b>End July2022</b>
Internal approvals to commence project delivery in place	<b>July 22</b>	<b>August 22</b>
Establish Project governance arrangements with roles and responsibilities confirmed	<b>July22</b>	<b>August 22</b>
Operate meetings of Project Governance group throughout the lifetime of the project	<b>September 22</b>	<b>Ongoing</b>
Appoint Southport College as external delivery partner in line with Council procurement rules	<b>August 22</b>	<b>September 22</b>
Finalise Detailed Project Delivery Plan	<b>September 22</b>	<b>October22</b>
Confirm outputs and funding with College and issue Service Level agreement to include financial schedule and claims process	<b>October 22</b>	<b>November 22</b>
Identify personnel to undertake “storyboarding” element of training module design for Workforce Development strand	<b>December 22</b>	<b>Jan 23</b>
Undertake recruitment of key staff for both Sefton Adult Learning and Southport College	<b>September 22</b>	<b>January 23</b>
Commence process of employer engagement	<b>November 22</b>	<b>Ongoing</b>
Finalise documentation for employer agreements	<b>December 22</b>	<b>February23</b>
Create a range of project specific education/training programme including progression routes	<b>January 23</b>	<b>Ongoing</b>
Purchase equipment, tools, and resources	<b>Jan 23</b>	<b>June 23</b>
Produce and test online training module for workforce development strand	<b>Jan 23</b>	<b>June 23</b>
Ensure senior management support for workforce training strand and put promotional strategy in place to optimise take-up	<b>Jan 23</b>	<b>Dec 24</b>
Consider alternative delivery means for groups in the workforce not able to access digital training module	<b>March 23</b>	<b>September 23</b>
Create and publish delivery timetable for training activity across the town	<b>Jan 23</b>	<b>ongoing</b>
Produce and deploy a multi-channel communications campaign	<b>Jan 23</b>	<b>ongoing</b>

Set-up MI system for data capturing, recording, reporting, monitoring, and evaluation in line with Town Deal requirements and share this across partners	<b>October 22</b>	<b>December 22</b>
Design and test training modules in line with employer needs including on-site at employer premises	<b>Jan 23</b>	<b>March 23</b>
Undertake ongoing assessment and audit of claims information to ensure compliance	<b>March 23</b>	<b>Ongoing quarterly</b>
Receive feedback, implement programme changes based on feedback including bespoke business/community needs	<b>June 23</b>	<b>September 23</b>
Review and evaluate each learning cohort supported by the project	<b>Jan 23</b>	<b>December 24</b>
Identify and set-up delivery locations including relevant risk assessment and equalities impact assessments	<b>October 22</b>	<b>December 22</b>

### Summary of constraints and basis for programme rates and duration of interventions

This project has been constrained by a number of factors related to the COVID-19 pandemic and the way this has impacted business in Southport, the rates of unemployment and economic inactivity and the capacity of employers to offer the number of participants in the project at the level we had originally anticipated. Many employees have left the visitor economy sector since this time and have been reluctant to return, with a significant proportion of these being older females with experience and skills. We have already recognised this through our dialogue with employers and have shifted focus somewhat from our original plan contained within the Town Investment plan to ensure we have appropriate methodologies and partners in place who are capable of attracting younger people into the visitor economy sector, returners who have left for other types of employment during the pandemic and older workers who have not previously considered progression into this sector.

The delivery partners we have identified for this project each have established track records of successful project delivery and have relevant systems for quality assurance in place. Sefton Adult Learning and Southport College have both achieved “Good” status in their most recent Ofsted inspections and have worked in the town for many years, demonstrating genuine commitment to its future transformation. The basis of our planning concerning programme rates and duration of interventions has been informed by this expertise and can be benchmarked with other similar provision in other fields of training and education.

Overall, we feel this plan can stand up to robust challenge and will be effective in achieving the objectives of the project within the agreed timescale and budget.

