

A new sense of place



Proposal for a small casino and leisure complex on the Lincolnshire Coast



Contents

Introduction	1
Type of Area	1
Social Impact.....	5
Need for Regeneration	7
Willingness to licence.....	9
Probability of implementation.....	11
Development proposals.....	15
Regional and Local Context.....	18
Community benefits	19
Unique characteristics	20

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Introduction

East Lindsey District Council (ELDC), Lincolnshire County Council and its regeneration partners have prepared this document to encourage the Casino Advisory Panel to recommend that the Secretary of State grants ELDC authority to licence a small casino under the provisions of the Gambling Act 2005.

The casino would be located in our Coastal Action Zone, which is home to 60,000 people in a linear group of settlements, the largest being Skegness and Mablethorpe.

The family resorts of our Coast were an icon of post-war culture and enjoyed great economic success - their place in the world seemed secure. But although there are still over six million visitors a year, the decline of seaside tourism has led to some of England's most severe deprivation being located in East Lindsey. The isolation of the coastal communities also means that residents are unable to access the learning and employment opportunities available to people in the deprived urban areas.

We believe a small casino is commercially viable but its critical purpose is to be the centrepiece of a new leisure complex that will restore a sense of place and purpose to the Coast.

The area is an ideal testbed for a small casino. The need for increased economic activity is great; there is a direct link to tourism and leisure and the coast's very isolation means that economic effects will be 'contained' rather than dispersed across a wide urban area, thus maximising their regeneration impact.

Major leisure operators on the Coast have emphasised to us the qualitative benefits that a casino complex would bring. Its high quality would encourage other operators to upgrade their own facilities; year-round opening would extend the season; the conference market

would open up; and the casino would be a major addition to the current stock of all-weather facilities on the Coast. Perhaps most important of all, the new development would be a clear statement of confidence in the future of the Coastal resorts - in short a rejuvenation.

A key feature of the coastal economy is its dependence on tourism. For Skegness and Mablethorpe, the potential for casino supported rejuvenation is currently unequalled - there is no alternative of a retail, commercial, industrial or property led regeneration stimulus as is the case in other multiple deprived areas.

Six sites are available without significant planning or ownership difficulties. Whilst the Councils have no preferred developer/operator, three local businesses have expressed firm interest in developing a casino alongside other



leisure facilities and have the financial capacity to do so; and there is also interest from national operators. Our financial modelling indicates prima facie financial viability and East Lindsey District Council has formally declared its 'willingness to licence'.

If ministerial approval is granted, we have no doubt that casino development will proceed promptly, and that the favourable regeneration effects will be great.

Type of Area

Population base and socio-economic characteristics

The population of East Lindsey is 136,200 (2004), but the focus of this application is the district's Coastal Action Zone¹, which has a population of about 60,000. This more than doubles in the summer months and can reach 300,000. The district of East Lindsey covers 700 square miles and is the third largest district in the country.

Measures of deprivation

The statistics relating to deprivation reveal serious socio-economic difficulties and are outlined at www.coastalactionzone.co.uk. People living on the Coast are older than the national average - 26% are over 65 against 16% nationally and their ethnicity is overwhelmingly (99%) white. Residents of working age have dramatically different socio-economic characteristics from the county, regional and English averages:

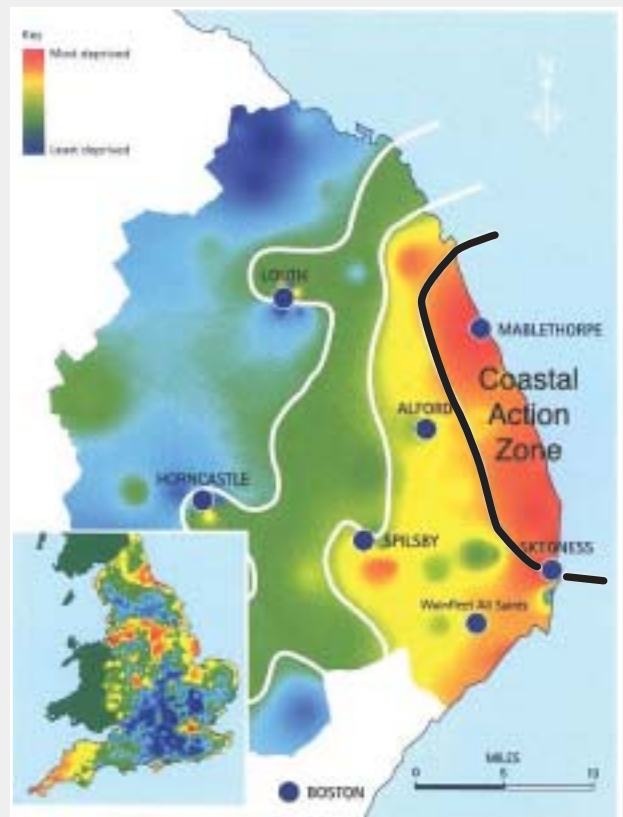
- Skill levels are extremely low - 50% of people have no qualifications whatsoever (25% nationally), and only 8% are graduates (28% nationally).
- Only 54% of people aged 16-74 are either in work or seeking work (ie unemployed) against 68% nationally.
- Incapacity Benefit claims are at significantly high levels. In Trusthorpe and Mablethorpe South ward, 250 (29%) of the 861 residents aged 16-59 are on Incapacity Benefit. There is little doubt that the numbers would fall if economic conditions were better.
- Of the relatively small numbers in work, 40% work part-time only against a national average of 22%.
- Tourism leads to extreme seasonality in employment. For instance, numbers on the

unemployment register (JSA claimants) doubled between August 2005 and January 2006.

