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The Economic Impact of a Regional Casino in Blackpool; a Review of the Evidence Base

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CONTENTS

1. INTRODUCTION

1.1. Introduction

1.1.1. This document presents a review of the evidence presented by Pion for the demand for and economic impact of a regional casino in Blackpool. It draws on the evidence presented in the following documents:

- Casinos in England's Northwest: An Assessment of Market Demand, June 2005
- Blackpool Casino Submission Economic Impact Assessment, March 2006
- Blackpool Response to Further Questions Posed by CAP on 19 July.

1.2. Methodology

1.2.1. Understanding the assumptions used and numbers generated in the two Pion Reports (2005, 2006) represented a significant challenge because of insufficient detail and contradictions both within and between the two reports. There were no clear tables which set out the numerous assumptions and key information tended to either missing or hidden within the text. In seeking to understand the numbers presented in the 2006 report a top down methodology was employed which took the total demand figures of 3.5 and 2.5 million visits as our starting point and broke them down based on the propensity and visitor type assumptions outlined in the report. Total visitors and visits frequencies were used to generate visit numbers from these different client groups. These visit numbers were then compared to baseline residential catchment and tourism statistics. This methodology enabled a reality check to be made on the potential demand from residents and tourists.

1.3. Summary of main issues

1.2.1. This section outlines the key issues which arose from the evidence review which are discussed in more detail in each of the following chapters:

Visitor numbers

- Based on Pion's (2006) visitor assumptions local Blackpool residents would need to visit the casino 16 times a year under the high demand scenario and 11 times a year under the low demand scenario. The realism of these assumed visit frequencies is questionable.
- There are significant discrepancies between the 2005 and 2006 Pion reports. The 2005 report generates a total demand figure of 0.6 million visitors for a regional casino in Blackpool consisting of 0.31 million tourists and 0.284 million residents. In the 2006 report total demand is increased to 2.5 million under the low scenario and 3.5 million under the high scenario.
- The 2005 Pion Report admits there is double counting in the tourist and residential demand figures of around 25%.
- The 2006 Pion Report assumes that 65% of total demand for a regional casino in Blackpool consists of demand from new tourists. This is an increase of between 16 and 20 percent on current tourist numbers.
- Propensities of between 10% and 20% are applied to residents and tourists to determine the proportion of the catchment who will visit the casino. These numbers are not evidence based and even allowing for an element of latent demand represent a significant upshift from the 3% of the population who may currently gamble in casinos.
- The 2005 Report uses a methodology which assumes that moderate interest gamblers may three visits per annum to the casino and moderate interest tourists will make nine visits. Multiple interest gamblers are expected to make 9 visits and multiple interest tourists 27 day visits per annum implying that multiple interest tourists will spend 3.9 weeks a year in the casino.

Displacement in the 2006 Pion Impact Assessment

- The 2006 Pion Model does not follow Treasury Green Book rules in the assessment of displacement.[1]
- The 2006 model does not consider displacement from any existing visitors or residents who shift their spending from other casinos in the local area.

[1] HM Treasury (2003) Green Book, Appraisal and Evaluation in Central Government

- The 2006 model does not consider there to be any displacement from existing visitors to Blackpool from the region and outside the region who switch some or all of their spending form other forms of leisure or gambling to spend in the casino.

- Displacement is only considered at the local level. This does not follow Green Book guidelines which state *'The geographical focus of regeneration projects means that it is particularly important to assess displacement effects at both the local and national levels, particularly if the programme or project is substantial.'*

Visitor profiles and spend assumptions

- Based on the spend profiles provided by Pion (2006) and frequency of visits local Blackpool residents who visits the casino will spend between £550 and £800 per year. Average total household spending on recreation and cultural services is around £920 per year. The shift of this spend to casino gambling will result in considerable displacement from other forms of leisure spending.

- Blackpool's current visitor base is strongly biased to socio-economic groups DE (44%). The 2004/05 Expenditure and Food Survey shows a strong correlation between socio-economic group and expenditure on recreation and culture. It is therefore unlikely that assumed spend of £75 per person for non-regional visitors would be supported.

