

**SHEFFIELD CAMPAIGN AGAINST
SUPERCASINO EXPANSION**



SUBMISSION TO THE “EXAMINATION IN PUBLIC”

in opposition to the bid by

SHEFFIELD CITY COUNCIL

for a

REGIONAL CASINO

9TH AUGUST 2006

INTRODUCTION

SCASE is an umbrella organisation representing organisations and individuals opposed to a regional casino in Sheffield.

Sheffield City Council had a year to prepare its bid for a regional casino. This was done at council taxpayers' expense and runs to 22 pages. SCASE has been given nine days to prepare its submission, at its own expense, in a maximum of 1500 words.

We are concerned about the following aspects of the bid:

- 1) Legitimacy of the bid's research
- 2) Commercial viability and social and environmental costs
- 3) Effects on economic regeneration
- 4) Exaggerated claims relating to consultation and local support
- 5) Lack of an exit strategy

1) LEGITIMACY OF THE BID'S RESEARCH

SCASE has first-hand testimony that Sheffield City Council never sought to consult those with direct experience of operating a casino in the city, in order to gain first-hand insight into commercial or operational issues. Any legitimate and authoritative proposal should have referred to existing leaders in the local industry. This omission gives an indication of the poor level of research carried out in preparation of the bid, much of which consists of statistical and demographic data recycled from other documents.

SCASE has consulted extensively with casino operators in the city. Grosvenor Casinos is the largest operator in the UK, owning 33 casinos, including the Grosvenor Casino on Queens Road. A & S Leisure Ltd owns the two Napoleons Casinos in the city. It is the largest privately-owned operator, long-established and regarded as a national market-leader.

2) COMMERCIAL VIABILITY AND SOCIAL AND ENVIRONMENTAL COSTS

SCASE disputes the figures quoted in the Council's bid. The following financial appraisal takes account of known control factors acknowledged within the industry and is based on real patterns of performance in the region and nationally.

The table sets out the casino industry's national and regional turnover for the two years from June 2004 to May 2006 (figures compiled by the Gaming Commission).

Region	June 2004 – May 2005		June 2005 – May 2006		"Drop" Variance	No. Casinos Variance
	"Drop" (£million)	No. Casinos	"Drop" (£million)	No. Casinos		
Scotland	15.138	12	15.618	12	+ 3.2%	-
North	55.330	40	55.570	42	+ 0.48%	+2
Midlands + Wales	45.328	32	50.146	31	+ 10.6%	-1
South	39.847	29	41.509	29	+ 4.17%	-
London	176.058	24	177.100	24	+ 0.59%	-
UK total	331.704	137	339.945	138	+ 2.49%	+1
UK (excl. North)	276.373	97	284.375	96	+ 2.89%	-1

The figures show that, despite a 5% increase in the number of casinos operating in the North of England, the amount of money gambled (or "drop" in gambling industry parlance) has not increased in real terms. The figure for the rest of the country, excluding the North of England, on the other hand, shows a small above-inflation increase.

In the North of England, the growth of just 0.48% indicates that gambling spend has reached its optimum level within the current population of gamblers. Greater potential for growth, however, appears to be in the Midlands and Wales, where "drop" increased by 10.6% in the 2005-6 period. If the government has decided to monitor a single experimental regional casino, clearly the Midlands + Wales region is the place to site it, based on the potential for real growth in the industry.

The corporations involved in the Sheffield bid are alleged to be planning an initial investment of up to £200million. They are bound to expect a minimum 15% return on their investment, which equates to £30million per annum. British casinos have averaged 16.1% profit on turnover for the past two years. If industry profits are to remain at that level, the regional casino must aim to achieve an annual turnover of £186million – anything less will be commercially unviable.

This required "drop" of £186million is almost 3½ times greater than the combined total for all 42 casinos in the North of England and is viewed by the existing operators in the British casino industry as unattainable. If personal gambling patterns (spend per head) remain broadly stable, a staggering 14,000 clients per day (or 4.5 million per year – 50% more than the top end of the 2 – 3 million estimate quoted in the Council's bid) would be required to cross the threshold.

