

# **The UK's First Regional Casino Pilot**

## ***Coventry: The Natural Choice***

### **A Submission to the Casino Advisory Panel**

**By**



**31<sup>st</sup> March 2006**

## Preface by Ken Taylor, Leader, Coventry City Council



Coventry City Council welcomes the opportunity to respond to the Casino Advisory Panel's call for proposals of 31<sup>st</sup> January, following on from our earlier expression of interest submitted in December 2005. This submission underlines our belief that the UK's first regional casino pilot, involving £140 million of new private sector investment, should be located at the new Ricoh Arena in Coventry.

The regional casino would be an integral part of the overall Arena scheme (it has always been a core part of the Arena plans), which in turn sits at the heart of our efforts to regenerate many hugely deprived wards to the north of Coventry. Without a regional casino, the Arena will certainly make a difference. However, it is only the massive economic, employment, skills and training benefits a regional casino would bring, that would unlock the Arena's true potential.

Informed not only by our own preparatory work, but also by an extensive independent impact study by DTZ Pieda Consulting<sup>1</sup> (to which we would ask the panel to refer in detail), our submission is backed by a raft of local and regional stakeholders involved in the *Coventry Now* campaign we are leading (see [www.coventry-now.com](http://www.coventry-now.com)). This reflects the complete consistency of the proposed scheme with policy, regeneration, community and business priorities at a local, sub-regional, regional and national level.

In the context of the highly politicised, media-fuelled and worryingly inaccurate debate that has accompanied and followed the passage of the Gambling Act 2005, the Panel will doubtless be presented with a raft of submissions promising blue-sky schemes leading to the renaissance of entire towns. Certainly many of the schemes being promoted will achieve some long-term benefits for their areas, once the innumerable obstacles they face have been surmounted.

However, we believe passionately that the Ricoh Arena scheme – located at the very centre of the UK and backed by a unique public/private partnership of Coventry City Council, the Alan Edwards Higgs Trust, Arena Coventry Ltd (ACL) and Isle of Capri Casinos Ltd – is the only natural choice for the UK's first regional casino pilot.

Having already cleared every planning, regulatory and licensing hurdle – with the obvious exception of a regional casino licence – a regional casino pilot in Coventry could be entirely operational within six months of securing such a licence. This is many years ahead of almost any other potential regional casino pilot in the country, providing the Government with the earliest possible test-bed for the regional casino model.

Our chosen operator, Isle of Capri Casinos Limited (Isle) is a company with a unparalleled track-record in responsible gaming, community engagement and employee empowerment, that has purposefully avoided the Las Vegas Strip-style model and specialised in the types of smaller regional casinos planned under UK Government policy.

We look forward to discussing our proposals with the Panel in due course and to submitting our proposals with the utmost confidence to the public roundtable conferences or examinations-in-public foreseen in the call for proposals. I am proud personally to commend this submission to you on behalf of all political parties within Coventry City Council and the people of Coventry.

A handwritten signature in black ink, appearing to be 'K. Taylor', written in a cursive style.

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<sup>1</sup> DTZ Pieda Consulting, *Coventry Regional Casino Pilot, Economic and Regeneration Impact Study*, February 2006

## 1. Executive Summary – Coventry’s Unique Characteristics

1. Following our earlier expression of interest, Coventry City Council welcomes the opportunity to respond to the Casino Advisory Panel’s call for proposals of 31<sup>st</sup> January, stemming from the Government’s Statement of National Policy of 16<sup>th</sup> December 2004 during the passage of the Gambling Act 2005 and relating to Section 175 (1-3) of the Act. Our submission is divided into the headings outlined at point 18 of the Panel’s call for proposals, although we have placed them in an order that we believe would make for the most readable document.
2. The proposed £140 million regional casino pilot at Coventry’s new Ricoh Arena – absolutely integral to our efforts to regenerate a range of hugely deprived wards to the north of the City – is the only natural choice for the UK’s first regional casino pilot.
3. Backed by a unique public/private partnership of the Council (across all Parties), the Alan Edwards Higgs Trust, ACL and Isle of Capri Casinos, the proposed regional casino at the Ricoh has already cleared every planning, regulatory and licensing obstacle, with the obvious exception of a regional casino licence. This means a regional casino pilot could be fully operational within six months of being granted a regional casino licence – many years ahead of almost every other scheme in the UK – providing the Government with the earliest possible test-bed. Indeed, the building structure for the regional casino is already in place as an integral element of the Arena and is ready for fit-out.
4. Consistent with policy, regeneration, community and business priorities at a local, sub-regional, regional and national level, the regional casino pilot will provide a raft of economic, employment, training, regeneration and community benefits independently assessed by a 90-page DTZ PIEDA Consulting study. These include over 1,750 gross permanent direct and indirect FTE jobs by year 3 of operation and £47m per annum in terms of GVA (including £12 million in local/regional procurement activity) by year 3 – all backed by a proven, working commitment to “*local jobs for local people*”.
5. The casino would be located in a city ranked 64th out of 354 Local Authorities in the 2004 Index of Multiple Deprivation, amongst the 20% most deprived Local Authorities in the country and in the 7½% most deprived in terms of both employment and income. More specifically, within a 2 km radius of the Casino, 13 out of the 28 Lower Super Output Areas are within the 20% most deprived in the country. The casino will sit predominantly within the Foleshill area where the IMD domains are within the most deprived 5% of wards in the country, with the overall rank of IMD within the 2% most deprived wards in the country.
6. With all public and private financing already in place and based on proven market demand, the regional casino pilot would be operated by Isle of Capri – a company with an unparalleled track-record in responsible gaming, community engagement and employee empowerment. Isle has purposefully avoided the Las Vegas Strip-style model and specialised in the types of smaller regional casinos planned under UK Government policy. Isle has already been a driving force in ongoing active engagement with the local community, despite not yet operating in the UK.
7. The proposed regional casino enjoys uniform backing from across the community, including the Coventry & Warwickshire Chamber of Commerce; CV1; the Alan Edwards Higgs Trust; the Coventry, Solihull and Warwickshire Partnership; the Arena Working Group; the Arena Monitoring Group; Arena Coventry Limited; and all of our local MPs. This has been manifested in the 2,430 signatories to date to the *Coventry Now* campaign.
8. To provide the panel with ease of access to all supporting documentation for this submission we have created a secure extranet site: <http://www.coventry-now.com/casinoadvisorypanel>.  
**Username:** Prof Stephen Crow, **Password:** ca51no

## 2. Type of Area

### a. **Population Base and the Need for Regeneration<sup>2</sup> - A Challenging Legacy**

Coventry is a City of 304,000 inhabitants covering 98.6 km<sup>2</sup>. As the sub-regional centre and the second largest city in the West Midlands, Coventry provides services for in excess of 550,000 people within a 10-mile radius from our City Centre. The travel to work population is 900,000 people and 18 million people live within an hour's travel of the City.

Coventry population fell by 5% in response to the economic recession of the 1980's stabilised in the 1990's and has shown signs of increasing since 2000. This pattern is reflected in most of the West Midlands County. Population density averages 3,089 people per km<sup>2</sup>.

Coventry's population is younger than average, with 24% of people under 18 years of age and 35% under 24. The high proportion of 18 to 24 year olds reflects the fact that two successful universities – Coventry University and the University of Warwick – are located in the city. 16% of residents are over 65, slightly below the national average. The over-85 population, currently numbering about 5,200 people, is expected to grow by 17% by 2010. The 2001 Census showed that 32,000 Coventrians work outside Coventry and 48,000 people commute into the city to work.

Coventry has traditionally been the manufacturing centre of the West Midlands. However, over the last 30 years the areas dominated by traditional manufacturing industries were hard hit by the recession of the early 80's when a third of local industry closed down – revealing deep structural problems in the local economy. During the 1990's Coventry worked hard to attract new industries and investment aimed at regenerating the city. The economy has diversified significantly with major inward investment and restructuring of our indigenous industries (as outlined in more detail in Section b. below). The Ricoh Arena is a key part in that process.

The decline in manufacturing has been offset by the growth of the service sector particularly in business services, finance, research & development, logistics and leisure. This has led to a significant recovery and has gone a very long way towards making up for the manufacturing job losses. Such major structural change in our economy has highlighted the comparative and relative deprivation of the north of the City, where the deepest structural problems remain.