- The 2005 Pion report states that tourist spend in Blackpool is significantly higher than elsewhere. Using the STEAM data available online through the North West Regional Intelligence Unit[2] and Pion's numbers on tourist visits (Pion 2005, page 2005) it is evident that spend per visit in Machester is substantially higher than in Blackpool.

Total jobs generated

- Based on Manchester's higher visitor spend per head, greater absolute number of visitors and higher number of visitors from outside the region compared to Blackpool, it is difficult to justify the total net jobs created as 2,686 in Blackpool and 2,230 in Manchester in Pion (2005).

[2] http://www.nwriu.co.uk/tourismsubregions.asp

- Total net jobs generated are inconsistent. Blackpool's response to questions posed by CAP on 19th July predicts that a regional casino in Blackpool will generate **2,500 net jobs**. The 2006 Pion Report predicts that a regional casino in Blackpool under the low demand scenario will generate **2,974 net jobs** and under the high demand scenario **3,330 net jobs**. The 2005 Pion Report predicts that a regional casino in Blackpool will generate **2,686 net jobs.**

- The 2006 Pion model uses a multiplier of 1.18 for each of the expenditure streams. This does not take into account the relatively small size of Blackpool's local economy.

- 1,059 jobs are expected to be generated from 'new' additional visitors. This is a large proportion of the total jobs and is based on the assumption of the 16 percent increase in Blackpool tourism as a result of the casino (see above).

- Given the issues raised in the above section on displacement the total number of jobs lost to displacement is likely to be a significant underestimate.

Direct locational comparisons in the 2005 report

- The Pion Report (2005) compares Blackpool and Manchester as potential locations on the basis of a) potential economic benefits b) potential tourism benefits c) potential benefits for deprived groups.

- On the basis of economic benefits Blackpool is ranked higher because it is assumed that the net jobs generated will 2,686 in Blackpool and 2,230 in Manchester. This is unlikely given the visitor data presented in the same report which outlines that Manchester will receive 0.4 million visits from non-residents and Blackpool will receive 0.32 million. Resident visits were also predicted to be substantially higher in Manchester than in Blackpool.

- Tourism benefits are considered by Pion to consist of a combination of current tourist numbers, average tourism visitor share and average tourism employment base. On the first measure Manchester is ranked higher. On the second measure Manchester is ranked lower purely because of the large projected number of visits form the local market rather than the low absolute number of tourists. On the final measure Blackpool is ranked first.

- Benefits for deprived groups are considered in the Pion Model to be significantly greater in Manchester than in Blackpool because of the higher levels of deprivation in the local area, with 64 percent of the population contained in the most deprived population quintile compared to just 30 percent in Blackpool.

- In generating the overall ranking the report states that its methodology ranks Manchester and Blackpool in equal first place. This is despite the issues raised above which if addressed would raise Manchester significantly above Blackpool in relation to potential benefits.

- The report concluded that the only reason Blackpool is given priority is because of less extensive opportunities for regeneration. There is a significant spatial problem with this argument. The 2005 Pion Report takes a very broad brush approach to Manchester and does not consider the issues in the context of East Manchester.

2. VISITOR NUMBERS

2.1. A key driver of economic impact is the number of new visitors that are attracted to the area and their associated spend. The Pion Report bases its model by dividing the casino's client base into different groups and assigning them different spend assumptions. These groups are summarised below:

- Gambling visitor (65%) / leisure (35%) – gambling visitors are defined as visiting primarily for gambling
- Local origin (7%) / regional origin (33%) / non-regional (60%)
- Propensities of visiting casino of 10% for local origin visitors and visitors from the existing tourist base, 15% for regional origin visitors and new additional tourists, 20% for all non-regional visitors other than existing tourists.

2.2. There are several problems with this model which are summarised below:

- **Local origin visitors** - these comprise 7% of the total demand i.e. 245,000 casino visits under the high scenario of 3.5m visits and 175,000 visits under the low scenario. The local authority population is approximately 142,284[3]. Using Pion's prevalence figure of 10% this means that under the high demand scenario these **local residents would need to visit the casino 16 times a year** and under the low demand scenario, 11 times a year. Given Pion's visitor spend assumptions and current lesiure spend evidenced in the 2004/05 Expenditure and Food Survey (see section 4) these figures appear very high.

