

SECTION 2

MIDDLESBROUGH COUNCIL LICENSING SUB-COMMITTEE

**IN THE MATTER OF LUXURY LEISURE AND DOUBLE DIAMOND, 22 NEWPORT ROAD,
MIDDLESBROUGH, TS1 5AE**

WITNESS STATEMENT OF ROY RAMM

I, **ROY RAMM**, of 123 Aldersgate Street, London, EC1A 4JQ will say as follows:-

1. Prior to joining the casino industry in 1996, I served as a Metropolitan police officer for over 27 years, retiring as Commander Specialist Operations at New Scotland Yard.
2. Since 1996 I have been a compliance and security professional, serving as the Compliance and Security Director and consultant for both British and multi-national companies and acting as the independent chairman of a number of compliance committees. I was also chair of the then industry trade body, the British Casinos Association's Technical Committee where I drove standards of player protection and both designed and implemented SENSE the first national self-exclusion scheme in the world. I also hold a Personal Management Licence granted by the Gambling Commission.
3. I have been asked to comment on:
 - a. the differences between the environments and therefore the customer appeal of casinos and adult gaming centres (AGCs)
 - b. Luxury Leisure's policies and procedures
 - c. The viability of Middlesbrough's large casino project in light of the 2005 Act

The difference between AGCs and Casinos

4. Some AGC premises title and describe themselves as casinos, but they are not casinos within the meaning of either the 1968 Act or the 2005 Gambling Act and cannot therefore be automatically excluded by authorities that adopt a 'no casinos' policy.
5. A true casino, as defined by the 2005 Act can only exist as 'converted licences' in the 53 Permitted Areas identified in the 1968 Gambling Act and in 16 'new' additional areas identified as suitable for casinos creating an additional 8 Small and 8 Large in the 2005 Act.
6. Any licensing authority can grant any number of licences for AGC's in its licensing area. Theoretically, the number of AGCs in Great Britain is limited only by market requirements. Consequently, there are currently around 1615 operating AGC premises. There have been as many as around 2240 (2012). The number of operating premises varies almost exclusively on demand and commercial viability.

7. So, the first significant difference between AGCs and casinos is in the availability and accessibility of the premises. There are roughly over ten times as many AGC's as there are casinos and that ratio remains consistent. Going to a casino is therefore more of an event.
8. Regardless of their proximity and whether the casino is a fully electronic premises, casinos and AGCs do not attract the same customers. Inevitably, with all gaming products there will be some shared customers, but the aggregated profile differs.
9. The structure of the licensing regime is hierarchical and intentionally drives significant differences between casinos and AGCs and it is therefore worth summarising the differences between the premises. An AGC is allowed to offer an unlimited number of category C and D gaming machines and up to 20 percent of the total number of machines, can be of category B3 or technically, B4.
10. The maximum stake in any machine permitted in an AGC is £2 and the maximum prize is £500 on a B3 machine. The game cycle is limited to 2.5 seconds. The focus in an AGC is on large numbers of machines at low stakes and prizes. (Gaming Machine technical Standards Cat B3 and B4. (The White Paper 'High Stakes: Gambling Reform for the Digital Age April 2023).
11. Most casinos, including Luxury Leisure are limited in terms of gaming machines to 20 B1 machines. However, the stakes and prizes are very considerably higher, at £5 and £10,000 respectively than those offered in an AGCs. Additionally, traditional casino games, like roulette and blackjack have succumbed to the digital age and are now widely and often exclusively offered in electronic form.
12. There are two types of automated casino equipment permitted in casinos. Neither are gaming machines.
13. The first type is those linked to a live game of chance, for example, roulette. These enable the player to gamble on a live game as it happens, without actually being seated at the table, sometimes referred to as 'electronic roulette'. There is no limit on the number of items (terminals) of such equipment.
14. The second type is a machine that plays a live game but is fully automated, that is, it operates without any human intervention. For example, a roulette wheel that is electrically or mechanically operated with an air blower to propel the ball around the wheel. Casinos are bound by controls on the specification and number of player positions using such equipment. The law requires that equipment used to play a game of chance, for example, cards, dice and roulette wheels is 'real' and not 'virtual' if it is not to be classed as a gaming machine. Additionally, the game outcome must not be determined by computer as this would normally be considered virtual gaming.
15. The 2005 Act specifically permits casinos that are fully automated and as part of the review of where gaming machines can be located the Commission accepted the legal opinion provided by the two largest casino operators that such casinos are perfectly lawful. They have been developed by the industry as a result of fiscal constraints imposed by Chancellor in the 2007 budget which replaced the two lower taxation bands (2.5% and 12%) with a base level 15% and increased the higher rate band from 40% to 50%, which made the full service casinos the electric casinos replaced unprofitable to run. The industry was not consulted on the proposals in advance in accordance with

the normal protocol and so the industry was unable to warn of the consequences of such a large increase – which are clearly demonstrated by the 28 electric casinos that have been developed.

16. Electronic versions of traditional table games are permitted in casinos; roulette, dice and card games played on terminals are permitted at a frequency of 50 games per hour.
17. Although the AGC product offering has evolved to appear superficially similar to some casino products the casino table games and their electronic equivalents are different and the customer profile has remained largely distinct. The environment and product offer of 20 Cat B1 machines and electronic gaming machines in a casino with significantly higher stakes and prizes creates a more sophisticated offer in a more closely controlled environment and regulated environment than in an AGC and attract a different customer.
18. Anti-Money Laundering and Counter Terrorism legislation has also had a material impact on customer profiles. Whilst the AGC operator has only an obligation to conduct a risk assessment (Assessed as Medium for the industry), the requirements for a casino premises (Assessed as High risk) are very significantly more demanding on a casino operator and therefore also on a casino customer.
19. For the majority of casino customers, the law anticipates a 'business relationship' between a casino and the customer that requires a risk assessment of the customer, appropriate due diligence, much closer monitoring of a customer's activity, including monitoring deposits and withdrawals. Additional requirements mean that for most customers a casino operator will require the source of funds, source of wealth and will have to consider the affordability of the customer's gambling activity. The rules imposed on casinos by AML and Counter Terrorism legislation are extremely demanding and are vigorously enforced by the Gambling Commission as the AML supervisory authority for land-based and remote casinos. A casino must know its customer.
20. The impact of the these very different regulatory regimes is one important factor for customers in deciding what kind of gambling environment they want to experience. A second factor is the kind of additional facilities and entertainment offered by a casino and unavailable in AGCs. For example, casinos may offer bars, restaurant dining and entertainment, thus the age profile is likely to be driven towards the lower end of the range. Overall casinos enjoy a wider age spread than AGC's, of higher net worth and individuals who enjoy a more leisurely and socially interactive gambling experience.
21. The interactions between customers and gaming staff, enjoyed in all casinos, remains a factor.
22. Although in fully electronic casinos there are no croupiers, this has been well balanced by the fact that supervisory staff, managers who replace the traditional Inspectors and Pit Bosses, are able to focus almost entirely on customer service and player interactions, leaving the technology to take unfailing and uncompromised care of previously risky areas, like dealing or pay-out errors, ambiguous staking, collusion, game continuity, cheating and peer pressure.

23. The combined effect of the rise in gaming duty, the imposition of the smoking ban and the repeated failures by successive governments to standardise entitlements across all types of casinos forced all the multiple casino operators to close a very considerable number of 1968 Act casinos which became uneconomic. The review promised by the then gambling minister in 2007 did not take place in 2014 despite the strong recommendations by the DCMS Committee in its report “A Bet Worth Taking” published in July 2012. At the next triennial review of stakes and prizes in 2017 the then government consulted on a review of gaming machines and other social responsibility enhancements. The Secretary of State accepted that the numbers of machines in converted casinos was low in comparison with almost all European jurisdictions but required enhancements to problem gambling protections for B1 gaming machines in casinos.
24. The 2018 Gambling Review encouraged operators to introduce additional measures to deal with gambling related harm and said the question of machine numbers would be revisited if additional measures were put in place by the industry to manage the risk of gambling-related harm effectively.
25. Since the 2018 Gambling Review was published, the White Paper has acknowledged that many casinos have adopted a range of measures that enhance machine protections including:
- Tracking and monitoring of customer expenditure across all gaming products in real time, with staff equipped with tablets showing live data;
 - Enhanced due diligence measures, with trigger values for spend and loss applied to customers;
 - Algorithmic systems that use predictive models to identify customers at risk based on individual transactions;
 - New safer gambling messages on ATMs and electronic machines;
 - The ability for customers to set their own time and loss limits directly at electronic terminals and gaming machines;
 - Financial risk profiling on customers who are members based on postcodes and nationally available data;
 - Mandatory employee training on licensing objectives, safer gambling and anti-money laundering.
26. The White Paper confirms that the government is now satisfied that the casino industry has achieved these enhancements and therefore the government intends to pass secondary legislation to enable the revised machine to gaming table ratios to be implemented. This will also deal with the issues that arose with the incomprehensible selection of a 2:1 ratio for small casinos as I have discussed. In their evidence to the 2012 DCMS Committee neither the Secretary of State, Tessa Jowell, or the gambling minister at the time of the implementation of the Act, Richard Caborn, were able to provide *any* logical explanation as to why 2:1 was selected for small casinos.

27. In addition to being a substantial tool in the prevention of money laundering, account-based play in casinos provides an invaluable aid in managing responsible gambling. In comparison to a Large casino which may still accept cash buy-ins and which is required to offer up to thirty traditional table games in order to be allowed to offer up to 150 slot machines, a fully electric casino with no traditionally dealt table games is far better able to comprehensively monitor player behaviour through fully tracked play.
28. Finally, in respect of the size of premises and machine numbers, it is important to note that given the very limited space available to the applicant in the case before the Council, it could not benefit at all from the relaxation of machine numbers proposed in the White Paper.
29. Given the wider pressures on the gambling industry from the GB Gambling Commission to promote socially responsible gambling and to identify and help those at risk from gambling related harm, it is indicative of the difference between casino and AGC customers, that different self-barring schemes have emerged. SENSE is national scheme involving all casinos. Whereas the limited self-exclusion scheme operated by BACTA only bars a customer from the AGC where they enrol and other AGC's within 1km.
30. Across, Great Britain there are other examples of casinos and AGC's being closely collocated and no evidence of there being any impact either on the incidence of anti-social behaviour or problem gambling.
31. Comment has been made in relation to the issue of the availability of alcohol in casinos and its impact. Of all licensed premises, casinos are amongst the least likely to tolerate excessive drinking or misconduct. Alcohol is ancillary to the gaming and operators are subject to a much more stringent regulatory regime. In addition to a premises holding an alcohol licence, a casino is also subject to regulation by the Gambling Commission, an extremely powerful regulator, with the ability to impose substantial financial penalties and conditions on licensees who contravene the codes of practice intended to protect customers. If a casino was subject to regulatory action by the police or a local authority for a breach of liquor licensing laws, the Gambling Commission would also consider the suitability of the licensee to hold an Operator's Licence.
32. In any event, after stripping out high end casinos in London, the average spend on alcohol in casino premises tends to be less than £10.
33. Inevitably there will be some cross-over between customers, just as some shoppers will occasionally use a different store, but in the main my experience is that the overwhelming majority of casino customers will not use what they identify as 'amusement arcades'.

Luxury Leisure

34. I am aware of Novomatic and Luxury Leisure as reputable operators with very high standards.
35. I have seen copies of the applications, supporting documents and Luxury Leisure's Policies and Procedures. I have also reviewed the statements of Charles Churchill, Kevin Farnsworth and Mark Thompson.

36. I agree with the comprehensive systems, which I am very familiar with, that will be employed by Luxury Leisure at the AGC and at the casino.
37. I am fully supportive of the fact that Luxury Leisure intend to implement all of the 7 Tools referenced in the Government's White paper (listed at paragraph 26 above) to enhance the machine protections at the casino, once the casino is operational. This is set out in detail in Charles Churchill's statement. I also note his particular industry experience and knowledge.
38. I conclude that Luxury Leisure will therefore be employing robust measures to promote the licensing objectives when operating both the existing AGC and also the proposed casino.

The viability of Middlesbrough's Intended Large Casino Project

39. It is my view that the Middlesbrough's Large Casino Project has now proven to be unviable, and the Council is unlikely to be able to justify the further retention of the Large Licence it was granted by the 2005 Act legislation. The Council should expect to be asked to surrender the licence in accordance with proposals set out in para 76/77 of Chpt 6 of the 2023 White Paper.
40. There is extensive geographical restriction on where a casino can be sited. In the 1960s, 53 so called "Permitted Areas" for casino gambling were selected largely based on the adult population of county boroughs and seaside resorts. The Permitted Areas then formed the legislative basis for the 1968 Gaming Act. Middlesbrough was identified as a Permitted Area. Those areas have never been revised (although there was an attempt to increase them in 1997) to reflect shifts in population.
41. All Permitted Areas were initially allowed to grant a single licence. The number of additional licences which could be issued (by licensing justices) in any Permitted Area was restricted by a 'demand test', which required applicants for a licence in a Permitted Area to satisfy the court that there was unmet demand. The number of operating casino licences granted peaked at 186 in 2009 following the implementation of the 2005 Gambling Act on 1st September 2007.
42. It was not until almost 40 years later that the Gambling Bill 2005 revisited the nature, size and distribution of casinos in the UK. Together with other revisionary measures, The Bill proposed three new categories of casino (Regional, Large and Small) and a mechanism for their geographic distribution.
43. However, the passage of the Bill was impacted by the 2005 election which resulted in inadequate scrutiny of the legislation. When the Act passed into law it allowed for 1 Regional casino, 8 Large casinos and 8 Small casinos. However, the order allocating the 17 licences was rejected by the House of Lords and the Regional casino (awarded to Manchester) had to be dropped, in order for the remaining "16" to be approved.
44. The Government appointed a Casino Advisory Panel ("CAP") to identify the 16 areas that would benefit from the development of a new casino. The Panel started its work in January 2006.
45. It is now widely acknowledged that the 2005 Act failed in a number of respects.

