



Blackpool Council

BUILDING A BETTER COMMUNITY FOR ALL

Ms Valerie Curtis
Head of the Casino Advisory Panel
Secretariat
c/o DCMS 4th Floor
2-4 Cockspur Street
London
SW1Y 5DH

Our Ref: CE/LS
Your Ref:
Direct Line: 01253 477001
Date: 29th September 2006
e-mail: chief.executive@blackpool.gov.uk

Dear Valerie

FOLLOW UP TO BLACKPOOL EIP ON 8TH SEPTEMBER 2006

I am writing as promised to provide our response to the late documents that were submitted by Leaguenotion on the day of the Examination in Public on 8th September. I thank the Panel for your fairness in allowing us to respond to this late information especially as we are mindful of your timetable for reporting to Ministers and the large amount of material that you now need to assimilate in order to do this.

I wish to make some initial general comments about the Leaguenotion submissions and then some summary comments on particularly themes and questions that were raised by the documents that were submitted on 8th September. I will also signpost other responses that you may be receiving directly from organisations that were present on the day on specific aspects.

Commercial interests of Leaguenotion

As Mr Biesterfield of Leaguenotion admitted at the EIP and as stated in paras 1.1 p1 and 3.5 p6 of their representations to you¹, the company have commercial interests in Blackpool against which the operation of a regional casino they feel 'will be an overwhelming threat to existing businesses offering adult machine gambling'. They feel threatened by the operation of a regional casino, as this 'will emasculate existing arcade and machine gambling in Blackpool'.

We are doubtful of these claims and challenge them on the basis of:

- the evidence of the projections of displacement from our economic model which we discussed at the EIP and which are elaborated more fully in the response by PION Economics to the NERA reports commissioned by Leaguenotion

¹ Representations to the CAP in relation to Blackpool Council's bid to host the sole regional casino under the Gambling Act 2005. Leaguenotion. 8 September 2006

STEVE WEAVER

CHIEF EXECUTIVE

PO BOX 77, TOWN HALL, BLACKPOOL, FY1 1AD
TELEPHONE: (01253) 477000 DIRECT FAX: (01253) 477003

<http://www.blackpool.gov.uk> e-mail: chief.executive@blackpool.gov.uk

- the evidence that we have gathered from meetings and discussions with arcade operators, casino operators and other major leisure businesses in the resort which will be directly or indirectly affected but who are able to adapt and change their offer to benefit from increased trade and who also recognise the collective interest of all businesses in the town to work together to reverse the town's decline (see 'Displacement issues' section below)
- the testimonies of many businesses that we are aware have written directly to the Panel for whom the regional casino presents the only prospect of survival in the face of a declining resort visitor base and trading conditions

It is clear Leaguenotion's opposition to our proposals derive from commercial self-interest and protectionism - there are no other apparent reasons for a gambling and amusement arcade company to oppose these plans. Leaguenotion also state that they 'have substantial investment plans for the creation of a new visitor oriented casino in the adjoining Palatine Building' (para 1.1 p1 of Leaguenotion submission to CAP). As we stated in our previous letter to the Panel on 14th September, Leaguenotion were engaged in discussions with ReBlackpool during June and July of this year explicitly regarding co-promotion of the proposed site for the regional casino in which they are a land-holding interest. Although it was stated at the EIP on 8th September by Mr. Biesterfield that they had 'withdrawn' their expression of interest in operating a regional casino lodged with the Council on 21st January 2005, to date no formal communication of this position has been received.

Though Mr Biesterfield has been quoted in the Financial Times as saying a Blackpool super-casino would "rip out £4m to £5m" of the Noble Organisation's income² it is unclear from where these figures derive. No information on turnover or profits of the company are quoted in any of the documentation submitted to the Panel and therefore it is difficult to engage in any meaningful discussion on potential direct impacts on Leaguenotion's businesses. Indeed it is somewhat confusing as to which business is meant by this estimate - Leaguenotion, Noble or Coral Island - and therefore what scale of impact on which business these figures represent.

The Leaguenotion commissioned work - which they submitted and drew upon at the EIP - seeks to undermine the economic and other aspects of Blackpool's case such as test of social impact and particularly impact on problem gambling. These pieces of work are:

- 'The Case for Locating a Regional Casino in Blackpool: A Critique' by NERA Economic Consulting and
- 'Blackpool's Regional Casino: Does Blackpool represent 'the best possible test of social impact' for a regional casino – a critique of psychosocial impact' by Prof. Mark Griffiths of the Dept of Psychology at Nottingham Trent University

Leaguenotion also state they have 'had the benefit of extensive research conducted into the impact of a regional casino in Blackpool, such as the Hall Aitkin and the Henley Centre reports which are listed in an Appendix to their submission. It is unclear from this statement whether this means these reports were commissioned for Leaguenotion and, in fact, neither deals solely with the impact of a regional casino in Blackpool. The Henley Centre report was concerned with the Economic and Social Impacts of the Proposed Gambling Bill and was commissioned by BACTA (British Amusement Catering Trade Association). The DCMS commissioned an independent review of the report that found that 'the findings cannot be confidently used to inform policy'³. The Hall Aitkin report was in part based upon the findings of the Henley Centre

² Financial Times Saturday 9th September 2006 'Supercasino public hearings finish'

³ Review of the Henley Centre Report: "Economic and Social Impact Study of the Proposed Gambling Bill."

report and was dismissed because of this by the Minister for Sport, Richard Caborn MP at the Westminster Hall debate on regional casinos on 1 March 2006⁴

It is also unclear as to why Leaguenotion should commission work from either NERA or Prof Mark Griffiths on social impact, which does not relate to their main concerns about commercial impact on their own business. Without any demonstrable remit or apparent explicit commitment to social concerns in Leaguenotion's submitted documentation it would seem that these arguments are being used to bolster the company's principal concerns of commercial self-interest.

