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3rd October 2006



Professor Crow
Chairman, Casino Advisory Panel
Department for Culture, Media and Sport
2 - 4 Cockspur Street
London SW1Y 5D

Dear Professor Crow,

Thank you for the opportunity to expand upon Sheffield's case for a regional casino at the Examination in Public on 6th September. As you saw, Sheffield would provide a robust testing ground for pilot: The city is fully aware of the impacts that a regional casino would bring – both positive and negative, and has well-developed responses as a result.

I would like to confirm in writing some of the points discussed during the day.

1. Socio-economic fit with UK averages

As I mentioned during my introductory statement, Sheffield demonstrates the best fit with UK averages of all shortlisted locations in terms of:

- the percentage of working age population
- unemployment rates
- economic structure (when taken as a whole)
- qualifications profile (when taken as a whole), and
- ethnic origin

A detailed breakdown of this is shown on the table enclosed.

2. Traffic improvements and air quality

Sheffield City Council is absolutely confident about deliverability. Issues of transport impact and air quality would be dealt with through the planning process but I would like to share our latest analysis with you (enclosed).

The critical factor is that, far from being to the detriment of transport and air quality, the capital investments that could be derived from a regional casino would allow us to make substantial improvements to the road network and thereby reduce periods of stationary traffic which cause air quality issues.



INVESTOR IN PEOPLE

3. Introductory statement

I enclose a copy of Sheffield City Council's opening statement for information.

4. Support from South Yorkshire Police

In my summing up, I referred to a quote previously provided to the Council from the South Yorkshire Police. This quote is as follows:

"A Regional Casino would further enhance community safety and add significantly to the infrastructure of Sheffield which is developing hugely in a very positive way. The strict guidelines and controls that accompany a Regional Casino contribute and create a framework from which crime can be further reduced and as important, communities fears of crime can be addressed."


Chief Superintendent Paul Broadbent, District Commander

5. Support from Yorkshire Forward Regional Development Agency

I enclose the letter of support from Yorkshire Forward Regional Development Agency.

I hope these items are helpful. I would of course be pleased to provide any further information that would assist you and the Panel over the coming months.

Yours sincerely,



Bob Kerslake

Enc.

