

Mrs Jane Bransby  
Secretary to the Casino Advisory Panel  
DCMS  
2-4 Cockspur Street  
London  
SW1Y 5DH

Date: 29 March 2006  
Our ref: GF/PD/HH

Dear Mrs Bransby,

#### CITY OF SUNDERLAND – CASE FOR A REGIONAL CASINO

I have great pleasure in enclosing the regeneration case for Sunderland to be awarded a regional casino licence.

The enclosed document incorporates all the requirements laid out in the guidance notes provided by the Casino Advisory Panel.

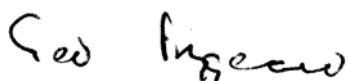
The City Council and its partners have an exceptional track record on the successful delivery of strategic development projects in partnership with the private sector.

This major development will boost the local economy and provide significant employment and regeneration opportunities.

This development will place Sunderland firmly within the thoughts of visitors across the region nationally and further afield and will create an integrated leisure, education and health offering that will rival anything in any city in the U.K.

Should you require any additional information please do not hesitate to contact me.

Yours sincerely



Ged Fitzgerald  
Chief Executive

**CASINO ADVISORY PANEL  
Formal Proposal Cover Sheet**

Please fill in all categories below:

**Name of Local Authority:**

Sunderland City Council

**Main Contact:**

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**Name and title of Submitting Officer:**

Name: **Paul Dobson**

Title: **Director Of Community And Cultural Services**

**Statement of basis of application:**

What exactly are you proposing? Please make clear which type of casino you **primarily** wish to be considered for.

Regional: **Yes**

Large (state number): -

Small (state number): -

If this proposal is unsuccessful what if any is your fall back/ second proposal?

Large (state number): **One (subject to further discussion).**

Small (state number): -

# 1 Information Required Checklist

## 1.1 Reference Table

The table below provides a checklist to the questions provided by the panel and the location of the relevant information within this submission document.

Section	Paragraph	Page
<b>Type of Area:</b>		
• The population base of the local authority area including statistics on size, ethnicity characteristics, and socio- economic characteristics;	3.1/3.2	6
• Current levels of tourism including trends;	3.3.2	11
• Local plans and strategies for tourism, leisure or gambling;	3.3.1	10
• Principal regeneration needs in the area; and	4	12
• Is it a good grounding area for social impact testing?	6.7.1	22
<b>Social Impact:</b>		
• What level of social impact is anticipated?	6	21
• If your evaluation of some criteria is negative and some positive how will Sunderland resolve this?	6.7.3	23
• How does Sunderland respond to any claims that a large casino will have a negative impact on social cohesion and the sustainability of its communities?	6.2	21
• How will social impact changes be tested if a licence were to be granted?	6.7	22
• Are there any comparable initiatives to manage social impact?	6.8	23
• How will Sunderland improve the skills of local people to ensure job creation and training programmes benefit them?	4.3.2	14
• How will social impact policies and activities be supported by relevant voluntary and public organisations?	6.8.2	24
<b>Need for Regeneration:</b>		
• How will this proposal assist the regeneration of the local and wider areas?	4.3	13
– Employment and activity improvements;	4.3.3	14
– Economic value benefits;	4.3.1	13
– “Multiplier” effect; and	4.4	15
– Additional regeneration outputs.	6.3	21
<b>Willingness to licence:</b>		
• Evidence of support for the bid.	5.3	18
<b>Probability of implementation:</b>		
• Evidence to support the overall feasibility of the proposal.	5	17

<b>Regional and local context:</b>		
• How does this proposal fit with regional and local strategies?	3.3	9
• How will this development assist in achieving regional economic objectives for employment, skills and regeneration?	4.3	13
<b>Community benefits:</b>		
• What community benefits are expected to accrue from the licensing and planning processes?	6.4	22
<b>Unique characteristics</b>	2.1.2	4

## 2 Introduction

### 2.1 Introduction

This report sets out the case for Sunderland to be awarded a Regional Casino Licence. The structure of the report incorporates all of the requirements laid out in the guidance notes provided by the Casino Advisory Panel.

#### 2.1.1 Case for a Regional Casino

The award of a Regional Casino Licence will have a huge positive impact on Sunderland, as described throughout this application. The City has identified the potential that a Regional Casino can unlock in regenerating a brown field site situated within a deprived community and catalyse major regeneration for the central Sunderland area. The anticipated community benefit that can be generated through the procurement process will yield a step change in the health and well being of the city's residents, will promote social cohesion and promote the city as a key tourist destination, whilst also providing direct benefits such as job creation.

#### 2.1.2 Unique Characteristics

The development of a Regional Casino will have a profound effect on Sunderland and the surrounding area, benefiting from direct and indirect employment, training opportunities, reducing worklessness in the area and creating a step change in regeneration. The City would also benefit from improved social cohesion through enabling the development of a health, educational and social facility. The main additional facilities aim to tackle health inequalities, basic skills and learning needs and the community cohesion agenda through the development of an architecturally inspirational hub facility that brings together the strengths of multiple agencies onto one site to deliver a citywide step change in quality of life. It will also help to unlock the regeneration of several key sites within central Sunderland.

Without the Regional Casino Licence the City will be unable to fully fund the much needed development to the extent required.

