

Mr Robert Smith  
(by email)

Our Ref: F0003768 & RFC197901  
Your Ref:  
request-32644-623452e4@whatdotheyknow.com

Date: 10 June 2010

Dear Mr Smith

**Subject: Freedom of Information request - Blackpool regeneration**

I am writing in response to your email request of 13 April 2010 for information concerning the purchase of Blackpool Tower as part of a wider regeneration scheme. Your request has been considered under the Freedom of Information Act 2000.

I can confirm that Communities and Local Government does hold the information that you have requested and that I am able to provide you with some of that information. You requested to see the ministerial direction given to the accounting officer and the request for such a direction to be made. These documents are attached for your information. The actual ministerial direction was also placed in the House of Commons library earlier today.

I wish to advise you however that, with the agreement of the Attorney General, some of the information (value for money assessments) cannot be disclosed because it is considered exempt from the right of access under the Act by reason of section 36(2)(b) and 36(2)(c), which state :

- (2) *Information to which this section applies is exempt information if, in the Reasonable opinion of a qualified person, disclosure of the information under this Act -*
- (b) *would, or would be likely to, inhibit -*
    - (i) *the free and frank provision of advice, or*
    - (ii) *the free and frank exchange of views for the purposes of deliberation, or*
    - (c) *would otherwise prejudice, or would be likely otherwise to prejudice, the effective conduct of public affairs.*

In this case disclosure of the information at this stage would be likely to have an inhibiting effect on the degree of candour and frankness with which our partners and stakeholders would be willing to advise this Department in the future.

Further, the Chief Secretary to the Treasury recently asked Departments to review all projects approved since 1 January 2010 (for value for money and fit with the new Government's priorities) and this includes the purchase of the Blackpool Leisure Assets. This review is currently under way. We consider that release of such information before that review has been completed would be prejudicial to its outcome.

This Department acknowledges the public interest benefits of greater Government openness and transparency which underpin the Freedom of Information Act 2000, in order to demonstrate how decisions about regeneration projects are arrived at in Government, to enable the public to engage more closely in that decision-making process and make for greater public accountability in the spending of the public's money. On the other hand, in view of the ongoing review of this and other spending projects, we consider that serious prejudice would arise at the current time to this Department's ability, and that of the Government as a whole, to rely on the best, most candid and impartial advice from those external partners on whom we rely to provide such advice and assessments for making decisions from disclosure of the value for money information that you have requested.

We consider this prejudice to be so potentially detrimental to Government's ability to obtain best value for money estimates, and therefore to undertake the very necessary review that is currently in train, as to substantially outweigh the general and widely accepted public interest benefit in openness in this case.

I can assure you that Communities and Local Government as an organisation aims to be as helpful as possible in the way it deals with requests for information under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. If, however, you are not satisfied with the way in which your request has been handled or the outcome, you may request an internal review within two calendar months of the date of this letter. Information about the Department's review procedures and how to apply for an internal review of your case is on the Department's website at <http://www.communities.gov.uk/documents/corporate/pdf/1384250.pdf>. This also explains your right to apply directly to the Information Commissioner for a decision in the event that you remain dissatisfied following the Department's review.

Generally, the ICO cannot make a decision unless you have exhausted the Internal Review procedure provided by Communities and Local Government. The Information Commissioner's address is on the website referred to above.

If you have any queries about this letter, please contact me. Please remember to quote the reference number above in any future communications.

Yours sincerely,



E P HINES

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26 March 2010

*John Denham*

### PROPOSAL TO PURCHASE BLACKPOOL LEISURE ASSETS

I note your letter to me of 26 March setting out the need for Homes and Communities Agency investment into the proposal to acquire and refurbish Blackpool Leisure Assets to have had specific HMT approval, which has not as yet been forthcoming. You also noted the HMT concern about the potential for questions to be raised on propriety. The note set out that the argument on the value for money case is finely balanced, and reliant on achieving significant increases in visitor numbers. This does open up some uncertainty.