- 15 wards inside the Coastal Action Zone are within the 20% most deprived and 5 within the 10% most deprived wards in England.

The map shows official indices of deprivation at super-output area level. The Coastal Action Zone appears in red (most deprived) and the inset map shows that this 'most deprived' status is shared with the obvious inner city areas but with few other rural areas other than Cornwall, which is designated an Objective 1 Area.

Map 1 Coastal Deprivation



Source: IMD 2004

¹ Extensive information about the Coastal Action Zone is available from www.coastalactionzone.co.uk

An opportunity

The very isolation and deprivation of the Coast presents a specific opportunity. The jobs created by the casino and other leisure facilities will, mainly, offer modest wages indicatively between 10% and 100% higher than the minimum wage, or some £10,000-£20,000 a year depending on the job. Moreover, many of the jobs would be year-round, lessening the problem of seasonality of employment which is one of the main difficulties facing residents seeking work. These conditions are attractive to residents but insufficient to induce significant in-commuting given the distances that commuters would need to travel. In short, most jobs would go to local people.

In keeping with the strict operating practices casinos invest heavily in training adding to the local skills base especially in customer care – a vital element in a service based economy such as ours.

A further effect associated with isolation is that 'knock-on' expenditures from for instance spending by casino and other employees will be concentrated within the Coast itself rather than - as in major urban areas - being dispersed throughout a large economy. As a result, our estimate of the forward employment multiplier is relatively high at 1.25, compared with a more normal figure of about 1.18³.

Tourism in the Coastal Action Zone

A central element of our tourism strategy is the development of 'year-round' facilities, such as the casino, to lessen the seasonality of current tourism. The Coast attracts over six million visitors per annum and has numerous visitor attractions, the largest in terms of visitor numbers include:

- Magical World of Fantasy Island (which is one of the possible casino sites).
- Skegness Natureland Seal Sanctuary.
- Skegness Water Park.
- Gibraltar Point Nature Reserve.

Skegness Natureland Seal Sanctuary (143,000 visitors @ £4.95) is the East Midlands' 5th largest paid attraction and Skegness Water Leisure Park (160,000 visitors) is the region's 4th largest free attraction². Although these attractions are wholly different in type from the proposed casino, they demonstrate the ability of the visitor base to generate visitor numbers of the same order of magnitude (about 90,000) as is planned for the casino in its first year of operation.

	4.95	4.76	9.71
Visitor days, m	4.95	4.76	9.71
Visitor numbers, m	4.95	1.13	6.08
Accommodation	Units	Bedspaces	
Static caravans	11328	33984	
Pitches for touring caravans & tents	4525	9050	
Hotels etc	N/A	5207	
Self-catering	898	2694	
Holiday Resort (Butlins)	1600	7000	
Total		57935	
Expenditure, £m 2003		Spend per visitor	Spend per visitor day
Day visitors	131.4	£26.54	£26.54
Overnight visitors	170.0	£150.44	£35.71
Total	301.4		
Catering	103.0		
Retail	68.3		
Accommodation	47.1		
Travel	44.0		
Attractions & Entertainment	39.0		
Total	301.4		

² www.staruk.co.uk has extensive statistics

³ Professor Glyn Owen - Economic Case for a Small Casino within the Coastal Action Zone

Map 2: Coastal Action Zone Location

The table presents key data on tourism. The critical points are as follows:

- Day visitors are numerically preponderant but visitor days are divided equally between day visitors and staying visitors.
- Static caravans account for about 60% of bedspaces - or 74% including touring pitches.
- Hotels account for under 10% of bedspaces and self-catering and holiday camp accommodation for approximately 12%.
- Expenditure per visitor day - about £30 as an overall average - is low, as many visitors are people of moderate means.
- Although there is no hard data, consultation with hotel proprietors reveals over-supply of hotel accommodation at the bottom end of the price range but a scarcity of three or four star accommodation.



access to the M180 and to the near-motorway A1, but from these major routes to the Coast road travellers face long journeys.

Central Trains provides a rail link from Skegness to the East Coast Mainline station at Grantham via Boston and Sleaford, but this link transports only a small proportion of total visitor numbers. Similarly, the local bus services accommodate only small numbers of visitors: the predominant mode of transport is the private car.

Transport Access

It is important to emphasise the isolation of the Coastal Action Zone from areas of economic success. Skegness is an hour by car from Lincoln and is two hours from major centres of prosperity such as Peterborough and Nottingham. The Coast lacks an FE college and travel-to-learn times from Skegness to colleges in Grimsby, Boston and Lincoln average an hour one way by car. All travel times are greatly increased if public transport is used. This degree of isolation make it impractical for people without reliable cars to access employment and learning opportunities away from the Coast, and makes the effects of deprivation worse than in the inner cities which - whatever their problems - are at least adjacent to many opportunities.

Map 2 shows the location of the Coastal Action Zone and specifically of its two main settlements, Skegness and Mablethorpe. Visitors from much of England have good

Origins of visitors

The market for the resorts of the Coastal Action Zone has been for decades the industrial areas of South Yorkshire and the East Midlands, areas already served by casinos, with the local, Lincolnshire market in a secondary role. This remains the position today, though visitor numbers from farther afield and even from abroad are already significant and growing in importance - and our tourism strategy, of which this casino proposal is a central part, aims to reinforce these trends.

Social Impact

Overall social impact

There is a consensus amongst the regeneration partners, residents and businesses that we have consulted in developing this proposal that the social impact of the casino will be strongly positive with benefits greatly outweighing social costs.