- **Inconsistencies with Pion's (2005) Report –** There is no clear and definitive estimation of visitor numbers. The methodology in the Pion (2006) report frequently references the methodology used in the 2005 report which sought to provide an estimate of the demand and capacity for regional casinos in the North West. Under options set 1 – a single regional casino located at one of 5 locations, Blackpool was considered by Pion to have a resident profile of 0.284 million visits per year (see Pion 2005, page 18 footnote) and a total visit number of 0.6 million visits per annum (Pion 2005, page 21 figure). From this is we can extrapolate a total tourist profile of 0.31 million visits. These numbers are significantly below the 2.5 million visits assumed in the

[3] 2001 Census

low demand scenario and 3.5 million visits assumed in the high demand scenario in the 2006 report.

- **Double counting tourist and resident numbers –** in the Pion Report (2005) there is reference to a large overlap in STEAM tourist and resident based data which is not accounted for.

  > *'While the analysis treats the two datasets as independent, there are circumstances when an individual might be defined as within a residential catchment and also as a visitor. It is not possible to assess the likelihood of this overlap since STEAM does not provide estimates of tourism origins though there is some evidence from the UK Travel Survey that around 25% of visitors to the North West also reside in the North West and day visitor profiles are likely to be higher.'(Pion 2005, page 21)*

  The 2006 Pion report references this methodology. This double counting is likely to result in a significant overestimation of demand for a regional casino in Blackpool.

- **Newly generated trips –** The 2006 Pion Report states 'that depending upon the assumptions made, new visitors to the reort are estimated to constitute between 55% and 70% of gambling visits. Taking a mid point of 62% of visits, under the high scenario this equates to 2.2m new visits and under the low scenario 1.6m new visits. Considering that adult visits to Blackpool are currently around 11m per year **under the high scenario the casino is expected to increase Blackpool's tourism by 20% and under the low scenario by 16%.** The realism of these assumptions is questionable.

- **Propensities –** Propensities of between 10% and 20% are applied to residents and tourists to determine the proportion of the catchment who visit the casino. The Gambling Prevalence Survey (2000) estimated that 3 percent of the current population plays table games in a casino and 7 percent of the population are multiple interest gamblers, that is they currently play several gambling activities in addition to the National Lottery and scratchcards but do not currently visit casinos. This suggests that a 10-20% propensity may be over stated and at any rate is without foundation.

- **Frequency of visit –** The 2006 Pion Report does not mention the frequencies of visit used in the model. However it does reference the 2005 report methodology which states:

  > *'Minimal interest gamblers are assumed to pay one visit per annum, moderate interest gamblers three visits per annum and multiple interest gamblers nine visits per year'(Pion, 2005, page 18)*

These visit estimates are may be overstated, especially as minimal interest gamblers currently only play the National Lottery Draw or scratchcards. The assumptions made are very significant in relation to differences in demand between locations for the case of visitors and in particular overseas visitors. The Pion report states:

> *'In the case of moderate gamblers, for example, we have previously assumed that such individuals make 3 visits per annum – a probability of a visit on any single day equivalent to 3/365 or less than 1%.' 'For moderate interest tourists we weight this probability by a factor of 3 to provide a casino visit probability of 2.5%. In the case of multiple interest gamblers the weight used reflects the assumption of nine visits per annum. Effectively, therefore, tourists are given a higher propensity to visit a casino than are residents.'* (Pion 2005, page 20)

Weighting the visit numbers for multiple interest residents by a factor of three effectively means that **the model assumes that multiple interest tourists will make 27 visits per annum (will spend 3.9 weeks in the vicinity of the casino per year).** This figure seems very high particularly as a percentage of this group will be overseas tourists who will be attracted by a large number of competing international casinos.

3. DISPLACEMENT

3.1. Displacement in the 2006 Pion report is only considered at the local (Blackpool) level, not adhering to Treasury Green Book Guidance which states *'The geographical focus of regeneration projects means that it is particularly important to assess displacement effects at both the local and national levels, particularly if the programme or project is substantial.'* Whist the context of one regional casino in the UK may mean measurements at the national level are not applicable, it is important to measurement displacement at the regional level.