46. The CAP process of selecting the 16 areas was significantly flawed. The CAP allocated ten of the sixteen new casino licences to existing 1968 Act Permitted Areas where casinos were already in operation. This resulted in most of the new 2005 Act casino licences, faced with competition from established casinos, being assessed by operators as not being commercially viable.
47. In its evidence to the 2011 CMS Select Committee the National Casino Forum predicted precisely this outcome.
48. Since 2007, when the 2005 Act passed into law, just four of the eight new Large 2005 Act casinos have been developed. Three have been developed in areas where there was no existing 1968 Act casino provision: Newham, Milton Keynes and Solihull. In Leeds, which was an existing 1968 Act Permitted Area, the development the Large 2005 Act casino developed resulted in the closure of two 1968 Act casinos in Leeds and a further two in adjoining Bradford.
49. Of the eight Small 2005 Act licences, four have been developed. Three were existing 1968 Act casinos that up-graded their premises with little deliverable additional benefit to the relevant areas: Luton, Scarborough and Wolverhampton. Only one new Small casino has been developed (Bath). It closed after 18 months because Bath could not support its own casino with three operating 1968 Act Casinos operating in nearby Bristol and two dormant licences.
50. It has now been clear for at least a decade that the CAP process for identifying suitable areas for the 16 new casinos, was seriously flawed. Identifying 10 “new areas” in existing Permitted Areas meant that either a new operator would have to make a very significant investment to build a Large or a Small casino to be able to compete with existing operators in those areas or existing operators would have either to move to larger premises or, if possible, expand their operation in an existing premises to meet the requirement for a Small licence.
51. In summary, only 8 of the 16 new 2005 Act licences have been developed in the 14 years since the process started. As of today, only 7 of those 16 new licences remain operational. In 2014 Swansea Council, a recipient of a new Small licence in 2007 passed a “no casino” resolution.
52. In the recent White Paper on High Stakes Gambling the Digital Age, Government reports that the ‘experiment’ that was the grant of the 16 new licences has not been successful. Four of the Large 2005 Act licences and five of the Small 2005 Act licences are not in use.
53. The second major failing of the 2005 Act was in the definitions of casinos.
54. The definitions of ‘Small’ and ‘Large’ are confusing. Currently, a ‘Small’ casino can offer 2 machines per table up to 80 category B1 gaming machines and a ‘Large’ 150 machines in the ratio of 5 per table. The reliance on machine ratios resulted in a Small casino that wished to have the maximum 80 machines requiring a larger gaming area than a Large casino, making their development disproportionately costly, confusing for the consumer and therefore unlikely.
55. This failing is addressed in the 2023 White paper which seeks to introduce a common machine to table ratio of 5:1 across the entire casino estate. The Government’s

proposals make clear that it now intends to implement the changes to gaming machine provision and the introduction of sports betting that repeated governments have promised to review.

56. Middlesbrough was of course an existing Permitted Area under the 1968 Gambling Act and was successful in its application to issue a licence for a Large casino permitted by the 2005 Act; the authority originally having applied for a Regional or a Large casino.
57. In evidence given on behalf of local authorities to the CMS Select Committee on the 8th November 2011, four years following the passing of the legislation, (reported in July 2012) by Richard Dowson, then Chair of the Casino Network and Senior Business Development Officer, Middlesbrough Council, representing the 16 Authorities awarded 2005 Act licences told the Committee that *'a lot of authorities are moving forward and we are confident that all 16 will be developed.'* [note – Re Cap]
58. That statement was at best optimistic in the extreme and at worst totally misleading in November 2011. By then several of the 16 local authorities (“LA’s”) had already stated that they had no plans to progress the licence process at all. Only one licence had been subject to a proper competition and was operating. Of the others, two LA’s had only just begun their process, three had gone to legal challenge and a further two licences had been granted with only one being under a genuine development process as one was a provisional statement awarded to a developer because no operator had shown any interest.
59. In the summary of Middlesbrough’s proposals, the CAP report states as follows:

“Although one or more of the sites proposed would put the casino close to further and higher education campuses, consultation with the institutions concerned indicates that no problems are likely to arise. The council is of the view that casinos need to be located in areas needing regeneration and that their social effects will be no worse than anywhere else. The proposal would be supported by targeted investment in training. The council has undertaken research into problem gambling in the borough, which, while somewhat inconclusive, has led them to develop a partnership with Gamcare and the Citizens’ Advice Bureau.”
60. In December 2014, some seven years since the Act came into law, Middlesbrough Council seemed still to be labouring under a material misunderstanding of the procedural stages of the licensing process and the ‘success’ of the 2005 Act in bringing about the development of the 16 new casinos.
61. In the Executive Report dated 9th December 2014 on the Gurney Street redevelopment, authored by the same Mr Dowson, relating to the ‘Background and External Consultation’, he describes the progress of the 16.

‘Of the sixteen Local Authority areas granted licences to issue (8 large and 8 small), to date only two casinos have opened (Newham and Milton Keynes), whilst one other is under construction (Solihull). Of the remaining thirteen, a number of provisional statements and licences have been issued, but none have yet progressed to development.’
62. However, the report fails to recognise that the Council could not grant a full premises licence to the then applicant (Gurney Casino Ltd) unless and until the company

obtained a full 2005 Act Casino Operating Licence from the Gambling Commission. It had not obtained an Operating licence and I can find no evidence an application for an Operator's licence has ever been made by Gurney Casinos.

63. The Council seemed to be operating on the basis that '*through its land ownership and licensing functions it would retain the ability to reject an unsuitable casino scheme at a later stage*'.
64. Where a casino operator secures a provisional statement it can then apply for this to be converted into a premises licence during the Stage 2 process. However, no casino operators made either of the original applications at Stage 1.
65. In this case, two provisional statements had already been awarded to two different developers at Stage 1. The Council was then required to identify the party that would generate the most benefit through the Stage 2 process. Middlesbrough continued with its Stage 2 casino application process, with only one applicant (a local property developer: not a casino operator) who did not secure the required Operator's licence. The Council decided to proceed to the award of a provisional statement to a party that was unable to secure a premises licence without first securing a 2005 Act operating licence from the Gambling Commission. This therefore left the Council with no choice than to accept what would be offered by the developer should they obtain the requisite non-remote 2005 Act Casino Operating Licence.
66. The Council also appears to have been poorly informed by the 2014 Executive Report about the viability of the national casino market. The report cited '*the general economic downturn*' as the reason for a lack of interest from any casino operator. This was not the case. I am unaware of any engagement with the National Casino Forum and the 2014 report does not appear to have considered the cumulative impact in 2007/8 of the Chancellor's changes to Gaming Duty (see 15 ante), the imposition of the smoking ban and the implementation of the 2007 Money Laundering Regulations all of which, taken together, stifled growth in the industry. I suggest the Council should have reviewed the matter again as the suggested revival of the casino market referenced in paragraph 27 was ill-informed. In 2016 the one operating casino in Middlesbrough, the Rainbow at the Teesside Leisure Park, also closed with the loss of 50 jobs. Why this was not considered by the Council as demonstrating the fact that there was not a market for a Large casino in Middlesbrough is difficult to understand?
67. Additionally, the Council will have been aware of the development of the Grosvenor Stockton Casino as it was underway before the competition was launched in 2010. For a period of 5 years or so there were two 1968 Act Casinos operating within the catchment area of the proposed Large casino.
68. There is then reference to the Phase One and Phase Two stage approach of the planning consent for the site, which suggests that the remainder of the scheme could progress without the casino element. Indeed Phase 1 has now been implemented by the construction of the Premier Inn.
69. By July 2015, the Middlesbrough Gazette reported that the Mayor of Middleborough Dave Budd seemed convinced the Large casino project was '*unlikely to go ahead*'. He was correct.

70. No further casino licences can be granted by any licensing authority. The outcome is that in Great Britain there can never be more than around a maximum of 202 casinos. Currently, 144 are operational, 137 1968 Act and 7 2005 Act licences. There are 49 dormant (untransferable outside the Permitted Areas in which they were granted) 1968 Act licences and 9 2005 Act licences which have not been issued. It is also important to note that the 2005 Act licences are *premises specific* and, once issued, cannot be moved within a licensing authority area.
71. I refer to this section in the Government's White Paper, which reflects the views expressed by both the CMS Committee Report in 2012 and the House of Lords Report in 2020:
- "When the 2005 Act was passed, the then government planned to review the changes in 2014, but only two of the new casino licences were active at that stage. There are now seven active 2005 Act casinos from which to draw conclusions, with another one having opened and then closed again. The House of Lords Select Committee report recommended in 2020 that casinos should be regulated under the same system regardless of when their licence was created."*
72. The White Paper goes on to state: *"The ratio of machines to tables in 2005 Act Small casinos has forced operators to provide redundant tables which, alongside the locations to which the licences were allocated in 2007, has contributed to making them commercially unattractive for development. Only 4 of the 8 Small casino licences have been developed, and the only Small casino to be newly developed (rather than move over from the 1968 Act system) closed after 18 months."*
- "Machine allowances in Great Britain are low compared with other European gaming jurisdictions, with only Poland's upper limit being below that of a 2005 Act Large licence. Of the other jurisdictions that apply a machine-to-table ratio all currently permit a greater proportion of gaming machines compared to Great Britain."* The White Paper sets out the machine rations on many European Countries at Figure 22 (to be exhibited).
73. The Government states that Local Authorities that do not currently have a 2005 Act casino licence that would like to apply for the right to award one of the 9 unimplemented 2005 Act licences, which will enable the full potential re-generative benefit to be achieved in areas with no casino provision. (White Paper)
74. The Government proposes to write to local authorities with unused licences, like Middlesbrough, to ask them to confirm whether there is an intention to develop the licence within 'a reasonable time'. Where an authority has no intention of progressing a licence, it will act to offer up unused licences for reallocation so that other areas are able to benefit. In the event that one or more unused licences can be reallocated, the Government intends to consult on a process for local authorities to express interest in developing a casino in their area.
75. Since Middlesbrough was granted a Large casino allocation in 2007, no such operation has been developed and for the reasons stated above I am of the view that there is no likelihood of this happening. Instead, it is my view that casino operators will clearly be

interested in developing such a licence in different areas in light of the Government's published proposal on 27 April 2023 to review the current allocation.

76. In preparing this report, I have sought to consider Middlesbrough's published licensing policy as required under s349 GA 2005. However, I cannot find any evidence that it has a current policy. The previous policy expired in January 2022 and I am not aware that Middlesbrough has consulted the gambling industry and existing licensed operators about renewing it, as it is also required to do under s349. Thus it is difficult to gauge what Middlesbrough's strategy is not only in relation to the Large casino project but also generally in relation to gambling premises in Middlesbrough.

Statement of Truth

The contents of this witness statement are true to the best of my knowledge and belief.

Roy Ramm

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Roy Ramm

Dated 6 July 2023

MIDDLESBROUGH COUNCIL LICENSING SUB-COMMITTEE

**IN THE MATTER OF LUXURY LEISURE AND DOUBLE DIAMOND, 22 NEWPORT ROAD,
MIDDLESBROUGH, TS1 5AE**

WITNESS STATEMENT OF DAN WAUGH

I, DAN WAUGH, of Alpha Leonis Group Ltd, Hop Exchange, 24 Southwark Street, London, SE1 1TY will say as follows:-

1. I am a partner at Regulus Partners, a specialist research and advisory firm working in the global licensed betting and gaming markets. I lead the firm's practice on regulatory policy and harm prevention. I have personally worked in the leisure and hospitality industry for the past 23 years, and specifically within betting and gaming for the past 18 years, holding senior management positions at Whitbread PLC and The Rank Group Plc (the largest operator of non-remote casinos in Great Britain) before joining Regulus in 2014.
2. I was the founding chair (2015-2017) of YGAM, the country's leading youth education charity engaged in gambling harm prevention. I am also a member of GamCare's Safer Gambling Standard review panel and gamban's (online gambling blocking software) advisory board. I have written extensively on matters of gambling regulation and harm prevention and gave evidence to the House of Lords Select Committee Inquiry on the Gambling Industry on two occasions in 2020.
3. I refer to two licensing applications relating to 22 Newport Road Middlesbrough, namely:
 - 3.1 to vary Luxury Leisure's Adult Gaming Centre Licence
 - 3.2 to vary a casino premises licence currently held by Double Diamond Limited to allow for its relocation from Teesside Park to Newport Road.
4. I note the ultimate intention of Luxury Leisure is to separately operate an electronic casino and an Adult Gaming Centre ("AGC") at the Newport Road site.

