

**SUPPLEMENTAL REPRESENTATIONS TO THE CASINO ADVISORY PANEL IN  
RELATION TO BLACKPOOL COUNCIL'S BID TO HOST THE SOLE REGIONAL  
CASINO UNDER THE GAMBLING ACT 2005**

**1. Introduction**

1.1 We refer to our earlier submission to the CAP dated 14 August 2006. Since making those submissions we have received further information relevant to Blackpool Council's bid to host the sole regional casino which not only confirms our concerns regarding Blackpool Council's bid but also highlights additional concerns which we raise in these supplemental submissions to the CAP.

1.2 In order to assist the CAP in its review of our supplemental submissions, this document follows the structure of the selected matters for discussion at the Examination in Public ("EiP") of Blackpool Council's bid. We have kept our arguments concise and restricted ourselves to outlining key points in light of:

1.2.1 the short time which we have had available to prepare these supplemental submissions due to the late disclosure of documentation from Blackpool Council and the short window between the publication of further information on Blackpool Council's bid on the CAP website and the date scheduled for the EiP; and

1.2.2 our hope that brevity in our submissions will assist the CAP in preparation for the EiP of Blackpool Council's bid on 8 September.

Please note, therefore, that whilst this document addresses points raised by Blackpool Council in its response to the CAP's questions, it should not be taken to constitute a detailed or complete reply to all points raised by Blackpool Council in its supplemental submissions to the CAP.

1.3 In addition, we attach to this document a Memorandum prepared by NERA Economic Consulting entitled "Casino Advisory Panel: Hearing in Public, Blackpool September 8<sup>th</sup> NERA Memorandum", which responds to the additional documentation and information provided by Blackpool Council and which addresses points raised by Blackpool Council in its response the CAP's questions of 19 July 2006.

**2. Preliminary point: access to documentation**

2.1 As mentioned above, and in our earlier submission to the CAP, we had requested that Blackpool Council provide, *inter alia*, all the documents referred to in the endnotes to the Blackpool Bid Document. Over two months after the date of our request, and despite inviting the Council to produce documents as they became available, on 17 August 2006 we received a number of documents in response to the above request which we have reviewed in order to compile these supplemental submissions. Unfortunately, Blackpool Council's response to our request was incomplete and documents referred to in the endnotes to Blackpool's Bid Document have still to be supplied to us. We have yet to see, for instance:

2.1.1 the summary and assessment of international research regarding problem gambling intended for use by policy-makers considering authorising new forms of gambling in their jurisdiction by P Collins, Centre for the Study of Gambling, University of Salford, 2005, referred to at endnote 28; and

2.1.2 the questionnaire used for the IPSOS/MORI survey referred to at endnote 31.

2.2 We are keen to see both these documents because they support conclusions in Blackpool Council's bid which our own independent research and analysis leads us to believe are incorrect. We would like the opportunity to review the above documents and have written to Blackpool to request these documents together with additional documents referred to in (but not attached to) Blackpool Council's response to the CAP's questions of 19 July and short statement in support of its bid to the CAP. Accordingly, as a matter of fairness, we would be grateful for an opportunity to submit further representations in response to this material.

**3. Are the demographic characteristics of Blackpool such as to offer the best test of social impact?**

3.1 As stated in our earlier submissions, we believe that the demographic characteristics of Blackpool do not offer the best test of social impact because:

3.1.1 The population local to the casino faces significant deprivation and social problems. In this respect, we are surprised that Blackpool Council, having painted such a stark picture in its Bid Document of a local population differing from the average socio-economic profile, now attempts - in its answer to the CAP's Question 1 - to suggest that the population in Blackpool displays a socio-economic profile which is "typical of urban Britain". Note further that

Blackpool does not provide any data on the Blackpool population compared to the urban populations throughout England and Wales to support its conclusion. It is clear that Blackpool's population is **not** typical for the reasons stated in Blackpool Council's own bid document and as noted at section 4 of NERA Economic Consulting's commentary on Blackpool Council's response to the CAP's questions<sup>1</sup>. Where Blackpool performs poorly in respect of socio-economic indicators, this suggests that the population may be particularly vulnerable to increases in problem gambling rates associated with the introduction of Category A machines at a regional casino in the heart of the Blackpool resort.<sup>2</sup> This is again, clear from NERA's report at chapters 3 and 6 and the report from Professor Mark Griffiths at section 3.

3.1.2 Of particular concern is Blackpool Council's suggestion in its answer to Question 1 posed by the CAP that "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". As we read this statement, it appears that Blackpool Council is in fact asserting that the local population may be insulated from other socio-economic pressures such that it will be easier to isolate the impact of the regional casino – surely this point, if true, indicates that Blackpool is unrepresentative of other urban areas. We expect that one of the key aims of conducting the pilot study is precisely to ascertain the interaction of the regional casino in the context of a diverse and representative urban population. Blackpool town – and the area where the casino development is contemplated – is an entirely inappropriate test bed.

