

## **RESPONSES TO ADDITIONAL QUESTIONS RELATING TO PETERBOROUGH'S CASINO APPLICATION**

### ***1) Type of area***

- Former new town, with previous massive growth
- City population of 160,000
- Catchment population in excess of 500,000
- Key rail, road and bus network hub
- City, but with extensive hinterland of market towns and villages
- Designated "Environment City aspiring to become "Environment Capital"
- Historic City, with underdeveloped assets of cathedral and historic homes
- Ethnically diverse city – 40 languages
- Broadly balanced and buoyant economy
- Emerging university to redress education and skills "deficit"

### ***2) Social Impact***

- Broadening range of employment opportunities
- Broadening balanced and buoyant economy of city
- Financial input to city economy
- Support structures required to address addiction etc.
- Improving leisure offer of the city
- Acting as "showcase" for environmental development

### ***3) Need for Regeneration***

***Q. In what way would a casino complement the proposed development at a number of your strategic sites? What would be the timing, mix and feasibility of the development?***

Our City Centre Framework identifies 10 strategic sites that are the focus of major regeneration schemes for Peterborough. A number of these sites could be considered as a location for a casino, particularly those that would benefit from a casino as an anchor leisure tenant.

The Council shares the concerns of the Government regarding the requirement to protect particular sections of the local community from the potentially adverse effects of gambling. Therefore, sites such as the South Bank, the Marina and potentially the Station Quarter, that are

away from existing residential areas (particularly deprived areas) are considered by the Council to be priority locations for a casino and we would look to encourage development in these areas.

Progress has been made on securing unconditional agreements with land owners at these sites to acquire land to enable development to move forward. At this stage, the Council and Opportunity Peterborough are in discussions with potential developers and operators regarding the specific mix and timeframes for development and we have purposefully not agreed any detailed schemes because of the pending decision regarding the casino, which would be integral to the proposals. However, our adopted City Centre Framework sets out the envisaged land uses at the respective sites.

A casino would complement the proposed developments at these sites in the following ways:

- Provide operational synergies to the proposed hotel developments and potentially generate on-site demand for rooms. Indeed, the Council would be open to proposals for a casino operator to develop and operate both a casino and hotel in the city.
- Provide critical mass (in terms of night-time leisure offering) to the developments. A casino would complement the bars and restaurants and enable the development of a much-needed new and vibrant leisure destination in Peterborough for residents and tourists alike.
- Utilise car parking spaces at traditional off-peak periods. Locating the casino near to the proposed arena for example, would enable the casino operator to benefit from the use of on-site parking at periods that would not conflict with arena users.

***Q. What evidence leads you to the assumption of the direct creation of 400 jobs in the proposed large casino?***

KPMG's indicative assessment of the direct job creation and GVA impacts of a large casino in Peterborough was developed based on a generic concept for such a casino and were not specific to any particular developer / operator or scheme. This is because, at this stage, we have ensured that we remain independent from any particular operator or scheme so as to capture the maximum economic and social benefits that could be derived through a competitive tendering process for the large casino licence. As part of this process we would stipulate that any developer / operator submit a detailed economic impact study of their proposal (to include direct, indirect and induced job creation) for our review in order to effectively evaluate and select a preferred operator.

KPMG, conducted the initial indicative assessment based upon their knowledge and understanding of the operations of casinos nationally and internationally and used their relationships with international operators to inform their opinion of the potential job creation of a large casino in Peterborough.

The generic large casino concept used to derive the number of jobs created is as follows:

- 40 'live' table games
- 150 Category B slot machines
- Bingo and betting facilities
- 250 seat food and beverage operation

The employment figure was calculated using industry benchmarks as shown below. The benchmarks have been developed based on KPMG's experience of existing and proposed casino developments in the UK and overseas.

<b>Area</b>	<b>Benchmark</b>	<b>No. of FTE's</b>
Live table games	4.75 staff per table	190
Electronic table games and slot machines	0.2 staff per slot	30
Food and beverage	0.33 staff per cover	83
General, administration and other (incl. bingo and betting)	25% of gaming staff	76
<b>Total</b>		<b>378 (400 rounded up)</b>

The figure of 400 direct job positions created is also supported by work undertaken by Pion Economics on their assessment of the economic impact of large casinos<sup>1</sup> elsewhere in the UK.

It should be noted that these figures do not include the job creation as a result of the construction phase which although transitory in nature, they would still be significant to the local economy.

As a key growth area in the East of England, we also consider it essential to broaden and enrich the range of jobs available, beyond the traditional range available in the area.