The critical problem facing residents is poverty and deprivation associated with worklessness. The casino and related developments offer the prospect of several hundred new jobs, mostly of a type to which residents can aspire; and the opportunity of sparking a wider transformation of the Coastal Action Zone into a modern English leisure destination.

The impact on problem gambling, social cohesion and the sustainability of communities in such areas

There is no evidence of problem gambling in East Lindsey, or in the Coastal Action Zone specifically, going beyond the average estimates of the number of problem gamblers, ranging from 0.6% to 1.0% of the adult population. We believe on the basis of informal consultations that problem gambling is at lower rates here than the national average, despite the existence of 50 premises with high-jackpot 'Amusement-with-Prizes' machines on the Coast.

We accept that for a few individual residents, there is a risk that the presence of a casino i.e., 'destination gambling' will draw them into problem gambling, but we consider that the leisure nature of the facilities we propose, oriented towards visitors, will mean that numbers are few. The Casino is unlikely to be a drop-in facility for large numbers of residents.

Codes of conduct followed by operators, skilled staff and the promotion of Gamcare will help spot problem gambling and provide supportive action. The employment opportunities offered by the casino will thus promote community cohesion. Lincolnshire Police⁴ are supportive of the casino submission and highlight that the regeneration impact would contribute to reducing poverty related crime and anti-social behaviour.



The impact of the casino in reducing seasonality of employment will contribute to reducing transience – i.e., multiple moves of residents within the Coastal Action Zone. This has resulted in some schools in the area having a pupil turnover of over 30% per annum.

Planned procedures to counter potential negative social impacts of gambling

In addition to our plans to establish links with organisations such as GamCare (www.gamcare.org.uk), we are currently negotiating arrangements with the Primary Care Trust and expect that developers will contribute to the costs. The PCT⁵ have welcomed the possibility of a casino subject to reasonable measures to counter the potential negatives. The measures that they suggest and that we support, are:

⁴ Letter of support from Lincolnshire Police

⁵ Letter of support from the Primary Care Trust

1. A Health Impact Assessment as a partnership of the PCT and Lincolnshire County Council Children and Adult Services.
2. Clear responsibilities on future operators to safeguard vulnerable people from:
 - Uncontrolled access to gambling opportunities.
 - Long alcohol licensing hours.
3. Measures to ensure that real economic and employment benefits are received by local people.

would be sourced from outside the Coastal Action Zone. We recognise, however, the need to ensure that people have the right skills and are working in partnership with Lincoln College, First College Skegness, the Coastal Academy and the Lincolnshire & Rutland Local Learning and Skills Council to ensure that the right training resources are available. We expect the critical mass of activity around the casino complex to promote the training infrastructure on the Coast, building on successful activity such as the Modern Apprenticeships offered by Butlins in partnership with Boston College.



The council is working with Lincoln College to develop a casino skills training course. It is proposed that subject to approval of the successful operator that this would be run in partnership with the new national gaming academy at Blackpool and the Fylde College who are supportive of this initiative. The high level of IT used in modern casinos will add higher value to the skills base of the Coastal Action Zone.

Monitoring and evaluating the social impact of a new casino

We propose to commission the University of Lincoln to undertake rigorous and independent monitoring and evaluation including assessment of the adverse effects of the casino as well as the socio-economic benefits.



Ensuring that local people are able to benefit

As already noted, the isolation of the Coastal Action Zone will help to ensure that local people benefit. We consider it would be unlikely that the main workforce



Need for Regeneration

Investment in regeneration

The facts of deprivation in the Coastal Action Zone, as cited earlier in this proposal, have led the key agencies - this authority, the County Council, the Learning and Skills Council, the East Midlands Development Agency and the Government Office for the East Midlands to recognise the need for action in the Coastal Action Zone. Investment so far, however, has been modest and the casino and its related leisure facilities have a decisive role in regeneration.

We have noted the Hall Aitken⁶ study, which claims that many of the regeneration benefits of large ('regional') casinos are offset by displacement effects on nearby leisure activities. We do not believe that this argument applies to our proposals, which are for casino activity of modest scale in an area devoted to leisure activities and far from any competing gambling attractions. From the point of view of the Coastal Action Zone we expect the resulting activity to be almost purely additional. It will indeed generate positive spin-off effects both of the conventional multiplier-linkage kind and of the dynamic, qualitative kind that we listed in the introduction to this proposal.

The casino is the only real opportunity available to the Coast. Large urban areas, affluent coastal sites and those with access to good transport links can attract inward investors in office-based industries, or enhanced retail, commercial or other 'clustered' activities. We do not have these options. There is no alternative to a tourism industry led development on the East coast of Lincolnshire.

Impact on employment and Gross Value Added

We have conducted a standard multiplier-linkage analysis of the impact of the casino and related facilities with the results shown in the table. Employment in the facilities themselves is broadly consistent with the three specific proposals actually received (see Section 5). We estimate that 17,500 of the 60,000 (all age) residents of the Coastal Action Zone are employed on average across the year and that the casino project, together with multiplier and linkage effects, will have an impact equal to 2% of current employment on a head-count basis⁷.