3.1.3 Blackpool Council estimates that the proportion of local visits to the casino will be significantly lower than the proportion of visits to the regional casino emanating from outside the locality (90% non-local visitors, 10% local visitors). We note that to the extent the assessment is based on the PION Economics reports it may be seriously flawed, for the reasons outlined at section 7 below. Assuming, however, that Blackpool Council's estimates are correct it has clearly

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<sup>1</sup> The case for locating the regional casino in Blackpool: a critique, NERA Economic Consulting, September 2006. Note that all references to the NERA report are to the revised version dated September 2006 **not** the earlier August 2006 version which has been replaced.

<sup>2</sup> NERA, *ibid.*, chapters 3 and 5; Blackpool's Regional Casino: Does Blackpool Represent "The Best Possible Test of Social Impact" for a Regional Casino – A Critique of Psychosocial Impact, Professor Mark Griffiths, August 2006, section 2

failed to address the issue of how they will measure the impact of the regional casino on this non-local visitor population, if at all. Does Blackpool Council seriously advocate that a relatively small and unrepresentative local population in Blackpool would be a sufficiently large and representative population on which to measure the test of social impact of a casino when 90% of the visitors may have a quite different socio-economic and demographic profile and quite different visitation, playing and spending patterns?

3.2 On a point related to the characteristics of the proposed location for the regional casino in Blackpool, we note that Blackpool Council in its recent response to the CAP's questions of 19 July 2006 refers to a destination casino and the town's appropriateness as a test for "destination gambling". We believe that Blackpool Council's proposed casino development will not provide a test for "destination gambling" not least because:

3.2.1 The proposed location for the casino, in the town centre, will encourage the very opposite of destination gambling: it will encourage ambient gambling, which – as Professor Griffiths has demonstrated in his report<sup>3</sup> – is uniquely dangerous in the context of the anticipated licensing of Category A machines in the regional casino; and

3.2.2 Further, as noted at paragraph 3.1.3 above, Blackpool Council has presented no proposal to measure the impact of the regional casino on the vast majority (in their estimation) of visitors to the casino travelling from outside the region. Nor are we aware of it having carried out any study of the socio-economic or demographic make-up of that majority

#### **4. Is the economic future of Blackpool really as bad as is claimed?**

4.1 As stated in NERA Economic Consulting's report<sup>4</sup> at Chapter 3, it does not agree that Blackpool is in terminal decline or that its economic future is as bleak as Blackpool Council has depicted. There are a number of alternative strategies available and, importantly, an Urban Regeneration Company (ReBlackpool) established to spearhead regeneration and secure private and public investment for Blackpool. Regeneration by means of a regional casino is not the only option as is acknowledged in the NWDA's submission to the ODPM on the establishment of the URC<sup>5</sup>. We agree with this view and

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<sup>3</sup> Griffiths, *ibid.*, section 5

<sup>4</sup> NERA, *op. cit.*, chapter 3

<sup>5</sup> NWDA submission to the ODPM and DTI for ReBlackpool URC status, November 2004

are surprised that Blackpool Council has sought to obscure it in its submissions to the CAP (a point which we would urge the CAP to follow up with the Council). Further, as pointed out in our earlier submissions, we believe that significant private investment in Blackpool - which has been limited over the last few years due to "bid blight" - would resume apace with the removal of the threat of the establishment of a pilot regional casino in Blackpool.

- 4.2 We note that in its answers to the CAP, Blackpool Council does not address a key message of the Beatty and Forthergill research<sup>6</sup> that Seaside economies demonstrate a capacity for regeneration through industries other than the traditional reliance on Tourism which should not be overlooked. Instead, Blackpool Council's answer to Beatty and Forthergill's research is to repeat the statement that the town is in "continuing economic decline" without exploring whether the nurturing of other industry and/or other forms of tourism not dependent upon gambling is a viable option. In this context, we note NERA Economic Consulting's observation that Blackpool Council's critique of the Beatty and Forthergill research concentrates on the fact that the report is primarily about employment but that NERA's own report shows that Blackpool has recently performed well on a number of economic criteria not covered by Beatty and Forthergill. We refer you to NERA's report at Chapter 3 which outlines a number of positive aspects of Blackpool's recent economic performance including: population growth, growth in GVA, levels of vacancies and alternative sources of employment.
- 4.3 We believe that Blackpool does not require the regional casino to regenerate the town because there are significant projects already underway and in the pipeline which do not depend upon the construction of the regional casino. For evidence of this, we refer to Blackpool Council's own Corporate Performance Plan 2006/2007<sup>7</sup> which states at page 27 that "[t]he delivery of New Blackpool is now well underway" referring to the Southern Gateway, Central Gateway, Talbot Gateway, Hounds Hill Shopping Centre, Blackpool Airport and New Blackpool Enterprise Centre projects all underway.
- 4.4 We refer also to section 3.3.1 of NERA's report which lists the regeneration schemes which have been completed and/or are underway in Blackpool. As NERA shows, there is over £640m spend on regeneration projects estimated for the town in the short to medium term, at least as much, if not more, than the (unrealistically high) estimates of capital investment in Blackpool Council's bid (between £200m and £450m depending on different

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<sup>6</sup> The Seaside Economy – a final report on the seaside towns research project, June 2003, Centre for Regional Economic and Social Research, Sheffield Hallam University.

