

**LEAGUENOTION'S RESPONSE TO FURTHER INFORMATION CIRCULATED
RECENTLY BY PARTICIPANTS IN THE EIP OF BLACKPOOL COUNCIL'S BID TO
THE CAP**

1. Introduction

- 1.1 We refer to an email from Kate Rounce of the CAP Secretariat dated 22 September 2006, appended to this document at Annex 1. In that email Ms Rounce suggested that if we would like to comment on the information attached to her email (several documents submitted by Blackpool Council on 14 September 2006) or any further information that might be circulated by the participants, she would require such comments by 20 October 2006. In accordance with this invitation, we have prepared the following response to the documents attached to Ms Rounce's email of 22 September, the further documents provided to us by Blackpool Council on 10 October 2006 (under cover of letter from Alan Cavill of Blackpool Council dated 6 October 2006) and, as a postscript, the information received from the Lancashire Economic Partnership on 19 October¹.
- 1.2 On 4 October, our solicitors, Herbert Smith LLP, received a copy of documents submitted to the CAP by Blackpool Council on 29 September 2006. These documents took issue with material we had submitted previously. Leaguenotion's position is that if Blackpool Council is awarded the right to license the regional casino, this will have a major adverse impact upon Leaguenotion's business. Therefore, in order to assist the CAP and as a matter of fairness this submission also addresses points made in the material submitted by Blackpool on 29 September. Where we do not specifically respond to any particular point

¹ On the eve of the submission of these representations, we received further documentation from the Lancashire Economic Partnership. Given the lateness of receipt we have been unable to obtain our economic consultant's views on the documentation but we have a short addendum to these representations in response. We make no comment on Mr Taylor's comments in his supporting letter concerning our involvement in the EIP save to say that he appears to question our entitlement to partake in the process, unless of course we were to be wholly in support of the Blackpool bid. His assertion that "... the success of Blackpool's bid is both pivotal and crucial to the economic prosperity of the whole of Lancashire and ..." and to the closure of "... a £4 billion GVA gap against the UK average" is exaggerated and wholly unsupported by the documents he has lodged with his letter.

made on behalf of Blackpool Council it should not be assumed that we agree with such points.

2. Preliminary point: Access to documentation

2.1 Whilst we do not wish to divert the CAP's attention from its consideration of Blackpool Council's bid on its merits based on the CAP's terms of reference, it is important that we correct Blackpool Council's assertion (in its recent letter to the CAP and in its comments at the EiP) that it has openly and accountably complied with our requests for information. Blackpool Council has delayed and withheld information regarding its bid to the CAP; details regarding the Council's conduct are set out at Appendix 1 to this submission.

3. Executive Summary

3.1 The novelty of the CAP's role and procedures has put pressure upon all participants, not least in that the absence of set procedures for discovery and exchange of documents and proofs of evidence has resulted in a necessarily ad hoc series of representations and counter representations. While we do not therefore envy the CAP the task of assimilating all of the information provided, both for and against Blackpool's bid, we remind the CAP of the documents submitted on our behalf (including those with these representations) and invite the CAP to read these as a whole:-

- (i) Statement on behalf of Leaguenotion (under cover of letter dated 10 August 2006).
- (ii) Submission on behalf of Leaguenotion with expert report from Professor Mark Griffiths² and Report from Hall Aitken dated February 2006 (under cover of letter dated 14 August 2006);
- (iii) Supplemental Submission by Leaguenotion, NERA's report 'The Case for Locating a Regional Casino in Blackpool: A Critique' updated at 6 September 2006; Memorandum by NERA 'Casino Advisory: Hearing in Public, Blackpool', dated 6 September 2006 (under cover of letter dated 6 September 2006);
- (iv) Supplemental report from Professor Mark Griffiths (under cover of letter dated 7 September 2006); and

² The letter also enclosed a report from NERA but this report was subsequently updated.

- (v) The current submission dated 20 October 2006 together with NERA's "Response to Blackpool" memorandum and a further supplemental report from Professor Mark Griffiths.

3.2 The CAP will recognise from the comprehensive nature of Leaguenotion's opposition to the Blackpool bid, the strength of its concerns about the impact of the Council's now clear plan to promote a regional casino on its own land immediately adjacent to Coral Island. Though the Council's position on the impact of the regional casino on Leaguenotion's business is equivocal (see NERA Response to Blackpool) it is untenable to suggest that the grant of a monopoly right to operate 1,250 category A slot machines in the unique circumstances of Blackpool's "resort core" will not devastate the Coral Island business which is critically dependant on income from adult slot machine players. Despite the Council's claims to the contrary, the regional casino will also overlap with Coral Island in terms of its wider components. Leaguenotion's motivation or self interest is not a reason for disparaging its arguments on their merits. The conflict between the prospective competing businesses is highly relevant to the issues of displacement and regenerative benefit. It is plain that the Council and its advisers have substantially, if not entirely, overlooked this aspect.

3.3 The Council as a public body generally, but, in particular, as the planning and licensing authority, has a heavy responsibility to act fairly and openly and to ensure that its bid, which if successful will put its potential conflicts of interest under extreme scrutiny, is neither misleading nor exaggerated.

3.4 The CAP are advising the Secretary of State on the outcome of an open competition and so competing bidders are also entitled to be satisfied that the winning bid has not only been properly scrutinised but that it is not based on material misrepresentation or exaggeration.

3.5 Leaguenotion has every reason to support Blackpool's regeneration and it does so wholeheartedly, but as the various NERA reports establish

- (i) the local economy when viewed in the context of trends rather than "snap shots" is showing clear and sustainable signs not of decline but of improvement. That picture is supported by the establishment of the URC, which we applaud, and the unquestionable and sizeable regenerative development already underway;
- (ii) it is perverse of the Council to continue to assert that there is no plan B and that failure to win the bid will consign the resort to an early grave, particularly given the positive

economic signs to which NERA and ongoing investment attest and the presence, indeed prominence of three major leisure groups (ourselves, Leisure Parks and the Pleasure Beach), all of whom have indicated future plans to invest. Indeed the CAP might conclude that, if the bid fails, all three companies must invest if they are to sustain their businesses;

(iii) the claims made for the development of a single regional casino, conference centre, hotel and mixed leisure scheme are, at best, highly questionable, and in our submission wholly untenable.

3.6 The Council's bid in essence seeks to reverse the CAP's clear terms of reference, promoting questionable regeneration benefits above the identification of "the best test of social impact". Professor Hall's note, in our submission, makes that even clearer.

3.7 Our original and supplementary submissions have already exposed the weakness of the principal studies on which the Council's "social impact" case is built. The IPSOS/MORI survey is inadequate as the main plank of that case – its statistical base, in particular, cannot at the same time be "robust" and "not robust". The Lancaster University work adds nothing to IPSOS/MORI's work and is of doubtful value for that reason, aside from Professor Griffiths' other criticisms of it. Professor Hall's note only serves to highlight Blackpool's unsuitability as a "test bed", particularly given that the CAP's judgment must be exercised in the current legal context, no matter how much faith the Council, the NWDA and Professor Hall may wish to put in regional casino development as the cure-all for necessary regeneration.

3.8 As the information received from the Council since the EIP shows, the Council's repeated claims of "overwhelming support" are also to be viewed with scepticism. In terms of public support, few would in the general terms applied by the Council be likely to oppose something presented by the Council on the basis of exaggerated benefits and without any appreciation of other alternatives or downsides. The refusal of the Council to consider "comparators" or any "plan B" is as important in this context as in the assessment of economic benefits. At the regional level, the chain of events from Blackpool's bid for URC status to the formulation of draft (but contested and still unresolved) regional policy (policy W8 in the draft RSS) shows the extent to which conflicts of interest have been allowed and judgments have been clouded by ex post facto and unreliable studies apparently commissioned to support but not to scrutinise or test the merits and de-merits of regional casino development.