Employment summary

	FT	PT (=0.5 FTE on average)	Headcount	FTE	Wage bill, £m
Casino and restaurants	75	75	150	113	1.71
Hotel	23	23	46	34	0.46
Entertainment facility	33	33	67	50	0.67
Sub-total for all direct effects	131	131	262	197	2.84
Local linkage	8	8	16	12	0.15
Sub-total	139	139	279	209	2.99
Apply forward multiplier @ 1.25 (see note)	174	174	348	261	

The forward multiplier is higher than the standard 1.18 because of high local 'containment'
Excludes construction jobs (see text)

⁶ Hall Aitken (Regeneration Consultants) 'The Social and Economic Impacts of Regional Casinos in the UK', February 2006

⁷ Professor Glyn Owen - Economic Case for a Small Casino within the Coastal Action Zone.

We expect construction to begin during 2008, and for one-third of work to be completed in that year with the balance in 2009. We expect half of the jobs tabulated above to be in existence during 2009 and the whole number from 2010 onwards. On these assumptions we anticipate an employment impact of 0.6% in 2008 - entirely from construction activity - and the 2% already mentioned from 2009 onwards, though in 2009 this impact will be about equally divided between construction job impact and operating job impact.

There are no official statistics for GVA for either East Lindsey or for the Coastal Action Zone. In 2003, Lincolnshire GVA was some £8.4bn. On the basis of the Coastal Action Zone's share of population (something under 10%) and a range of evidence indicating low GVA per capita there, we estimate that about £600m of GVA originates from the Coast - though any such estimate is subject to major methodological difficulties. Lincolnshire County Council estimates indicate that GVA within the Coastal Action Zone is below that of Objective 1 levels. The direct and induced activity that will lead to the employment effects summarised above will, we estimate, add about £10.5m of added value to the total or 1.8% of our rough £600m estimate of GVA.

A strong multiplier effect in a 'self-contained' locality

We anticipate that the new casino and its immediately associated facilities will create 260 headcount jobs. We estimate that there will be at least 16 'linkage' jobs created on the Coastal Action Zone - these are jobs resulting from the casino and other facilities making purchases from local suppliers⁸ and those suppliers in turn increasing their orders to other suppliers. More significantly we anticipate that the 'forward multiplier' that is the effect of

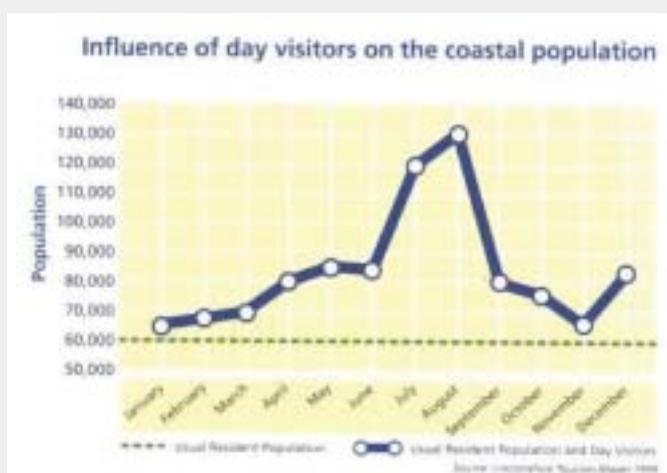
increase spending by people newly employed at the casino and associated facilities (and at suppliers) will raise the number of jobs by about 25% to an overall total of 350.

Other regeneration outputs and outcomes

Some parts of the East Lincolnshire Coast effectively shuts down both economically and socially for the six months from October to March. This seasonality creates two coasts, first the one which holiday makers see: vibrant, lively and commercially successful and a second, largely unseen coast: quiet, cold, and economically inactive. A casino would help to level out the economy, provide an all year attraction and act as a catalyst for more all year facilities.

The graph shows the usual resident population level at 60,000 and the impact on the population when visitor numbers peak at the height of summer and there are over 130,000 people in the area - though its monthly averages do not show the peaks, exceeding 300,000 on some days in the summer.

Whilst located on the coast, the casino concept has the potential to attract visitors to the whole of Lincolnshire and thus act as an entrepot to the rural hinterland and enhance the tourism product of Lincoln, Boston, Louth and Woodhall Spa.



⁸ A schedule in Excel format detailing our assumptions is available from www.coastalactionzone.co.uk

Willingness to licence

Council Resolutions

Following consultation with residents and businesses the East Lindsey District Council meeting of 1st March⁹, 2006, resolved:

1. The Council would be prepared to issue a Casino Licence.
2. That an application to the Casino Advisory Panel to site a small casino in East Lindsey be approved.
3. That any proposed casino to be located within the Coastal Action Zone – Mablethorpe to Skegness strip.

The recommendations were approved unanimously, with all five council political groups supporting the recommendations¹⁰.

Details of local consultations

In order to encourage widespread comment and debate on the issue of licensing a casino the Council embarked on an extensive consultation programme with stakeholders via the Council's website, public meetings, letters to local organisations and Town and Parish Councils and by direct contact with the Council's Consultation Team. The analysis of the responses is in two parts¹¹.