<sup>7</sup> Blackpool Council Corporate Performance Plan 2006/2007

visitor estimates). We outline at section 7, below, our views on why Blackpool Council's estimates regarding the economic impact of a regional casino are vastly overstated.

**5. To what extent would the proposed casino lead to adverse social impact locally in terms of exacerbating problem gambling?**

5.1 Blackpool Council has long known that the need to test social impact would be a key feature of the government's plans for resort casinos (see the 16 December 2004 Casino Policy Statement). We would expect that, in light of this, a responsible Council would wish to determine the social impact of the introduction of resort casinos prior to any decision to support their development – particularly in light of significant evidence of increased crime and problem gambling in other jurisdictions. It is clear that Blackpool Council undertook no such assessment prior to its commitment to the regional casino bidding process let alone on (or before) its adoption of regional casino development as the town's only salvation in the 2003 Masterplan. It has only now, and in response to the CAP's questions of 19 July, belatedly considered this issue. It is therefore, in our view, disingenuous of Blackpool Council to suggest otherwise in its response to the CAP's questions at page 7.

5.2 Blackpool Council's failure to carry out a social impact assessment in its consideration of a regional casino development is not remedied by its hasty commission of a Social Impact Assessment from Lancaster University<sup>8</sup> in support of its bid. We note that in relation to Lancaster University's involvement it is unusual that a research centre which stands to benefit directly (in terms of levels of funding for casino related projects<sup>9</sup>) from the construction of a regional casino in Blackpool would be commissioned as an independent advisor in this context. We have been informed by Professor Griffiths that in his opinion this leads to Lancaster University having a conflict of interest in relation to its Social Impact Assessment which should be borne in mind.<sup>10</sup> Professor Griffiths believes that Lancaster University ought to have declined the commission in these circumstances and, if not, at the least included a clear statement of Lancaster University's interest and likely conflict.

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<sup>8</sup> Lancaster University, Social Impact Assessment of a Regional Casino in Blackpool, August 2006

<sup>9</sup> We refer in this context to Lancaster University's role in the production of the Blackpool Council and Blackpool PCT Gambling Harm Minimisation Strategy. The document notes that "further development of this strategy is reliant upon Blackpool obtaining a casino operator and negotiating the release of funding for developments" page 8 – Lancaster University is noted as a partner in the development of the strategy.

<sup>10</sup> We are authorised to make this statement by Professor Mark Griffiths, Nottingham Trent University.

5.3 We note that in circumstances where Blackpool Council has already committed itself to bid for a regional casino, it is perhaps not surprising that the Social Impact Assessment is highly partial and, for that reason we would say, unreliable:

5.3.1 It is clear that the assessment vastly underestimates the impact of the regional casino in Blackpool on rates of problem gambling. It is clear that the assessment relies on data on problem gambling rates taken from an IPSOS/MORI survey commissioned by Blackpool Council to conclude that "the population is less vulnerable to the development of further gambling opportunities". As indicated in our earlier submissions<sup>11</sup> and Professor Mark Griffiths's report<sup>12</sup>, and as confirmed in the IPSOS/MORI survey itself, the IPSOS/MORI data is wholly unreliable (the survey even states that "great care must be taken when drawing conclusions from this result as it is based on a very small sample size"<sup>13</sup>).

5.3.2 The Social Impact Assessment contains no indication that the impact of Category A slot machines in the town centre location proposed for the regional casino in Blackpool has been considered or evaluated. As indicated in Professor Mark Griffiths's recent paper<sup>14</sup> these are likely to stimulate loss chasing behaviour in gamblers such that they pose a serious risk in the context of ambient gambling in circumstances where the casino is located (as proposed in Blackpool) in the town centre and they also pose serious risks to young adults who may seek to continue gambling in adulthood on unlimited stake and prize machines.

5.4 In addition to the above, we believe that Blackpool Council has failed to consider seriously the prospect that a regional casino with Category A machines located in the centre of Blackpool will increase problem gambling amongst a population which is already vulnerable. We note, for instance, that Blackpool Council's response to the CAP's questions 3 and 7:

5.4.1 Continues to rely, we would say fatally, on the discredited IPSOS/MORI survey<sup>15</sup> suggesting that the prevalence of problem gambling in Blackpool is comparable to the national average.

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<sup>11</sup> Representations to the CAP in relation to Blackpool Council's bid to host a regional casino under the Gambling Act 2005, Leaguenotion, 14 August 2006, page 12

<sup>12</sup> Griffiths, op. cit., section 9

<sup>13</sup> Blackpool Residents Survey, IPSOS/MORI, May 2006, page 45

<sup>14</sup> Griffiths Report, op. cit., section 5

<sup>15</sup> Blackpool Council's response to the CAP's questions of 19 July 2006 see:

[http://www.culture.gov.uk/cap/eip/eip\\_docs/blackpool/Blackpool\\_answers\\_Qs.pdf](http://www.culture.gov.uk/cap/eip/eip_docs/blackpool/Blackpool_answers_Qs.pdf)