The American super-casino model relies on state-by-state regulation, whereby state casinos bus-in clients from across an entire state. This will not happen in Yorkshire, where there is no such regulation and existing casinos, to which gamblers will in the main remain loyal, are sited in every major city across the catchment area. A regional casino would therefore have to attract colossal numbers of new gamblers – 350,000 to meet the highest industry estimates – meaning that the officially-quoted projection for problem gamblers will be at least tripled.

These economic realities have a direct link to the social and environmental costs. If a licence for a regional casino in Sheffield is granted, there are only three possible outcomes:

- 1) The operation will fail to reach its turnover targets and will be closed by its owners.
- 2) The operation will achieve its financial targets, but will do so by:
 - a) securing a far greater number of visitors than anticipated in the Council bid, creating traffic chaos and disastrous environmental consequences far beyond its projections, or...
 - b) changing gambling habits to greatly increase existing levels of spend per head, creating addiction, debt problems and poverty far higher than projected in the Council's bid.

3) EFFECTS ON ECONOMIC REGENERATION

SCASE does not accept the arguments made in the bid for regeneration benefits. The Council bid quotes very selectively from the Ernst and Young report, which was commissioned by Yorkshire Forward, the Regional Development Agency. In fact this report states that it does not expect ANY additional spend – it will all come from existing leisure and retail businesses, which, incidentally recycle more money into the regional economy. It also states that there will be NO automatic regeneration benefit, but that some could be extracted through the competition process. It states that Sheffield city centre is particularly vulnerable with just 40,000 visitors a night and a relatively “narrow” entertainment offer. Venues in Barnsley and Rotherham would also be at high risk. It compares the project to the Meadowhall Retail Centre, which competes with the city centre. The City Council is in the process of building a new retail quarter to rejuvenate its fortunes and complement the “city living”/office developments it sees as central to Sheffield’s renaissance. It is hard to see how a regional casino in the Don Valley, sucking money and jobs away from the city centre and other neighbourhoods, fits with this plan.

4) EXAGGERATED CLAIMS RELATING TO CONSULTATION AND LOCAL SUPPORT

The organisation with the largest business representation in the region, the Federation of Small Businesses, has declined to endorse the bid and, contrary to the Council’s claims, the second largest, Sheffield Chamber of Commerce and Industry (SCCI), is not fully behind the proposals.

SCCI has consistently refused pressure from members for an open debate, so it has no mandate to support the proposals. An SCCI meeting was addressed by casino operators, at the close of which attendees were asked to sign a register of attendance. This list of names was subsequently presented as support by SCCI for the casino bid. Concerned members have taken the serious and unprecedented step of submitting a motion to SCCI’s AGM demanding an open debate on the subject.

The Chambers of Commerce of Rotherham, Doncaster and Barnsley are not mentioned in the bid at all. Moreover, whilst the bid purports to be a regional bid and makes mention of Sheffield being part of the South Yorkshire sub-region and at the heart of the Sheffield City Region, the bid contains remarkably little reference to neighbouring councils such as Rotherham, Barnsley, Doncaster, Chesterfield or Worksop.

We would also point to the lack of debate in the Council itself; lack of consultation with the Local Strategic Partnership until *after* the bid was submitted; failure to carry out an investigation into health effects prior to the application, despite a Cabinet commitment to do so; lack of information to or consultation with local groups other than by the casino developers.

Members of the political, business, health and faith communities called a public meeting to debate the casino on 22 June 2006. Despite personal invitations, not a single proponent of the bid was prepared to speak. Individuals and representatives of local groups, including faith groups, condemned the bid and agreed to set up a local campaign to coordinate their efforts against the City Council's bid for a regional casino.

Following media coverage of the meeting, members of SCASE have received numerous contacts from members of the public who feel they have been misinformed and misrepresented. The major opposition group on the Council, though divided on whether to support the bid, has now called for a referendum on the issue.

Our online petition can be viewed at www.petitiononline.com/BPM06 and minutes of the public meeting are appended.

5) LACK OF AN EXIT STRATEGY

Paragraph 2.6 of the Council's bid outlines the fact that it is in a position to monitor the social health of its neighbourhoods. The bid does not however set economic and social targets, nor does it specify measures to be taken in the event of targets not being met. There is therefore no assurance for the public that, in the event of catastrophic social or economic failure of the experiment, the council will "pull the plug" on the project for the good of the region.

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