3.9 Ultimately, not only is it clear that Blackpool Council has not established a clear "baseline" in terms of problem gambling but, more importantly, its suggestion that the impact of the proposed development with 2.5 million to 3.5 million admissions claimed for it, can be tested on the locally based 10% of customers whose visitation, spending and play patterns will inevitably be wholly different to those of the 90% who visit from afar, is again, untenable.

3.10 Blackpool's uniqueness makes it an unsuitable "test bed". It has a tourist economy which is far from being in "terminal decline" and which is already showing the benefits of the grant of URC status to the town and very significant investment which will be enhanced once the erroneous adherence to casino development is shaken and "bid blight", particularly in relation to the CCQ site, is removed.

4. Response to Blackpool Council's letter of 14 September 2006

4.1 We refer to the letter of today's date from David Biesterfeld, accompanying this submission, which addresses our, and his own, response to Blackpool Council's letter of 14 September 2006.

5. Response to Blackpool Council's letter of 29 September 2006

Visitor Numbers:

5.1 At the date of the EIP, the basis for Blackpool's assumptions in relation to visitor numbers was at best opaque. In consequence, the CAP (particularly Mr Froomberg) asked a number of questions on the subject. Subsequently, the Council both in Mr Weaver's letter and in PION's report for the CAP has failed to explain its position. What has now become apparent is that the Council's assumptions in relation to visitor numbers are no more than speculation. In section 2 of NERA's Response to Blackpool NERA analyse the position in full, both in terms of visitors to the resort generally and to the regional casino specifically. The CAP are invited to study NERA's analysis carefully and to agree that, on any view, the Council's stance, and in particular the evidence of Mr Weaver to the CAP is open to most serious doubt.

5.2 We submit that the visitor numbers presented in Mr Weaver's letter have not been subjected to any forensic or market testing.

5.3 The Council and ReBlackpool both appear to have taken a less than responsible attitude towards two important assumptions on which PION's economic assessment is based. We

append to these representations (as Annex 3) the minutes of the Council's "Casino Steering Group" held on 21st October 2005. It is noted that Mr Weaver and Mr Twomy of PION Economics were both present as were representatives of many of the public bodies that support the bid, particularly at regional and sub-regional level. Part 5 of the minutes deals with economic regeneration aspects and it is reported that Mr Twomy "provided an update on the current position on economic regeneration aspects." He reported that they were at an early stage in the process where they were assessing the market context which was a complicated task but they were making reasonable progress. The minutes state that "They (PION) are talking to operators to gain access to information about assumptions which they have to make." It is significant that in response to the suggestion that "The CRDP requires schemes to be contrasted in terms of net and gross jobs created, with regards to Blackpool figures, our casino proposals fall down re net impact," Mr Weaver challenged this stating that "the relative impact of our proposals was unreasonable and that Blackpool's position is being understated." It is recorded that "Mr Weaver thinks we can overcome this."

5.4 The minutes of the meeting also record that:

5.4.1 Mr Weaver and Mr Haslam stated that "we have to say that Blackpool is the place that Casinos will have the biggest transformational impact on."

5.4.2 Mr Weaver stated that "when our case is presented, it needs to be clear that there is **no** (our emphasis) level of private sector investment if there are no casinos. Blackpool's future is bleak without the casinos and it needs to be presented that there is no alternative for us."

5.4.3 Mr Weaver stated that "the casinos will present a significant number of jobs for Blackpool and that we have to be rigorous and not underplay our own case. With regards to the number of jobs/private sector investment we need to creep up on our competitors when they put their cases in and set the bar for jobs higher in a way that we can stand up against rigorous investigation."

5.4.4 Mr Haslam reported that "it was not in the interest of local authorities to challenge the figures presented by the operators, what we need to do is ensure the figures are defensible (sic)."

These extracts make plain that PION were under a clear brief to avoid the inclusion of any comparator, to deny any prospect of alternative development or use and to "set the bar for

jobs higher ..." and that where information was received from operators, it should not be unduly questioned.

- 5.5 It is difficult to imagine a less rigorous, more inappropriate and unsatisfactory basis upon which forensic research should be prepared let alone presented to the CAP in support of proposals which will inevitably involve the Council facing allegations of severe conflicts of interest.
- 5.6 Whilst we present this document as evidence in the context of "visitor numbers" it clearly has application to other important aspects of PION's work.
- 5.7 The Council have now provided to the CAP (though not to us – we obtained a copy only from the CAP's website) a copy of part at least of the Populous Poll. Although it appears that Mr Weaver no longer wishes the Council's case to be associated with this document (see the summary of his evidence contained in NERA's latest report), because reliance is placed on the document it is appropriate to summarise its deficiencies. Based on the summary, we observe that:
 - 5.7.1 The poll canvasses a very small number of people (1,036 adults by telephone) relative to the breadth of its assertions which seek to draw conclusions regarding the popularity of a regional casino in Blackpool. But we are not, absent further information regarding the poll itself, able to draw any conclusions regarding the representation of the sample.
 - 5.7.2 Further, and very importantly, the suggestion that spontaneous preference in response to a specific question indicates a propensity to visit a regional casino in Blackpool is untenable.
 - 5.7.3 We note that public awareness of the relative merit of the bids is more likely to be a function of the PR campaigns and media attention (welcome or unwelcome) which has surrounded particular bids.
 - 5.7.4 The Populus Poll cannot be said to have informed the Council's bid because it was conducted at the end of July 2006, long after the bid was submitted to the CAP, perhaps, rather cynically, as a PR exercise.

5.8 In addition to the many points made by NERA, we would draw particular attention to the point that Blackpool Council's suggestion that the Transport Impact Assessment³ prepared for Blackpool's planning application does not, contrary to Mr Weaver's suggestion, consider visitor numbers or their integrity. Instead, the Transport Impact Assessment assumes maximum visitor numbers based on estimated casino capacity in order to plan for maximum volumes of traffic and visitation patterns. It is not a re-examination of the visitor data, in fact, visitor data appears quite marginal to its considerations which are based on building capacity rather than estimated market demands for the casino.

Visitor spends

5.9 Because Leaguenotion is better placed to deal with this subject than NERA, it has been left for us to do so. Some information on this subject was contained in PION's March 2006 report but we had hoped to receive a much fuller explanation in response to our earlier criticisms. The only way in which the data could be tested would be by having access to PION's detailed calculations. These have not been provided. Unfortunately no more information has been provided and, as NERA state in more general terms, understanding the March 06 information on spends is impossible because the methodology and the calculations are so opaque. We note their acceptance of our earlier criticisms that, contrary to the assumption they make in the March 2006 report, where larger facilities are provided leading to greater penetration of a more casual market, all industry experience shows spends per head fall rather than rise. This immediately casts doubt on the PION calculations.

5.10 We would also have expected PION's survey report to more fully address the impact of variations in anticipated levels of spend, particularly because of the apparent complexity of their model, which seeks to break down the classification of visitors and their spends in some detail. These breakdowns, however, appear to be entirely speculative. This may not be surprising because there is no comparable facility in the UK, but that adds to the importance of being able to test PION's calculations by reference to the detailed model as well as the need for that model to postulate a variety of tolerances in the straight line figures relied upon.

³ Blackpool Conference and Casino Quarter – Transport Assessment: ReBlackpool August 2005, Section 7 and Appendices A, B and C (these extracts attached at Annex 2). Should the CAP wish to have a copy of the complete document we would be pleased to supply you with a copy.

