

CITY OF NEWPORT - REGIONAL CASINO PROPOSAL

1.0 Type of Area

1.1 A location for testing social impact

- The City of Newport provides an excellent opportunity to measure accurately the net impact of the regional casino model.
- The City of Newport does not currently have a casino.
- The City has excellent road and rail links with the region and the rest of UK.
- The City of Newport's central location in the South Wales and Severnside area provides a wide catchment area and the critical mass necessary to test social and economic impact of the regional casino.
- The City of Newport provides access to a population of 1.5 million within 45 minutes drive time; compared with Cardiff 1.1 million and Bristol 1.2 million.
- The City has a successful and demonstrable track-record of working with, and supporting, large inward investment projects.

1.2 Regeneration potential

- The City of Newport is the only city in Wales with designated Urban Regeneration status. The City has an Urban Regeneration Company and a major programme of regeneration across the City.
- The principal aim of the regeneration strategy is to confirm and develop further the City's role as the economic hub of the sub region.

1.3 Current levels of tourism

- The value of tourism in the City of Newport rose from £152.3 million in 2003 to £155.6 million in 2004 with 2.2 million visitors spending 2.8 million tourist days in the City of Newport in 2004; 1.9 million were day visitors (STEAM Report).

- An analysis of the sector footprint showed that tourism supported 3,635 jobs in the City of Newport in 2004 (source: Tourism Training Forum for Wales).
- The City of Newport has one 5-star hotel, the Celtic Manor Resort Hotel, which will host the 2010 Ryder Cup International Golf Tournament. Newport has 56 hotels and establishments providing 1,312 rooms and 2,776 beds; the majority of hotels and establishments are 3 Star and below.
- Attracting the Ryder Cup, which has one of the largest world-wide television audiences, to the City of Newport is indicative of the City of Newport's ambition to position itself as a destination for leisure pursuits. The Ryder Cup offers a major opportunity to raise the national and international awareness of Newport amongst potential visitors and developers.

1.4 Strategies for tourism development

- The Unitary Development Plan for Newport City Council and the South East Wales Regional Tourism Strategy have confirmed tourism as a key contributor to the regeneration of the City of Newport.
- The development of urban tourism products linked to business tourism (conferences, incentives, exhibitions) and the provision of quality entertainment and hospitality form the basis of the new strategy.

1.5 Population base

- The City of Newport serves a sub regional catchment area of 450,000 people and 1.5 million people live within 45 minutes drive time of the City. The City's population is 140,000 people, which is forecast to grow to 148,000 by 2011.
- 33.6% of the population have no educational qualifications; 36.2% have attained GCSE qualifications (NVQ levels 1 and 2); 6.1 % have 2 or more A levels (NVQ level 3); 16.8% have a degree or higher (NVQ Level 4).
- The City of Newport has a growing ethnic minority population with 4.8% describing themselves as being from ethnic minority groups (2001 Census).
- Over 40% of the working population of the City live outside Newport.

2.0 Social Impact

2.1 Anticipated impact

- This proposal is predicated on a large, mixed-use development comprising a regional casino and a range of related and complementary activities, which are co-located on a dedicated site; a number of suitable sites have been identified.
- The scale and the scope of the development mean that there is clear potential for the development to stimulate economic growth and assist the process of regeneration of the City of Newport.
- It is anticipated that the development will create approximately 1,800 jobs directly and create or support over 2,000 jobs elsewhere in the local and sub-regional economy.
- Approximately £36 million per annum will be paid in salaries, which will feed through to the local economy.
- There will be opportunities for local companies to supply the casino and the other on-site operations. We anticipate that these will purchase goods and services at the level of £42 million per annum; it is anticipated that over 50% of this will be purchased from local suppliers.
- 20% of visitors will require overnight accommodation creating demand for 150,000 bed nights in addition to those provided by the casino hotel.
- Newport City Council recognises the potential for negative social impact in terms of: (1) disruption to local communities through increased visitor numbers and traffic volumes; (2) strain on the existing infrastructure; and (3) the potential for problem gambling.
- Newport City Council will take a proactive approach to maximizing the opportunity, which the regional casino will provide. It will also meet the challenges associated with such a large-scale development.

2.2 Maximising opportunity

- *Support for individuals seeking employment.* Training programs will be put in place to ensure that local job seekers have the opportunity to acquire the skills necessary to access these employment opportunities.
- *Support for businesses.* We will introduce supplier-development programs to make local companies aware of the supply opportunities arising from the regional casino and associated activities. Where appropriate, the City Council and its partners will provide training support to help them to meet the needs and standards required.