In recent years the restructuring of the economy has continued with major firms downsizing or closing including Jaguar (1,100), Agco (1,100), Marconi (2,000) and the Learning & Skills Council (500). In all some 9,600 redundancies have taken place over the last three years. However, significant new jobs have been created in the city as inward investors come in and service sector firms have expanded e.g. Coventry Airport (500), Excel Logistics (700) and Delamar (2000). Most of these new jobs require skilled labour.

In terms of employment levels, as a result of the decline in the manufacturing sector, Coventry's unemployment hit over 20% stemming from the major manufacturing recessions of the late 1970s, 1980s and early 1990s. The headline rate of unemployment (under Job Seekers Allowance (JSA)) is now down to circa 3%, but this hides huge disparities across the City. Wards in the affluent south of the City have (JSA) levels around 1%, whilst deprived wards in the North and North East still have unemployment levels at 8%.

Over the last 10 years, Coventry has seen employment levels rise by 10%. This is faster than the 5% growth in the other urban areas of the West Midlands but below England's 14%. This said, the slower economic growth of the last few years, has seen employment grow more erratically as the continuing

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<sup>2</sup> Key sources are the DTZ Pleda Consulting study (ibid.) and Coventry City Council, *Corporate Assessment – Self Assessment*, January 2006. This DTZ study drew on an earlier Council-Commissioned study by the same consultancy, *Foleshill Gasworks – Regeneration Benefits of the Arena Scheme*, August 2003.

restructuring of the Coventry economy gains greater impetus. The Population Survey for May 2005 indicates that Coventry has an economically active working age resident population of 140,000 or 75% of all-working age Coventrians. This is well below the West Midlands Regional (77.9%) and England (78.4%) averages. The Government has set a target for economic activity rates of 80%.

131,000 residents are in work with the Census suggesting that a further 18,000 net in-commuters work in Coventry based jobs. 8,800 Coventrians or 4.7% of the working age resident population are looking for work. (Using Central Government's headline statistics for unemployment, 5,875 or 3.1% had signed up for Job Seekers Allowance in Coventry.) These unemployment rates are much higher than for the W Midlands region (3.0%) and England (2.3%).

Average household income in Coventry has increased over the last year from 86.4% of the national figure to 89.3%. However, there is a significant contrast in the distribution of incomes across the city with the poorest 10% of households receiving under £7,121 p.a. compared to the richest 10% earning over £52,808.

The 2004 Index of Multiple Deprivation (IMD) shows that Coventry is ranked 64 out of 354 Local Authorities in terms of rank of average of ward (a move from 67<sup>th</sup> in 2001). This places Coventry amongst the 20% most deprived Local Authorities in the country. In terms of employment and income Coventry is ranked within the 7½% most deprived Local authorities. 33% of the population in Coventry live in areas that are currently designated as being in the 20% most deprived areas in England. Within a 2 km radius of the Casino, 13 out of the 28 Lower Super Output Areas are within the 20% most deprived in the country

Northeast Coventry has a significantly higher proportion of residents achieving no qualifications than found in each of the benchmark areas, with the most recent *Skills for Life* survey revealing a significant skills deficit in Foleshill both for literacy and numeracy. Coventry and the West Midlands have a slightly higher proportion of residents achieving no qualifications than found in England and Wales, as well as a smaller proportion of people achieving NVQ levels of 4 and 5.

#### **b. Progress and Cause for Optimism**

Despite the challenging legacy Coventry faced, Coventry City Council has led a successful programme of work with private and public sector partners to regenerate the city and restructure the local economy. We have attracted significant inward investment and external funding (at least 90% of which is private sector), using our land and capital assets to facilitate growth and development. Once known largely for manufacturing, the city has successfully diversified and 80% of the workforce is now employed in the service sectors.

Coventry's skills and excellent communications make it an ideal centre for business relocation and we are successfully attracting organisations from London and South East. For example, the Lyons report on public sector relocation named Coventry as a prime location for government science and policy functions. "Growing Business" magazine has rated Coventry the third best city in England to do business and a report commissioned by Cable and Wireless identified Coventry as the city best placed to grow business over the next decade.

The city is currently undergoing a £6.5bn investment programme, with at least 90% private sector funding. This includes developments in private and social housing, business, distribution and science parks, shopping, sports and leisure, environmental enhancements and transport. With the support of £57m New Deal for Communities funding, we are working with partners to implement a £300m programme of social and economic investment in the north east of the city (just to the east of the Ricoh Arena).

More recently, Coventry was awarded £12.6 million in funding from the Local Enterprise Growth Initiative (LEGI) one of only 10 areas in the UK to receive such support. This money is designed to boost

economies (through support for enterprise and entrepreneurship) in some of the most deprived areas of England, with the north east of Coventry again being a focal point for this scheme.

For at least the last 15 years, Coventry City Council has had a very clear economic policy of "spreading prosperity North." This recognises the growing economic strength of the South of Coventry and South Warwickshire compared to the deprivation and structural economic changes needed in the North of Coventry and North Warwickshire. A great deal of the City Council's energy and investment has been in planning and progressing key economic and regeneration schemes in the North of the City. It is, therefore, no accident that the Ricoh Arena and all elements within it are key to the delivery of that economic policy.

Coventry is also proud of its international reputation for peace and reconciliation and has a strong sense of community cohesion. 21.7% of the population comes from minority ethnic communities, as compared to 13% for England as a whole. About a quarter of the pupils in our schools are from minority backgrounds and together they speak over 80 languages. The city is also home to an estimated 6,500 refugees and 1,500 asylum seekers. With the accession of new EU member states, the city has welcomed economic migrants from Poland, the Baltic States, Cyprus and Malta. 1,319 people from 73 countries have been granted British citizenship in our Citizenship Ceremonies since April 2004.

### **c. *Leisure and Tourism: Levels, Trends, Vision, Policies and Supporting Infrastructure***

In 2003, Heart of England Tourism conducted a Tourism Economic Impact Assessment on behalf of Coventry City Council<sup>3</sup>, considering localised data such as accommodation average occupancy levels and visitor numbers to the area's tourism attractions, as well as drawing on national survey data.

The study found that approximately 4.2 million visitors came to Coventry, sub-divided between a) 0.9 million visitors who stayed overnight in the area (21%), spending a total of 2.6 million nights in the area and b) 3.3 million visitors (79%) from those on irregular long-leisure day trips of 3 hours or more duration from home or from a 'holiday' base, but not stopping overnight in the area. Of the overnight stays 31% were holiday visits, 41% business and 25% visiting friends and relatives (with the remaining 3% for other purposes).

During their visit to Coventry, tourists spent a total of £296 million (compared with £2.3 billion in the West Midlands County and £4.1 billion in the West Midlands Region). On average, about £25 million was spent in the local economy each month. Visitors staying overnight spent £199 million in the area, compared with £97 million from those on an irregular day trip. This equated to an average spend per head among domestic overnight visitors on business of £305.02 to an average per capita spend among irregular day visitors of £29.38. Of the total spend on overnight stays, 24% was spent by those on holidays, 55% on business and 15% visiting friends and relatives (with the remaining 6% for other purposes).

This overall spend supported in the region of 8,489 jobs, both for local residents and those living nearby. Approximately 6,057 direct tourism related jobs are supported with an additional 2,433 non-tourism jobs dependent upon multiplier spend from tourism. The sectoral distribution of employment in terms of direct FTE jobs was 29% in accommodation, 17% in retail, 30% in catering, 10% in entertainment, 5% in transport and 9% in non-trip spending.

The main beneficiaries of the visitor spending were found to be shops, hotels, guesthouses, B&B's, cafes/restaurants, pubs, attractions/entertainment and garages/ transport. The accommodation sector received around £69 million in business turnover from visitor spending, retailers around £73 million and catering £81 million. The model suggests around £28 million is spent on entertainment/leisure attractions and £30 million on transport and fuel. The specific sectoral distribution of spending was 23% on accommodation, 25% on retail, 27% on catering, 10% on entertainment and 15% on transport.

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<sup>3</sup> Heart of England Tourism, *Tourism Economic Impact Assessment*, 2003

In terms of strategies and plans, a *Coventry and Warwickshire Visitor Economy Strategy*<sup>4</sup> has just been completed. This must naturally be seen in the context of the creation of VisitBritain, the devolution of the tourism strategy to RDAs in April 2003 and Advantage West Midlands' own *Visitor Economy Strategy*<sup>5</sup>.