3.2. In order to assess the potential for displacement Pion's Impact Assessment model subdivides casino visitors in relation to their expenditure in three ways:

- Existing casino gamblers altering their place of gambling (16% of gamblers)
- Existing gamblers substituting spend towards casino gaming from other forms of gambling (50% of gamblers)
- New gamblers substituting leisure activities for gambling (34% of gamblers)

3.3. Gambling visitors who consist of both existing and new visitors[4] only appear to be considered as displacing other local activity when their residential origin is within Blackpool.

3.4. Table 1 (overleaf) is taken directly from Pion (2006) and shows the categories of visitor whose spend is not wholly additional (i.e. have displaced other spend in the local economy). **This table considerably underestimates displacement** because it does not consider existing visitors to Blackpool who shift their spend to the new casino from other casinos or other forms of leisure or gambling. This group of visitors will be creating displacement in the local economy and are highlighted in red in the table.

3.5. Examples of the overestimation of additionality are provided below:

Example 1: The Pion Report assumes that 16% of local visitors to the casino who are residents of the Blackpool LA are existing casino gamblers. They will switch their spend from another local casino to the new regional casino

[4] The Pion Report (2006) states that '50% of regional, and some 25% of non-regional gambling visitors already visit Blackpool for some form of leisure activity

where they will spend £50 per head. The Pion model does not consider this displacement from local casinos.

Example 2: The Pion Report assumes that 34% of visitors to the casino who are resident in the NW region and would have visited Blackpool anyway substitute their spending from other types of leisure activity and spend £40 per head in the casino.

3.6. There is no allowance made for the fact that the large number of local residents who are expected to play in the casino will switch expenditure from their household expenditures, unless they dip into their savings. That is, the majority of their expenditure in the casino will be displacing economic activity in the local area.

Table 1: Pion displacement assumptions

Catchment	Origin of visitor	Spend Type	Local Displacement Pion	Spend Pion	Local Displacement Treasury Green Book
Gambling visitor	Local	Existing casino	All additional	£50	Yes – for all (example1)
Gambling visitor	Local	New (Subst)	Yes	£40	Yes (£10)
Gambling visitor	Local	New (New)	Yes	£30	Yes (£20)
Gambling visitor	Regional	Existing casino	All additional	£50	Yes – for existing Blackpool visitors
Gambling visitor	Regional	New (Subst)	All additional	£40	Yes – for existing Blackpool visitors (example 2)
Gambling visitor	Regional	New (New)	All additional	£30	Yes – for existing Blackpool visitors
Gambling visitor	Non-regional	Existing casino	All additional	£75	Yes – for existing Blackpool visitors
Gambling visitor	Non-regional	New (Subst)	All additional	£75	Yes – for existing Blackpool visitors
Gambling visitor	Non-regional	New (New)	All additional	£75	Yes – for existing Blackpool visitors
Existing Tourists	Regional	Existing casino	All additional	£30	Yes – partial
Existing Tourists	Regional	New (Subst)	Yes	£20	Yes (£10)
Existing Tourists	Regional	New (New)	Yes	£25	Yes (£5)
Existing Tourists	Non-regional	Existing casino	All additional	£30	Yes – partial
Existing Tourists	Non-regional	New (Subst)	Yes	£20	Yes (£10)
Existing Tourists	Non-regional	New (New)	Yes	£25	Yes (£5)
New Tourists	Regional	Existing casino	All additional	£50	
New Tourists	Regional	New (Subst)	All additional	£50	
New Tourists	Regional	New (New)	All additional	£50	
New Tourists	Non-regional	Existing casino	All additional	£50	
New Tourists	Non-regional	New (Subst)	All additional	£50	
New Tourists	Non-regional	New (New)	All additional	£50	

Source: Pion 2006

4. VISITOR PROFILES AND SPEND ASSUMPTIONS

4.1. In addition to these concerns over the lack of accounting for displacement the spend assumptions appear high. Section 1 explained that in order to ensure the demand is 2.5 million in the low scenario with 7% of visits from local residents 175,000 visits are required per year from this catchment. With the propensity of 10% this equates to 11 visits per person per year in the low scenario and 16 visits per year under the high scenario. With an average spend of £50 per head this equates to a total annual spend per person of between £550 and £800.