#### 2.1.3 Delivery Track Record

Sunderland has an exceptional track record in delivering government initiatives including:

- **Local Public Service Agreement 1** - Sunderland played a leading role in a group of only seven authorities to develop the concept in partnership with central Government;
- **Housing Stock Transfer** - One of the earliest stock transfers and still the largest to date; and
- **Recent Beacon Status achieved for** - Culture and Sport for Hard to Reach Groups, Supporting Carers through Partnership, Social Inclusion through ICT, and Libraries as a Community Resource.
- **Regeneration** – The Sunderland Enterprise Zone was recognised as the most successful in the UK for creating a sustainable business environment and creating job opportunities for the community.

#### 2.1.4 **Signatories**

This application is supported by Sunderland Partnership including the organisations below:

Sunderland City Council

North East Chamber of Commerce

University of Sunderland

Sunderland Community Development Network

City of Sunderland College

Northumbria Police

City Hospitals Sunderland NHS Trust

Job Centre Plus

Business Link Tyne & Wear

Sunderland Housing Group

Learning Skills Council

Sunderland Echo

Sunderland ARC

Sunderland Teaching Primary Care Trust

## 3 Type of Area

### 3.1 The North East Region

The North East region incorporates the sub regions of Tyne and Wear, County Durham, Northumberland and Tees Valley. The region covers an area of 9,000 sq. km and its major cities and towns are:

- Sunderland;
- Newcastle;
- Durham;
- Middlesbrough; and
- Darlington.

The region boasts five universities, two international airports and two major ports. It is a diverse region of 2.5 million people. Improving regional economic performance is a very important target as **the North East is the poorest of all of the English regions with an economic output 40% below that of London**. This under-performance of the North East is the result of a complex interaction of economic, social and geographic factors. The North East is the smallest of the English regions, both geographically (except London) and demographically, and two thirds of the region is rural. Despite this diversification the North East is still dealing with economic, social and structural consequences of its past dependence on the traditional industries which is reflected in its poor performance across a range of indicators, including the key drivers of productivity – employment, education and skills, investment, innovation, enterprise and competition.

The Regional Economic Strategy identifies that strengthening the urban cores of the regions two city regions, Tyne and Wear and Tees Valley, is key to addressing the challenges of disparities in economic performance of the region in comparison with the UK. The Sunderland Strategy reflects these challenges and has been developed with reference to the RES. This is demonstrated by the fact the highest level of GVA per head in the region, in Darlington, is still below that of the UK average. The Darlington GVA per head is £15,176 compared to UK average of £15,614 with Sunderland £13,420.

Table 1 overleaf demonstrates the challenges that the region, and Sunderland face:

**Table 1 – Economic Indicators**

Indicator	Sunderland	North East	GB
Economically Active	72.9%	74.8%	78.3%
Unemployed	7.2%	6.0%	4.8%
Economically inactive	27.1%	25.2%	21.7%
Economically inactive – not wanting a job	23.4%	19.5%	16.6%
Earnings – Gross Weekly Pay	£365.9	£383.80	£433.10
Labour demand – Job Density	0.7	0.7	0.8
Qualifications –			
NVQ 4 and above	15.3%	20.7%	25.2%
NVQ 3 and above	32.5%	38.9%	43.1%
NVQ 2 and above	52.6%	58.9%	61.5%
NVQ 1 and above	72.8%	75.4%	76.0%
Other	7.1%	6.5%	8.8%
No Qualifications	20.1%	18.0%	15.1%

Source: Nomis [Annual Population Survey (Apr 2004-Mar 2005), Annual Survey of Hours and Earnings – Resident Analysis (2005), Jobs Density (2003), Local Area Labour Force Survey (Mar 2003-Feb 2004)]

### 3.2 The Sunderland Position

Sunderland is the largest City in the North East of England, with around 280,000 residents. As well as the core urban area, the City encompasses Washington New Town and the former coalfield area around Hetton and Houghton. During the 1970s and 1980s, employment in Sunderland's traditional industries of shipbuilding, coalmining and heavy engineering collapsed, leaving a legacy of economic, social and environmental challenges. Since then much has been done to regenerate the City, which now has an unsurpassed track-record on attracting internationally mobile investment, delivering new jobs in automotive manufacturing (clustering around the Nissan plant) and financial and customer services (based in 'blue-chip' contact centres). However, there continue to be significant inequalities, with concentrations of deprivation and some localities and groups that have as yet not benefited from the regeneration of the City.

Sunderland has a strong track-record of the successful delivery of strategic development projects. For example, Nissan's plant in Washington is now the focus of a regional automotive cluster employing around 20,000 people and contributing to the international profile of both the City and Region. Since the company was originally attracted to Sunderland in the mid-1980s, the interventions of a range of local and regional partners have helped to secure a number of major re-investments, as well as bringing key suppliers to the area. Inward investment projects relating to automotive

manufacturing and financial & customer services attracted to the City over the last three years alone have brought 5,000 jobs and £1 billion of investment.

The development of Doxford International Business Park through a joint venture between Sunderland City Council and Akeler Developments Ltd. is a best-practice example of an effective partnership approach, with 8,000 people now employed on the site. The same approach is being applied to Rainton Bridge Business Park, with Northern Rock already announcing a £60 million development that will see the creation of up to 2,500 additional jobs on the site. Investment of this scale and quality is now needed in the City Centre, building upon the ambitious plans developed jointly by Sunderland City Council and Sunderland arc.