- 5.11 While that immediately puts in doubt PION's assumption that "... deregulation has the potential to put the average spend in casinos, over time, to £50 per visit" there is further evidence that PION do not understand the way in which the figures published by the Gaming Board and now the Gambling Commission work in their annual reports. Historically the Gaming Board/Gambling Commission publish in their annual report information on "drop" i.e. money exchanged for chips and this is not the same as spend per head. In particular it leaves out of account all ancillary spends including those on fruit machines and catering. The casino is left with "win" which is generally speaking somewhere between 17% and 19% of "drop". On the basis of information that casino operators receive but which is not generally published by the Gaming Board/Gambling Commission in its annual reports, it is possible to establish "average spend per head" both in London and in the provinces. Generally speaking, spends per head in the provinces are about £33, some way short of the £40 to which PION refer. In this particular case, our experience of Blackpool and casinos of this sort, leads us to the view that net spends per head are unlikely to exceed £30.
- 5.12 The assumptions that they then apply to different categories of casino gamblers must also be the subject of considerable doubt. It is important to see the full calculations and we would have expected PION to clearly set out the consequences of changes to their assumptions.
- 5.13 We are particularly concerned at the assumptions contained in paragraph 3 of the March 2006 report that "all regional and non regional gamblers and new tourist visitors spend at least as much in the local area as they do in casinos on average". This may well overlook the propensity of this type of development to retain expenditure within it.
- 5.14 Incidentally, the footnote on page 19 of the March 2006 report contradicts paragraph 3.3.3 of the same document. The footnotes suggest that new visitors to the resort are estimated to constitute between "55% and 70% of gambling visits" whereas paragraph 3.3.3 suggests that "40% of the regional casino base consists of....newly attracted (visitors)".
- 5.15 Neither does there seem to be any reason to assume (paragraph 3.4.1) that the spend per head of £50 for "local and regional visitors" will rise to £75 per head for "longer distance non-regional gambling visitors". Remembering that these figures are averages, and the nature of Blackpool as a tourist resort likely to cater for a more "casual" market, a 50% rise in spends looks optimistic particularly when it is remembered that "all regional and non-

regional gamblers and new tourist visitors (are expected to) spend at least as much in the local area as they do in casinos, on average".

- 5.16 In summary, NERA's general criticism that the application of PION's methodology is opaque and therefore impossible to properly test, applies with particular force to the spends per head relied on. Because the assumptions in relation to spends will have such a dramatic impact on alleged regeneration benefits, this represents a further area of major concern in relying on the PION data.

The regional casino's effect on Coral Island

- 5.17 Mr Weaver's letter of 29 September 2006 suggests that we have failed to articulate the effect which the regional casino would have on our business interests in Blackpool, citing comments in the Financial Times on 9 September 2006 regarding the impact on our business. If we have failed to articulate this point clearly, let us clarify it here again: the impact of the construction of the regional casino at the Central Station Site, in accordance with Blackpool Council's plans, would destroy our gambling business interests in Blackpool.

- 5.18 We refer to our letter of 10 August 2006, section 5.7 of our submissions dated 14 August 2006 and Mr Biesterfield's comments at the EiP, which clearly explain that the construction of the regional casino at the Central Station Site would destroy our businesses at Coral Island and Funland because of the inability of those businesses - which are driven by the profitability generated by adult gaming machines - to compete with Category A machines. NERA's latest report contains a simple extrapolation based on the Council's own bid document to emphasise this.

- 5.19 Further, the sites of the Coral Island and Funland businesses interests will, according to plans submitted by ReBlackpool to Blackpool Council, fall to be considered under any phase two development for the CCQ site. The underlying property assets will, therefore, diminish in value as, first, no one will risk a new development on a site which is vulnerable to being compulsorily purchased by the Council, and second, rents are ultimately linked to profitability and so declining revenues affect potential rental and therefore capital growth.

- 5.20 Accordingly, the effect of the regional casino on our business is of paramount concern to us.

A town in "terminal decline": the credibility of the suggestion that there is no alternative means of development for Blackpool

5.21 Blackpool Council's case is that its town is in "terminal decline" and several statistics are cited purporting to support the Council's proposition. This prognosis does not, however, correspond with recent data regarding population, employment and economic trends identified and set out in NERA Economic Consulting's report to the CAP of 6 September 2006. The key in assessing "terminal decline" is in judging which way the trend lies. Whilst there is no doubt - either in our own submissions to the CAP or in NERA's reports – that Blackpool is a deprived town which requires investment, NERA's assessment is that improvements in economic indicators over the last few years indicate that the Blackpool economy has a degree of vibrancy and capacity for self-renewal that Blackpool Council's use of long-term statistics obscures. Further, NERA suggests, and we concur, that in this context the development of a regional casino is not the only appropriate means of promoting investment in the town. We note the following:

Blackpool Council's selective use of data: examples

5.21.1 We refer you to NERA's response to Mr Weaver's letter at section 2 of the accompanying document entitled NERA Response to Blackpool which responds to comments regarding population, unemployment, labour market, economic activity, GVA, claimant counts, job opportunities, skill base and earnings. We comment that regarding Blackpool Council's selective use of statistics, we note, as Mr Weaver's letter of 29 September 2006 now acknowledges, that statistics regarding "worklessness" presented in the Council's Bid Document were for the resort area (a small area, comprising, wards where former boarding houses were located now offering very low cost and low quality accommodation) not the local authority's area as a whole. The use of statistics in this manner clearly overstated the worklessness in the town as described in the Council's Bid Document.

5.21.2 However, Mr Weaver's response to NERA's critique of the Council's use of selective data offers further selective data and does not address NERA's material. For instance, Mr Weaver's commentary regarding claimant counts in Blackpool focuses on the indication that claimant counts in January have tended to be at or about one percentage points above the regional levels. It is, in our view, misleading to focus on Blackpool's unemployment in the winter months and more appropriate to take an average level of employment from the year as a whole. In doing so, claimant counts in Blackpool diverge less from the average for the Northwest. But the key point regarding claimant counts, as a crude measure of levels of unemployment, is that evidence over the course of the last six years

suggests that the annual unemployment rate in Blackpool has declined from 3.9% to 3.5% (See the second paragraph of the "Claimant counts" section on page 4 of NERA Response to Blackpool.)

Trends in data

5.21.3 Blackpool Council's attempt to paint a bleak picture of unremitting decline in its town ignores, as NERA indicates, recent evidence of vibrancy in the town and the potential for regeneration by means other than the regional casino. Recent trends in unemployment, population growth and economic activity data, for example, do not (as NERA explains in its report at section 2) support the proposition that the town is in "terminal decline".

5.21.4 We suggest that indications of improvements in Blackpool may be due, as Mr Weaver conceded at the EiP, to the regeneration initiatives which have taken place in the town such as the construction of the Blackpool Business and Technology Park for which Blackpool Council must be commended. In light of the potential for such means of regeneration, we are confounded by Blackpool Council's dismissal of recent positive trends which, we would have thought, it would wish to study in detail.

Means of promoting regeneration and investment in the town

5.22 Blackpool Council's main argument is that the decline is driven by the decline of the town's tourism industry over several decades; the closure of boarding houses in Blackpool was cited at the EiP as evidence of this decline. Our view is that the construction of a regional casino is not the only, or even the appropriate, remedy for such decline.