### Summary cost plan including cost breakdown structure and basis of estimates

Strand	Type of Cost	Year 1 Cost £	Year 2 Cost £	Year 3 Cost £	Basis of Estimates
<b>Strand 1 Sefton workforce</b>	Staffing & associated staff costs	0	17,000	0	Current known pay rates within partner organisations as baseline for Year 1 with uplift of 2.5% per year thereafter

	Other Costs (including Marketing & Comms, Equipment, etc.)	0	3,000	0	Current known rates for other costs for existing comparable projects being delivered as a baseline for Year 1 with an uplift of 2.5% per year thereafter
<b>Strand 2- Southport College</b>	Staffing & associated staff costs	0	65,000	40,000	Current known pay rates within partner organisations as baseline for Year 1 with uplift of 2.5% per year thereafter
	Other Costs (including Marketing & Comms, Equipment, etc.)	0	25,000	10,000	Current known rates for other costs for existing comparable projects being delivered as a baseline for Year 1 with an uplift of 2.5% per year thereafter
<b>Strand 3- Adult Learning</b>	Staffing & associated staff costs	0	16,333	8,167	Current known pay rates within partner organisations as baseline for Year 1 with uplift of 2.5% per year thereafter
	Other Costs (including Marketing & Comms, Equipment, etc.)	0	8,850	6,650	Current known rates for other costs for existing comparable projects being delivered as a baseline for Year 1 with an uplift of 2.5% per year thereafter
<b>All Strands</b>		0	135,183	64,817	
<b>Total funding per strand</b>		Strand 1 – Workforce Development =£20,000	Strand 2- Southport College =£140,000	Strand 3 – Sefton Adult Learning =£40,000	

### Approach to forecasting and allowing for risk and uncertainty and contingency provision

Forecasting – existing known costs. Up to end of financial year. With 2.5% increase moving forward to anticipate local pay rises and changes on staff levels

Existing risk management processes in place within the Council to assess and mitigate risks within projects during their implementation

### Summary of assumptions and exclusions

We have assumed that during the period when the project will be delivered, the economic backdrop in Southport will be one of increasing recovery from the COVID-19 pandemic and that businesses within the key target sector of visitor economy will not be faced with further closures.

We have also assumed that during this period that the transformation of Southport will be commencing and building momentum, with increasing footfall to the town with the recommencement of a series of events and activities.

### Our approach to indexation

Our project plan spans a number of phases as outlined and will cover a period from an assumed start date in summer 2022 ( informed by the expected date of approval received by government for the overall Town Deal grant agreement ) and a period of two full years of training delivery activity between January 2023 and December 2024. The project will fully complete by end of March 2024, with all funds defrayed and with the production of an evaluation report produced by partners before this date.

To allow for indexation, we have assumed that staff costs will be increase by 2.5% during the delivery period when staff will be attached to this project. Rate of pay will be applicable to the existing structures and pay agreements in place within Southport College and Sefton Council.

### Our approach to reporting and managing costs

The project will follow all the required cost control and monitoring requirements pertaining to the Town Deal agreement with government. This includes the use of the DELTA reporting system which we will use to collect and analyse performance information.

The project will also be operated within the financial regulations of Sefton Council and in line with its published constitution.

## RISK AND OPPORTUNITIES MANAGEMENT

The risks of the programme were outlined in the Strategic Case and the programme has developed a risk register to address each of these risks in turn. The opportunities of the programme have been set out in terms of learners and the long term improvement in the perception of Southport but without careful management of risks these opportunities will be lost.

Risks are set out below and measured in terms of likelihood and impact as well as the measures which are in place to provide mitigation:

Risk	Likelihood RAG	Impact RAG	Mitigation
The programme does not address the needs of the sector	G	R	The programme has been developed in consultation with Southport business owners and representatives of the Southport BID. These organisations will remain as key stakeholders in the programme, providing work experience opportunities for trainees and sharing experiences to continue to refine the offer. As such the programme will be entirely aligned with the changing nature of the hospitality sector as Southport emerges from Covid restrictions and impacts.
There are insufficient employment opportunities to enable trainees to bring their skills to the workplace	G	A	<p>The workforce has been diminished in the last two years. The impact of Covid and the closing down of the hospitality sector forced many people to consider alternative areas of employment; other members of the workforce simply decided to withdraw themselves from economic activity; and the sector was further hit by EU migrants returning home during the pandemic and with their return now restricted post-Brexit. As a result this risk has been minimized.</p> <p>Hospitality employers within Southport have reported increasing levels of vacancies and the programme will undertake a concerted business engagement activity both directly and through partner organisations such as the Southport BID and the visitor economy board of the LEP.</p>

