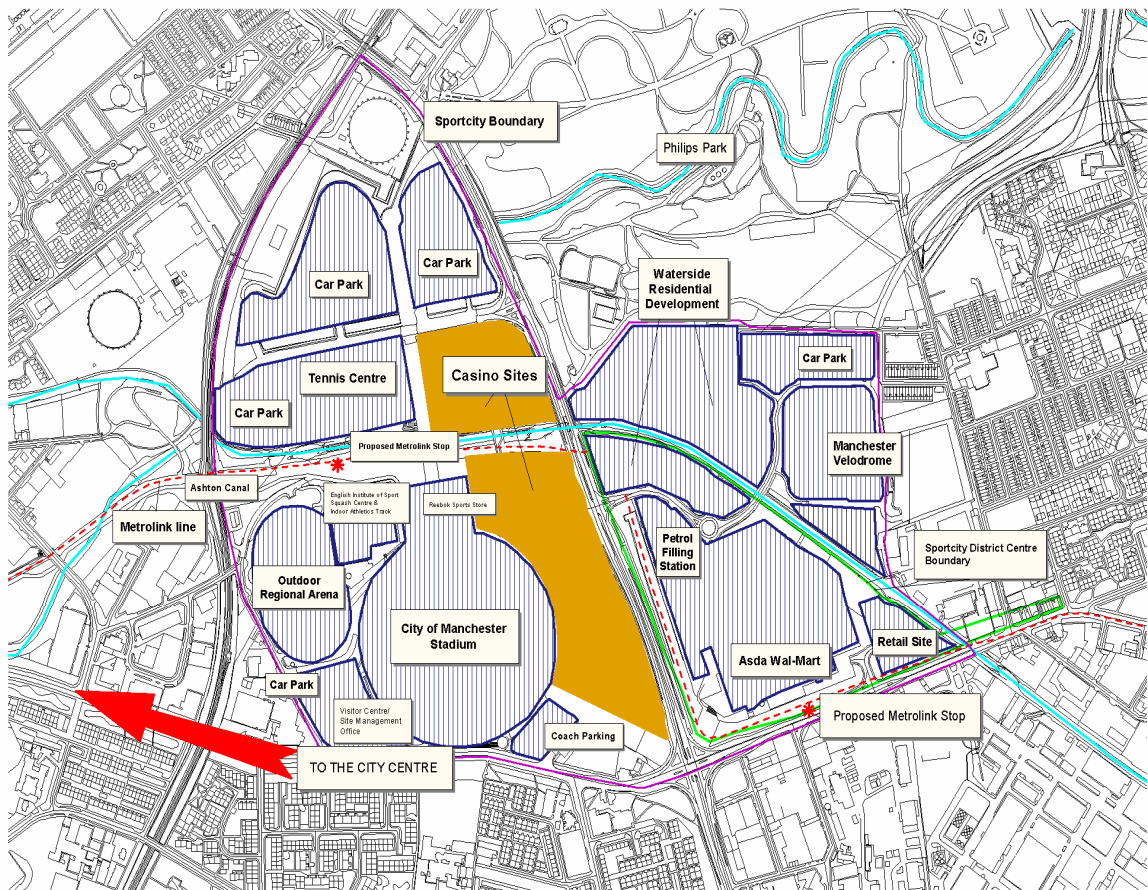


Manchester City Council and New East Manchester
Answers to Casino Advisory Panel Supplementary Questions
14th August 2006

Question 1

It would be helpful to have a more detailed explanation of the relationship between a regional casino and other elements of Sportcity and why there will be positive synergy.

1. The initial impetus for the development of Sportcity came from the award of the 2002 Commonwealth Games to Manchester in 1996. The first phase of development secured new sports facilities for the Games, including the City of Manchester stadium, English Institute of Sport and Tennis Centre, together with the Manchester Velodrome.
2. The staging of the Games was, however, only a means towards the objective of the comprehensive physical, social and economic renewal of the wider East Manchester area. Since 2002, further development of the Sportcity site – the Regional Arena, Visitor Centre, B of the Bang public artwork, Asda Walmart store, Sportcity Living residential scheme – has been designed to enhance its role as a visitor destination and commercial heart of the New East Manchester area. The following map illustrates the current usage of the Sportcity site:



3. Tourism is rapidly-growing in Greater Manchester in terms of visitor numbers and value to the local economy. (Further information on this is set out in response to Question 9). Sportcity itself is the most rapidly-growing visitor destination in the conurbation, now attracting an estimated 4 million visits per annum.
4. The site identified for the regional casino and entertainment complex is the one remaining significant development area at Sportcity. In considering options for the

land, three criteria have been paramount as they have for all other proposals for Sportcity:-

- a. *to maximise its potential to enhance further Sportcity's role as a visitor destination*
 - b. *to complement and thereby add value to the other leisure facilities, available locally and more widely across the city, for the benefit of local community and visitors alike*
 - c. *to maximise local benefit in terms of new employment and access to facilities*
5. Against each of these criteria, the location of a regional casino at Sportcity offers considerably greater benefits than any other options for the use of the site. Patronage of the casino and related entertainment complex would increase visitor numbers to Sportcity by around 4 million. Whilst further large-scale retail development would also attract significant visits, it would be wholly inappropriate and undesirable in planning terms. No other potential use generates similar visitor numbers.
 6. Notwithstanding that it will have to be undertaken anew, the competition to select an operator and development partner for the Sportcity site has clearly established the potential for a regional casino to secure new leisure and conference facilities which complement and extend the range of Manchester's current 'offer' to local people and visitors, and this will be an important component of the draft licensing policy and of any future competition.
 7. Job creation is very substantially higher than other potential uses of the site which might be acceptable in planning terms. The proposal selected for Sportcity would have injected an additional 2700 jobs into the local economy, and included a customised on-site skills development centre to ensure local access to training and employment opportunities. Equally, all current occupiers on the Sportcity site, including Manchester City Football Club, have community access strategies and plans in place to give local people affordable access to the sports facilities, and similar arrangements would apply to the new leisure complex.
 8. As stated earlier, the Sportcity competition was undertaken in advance of the introduction into Parliament of the Gambling Bill, at a time when Government expected the number of casino licenses to be determined by the market rather than by legislation. The City Council fully accepts and is committed to undertaking a further competition in accordance with the provisions of the Gambling Act 2005. Notwithstanding this, the work already undertaken demonstrates that potential operators share the City Council's view about the strength of Sportcity as a location, and also provides a useful benchmark against which to evaluate future development proposals.
 9. In terms of positive synergies, the development of new sports and leisure facilities, as well as the regional casino itself, will extend and diversify the range of uses available to visitors and thereby also extend the length and economic significance of visits. Joint planning and marketing of facilities and events, undertaken under the aegis of the Sportcity Manager and Visitor Centre, will add value to the operations of existing users as well as the regional casino in a way which would not be available in an isolated or "stand alone" development.

