

**REPORT TO:** Cabinet Member - Regeneration

**DATE:** 17 February 2010

**SUBJECT:** Introduction of a Pilot Customer Incentive Scheme in South Sefton

**WARDS AFFECTED:** Linacre, Derby, Litherland, Ford, St Oswald, Netherton and Orrell and Church

**REPORT OF:** Alan Lunt – Director - Neighbourhoods and Investment Programmes Department

**CONTACT OFFICER:** Steph Prewett – Assistant Director (Neighbourhoods)  
Ext: 3485

**EXEMPT/ CONFIDENTIAL:** No

**PURPOSE/SUMMARY:**

To set out a pilot customer incentive scheme for South Sefton and explain the outcomes and benefits.

**REASON WHY DECISION REQUIRED:**

To ensure that the Cabinet Member is informed on a pilot initiative which:

- supports small businesses in deprived areas to stay in business
- helps residents to shop locally and make it more affordable
- enables the Council, StepClever and One Vision to enhance their knowledge about their customers including local businesses
- requires the Council to be the lead organisation
- does not require additional resources from the Council to implement the pilot

**RECOMMENDATION(S):**

That the Cabinet Member:

- Notes that this is a pilot in South Sefton due to the resources being used and the focus on areas of deprivation
- Notes the potential benefits of a pilot local customer incentive scheme
- Agrees that the Council should be the lead organisation
- Receives further updates on performance of this to inform potential roll out to other areas and continuation subject to resources being available
- Notes that additional resources are not required by the Council to implement the pilot

**KEY DECISION:** No

**FORWARD PLAN:** n/a

**IMPLEMENTATION DATE:** Following the expiry of the “call-in” period for the Minutes of the meeting

**ALTERNATIVE OPTIONS:**

**Option One: To develop a swipe card system to deliver more customer data to the Council.**

The Council needs to further refine its customer engagement strategy and relationship management system. To introduce a swipe card would not be productive at this point. Also, the focus is on supporting small businesses who would not have a card reader system in their shops.

**Option Two: To ask One Vision to lead and to target their own tenants**

This would be difficult to implement and would mean that not all residents would benefit. We would also lose the benefits of working in partnership.

**Option Three: To implement this across the whole of Sefton, rather than trial it**

Available resources are geographically restricted at the moment. Also, need to test out the approaches and benefits before rolling out to a wider area.

**IMPLICATIONS:**

**Budget/Policy Framework:**

**Financial:** Resources to deliver this are already available through Stepclever, One Vision and Working Neighbourhoods Fund. There are no additional resources needed from the Council.

	<b>2009</b>	<b>2010/</b>	<b>2011/</b>	<b>2012/</b>
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<u>CAPITAL EXPENDITURE</u>	2010 £	2011 £	2012 £	2013 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	March 2011/12			
How will the service be funded post expiry?	This is a pilot and future resource requirements will be dependent on outcomes and success			

**Legal:**

There will be a contractual agreement between the Council and Countdown to produce the resident packs, contact and sign up the businesses, set up and update the website and undertake satisfaction surveys.

The sign up of the businesses is a contractual agreement between Countdown and the business.

**Risk Assessment:**

**That businesses will not sign up to this in sufficient numbers.** The contractual agreement with Countdown will be dependent on the level of sign up and the type of businesses to be targeted. If this level was not reached then the contract would be invalid.

**That businesses will not honour the discount offered.** In this instance, Countdown are contractually obliged to honour that discount on the businesses behalf.

**That the Council is unable to distribute the cards:** Alternative arrangements with One Vision for their tenants and with Countdown direct will be explored.

**That Stepclever and One Vision funding,**

**agreed in principle, is not confirmed:** The scheme would be implemented at a reduced scale

**Asset Management:** n/a

**CONSULTATION UNDERTAKEN/VIEWS**

**Strategic Leadership Team  
One Vision Chief Executive  
Step Clever Team**

**CORPORATE OBJECTIVE MONITORING:**

<b><u>Corporate Objective</u></b>		<b><u>Positive Impact</u></b>	<b><u>Neutral Impact</u></b>	<b><u>Negative Impact</u></b>
1	Creating a Learning Community		X	
2	Creating Safe Communities		X	
3	Jobs and Prosperity	X		
4	Improving Health and Well-Being	X		
5	Environmental Sustainability		X	
6	Creating Inclusive Communities	X		
7	Improving the Quality of Council Services and Strengthening local Democracy	X		
8	Children and Young People		X	

**LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT**

None

**1.0 Background**

## Overview

- It is proposed that Sefton Council, One Vision and Stepclever introduce a customer incentive scheme in the south of the Borough as a pilot scheme for two years. The coverage would be South Sefton including Church ward (40,000 households) and a target of 400 businesses.
- The funding to support this would be:
  - Stepclever Innovation Fund £25,000 per annum (agreed in principle)
  - One Vision £15,000 per annum (agreed in principle)
  - Stepclever Business Neighbourhoods £20,000 per annum (secured)
  - Working Neighbourhoods Fund Business Support £40,000 per annum (secured)
- **No additional resources are requested from the Council to implement this pilot.**
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### 1.1 Summary

