

SECTION 4



House of Lords
House of Commons

Joint Committee on the Draft
Gambling Bill

Draft Gambling Bill

Session 2003-04

Volume I

*Report, together with formal minutes and
annexes*

*Ordered by The House of Commons
to be printed Thursday 25 March 2004
Ordered by The House of Lords
to be printed Thursday 25 March 2004*

**HL Paper 63-I
HC 139-I**

Published on Wednesday 7 April 2004
by authority of the House of Lords and the House of Commons
London: The Stationery Office Limited
£0.00

The Joint Committee on the Draft Gambling Bill

The Joint Committee on the Draft Gambling Bill was appointed by the House of Commons and the House of Lords on 9 September 2003 “to consider and report on any clauses of the draft Gambling Bill presented to both Houses by a Minister of the Crown” and to report by 8 April 2004.

Membership

Mr John Greenway MP (Conservative, Ryedale) (Chairman)

Janet Anderson (Labour, Rossendale & Darwen)

Mr Tony Banks (Labour, West Ham)

Jeff Ennis (Labour, Barnsley East & Mexborough)

Mr Alan Meale (Labour, Mansfield)

Mr Richard Page (Conservative, South West Hertfordshire)

Dr John Pugh (Liberal Democrat, Southport)

Mr Anthony D. Wright (Labour, Great Yarmouth)

The Rt Hon Lord Brooke of Sutton Mandeville (Conservative)

Lord Donoughue (Labour)

Viscount Falkland (Liberal Democrat)

Lord Faulkner of Worcester (Labour)

Baroness Golding (Labour)

Lord Mancroft (Conservative)

Lord Wade of Chorlton (Conservative)

Lord Walpole (Cross Bencher)

Powers

The Committee has the power to require the submission of written evidence and documents, to examine witnesses, to meet away from Westminster, to meet at any time (except when Parliament is prorogued or dissolved), to appoint specialist advisers, and to make Reports to the two Houses.

Publication

The Report and evidence of the Joint Committee are published by The Stationery Office by Order of the two Houses. All publications of the Joint Committee (including press notices) are on the Internet at www.parliament.uk/parliamentary_committees/jcdgb.cfm

Committee staff

The staff of the Joint Committee were drawn from both Houses and comprised Sarah Davies (Commons Clerk) Audrey Nelson (Lords Clerk until December 2003) Jake Vaughan (Lords Clerk from January 2004) Jago Russell (Legal Specialist) Abigail Plenty (Economic Specialist) Alison Mara (Committee Assistant) Francene Graham (Committee Assistant) Lisette Pelletier (Secretary) and George Fleck (Office Support Assistant)

Contacts

All correspondence should be addressed to the Clerks of the Joint Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 8388; the Joint Committee’s email address is scrutiny@parliament.uk

Contents

Report	<i>Page</i>
Summary	7
1 Introduction	9
The Committee's inquiry	9
The publication of the draft Bill	11
The Committee's approach to pre-legislative scrutiny	12
Key issues	14
2 The regulatory framework	15
Introduction	15
The objectives of the draft Bill	15
Detail to be issued by the Gambling Commission	16
Delegated powers	17
Regulation, taxation and planning: three legs of a stool?	19
3 The regulatory system	20
The Gambling Commission	20
<i>Transition from the Gaming Board to the Gambling Commission</i>	20
<i>Day to day Gambling Commission resources</i>	23
<i>The powers of the Gambling Commission</i>	24
The remit of the Gambling Commission	27
<i>Should the Gambling Commission regulate spread betting?</i>	27
4 The National Lottery	30
Regulation of the National Lottery	30
Proposed changes to the licensing process	30
<i>The multi-licence approach</i>	31
<i>Should the Gambling Commission regulate the National Lottery?</i>	33
5 Licensing	37
Introduction	37
Operating licences	37
<i>Duration and renewal of operating licences</i>	38
<i>Licence conditions</i>	39
<i>Licence fees</i>	40
Personal licences	41
<i>Extent of personal licensing requirements</i>	41
<i>Small-scale operators</i>	42
Sanctions	43
<i>General</i>	43
<i>Unlimited fines</i>	44
Appeals against the Gambling Commission's decisions	44
Premises licences	45

<i>Restricted discretion</i>	47
<i>Duration of premises licences</i>	48
<i>Resources</i>	49
<i>Relationship with planning</i>	50
"Need" and cumulative impact	52
<i>Provisional statements</i>	53
<i>Appeals</i>	54
Transition	54
6 Social implications of the draft Bill	57
Problem gambling	57
Impact of the draft Bill	59
<i>Prevalence study and other research</i>	59
<i>Potential impact of the draft Bill on problem gambling</i>	60
Safeguards in the draft Bill	61
The industry-funded trust	63
<i>Relationship with industry</i>	64
<i>Relationship with service providers</i>	66
<i>Level of funding</i>	66
<i>Contributions in proportion to risk</i>	67
<i>Method of funding</i>	69
<i>Government responsibility</i>	70
The young	71
<i>A uniform age limit of 18</i>	71
<i>Employment of young persons in gambling premises</i>	73
<i>Children and gaming machines</i>	73
Ambient gambling	79
<i>Destination gambling</i>	79
<i>Children</i>	80
Problem gambling: additional recommendations	81
<i>The National Lottery and spread betting</i>	81
<i>Advertising, inducements and credit</i>	81
<i>Casinos</i>	82
<i>Bingo</i>	82
<i>Gaming machines</i>	82
<i>Remote gambling</i>	82
7 Advertising, Inducements and Credit	82
Advertising	82
<i>Unlawful advertising</i>	83
<i>Other restrictions on advertising</i>	84
<i>Regulator</i>	85
Inducements	88
<i>Loyalty cards</i>	89
Credit	90
8 Casinos	91
Unresolved issues	92

The Government's proposals	93
<i>Evidence received</i>	955
Size categories	95
The cliff-edge	96
Alternative size formulas	96
The 3:1 ratio	97
Definition of 'gaming machine'	98
Three size categories	98
<i>Small casinos</i>	98
<i>Large casinos</i>	99
<i>Resort casinos</i>	102
<i>Regeneration: general issues</i>	103
<i>Regional regeneration: Free market v. locational controls</i>	106
<i>Planning for resort casinos</i>	108
Planning and licensing	110
<i>Planning Use Class</i>	110
<i>Planning at the local level</i>	113
<i>Interaction between planning bodies</i>	114
Miscellaneous Issues	114
<i>Linking Machines</i>	114
<i>Available for use</i>	116
<i>Membership of casinos</i>	117
<i>Employment in casinos</i>	117
<i>Smoking in casinos</i>	117
<i>Alcohol in casinos</i>	118
9 Bingo	120
Provisions in the draft Bill	120
Bingo in casinos	120
<i>Soft v. hard gambling</i>	121
<i>The social aspect</i>	121
Bingo in pubs and clubs	122
10 Gaming Machines	122
Categories of machines	123
Category A machines	123
Category D machines	124
Returns to customers	125
Machine numbers in licensed premises	125
<i>Pubs and clubs</i>	125
<i>Tenpin bowling centres</i>	126
Machine testing	127
Linking of machines	127
Fixed Odds Betting Terminals (FOBTs)	128
<i>Categorisation</i>	129
<i>FOBTs and problem gambling</i>	130

11 Betting and bookmakers	130
Betting Exchanges	132
<i>The fiscal and regulatory regime</i>	133
<i>Non-recreational layers</i>	139
<i>Regulation</i>	140
<i>Sporting levy</i>	140
<i>Voiding of bets and cheating</i>	141
12 Remote gambling	142
Regulation	143
<i>Principles of regulation</i>	145
<i>Licensing requirements</i>	146
Social responsibility	147
<i>Safeguards</i>	147
<i>Controlling access</i>	149
Other jurisdictions	150
<i>Prohibited territories offence</i>	151
<i>Advertising by offshore operators</i>	151
13 Lotteries (except the National Lottery)	152
Enforcement	153
Definition of "lottery"	154
<i>Payment to Enter</i>	154
<i>Skills Test</i>	157
<i>Statutory definition of "lottery" and the National Lottery</i>	160
Rapid-draw lotteries	160
Statutory limits	161
Customer Lotteries	163
14 Economic impact	163
Economic research	164
Economic regeneration	165
Displacement	165
Cannibalisation	166
Winners and losers	166
Overall net benefit	167
Taxation	167
<i>Changes to the taxation regime</i>	167
Inward investment	168
Conclusions and recommendations	170
Annex 1: Schedule of detailed comments on the draft Bill	192
Annex 2: Programme of visits undertaken by the Joint Committee on the draft Gambling Bill during the course of its enquiry	265
Annex 3: List of acronyms	268

Formal minutes	270
Witnesses	294
List of written evidence	297

94 per cent of the population feel that allowing people to gamble with credit cards would put people at a greater risk of incurring gambling debts. It sounds obvious.”⁴⁹⁶

330. Professor Orford told the Committee, “I think credit cards are dangerous. We live in a society now where credit card debt is a major national problem, so I would have thought allowing people to bet with credit cards was a bad thing”.⁴⁹⁷ The Royal College of Psychiatrists has commented on the anomaly that, although the use of credit will be controlled elsewhere, “the use of credit cards will be allowed for remote gambling”.⁴⁹⁸

331. During our visit to GamCare we saw at first hand the very high levels of debt that are common for problem gamblers and heard about the immense difficulties that this can cause. We were told at the same time about the irresponsible attitudes of some credit providers, including repeated offers of credit to problem gamblers who had requested that they should not be given credit. We consider this to be incompatible with responsible lending practices.

332. When asked about the proposals on credit the casino industry noted that, given the proposal to permit a wide range of gambling products to be offered within a casino:

“We see that there is a rather strange anomaly in that the betting component will be allowed to issue credit but the casino component will not, so that if you were in one part of the facility you could get credit but in the rest of the place you could not.”⁴⁹⁹

333. We have been told that, while casinos would like to be able to offer credit, “we are not talking about the issuance of wholesale credit as you see with high street credit cards and store cards” and “[i]t is pre-authorised and it is for high net worth clients only”.⁵⁰⁰

334. We do not believe that the use of credit should be prohibited on the face of the Bill. We do, however, recommend that the Gambling Commission should be required to issue codes of practice under Clause 16 and to attach licence conditions under the Clause published on 12 March, regulating the offer and acceptance of credit by operators. We note that, in line with the licensing objective under Clause 1 “to protect the vulnerable”, such codes of practice should restrict the use of credit where necessary to protect problem gamblers.