Socio-economic fit with UK average

Variable	Great Britain	Sheffield	Blackpool	Glasgow	Manchester	Cardiff	Newcastle	Greenwich
NUTS 3 Region for GVA		Sheffield	Blackpool	Glasgow	Greater Manchester South	Cardiff and Vale of Glamorgan	Tyneside	
GVA (£million)	981,732	7,425	1,648	12,829	25,130	8,201	11,996	
GVA per head (£)	16,485	14,487	11,569	22,231	18,523	18,794	14,993	
Population (Mid Year Population Est 2005)	58,485,000	520,700	142,900	578,800	441,200	319,700	276,400	228,100
Working Age Population		329,200	84,900	381,800	297,300	208,700	181,400	150,700
% working age	62.10%	63.2%	59.4%	66.0%	67.4%	65.3%	65.6%	66.1%
Economically Active (Annual Population Survey 2005)		241,000	62,800	268,200	165,600	144,600	119,200	105,000
Activity Rate	78.4%	75.0%	76.2%	72.1%	65.2%	74.8%	72.4%	75.6%
Employed - working age		227,800	58,900	245,300	151,300	135,300	111,400	95,100
Employment Rate	74.5%	70.9%	71.4%	65.9%	59.6%	70.0%	67.7%	68.5%
% full-time		72.7%	77.5%	77.6%	80.1%	74.8%	73.9%	17.3%
% part-time		27.3%	22.5%	22.4%	19.9%	25.2%	26.1%	23.9%
Gross Weekly Pay £ (Annual Survey of Hours and Earnings)	433.1	389.50	333.10	396.10	377.60	422.70	399.90	498.30
Unemployed - working age		13,300	3,900	22,900	14,500	9,300	7,700	9,900
Unemployment Rate (based on economically active)	5.0%	5.5%	6.2%	8.5%	8.6%	6.4%	6.5%	9.5%
Economically Inactive (Annual Population Survey 2005)		80,100	19,600	103,900	88,400	48,700	45,300	33,900
Inactivity Rate	21.6%	25.0%	23.8%	27.9%	34.8%	25.2%	27.6%	24.4%
% of working age economically inactive who want a job	25.0%	28.0%	18.1%	37.3%	17.2%	29.8%	31.2%	43.4%
% of working age economically inactive who do not want a job	75.0%	72.0%	81.9%	62.7%	82.8%	70.2%	68.8%	56.6%
Economic Structure (Annual Business Inquiry 2004)								
Manufacturing	11.9%	12.5%	7.4%	6.0%	5.4%	6.1%	6.8%	6.5%
Construction	4.5%	4.1%	3.8%	4.5%	2.6%	5.8%	3.3%	4.0%
Services	82.1%	83.2%	88.6%	88.5%	91.8%	87.5%	89.2%	89.3%
~ Retail, Hotels and Restaurants	24.7%	23.4%	34.8%	21.5%	21.1%	21.4%	19.0%	23.4%
~ Transport and Communication	5.9%	5.6%	3.0%	5.8%	10.4%	6.2%	5.0%	5.6%
~ Finance, IT and Other Business Activity	20.0%	19.6%	9.2%	25.1%	28.2%	21.2%	21.9%	14.1%
~ Public Sector	26.4%	29.3%	36.5%	31.2%	27.2%	31.4%	36.4%	38.6%
~ Other Services	5.1%	5.3%	5.0%	5.0%	5.0%	7.4%	6.9%	7.6%
Tourism	6.2%	7.5%	19.0%	7.6%	7.1%	8.5%	9.0%	9.1%
Education & Qualifications (Local Area Labour Force Survey 2004)								
NVQ4 and above	25.2%	24.1%	13.2%	26.0%	27.7%	33.5%	27.9%	26.5%
NVQ3 and above	43.1%	43.7%	30.8%	44.6%	43.0%	51.1%	46.5%	41.7%
NVQ2 and above	61.5%	62.5%	52.0%	58.6%	58.2%	66.6%	62.1%	61.5%
NVQ1 and above	76.0%	78.7%	71.3%	69.2%	68.6%	78.4%	75.3%	74.9%
Other Qualifications	8.8%	7.7%	7.2%	7.8%	7.2%	7.3%	6.6%	11.6%
No Qualifications	15.1%	13.5%	21.5%	22.9%	24.2%	14.3%	18.0%	13.5%
Ethnic Origin								
White	90.1%	89.2%	98.1%	92.3%	73.0%	88.5%	87.7%	72.7%
non-white	9.9%	10.8%	1.9%	7.7%	27.0%	11.5%	12.3%	27.3%

**Additional Information to the Casino Advisory Panel on Transport and
Air Quality**

Sheffield City Council, September 2006

The issue of traffic and air quality in the area around Junction 34 of the M1 Motorway, which is the main junction between the roads into and out of the Lower Don Valley, was raised at the hearing in Sheffield. As explained by the Director of Development Services current traffic flows on the M1 Motorway are high, typically 100-150,000 vehicles a day. Junction 34 between the M1 and the Lower Don Valley is a key one in terms of the impact of traffic for any proposed casino development and likewise this location has significant air quality management issues.

A number of residential properties are located adjacent to the M1 in this locality. As a consequence in 2005 the City Council declared an area around this junction as an Air Quality Management Zone in recognition of the fact that the air pollution levels of nitrogen oxide are likely to exceed the annual objective of 40 micro grams per cubic metre ($\mu\text{g}/\text{m}^3$) by 2005. Furthermore, in recognition of the more widespread incidence of air quality issues around the City, in August 2006 the Council resolved to extend the Air Quality Management Zone to cover the whole of the urban area of Sheffield. This of course does not imply that every location within the area is an exceedence, but provides an overarching policy framework within which mitigation measures can be undertaken.

Traffic Impact Assessments have been submitted as part of the current proposed casino developments at Meadowhall (MGM MIRAGE), Don Valley Stadium (Sun International) both of which lie in the Lower Don Valley, and at SUFC at Bramall Lane (Las Vegas Sands). Analysis of these TIA's undertaken jointly between the City Council and the Highways Agency, indicates that even these proposals located close to the M1, i.e. the MGM Grand and Sun International proposals, would have only a limited impact on

traffic levels at the key junctions. This is primarily a result of the fact that the key traffic generation period for such facilities will be after the evening peak period (4.30-6.30 p.m.) and at weekends. Worse case calculations indicate the impact upon Junction 34 of either of these proposals, are unlikely to exceed 2-4% impact on traffic levels on the junction. The SUFC proposal at Bramall Lane would have an even lower impact as it is well removed from this location. By comparison mitigation measures proposed as part of the Lower Don Valley Masterplan, would be able to produce a reduction in traffic levels at Junction 34 of approximately 11%. The net result therefore would be that providing those mitigation measures were introduced the traffic generation from a casino in the Lower Don Valley could be accommodated within the highway network, and some additional capacity created.