<p>Those receiving training will find employment opportunities outside of the intended Southport area of focus</p>	<p>A</p>	<p>R</p>	<p>There is a risk that the individuals receiving training will be recruited from outside of Southport and / or will find employment opportunities outside of the town. If this takes place, the programme would still have a positive impact at a City Region level but the intention is that the training benefits Southport.</p> <p>The risk of this taking place will be minimized through the continued engagement with Southport businesses. The provision of training will be linked to opportunities to work within the Southport hospitality industry and as the programme develops more and more local businesses will be invited to get involved and play a role in providing employment or placement opportunities. The risk of 'leakage' will therefore be minimized by ensuring that course participants start their employment activity in the sector within Southport.</p>
<p>There is insufficient interest from potential trainees to meet the programme outputs</p>	<p>R</p>	<p>A</p>	<p>There is a risk that the hospitality sector is not recognized as providing longer term opportunities for trainees – and there is a need to demonstrate the importance of the sector, the planned increases in investment in the town and the opportunities for career progression within the sector more generally.</p> <p>Further work will be undertaken across the education sector, with Job Centre Plus and within Sefton Council to highlight the benefits provided by the training interventions and the wider opportunities which are emerging in the Southport hospitality sector as more capital projects are announced and the location bounces back post-pandemic.</p>
<p>Delays to the programme mean that outputs will not be achieved by the end point of the programme</p>	<p>A</p>	<p>A</p>	<p>The programme has been carefully planned to be delivered over the next 3 years. The partners have identified the resources required to complete the programme within the period.</p> <p>Delays to the programme are possible due to future Covid outbreaks across staff and / or students but the programme has been conceived from the outset as providing a blended approach to learning and as such can pivot between online and face-to-face learning as required.</p>



<p>Costs escalate and there will be insufficient resources to allow delivery.</p>	<p>G</p>	<p>A</p>	<p>The current post-Covid environment has resulted in a number of cost pressures across the economy.</p> <p>Many of the core costs identified in terms of delivery are extensions of existing provision within providers and the costs / or payscale of such provision is already understood. IN addition, the providers are committed to delivery and as such, they are carrying any risk of cost inflation rather than the programme itself.</p>
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## PROJECT MANAGEMENT

Day-to-day project management will be undertaken internally by each of the three partner organisations and incorporated into the normal operations of the College providing module options for course delegates; Sefton Adult Learning Service providing support to those not engaged in the workplace; and Sefton Council adding the training into their continuous professional development activities to staff.

The management team (see above) is made up of the managers responsible for this provision in each of the three organisations involved. It is the management team where oversight of the activity at a programme level will be captured and recorded.

## STAKEHOLDER ENGAGEMENT

The stakeholder engagement aspect of the programme is an essential aspect of delivery. This will cover both the demand and supply aspects of delivery.

From a supply side perspective the formal engagement process will involve local businesses both through direct engagement to ensure participation in the programme (training design and trainee placements / employment) and through engagement with Southport BID. Wider stakeholders will include the LEP Visitor Economy board and the other business engagement groups in Southport.

From a demand side, the programme will engage with Job CentrePlus and the wider education sector to elevate interest with young people. The programme will also be promoted to the existing staff within the Council and students enrolled across a range of courses within the College.

This stakeholder engagement is a critical success factor of the programme and will be monitored through the governance and management processes of the programme.

## BENEFITS, MONITORING AND EVALUATION

It is recognised that the award of Towns Fund will result in a future need for evaluation of the programme and as such the programme has identified the benefits which will be delivered and the monitoring process which will be put in place.

The key beneficiaries within the programme will be the individuals receiving training and as part of the programme each partner will be required to keep a record of the training provided. The programme is intended to create an economic uplift through the improved employment prospects of the individuals involved in the programme and as such, the employment status of the participants on completion of the programme will also be recorded.

A further cohort of beneficiaries will be the businesses involved in the programme through their ability to recruit more easily and improve their performance through the employment of staff with higher level skills and greater levels of customer engagement. The programme will maintain a record of businesses engaged.

The wider benefits to the Southport economy as a whole are also a very important qualitative output from the work although it is not proposed to create a formal monitoring process for this output given the modest scale of the programme. The improvement in skills performance will instead be judged from the businesses willing to engage in the programme.

Once Heads of Terms have been agreed, towns are required to develop business cases for each project and submit a Summary Document to Ministry of Housing, Communities and Local Government (MHCLG). MHCLG will need to review and be satisfied with the Summary Document before funding can be released.

The **Summary Document is mandatory**, even if you do not use the TFDP business case template.