QUESTION 2

In section 2 of your proposal you set out your preference for a location at ‘Sportcity in East Manchester’. PPS6 at paragraph 1.8 refers to casinos as a “main town centre use” and elsewhere (paragraphs 2.24,2.44, 3.1 etc) expresses a preference for such uses to be located in a town centres. Whilst the remit of the Panel is to advise only on the broad location of casinos, you have chosen in your proposals to identify this specific location as a particular merit of your proposal. What is the justification for choosing a location outside the City Centre contrary to the guidance of PPS6?

1. The City Council’s submission identified Sportcity as having particular merit for a regional casino because it has already attracted strong interest from potential operators, has been market-tested through the competition that the City Council ran in the first half of 2004, and provides a useful benchmark against which to evaluate future proposals. It has been considered against the sequential approach to site selection, and in our view it is not inconsistent with the Government’s aims as expressed in PPS6. It is also available and viable, important considerations if the first such development in the UK is to act as an effective test bed for this type of facility
2. The location of a regional casino at Sportcity would significantly further Government objectives recognised in PPS1 and PPS6. These include:
 - a. Promoting social inclusion, ensuring that communities have access to a range of main town centre uses, and that deficiencies in areas with poor access to facilities are remedied;
 - b. Encouraging investment to regenerate deprived areas, creating additional employment opportunities and an improved physical environment;
 - c. Promoting economic growth of regional, sub-regional and local economies;
 - d. Delivering more sustainable patterns of development, ensuring that locations are fully exploited through high density, mixed use development and promoting sustainable transport choices; and
 - e. Promoting high quality and inclusive design, improving the quality of the public realm and open spaces, providing a sense of place and focus for the community and ensuring that town centres provide an attractive, safe and accessible location for all.
3. In this context, a “regional casino” means a mixed use development including a casino of the size required by the Gambling Act 2005 together with substantial leisure, hotel and commercial uses sufficient to fulfil the description in the Casino Advisory Panel’s call for proposals 31st January 2006:

“The Government also expects that a regional casino will be a major development offering clear potential for regeneration. It will provide not just a range of gambling activities, but may include hotel accommodation, conference facilities, restaurants, bars, areas for live entertainment and other leisure attractions, gambling activities and non-gambling leisure facilities.”

PPS6

4. The City Council accepts that the main town centre uses referred to in PPS6 include leisure, entertainment facilities and the more intensive sport and recreational centre uses (including casinos).
5. Sportcity includes the new District Centre with the preferred Casino site adjacent to the boundary of the District Centre. It is an accessible location with buses, pedestrian and cycle links to the City Centre and wider area. There is good road access to the motorway network. It will benefit from an extension to the Metrolink system shortly.

6. PPS6 states the key Government objective for town centres is to promote their vitality and viability by:
- i. *planning for the growth and development of existing centres, and*
 - ii. *promoting and enhancing existing centres, by focusing development in such centres and encouraging a wide range of services in a good environment, accessible to all* (Paragraph 1.3)
7. The City Council considers that locating the regional casino at Sportcity with the provision of large scale sports and leisure uses would complement the existing Sportcity facilities, enhance the vitality and viability of the district centre as it has been conceived and supported in the development plan and enhance the overall leisure/sports offer in East Manchester (see response to question 1). The Government's objectives for town centres overall will be better achieved by its location at Sportcity and location there will also significantly further other objectives of the Government recognised in PPS6 and PPS1.
8. PPS6 paragraph 2.9 encourages Planning Authorities to consider the pattern of different centres – their roles, range of facilities. It advises Planning Authorities to plan the distribution of growth, using it to rebalance the network of centres to ensure that it is not overly dominated by the largest centres, and that there is an even distribution of facilities and that people's everyday needs are met at a local level. Planning Authorities should therefore seek to consider
- Whether there is a need to avoid an over-concentration of growth in the higher level centres
 - The need for investment and growth to strengthen the other centres, especially those needing regeneration
 - The need to address deficiencies in the network by promoting centres to function at a higher level in the hierarchy.”
9. Sportcity is specifically identified for leisure development of the type and scale proposed by the casino and associated facilities. In 2003 the UDP Alterations for East Manchester were adopted that identified Sportcity, including the District Centre, as a major focus for regeneration activity on previously developed land, specifically for:
- “International sports facilities and mixed use development along Alan Turing Way”*. **Policy EM11**
10. The reasoned justification paragraph 4.7.3 states:
- “The area fronting Alan Turing Way is suitable for a mix of uses including a hotel, leisure and other commercial uses.”*
11. Its location was proposed together with major infrastructure improvements to the City Centre, adjacent areas and the national motorway network. The reasoned justification paragraph 4.7.2 states:
- “The infrastructure in place and proposed will create strong links between Sportcity and the City Centre, for example the proposed Metrolink from the City Centre to Ashton-under-Lyne with stops within Sportcity; the improvements to the Ashton Canal will provide a pedestrian and cycle path from the City Centre to Sportcity; and there are high frequency of buses along Ashton New Road.”*
12. Sportcity is already the site of the City of Manchester Stadium, the English Institute for Sport, the regional arena, an indoor/outdoor Tennis Centre, the National Cycling

Centre (the Velodrome) and the first phase of a new district centre, occupied by Asda Walmart and Next. The Stadium and the surrounding development within the Sportcity site is all of a significant scale. It would therefore be appropriate to locate a Casino in design terms within this cluster of major facilities.

