

## **Blackpool: response to further questions posed by CAP on 19 July**

### **Type of Area**

**1. Does the fact that Blackpool does not have an average British city population profile, e.g. in terms of BME share, put your proposal at a disadvantage when measuring social impact as test for Britain?**

In its March submission to the Panel, Blackpool demonstrated that the Blackpool Council area has a dense urban population and displays a socio-economic profile typical of urban Britain with the single exception BME share. It also drew the Panel's attention to Blackpool's existing wide penetration into the UK market, the importance of day trip business and the 10m people who live within the 2 hour drive time, and the expectation that the Conference, Casino Quarter would operate as a destination and attract over night and day trip business from similarly wide market areas. Blackpool would contend that it is the primary casino catchment population and not the licensing authority population, which is relevant and would point the Panels attention to the large ethnic concentrations that populate Lancashire, the North West region and the North Midlands.

Blackpool also acknowledges the international evidence suggesting that generally, problem gambling can be likened to problem drinking. It cuts across all classes, age groups, genders and races. There are cultural and life style factors which draw particular ethnic groups to particular forms of gambling and particular excesses but no evidence to suggest that there is a simple, direct correlation between gambling problems and ethnicity or mixed ethnic communities. There is, however, a clear correlation between excessive gambling and ignorance about how gambling works. There are also clear warnings from the international experience that where ignorance and false beliefs are widespread within poor communities, irrespective of their ethnicity, and new gambling opportunities are marketed locally and introduced

without education programmes and support, then accentuated social harm is an inevitable consequence.

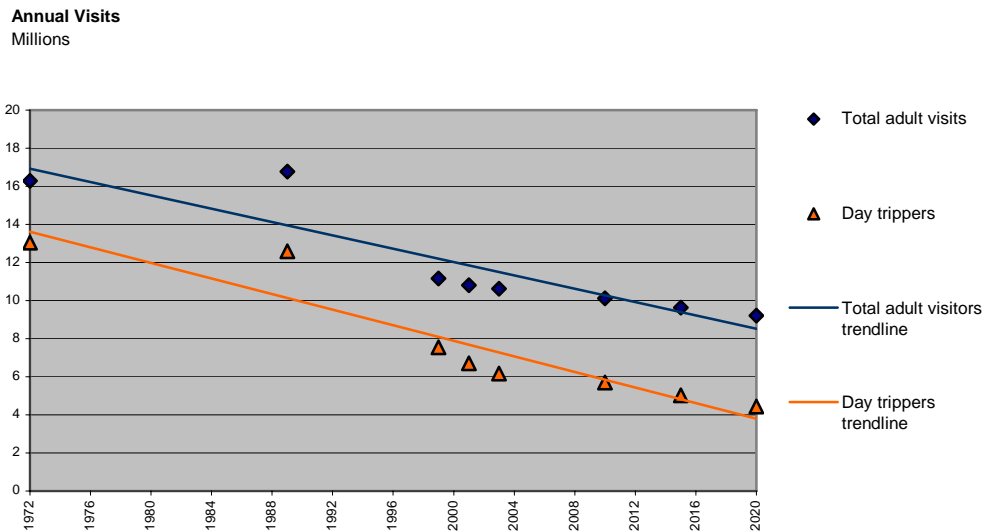
Blackpool is conscious of the precautionary approach adopted by Parliament and the Government's objectives relating to social impact and minimisation of harm. Against this background Blackpool would contend that it will provide an effective 'social impact test for Britain' because this test will be conducted in circumstances where;

- the introduction of casino gambling is combined with programmes designed to make adults and the rising generations aware of the dangers of gambling and how to avoid them.
- the survey for measuring the impact of casino gambling will seek to detect local changes in the nature, scale and pattern of gambling activity and problem gambling.
- the test will recognise that vulnerability cuts across social and demographic boundaries and socio-economic characteristics rather than demographics define the communities where there is potential for concentrated social harm.
- the pilot licensing area has a dense urban character and a spectrum of socio-economic conditions ranging from relative affluence to intense disadvantage.
- the test will recognise that the regional casino will exert influence over a geographic catchment much wider, and a population much larger and more diverse than that administered by the licensing authority.
- The test will be conducted in a licensing area with clear boundaries and a low level of economic activity, where the impact of casino development will be pronounced and the negative and positive social consequences will be more easily identified and measured.

Blackpool's is a resort destination with city characteristics and a proposal that will attract visits from a wide demographic spectrum in local, regional and extra-regional markets. It will provide a robust test of social impact and, additionally, a test of destination gambling, which is safer to pilot.

**2. On p.2 of your proposal you assert that “decline continues to accelerate”. Are you aware of research by Christina Beatty and Stephen Fothergill of the Centre for Regional Economic and Social Research, Sheffield Hallam University “The Seaside Economy — the final report of the seaside towns research project”, dated June 2003, which suggest that this is not the case? Please give the statistical basis for your own assertion.**

Blackpool's is attracting fewer visitors year-on-year. Blackpool, the NWRDA, ODPM and DTI have concluded that this trend is entrenched and will put the resort into a position from which it cannot recover unless there is urgent, radical and sustained investment and change. The graph below plots the straight line trend to 2020. The experience elsewhere, of resort decline suggests that the trend line will become steeper as the resort loses critical mass and in turn market appeal. Blackpool and its partners are proceeding on the prudent assumption that the point from which Blackpool cannot recover will occur relatively soon, decline will impact across much of the Fylde peninsula, and there is a need for urgent, meaningful action.



The Fothergill and Beatty research focuses on published employment information and is not a rounded look at the full array of recognised indicators of economic activity and overall economic well-being. The research does not look at changes in;

- Visitor numbers, visitor dwell time, and visitor spend
- The socio-economic profile of visitors
- Local and inward private investment levels in resort businesses
- Average annual income,
- seasonal, part time, full time, male and female employment.
- Rental values, yields and property values,
- the nature and extent of multiple deprivation,

In all these areas Blackpool is moving backwards in real and/or relative terms..

The conclusions are by the authors' own admission, generalisations that do not represent the actuality in the locations studied or the extreme variations in local economic condition, market activity and future prospects. At the recent Coastal Futures Symposium in Skegness (July 2006), Stephen Fothergill confirmed that out of the 43 towns researched in the study 8-10 are now experiencing considerable economic distress, and specifically cited Blackpool as an example. In addition, during

questioning at a recent oral evidence session with the DCLG's Select Committee, Professor Fothergill confirmed:

*The ones [coastal towns] that have the biggest problems are those that were initially hooked into mass-market tourism and where that was a dominant part of the overall economy.*

It is clear that the statistical basis of the report and the general conclusions are heavily influenced by the success of many Southern coastal towns such as Brighton and Bournemouth, which have benefited from adjacency to a buoyant South-East, economy. This point is reinforced in research presented to the recent Select Committee Inquiry into coastal towns, which underlines the importance of regional economic context and geographical location in explaining the relative fortunes of UK coastal settlements.

In respect of Fothergill and Beatty's specific findings for Blackpool, it is important to note that:

- The research findings refer to Blackpool, but in fact relate to the wider Fylde coast area. The population of Blackpool borough is 142,300; the population of the report's 'Greater Blackpool' is 260,700. Much of this additional area and population comprise the relatively affluent hinterland of Lytham St. Annes and Poulton-le-Fylde. Growth along the eastern urban fringes over the last 2 decades has been influenced by commuter demand generated by economic expansion along the M6 corridor, within central Lancashire. 'Greater Blackpool' also embraces the port of Fleetwood and BA led aero industry at Warton. Even with the more affluent inclusion of Lytham, 'Greater Blackpool' still appears at the worst end of most of the statistical tables in the Fothergill/Beatty report. It is therefore the case that the report actually masks both the concentration of socio-economic distress in the Blackpool Council area and the conspicuous dynamic which is decline. This helps to explain why the report's findings are somewhat at

odds with evidence from elsewhere. For example, the report suggests a 15,300 increase in employment from 1971 – 2001 (for the Greater Blackpool area), whereas ONS data for Blackpool shows an increase of only 2,500 from 1994 – 2004. This demonstrates the extent to which Blackpool's fortunes are out of kilter with the fortunes of the wider peninsula.

- On key statistics such as employment growth/in-migration (page 51) and unemployment (page 27), Blackpool is the only larger seaside town at the lower end of the rankings. The report is also mainly quantitative in terms of employment; and makes no allowance for the fact that a disproportionate number of jobs in Blackpool are low paid or part time. Average weekly wages in Blackpool are £100 below the national figure, with the 4<sup>th</sup> lowest gross annual wages of anywhere in the UK, and 41% of jobs part time, compared to the national and regional average of 32%. There are over 22,000 people in the economically active age groups who are workless in Blackpool and some wards with over half of all households having no one in work.

Few would dispute the view that Blackpool is experiencing continuing economic decline, brought about principally by the contraction of the traditional tourist economy coupled with the level of dependence on tourism-related employment (highest in region). It is for this reason and several others that the North West Development Agency and North West Regional Assembly explicitly prioritise Blackpool for casino-led regeneration.