Need for the best possible test of social impact

Leaguenotion state that they consider Blackpool to be a wholly inadequate location in which to test the social impact of a regional casino. Sections in Prof Mark Griffiths' and the NERA reports support their view. The main thrust of their argument is that Blackpool is unrepresentative within the UK demographically and socio-economically and from the point of view of the difficulty of isolating regeneration effects and because of the 'levels of pre-existing problem gambling in Blackpool'.

A separate paper submitted to you from Prof Sir Peter Hall, Bartlett Professor of Planning and Regeneration at University College London and Chair of ReBlackpool⁵ addresses many of these points. A separate submission from Prof May-Chahal of Lancaster University⁶ addresses issues of impact on problem gambling.

Prof Hall concludes that:

'all areas have unique demographic characteristics; no' typical' demographic profile can be discerned. We must therefore assume that demographically any area is as suitable as another; the suitability test for social impact will not rely on demographic characteristics but on other factors. The monitoring programme however, will need to establish the range of groups to be tested both in the resident and visitor populations and to design the programme to accommodate any local variations in the target groups.'

On socio-economic deprivation Prof Hall states:

'we can conclude that socio-economic characteristics are variable both within and between groups (East London Boroughs; Core Cities; Northern Non-core Cities; and Traditional Seaside Resorts), but all exhibit characteristics that can provide a test of social impact. As with demographics, this set of variables is not likely to be a determining factor in the choice of a location'

Prof Hall adds later that:

'It cannot be an argument that (as Professor Griffiths has claimed) Blackpool's population is so uniquely deprived that it would provide a bad test of social impact. For this would negate the entire presumed object of the exercise.'

A Henley Centre Report commissioned by BACTA' by Dr Lisa Farrell, Univ. Melbourne for DCMS, Nov. 2004

⁴ Richard Caborn MP stated of the Hall Aitkin report that 'its estimated social cost is based on work commissioned by the British Amusement Catering Trade Association', Westminster Hall debate, regional Casinos, 1 March 2006

⁵ 'Test of Social Impact'. Note from Professor Sir Peter Hall. Bartlett Professor of Planning and Regeneration, UCL; Chair, ReBlackpool URC. September 2006

⁶ Letter to the CAP from Prof Corinne May-Chahal, Lancaster University. September 2006

However, Blackpool will undoubtedly be a safer place to pilot than other city locations that will rely to a far greater degree than Blackpool on local visits to the regional casino, with all the risks to vulnerable populations that this will bring.

Prof Hall argues that in the absence of a representative test the importance of regeneration need and regeneration achievement forms the critical consideration in the social impact test. He argues that Blackpool is precisely the:

'kind of place that should and will be considered, in future, for the kind of special regenerative boost that a Regional Casino could provide. To argue the opposite is quite simply to argue that Blackpool, and other places like it, should be left to continued economic decline and eventual death. This is an argument unlikely to appeal seriously to any body, Casino Panel or otherwise, charged with serious consideration of regeneration policy in this country.

In addition, as we have pointed out in our case and subsequent submissions there are numerous other strengths of Blackpool as a test for social impact:

- Blackpool offers a dense, urban city-type population and a spectrum of socio-economic conditions ranging from relative affluence to intense disadvantage where impacts whether positive or negative can be felt and measured. It offers characteristics as typical of any area in which the second wave of regional casinos are likely to go
- the tightly constrained nature of the resort and population enhances our ability to measure impacts both positive and negative on the resident population. We intend to work closely with a chosen operator to measure impact on destination visitors
- as a leisure destination attracting 90% or more of visits to the casino complex from outside of Blackpool net economic benefits to Blackpool can be maximised and easily measured
- the introduction of casino gambling will be combined with programmes designed to make adults and the rising generations aware of the dangers of gambling and how to avoid them
- our monitoring framework will be informed by the overall monitoring framework for the impact of the Gambling Act provided by the DCMS and will seek to detect local changes in the nature, scale and pattern of gambling activity and problem gambling building on our pioneering gambling behaviours and prevalence survey with IPSOS/MORI

Blackpool will provide a robust test of social impact and, additionally, a test of destination gambling, which is safer to pilot. We are also far advanced in developing a specific set of plans and services to protect vulnerable residents, and visitors, from the dangers of problem gambling.

Social Impacts

Blackpool has carried out substantial and pioneering work in this particular aspect of its casino submission and overall predicts that adverse social impacts are expected to be minimal and hugely outweighed by positive economic and social impact.

In their own submission and in the work that Leaguenotion have commissioned, there appears to be only a partial understanding and appreciation of social impact in its broadest sense. Both NERA and Prof Mark Griffiths concentrate on problem gambling as the sole measure of impact rather than the range of measures that have been covered in the Lancaster University Social Impact Assessment (SIA) and which would need to be continually monitored as part of any ongoing monitoring regime. They also concentrate on negative impacts rather than positive impacts and as Blackpool's case and the SIA have identified there are many potentially positive

impacts such as on employment, housing, and for young people (in terms of job and leisure opportunities associated with the development).