8 Casinos

335. The proposals relating to the regulation of casinos contain some of the most significant provisions in the draft Bill and could transform the casino industry in the UK and have a significant impact on the rest of the gambling industry. We received a substantial amount of evidence on this matter, much of it pointing in different directions. Our task was not assisted by confusion in the Government’s apparent thinking on a number of key issues, namely the mechanism for preventing proliferation, the extent to

496 Q 288 [The Salvation Army]. See also Mr John Wainright, Ev 722

497 Q 252 [Professor Orford] HC 139 - iii

498 Royal College of Psychiatrists, Ev 66, para 20

499 Q 528

500 Q 528 [Mr Tottenham]

which it sees casino development as an engine of regional regeneration, how planning gains will be achieved and the application of grandfather rights. We think it useful first to provide a summary of the principal changes in the regulation of casinos that the draft Bill proposes, followed by a resumé of the main issues to which they give rise. We will then turn to consider the evidence and to make our recommendations.

336. Under the Gaming Act 1968, casinos are highly regulated. They can only be located in designated ‘permitted areas’, of which there are 53 in the UK. Local authorities have a responsibility to consider demand before granting a licence. If the demand criterion is not demonstrated an application can be refused. Casinos are required to operate as private members’ clubs with a 24 hours statutory interval between membership and play. This means that casinos in the UK tend to operate as small members’ clubs serving specific and often local social groups rather than the general public.⁵⁰¹ They can only open between 2pm and 6am on weekdays and until 4am on Sundays. Advertising is currently restricted and casinos are limited to having a maximum of 10 gaming machines, offering a maximum prize of £2,000. As the policy document accompanying the draft Bill notes “the casino sector is restricted by a series of controls that unnecessarily discourage innovation and restrict consumer choice”.⁵⁰²

337. Under the draft Bill there will be a significant deregulation of the controls governing casinos, including:

- removing the requirement to operate as private members’ clubs, with a statutory interval between membership and play;
- extending the gambling products casinos can offer, including betting and bingo, and the linking of gaming machines within a casino;
- abolishing the demand criterion and ‘permitted areas’ rules;
- allowing *large* casinos to have an unlimited number of gaming machines with unlimited stakes and prizes; and
- allowing casinos to offer live entertainment and to advertise.

Unresolved issues

338. The modernisation of the law relating to casinos represents a major area of change and uncertainty. The policy, as presented, lacks clarity in a number of areas. First, there are a number of issues relating to the development of casinos and the question of proliferation that could compromise the realisation of the licensing objectives. Second, there is an issue concerning the Government’s policy regarding securing economic benefits that could accrue from casino developments. As we discuss below, this centres on whether, contrary to the provisions in the draft Bill for *large* and *small* casinos, the Government intends to create a third category of casino that is specifically intended to provide regeneration benefits. This could lead to the kind of casino developments that the Committee delegation

⁵⁰¹ Gambling and the Public Interest, Professor Peter Collins (London, 2003).

⁵⁰² DCMS, Draft Gambling Bill: Policy document, Cm. 6014 – IV, November 2003, para 4.6

saw in Australia, which are far more substantial than anything that the law currently allows, and which the Gambling Review Report suggested might be permitted by its recommendations.⁵⁰³ Sometimes referred to as *resort* casinos, an essential question is how, if at all, they should be differentiated from *large* and *small* casinos. Unless *resort* casinos are differentiated, and given special treatment within the gambling environment, it is questionable whether the concept will succeed in the UK.

339. Another crucial element relating to the issue of preventing proliferation and securing economic benefits is the planning environment. We welcome the Government's intention to "make it possible for different parts of the country to consider how gambling developments might play a role in securing economic benefits for their area".⁵⁰⁴ However, under the proposals in the draft Bill, it is not clear to the Committee how the Government expects planning authorities to achieve local and regional planning gains. As Lord McIntosh of Haringey, Parliamentary Under-Secretary of State, DCMS, conceded when he gave evidence to the Committee, "it is very difficult to know how to 'require' economic benefits".⁵⁰⁵ The Committee is also concerned that planning applications that have already been made, many in anticipation of the likely expansion in slot machine entitlements, could compromise the possibility of securing both local and regional planning gains.⁵⁰⁶ We are concerned at the lack of agreement between ODPM and DCMS on some of the key details in this area. Planning issues relating to casino developments are discussed in more detail below.

340. Finally, there is the question of grandfather rights. The Committee's understanding of the Government's position is that all casino operators holding certificates of consent from the Gaming Board and gaming licences issued by the licensing authorities, prior to the enactment of the Bill, will, in effect automatically, be granted an operating licence by the Gambling Commission and a premises licence from the local authority. This could lead to undesirable proliferation and local and regional planning authorities missing out on the opportunity to achieve local planning gains and regeneration benefits. **There is a considerable urgency to this issue as plans for the development of a number of large scale casinos are well advanced. If permitted, such developments would seriously undermine the licensing objectives and whatever policy objectives on regeneration the Government decides to adopt.**

The Government's proposals

341. On 7th August 2003, the Government published for consultation a joint position paper by ODPM and DCMS, "The Future Set out For UK Casinos"⁵⁰⁷ which proposed new definitions for the size and type of new casinos which would be permitted under the draft Bill.⁵⁰⁸

503 DCMS, Gambling Review Body Report, Cm. 5206, July 2001, para 24.37

504 DCMS, Draft Gambling Bill: Policy document, Cm. 6014 – IV, November 2003, para 2.7

505 Q 66

506 Q 1111 [Mr Haslam]

507 Future Set Out For UK Casinos – Joint Position Paper ODPM and DCMS, August 2003, www.culture.gov.uk/gambling_and_racing

508 The Committee assumes that the function of Clause 10(5)(c) is to enable the Secretary of State to make special provisions for the grandfathering of existing casinos which are below the minimum size for a small casino.

- *small* casinos, with a table gaming area of between 5,000 sq ft and 10,000 sq ft, with a minimum of 20 gaming tables and a maximum of three gaming machines for each table; and
- *large* casinos, with a table gaming area of over 10,000 sq ft and an unlimited number of gaming machines provided the casino has more than 40 tables.

342. Currently casinos are only allowed to have up to 10 jackpot gaming machines with a maximum stake of 50p and maximum prize of £2,000. The gaming machines permitted under the draft Bill will be categorised as Category A machines with no limit on stakes and prizes.

343. The Government's proposal for new casinos to have a table gaming area of not less than 5,000 sq ft, with a gaming machine to gaming table ratio of 3:1, is designed to prevent the proliferation of small casinos. Lord McIntosh, Parliamentary Under-Secretary, DCMS, told the Committee, "our view is that as of 2003 we need greater restriction on the numbers of machines in smaller casinos, and we need a complete ban on new casinos below 5,000 square feet—[...] we do not wish to see the proliferation of small casinos on every street corner".⁵⁰⁹

344. However, many existing casinos have a gaming area of significantly less than 5,000 sq ft. The Government has proposed that existing casinos which do not meet the minimum size requirement for *small* casinos will be granted grandfather rights, and can continue to operate under the draft Bill.

345. Although the November policy document and the Government's 7th August Position Paper,⁵¹⁰ both refer to *resort* casinos, these are not separately defined in the draft Bill. The lack of a definition has generated speculation that the Government's policy implies three categories of casino. In written evidence to the Committee Leisure Parks note "In relation to the definition of a large casino, we are unclear as to whether a distinction is intended between a resort casino development and other large casinos. In other words, is the Government proposing two sub-categories of 'large' casinos?"⁵¹¹ It is not clear from the draft Bill how the very largest casinos will be separated, and treated differently from other casinos that also fall into the *large* category. The North-west Development Agency told the Committee that "the absence of a definition about resort casinos [...] is unhelpful".⁵¹²

346. A separate definition of *resort* casinos has been suggested as a means of overcoming this problem.⁵¹³ In its written evidence to the Committee, Gala propose "that the legislation recognizes the fundamental difference between the very largest Resort Casinos of 'regional significance' and other large (40+ table) casinos".⁵¹⁴

509 Q 87 [Lord McIntosh]

510 Future Set Out For UK Casinos – Joint Position Paper ODPM and DCMS, August 2003, www.culture.gov.uk/gambling_and_racing

511 Ev 164. See also London Clubs International, Ev 627 and Kerzner International, Ev 161, section 3

512 Q 1110 [Nick Gerrard]

513 Q 1111 [Nick Gerrard]

514 Ev 598, para 6.3

Evidence received

347. While the clauses on casinos represent a small part of the draft Bill they have generated a large amount of evidence on a wide range of issues, including the proposals set out in the Government's 7th August Position Paper⁵¹⁵ and the policy document accompanying the draft Bill. The proposed size categories have prompted much of the evidence we have received.

Size categories

348. The size requirements proposed in the Government's Position Paper,⁵¹⁶ could lead to a major change in the size of casinos that currently operate in the UK, where "three quarters of British casinos are below the minimum size for a new-entrant Small casino".⁵¹⁷ The Committee received evidence from Rank suggesting that differentiating between *small* and *large* casinos will give a competitive advantage to large operators while smaller operators miss out.⁵¹⁸

349. The Office of Fair Trading is opposed to the 5,000 sq ft threshold, believing that a minimum table gaming area for new casinos could restrict competition, "we believe that the proposal for a minimum size of 5,000 sq ft will be a significant barrier to entry for new casinos".⁵¹⁹

350. However, in its Regulatory Impact Assessment the DCMS states that "the proposed casino reforms in the Bill assist the development of an open, well-informed and competitive casino market".⁵²⁰ The 5,000 sq ft minimum size for *small* casinos is also supported by Gala who believe that it will be "sufficient to control proliferation without restricting economic growth".⁵²¹ **The Committee is not minded to support the Office of Fair Trading's view and agrees with the Government that a 5,000 sq ft minimum size will aid the objective of preventing proliferation so as to avoid an unacceptable rise in problem gambling and thereby help to secure the statutory objective of protecting the vulnerable.**

351. There has also been criticism of the proposed 10,000 sq ft threshold for *large* casinos and the entitlement that *large* casinos would have for an unlimited number of Category A machines. For example the Committee received evidence from the Hilton Group suggesting that "10,000 sq ft is too small and could result in an increase in the number of resort casinos which in turn could end up causing a number of social problems".⁵²² This view was echoed by Rank which noted that:

515 Future Set Out For UK Casinos – Joint Position Paper ODPM and DCMS, August 2003, www.culture.gov.uk/gambling_and_racing

516 Future Set Out For UK Casinos – Joint Position Paper ODPM and DCMS, August 2003, www.culture.gov.uk/gambling_and_racing

517 Ev 693, para 3

518 Ev 594

519 Ev 707

520 DCMS, Draft Gambling Bill: Regulatory Impact Assessment, Cm. 6014 – III, November 2003, para 4.38

521 Ev 599

522 Ev 638

“a 10,000 sq ft casino is not a large casino by today’s standards [...] the Government has set the threshold much too low, and risks opening the way to the proliferation of large, machine-dominated gaming sheds, of the kind that have developed in Australia and certain parts of the US, and which carry an increased risk of problem gambling.”⁵²³

The cliff-edge

352. The dividing line between *small* and *large* casinos prompted further evidence from various sources as set out below, suggesting that the proposals could lead to an unnecessary increase in the number of *large* casinos as firms seek to gain the advantage of having 40 gaming tables and an unlimited number of gaming machines.⁵²⁴

353. The Committee heard evidence from the British Casino Association that the threshold of 40 tables was too drastic. “We consider that the jump from a maximum of 120 machines in a casino having 40 tables, on a gaming floor of 10,000 sq ft or less, to an unlimited number at 10,001 sq ft is too great a leap”.⁵²⁵ Caesar’s Entertainment (formerly Park Place Entertainment) believed that “the proposals in the draft Bill create a ‘cliff-edge’ between ‘small’ casinos which will be allowed a maximum of 120 machines, and the unlimited number of machines permitted in ‘large’ casinos”.⁵²⁶ The British Greyhound Racing Board referred to the “quantum leap into unlimited gaming machines.”⁵²⁷

354. The cliff-edge situation could lead to a large number of developments of just over 10,000 sq ft, with only a small number of casinos between 5,000 sq ft and 10,000 sq ft in operation. Lady Cobham, of the British Casino Association, told the Committee “it is quite hard to imagine large numbers of applications for developments between the 5,000 and 10,000 sq ft gaming floor size, because if you go just over that, you can have unlimited machines”.⁵²⁸

355. It has been suggested that this could be overcome by a combination of staggering the number of machines permitted for casinos of different square footage, increasing the floor space at which unlimited numbers of machines are permitted or removing the right for any casino to have unlimited numbers of gaming machines.