### **Social Impact**

**3. Can you summarise the lessons you have drawn from your experience of casinos so far and what methods did you use to derive these? What empirically based assessment, if any, is available on the impact of existing**

**gambling operations within your area on problem gambling and may we have a copy of any reports?**

Blackpool's understanding of the social impact of casino gambling is based on direct advice and briefings by US regulators and leading US and UK academic commentators and researchers over a 5/6 year period. It benefits from regular dialogue with the major UK casino operators represented in Blackpool, study visits to the mature gambling jurisdictions of Nevada and New Jersey, and careful reading of the growing body of research into prevalence, harm and positive social impact emerging from the US, Canada, Australia, New Zealand and South Africa and particularly from the work of Rachel A Volberg, Howard Shafer, Peter Collins and Graham Barr. It has also been informed by a social impact assessment commissioned from the Applied Social Science Unit for Research and Evaluation at Lancaster University. This looks at the likely impact of regional casino development in Blackpool and identifies ameliorative factors and methods for measuring impact. The findings of the study are attached.

Blackpool has learned that research, internationally, is not a mature discipline, that there are ambiguities in the evidence, but much that it would be prudent to acknowledge in developing local licensing policies. Blackpool has learned that;

- in most jurisdictions, irrespective of gambling opportunity, around 1% of adults are addicted to gambling and around 5% are likely to experience some less severe problem with gambling in the course of their lives.
- there is a correlation between ignorance about money skills and false beliefs about how gambling works, and the propensity to gamble to the point where there are harmful consequences for the gambler and the gamblers family
- poor people are not more irresponsible than rich people.

- where casino gambling and high stake machines are introduced into a community, unaccompanied by public awareness campaigns, this will lead to an increase in problem gambling and associated individual and community harm.
- Where casino development and high stake machines are introduced into an urban environment, and there is aggressive local marketing, gambling prevalence can exceed 30% of the local adult population, local, frequent gamblers predominate and there is a direct correlation between gambling problems and proximity to the casino
- where the introduction of casino gambling and high stake machines is carried out in a way that minimises impulse gambling, this is combined with consumer education campaigns targeted at current adult gamblers and potential adolescent gamblers, and there are help lines and professional counselling services, problem gambling numbers and the numbers who gamble regularly are likely to decrease.
- Effective social responsibility programmes are the product of a partnership between the regulator/licensing authority and the operator in which the regulator/licensing authority has a clear vision and is pro-active in guiding the work of the partnership.
- where casino development is required to fund non-gambling infrastructure and 'must see' attractions designed to increase inward spend, the flow of funds generated by gambling is from richer to poorer and there is demonstrable positive social impact.

In March 2006 Blackpool Council commissioned IPSOS MORI to conduct an independent leisure survey of adults living on the Fylde Peninsula. The results provide a wide range of useful information including a base line, spatial picture of participation levels in different leisure activities and specifically betting and gaming activities. The survey employed the screening instrument, DSM-IV to identify the

prevalence of problem gambling. The 2006 Survey results show that those who scored three or more positive answers on the self completion questionnaire and are defined as being problem gamblers, account for 0.7% of the adult population. This compares with the results from the most recent Prevalence Study carried out across GB in 1999. Within this study the estimate of the prevalence of problem gambling within the British adult population is 0.9%'

**4. Why is it that you are so confident that the new casino will benefit the mass of economically inactive people in your council's area. In particular, in the deprived areas how will you ensure a positive take up of job opportunities?**

Since its original bid Blackpool has continued to develop targeted programmes of training and employment support around its Local Area Agreement (the Councils contract with Government to improve service delivery – including work on local enterprise and worklessness). A new employment & skills consortium has been formed (the Blackpool Employment & Skills Consortium<sup>1</sup>) tasked with providing proactive support in the heart of the community to local people wishing to access existing (and new) job opportunities. The strength of the local consortium's model of engagement, and depth of partner experience, has been recognised recently with the award of a £750,000 contract from the Northern Way to provide support to incapacity benefit claimants<sup>2</sup>, 50% drawn from the town's most deprived neighbourhoods.

Additional resource has been accessed from the European Regional Development Fund (ERDF) and the Neighbourhood Renewal Fund (NRF) to extend the scope of jobless people assisted. At its core a team of specialist outreach employment advisors engage with clients in informal neighbourhood settings (e.g. Childrens

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<sup>1</sup> Partners include Blackpool Council, Blackpool & the Fylde College, Blackpool PCT, Lancashire Learning & Skills Council, Connexions, Jobcentre Plus, Progress Recruitment, Blackpool CVS & SURF (community network).

<sup>2</sup> Aged 18-21 and 50-60, not on any existing employment programmes such as Pathways to Work or New Deal.

Centres, Community Centres, School's & Learning centres, shopping centres, cafes, etc) and handhold clients through progression routes towards learning and work outcomes. The level of support required differs according to client needs and relative distance from the labour market. Table 1 below illustrates the engagement and progression route. The local consortium approach is being actively encouraged by the Department of Work and Pension's via its City Strategy model (one of the recommendations of the recent Green Paper of welfare reform). The consortium complements mainstream employment programmes including the extension of the national Pathways to Work pilot to Blackpool<sup>3</sup>, supporting new and repeat incapacity benefit claimants into work. The outreach employment teams will help engage excluded clients with casino-related training and job opportunities – direct to casino operators or entry into specialist training programmes such as the Regional Gaming Academy.

Blackpool has extensively researched the skills requirements of a regional casino<sup>4</sup>. This study showed that whilst configurations of regional type casino structures in other jurisdictions vary substantially evidence from operators suggests that around 40% of the jobs created will be related to gambling, 35% connected with food and beverage activities, around 20% to general and administrative functions with the remainder across hotel room support, selling and marketing, and retail/entertainment. Thus although a regional casino is clearly gambling related, some 60% of the jobs are likely to be non-gambling in nature. In terms of skills requirements discussions with operators reveals that up to 70% of jobs on offer will be defined as requiring up to level 2 skills. Skilled positions are likely to constitute between 15% and 20% of all jobs with very high skilled positions (level 4+) relatively small in number.

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<sup>3</sup> As part of the Lancashire West 'Pathways to Work pilot' - operational in from October 2005 and led by Jobcentre Plus.

<sup>4</sup> Resort Casino Skills Impact Study, PION Economics, June 2005.

**Table 1: Blackpool Employment Skills Consortium (BESC) Delivery Model for Employment in the Conference Leisure Quarter (CLQ)**

Targeting	Engagement	Assessment, Advice & Guidance	Opportunity Building	Employment Opportunity	In-Work Support & Training Plan
- Identify workless clients (via Job Centre Plus, & community engagement)	- Outreach employment advisors from Blackpool Council Economic Development Team (Northern Way, ERDF & NRF Fund)	- Allocated outreach officer from Blackpool Council Economic Development Team - Agree initial action plan (skills, health profile, finance/debt management) - Profile developed & job opportunities identified	- Motivation & confidence - Basic Skills - Employment contract - Mentoring - Gaming Academy	- Opportunities & suitable vacancy identified - Competitive selection process	- Training provided by operator & Gaming Academy - Partnership through CTA - Mentoring & in-work support continues
<b>STEP 1</b>	<b>STEP 2</b>	<b>STEP 3</b>	<b>STEP 4</b>	<b>STEP 5</b>	<b>STEP 6</b>
- Focusing in resort core wards with high worklessness e.g. <ul style="list-style-type: none"> <li>• Bloomfield 51.7%</li> <li>• Claremont 50.0%</li> <li>• Brunswick 37.9%</li> <li>• Talbot 34.9%</li> </ul> (Working age Benefit claimants, April 2006)	- Referrals will be made from - Neighbourhood Management Areas; - Springboard (initiative working with vulnerable families); & other agencies	- Potential referral to Pathways to work (Government programme for new & repeat Incapacity Benefit Claimants)	- Supported work experience by casino operator	- On-going support in case of failure	- Fading Plan of support to client in work - Client evaluation of service & package of support

In relation to gaming-related skills Blackpool & Fylde College has established the country's only Regional Gaming Academy (RGA) and has already made significant progress in ensuring training opportunities are accessible to excluded groups in the local community. The BTEC Advanced Diploma in Casino Operations has been adapted to enable applications from people on means tested benefits. Learners attend college for 15 hours each week for a period of 18 weeks. The RGA has

already built up a good relationship with the local Jobcentre Plus (JCP) by attending all local job fairs, attending the JCP staff communication meetings and spending time in the JCP talking to their clients. Copies of the RGA prospectus are kept on-site to illustrate job and training opportunities. Upon completion of the course learners are introduced to an existing casino via an interview. All of the local casino's have RGA graduates working for them as do many other Casino's throughout the country for example: Manchester, Liverpool, Bournemouth and Newcastle. To date 36 learners have successfully completed this course and 31 of them have been placed directly into job's, of which 8 were on means tested benefits. There are 17 students on the course at the moment of which 5 are on means tested benefits. The proportion of local economically inactive accessing training and employment would increase exponentially with a local regional casino.