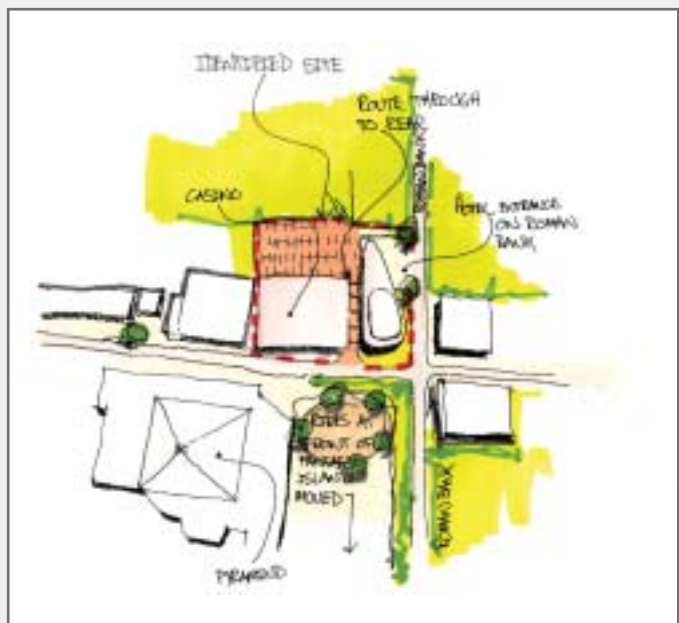
"Three of Skegness' Wards are high on the indices of Wards of Deprivation and need investment. Skegness Town Council would be quite capable of overseeing and planning for potential problems arising from the construction and running of a casino"

Skegness Town Council

"It would make an excellent attraction for the District of East Lindsey and help bring much needed revenue to East Lindsey's economy".
East Lindsey District Council

Response via Public Meetings

Meetings were held in Skegness and Horncastle to listen to the views of East Lindsey residents and business



representatives on the potential for casino development within the district and the issue was raised at Mablethorpe Area Committee, Skegness Town Council and Horncastle Town Council. All who attended were given the opportunity to comment. There was some limited concern over the possible negative social impact of any large scale casino development but this view was greatly outweighed by those who felt that a casino would offer regeneration opportunities and the potential for additional non-gambling leisure activities.

The overwhelming view was supportive and that it should be located on the coast where the need for regeneration was most strongly felt.

⁹ Council Report 1 March 2006, Potential for Casino Regeneration

¹⁰ Minutes of Council Meeting 1 March 2006

¹¹ Overview committee Report 22 February 2006, Consultation Exercise on a Casino Proposal for East Lindsey

Response via Council's website, letters to local organisations and Town and Parish Councils.

Written respondents to the Council's Consultation Exercise supported the casino proposal. All comments from coastal residents and organisations were supportive. Inland respondents – either public or Parish Councils were more likely to highlight the potential negative consequences of casinos, and where they supported a casino, suggested that it be located on the Coast. Skegness Town Council established a specific Working Group to review the issue and resolved to support a casino proposal.

Responses received by local statutory agencies supported the proposal. These included Lincolnshire Constabulary and East Lindsey PCT. Both identified the need for economic regeneration on the coastal strip as a key factor in supporting the development. Skegness Chamber of Commerce has also written to the Council to support a casino in Skegness¹².



"This is an excellent way to regenerate towns and communities, bringing with it improvements to the infrastructure which would never occur otherwise. Skegness is the best possible location as it has an established range of accommodation already in place".

A Member of Skegness Town Council



"A casino may encourage the development of conference facilities that would enhance the resort and attract visitors out of season, making the need for seasonal unemployment unnecessary".

A Skegness business person

Resolutions of support by the Local Strategic Partnership

The LSP Steering Group on the 9th February, 2006 approved the submission of a case to the Casino Advisory Panel for a coastal casino in East Lindsey¹³.

Relevant tourism or leisure strategies

The Economic Development and Leisure strategies of the Council, Lincolnshire Tourism, Lincolnshire County Council and Lincolnshire Enterprise demonstrate partners' commitment to economic regeneration and tourism¹⁴.

East Lindsey District Council and Lincolnshire County Council see the development of a casino as a contributor to both these objectives. The Casino led development will support a new four-star hotel that will help establish the conference market. At present the four-star standard hotel provides insufficient bedrooms to cater for medium sized conferences.

¹² Letter of support, Skegness Town Council

¹³ Local Strategic Partnerships Report of 9 February 2006 – Potential for Casino Regeneration and Minutes of Local Strategic Partnership Meeting, 9 February 2006

¹⁴ Enterprise East Lindsey – Economic Development Strategy 2006 –2020, Lincolnshire Economic Strategy and Investing in Success – A Tourism Strategy for Lincolnshire 2005-2010

Probability of implementation

Introduction

In committing itself to licencing the casino, the Council intends to restrict the location of the casino to the Coastal Action Zone, which is the focus of its regeneration activity. The Council has identified six potential locations for a casino listed below, and they will provide the basis, if the Council is successful in obtaining authority to grant a licence, of the local assessment of location. There is firm local developer interest in three sites, which are described more fully below. The map shows the locations of all six sites.



The proposed development

The development as planned by the council will comprise a small casino with associated restaurants and bars and a four star hotel. We will work with developers to encourage further leisure facilities such as a bowling alley or multi-screen cinema.

Within these parameters, and in the case of the casino the legal restrictions on size, it will be for the developer to decide on the scale and type of development, subject of course to the usual planning regulations

We have, however, conducted a modelling exercise¹⁵ based on the following principal assumptions, all of which are regarded as prima facie reasonable by this authority, its partners and the developers or advisors that we have consulted:

- A 1,000 square metre casino costing £2.2m to build and equip.
- 2,000 square metres of restaurant space, costing £2m.
- A 90 room four star hotel costing £6.3m.

- Site 1** Butlins, Skegness (see Developer Proposal 1).
- Site 2** Fantasy Island, Ingoldmells (see Developer Proposal 2).
- Site 3** Southview, Skegness (see Developer Proposal 3).
- Site 4** Southern Foreshore, Skegness.
- Site 5** Northern Foreshore, Skegness.
- Site 6** Mablethorpe.

- An entertainment facility costing £2m - inevitably there is more uncertainty about this than about the other components.