4.2. The 2005 Expenditure and Food Survey records that average household weekly expenditure on recreation and cultural services[5] is around £17.70 per week, £920 per year. Consequentially this level of expenditure would represent a considerable shift from other forms of leisure spending.

4.3. Levels of assumed spend for visitors and tourists from outside the local area also appear high. The 2000 Destination Benchmarking Study for Blackpool collated data on the socio-economic classification of visitors to the city. The findings showed that just 4 percent of the visitors were classes AB, 21 percent were class C1, 31 were class C2 and 44 percent were classes DE.

4.4. There is a strong correlation between socio-economic classifications and expenditure on recreation and culture. The 2004/05 Expenditure and Food Survey shows that households whose reference person works in an intermediate occupation[6] (class C) spend on average 52% only the weekly expenditure of higher and managerial workers (classes AB) on recreation and culture. On the basis of Blackpool's current visitor profile and the report's (Pion, 2006) assumption that the casino visitor profile will consist of a proportion of existing Blackpool visitors the assumed spend of £75 per person for non-regional visitors appears high.

[5] Recreation and culture services expenditure consists of sports admissions, subscriptions, leisure class fees and equipment hire, cinema, theatre and museums, TV, video, satellite rental, cable subscriptions, TV licenses and internet, miscellaneous entertainments, development of film and £3.80 on Gambling payments.

[6] The Occuptaion classifications 'intermediate', 'routine' and 'semi- routine' are taken from the National Statistics Socio-Economic Classification (NS-SEC).

5. TOTAL JOBS GENERATED

5.1. The Pion Report (2006) concludes that on the basis of 2.5m visitors (the lower demand scenario) a regional casino and conference centre in Blackpool will generate 1,538 direct jobs and 1,436 indirect/induced jobs, a total of 2,974 jobs. 38 of the direct jobs will be associated with the conference centre.

5.2. There is **inconsistency between the job figure in the Pion (2006) report and Blackpool's response to questions posed by CAP** on 19th July[7] which provides a total figure of 2,500 jobs stating that:

> *'In the case of the singe regional casino (2.5m base), the 2,500 total is composed of +1,500 direct jobs, +303 indirect and multiplier related jobs, -347 displaced jobs and +1,059 jobs from 'new' additional visitors to the area.'* (page 44).

5.3. In addition to this inconsistency the breakdown raises the following concerns:

- **Use of a high multiplier:** The assessment uses a multiplier of 1.18 for each of the expenditure streams. This is nearly twice as high as the multiplier which was used for the Economic Impact Assessment for a Regional Casino in Manchester of 1.1. HM Treasury indicate that a multiplier of 1.3 is appropriate for national (UK) impact assessments. The multiplier should reflect the size of the local economy and the mix of economic activity which exists in the local area both of which would generate a lower multiplier for Blackpool than for Manchester.

- **Total number of direct jobs:** The total number of direct jobs generated by the casino is considered to be 1,500 under both the low demand and high demand scenarios. The Pion Report (2006) states that *'under this study, we have been guided by the views of operators who suggest that a high spec regional casino can be expected to generate somewhere in the region of 1,500 jobs.'* (page 7). This figure is a top end estimate under both scenarios.

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7 http://www.culture.gov.uk/CAP/eip/eip_docs/blackpool/Blackpoool_answers_Qs.pdf#search=%22blackpool%20tourism%20destination%20benchmarking%20study%22

- **Jobs from new additional visitors:** This is likely to be an overestimate (see section 1)

- **Displaced jobs:** This is likely to be an underestimate (see section 4)

6. DIRECT LOCATIONAL COMPARISONS IN THE 2005 PION REPORT

6.1. The Pion Report (2005) compares Blackpool and Manchester as locations on the basis of 3 different models:

- **Economic benefits –**these are defined in terms of net jobs created and are estimated as 2,686 in Blackpool and 2,230 in Manchester. There is no direct information on how these numbers were generated although the report states that '*Blackpool is ranked highest primarily due to anticipated higher visitor numbers from outside the region*' (section 6.4.2).