The RGA also incorporates Coin Slot Technology training. Learners are a mixture of existing casino and arcade staff that have applied to be on the course, and people wishing to enter the industry for the first time. The first 12 technicians graduated in June 2006 and there are 31 students who will be going in to their second year of study in September as well as approximately 60 new learners.

The RGA has established an excellent relationship with Gala Casinos over the past year to develop their existing team leaders. So far 33 team leaders have graduated from the RGA with a further 33 on target to graduate over the coming months. The RGA has also developed a foundation degree aimed at managers already working in the Casino industry, which will be starting September 2006.

A Casino Training Alliance (CTA) has been established with leadership from the Lancashire Economic Partnership. The alliance takes a strategic view of both gaming and non-gaming related skills and employment. The CTA aims to maximise the employment opportunities arising from section 106 local labour clauses, including employment and supply chain development. Agreements will therefore be put in

place with the chosen casino operator targeting local people for employment based on postcodes reflecting the greatest need. Similarly agreements will cover career progression backed by training programmes managed by further and higher education colleges. The CTA will therefore play a pivotal role in meeting the target of 60% of unemployed local residents into casino-related jobs is met, by ensuring local people have the minimum skill sets required by the operator linked into the timing of initial and on-going recruitment/guaranteed job interviews.

Maximum community benefit (see *also response to Q14*) will also be derived from section 106 agreements in relation to local people benefiting from the construction phase of the Conference Leisure Quarter (CLQ), by for instance ensuring developers make revenue contributions to employment and training schemes for construction and end-user jobs. Blackpool is already implementing best practice in relation to the benefits accruing from local employment clauses and applying this in the contracting arrangements relating to other regeneration projects. For instance, Blackpool & Fylde College's Construction Department works closely with Birse, the construction contractor for the Coastal Defences Project (Blackpool-Morecambe and Cleveleys), to realise their project training and employment plan. The College have worked up a plan to show the required training for each occupation/ trade working on the project, and host briefing events for Birse and its supply chain. Lancashire Economic Partnership has also brokered construction related expertise from ELEVATE, East Lancashire's housing market renewal pathfinder.

The Council has taken the lead in commissioning a purpose-built enterprise centre – the 'New Blackpool Enterprise Centre'. Due for completion in summer 2007 the centre based at South Shore (within a Neighbourhood Management Priority Area) is designed to be not only a much needed base for start up and micro businesses, but an icon for a more enterprising town in general – connecting the local community into Masterplan generated employment and supply chain opportunities. It will form a

base for the various agencies involved in placing people into work and providing them with the skills, training and personal development required to match the jobs created through the Conference Leisure Quarter and associated developments. The partner agencies include Jobcentre Plus, the Council, Learning & Skills Council, and Blackpool & the Fylde College. The focal point of the centre will be the most disadvantaged wards with the highest rates of worklessness.

A detailed proposal to develop a Higher Education 'tourism' campus based on the edge of the town is proposed by Blackpool & the Fylde College is a key project within the ReBlackpool's business plan. This facility will focus specifically on the needs of the tourism and leisure industry and will be an essential part of Blackpool's drive to instil quality into product, environment and service; and gradually move local people into level 4+ occupations.

Without this key catalyst the economic decline and associated social costs of Blackpool will continue.

**5. Please give us precise details on how you came to your economic impact assessment**

In 2006 Blackpool commissioned Pion Economics to carry out an economic impact assessment of the proposals being developed for the Conference Leisure Quarter by ReBlackpool, the Urban Regeneration Company. This bespoke impact assessment was informed by the knowledge Pion Economics acquired in earlier work at national level for the Casino Industry and at regional level in the North West for the Assembly, Development Agency and GONW. It was also informed by the knowledge and information Blackpool had assembled since 2001 through its own researches and dialogue with national and international operators and developers. The economic

impact assessment provides a detailed technical answer to question posed by the Panel and it is **attached** to this paper.

The approach adopted within the assessment is an impact model based on a 'multiplier' structure that separates impact into the direct, indirect, and induced effects of operation.

- direct effects - the jobs and incomes that accrue due to the everyday operation of casinos;
- indirect effects - the flows of income (other than labour income/client spending) arising from the operation of casinos; and
- induced or multiplier effects - the process through which the spending of staff, clients and casinos (i.e. both the direct and indirect income flows) helps to support other businesses.

The impact simulations contain both 'gross' and 'net' components and significant attention is paid to issues of additionality, substitution and displacement that may act to both enhance and offset any positive development gains. Each individual element in the model is described in some detail in the PION report.

The basis for the work lies in a complex impact assessment structure developed as part of an earlier exercise sponsored by a group of 30 to 40 UK and overseas gambling and gaming operators to examine the impact of gambling deregulation on the UK economy.

The methodology was subject to oral scrutiny by the pre-legislative scrutiny Joint Committee at Westminster in early 2004 and was supplemented by a submission made to the Committee in February 2004<sup>5</sup>. The original methodology was subsequently extended in a study of market demand for casinos in the North West of

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<sup>5</sup> House of Lords (HL Papers 63-II), House of Commons (HC 139-II) Joint Committee on the Draft Gambling Bill, Volume II, EV119 – EV126, Supplementary Memorandum from Pion Economics.

England commissioned by the North West Development Agency (NWDA) and completed in May 2005

**6. Why do you believe that the negative impact of the new casino on the present substantial tourism business would be minimal? How does Blackpool fare in international tourism and what are the existing strategies to develop this? How does a Regional Casino fit with these existing strategies?**

In its March 2006 submission Blackpool demonstrated that its existing, substantial tourism business is seasonal and weather dependant; is failing to attract enough new visitors to maintain total visitor numbers; over a 15 year period has seen average length of stay reduce to less than 4 nights, total visitor nights reduce by 40% and turnover and profit reduce significantly in real terms; is responding to the dwindling market by reducing prices and minimising profit and investment in business improvement. Without this, visitor numbers will continue to decline to a point of no return, large numbers of existing businesses will be forced into closure and the public sector will be required to step in and provide concentrated, long term and costly support programmes. This scenario is familiar to the Atlantic City authority, which experienced economic freefall and saw visitor numbers reduce to less than 2m. Blackpool and its partners have concluded that the resort requires investment that will bring total change and alter family and adult customer perceptions, attract new customers and lapsed customers, reduce seasonal dependence and give Blackpool a product that it can market and sell successfully.

Blackpool believes that this can be achieved by committing to resort wide regeneration and parallel public and private investment in projects designed specifically to bring about this change in customer perceptions. Such projects will seek to grow customer numbers, and build new, all year business rather than serve the existing seasonal market. As a consequence these projects will not compete

head-to-head with the existing offering for a share of the declining, narrow market.

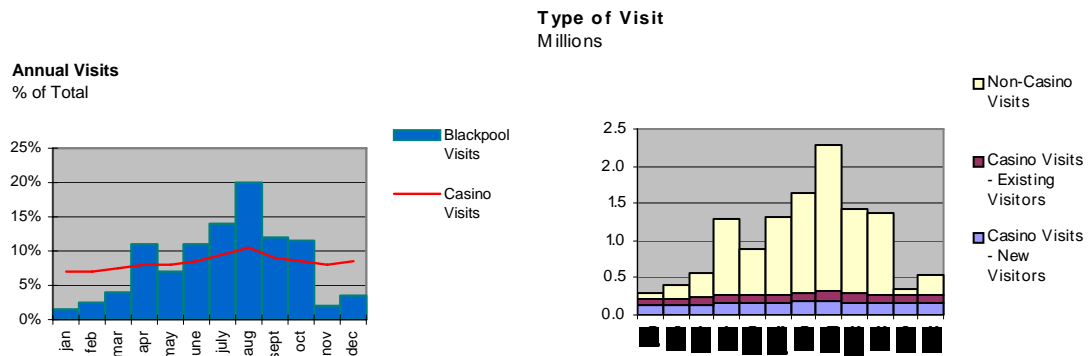
There will be some displacement spending but this will be mitigated by the increase in visitor numbers and annual turnover, the attraction of more, higher spending, 'C', 'B' and 'A' socio-economic groups, and the opportunities this will create for local business development and the restructuring of existing businesses. The latter is fundamental to successful resort regeneration.

Blackpool is not, therefore, preparing for stand-alone regional casino development or an isolated injection of private/public investment. Blackpool has put in place a regeneration process that will give intense focus to the task of physical, economic and social improvement for a 10-15 year period.

At this critical stage on the regeneration timeline Blackpool is preparing for comprehensive redevelopment of a prominent seafront site and a mix of regional casino gambling and non-gambling entertainment that will create an environment and experience entirely new to the UK leisure market and markedly different in quality from the current seafront offering. This development will propel Blackpool into a much more notable position in the UK leisure sector, create compelling new reasons to visit, broaden the resort's market appeal, help increase dwell time and spend and anchor a seasonally independent venue in a strategic, Golden Mile location.