5.23 We observe that:

(A) The regeneration projects and investments which are recently completed, under construction or proposed in the Blackpool resort and surrounding areas are valued at around £638m. Mr Weaver has not disputed this level of planned investment but suggests that those projects for which sums are not yet committed would be "helped" by the regional casino. As a business in the town, we try to keep up with Blackpool Council's investment plans and welcome their initiatives. Our understanding from the various press releases and public information in relation to the regeneration projects is that the proposed projects are not contingent upon the

construction of a regional casino. Mr Weaver's comments regarding the 'helpfulness' or otherwise of the regional casino to the proposed regeneration projects are confusing: is he suggesting that, contrary to all previous statements, such projects are contingent upon the construction of a regional casino?

- (B) The decline of the boarding house in Blackpool may well be a function of market forces and we query whether seeking to protect failing suppliers in that market is worthwhile effort. In this context, we note that the work of Right Solutions⁴ suggest that, for the Conference Centre trade at the very least, Blackpool is lacking in three to four star hotels and that the current provision is unattractive.
- (C) The purported benefits of the regional casino have been overstated in Blackpool Council's bid not least in its overestimation of employment and economic impact. In light of this and further evidence which we and NERA have put forward to the CAP in our earlier submissions and during the EiP, regarding the inappropriateness of a regional casino in Blackpool, the construction of the regional casino will fail to bring the radical and deep rooted changes required to pump-prime a sustained and robust renaissance for the town.
- (D) The economic impact model used by PION, and even the figures cited in Mr Weaver's letter of 29 September 2006, continue to assume that a Convention Centre would be constructed on the Central Station Site as part of the regional casino development. Yet, in circumstances where Blackpool Council acknowledged at the EiP that it is resigned to funding the construction of that Convention Centre at a cost of around £70-100m (recognising that private investment for the whole of the Convention Centre is unlikely, and the proportion of private investment for the Conference Centre which might be negotiated could be relatively low (as it is inversely proportionate to the level of gaming tax and other operating and development costs which are, as yet, unknown)) then we do not understand why the funding of a Convention Centre ought to depend on the regional casino development. Blackpool has been attracting conventions for numerous years without the aid of a regional casino, its conference offering (if updated) could regain large scale conference business pumping investment back into the town.

⁴ Report to Blackpool Borough Council: Convention Centre Feasibility Study, by The Right Solution Limited, dated 24 April 2003

(E) The claimed benefits for the regional casino, as outlined in the Blackpool Masterplan, are predicated on the construction of multiple resort casinos in Blackpool. The benefits which may flow from a sole regional casino will be proportionately less and therefore, based on the current legislation, it is wrong to assume that they will ever materialise in Blackpool.

5.24 As David Biesterfeld stated at the EiP, there is no doubt that Blackpool is a town which requires investment. As indicated in all our submissions to the CAP, Blackpool Council's suggestion that there is no alternative means of promoting regeneration in the town is untenable. Further we have learned through our Freedom of Information Act requests to Blackpool Council that the Council has reached this view without having conducted any assessment of what, if any, alternative means for regeneration exist⁵. Mr Weaver's letter of 29 September refers to "private sector confidence in Blackpool as an investment location" but where is the evidence to suggest that such confidence would arise as a result of the casino development as opposed to alternative regeneration strategies?⁶ The Council's failure to consider alternative strategies for Blackpool is an irresponsible and, in light of our concerns regarding the economic and social impact of the regional casino in Blackpool, an unsafe approach. Indeed, when the North West Development Agency ("NWDA") made its submission to the Office of the Deputy Prime Minister ("ODPM") it expressly explained how Blackpool could be regenerated without the need for a regional casino.⁷

Leaguenotion's commercial interest

5.25 Commercial interests are legitimate interests and, as a key attraction within the town, an employer and business rate payer, we are alarmed that Blackpool Council is so dismissive of our commercial interest in opposing the construction of the regional casino in accordance with the plans submitted by Blackpool Council at the EiP.

5.26 We have, from the beginning of our participation in the EiP process, stated clearly and unambiguously that we are concerned about the impact which the regional casino will have on our large and extremely successful gambling businesses in Blackpool. Our submissions

⁵ We requested on 30 August 2006, details on alternative strategies for Blackpool and learned on 6 October 2006 that Blackpool holds no documents relating to that. The NWDA has considered some alternative development options and these are considered in outline in the NWDA's submission to the ODPM for URC status for ReBlackpool.

⁶ Our own position is that our investment confidence would diminish with the construction of the regional casino due to the competitive pressures introduced by Category A machines. Further, in circumstances where the displacement effects are likely, as NERA has identified, to undermine the economic impact of the regional casino, this too will affect private sector confidence in Blackpool as an investment location.

regarding the economic impact of the regional casino, in particular the displacement effects and employment impacts, are linked to our assessment of the impact of the regional casino on our business. In fact, our experience in Blackpool, and the information which we have submitted to the CAP regarding this, raises very serious doubts regarding the credibility of the economic benefits which the Council and its advisors claim will arise from the regional casino.

- 5.27 We have sought to engage with the CAP's process in accordance with its terms of reference which include the need to consider social impact, regarding which we have consulted with Professor Mark Griffiths and NERA as Mr Weaver observes. We reiterate the point made by David Biesterfeld at the EiP that our commercial motivation for our commentary regarding the social impact is irrelevant because we have raised valid and meritorious objections to Blackpool Council's claims in its bid to the CAP. Professor Crow's intervention on the subject, we believe, recognised that the position of most if not all of those who spoke at the EIP (with the clear exception of the Police, Councillor Bate and Mr Edwards) were motivated or influenced by commercial or other similar interests. That is not a criticism of those individuals and bodies concerned but an important consideration to set against the attempts by proponents of the bid to disparage Leaguenotion's position.

6. Comments on the PION document submitted to the CAP following the EiP

- 6.1 We do not repeat here the points raised by NERA in response to PION's September 2006 Note to the CAP, save to observe that:

6.1.1 PION continues to refer to the complex operation of their model without providing any information which would assist in understanding that model or the reliability of its data. To the extent that we are able to discern any information about that model, it appears to be focused on expenditure patterns which we assume is derivative of visitor data. In circumstances where:

- (A) as noted above and in NERA's commentary, visitor data is unreliable and very likely overstated; and
- (B) expenditure estimates are unrealistically high, judging from information in PION's 2006 report.

⁷ See Appendix 5, pages 35 to 37 of NWDA's submission to ODPM and Dti of November 2004.

Whether or not their "complex" methodology is sound is impossible to assess without access to it and the results of its application are unreliable. Further, there is the suggestion in its note to the CAP⁸ that PION is relying on visitor data in IPSOS/MORI's survey; they must surely be referring to the Populus Survey which, as indicated above, cannot fairly be said to represent a reliable estimate of visitor numbers. The IPSOS/MORI Survey is after all a Residents Survey and does not convey any information regarding the majority (on Blackpool's analysis) of the resort's visitors.

- 6.1.2 PION's estimates regarding casino floorspace diverge significantly from those which NERA suggest could be assumed in a scenario, such as in Blackpool, where the bidding party has secured no operator or developer commitment regarding the size of the casino development. One may well hope, as ReBlackpool appears to, that the casino developer will indulge in the construction of a vast casino floorspace, a hotel, conference centre and a further sizeable "mixed use" leisure attraction. However, in relation specifically to the casino, we ask why would it do so where its profitability will be significantly greater from a smaller development where casino floorspace is in proportion to the limits on the number of gaming machines and table gambling which will be permitted. PION's estimates are therefore again speculative and optimistic. They do not, for instance, even contemplate or explore the possibility of a more pragmatic scale of development.
- 6.1.3 PION's failure to account for leakage is, as NERA suggest, unacceptable in an economic impact assessment and contrary to recommended practice by English Partnerships. This overstates the economic impact of the regional casino in Blackpool.
- 6.1.4 PION's failure to use a comparator in estimating the economic impact of the proposal is also unacceptable. It is perverse to suggest that the site on which the Council intends to develop the casino, largely within its ownership, is incapable of development for other possibly similar but complementary uses. NWDA, in supporting Blackpool's bid for URC status clearly envisaged major alternative development on this site.