2.3 Minimising disruption

- The regional casino will be of national as well as regional significance. In the most conservative forecasts which we have received from operators, it is anticipated that there will be over 1.5 million visitor days, possibly rising to 2.5 million, per annum to the regional casino and its associated activities.
- In addition to the large number of visitors, one can anticipate significant movements of staff and deliveries of goods and services throughout the day and night.
- Traffic flows are likely to be large; new traffic patterns will be created.
- To mitigate the potential for disruption to the local community and to other amenities in the City of Newport, Newport City Council has identified a range of potential sites for the casino to the east and to the west of Newport, which are adjacent to the M4 motorway.
- These sites will help to minimise disruption to the local communities and amenities in the City of Newport. At the same time, they will provide visitors, who travel by car, with direct access to the regional casino location from the national motorway network.
- A Citywide Transportation Strategy is underway to provide easy access to all parts of the City by public transport and to smooth traffic flows within the City.

2.4 A responsible approach to problem gambling

- Operators have made the case that problem gambling only affects a small minority of the gambling population. The figures, which have been presented to us, suggest that between one and four per cent of the gambling population is affected; this is in line with figures presented by the Government.
- Although a minority of the gambling population is affected, Newport City Council accepts that, as with alcohol abuse, problem gambling can damage lives. Consequently, safeguards and support need to be put in place to minimise the potential negative affects in the interests of the individuals concerned, their families and the communities of which they are a part.

2.5 The mitigation strategy

- Research into problem gambling is still in its infancy in the United Kingdom. Experience elsewhere suggests that ambient or impulse gambling (i.e. when people are presented with an unexpected or unplanned gambling opportunity) is a significant cause of problem gambling.
- At a conference in London organised by the Social Market Foundation (January 2006) it was suggested that if new casinos are located “intelligently”, designed appropriately and accompanied by appropriate public-awareness programmes then not only could significant economic benefits be secured but that the incidence of problem gambling can be reduced.
- The City of Newport’s dedicated “destination” sites for the regional casino, which are located close to the M4 motorway, will reduce the potential for problem gambling. People are more likely to plan and budget for a visit to a ‘destination site’ and are therefore less vulnerable to ambient or impulse gambling.
- We will work with the selected operator and with organisations such as Gamcare to put in place effective, ongoing public-awareness programmes on the dangers and risks of problem gambling. Whenever necessary, appropriate counseling and support will be provided to people in need of support.
- The discussions, which we have had with potential operators, have indicated a strong desire on their part to work closely with Newport City Council as part of our problem gambling mitigation strategy.

- The City of Newport will require a commitment to the gambling mitigation strategy as a condition of license award to the regional casino operator. The operator will carry the cost of the awareness and counseling programmes.
- Newport City Council will create a monitoring function, using independent specialists, to provide annual (problem gambling) prevalence studies and social impact monitoring.
- Newport City Council will consult closely with the Gambling Commission to design studies, which meet the requirements of the regional casino test. The results of all studies carried out by, or on behalf of, Newport City Council in this regard will be made available to the Gambling Commission.
- In 2005 the City of Newport created the Local Strategic Partnership to develop the City of Newport's community strategy. The Community Safety program includes the Newport Substance Abuse Forum, the Alcohol Harm Reduction Group to protect the vulnerable as a consequence of addictive behaviour. If awarded the license for the regional casino, it is our intention to widen the remit of the program to include problem gambling.

3.0 Need for Regeneration

3.1 Meeting the challenges of change

- The City of Newport has suffered major job losses in the steel industry and electronics industry in recent years. As a consequence, the Welsh Assembly Government commissioned the preparation of the Five Counties Regeneration Framework and a separate regeneration programme for Newport, which was endorsed in 2002.
- A key action arising from the Regeneration Framework was to ensure that Newport once again fulfils its strategic economic role within the sub-region.
- An Urban Regeneration Company, Newport Unlimited, was established to draw up regeneration proposals for the City.
- Newport Unlimited is jointly funded by the Welsh Assembly Government, the Welsh Development Agency and Newport City Council.
- The Newport Regeneration Programme defined a set of principles which would guide the regeneration programme:
 - Create a more diversified economic base
 - Reinforce the City of Newport as the economic engine in the sub-region
 - Establish the city centre as an attractive retail and business location
 - Establish the City of Newport as a centre for lifelong learning
 - Establish the City of Newport as a centre for logistics
 - Ensure that all citizens share Newport's prosperity

3.2 Anticipated economic value and multiplier effect

- The proposals, which potential operators have presented, to Newport City Council anticipate a large multi-use development creating 1,800 jobs directly; approximately half of these jobs will be created by the regional casino. It is estimated that over 2,000 other jobs will be created or supported elsewhere in the economy through the multiplier effect.

- Such a development will generate approximately £36 million in salaries and approximately £42 million in supply opportunities up to 50% of which could be provided by local companies.
- We do not anticipate that the casino project will lead to any significant “leakage” in the local economy. Newport has no casino or comparable activity.
- 42% of Newport’s working population comes from outside the City, from the valleys of East South Wales, Cardiff and Monmouthshire. Any investment in Newport has a beneficial multiplier effect on the surrounding areas.