As far as air quality is concerned clearly it is more difficult to be definitive, because as explained at the hearing the Highways Agency are currently preparing proposals for improvements to the M1 and its associated junctions, which will include air quality management issues. At the present time it is correct to say that locations close to Junction 34 are in exceedence of the relevant EU directives and Government targets for 2010 of below $40 \mu\text{g}/\text{m}^3$. However, the improvement in vehicle emissions being introduced through Vehicle Emission Standards shows that the level of exceedence is declining, and notwithstanding the background growth in road traffic is likely to be below the 2010 target by that date. It is anticipated therefore that there will not be an air quality objection to the specific proposals for a regional scale casino in the Lower Don Valley, as the level of traffic impact is unlikely of itself, to result in exceedence of the UK's Government's target for nitrogen dioxide and particular matter emissions.

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**Opening Statement to Casino Advisory Panel
Examination in Public, 6th September 2006**

Councillor Jan Wilson, Leader

Firstly, let me formally welcome the Panel to Sheffield.

Secondly, let me say thank you for the opportunity to explore with you the reasons why we believe Sheffield is the best place to locate the UK's first regional casino – and more importantly, what it can do for the continued regeneration of the city and the surrounding area.

Anyone who knows Sheffield, or returns to it after a few years away, recognises that the city is changing - and for the better.

But, as you will hear today, there is still much to do in order to achieve our vision, which is to be a distinctive city of European significance with opportunities for all its residents.

We are certain that a regional casino can help us deliver this vision. That is why the Council (Labour, Liberal Democrat and Conservatives) have resolved to attract a regional casino to Sheffield.

The important part of our vision is that it is about prosperity *and* inclusion – not one or the other. The two must go hand in hand if Sheffield is to be successful.

That is why, as the Chief Executive will explain, we have thought long and hard about a regional casino and the impacts it might have.

We don't go into this lightly – this has always been about securing the right scheme in the right place and a having clear strategy for managing and testing that impact.

So welcome to Sheffield, I hope you have a pleasant day here. I'd now like to hand over the Chief Executive who will go into more detail on the case for Sheffield.

Sir Robert Kerslake, Chief Executive

Thank you for giving me the opportunity to make a statement in support of our bid. This is an important day for Sheffield.

The purpose of today is not to debate whether regional casinos are a good thing or bad thing – nor to discuss the relative merits of individual schemes or operators.

The aim is to examine the extent to which Sheffield fulfils the criteria laid down to the Casino Advisory Panel by the Secretary of State, namely:

- To find the location that offers the best possible test of social impact
- To find the area most likely to benefit in regeneration terms, and
- To ensure there is a willingness to licence

I will therefore briefly explain how Sheffield best fits these criteria.

Test of social impact

The primary criteria laid down by the secretary of state is the test of social impact. There are six main reasons for arguing that Sheffield is the best fit.

Firstly, Sheffield is the closest match to Britain's socio-economic conditions. In terms of percentage of working age population, unemployment rates, economic structure, qualifications profile and ethnic origin, Sheffield is at, or is closest to, the national average when compared to all other shortlisted locations.

Secondly, Sheffield offers an excellent opportunity to genuinely test regional impact. Sheffield is a city in excess of half a million people, making it one of the largest in the UK. Sheffield City Region has a population of 1.7million and we have over 4.4million people within a 1-hour drive time radius.

Thirdly, we are exceptionally confident in deliverability. Sheffield has had very high levels of operator interest, with three full planning applications. We are extremely experienced in delivering complex major projects. Sheffield City Council is rated as an excellent council by the Audit Commission and was Council of the Year two years ago. We have, and continue to deliver successful major regeneration schemes. The Panel can therefore be absolutely assured that, if it chooses Sheffield, we will deliver a test location promptly and effectively.

Fourthly, in contrast to many of the bids, we offer the opportunity for a genuinely open competition. We have not committed ourselves to any individual site or operator. We can run an open and fair licence competition as required by the Act that can maximise the value of the licence award for local communities. We provide the best opportunity to test the power of a competitive process in the licensing of regional casinos.