The positive impact of seasonally independent development within the resort core is illustrated in the diagrams, below. These compare the visits generated by casino development with existing visitor numbers across the 12 months January to December. The diagrams are dominated by the surges of business associated with national holidays and school holidays and particularly the family market, which is not the same market as the adult, casino and conferencing markets. They illustrate the pattern and quantum of casino visits presented in the impact assessments prepared by Pion Economics together with visitor information for the 2005 season. Clearly, Blackpool's regeneration strategy is resort wide and will, through complementary

development of conferencing and an all weather environment grow visitor numbers further in the low season. In the medium term Blackpool would also expect to introduce additional casino and general commercial leisure attractions and develop the Master Plan concept of a casino cluster.



Blackpool has strong customer connections with the UK, Northern Ireland and Eire. Over seas visitors currently account for 6.5 % of all visitors<sup>6</sup>. Blackpool's regeneration is identified in the Regional Economic Strategy as one of a handful of regional, signature projects. The resort has 'attack brand' status in the Regional Tourism Strategy and is regarded as a key component in the triumvirate of Lake District, Resort and City experiences that characterise the North West's tourism offer. The Regional Economic Strategy recognises that casino led regeneration will create a strong domestic leisure product and a high quality, eclectic experience that has the potential to connect with markets in northern Europe and Scandinavia unfamiliar with a traditional and peculiarly British concoction of conferencing, gambling, adrenalin rides, seafront amusements and attractions, piers, promenades, circus, variety and burlesque.

As a consequence Blackpool Council made a strategic regeneration decision to sell the airport. To ensure that the airport's potential as an inward route is fully exploited Blackpool Council has retained a 'golden share' in the operation. It has secured the

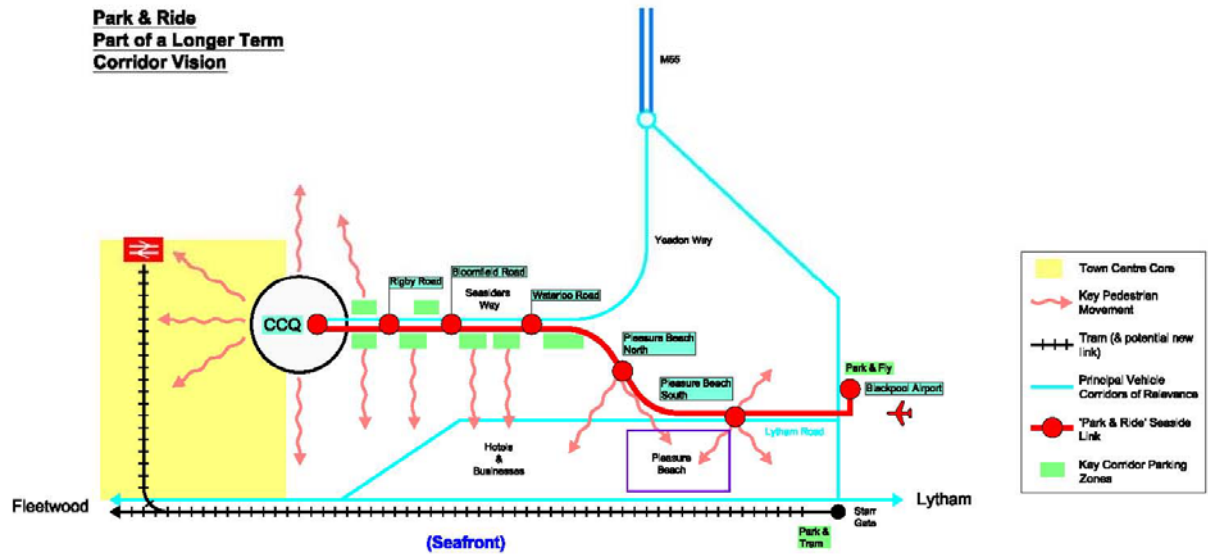
<sup>6</sup> Destination benchmarking Blackpool 2005

private sector investment and business acumen that will help develop Blackpool's attack brand status through the development of this important gateway. The airport's passenger numbers have risen from 43,000 in 2003 to 500,000 currently and are expected to exceed an annual total of 1m during 2007. Ryanair, Jet 2, and BNWA have connected Belfast, Dublin, London Stanstead, Girona, Alicante, Palma, and Murcia to Blackpool and have confirmed additional routes from Amsterdam, Prague, Faro, Malaga, and Tenerife for Winter 2006/2007.

Blackpool Airport is implementing a development plan that has the potential to accommodate 2.3m passengers by 2010 and 3.1by 2015. The new owners are examining the commercial potential of casino development and are engaging with potential casino operators to exploit this important gateway to international tourism. Ryanair has stated that it will fly 3 flights per day from Dublin if Blackpool succeeds in winning the regional casino licence.

The airport's owners have also succeeded in securing capital funding commitment for airport/route development from the NWRDA. The NWDA and Lancashire and Blackpool Tourism Board are jointly funding marketing campaigns aimed at bringing people into this part of the UK.

ReBlackpool the Urban Regeneration Company has, in preparing a planning application for the Casino, Conference Quarter developed a public transport strategy that will link the airport gateway to the resort core.



The competitive process that will produce a regional casino operator in Blackpool, should it be successful in winning the regional licence, will require the potential bidders to demonstrate how they will market Blackpool nationally and internationally and exploit the national and international gateway provided by Blackpool airport.

**7. Whilst the remit of the Panel is to advise only on the broad location of casinos, you have chosen in your proposal to identify a specific location adjacent to both the town centre retail core and one of the Borough's most deprived wards as a particular merit of your proposal. Are you satisfied that such a location will not exacerbate problem gambling? If so, why?**

Two of Blackpool's three 1968 Act casinos are located in the resort core, which contains concentrations of seafront amusements and around 2000 adult gambling machines including a growing number of Section 16 and Section 21 machines. The results of the 2006 IPSOS MORI survey have demonstrated that this concentration of gambling opportunities, convenient to Blackpool's deprived inner neighbourhoods, has not led to a higher than average problem gambling figure within Blackpool or specifically within inner Blackpool. This is not surprising given the evidence internationally on gambling problem rates, the 1968 Act constraints on Blackpool's

casino operations, the multiplicity of gambling opportunities available in permitted and non-permitted areas and the orientation of seafront businesses to a seasonal visitor market.

Blackpool recognises that a regional casino will be free from the 1968 Act restrictions relating to membership, high stake machines and advertising. It acknowledges that this is a new product, markedly different from the existing casinos and amusement arcades, and that there is evidence internationally of a causal connection between increases in problem gambling and proximity to casinos that enjoy the types of freedom introduced in the 2005 Act. But this evidence is associated with jurisdictions, which have introduced casino gambling and nothing else. There is clear evidence that increases in problem gambling do not occur where the licensing authorities have ensured that casino development is accompanied by effective public education and support programmes,

Blackpool would contend that the extent to which the availability of casino gambling will lead to an increase in problem gambling and social harm in Blackpool or, indeed any where else in the Country will be influenced both by;

- the actions that are taken to introduce consumer education programmes, help lines and counselling support, and
- the type of casino that is introduced, the form it takes, the way it is marketed and the business model the operator adopts.

Blackpool is satisfied that the location identified for regional casino development in its statutory local plan and formal submission to the Casino Advisory Panel will not by itself exacerbate problem gambling.

Blackpool will locate the regional casino within an established visitor district specialising in the entertainment sector and addressing a national rather than local market. The casino will form part of a large, mixed leisure development, marketed

nationally rather than locally, designed to grow the number of overnight and day trip visits to the resort and expected to establish a large customer base that makes infrequent visits.

Blackpool acknowledges and understands the international evidence on problem gambling and its causes. It also recognises that the regional casino will provide a potential doorstep gambling opportunity for the inner Blackpool population. Blackpool will ensure that the competitive, operator selection process will commit the successful operator to social responsibility programmes involving Blackpool Council and its established local, regional and national partners. These programmes will ensure that the introduction of regional casino gambling is combined with tested consumer education campaigns targeted at current adult gamblers and potential adolescent gamblers. They will also establish easily accessible help lines and professional counselling services.

The independent Social Impact Assessment conducted by Lancaster University<sup>7</sup> concluded that:

*Most of the negative impact areas are closely linked to problem gambling. This will be a central social impact issue for any new development and will require close monitoring and a co-ordinated response. Considerable work has already been undertaken, particularly by the PCT, to promote a collaborative harm reduction strategy which will reduce the risk of problem gambling increasing in the Blackpool area.*

*Negative impacts are mitigated through strong partnerships in the local area between statutory and voluntary organisations which have been developed to address high levels of deprivation and attendant difficulties.*

We concur with these findings and can assure the Panel that all steps have been taken to ensure that impact is minimal.

