



Ms Valerie Curtis
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Date: 26th October 2006
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Dear Valerie

RESPONSE TO MANCHESTER CITY COUNCIL SUBMISSIONS TO THE CAP

I am writing as promised to provide our response to the documents that were submitted by Sir Howard Bernstein of Manchester City Council to you on 6th October and which were published on the CAP website on 17th October 2006. I thank the Panel for allowing us to respond to this late information. We welcome analysis of our case and the opportunity it gives us to explain our calculations and our arguments.

I would like to start by saying that this authority has always supported Manchester's regeneration and we welcome the considerable success that has come to the city in recent years. The recent State of the English Cities report confirms Manchester's position as one of the country's fastest growing economies. Very recently the 2006 Labour Party Annual Conference took place in Manchester, an event that used to take place in Blackpool up until September 2002. Marketing Manchester estimate that the economic benefit expected to be generated by the conference is £15 million both in terms of 'operational costs' and 'expenditure of delegates visiting the city' (Marketing Manchester press release 13 September 2006). They add that Manchester is now ranked as the world's 49th most successful conference destination.

The loss of the Labour Party annual conferences from Blackpool was a severe blow to our economy and that lost income has not been replaced. The success of the Labour conference in Manchester shows how important it is for Blackpool to provide world-class facilities to stand a chance of competing with G-MEX, the Manchester International Conference Centre and other similar facilities. This is why a regional casino and associated conference, leisure and retail development in Blackpool is so important.

Turning to the Cambridge Policy Consultants (CPC) report for Manchester on the 'Economic Impact of a Regional Casino in Blackpool; a Review of the Evidence Base', I attach a response from Pion Economics to this report. However, these are the main findings of their response that I would like to bring to your attention:

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- **Demand from visitors/tourists is significantly overestimated in the 2006 report/Demand estimates are inconsistent with the 2005 Pion report:** The CPC analysis is fundamentally flawed due to a large number of errors of interpretation compounded by incorrect analysis. The problem being that CPC compare visitor number profiles from the Pion 2006 Economic Impact Assessment for the regional Casino in Blackpool report with those in the Pion 2005 Market Demand study. This is wrong because the 2005 study was to define potential market demand within the North West and potential casino visit numbers defined for Blackpool refer only to residents in Blackpool that might visit a casino regardless of where the casino might be located. They do not take account of residents of other North West authorities that, likewise, might visit a regional casino were it to be located in Blackpool. Virtually all analyses of visitor numbers, patterns and related issues in the CPC report are deficient in this respect because different versions of the economic model were used in each Pion study. CPC have misunderstood the 2005 North West study, wrongly applied this set of figures to the Blackpool specific 2006 study and made miscalculations and errors because of this.
- **Displacement is hugely underestimated:** The report presents only the Blackpool area displacement figures but the Pion model contains regional displacement estimates if required by the Panel. In comparison to the CPC Manchester study claims of no displacement we consider our model to be robust, accurate and consistent with Green Book guidelines.
- **Visitor spend data is inaccurate:** The comparison presented is misleading and unsound.
- **Visitor spend profiles estimates are overestimated:** CPC assertion of local spend figure is incorrect & their assertion relies on use of a misinterpreted prevalence figure in 2006 study.
- **There are inconsistencies between the job figures between the reports:** CPC Analysis and comparison is wrong due to profound misinterpretation of 2005 Market Demand study.
- **Job estimates in both PION reports are hugely overestimated:** As in our NERA commentary and detailed in the previous note to the Panel this is wrong & reflects a lack of understanding of the 2006 study.
- **Methodology to compare potential casino locations in the 2005 report is flawed:** Analysis is wrong and reflects the misinterpretation of the 2005 Pion Market Demand study.
- **The 2005 Pion report ranks Manchester/Blackpool in equal first place as locations for a regional casino on the basis of its methodology:** The report is as broad brush for Blackpool as it is for Manchester in operating within the context of the administrative boundaries – Blackpool has less extensive opportunities for regeneration than Manchester.
- **The 2005 Pion report ranks Manchester and Liverpool as the areas with most potential gain:** The terms of reference for the 2005 study required Pion to examine potential benefits of development in terms of three dimensions – economic, tourism and deprivation and not one. CPC comments are based on consideration of one dimension (deprivation) only. The opinion offered with regard to Blackpool & Manchester was based on relative volume of opportunities for which Blackpool has least.

We have full confidence in the Pion 2005 research for the NWDA, NWRA and GONW and the Economic Impact Study to support our own case in 2006.

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With regards to the specific reference made in Sir Howard Bernstein's letter about PION's terms of reference not including social impact. In this he is referring to the impact on locals which of course was covered in the Pion 2006 study for Blackpool and referred to in the attached response. We believe that the local visitors to a proposed regional casino will be small (7%) however this must be distinguished from the existing casino gambling prevalence rate of 3% defined in the British Gambling Prevalence Survey and the figure of 10% that CPC use which is the predicted level to which prevalence could rise with regional and other casinos allowed under the Gambling Act. Sir Howard equates this (based on the CPC work) to local Blackpool residents visiting the casino between 11 and 16 times a year. Our IPSOS/MORI study indicates a Blackpool casino prevalence rate of 12%¹ in our Fylde Coast study area. Using this instead of the CPC 10% lowers the visit rate range to between 10 and 13 visits per annum.

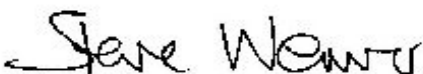
By way of comparison, in the economic impact study prepared by CPC for the Glasgow submission it assumes that some 21% of the visitor base (660,065 of the total 3,209,551) are locally based². Like Pion, CPC do not provide an overall prevalence figure but adopting their methodology, with a Glasgow population of 629,501 taken from the 2001 Scottish Census, visit rates can vary between 36 visits per annum at a prevalence rate of 3% and 11 visits per annum if set at 10%. Visit rates are extremely sensitive to prevalence assumptions. Assuming that just 15% of the local population visit the casino – let alone the 20%+ rates seen in other jurisdictions – this lowers the visit rates quoted by CPC from 11 and 16 to 7 and 11 respectively. Therefore, even allowing for the misapplication of Pion data our contention is that the local visit rate patterns implied by CPC are not significantly different from the CPC analysis for Glasgow and consistent with those predicted with deregulation of the sector from the visit levels detailed by Gambling Board for Great Britain data.

In addition, far from neglecting social impact you will be aware that we commissioned a specific and independent social impact assessment from Lancaster University that looked into problem gambling and other potential impacts of a regional casino in Blackpool. I am not aware that any of the other competing locations have carried out such a study.

Finally, the NWDA and NWRA have made their representations to you regarding the Regional Spatial Strategy policy on regional casinos and the supporting evidence and reasons for arriving at the one preferred candidate location allowed by the legislation. They favour Blackpool because of its less diversified and weaker economy and the lack of alternatives available to us. This is a reasonable and clear position that has not been arrived at in any other region and was approved at the NWRA meeting on 13th January by an overwhelming majority of the membership of the region articulating a clear belief that Blackpool is the right place for the regional casino and with little, if any, reference to the Pion 2005 regional study.

Thank you once again for your courtesy and consideration of our case. If I can be of any further assistance please do not hesitate to contact me.

Yours sincerely



Chief Executive

¹ Ipsos/Mori (2006), Blackpool Residents' Survey, Page 46.

² This is three times the proportion assumed in Blackpool.

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2004-2005
Benefits Administration

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