Further, Sheffield City Council has extensive experience in getting the best out of such competitive processes. Our plans include measures that mitigate the potentially harmful impacts of gambling such as gambling addiction and financial exclusion.

We have thought very carefully about how funds derived from a regional casino can be best applied to meet local priorities and help the most deprived communities. We have well developed plans on regeneration and can demonstrate how a regional casino will help us deliver on them.

Fifthly, Sheffield goes into the process with its eyes open. We have recognised that with the undoubted benefits of a regional casino come social issues that must be addressed. We are absolutely committed to being an exemplar in tackling the potential harmful impacts. It is for this reason that the Sheffield First Partnership established a task group under Bishop Jack Nicholls and that we propose applying half of the revenue funding towards improving services.

Sixthly, and finally, Sheffield has a very well developed mechanism for measuring the impacts of the casino through the Sheffield Neighbourhoods

Information System. This system is planned to be rolled out across the whole of South Yorkshire so that the wider impacts can be measured.

Regeneration

The second criteria for the Panel is the need for and opportunity to deliver regeneration benefits. We believe that Sheffield has the best combination of need and opportunity.

Sheffield has made significant advances in recent years but there remains an undeniable need for further regeneration to take place. Whilst recent growth has been strong, Sheffield has not yet closed the gap with other cities. GVA per head in Sheffield remains second lowest of the Core Cities. It has achieved a revival but not yet transformation.

Sheffield is a priority area for regeneration – as highlighted by its European Objective 1 status and all the regional economic development and planning frameworks.

This regeneration need extends not just to Sheffield but to the whole of the city region.

We have an unarguable need for more jobs. Whilst unemployment levels are close to national averages, we have higher concentrations of worklessness. To achieve the national target for employment in Sheffield by 2010 will require an additional 9,500 people brought into work. Sheffield generates jobs for the wider area – and the local economy needs the 1,500 jobs we believe will be created by the regional casino.

From our experience in recent years on job-match schemes, we are very confident in the strength of our measures to ensure that a large proportion of the new jobs will go to local residents - and indeed we would make this a central part of any licence award.

With sound and enforced employment policies we would target at least one third of jobs to be taken up by residents within a 30-minute walk of the casino. This will deliver a massive boost to local communities.

Equally, if not more significant, is the ability for the regional casino to generate new jobs far in excess of those directly employed in it.

The casino would be a catalyst for wider development by unlocking further regeneration of the Lower Don Valley. Capital funding generated by the casino would enable us to tackle the key environmental and infrastructure issues identified in the Lower Don Valley Masterplan. Unlocking the Lower Don Valley will deliver over 14,000 new jobs and an additional £270million of annual economic activity.

3. Willingness to Licence

Thirdly the Council's willingness to licence could not be more clear cut. We have a full council resolution and the proposal is supported by the three main political parties which make up 81 of the city's 85 Councillors.

We have a strong licensing approach and a clear vision of how a regional casino fits within this.

Our proposal is supported by:

- Local businesses
- All 4 local Chambers of Commerce
- Local MPs
- The Police
- The Regional Development Agency Yorkshire Forward
- The Regional Assembly
- The local Learning and Skills Council
- Sheffield One URC
- The city's inward investment agency
- The major leisure and sporting venues
- Hoteliers
- Sheffield Tourism Group
- Local community representatives and organisations such as the Pakistan Muslim Centre
- Sheffield Taxi Trade Association
- And many others

To conclude, I believe Sheffield's credentials to become the pilot location for the UK's first regional casino are impeccable. Sheffield is the best location to test social impact. We have a clear strategy for maximising the value of the licence for local residents and know how we would use that benefit to maximum effect. The wider regeneration we can achieve as a result of the casino will have a genuinely transformational impact on the surrounding city region. The Council is fully aware of the sensitivities surrounding this issue and we go into this with our eyes open. We have a strong track record of delivery and are committed to robust, independent impact monitoring. Taken together this makes us an exceptional partner with which to enter into this pilot arrangement.

Thank you.

Professor Stephen Crow
Casino Advisory Panel
3rd Floor DCMS
2-4 Cockspur Street
London
SW1Y 5DH

4 September 2006

Dear Professor Crow

Sheffield's bid for a regional casino

I am writing to confirm and record Yorkshire Forward's full support for Sheffield City Council's bid for a regional casino.