Against a backdrop of an ageing population, the shrinkage of the C2DE demographic and falling amounts of leisure time, this strategy draws on a number of key trends in tourism and economic behaviour. These include falls in overseas visitors, long holidays in the UK, visits to traditional visitor attractions, mid-low budget accommodation, visits to traditional resorts and the use of B&Bs for long visits.

As a corollary to these declines, the strategy also identifies a number of emerging trends. These spanned:

- *travel behaviour* (e.g. multiple holidays facilitated by easier access to travel, short breaks and 4-5 day long-short breaks, visits to cities, business tourism and visits to friends and relatives);
- *product* (e.g. cities, the internet, high quality independent providers; the branded sector and retail destinations); and,
- *socio-demographic* (more ABC1s and households without children, greater discretionary spending, more upper/middle-aged visitors, and active "empty nesters" and "silver surfers").

The strategy focuses on seven key strands, these being: *Desirable Destinations* (particularly urban areas); *Britain's Convention Country*; *A Strong Brand Portfolio*; *Impressive Infrastructure*; *Shakespeare Supreme*, *Cathedral City* (making Coventry an attractive city destination); and *Effective Delivery*. In particular, the strategy focuses heavily on the development and promotion of one of Europe's leading areas for business tourism, the creation of Evening Strategies for all urban centres and the central prioritisation of Coventry (backed by the CVOne partnership).

Implicit and indeed explicit in many places within this range of strategies and plans is the recognition that tourism in Coventry and the sub-region could play a much greater part in the future of Coventry than it does now or has done in the past. Within this context it is widely accepted that the proposed regional casino would make a very considerable contribution to the achievement of these aspirations.

### **3. The Regional and Local Context**

#### *a. Assistance with Regional Economic Objectives for Employment, Skills and Regeneration – "Local Jobs for Local People"*

Full details of the proposed regional casino pilot's economic, employment, supply chain and procurement impacts are provided in Section 4 below – drawing on the independent DTZ Pieda Consulting study, *Coventry Regional Casino Pilot, Economic and Regeneration Impact Study*. At the outset we would stress that in comparison to the 2,700 jobs created to date by the Arena scheme, the 1,756 total for gross direct and indirect employment generated by the proposed regional casino (by year three of operation) underlines the absolutely central role a regional casino would play in the overall regeneration created by the Ricoh.

In terms of the broader social ramifications of the considerable employment impacts a regional casino pilot would entail for Coventry, the study covers a range of implications – including employment and training, enterprise and enhanced external perceptions, alongside accessibility, the environment and corporate & social responsibility. These are covered in Section 4 of the DTZ Study on Social, Community and Regeneration Benefits, and we would again ask the Panel to refer directly to that Study.

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<sup>4</sup> *Coventry and Warwickshire Visitor Economy Strategy*, Locum Destination Consulting, March 2006

<sup>5</sup> Available at <http://www.advantagewm.co.uk/downloads/regional-visitor-economy-strategy.pdf>, with an overview to be found at <http://www.advantagewm.co.uk/downloads/overview-of-west-midlands-visitor-economy-strategy.pdf>

Issues such as community engagement are covered in Sections 5 and 6 below. However, the key points that we would make in relation to employment, skills and training are as follows. The **Arena Jobs Project** was established to harness the employment and other opportunities of the Arena development, and to ensure that it lead to “*local jobs for local people*”. It is managed by the Arena Core Group, which includes Job Centre Plus, the Council, the LSC, Warwickshire County Council and Henley College (Coventry).

Detailed discussions are already underway between the Project team and Isle of Capri, with Job Centre Plus already indicating that some 3,000 people have expressed an interest in employment at a regional casino. In addition, despite not yet having even opened a facility in Coventry, Isle of Capri has opened discussions with Business in the Community (BITC) about working with BITC to maximise the potential of the “*local jobs for local people*” agenda, for example, through their *Seeing is Believing* and *Race for Opportunities* programmes, as well as their collaborate activities with LSCs and LSPs. ACL and Ricoh are already BITC members, while Isle of Capri is in the process of joining.

Building on this, a further key initiative, sponsored and supported by the Local Strategic Partnership’s *Jobs & Economy Theme Group* (under the **Jobs & Economy Action Plan 2005-07<sup>6</sup>**), is the **Arena Jobs Bus** – established to ensure local people benefited from the employment opportunities arising from the Ricoh Arena and Arena Retail Park. To date, the bus has played a key role in ensuring that 80% of job opportunities at the Arena have gone to people with CV1-6 postcodes and 49% from the surrounding Priority Neighbourhoods.

The Council views a regional casino at the Ricoh Arena as a major future employment opportunity for local people as part of the Action Plan and the accompanying Business Support Package under the Coventry and Nuneaton Regeneration Zone. As such, discussions are well advanced with Isle of Capri about the active use of the *Arena Jobs Bus* as a means of ensuring Isle’s commitment to local jobs (75% of which are predicted to be skilled jobs, with salaries well above the Coventry average), skills and training is realised.

In terms of skills and training, Isle has a first-rate track-record as an employer in the US, providing an excellent benefits package and extensive workplace training (in for example customer care, mentoring and management training programmes). This has resulted in the lowest staff turnover rate in the industry (37.9% compared to an industry average for regional gaming market of 55%) and in the company being voted one of the top 100 companies for staff training in *Training Magazine*.

Consideration is already being given by Isle to options such as Apprenticeships, working with Henley College as part of the Education Business Partnership Activities in the Arena’s Education Partnership Centre, and working with Coventry or Warwick University on a qualification in casino management.

*b. Assistance with Regional Economic Objectives for Employment, Skills and Regeneration – Consistency with Local and Regional Policy*

As the Panel would expect, the proposed regional casino at the Ricoh (as with the overall Arena development itself) has been specifically developed in such a way as to be entirely consistent with current and emerging policy at all levels – local, sub-regional, regional and national. Space constraints dictate that we cannot hope to provide exhaustive details of all relevant policy at each level. However, the following will hopefully represent a useful summary of the proposed scheme’s consistency with prevailing policy:

*i. The National Level*

While the Panel’s focus, given its need to assess a range of necessarily local schemes, is quite correctly local and regional, the proposed regional casino pilot at the Ricoh Arena also meshes perfectly with a range of national policy priorities and initiatives. These include:

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<sup>6</sup> A copy of the Plan can be found at <http://www.coventrypartnership.com/upload/documents/document431.doc>

- ODPM's **Sustainable Communities Plan** (a key element of which is the development of sustainable, vibrant communities in deprived areas);
- The Cabinet Office **Neighbourhood Renewal Agenda** (including the **New Deal for Communities** and **Neighbourhood Renewal Fund**, both of which have been awarded to Coventry);
- The **Urban White Paper *Delivering an Urban Renaissance*** (focused on creating towns, cities and suburbs, which offer a high quality of life and opportunity for all);
- The '**Learning to Succeed**' **White Paper**, the **National Skills Strategy** and the **Skills White Paper, *Skills Getting on in Business, Getting on at Work***;
- **PPG6 on Town Centres and Retail Developments** and **PPG 13 on Transport**.

ii. *The Regional Level*

The very considerable impacts of the proposed regional casino pilot in Coventry would also chime directly with a range of regional policy priorities and initiatives, including the following:

- **AWM's Regional Economic Strategy "*Delivering Advantage*"**<sup>7</sup> sets out a vision of the West Midlands as "*a world-class region in which to invest, work, learn, visit and live and the most successful in creating wealth to the benefit of all its people*". This includes the vision that by 2010, tourism will be recognised as one of the region's main economic drivers with "*a wide range of the highest quality leisure and cultural experiences*".

The third of the Strategy's four key 'Pillars' *Creating the Conditions for Growth* establishes the development of a visitor economy as a key challenge, while one of the Strategy's key goals is improving the marketing and profile of the region. A regional casino pilot would clearly help achieve this, while contributing to a number of broader objectives such as: developing entrepreneurial communities; "*Maximising business, employment and training opportunities rising out of the key development projects*" (Pillar 2); developing workforce skills; "*Engaging local people in the regeneration process and the opportunities arising*" (Pillar 4); and reducing inequality across the region.