13. During the preparation of these alterations, no representations were received from Government Office North West to policy EM11 Sportcity. This was a strong endorsement of the principle of Sportcity as the pivotal location in East Manchester for major, strategic development for sport, leisure and, within the district centre, retail uses.
14. The City Council has considered the sequential test. Using the successful bid from the first stage of the initial competition in 2004, it has been assumed that any future proposal would need a 7 hectare site. The City Council has undertaken a sequential test using this bench mark to inform its assumptions about the scale and format of a regional casino. The area sequentially tested was the City Centre and despite sites emerging as sequentially preferable they were not deliverable either due to land ownership, listed buildings or extant planning consents. This is only a snapshot applying at the time of testing.
15. The location of a regional casino will enhance the vitality and viability of both the new district centre and the City Centre through an overall improved 'offer' of complementary facilities well related and linked to each other. The quantitative need for a regional casino has been identified at a national level by the granting of one licence under the Gambling Act 2005. At a regional level capacity for a number of regional scale casinos has been identified in "Casinos in England's Northwest An Assessment of Market Demand" Pion Economics Final Report June 2005.
16. At a local level the Manchester City Unitary Development Plan identifies Sportcity as suitable for sport and mixed use development specifically leisure, in policy EM11. Whilst the City Centre might be enhanced if the regional casino could be located there, the Government's objectives for town centres overall will be better achieved by its location at Sportcity, creating a more sustainable balance between the higher order centre of the City Centre and Sportcity in line with UDP policy.
17. Sportcity is within East Manchester, one of the most deprived communities in England. The area suffered serious decline from the 1960's onwards and has been stripped of industrial jobs, leaving buildings empty and vacant land throughout. 15 years ago the 60 ha Sportcity site was derelict. It had serious constraints including contamination from heavy industrial uses; coal mining shafts; landfill gas; and the River Medlock in culvert across the site. The extensive sports, retail and leisure complex provides a breadth of quality facilities in an area of the City that previously was severely underprovided. Surveys show that local residents have a high satisfaction rate with Sportcity as a shopping destination. Locating the Casino in Sportcity would be placing a major use delivering regeneration where it is needed and has been explicitly planned for, making significant contributions to the achievement of each of the Government's objectives listed in PPS6 and referred to above.

Regional Centre

18. Sportcity is located within the 'Regional Centre' of the Greater Manchester Conurbation. The 'Regional Centre' is a term used to describe the core of the conurbation where there is the highest concentration of economic activity, cultural and sporting facilities and the central focus of local, regional and national transport networks. More recently the GM conurbation has become known as the Manchester City Region encompassing geographical areas beyond the traditional boundaries of Greater Manchester to include areas in Cheshire, Lancashire and the Mid- Mersey towns such as Warrington to reflect the close social and economic links and travel to work patterns of its population.

19. Although not defined statutorily the term Regional Centre was clarified within the Greater Manchester Strategic Planning Framework published in 1999 by the Association of Greater Manchester Authorities (AGMA). In this document the Regional Centre was defined as “ A dynamic and highly accessible sustainable Regional Centre will be promoted, embracing the area stretching from Salford Quays and immediately adjoining parts of Trafford Park in the west to Eastlands in the east, the site of the new Commonwealth Games Stadium (now known as Sportcity), and the Higher Education precinct/medical facilities to the south as well as the City Centre. In these areas development will be concentrated on the provision of facilities appropriate to a regional centre”.
20. It is Manchester City Council’s belief that the proposal for a regional casino at Sportcity sits beside a long held vision for the type, scale and nature of facilities to be concentrated within the wider Regional Centre. Whilst the definition has long been held in Greater Manchester, its emergence for inclusion into statutory planning documents has only recently come to the fore with the increasing importance placed on the need for City Regions, particularly in northern England through Government’s ‘Northern Way’ initiative, to deliver a step change in closing the economic productivity gap with the South East.
21. With regard to the Regional Centre the Draft Submitted North West Plan (RSS) states:

Policy MCR1 – Manchester City Region Priorities

Plans and strategies in the Manchester City Region will:

“Support interventions necessary to achieve a significant improvement in the sub-region’s economic performance by encouraging investment and sustainable development in the Regional Centre.”

Policy MCR2 – Regional Centre and Inner Areas of the Manchester City Region

“Plans and strategies will ensure that the Regional Centre of the Manchester City Region continues to develop as the primary economic driver, providing the main focus for retail, leisure, cultural and tourism development in the City Region.”

22. Whilst the ‘Regional Centre’ concept may not sit within PPS6 definitions of town centres, it validates the preferred location of the casino in planning policy terms. Furthermore the Government Office North West’s response to the public consultation on the submitted Draft Regional Spatial Strategy (RSS) for the North West of England stated:

“We welcome the focus on city regions and the core centres of Manchester and Liverpool, but RDF1 adds little value in respect of Towns and Cities. It propounds a “one size fits all” approach”

23. This shows support for the city regions concept and the focus on the core centres which includes the Regional Centre. It also indicates that a “one size fits all” approach is not appropriate and the role and function of each location should be considered and the subsequent planning policy should take this into account.

Sustainability of site

24. The Sportcity site is a previously developed site, within an established regeneration area. It is a well positioned site with quick access to the City Centre by a variety of modes of transport:
1. Pedestrian and cycle routes between Sportcity and the City Centre (20 minutes walk time)
 2. Frequent and rapid bus services to the City Centre and many other destinations in East Manchester and beyond the local authority boundary.

3. Located on the crossroads of two major roads in East Manchester, Alan Turing Way and Ashton New Road
4. It is a central location within East Manchester with a 10 minute walk time to the deprived neighbourhoods of Openshaw, Beswick, Clayton, Miles Platting and the Ashton Road Corridor
5. Direct and fast links to the national motorway network, specifically the M60 orbital motorway.
6. 10 minutes walk to the main line passenger rail station 'Ashburys', with a direct connection to the West Coast Mainline station of Piccadilly and other locations further afield.
7. A confirmed extension to the 'Metrolink' passenger light rapid transit system will connect two stops in Sportcity with the city centre and the rest of the city's network.