Prof Mark Griffiths' approach to the topic is from his own background and experience as a psychologist and understandably he concentrates on 'psychosocial' impacts and vulnerability of groups to problem gambling rather than taking a wider and more holistic view typified by the 'public health' approach to social impacts that characterises the Blackpool approach. We feel that our approach takes the whole agenda of gambling and social impacts into new and productive territory (i.e. understanding and mitigation) and away from opposition based on moral imperatives or narrowly focused research.

Prof Corinne May-Chahal will be responding directly to the Panel on issues raised by both Prof Mark Griffiths and NERA.

IPSOS/MORI will also respond directly to the Panel on issues raised about the residents' survey undertaken on the Council's behalf⁷.

Blackpool PCT will respond directly to the Panel on issues raised concerning the Strategy for Gambling Harm Reduction⁸.

In conclusion, whilst we do not minimise any legitimate concerns that are raised with respect to potential social impact we do not feel that criticisms raised in any of the Leaguenotion, Prof Griffiths' or NERA documentation are sufficient to detract from the considerable primary research that we have conducted in this area, the conclusions they have reached and our overall approach to social responsibility and gambling harm minimisation. In the absence of any alternative Blackpool or region-specific primary research on social impact we feel confident in relying on our findings. We will however review all of the documentation and incorporate anything useful into our approaches to mitigate and manage negative social impact.

Regeneration Need/Town in Decline

Questions were raised at the EIP and elaborated in the late documentation from Leaguenotion about the regeneration need within Blackpool. The Leaguenotion submission and section 3 of the NERA document *"The case for locating a regional casino in Blackpool: a critique" revised 6th September 2006* NERA Economic Consulting claim that Blackpool is not a town in decline. The Panel will have received many submissions from business organisations in the town that refute these claims. Below we set out our response to what we believe is a partial and selective use of statistics by NERA and Leaguenotion to support an isolated view from an organisation protecting its commercial self-interest.

Leaguenotion state in paragraph 5.3 of their submission *"The decline in visitor numbers is, in our opinion, overstated and data on this issue in Blackpool's bid document may be unreliable."*

The Council is currently working with accommodation providers, attraction operators and others to establish robust baselines of the level and patterns of visitor numbers/visit numbers in the resort. The reliability and sophistication of data collection is increasing year-on-year. Many research reports, not all commissioned by the Council, within the public realm have tried to establish a clear picture employing a range of different methodologies. None of these studies, when taken in isolation, provide absolute clarity on trends. The reports were largely

⁷ IPSOS/MORI Response to Prof Mark Griffiths, Nottingham Trent University report commissioned by Leaguenotion. September 2006

⁸ Response by Blackpool PCT to comments on Blackpool's Gambling Harm Minimisation Strategy documents submitted by Leaguenotion to Blackpool's EIP into a proposed regional casino. September 2006

devised to describe the situation at the time. Whether Blackpool had 17 million visitors per annum in 1989 (or at any other point in its history) is not important to the present situation Blackpool finds itself.

The most recent attempt to track a trend in visitor/visit numbers was established in 1999 when the Blackpool Challenge Partnership commissioned a Blackpool ‘Omnibus’ Visitor Survey to replicate work previously carried out on behalf of Blackpool Council in 1989. Further repeat exercises were carried out in 2001, 2003 and 2005.

These five exercises surveyed, in a similar manner, a representative sample of the adult population of Great Britain and from the returns allowed estimates to be prepared of the proportions of the Great Britain resident population that had made a visit to Blackpool within the previous 12 months. The consistency arising from straight repetition of the adopted survey process allows for the calculation of a trend. The direction of trend shows a consistency of decline across all survey dates. The results from this process suggest an **18% decline in visits in 2005 on the 1989 baseline.**

Table 1: Great Britain residents, Estimated Adult Visitors/All adult visits (millions) per annum to Blackpool

	1989	1999	2001	2003	2005
Residents making at least one trip to Blackpool	6.62	6.09	6.31	7.10	5.53
All adult visits	12.01	11.05	10.81	10.72	9.86

Source: Blackpool ‘Omnibus’ Visitor Surveys (Blackpool Council)

The figures tabled above represent all reported visits to the town for leisure purposes irrespective of type of visit. They include both visits involving an overnight stay and day visits.

Population trends

Blackpool has seen a decline in its overall resident population total between 1981-2004: according to the most recent series of Mid-year population estimates, by some 6,400 from 149,100 to 142,700 (-4%). Over the same period the Northwest region has experienced a decline in population of -2% (Mid-year population estimates - ONS). So **the Blackpool rate of decline was twice that of the region.**

Unemployment

The statement “Worklessness levels are high; almost 40% of people of working age are economically inactive” was included within the Council’s submission. The figure applies to the resort area rather than the town as a whole and represents the economic position with the resident population of the inner wards of Blackpool, that is the population within the regeneration target areas and closely adjacent to the conference leisure quarter and regional casino site.

For the town as a whole, economic inactivity for Blackpool did reach a bottom at 22.6% for the period October 2004-September 2005 (Annual Population Survey NOMIS). But for the more recent period January 2005-December 2005 **economic inactivity is at 23.8%, a move up by some 1.2%.** This compares with the Northwest region now at 23.4% and Great Britain at 21.6%.

Size of labour market

While the size of the Blackpool Local Authority District labour market has increased – change in economic activity growing by [62,800-53,000] 9,800 (18.5%) between March 1999 and January 2005 economic inactivity has only reduced by some [21,000-19,600] 1,400 (NOMIS).