Alternative size formulas

356. The Committee has received several suggestions for formulas to determine the number of gaming tables and machines that different sized casinos should be permitted. Caesar’s Entertainment (formerly Park Place Entertainment) suggest that “the maximum number of gaming machines permitted in any casino should be three times the number of gaming tables with the following exception: up to 30 gaming machines per table may be permitted in large casinos that incorporate more than 40,000 square feet of gaming area on

523 Ev 595

524 Q 436 [Lady Cobham]

525 Ev 139, para 2.3

526 Ev 181

527 Q 989

528 Q 436 [Lady Cobham]

one floor, of which a minimum of 40 table games occupy at least 10,000 square feet of the available gaming space”.⁵²⁹ Alternatives to the Government’s formula have also been suggested by MGM Mirage,⁵³⁰ the Casino Operators Association of the UK,⁵³¹ Gala,⁵³² the British Greyhound Racing Board,⁵³³ the Casino Machine Manufacturers Group,⁵³⁴ and London Clubs International,⁵³⁵ amongst others.

The 3:1 ratio

357. The 3:1 ratio of gaming machines to gaming tables prompted much evidence. The aim of the 3:1 ratio is to address the issue of proliferation and to ensure that machines do not unduly dominate the gambling activities.⁵³⁶ However, this represents a significant shift from the position that the Gambling Review Body took with respect to gaming machines in casinos. The Gambling Review Report recommended that “the maximum number of gaming machines in a casino is determined by the number of gaming tables that are available for play. We suggest that the maximum should be determined by a ratio of eight machines to each table, but that where the number of tables exceeds eighty there should be no maximum on the number of gaming machines”.⁵³⁷ The 8:1 ratio suggested by the Gambling Review Body remains popular with some. Leisure Link argue that “this ratio has the logic of maintaining a fifty-fifty balance between machine and table gaming, thus preventing casinos becoming dominated by machine gaming”.⁵³⁸ The Casino Operators’ Association “feel strongly that the [3:1] ratio flies in the face of all previous proposals and understanding that it would be an [8:1] ratio”.⁵³⁹ We have already referred to evidence from the British Casino Association that the 3:1 ratio was encouraging casinos to be bigger than necessary.⁵⁴⁰

358. More significantly the Gaming Board expressed concern that the ratio of 3:1 gaming machines to tables may be too low to satisfy customer demand.⁵⁴¹ Gala argue that the proposal will leave *small* casinos at a competitive disadvantage.⁵⁴² The Casino Operators’ Association also have concerns that the 3:1 ratio could be harmful to *small* casinos, “because of the low numbers of tables (40) after which the ratio moves towards infinity, the fairness of competition between small casinos and large ones would be radically removed”.⁵⁴³

529 Ev 181

530 Ev 185

531 Ev 161

532 Ev 598

533 Ev 386

534 Ev 349

535 Ev 719

536 DCMS, Draft Gambling Bill: Policy document, Cm. 6014 – IV, November 2003, para 4.13

537 DCMS, Gambling Review Body Report, Cm. 5206, July 2001, recommendation 57

538 Ev 691. The same point was made by the Casino Machine Manufacturers Association (Ev 349).

539 Ev 161

540 Q 446 Chairman: Is it your view that, if the ratio were more generous than 3:1 and it was the eight Budd originally recommended, that some of these casino developments would not be Quite so big?

Mr Ramm: Yes, very much so.

541 Ev 22, para 8

542 Ev 598, para 6.2

543 Ev 161

359. The Committee has also received evidence from Rank suggesting that the ratio of gaming machines to tables should be the same for all casinos, regardless of size; “a much more preferable and even-handed approach would be to maintain a fixed ratio of machines to tables, and maintain that ratio irrespective of the size of the casino”.⁵⁴⁴

360. The Government’s proposals for the 3:1 ratio did receive some support. MGM Mirage “believe the limitation of three slot machines to one table in casinos of between 5,000 square feet and 10,000 square feet in size is appropriate”.⁵⁴⁵ Kerzner International also supported this view, “we believe the increase to 3 machines per table [...] will allow most existing ‘small’ casinos a significant increase over the existing number of machines as well as allowing higher machine stakes and prizes into this environment”.⁵⁴⁶

Definition of ‘gaming machine’

361. The Government’s proposed ratio permits three gaming machines for every gaming table. The draft Bill, however, does not set out a definition of a gaming machine. In written evidence to the Committee, Gala note that “the Government is asking for a considered industry response on a 3 to 1 ratio without clearly defining what is captured by the term ‘machine’”.⁵⁴⁷ Rank “requests the Government to establish a more robust definition of gaming machines, regardless of the level of stake or prize”.⁵⁴⁸ The status of electronic games has caused some concern from operators. Gala note, “we do not believe that electronic versions of bankers games in Casinos should be classified as machines, as they are clearly extensions of existing bankers game offers. If indeed they were, the 3 to 1 ratio would even further disadvantage existing operators”.⁵⁴⁹ Kerzner International also queried the existing position.⁵⁵⁰

362. We recommend that the Government should set out a definition of gaming machines which takes account of current and anticipated developments in the technology through which gaming products are delivered.

Three size categories

363. Given the evidence we have received, we believe that the Government’s policy objectives would be better achieved if the draft Bill is amended to accommodate three categories of casino; *small* casinos; *large* casinos and *resort* or destination casinos.

Small casinos

364. We support the Government’s intention to prevent the proliferation of *small* casinos. For this reason a minimum size threshold of 5,000 sq ft and a gaming machine to gaming table ratio of 3:1 seem on balance to be a suitably cautious approach. We note that even a

544 Ev 596

545 Ev 166, para 2.2

546 Ev 161, para 4

547 Gala response to 7th August Position Paper.

548 Ev 594

549 Ev 598, para 3.1

550 Ev 181

ratio of 3:1 gaming machines to tables will result in significant additional availability of gaming machines in *small* casinos and the localities which they serve.⁵⁵¹

365. We therefore support the proposal for *small* casinos to be defined in the regulations made under Clause 10(5)(b) as having a minimum table gaming area of 5,000 sq ft and a maximum table gaming area of 10,000 sq ft. We agree that casinos of this size should be permitted a 3:1 gaming machine to table ratio, as currently proposed under Clause 142(4)(a) of the draft Bill.

366. We are aware that retaining the 3:1 ratio will disappoint some sectors of the casino industry. The Committee therefore, supports a review of the 3:1 ratio by the Gambling Commission three years after Royal Assent, with a view to recommendations being made to the Government on whether the ratio set out in Clause 142(4)(a) should be adjusted. Such changes could be made pursuant to the delegated power contained in Clause 142(10) of the draft Bill and we agree that any such amendment should be subject to the affirmative procedure.

367. With respect to planning consent for *small* casinos Yvette Cooper MP, Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister, told the Committee that this should be the preserve of local authorities.⁵⁵² We endorse this view and given the likely limits on floor space and gaming machine numbers we do not feel it is necessary for *small* casinos to be required to contribute to local planning gains. However, we do anticipate that most *small* casinos will include additional facilities such as restaurants or entertainment facilities. Provision for such facilities should be incorporated into guidance to local authorities.

Large casinos

368. Having confirmed our support for the Government's proposal for *small* casinos we now look in detail at the proposed regime for *large* casinos. We have already drawn attention to evidence from the British Casino Association and Caesar's Entertainment (formerly Park Place Entertainment) suggesting that the 40 table threshold for unlimited gaming machines in *large* casinos is too low.⁵⁵³ Whilst the current total number of gaming machines in casinos in the UK is fewer than 900, recent research by the Henley Centre suggests that the proposals in the draft Bill if implemented could eventually lead to as many as 81,000 casino gaming machines.⁵⁵⁴ This would present a significant change to the current casino landscape. The Committee has heard evidence from Rank that allowing unlimited numbers of gaming machines is unnecessary and risks creating "the very proliferation that government is seeking to avoid".⁵⁵⁵

369. Linked to concerns about proliferation are fears that unlimited numbers of Category A machines could encourage problem gambling. The Committee received evidence from

551 Ev 161

552 Q 1783

553 Ev 139, para 2.3 and Ev 181

554 Economic and Social Impact Study of the Proposed Gambling Bill, A Henley Centre Study commissioned by BACTA, February 2004

555 Ev 594

Professor Jim Orford, Professor Mark Griffiths and Dr Emanuel Moran warning about this risk,⁵⁵⁶ which was echoed by the British Beer and Pub Association (BBPA) and Operators of Adult Gaming Centres.⁵⁵⁷ The BBPA argued that “the expansion of hard gambling will increase problem gambling chiefly through large numbers of unlimited stakes and prize gaming machines in casinos”.⁵⁵⁸ This concern was also shared by Helena Chambers of Quaker Action on Alcohol and Drugs: “What we would be looking for is no premises to have unlimited numbers [of machines]”.⁵⁵⁹

370. Evidence from the British Casino Association suggested that unlimited numbers of gaming machines should be reserved for *resort* casinos.⁵⁶⁰ Blackpool Council went further and proposed that casinos with unlimited numbers of gaming machines should be required to make a contribution to regional regeneration: “large casinos which could have an unlimited number of unlimited/big prize machines should be located only in areas where the Regional Economic Strategy (RES) and the Regional Spatial Strategy (RSS) identifies them as contributing to the regeneration and economic prosperity of the region and communities within which they are to be located”.⁵⁶¹

371. The Committee also heard opposing evidence from the Casino Operators’ Association of the UK to the effect that “all large casinos should have unlimited gaming machines”.⁵⁶² They believed that having an unlimited number of gaming machines was vital to attract the investment necessary to develop a very large casino. The Association noted that “machines are core to the operations [of resort casinos] and without them the entrepreneurs involved would not contemplate the project”.⁵⁶³ This view was shared by Ameristar Casinos: “in order to justify the level of capital investment to build this type of facility (large scale casino development) [...] casinos must include a large number of slot machines to satisfy free market demand”.⁵⁶⁴

372. We have received evidence in favour of a cap on the number of gaming machines in casinos. Stanley Leisure suggest “consideration of a cap at a maximum of say 1,000 [gaming machines] per location, to avoid a “machines dominated” Casino environment”.⁵⁶⁵ The Committee delegation to Australia observed that even the internationally renowned Star City casino in Sydney was limited to 1,500 gaming machines. Evidence from MGM Mirage shows that in casinos across several jurisdictions, including South Africa, California, and France, a maximum number of 1,500 machines in casinos is common.⁵⁶⁶

373. Having weighed up all the arguments, we feel that allowing unlimited numbers of gaming machines will conflict with the objectives set out in Clause 1 of the draft Bill.