- 5.4.2 Fails to acknowledge the impact which problem gambling might have on the "significant debt problem" identified Lancaster University's social impact assessment.
- 5.4.3 Ignores other statements in the IPSOS/Mori survey suggesting that "although nine in ten residents mention at least one benefit the proposed casino development will bring to Blackpool almost as many (86%) mention at least one drawback. One half of residents believe that it will lead to increased problem gambling (51%)"<sup>16</sup>. Indeed, the Council's reliance on perceived "public" and indeed other support fails to make any allowance for the fact that it would be most surprising if there was not widespread support for proposals for which the Council has claimed such extraordinary benefits.
- 5.4.4 Ignores the Entec Emerging Findings from the Sustainability Appraisal<sup>17</sup> which state that "Casinos unlikely to have any beneficial effects [re: physical health, mental health, and health inequalities]. Gambling can lead to severe health problems associated with addiction. New casino would operate under new licensing laws that remove requirement for prior membership. Blackpool already has severe health problems" (page 10). Entec further identifies a negative effect for urban health and states that, in relation to crime, disorder and fear of crime: "Gambling may lead to crime to support addiction. Crime is already high in Blackpool" (page 12).
- 5.5 Further, we would urge the CAP to treat with extreme caution Blackpool Council's statement that "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". We have requested the research by P Collins of the University of Salford which, according to the Blackpool Bid Document, underpins this statement. Blackpool Council has failed to provide us with a copy of this research. We venture that the above statement, in accordance with the research of Professor Mark Griffiths, fails to take account of the vulnerability of the local population in Blackpool to the impact of Category A machines in the town centre/resort core location for the proposed regional casino. We note, in this context, NERA Economic Consulting's recent observations that Blackpool Council's understanding of international evidence on

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<sup>16</sup> IPSOS/MORI survey, op. cit., page 34

<sup>17</sup> Entec Emerging Findings for the Sustainability Appraisal, January 2006

problem gambling and its causes appears weak (a conclusion which is thrown into relief by the observations in Professor Mark Griffiths's report submitted to the CAP<sup>18</sup>).

**6. To what extent will the employment opportunities benefit local unemployed and disadvantaged people?**

6.1 First, we note that Blackpool Council's economic analysis overstates the impact on employment levels in Blackpool. On this point, we refer the CAP to NERA Economic Consulting's (1) critique of the reports by PION Economics on which Blackpool Council's figures are based<sup>19</sup> (which is described further section 7 below) and (2) its alternative analysis of expected employment impacts of a single regional casino<sup>20</sup>. Using multiplier values Blackpool's estimates of 2,500 to 3,500 jobs appear grossly inflated as NERA's own estimates are closer to 750 to 950 jobs. Further, NERA estimates that the results of any economic modelling (including its own) need to take into account specific evidence of displacement effects of the regional casino development which according to our knowledge suggest that around 635 local jobs would be under direct threat with the construction of a regional casino in Blackpool – further reducing the figures produced by NERA using multiplier methodology.

6.2 Second, we note Blackpool Council's emphasis in its response to the CAP's Question 4 that the Regional Gaming Academy at the Blackpool & Fylde College, will produce the skilled graduates required for the jobs in the regional casino. We believe that the role of the RGA is overstated. There will be no guarantee that it will inject skills in to the casino business in Blackpool (as opposed to injecting skills into the casino industry nationally) or that its students will come from the local area<sup>21</sup>. Indeed, it is clear that the RGA has been established to service at least the national market. Gala, who support the RGA, for instance have no Blackpool presence. Furthermore, given the serious levels of educational underachievement in Blackpool, it may be unrealistic to assume that any significant number of graduates from this course will derive from Blackpool.

**7. Should there be confidence in the success of the proposal in itself and in achieving economic regeneration?**

7.1 Blackpool Council's economic analysis overstates the benefits expected to flow from a regional casino such that we have no confidence that the proposal will yield the benefits

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<sup>18</sup> Griffiths, *op. cit.*, section 2 and 3

<sup>19</sup> NERA, *op. cit.*, chapter 4

<sup>20</sup> NERA, *ibid.*, chapter 4

which Blackpool Council claims in its bid. Further, we believe that the elimination of competition which will result from the construction of a regional casino in Blackpool will undermine any regeneration benefits which may accrue. Our views are based on the following analysis:

7.1.1 We rely on NERA Economic Consulting's critique of Blackpool Council's bid which confirms that:

- (A) Blackpool Council's economic impact assessment is based on the PION reports<sup>22</sup> which utilise complex methodologies and calculations so opaque that NERA have been unable to verify the data used or its reliability. In addition, many of Pion's assumptions appear unsound, not least the suggestion that deregulation will serve to increase rather than to diminish spend per visit. Gambling Commission figures and industry experience suggest the opposite.
- (B) Estimates that the total impact of one regional casino in Blackpool will be between 2,500 to 3,500 jobs are based on questionable assumptions. These projections reflect assumptions about the number of visitors (but the process for deriving the estimates of these visitor numbers are, as NERA observe, not revealed in PION's reports). We are alarmed that Blackpool Council, having queried the realism of these projections<sup>23</sup> (being particularly high visitor estimates), now relies on the results of economic analyses based on these projections to assert that such large numbers of jobs will be created.
- (C) As is clear only from Blackpool Council's response to the CAP's question 16, job creation estimates prepared for Blackpool Council split the 2,500 extra jobs of a single casino based on 2.5 million visitors into different components, namely 1,500 direct jobs, 303 extra indirect and multiplier related jobs, a loss of 397 displaced jobs and addition of 1,059 jobs from new additional visitors to the area. NERA surmises that these extra visits must be the 1 million extra visits described by PION as additional visitors

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<sup>21</sup> We understand that this course is not limited to applicants from Blackpool.