5. I have seen representations dated 28th April 2022 submitted by the Licensing Section/Director of Public Health (“DPH”) of Middlesbrough Council and subsequent correspondence. Three items of correspondence were submitted by Middlesbrough Council in relation to the proposals. The representations consisted of:
 - 5.1 A letter from Judith Hedgley, the Head of Public Protection at Middlesbrough Council, sent on behalf of the council’s Director of Public Health (the ‘DPH’);
 - 5.2 A representation from Tim Hodgkinson, Licensing Manager at Middlesbrough Council in relation to the proposal to vary the AGC licence;
 - 5.3 A representation from Tim Hodgkinson in relation to the proposal to vary the casino licence.
- 5.4 I have been asked to review these representations in order to assess factual accuracy and policy coherence.

Executive summary

6. My analysis of the three letters highlights a number of key themes.
 - 6.1 The representations make a number of claims about i) harms associated with ‘problem gambling’; and ii) the alleged incompatibility of the proposals with the licensing objectives.
 - 6.2 In general, these claims are made without explanation, substantiation or supporting evidence. On occasions where more detailed information is supplied, it is unaccompanied by citations or supporting references.
 - 6.3 This presents challenges in terms of verifying accuracy and assessing the extent to which they are meaningful. The DPH’s representation, by way of example, asserts the presence of associations between gambling disorder and harmful outcomes without supplying any information that would enable the reader to make sense of the breadth or depth of these associations (i.e. how strong are they? How do they compare with other disorders or participation in other leisure or consumer activities?).
7. The representations only consider the negative outcomes associated with dysregulated gambling behaviours and fail to consider health data and research on the benefits to a majority of consumers from recreational or non-problematic play. It

is difficult to see how the permissibility of any activity might be judged solely on associations with disordered consumption.

8. It is in any case, questionable what conclusions may be drawn from simply noting associations. Correlation is not the same as causation. It is important to understand the nature of any such associations and the extent to which they may be mediated or explained by other factors.
9. The representations provide no evidence that the proposed variations to the AGC and casino licences would have any effect on the harms identified – and if so, why. They simply assert that the proposals are inconsistent with the licensing objectives without describing, in specific terms, the basis for this assumption.

Preface

10. In order to assess the strengths and weaknesses of the representations, it is necessary to provide a brief preface to address a number of important contextual matters.

Gambling disorder

11. Gambling disorder has been recognised as a psychiatric condition since 1979 when the World Health Organisation first included it within its International Classification of Diseases¹. The American Psychiatric Association ('APA') included the disorder (at the time known as 'pathological gambling') within the third edition of its Diagnostic and Statistical Manual of Mental Health Disorders (DSM-III).
12. It is described in the DSM-5 as follows: *"In many cultures, individuals gamble on games and events, and most do so without experiencing problems. However, some individuals [which the APA puts at 0.2% to 0.3%² of the general population] develop substantial impairment related to their gambling behaviours. The essential feature of gambling disorder is persistent and recurrent maladaptive behaviour that disrupts personal, family and / or vocational pursuits"* (American Psychiatric Association, 2013).

¹ Rosenthal, R. (2019) Inclusion of pathological gambling in DSM-III, its classification as a disorder of impulse control, and the role of Robert Custer. *International Gambling Studies*. p.163

² This is consistent with results from NHS Health Surveys in Great Britain, which has estimated rates of DSM-IV 'pathological gambling' (the corollary of DSM-5 'gambling disorder) of 0.22% (2016) and 0.26% (2018) of the general population (16 years and over)

13. The DPH's statements with regard to findings about negative health and well-being in relation to people diagnosed with gambling disorder (or classified as 'problem gamblers'³) ought not be surprising. It may be expected that similar associations would be found where most other psychiatric disorders are concerned. It is questionable, however, whether public policy decisions should be determined solely by reference to the health and well-being of disordered participants; particularly where this involves infringements on the health and well-being of the majority of recreational participants. By way of illustration, we might question the wisdom of imposing restrictions on internet use based solely on observations of people with internet use disorder.
14. Gambling disorder is not the same as 'problem gambling'. The classification, 'problem gambling' used in a research context typically describes a sub-clinical condition and denotes less dysregulated behaviour and less severe outcomes.

A context of misinformation

15. It is important to recognise that the representations sit within a context of highly energetic public policy debate in Great Britain concerning the licensed betting and gaming industry. In 2020, the Department for Culture, Media and Sport ('DCMS') commenced a review of Britain's gambling laws, which is still ongoing. This review has prompted a period of intense policy debate, involving a range of stakeholders. This in turn has yielded a number of reports on economic and social costs associated with disordered gambling – from Public Health England⁴, the Office for Health Improvement and Disparities⁵, the Centre for Governance and Scrutiny the National Institute of Economic and Social Research⁶ (amongst others). Each of these reports has been criticised for the use of unsound or highly speculative methodologies as well as factual and mathematical errors – and two have now been withdrawn (Public Health England, 2021; Centre for Governance and Scrutiny, 2022). The publication of misleading claims by these bodies has distorted public policy debate and may have influenced the views of important stakeholders.

³ 'Problem gambling' is not the same as 'gambling disorder'. It typically describes a sub-clinical category of behaviours and consequences.

⁴ Belloni, A., Donaghy, S., Ferguson, B., Knight, J., Melaugh, A., Naughton, Puig-Peiro (2021) Gambling-related harms evidence review: the economic and social cost of harms. Public Health England.

⁵ Babalola, G., Denson, S., Donaghy, S., Green, E., Gommon, J., Puig-Peiro, R., Regan, M., Simpson, J. & Tierney, R. (2023) The economic and social cost of harms associated with gambling in England: Evidence update 2023. Office for Health Improvement and Disparities.

⁶ Bhattacharjee, A., Dolton, P., Mosley, M. & Pabst, A. (2023) The Fiscal Costs and Benefits of Problem Gambling: Towards Better Estimates. National Institute of Economic and Social Research

16. NHS Digital, on the other hand, has supplied a large body of high-quality data regarding participation in betting and gaming and the prevalence of gambling disorder⁷. Some of the DPH's statements are consistent with evidence from NHS Digital – but the absence of citations makes it unclear whether the DPH is citing NHS findings or claims from less reliable sources. This absence of context has a significant bearing on the extent to which the council's concerns might be considered to be reasonably justified and evidentially supported.

Issues in cost analysis

17. Simply identifying associations between two or more variables does not allow us to draw conclusions about the nature of the associations. In the absence of such an understanding, it may be difficult to derive meaningful conclusions with regard to what (if anything) should be done about such associations.
18. Walker (2012) highlights recurrent issues of comorbidity and counter factuality where attempts have been made to identify costs (and benefits) associated with gambling.

Comorbidity – “It is important to consider the matter of the net or marginal contribution of pathological gambling to socially undesirable behaviour. Investigators usually observe that pathological gamblers have legal problems, often require public assistance in the form of various kinds of welfare payments, and may require more medical services than other individuals.

These observations are easily verified but prove little. As most authors would acknowledge, simply observing that gambling is correlated with such problems does not imply that gambling causes them. If gambling were not an option, a person predisposed to a pathological disorder may manifest his disorder in other destructive ways. More importantly, if pathological gambling is simply a symptom of some more basic disorder, it is the more basic disorder rather than gambling itself that is the underlying cause of the adverse consequences and social costs of the pathological gambling.”⁸

19. Walker adds that *“In comorbidity cases pathological gambling may make little or no contribution to legal problems, bankruptcy, need for public assistance, or high medical care costs that often characterize pathological gamblers.”*

⁷ These include the Health Survey for England, the Scottish Health Survey and the Adult Psychiatric Morbidity Survey

⁸ Walker, D. (2012) *Casinomics: The Socioeconomic Impacts of the Casino Industry*. Springer. pp.179-180

Counterfactual scenario – “When considering the costs (or benefits) associated with gambling and gambling behaviour, it is important to consider the counter-factual scenario. That is, we must be mindful of what otherwise would have happened.”⁹

20. I turn now to considering each of the three representations.

Part 1. Assessing the evidence provided in the representation from the Director of Public Health

21. On 28th April 2022, Judith Hedgley, the Head of Public Protection at Middlesbrough Council submitted correspondence to Tim Hodgkinson, of the council’s licensing team with regard to the proposed relocation of a casino licence within the local authority. The correspondence was sent on behalf of the council’s Director of Public Health (the ‘DPH’) and contained a number of statements with regard to “harms that problem gambling encompasses”.

22. The DPH supplies a number of reasons for rejecting the application for relocation of the casino licence. Unhelpfully, no citations are provided and this makes it difficult to understand the strength of the evidence that the DPH has considered. The grounds are also expressed in very brief and imprecise terms. In a number of instances, no attempt is made to describe the depth or breadth of the issues that cause concern. These omissions are important.

23. The first set of statements reads as follows:

“We recognise the extensive harms that problem gambling encompasses:

- *Potential co-morbidities eg. anxiety & depression, substance misuse*
- *Medical consequences eg. insomnia, CVD, stomach problems*
- *Social consequences eg. relationships, neglect, bankruptcy*
- *Burden on public purse eg. health, welfare, housing, criminal justice”*

24. The second set, covers some of the same territory but provides some attempt to describe associations.

“It has also been found that:

⁹ Ibid. p.178

- *For male gamblers, alcohol consumption is heavier in those classified as problem or at risk gamblers than those classified as non-problem or non-at-risk gamblers.*
- *Problem gamblers are more likely to be smokers and they are also more likely to be heavy smokers*
- *For self-reported anxiety and/or depression; 47% of problem gamblers said they are moderately or severely anxious or depressed versus 20% of non-problem or non-gamblers.*
- *For diagnosed disorders, 11% of problem gamblers have a diagnosed mental health disorder versus 5% of non-problem or non-gamblers.”*

25. In relation to both sets of statements, I make the following observations:

25.1 The failure to provide citations or references is unhelpful and frustrates attempts to assess the accuracy and meaningfulness of the claims¹⁰.

25.2 Observations of association are of limited value to public policy decisions. Correlation does not denote causation.

25.3 The failure to consider associations between recreational gambling and positive health and well-being – despite evidence of such associations (possibly drawn from the same sources as the DPH’s claims of harm).

26. I turn now to examining the themes that the DPH highlights.

I - Comorbid mental health conditions

26.1 It is generally recognised that ‘gambling disorder’ and ‘problem gambling’ are comorbid with a number of other mental health and physical health conditions¹¹. The DSM-5 states, for example that *“Individuals with gambling disorder have high rates of comorbidity with other mental disorders, such as substance use disorders, depressive disorders, anxiety disorders and [personality disorders. In some individuals, other mental disorders may precede gambling disorder and be either absent or present during the manifestation of the gambling disorder. Gambling disorder may also occur*

¹⁰ It has been suggested that the source of these claims is the NHS Health Survey for England 2012 and the Scottish Health Survey 2012.

¹¹ The Adult Psychiatric Morbidity Survey finds a “strong associations” between DSM-IV ‘problem gambling’ and anti-social personality disorder and “weak associations” (a number on the cusp of ‘little or no association’) with ‘obsessive compulsive disorder, ‘panic disorder/phobia’, ‘alcohol dependence’, ‘drug dependence’

*prior to the onset of other mental disorders, especially anxiety disorders and substance use disorders.*¹² The NHS Adult Psychiatric Morbidity Survey 2007¹³, revealed a strong correlation between DSM-IV ‘problem gambling’ and anti-social personality disorder¹⁴ and weak associations with alcohol use disorder, substance use disorder, borderline personality disorder, panic disorder and psychotic disorder.

26.2 It may be instructive to consider findings from the American Psychiatric Association’s project to revise its Diagnostic and Statistical Manual of Mental Disorders, which commenced in 1999 and concluded with the publication of the Fifth Edition (the DSM-5) in 2013. This project included an attempt to modernise the diagnosis of mental health disorders by moving away from guided clinical interviewing towards a more biomedical approach (e.g. the use of genetic science and brain imaging to identify disorder). While the project ultimately failed (DSM-5 diagnoses are still based on clinical interview), the process raised questions about the APA’s successive expansion of mental health classifications between the DSM-II and the DSM-IV. The eminent sociologist, Professor Allan V. Horwitz writes:

“Contrary to DSM assumptions, instead of a large number of distinct entities, mental disorders seemed more related to a small number of general vulnerabilities such as ‘psychoses,’ ‘internalised neuroses,’ and ‘externalised neuroses.’ These common factors make people prone to develop a variety of different conditions rather than separable disorders. This startling finding was in certain ways closer to DSM-I and II conceptions of mental disorder, etiology notwithstanding, that the numerous distinct categories that dominated subsequent DSMs”¹⁵.