- **West Midlands Visitor Economy Strategy** sets out a vision that by 2010 "*the West Midlands visitor economy will be recognised for its continuing growth, and for the excellence of a number of sophisticated, world-class urban and authentic rural destinations for business and leisure visitors, which showcase the region's creativity and its heritage, celebrate its diversity, and set new standards for quality and sustainability*"

A regional casino at the Ricoh Arena would patently fit perfectly with the Strategy's key strategic aims of "*adding value to the West Midlands economy*" (through the attraction of more overnight visitors, more business and high-value leisure visitors and more private sector tourism investment) and "*Enhancing the West Midlands for Residents and Visitors*" (by creating world-class cultural, sports and leisure facilities, jobs and economic benefit, and local and regional pride).

- A key plank of the **West Midlands Regional Spatial Strategy (June 2004)**<sup>8</sup> is the diversification and modernisation of the region's economy. As a Major Urban Area within the Strategy, Coventry is identified as one location within the region, which should be the focus for "*uses which attract large numbers of people including major cultural, tourist, social and community venues*" and "*large-scale leisure developments*".

In particular, Policy PA10 (Tourism and Culture) encourages the improvement of existing tourism and cultural provision, as well as the creation of new facilities. The Strategy includes "*indoor and*

<sup>7</sup> The Strategy and Plan can be found at <http://www.advantagewm.co.uk/downloads/west-midlands-economic-strategy.pdf>

<sup>8</sup> Full details of the Strategy can be found at <http://www.wmra.gov.uk/page.asp?id=47>

*outdoor sports stadia and venues of all types” within its categorisation of key regional tourism and cultural assets, noting that “large-scale innovative projects will be encouraged”.*

In terms of the **position of the West Midlands’ regional authorities**, last year’s AWM’s International Business Strategy Discussion Paper<sup>9</sup> of March 2005 identifies tourism and leisure – in particular gaming, casinos, hotels to tap into airlines flying into Birmingham International – as an important strategic priority for the region. In addition, at the 76<sup>th</sup> Board meeting of the West Midlands’ RDA, Advantage West Midlands (AWM) on 29<sup>th</sup> November 2005, the Board discussed changes to the Gambling legislation, in particular casino developments and implications for the West Midlands. They endorsed Agency plans to monitor developments within the region and to input to the Gambling Commission on casino developments.

More recently, Tourism West Midlands has since commissioned GHK Consulting to produce a *Social and Economic Impact of Casinos in the West Midlands*. Although we have been given only an executive summary to date, we would point to the very considerable divergence between GHK’s findings for the West Midlands as a whole and those of DTZ Pieda Consulting – a consultancy of international repute that has worked effectively for the Coventry City Council on a number of projects over the past decade. In addition, GHK’s methodology appears to contradict studies on forecasting by both PION and the Henley Centre. On these bases, we remain sceptical at best about GHK’s findings and their relevance to Coventry.

As a context for the key role that the Ricoh Arena project plays in the regeneration of the region, the October 2005 regional Advantage West Midlands conference (for 800+ people) was held at the Arena. John Edwards the Chief Executive of AWM included the following as a preface to the Seminar documentation:

*"Welcome! I want to welcome you all to our third annual conference in the impressive surroundings of Coventry's new Ricoh Arena – a powerful example of how Advantage West Midlands is working with partners to transform our region. This 75 acre site was derelict for 30 years, the ground heavily contaminated and the gas pumping station that was here, visible to millions who passed on the M6 and A444. Well ... .. look at it now! Adjacent to two of Coventry's most deprived Wards, this scheme has created at least 2,000 jobs and a brilliant venue for business and leisure. It shows how Coventry with leadership, a great attitude to working in partnership and a clear vision, is shaping its future. Inspirational".*

### iii. *The Local Level*

The proposed regional casino pilot at the Ricoh Arena – in particular the net 1,450 FTE jobs and over £38 million in net GVA economic impact per annum by year three of its operation – fits perfectly with a raft of local plans and priorities including the following:

- **The Coventry and Nuneaton Regeneration Zone (CNRZ) – Zone Implementation Plan 4 (ZIP4)**<sup>10</sup>: One of the key planks of Advantage West Midlands’ (AWM) strategy, the CNRZ covers an area of North/Central Coventry housing some 202,000 people. A key project in regenerating north and east Coventry, the Ricoh Arena is a centrepiece for the Zone, addressing as it does a number of the CNRZ’s strategic priorities – most notably “*spreading market confidence northwards*” and “*creating the conditions for vibrant and sustainable communities*”. A second key focus of ZIP4 is to maximise the impact of major developments. A regional casino would increase the benefits of the overall Arena development, by placing an emphasis on ensuring that local businesses, residents and the most disadvantaged communities share these benefits.

<sup>9</sup> AWM International Business Strategy Discussion Paper 26/05, 22<sup>nd</sup> March 2005 – see <http://www.advantagewm.co.uk/downloads/international-business-strategy-2.doc>

<sup>10</sup> A copy of the CNRZ Implementation Plan can be found at <http://www.cswp.org.uk/ZIP4.0main.pdf>

- **‘An Engine of Growth’ – the Economic Regeneration Strategy for the Coventry, Solihull and Warwickshire Partnership**<sup>11</sup> identifies the Arena site as a major new scheme, which will contribute to the ability of the wider area to attract inward investment. As an integral part of this scheme, the regional casino pilot would act as a crucial catalyst and accelerator in meeting the Strategy’s objectives.
- As outlined in Section 2 above, a regional casino is viewed locally and regionally as a key plank in the delivery of **the Visitor Economy Strategy for Coventry and Warwickshire (2005-2009)**, particularly given that strategy’s focus on desirable destinations, impressive infrastructure, a strong brand portfolio and the attraction of evening visitors. Indeed, *Gambling and the Coventry Arena* is identified as a thematic marketing priority.
- **The Coventry Community Plan**<sup>12</sup> aims to “bring together the resources, energy and creativity of key organisations, groups, communities and people to work to meet the economic, social and environmental needs of the City of Coventry and the health and well-being of its people”. A regional casino pilot at the Ricoh Arena would help to achieve this objective by contributing to a number of themes within the strategy, in particular *Jobs and Our Local Economy; Environment; Learning and Training; and Transport*.
- Supporting the Coventry Community Plan, a regional casino pilot would play an important role to delivering key elements of **Coventry’s Local Cultural Strategy**<sup>13</sup>, including improving the image, profile and reputation of the city to stimulate more visitors and investment, and “to make strategically based leisure interventions ... to improve quality of life and economic well-being”.
- **The Coventry Unitary Development Plan (UDP) 2001**<sup>14</sup> identifies the Foleshill Gasworks site as one of three strategic regeneration sites, where successful redevelopment is crucial to the generation of new jobs and environmental improvement needed by Coventry as a whole and deprived local areas in particular. “Tackling decay and dereliction, re-using land and buildings and taking opportunities for inward investment” for the Foleshill area (one of six identified as suffering from high economic, social and environmental disadvantage) is also a priority under the Plan.
- As outlined in Section 1, Coventry has recently been granted £12.6 million from **the Local Enterprise Growth Initiative (LEGI)** one of only 10 areas in the UK to receive such support, to boost economies in some of the most deprived areas of England. Coventry’s proposal is based on taking a holistic and transformational approach to developing enterprise and entrepreneurship, and is based around five key “packages of activity” Business Start-Up Support, Supporting Existing Businesses to Grow, Employment for Local People, ‘Inspiring & Engaging’ the supply side of the local economy and Developing New Business Opportunities on the demand side.

All workstreams are also underpinned by the key objective of creating a virtuous cycle of increased local money flows, through increased employment and business activity, the local multiplier effect will help generate further wealth and economic activity.

- In line with **Winning Technologies, the Coventry, Solihull and Warwickshire Technology Corridor, Strategic Plan 2005-08**<sup>15</sup>, the Arena had a key target to attract high growth sectors including the creative industries. Through the provision of an IT and multi-media centre, this has provided an opportunity for this sector to develop. In addition, through the provision of the training centre and facilities, this project will help to address the mismatches between supply and demand in training and workforce development highlighted in this plan.