Nevertheless, the City continues to face significant challenges, for example:

- There are substantial concentrations of deprivation, with 27% of residents living in areas among the 10% of most deprived in the country;
- Sunderland is ranked as fifth worst nationally in terms of concentrations of worklessness;
- There are issues relating to the skills and general work-readiness of some residents;
- Continuing population decline is threatening the City's long-term sustainability, with a net loss of 5% of the total population from 1991-2001;
- As young, mobile people leave the area, the resident population is ageing; and
- Average incomes continue to be well below the national average.

Despite having just 11% of the region's population, the City secured 72% of the new jobs attracted to the region over the three year period 2002-04. This is a comparison by One NorthEast of projects in this period showing job creation of 2,537 jobs in Sunderland against 3,522 jobs in the region. Over the three year period 2003-05, projects attracted to the City from outside the region (including the rest of the UK and overseas) brought 5,000 jobs and £1 billion of investment.

Sunderland has an overall rank of 22<sup>1</sup>, where 1 is the most deprived, out of 354 local authorities and has a rank of 20 on the income measure. Table 1 demonstrates that Sunderland is underperforming in the context of an underperforming region. These socio-economic characteristics indicate that the City needs considerable economic growth and regeneration.

Therefore, it is clear that Sunderland needs further diversification to achieve success. The City needs a more competitive business base.

The City of Sunderland Local Strategic Partnership (COS-LSP), in consultation with the people of Sunderland, has agreed the following vision as a focus for the City's development over the coming years:

*“Sunderland - a city for everyone to be proud of. Sunderland will be a prosperous city. A desirable, safe and healthy place to live, work, learn and visit, where all people can reach their full potential”.*

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<sup>1</sup> English Indices of Multiple Deprivation, ODPM, 2004.

A Regional casino development, and the additional development that it will prove a catalyst for, would contribute very positively to addressing these needs and meeting the identified aims of diversifying the area's economy.

The skills mix of local residents also presents a good match with those required by the proposed casino employers. 12% of Sunderland's work force is skilled in Sales and Customer Service, higher than the North East (9.5%) and England (7.7%) average.

### 3.3 Regional and Local Context

The region has sought to frame its economic development priorities within a number of strategies such as the Regional Spatial Strategy, Regional Economic Strategy and the Regional Tourism strategy. These strategies are also influenced by the Northern Way initiative and the Sustainable Communities Plan.

There is a common theme that links all of the strategies and that is the need to reduce the economic and social disparities between the North East and other regions, requiring a step change in economic activity and a renaissance throughout the region. The development of a Regional Casino within the region supports a number of the themes that are based within these strategies as illustrated in Table 2 below:

**Table 2 – Strategy Documents**

Strategy Document	Priorities supported by Casino Development
Regional Spatial Strategy	1 Deliver economic prosperity and growth; 2 Create sustainable communities; and 3 Conserve, enhance and capitalise upon the Region's diverse natural and built environment, heritage and culture.
Regional Economic Strategy	Business – Key Sectors: Tourism and Hospitality identified; People – Improving access to employment; Raising economic participation in deprived communities; and Place – Promoting, enhancing and protecting our natural, heritage and cultural assets.
Regional Tourism Strategy	Seven core components of which a casino impacts on: 1 Activities and attractions; 2 Accommodation; 3 Business workforce development; and 4 Planning and the environment.

Casino developments have been explicitly included within the most recent draft of the RSS (published 13<sup>th</sup> July 2005) in response to the legislative picture for new casinos. Any further casino guidance is likely to be incorporated into the RSS as and when it is published. The current draft states that for casino development, Local Development Frameworks need to:

- Establish the need for the development;
- Ensure that any development is accessible by a range of transport modes, particularly public transport, cycling and walking;
- Establish the impact of development on existing centres;
- Develop on previously developed sites to make optimum use of existing infrastructure;
- Maximise the contribution to regional economic growth, the creation and enhancement of sustainable communities, tourism, and wider regeneration priorities; and
- Optimise the net additional employment opportunities that would arise locally as a result, particularly for residents of deprived wards.

The criteria listed for the LDF to consider in relation to casinos are clearly those which regional planners will be seeking for proposed casino locations to achieve.

### 3.3.1 The Tourism Agenda

Culture, tourism, sport and recreation businesses and creative industries employ nearly 10% of the Region's workforce, and contribute over £1bn per year to the regional economy. There has been considerable investment and growth in the sector, and the tourism industry in the North East, for example, is witnessing an increase in visitor numbers. It is anticipated that this growth and development will continue. The Regional Cultural Strategy, the North East Tourism Strategy and the Region's Sports and Physical Activity Strategy, *'Turning Ambition into Reality'*, all highlight the importance of culture in its broadest sense to the Region's social, economic and environmental regeneration and seek to position the sector to continue to deliver results for the Region. New cultural facilities and tourist attractions need to be developed in appropriate locations, particularly those which will increase the international and national profile and attractiveness of the Region.

Regionally, **tourism** is recognised as one of the 14 key clusters; it contributes £1.8 billion to the Region's economy, supports 100,000 jobs directly and indirectly, and has great potential to increase its UK market share because the Region currently captures less than 4% of tourism expenditure in Britain. Very large-scale casinos have been proved elsewhere in the world to have an established role to play in tourism by both expanding and diversifying the sector.

Casino development will have an important role to play in developing Sunderland's tourism offering, and because of the casino's likely 'pull' for visitors across the Region it will play a strong role in achieving some or all of these tourism objectives for the wider Region. Sunderland is particularly well placed geographically to provide a leisure attraction that is accessible to all conurbations within the Region.