Share of economic activity

With regard to numbers within Figure 3.3 of the NERA report, confidence intervals published within the source data mean that it is not possible to arrive at a firm conclusion about the direction of movement for the economic activity rate figure for Blackpool.

Table 2: Economic activity rate – working age population

	Northwest region				Blackpool			
	%	Confidence interval	Minimum value	Maximum value	%	Confidence interval	Minimum value	Maximum value
Jan 04- Dec 04	76.2	+/- 0.4	75.8	76.6	75.8	+/- 2.6	73.2	78.4
Apr 04- Mar 05	76.3	+/- 0.4	75.9	76.7	75.8	+/- 2.6	73.2	78.4
Oct 04- Sep 05	76.6	+/- 0.4	76.2	77.0	77.4	+/- 2.6	74.8	80.0

Use of June claimant counts

Seasonal variability in claimant counts is and always has been greater in Blackpool than in non-resort areas. Figures for June and October (as a result of the extended Blackpool season) have largely reflected the regional and national norms although the small gap has widened over the last three years. **The counts at January have tended to be at or about one percentage point above the regional levels.**

Table 3: Job Seekers Allowance claimants, Blackpool numbers and proportion of resident working-age population with regional and Great Britain comparisons

Date	Blackpool	Blackpool (%)	Northwest (%)	GB (%)
Jan 2004	3,080	3.6	2.7	2.6
Apr 2004	2,496	3.0	2.5	2.4
Jul 2004	2,089	2.5	2.3	2.2
Oct 2004	2,062	2.4	2.2	2.2
Jan 2005	2,872	3.4	2.4	2.3
Apr 2005	2,580	3.1	2.4	2.3
Jul 2005	2,433	2.9	2.4	2.3
Oct 2005	2,445	2.9	2.4	2.3
Jan 2006	3,320	3.9	2.7	2.6
Apr 2006	3,235	3.8	2.9	2.6
Jul 2006	2,929	3.5	2.8	2.6

Source: NOMIS

Employment sectors

Data from the Annual Business Inquiry employee analysis for 2004, published by NOMIS, does indeed indicate 19% of employee jobs within Blackpool are in “tourism-related” areas. However, this figure relates to a rather narrow definition of economic activity deemed to be “tourism related” counting jobs within hotels, camping sites, restaurants, bars, travel agencies, libraries and museums, sporting activities and other recreational activities. The definition omits a huge number of extra jobs within other sectors (e.g. retail and distribution, transport, personal services, etc) that also owe their existence to the numbers of tourism visitors drawn to the town. For instance, the vast majority of what people think of as Blackpool’s tourism offer i.e. stalls and retail businesses in the vicinity of the promenade are defined as retail and therefore would not count within the 19% ‘tourism-related’ jobs. Blackpool has more retail workers and more bus drivers and taxi drivers than are required to service the local resident population. Furthermore, a proportion of the jobs within the cleansing, building maintenance industries and associated business services sectors have arisen to service the stock of visitor accommodation and attractions found within Blackpool. If Blackpool were not a tourist town these jobs would not exist.

Job opportunities

Within figure 3.5 the NERA analysis presents NOMIS sourced data based upon the job vacancy notifications to job centres. The NOMIS site warns on the usage of this data within the data usage notes. It reports: these figures are not fully comparable over time and may not indicate developments in the labour market; they do not provide comprehensive measures relating to all vacancies in the economy and the proportion of vacancies which are notified by employers varies over time, according to the occupation and industry of the vacancies. These figures are not meant to be used in this way. “The main use of these figures is for cross-sectional analysis of vacancies as an indication of the types of jobs currently available rather than absolute measures of the number of vacancies or changes in these over time.”

Use of the Vacancies data set is inappropriate to the deduction of a strong direct relationship between the numbers of notified vacancies and economic growth or decline; there are many other variables that impact upon this.

Skill base

Irrespective of the data set utilised, be it Census of Population 2001 (Blackpool Submission document) or the Local Area Labour Force Survey (NERA document), **Blackpool has a much higher proportion of its residents recording an absence of formal qualifications when compared with equivalent regional and national data.** There are different levels of disparity between the individual qualification levels. Whether Blackpool is making small gains, as NERA contend or slowly being left behind is not particularly important to the regeneration agenda before the town. There is a lot of ground to make up to bring parity with regional and national averages.

All sections of government recognise the supreme importance of continuing to raise qualification levels within the indigenous population. It is a fundamental to the implementation of regeneration and local economic development.

Earnings

Wages are low within Blackpool and according to the results from the Annual Survey of Hours and Earnings (ASHE) the difference between Blackpool and Great Britain figures for median earnings for full time employees is widening. In 2002 the median earnings of residents of

Blackpool in full-time work was £68.30 below the Great Britain value. **By 2005 this difference had widened to £100. Blackpool is losing the battle to maintain earning standards.**

Table 4: Gross weekly pay (£s) All full time workers, median earnings for employees living in the area

Year	Great Britain	Blackpool	Difference
2002	392.7	324.4	68.3
2003	406.2	327.3	78.9
2004	421.7	324.5	97.2
2005	433.1	333.1	100.0

Source: ASHE (ONS)

Gross Value Added

The application of national Gross Domestic Product (GDP) deflator values to nationally produced local estimates of Gross Value Added (GVA) data does indeed produce the chart referenced as Figure 3.6 (p15 of the NERA report). This chart indicates an increase in GVA at constant prices of 8.2% between 1995 and 2003 for the Blackpool NUTS3 area (same as the local authority area).