Competitive Process

25. Notwithstanding Sportcity's particular merits and its position in relation to Government planning guidance, the City Council is clear that the location within Manchester of a regional casino will be determined by a combination of the outcome of the competition that is required to be held under the Gambling Act 2005 and the ordinary planning process. The Council is aware that in granting a regional casino licence it must comply with the requirements at S210 of the Gambling Act 2005:
 - not to have regard to whether or not a regional casino proposal is likely to be permitted in accordance with the law relating to planning and
 - not to constrain any planning decision by its licensing decision.
26. The City Council are not, and cannot be, committed only to a regional casino at Sportcity. The City Council considers on the information available to them that Sportcity represents the location that will maximise local benefits and that the proposal which it has received for that site indicates the minimum scale of the benefits likely to be achievable. This does not mean that more, in terms of benefits, will not be secured by the development of a casino at Sportcity. It equally does not mean that other sites are excluded from consideration or that they may not provide more benefits when assessed in any competition.

CONCLUSION

27. The City Council considers, therefore, locating a regional casino at Sportcity will enhance the vitality and viability of the new district centre as it has been conceived and supported in the development plan whilst also promoting the vitality and viability of the city centre. Manchester City Council has chosen East Manchester as its preferred location for sound planning reasons. This is based on an overall consideration of the objectives and direction of national planning policy contained in PPS6 and issues directly relevant to the City Council, Greater Manchester and the North West Region. These include:
 - Support in the Unitary Development Plan for Sportcity as a key sport and leisure location
 - The location of Sportcity in respect of City Centre amenities
 - Regeneration benefit
 - Characteristics of the Sportcity Site
 - Inappropriateness of disaggregating the "regional casino" facilities
 - Sustainability of the Sportcity Site

QUESTION 3

Please give evidence to explain your confidence that the new casino will benefit economically inactive people in your council's area? Could you give us precise details on the assumptions and method of calculation of net economic benefits including estimated employment impact? In particular, in the locally deprived areas, how will you ensure a positive take up of job opportunities?

1. Manchester City Council has pioneered a number of initiatives to ensure that the opportunities offered by its growing economy benefit the large numbers of workless residents, many of whom do not possess the skills necessary to access employment. The city has been undergoing a long-term restructuring of its economic base, from older, traditional heavy manufacturing industries, utilising large numbers of unskilled and semi-skilled labour, to businesses in the knowledge economy (banking, professional and financial services, media, information and communications technology etc.) and in the service sector.
2. As a result of these structural economic changes, Manchester has a relatively large proportion of low-skilled unemployed residents. However, the focus that the City Council, with its partners, has been able to bring on this issue in recent years has led to improvements in unemployment and employment rates which have been greater than regional or national averages, albeit from a low base position. In terms of unemployment, for example, between June 1999 and June 2006, the rate in Manchester reduced by 36.1% to 3.9%, compared with a reduction nationally of 24.2% to 2.5%. The employment rate in Manchester between 1999 and 2004 (the last date for which statistics are currently available) rose by 3.1% to 60%, compared with a national increase of 0.4% to 74.7%. These figures demonstrate that Manchester has the organisational capacity and focus to reduce these disparities, but also emphasise that economic restructuring is a long-term process requiring sustained commitment.
3. Manchester consequently has a particular concern to ensure that the estimated 100,000 new jobs which will be generated within the city over the next decade are accessible to local unemployed people. Because it does not require the same order of skills as other growth areas in the local economy, the tourism sector is particularly significant in this respect.
4. In our earlier submission, we set out practical examples of successful approaches to getting unemployed people into work – notably the Asda Walmart Recruitment Initiative, Aspire, and Intensive Support Project – which have won national recognition and awards. More generally, Manchester has also been at the forefront in initiatives to reduce the numbers of people moving onto and remaining on Incapacity Benefit, through the Pathways to Work pilot and Stepping Stones. The latter in particular exemplifies the delivery of innovative and tailored service provision through partnership with JobCentre Plus and the Employment and Regeneration Partnership. To date, of 3426 workless residents on Incapacity Benefit engaged by the project, 1052 have secured employment.
5. The City has also been pro-active in targeting growth sectors for local employment initiatives. It has established a training academy at Manchester Airport and also the Employment Access Project with the National Health Service. It will establish a similar bespoke skills training centre as part of the development of the regional casino and leisure complex.
6. The City has been chosen as one of thirteen flagship areas for a new Government initiative – the Cities Strategy Pathfinder – to tackle the high levels of worklessness in the city. The strategy will involve the establishment of the City Consortium (comprising the ten Greater Manchester local authorities and their local strategic partnerships, the Learning and Skills Council, Job Centre Plus, North West Development Agency, Manchester Enterprises and local businesses) to lead the

initiative. Its significance lies in the enhanced capacity to secure the integration of economic forecasting and planning with the funding and delivery of services (particularly skills training) to move economically inactive residents into paid employment. The City Consortium will play a key role in commissioning and designing programmes to meet the labour requirements of the regional casino and leisure complex, and it will seek the active engagement and support of the selected casino operator in doing so.

7. In terms of the calculation of net economic benefit, in our bid document the expected economic benefits are expressed primarily in employment terms. Another means of capturing economic benefit is Gross Value Added (GVA), which is measured in monetary terms. GVA is the difference between the sales revenue of an enterprise (or a whole area) and the cost of producing such sales. It measures, essentially, the wealth generated, regardless of where and how the wealth is distributed. Value added for an enterprise, in this case the casino complex, is commonly calculated by adding profits to wages.
8. Cambridge Policy Consultants (CPC) used confidential wage cost information provided by Kerzner for the casino and its related developments and its own confidential estimate of profits. On this basis the GVA for the casino complex is calculated at approximately £96 million.
9. We emphasise that the platform from which we estimate is a very real commercial proposition which was assessed by the Council in a competitive process. The Council's assessment included a check on the financial costs implied by the estimates given.
10. The employment impacts and multiplier assessments were calculated initially by CPC and were then independently reviewed by Europe Economics, who confirmed that CPC's calculations were correct and their assumptions and methods entirely justified. We are confident that the estimates are robust and reliable.
11. CPC derived its estimate of construction jobs from the investment cost stated by Kerzner. In construction it is common for much of the employment to arise from short-term jobs, which then need to be converted to full-time equivalents (FTE). A standard ratio of 1:10 is adopted by HMT. The result is 386 FTE construction jobs. Europe Economics confirm this as valid after having considered the employment effects arising from a number of other large-scale construction projects, and they also agree that CPC was right (if a little conservative) in assessing no real multiplier effect from the construction jobs.
12. The direct employment impacts arising from the operational phase of the casino are derived directly from the draft Kerzner business plan, and break down into 1100 full-time jobs and 400 part-time, the latter converted to an estimated 200 FTE, making the figure of 1300 that appears in our bid document. Both CPC and Europe Economics advise that it is best to work from the operator's own assessments of direct employment, since any estimate based on third party experiences could only be approximate.