The success of existing attractions and events in Sunderland in achieving high visitor numbers, for example the Air Show attracts over £1m visitors and the Stadium of Light, situated at Stadium Park, is an international venue hosting audiences of up to 48,000 and other events such as concerts, exhibitions and conferences, illustrates the accessibility and attractiveness of the City's location. Sunderland has exceptional international and national connectivity. The Stadium Park/Sheepfolds site is directly

linked to Newcastle Airport via the Metro, the A19 links the City to the major cities in the North and connects to the A1 and A66 linking the City to the rest of the country and there are direct rail services to London.

The site is also highly accessible to the population of the City with over 1000 car parking spaces, two Metro stations within 600 m, the mainline rail station within 1250 m and over 30,000 residents within 1.6 km.

### 3.3.2 **Tourism Trends**

A recent report<sup>2</sup> highlights that 82% of domestic trips are for holidays or visiting friends or relatives, whilst for international visitors this figure is 60%. A far higher percentage of international visitors came to the region for business than domestic visitors, 32% as opposed to 17%. International visitors also have a longer length of stay, 7.4 nights as opposed to 2.8 nights, and a higher average spend, £318.97 as opposed to £180.83.

The main conclusion of the report is that the tourism industry is showing favourable growth. Sunderland has identified an opportunity to enhance its tourism potential, and build on its existing assets, through the provision of an overall site development that is unlocked by the development of a Regional casino. The development will link to the existing facilities establishing a cluster of cultural facilities featuring:

- The National Glass Centre;
- The Museum and Winter Gardens; and
- The Empire Theatre.

### 3.3.3 **Summary**

Sunderland has significant needs in relation to increasing the levels of employment, gaining participation in deprived communities and creating regeneration projects that can provide significant benefit across the City. The needs of the City are demonstrated by the fact that 11 of its wards are in the top 20% of the index of Multiple Deprivation.

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<sup>2</sup> Investigation of the Economic Impact of Casino Leisure Complexes in the North East of England, KPMG.

## 4 Need for Regeneration

### 4.1 Introduction

This section of the submission outlines how a Regional Casino development will improve the economic situation in Sunderland. It focuses on:

- The fit of the development with local plans;
- The forecast benefits that will be derived from a development of this nature; and
- How a Regional Casino will provide the catalyst for the wider regeneration of an underused brown field site and key sites in Central Sunderland.

The need for regeneration in Sunderland is highlighted by the establishment and government endorsement of an Urban Regeneration Company (URC) for the City, Sunderland arc, in May 2002. The URC, set up in response to major job losses in Sunderland due to the closures of the Vaux Brewery and Grove Cranes, is part of the government sponsored Urban Renaissance aimed at the transformation of the economic and social life of cities. The objective of Sunderland arc is to secure the physical and economic regeneration of the key sites lying within the Sunderland arc area.

### 4.2 The Sunderland Vision

#### 4.2.1 The Unitary Development Plan

The Unitary Development Plan sets out the land use policies for the City up to 2006 (the lifespan of this document is now to last until 2008 in order to dovetail with the new LDF). The long term vision of the City Strategy is:

*“A City which provides an enhanced quality of life for all its citizens, through the enrichment of the economic, social, educational, leisure, health and housing opportunities available to them. This is matched by a concern for the well being of the City itself, of its physical and environmental character, its systems of communication and its arts and culture.”*

The City Strategy identifies a number of key objectives which align well with the proposed casino development. A key priority of the Strategy is to continue to develop the City Centre, increasing its attractiveness, making it safer and cleaner and a more vibrant and welcoming place. The Council's policy is to ensure all leisure spaces are accessible to all City residents. The importance of leisure facilities in creating a vibrant living area and enhancing the quality of life for the City's residents and visitors is recognised in the UDP. The stadium site provides the opportunity to develop in a prime City Centre location with superb connectivity for the resident population and easy access for the wider regional population.

#### 4.2.2 The Stadium Park/Sheepfolds Site

The Stadium Park/Sheepfolds site is within the Sunderland arc area and provides the opportunity to develop in a prime edge of City Centre location with superb connectivity for the resident population an access for the wider regional population.

The site is on the north bank of the River Wear, is part owned by ONE NorthEast and is an extensive brown field area formerly home to Wearmouth Colliery. The site extends to 30 hectares and is centred on the Stadium of Light. Its attractiveness as a location is enhanced by its accessibility by public transport, its proximity to the city centre and its proximity to the main approach to the City via the A19 or the A1231 Wessington Way.

There are a number of features of this site that make it an ideal testing location for social impact. The Southwick Ward in which the site falls is the 7<sup>th</sup> most deprived in Sunderland, and the impact of a development of this scale, with the associated employment opportunities and the significant environmental enhancement cannot be underestimated. A Regional Casino will contribute to a more balanced regeneration policy, enabling major development and stimulating immediately adjacent business areas, to enable further economic benefits within the wider City. Strategically, the delivery of this benefit is important both to address the deprivation in the immediate vicinity and in order to develop a coherent area with a distinct identity of its own.