Reproducing the same calculations for the other locations competing to licence the single regional casino, Blackpool shows the **lowest level of percentage growth in GVA at 8.2%**. Everywhere, with the possible exception of the East and North East NUTS3 division of Outer London the area that includes Greenwich, is “growing” at a much higher rate than Blackpool.

Local economic activity within the London Borough of Greenwich is unlikely to be truly represented by the value for the much wider East and North East NUTS3 division of Outer London tabled below, summarising as it does the comparative level of economic activity within Greenwich and a further six Outer London Boroughs. Greenwich is located in very close proximity and immediately across the Thames from the Canary Wharf area; an area that has seen vast increases in economic growth over the last ten to fifteen years.

Table 5: Comparisons of percentage change in headline Gross Value Added at constant prices

Area	Percentage change 1995-2003
<i>United Kingdom</i>	25.3%
<i>Northwest region</i>	18.4%
Local economic area (NUTS3)	
Cardiff & Vale of Glamorgan	40.7%
Manchester South (includes the City area)	33.5%
Glasgow City	30.9%
Tyneside	25.6%
Sheffield	23.5%
Outer London – East & North East (includes Greenwich)	12.7%
Blackpool	8.2%

Source: Local GVA estimates (ONS); GDP deflators (HM Treasury)

Our overall conclusions of this data are that Blackpool shows distinct and undeniable downward trends in population and economic activity, high levels of worklessness in the resort core wards adjacent to the Conference Leisure Quarter; an unsustainably high reliance on tourism-related jobs (in its broadest sense); poor skills when compared with regional and national averages; earnings £100 below the national average; and the lowest percentage growth in GVA of all competing locations for the regional casino.

Evidence of Investment in Blackpool

Section 3.3.1 of the NERA report sets out a list of 'projects and investments recently completed, in construction, or proposed in the Blackpool resort and surrounding areas'. The total investment in the projects listed in this section is said to be £638m but this sum is a grossly overstated and an inaccurate picture. Less than 20% of this figure is committed and not in any way dependent on the casino decision. We draw your attention to the status of the specific projects identified, either completed, under construction, proposed or discussed as a future possibility:

Investment already completed includes: the Southern and Central Gateways, Derek Woodman's BMW unit at Whitehills (which is actually in Fylde not Blackpool), the Big Blue, Carousel and Norbreck Hydro hotels, works at the Sandcastle-Waterworld, Blackpool Zoo, Palatine Leisure Centre, 'Bling' at the Blackpool Pleasure Beach and at the Solaris centre.

Construction work is underway on the Enterprise Centre in South Shore, the £62 million upgrade of the sea wall (money spent on public spaces and sea defences does not provide a commercial return) and a £40 million extension to the Hounds Hill Shopping Centre. It is relevant to note that although some additional monies are in place to develop beyond the basic sea wall construction, other funding is still being sought for "Living Landmarks" artwork and the construction of leisure/amenity areas within the boundaries of the sea wall area. Funding for the remaining works to top-off the wall for leisure purposes are far from secured and the regeneration potential associated with the casino decision could greatly affect these future funding decisions.

Only £11.8m of funds are secure for part of the tramway upgrade and work is now underway for implementation in the next two years, the remainder of the works have still to pass through all of the approval processes within central government. A positive decision on the casino would help with this situation.

The other NERA identified projects are very much in the concept development or early planning stages with resources for delivery still to be committed.

Further plans for another two phases of expansion to the Hounds Hill Shopping Centre, costing up to some £90m are, according to Modus (see attached letters), predicated on the assumption of a casino being in place.

Redevelopment works at the Talbot Gateway are still in the initial preparation stages with no level of investment secure. Two of the parties interested in delivering the project have stated to the Council their position with regard to the importance of the casino for their investment decisions; Carillion (attached letter) say they are "having difficulty contemplating the commercial viability of the envisaged regeneration of Talbot Gateway if Blackpool fails to secure the Casino" and AMEC say "the ultimate potential...is likely to be affected by the casino licence and therefore...plans may need to be amended."

Work is ongoing within the residential neighbourhoods but only about £9.25m has been spent so far on new community infrastructure. Much of the remainder remains "aspirational" at this time. Regeneration funding from other sources would help the Council and its local partners with future delivery.

The remainder of the schemes: a world-class aquarium, an open-air event park, a glass covered leisure complex, a national seaside centre and the central beach (second gate) development remain merely visions for the future. This future would look much brighter for investment opportunities with a positive casino decision.

Economic Impact Model

Criticisms were levelled at the EIP and supported in the late documentation submitted by Leaguenotion of the PION Economic Impact Model used in the assessment of the impact of the proposed regional casino in Blackpool. Section 4 of the NERA report deals with this specifically.

PION Economics are submitting a response directly to the Panel on this topic⁹. The Council is confident in the model, assumptions and methodology of the PION impact study and does not wish to alter any of the estimates for potential job creation in its case submission. We welcome however the opportunity to explain the model and impact assessment more fully to the Panel in the PION submission and also to point out the serious flaws in the NERA analysis.