3.3 Areas which would benefit, and other regeneration outputs

- The Newport Regeneration Programme includes separate Master Plans for the City Centre, East Newport and West Newport.
- The large strategic site to the west of the City of Newport at Junction 28 of the M4 motorway is particularly well-suited for a large development envisaged.
- As well as being one of the best sites for a regional casino, a casino development would enable the re-use of a large and prominent building complex on a strategically located site mid way between Cardiff and Newport.

3.4 Activity rates

- The economic activity rate in the City of Newport is 73%. There were 2,765 residents unemployed in Newport in February 2006; this represents 3.3% of the resident working age population (UK: 2.7%).
- Wage levels in Newport represent 92% of the GB average.
- 15.3% of the working population work in manufacturing (GB:11.9%). 22.4 % work in distribution, hotels and restaurants (GB: 24.7%).
- The City of Newport has 4 wards which fall within the 100 most deprived wards in Wales (Welsh Index of Multiple Deprivation 2000).

4.0 Willingness to license

4.1 Commitment to growth and regeneration

- Newport City Council and Newport Unlimited, the Urban Regeneration Company for Newport, are strongly committed to support projects which will contribute to sustainable economic growth and promote the regeneration.
- The Board of Newport's Urban Regeneration Company endorsed the proposal on 8 February 2008.
- Newport City Council endorsed the submission of the proposal to the Advisory Board on 30 March 2006.

4.2 Consultation on the regeneration strategy

- The City's Regeneration Strategy has been the subject of extensive consultation and support over the last 2 years, particularly in terms of investments and projects which will enhance the City of Newport's status as the economic hub for the sub region.

4.3 Consultation on possible sites

- The regeneration sites and the locations, which are proposed for the regional casino, have been the subject of extensive consultation in terms of their suitability to attract major projects and inward investment.
- The sites have not yet been the subject of a specific consultation in terms of a regional casino.

4.4 Concerns

- Since the publication of Newport City Council's intention to submit a proposal for the Regional Casino a press report has quoted the Salvation Army as having concerns about the potential for an increase in problem gambling in the area if the City of Newport is selected as the location for the regional casino.

4.5 No pre-selection in place

- Although Newport City Council has entered into discussions with potential operators it has not pre-selected any operator or scheme. This will enable us to start the selection process from first principles.

5.0 Probability of implementation

5.1 A wide catchment area

- Data provided by the Office of National Statistics shows that within the context of the South Wales and Severnside area, Newport has the largest catchment area of the 3 cities in the area:

City of Newport: 1.5 million population within 45 minutes drive time

City of Cardiff: 1.1 million population within 45 minutes drive time

City of Bristol: 1.2 million population within 45 minutes drive time

5.2 Location criteria

- The developments, which have been proposed to Newport City Council, include provision for the regional casino and associated activities. These include a first-class hotel, restaurants and bars, a sports arena and convention and exhibition centre.
- Such a development would have a requirement for 7 -10 hectares of land (17 to 25 acres) which will provide for up to 100,000 square metres (1 million square feet) of buildings of which the casino would occupy about 10%.
- It is anticipated that the development will attract over 1.5 million-day visitors per annum. There is a requirement for car parking for up to 3,000 vehicles.
- For a development of this scale and scope it is the view of Newport City Council that a location of the development on a dedicated "destination" site close to the M4 motorway represents the best solution.
- A location close to the M4 motorway will be consistent with our commitment to reduce the potential for ambient or impulse gambling and our commitment to avoid disruption to local communities caused by high volumes of traffic throughout the day and, particularly, at night.
- The regional casino will have national as well as regional significance in terms of market penetration. Proximity to the M4 motorway is regarded by the operators, whom we have met, as important to the ultimate success of the project, offering ease of access to the widest number of visitors.

- Newport has several potential sites on the eastern side of the City and western side of the City, which satisfy these requirements.
- The site on the western side of the City of Newport is less than 5 miles from the edge of Cardiff and 5 miles from Newport City Centre.

5.3 Communications

- The M4 motorway has 6 junctions serving the City of Newport. The new Southern Distributor Road provides easy access to and from the south of the City.
- The new M4 motorway to the south of the City of Newport has a target completion date of 2013.
- The Citywide Transportation strategy (2005) has delivered an integrated public transport service in and around Newport providing ease of access to its citizens and visitors.
- The City of Newport has a mainline railway station. There are 27 direct trains per day to London, which is less than 2 hours away; Birmingham 15 direct trains; Manchester 15 per day; Newcastle and Edinburgh 7 per day.
- There are international airports in Cardiff and Bristol providing scheduled services to a wide range of international destinations. Heathrow airport is 2 hours drive time by car from the City of Newport.