QUESTION 4

Can you summarise the lessons you have drawn from your experience of casinos so far and what methods did you use to derive these?

What empirically based assessment, if any, is available on the impact of existing gambling operations within your area on problem gambling and may we have a copy of any reports?

1. Manchester City Council has been actively researching and analysing the effect of casinos since early 2003 as part of our proposals for a regional casino. Whilst the regeneration benefits which can flow from a regional casino can be significant, it is critical for any proposal for a regional casino to address the potential negative impacts which can arise from problem gambling and criminality.
2. Manchester already has six casinos operating within the local authority area. We have consulted the Gambling Commission and Greater Manchester Police who have not encountered any problems with their operation. There is little empirically based assessment on the impact of existing gambling operations within Manchester on problem gambling.

Preventing gambling from being a source of crime or disorder

3. Manchester City council has begun discussions with Greater Manchester Police. Strong relationships already exist with local and regional partners and we will continue to work closely with partners to tackle the implications and issues of crime and disorder which may arise from the regional casino.
4. By working closely with GMP Architectural Liaison Officers we will ensure that a site is developed that designs out crime and complies with Secured by Design standards. This will address a range of issues to prevent crime and anti social behaviour taking place. As part of this, consideration will be given to issues of secure parking and required levels of lighting and monitoring.
5. GMP are well placed to ensure the correct checks and balances are in place to address issues that may arise in relation to organised crime. Nationally, the force is recognised as having expertise in this regard and is one of only two forces nationally in this position. This places Manchester in a strong position to address and counteract any risk of organised crime.

Gambling Prevalence and Problem Gambling

6. We have commissioned a report from Europe Economics to analyse the current available data on gambling propensity and on problem gambling. In addition to the National Prevalence Study (2000) they have also analysed the two most recent national prevalence studies which were conducted by themselves and MORI in 2004 and 2005 respectively. The 2004 and 2005 studies were commissioned by the Association of British Book Makers in response to a requirement by DCMS. These studies show no significant change in the rates of gambling or problem gambling nationally. In respect of the North West, the studies show the region to be in line with national prevalence rates for problem gambling with slightly higher rate than the national rate for the propensity to gamble. The report is attached.
7. The report also looks at the experience from abroad in respect of casino development and in terms of the mechanisms to mitigate and prevent problem gambling. This has informed the Social Responsibility Framework and the Responsible Gambling Unit. In addition we have commissioned a number of studies to further inform our knowledge and understanding of the issues and in addition to Europe Economics we have

retained the services of specialist gambling consultant Paul Bellringer of Responsible Gambling Solutions RSG (founder and former Chief Executive of Gamcare) to work with us on our proposals and oversee the development of the Responsible Gambling Unit.

8. The lessons learnt in terms of the approach to be adapted to minimising problem gambling are set out in the Social Responsibility Framework. This has been developed from discussions with a range of local and national stakeholders and with the gambling industry itself. We have consulted with Gambling Commission and gambling operators in the city who have all agreed to the principles of the Social Responsibility Framework.
9. The City Council is aware, however, that existing studies have limitations that should not be ignored. If the negative impacts from a regional casino are to be minimised, not only is it necessary for there to be such a framework identifying what is now thought to be good practice, but also for provision to be made for monitoring those impacts and ensuring that adjustments are made to deal with problems that may emerge. To this end the City Council in conjunction with Europe Economics and the RSG have devised a robust monitoring framework.
10. The City Council will require all casino operators to take responsibility for minimising negative social impacts, to make a commitment to monitoring and evaluating impacts in line with our monitoring and evaluation framework and to funding effective programmes for the prevention of harm and the protection of children and other vulnerable groups.

QUESTION 5

In Section 4 of your proposal, at Table 1, you refer to Manchester being 3rd in overall rank of deprivation, comparing this fact with other authorities proposing a casino. To what extent is this rank due to the boundaries of the City of Manchester being what they are?

1. Manchester City Council's boundaries are set by the Boundary Commission. The ability to license casinos is governed by the Gambling Act 2005 which enables us to grant a license only within our administrative boundaries. For this reason, it is appropriate to look at the deprivation profile of our administrative boundary, not the wider area. This is the only objective basis on which a comparative assessment across different local authority areas is possible. The customer catchment of the casino will clearly be from a much wider area, but the economic benefits will be focused upon the area closest to the regional casino itself.
2. The Index of Multiple Deprivation is the only objective ranking of those factors affecting poverty and deprivation and, hence, the need for regeneration (that is, interventions to improve social, economic and physical conditions). It is inexplicable that the Panel should have scored other areas more highly than Manchester in their initial assessment of proposals when it is a matter of objective fact, not opinion, that levels of poverty and deprivation are substantially higher in Manchester than in those other locations, and these scores need to be revisited accordingly.
3. The IMD also assesses deprivation need at a ward and super output area (i.e. below ward) level, and these are also instructive, given that the beneficial impact of the casino development, particularly in terms of new jobs, will be greatest in those areas in closest proximity to it. If wards or super output areas adjacent to the Sportcity site are analysed, this accentuates even further the gap between Manchester and other locations in terms of regeneration need.

QUESTION 6

If you were not successful in gaining the recommendation for the one regional casino license, what will happen to your regeneration plans?

1. If Manchester is unsuccessful, this will substantially affect the positive momentum for economic and social improvement that has been generated in Manchester. Unemployment and worklessness in Manchester is considerably greater than in other shortlisted locations, and the inability to implement a project which will inject over 2700 new jobs into the local economy will be a substantial blow to economic recovery.
2. Unlike some other locations, Manchester spent eighteen months prior to the advent of a prospective regional casino in considering development options for the Sportcity site in conjunction with its then lead development partner, Amec Developments. This established beyond question that the potential regeneration benefits of the regional casino and leisure complex were hugely greater than other potential development options, including retail and leisure uses, and also related far better in planning terms with Sportcity's emerging destination role. For these reasons, Manchester would be most reluctant to abandon its ambitions and will review options at the appropriate point in the context of its long-term strategy for East Manchester.