Specific questions were also raised about the visitor and trip generation assumptions associated with the proposed development and we deal with these below:

Visitor Numbers and Trip Generation

Reg Haslam, Development Director for ReBlackpool, informed the Panel at the EIP that visitor numbers for both the regional casino complex and the mixed leisure development of which it will form a part had been informed by operational information garnered from the UK and international casino operators who have registered interest in the potential development opportunity in Blackpool and maintained regular dialogue with ReBlackpool since January 2005. This interest relates to the entire mixed-use development and is based upon a clear understanding of the Government's cautious position on the expansion of casino gambling opportunities and Blackpool's regeneration programme. It is characterised by enthusiastic support for the proposed trinity of retail/leisure, hotel and conference/exhibition operations.

The Panel was also informed that Blackpool had also taken a 'bottom up' look at visitor numbers, in part to test the operator's figures and also to determine potential trip generation numbers and tidal flow patterns, and identify potential transport issues and solutions. This exercise was commenced during 2005 and has been interrogated, developed and refined as part of the transport impact assessment work carried out in preparing the current planning application for the entire Conference Leisure Quarter. This refinement process is continuing as ReBlackpool responds to Blackpool Council's examination of the planning application.

The figures used by PION Economics in the evidence presented to the Panel are informed by information assembled by ReBlackpool during 2005 as set out below:

Blackpool started by looking at the pattern and scale of visitation both to Blackpool and to the Pleasure Beach, which is seen as a helpful model for the Conference Leisure Quarter. It is Blackpool's largest destination attraction, is marketed regionally and nationally, is the subject of regular customer surveys and analyses and is a source of reliable, professionally gathered information. Table 6 uses 2004 information to compare overnight/day visits to Blackpool and the Pleasure Beach. Visitor Days are based on the number of visits multiplied by the number of days stayed. The information was sourced from Blackpool Pleasure Beach and Blackpool's visitor surveys, which are referred to throughout Blackpool's submissions.

⁹ Casino Advisory Panel note: PION Economic Impact Model for Blackpool Regional Casino Proposal. PION Economics. Sept. 2006

Table 6: Blackpool Visits 2004

Pleasure Beach	Blackpool	Visit type	Visits	Days stayed	Visitor Days'
56.0%	46.0%	Domestic Overnight Visits	4,460,000	3	13,380,000
		International Overnight visits	315,000	4	1,260,000
44.0%	54.0%	Day Visits	5,623,000	1	5,623,000
100.00%	100.00%		10,398,000		20,263,000

In Table 7, below, these annual figures for visits and visitor days have been broken down into monthly figures. The Pleasure Beach obtains monthly figures from its own surveys and Blackpool is supplied with trading pattern information, in confidence, by a broad range of resort businesses. The monthly visit figures are expressed in percentage terms in Table 7. The figures for Blackpool are broadly the same as those for the Pleasure Beach with peaks for both in April, July, August and October. There is a difference early in the season, during February/ March, when the popular early season saver deals at the Pleasure Beach generate a discernible peak in business.

Table 7: Blackpool Visits Timeline 2004

% of visitors by month to Pleasure Beach	% of visitors by month to B'pool	Month	All visitors	% all visitors by month	Of all visitors those 18 yrs & over	Of all visitors % those 18 yrs & over
0%	0%	Jan	155,970	1.5%	121,657	78%
11.0%	6.5%	Feb	259,950	2.5%	181,965	70%
		Mar	415,920	4.0%	324,418	78%
5.0%	11.0%	Apr	1,143,780	11.0%	800,646	70%
7.0%	7.0%	May	727,860	7.0%	567,731	78%
11.5%	11.0%	June	1,143,780	11.0%	892,148	78%
13.0%	14.0%	July	1,455,720	14.0%	946,218	65%
17.0%	20.0%	Aug	2,079,600	20.0%	1,351,740	65%
16.0%	12.0%	Sept	1,247,760	12.0%	973,253	78%
18.5%	13.5%	Oct	1,195,770	11.5%	777,251	65%
		Nov	207,960	2.0%	162,209	78%
0%	0%	Dec	363,930	3.5%	283,865	78%
			10,398,000	100.00%	7,383,100	

Table 7 also seeks to provide an indication of the number of visits made by visitors 18 years of age and over. The age distribution assumes that those visitors 18 years or over will decrease as a proportion of the total visitor population in July, August and October during school holidays when the number of families visiting will be highest. The assumptions relating to the proportion of population in the 18 years and over group are derived from census information on population structures locally, regionally and nationally and information provided by the Pleasure Beach on the age structure of its visitors.

Table 8 expresses the age and monthly distributions in terms of Visitor Days. The percentage distribution of visitor days reflects the longer visits taken in July and August, the main school holiday period in the UK.

Table 8: Blackpool Visitor Days Timeline 2004

Month	All visitor days	% All Visitor Days by month	Visitor days 18 yrs & over	% visitor days 18 yrs & over
Jan	303,945	1.5%	237,077	78%
Feb	506,575	2.5%	354,603	70%
Mar	810,520	4.0%	632,206	78%
Apr	2,228,930	11.0%	1,560,251	70%
May	1,418,410	7.0%	1,106,360	78%
June	1,418,410	7.0%	1,106,360	78%
July	2,836,820	14.0%	1,843,933	65%
Aug	4,863,120	24.0%	3,161,028	65%
Sept	2,431,560	12.0%	1,896,617	78%
Oct	2,330,245	11.5%	1,514,659	65%
Nov	405,260	2.0%	316,103	78%
Dec	709,205	3.5%	553,180	78%
	20,263,000	100%	14,282,376	

Tables 6, 7 and 8 are based on reliable information much of which is confidential. They incorporate a number of assumptions, are indicative but have provided a useful context for discussions with operators and for assumptions relating to visitation projections for the proposed casino, and surrounding mixed-use development.