5.4 Impact on competition

- Newport does not have a casino. Within the South Wales and Severnside area both Cardiff and Bristol have casinos.
- There may be some displacement impact on the Cardiff and Bristol casinos. This is likely to be limited. We anticipate that there will be an overall growth in demand, stimulated by the wider-based leisure offering of the regional casino, which will attract a newer and wider audience.

5.5 Importance of clusters

- Our view, shared by all the operators with whom we have been in discussion is that a regional casino on its own, is not viable.
- Experience in other countries, notably the USA and Australia, is that casinos of the scale anticipated need to be part of a wider leisure offering i.e a cluster of relevant and mutually complementary activities; there is a need for greater critical mass than that provided by the regional casino.
- One of the world's largest operators, which has expressed interest in Newport, has presented proposals for a regional casino plus 5 star hotel, an auditorium for concerts and entertainment, a convention centre, sports arena, sports centre and a wide range of themed restaurants.

5.6 Investment levels

- The investment level for such a scheme is £250-£300 million, which will be funded by the developer and the operator of the regional casino.

5.7 The City of Newport's track record

- Newport City Council has wide experience and a very successful track-record of working with large inward investment projects from elsewhere in the United Kingdom and from overseas.

5.8 Expressions of interest

- The City of Newport has received several expressions of interest from leading casino operators; some with detailed proposals; others have been more speculative and less detailed.

6.0 Regional and Local Context

6.1 Policy framework

- This proposal for a regional casino is consistent with spatial and policy plans which have been developed at the national, regional and local levels.

6.2 The Wales Spatial Plan (2005)

- The Wales Spatial Plan recognises that the coastal zone of South East Wales is the main economic driver in Wales and that its competitiveness needs to be sustained to help raise the economic potential of Wales.
- It confirms that the City of Newport has an important strategic role owing to its advantageous position between Cardiff and Bristol and identifies an opportunity to promote the Newport area as the Gateway to Wales.

6.3 The Unitary Development Plan for Newport

- The main emphasis of the plan is to target the use of previously-used land through regeneration and redevelopment. This will conserve land and reduce the need to travel. It will also promote sustainability.

6.4 The Urban Regeneration Programme

- An Urban Regeneration Company, 'Newport Unlimited', was established by the Welsh Assembly Government, and the former Welsh Development Agency (now part of the Welsh Assembly Government), and Newport City Council in 2003.
- Work is well underway on bringing forward regeneration proposals and projects to transform the City Centre.
- Development proposals for West Newport, which is the likely location for the regional casino, are being worked up but do require a significant centre-piece which the regional casino and associated investment could provide.

- Masterplans have been developed for: the City Centre; East Newport, on the site of the iron making part of the Llanwern Steelworks; and West Newport where there is a major opportunity for South Wales with the development and enhancement of the business parks in the area, the redevelopment of 'brownfield land' and the re-use of the former semi-conductor plant and associated buildings which could provide a significant employment opportunity for the region.

7.0 Community Benefits

7.1 Employment opportunities

- The regional casino will create new and sustainable employment opportunities for the people of the City of Newport.
- Benefit will also be felt in the eastern valleys of South Wales. Over 40% of people who work in the City of Newport travel in from outside the City.
- Up to 1,800 new jobs will be created directly by the regional casino and its associated activities. Over 2, 000 jobs will be created or supported elsewhere in the local economy.

7.2 Supply opportunities

- The regional casino will provide local companies with an opportunity to supply goods and services.
- £42 million could be spent on goods and services, of which 50% could be sourced locally.

7.3 Skills development

- The regional casino represents a new activity for Newport; the specific nature of the operation will require considerable investment in training and skills development prior to commencement of operations.
- Operators have indicated a willingness to commit up to £3 million to pre-opening training and development.

7.4 Re-use and redevelopment of a 'wasting asset' and opportunity

- One of the best locations for the regional casino could involve the re-use of a major group of buildings in South Wales and provide a massive boost to the regeneration of the West Newport area which is a critical part of the Newport regeneration strategy.

- West Newport has fantastic opportunities for economic development for South Wales but it requires action to be taken on the key group of buildings at the centre of what must be one of the best industrial and commercial locations in the UK. A regional casino could provide the investment and commercial incentive to address this issue and help make West Newport work for Wales.

8.0 Unique characteristics

8.1 The City of Newport offers a combination of compelling features:

- Excellent accessibility to a large catchment area
- Outstanding sites, adjacent to the M4 motorway, with sufficient land for a large development project and appropriate car parking capacity
- Minimum disruption to communities
- Maximum regeneration potential
- A demonstrable track-record in implementing large, ambitious projects
- Suitability for testing social impact and a mitigation strategy in place