The site development is seen as a catalyst for regeneration by Sunderland City Council and Sunderland arc, due to its elevated high profile position overlooking the River Wear. The site itself will incorporate a range of facilities that will provide the city with a tourism and leisure focus that will benefit both the city and the region and will provide the city with an iconic development to rival that of any other city. It will also be the catalyst for the regeneration of Sheepfolds, a run down industrial area in need of regeneration. The proposed facilities on the site include:

- An international quality casino and entertainment complex;
- An integrated leisure and entertainment facility, including bars, restaurants and a live performance venue;
- The UK's largest integrated health, educational and social facility including an Olympic sized swimming pool, a Regional ice centre, a University teaching and research centre of excellence and the highest climbing wall in Europe; and
- A major new four star hotel.

Stadium Park/Sheepfolds will also act as the focus for a network of cultural attractions across Sunderland that already includes:

- The National Glass Centre;
- The Museum and Winter Gardens;
- The Empire Theatre;
- A Marine Activities Centre;
- Development of a Maritime Museum; and
- Bidding for World Heritage Status.

Developing this site with a range of facilities enhances the health and well being of the community through the development of the UK's largest integrated health, educational and social facility and will provide a location that will raise the profile and help to create an identity for the City.

## **4.3 The Economic Benefits**

### **4.3.1 The Regeneration Benefit**

The development of a Regional Casino on the Stadium Park/Sheepfolds site will complement the other uses and provide a catalyst for the further development of

facilities in a wider area. Without a casino development there will be a significant impact on the potential to develop the wider development, as discussed in Section 4.4.

#### 4.3.2 Achieving Skills Benefits

The development of a casino will provide a boost to the availability of jobs in a deprived area. Casinos have a requirement for some skilled or semi skilled jobs, in addition to the lower skilled opportunities associated with the bar and leisure facilities. Whilst it may not be argued that there will be a high skills need the development will take place in a deprived area and will provide a significant number of local and accessible job opportunities.

The ability of Sunderland to ensure that these opportunities are directed to and available to the widest population can be demonstrated by the work carried out in partnership with London Electricity Plc. The City Council worked with London Electricity to create a training programme, designed by the company, to enable unemployed residents to take advantage of the job opportunities being created. To date over 500 unemployed residents have undergone the training and 90% of these have successfully found jobs. It is this approach that will be followed with the successful operator.

#### 4.3.3 The Economic Impact

The economic impact of the development is far greater and is demonstrated by table 3 below.

**Table 3: Total Net Economic Impact**

	<b>Regional Casino</b>	<b>Hotel</b>
Employment Impact	<b>£13,113,170</b>	<b>£1,965,303</b>
Suppliers and Contractors Impact	<b>£8,757,870</b>	<b>£508,518</b>
Visitors Impact (2006)	<b>£10,487,560</b>	<b>£197,710</b>
Total Annual Impact (2006)	<b>£32,358,600</b>	<b>£2,671,531</b>
Transitory Construction Impact	<b>£11,978,000</b>	<b>£9,652,903</b>
Total Economic Impact	<b>£44,336,600</b>	<b>£12,324,434</b>
Total Annual Jobs Created	<b>579</b>	<b>171</b>
<b>Total Construction Jobs Created</b>	<b>114</b>	<b>55</b>

Source: KPMG

Figures in the table are those *after* additionality analysis has been undertaken, so these figures are for **net** economic impact and **net** jobs. The figures are in today's prices, and the job data relates to full time equivalents FTEs. The development of a four star hotel is directly linked to achieving a casino licence and is unlikely to proceed if a licence is not granted.

Table 4 overleaf highlights the additional benefits arising from the delivery of an integrated health, educational and social facility.

**Table 4: Additional Benefits**

	<b>Annual Impacts</b>
<b>Net Annual Impacts</b>	
- Local Income	£8,662,553
- Regional Income	£669,282
- <b>Local and Regional</b>	<b>£9,331,835</b>
- Local Jobs	309
- Regional Jobs	15
- <b>Local and Regional</b>	<b>324</b>

Source: ONE NorthEast

	<b>Capital Investment</b>
<b>Overall Site Capital Investment:</b>	
- Regional Casino	£48,000,000
- Hotel	£22,000,000
- 50 metre swimming pool	£23,000,000
- Integrated health, education and social	£65,000,000
<b>Total Capital</b>	<b>£158,000,000</b>

Source: Sunderland City Council/KPMG

GVA for Tyne and Wear is £13.1 billion (2001 headline figures at current basic prices). The Casino development could have an economic impact for Tyne and Wear that represents 0.27% of the total Tyne and Wear GVA if the construction impact is included. The ability of the casino to unlock the wider regeneration of key sites within Central Sunderland is vital to delivering the additional economic benefits that could be delivered in the City in relation to job creation

#### 4.4 The Additionality Case

A consultant team led by EDAW, have been commissioned to prepare a development framework for the Stadium Park/Sheepfolds site. The consultant team has identified a Regional Casino as an anchor development for this project. This assessment is based on the factors below:

Stadium Park/Sheepfolds is situated in an area of high deprivation with its adjacent areas being categorised within the 5% most deprived areas nationally<sup>3</sup>. The case for addressing social and physical regeneration is strong particularly in the areas of health, lifelong learning and raising community aspiration, all of which are the focus for the integrated health education and cultural development that would be delivered through securing a regional casino licence.

Agencies are working hard to address the significant inequalities that exist in a City where people over 65 are 66% more likely to suffer a heart attack than the national average, 18% of the population is classified as obese and 39% are overweight. This health situation allied with educational attainment that remains lower than the national average, high levels of worklessness amongst people of working age and a benefits

<sup>3</sup> English Indices of Multiple Deprivation, ODPM, 2004.

claimant level of almost 50% higher than the national average presents a compelling case for major, high impact intervention.