<sup>22</sup> PION Economics: Blackpool Casino Submission Economic Impact Assessment, Final Report, March 2006; PION Economics: Casinos in England's Northwest – an assessment of market demand, June 2005; PION Economics: Lancashire West Economic Partnership Resort Casino Impact Study and Action Plan, June 2003.

<sup>23</sup> Minutes of the Casino Steering Group Held on 28 February 2006, paragraph 6

who do not actually visit the casino hence, notwithstanding the fact that NERA see no basis for assuming such additional visits, it appears to us misleading to describe such additional jobs as created by the regional casino.

- (D) NERA has carried out its own analysis of expected employment impacts of a single regional casino in Blackpool, estimating both direct and indirect employment impacts using multiplier values. Using different scenarios for calculating direct employment, NERA's estimated range for employment at the upper range coincides with Blackpool's estimates of 1,500. However, NERA differ from PION's estimates in calculating that there will be substantial leakage from Blackpool itself, so that net job creation in the town could be in the order of 750 to 950 jobs – this is subject to the application of displacement effects outlined at paragraph 6.1 above.
- (E) GVA is, in NERA's view, overstated in the PION report as it does not take into account the loss of business and employment which would result from a regional casino. We refer to NERA's figures at Chapter 4 of its revised report<sup>24</sup> which explains that any calculation of employment benefits needs to consider local evidence of displacement effects. In Blackpool, we estimate that around 635 jobs would be under threat (see table 4.3 at page 37 of NERA's report<sup>25</sup>). Further, we have information that if Hilton were to build the casino with a hotel they would seek to close the Pembroke Hotel offering premium accommodation in Blackpool to make way for private housing development.
- (F) It is a glaring omission from PION's report that, contrary to recommended guidance from English Partnerships<sup>26</sup>, PION does not refer to a comparator for the projects considered other than scenarios which would involve more casinos. Such a comparator is not relevant in circumstances where the legislation envisages the licensing of only one casino in the UK. As noted at paragraph 4.4 above, Blackpool is the focus of substantial public sector efforts to spearhead regeneration (not

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<sup>24</sup> NERA, *op. cit.*

<sup>25</sup> NERA, *op. cit.* page 33

<sup>26</sup> NERA, *op. cit.*, paragraph 4.4

least through its designation as an Economic Development Zone) and a number of private sector efforts. It seems unreasonable therefore to assume that the proposed casino site will remain unused if the casino does not go ahead. Blackpool/PION's failure to provide for a counter-factual use of the casino site in their modelling means that the economic impacts of the proposed casino have been overstated.

7.1.2 We believe that the regional casino will serve only to eradicate the thriving business of Coral Island which receives around 4 million visitors a year and is second to the Pleasure Beach as one of Blackpool's most visited attractions – ahead of the Blackpool Tower with estimated visitors of 1 million. In circumstances where Coral Island cannot hope to compete with regional casino for adult custom, given the regional casino's monopoly rights to host Category A machines, the introduction of a regional casino will effectively emasculate Coral Island's business – an issue which Blackpool Council has not addressed in its submissions to the CAP. Not only will the destruction of Coral Island's business negate regeneration benefits, it represents the use of Council powers to denude Coral Island of its value without compensation.

7.1.3 We would add that although Blackpool Council bases its estimates of economic regeneration on the construction of a casino **and** conference and convention centre, nowhere does the bid identify whether or not the conference/convention centre (on our estimates likely to cost well in excess of £70m) will be financed by the casino operator. We believe that this centre will be financed by public funds. On the information available to us and, we presume, to the CAP there is no prospect of testing whether the single casino will result in new hotel space, let alone a new conference centre and, if so, whether that conference centre will meet the criteria set out in the Council's Development Brief for the CCQ. The brief assumes "a National Conference/Exhibition Centre – providing a modern, flexible, networked, inclusive and secure conferencing facility; comprising a delegate/exhibition hall of at least 10,000sq m". This, we believe, could cost £100m. Unless the CAP and objectors have an opportunity to examine the Council's development appraisal, it cannot be safely assumed that such a conference centre can be built without State-Aid. Indeed, we believe significant public funding will be required. While that may be an acceptable prospect taken

in isolation, it would be neither acceptable nor conscionable if the effect of that aid was to emasculate competing businesses.

7.2 Blackpool Council suggests that the regional casino will operate as a key catalyst for economic development. We have seen no empirical assessment undertaken to suggest that the regional casino would function in such a manner. In fact, our understanding is that Blackpool Council has merely assumed that a regional casino will act as a catalyst for investment – this fails to take into account:

7.2.1 The considerable level of investment already underway in Blackpool (as outlined at paragraph 4.4 above) much of which is public and of a type which would assist regeneration irrespective of the casino development.

7.2.2 The positive effects that the removal of "bid blight" would have on the town, particularly for existing businesses who are unwilling to invest in Blackpool where local business and effective competition is under threat from the introduction of a regional casino.