Casino Visits

Table 9 describes the expected scale and pattern of visits to mixed-use development comprising one regional casino complex, hotel, retail, leisure, food, beverage, and conference/exhibition uses. The percentage spread of visits, from January through to December to both destinations does not exhibit the extreme variations that now characterise the wider resort but does feature a summer season peak.

Table 9: Visits - Casino and Mixed Development

	% visits by month	The Casino	Gambling Only visits	The Mixed Development
Jan	7.0%	224,000	179,200	336,000
Feb	7.0%	224,000	179,200	336,000
Mar	7.5%	240,000	192,000	360,000
Apr	8.0%	256,000	204,800	384,000
May	8.0%	256,000	204,800	384,000
Jun	8.5%	272,000	217,600	408,000
Jul	9.5%	304,000	243,200	456,000
Aug	10.5%	336,000	268,800	504,000
Sep	9.0%	288,000	230,400	432,000
Oct	8.5%	272,000	217,600	408,000
Nov	8.0%	256,000	204,800	384,000
Dec	8.5%	272,000	217,600	408,000
	100.0%	3,200,000	2,560,000	4,800,000

The 'gambling only' figures are based on operator experience, and the suggestion made by operators that on average 80% of visitors to the casino will gamble. This 80% figure is a product of the broad entertainment offering within the casino complex and the expectation that adult customers will come in groups.

The figures for the 'mixed development' include casino visitors, conference/exhibition visitors and visitors to other attractions within the development scheme. The figures in Table 9 and the calculations contained in the PION report assume that the majority of existing businesses within this first phase of Conference Leisure Quarter development will be relocated within the boundaries of the proposed development area or within the resort core. They also assume that existing attractions such as the sea life centre will be re-presented in contemporary, expanded premises and will feature prominently in the mixed-use development. This is clearly at odds with Table 4.3 of the NERA report that predicts that the proposed development will result in extinguishment of existing uses and resultant loss of jobs.

The current planning application, which represents one way of approaching comprehensive, phased development of the entire Quarter demonstrates that the existing low plot ratio can be replaced by a much more intensive, more commercially attractive, multi level development. ReBlackpool expects the development industry to propose a variety of solutions, bringing different parts of the site forward at different times, proposing different mixes of uses with different emphases and personalities, but is confident that all schemes will be characterised by an intensity and scale of development similar to that portrayed in the current planning application.

The work undertaken by ReBlackpool suggests that the phase of mixed development, comprising a mix of casino/retail/leisure/hotel/conference/exhibition uses could extend to 116,000 sq m (1.2m sq ft) of gross floor space, excluding car parking space. The casino element is likely to account for some 10% of this gross floor space figure. Integrated development proposals on this scale were a feature of the January 2005 submissions and subsequent discussions with prospective operator/developers and this influenced the assumptions that lie within the PION work.

Table 10: The Casino – likely visitor patterns

					% of visits	
Low season			Mon	4,320	9.00%	
			Tues	4,320	9.00%	
			Wed	4,320	9.00%	
Monthly visit	Weekly visit	Assume 80% destin visit	Thurs	4,320	9.00%	
240,000	60,000	48,000	Fri	6,720	14.00%	
			Sat	12,000	25.00%	
			Sun	12,000	25.00%	
				48,000	100.00%	
High season			Mon	5,880	10.00%	
			Tues	5,880	10.00%	
			Wed	5,880	10.00%	
Monthly visit	Weekly visit	Assume 70% destin visit	Thurs	5,880	10.00%	
336,000	84,000	58,800	Fri	8,232	14.00%	
			Sat	13,524	23.00%	
			Sun	13,524	23.00%	
				58,800	100.00%	

Tables 10 and 11 describe likely visitor patterns to the regional casino element over typical high season and low season weeks. The tables have been constructed to assist with trip generation analyses and they seek to differentiate between destination visits, which are visits directly to the casino from outside Blackpool that will make vehicle demands on the principal point of entry to the site as opposed to visits from other attractions, hotels etc within Blackpool which will use a wide variety of travel modes and the secondary points of access. They assume that 70% of visits to the casino will be destination visits in high season and 80% in low season. Table 11 describes the assumptions that have been applied to the wider, mix of casino/retail/leisure/hotel/ conference/exhibition uses.