**The overall development of the integrated health, educational and social facilities is dependent on achieving a level of benefit from a Regional Casino operator. These include the elements identified in section 6.4, but more importantly, with all indications showing the potential to secure a private sector contribution of a minimum of £25 million from the private sector, this will ensure that the £65 million facility can proceed.**

The attraction of a high profile international casino operator will have a positive impact on the overall attractiveness of the site thereby encouraging other commercial, retail and leisure operators to locate new facilities there. As described in this section, the attraction of a regional casino will have the effect of raising the profile of the City and making it an attractive proposition to higher quality hotel operators, with a four star quality hotel proposed.

## 5 Probability of Implementation

### 5.1 The North East Market

In 2004 KPMG undertook an evaluation of the potential for casino developments in the North East on behalf of ONE NorthEast. It concluded that Tyne and Wear offers the strongest eligible gaming market from the four sub regions. This was based on an analysis of propensity; participation and average spend levels within the eligible population region. The overall eligible gaming resident population was estimated as 2 million people, with Tyne and Wear showing the greatest proportion at just over 1 million.

The Tyne and Wear sub-region attracted the highest level of domestic and international visitors and was forecast to have the highest growth levels. Existing casino operators are identified in Table 5 below:

**Table 5: Current Casino Operators in the North East**

Casino	Location	Facilities
<b><i>Tyne &amp; Wear</i></b>		
Grosvenor Casino	Blenheim Street, Newcastle	7 table games, roulette betting terminals and 10 slot machines, bar and restaurant facilities
Stanley Casino	Forth Street, Newcastle	18 table games and 10 slot machines, bar and restaurant facilities
Bannatynes	Quayside, Newcastle	13 table games and 10 slots with bar and restaurant.
Gala Casino	Lambton Street, Sunderland	20 table games and 40 slot machines, bar and restaurant facilities
Aspers Casino	The Gate, Newgate Street, Newcastle Upon Tyne	7 table games and 150 slot machines, bar and restaurant
<b><i>Tees Valley</i></b>		
Gala Casino	Teesside Leisure Park, Stockton-on-Tees	15 table games and 10 slot machines, bar and restaurant facilities

Source: Individual operators/Planning authorities

The report concludes that these casinos are unlikely to offer competition to a proposed large scale development due to the restricted nature of the facilities and the lack of ancillary leisure offerings.

A further study was conducted for Sunderland in 2005, into the potential for casino developments, which found in addition to the resident population that:

- The Tyne and Wear conurbation also provides an attractive market for operators because of the higher proportion of Chinese residents (a key target market for casino operators) in comparison to other sub-regions (0.4% of the population compared to 0.2% for County Durham, Northumberland and Tees Valley); and

- Tourist visitation to the North East is largely concentrated in the Tyne and Wear area which attracts about 45% of the Region's domestic tourists. These visitors are likely to play an important role in patronage to casinos particularly as the 24-hr membership rule, which has acted as a barrier to some visitors, will be removed.

The main findings were that *'Overall the picture for casino operator interest in Tyne and Wear is very strong, and the siting of a casino there would be attractive to the market. Whilst the Tyne and Wear market overall is attractive to operators, the Sunderland area within Tyne and Wear is even more attractive because of its demographic profile and growing visitor potential of the area, and the current limited competition picture.'*

## 5.2 Operator Interest

Sunderland has received significant operator interest in developing a Regional casino on the Stadium Park/Sheepfolds site. This has primarily come from Las Vegas Sands, Sun International and Aspinalls. Whilst City partners have engaged in discussions with these operators it has taken a conscious decision to not actively support any individual operator in order to not prejudice its ability to gain the maximum benefits from a Regional casino development through a transparent procurement process.

## 5.3 Support for the Casino Development

Having established a clear case for pursuing a casino development this section highlights the following:

- The City Council fully supports this bid;
- The operator interest is there to make the scheme viable;
- The bid has the wider backing of the Sunderland business community; and
- It is supported by public consultation.

### 5.3.1 Willingness to Licence

Sunderland City Council has actively pursued a casino development and identified Stadium Park/Sheepfolds as the optimum location with the City. The Cabinet endorsed this approach in its meeting of 7 December 2005 (ref: Minute 4).

In addition the Local Strategic Partnership, the Regional Development Agency and major private sector businesses within the city support the Casino bid.

Sunderland has a strong, well represented and established partnership that puts local peoples' needs at the centre of service delivery to make a positive and lasting impact on quality of life. The partnership is acutely aware of the need to accelerate the rate of social and physical regeneration in the City and view a regionally significant casino as an important catalyst toward securing investment, regeneration and a step change in health, educational and leisure development.