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<sup>7</sup> Lancaster University. Social Impact Assessment of a Regional Casino in Blackpool. August 2006

## **Need for Regeneration**

**8. You have three casinos (and conference trade) already. Why do you believe this new casino (and new conference trade) will radically alter Blackpool's attractions to visitors?**

Elsewhere in its answers to the Panel's questions Blackpool has described the large scale mixed-use development opportunity provided by the proposed Conference, Casino Quarter. It has also drawn the Panel's attention to the clear blue water that separates the 2005 Act regional casino from the other 3 forms of casino, existing, small and large, that will populate the UK market.

The pronounced differences relate to;

- the scale and intensity of the leisure experience, the footfall, turn-over, profit and economic rent that each will generate,
- the regeneration payment that will accompany regional casino development
- the ability of the regional casino to enable and form part of a wider leisure development and create a 'must see' visitor experience.
- the development paying for and bringing a high quality national/international conference venue

Blackpool's 3 existing casinos are the product of the 1968 Act provisions. They major on table games and can not generate the footfall, turnover or profit that in 'retail speak' would give them 'anchor' status. They cater largely for a domestic, Fylde coast gambling clientele, attract additional custom from across Central and North Lancashire, benefit only marginally from the summer season crowds and attract a combined annual visitation which is likely to represent between 5% - 8% of the annual visitation to a single regional casino.

Blackpool's principle conference venue and northern home of the UK's major political and organisation conferences is the aging Winter Gardens. This agglomeration of theatre, ballroom, dining, bar and assembly spaces is burdened by changes in level and an inflexible layout. This inhibits efficient set-up and dismantling of conferences, and events, and does not provide the necessary quantum or quality of exhibition space, convenient, inclusive access, air-conditioned comfort or contemporary, media communication facilities. It is also separated from Blackpool's limited stock of 3\* and 4\* hotels. In an increasingly competitive market place, occupied by contemporary, purpose built venues and discerning customers the Winter Gardens is now regarded by many regular conference organisers and visitors to be unfit for purpose.

Like much of Blackpool, the Winter Gardens has failed to evolve in response to changing market conditions. It has lost the most discerning clients willing to pay the highest rates, competed on price, narrowed its market, and as a consequence become entrapped in a spiral of decline. The Labour Party has announced that its annual, national conference will return to Blackpool only when the resort has a fit for purpose venue. The Winter Gardens is privately owned and benefits from an annual, 7 figure subvention payment from Blackpool Council. The agreement between Blackpool Council and the owners of the Winter Gardens expires in 2009. Blackpool will be unable to remain in the national conference market after that date unless it can secure regional casino development and the regeneration payment that will contribute to the replacement of the Winter Gardens with a contemporary venue.

In 1995 the Winter Gardens accommodated 50 conference events and approximately 109,000 delegates. In the period between 1995 and 2007 the venue has struggled to win new business, maintain a full calendar, grow revenues and develop as a business. It has relied on traditional customers, has become increasingly dependant upon national political conferences and experienced large annual swings in business.

In 2004 there were 26 conference events and 36,700 delegates. In 2007 the venue will host 22 conference events and accommodate an expected 37,000 delegates.

A growing conference business, attracting organisation and corporate commercial customers, is an essential component of Blackpool's strategy to develop a seasonally independent economy. It forms an essential part of the internationally successful business model expressed in the mixed-use proposals for the Conference, Casino Quarter. Here there will be a flexible, multiple-use conference/exhibition/live entertainment venue in close proximity to high quality hotel, food and beverage, gambling and other leisure facilities. This contemporary conference venue will be supported by a marketing and business development bureau, set up in infant form by Blackpool Council during 2006, and designed to grow and expand in response to CCQ development and the opportunities this will bring to work in partnership with the new casino and hotel operators.

Occupying a seafront location, on the Golden Mile, next to a remodelled seafront, redeveloped town centre and modernised tram system the successor to the Winter Gardens will become a prominent player in the UK conference market, will set out initially to build business back to the 1995 level and thereafter, continue to grow.

**9. Do you not feel that your business model, ie tourism and entertainment/conference services, has limitations since your deprivation ranking remains so poor and tourism levels have been declining?**

Blackpool has pursued a policy of economic diversification since the early 1990's. Initially on the assumption that the resort economy was strong but the town was over reliant on tourism and the prudent course was to broaden local economic activity. The last 15 years have seen some diversification and notably the creation of new technology and business parks. They have demonstrated that;

- Blackpool's regional geographic and economic context provides limited opportunities for diversification and militates against diversification on a large scale
- Blackpool's visitor product is not immune to the effects of increasing competition in both the over night and day trip visitor markets and the resort economy could quickly go into freefall.
- Blackpool's core markets, the tourism, entertainment/conference and leisure markets have experienced healthy growth nationally, some 30% in real terms over the last 12 years, and are set to continue to grow.
- These markets have provided enormous support and momentum to the regeneration processes that have transformed other areas in the UK and particularly, the centres of Britain's post industrial cities.

Against a background of growth in domestic travel Blackpool commenced a formal review of its economic performance and strategies during 2000/2001. This began with an objective examination of market opportunities and Blackpool's strengths and weaknesses in local, regional and national market contexts. The process was assisted by the appointment of Peter Moore, creator of England's Center Parcs and Chairman of the English Tourism Council's Resorts Task Force. The findings and recommendations of the Task Force were presented in the 'Sea Changes' report. With the direct involvement of this private sector advice Blackpool concluded that there was a strong, growing opportunity in the domestic leisure market for a quality entertainment destination and real potential for resort regeneration. This conclusion was reaffirmed in the detailed conference and general visitor market assessments undertaken by the master planning team during 2002 and 2003.

Blackpool would contend that the business model it introduced in the Masterplan and is now proposing to the Panel is tried and tested, and works exceptionally well, nationally and internationally, where there is a commitment to quality and to a

constantly refreshed and contemporary product. It is very different from the existing tired product, which many people are rejecting in favour of other tourism and leisure options.

Blackpool is not in a declining market but a growing one and would argue that the business model it is proposing cannot be compared to the existing one. The catalytic Conference, Casino Quarter development, backed by complementary investment from the major existing leisure operators and new-found inward investment will propel Blackpool away from seasonal dependence and low quality to all year, high quality, introduce a major new player and much needed business acumen, create confidence and stimulate private sector interest and further investment.

**10. What would happen to your regeneration plans if you are not successful in gaining the recommendation for the one regional casino license – what will happen to your regeneration plans?**

The creation of a self sustaining resort economy in Blackpool requires early public investment but is dependant entirely upon the creation of market conditions that will generate private investment interest and sustained high levels of private investment. The decision to pilot regional casino development in the UK provides Government with an opportunity to direct private investment to an area where private investment levels are too low to sustain the economy and decline is establishing a dependency culture and growing burden on the public purse. Regional casino development will provide a substantial and unprecedented injection of private finance and much more. It will change private investor perceptions of the place, bring additional private inward investment and, crucially, transform the resort's own view of its future prospects. This will remove the short-term, often seasonal, perspective which local businesses apply to investment decisions and which is feeding a self-fulfilling decline spiral.

A decision to direct private investment to Blackpool in preference to other locations and regions where there are already energetic private investment programmes will ensure that the value of the complementary public investment in infrastructure renewal and premium site preparation, committed through the URC, is maximised and the overall potential burden on public finances is substantially reduced over both the short and long term.

There are simply no alternative drivers within the leisure sector, at this critical time in Blackpool's history, that have the catalytic power and potential to transform by establishing entirely new attractions and encouraging existing owners to invest at the level necessary to refresh and secure the long term future of existing iconic attractions such as Blackpool Tower. The 2005 Act presents an opportunity that Blackpool must simply seize if decline is not to reach a position from which resort regeneration is not practicable.

There is a realistic acceptance within Blackpool, the Region, the DTI and the ODPM that successful resort regeneration can be achieved but only through wholesale change. Incremental change will not reposition Blackpool in the market place and will not therefore halt the process of decline. There is, as a consequence, no Plan 'B' for regeneration of the resort role.

There is a profound need to address multiple deprivation and quality of life issues in Blackpool. A decision to pilot regional casino development elsewhere in the UK would require Blackpool to recast its regeneration programmes, focus on the needs of the resident population and the actions and measures associated with a strategy of managed decline. Such an approach will bear heavily on the public purse in capital and revenue terms, in the short and long term and this is why the NWDA, ODPM and DTI committed to the resort regeneration strategy and URC status for inner Blackpool.

We would like to refer the Panel to Blackpool's submission to the DTI and ODPM for the Blackpool URC. Different options were considered, costed and validated by Regeneris and Amion on behalf of both Blackpool and the Regional Development Agency. The next best option to the accepted, casino-led regeneration proposal results in considerably poorer outcomes with significantly fewer jobs, and less economic impact at a significantly higher cost to the public purse.