26.3 This finding is at least in part consistent with Blaszczynski & Nower’s ‘Pathways’ model¹⁶. It may suggest that gambling disorder is not so much a discrete mental health condition but instead what happens when someone with an underlying disorder engages in betting or gaming¹⁷. This hypothesis provides a plausible explanation for

¹² American Psychiatric Association (2013) Diagnostic and Statistical Manual of Mental Health Disorders: Fifth Edition. p.589

¹³ McManus, S., Meltzer, H., Brugha, T., Bebbington, P. & Jenkins, R. (2009) Adult Psychiatric Morbidity in England, 2007: Results of a household survey. The NHS Information Centre. p.240

¹⁴ The association between gambling disorder and anti-social personality disorder has been identified as far back as the DSM-III in 1980.

¹⁵ Horwitz (2021) DSM: A History of Psychiatry’s Bible. pp119-120

¹⁶ Blaszczynski, A. & Nower, L. (2002) A pathways model of problem and pathological gambling. Society for the Study of Addiction to Alcohol and other Drugs.

¹⁷ It is important to note that these observations were made in relation to gambling disorder and not the sub-clinical classification of ‘problem gambling’

both the high levels of comorbidity between gambling disorder and other mental health conditions; and between psychiatric disorders in general.

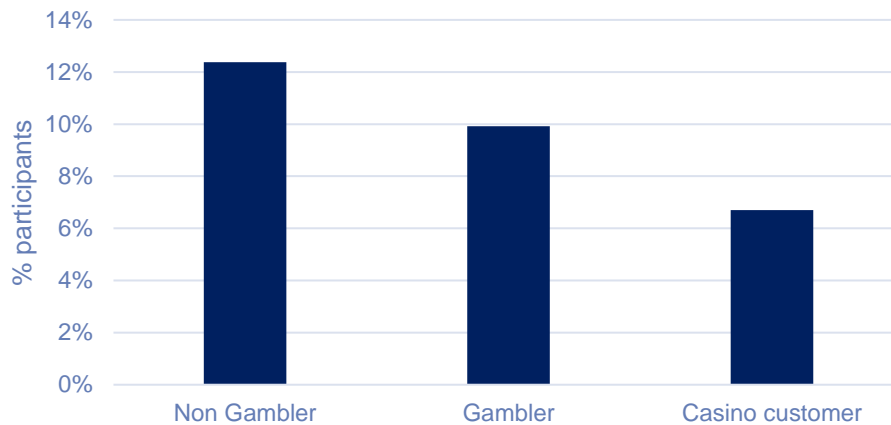
- 26.4 The DPH is correct to identify relatively high rates of comorbidity – but the salience of this observation, unaccompanied by any discussion of the nature of these comorbidities (e.g. directionality; temporal sequencing) or the extent to which they are relevant to policy decisions is unclear.

Anxiety/depression

- 26.5 The NHS Health Surveys do indicate that ‘problem gambling’ and gambling disorder are associated with heightened rates of depression – as is the case with many mental health disorders. They also however reveal that recreational or ‘non-problem’ gambling is associated with lower rates of depression than for non-gamblers. PHE (2021), commenting on results obtained from the NHS Health Surveys observed that: *“gambling and the risk of gambling-related harm also appear to be associated with psychological and physical health. Overall, the highest levels of gambling participation are reported by people who report better general psychological health (on the short general health questionnaire (GHQ-12)) and higher life satisfaction. In contrast, people describing poorer psychological health are less likely to report gambling participation. Again, this reverses for problem gambling with higher prevalence among people with poor health, low life satisfaction and wellbeing, and especially for people where there is an indication of probable psychological health problems.”*¹⁸
- 26.6 We note that this effect is particularly pronounced among people who play in traditional (non-remote) casinos. Our analysis of data from the NHS Health Surveys reveals that casino customers are markedly less likely to be classified with ‘probable depression’ (using the Warwick-Edinburgh Mental Well-being Scale) than the general population (and that past-year participants in gambling have – on average – better mental well-being than non-gamblers).

¹⁸ Public Health England (2021) Gambling-related harms evidence review: Quantitative analysis of gambling involvement and gambling-related harms among the general population in England. p.4

Chart 1: Prevalence of probable depression - gamblers and non-gamblers (Warwick-Edinburgh Mental Well-being Scale).



Source: NHS Digital/Regulus Partners

If the council wishes to infer causation between ‘problem gambling’ and poorer mental health; then it seems equitable that it must also infer causation between non-problem gambling and better mental health.

Diagnosed mental health disorders

26.7 It is unclear what the DPH intends to convey here. Based on analysis of data in the Health Surveys, a little under half of people classified as ‘problem gamblers’ may be expected to have a gambling disorder (i.e. survey responses indicate that they may meet the criteria for DSM-IV ‘pathological gambling’/ DSM-5 ‘gambling disorder’), which is a mental health disorder. The DPH’s claim is therefore surprising as it indicates that a maximum of 11% of ‘problem gamblers’ (in whatever study this statement refers to) will have been diagnosed with any mental health disorder. It may of course be that the DPH intended to suggest that 11% of ‘problem gamblers’ had been diagnosed with a mental health disorder aside from gambling disorder. If so, this again would be unsurprising given the fact that mental health disorders are very often comorbid. The influential ‘Pathways’ model (Blaszczynski & Nower, 2002) defines three pathways to problem gambling. Two of those pathways are ‘emotional vulnerability’ (i.e. where gambling is used as a coping response to a traumatic event) and ‘biological vulnerability’ (where the neurobiological factors make the individual less able to regulate behaviour). It should therefore be unsurprising that some ‘problem’ or ‘disordered’ gamblers experience a number of mental health conditions.

26.8 Where non-problem gamblers are concerned, it may well be that the incidence of mental health disorders are lower. For example, we know from Health Surveys that

rates of poor mental health and depression are lower among non-problem gamblers than they are within the general population.

II - Physical health and risky or unhealthy behaviours

26.9 Medical conditions - the absence of citation is particularly problematic where this statement is concerned. The DPH describes a causal relationship between ‘problem gambling’ and insomnia, cardiovascular disease and stomach problems without providing any supporting evidence. Research does indicate that ‘problem gamblers’ may be at higher risk of experiencing certain health conditions – but also that they are at lower risk of others. For example, Cowlshaw and Kessler’s 2016 study of data from the NHS APMS 2007¹⁹ indicated that DSM-IV ‘problem gamblers’ were less likely to be overweight or obese (compared with the general population) and less likely to suffer from bronchitis or emphysema. Where statements of causality are made (whether in relation to positive or negative outcomes from any activity), it is important that they are supported by clear evidence – but this is not the case where the DPH’s statement is concerned.

Alcohol consumption and cigarette smoking

26.10 Results from the NHS Health Surveys (2012, 2015, 2016 and 2018) support the DPH’s statements regarding alcohol consumption and cigarette smoking. As Public Health England observed in 2021, the rate of problem gambling was highest among those who consumed between 36 and 50 units of alcohol per week on average (although the rate among those who consumed more than 50 units a week was slightly lower). It is unclear what this association tells us – and certainly it cannot be inferred that the ‘problem gambling’ causes the high levels of alcohol consumption; or that changes to population rates of ‘problem gambling’ would have any effect on alcohol or tobacco consumption.

Social consequences

26.11 Once again, we note that the DPH makes a claim of causality without providing any supporting evidence. There are however, some useful data-points from Official Statistics that may illuminate these matters. Analysis of data from the NHS Health Survey for England 2018 reveals that 0.3% of people who gambled reported risking *“an important relationship, job, educational or work opportunity because of*

¹⁹ Cowlshaw, S & Kessler, D. (2016) Problem Gambling in the UK: Implications for Health, Psychosocial Adjustment and Health Care Utilization. *European Addiction Research*. p.94

*gambling*²⁰. Meanwhile, the National Institute of Economic and Social Research found that 0.04% of people surveyed in the ONS Wealth and Assets Survey 2019, reported insolvency or bankruptcy as a result of gambling or other forms of speculation (e.g. property or stock market investment)²¹. While these statistics represent meaningful numbers of people in absolute terms, they also highlight the relative rarity of these harms among gambling consumers.

Burden on the public purse

26.12 It is not contested that disordered gambling can impose certain costs on the state through the heightened use of public services. The same may be said of mental health disorders in general and of dysregulated consumption of a wide variety of goods and services, including eating food, drinking alcohol and sweetened drinks or shopping. We note that a number of attempts have been made in recent years to calculate the extent of such costs, including reports from the Institute of Public Policy Research (2016)²², Public Health England (2021), the Office for Health Improvement and Disparities (2023) and the National Institute for Economic and Social Research (2023). Each of these reports has been criticised for the use of unsound or highly speculative methodologies and – in the case of PHE, OHID and NIESR – clear and obvious mathematical and factual errors. The PHE report was withdrawn in 2023, following admissions by the Department of Health and Social Care that ‘mistakes’ had been made in its production²³.

26.13 The DPH letter does not provide any citations in support of its claims with regard to burdens on the public purse – but the risk should be considered that the views it expresses may have been influenced by **either** the IPPR or the PHE reports.

Part 2 – assessing the claim that colocation of a casino with an adult gaming centre would present a risk to the licensing objectives

27. A further letter was sent by Tim Hodgkinson of Middlesbrough Council on 28th April 2022, objecting to Luxury Leisure’s application to vary the licence of its existing Adult Gaming Centre in order to reduce the area licensed for gambling. The nature of the objection is described as follows:

²⁰ Regulus Partners (2021) *Gambling in Great Britain in the 21st Century – A Statistical Review*. Report 2: Behaviours and Harms.

²¹ Bhattachargee et al. (2023), p.46

²² Thorley, C., Stirling, A. & Huynh, E. (2016) *Cards on the Table: The Cost of Government Associated with People who are Problem Gamblers*. Institute of Public Policy Research.

²³ DHSC responses to Freedom of Information Act requests

“Although the application is to reduce the size of the current AGC it is understood that variation is to enable a converted casino to located in part of the premises removed then later expanded and transferred to Luxury Leisure, the holders of the AGC. No detail of the proposals or impact of the proposals have been received and such an operation in that area is likely to lead to harm to the objectives.”

28. It seems reasonable to observe that an absence of detail regarding the proposals may present a challenge in assessing the extent to which they are consistent with the licensing objectives. By the same logic however, it is difficult to understand how the absence of detail can lead to the conclusion that the proposals are *“likely to lead to harm to the objectives”*. The suggestion here is that the opening of a casino in Middlesbrough city centre is, by its very nature, antithetical to the licensing objectives. This would clearly be illogical. I would therefore expect to see a much more careful and evidentially supported explanation of how the council has formed this view.

Part 3– assessing the representation to vary the casino licence

29. On 28th April 2022, Tim Hodgkinson made a representation in respect of Double Diamond’s plan to vary its casino licence. The substance of the council’s objection appears to have been a concern that the proximity of the casino and AGC premises was unlikely to be compliant with the Gambling Commission’s Licence Conditions and Codes of Practice. The relevant passage is as follows:

“It does not appear the proposals will comply with Social Responsibility Code 9 or the Guidance at part 17 with regard to the provision of substantive facilities for casino games and/or games of equal chance and supervision of those facilities and how the premises will be such that a customer can recognise as a casino. The Licensing Authority is concerned that the casino is to be used as a vehicle of offer higher stake and prize gaming machines, in addition to it being positioned adjoining an Adult Gaming Centre which also could have 20% of the overall machines being higher stake and prize gaming machines.”

30. It is unclear why Middlesbrough Council should object to a casino licence being used to *“offer higher stake and prize machines”*, given that such games are an expected part of the casino experience in Britain and in many other markets around the world. In other words, it is explicitly intended in law that casinos - and only casinos - should be permitted to allow B1 machines, which have the highest stake and prize maximums under the Gambling Act’s system of categorisation. I fail to understand why the council should object to a licence being used as a *“vehicle”* for precisely the games intended

by law. I am informed that the casino licence would indeed be used for the purposes of offering substantive facilities for non-remote casino games alongside electronic gaming machines.

31. The reference to the LCCP is curious. SR Code 9.1.3 requires that *“facilities for gambling must only be offered in a manner which provides for appropriate supervision of those facilities by staff at all times”*; and *“licensees must ensure that the function along with the internal and/or external presentation of the premises are such that a customer can reasonably be expected to recognise that it is a premises licensed for the purposes of providing facilities for casino games and/or games of equal chance.”* Once again, it is difficult to understand how these present grounds for objecting to the application. Luxury Leisure would be required to provide *“appropriate supervision”* and to enable customers to recognise the nature of the premises as one licensed for the purposes of providing facilities for casino games and/or games of chance. The council therefore appears to be objecting to the application on the speculative assumption that Luxury Leisure would subsequently operate on a non-compliant basis.
32. The council contends that the proximate location of a casino licence with an AGC licence is inconsistent with the licensing objectives; but without providing any evidence in support of this claim. Its use of the term *“higher stake and prize gaming machines”* to describe both B1 gaming machines in a casino (£5 maximum stake and £10,000 maximum jackpot) and a B3 machine in an AGC (£2 maximum stake and £500 maximum jackpot) is confusing. It risks giving the false impression that 20% of the machines in the AGC would offer the same stakes and prizes as would be found in a casino. This is clearly not the case. In any event, it is unclear why the presence of B1 and B3 machines in proximate but separate premises presents a risk to the licensing objectives. A customer would not, for example, be able to play simultaneously in the AGC and the casino or to play in more expedited fashion. If anything, the relocation of the casino licence seems likely to result in enhanced player supervision – in terms of entry controls, staffing ratios and the introduction of play tracking on the casino machines. It seems reasonable to assume that protections for customers will in fact be enhanced as a result of the proposed variations. If the council believes that the proximate location does represent a risk to the licensing objectives, I would expect it to explain specifically how this would be manifested.
33. The representation further objects that the presence of a casino licence in proximity to *“numerous licensed premises selling alcohol”*:

“ The premises is situated in Central Ward in the town centre area, near to numerous licensed premises selling alcohol. The area already suffers from high levels of crime and disorder and deprivation. So much so that for a number of years this area has been included in a cumulative impact area for premises licensed under the Licensing Act 2003. It is not clear what the proposals are, however, a converted casino with its machine entitlement in that position is likely to lead to harm to the objectives.”