556 Qq 262-65

557 Ev 350

558 Ev 355, para 1.4. See also the memorandum by the British Greyhound Racing Board, Ev 386

559 Q 303 [Ms Chambers]

560 Ev 139, para 2.3, Ev 158, para 3

561 Ev 409

562 Q 412 [Mr Love]

563 Ev 161

564 Ev 701, para 3.3.2

565 Ev 645, para 4

566 Ev 185

374. Whilst we appreciate the significant contribution gaming machines can make to a casino's profits, and their ability to contribute to planning gains for local communities, we believe that allowing certain casinos unlimited numbers of gaming machines as of right will result in a damaging proliferation of gaming machines and risk a significant increase in problem gambling. We therefore recommend that no casino should be permitted an unlimited number of gaming machines and that Clause 142(4)(c) should be amended accordingly.

375. Having concluded that *large* casinos should not have an unlimited number of gaming machines the Committee considered whether *large* casinos should be entitled to a bigger ratio of gaming machines to gaming tables than that allowed for *small* casinos. Whilst we understand the view of *small* casinos that a bigger gaming machine to gaming table ratio might give *large* casinos a competitive advantage, *large* casinos are more likely to be situated in major cities and be part of much larger leisure developments than would be appropriate for a *small* local casino. It is unrealistic to expect *large* casinos to provide more gaming tables than the market demand will support, simply in order to gain an entitlement to an increased number of gaming machines which would meet market demand and generate the income required to support other leisure developments and planning gains for the local community. The Committee has therefore concluded that *large* casinos should be entitled to a greater ratio of gaming machines to gaming tables than that permitted for *small* casinos.

376. The Committee is attracted to the 8:1 ratio recommended by the Gambling Review Body as a more appropriate ratio for *large* casinos. We believe that there is merit in the rationale behind the Budd recommendation, that a gaming table accommodates up to eight playing positions.⁵⁶⁷ Before confirming the precise ratio for *large* casinos we would want the Government to consult the Gambling Commission and the industry, on whether *large* casinos should have a statutory maximum number of gaming tables and the appropriateness of the 8:1 ratio applying to each table. This consultation should take into account the recommendation we make below about *resort* casinos and the outcome of discussions within Government as to which casinos should be considered to be regionally significant and might therefore, be termed *resort* casinos.

377. We therefore recommend that *large* casinos should be defined in the regulations to be made under Clause 10(5)(a) as those with a minimum table gaming area of more than 10,000 sq ft and a minimum of 41 gaming tables. We consider that a higher gaming machine to table ratio than that for *small* casinos should be allowed and that the ratio should be set by the Government following consultation with the industry and further policy development. Any agreed ratio should be subject to review by the Gambling Commission after three years.

Additional facilities for large casinos

378. During the Committee delegation visits to Australia and France, we saw the benefits that can be derived from casinos having additional leisure and cultural facilities, such as restaurants and theatres. A similar arrangement for casinos in the UK would help to create

567 DCMS, Gambling Review Body Report, Cm. 5206, July 2001, recommendation 57

an all round leisure experience which could help to attract visitors and boost tourism. The Committee heard evidence from Professor Vaughan Williams that “if it (the plans for large scale casino development) is going to work properly [...] then it has to be as part of the entertainment industry, not as part of gambling [...] if we cannot make it an entertainment experience then the future is bleak”.⁵⁶⁸ Additional facilities, ancillary to gambling, could help to regenerate areas in which such developments are located through providing increased jobs and attracting visitors. During its visit to France the Committee witnessed the positive benefits that can be derived from establishing additional facilities alongside gambling developments which we discuss in more detail below.

379. At this point, and as part of the definition of a *large* casino, we recommend that *large* casinos should be required to provide leisure and cultural facilities ancillary to gambling.

380. The planning process for *large* casinos is dealt with below.

Resort casinos

381. The lack of a definition of *resort* casinos has led to confusion over how such developments will be dealt with in the planning process. **We feel that a separate definition of *resort* casino is necessary to provide clarity and ensure that regeneration benefits can be achieved. ODPM and DCMS have not yet decided where the line will be drawn to distinguish between *large* and *resort* casinos.⁵⁶⁹ The lack of a definitive policy in this area is regrettable and has made the Committee’s work much more difficult.**

382. *Resort* casinos will be large leisure developments consisting of a wide range of gambling activities as well as wider leisure facilities such as hotels, entertainment complexes and restaurants. The Committee accepts that they will be entitled to at least the same ratio of gaming machines to gaming tables as is agreed for *large* casinos, with the potential for a larger entitlement if considered appropriate by the Gambling Commission. The Committee has received evidence on the size of casinos located in other jurisdictions. Evidence from MGM Mirage shows that international casino sizes vary, from 14,000 sq ft of casino space in the Casino Barriere de Montreaux in France, to 110,000 sq ft of casino space in the Sunset Station Casino in Las Vegas.⁵⁷⁰

383. The Committee supports the need for a definition of *resort* casinos that will clearly differentiate them from *large* casinos, offering them a sufficient margin to ensure that the appropriate regeneration benefits can be achieved in the planning process. However, the Committee feels unable to recommend a minimum floor space for *resort* casinos because ODPM and DCMS have yet to conclude their deliberations in this area. This is an issue to be determined by ODPM and DCMS as a matter of urgency.

384. The Government proposes that “Regional Planning Bodies will set out planning policies for leisure developments of regional significance, including casinos”.⁵⁷¹ A

568 Q 353 [Professor Vaughan Williams]

569 Q 1783

570 Ev 185. International comparisons of machine entitlements were provided by Accor casinos (Ev 711) and the American Gaming Association (Ev 714).

571 DCMS, Draft Gambling Bill: Policy document, Cm. 6014 – IV, November 2003, para 5.16

definition of what is regionally significant has yet to be agreed by ODPM and DCMS; an announcement is expected “by the summer”.⁵⁷² When this happens we recommend that this Committee should be reappointed to help the Government determine the correct gaming machine to gaming table ratio for large casinos and the appropriate threshold at which a casino is considered to be a resort casino.

385. The Committee recommends that the draft Bill is amended by the inclusion in the regulations made under Clause 10(5) of an additional definition of a *resort* casino. Whilst we are not yet in a position to make a detailed recommendation on the definition of *resort* casinos, we nevertheless believe that the Gambling Commission should be given the discretion to allow *resort* casinos a greater ratio of gaming machines to gaming tables than that provided for *large* casinos. For the reasons outlined above regarding the issues of proliferation and risks associated with problem gambling the Committee believes that no casino should have an unlimited number of gaming machines. We recommend that the Government provides in regulations, for a statutory maximum number of machines for *resort* casinos, in the range of 1,000 or 1,250. We recommend that *resort* casinos must be subject to requirements to contribute regeneration benefits as discussed below.

386. *Resort* casinos will have a substantial impact on the economic and social environment of the regions in which they are sited, placing great importance on the way they are planned. The planning process for *resort* casinos is considered below.

387. We regret that we are unable to make a definitive recommendation on the definition of *resort* casinos. Given that the gaming machine to table gaming ratio and size thresholds are not in our view issues that should be on the face of the Bill, we do not believe that this should cause unnecessary delay to the progress of the Bill.

Regeneration: general issues

388. There has been much talk of the opportunities for regeneration which new casinos might bring, though much of this has been somewhat vague. We think it is useful, therefore, to begin our discussion of casinos and regeneration with an account of what regeneration means in this context and what different types of regeneration project are most commonly associated with casinos. This account is based on what we have learnt about other jurisdictions from our visits to Australia and France and from other sources.

389. Regeneration, in relation to casinos, refers to the economic benefits which accrue to a previously disadvantaged area as a result of locating a casino there. From the point of view of the residents of the area the benefits are of two types: those which enhance the opportunities for enjoyment by local residents and those which enhance their opportunities for employment.

390. Examples of ways in which the kind of additional non-gambling amenities and facilities which a casino may make available for enjoyment by locals are live entertainment, cinemas, museums, restaurants, subsidising by the casino of improvements to transport

572 Ev 566

infrastructure, the restoration of historic buildings or the provision of facilities which would otherwise have to be publicly funded, such as recreational centres for the young, the elderly or the disabled. More generally casinos often deliver regeneration by utilising and rehabilitating previously derelict sites in rundown areas which subsequently become safe, attractive and popular.

391. The increased employment opportunities which a casino may generate are of two main kinds: those which occur during the development and construction of the project and those which result from attracting visitors to spend money in the area.

392. From the point of view of the casino developer, investment in regeneration projects is also of two main types: those which are undertaken in order to increase the profitability of the business and those which are undertaken in order to secure a licence. The former will include the additional non-gambling facilities mentioned above. The latter will typically include the funding of public interest projects identified by local or regional authorities which would otherwise have to be publicly funded. Most commonly these take the form of contributions to cultural and tourism-promoting infrastructure of which conference centres and conservation projects which increase non-gambling tourism, are good examples.

393. Successful regeneration projects associated with casinos of very different kinds include Melbourne, Australia where a derelict area was converted into a tourist attraction with many attractive amenities for locals; Sydney, Australia which saw the enhancement of its Waterfront; Biloxi, Mississippi where the previously impoverished town was transformed into a resort destination for casino gamblers; Cape Town, South Africa where a casino funded a conference centre and the building of a canal linking the waterfront to the city centre. As noted previously, casinos in France have to agree with municipal authorities what local projects, usually of a cultural sort, they will subsidise. It should be noted that it is also possible to point to examples where regeneration opportunities have not been successful. New Orleans is perhaps the most notorious example. Also, unless carefully planned, the benefits of regeneration may be offset by undesirable displacement as happened to some extent in Atlantic City.