⁸ PION Note to the CAP, dated September 2006, page 4.

- 6.2 Finally, we note PION's history of involvement with the super casino debate, set out in section 2.2.2 of their note. While we do not know the identity of this "private sector gaming interest" which commissioned PION's first involvement in 2000, we suspect that it was Leisure Parcs. Understandably the survey is not available for scrutiny.
- 6.3 The 2003 "Blackpool Masterplan Impact Study" was (para 1.1)"...designed to support the development of...a series of major resort casinos in Blackpool". By the date that it was commissioned, Blackpool, had "recently published" its Masterplan predicated on a multi-casino development. Both Blackpool Council and Leisure Parcs were members of the Lancashire West Partnership that commissioned the study (Para 2.1). Its purpose was not therefore to test the thinking behind the Masterplan but to justify it ex post facto.
- 6.4 A third survey was conducted by PION in 2003 for The Cross Industry Group. The Cross Industry Group comprised of major national and international casino groups. BACTA were originally members but ceased to participate when casino interests assumed virtual control of the lobby. Marc Etches, then of Leisure Parcs led the group.
- 6.5 The significance of PION's 2004 survey for the NWDA is that the resolution to commission it was at the same meeting at which the NWDA board resolved to support Blackpool's bid for URC status, a bid which was predicated on multi-casino development (though the NWDA did accept the existence of a "Plan B" if the casino development did not emerge).
- 6.6 It is also noted that PION, because of its support for Blackpool, withdrew from tender processes with Brent, Glasgow and Greenwich. PION are also, they say, linked to the University of Salford whose centre for the study of Gambling is believed to be currently sponsored by amongst others, major international casino interests.

7. Comments on Professor Sir Peter Hall's note on the Test of Social Economic Impact

- 7.1 Whilst we acknowledge Professor Hall's standing as a noted planning and regeneration expert and Chairman of Re:Blackpool we believe that his "note" is subject to serious criticism and we refer the CAP to NERA's assessment at point 4 of their most recent report (NERA Response to Blackpool). We will not repeat those criticisms but having considered his observations regarding social impact we note the following:

7.1.1 It is important to bear in mind that the CAP's terms of reference are:

- (A) To ensure that locations provide the best possible test of social impact

- (B) **Subject to the above** (emphasis added), the criteria will also be:
- (1) to include areas in need of regeneration (as measured by employment and other social deprivation data) and which are likely to benefit in these terms from a new casino;
 - (2) to ensure that those areas selected are willing to license a new casino."

7.1.2 Professor Hall's proposition is that social impact in the context of testing the regional casino needs to take into account the regeneration need and that it is because of Blackpool's regeneration need that the town offers a good test for social impact. But Professor Hall's interpretation does not correspond with the CAP's terms of reference. The CAP's terms of reference are to ensure the "best test of social impact" as a primary criterion and, as a secondary and subsidiary criterion, to ensure that the area selected would benefit from the potential for regeneration benefit from a regional casino development.

7.1.3 Professor Hall's approach is utilitarian in its outlook and suggests that increases in problem gamblers - or increases in the losses suffered by existing problem gamblers due to exposure to Category A machines – may be justified by regeneration benefits to the other residents of Blackpool. Whilst it may be an interesting proposition to measure the greater good of a regional casino in terms of regeneration benefit, we do not believe that this was intended to be tested at the expense of those who would be negatively affected by the regional casino.

7.1.4 As we mentioned in our representations of 14 August 2006⁹, there is, in our view a tension, as Professor Hall's analysis also identifies, between the need to protect those vulnerable to problem gambling (i.e. particularly the socially and economically marginalised) with the desire to bring the benefits of regeneration to a particular area. We reiterate our submission in this regard that the CAP must have regard to the manner in which this tension is resolved in the CAP's Terms of Reference where regeneration is a secondary criterion. In this regard, Blackpool Council's apparent failure to address the issues of problem gambling as seriously as some of its apparent bid competitors (as identified in our earlier submissions) undermines its bid.

⁹ Paragraph 4.5.6 of Leaguenotion's representations to the CAP dated 14 August 2006.

7.1.5 We reiterate that we do not disagree with Professor Hall that Blackpool requires regeneration but there is simply no evidence that only the development of a single regional casino will deliver that regeneration.

8. Comments on Professor May-Chahal, the PCT and IPSOS/Mori's submissions

Professor May-Chahal's comments:

8.1 We refer to Professor Griffiths's response to Professor May-Chahal's letter to the CAP, and further we note that:

8.1.1 Professor May-Chahal is not an expert in the field of gambling studies. Professor Griffiths has only seen one officially published report from Professor May-Chahal's group, which was attacked by himself and other international gambling experts for being overly selective and a poor representation of youth gambling.

8.1.2 There had been an implicit assumption that Prof. May-Chahal had been involved in IPSOS/MORI research process. Prof. May-Chahal has now confirmed that this was not the case, despite the fact that she spoke about the study at a recent international gambling conference.

8.1.3 There is a perception that there could be a potential conflict of interest and that Lancaster University will financially benefit if the Blackpool casino goes ahead. This should have been explicitly mentioned in all relevant documentation.

8.1.4 Professor May-Chahal's justification for only covering Category A machines very briefly in the social impact assessment report, is her claim that impacts of such machines from other countries cannot be compared with what may happen in the UK. This argument is very weak as cross-country comparison is used in almost every other area of the social impact report. There is a lot of information on slot machines all over the world which should have been evaluated and referred to in the social impact report.

8.2 We note that Mr Weaver's letter of 29 September 2006 refers to pioneering work in relation to the social impacts regarding the regional casino which are "expected to be minimal and hugely outweighed by the positive economic and social impact". It appears that Mr Weaver is referring to the Social Impact Assessment prepared by a team including Professor May-Chahal of Lancaster University. Without wishing to criticise the integrity of this impact assessment, we note that there is nothing to suggest that it was in any way

pioneering or that its conclusions (given the assessment's failure to consider the impact of Category A machines) can be relied upon to support Mr Weaver's statement quoted above. We submit that far from being "pioneering work", the Social Impact Assessment is a limited tool because of its limited scope (it was clearly a desk based assessment conducted after the Council had submitted its bid to the CAP in March 2006 and did not take into account the impact of Category A machines) and its perceived lack of objectivity (due to circumstances where the research institution's actual or potential conflict of interest - its financial interest in specific research projects, such as the Gambling Observatory) - was not disclosed.

Response to Blackpool Primary Care Team

8.3 We refer to Blackpool Primary Care Team's comments on Blackpool's gambling harm Minimisation Strategy in documents submitted by Leaguenotion to Blackpool's examination in public into a proposed regional casino, we note that:

8.3.1 Professor Griffiths had hoped that the PCT would clarify and provide specifics on what he perceived to be a somewhat generic strategy. The PCT response does not clarify what plans have been developed following discussions with local stakeholders.

8.3.2 Professor Griffiths is of the opinion that the education policy does not go beyond the youth element.

8.3.3 Further, the Blackpool regional conference is one of 10 conferences to be coordinated by Tacade and Professor Griffith's research unit over a 2 year period. Tacade plan to hold conferences in all major areas particularly those with major gambling links. Professor Griffiths understands that almost all bidders have had discussions with GamCare and RIGT as both of these organisations were proactive in approaching potential bidders with advice and support.