### **Willingness to License**

**11 In view of the reported party political controversy related to your casino proposal, how can the Panel be sure that the Council will remain willing to licence a casino?**

There is no party political controversy in Blackpool in relation to the casino proposal: The anti-gambling lobby is led by one Blackpool Councillor and has a national focus, through the Campaign Against Super-Casino Expansion (CASE) which was launched in April 2006. It should be noted that of 112 supporting signatures (as at 14<sup>th</sup> August 2006) on the online petition on the organisation's website <http://www.thecase.org.uk/about.php>, only one comes from Blackpool. The campaign coordinator, Councillor Stephen Bate, did not attend or vote against the submission of the Blackpool case to the CAP at Council in March 2006 nor against approving the draft Licensing Policy Statement which explicitly indicated Councils willingness to license. Nevertheless, this anti-gambling voice - which is present in all gambling jurisdictions around the world – has inserted a healthy check and balance into the debate locally and has ensured that the assessment of potential economic and social impacts are properly assessed.

Blackpool has unparalleled public and organisational support for its proposals, built over six years of strategy development, consultation, discussion and debate.

Blackpool's polling, market research and consultation has embraced exercises connected with the proposals, both specifically and as part of the Masterplan and Local Plan consultation surveys. Polls consistently show three times as many people for as against, with very high levels of awareness of the proposals as follows:

'Let's Talk' Campaign:

- In February 2001 the Blackpool Challenge Partnership (BCP) commissioned SWR Worldwide to conduct a 'Let's Talk' campaign comprising four focus groups with Blackpool residents to seek input on the Resort Casinos proposals. This was followed up with a quantitative assessment of the views of local people through a representative survey: 73% were aware of the proposals for resort hotel casinos and gambling; 71% supported them, 22% were opposed.
- In the focus groups conducted as part of the Lets Talk campaign local residents were united that the town desperately needs social and economic regeneration and that the current situation cannot continue. It was further felt that the CCQ could not simply be about gambling but needed also to offer a family atmosphere and a wide variety of exciting leisure experiences, including shows, children's entertainment and restaurants.
- In 2002 the Council appointed an all-party Scrutiny Committee to consider the issue of casino-based regeneration. Having taken evidence from all parts of the community for and against the proposals, the Committee came to a clear view of support for casino development along with the associated regeneration benefits

Blackpool Local Plan and Masterplan consultations:

- The Blackpool Local Plan 2001-2016 consultation included a pre-deposit consultation (November 2001-February 2002) entitled 'Your Town, Your Future' which highlighted key issues of regeneration, town centre, tourism, housing and industrial development.
- In January 2003 the First Draft Plan was published and consulted upon. Consultation on the New Horizons Resort Masterplan was carried out from March 2003. Over 320 organisations submitted over 1,200 representations to the Local Plan. Only 7 respondents submitted objections in principle to casino development at the first and revised deposit draft stages.

Blackpool Visitor Survey:

- The Blackpool Omnibus Visitor survey of 2003 asked whether Blackpool's tourism offer would be improved through gaming activities. In a sample of 4000, almost three times as many people were in favour as against casino development

Blackpool 'Quality of Life' and Residents Surveys 2005 and 2006

- In December 2005 the Council and the PCT 'Quality of Life' survey of the Citizens' Panel asked about the development of resort casino-hotels, modern conference facilities and other attractions: 76% either supported the proposals (29% strongly supported) or neither supported nor opposed; 20% either opposed or strongly opposed
- The March 2006 IPSOS/MORI survey<sup>8</sup> shows, that of those expressing a view, three quarters of people were in favour of casino development. In the same survey 93% of residents said that they had heard of the proposed development.

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<sup>8</sup> IPSOS/MORI Blackpool Residents' Survey for Blackpool Council May 2006

- The IPSOS/MORI survey concluded that the findings of the resident survey were supportive of the case for a regional casino in the Blackpool Council area in that 'they show high levels of awareness and support..'
- In a May 2006 online poll carried out by the Blackpool Gazette which asked about support for the casino proposals 91% of respondents said they were in favour.

Political resolve in Blackpool to license is firm and crosses political boundaries. It will remain constant irrespective of the political make-up of the Council. Plans for casino development have been approved by full Council four times - most recently in March 2006 when Councillors endorsed Blackpool's bid and draft Licensing Policy Statement with all-party support and no votes cast against. All three party leaders on the Council offer their wholehearted support for the proposal.

Support extends to all local authorities (of all political complexions) in Lancashire, the Lancashire Economic Partnership, the Northwest Development Agency, the North West Regional Assembly, the Lancashire and Blackpool Tourist Board, the Lancashire Constabulary and Blackpool Primary Care Trust, the Acute Hospital Trust for Blackpool and the Fylde Coast, the local federation of schools and colleges and the Blackpool Hotel and Guest House Association and Premier Holiday Association amongst others.

Blackpool has received strong cross-party support from members of both the House of Commons and the House of Lords, which includes support from local, regional and national MPs as well as from members of the Gambling Bill Standing Committee and the Joint Committee on the Gambling Bill.

The Blackpool bid is the product of a multi-agency Casino Steering Group comprising the above-mentioned partners and other local public and private sector interests.

The Blackpool Local Strategic Partnership has endorsed the bid with no voices opposing the proposals.

Blackpool is also the nation's favourite choice for a regional casino<sup>9</sup>.

### **Probability of implementation**

**12. We note the strong support of stakeholders. However, given that two present casino licensees have not implemented projects and given the local anti-gambling lobby how can you be so confident that this will actually happen as and when intended?**

In Blackpool there is one casino premises licence granted under the 1968 Act, which has not been implemented. A second premises licence application is pending and has not yet been awarded.

Non-implementation of an extant 1968 premises licence is not exceptional. There has been a recent surge in interest, nationally, in obtaining casino premises licences under the 1968 Gambling Act. Blackpool understands that there are 32, 1968 Act licence applications pending and 171 granted licences of which 140 are active. The recent, revived interest in 1968 Act licences reflects a view amongst UK operators that the UK casino industry has been successful in limiting the number of 2005 Act casinos, won many concessions relating to historic restrictions on the operation of existing casinos and will succeed in winning future relaxations on operational controls, machine allocations etc that will make the 1968 Act casino stock more attractive and profitable in a casino landscape populated by limited numbers of 2005 Act casinos.

London Clubs International secured the single, extant licence in Blackpool, on appeal, following refusal by local Blackpool magistrates. It also secured the necessary planning permission. The licence relates to premises within the

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<sup>9</sup> Populus poll July 2006 for Blackpool Council

Conference, Casino Quarter, which are not in the ownership of the licence holder and are earmarked for early redevelopment if Blackpool's bid for a regional casino licence is successful. This interest in a 1968 licence was tactical, and originated in a period when the Government's intention relating to competitive procurement of casino operators was less clear, Blackpool's local plan policies were in gestation, and stakeholder interest in an existing casino was seen to provide a route to the much richer prize of a regional casino licence. In this instance non-implementation is a consequence of changing events nationally and a local, tenure constraint.

Blackpool would contend that the 1968 Act casinos, and 2005 Act regional casinos are entirely different products and that, in any event, operator interest/disinterest in implementing the former in a specific, local market provides no indication of operator interest/disinterest in implementing the latter in the same local market. Blackpool would liken this relationship to the very different responses the market would make to the very different investment opportunities provided by a single unit retail development in a provincial high street and an entire shopping mall.

The anti-gambling lobby in Blackpool is loud but is not strong. It is a product of the extensive, transparent debate about casinos and casino led regeneration that has been encouraged by Blackpool Council and a very active local media over the last 5/6 years. It is typical of jurisdictions internationally where there are open, democratic processes and those morally and ethically opposed to gambling can express their position. This anti gambling lobby has expressed its position within the debating chambers of the Council, through the Councils scrutiny process, in the public local inquiry into the Local Plan (where there was just the one objection heard to the principle of casinos – with the Noble Organisation arguing not against regional Casinos but for one on their land) and in the local media. It has also expressed its opposition to the provisions of the Gambling Bill and Gambling Act on the national stage. This voice has inserted a healthy check and balance into the casino debate in

Blackpool and has helped to ensure that the resort's approach to casino development is based upon a sensible assessment of potential economic and social impacts, both positive and negative.

Locally, there is firm, all party support for regional casino development and casino led resort regeneration and no prospect that this minority, anti-gambling lobby will halt or bring delay to a planned development and procurement process which is on track, has anticipated the OJUE regulated, casino licence competition from the outset, and has deliberately pursued a transparent, statutory plan led approach to development. This process is continuing and Blackpool plans to use the Panel's deliberation period to December 31, 2006 and the following Government consultation period on procurement methodology to progress the public statutory processes and prepare for the operator competition process.

In terms of demonstrable interest in pursuing the license in Blackpool in the context of either one or potentially eight licenses nationally for the regional casino, there has been continual strong pressure and operator interest from the principal international an national quality casino operators, expressing complete confidence in Blackpool and are eager to make a start. There is no doubt of their willingness to go forward with development as soon as the green light is given.