394. The Government's proposals for the largest casinos have been seen by many as providing an opportunity to regenerate run-down urban areas and deprived seaside towns. "International experience suggests that the proposals in respect of casinos will have an overall positive effect upon the economy, with the attendant regeneration of local economies".⁵⁷³ Lord McIntosh of Haringey, Parliamentary Under-Secretary of State, DCMS, told the Committee that "they [resort casinos] create jobs themselves; they create ancillary jobs from people supplying them—caterers, hotels and so on; and the experience is that, if it is done well, there can be a very beneficial effect on the local economy".⁵⁷⁴ His view was echoed by Brigid Simmonds of Business In Sport and Leisure who told the Committee that "there is no doubt that resort casinos will contribute to regeneration".⁵⁷⁵

573 Ev 641, para 3.2

574 Q 65 [Lord McIntosh]

575 Q 349 [Brigid Simmonds]

395. The term *resort* casinos is used in relation to regeneration but the lack of a clear definition has caused confusion as to which size casinos would be expected to make regenerative contributions to the area in which they locate. Sun International suggest that “with respect to ‘large’ casinos with unlimited slots there will be a two-tier system: one for some ‘very large’ casinos which will make a contribution to regeneration, tourism and economic development and another for casinos which are merely large”.⁵⁷⁶ Sun International believe that the ability to regenerate areas will help to get public approval for the largest casinos.⁵⁷⁷

396. The creation of *resort* casinos has also been hailed as an opportunity for job creation. Mr Kelly of Gala told the Committee, “I have no doubt whatsoever that the expansion of the destination gaming business that might be facilitated by new legislation would have a beneficial effect on jobs. It is going to mean a significant amount of employment service in order to deliver the opportunity”.⁵⁷⁸ The Transport and General Workers Union, however, dispute claims that casinos can lead to job creation. “There is some data to suggest that, jobs actually created by casinos are minimal”.⁵⁷⁹

397. The Committee also received evidence that cast doubt on the regenerative properties of the largest casinos: “resort and large casinos will be adult gambling environments providing scant impetus for social and tourism led regeneration”;⁵⁸⁰ “Experience elsewhere is that new gambling opportunities are developed by integrated companies who offer accommodation, leisure and gambling facilities within a single complex so that their visitors spend entirely within the complex and have no need to visit the remainder of the town.”⁵⁸¹ Similar points were made by Councillor Steven Bate from Blackpool.⁵⁸² The Henley Centre Report for the British Amusement Catering Trades Association (BACTA) sounded a cautionary note that “regeneration is fundamentally very difficult to achieve. Though improving the economic situation may go some way towards statistically proving regeneration has been achieved, it often takes some time to change the attitude and perspectives of residents in those areas”.⁵⁸³

Securing regeneration benefits

398. The Government is keen that local areas benefit from the creation of gambling developments. This objective is set out in the policy document accompanying the draft Bill,

“planning arrangements enable local authorities to ask for contributions towards any area that has a more than trivial connection to the proposed development. The scale and purpose of contributions will be negotiated with the developer but could include improvements to local transport arrangements or contributions to improved

576 Ev 169, para 2.4

577 Ev 169, para 2.1

578 Q 346 [Mr Kelly]

579 Ev 491, paragraph 9

580 BACTA, Ev 295, para 2.2b)

581 Park Baptist Church, Ev 591, para 6.1

582 Ev 685

583 Economic and Social Impact Study of the Proposed Gambling Bill, A Henley Centre Study commissioned by BACTA, February 2004, page 158

community safety. This means casinos can offer additional benefits to local communities”.⁵⁸⁴

399. The Committee heard evidence from Yvette Cooper MP, Parliamentary Under-Secretary of State, ODPM, that regenerative benefits could be secured in the form of planning gains from casinos through Section 106 agreements. “It is very standard practice to have Section 106 agreements which do exactly the kind of thing you are talking about, and would require investment in affordable housing, perhaps, or new community facilities and things like that as part of the agreement for getting planning permission on a particular site”.⁵⁸⁵ The Committee saw on its visit to France the extent to which local areas benefit from *large* casino developments. Economic benefits are derived in the form of facilities ancillary to gambling such as theatres, high quality restaurants and conference facilities. In its written evidence to the Committee, Accor casinos noted that “on an equal footing to gaming, the operator must develop tourism and cultural oriented activities, entertainment and an appropriate food and beverage offer”.⁵⁸⁶ We were given the example of a recent casino development that had been required to build a 700 seat theatre as part of the agreement to develop the casino. This can have a significant effect not only on the economy but also on the cultural life of areas in which casinos develop.

400. The Committee visited a casino in Enghien les Bains, where the casino operator makes a considerable contribution to the cultural life of the area through arranging festivals and staging an annual jazz show. The relationship between a casino and the area in which they locate was described as being like a marriage, and as Accor note in their written evidence, “Casinos are economic and social partners of their municipalities”.⁵⁸⁷

401. As recommended in paragraph 379, the Committee recognises the potential benefits that can be derived from *large* casinos for a local community. We therefore recommend that, in addition to requiring *large* casinos to provide leisure and cultural facilities, local authorities should also seek appropriate planning gains from all *large* casinos, as part of the planning process.

Regional regeneration: Free market v. locational controls

402. In its 7 August Position Paper, the Government states that it envisages “that the market will determine the number, size and character of casinos, and where they will be located” but also notes that it is “keen to secure [...] benefits where they can make the greatest contribution to its objective of encouraging economic development and creating sustainable communities”.⁵⁸⁸ London First Centre note that “the draft legislation appears to be unclear as to whether it allows for a free market system to determine location [...] or whether regional planning bodies will have the right to determine the location of the (as yet undefined) ‘casinos of regional significance’”.⁵⁸⁹

584 DCMS, Draft Gambling Bill: Policy document, Cm. 6014 – IV, November 2003, para 5.17

585 Q 1802 [Yvette Cooper MP]

586 Ev 671

587 Ev 671

588 Future Set Out For UK Casinos – Joint Position Paper ODPM and DCMS, August 2003, www.culture.gov.uk/gambling_and_racing

589 Ev 687

403. The Committee received evidence suggesting that a free market would be incompatible with achieving regeneration benefits from *large* casino developments. “If you want to get significant regeneration benefits in any area then if there are too many casinos, the investment will be smaller and therefore consequently the regeneration benefits are going to be less. The Government has to decide what it wants out of it”.⁵⁹⁰ Research by the Henley Centre for the British Amusement Catering Trades Association (BACTA) supports this point:

“The efficacy of allowing the market to determine where investment is made, for example in new casinos and at the same time meet requirements for regeneration is uncertain. If they have a choice, operators will site the new casinos in affluent areas where their return will be higher. There is a significant risk therefore that market-determined growth may not occur in the areas most needing regeneration or that regeneration investment may be challenged by investment in a neighbouring area”.⁵⁹¹

404. Yvette Cooper MP, Parliamentary Under-Secretary of State, ODPM, conceded that “there is a tension between an unfettered free market and a planning system – there is. Those tensions are in-built”.⁵⁹² Research by Ernst & Young for Business In Sport and Leisure suggests that “demand for resort casinos will only be able to support a limited number [of resort casinos] in the UK as there is doubt regarding the size of the potential increase in tourist levels both from overseas and also from within the UK. Accordingly we believe the number of resort locations is more likely to be closer to 3 than 20”.⁵⁹³ It is not clear from the Government’s proposals how the number of *large* casinos could be limited. Experience from overseas has shown that auctioning of licenses and the granting of exclusivity is one way of limiting the number of casinos and achieving regenerative benefits.

405. The Committee received mixed views on the possibility of limiting the number and location of casinos. Lady Cobham of the British Casino Association told the Committee, “I do not think the BCA could support what might be termed exclusion zones”.⁵⁹⁴ Other witnesses suggested that exclusion measures would be necessary for *resort* casinos to succeed.⁵⁹⁵ But Yvette Cooper MP, Parliamentary Under-Secretary of State, ODPM, told the Committee that there would not be a national strategy for the location of casinos, “I do not think it would be appropriate for us to have pinpoints on a map strategy from a national level as to where a casino should go”.⁵⁹⁶

The viability of resort casinos

406. While having a national plan for the location of casinos may not be the most appropriate way of deciding where such developments are sited, the Committee has heard

590 Q 499 [Mr Byrne]

591 Economic and Social Impact Study of the Proposed Gambling Bill, para 2.4

592 Q 1798 [Yvette Cooper MP]

593 A Winning Hand – The Modernisation of UK Gambling – Ernst & Young, commissioned by Business in Sport and Leisure

594 Q 423

595 Q 431 [Mr Love]

596 Q 1786 [Yvette Cooper MP]

evidence expressing concern over the viability of *resort* casinos if there are *large* casinos located nearby. This point was made by Leisure Parks, who questioned the viability of a *resort* casino development in Blackpool, if there are *large* casinos in, for example, Manchester and Liverpool.⁵⁹⁷ Blackpool Council note that

“the major UK and international casino operators are excited by the ambition and vision in Blackpool’s Master Plan and will participate in its realisation but only if investment in Blackpool is not threatened by competition in locations more convenient to the region’s urban populations”.⁵⁹⁸

407. In oral evidence Mr Love of the Casino Operators Association told the Committee, “if you put a major resort casino costing millions of pounds in Blackpool, I find it very difficult to believe that it will work unless they have an area of non-exclusion or non-commercial intervention.”⁵⁹⁹ This is another area where the Government’s policy lacks clarity. It is unclear from the proposals in the draft Bill how Government policy would resolve this dilemma.