Notwithstanding the concerns set out in your letter, I think it is important to take into account the wider issues and the agglomerative benefits associated with this investment proposal. The deprivation of the district in comparison with other similar areas and its concentration in and around the town itself bolster the case for assistance to Blackpool. Moreover, I understand that there has been a sustained reduction in the employment base in recent years and that this investment proposal will assist in stabilising that decline. I have also taken note of the central role that the Tower and Winter Gardens play in sustaining Blackpool's tourist offer, and the urgency there is to put in place new arrangements in the current financial year to arrest further decline. I therefore judge that a direction is the best course of action.

On this basis, I consider this investment to be valuable for Blackpool and the wider area. Noting HMT's concerns and your assessment of the risks, I would therefore ask you to treat this letter as a direction to instruct the HCA's accounting officer Sir Bob Kerslake to implement this decision, which I believe will be of benefit to the people of Blackpool and the surrounding area, in driving economic growth and jobs. Before acting on the instruction, he should of course satisfy himself about the details of the project in the normal way and ensure that specific approval has also been received from HMT.

*John Denham*  
JOHN DENHAM AP

APPROVED BY THE  
MINISTER AND SIGNED  
IN HIS ABSENCE

*From the Permanent Secretary*

Rt Hon John Denham MP  
Secretary of State

*Secretary of State,*

26 March 2010

### **PROPOSAL TO PURCHASE BLACKPOOL LEISURE ASSETS**

I am writing to seek your direction to enable the Homes and Communities Agency's (HCA) contribution of £7 million towards the acquisition of Blackpool Tower and the Winter Gardens ("Blackpool Leisure Assets") by Blackpool Borough Council.

As you know, the Leisure Assets form a key part of Blackpool's wider regeneration masterplan. However insufficient investment by the current owner has led to deterioration in their condition over recent years. It is therefore believed by all the public sector bodies involved in the area that the proposed investment package will help boost both visitor numbers and profile, and that this is central to reversing a long period of economic decline.

The HCA's contribution of £7 million forms part of a wider £39 million package to acquire and refurbish the Leisure Assets. The Northwest Development Agency, Blackpool Borough Council and the European Regional Development Fund will cover the remainder of the required investment.

The case for investment is based on a projected steep rise in visitor numbers over the next five to ten years. Subjecting these estimates to sensitivity analysis produces cost per job figures above standard benchmarks. There is therefore a risk that the project may not be able to secure all the planned outputs should the market and tourist activity not develop as forecast. In my view, this project is therefore at the margins of VfM, although in the wider regeneration context this is not necessarily extreme.

Advice from Treasury officials suggests that this project does not offer value for money and their position is that HMT approval is required. The recent letter to BIS (23rd March from office of CST) made clear that for the CST to be able to consider giving his approval, a Ministerial direction would first be required to be given to the BIS Accounting Officer.

Separately, HM Treasury Officer of Accounts has raised a concern that there may be the potential for questions over propriety, given the proximity to the general election and uncertainties over the views of a future administration.

This is an issue that has been considered as part of our appraisal. Whilst there is a risk of challenge, the project has a significant history of local and regional engagement and is supported by a number of public sector partners and the private sector-led urban regeneration company. I consider therefore that there are no substantial propriety concerns.

Given these circumstances I must ask you to direct me to instruct the HCA's accounting officer to invest in the normal way under the general powers of the Housing and Regeneration Act 2008. This instruction would of course be subject to Sir Bob Kerslake satisfying himself on the details of the project, and to having received prior HMT approval.

Following this, I will write to the Comptroller and Auditor General, as recommended in paragraph 3.4.4 of Managing Public Money. It is likely that he will take this into account in any subsequent report he makes to the PAC.

Finally, I understand that the Accounting Officer for the Department for Business Innovation and Skills is also seeking a direction from his Secretary of State.



**PETER HOUSDEN**

Agreed by the  
Permanent Secretary  
and signed in his  
absence.