34. It is unclear to me from this passage whether the Council’s concerns stem from a) the addition of another venue licensed to sell alcoholic drinks (a standard feature of casinos in Great Britain and globally); or b) that it would offer gaming machines in an area with a relatively large number of licensed bars and restaurants. In any case, the representation fails to explain why the proposed variations represent a risk to the objectives of either the Licensing Act 2003 or the Gambling Act 2005 (even though no Licensing Act 2003 application has in fact been made yet).
35. It may be instructive to observe that the sale of alcoholic drinks in casinos is relatively modest. Analysis of audited results from The Rank Group Plc (the largest operator of non-remote casinos in Great Britain, through Grosvenor Casinos) indicates that in 2019²⁴, the mean spend per visit on food, drink and other non-gaming activities in casinos outside London was around £3. While the results do not allow us to infer median expenditure or the distribution of expenditure, it ought to be clear that the sale of alcohol is fairly modest in most casinos²⁵. It seems unlikely therefore that a casino would add in any significant way to the overall consumption of alcoholic drinks in the town centre.
36. The subsequent claim that *“a converted casino with its machine entitlement in that position is likely to lead to harm to the objectives”* seems to be a non-sequitur. It suggests that the presence of gaming machines is likely to have a bearing on the cumulative impact of alcohol licensing. If instead the council wishes to suggest that the presence of licensed premises in the proximity of the casino poses a risk to the licensing objectives of the Gambling Act 2005, it should explain exactly how this “harm” might be expected to arise. I observe that the high levels of controls found in casinos in Great Britain - including entry controls and high levels of supervision - mean

²⁴ I have used this datapoint because it is the most recent figure publicly available from Rank’s financial statements and because it is unaffected by the Covid disruptions to trading of recent years. The figure is reasonably consistent with prior years, suggesting that it is likely to be sufficiently accurate for the purposes of this analysis.

²⁵ It may also be worth noting findings from a 2021 study of the banking transactions of customers of Lloyds Bank (Muggleton et al., 2021) found that people who spent a higher than average proportion of their income on gambling spent a lower proportion of their income on going to bars.

that disordered or socially undesirable behaviour or excessive consumption of alcohol are extremely rare.

Conclusion

37. Gambling disorder is associated with a number of harmful outcomes – in some cases the association may be causal and in others non-causal. The same may however be said of all mental health disorders, including for example alcohol use disorder, caffeine use disorder, eating disorders, internet use disorder and compulsive buying behaviour. It may therefore be possible to assert similar objections to the development of a much wider array of businesses – including shops, restaurants, coffee shops and shops - on the grounds that disordered consumption is associated with negative health and well-being.
38. It is not clear that the statements provided by the DPH represent sufficient grounds for restricting consumer choice. They consist of (often unsupported) observed associations between problem gambling and negative health and wellbeing, shorn of any of the context necessary to determine their salience to the Licensing Objectives. In some instances, claims of causality are made which – in the absence of supporting evidence – appear to be misleading.
39. The representations from the Licensing Manager allege that the proposed variations may be inconsistent with the objectives of the Licensing Act 2003 and the Gambling Act 2005 – but without any detailed explanation of why this should be the case or the supply of evidence to support these claims.
40. The representations appear to give no consideration to the benefits that the proposed variations may be expected to bring to consumers in Middlesbrough and beyond. This is a critical omission. The Gambling Act 2005 requires that “children and other vulnerable persons” be protected “from being harmed or exploited by gambling”. This imposes a requirement on operators to implement suitable controls to prevent harm or exploitation; but it does not justify blanket restrictions or prohibitions on recreational consumers. In failing to consider the benefits to consumers from the proposed variations, it is questionable whether the council is acting in accordance with both the spirit and the letter of the Gambling Act.
41. I have had the opportunity to review Luxury Leisure’s policies and procedures and the statements of Charles Churchill, Kevin Farnsworth and Mark Thompson

Statement of Truth

The contents of this witness statement are true to the best of my knowledge and belief.

Dan Waugh

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Dan Waugh

Dated 6th July 2023

MIDDLESBROUGH COUNCIL LICENSING SUB-COMMITTEE

**IN THE MATTER OF LUXURY LEISURE AND DOUBLE DIAMOND, 22 NEWPORT ROAD,
MIDDLESBROUGH, TS1 5AE**

WITNESS STATEMENT OF ANDREW COTTON

I, **ANDREW ROBIN COTTON**, of 2 Leman Street, London, E1 8QN will say as follows:-

1. I am qualified as a solicitor and employed as the Director of Betting and Gaming at Ince and Co, a firm specialising in the provision of a range of legal services relating to the regulation of gambling products and services, including operator and premises licensing, regulatory compliance, data protection and anti-money laundering controls.
2. Prior to moving into private practice 10 years ago I was employed [for 12 years in HM Courts Service, reaching the position of Deputy Clerk to the Justices, which included responsibility for Betting and Gaming. Thereafter, I was employed for over 15 years by the Rank Group plc with specific responsibility for the licensing of AGC, betting offices, bingo and casino premises both under the former Gaming Act 1968 and the Gambling Act 2005. I joined the leisure division of company in March 1997, which also at the time operated in the wider leisure sector including Odeon Cinemas, Rank Nightclubs, Holiday Parks, Hotels and Hard Rock Cafes.
3. I had specific responsibility for securing the gaming licence approval for the grant of new casino licences for the new leisure style of much larger casino premises initiated by all the key operators in the industry. It was also necessary to apply for a new licence and prove demand for an expansion of gaming facilities where existing casinos were re-located (such as the move of the Stakis licence to Teesside Leisure Park) and/or when existing premises were expanded or significantly re-developed. I secured an additional 16 casino licences for Grosvenor Casinos, all but one of which have been developed.
4. I have over 25 years specialist practitioner experience in the licensing of land based casinos and bingo clubs and over 20 years experience of the licensing of remote forms of betting under the former 1963 betting legislation and the subsequent consolidated legislation passed into law on 7th April 2005.
5. It is extremely important for the Sub Committee to understand the history of legislative controls imposed by the pre-2005 legislation, which applied to applications for casino licences until the last 1968 Act casino licence was granted on appeal in 2009.
6. Under the 1968 Act the supply of land-based casinos and bingo clubs was controlled by the application by the demand test and it is of interest to note that it was during the final years of that licensing regime (between 2004 to 2009) that the demand test was effectively applied.

7. Indeed in early 2006 the government introduced provisions to prevent any further applications for new casino licences given the significant increase in applications to the Gaming Board/Gambling Commission for consent to make a casino licence application. This was an inevitable consequence of the restrictions imposed in reducing the number of new style casino licences both in December 2004 and in the wash-up of the legislation to ensure the Act was passed before parliament was prorogued. This curtailed debate on outstanding amendments and revisions to the Act.
8. Prior to the two changes to National Casino Policy implemented in 2004 any application for a new casino would be permitted if the premises complied with the minimum size requirements for the proposed small and large casinos as they were not to be limited to allocated areas. This resulted in widespread concerns over the uncontrolled proliferation of casinos, including from the existing industry. In 2004 restrictions were initially introduced to create a new category of new style casino (the regional casino) and initially only this category was to be limited in number by way of geographical allocation. This actually resulted in the press launching a campaign highlighting the potential for there being a casino on every high street corner.
9. On 16th December 2004 the government published its revised proposals, which was to restrict the number of new licences to 16 small, 16 large and 16 regional casinos. These were to be allocated through an assessment process to be launched once the Act was in force. Measures were also announced to prevent those casinos licensed under the 1968 Act from qualifying for a new licence if they met the minimum size criteria. Their entitlements to gaming machines were to remain at the level then applying to 68 Casino licences (10) but then increased to 20 as part of the transitional arrangements.
10. As other witnesses have addressed the selection process for the 17 licences was completely flawed (as excluding the one regional casino that has never been allocated) 10 of the 16 “trial areas” were to be existing Permitted Areas where there were existing operating casinos.
11. One of those Permitted Areas was Teesside, which encompassed Stockton, Redcar, Thornaby and Billingham in addition to Middlesbrough itself. The Permitted Area supported three 68 Casino licences at the time the Act was implemented. The original Stakis/Gala Casino at Teesside Leisure Park, the Grosvenor Casino at Chandlers Wharf in Stockton (granted in 2005) and the Clermont Leisure Licence (granted in 2006) for the former Thistle Hotel. The catchment area for all of these licences was at least the combined area of what are now separate Local Authority areas and indeed extends to Darlington in the west and Hartlepool to the north. A further Permitted Area in Sunderland also supports a separate casino with parts of the catchment areas overlapping.
12. Had all the 1968 Act licences for which the Gaming Board/Gambling Commission issued Certificates of Consent there would now be some 256 in existence. By the time the last 68 licence was granted this had reduced to 186, in large part because only 4 of the 32 applications submitted by Clermont Leisure were actually granted.
13. Other witnesses have addressed the key challenge to the profitability of the casino industry created when the Chancellor hiked casino duty in his budget in 2007 and in particular by the removal of the lower bandings of 2.5% and 12% paid for most smaller casinos and replaced them with a new 15% rate. The marginal rate of duty paid increased by over 50% in some cases. Overnight a considerable number of casinos became unviable and this resulted in the closure in the following year of a significant

number of small casinos with restricted facilities and space to bolster revenue – gaming machines, restaurants and poker facilities.

14. The industry was also badly impacted by the imposition of the smoking ban with many casinos being unable to provide secure outdoor smoking areas except for the newly developed sites where facilities were incorporated in projects commenced from 2005 onwards.
15. In 2008 Grosvenor alone closed 4 casinos in Leeds, Liverpool, Manchester and Scarborough. All of these casino licences were parked and the licences re-located to new sites and developed as electric casinos. The former Hard Rock Casino licence in Manchester was “stored” in a void space at the recently developed Manchester Casino for several years.
16. The period from 2001 to 2006 had seen a considerable number of casino licences granted to new entrants to the casino industry. With the exception of those developed prior to 2006 in Luton, Liverpool, West Bromwich, Southampton, Blackpool, Birmingham, Bristol, Southport, Scarborough, Walsall, Wolverhampton, Coventry and Great Yarmouth the remainder of applications by new entrants post 2006 were not developed because of the combined impact of the fiscal provisions and the smoking ban. Indeed all of the licences referenced above with the exception of the Shaftesbury in West Bromwich, the Opera House in Scarborough and the Palace in Great Yarmouth have been acquired by the larger casino operators. Genting acquired the Luton, Bristol and Southampton independent casinos and parked them at other casinos operating in the same Licensing Authority area. Two of these were subsequently developed as electric casinos.
17. Gala closed its small second casino in Bristol and parked it and developed it as an electric casino in the newly developed additional casino it had developed. Grosvenor acquired the Walsall and Blackpool licences and again parked them and developed them as an electric casino within the casinos they already operated in those towns.
18. There were a further considerable number of parking applications as part of the development of the additional casino licences I secured during my time at the Rank Group, including new developments of full service casinos at new sites in Manchester and Reading.
19. In 2013 the sale of the majority of the Gala Casinos to the Rank Group included two undeveloped casinos in locations where Gala had secured additional 1968 Act licences. After I left Rank at the end of 2012 the Gala Coventry licence was moved and parked in the Ricoh Stadium Casino Grosvenor acquired in 2011. The additional licence Gala had secured in Northampton was moved and parked in the operating casino that Grosvenor acquired from Gala. Both were subsequently developed as Electric Casinos. As part of the Gala acquisition the Competitions and Markets authority ruled that Rank would not be permitted to acquire casinos in seven locations and in one case Rank was required to sell one parked and unused licence to enable it to acquire the operating Gala casino in Edinburgh. Five of the Gala licences were sold to Double Diamond, including the former casino licence for the Teesside Leisure Park given that Rank already operated the Stockton Casino in the same Permitted Area and catchment area which is the area that the CMA used to assess levels of competition. The licence in Edinburgh remains undeveloped and is parked in a restaurant operated by the group that includes Corinthian Casinos.