As a market comparator, we note that our £4.2m of casino/catering investment is less than the widely-reported £7m capital cost of the Opera House Casino in Scarborough, a resort comparable to those in the Coastal Action Zone and already hosting one other casino.

¹⁵ Financial and business model prepared by Glyn Owen Economic Advice, March 2006. A copy of the model is available from www.coastalactionzone.co.uk

The three indicative proposals actually received by ELDC envisage private sector capital spend on a greater scale even in the initial stages. As a result, we regard our estimates of investment as being cautious, and certainly as under-stating the long-term potential for private sector investment.

Market demand analysis

The primary market for the casino will be the six million plus visitors to the Coast, rather than residents. The table indicates our reasoning.

We rely essentially on the Mintel analysis of the casino market, which indicates that about 3% - 5% of the adult population do currently visit casinos, but that many more are willing to consider a visit as part of leisure activity if this is 'easy' - and we note that the ending of the 24-hour wait for membership will make visits to casinos markedly easier. Accordingly we have estimated that 2.5%¹⁶ of adult day visitors and 4.0% of adult staying visitors will visit the casino.

Criteria for identifying appropriate and sustainable localities for the new casino

In deciding on a preferred site from amongst the six identified so far and others that may be identified in due course, our broad criteria¹⁷ will be as follows:

- Ability to accommodate the scale of development proposed and consistency with the district's planning framework. This is a 'hurdle' criterion that all sites must meet. The decision between competing proposals will then be made on the basis of the remaining criteria:

- Maximisation of the favourable impact of the development on the local labour market and the economy. This impact will depend amongst other things on:
- The scale of development proposed.

Penetration analysis

	All, m	Adults estimate	Adults est, m	Penetration	Casino visits, m
Day visitors	4.95	60%	2.97	1.8%	0.053
Overnight visitor days	4.76	60%	2.86		
Overnight visitor numbers	1.13	60%	0.68	4.0%	0.027
Residents	0.13	70%	0.09	15.0%	0.014
Total					0.094

Note: 'residents' are residents of East Lindsey. It is assumed that 5% of adults will visit the casino on average three times annually - hence notional penetration of 15%

- The opportunity for other leisure and tourism businesses to 'cluster' around the primary facilities.
- The potential of the specific activities proposed to employ residents, especially those not now in employment.
- Probability of the development proceeding, having regard to the financial status of the site owner and developer.
- Minimisation of the adverse social effects of gambling, for instance through commitment to relevant codes of conduct.
- Minimisation of unnecessary car journeys, for instance by optimising use of the existing public transport infrastructure, whilst recognising that many customers will arrive by car.
- Compatibility with the Community Safety Strategy.

¹⁶ This may of course, actually be (say) 3% of visitors making an average of 1.33 visits, or any similar combination

¹⁷ Draft Licensing Criteria

Existing and proposed transport infrastructure

The transport infrastructure comprises a road network with good regional but rather poor local linkages, supplemented by limited rail and bus services. The central weakness of the infrastructure is that it offers low average journey speeds across the long distances to be covered in one of England's largest districts; a secondary weakness is that on a limited number of summer weekend days the infrastructure experiences heavy demand with the influx of visitors leading to congestion. We do not anticipate the casino placing extra demands on the infrastructure.



Current provision for gambling

Excepting the usual number of high street bookmakers' shops, and the AWP machines already mentioned above, there are no significant gambling facilities in East Lindsey and the closest existing casinos in Hull, Sheffield and Nottingham are some two hours' drive time away. There have been no relevant recent trends or developments.

The impact of this casino on existing casinos and other leisure based activities

As noted above the closest casinos are in major cities at a considerable distance away from the Coastal Action Zone. We do not consider that there will be any material impact on their operations from the opening of a small casino here.

The question of impact on other leisure based activities is more significant. Tourism data indicate that spending on attractions and entertainment was £39m in 2003. Our modelling estimates gambling expenditure of £2.3m or about 5.8% of the attractions and entertainment total. However, we do not believe that there will be any diversion of expenditure from existing activities, for the following reasons:

- We expect the entertainment complex to raise visitor numbers – and thereby total spend.
- We expect gambling to be an 'additional' activity, raising per capita spend.
- Our estimate (£24) of per capita gambling expenditure is low by industry standards – our customers are not wealthy and regard gambling as a recreation.
- We believe that spending on attractions and entertainment is materially understated in the official figures – a conclusion based on analysis of cash withdrawals from ATM machines – and that gambling losses as a result will be a lower proportion of the total.

The hotel proposal is predicated on scarcity of good quality accommodation – the clearest evidence of this is the expressed willingness of our three developers to build further hotel accommodation in conjunction with a casino. Again therefore we anticipate no



displacement. Moreover the indicative 90 additional rooms (180 bedspaces) will add just 0.4% to total bedspace on the Coastal Action Zone, though it will add 3.8% to the stock of hotel bedspaces.

Finally, we envisage a 'mid-scale' catering operation in conjunction with the casino - perhaps based on, for instance, an a la carte restaurant, and a second family restaurant of the 'Frankie and Benny' type. As with hotels, this type of good quality catering is in short supply on the Coast and we see the new developments as accommodating market demand rather than diverting demand from elsewhere.

Potential critical mass effect of a cluster of casino and leisure based activities

This is a decisive factor. The core investment of £12.5m will offer an iconic statement about the transformation of the Coastal Action Zone from 'post-war resort' to being a modern resort. Over time, we envisage existing and new leisure service providers locating activity close to the casino - if for no other reason than to benefit from 'footfall'.