<sup>11</sup> A copy of the Strategy can be found at <http://www.cswp.org.uk/upload/engineofgrowth.pdf>

<sup>12</sup> A copy of the Plan can be found at <http://www.coventrypartnership.com/upload/documents/document752.pdf>

<sup>13</sup> Fuller details can be found at <http://www.coventry.gov.uk/ccm/content/city-development-directorate/culture-%26-leisure/strategies-and-policies/coventrys-local-cultural-strategy.en;jsessionid=bzx6qzG1Ww18>

<sup>14</sup> Full details of the latest UDP can be found at <http://www.cwn.org.uk/cdp/adopted-plan/index.html>

<sup>15</sup> The Strategy can be found at <http://www.cswp.org.uk/upload/CSWCorridorStrategyV430September2004.pdf>

#### 4. The Need for Regeneration

##### a. *The Pressing Need for Local Regeneration*

Within the IMD context outlined in Section 2, the Annual Population Survey April 2004 – March 2005 found that 8,800 or 4.7% of Coventry's working age population were looking for work, compared with 4.1% for the West Midlands and 3.7% for England as a whole. In terms of the Job Seekers' Allowance Counts the figures are: 3.1% for Coventry, 3.0% for the W Midlands region and 2.3% for England. 14.2% of Coventry's unemployed have been without a job for more than 12 months. From the Annual Population Survey April 2004 to March 2005, there were a total of 75,900 men in work, compared with 60,100 women – a total of 136,000 from a total population of 304,000

The Ricoh Arena is at the hub of three Coventry wards (Foleshill, Holbrook and Longford) where 54,000 people live. Of the 37,200 residents of working age, only 60% are economically active as against the government's target of 80%. There were in 2001, 20,350 jobs in the three wards but only 5,850 were filled by local people with in-commuters taking the remaining 71% of local jobs. Over 13,400 local people in work have to leave the area to access jobs elsewhere.

Unemployment (JSA Measure) in the three wards has fallen over the last 10 years from 14% to 6½% of the economically active labour force. Some 41% of the economically active have no qualifications, compared with 33% for Coventry and 29% for England. There is a clear mis-match between jobs in the Ricoh Arena Area and the skills, abilities and ambitions of local people.

##### b. *Description of the Ricoh Arena and the Proposed Regional Casino*

The Ricoh Arena opened its doors on August 20<sup>th</sup> 2005 with the first home game for the Coventry City football club marking the occasion in the £113 million sport and concert stadium. It has transformed a former gasworks site of 72.5 acres in the north of Coventry, within the sub-regions' Regeneration Zone, and adjacent to M6, junction 3.

However the Arena is more than a stadium for the city's football team. It has delivered on the major components of the £242 million scheme that began construction in January 2004. The Ricoh Arena now comprises of the following, combining commercial/business facilities with major community provision:

- A **32,000 capacity stadium** – now opened and operating
- An **exhibition/events hall** (6,000 m<sup>2</sup>) capable of holding 8,000 people for concerts and/or exhibitions – officially opened by Bryan Adams' concert in September 2005 and now attracting key bookings
- Over **3,000 m<sup>2</sup> for conference and banqueting**, seating around 2,500 diners (including the 1,000 seat largest column-free conference and banqueting space in the Midlands)
- The **UK marketing headquarters of Ricoh**, the Arena's lead sponsor
- **72 hotel rooms/executive boxes and a sports bar/restaurant seating 250**
- Over 2,000 car parking spaces, the **largest Tesco store in Europe** (at 150,000 square feet), attracting 1.4 million shoppers annually (a major provider of jobs for local people, including a new City Council library) and a **retail village** with four major retailers opened.
- A major **Health and Fitness centre** operated by Coventry Sports Trust open to all members of public, with space for the 'Football in the Community' initiative to relocate from the existing ground
- A purpose-built **Arena Community & Learning Centre** (855 m<sup>2</sup>), an area for up to 175 local people to meet for education, training, social and leisure purposes (e.g. arts and drama, parent and toddler groups, community meetings, special interest group meetings). The facility will comprise of an **Education Partnership Centre** with advanced ICT facilities and a multi-use **community activity space** (fully accessible to all members of the local communities).
- A **Yorkshire Bank Financial Solutions Centre** – a business contact centre employing 22 people and offering meeting rooms, conference facilities and an advice centre.

Against this backdrop, Isle of Capri (the proposed operator of the regional casino pilot) would invest a total of £130 million in the regional casino scheme (of which £65 million would be on the casino itself) – a complementary facility that would generate considerable benefits for other businesses inside and outside the Arena, (most notably the hotel, conference, exhibition and banqueting businesses) and vice-versa. The Arena would also be Isle of Capri's UK headquarters.

This would include the development of a 4 star 400-bedroom hotel (an investment of £60 million) with a restaurant, conference facilities, spa and indoor pool on the Arena site. Discussions between the Council and Isle of Capri are also in the latter stages regarding an additional £10 million investment from Isle on infrastructure and road works in the area around the Ricoh Arena, as well as an additional £5 million contribution to land acquisitions.

Moreover the City Council is also in discussion with developers for significant further redevelopment/regeneration of the under-utilised, derelict or contaminated land north of the Arena site. We anticipate this could bring a further £100m investment as a consequence of the overall Ricoh Arena, but specifically driven by the enhanced pulling power of a regional Casino.

The 107,951 sq. ft. regional casino (encompassing 45,359 sq. ft. of gaming space) would encompass:

- A £6 million themed entrance hall
- 1,250 Category A slot machines, 50 gaming tables
- A 6,000 square foot high quality *Farradays'* restaurant
- A *Calypso's* buffet area, a sushi bar and *Tradewinds* snack, coffee and pizza area
- A *salon prive* with a high-quality gaming area and a designated poker area
- A cocktail *Show Bar*, with a large live entertainment area
- A *Sports Book* area, with video walls showing all major sporting events
- An *Isle One* cocktail bar, with a souvenir and gift shop
- A 6,000 square foot administration and office area for Isle of Capri

On this basis, we would stress strongly that the Isle of Capri product is very markedly different from standard UK conceptions of gambling-only casinos, encompassing as it does food, drink retail and live entertainment areas, as well as opportunities to gamble.

c. *The Regional Casino's Regeneration, Employment and Economic Impacts*

The DTZ Pleda study, *Coventry Regional Casino Pilot, Economic and Regeneration Impact Study* – jointly commissioned by Coventry City Council, the Coventry & Warwickshire Chamber of Commerce, the Alan Edwards Higgs Trust and Isle of Capri – provides a comprehensive 90-page assessment of the regional casino's impact for Coventry and the West Midlands.

The study combined a policy/literature review, discussions with key stakeholders, a review of the socio-economic characteristics of the local area and a review of the scheme's economic impacts to assess a) the scheme's policy and regeneration context b) its economic impact c) the social, community and regeneration benefits and d) the deliverability of the scheme.

Crucially, the study modelled two scenarios – the smaller 74,163 sq. ft. casino (with 20 slot machines, 50 touch bet machines (up to Category B) and 29 tables – a total gaming space of 14,122 sq. ft.) due to be opened early in 2007 under the 1968 legislation and a regional casino pilot under the 2005 Gambling Act – to assess both the gross and net impacts of a regional casino.

Space does not permit us to provide the same level of detail here and we would ask the Panel to refer directly to Section 3 of the DTZ report (in particular pp.25-30). However, the following tables provide a

summary of the full employment and economic impacts (including displacement, leakage and the multiplier effect) as assessed by DTZ.