8.3.4 The PCT have not provided detailed clarification on each of their 5 objectives for social responsibility.

IPSOS/Mori's comments:

8.4 IPSOS/MORI survey is not a "Gambling Behaviours and Prevalance Survey" (as cited in Sir Peter Hall's note at paragraph 4) or anything which approximates. It is, as its title suggests "A Residents Survey". This misconception, we suspect, has taken hold through

the inflated claims which Blackpool Council has made for this survey (both at the EiP and yet further in Mr Weaver's letter of 29 September 2006). The suggestion that this study is a credible prevalence survey is dispelled by the inadequacy of relying on a sample which is too small for measuring a feature which (even assuming prevalence rates of 2/3%) affects a small proportion of the population.

8.5 We note Professor Griffith's response to IPSOS/MORI's submission to the CAP of 27 September 2006 and refer the CAP to its detail.

8.6 We observe that Blackpool Council has long known that social impact and the need to protect the vulnerable was a key concern in the Government's introduction of regional casinos. It has incurred considerable expense in the preparation of its bid. If the Residents Survey was intended as a prevalence survey (which, given its scope, we do not believe it was) the following questions arise:

8.6.1 Why is the problem gambling assessment in the survey such a small part of the survey which ranges across differing areas such as leisure visits and satisfaction with the local area?

8.6.2 Why did the Council opt for the cheaper, less reliable, survey in relation to the key criteria on which its bid would be evaluated? If the survey's remit had not been so wide, and had it used the more rigorous sampling techniques which Professor Griffith's advised in his note of 7 September 2006 to the CAP, it may not have been significantly more expensive than the survey which was carried out.

8.7 We note that measuring problem gambling is not, contrary to IPSOS/MORI's suggestion, comparable to predicting general election results for reasons too obvious to mention.

9. Willingness and ability to license: Key issues in relation to the Human Rights Act 1998

9.1 It is clear, as a result of Steve Weaver's comments at the EiP, that Blackpool Council's plans are to approve the development of the regional casino on the Central Station Site. This brings to the fore our concerns regarding potential infringement of our rights under the Human Rights Act 1998 ("HRA 98") which were noted in outline in our submissions of 14 August 2006 but which, in light of Mr Weaver's comments, we shall need to litigate to defend. We note that, as a public authority within the scope of the HRA 98, the CAP is required to comply with the HRA 98.

- 9.2 A regional casino on the Central Station Site would be immediately adjacent to Coral Island and, as described above and in our earlier submissions of 14 August 2006, would poach the majority, if not all, of Coral Island's adult gambling customers. Its other components would also compete with Coral Islands' wider offer. It is likely that those other components would be subsidised as "loss leaders" to attract the gambling public. The adult gaming machines currently operated in Coral Island, restricted by law to lower stake and lower prize machines than the gaming machines available in the regional casino, will be unable to compete with unlimited stake and prize (Category A) machines which will be permitted in large numbers in the regional casino. This is based on an assessment of demand-side substitutability which indicates that there is likely to be one-way substitutability in the product market for adult use of gaming machines in favour of the unlimited stake and unlimited prize machines. Leaguenotion will be unable to introduce Category A machines at Coral Island to win back customers and provide any, let alone any effective, competition for the regional casino. This will have an extremely serious effect on the value of the owners of the Coral Island site and business.
- 9.3 Leaguenotion (as leaseholder of the Coral Island site and operator of the business) and Golftee Nom A and Golftee Nom B (the "Golftee companies", associates of Leaguenotion) (as freeholders of the Coral Island site) submit that Blackpool Council's licensing of the regional casino at the Central Station Site - without adequate compensation for the de-facto expropriation of their business - will breach their rights under Article 1 of the First Protocol of the HRA 1998.
- 9.4 Article 1 of the First Protocol states that:
- "Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law."
- 9.5 Blackpool Council's licensing of a regional casino at the Central Station Site is an interference with the possessions of both Leaguenotion and Golftee companies which, due to its seriousness in poaching adult gaming custom, is sufficient to amount to a de-facto expropriation of their possessions. As you will be aware, the European Court of Human Rights has indicated that de-facto expropriation of property is unlawful without the payment of compensation for the loss. We understand that Blackpool Council will make no compensation for our and the Golftee companies' loss in breach of Article 1 of the First Protocol of the HRA 98.

- 9.6 Alternatively, the interference with Leaguenotion and Golftee companies' may amount to a control of use of the property due to the absolute restrictions in relation to the licensing of Category A gaming machines in Coral Island as compared to the virtually unrestricted licensing of such machines at the regional casino. We submit that, absent any compensation to Leaguenotion and the Golftee companies' for the damage to their property through this control of use, such interference will be contrary to the principle of fair balance which public authorities must take into account. In such circumstances, the introduction of the regional casino in Blackpool will be paid for by the destruction of the Coral Island business and diminution in the value of the Coral Island Site. The fair balance requires, on any view, the payment of compensation for the loss. We understand that Blackpool Council will make no compensation for our and the Golftee companies' loss in breach of Article 1 of the First Protocol of the HRA 98.
- 9.7 If, as we believe, a challenge to the licensing of the regional casino on the Central Station Site is successful Blackpool Council would need to redraw its plans or compensate Leaguenotion and the Golftee companies for the loss arising from the interference with their rights under Article 1 of the First Protocol. Either way, Blackpool Council's ability to license the regional casino in accordance with the plans which it has presented to the CAP would be seriously impaired.

10. Willingness and ability to license: potential breach of EC rules

- 10.1 As the CAP may be aware, Article 86 of the EC Treaty, in conjunction with Article 82, prohibits Member States from creating monopolies if the creation of such a monopoly would be in breach of other Treaty articles, especially those relating to competition. By granting Blackpool Council the right to host a regional casino (who in turn will licence an undertaking to act as the operator of the casino), the CAP will be implementing the Gambling Act 2005 in a way which will grant a monopoly in the provision of Category A gaming machines for the Blackpool region to a very large, new casino (up to 1250 machines).
- 10.2 By granting a monopoly in respect of Category A machines to a regional casino in Blackpool, the CAP will inevitably give it a dominant position on the market for machine gambling. As we stated at points 5.7.2 (B) and (C) in our previous submissions of 14 August 2006, we consider the relevant product market to be the market for machine gambling, with high demand-side substitutability for customers playing in existing casinos, arcades and elsewhere offering lower stake and prize slot machines who would be drawn

away by the Category A machines offered by the regional casino. By exercising its right to operate the regional casino, the undertaking will drive the competitors in the machine gaming market out of business. Therefore the mere exercise of the monopoly right will result in a very significant distortion of competition in the Blackpool region.

- 10.3 The designation of Blackpool as the location for the regional casino is entirely disproportionate because, of all the candidate locations under consideration by the CAP, it is the only location where the grant of the licence will (because of the uniquely high concentration of machine gaming businesses in the town) lead to the significant distortion of competition in the machine gaming market. To limit the scope for infringement of Article 82 and 86 EC Treaty, the right to host the regional casino should be granted to a location with no, or very few, gaming machine businesses in competition with the casino, and, for this reason, should not be awarded to Blackpool.
- 10.4 The CAP will be aware that Article 82 in conjunction with Article 86 gives rise to a right for individuals, which the national courts must protect¹⁰. If the CAP were to make a recommendation to the Secretary of State to grant Blackpool Council the right to host the sole regional casino, and the Secretary of State follows that recommendation, this would be an unlawful breach of Article 82 and Article 86.

11. Willingness and ability to licence: Planning issues

- 11.1 By way of a brief, but important, reference to the outline planning application submitted in August this year by ReBlackpool in relation to the casino development: we note that Re Blackpool has produced an environmental statement on the basis of the finished development not on the basis of phased development suggested in its planning application. We consider that it should, as a matter of law, have been based on the phased development. Therefore, to rectify the legal error, ReBlackpool should produce a new environmental statement. This will, of course, entail significant delay to their proposed project. Alternatively, if they fail to produce a new environmental statement the project will be vulnerable to a court challenge.