Investment potential

We have indicated above a probable level of £12.5m of private sector investment in the complex with a further requirement for up to £2m of public sector investment in environmental enhancements, and noted too that the actual proposals we have received are for somewhat higher investment than this.

Current level of investor interest

Current investor interest is indicated by the three Developer Proposals summarised on the following pages.



Developer Proposal 1: Butlins Skegness



Butlins Skegness is a major holiday resort attracting nearly 500,000 staying visitors in it's mix of catered, self-catered apartments and caravans with a further 70,000 day visitors.

In addition to the casino, Butlins propose to develop a 150 bedroom hotel of four-star standard, a bingo venue, cinema, restaurants and retailing, at a total cost of £20m (of which the hotel would account for £11m. These figures would be in addition to the current investment programme at the Resort, which is some £3m to £4m annually. Butlins have ample capital resources for a project of this kind.

Butlins emphasise their commitment to training and to the employment of local people. They work in partnership with Boston College and First College¹⁸ to deliver NVQ qualifications and plan to develop a Foundation Degree programme in due course. They have a track record of contracting for capital works and supplies with local companies.

Butlins see the casino proposals as an opportunity to change fundamentally the current public perceptions of the Coast in general, and their resort in particular.

¹⁸ First College is non-profit making organisation which provides training and support to businesses in East Lindsey

Developer Proposal 2: Fantasy Island Blue Anchor Leisure Ltd



Fantasy Island is in the resort town of Ingoldmells, between Skegness and Mablethorpe, and is a themed family resort providing entertainment, leisure and shopping for 3.5m visitors a year, during a seven-month season. There has been £25m of investment in Fantasy Island in the past 10 years.

A casino and related developments at Fantasy Island would enhance the visitor experience and allow for a move to all-year operation.

Phase 1 of the development would comprise the casino (750m²), three restaurants, a 'show bar', a 150-bedroom hotel and retailing, totalling some 9,000 square metres in all and costing £15m. Funding for this phase has been agreed in principle with US investors.

A second phase would see a further 17,000 square metres of development, costing £25m, and including further retail development, 50 self-catering apartments, a Weather Centre (an educational and entertainment centre) and an Indoor Waterpark.

Developer Proposal 3: Southview Leisure Park



Southview Leisure Park is situated on the outskirts of Skegness on the main Skegness to Lincoln A158 road. Southview Leisure Park currently covers a total of 185 acres and is a high quality family orientated park, having approval for a total of 1750 holiday homes and 100 touring caravans. Facilities on site include a Leisure Centre, with a swimming pool, snooker lounge, gymnasium, sauna, solariums, bistro and restaurant and a recently extended 9 hole golf course. Other facilities include an outdoor children's play park, a bowling green and four fishing lakes.

Southview Leisure Park already has ongoing extension plans and has recently gained planning permission for an additional 500 holiday homes and a large extension as well as refurbishment of the existing Family Entertainment Centre, which incorporates the licensed cabaret bar, family room, amusements and snack bar.

Southview proposes to develop a 750m² casino, to add a further 150 bedrooms of high quality hotel accommodation, together with conference facilities for 500 delegates, and to open a cabaret and show bar accommodating 800-1000 customers, a leisure and fitness centre and some retailing as well.

The Vernon family, who own Southview Leisure Park, have confirmed that they have the resources to meet the estimated £15 to £20m cost of this development.

Spend at the new casino will primarily be by tourists. We estimate that residents will spend £340,000 at the casino and that visitors will spend £1.93m on gaming in addition to 1.13m on catering. Visitors are drawn primarily from the industrial areas of the East Midlands and South Yorkshire, with a combined population of some four million, but to a significant extent from elsewhere in the UK and from other countries.

Regional and Local Context

The current draft of the Regional Spatial Strategy does not refer to casinos but makes frequent reference to Skegness and Mablethorpe and specifically to the need to overcome the severe deprivation they face by, for instance, diversifying their tourism industries in such a way as to improve the economic circumstances of residents. This casino proposal is intended to do exactly that.

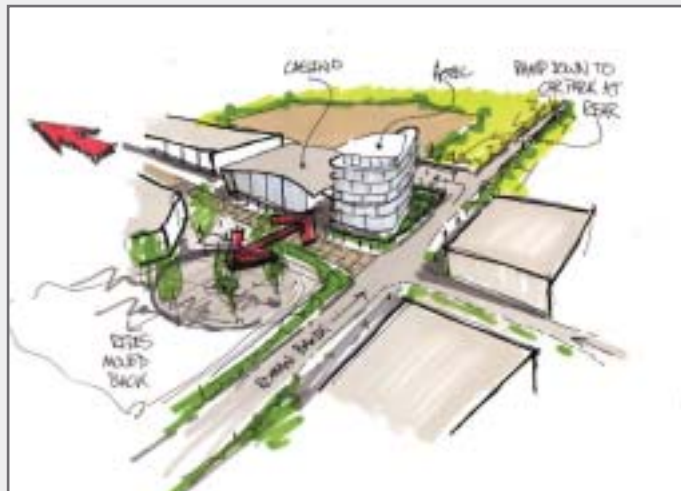
The Regional Development Agency is supportive and EMDA has delegated much of its activity to sub-regional partnerships, in our case Lincolnshire Enterprise. Lincolnshire Enterprise strongly support the proposed casino development and have funded some of the preparatory work.

Lincolnshire County Council has confirmed that the development is in accordance with its strategy for the economic regeneration of the Coastal Action Zone. The County Council has seconded an officer to work with us on casino development and has also made its economic research facilities available to us.