#### ***4) Willingness to Licence***

As stated in our original submission, the lead Conservative group has voted to support the application and the licensing of a casino should we be successful. The Leader of the Council and Cabinet Member for the Environment will however be signing a Cabinet Member Decision on the matter in November 2006. This will indicate a willingness to licence subject to planning and licensing conditions and the Council achieving its aspirations in relation to the development and associated community benefits.

Members and Officers are consulting speaking to arrange of operators (see sample letters attached) and visiting UK Casino sites to better understand operations, impacts and benefits.

No additional support obtained since first submission.

#### ***5) Probability of Implementation***

##### ***Q. What was the outcome of the KPMG arena study in relation to both the arena and a casino?***

KPMG assessed the market feasibility of a large casino in Peterborough either as a stand alone operation or associated with an arena. This was done primarily by undertaking initial discussions with national and international casino operators to gauge their views of the market potential for a casino in Peterborough, and also by reviewing the competitive market situation in and around Peterborough for a casino.

The key findings were as follows:

- Current entertainment and conference facilities, particularly in the city centre, are inadequate to meet the Council's strategic objectives and to meet the demands that will be placed on Peterborough as a result of the Growth Area agenda.

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<sup>1</sup> Pion Economics: Casinos in England's North West – An assessment of market demand June 2005

- There is support from event organisers and commercial arena operators for a new mixed-use arena in Peterborough. There are a number of options available for the scale, type and purpose of this venue.
- KPMG recommend the development of a 10,000 seat entertainment arena to host music events, but capable of hosting other events including exhibitions, banquets and sporting events, as the most commercially viable option that could be sustainable over the long term.
- KPMG’s analysis of existing arena and performance venues in the UK has shown that these facilities typically do not attract private sector funding and have primarily been led and funded by the public sector, often to meet economic regeneration objectives.
- Whilst there are some examples of private sector owned and operated arenas in the UK the current trend is for private sector companies to operate publicly-owned venues under leases or management contracts. A key challenge is how to share some of the financial risk involved with the operation of arenas with the private sector.
- Recent trends in the UK arena sector have shown that the development of an arena as anchor tenants within a wider leisure and retail scheme can be a viable model. KPMG’s discussions with casino operators indicate that there is an appetite to develop a large casino in the city, and that such a facility could offer strategic fit with an arena. Financial contributions from the casino operators towards the capital cost of the arena would need further review.

***Q While the remit of the Panel is to consider local authority areas rather than specific sites, you choose in your proposal to advance a proposal for a “Peterborough Arena” as a particular merit of the proposal. What is your response to the policy preference in PPS6 for casinos to be located in town centres?***

Peterborough has a number of city centre sites sufficiently large enough to develop an arena which would therefore be in line with PPS6. However, it is also possible that the casino could be associated with a range of facilities other than an arena.

***Q. What progress has been made on your proposal for a mixed use development – casino plus wider regeneration project, including hotel, bars etc?***

Progress has been made on securing unconditional agreements with land owners to acquire land at the sites where the Council has deemed it appropriate to locate a casino as part of a mixed use development. At this stage, the Council and Opportunity Peterborough are in discussions with potential developers and operators regarding the specific mix and timeframes for development and we have purposefully not agreed any detailed schemes because of the pending decision regarding the casino which would be integral to the proposals. However, our City Centre Framework sets out the envisaged land uses at the respective sites.

With the more demanding targets for jobs and housing growth etc. emerging from the Regional Spatial Strategy process, considerable thought and effort is going into the revision of current plans and strategies to maximise this opportunity. Opportunity Peterborough are reviewing the City Centre Framework to maximise the regeneration impact, The Greater Peterborough Partnership (the LSP) is working on the potential benefits for skills, health, and policing for their review of the Community Strategy, and the City Council are about to publish the LDF Core Strategy, to secure proper integration of transport, services and other land uses. This work provides a supportive framework for the evolution of an integrated development with wider regeneration benefits.

## ***6) Regional and Local Context***

***Q. What are the relevant highlights of the “Peterborough City Council Forward Plan” that support a casino?***

The Forward Plan is one of the Council’s key communication tools with the local community and businesses in Peterborough and provides clarity and transparency over key decisions to be made by the Council’s Executive team. Key decisions relate to those executive decisions which are likely to result in the Council spending or saving money in excess of £500,000 and/or have a significant impact on two or more wards in Peterborough.

In the Forward Plan for the period 01/04/06 to 31/07/06, it was explicitly noted that the Council would be required to make a decision regarding Peterborough’s willingness to bid for a casino licence through the Casino Advisory Panel.

## ***7) Community Benefits***

***Q. Has any further thought been given to the question of achieving community benefits as a result of the casino development?***

In our original submission we made our intentions clear regarding the mechanism by which the Council would secure community benefits from the development of a large casino i.e., the licensing and town planning process. The Council is still committed to this approach and specifically Policy IMP 1 of our draft planning obligation strategy to ensure that the community regeneration needs identified in our GPP Community Strategy and the City Centre Framework are met.