**Reverend Canon Stephen Taylor**  
**Chair of the Sunderland Partnership (Local Strategic Partnership)**

“ONE NorthEast (ONE) has recognised that significant regeneration benefits could be brought to the region through the award of a licence, or licences, for the location of a regional or large casino. From initial research carried out ONE has examined the market and believe that the development of one or more casinos in the region could be a major catalyst to delivering the tourism and regeneration aspirations that it has for North East England and could bring a substantial package of planning gain benefits. The agency actively supports the bids from its partners and will work alongside the successful licensing authorities to deliver a regionally significant leisure facility. In recognition of the importance that ONE places on securing a Casino within the region the agency has undertaken a number of reviews, including developing a set of criteria, which has been issued to interested Local Authorities to assist the bids from the region.” – **John Holmes Director of Regeneration**

### 5.3.2 Private Sector Support

The City Council has received support for the bid from a number of local businesses. Examples of the comments are given below:

- Mark Glatman – Abstract Securities Limited  
*‘As a major private sector investor in the City from 1991 to 2000, which covered both the office and industrial sector, I can only say that my experience with the City was one of a close relationship and a private and public partnership that actually delivered the targets we set ourselves.’*  
*‘I have no doubt that should Sunderland be awarded a licence you will deliver a high quality scheme that will bring benefits to the City and the region.’*
- Trevor Silver – Chief Executive Landid  
*‘I understand that you (SCC) are submitting a proposal for one of the new Casino licences as part of a large regeneration scheme in Sunderland. I am happy to confirm that I was involved with companies who made substantial investments totalling over £200 million from 1993 to 2004.’*  
*‘I have no doubt that should Sunderland be successful in its application you will deliver a first class scheme.’*

### 5.3.3 Public Consultation

There are a range of consultation activities that have been carried out in Sunderland that provide an insight into the views of the community towards regeneration projects. These include:

- Citizenship Survey;
- Citizenship Booster Survey - 500 people in selected parts of the city took part in a booster survey to supplement the Citizenship Survey;
- Citizens’ Panel;
- Image Strategy Consultation;
- Housing Summit;
- BME Research; and
- MORI Survey.

The main highlights from these consultations are that:

- There is a sense of attachment to Sunderland but no common purpose;
- Physical infrastructure development should focus on community development;
- The people of Sunderland frequently state that they feel forgotten or second best to other areas in the North East and would benefit from having a landmark of their own;
- Residents want Sunderland to gain an identity that distinguishes it from its neighbours and places it in the consciousness of people outside the region; and
- External perceptions of Sunderland are that it has no distinguishing features.

The development of a regional casino supports the aspirations of the City to gain a nationally significant facility, with the associated additional regeneration that is possible through securing a licence, and thereby positioning the City as a leisure and tourism destination that can rival other regional offerings.

## 6 Social and Community Impact

### 6.1 Introduction

This section of the proposal highlights the mechanisms that Sunderland will use to ensure that the maximum benefits are felt by the community. The City has an exceptional track record in delivering major private sector investments such as Nissan, Northern Rock, Doxford Park and TRW and the subsequent benefits of skills training, employment etc have been maximised for Sunderland through the proactive approach of the City Council and the Local Strategic Partnership.

### 6.2 Social Cohesion

The State of our Cities research identified that:

- “Sunderland cannot currently be described as having a high level of social cohesion. High levels of worklessness and deprivation among the indigenous population create a challenging context for immigration. There is a great deal of work to be done to build a culture of tolerance, understanding and integration.”
- “Regeneration strategies face a difficult balancing act between strengthening the city’s long-term economic potential and promoting social inclusion and community cohesion. Programmes are needed both within and between communities.”

The proposed development that is unlocked by the Regional Casino includes health, educational and community facilities. **Given the current level of social cohesion this development is a key element of the City in improving the situation, as the potential for having a negative impact appears to be unlikely.**

### 6.3 Procurement

Whilst there has been significant operator interest in developing a casino on the Stadium Park/Sheepfolds site the City Council has taken a conscious decision to not identify a preferred operator. This will enable an open procurement process to be run with the competition stimulating the achievement of maximum benefits. **Sunderland’s deliberate policy of not partnering with an operator means it can respond to any guidance emerging from the panel and gain the maximum possible benefit from running a competitive and transparent procurement process.**

In order to maximise the benefits from a casino development, estimated to be a minimum of £25 million, the Council would consider the following options:

- Section 106 Agreement;
- Linkage to development or management of other facilities on the site;
- Ground rent;
- Initial one off capital receipt;
- Ongoing revenue share as a percentage of profits above a certain IRR; and
- Full equity participation.

The City partners have recognised the importance in securing a Regional casino licence and its ability to unlock the rest of the development on the Stadium Park/Sheepfolds site and catalyse the regeneration of other key sites within Central Sunderland. There is, however, flexibility on the exact location of the casino on the site as this allows the maximum potential to gain community benefit through the procurement process.

## 6.4 Community Benefits

The Planning Authority has indicated that there are a number of areas, some more common to Section 106 agreements than others, where it may seek to secure a contribution, these are the:

- Development of the Sunderland Strategic Transport Corridor and links into it (potential contribution up to £5m);
- Development of a proposed new River Wear footbridge and supporting footpath networks (potential contribution up to £5m);
- Contribution to the acquisition of interests in Sheepfolds to allow a comprehensive mixed use development of the site integrated with Stadium Park as detailed in the UDP (potential contribution unclear);
- Improvement of environmental aspects along the river frontage (potential contribution up to £500,000);
- Improvement of public transport to the site, for example increasing the frequency of bus services (potential contribution unclear);
- Enhancement of the Gambler's Anonymous service available locally, and potentially the enhancement of other linked crime and disorder initiatives (potential contribution up to £50,000 PA for 10 years);
- Enhancement of job training, for example through funding a course at the local college (potential contribution up to £50,000 PA for 10 years); and
- Enhancement of public art (potential contribution up to 1% capital cost of development).