7.2.3 The fact that Blackpool Council's earlier evaluation of the impact of the regional casino is based on the development of a cluster of casinos, which is no longer the case.

7.2.4 The fact that the town already offers numerous attractions which are not "weather dependent", indeed the success of the Blackpool Tower complex and the amusement arcades and all other indoor entertainment in fact depends on poor weather drawing in custom from the seaside.

7.2.5 The fact that it is not at all clear that a regional casino would, as Blackpool suggests, attract visitors for a longer stay or recapture the family tourism market which it is alleged the town has lost. Nor has Blackpool Council provided any evidence to support its claim that the regional casino would attract higher spending by "C" "B" and "A" socio-economic groups.

7.2.6 The fact that Blackpool airport's estimated visitor numbers, even on Blackpool Council's own analysis (at page 19 of its response to the CAP's questions) have risen year on year without the presence of a regional casino.

7.2.7 Neither can reliance be placed on Blackpool Council's assertion in its response to the CAP's questions that the regional casino will be "other worldly" and

significantly different. There are no specific plans; the attraction of particular “themes” is wholly subjective (the Council, for instance, disparaged Leisure Parc’s original “Phoenix theme”); hopes of extravagant live entertainment have been disparaged by Mark Etches, a former Leisure Parc managing director and noted proponent of the Blackpool bid, in an interview with Stage (“no one should expect Las Vegas style shows. I don't think that anyone should be under any illusions that it will create an explosion in the entertainment industry”); and when coolly analysed, the only distinguishing factor of a regional casino itself is its Category A machines.

- 7.3 In the context of evaluating the realism and viability of Blackpool Council's proposals, we note that the Masterplan is not an economic development model and should not be regarded as such. We believe that Blackpool Council's insistent references to the Masterplan as the blueprint for the regeneration of Blackpool ascribe greater authority to that document than it merits in this context because it is after all a spatial planning and design tool for the **physical/architectural** redevelopment of Blackpool – not a blueprint for economic development.
- 7.4 Nowhere have we seen evidence of any independent economic appraisal to underpin the architectural recommendation in the Masterplan that Blackpool develop resort casinos. In fact, it appears to us that the decision that Blackpool Council would support resort casino development was taken without a serious economic or business assessment<sup>27</sup> and with the assistance of the private sector (namely Leisure Parcs) which then stood to benefit directly from the development of the regional casino. We request that the CAP read the various applications for funding for the Masterplan project<sup>28</sup> which reveal that Blackpool Council failed to undertake an in-depth assessment of all relevant factors which might encourage private investment, of which architecture is but a small aspect.
- 7.5 Though the “cluster” format has only evidently worked in jurisdictions otherwise imposing extreme constraints on commercial gambling, it is possible that the economic impact of one regional casino would be vastly different to that estimated to result from a cluster of resort casinos. Blackpool Council's bid is based on the desire to achieve economic benefits which

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<sup>27</sup> In this context we note that the PION report prepared for the Lancashire West Partnership (LWP) in 2003 purports to conduct an economic impact assessment. It is not clear what, if any, links Blackpool Council has to the LWP or whether the report was relied upon in the context of the development of the Masterplan (we doubt that this was the case because the 2003 PION report was published several months after the Masterplan was finalised and unveiled).

would accrue from the development of a cluster of casinos.<sup>29</sup> We have reviewed ReBlackpool's four year business plan<sup>30</sup> capturing the phase of development of the sole regional casino. It reveals that gross public sector funding during this phase will far outstrip any anticipated private investment resulting from the casino development. It is clear that the bulk of private sector investment is expected in later years as a consequence of the development of a cluster of resort casinos in Blackpool.

7.6 The Masterplan presupposes that the outcome of the regional casino pilot will be the licensing of further casinos in Blackpool, in the form which Blackpool Council anticipates. Given the CAP's terms of reference and the present legislative position, we invite the CAP to formally recognise that it cannot make any assumption that Blackpool will at some future date be able to licence its desired "cluster". We conclude that this is an injudicious approach by the Council given the serious risks, outlined above and noted in our earlier submission to the CAP, that the regional casino experiment in Blackpool will result in the elimination of competition and net economic detriment.

7.7 Blackpool Council states in its response to the CAP that "different options [for regeneration] were considered, costed and validated by Regeneris and Amion on behalf of both Blackpool and the Regional Development Agency" in its submission to the DTI and ODPM for the Blackpool URC. We have reviewed the document referred to and have been unable to find the detailed consideration, costs and validation which Blackpool Council describes. We would urge the CAP to scrutinise Blackpool Council's alleged evaluation of alternative plans for Blackpool. If the detail of these alternative consideration, costings and validations is to be relied on, then the CAP and our advisors must, as a matter of fairness, have full access to them so that they can be scrutinised.

**8. Can the Panel be sure that political considerations will not affect the Council's willingness to license?**

8.1 We understand that around 50% of the Liberal Democrat Councillors now oppose the Council's bid. The leader of the Liberal Democrat group, John Bamborough has confirmed in a letter to the Blackpool Gazette that "whilst Steven Bate may be the only local politician with the guts to stand up for his convictions on this issue, he is certainly not the

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<sup>28</sup> Provided to Leaguenotion by Blackpool Council pursuant to a Freedom of Information Act request, and available to the CAP on request.