QUESTION 7

Regarding willingness to license, will it be necessary for the full Council to approve the proposal or has the Executive delegated authority in this regard?

1. Manchester City Council operates Executive arrangements in accordance with the Local Government Act 2000. Under these arrangements the Council as a whole makes certain designated decisions by its Executive. There is no legal or constitutional requirement for any such decision to be approved by the full Council.
2. Section 5 (page 1) of the submitted bid sets out the date on which reports concerning the regional casino proposal have been considered by Manchester's Executive.

On 22nd December 2005 the Executive agreed:

"To delegate to the Chief Executive, in consultation with the Chair of the Executive and the Executive Member for Planning and the Environment, authority to submit a formal expression of interest for a regional casino at Sportcity to the Government's Independent Advisory Panel on Casinos"

3. The Chief Executive consulted the Chair of the Executive and the Executive Member for Planning and the Environment before submitting the proposal to the Casino Advisory Panel.
4. If Manchester is successful in securing a right to award a regional casino license there will be three further decisions required:
 - i. *The full Council will adopt the Gambling Act policy governing license applications*
 - ii. *The Council's Licensing Committee will consider the license application*
 - iii. *The Council's Planning Committee will also separately consider the planning application for the proposal*

QUESTION 8

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

1. Only a regional casino with its greater scale and potential to generate additional facilities, investment and jobs will generate the regeneration and economic benefits that drive Manchester's corporate objectives and ambitions for the City and meet its regeneration needs. The Panel is likely to see this from the scale of regeneration benefits in the various regional casino submissions it has received as opposed to those in the small and large casino category.
2. The successful bid from the earlier competition which Manchester undertook acts as a benchmark for what can be achieved with a regional casino. It would have provided:
 - 2,700 jobs
 - £260 million of investment
 - Associated leisure and entertainment facilities, which include
 - National Skills and Training Academy
 - Swimming Facility
 - House of Sport
 - Olympic size Ice Rink
 - Urban Sports Zone
 - Performance Arena
 - World of Snooker
 - Hotel, bars and restaurants/international food court
3. From discussions with a range of operators a small or large casino would generate a much reduced level of additional jobs and would be unlikely to generate anywhere near the level of associated development.

QUESTION 9

We would like to understand Manchester's current profile and capabilities in international tourism, as well as the strategies being pursued to develop this and hence how a Regional casino fits within these existing strategies.

Strategy

1. Manchester is the 3rd most visited city in the UK by international visitors. Of the shortlisted areas, it is the second most visited after London. Whilst the number of visitors (international and domestic) to Greater Manchester has increased by 17% over the last five years, the value to the economy of these visitors has increased by 60%. Overseas visitor numbers, between 2001 and 2005 increased by almost 50%. The City of Manchester attracted over 820,000 overseas visitors in 2005, with Greater Manchester attracting 1,080,000 (nearly 50% of the Northwest's international visitors).
2. "Marketing Manchester", funded by the North West Development Agency to promote the city and Greater Manchester nationally and internationally, have calculated that over 40,000 full time jobs are supported by the city's tourism economy. In 2004, the last available measured year, this brought £2.4 billion to the region's economy. Unlike other northwest tourist destinations, the number of its overseas tourists is of major significance. Of the nearly 2 million overseas visitors to the city in 2004, America ranked as the second most likely source of tourists, followed by Germany, France, Spain and Australia. Manchester airport in 2004 handled 24 million passengers, flying from over 200 destinations across the globe. This is a result of Manchester's strategy to create a dynamic environment for tourism.
3. Marketing Manchester works with Visit Britain, the North West Development Agency and Manchester Airport in markets where it can 'make the difference'. Specifically in Europe, these include Ireland, Nordic, Germany and Spain and in the long haul markets of US, China, Asia Pacific and the Middle East. Marketing Manchester suggest that a casino development in Manchester will add to the international business tourism offering and will appeal strongly to the overseas leisure visitor from China, Hong Kong and the closer markets of Ireland and some of the Eastern European countries.
4. Manchester is currently ranked 49th by the International Conference and Convention Association (ICCA) which rates business tourism destinations worldwide, having risen from outside the top 100 since 2003. Business conferences frequently aim to provide motivation and reward to the business delegate. A regional casino would tend to attract this market. In an increasingly globally competitive market, destinations need to provide something unique. Manchester is well placed to do this but needs a strong incentive product to compete with the major players of Paris, Barcelona or Hong Kong – a regional casino and associated significant leisure development would be a huge step in achieving this.
5. A regional casino in Manchester fits with the message that Marketing Manchester promotes in all of its overseas marketing activity. This activity is focused on short break takers in overseas markets where it would be of most interest – for example, US, Far East, Eastern Europe. Manchester's strong international visitor profile would be enhanced by a regional casino and it would increase the economic impact of tourism from both the business and leisure visitor. Manchester has proved that it is capable of supporting developments of this scale and that it can maximise the opportunities that such developments present.
6. The City's approach to development of its tourist economy is supported by a number of regional and local strategies. These are outlined in the appendix.

Hotels

7. There are currently 2,620 beds in 3 to 5 star hotels in Manchester. New hotel development which is currently consented or under construction will bring a further 2,000 beds on stream between May 2006 and the end of 2008. The Council is aware of negotiations for two further 5 star hotels within the city centre.

Transport

8. Manchester airport currently handles 22 million passengers per annum with a projected increase to 39 million by 2015 while also extending its range of flight route destinations.

Assets and infrastructure

9. Manchester's rapid and continuing growth as a tourist destination is reflected in a similar growth over the last ten years in the range of tourist assets and infrastructure, including:
 - **Conference and convention facilities**
GMEX Exhibition Centre and Manchester International Convention Centre
 - **Theatres**
The largest concentration of regional theatres in the UK, including the Opera House, Palace Theatre, Royal Exchange, Library Theatre, Lowry Centre, Contact Theatre, Green Room, Bolton Octagon, Oldham Coliseum
 - **Galleries and Museums**
Manchester Art Gallery, Museum of Science and Industry, Manchester Museum, Whitworth Art Gallery, Peoples History Museum, Cornerhouse Arts Centre, Imperial War Museum
 - **Music**
Bridgewater Hall, Halle Orchestra, BBC Philharmonic, Manchester Camerata, Royal Northern College of Music
 - **Sports**
MEN Arena, Manchester United and City Football Clubs, Lancashire County Cricket Club, Manchester Velodrome, Aquatics Centre, Regional Hockey Centre
10. As a result of recent trends in tourism to Manchester, Marketing Manchester have identified industry confidence that Manchester will remain an attractive destination for international leisure and business visitors in the short, medium and long term, which suggests that investment in this sector will continue and grow. This is vital to sustain and develop this important component of Manchester's economy.