## 6.5 Social Impact

### 6.6 Introduction

Whilst the regeneration benefits of achieving a Regional Casino licence are well defined, it is clear that the potential negative impacts in relation to problem gambling will be scrutinised. The successful locations will need to develop a clear understanding of how both positive and negative impacts can be identified and managed.

## 6.7 Understanding the Social Impact

### 6.7.1 Testing the Impact

In understanding the social impact of a Regional casino development the University of Sunderland have identified the following characteristics of the City, and its population, that lends itself to testing.

The City has 3 distinct areas; the densely developed urban area where the casino would be located, the new town of Washington and the former coalfield settlements. As a pilot area the City of Sunderland would represent an area of high population homogeneity with the following key characteristics:

- An urban area with a predominantly local born population;
- Relatively low diversity that has undergone considerable restructuring in terms of employment from manufacturing towards service sector; and
- Relatively low participation rates and relatively high dependency on benefits.

The spatial configuration into the 3 distinct areas would give the possibility of interesting cross-comparisons on the impact of the casino development on urban, former coalfield and new town communities.

### **6.7.2 The Role of the University**

The University of Sunderland is actively involved in the City and is represented on the Local Strategic Partnership. Professor Fidler, the Vice Chancellor, has had active discussions with Sunderland City Council in relation to its role in monitoring and evaluating the impacts of a major development of this nature. The discussions are ongoing and will mature as the process develops.

The result of the discussions to date has identified a number of areas in which the University can play an active role. It would be able to bring together independent multidisciplinary expertise, staffed by leading academics, which could work collaboratively with a wide range of stakeholders. The key objective would be to establish an evidence base to provide a robust foundation to assess the impact of locating a casino in Sunderland. There may already be some up-to-date information on key aspects of social, economic and environmental characteristics of the City. Additional survey information will provide a means of identifying the main issues and needs arising in the City and will be maintained by the establishment of a comprehensive monitoring system.

Qualitative research into the social impact on communities, and particularly susceptible groups of people e.g. young people and those on benefits, would be carried out. A particular aim of this evidence base would be to assess whether the location of a casino had an overall positive or negative effect on government targets on neighbourhood regeneration and renewal.

### **6.7.3 The Consultation Plan**

The Corporate Community Consultation Framework and the Hard to Reach Consultation Framework outline the guidelines regarding good practice that will be adopted by Sunderland City Council in incorporating the community in the development. The plan will be based on action research that will be an integral part of the overall project.

## **6.8 Comparable Initiatives**

Sunderland has a track record of success in dealing with legislative changes and a strong partnership approach to ensuring that it can identify and respond to potential problems. Responsibility for licensing within Sunderland City Council is held by the Environmental Health and Consumer Protection team, a part of Community and Cultural Services. This department has achieved an Excellent CPA rating and has been awarded Charter Mark status in 2001 and 2005 for the delivery of excellent services.

In response to the Licensing Act 2003 the City adopted a proactive approach to managing the reforms. The model that is in place is one that Sunderland will replicate in response to being awarded a casino licence and is one that has been shown to work.

The Licensing Policy produced by Sunderland City Council, a statutory requirement for all local authorities, was recognised as being of the highest quality and indeed was complimented by leading barrister Philip Kolvin. It is this commitment to delivering excellent services that marks Sunderland out as an authority and city that can ensure that achieving a casino licence will be a positive catalyst for its regeneration.

The City of Sunderland's Alcohol Strategy follows the principles of evidence based interventions, a strategy that will be followed in formulating a Gambling Strategy.

### 6.8.1 **Responsible Gambling**

Sunderland City Council has sought to learn from international best practice in relation to promoting responsible gambling, and responding to any negative issues that may arise. The National Responsible Gambling Programme, operated in South Africa, is recognised internationally for its work, incorporating the elements of education and prevention, treatment and counselling and research. This very much supports the work undertaken with the Alcohol Strategy and will be strongly incorporated into the management of any development within the City.

### 6.8.2 **Existing Relationships**

The Alcohol Action Team forms part of the Safer Sunderland Partnership Structure, which is a multi-agency delivery partnership. The Safer Sunderland Partnership is an element of the Local Strategic Partnership, which is exceptionally strong within the City. The success of this approach will be replicated within Sunderland's response to Gambling. Partners within the Alcohol Action Team include:

- Sunderland City Council;
- Northumbria Police;
- Sunderland Teaching Primary Care Trust;
- Durham University; and
- Sunderland City Hospital.

## 6.9 **Conclusion**

This major development will boost the local economy and provide significant employment and regeneration opportunities.

- It will act as a catalyst for visitors – It is estimated that this development could attract an additional 2.5 million visitors a year.
- It could lead to capital investment of £158 million pounds.
- It will create significant employment opportunities – recent studies suggest that this figure could be up to 2000 jobs.
- It will develop the local economy – This development will benefit the City by raising the profile of Sunderland via a nationally significant project, helping to attract new investment and new visitors. It is estimated that £56 million could be brought into the local economy as a result.
- Transform derelict wasteland and the central Sunderland area – The overall development will completely transform what is currently wasteland into an internationally recognised destination for visitors as well as unlocking the development of the central Sunderland area.

This development will place Sunderland firmly within the thoughts of visitors across the region, nationally and further field and will create an integrated leisure, education and health offering that will rival anything in any other city in the UK.