Yorkshire Forward is the Regional Development Agency, funded by the Government, to support and help deliver the economic growth of the Yorkshire and Humber Region. Our primary duty, working with partners, is to draw up and help implement the Regional Economic Strategy.

The revised Yorkshire and Humber Regional Economic Strategy (RES) 2006-15, was agreed by Government and launched in July 2006. It highlights the vital importance of the region's cities in driving and achieving economic growth but it also recognises that our cities and their broader economic imprint (across what is termed a "city region") include the most and least prosperous parts of the region. The economic opportunity presented by a regional casino in Sheffield is vast and the kind of step change it could bring to the prosperity of the Sheffield city region, and the region generally, cannot be underestimated. The regional casino provides the Sheffield city region with a major economic opportunity to harness its strengths and fully exploit its complementary position and role in relation to the Leeds and Manchester city regions.

Sheffield's community, and much of its broader city region community, have felt the full impact of profound economic restructuring over the last forty years triggered by the collapse of coal mining and heavy industry, the associated loss of thousands of jobs and the absence of compensating investment in the economic infrastructure. Over the last twenty years in particular economic decline has been arrested, and significant investment in the city's renaissance to develop a 21st century place with a diverse economy is showing real signs of success. However, sustainable success depends on the final 'transformation' phase of the economic recovery plan.

This ambition for transformational change is reflected in the vision set out in the Sheffield City Region Development Programme, which seeks to ensure that the city region is, 'a pivotal international business location and one of the most successful city regions in the North of England' – characterised by its innovative and creative economy, strong connections to key markets, unrivalled quality of life and vibrant and cosmopolitan population, with approximately 1.7 million people living in the nine local authority areas that make up the city region.

The scale of contribution that a regional casino would make towards this transformational change – in terms of investment, jobs and broad leisure and cultural offer over and above the gambling aspects – would bring forward the development of a successful Sheffield City Region

at a faster pace than currently envisaged. Given the forty year time span through which Sheffield's community has already fought to achieve the beginnings of an economic turnaround, the quickened pace offered by the regional casino is to be encouraged and welcomed.

More specifically, the economic (and regeneration benefits) we expect a regional casino to deliver include one-off capital constructions costs (between £100 and £200m) and associated construction jobs, approximately 1,500 full-time equivalent jobs (most of which would be good quality), planning gain and ongoing community/social benefits. In relation to supply chains, displacement and multiplier effects, it is considered that there will be significant indirect employment opportunities with annual spend in the local economy likely to be between £40 and £50million. Capturing these employment opportunities and directly matching them to communities most in need will be a critical factor in securing the maximum additional beneficial impact from a regional casino. Sheffield can build on previous experience of other city initiatives (JOBmatch and Construction JOBmatch) that have sought to achieve this.

Additionally, Sheffield's location with excellent connections to the M1 and within easy access of Manchester, Leeds and Birmingham, together with the very large catchment area available within 1 hour drive time (3.6 million people), is a key differentiator in terms of the city's accessibility to markets and ability to capture out-of-region demand, compared to other cities. The market fundamentals underpinning a regional casino are therefore exceptionally strong with high market share and penetration rates expected.

Yorkshire Forward's Board considered the regional casino issue most recently at its meeting in March 2006. Those considerations were informed by research undertaken in 2004 on Yorkshire Forward's behalf by Ernst & Young and I understand that the Panel has seen a copy of this research report. The report indicates that Sheffield would benefit most in regeneration terms from a regional casino. Yorkshire Forward's Board, noting the focus of the RES on the region's cities as economic drivers, considered that the benefits of a regional casino should be welcomed in the three city region areas. Given Sheffield's success in making the Panel's short-list, the Board will continue to be fully supportive of the City's efforts to be the chosen location for the pilot regional casino and will continue to work with the City to that end.

Yorkshire Forward is also, of course, fully aware of the social challenges that a regional casino presents – particularly in respect of problem-gambling and community cohesion. We are reassured that Sheffield has been addressing these issues from a very early stage in the development of its regional casino bid and that the City is determined to continue to address them in an inclusive and comprehensive manner to ensure that any adverse implications of a regional casino are fully identified, understood and mitigated, and to ensure that the whole community benefits positively from a regional casino development.

I hope the above information is helpful in outlining why Yorkshire Forward supports Sheffield's bid for a regional casino and look forward to the opportunity to further outline the case for Sheffield through our participation in the Examination in Public on 6th September.

Yours sincerely



Tom Riordan
Chief Executive