QUESTION 10

How much thought has been given to possible commercial deals with any possible operator?

Are you confident you will be able to obtain the best community deal from the project?

What would money obtained from such deals be spent on?

1. The Council has an unrivalled track record in delivering major projects in partnership with the private sector. Examples include the reconstruction of the city centre following the terrorist bomb in 1996, the staging of the Commonwealth Games (the largest multi-sport event ever held in the UK), the MEN Arena, the Bridgewater Hall, the Manchester International Convention Centre and Conference Quarter, and the City of Manchester Stadium. These and other developments have built a commercial capacity with the organisation, augmented by specialist advisers, that is second to none in maximising public benefit from partnerships with the private sector.

2. The City Council's assessment by the Audit Commission (Corporate Assessment Report 2006) states the following:

"The Council is good at managing risks in projects. There is a strong track record of the successful and effective risk management in major projects, not least the commonwealth games. Other examples include large-scale regeneration projects and the recent successful implementation of new IT systems, where projects are consistently delivered on time and to budgets. Risks have been assessed systematically in service planning through the management action plans for the last two annual cycles. (P.35)

"Despite success, unemployment still remains significantly above the regional and national average. Thirty five percent of the working age population is economically inactive, and there are high numbers claiming Incapacity Benefit especially those aged over 50. The Council is aware of this and is working well in partnership to overcome the legacy of previous economic decline. The Stepping Stones project, for example, has taken over 1,100 people off incapacity benefit and into work in the last 18 months, mostly from deprived communities." (p.25)

3. The competition run by the City Council on the Sportcity site has already focussed attention on, and given us valuable insights into, the commercial benefits that might be derived. In light of the emerging requirements of the Gambling Act 2005, the Council terminated this competition before agreements could be concluded, but the process has nevertheless clarified the importance of certain key considerations:-

- the extent and nature of the authority's role
- the risks to be borne, or guarantees given, by Manchester
- expected revenues to Manchester, divided as to (a) direct funding to regeneration schemes, (b) direct, indirect and multiplier impacts arising from the casino, and (c) general contributions, such as (for example) those made through business rates
- the experience of the potential partner(s)
- the contractual and licensing arrangements we would expect to enter into with our commercial partner(s)
- what reasonable returns could be expected by the commercial partners

4. When the competition to select an operator is re-run, these factors will have particular weight in evaluating both the anticipated level of commercial return sought by the partner, and the nature and scope of the return to the public sector.
5. The mechanism for securing benefits from a regional casino is established by the statutory requirement for the Council to hold a competition to identify the proposal that offers the greatest benefit to Manchester coupled with the power to enter into an agreement to enable those benefits to be secured and to impose conditions on any regional casino licence granted.
6. The Council has published for consultation a draft policy containing criteria which the Council will use to identify the proposal that offers the greatest benefit to the Manchester area. In summary they are as follows:
 - The nature of the proposals;
 - The applicant's capacity to deliver;
 - The timescale for delivery;
 - The environmental, economic and social impact of the proposals;
 - Commitment to the monitoring of the impact of the project; and
 - The terms of any agreement under which the benefits will be provided
7. The Council will ensure that the competition for the regional casino licence is open to all potential operators with interests in suitable sites within the Council's area. The criteria in the draft policy are intended to provide clear and measurable grounds against which competing proposals can be measured.
8. The Council also recognises that it will be necessary to ensure that the agreements which the Act enables the Council to enter are effective in securing the benefits offered. Bids will be appraised having regard to such agreements. The Council recognises that bidders will have to be treated equally during the competition. But, within this constraint, the Council can draw on its expertise gained from previous projects to ensure that the best deal is secured from each bidder as part of the licensing process.
9. The Council would not seek to restrict bidders as to the nature of their proposals in terms of benefit to the City. It recognises that they may include the provision of a significant lump sum to be expended by the Council on community benefits. The Council has identified in the past that the operator may contribute annually towards a "community chest" that could be used to fund local small scale community based projects.
10. The Council considers, however, that proposals that provide value in kind, whether through the provision of ancillary facilities complementary to the casino, training, engagement with the wider community and other stakeholders or otherwise are also to be encouraged. This approach is reflected in the Council's draft licensing policy that includes as relevant considerations the operator's capacity to deliver its proposals, the timescale for delivery and the likely social and economic impact of the proposals. The Council believes that there is value to be derived from a proposal that involves the operator assuming risk in terms of the provision of both facilities and services, rather than simply giving money to the City Council for the authority to spend. Moreover the more engaged an operator is in the City, the more likely the operator is to make a greater contribution in the long term towards securing regeneration and providing other benefits for the area.

QUESTION 11

Also in Section 4 of your proposal, at Table 2, you assert the full time employment from the operation of the proposed casino to amount to 1300 jobs. This figure is substantially larger than the job creation claimed in other proposals (see the CAP website).

Please advise us of the researched evidence for these figures (if necessary asking Cambridge Policy Consultants if the figure is from them) and advise us.

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

Hohensyburg, Dortmund, Germany

Employed in gambling 350, of which 235 (gambling/technicians) are in skilled jobs
Employed in the restaurant etc. 150

Total 500

Hohensyburg is said to be the third largest in Europe. It has a gaming area of 6729m², 45 games tables and 320 slots, all with no limit.

Star City, Birmingham

Employed in gambling 117

Employed in catering etc. 52

Total 169

Star City is said to be the largest casino in the UK licensed under the Gaming Act 1968. It has a licensed area of 3156m², of which 2039m² is available for gaming, 25 tables and 160 slots of which 20 are "s.31" machines).