We have already noted the support we have received from Lincolnshire Police, expressing the view that the favourable effects on the crime rate flowing from improved economic conditions will more than offset any increase in disorder problems associated with the casino; and from the East Lincolnshire Primary Care Trust, Skegness Chamber of Commerce and others.

The Council has established a local working group of partners to take the casino project forward.

We would note finally that the casino development is fully consistent with the current tourism policies of the East Lindsey Local Plan. Our Local Development Framework is at a very early stage of preparation and is likely to accommodate tourism proposals of this nature.



We would give our in principle support for bids which were focused on a regeneration zone, such as the Coast Action Zone on the Lincolnshire Coast, where a casino could help achieve a step change in sustainable economic development.

East Midlands Development Agency

Community benefits

The primary benefits for the community will be an improvement in local economic and employment opportunities.

Deprived residents currently on welfare benefit will be employed on fair wages at the casino and associated facilities. Some employees will be attracted there from existing jobs; but this will release an equivalent number of jobs ('backfilling') for those not currently active. The upside of a remote coastal labour market is that there is nowhere else from which workers can be drawn. The casino will therefore not only create all season employment, but also create career opportunities for local residents. Casinos have an established career structure unlike the traditional seaside tourist industry.

Isolation is not absolute, and we accept that the benefits will be lessened - compared with gross benefits - by an increase in net in-commuting. This increase will, we anticipate, absorb the bulk of the most senior jobs, but only a small number of the mass of relatively junior posts. The retention of activity within the local area would be reinforced by use of a local developer.



Favourable economic change is associated with favourable social change, such as reduced crime and improved health and in the Coastal Action Zone, we expect people's social conditions to improve as a result of improved economic performance.

These beneficial effects will be reinforced by measures to mitigate the adverse impact of gambling. We intend, for instance, to make willingness to contribute to community support programmes such as Credit Unions, a

'desirable' condition when we decide on the award of a licence. In addition to any development gains the council is currently reviewing the potential of requesting a super-profit contribution from operators, which will involve operators contributing a percentage above industry norm profits to support local community projects.

The introduction of the casino will act as stimulant to the existing business community. The high standards of design and service will provide a quality benchmark in the Coastal Action Zone and assist with the council's commitment to delivering quality improvements.

The benefits to the community arising from the development in terms of planning gain are difficult to quantify at this stage as the six sites have different characteristics and infrastructure requirements. It is expected that any development will contribute to necessary road and highway access improvements.

A small casino on the coast has the potential to attract all year leisure investment, reducing the stresses placed on the community during the winter months.

Both East Lindsey District Council and Lincolnshire County Council have a recognised record of working with developers to secure additional community benefits eg. The Conoco Room at Louth Library; Wingas Development at Saltfleetby; Centrica contribution to Gibraltar Point National Nature Reserve environmental enhancements. Whilst potential community gain from the development thus needs to be identified, all local communities within the Coastal Action Zone are supportive of the concept and its regeneration focus.

Unique characteristics

We would ask the Panel to take into account the combination of severe deprivation and remoteness from learning and job opportunities, which compounds the difficulties facing deprived residents, and maximises the need for regeneration and concentrates its effect. We do not believe that this combination is faced by any of the other localities seeking a licence.

The Coastal Action Zone is unique, in both its socio-economic difficulties and the opportunity it presents to contain the favourable effects of a casino within a small area. The casino will represent a fresh start for the East Midlands' only coastal area, and has strong support from local peoples, the business community and local developers.

The unique characteristics the Lincolnshire Coast casino proposal include:

1. There is no current or proposed casino attraction within a two-hour drive time of Skegness – thus it represents a wholly untouched area in which to test a new casino development.
2. There will not be any job displacement or threat to existing operators. This will maximise the economic regeneration and multiplier impact. The development is likely to promote a new local supply industry.
3. The development is as much concerned with extending the tourism season as attracting new visitors. It will lengthen the season via an all weather facility that is likely to stimulate 52 week opening of other attractions eg, Butlins, Natureland Seal Sanctuary.
4. As outlined there is no other alternative at present to casino led regeneration. In contrast to other areas with good road linkages and adjacent to affluent urban areas there is no prospect of commercial, office, retail or property led regeneration in the Coastal Action Zone.

5. The scale of a small casino whilst minimal in urban areas, will be significant in Skegness and Mablethorpe and will rejuvenate the tourism industry. It will promote high design standards, enhanced employment opportunities and has the potential of iconic transformation of a neglected coast.
6. The wide consultation has confirmed that there is unanimous public, business and tourism community support. All sections of the community are supportive with no established local groups or individuals objecting to the proposals. All political groups of the council are supportive.
7. The commitment of the coastal community to the concept is evidenced by the interest of three local developers. Each has developed a scheme within the context of the council's financial and business model – whilst recognising the competitive nature of the selection process and that the council will be seeking national and international interest in the concept. The developers have united to invest in a casino website to promote the bid and highlight the potential of Skegness.

The casino itself will be a unique proposition, integrating with a range of family friendly activities entertaining adults and families. It will be an essential condition that the casino precludes underage players, however, in response to the Coastal Action Zone visitor profile a family visitor package will be preferred.

In conclusion we believe that not only does the Coastal Action Zone form an excellent test location for a casino but also that the casino will be a bottom up, home grown facility in touch with local communities and served by local business. Whilst whoever is chosen to develop the casino will need to be, or partner with, an established operator, the development will undoubtedly support the rejuvenation of the local area. We therefore recommend these proposals to you.





LINCOLNSHIRE COUNTY COUNCIL