  This contradicts the information provided in section 4 of the same report which disaggregated the type of casino visits for potential casino locations as illustrated in the table below:

  Table 2: Pion (2005) projections of casino visits – Blackpool and Manchester

	Resident casino visits	Total casino visits	**Tourist casino visits**	% of visits by tourists	**Non – regional tourists**
Blackpool	0.28m	0.6m	**0.32m**	53%	**0.16m**
Manchester	0.78m	1.18m	**0.40m**	34%	**0.2m**

  Source: Pion (2005)

  The Pion Report (2005) states that these numbers have taken into account the accommodation type of the visitor, length of stay, domestic/overseas origin, age profiles and propensity to gamble based on the gambling prevalence survey. The Pion Report states that in determining the regional/non-regional origin of the tourist client base the following assumption is made:

  '*in the absence of any formal data, it is assumed that these clients are split 50/50 between regional and non-regional origins'* (page 31).

  This generates 20 percent more visits from non-regional tourists to Manchester than to Blackpool, drectly contradicting the previous statement.

  In addition these data show that **the absolute number of casino visits from tourists in Manchester is expected to be around 25% higher than in Blackpool.**

  The 2005 Pion report states that tourist spend in Blackpool is significantly higher than elsewhere, (the figure on page 37 shows spend in Blackpool to be over £50 per visit compared to just over £40 per visit in Manchester). Using the STEAM data available online through the North West Regional Intelligence Unit[8] and Pion's numbers on tourist visits (page 36) it is evident that spend per visit in Machester is substantially higher than in Blackpool.

Table 3: Visitor spend

	Blackpool	Manchester City
Total Revenue by District (STEAM, 2004)	£756.23 million	£1171.84 million
Total visits (Pion, 2005)	14.9 million	20.2 million
Spend per visit	£50.75	£58.01

(Pion, 2005 & STEAM, 2004)

Based on Manchester's higher visitor spend per head, greater absolute number of visitors and higher number of visitors from outside the region compared to Blackpool, it is difficult to justify the total net jobs created as 2,686 in Blackpool and 2,230 in Manchester.

- **Tourism benefits –** The Pion report (2005) explains that *'these are assessed via a process that constructs an index taking into account absolute visitor numbers, the proportion of the employment base supported by tourism in each area and the tourist share of total estimated casino visits'*. The visitor numbers used in the index are the current number of visitors (20.2m Manchester, 14.9m Blackpool). The second variable included in the index is the average tourism visitor share (34% in Manchester and 53% in Blackpool). The third measure is the average tourism employment base (26.5% Blackpool, 4.8% Manchester). Again Blackpool is ranked first, due to the low level of demand from the local catchment area rather than because of the high number of visitors from elsewhere.

- **Benefits for deprived groups** – this measure aims to examine the extent to which casino development might help to address the difficulties faced by groups from deprived communities - providing access and opportunities for employment. The extent of deprivation is measured using the IMD. An assessment is then made of the number of jobs created and the potential for these jobs to be taken up by local people rather than commuters taking into account the pattern of skills anticipated to be required in casinos against the pattern of skills available in local unemployed/ economically inactive groups.

[8] http://www.nwriu.co.uk/tourismsubregions.asp

Manchester and Liverpool are ranked higher than Blackpool because of the higher levels of deprivation in the local area.

6.2. In generating the overall ranking the **report states that its methodology ranks Manchester and Blackpool in first place**:

'if the three categories are weighted equally, Manchester and Blackpool are ranked at roughly the same level with Liverpool in third position, Trafford and finally Salford' (Pion, 2005, page 44).

6.3. However it is later stated that Blackpool's position should be moved to rank one purely on the basis the differences the lack of alternative options in Blackpool:

'the options here put the opportunity for localised regeneration in the context of a more diversified, buoyant economy against an opportunity to restructure the fulcrum of a less diversified economy in trend decline. In these terms it is difficult not to assign a higher priority to Blackpool' (Pion 2005, page 46).

6.4. This would effectively mean supporting Blackpool's tourism industry at the expense of providing more jobs in the region in an area where they will provide the most benefits for deprived groups.

6.5. On the basis of all these criteria the optimum location for the North West would be Manchester. Ranking Blackpool in first position is an illogical and unfounded conclusion .