Table 11: The Mixed-Use Development – likely visitor patterns

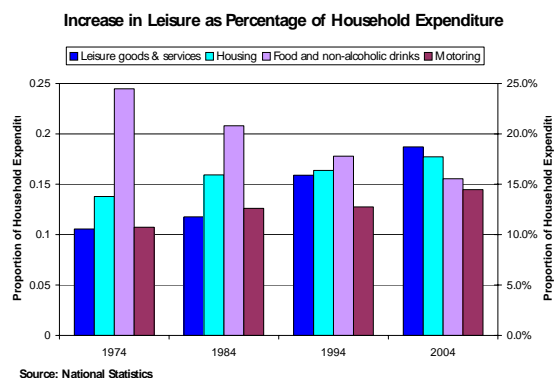
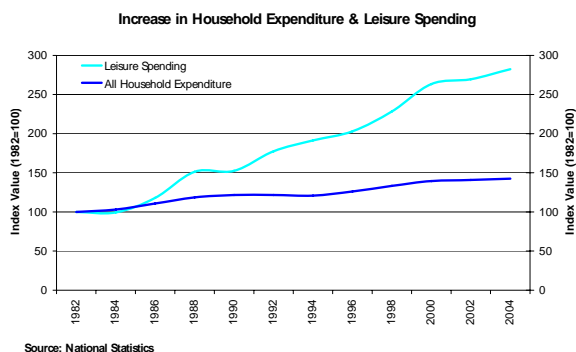
				% of visits		
Low season				Mon	4,860	9.0%
				Tues	4,860	9.0%
				Wed	4,860	9.0%
				Thurs	4,860	9.0%
				Fri	7,560	14.0%
				Sat	13,500	25.0%
				Sun	13,500	25.0%
				54,000	100.00%	
High season				Mon	7,560	10.0%
				Tues	7,560	10.0%
				Wed	7,560	10.0%
				Thurs	7,560	10.0%
				Fri	10,584	14.0%
				Sat	17,388	23.0%
				Sun	17,388	23.0%
				75,600	100.00%	
Monthly visit		Weekly visit		Assume 60% Destin. visit		
360,000		90,000		54,000		
504,000		126,000		75,600		

These tables provide the information requested by the Panel at the EIP.

Displacement issues

During the EIP Panel members requested information referred to by Reg Haslam in answers to questions relating to the displacement effect of the proposed development on existing amusement arcade and gambling businesses. The following may be helpful to the Panel:

The proposed development will be marketed regionally, nationally and internationally and will attract new customers and lapsed customers. Blackpool has sought to emphasise that it will operate in a market, which is expanding nationally, has been doing so for more than a decade, is expected to continue to grow and has demonstrated in countless instances that it will respond to new products.



The graphs above illustrate the national increase in leisure spending and also the increase in leisure spending as a percentage of household expenditure. However, as we have pointed out in Table 1 in this paper and in previous submissions to the Panel, Blackpool visits have continued to decline against the this national trend and will only improve with the visit attraction that a casino and associated development would bring.

Blackpool contends that;

- a casino/leisure cluster on the scale described above has the potential to attract new and lapsed customers in the proportions described in submissions made by PION Economics and capture a share of the growing leisure market.
- the regional casino and the mixed leisure, destination concepts proposed by Blackpool are not, as was suggested at the EIP, simply a re-presentation of the Coral Island amusement arcade. This operates mainly at ground level, on a 7,000sqm footprint, devotes in the region of 70% of its ground floor space to family entertainments and 10%, some, 800 sqm (8,000sqf) to adult gaming machines, and would appear to have the potential to take a increasing share of a declining market rather than expand that market.

At the EIP Blackpool informed the Panel that it had entered into early dialogue with stakeholders and potential partners to understand their businesses and obtain their thoughts and views on the impacts, both positive and negative, of casino led regeneration and specifically of a leisure cluster of the nature described in this paper. Blackpool recognises that sustainable regeneration does not come simply with public investment and is dependant upon private sector confidence in Blackpool as an investment location. It is for this reason that Blackpool is seeking to benefit from a unique, Government directed, private investment opportunity.

Blackpool has attached with this paper letters received in the run up to the EIP, which confirm statements made by Reg Haslam during the EIP and in earlier Blackpool submissions. These have been received from:

- the operators of Blackpool's Grosvenor Casino (letters from the operators of Blackpool's two other operating casinos will be forwarded to the Panel in the week commencing October 2)
- Cuerden Leisure which has the largest single portfolio of leisure businesses in the resort
- Modus, which has recently purchased the Hounds Hill shopping centre and is pursuing a major expansion and refurbishment proposal
- AMEC, which has been short listed for the 33 acre Talbot Gateway development and is currently preparing development proposals for this area in a competition which will draw to a conclusion towards the end of the year
- Carillion Richardson Partners, which are also involved in the Talbot Gateway competition and like AMEC are a major national player in the regeneration and redevelopment fields

The statements made in these letters augment the statements made at the EIP by David Cam and Craig Hemmings.

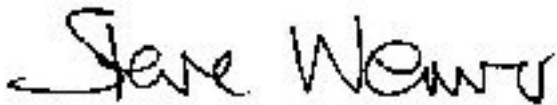
Conclusions

In conclusion, we have attempted in this letter and in the various supporting documents from the Council and others supporting the Blackpool bid to respond to the late documents lodged at the EIP by Leaguenotion. What we would have liked to do at the EIP but could not do because of the time-constraints imposed on the Panel by the way in which Leaguenotion approached the day was to explain how the regional Casino is both essential to and fits in with the whole resort transformation through the Blackpool Masterplan. However, we refer the Panel to our previous case submissions in this context. This response to Leaguenotion's challenges has taken considerable time and effort by all organisations but we believe it helps to strengthen the robustness of our bid and also our resolve to secure a regional Casino for Blackpool.

We would also like to point out to the Panel that because of several extensive Freedom of Information requests on behalf of Leaguenotion dating from June 2006, all of the extensive documentation relating to the Blackpool submission has been provided to Leaguenotion well in advance of the EIP. Our Log of Actions in relation to these requests is available to the Panel on request. Leaguenotion's requests have been complied with to the best of the Council's ability and in a spirit of openness and accountability required by the Act and upheld by this Council.

Thank you once again for your courtesy and consideration of our case.

Yours sincerely

A handwritten signature in black ink, appearing to read "Steve Womersley". The signature is written in a cursive, slightly slanted style.

Chief Executive