As a former new town, with new and very challenging targets for growth, Peterborough has significant requirements for obtaining community benefits. Arguably the city does not have the rich mixture of facilities and institutions typical of a more ‘slow growing’ city. The increased levels of international migration suggests that community benefits will not just be needed in the traditional areas of infrastructure, facilities and skills, but to help the wider social and cultural integration of the city.

With Peterborough as one of 4 UK ‘Environment Cities’ and with an aspiration to be the Environment Capital, an additional community imperative will be to drive forward the city’s agenda for sustainability, consistent with its ‘Climate Change Strategy’,

The Council is adamant that if chosen as a location for a casino, it will do everything within the current licensing and planning regulations to maximise and secure community benefits for Peterborough. As the Council is not linked to any operator or specific scheme, there would be a transparent approach to the competition in order to secure the maximum regenerative and community benefits for the area.

The Council understands that guidance will be issued by DCMS on the competition process but, at this stage, the Council considers that the following selection criteria would need to be included:

- The nature of the proposal and the commitment by the operator to employ local people and procure local resources. This would include an identification of how the operator would integrate their employment policies with Peterborough’s Urban II status.

- The willingness and commitment of the operator to contribute financially towards other complementary regeneration schemes (i.e., the proposed arena which would be used to host community events and act as a new leisure destination for the local community and tourists) and to work in partnership with a new independent body responsible for monitoring the social effects of gambling (as identified in Section 3.2 of our original submission).
- The degree to which the operator / developer will minimise the environmental impacts of the proposed scheme. This will also have an impact on the local community.
- The operator's capacity to deliver within timescale and its track record in delivering similar projects.
- The economic impact of the proposal and evidence to enable the Council to review and evaluate the direct, indirect and induced benefits from the scheme.
- The operators approach to partnership working with the Council and the ability for the Council to have an active role in control of the project.

#### **8) Unique Characteristics**

##### ***Q. What could you do that would make your area more uniquely positioned compared with other similar areas wanting a casino?***

The Council's proposition for a casino is based on the requirement to ensure that Peterborough, as a Growth Area (with a significant increase in population, dwellings, new job opportunities and tourists), is able to offer an exciting, vibrant and diverse mix of cultural and leisure facilities for residents and visitors to enjoy in a city that is currently under provisioned. The casino, as part of a mixed used proposition (which could include bars, restaurants, a hotel and potentially the proposed arena) will act as a key anchor tenant and as a catalyst to delivery.

The Council is aware that other nearby areas that are also part of the Growth Area agenda are being considered by the Panel as a possible location for the casino. Our uniqueness compared to these destinations is that we are the only city within our region to be bidding for a large casino, and can therefore operate as an effective test-bed. We are also distinguished from nearby bidders in that we have been selected to receive Urban II Programme funding. Specifically, through the competitive tendering process, we would ensure that the appointed casino operator delivered local training programmes to improve the skills of the local workforce and committed to recruiting a minimum of 75% of the workforce from the local population through employment outreach programmes.

One of the unique features of Peterborough is its role as an Environment City, and its aspiration to be Environment Capital. The design and construction of any Casino facilities will not just be 'industry standard', but will be expected to lead the way in contributing to sustainability through its design and operation.

##### ***Q. How do you consider that the development of a large or small casino will help reinforce the distinctiveness of the area?***

The Council believes that being awarded a casino licence will drive the transformation of the city into a distinctive area, as set out in the City Centre Framework. Specifically, a casino would:

- **Be the only one of its kind in Peterborough** and within 30 miles of Peterborough. This in itself would enable Peterborough to distinguish itself from many of its neighbouring cities.

- **Act as a catalyst to deliver the much needed proposed mixed use developments.** The existing leisure and community facility offering in the city is in deterioration and in need of investment. A casino would be complementary to many of the night-time entertainment facilities and could help unlock the regeneration potential that the City has.
- **Diversify the current product offering and draw of Peterborough** from traditional heritage based experiences to a mix of complementary and carefully managed night-time leisure offerings.
- **Enable Peterborough to realise its potential as the sub-regional capital,** under the new Growth Agenda, for residents and visitors (with the casino being integral to a wider leisure / entertainment offering including the proposed arena) and fit with the tourism agenda and strategy for the City and the sub-region.
- The availability of key city centre sites for a casino will allow the proposal to significantly contribute to the urban design of the rapidly growing city centre
- Emphasis on sustainable building and operation will add to the range of facilities across the city which together are demonstrating the way forward for a more sustainable future.

Trevor Gibson

Director of Environment and Community Services

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