7. CONCLUSIONS

7.1. There is no evidential base demonstrated in Pion to support the argument for a regional casino in Blackpool. The review of the Market Demand Assessment (2005) and Economic Impact Assessment (2006) has highlighted the following key issues:

- **Demand from both visitors and tourists is significantly overestimated in the 2006 Report.** Based on Pion's visitor assumptions local Blackpool residents would need to visit the casino 16 times a year under the high demand scenario and 11 times a year under the low demand scenario. The 2006 Pion Report assumes that 65% of total demand for a regional casino in Blackpool consists of demand from new tourists. This is an increase of between 16 and 20 percent on current tourist numbers. The 2005 Report assumes that multiple interest gamblers are expected to make 9 visits and multiple interest tourists 27 visits per annum, implying that multiple interest tourists will spend 3.9 weeks a year in the casino.

- **Demand estimates are inconsistent with the 2005 Pion Report.** The 2005 report generates a total demand figure of 0.6 million visitors for a regional casino in Blackpool consisting of 0.31 million tourists and 0.284 million residents. In the 2006 report total demand is increased to 2.5 million under the low scenario and 3.5 million under the high scenario.

- **Displacement is hugely underestimated.** The 2006 Pion Model does not follow Treasury Green Book rules in the assessment of displacement and only considers displacement at the local level for a very limited number of visitors. The model does not consider displacement from any existing visitors or residents who shift their spending from other casinos in the local area. The model does not consider there to be any displacement from existing visitors to Blackpool from the region and outside the region who substitute their spending from other forms of leisure or gambling in Blackpool.

- **Visitor spend data is inaccurate**. The 2005 Pion report stated that tourist spend in Blackpool is significantly higher than elsewhere. STEAM data on total revenue combined with Pion's own data on visitor numbers has shown this to be incorrect with average spend in Manchester at around £58 per visit compared to £51 in Blackpool.

- **Visitor spend profiles estimates are overestimated.** In the 2006 model local Blackpool residents who visits the casino are assumed to spend between £550 and £800 per year. Average UK total household spending on recreation and cultural services is around £920 per year. The shift of this spend to casino gambling will result in considerable displacement from other forms of leisure spending. Blackpool's current visitor base is strongly biased to socio-economic groups DE (44%). The 2004/05 Expenditure and Food Survey shows a strong correlation between socio-economic group and expenditure on recreation and culture. It is therefore unlikely that assumed spend of £75 per person for non-regional visitors would be supported.

- **There are inconsistencies in the job figures between the reports.** The 2005 Pion Report predicted that a regional casino in Blackpool will generate **2,686 net jobs.** This report generated a total demand figure for the casino in Blackpool of 0.6 million visits per annum. The 2006 Pion Report predicts that a regional casino in Blackpool under the low demand scenario of 2.5 million visits will generate **2,515 net jobs** and under the high demand scenario of 3.5 million visits **2,890 net jobs**.

- **Job estimates in both Pion reports are hugely overestimated.** 1,059 jobs are expected to be generated from 'new' additional visitors. This is a large proportion of the total jobs and is based on the assumption of the 16 percent increase in Blackpool tourism as a result of the casino (see above). Given the issues raised in the above section on displacement the total number of jobs lost to displacement is likely to be a significant underestimate.

- **The methodology used to compare potential casino locations in the 2005 report is flawed.** On the basis of economic benefits Blackpool is ranked higher because it is assumed that the net jobs generated will 2,686 in Blackpool and 2,230 in Manchester on the basis of greater visits from outside the region. Pion's own data contradicts this showing that Macnchester is predicted to expect 0.2 million non-regional visits and Blackpool 0.16 million.

- **The 2005 Pion report ranks Manchester and Blackpool in equal first place as locations for a regional casino on the basis of its methodology.** The report concludes that the only reason Blackpool should be given priority is because of less extensive opportunities for regeneration. There is a significant spatial problem with this argument. The 2005 Pion Report takes a very broad brush approach to Manchester and does not consider the issues in the context of East Manchester.

- **The 2005 Pion Report ranks 'Manchester and Liverpool as the areas with most potential gain'** (para. 6.4.4) on the basis of need for regeneration and benefits for deprived groups. It then ignores these findings and priorties Blackpool on the basis of its declining tourism industry.