- 1.1.1 Countdown is a national loyalty scheme with a card similar to those used by Tesco's and Boots. However, it doesn't have the swipe mechanism and is about encouraging local businesses to stay in business across an area, rather than being aligned to a particular company. The card is free for residents and they can access discounts in local shops and national chains. It is also free for local businesses. The only criteria for sign up is that they have to offer some form of discount and publicise the scheme in their business premises as well as appear in the directory of shops and businesses that accompanies the card.
- 1.1.2 Countdown has been in operation for over forty years and a large number of Housing Associations and Councils have already invested in it. For example, Knowsley Housing Trust are very positive of the benefits of this to the local area.
- 1.1.3 Primarily this is a scheme which is used to support local businesses to stay in business and enhance local areas. It will do this by:
  - encouraging collaboration between local businesses to develop a more attractive offering to current and potential customers, to help drive business growth
  - increasing the number of customers using the businesses in south Sefton, their frequency of usage and spend per head per visit
  - growing the share of the shopping and leisure market achieved by South Sefton, especially Bootle Town Centre and Waterloo – to build a sense of belonging and identity to business areas amongst existing local and potential customers

- providing a benefit to the local community by developing a vibrant and attractive environment, which will have a beneficial effect on inward investment
- building confidence in businesses that the Council, StepClever and One Vision are working pro-actively to support local businesses

1.1.4 However, it can also be used as a tool to :

- raise the profile of One Vision, Council and Stepclever with residents. Every time a resident gets it out of their wallet or purse they will see the logos and branding of this. This will help to increase confidence in public services and evidence has suggested engender a sense of loyalty to the organisations promoting it.
- contribute towards reducing poverty by offering more affordable shopping in localities
- increase the opportunities for healthy eating by offering more affordable choices
- contribute towards increasing our ability to know and understand our communities through asking about usage of the card and exploring its future application as part of an enhanced customer relationship management system

1.1.5 Although Countdown is a national organisation, each scheme is customised and branded according to the needs of the area. For example, the pilot could have Council, One Vision and Stepclever logos on it and a link from the websites to a Sefton page on the Countdown website. It is a local decision which businesses should be targeted and how many should be signed up to make it viable.

1.1.6 The costs are worked out on a unit cost basis and if ordered in bulk would be in the region of £100,000 for a year. The funding sources are set out in the overview. It should be noted that the Stepclever resource is focussed on Linacre and Derby wards and the remaining sources have meant that the coverage can be widened out to South Sefton. As stated above no additional resources are being requested from the Council.

1.1.7 The success of the scheme would be measured through customised surveys with both users and businesses and also through using existing business and customer focussed staff.

1.1.8 If deemed successful, there is potential for this to be continued and rolled out to other areas across Sefton, subject to resources.

## **1.2 How would it work?**

- 1.2.1 A pack is produced which has a directory of local businesses set out on a geographical basis, potentially specialist businesses having their own section and then national chains at the back. It is a local choice whether national chains and discounts on holidays, etc are included. Each business has a section setting out what they do and the discounts that they offer. There is capacity within the handbook to add in useful information. For example, key contact details for the organisations. The pack also contains the Countdown card which will be locally branded. Residents will need to log onto the national website to register the card to access any deals on the website. The card would be valid for two years.
- 1.2.2 Countdown bring a team of people into the area and focus on those areas and types of businesses that have been highlighted. They either ring the businesses first or meet them to explain the benefits and explore the range of discounts that could be offered. It has already been stressed that some of the smaller businesses may be harder to convince and extra efforts need to be made with them, rather than sign up the easier ones. A stipulation within the contract would be that there should be limit on the level of discount that could be offered to encourage take up. Each business will need to sign a legal agreement to provide the discount and to display a sticker in the window and posters. They also need to explain how it works to their staff if they have any. If it is a business like a plumber who doesn't have a base, alternative methods need to be explored.
- 1.2.3 Businesses can sign up at any point to the scheme, but the directory will only be published at the start of the pilot. However, for example, if anything on Countdown is published in the local papers about this, then there will be opportunities to promote them then. Similarly if people move into the area, they will be able to access a card through the website.
- 1.2.4 Surveys of usage and benefits will be conducted throughout the two year pilot. These will be incorporated within existing surveys wherever possible and this will be discussed as part of the Transformation Communications and Customer Engagement workstreams.
- 1.2.5 The scheme will be launched locally with the three sponsors. Details of how this would work need to be discussed and at what level. However, there is currently a Shop Local campaign launched by the local papers which this could tie in with potentially. In terms of branding, an initial idea is that a competition for a name is run. Alternatively, there maybe a need to keep it simple and as corporate across the three organisations as possible.

## **1.3 Timescales**

1.3.1 Work on developing this can start immediately. It is estimated that it takes a good four to six months from planning to full inception to make this happen.

## **2.0 Recommendations**

That the Cabinet Member:

- (i) Notes that this is a pilot in South Sefton due to the resources being used and the focus on areas of deprivation
- (ii) Notes the potential benefits of a pilot local customer incentive scheme
- (iii) Agrees that the Council should be the lead organisation
- (iv) Receives further updates on performance of this to inform potential roll out to other areas and continuation subject to resources being available
- (v) Notes that additional resources are not required by the Council to implement the pilot