1. Manchester's estimates of likely employment were based on research by Cambridge Policy Consultants (copies of this document have been supplied) and through discussions with casino operators with national and international experience.
2. The 1,300 full-time equivalent jobs which we estimated would be employed in the casino come directly from Kerzner's business plan. Kerzner gave us detailed payroll estimates of employment in the casino and the concessionaire facilities – the associated restaurants, bars and nightclubs etc, family entertainment area and other ancillary employment (cleaning etc.).
3. While our consultants have full details on the employment composition, they signed a non-disclosure agreement with Kerzner and are therefore not able to pass on the full details to the CAP. We can say that the 1300 FTE jobs are made up of 1100 full time posts and 400 part-time posts (assumed to equal half a full time job, i.e. 200 FTEs). The 400 part time posts are an estimate made by Kerzner. The casino is expected to be open 24 hours a day but staffing varies to match the busy periods. Kerzner's worldwide experience is that peak staffing will be between 9pm and 2am, with skeleton staffing 4am to 10am. The part time posts help support this staffing pattern.
4. We can also report that of the 1100 jobs just under 600 will be directly associated with the casino operations – tables, slots and technical support. The remaining jobs are associated with food and beverage and other functions relating to the casino

(administration and finance, marketing, human resources, maintenance and cleaning, etc).

5. It is difficult to compare the employment effects of the eight proposals that passed the Advisory Panel's first stage test, since some measure the casino effects alone, while others measure the effects of the wider development. To the extent that there are genuine and measurable differences between the proposals, they ought to be attributable to differences in the local available population and, in consequence, to numbers of casino visits. The two London bids and that of Manchester have access to population and clientele on a scale not realistically available to the other bidders. In other words, these three bids should deliver a larger and more secure employment generation than the other five.
6. Comparing Manchester's proposal with those of the two London boroughs, which have wider catchment areas of the same order as Manchester's (and which thus have a prospective scale of operation at least as great) the forecasts are as follows:
 - Brent estimates 360 FTE construction jobs and 1,500 operational jobs
 - Greenwich estimates 500 construction FTE jobs and 1,400 operational jobs
 - Manchester estimates 400-500 construction jobs and 1,300 operational jobs
7. The comparisons made by the Panel with Hohensyburg in Germany and Star City in Birmingham seem misconceived. It is said that Hohensyburg has 45 tables and 320 slots, and that Star City has 25 tables and 160 slots. Slot machines are known to be the main drivers of casino revenue, and the regional casino proposed for the UK will have 1,250. Its scale of operation will therefore be considerably larger than either of these two casinos, even if Hohensyburg (but not Star City) is not far behind as regards tables. It appears that Hohensyburg claims 350 employees related to gambling and Star City claims 117. In its business plan for Manchester, Kerzner cites 600 gambling jobs. These seem to us quite consistent with the smaller scale of operations of the German and Birmingham casinos.

QUESTION 12

Also in Table 2 is a figure for “multiplier effects”. Is this the “other multiplier effects”, mentioned in the paragraph in the third column above? Please explain if need be.

1. Yes, the multiplier effect in both the text and table is the same.
2. The employment multiplier presented in Table 2 is based entirely on the benefits arising from employees of the complex spending their wages in the Manchester economy.
3. The other items in Table 2 are employment headcounts for the casino (1300 FTE – see above) and the concessionaire facilities of 175 jobs (headcount taken from Kerzner business plan), the hotel (from discussions with Kerzner and our own estimates of employment in a 5 star hotel with 150 bedrooms). The complex will purchase a range of goods and services which will create 181 jobs in Manchester and visitors to the complex will create a further 379 jobs through purchases elsewhere in the city (hotels and restaurants elsewhere). Furthermore, an estimate of 11 additional jobs will be created in Sportcity facilities because of the additional ‘draw’ the casino will create for the development as a whole.

Manchester City Council and New East Manchester

14th August 2006

Appendix

Supporting Strategies

1. **Regional Economic Strategy (RES 2006)** – The Regional Economic Strategy identifies a number of key challenges facing the north west it also sets out actions to tackle them. It suggests the need to “Capitalise on the strengths and key assets of the cities of Manchester, Liverpool and Preston as key drivers for city regional growth” and identifies a number of actions to deliver this including: Build on the strengths of the cities as drivers of city regional growth; Improve the product associated with key tourism assets; Encourage employment in deprived areas; Deliver basic/intermediate and higher level skills required by employers and ensure linkages so that workless people can access vacancies. Clearly the provision of a regional casino will help deliver some of the actions set out in the RES in a number of ways including: enhancing the tourism offer of Manchester and associated growth in services and facilities; and enhance skills provision to people in an area identified as having high levels of worklessness and deprivation.
2. **NWDA Tourism Strategy (2003)** promotes Manchester as an international business and convention centre. The Regional Casino and associated leisure developments will enhance Manchester as a business and convention centre whilst also improving its overall offer for tourism.
3. **Greater Manchester Strategy** – The strategy identifies tourism and leisure as a key business growth sectors within Greater Manchester, which alongside the other sectors has the potential to significantly add to the conurbation’s GDP and GVA. The strategy also identifies the Regional Centre, which includes Sportcity, as playing a pivotal role in the promotion of culture, sport and tourism. The key actions outlined are to develop the Manchester Brand through promotion of the city region by:
 - a. Increasing the interest and visitors in the city region through the creation of a world class events programme that builds on the success of the Commonwealth Games and strengthens the Manchester Brand;
 - b. Focusing on the contemporary and traditional strengths of the city-region’s culture;
 - c. Developing the strength of the partnership approach in promoting Greater Manchester to establish broad stakeholder support for tourism development and growth in the city region;
 - d. Support the enhancement of the tourism product in Greater Manchester through the development of tourism infrastructure and
 - e. Position Manchester as an international destination, which acts as a gateway to the North West and represents an alternative gateway to Britain.
4. The development of a regional casino will strengthen the overall tourism and leisure facility provision within the Regional Centre and strengthen and enhance the Manchester Brand regionally, nationally and internationally.
5. **Manchester’s Cultural Strategy:** Aims to maximise the direct and indirect benefits of the city’s cultural economy, its contribution to Manchester’s distinctive identity and to innovation in business and education. Also seeks to promote Manchester as a ‘cultural experience’ where there are new and imaginative activities all year round which are open to all and which are safe, attractive and welcoming to residents and visitors. The Regional Casino and associated leisure facilities will enhance the overall cultural offer of the city contributing to the city’s cultural economy and providing modern facilities available to residents and visitors.