<sup>29</sup> See for instance the claim in ReBlackpool's Investment Plan dated December 2005 which refers to the "potential to secure the UK's only resort casino and thereafter establish a cluster of resort casinos" page 10.

<sup>30</sup> ReBlackpool Investment Plan, *ibid.*, at page 39.

only Councillor or Local Politician to have their doubts about the whole casino issue". The local Liberal Democrats have recently urged a local referendum in place of the Council's partial "resident survey" which has been carried out. We note that Councillor Bamborough has indicated that he does not believe that Blackpool is the best test for a regional casino.

- 8.2 Blackpool Council's alleged public support is based on consultations carried out in March 2003 in relation to the Blackpool Masterplan and the vast transformation that the Council asserted would flow from its cluster of four resort casinos.<sup>31</sup> We believe that it is erroneous to rely on local support which was garnered on the basis of proposals so extravagant by comparison with development realistically to be supported by a single regional casino, not least because it will not generate anything like the scale of employment, wealth or even physical changes to the resort promised in the Masterplan. We urge the Panel to scrutinise the alleged support which Blackpool has received because our own investigations reveal that:

When we requested details of Blackpool's allegedly "voluminous" consultation we received:

- 8.2.1 A visitor survey of Blackpool dated January/February 2004<sup>32</sup> – i.e. not a survey of the local population. We submit that this visitor survey provides no information as to views of Blackpool residents; it contains only one question directed at identifying whether visitors agreed that Blackpool's tourism offer would be improved by "a small number of high quality multi-entertainment and accommodation centres with gaming activities" and even then, only 36% of those visitors surveyed agreed with the proposition – which, in any event, is not directed at identifying support for a regional casino given the lengthy description in the proposition.

- 8.2.2 A copy of the "Blackpool Rejuvenated: Proposals to bring prosperity to Blackpool through Resort Casinos" by the Blackpool Challenge Partnership<sup>33</sup>. Dating from 2001, over five years before the Council's submission to the CAP, this report is cited as the basis for the statistics that "73% were aware of the proposals for resort hotel casinos and gambling; 71% supported them, 22% were opposed":

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<sup>31</sup> Blackpool Bid Document, *op. cit.*, section 4.6 at page 12.

<sup>32</sup> Blackpool Visitor Survey, 2003, cited at endnote 48 of the Blackpool Bid Document.

<sup>33</sup> Blackpool Challenge Partnership, "Blackpool Rejuvenated", cited at endnote 47 of the Blackpool Bid Document.

- (A) We note that the document referenced provides no indication of the sample of persons surveyed or when such survey was conducted, although we know that it dates from 2001, if not earlier.
- (B) We have seen nowhere in the document cited in support of the above statistics, any reference to 73% recognition for the "proposals for resort hotel casinos" and query whether, even if Blackpool Council could support that statistic, it would have any meaning given that in 2001 the proposals for resort casinos in Blackpool were at an embryonic stage.
- (C) Most importantly, we regard it as a seriously misleading overstatement to indicate that 71% of those surveyed "supported" casinos because, notwithstanding the difficulties in ascertaining the sample or even the nature of the proposals canvassed, the true picture is that 40% were "somewhat [in] favour" and only 31% were "strongly [in] favour".

We believe that this historic survey for which we lack any sample data is unreliable and should be treated with great caution by the Panel. Further, we do not see any statistical support in that document for the statement in Blackpool Council's bid document that "focus groups and local residents were united that the town desperately needs social and economic regeneration and that the current situation cannot continue".

8.2.3 BMG Research "Quality of Life Survey 2005" prepared for Blackpool Local Authority and Primary Care Trust<sup>34</sup> (recently provided to us) referred to as the source for the proposition that "76% [of the Citizens' Panel asked about the development of resort casino-hotels, modern conference facilities and other attractions] either supported the proposals (29% strongly supported) or neither supported nor opposed; 20% either opposed or opposed strongly". The version which we have seen of this document referred to does not contain any evidence to support these statistics.

8.2.4 If further evidence were required to demonstrate the significant extent to which Blackpool Council has overstated the degree of public support for its regional casino bid, then that is surely Blackpool Council's selective use of the 2006 IPSOS/MORI survey. Only 46% of those interviewed for the survey indicated

support (the majority of these (30%) indicating tentative support) for a resort style casino, not 75% as Blackpool Council implies in its selective use of statistics. Further, we note that not only did Blackpool Council fail to provide the questionnaire for this survey when requested, but they have indicated that they do not hold a copy. We find this remarkable given the reliance placed on the survey in question.

8.3 Other documents which we have received pursuant to our request do not detail extensive consultation – in fact they reveal considerable unsolicited opposition to the regional casino proposals in the form of serious criticism to the provisioning for the regional casino as it appears in the Local Plan. We can provide these papers to the CAP at its request.