20. In 2012/13 Rank also acquired the non-operational casino licences held by Clermont Leisure. That company secured 4 new provincial 1968 Act licences (including one in Teesside) The London licence that had been parked in the basement of the Cumberland Hotel was moved and parked in an unlicensed area of The Victoria Casino whilst works were undertaken to develop a second casino on the second floor of the Victoria. The company developed this as a dedicated Poker Room capable of holding significant poker tournaments. LCI had developed a similar additional poker room casino at the Empire Casino in Leicester Square in 2010/11.
21. I am aware that three of the provincial licences were re-located and parked in Mecca Bingo Clubs during 2013. When Rank acquired Gala Casinos two of these (Bradford and Glasgow) were re-located again and developed as electric casinos in two of the casinos acquired.
22. The majority of the other electric casinos that have developed in another casino operated by the same operator have been closed because they became unprofitable following the gaming duty increase in 2007. As another witness has explained one of the main reasons for the closure of small traditional casinos was the significant increase in gaming duty by the removal of the lower bands that these smaller casinos had been paying – in some cases the increase in duty was in the region of 120%.
23. The 2020/21 pandemic had a devastating impact on land-based gambling businesses and in particular the casino industry because of the massive costs involved in having to close, open in August 2020, close again in December 2020 and then finally re-open in 2021. Casinos were forced to close during the initial lock down for three months longer than most leisure venues. Some have never recovered and have permanently closed. These include:
- Maxims, Kensington and Chelsea (in administration);
Ritz Casino, Westminster;
Genting Bristol (2 licences);
Genting Margate;
Genting Nottingham;
Genting Southport;
Genting Torquay;
Grosvenor Russell Square;
Park Lane Casino, Westminster (sold by administrators to Metropolitan Gaming and being re-branded);
Clockfair Birmingham (sold by administrators to Metropolitan Gaming)
24. The Margate, Nottingham and Birmingham Casinos all opened in the 2000's as modern leisure based casinos. With the exception of the Ritz licence and Clockfair licence all of these licences remain parked in their original locations. Both the Ritz and Clockfair licences have been sold and parked elsewhere by their new owners, Hard Rock CC London Limited and Metropolitan Gaming.
25. There is one last category of permanently parked casino licences to explain and that comprises those 1968 Act casino licences that have not traded at all since the Gambling Act was implemented and all hold converted casino licences. These include three that closed during the early 2000's and the licences have been maintained:

Genting (formerly Stanleys) Lytham St Annes;

Genting (formerly Stanleys) Great Yarmouth;
Genting (formerly Stanleys) Walsall.

26. The undeveloped licences are:

Aspers Bournemouth;
Genting Hull;
State Casino Liverpool;
Cheshire Sporting Club Manchester.

27. Both the Gambling Commission and the government are fully aware of the number of non-operational casinos and electric casinos as the government's White Paper identifies that there are in the region of 50 dormant licences. The Government is fully aware of the issues that the land based industry has faced as a result of the long delay in implementing the standardisation of gaming entitlements across all casinos (with the one exception of bingo which will remain available in large casinos alone). Indeed officials from DCMS have gone on record several times at conferences in the past year acknowledging that casino entitlements would be revised in the pending secondary legislation.

28. All of the proposed changes to bring converted casinos in line with small casinos (i.e. those casinos that have live gaming tables available and meet the minimum size requirements) can be achieved through secondary legislation. Fully automated casinos of the type proposed here will not benefit from an increase in gaming machine numbers. One other proposal that will be taken forward through secondary legislation is to re-allocate 2005 Act Casino Licences that have not been developed to other Local Authority Areas.

29. These areas are likely to be ones that do not have casinos as the government has finally accepted the evidence given to the Culture Media and Sport Committee in 2011 that 2005 Act casinos would not be developed in areas with existing casino provision. There is only one area where a large casino has been developed in an existing Permitted Area and that is in Leeds. The opening of that casino triggered the closure of two 1968 Act casinos in Leeds and two in neighbouring Bradford. Indeed three 05 Act authorities have already published documentation stating that they will not progress with their entitlement to hold a competition, including Swansea, which passed a no casino resolution in 2014.

Statement of Truth

The contents of this witness statement are true to the best of my knowledge and belief.

Andrew Cotton

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Andrew Cotton

Dated 6 July 2023

MIDDLESBROUGH COUNCIL LICENSING SUB-COMMITTEE

**IN THE MATTER OF LUXURY LEISURE AND DOUBLE DIAMOND, 22 NEWPORT ROAD,
MIDDLESBROUGH, TS1 5AE**

WITNESS STATEMENT OF CHARLES CHURCHILL

1. I **CHARLES CHURCHILL**, of Fifth Avenue Plaza, Queensway, Team Valley Trading Estate, Gateshead, NE11 OBL will say as follows:- I am the Casino General Manager for the applicant company Luxury Leisure. This is the first casino development by the UK operating arm of Novomatic, the largest casino operator in Europe. The company's Operating Licence was varied in January 2022 to add non-remote 1968 Act casino to the other businesses licensed by the Gambling Commission, non-remote bingo, non-remote betting, Gaming Machine Adult Gaming Centre and Gaming Machine Family Entertainment Centre, as well as remote bingo and casino.

2. Prior to my taking up my role with Luxury Leisure I was employed as a casino manager at 4 different casinos originally licensed under the 1968 Gaming Act operated by Grosvenor Casinos:

Deputy General Manager - Grosvenor Casino Stockton-on-Tees August 2012 to August 2015;
General Manager – Grosvenor E-Casino Scarborough August 2015 to June 2017;
Cluster Manager for Grosvenor Casino Hull and Grosvenor E-Casino Scarborough June 2017 to October 2018;
Senior General Manager Grosvenor Casino Sheffield October 2018 to March 2022.

3. The E-Casino in Scarborough was the first substantive, fully Electronic Casino developed by Grosvenor Casinos. A similar casino was developed in Liverpool but was subsequently re-located to create a second casino within the Leo Casino Liverpool following its acquisition from Gala Casinos in 2013. Both casinos replaced small traditional casinos which Grosvenor closed as they became unviable following the significant increase in gaming duty in 2007/8.

4. My previous management experience at Grosvenor Casinos provides me with excellent insight into the appeal of the three different types of casino offer that have developed amongst converted casino licences. The casino in Stockton was branded as a G Casino when it opened and is an example of a casino with wider customer appeal with a restaurant, entertainment and a dedicated poker offer. Scarborough is similar to the model that is proposed here in Middlesbrough with no live gaming tables and a restricted food and beverage offer. Hull is very much a traditional casino of the 1980's with live gaming tables, a restricted good and beverage offer and no entertainment.

5. The Sheffield site was further developed during my time as manager and was the first of Grosvenor's new concept casinos, which included adding a sports bar and a wider entertainment offer. The Brighton Casino was also re-developed by taking additional space below the original casino and implementing a separate electric casino, being the former Hove Casino licence, which had been parked in the basement for some years.
6. The different styles of casino do attract slightly different customers with the peak age group being between 30 and 50 across all of Grosvenor's estate. Given the wider entertainment and facilities offered in Stockton and in particular the concept in Sheffield there is a larger 25 to 30 customer base. However, Scarborough and Hull are very much the traditional casino profile of 30 plus with only background music being provided.
7. The Government has accepted in the White Paper published on 27th April 2023 that the industry has implemented protections such as tracked play and will be consulting on proposals to introduce a standard machine to table ratio of 5:1 in small as well as large casinos and in addition in converted casinos that meet the size requirements for a small casino. For those with smaller table gaming and non gaming areas a sliding scale will be implemented. However casinos with no live gaming tables will not attract any increase above the current 20. Sports betting will be permitted in all casinos as the government has accepted that this is a standard feature that casinos in other jurisdictions provide.
8. I am aware that over the past 15 years the casino industry has developed fully automated casinos in some 28 locations replacing casinos that had been forced to close because the traditional casino they replaced ceased to be viable.
9. Some of the electric casinos that Grosvenor Casinos has developed have been acquired from other casino operators that did not implement the original 1968 Act licence. Sheffield was one of those sites where the original G Casino was developed and several years later Grosvenor acquired an unused licence and developed an electric casino alongside the main casino in the same building but with separate entrances off an unlicensed foyer. Additionally a sister company of Grosvenor Casinos operates a separate AGC with a separate entrance off the foyer.
10. At three of Rank's combined Mecca Bingo and Grosvenor Casino sites Rank Leisure Limited operates a separate AGC – these being Bolton, Stockton and Thanet.
11. One of our other expert witnesses deals in more with the reasons for the failure of the 2005 Act casino trial.
12. Both the land based casino and bingo industry have struggled to recover from the coronavirus pandemic. In the case of casinos the delay in them being able to trade again after the first lockdown and then the being required to close again has had a significant impact on the profitability of many casinos. Almost half of London's high end casinos permanently closed because of lockdown. Two licences have been sold and one has reopened and the third into administration and has attracted no buyer. In the past 18 months Grosvenor have closed one of their London casinos, Genting have closed 5 provincial casinos and an independent provincial casino in Birmingham fell into administration and the licence has recently been sold. A significant number of unprofitable bingo clubs have been closed in the past two years.

13. As referenced the casino industry was particularly hard hit by the pandemic because of the sheer cost of implementing measures to enable casinos to re-open after the first lockdown and the reduction of profitability as a result of the PPE measures that had to be taken. Casinos were not allowed to open at all until August 2020 once safety measures agreed by DCMS and the Department of Health were agreed. These included a 50% reduction in the fire risk assessed capacity, every other gaming machine being switched off and a prohibition on the playing of poker where participants play against each other and not the bank. The measures that Grosvenor Casinos had to implement involved a one off capital investment in excess of £2m. Additionally as a result of Brexit many casino staff returned home to Europe and there were huge staffing recruitment issues as has been the case across the hospitality sector.
14. The London casino market was extremely hard hit and particularly the higher end casinos because their customer base was either not permitted to travel or had to quarantine for a period of two weeks
15. The casino model that Novomatic are developing reflects the fact that no more than two full service casinos can compete against each other in the same former Casino Permitted Area. Teesside was one of the very few areas where the implementation of the Gambling Act had a significant impact on where a casino could be located. The former Permitted Area of Teesside included Thornaby, Stockton, Billingham and Redcar and this remains the catchment area for a casino located in Middlesbrough or Stockton.
16. The social responsibility codes attaching to a non-remote casino operating licence together with high staffing levels and the supervision required in full service casinos with gaming tables ensure that they are safe gambling premises and offer high levels of protection from gambling related harm. All customer behaviour can be monitored by floor staff as well as extensive CCTV coverage, which is permanently monitored by specially trained back of house staff. The tracking of customer spend required under Anti-Money Laundering regulations ensures that it is easy for staff to monitor staking patterns and any change or unusual activity can be identified and customer interaction initiated. Fully electronic casinos provide additional controls as there is constant monitoring of all gambling spend – whereas in casinos with live gaming tables pit bosses may be supervising the operation of table play without full visibility of play on electronic terminals and gaming machines.
17. Casinos are required to employ door supervisors to carry out age verification at all casino entrances before there can be any access to gaming facilities. Social Responsibility Codes require that a Challenge 21 system is operated but Luxury Leisure in common with other operators operate a Challenge 25 system. Unless the customer who is challenged can produce an acceptable form of photo ID then they must be denied access.
18. I have been involved in developing the Novomatic casino management and player tracking system used in all of Novomatic's European Casinos. This is the first time that a casino in Great Britain will offer tracking of 100% of play, which delivers a much higher level of player protection. When entering the casino, a customer will be unable to operate any of the gambling equipment (gaming machines and automated roulette) unless they have either previously joined the loyalty scheme, or join the scheme on entry when their card will allow terminals and machines to be unlocked. If a customer declines the request to join the casino loyalty scheme a brief assessment will take place. They will be provided with a

single visit play card to unlock the gaming facilities, however their behavior will be monitored. This a hybrid system monitoring and our holistic approach to player protection ensures that we observe, monitor and asses guest customers (both financially and behaviourally) as they play and by applying our training and curiosity, we identify those customers who may benefit from an interaction, . Examples: A young man in a tracksuit who initially plays with £200 is instantly identified as higher risk than a well dressed man in his 40's playing slowly with £20.

19. The play card has to be used to access all gaming that is available and therefore that play card is tracked in the same way as a member's card and all customer spend is captured and monitored in real time by gaming floor staff on ipads.
20. A guest customer who reaches the financial trigger of £500 win/spend will be spoken to about the Threshold limit and reminded of the need for Customer Due Dilligence measures that are required under the Money Laundering Regulations. This occurs again should they reach the £1,000 win/spend trigger. Should they reach the £1,500 win/spend trigger, they will be stopped from gaming. Winnings over the threshold limit are withheld on casino deposit until CDD is satisfied
21. Should we identify at any point before an AML trigger is reached that a customer may benefit from an interaction, we will engage both with guest customers and registered customers, taking into account spend, time played, age, behaviour, ATM use, recycling winnings etc.
22. There are two 2 methods we will apply in managing 'linked transactions':
 - a. Any customer we recognise as making multiple visits regardless of in what timeframe and/or who becomes a regular visitor, will be asked to register as a member, regardless of spend. This will be compulsory for any identified customer;
 - b. We will also record the tracked play of each guest visitor who wins/spends £500 in their first visit as a guest alongside their photograph taken from CCTV system and ask them to register on their next visit. This 'gallery' of guests needing to register will be held at the Reception desk with all Receptionist checking the gallery on every shift.
23. This combination of observed visits and recorded play/photos ensures linked play is being managed as very low risk.
24. Once a customer has registered, we have a bank of data we can use to being 'risk profiling' that customer (both for AML and SG). Age, Postcode, Sex, Occupation, etc. all come with different risk levels. (as supported by research into Gambling harm and AML guidance. As we get to know a customer better through financial tracker and interactions, we further develop the data we have to risk profile the customer. Spend, claimed income, visit patterns, behaviors observation, time between SG interactions etc. Essentially, we build an holistic picture of the customer to aid in identifying those who may benefit from an interaction (in line with SR 3.4.1) and/or suspicious transactions etc. This profiling will help

us assign risk scores to each customer and thereby delivers an holistic method for managing player protection and AML. E.g. A 23 year old, male student is higher risk than a 40 year old, female professional. An high spending accountant, is higher risk than a low spending Teacher etc.