### **Regional Context**

**13. You did not wish to consider a fallback to a large or small casino – what is it about the regional casino that will make such a difference to your area?**

Blackpool did look carefully at the opportunities in the 2006 Gambling Act for regional, large and small casino development before making its submission to the Panel. It sought the views of international casino operators and UK casino operators active in the UK, London and provincial markets on the ratios and limitations applying

to tables, machines and other gambling activities and their impact on net revenue, profit and economic rent. It also looked at the UK customer response to early freedoms granted under the new Gambling Act.

Blackpool concluded that;

- existing casinos would move towards the mainstream of commercial entertainment and would see increased business, and growth in customer numbers.
- the gap between the economic power and regeneration potential of 'small' and 'large' casinos and that of 'regional' casinos is enormous.
- in Blackpool 'small' and 'large' casinos would not create a compelling reason to visit Blackpool or act as a catalyst for a leisure cluster that would have this power
- in Blackpool 'small' and 'large' casinos would simply grow 'door step', convenience gambling by serving an existing market already well served and, as a consequence, would not serve the resort regeneration agenda.

Blackpool also concluded that regional casino development would provide a unique opportunity to bring positive, lasting change to the resort role. Its exceptional economic power and potential is expressed in its seasonal independence, and ability to attract a high annual visitation, new visitors and high average visitor spend, generate a substantial turnover and profit, and commit to quality as the universal driver of physical development, environment and customer service. Crucially, in Blackpool it will provide a substantial capital fund for regeneration and act as the catalyst for an entertainment destination where gambling will be one entertainment activity within a spectrum of leisure, retail, conference/exhibition, hotel, food/beverage and hospitality services.

The scale and form of physical change ignited by casino development, successful synergy of complementary attractions, and variety and intensity of existing and new experiences, will have the critical mass to create compelling new reasons to visit Blackpool, attract the attention of lapsed visitors, draw visitors more frequently from further destinations and generate greater visitor footfall than that created by the same independent uses on a stand-alone basis.

This concept, of a cluster of complementary revenue generating uses, is contrary to the widely held notion that casinos are the primary generator of revenue, and the surrounding attractions simply serve as add-on components with little contribution to overall revenue. This concept lies at the heart of Blackpool's formal submission to the Panel and its determination to create a winning mix of uses that will be sustainable in a potentially, more competitive market. It is expressed in the master plan proposals for the Conference, Casino Quarter and the planning application for comprehensive development submitted to Blackpool Council by ReBlackpool.

### **Community benefits**

**14. How much thought have you given to possible "commercial" deals with any possible operator? Are you confident you will be able to obtain the best community benefit from the project? What would money obtained from such deals be spent on?**

We are confident that the Blackpool proposal provides maximum community benefit through its regenerative impact, an impact more powerful since the income into the local economy will be delivered by the fact that 90-95% of the casino visitors will be from outside Blackpool and with the majority being from outside the North West. The essential benefit is one of jobs and prosperity through the reversal of decline in visitor numbers and spends with the introduction of all-year, high quality entertainment and

conferencing facilities. This will foster much-needed investment in existing attractions creating a truly sustainable economy. Our answers to Q 4 show how we will ensure the jobs and opportunities benefit the most disadvantaged communities. Blackpool will use the resources flowing from this proposal to develop specific initiatives, negotiated with the successful operator, as part of the competitive scheme appraisal and operator selection process. The regeneration payment accruing from the development will be directed to:

- the construction of a new state of the art national conference and exhibition facility to that will replace a 100 year old, uncompetitive facility, counteract seasonality and recapture lost conference trade. Leisure facilities included within the casino development will encompass new 4 star hotel rooms, theatre/entertainment space, speciality shopping, high quality restaurants and other entertainment facilities, improved local environment and events and the ongoing maintenance of these
- target assistance to vulnerable local neighbourhoods through a Community Regeneration Fund using approximately £1-2 million per annum for community based projects offering opportunities to local people and mitigating any adverse impacts. This will be funded from operator contributions competitively negotiated in the operator selection process; locally-retained growth in commercial rates; and contributions from other development projects
- support to training at Blackpool and the Fylde College and other local training outlets involved in the local employment initiatives detailed in Q4. This will include a Blackpool Bursary to help provide basic training and job-related training targeted to the long-term unemployed and rising generation in the most deprived neighbourhoods

- gambling harm reduction and treatment services and other initiatives to help mitigate social impact enhancement and the development of a gambling observatory to help monitor social impact
- the Conference, Casino Quarter will be added to the existing Business Improvement District providing additional resources to help improve the immediate local environment
- there will also be improvements to the central infrastructure of the town including roads and parking along with public transport services and footpaths and cycleways.

In choosing the preferred operator the Council will be looking for an operator with a positive procurement policy designed to procure locally and develop further the supply-chain businesses in services and products.

Blackpool has maintained close dialogue but distance from potential operators and developers. It has gauged the extent and nature of interest without at any stage entering into a shortlist or individual developer agreement. Blackpool believes this is right because the single regional casino licence will have its optimum value when it is actually available to the area that wins this competition. Those who have negotiated already with a developer or operator will, in our view, have sold themselves short in achieving best value from this opportunity. Blackpool Council is the principal landowner for the area proposed for the regional casino development and will therefore be able to derive more value from any deal for the wider community than those who do not own land in the development. Using the competition our land ownership along with tools such as local labour clauses, Local Plan Policies and Planning Brief, SPD, will be key in assessing the net worth of any development to our town.

**15 Some have told us that a) a regional casino in Blackpool would largely attract the available spend away from existing businesses and b) that the effect of this displacement and the ability of Blackpool's economy to retain expenditure, will result in very little additional retained economic benefit in Blackpool. What is the counter argument to this?**

The views expressed in question 15 are generated by narrow vested interests, held by a minority involved in the amusement arcade business and not shared by all amusement arcade operators. The divergence in views on displacement is associated with very different views about the form the regional casino will take, the role it will play as a catalyst for a wider, 'must see' attraction, and the markets it will attract and grow. Blackpool has a clear vision of:

- A leisure cluster containing speciality retailing, and an exciting mix of entirely new and existing leisure operations including casino gambling, high quality hotel accommodation and a contemporary conference/exhibition venue.
- A development that features outward looking casino development and uses this new entertainment product to energise the entire leisure cluster.
- A distinctive all weather development that signals Blackpool's commitment to quality and seasonal, independence is innovative and exudes the 'other worldliness' that will help capture new markets.
- A development that is permeable, connects into the surrounding street pattern and benefits surrounding businesses.

It has sought to express this in statutory plans and outline planning applications, and following extensive dialogue with potential operator/developers, Blackpool is confident that this vision is shared by the industry and will be realised if it is successful in obtaining the opportunity to licence a regional casino.

Blackpool's views on displacement are based on the assumption that the regional casino will form part of a wider leisure development. They recognise that displacement is a complex and multi-dimensional factor, operating at a variety of levels, and is likely to be present in most if not all situations where a new or competing product/service is brought to the marketplace. They also recognise that in practice, displacement is the battlefield across which rival producers compete to gain market share and, while often treated in negative terms, is one sign of a healthy functioning market economy.

There is no denial that a Regional Casino in Blackpool will induce some degree of displacement - the issue is one of degree and scale. Assessment of the latter is delivered through the Pion Economics report that contains a detailed breakdown of potential displacement within the Blackpool economy.

The primary mechanism employed is analysis of the envisaged catchment profile of casino client groups which is divided into a number of sub-divisions namely:

- visitor type: - whether clients are primarily gambling visitors that are already visiting Blackpool and choose to participate in casino gambling or new tourists attracted to the area via the development of a casino;
- origin: - whether clients are local (from the local area), regional (outside the local area but within the region) or from outside the region;
- expenditure type: - whether clients are existing casino gamblers altering their place of gambling, existing gamblers switching spend towards casino gambling from other forms of gambling or new gamblers substituting casino gambling for other forms of leisure activity.

The combination of these features defines the quantum of displacement likely to be incurred and the model effectively works with 21 client group cohorts against which individual assessments of displacement and additionality can be made.

At the two ends of the spectrum lie two extreme (and hypothetical cases) cases: if all casino visits are comprised of persons that already visit Blackpool, if these persons spend the same in the casino as they would otherwise in the resort and if the development fails to attract any new or additional visitors to the resort, then there will be 100% expenditure displacement. Spending will be displaced into the casino from elsewhere in the local economy. It is important to recognise, however, that 100% expenditure displacement does not necessarily imply 100% employment displacement. Likewise, if all casino visits are comprised of persons that do not already visit Blackpool and if the development attracts new or additional visitors to the resort, then all spending will be additional and displacement will be zero.

The Pion report shows the set of assumptions employed to evaluate both displacement and additionality and it is the balance between these two elements that ultimately determines whether any 'net' effect is positive or negative. In the case of Blackpool it is assumed that development of a regional casino, along with the reinvigoration of the local leisure and tourist offer, will attract a generation of 'new' gambling and non-gambling visitors to the resort and will serve to more than offset displacement effects.