**Table 1: Permanent Employment Impacts (by Year 3 of operations)**

	<b>1968 Casino</b>	<b>Regional Casino</b>
Direct Casino Employment	206	860
Hotel	n/a	320
<i>Total Direct Employment</i>	206	1,180
Indirect Employment (procurement and tourism)	27	576
<b>Total gross direct and indirect employment</b>	<b>233</b>	<b>1,756</b>
Minus Leakage	12	97
Gross local direct effects	221	1,659
Minus Displacement	88	460
Net Local direct effect	133	1,199
Plus Multiplier	24	252
<b>Total net local effects</b>	<b>156</b>	<b>1,450</b>

**Table 2: Gross and Net GVA per annum**

	<b>1968 Casino</b>	<b>Regional Casino</b>
<b>Average GVA per employee</b>	<b>£26,813</b>	
Gross Jobs	233	1,756
<b>Gross Economic Impact</b>	<b>£6,247,429</b>	<b>£47,072,913</b>
Net Local Jobs	156	1,450
<b>Net economic impact</b>	<b>£4,182,828</b>	<b>£38,881,699</b>

In summary:

- A £130 million direct investment would be made by Isle of Capri towards the overall regional casino development (including the 400-bed hotel), with a likely further £10 million to upgrade the infrastructure in the area.
- Over 1,750 gross permanent direct and indirect FTE jobs (including procurement, supply chain and tourism impacts) by Year 3, with 860 of these directly related to the operation of the regional casino.
- 193 FTE construction related jobs would be generated through the core regional casino scheme, with a further 17 FTE construction jobs arising from the infrastructure works under discussion.
- There would be a very significant contribution towards the local economy estimated at £47m per annum in terms of GVA (including £12 million in local/regional procurement activity by year 3 of operation) and £39 million in terms of net value added (over and above the 1968 Act casino scenario).

As outlined in Section 3, a key priority for all involved is to ensure that the six sorely deprived wards around the Arena, most notably Foleshill, directly benefit from such impacts.

We would also stress that the Council's Research and Strategy Manager, Myles Mackie, suggests that with the 400-room hotel factored in, the multiplier should in fact be 1.48 – resulting in a markedly different set of employment figures. He has also prepared detailed additional papers on the multiplier, displacement and GVA contributions, which we would be happy to share with the Panel.

## 5. Community Benefits

The direct and indirect employment, economic, skills and training benefits that a regional casino – as an integral part of the Ricoh Arena scheme – would generate have been covered in detail in other parts of this submission, in particular Sections 3 (a) and 4(c). The extent to which all of the projects partners, most notably Isle of Capri, are already ensuring that such benefits are spread as widely as possible within the local community are outlined briefly here. They are also examined in far more detail in Section 4 of the DTZ study (*Social, Community and Regeneration Benefits*).

Community engagement and consultation has been a central facet of the City Council's work in developing the overall Ricoh Arena scheme since its initial conception. We have had direct engagement with the communities in the three nearest neighbourhoods surrounding the Ricoh site for, at least, the last five years as the overall scheme has been planned and progressed. Indeed, the Arena and the redevelopment of the gasworks site emerged as a direct consequence of the masterplanning exercise carried out by Coventry City Council, Warwickshire County Council and Nuneaton & Bedworth District Council over eight years ago (with DTZ Pleda commissioned as independent advisors to the local authorities involved).

The masterplan was subject to a great deal of public discussion and had to pass through the formal planning process before any more detailed proposals could emerge. Notwithstanding the overall size of the ex-gasworks regeneration scheme (including significant retail elements) the scheme was not called-in for public enquiry by ODPM since it had very proactively addressed all the key regeneration and planning criteria. Please also see Section 6 below for fuller details of the consultation process.

Moving back to the present, in addition to the Arena Jobs Project, the Arena Jobs Bus and the detailed discussions underway with Business in the Community, community engagement and involvement is channelled through the **Arena Community Working Group**, whose terms of reference are *“to identify local needs and to implement a programme of work that will strive to meet the aspirations of local people”*. More specifically, the Group was set up to:

- *“Share information on the progress of the Arena development”;*
- *“Act as the “voice” for local people on all aspects of the Arena Development and in particular issues which affect local “Quality of Life” as a consequence of the Arena Development;*
- *“Advise and Influence Coventry City Council on the detailed implementation of the project in response to needs as raised by local communities;*
- *“Act as the focus of all community communication, promotion, marketing etc related to the Arena Development”;* and,
- *“Ensure that the highest level of regeneration goes to local communities”*

The Group, now formally incorporated into a broader **Arena Monitoring Group**, provides a forum in which representatives from community, residential groups, business organisations and the council can raise key issues or areas of concern. Meeting on the first Monday of every month, the Group is administered by ACL. Indeed, the Group played a key role in informing the design of the community facilities within the Arena and this section of our submission has been informed by specific discussions on these issues at recent meetings with the Community. (full details of which we would be happy to share with the panel).

More broadly, the Arena Company (in which the City Council is a major shareholder) went to great lengths (including high-level discussions and fact-finding missions to the United States) to ensure that the proposed operator of the Ricoh Arena casino, Isle of Capri, was utterly committed to the spirit of community engagement, responsible gambling practices (see Section 7) and regeneration that are of such importance to the Council.

We have consistently been highly impressed by the attitude of Isle of Capri's senior management and the commitment they have made to Coventry already, exemplified by their driving forward engagement with and a £10,000 sponsorship package with the Coventry & Warwickshire Chamber of Commerce. A sense of what Isle of Capri has done for cities across the US (most notably Biloxi on the Gulf Coast both before and after last year's hurricanes) is best summed up by a quote from Mike Freemire, Mayor of Bettendorf, Iowa, who has commented that:

*"From the community point of view it [Isle] really helps out tremendously. They have sponsorships for various racing teams around town, the St Patrick's Day parades and the American Diabetes Association, Bettendorf. Just about every community event or sponsorship opportunity, which they can get involved in, they do. This goes above and beyond what we agreed for them to do. They've really been a good corporate citizen. Frankly they are the largest corporate citizen. They have just been a pleasure to work with. If we had to do it over again as a community, would we do this? Would we do gaming with Isle of Capri? The answer every single time we ask that question is yes, we'd do it again."*

In Coventry, Isle of Capri has confirmed that by year three of operation of the regional casino, they would expect to devote 9,440 hours of employee time to the community and that £1 million pounds per annum would be applied to community involvement (excluding matching amounts from team members) – based on the revenue figures in the DTZ study.

## **6. Willingness to Licence**

Our starting point in this area is that the proposed regional casino pilot at the Ricoh Arena enjoys entirely unanimous political support across the political spectrum and from the Leader down within Coventry City Council.

The Ricoh Arena is a centrepiece project in the £6.5bn investment and regeneration programme that the Council is rolling out across the Coventry area and as such is viewed as a key initiative in our drive to breathe renewed life into the city. This is the case not least given the project's direct consistency with a plethora of local and regional plans, strategies, policies and initiatives – as detailed in Section 3.

The quantum of the Council's investment as a joint venture partner with ACL in the Arena project (£31 million, of which £10 million is in long-term equity), our central involvement in the *Coventry Now* campaign to bring the first regional casino pilot to Coventry (see [www.coventry-now.com](http://www.coventry-now.com)) and the level of time and resource that have been allocated to this submission are clear examples of this commitment.

On a more formal level, on 16<sup>th</sup> October 2003 (Minute 73), the full Council agreed with recommendations relating to *"Regeneration of North Coventry – Arena, Coventry"* presented at this meeting that the Council should *"proceed with the construction of the Arena development, which will include a 32,000 seat stadium, exhibition and conference facilities, a casino, health and fitness club and community facilities as part of the regeneration of the North of Coventry"*. [A full version of the Council resolution is available if needed]

Moreover, on 7<sup>th</sup> March 2006, the Council's Cabinet (in Public Report 7) agreed to recommendations from the Head of Regeneration (City Development) that the Council should:

- *"Reaffirm the City Council's support to a Regional Casino accordance with original plans approved in October 2003"*
- *"Approve the submission of a detailed bid from the City Council for a Regional Casino Licence to be submitted to the Casino Advisory Panel by 31<sup>st</sup> March 2006"*.
- *"Delegate the finalisation of the details of the submission (which must respond to specific criteria laid down by the Casino Advisory Panel) to the Head of Regeneration, in consultation with the*

*Leader of the City Council and the Leader of the main opposition party, acting in concert with other relevant partners. The above recommendations were approved.”*

Crucially, with the obvious exception of a regional casino licence, the proposed regional casino at the Ricoh Arena has secured all of the consents and approvals required to start operation, including a) Full planning consent granted on 18<sup>th</sup> September 2003 b) A local justices' licence for the operation of a casino granted on 11<sup>th</sup> April 2005 c) Isle of Capri is the first overseas operator to have been granted (on 23<sup>rd</sup> October 2003) UK operating consent by the Gaming Board of Great Britain, having secured a Gaming Board Certificate of Consent Blue Chip Casinos Plc (a Midlands-based casino group which operates casinos in Dudley, Walsall and Wolverhampton), as part of Isle of Capri's 2003 acquisition of a majority equity stake in Blue Chip d) A Certificate of Consent for the Coventry Casino was granted by the Gaming Board for Great Britain granted on 26<sup>th</sup> January 2005.