25. The mandatory intervention at £1500 in linked transactions is to enable customer due diligence verification to be undertaken before the statutory trigger of 2000 euros is reached. If verification should fail then the customer account will be locked and no further play permitted until the verification required under the Money Laundering Regulations can be completed.
26. I have drafted the specific casino policy documents including the door control and access policy, which I am aware was served last year.
27. Inevitably there will be a very small cross over of customers between the two units as is the case where a bingo club operates next door to a casino. However the profiles of B1 and B3 customers are very different. The stakes and prizes offered and the different style of gaming machines that will be offered in the AGC and casino mean that casino customers will definitely not be attracted to play in the AGC as they visit a casino in order to be able to play casino games and have something to eat and drink and possibly watch sport in the bar lounge area. Also it is unlikely that AGC customers will not be aware that they will need to produce either a driving licence or a passport if they visit the casino and so may well not have the documentation with them.
28. In relation to machine play I can confirm that the 7 machine player protection tools referenced in the White Paper and set out below will be implemented. Novomatic manufacture and supply many of the gaming machines currently made available in casinos that are currently operating be they former 1968 Act or 2005 Act licences.
29. These are measures that have been taken forward by the casino industry and machine suppliers and the relevant extract is set out below:
 - Tracking and monitoring of customer expenditure across all gaming products in real time, with staff equipped with tablets showing live data;
 - Enhanced due diligence measures, with trigger values for spend and loss applied to customers;
 - Algorithmic systems that use predictive models to identify customers at risk based on individual transactions;
 - New safer gambling messages on ATMs and electronic machines;
 - The ability for customers to set their own time and loss limits directly at electronic terminals and gaming machines;
 - Financial risk profiling on customers who are members based on postcodes and nationally available data;

- Mandatory employee training on licensing objectives, safer gambling and anti-money laundering.
30. Lastly in relation to the Local Area Risk Assessment I have re-checked all premises holding a gambling premises licence within a 500m, 1000m and 1500m radius of the application site. There are two further premises that have opened since the original map was created last year, including the Merkur Slots at 58 Linthorpe Road, TS1 1RA. The Area Profile published by the Authority is unfortunately out of date as it was produced before the reduction of the permitted stakes on Category B2 machines from £100 to £2. A considerable number of betting offices have closed (in common other Authority areas) since the reduction was implemented in 2018. However, in checking the location of premises I identified three betting shops next to each other on Corporation Road. We have researched this point and it transpires that William Hill operated a Betting Office at 17 Corporation Road, Middlesbrough, TS1 1LW having been authorised under the previous licensing regime. In 2012, Ladbrokes successfully applied for a premises licence next door to William Hill and then in 2013 Paddy Power successfully applied for a premises licence for 21 Corporation Road, TS1 1LW.
31. The Licensing Authority has therefore been satisfied that separate betting premises can operate next door to each other with far less supervision of and controls over machine play than both Luxury Leisure's existing operations in the town and of course at the proposed casino which sits at the top of the regulatory hierarchy for land-based premises. The casino will also offer food and beverage and other breakout facilities, which remain prohibited in betting offices and there is a prohibition on alcohol in AGC's. Reference is made by the Director of Public Health to the fact that the casino will apply for an alcohol premises licence. This is standard in any casino but forms a very small element of customer spend and our expert estimates this will be in the region of £3 per head in provincial casinos. Unruly behaviour is not tolerated in any casino and will result in immediate removal of the customer. Furthermore any person that is intoxicated when they arrive at the casino will be denied admission. I can confirm that the casino will use the company account held with Borough Taxis for its staff and notices will be displayed providing information about the taxi service for customers.
32. I have visited the recently opened Merkur Slots premises and can confirm that this unit has provided an immediate increase of 81 gaming machines in the town. It is important to note that the proposed development at Newport Road will result in a reduction of gaming machines in the AGC from 158 to 118. There will be 20 gaming machines in the casino and so there will be a net reduction of 20 at 138. 20 terminals offering electronic versions of casino table games will also be provided. Play using these terminals replicates playing at a live gaming table.
33. The minimum stake on each roulette terminal is displayed and a stake of 25p will be available at all times. The maximum stake will be £100 (which is half the figure for most casinos). Furthermore the minimum stake on the B1 machines will be 50p. The average spend per visit to a provincial casino such as Stockton is between £35 to £50. This includes gaming, food and beverage.

Statement of Truth

The contents of this witness statement are true to the best of my knowledge and belief.

Charles Churchill

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Charles Churchill

Dated

MIDDLESBROUGH COUNCIL LICENSING SUB-COMMITTEE

[DATE]

**IN THE MATTER OF LUXURY LEISURE AND DOUBLE DIMAOND, 22 NEWPORT ROAD,
MIDDLESBROUGH, TS1 5AE**

WITNESS STATEMENT OF KEVIN FARNSWORTH

I, **KEVIN FARNSWORTH**, will say as follows:-

1. I am a Regional Operations Director for Luxury Leisure and its sister companies Talarius Ltd and RAL Ltd, which together operate low stake Adult Gaming Centres, (AGCs), Family Entertainment Centres (FECs) and Bingo licensed venues (the Business) and are part of the global Novomatic group of companies.
2. I have been involved in the Leisure, Gaming, Machines and Bingo Sector for the last 28 years. My affiliation with the Business begun in 2014, when I was a Business Development Manager at Talarius Ltd. Within a few months of the same year, I was promoted to Regional Operations Manager, responsible for over 80 Adult Gaming Centres, as well as operational leadership, strategic implementation and introduction of innovative product development. In 2017 I was promoted to Regional Operations Director for Luxury Leisure Talarius, a role which I still hold to date. I am now responsible for day-to-day operations and over 970 employees.
3. Prior to taking up my role with Talarius Ltd, I was a General Manager at the Rank Group for 12 years, responsible with running the business of various Bingo Clubs. During this time, I was General Manager in Burnt Oak where we had a £1m refurbishment and opened 2 brand new bingo clubs in Stoke on Trent and York.
4. I am now responsible for 90 sites, including 1FEC and 7 bingo licensed venues, all based in the north of the country. The AGC and proposed casino at 22 Newport Road forms part of my operational responsibilities.
5. I report to The Chief Operating Officer and directly reporting to me are 2 Regional Operations Managers and reporting directly to them, are 11 Area Managers. Within Newport Road the Casino Manager will report directly to the Regional Operations Manager. The Business employs 3147 people and with 270 venues we are the largest operator of AGCs in the country. We are also one of the oldest and have a long tradition of industry engagement to help drive up and maintain standards, especially in matters of Social Responsibility. Senior members of our Business including Elizabeth Speed

our Group General Counsel and the Director of our Gaming team, are members of the governing body of the sector's trade association, BACTA and also of the Gambling Business Group.

6. I have seen Mark Thompson's statement and confirm it accurately reflects our measures, policies and practices. I also am familiar with the two stages to the application process, but to reiterate the casino will not be operated following the Stage 1 application process – it will only be operated should the Stage 2 applications be granted and as per the licensing plans submitted to the Licensing Authority.
7. Our AGCs are low stake, adult only venues. Our emphasis is on providing fun in a safe, clean, friendly and social environment. The majority of our customers across the country are regulars and visit us for the social engagement with people they know, over a coffee, as much to play games.
8. Our AGC customer base is roughly split 50/50 between men and women with a slight bias towards women in the daytime and men in the evening and the majority of our customers we experience are aged between 30 to 55 with the age being on the lower side in the South and the higher side in the North
9. For our casino in Middlesbrough we expect a similar customer profile to our AGC with a slight bias towards the men due to the Electronic Roulette machines that are played by men more than women and expectations of an age range between 30 and 55.
10. One of the ways in which we ensure the Business maintains proper focus on matters of regulation, including on the adequacy and implementation of our policies and procedures, is to ensure that our field management constantly visit our venues – and that applies from Area Managers through to me and the other two Regional Operations Directors and indeed to the CEO and COO, who frequently visit and inspect sites. In my experience, this is highly unusual. If anything happens on site of a regulatory or compliance relevance, it is fed up through the management chain to the COO and CEO as it occurs. Compliance is taken extremely seriously within the Company, each quarter all the key Directors meet to discuss and share the quarters activities and leave the meeting with a clear direction of any changes to ensure consistency through the Company.
11. As Mark Thompson outlines, key to our successful and safe business, is the training we provide to our much valued employees. The training we provide goes beyond the critical matters of compliance and social responsibility. Together with Blackpool and

Fylde College, we have created a bespoke Professional Development training opportunity for staff, called the Admiral Academy. Successful applicants to the Academy can embark on training courses that lead to qualifications ranging from GCSE level to undergraduate equivalent. We are very proud to offer this to our employees and I am delighted that the 2023 intake of more than 75 have just been announced. As part of our elearning platform staff have to undertake regular refresher courses to ensure their knowledge remains fully up to date.

12. I am also pleased to confirm that we have recruited an extremely capable and experienced casino manager, Charles Churchill. Charles' operational experience in casinos speaks for itself. I have seen Charles witness statement which I fully endorse. In it, he sets out fully how we intend to promote the licensing objectives when operating the casino.
13. The AGC and casino will be accessed from separate entrances. The layouts have also been designed based upon our significant operational experience and are well suited to the proposed usage. There will be good lines of sight within both units.
14. In the case of the casino there will be a Welcome Desk by the entrance. Charles Churchill has referenced in his statement the customer experience. In addition, there will be a manned Food and Beverage Service Area also directly opposite the Welcome Desk.
15. In the case of the AGC, there is a manned greeter desk close to the entrance when customers walk in. There will be no corners, or "blind spots". Further, there will not be any sight lines into either the premises. This vitiates the risk of children and / or vulnerable persons being drawn in.
16. There are many dispersal possibilities: excellent public transport, national rail, buses and taxis. There are also excellent 24-7 car park within a 5 minute walk. In any event my experience is that there is no general issue with coming or going, and congregation outside the entrances of our outlets. It is in no way similar to a pub or club in that regard.
17. Typical usage (taken from the company's national data) of AGC premises such as these is very modest: with the average taken from our national data being between 5 to 7 customers at any one time although sometimes they are busier. We believe that the average usage within the casino will be very similar to the lower average.
18. Based upon our experience of operating casinos, we expect the casino to be decorated to a very high standard, very calm clean environment with sky TV and low level music,

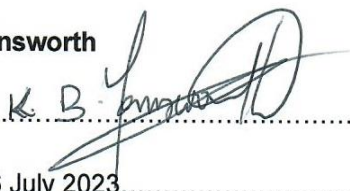
staff will be highly trained and always accessible and attentive and very customer focused within the customer areas

19. The number of B3 and B4 machines is fixed by law, and so is not a relevant consideration. But in any event these machines each have a maximum £2 stake and they are a world apart from the 'old' B2 machines (£100 stake) which attracted adverse publicity. An AGC cannot (and never could) be licensed for a B2 machine. Within the casino we would be offering 20 Electronic Roulette terminals and 20 B1 machines with customers being able to enjoy stakes starting at 25p and 50p respectively. B1 machines currently have a maximum stake set by law of £5 and a maximum prize of £10,000. Regardless of any changes that are implemented in the gambling review, these premises would not attract any additional machines in the absence of live gaming tables .
20. We have provided a local risk assessment for both the AGC and Casino Licence applications. Charles Churchill, Claire Welsh (our Regional Operations Manager) and I are all very familiar with Newport Road and the surrounding area.
21. It is not my experience that any of our adult only venues nationally are associated with ASB or attractive to children or young people, as is borne out by our very high pass rates of age verification test purchasing. There are many other things that are much more appealing to young people – hence the peak average age of our customers is typically 30-55. We have comprehensive policies and procedures that ensure we minimise the risk of gambling harm. We strive to promote the licensing objectives and whilst I note concerns raised by the Licensing Section and by Public Protection, I do not see there being any grounds not to grant the two current applications so that we may proceed thereafter to Stage 2. I note also that the police nor any other interested party have not raised any objections; furthermore and to the extent that it is relevant, the necessary landlord approval planning has been obtained.

Statement of Truth

The contents of this witness statement are true to the best of my knowledge and belief.

Kevin Farnsworth

Signed 

Dated ...6 July 2023.....