The issue of 'leakage' from local economies is well established and recognised with scale inversely linked to the size of the economy in question. The PION model adopts a 'neutral' stance in the determination of leakage employing a methodology that ensures retention reflects the nature and scale of the likely supply-chain effects associated with different forms of expenditure. Multiplier values are assessed for each of the key expenditure streams in the model and are outlined in the report. While the overall expenditure multiplier is defined at a modest 1.18, a growing expenditure base will result in a much larger retention 'quantum'.

16. On p.17 of your proposal, you claim an estimate of 2500-3400 of jobs would be created. May we presume that these figures include not just the casino, but other developments in the proposed “Conference-Casino Quarter” and also an estimate of induced or multiplier effects? These figures are substantially larger than the job creation claimed in other proposals (see the CAP website). What is the actual basis for these figures and the research evidence supporting them?

(It should be noted that first hand information available to the Panel is as follows:

**Hohensyburg, Dortmund, Germany**

**Employed in gambling 350, of which 235 are in skilled jobs  
(gaming/technicians)**

**Employed in the restaurant, etc 150**

**Total 500**

Hohensyburg is said to be the third largest casino in Europe. It has a gaming area of 6729m<sup>2</sup>, 45 games tables and 320 slots, all with no limit.

**Star City Birmingham**

**Employed in gambling 117**

**Employed in catering, etc 52**

**Total 169**

Star City is said to be the largest casino in the UK licensed under the Gaming Act 1968. It has a licensed area of 3156m<sup>2</sup>, of which 2039m<sup>2</sup> is available for gaming, 25 tables and 160 slots of which 20 are “s.31” machines).

The Dortmund and Birmingham examples do not in Blackpool's opinion provide a useful comparator for regional casino development. The German casinos are state controlled, subjected to extraordinarily high tax rates and do provide the high energy, commercial ambience private operators will seek to create in a UK regional casino. In Blackpool this will be a much larger, multi gambling and mixed entertainment cluster. The German leisure market is also culturally very different from the UK market. Blackpool's information describing the Star City casino does not accord with the Panel's figures, which appear low on employment numbers and table games and high on machines. Star City is a 1968 Act casino, developed in the wake of the Budd Report and in anticipation of a demand led and very liberal approach to regulation. It is directed at a 'locals', doorstep gambling market, and approximates to a 'large casino' in terms of scale and potential offering. Blackpool has already drawn the Panel's attention to its view that there is clear blue water in terms of experience, visitation and market rent between the regional casino and the large, small and 1968 Act casinos.

Detailed explanation of the figures presented in Blackpool's bid to the Panel is contained in the Pion Economics Impact assessment which provides for analysis of four basic scenarios - each scenario with/without operation of a convention and conference centre as this is deemed a primary joint-product of the casino product offer along with two differing baseline visitor flows reflecting variable operating levels.

- a single regional casino;
- a single regional and a single large casino;
- a single regional and two large casinos; and
- four regional casinos as envisaged within the Blackpool Masterplan.

The figures quoted refer to a range of employment impacts between a single regional casino only with a 2.5m casino visit base (2,500) and a regional casino and

conference centre with a 3.5m casino visit base (3,400) – both allowing for additionality, displacement and associated multiplier effects. Other simulations are contained in the Pion report.

In the case of the single regional casino (2.5m base), the 2,500 total is composed of +1,500 direct jobs, +303 indirect and multiplier related jobs, -347 displaced jobs and +1,059 jobs from 'new' additional visitors to the area. The pattern for the 3.5m base is similar but reflects the higher starting point.

The model operates in the context of assessing direct, indirect and induced – each of which is dealt with in a separate chapter in the PION report.

- **Direct:** the model deals separately with 24 staff grades and undertakes an individual impact assessment on each;
- **Indirect:** the model deals with goods and material flows but also pays specific attention to the nature of the anticipated visitor base which is profiled by type of visitor, type of gambler and origin. All assumptions employed are outlined in the impact report in a transparent manner:
  - In essence, the methodology starts with a visit base - eg 2.5m – designed to represent operating capacity of a facility. It then profiles the nature of the client base using available evidence where possible to inform analysis.
  - Visitors are first defined as being either directly gambling or indirectly gambling and related to more general tourism activities – using evidence from the NWDA Market Demand Study. Both of these cohorts are then subject to additional profiling as follows:
    - Gambling visitors (65% of total) are divided by origin - local (10%), regional (32%) and non-regional (58%). Each origin group is further analysed in terms of whether they are existing

or new casino gamblers, and all new casino gamblers are further divided into those switching resources from other gambling activities as opposed to those gambling from otherwise non gambling spend.

- Tourism related gambling visitors (35% of total) are divided in terms of whether they are existing tourists to Blackpool (60%) or new additional tourists attracted to the resort by the Regional Casino (40%) – both analysed in terms of whether originating from within or outwith the region.
- Each origin group is further analysed in terms of whether they are existing or new casino gamblers, and all new casino gamblers are further divided into those switching resources from other gambling activities as opposed to those gambling from otherwise non gambling spend.
  - The model thus operates with some 21 different client groups, but the complexity is important because the profile is used – when attached to spend profiles - to determine both additionality and displacement spend profiles referred to in earlier questions.
- **Induced:** the model assesses the multiplier effects from each of the expenditure streams. As indicated in the response to Q15, the overall expenditure multiplier value is evaluated at a modest 1.18.

### **Supporting Evidence**

**17. Evidence for the success of the casino proposed at Blackpool is derived from the Pion Report prepared for the NW Regional Assembly and others. This report makes a number of assumptions about visitor numbers and origin,**

**visitor spend, employment, etc. Is the Council satisfied that these assumptions are based on properly researched evidence? If post development experience were to show that some or all these assumptions were over estimated, how does the Council see the economic future of Blackpool? Could, as some opponents of the proposal aver, the economic situation become worse than it is now?**

The economic situation in Blackpool will become worse if the resort fails to implement its resort regeneration strategy. Blackpool is confident that regional casino development will bring direct economic benefits and stimulate an investment process that will reverse current trends. In Blackpool the effect will be maximised through the development of a leisure cluster in the heart of the Golden Mile in the form proposed for the Conference, Casino Quarter.

The Pion Economics study commissioned by the regional policy makers, contains no assertions about the viability of a regional casino operation in Blackpool or any other location in the North West. The study objectives were defined and the work started before Parliament decided in April 2005 to proceed with a single regional casino. The brief for the project was to examine:

- market capacity in the North West - ie help to determine the broad quantum of casinos that the region might sustain;
- potential variation in impacts for a 'standard' development at different locations in the North West; and
- assessment of different casino configuration 'scenarios'.

The study concluded that a market led approach would lead to a fairly dense pattern of regional, large and small casinos serving a range of catchments and majoring on doorstep gambling rather than destination gambling. This market led emphasis proved to be inconsistent with the precautionary approach adopted by Parliament

and the Government's intentions relating to high quality development and revenue levels that would support substantial regeneration benefits. It is now generally accepted that these can only be provided if there is a directed landscape of casino development, an emphasis on destination gambling and a restriction nationally on the number of regional casinos.

The regional report was published in July 2005 and provides regional policy makers with clear direction on the location of a single regional casino should the region be successful in winning the single national licence. Here the report states that both Blackpool and Manchester are equally well placed to support a regional casino in the North West but Blackpool has a more pressing regeneration need.

The assumptions in Blackpool's bid to the panel relating to visitor numbers, visitor spend, origin and employment were generated by a bespoke study commissioned by Blackpool Council and prepared by Pion Economics during 2006. This more recent study is clearly informed by the previous work undertaken by Pion Economics at national and regional levels. It employs a range of assumptions, based on the best available information for visitor numbers, patterns, type and spend taken from the region's STEAM model, but critically reviewed in the light of Blackpool's proposal to site the casino within a leisure cluster, and additional information emerging from Blackpool's discussions with casino operators. The assumptions in the bespoke study also reflect Parliament's decision to pilot a single regional casino. This would clearly present the Blackpool casino and the resort of Blackpool with an exceptional trading position that would undoubtedly impact upon visitor numbers, revenue figures, employment numbers, and stimulated investment. Even if there were 8 licences distributed sensibly across the UK this would not have any significant impact on the assumptions used for Blackpool's case.

Blackpool recognises that the information provided to the panel is based on a wide range of assumptions, which can only be tested properly in the competitive process

that will result in the selection of a casino operator/developer and fix the precise nature and scale of the Conference, Casino Quarter development. In its submission to the panel Blackpool has sought to express the potential benefits in a range of figures that reflect the individual business models and development intentions of the operators who have shown an interest in Blackpool. Even figures that fall at the lower end of the range quoted would have the desirable regeneration effect, particularly since so much of the benefit derives from the catalytic impact on confidence that gaining the licence will bring to new and existing major leisure players.