Regional Planning Bodies

408. The ODPM has confirmed that it would be for “Regional Planning Bodies to set out, where they deem it appropriate, planning policies for leisure development of regional significance, including the largest casinos, which identify suitable locations within the region that would optimise their contribution to tourism and regeneration.”⁶⁰⁰ Ameristar Casinos are opposed to “giving regional planning bodies the power to mandate the location of casinos”.⁶⁰¹ The Government’s view was reinforced by Yvette Cooper MP, Parliamentary Under-Secretary of State, ODPM, who told the Committee that “big-scale resorts which are going to have a massive impact need to fall into the category of those that should be dealt with at the regional level, and should be considered as part of the regional spatial strategies and so on”.⁶⁰² Local planning bodies will also be involved, with responsibility to “develop policies and identify sites for such development in their local plans which are consistent with regional policies”.⁶⁰³

Planning for resort casinos

409. The Committee heard evidence that in order to achieve regenerative benefits from the largest casinos, “investment must be guided and directed. Without it, we will not see the regeneration benefits”.⁶⁰⁴ Harnessing regenerative benefits will depend greatly on how the largest casinos are planned for and located. The Henley Centre Report notes that “the

597 Ev 164

598 Ev 419

599 Q 431 [Mr Love]

600 Future Set Out For UK Casinos – Joint Position Paper ODPM and DCMS, August 2003, www.culture.gov.uk/gambling_and_racing

601 Ev 701

602 Q 1783 [Yvette Cooper MP]

603 Future Set Out For UK Casinos – Joint Position Paper ODPM and DCMS, August 2003, www.culture.gov.uk/gambling_and_racing, para 4

604 Q 1110 [Mr Reg Haslam]

siting of these new casino developments is a critical issue, whatever their size”.⁶⁰⁵ Evidence from Mr Anthony Jennens indicates the importance of the planning process in this regard: “The large casino is an extraordinary animal which is entirely new to the Planning system and special provision must be made if it is to prosper”.⁶⁰⁶ This view was echoed by the Local Government Association, “casino developments of the scale envisaged are unprecedented in this country and therefore has not been tested through the current statutory planning process”.⁶⁰⁷ John Kelly of Gala expressed the importance of the planning system in relation to attracting investment, “if the planning regime around the new legislation was not investment encouraging, that would again impact almost inevitably on that £5bn estimate of inward investment”.⁶⁰⁸

410. The Committee heard evidence stressing the importance of Regional Economic Strategies in ensuring that the economic impacts of major developments are taken into account. The Government’s proposals do not make specific reference to Regional Economic Strategies. Nick Gerrard of the North-west Development Agency believed this to be a mistake. “The fact that there is no reference to the only existing statutory document which identifies the tourism and economic development priorities for the region is a weakness and does need to be specifically included”.⁶⁰⁹

411. DCMS and ODPM are as yet unclear on where the line will be drawn between designating a casino as *large* or *resort*. This will determine whether planning for the casino takes place at the local or regional level. Yvette Cooper MP, Parliamentary Under-Secretary of State, ODPM told the Committee:

“The issue we are still in discussion with at DCMS is what the dividing line should be. Clearly, you can imagine that big-scale resorts which are going to have a massive impact need to fall into the category of those that should be dealt with at the regional level, and should be considered as part of the regional spatial strategies and so on. However, equally, the very small-scale ones [...] should simply be dealt with by the local planning authorities as part of their normal processes. Where I think we have not made the decision yet is exactly where you draw the line between those two”.⁶¹⁰

412. **The Committee has grave concerns that the lack of clarity in this area, particularly the failure of DCMS and ODPM to have decided where to draw the line between *large* and *resort* casinos, could have serious consequences. Regeneration cannot be achieved until the process for achieving planning gains and regenerative benefits has been resolved. This has become a matter of some urgency as casino licences are being granted without relevant planning gains having been negotiated.** This issue is discussed in more detail below.

413. ***Resort* casinos have the potential to have a significant impact on the economies of the regions in which they are located. The Committee recommends that plans for *resort***

605 Economic and Social Impact Study of the Proposed Gambling Bill, A Henley Centre Study commissioned by BACTA, February 2004

606 Ev 418

607 Ev 405

608 Q 344 [Mr John Kelly]

609 Q 1110 [Nick Gerrard]

610 Q 1783 [Yvette Cooper]

casino developments are considered in line with Regional Economic Strategies and the regional planning process to ensure that the economic impacts of any such developments are properly considered. This will encourage the benefits ensuing from such a development to be maximised.

414. Given the potential for regeneration from *resort* casinos we believe that planning for such developments should be the responsibility of Regional Planning Bodies. As recommended in paragraph 385, we reiterate our view that all *resort* casinos should provide regenerative benefits. They should be required to do so by Regional Planning Bodies. We so recommend.

Planning and licensing

Planning Use Class

415. Under the proposals in the draft Bill, prospective operators of premises, such as casinos, which require a premises licence will need to obtain a licence before using the premises for that purpose: “The licensing requirements are additional to, and not in place of, the normal planning process”.⁶¹¹ An operator will not need to obtain planning permission if they intend to use the premises for a business that is in the same planning Use Class as the existing premises.⁶¹²

416. Within the planning system, buildings and areas of land are categorised according to their use. Casinos currently fall within the D2 Use Class: Assembly and Leisure.⁶¹³ Under the Use Classes Order, where a building or land is used for a purpose within a specified class, its use for any other purpose in the same class does not require planning permission. This means that premises that share the D2 Use Class with casinos, for example, bingo halls, could convert their premises into a casino without the need for further planning permission or consultation with their local authority, as long as this did not involve making alterations to the premises.⁶¹⁴ The Local Government Association has expressed concern about this:

“Should casinos remain in the same Use Class as community uses such as cinemas and sports facilities some member authorities have expressed concern that operators will target such premises which could be changed to a more profitable gambling use without the need for planning permission”.⁶¹⁵

417. However, Clause 125(1) provides that subject to Clause 143(4) in respect of casinos, a premises licence can only authorise the premises to be used for one category of gambling activity. Therefore, a licence permitting premises to be used for the provision of betting could not also be used to enable those premises to be used for bingo and vice versa. Furthermore, Clause 125(2) provides that only one premises licence can be held for a single set of premises. This would mean that bingo clubs would not be able to convert to casinos

611 DCMS, Ev 1, para 2

612 DCMS, Ev 1, para 2

613 www.odpm.gov.uk

614 DCMS, Ev 1

615 Ev 405

without applying to the local authority to ask for a new casino premises licence. The extent to which this would enable local authorities to prevent a bingo club converting to a casino will depend on the discretion that local authorities can lawfully exercise under Clause 127. This is a particular example of the general point concerning a local authority's discretion to refuse a premises licence that we discussed in paragraphs 186-189. The Committee is concerned at the potential for proliferation of *small* casinos developing through conversions of this sort, over which a local authority may have inadequate control. This general issue must be addressed in the guidance given to local authorities by the Gambling Commission.

Change of Use Class

418. If a change of Use Class is intended, or if the building requires significant alterations, planning permission would have to be sought in the normal way.⁶¹⁶ This would lead to interaction between the planning and licensing system. The draft Bill:

“seeks to cater [...] for the needs of prospective operators who have secured planning approval for building work but do not want to incur the risk of undertaking it without a reasonable measure of assurance that an application for a premises licence will be successful. Clauses 166 and 167 accordingly provide for a local authority to issue a provisional statement that has the effect of restricting its ability subsequently to refuse a licence application or grant a licence on different conditions”.⁶¹⁷

A separate planning use class for casinos

419. The Committee received evidence suggesting that it would be appropriate for casinos to be categorised as *sui generis* and afforded a separate use class. Mr Haslam of Blackpool Council told the Committee, “large establishments are able to slide out of one entertainment use into casino use. I think the casino use has to be *sui generis*.”⁶¹⁸ Mr Anthony Jennens was in favour of having a separate planning use class, “In the first instance any variance in ownership or substantial change in the operation of the premises would require a new consent, in the second, casino operators would be afforded more latitude”.⁶¹⁹ This view was not shared by representatives from the Local Government Association, “why create another class? What is so special about casinos that they should have a particular class?”.⁶²⁰ Having a separate use class for casinos would prevent other businesses from being able to turn their premises into casinos without having to obtain planning permission.

Casino applications prior to Royal Assent

420. The Committee has heard evidence suggesting that there should be no granting of applications for casinos that were made after the Government published its position paper

616 Ev 1, para 3

617 Ev 1, para 4. See also paras 190 to 191 on Provisional Statements.

618 Q 1111

619 Ev 418. See also memorandum from Councillor Audrey Lewis, Westminster Council, Ev 708.

620 Q 1104 [Cllr Brown]

on casinos on 7 August 2003. Mr Haslam, of Blackpool Borough Council, told the Committee, “there is a need [...] to ensure that new licences for casinos emerging from the new legislation should be associated with planning applications considered and granted after that legislation is enacted”.⁶²¹

421. Licences granted since August 7 2003 could give casinos grandfather rights without ensuring that where appropriate, they have been considered in line with regional and local plans. This could mean that the opportunity for Regional Planning Bodies and local authorities to achieve planning gains is lost. There have been numerous press reports of casino developments that are already underway, highlighting the risk of losing planning gains.

Grandfather rights

422. Under the proposals in the draft Bill, it is not clear whether all existing casinos will receive grandfather rights or whether this will be limited to those below 5,000 sq ft that were operating before the Government produced its position paper on casino sizes on the 7 August 2003.⁶²² The Gaming Board believe “there is a need for clarity about the grandfather rights of casinos falling below the new minimum area of 5,000 sq ft”.⁶²³ The Committee has received evidence from Sun International suggesting that grandfather rights should be limited to those casinos that were operating before the 7 August.⁶²⁴

423. The aim of grandfather rights is to protect the position of casinos with a table gaming area of less than 5,000 sq ft that would otherwise not be able to continue to operate under the new regime. In its 7 August Position Paper, the Government notes that “there are a number of casinos with gaming areas of less than 5,000 sq ft already in use. We are clear that these will continue to operate as small casinos under the licensing framework which we envisage”.⁶²⁵ Due to the lack of clarity surrounding the issue, it now appears that grandfather rights could be used by operators to establish *large* or *resort* casinos without having to involve local authorities or Regional Planning Bodies, something that would be necessary once the Bill is passed. Mr Anthony Jennens, a planning consultant, told the Committee, “If I were a casino operator and I were now to purchase the David Lloyd tennis clubs throughout the land of which there are 28, I could turn all of those immediately into casinos and put in 40 tables, and whatever the statutory amount is now for machines, wait and get grandfathered in and have 28 very large casinos around the country”.⁶²⁶

424. The Committee is concerned that the lack of clarity over grandfather rights could lead to the undesirable proliferation of casinos and to the loss of planning gains and regeneration benefits in some areas. Planning permission and casino licences granted prior to the Bill achieving Royal Assent could invalidate much of the Government’s

621 Q 1111 [Mr Reg Haslam]

622 Future Set Out For UK Casinos – Joint Position Paper ODPM and DCMS, August 2003, www.culture.gov.uk/gambling_and_racing

623 Ev 22, para 8

624 Ev 169, para 5.2

625 Future Set Out For UK Casinos – Joint Position Paper ODPM and DCMS, August 2003, www.culture.gov.uk/gambling_and_racing

626 Q 1111 [Mr Anthony Jennens]

policy in this area. It could also result in there being considerable inconsistency in the interpretation of grandfather rights in different areas.