12. Willingness and ability to licence: State Aid points

- 12.1 Any form of direct or indirect financial support from public funds (via various parties including Blackpool Council, ReBlackpool and the NWDA) for the regional casino project

¹⁰ Case C-179/90 *Merci convenzionali porto di Genova* [1991] ECR 5889

in Blackpool will in principle be prohibited by EU State Aid rules (see paragraphs 9.1 to 9.2.3 of our previous submissions of 14 August 2006).

- 12.2 We do not currently have sufficient information as to the type or amount of aid to be given from public funds, the identities of the parties such as the developer or the structure of agreements to be made in relation to the casino project in Blackpool, to give a full argument at this stage about unlawful state aid for the project. This is largely due to Blackpool Council's claim for commercial confidentiality for those discussions in response to our request under the Freedom of Information Act. However, we are aware that, based on the newly proposed rules for the UK, expected to enter into force in January 2007¹¹, Blackpool will not be an "Assisted Area" under Article 87(3)(a) or 87(3)(c) and will thus not be able to follow this route to exemption from the State Aid rules. In contrast, parts of other regions bidding for the regional casino licence (Greenwich, Glasgow, Sheffield, Newcastle and Cardiff) will be "Assisted Areas" and thus qualify for regional aid, again, this is based on the document referred to at footnote 11. We will closely monitor the bid and if State Aid is given to the Blackpool project we will vigorously challenge this in the English Courts and with the European Commission. Needless to say, such legal action is likely to impact on the Council's "ability to licence".

13. Further points arising from the EiP

Accessibility to Blackpool and Fylde College

- 13.1 It was implied at the EiP that the Blackpool & Fylde College would be open to access by local residents seeking to develop specific skills for the regional casino. We understand that, in fact, access to the Foundation Degree in Gaming Technology requires at least 1 technical A'level or 6 unit GNVQ and aptitude in computing.¹² Applicants without such academic skills would be considered for entry dependent upon their previous experience in the gaming industry. The college also runs an HND in coin slot technology but this may be dropped in favour of the Foundation Degree in Gaming Technology. Current entry requirements for the HND are 40 UCAS points equating to an E at A'level and C at AS'Level. Given the educational under-attainment cited in Blackpool Council's bid document (as corrected in NERA's report at Chapter 3), the suggestion that serious numbers of Blackpool's residents would be considered for a place on the above courses,

¹¹ The Government's Response to Stage 2 of the Public Consultation, Dti Review of Assisted Areas, 10th October 2006

¹² Further to information from Blackpool & Fylde College admissions.

may be exaggerated. Further, in circumstances where entry to the above courses is not restricted to residents of Blackpool but open up to all applicants via the UCAS system, competition for places on the courses will be national. The national role and function of the Gaming Academy was referred to in our original submissions.

Uncertainty regarding the private funding for the Conference Centre

- 13.2 At the EiP, the CAP's questioning of Blackpool Council elicited the confirmation that the Conference Centre would certainly be publicly funded and that the issue of the private casino operator's contribution to the cost of the Conference Centre was yet to be negotiated but would, of course, depend on the costs of the casino both in its development and, longer term, its operation (with reference, specifically, to the likely level of gaming tax). The construction of the Conference Centre is a vital pillar of Blackpool Council's claims regarding the economic impact of the regional casino development proposed to the CAP: the construction of the Conference Centre appears to be factored in to its conclusions regarding employment and visitor attraction.
- 13.3 At the EiP, Blackpool Council referred to the work of Right Solutions in assessing the viability of the Conference Centre. In response to our request for this work, Blackpool Council has provided a report entitled "Report to Blackpool Borough Council for Convention Centre Feasibility Study" prepared by Right Solution dated 24 April 2003. This report suggests that construction of the Conference/Convention Centre is a viable proposition for Blackpool Council with no mention of such development being contingent upon regional casino development. In fact, the estimated economic benefits of such a centre (without a regional casino), although provided for 2003, are in the range of £25m to £37m direct spend, perhaps sufficient to justify the public investment required for a Conference/Convention Centre estimated to cost up to £100m.
- 13.4 If Blackpool Council is resigned to making a financial contribution to the Conference/Convention Centre, which may amount to £70m to £100m, and the research suggests that the construction of such a centre is economically viable (without an accompanying regional casino but perhaps associated with other significant leisure development which would have a reduced impact in terms of displacement), Blackpool Council's implication in its bid to the CAP that the Convention Centre is dependent upon casino development is incorrect. Further, given the estimated economic benefits which may flow from a Convention Centre on its own (which we acknowledge that, given the time constraints, we have not reviewed in any detail in the Right Solutions work) it appears

that the Convention Centre may be a viable development in its own right, a point which supports our view that regeneration by means other than the regional casino is a real possibility.

14. Conclusion

- 14.1 As we have made clear previously, Leaguenotion supports and has contributed to regeneration in Blackpool. However, for the reasons presented in this submission and the other documents submitted on our behalf today and the submissions and material previously supplied on our behalf to the CAP we strongly believe that Blackpool should not be selected as the location for the one "test bed" regional casino. Further, in particular, we submit that none of the material submitted by Blackpool to the CAP has shifted the conclusion that Blackpool should not be chosen as the location for the regional casino.

Leaguenotion

20 October 2006

APPENDIX 1

CORRESPONDENCE WITH BLACKPOOL COUNCIL REGARDING LEAGUENOTION'S REQUESTS FOR INFORMATION

We enclose a copy of our correspondence with Blackpool Council requesting information regarding its bid to the CAP at Annex 4. It is clear from this correspondence that:

1. Blackpool Council has taken over two months to respond to our 15 June 2006 request for background information regarding the Council's bid to the CAP and has failed to comply with the time limits for responding to further requests. In response to our request of 15 June 2006, Blackpool Council refused to provide the information piecemeal (as we had requested) but provided the information in bulk in two lever arch files on 16 August 2006. We note that the majority of the information which was disclosed was documentation supporting the endnotes to the Council's March 2006 submission to the CAP which, we understand, had already been provided to the CAP and should, therefore, have taken little time to compile. In the circumstances, we do not understand why it took Blackpool Council over two months to respond to our request, particularly as the CAP has encouraged transparency in its process.
2. Our submissions to the CAP on 14 August 2006 were prepared without the benefit of the documentation disclosed to it by Blackpool Council on 16 August 2006 and relied on, essentially, publicly available documentation such as the Council's bid to the CAP. In the short time available between 14 August 2006 and 8 September 2006, we had to prepare supplemental submissions to comment on information which Blackpool Council should have, and could have, made available to us earlier. Further, we note that Blackpool Council has itself, both immediately prior to and during the EiP process referred to new documents for consideration such as the Social Impact Assessment by Lancaster University and the Populus Poll. We dispute Blackpool Council's suggestion that our requests for information have unduly inconvenienced it, we note that our Freedom of Information requests were only necessary because Blackpool Council chose to withhold from publication key information regarding its bid such as the PION report of March 2006 and the IPSOS/Mori survey, to name only a few.
3. Blackpool Council has yet to answer important questions regarding the provision of information requested on 15 June 2006. Further, the Council has yet to provide key

information relevant to its bid which was requested on 30 August 2006 and 4 September 2006, in breach of the FOIA. In light of this, the Council is misleading the CAP when it states in its letter of 29 September 2006 that "because of several extensive Freedom of Information requests on behalf of Leaguenotion, all of the extensive documentation relating to the Blackpool Submission has been provided to Leaguenotion well in advance of the CAP". You will see from the attached correspondence that, we have requested from Blackpool Council, and have yet to receive:

- A. any information regarding the Professor Peter Collins's research which Blackpool Council relies upon in support of its assertion that "[i]nternational research suggests that higher prevalence does not necessarily lead to an increase in problem gambling". The source purporting to support this statement is cited at endnote 28 as "summary and assessment of international research regarding problem gambling intended for use by policy-makers considering authorising new forms of gambling in their jurisdiction P Collins Centre for the Study of Gambling, University of Salford, 2005". We do not understand why, despite letters chasing a response on this point on 30 August 2006 and 29 September 2006 from our solicitors, Blackpool Council has failed to respond to our request for information on Professor Collins's research. In fact, we note that although Blackpool Council has cited Professor Collins's work in its bid and, we note, at the EiP, it has singularly failed to provide any evidence in support of Professor Collins's alleged views and statements.
- B. copies draft development appraisals which Blackpool Council has conducted for the development of the regional casino. This information was requested in a letter to the Council on 4 September 2006. Blackpool Council has entirely ignored our request, the 20 day working period for response having expired several weeks ago on 2 October 2006.
- C. a complete copy of the Populus Poll – not the summary report which was provided to the CAP on 14 September 2006.

A POSTSCRIPT: THE SUBMISSIONS OF THE CHIEF EXECUTIVE OF THE LANCASHIRE ECONOMIC PARTNERSHIP

In the very brief time we have had to consider these submissions we have the following comments.

- (1) Lancashire Economic Partnership – Lancashire Economic Strategy – final draft 21st July 2006 :-
 - (a) the "strategy" covers a very substantial area of which Blackpool is only a small part (para 1 part 1). Blackpool's regeneration, which we support, is only one of six "economic priorities".
 - (b) We support the importance of "an objective approach based on sound and robust evidence" (para 1.7) and, as the CAP will appreciate from our principal submissions, it is the lack of research exhibiting those qualities that leads to very significant doubts about Blackpool's bid and, insofar as the master plan is to be so construed, its reliance on casino development
 - (c) Para 1.12 puts Blackpool in context by emphasising that "Lancashire hosts a number of the country's premier economic assets. A unique concentration of higher value added manufacturing activity, with a world leading aerospace sector contributing £851 million to the economy, captures the distinctiveness of the sub-region in a European context. In addition to aerospace, there are concentrations of advance manufacturing in electronics, the automotive industry, nuclear sector, high technology textiles, chemicals, rubber and plastics and food and drink". This points to a recognition of NERA's view that while of course Blackpool wants regeneration as a tourist resort many of the region's economic objectives would be much better served, as the strategy makes clear, by the pursuit of "knowledge based" activity. Tourism, whether or not involving regional casinos, will always be likely to rely disproportionately on low paid and low skilled jobs.
 - (d) At para 1.19, the strategy confirms that it is "designed to improve the economic competitiveness and performance of the economy of developing its key economic assets and opportunities" (see above).
 - (e) The second bullet point of para 1.23 deals specifically with the Fylde Coast which is it says "contributes £3.9 billion to the economy of Lancashire, employing 140,00 people – a decline in both employment and GVA between

1990 and 2005 masks a structure which for all of its frailties, displays a very strong base of potential growth going forward, based on aerospace, nuclear fuel manufacturing and the growth of the airport, alongside which is the important role of Blackpool and Saint Annes for coastal tourism". So while the regeneration of Blackpool is important it is incorrect to suggest that the strategy places the degree of importance on casino development that Mr Taylor ascribes to it.

- (f) Again at para 1.27 the emphasis is on "technological advancement, the extension of the market place and the application of knowledge to trading" to improve competitiveness.
- (g) Under the heading "Informing local priorities" reference is made to the regeneration of Blackpool as a "worldclass resort destination" and it is suggested that that regeneration would have "at least regional significance". We agree with that statement but it is very different from suggesting that the failure of the Council's casino bid will irretrievably defeat the objective.
- (h) At paragraph 3.11 (figure 5) Lancashire's "forecast growth sectors" are set out. Significantly, although hotels and catering are referred to, there is no reference to Blackpool itself, less still to tourism or gaming. Paragraph 4.17 gives priority to "the first strategic objective ... (being) ... to grow the market and increase the share of businesses participating in higher value activity across Lancashire by ... a focus on those sectors of forecast GVA and employment growth (figure 5)".
- (i) The Council's assertion that the Blackpool economy depends to a very high degree on the tourist economy is contradicted at para 3.16:-

"the economic structure of the Fylde Coast, despite posting a decline in employment and GVA since 1990, contains many sectors expected to be growth oriented in coming decades. These sectors include advanced manufacturing and aerospace, business and computer services and hotels and catering. This foundation, coupled with the potential of casino-led regeneration in Blackpool, should it secure the Regional Casino License and the St Annes Classic Resort Project, means that the area is well placed to reverse recent trends and substantially increase its contribution to the Lancashire economy"

- (2) While it is no surprise that the strategy refers to and indeed asserts benefits in terms of regional casino development, the strategy document does not support Mr Taylor's claims of it.
- (3) The central Lancashire City Region Development Programme; EQUINOX
- (a) this document repeats many of the themes contained in the previous document; including putting Blackpool in its regional context and making plain that while its significant regeneration would have "regional importance" it very much involves a more localised regeneration.
 - (b) More importantly, the document again repeats the importance of the knowledge based and "high Tech" economy setting, at paragraph 2.6 the objective of "transform[ing] Blackpool into a 21st century resort destination of choice" in the context of "reinforce[ing] and expand[ing] our dynamic advance manufacturing sector" and realising "Preston's latent potential as a successful medium-sized city"
 - (c) Paragraph 4.9 deals specifically with Blackpool and emphasises that "the town has manufacturing specialisms in vehicles, food and drink, plastic and aircraft components. Blackpool is also an important administration centre accommodating large national and regional office headquarters such as the Bonds and Stock Office and the Department of Work and Pensions as well as banking, insurance and commercial service."
 - (d) At paragraph 4.15 Blackpool, Fylde and Wyre are described as "operating as a distinct area with strong internal flows within these districts. There are significant net flows out of Wyre to the other two districts as well as net flow from Blackpool to Fylde". This statement is relevant in support of NERA's concerns at [PION's] failure to assess "leakage" in their analysis of economic impact.
 - (e) At paragraph 4.28 again in relation to "Blackpool and Fylde Coast" the report confirms that "a decline in both employment and GVA between 1990 and 2005 masks a structure which for all its frailties displays a very strong base of potential growth going forward based on aerospace, the nuclear sector and the growth of the airport alongside which is the important role of Blackpool itself for tourism."

- (f) At paragraph 4.54 the document records that "planned investment programmes in Preston, Blackpool and Blackburn will create attractive and prosperous centres of commerce retail and leisure economy".
- (g) Again supportive of NERA's propositions in relation to leakage, paragraph 6.7 confirms that "the labour requirement for the casinos [in Blackpool] is unlikely to be met from Blackpool alone; the master plan has implications for large parts of the City Region's labour force and numerous opportunities for the City Region supply chain". Against that background is it clearly perverse for PION to have entirely excluded leakage from their calculations.
- (h) Generally, this document, which appears to be of recent provenance, is noteworthy in that it still, throughout its references to Blackpool's regional casino aspirations, assumes that the town will licence and develop multi casinos. This reinforces a continuing theme that Blackpool and its supporters do not present their bid on its own merits but rather upon the supposition that multi regional casino development will be permitted, contrary to the state of the law.