This submission, as with the *Coventry Now* campaign as a whole, is backed by a raft of organisations across the local and regional community, including the Coventry & Warwickshire Chamber of Commerce; CVOne; the Alan Edwards Higgs Trust; the Coventry, Solihull and Warwickshire Partnership; the Coventry Partnership; Coventry's Community Empowerment Network; the Arena Monitoring Group; Arena Coventry Limited; and all of our local MPs. This has been manifested in the 2,430 signatories to the *Coventry Now* campaign.

In terms of local/regional consultation and research, there has been extensive consultation with local residents, community groups and business from the very inception of the overall development. The development of the original 1998 DTZ Pida/Scott Wilson study on the regeneration of north Coventry was accompanied by extensive information drops (a regeneration zone consultation pack was delivered to 2,600 local properties) and public meetings in the key wards involved.

This community engagement continued throughout the application processes both for the original outline planning consent granted in July 1999 (including Section 106 agreements) and for the full planning consent (47600/D) for the revised Arena development (including a casino), granted on 18<sup>th</sup> September 2003.

This included regular public meetings in all the key wards (invariably involving upwards of 100 people), the provision of the development plans at local libraries, the posting of application details on 19 road notices and three local clubs, the circulation of over 400 neighbour notification letters and extensive local press coverage of the consultation process. This ran hand-in-hand with the creation of the Arena Working Group covered in more detail in Section 5. As a result, the Planning Committee received only eight objections. This level of local consultation also accompanied the application for full planning consent.

More recently, an awareness tracking survey conducted by Opinion Research Business (ORB), with 550 respondents found that 74% of respondents were aware that there are plans for a new casino in Coventry, 44% knew spontaneously that it was planned at the Ricoh Arena and 86% actively supported the plans or were neutral towards them. Only 12% opposed the plans to open a casino in Coventry – 16% among women and 7% among men, and increasing with age from 3% amongst those aged 18-24 years to 21% amongst those aged 55+ years.

## **7. Probability of Implementation**

As this submission has made clear, preparations are already well underway for the opening of a smaller casino under the existing 1968 legislation early in 2007. Backed by the very considerable investment that proposed regional casino pilot operator, Isle of Capri Casinos, have made *regardless of whether Coventry secures the first regional pilot licence*, this underlines the extent to which casino facilities are an integral part of the overall Arena development.

Put bluntly, Coventry City Council and others would not have invested the amount of tax-payers' money and Council resources in this project, had we not believed that it was 100% viable and deliverable. Equally, the fact that Isle of Capri's overall £130 million investment in the proposed regional casino at the Arena has already been given Board and investor approval underlines the viability of the Coventry scheme. We would stress that the casino within the Ricoh Arena was built into our plans and then the physical construction of the building directly to respond to direct exhortation from the Deputy Prime Minister and other Government Ministers at the national level.

On the financial side, Coventry City Council has been the prime mover in both the planning and the financing of the overall Ricoh Arena project. Long-term equity investment of £10m from the City Council has been supported by £4.75m in EU/ERDF funding and £4.75m from Advantage West Midlands. In addition £6.5m has been input from the local Alan Edwards Higgs Trust. The rest of the £113m costs of the Ricoh Arena (excluding the casino itself) has been derived from the private sector - directly through land sales and/or a £21m long-term loan to the Arena Company recently agreed with Yorkshire Bank.

It is our firm belief that no other proposed site for a regional casino pilot in the UK is at the advanced stage of readiness of the Ricoh Arena. As we outlined at the start of this document, the Ricoh Arena scheme has already cleared all conceivable obstacles, including planning risk, environmental assessment and remediation, construction risk, local justice licensing, operator regulatory consent, confirmed formal political/local authority support and community backing.

It is, therefore, unsurprising that the scheme has already undergone considerable market and feasibility testing as part of the planning and licensing process. We would naturally be happy to provide the Panel with full details of this, but in the interests of space, the following are the key findings relevant to this submission.

Prior to the granting of a casino licence in Coventry, Isle of Capri undertook public consultation through an independent study carried out by QCL Market Research<sup>16</sup>. They were commissioned to coordinate a public survey, which would gauge the level of public demand for the proposed casino development. During the consultation (between 14<sup>th</sup> March and 4<sup>th</sup> April 2005), a total of 1,039 interviews were conducted across a cross-section of residents that lived within a 20 minute drive from the casino site. Interviewing was spread across the whole of this area using each of 25 postcode areas as sampling points, with the sample structured by age, gender, social grade and working status to be representative of the overall adult population of the area.

Nearly a third (31%) of all those interviewed had at some time visited a casino, either in the UK or abroad. 16% of respondents had at some time visited a casino in the West Midlands, 5% having done so in the last twelve months. 24% of all those interviewed expressed an interest in visiting the proposed new casino in Coventry – 7% being very likely to do so and 17% quite likely to. Furthermore, the majority of those likely to visit the proposed casino had never visited a casino in the West Midlands before (75%). Overall QCL concluded that there was '*a considerable level of demand for a casino at this location which is not fully met by existing facilities in the area.*' (QCL Market Research, April 2005).

In terms of the proposed regional casino pilot's catchment area, this was assessed by chartered surveyors Ralphs and Janes as part of their Proof of Evidence provided during the application process for the justices' licence<sup>17</sup>. Their report noted that within the West Midlands Metropolitan County, there were a number of established casinos in the relevant permitted areas (Birmingham, Dudley, Sandwell, Walsall, Wolverhampton and Coventry). The report noted the significance of the fact that the only Metropolitan Borough not in a permitted area was Solihull – the one Borough separating Coventry from the remaining Boroughs in the County.

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<sup>16</sup> *Proposed Coventry Casino Demand Research*, QCL Market Research, April 2005

<sup>17</sup> *Proof of Evidence regarding Application for a New Gaming Licence at Proposed Isle of Capri Casino, Coventry Arena, Rowley's Green, Coventry*, Ralphs and James Chartered Surveyors [CONFIRM DATE, 2005]

Ralphs and Janes noted that Coventry – the second largest Borough in the County – created “a specific primary catchment area for commercial, social and cultural activities in the city” (with a relevant population of 300,848), while the primary catchment area was also extended to Nuneaton and Bedworth (2001 Census population of 119,117), Rugby (87,453) and Warwick (125,931). In addition, areas of Solihull, such as Arden and Meriden were seen as being likely to look towards Coventry rather than Birmingham. Together, these make for an overall primary catchment of in the region of 633,000. This compares very favourably even with capital cities such as Edinburgh (448,624) and Cardiff (305,353).

As far as existing casino/gambling facilities are concerned, the report provided a full breakdown of facilities, including small Stanley Casinos in the Hillfields suburb and at the Junction of the A45 with Tile Hill Lane. At the same time, Blue Chip Casinos (a subsidiary of Isle of Capri) operates casinos in Walsall, Wolverhampton and Dudley. There are also further plans to open a c. 30,000 square feet Gala Leisure casino in Coventry city centre in 2008.

The surveyors’ report concluded that even the smaller casino planned at the Ricoh Arena in early 2007 “[could] not be compared with either Stanley premises, which are both very traditional and somewhat dated. **I have no doubt that the proposal for this Isle of Capri Casino will be a success taking account of the location within the proposed complex, the facilities to be provided and the catchment area which these unique facilities will serve**” (our emphasis).

As far as transport is concerned, the Arena is located on a series of prime transport routes. Not only is the Arena complex situated by Junction 3 of the M6, it is located on 15 prime line (GPS quality bus) routes. The prime line bus routes are being expanded in order to improve access across the city. Supplementing these bus routes will be a new rapid transit limited stop, dedicated bus route linking the Arena with Kenilworth, University of Warwick, Park and Ride, City Centre and Nuneaton.

In addition, the City Council is campaigning (most notably with the SRA) to open a new rail station at the Arena – a campaign and petition (already with 2,500 supporters) being led by a local Councillor with full MPs support – and has won European funding to build it. There are 2,000 parking places at the Arena, though all the operators involved have been involved developing green travel plans (now in place) in order to encourage people to use public transport. These green travel plans will be further enhanced to deal with the impact of a Regional Casino and particularly how to connect this Casino with Coventry and Birmingham Airports – situated some 6 and 25 minutes away and expected to benefit from Casino tourists.