425. Casino licences can currently be granted for premises in permitted areas only. There have been numerous press reports of proposals for large scale casino developments in a number of cities including London, Glasgow, Newcastle, Manchester and Liverpool.⁶²⁷ Such developments are likely to fall into the Committee's recommended *large* or *resort* categories of casino, with the ensuing benefits of Category A gaming machine entitlements. Because planning permission and a casino licence would have been granted before the Bill gained Royal Assent, it will be very difficult for the situation to be reversed. Under the proposals in the draft Bill, planning permission previously granted will not be able to be reversed and the local authority will be required to grant a premises licence. While the Gambling Commission is not required to grant an operating licence, there would have to be a justification for not doing so. If the casino continues to operate then local authorities and regional planning bodies will not be able to negotiate planning gains or regeneration benefits from a development that already exists. This is a considerable cause for concern as while the situation could only arise in existing permitted areas, this means that large areas of the country could miss out altogether on the positive benefits that can arise from such developments. Mr Haslam of Blackpool Borough Council told the Committee, "permissions granted now by sleight of hand in the hope that licence will come automatically could also puncture a sensible regional strategy".⁶²⁸

426. This is unfortunately another area where government policy has failed to take account of developments in the industry. The lack of clarity on grandfather rights could lead to a series of missed opportunities for certain areas and risks an inconsistent approach being taken across the country. The Committee considers this to be most regrettable.

Planning at the local level

427. While *resort* casino developments will be for consideration by Regional Planning Bodies, large and small developments will be the preserve of the local planning process. "Proposals for casino developments which are not of regional significance should preferably be brought forward through local development plans in order to capture the benefits for the local evening economy by locating them in locations, such as town centres, consistent with government planning policy on the location of development".⁶²⁹ Yvette Cooper MP, Parliamentary Under-Secretary of State, ODPM told the Committee "the very small-scale ones [...] should be dealt with by the local planning authorities as part of their normal processes".⁶³⁰

428. While local authorities will no longer be able to refuse planning permission for casinos using the demand test, there is concern that planning permission may be refused on grounds of 'need'. Anthony Jennens, a planning consultant, told the Committee "one

627 See for example, 'Casino plan to raise stakes in soccer rivalry' Evening Chronicle (Newcastle) March 19 2004 and 'Council happy to bet on blue-chip plan for Ibrox casino and resort' The Herald (Glasgow) March 25 2004

628 Q 1111[Mr Haslam]

629 Ev 571, para 5

630 Q 1783 [Yvette Cooper MP]

stated aim of the Gambling Bill is the removal of the unstimulated demand test, yet the Planning System can reimpose it by means of the requirement to demonstrate ‘need’.⁶³¹ This will be an area in which the Gambling Commission guidance to local authorities will be very important. We deal with the demand test in the Chapter on licensing (paragraphs 186 to 189).

Interaction between planning bodies

429. As it is currently outlined, the planning process for *resort* casinos will involve a range of stakeholders, including Regional Planning Bodies, Regional Development Agencies and local authorities.⁶³² Operators of Adult Gaming Centres noted that “the roles and responsibilities of local authorities/Regional Development agencies need to be clarified to ensure fairness and consistency of approach”.⁶³³

430. The Government “expects Regional Planning Bodies to set out, where they deem it appropriate, planning policies for leisure developments of regional significance, including the largest casinos [...] Local planning authorities will need to develop policies and identify sites for such developments in their local plans which are consistent with regional policies”.⁶³⁴

431. The interaction between the Gambling Commission, Regional Planning Bodies, Regional Development Agencies and local authorities will be vital to the success of the Government’s proposals. The Local Government Association expressed concern about how interaction might be achieved in practice, “although it is unclear whether regional planning bodies would be given direct powers over councils, the proposals might set up a worrying framework that could see input from councils and local residents vetoed at regional level”.⁶³⁵

Miscellaneous Issues

Linking Machines

432. The Gambling Review Report contained no restrictions on linking machines (also known as wide area progressives) between casinos.⁶³⁶ The 7th August Position Paper outlined a change to Budd’s approach stating that

“casinos, while free to install gaming machines with no fixed prize limits, are not able to link them to machines on other premises to create progressive jackpots. Such linking would undercut effective controls over the availability of machines which

631 Ev 418

632 See diagram in earlier section.

633 Ev 350, para 22

634 Future Set Out For UK Casinos – Joint Position Paper ODPM and DCMS, August 2003, www.culture.gov.uk/gambling_and_racing

635 Ev 389

636 DCMS, Gambling Review Body Report, Cm. 5206, July 2001

evidence from overseas suggests importantly influence the incidence of problem gambling”.⁶³⁷

433. Accordingly Clause 203(1) generally prohibits the linking of machines. This general prohibition on linked machines is, however, subject to the exception in Clause 203(2) that machines may be linked within a single casino. The Committee received mixed views on this subject. Those in favour of the proposals include Kerzner who concur that “linking gaming machines between premises would lead to further proliferation in the number of small casinos”.⁶³⁸ Those against, including Rank and Gala which argued that the Government’s rejection of proposals to allow gaming machines to be linked across a number of premises would be detrimental to their ability to compete with larger casinos:

“We believe that the proposal is illogical because we can see no difference in practice between the linking of, say, 500 machines in one casino and the linking of 500 machines located in a number of different casinos [...]. We consider that the proposal is unfair because it further disadvantages operators of existing small casinos. If they cannot link machines in different casinos they will not be able to match the prizes offered by larger new casinos and will therefore be unable to compete [...]. The inability to link machines would only exacerbate the two-tier nature of the Government’s proposals”.⁶³⁹

This view is shared by the British Casino Association, which argued that the restriction on linking machines between casinos “would be a serious anti-competitive restriction particularly for existing casinos, which would only be able to link a small number of machines, whilst a new competitor which opens a casino in the same catchment area could link 1000+ machines, thereby offering more attractive prizes”.⁶⁴⁰ Leisure Link endorse this view, arguing that restrictions on limiting machines “will undermine the economic viability of many smaller casinos”.⁶⁴¹

434. The evidence that linking machines can lead to problem gambling was disputed by the Casino Machines Manufacturers’ Group. In oral evidence to the Committee, Mr Wimsett said “we, through our best endeavours [...] have failed to find any such material”.⁶⁴² However, Professor Griffiths told the Committee of the importance of the size of the jackpot, “the jackpot prize for instance is most important in why people first start to play an activity”.⁶⁴³ Leisure Link,⁶⁴⁴ the Casino Machine Manufacturers’ Group⁶⁴⁵ and the Barcrest Group⁶⁴⁶ have all suggested that a delegated power should be included in the Bill to enable the linking of machines.

637 Future Set Out For UK Casinos – Joint Position Paper ODPM and DCMS, August 2003, www.culture.gov.uk/gambling_and_racing

638 Kerzner, Ev 161, para 5

639 Rank, Ev 594

640 Ev 158, para 2.1

641 Ev 691

642 Q 906 [Mr Wimsett]

643 Q 246 [Professor Griffiths]

644 Leisure Link, Ev 600, para 5 and Ev 691, para 2.

645 CMMG, Ev 323 para 6.7.

646 Barcrest Group, Ev 641, para 3.2.1.

435. Most existing casinos are small. If, as is likely, grandfather rights permit such casinos to install their entitlement under the Bill of new Category A machines immediately after Royal Assent, linking of machines would enable small local casinos the opportunity of offering very high jackpots in a number of locations where until now there has been only a limited gaming machine availability, if any.

436. On balance, we agree with the general prohibition on the linking of gaming machines situated in different casino premises, contained in Clause 203 of the draft Bill. We consider the prohibition to be necessary at this stage to prevent the proliferation of high-value gaming machines which, as discussed elsewhere, we consider to pose a considerable threat to the prevalence of problem gambling. However, we recommend that Clause 203 should be amended to give the Secretary of State the power to remove this prohibition at a future date, subject to the affirmative procedure. The Committee recommends that the Gambling Commission and Ministers monitor the extent to which the ability to link machines within premises results in a proliferation of high value jackpot offers and what effect, if any, this has on competition between *small* and *large* casinos.

Available for use

437. The Government's proposals provide for a link between the number of gaming tables and the number of gaming machines. In order to avoid casinos increasing the number of gaming tables they have, to increase their entitlement to gaming machines, gaming tables must be 'available for use'. Disappointingly DCMS have yet to have come to an agreement with the industry about what 'available for use' means. The Committee received evidence from the Casino Operators Association that "the definition in our opinion should be a table which has a live operative".⁶⁴⁷ The British Casino Association concurred with this view.⁶⁴⁸

438. There is a risk that casino operators will increase the number of tables that they have, in order to increase their machine entitlements by having 'dummy tables'. Stanley Leisure have suggested that the Gambling Commission should be responsible for checking that gaming tables are actually in use, "we strongly recommend that there is an Audit by the Gaming Commission on 'Table utilisation' measurements to ensure that the 40 Gaming Tables are substantiated by 'customer demand' and not simply 'made available' in large Casinos".⁶⁴⁹

439. Given the importance of the issue DCMS need to agree a definition of "available for use" as soon as possible. The Committee encourages the Gambling Commission to monitor the availability of gaming tables and the levels of consumer demand. If tables are not being used on a regular basis then the corresponding number of gaming machines should be removed from play. We so recommend.

647 Q 448 [Mr Love]

648 Q 448 [Lady Cobham]

649 Ev 549. See also MGM Mirage, Ev 166, para 2.4.3

Membership of casinos

440. The draft Bill removes the requirement for casinos to operate as private members' clubs and abolishes the 24 hour rule, which creates a statutory interval between membership and play. This means that casinos will be able to attract spontaneous, walk-in customers. However, under the EU Directive on Money Laundering, casinos will still have to positively identify customers who participate in gaming activities, in order to satisfy 'know your customer' regulations. As it would be very difficult for a casino to differentiate between customers who gamble, and customers who do not, they will effectively have to identify anyone who enters the gaming floor.