MIDDLESBROUGH COUNCIL LICENSING SUB-COMMITTEE

**IN THE MATTER OF LUXURY LEISURE AND DOUBLE DIAMOND, 22 NEWPORT ROAD,
MIDDLESBROUGH, TS1 5AE**

WITNESS STATEMENT OF MARK THOMPSON

I, MARK IAN THOMPSON, of Fifth Avenue Plaza, Queensway, Team Valley Trading Estate, Gateshead, NE11 0BL will say as follows:-

1. I am the Risk and Compliance Director for Luxury Leisure and its sister companies Talarius Ltd and RAL Ltd, which together operate Adult Gaming Centres (“AGCs”), Family Entertainment Centres (“FECs”) and Bingo licensed venues (the Business). They are part of the global Novomatic group of companies and have the requisite operating and premises licences in order to trade.
2. The Novomatic AG Group is one of the largest gaming technology companies in the world with a turnover of around EUR 2.9 billion in 2022. Founded in 1980, the Group has locations in about 50 countries and exports high-tech gaming equipment to around 100 countries. It also operates AGC equivalents and land-based casinos
3. I joined the Business in October 2014 as Head of Security and Compliance and was appointed to my current role on the 1st of January 2022. I oversee a team of 17 in total, focussing on security and regulatory compliance, reporting directly to the CEO, although I work closely with the COO, the Regional Directors and Group General Counsel on certain issues where required. My team comprises of 5 compliance staff made up of a national manager, a Data Protection Officer, a Safer Gambling Manager, a Customer Care Manager and an administrator, all of whom report to me. In addition, I have a further team of 12 security staff who also provide a field audit function. This covers a range of operational processes, including cash handling and security measures but also compliance processes. The team also provide an investigative function for the Business, reactively investigating reports or suspicions of dishonesty and wrongdoing. I am also the appointed Money Laundering Reporting Officer for the Business. I hold a Personal Management Licence for the position of Head of

Regulatory Compliance and will be the nominated officer for money laundering once the casino opens

4. Prior to taking up my role, I was a Police Officer, serving in the Metropolitan Police Service for almost 15 years. I served mostly as a Detective, attaining the rank of Detective Sergeant by the time that I left the service. I worked in both volume and specialist crime, having at different times responsibility for investigating serious acquisitive crimes such as robbery and burglary, as well as domestic violence and hate crime, and I also spent 4 years investigating homicide.
5. I have held a Personal Management Licence issued by the Gambling Commission since I entered the industry in 2014.
6. As a business, we promote each of the three licensing objectives under the Gambling Act 2005:
 - Prevention of Gambling from being a source of crime and disorder, being associated with crime and disorder or being used to support crime.
 - Ensuring that gambling is conducted in a fair and open way.
 - Protection of children and other vulnerable persons from being harmed or exploited by gambling.
7. Compliance starts at board level. Those of our employees who occupy the specified management offices hold PML's issued by the Gambling Commission in accordance with the licence condition 1.2.1 of the Licence Conditions and Codes of Practice issued by the Commission. As a business, we maintain a high level of Gambling Commission personal management licences required for key roles and regional and area management positions and for additional roles where we feel it appropriate or helpful to a particular role. This compares favourably with others in the sector and again demonstrates the Business's' approach to best practice and to ensuring people have the right qualifications, not only for their role but for their progression
8. We were also one of the first major operators to be asked by the Commission to complete and file Annual Assurance Statements, involving an ongoing comprehensive review of the effectiveness of a business's governance and risk management arrangements in facilitating positive consumer protection and addressing gambling-related harm and crime prevention measures.

9. We liaise with the Gambling Commission regularly on a range of issues, from operating licences to statutory returns, to compliance data.
10. BACTA is a trade body for the AGC and FEC sectors as well as for machine manufacturers and suppliers. We are founding members and sit on its National Council which is its governing body, as well as of the governing committees of its AGC and FEC Divisions, (through Elizabeth Speed our Group General Counsel and colleagues of ours Shaun Hooper and Paul Monkman who is our Gaming & Service Director).
11. Elizabeth chaired the AGC Committee for two years. She is also the Chair of BACTA's Social Responsibility Committee in which role she leads consideration of issues affecting the sector from a social responsibility perspective. We look at how we can spread best practice and provide members with additional tools and resources to address those matters in their day to day businesses. This includes the development and provision of multi-operator Self Exclusion services for members, a Social Responsibility Charter for members and the holding of an annual Social Responsibility Exchange for members to attend, share best practice and listen to key note speakers, such as charities and the Gambling Commission. In short, the Business is committed to help raise standards in the sector as a whole and to maintain the high standards we have within the Business. From their roles in BACTA, Elizabeth, Shaun Hooper and Paul Monkman are also able to ensure that where possible we apply learning to the Business.
12. We are also members of the Gambling Business Group (GBG), a cross sector organisation aimed at sharing best practice and raising standards and includes casino operations. Paul Terroni, a member of the Novomatic UK Ltd board, is on the GBG board.
13. Our sister company Novomatic Gaming UK Ltd., is the largest supplier of gaming technology to UK land based casinos and a member of the Betting and Gaming Council, which also includes casino operators. We will join once we have obtained a casino premises licence.
14. We take learning and development very seriously. All staff must, during their induction training, complete two core modules on Social Responsibility (SR). This is delivered as eLearning through the Admiral Academy which is a virtual platform to deliver our training.

15. This training is in addition to the training development which **Kevin Farnsworth** also describes in his statement. The first SR module introduces the student to the licensing objectives and contains sections on Access to Gambling by Children and Young Persons, Customer Interaction, signposts to sources of help and self-exclusion. The second module contains sections on complaints and dispute resolution, Access to Premises (the Commission's enforcement officers), Money Laundering and Terrorist Financing, employment of children and young persons, advertising standards, incidents that require police assistance and the requirement to provide the commission with annual returns. This sets out the regulatory landscape in which we operate and their responsibilities to uphold the licensing objectives. A number of refresh modules on individual topics such as self-exclusion and customer interaction, from within these core training modules are then completed by staff at least biannually. These include subjects such as Anti Money-Laundering and Terrorist Financing, customer interaction and age verification. We continue to review and augment the training we provide on matters of compliance and social responsibility. For example, in the last 2 years we added a module on Child Sexual Exploitation. We provide this training to staff to ensure they maintain the highest levels of awareness of the issues which might arise. We try to provide our employees with the appropriate training to allow them to properly perform their role and ensure they play their role in enabling the Business to meet its wider obligations and responsibilities as a gambling sector operator which takes its responsibilities very seriously.
16. I believe that we were amongst the first operators of venues in our sector, (if not the first), to move to a Think 25 age verification policy and that is our policy in every one of our (age restricted) venues. That is one of the core elements of staff training as borne out by our very high pass rates in the independent age verification test purchasing that is carried out at least twice a year in each venue.
17. I refer to two applications that have been submitted to Middlesbrough Council, one by Luxury Leisure the other by Double Diamond Gaming Limited, both relating to premises that we lease at 22 Newport Road, Middlesbrough, TS1 5AE.
18. The Business holds an Adult Gaming Centre Licence ("AGC") issued by Middlesbrough Council for premises that trade as "Admiral" at the above address. It is the Business' objective that the Casino Premises Licence for the former Rainbow Casino is relocated to a separate part of 22 Newport Road. In order to comply with the requirements of the Gambling Act 2005, this is a two stage application process.

19. For “**Stage 1**” we are de-licensing part of the AGC area and simultaneously, the current Casino Premises Licence holder, Double Diamond Gaming Limited, is varying its licence so that it applies to this newly de-licensed area at 22 Newport Road.
20. Once those applications are granted, then the Business will immediately apply to transfer the Casino Premises Licence into its name and then, vary both the AGC and Casino Premises Licences to reflect ultimately how the two premises will operate (“**Stage 2**”). In summary, the AGC will reduce further in size whilst the Casino Premises licensed area will correspondingly increase. Licensing plans showing the First and Second Stages have been lodged with the Licensing Authority as part of the application process.
21. Double Diamond Gaming Limited’s role is simply to facilitate the variation of the casino premises licence to Newport Road. It will not be operating the casino premises. During the transition from Stage 1 to Stage 2, we will continue to operate the AGC as normal
22. We have provided the Licensing Authority with copies of our detailed and comprehensive compliance policies and procedures. I will not repeat them other than to confirm that the company is rightly proud of them and its excellent record of simply not causing material problems or issues (or contributing to them). It is widely accepted within the wider industry as a whole and by the regulator and other bodies that AGCs are low risk operations. The Business also has extensive experience of operating casinos in highly regulated jurisdictions across 13 countries in Europe. It is thus able to bring that significant operational experience as well building on the experience we have of operating AGCs here and abroad, when opening our first electronic casino in Great Britain at Newport Road.
23. As the Licensing Manager has made representations against the AGC licence variation, it may help to set out what we have done to be a leader in the sector on social responsibly matters. We have introduced the Gamblewise app which works within each venue, providing customers with another tool to support them to manage their gambling behaviours so that they do not become problematic and lead to associated harms. This app allows customers to set themselves limits on the times and locations they want to play and using iBeacon technology, alerts them should they attend a location or visit a venue at a time or date when they have elected not to. The system also alerts staff who are trained to then conduct an interaction with the customer to remind them of the self-imposed limits and to discuss with them their gambling behaviour. This is provided entirely free of charge to the consumer.

24. We also operate a strict self-exclusion policy which allows customers to be excluded from our venues and others in the locality. Indeed, my team are on the key industry users' group for this system, to ensure that it continues to develop and supports players in the best possible way.
25. For our casino we will apply for a Licensing Act 2003 premises licence and prepare a comprehensive operating schedule. We will have a qualified Designated Premises Supervisor supported by staff who will be trained on the Licensing Act 2003 and the requirement to promote the four licensing objectives under that Act. Similarly, LCCP Condition 5.1.3 makes provision for the supply of alcohol to customers on casino premises.
26. Non-players are not allowed to loiter in our venues and so they are not attractive places for those who might cause ASB to congregate. This is achieved through clear policies about entry and acceptable behaviour, staff training (not least that on conflict management), effective security installations such as the 'live monitored' hold-up alarm systems and measures to control access such as mag lock style mechanisms and door supervision.
27. All of our premises are fitted with extensive CCTV for coverage and are equipped with the latest HD cameras and digital recording equipment that ensure we retain a minimum of 30 days' footage. The CCTV can be viewed and reviewed remotely by key managers and security staff and in the event of an alarm activation is monitored live at the alarm monitoring station.
28. We install and use 'live monitored' hold-up alarm systems in our venues. They use technologies that allow the monitoring station to view a venue where the alarm has been activated via a live CCTV stream and to communicate with the venue staff through two-way audio. Monitoring station interventions often de-escalate incidents but if there is an emergency, then the call is made to the Police or other emergency service. This has the impact of removing the risk of false activations and the demand on local police resource as well as enabling live monitoring of any event by trained staff who can intervene via the ceiling mounted speakers to assist staff by deterring potential offenders and de-escalating confrontational situations. Our venues are also fitted with an intruder alarm system and this is monitored.
29. Each of our premises utilises a three safe system of 'day safe', time-lock safe and deposit safe to reduce the risk of cash loss in the event of a robbery or burglary. We employ third party cash in transit (CIT) services from a nationally recognised

professional and experienced CIT service provider, who service all of our premises with cash collection and coin delivery.

30. Additional security measures, including the provision of SIA registered door supervisors, for our casino. In addition, we have employed Charles Churchill to be our Casino Premises Manager. Charles has considerable industry experience and his statement sets out in some detail, the comprehensive systems that will be implemented to ensure player protection when the casino opens. I have read his statement and can confirm that it sets out clearly how we intend to operate the casino
31. As Risk and Compliance Director I convene a quarterly meeting of the Business's Compliance Committee. It is attended by a team including the Business's CEO, COO, our three Regional Operations Directors, Ms Speed, the Head of Marketing, Gaming & Service Director, National Compliance manager and Regional Operations managers. During that day-long meeting we analyse our social responsibility data from each venue, including the numbers of customer interactions, self-exclusions, age verification results and developments and regulatory changes. It is all part of a very focussed approach.
32. Novomatic together with its sister company Talarius Ltd are widely acknowledged to be excellent operators and have very high standards, but we are not complacent and continue to strive for excellence at all times. We have been audited and certified by G4 for Responsible Gambling practices and recertified as part of an ongoing cycle. Like many of my colleagues, and others in the industry, I believe that we are the best operator in the sector and that this is reflected by the fact that I am not aware that we have ever had any enforcement action taken in relation to any premises licence or had any premises licence reviewed.
33. Concern has been expressed by the Licensing Section as a Responsible Authority and by Public Protection regarding our proposals for 22 Newport Road. I am not aware of any other Responsible Authority raising a representation, nor any other interested party. As I understand it the Licensing Section and Public Protection has confined its representations to the risk of gambling related harm and to some technical matters concerning the applications. As I and others have referenced, we have detailed procedures and training in place to combat any perceived risks. I cannot see any justification under the Gambling Act 2005 why the licensing applications associated with Newport Road application should not be granted.

Statement of Truth

The contents of this witness statement are true to the best of my knowledge and belief.



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Mark Thompson

Dated the 5th July 2023