As regards displacement effects and competition with other casino/gambling operators in Coventry, the DTZ study concluded that “displacement rates will be low given the lack of direct casino competition”, noting that “*the leisure sector in Coventry is relatively immature according to Coventry City Council and so any growth is expected to be additional to the offer that is already there, rather than displaced existing activity*”.

DTZ also point to a recent survey by Research and Strategy *City Centre Survey* in February 2006 which found that there is a large unsatisfied demand for restaurants and better night-time entertainment activities. The report concludes that “*a regional casino would help fill this gap rather than displace existing activities*”. On this basis, DTZ adopted a displacement factor of 25% - also reflecting the fact that Coventry is underserved by hotel accommodation for a city of its size.

This reflects research by our own economists, who have highlighted the fact that with only two casinos in Coventry (employing 120 staff) and four bingo halls employing some 165 people and serving local areas (rather than citywide markets), the new casino at the Ricoh Arena “*will operate in a separate niche market to the existing provision*”.<sup>18</sup>

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<sup>18</sup> *Pre-Evaluation of the Displacement Effects of a Regional Casino at the Ricoh Arena*, Coventry City Council Research & Strategy Research paper 40, February 2006

**In short, all of the research and consultation undertaken to date underlines the complete viability of the Coventry scheme. This is a project that will not fail and as such will provide Ministers with the earliest and most reliable basis for a pilot available in the UK.**

## 8. Social Impacts

The Panel does not need us to highlight the highly politicised and media-fuelled debate that accompanied the passage of the Gambling Act 2005 – a debate that has continued since. A key facet of this debate has been unsubstantiated scare-mongering about the extent to which regional casinos will inevitably lead to an increase in problem gambling. Unfortunately for those behind this side of the debate, such arguments are simply not supported by the vast majority of independent academic research.

Space constraints do not allow us to provide even a cursory review of the body of literature and research in this area – something that the Panel is likely to be sourcing in any event. However, we would point in particular to the following recent studies from around the world, all of which fundamentally question the assertion that greater access to gambling facilities automatically leads to an increase in problem gambling and crime.

- The editorial of Newsletter 39 of the Society for the Study of Gambling<sup>19</sup> in which the UK's leading gambling expert, Professor Peter Collins of Salford University, questions the single regional casino pilot model and quotes international evidence to indicate that if casinos are introduced alongside an appropriate public education programme, problem gambling is likely to remain stable or decrease. This is supported (in an article in the same edition) by a major benchmarked research project in South Africa in 2001, 2003 and 2005<sup>20</sup>, which has seen problem gambling fall despite a considerable increase in access to gambling facilities
- A 2005 report by the world's leading global expert in problem gambling, Rachel Volberg of Gemini Research Limited entitled "*What do we know about problem gambling?*"<sup>21</sup>
- According to US research conducted for the National Gambling Impact Study Commission (NGISC)<sup>22</sup>, some of the most common indicators of social welfare improved with the advent of casino gaming. A report by the University of Chicago's National Opinion Research Center (NORC)<sup>23</sup> found those communities closest to casinos experienced a 12 percent to 17 percent drop in welfare payments, unemployment rates and unemployment insurance after the introduction of casino gaming
- A report in 2000 by the Public Sector Gaming Study Commission<sup>24</sup>, a non-partisan panel of state and local public officials, concluded that levels of pathological gambling could not be linked to gambling expansion. It stated: "*In short, there is no solid basis for concluding that the wider legalization of gambling, which has cut into illegal gambling and friendly betting, has caused a concomitant increase in pathological gambling. In fact, it appears that pathological gambling is quite rare within the general population, (and) it does not appear to be increasing in frequency.*"
- The seminal December 1997 work led by Howard Shaffer at Harvard University Medical School's Division on Addictions.<sup>25</sup>

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<sup>19</sup> See [http://www.societystudygambling.co.uk/news.htm#newsletter\\_39](http://www.societystudygambling.co.uk/news.htm#newsletter_39)

<sup>20</sup> See <http://www.responsiblegaming.co.za/media/user/documents/NRGPRResearchreport2003b.pdf> and [http://www.responsiblegaming.co.za/media/user/documents/gamblingreport\\_pretext%20design.pdf](http://www.responsiblegaming.co.za/media/user/documents/gamblingreport_pretext%20design.pdf) for the 2003 and 2001 reports – the 2005 version is currently being finalised

<sup>21</sup> *Electronic Journal of Gambling Issues*, Edition 10, February 2004

<sup>22</sup> National Gambling Impact Study Commission, Final Report (Washington, D.C.: GPO, June 1999)

<sup>23</sup> National Opinion Research Center, et al., *Gambling Impact and Behavior Study*, report prepared for the National Gambling Impact Study Commission (Chicago: University of Chicago, April 1, 1999), 70-71

<sup>24</sup> Public Sector Gaming Study Commission, *Gambling Policy and the Role of the State* (Tallahassee, Fla.: Florida Institute of Government, Florida State University, March 2000), 50.

<sup>25</sup> Estimating the Prevalence of Disordered Gambling Behavior in the United States and Canada: A Meta Meta-analysis, Howard J Shaffer, Matthew N Hall, Joni Vander Bilt, Harvard Medical School, December 15<sup>th</sup> 1997

None of this research, of course, means that Coventry City Council is remotely complacent about the potential social impacts of a regional casino pilot at the Ricoh Arena. Indeed we are already in discussions with both Coventry and Warwick Universities about the possibility of a social impact benchmarking study that would be carried out as soon as it became clear that Coventry was one of those areas being seriously considered as a possible location for the first regional casino pilot.

However, it is during the process of selecting a casino operator for the Ricoh Arena that we went to the greatest lengths in ensuring that our chosen partner had a proven track-record in responsible gaming. This process proved to us that Isle of Capri has a truly comprehensive approach to tackling problem gambling – an approach that goes far beyond its legal and regulatory responsibilities. To explain:

- It is Isle's policy to intervene whenever it can to prevent people becoming a problem gambler. It attracts close to 20 million customers in the US and has banned just 1,000 people from its casinos in the last 10 years;
- Isle train their staff twice a year to spot addicted gamers, encourage them to curtail their behaviour and reserve the right to bar individuals from entrance;
- All staff must attend a course once a year to review the company policy on responsible gaming and understand how to deal with any problems;
- Isle's customers have easy access to brochures and posters on problem gambling, visible in all gaming areas, while Isle's website (and customer materials) provide information on responsible gaming/where to find assistance;
- In the US, Isle of Capri is a member of the American Gaming Association and as such, must adhere to strict codes of conduct regarding promotion and marketing;
- Isle's President and CEO, Timothy Hinkley, is an active member of the Board of Governors for the National Centre for Responsible Gaming in the US;
- Isle of Capri specialises in regional, community-based casinos and undertakes research into the community and prospective visitor base before setting up in any new area. For example, as part of a current bid to operate in Pittsburgh, Isle has commissioned the Innovation Group to conduct detail studies into local impacts, from transport and affordable housing to public safety and problem gambling;
- Despite not yet operating in the UK as Isle of Capri, the company has contributed £100,000 per annum to the UK's Responsibility in Gaming Trust (RIGT)<sup>26</sup>, which has an overall aim of *"making it less likely that people will become problem gamblers and more likely that those who do will be able to seek and secure effective help"*. Isle is the only US operator to make such a contribution;
- Isle's Non-Executive Director, John Brackenbury CBE (Life President of Business in Sport and Leisure), serves on the Advisory Board of GamCare<sup>27</sup>, whose remit is *"to promote responsible attitudes to gambling and to work for the provision of proper care for those who have been harmed by gambling dependency"*.

**In short, while the overwhelming majority of international academic research suggests there is no proven link between increased access to gambling facilities, problem gambling and crime, Coventry City Council is entirely committed actively to monitoring and mitigating any such risks – working closely with an operator with a proven track-record in this important area.**

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<sup>26</sup> See <http://www.rigt.org.uk/about.asp>

<sup>27</sup> See <http://www.gamcare.org.uk/>