8.4 We conclude that the surveys upon which Blackpool Council relies were based on the assumption that 4 to 5 resort casinos would be built in Blackpool and that the commensurate physical and economic regeneration that development on such a large scale would bring would be so great and so beneficial that few would, on a superficial consideration, be likely to oppose. We have seen no evidence that Blackpool Council has sought to update its surveys to reflect the much smaller scale of development envisaged in its Bid Document to the CAP and the fact that there will be no other regional casinos in the country – perhaps because such a survey would highlight the devastating effect that a single regional casino construction would have on the town's existing attractions. Neither are we aware that any local, regional or indeed national opinion has been sought taking into account the adverse impact to which our opposition draws attention.

**9. Regional support for the proposals appears to be based on the PION report. Can the Panel be satisfied as to its assumptions of employment, customer draw, multiplier effect, and leakage, and the like?**

9.1 We refer to the summary of our critique of the March 2006 PION report (as informed by the work of NERA Economic Consulting at chapters 4) at section 7 above (see also section 10 below).

**10. Why do some Regional bodies support Blackpool over Manchester?**

10.1 We understand that the CAP's question refers to the Northwest Regional Development Agency's ("NRDA")'s support of Blackpool over Manchester as reflected in the North West

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<sup>34</sup> BMG Research Report, Quality of Life Survey 2005, referred to at endnote 49 in the Blackpool Bid Document.

Regional Assembly ("NRA")'s draft Regional Spatial Strategy policy W8. We note that draft policy W8 is in fact subject to challenge by AGMA and North-East Manchester Limited in the context of a forthcoming Examination in Public of the draft Regional Spatial Strategy and that we too are seeking leave to make representations in opposition to the policy. The Government Office for the Northwest ("GONW") has also questioned the NRA's support for Blackpool over Manchester in the draft Regional Spatial Strategy<sup>35</sup>.

10.2 We question the basis for supporting Blackpool over Manchester, not least because, in its submission to the CAP<sup>36</sup> the NRDA states that its support of Blackpool as its preferred candidate for resort casino development was based on the results of a report of market demand carried out by PION Economics in June 2005<sup>37</sup>. We submit that this is not the case. We refer to the minutes of the NRDA's Board Meeting of 11 November 2004<sup>38</sup> where the NRDA approved the application for an Urban Regeneration Company in Blackpool<sup>39</sup> on the same day that it commissioned the report by PION Economics. It is clear to us – having read the NRDA's lengthy submission to the ODPM regarding the Blackpool URC aimed at promoting the development of regional casinos in Blackpool – that the NRDA had effectively decided to favour Blackpool even before it had commissioned the economic impact assessment by PION Economics.<sup>40</sup>

10.3 As will be apparent from our submissions generally, we consider that Manchester, a large urban area with few tourists, would be a more representative social test bed.

**11. What should be, or is likely to be, achieved, in terms of community benefits in the competition required by Schedule 9 of the Gambling Act 2005?**

11.1 We have requested Blackpool Council's draft development appraisals to ascertain what, if any, community benefits are truly factored into the development framework. In the

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<sup>35</sup> See W8 in the North West Plan – Submitted Draft Regional Spatial Strategy for the North West of England, January 2006; see also letter dated 8 June 2006 from the GONW to the NW RSS Secretariat.

<sup>36</sup> Letter to the CAP dated 23 December 2005 from NRDA.

<sup>37</sup> Casinos in England's Northwest – An assessment of market demand – Final Report June 2005

<sup>38</sup> NRDA, Minutes of Board Meeting held on Friday, 11 November 2004 at NWDA, Warrington.

<sup>39</sup> See the 65 page submission to the ODPM of November 2004 from the NRDA "ReBlackpool"

<sup>40</sup> Further, it appears to us that the NRDA's support for the development of regional casinos in Blackpool is influenced by a report by Locum Destination Consulting commissioned to "prepare a long term vision and strategy for Coastal Resorts in the Northwest". We have read that report and we are concerned that the NRDA would commit its support to Blackpool's development of such a drastic plan for gambling tourism on the basis of a report which contains no serious evaluation of Blackpool's economy or exploration of viable alternatives for Blackpool. The consultancy commissioned for the research appears to focus on the tourism industry. Unsurprisingly, therefore, no other development alternatives for Blackpool's development were considered. Note it is not suggested that this document forms the basis for policy W8 in the draft Regional Spatial Strategy.

absence of this information, we refer to Blackpool Council's response to the CAP's question 14 which we note:

- 11.1.1 Suggests that a conference and convention centre would be built as part of the casino development. We note that we have seen no evidence that such centre would be built by the casino operator and we would urge the CAP to raise this issue with the CAP. Indeed, without sight of a proper development appraisal including a full costing of the development and specifically a conference centre, the Council's assertion cannot be tested.
- 11.1.2 Confirms that there is no evidence so suggest that the casino operator will contribute to community projects and what those projects might be. In so far as any contribution is anticipated, it is apparent that this would effectively be at the expense of the businesses whose trade would be emasculated by the monopoly handed by the Council to the regional casino operator.
- 11.1.3 Indicates that the Council has not accounted for the fact that any development gain from the land upon which the business is constructed will be realised on the back of the extinction of our business in Coral Island.

We hope that the above is of assistance to you and remain at the CAP's disposal to address any questions or provide clarification as it may require.

**Leaguenotion**

**6 September 2006**