441. The Committee has received evidence in favour of maintaining some record of membership. Stanley Leisure "would like to retain a membership position even though people can come in off the street. By continuing to have a membership form to be completed, it does give us control over the people who may come into the casino".⁶⁵⁰ The Evangelical Alliance is in favour of maintaining the 24 hour rule for playing in casinos, to "avoid the dangers of people walking off the street to gamble in highly vulnerable states".⁶⁵¹

Employment in casinos

442. The Committee heard evidence from the Transport and General Workers Union about the risks involved in working in a casino. "It is [...] our contention that jobs in the casino industry are often very low paid with poor conditions. The casino business is mainly night work which according to recent research is a severe danger to an employee's health".⁶⁵²

Smoking in casinos

443. The Committee has received evidence suggesting that the ability of customers to smoke in casinos should be restricted. One basis for this argument is that smoking in casinos is harmful to casino employees. The Transport and General Workers Union have told us that:

"To go back to passive smoking, very often in a casino there is poor ventilation and poor air-conditioning and the legal protection from health and safety is just not there, so there is a big problem for casino workers".⁶⁵³

444. It further noted that: "there are particular problems in casinos in that mainly a lot of gamblers do smoke, but the Code of Practice, as far as we are concerned, gives us no protection whatsoever and we just suffer in silence."⁶⁵⁴ **We are concerned by the evidence we have received regarding the detrimental impact of passive smoking on casino employees.**

650 Ev 679

651 Ev 72, para 10

652 Ev 491, para 9

653 Q 1466 [Mr Bunn]

654 Q 1467

445. In addition, banning smoking in the gaming areas of casinos has been proposed as a means of addressing problem gambling. For example, we have received evidence from the Blackpool Coalition Against Gambling Expansion that the Bill should:

“Allow local authorities to introduce smoking bans in the slot machine areas if Public Protection Committee Councillors vote to do so. Evidence from Australia indicates smoking breaks get people away from the slots, enough to significantly halt the addictive hold they have on some people”.⁶⁵⁵

During our visit to Australia, we learnt that smoking bans in casinos had been introduced in the State of Victoria in September 2002. Mike Hill, of Community Action on the Pokies Problem, has been reported as saying that, while the intention was not to reduce the time problem gamblers spend at machines, “it has been by far the most effective thing the Government has done to address the high levels of addiction.”⁶⁵⁶ In addition to the arguments regarding the health of casino workers, TGWU has also commented that “More important to this legislation, it would make the majority of customers break from play. There are no figures on the prevalence of gamblers that smoke, but in casinos the percentage is high.”⁶⁵⁷

446. We believe that non-smoking policies in the gaming areas of casinos would be an effective means of helping to protect casino employees from the dangers of tobacco smoke. We accordingly recommend that the Gambling Commission should incorporate provision for a non-smoking policy in either licence conditions or the codes of practice to be issued under Clause 16 of the draft Bill.

Alcohol in casinos

447. While Budd was generally “anxious that gambling and alcohol should not mix more than they do already”,⁶⁵⁸ it considered restrictions preventing alcohol being taken onto the gaming floor of casinos to be artificial, noting that alcohol was already available a few feet away from the gaming floor.⁶⁵⁹ Budd therefore recommended that “the current restrictions on alcohol on the gaming floor should be lifted.”⁶⁶⁰ The Government has accepted this,⁶⁶¹ and the current law has already been amended accordingly.⁶⁶²

448. We have, however, received a number of criticisms of this policy. For example, the Evangelical Alliance has commented that it “firmly opposes the proposed relaxation of alcohol rules and urges the complete ban on the sale of alcohol in gaming establishments”;⁶⁶³ and Stanley Leisure have stated that “the permission of people to drink alcohol at tables and at machines is wrong and we would like the Scrutiny Committee to

655 Ev 21, para 12

656 Reported in *The Age*, 29 February 2004.

657 TGWU, Ev 491, para 10.

658 DCMS, *Gambling Review Body Report*, Cm. 5206, July 2001, para 24.19

659 DCMS, *Gambling Review Body Report*, Cm. 5206, July 2001, para 24.18

660 DCMS, *Gambling Review Body Report*, Cm. 5206, July 2001, para 24.19

661 DCMS, *A safe bet for success – modernising Britain’s gambling laws*, Cm. 5397, March 2002, para 4.24

662 DCMS, *Draft Gambling Bill: Regulatory Impact Assessment*, Cm. 6014 – III, November 2003, para 4.5

663 Evangelical Alliance, Ev 72

change the recommendation as this in itself can cause problem gambling”.⁶⁶⁴ The Transport and General Workers Union explained that:

“It is accepted that alcohol may be obtained at a bar, which is situated nearby, but because the punter has to physically leave the gaming tables in order to drink, this acts as a disincentive to excessive alcohol intake and may create a break in play.”⁶⁶⁵

449. Dr Moran has told us of the risks of mixing alcohol and gambling:

“It has also been found that normal, social levels of drinking alcohol alter self-control over decision-making. This results in regular gamblers finding it more difficult to decide at what point to stop, when losing.”⁶⁶⁶ [and] “Alcohol impairs judgment. It clearly increases impulsivity. Therefore, the association between gambling and alcohol is, I think, a very hazardous one.”⁶⁶⁷

Inter Lotto has countered this evidence, stating that “The link between drinking and gambling is anecdotal, as little relevant research has been undertaken, but in its 1996 Report ‘Casinos and Bingo Clubs’, the Home Office states ‘We are not aware of any evidence to suggest that this (alcohol) is a factor in excessive gambling or other problems.’”⁶⁶⁸

450. A number of commentators have suggested that further research should be conducted into the link between alcohol and problem gambling. Quaker Action on Alcohol and Drugs has recommended that “the effects of alcohol consumption on gambling be a priority area for research by the Gambling Trust [and] that evidence will result in government willingness to use “the flexibility available in the legislation” to review and amend these provisions if necessary.”⁶⁶⁹ The Drug and Alcohol Foundation has urged “why not use the change in gambling regulations as the opportunity to research the link between gambling and alcohol usage?”⁶⁷⁰

451. We agree with the decision to remove restrictions on alcohol on the gaming floor of casinos. However, in view of the fact that serious concerns have been expressed as to the relationship between gambling and alcohol the Committee considers it is an aspect that needs to be monitored by the Commission and included in its third year report.

664 Stanley Leisure, Ev 679, para 5

665 TGWU, Ev 491, para 17

666 Dr Moran, Ev 64, para 3.3

667 Q 256 [Dr Moran]

668 Inter Lotto, Ev 666, para 8

669 QAAD, Ev 30, para 4.3

670 Drug and Alcohol Foundation, Ev 664, para 5.4

- [Accessibility](#)
- [Email alerts](#)
- [RSS feeds](#)
- [Contact us](#)



www.parliament.uk

 Search

[Home](#)
[Parliamentary business](#)
[MPs, Lords & offices](#)
[About Parliament](#)
[Get involved](#)
[Visiting](#)
[Education](#)

[House of Commons](#)
[House of Lords](#)
[What's on](#)
[Bills & legislation](#)
[Committees](#)
[Publications & records](#)
[Parliament TV](#)
[News](#)
[Topics](#)



House of Commons

Session 2003 - 04
[Publications on the internet](#)
[Standing Committee Debates](#)
[Gambling Bill](#)

Gambling Bill

Column Number: 139

Standing Committee B

Tuesday 16 November 2004

(Morning)

[Mr. Roger Gale in the Chair]

Gambling Bill

9.30 am

The Chairman: Order. Before we commence this morning's proceedings, I have to report that the Programming Sub-Committee has met and that there will be a half-hour debate on an amendment to the programme order.

The Minister for Sport and Tourism (Mr. Richard Caborn): I beg to move,

That—

(1) the order of the Committee made on 8th November, as varied by the order made on 11th November, shall be varied so as to provide for consideration of clause 7 immediately after schedule 4; and

(2) the resolution shall also be varied so as to provide that the words "5.30 pm on Tuesday 16th November" shall be deleted.

By way of explanation—[Interruption.]

The Chairman: Order. I am sorry to interrupt proceedings, but it is clear that we are having difficulty getting some strangers into the Gallery. May I ask hon. Members who wish to hear the proceedings but are not members of the Committee to take the seats available to the rear of the Opposition Benches? That should allow sufficient space for those who wish to listen. I am also prepared to allow House of Commons pass holders to use those seats.

Mr. Caborn: By way of explanation on the programme resolution, I shall make a short statement. We have taken careful note, as promised, of the concerns raised on Second Reading about the casino proposals in the Bill, particularly the provisions for regional casinos. In the debate, there was a large measure of support for the view that the proposed licensing controls, working alongside the planning system, would not be strong enough to guard against the proliferation of gambling facilities hitherto untested in this country, or against the location of regional casinos in unsuitable areas.

The Government regard the regional casino framework, which was much strengthened by pre-legislative scrutiny, as robust and comprehensive. However, we are happy to provide additional reassurance to those who prefer a more cautious approach. We have therefore decided to amend the Bill, if possible in Committee, but at the latest on Report, to address concerns without losing the opportunity to broaden consumer choice and add to the regeneration of areas that might benefit from regional casinos.

Our analysis has always suggested that the number of regional casinos would increase gradually in the early stages of the new licensing environment because

Column Number: 140

of the safeguards that we are putting in place. As an additional reassurance, we will limit the number of regional casinos in the first phase to eight. They will be able to open after the Bill is brought fully into force, which we expect to be in 2007.

Whether more regional casinos will be allowed in due course will depend on the results of careful evaluation of their impact after the initial period. We will expect the independent gambling commission, supported by expert research, to advise on whether the introduction of such casinos has increased the risk of problem gambling. What happens then will depend on the assessment and on judgment about protection of the public from social harm. We will also want to know, with the help of the regional development agencies and regional planning bodies, what regeneration and other economic affects there have been in the areas concerned.

Within the tough regulation framework established by the Bill, it will be for the market to decide whether there is a true demand for regional casinos. However, if Parliament agrees that the first phase has provided the expected level of reassurance, more regional casinos will follow. If the Government decide on the basis of the assessment to allow more regional casinos to be established, an order will need to be approved by resolution of both Houses.

When tabling amendments, we shall set out in detail our proposed arrangements for determining where regional casinos will be located and how licences to run them will be awarded, any consequential changes relating to other categories of casino to avoid the proliferation of small or large casinos, and other such matters on which a number of views have already been expressed.

At this stage we do not propose to rule out any part of Great Britain as a suitable area for one or more of the eight regional casinos that will initially be authorised. We are clear that there should be an overarching national policy statement that brings together the requirements of gambling regulation and the roles of planning and economic regeneration. That will set out the principles that should guide decision making about casinos. We intend to publish a draft of that statement when we table the amendments so that Parliament and the public can fully understand the overall policy context.

The Chairman: Order. Before we proceed to a short debate on the programme resolution I want to clarify one or two points. Under the Standing Orders of the House the debate will terminate not later than three minutes past 10. I also want the Committee to be clear on two things. First, the resolution effectively means that today's sitting is open-ended and will terminate only with the motion to adjourn moved by the Government Whip. Secondly, while that is literally the case, private indications from the Programming Sub-Committee suggest that it is intended that the Committee will rise at 6 pm. The programme resolution does not say that, and further considerations between the usual channels later in the day could affect that. Should the Committee determine

Column Number: 141

that it wishes to sit later than that time I shall suspend the sitting automatically, either for a Division of the House, or for a comfort break for the staff, or both.

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): May I first make it clear that we support the resolution of the Programming Sub-Committee? In response to the Minister's statement, I say to the Committee that making such a fundamental change to the most controversial element of the Bill at this stage in our proceedings is an extraordinary development. It is a humiliating climbdown for the Government. It might not have been necessary had they listened to the concerns that had been expressed for some considerable time by Members from all parties and by outside organisations ranging from all the Churches through to the UK casino industry itself, not to mention a wide spectrum of the media.

Having said that, we welcome the fact that the Government have now agreed to set a limit on the number of regional casinos and that there will be a pilot scheme subject to assessment after a period. Indeed, what the Minister has announced bears a remarkable similarity to our amendment No. 70 to clause 7, which proposed exactly such a pilot scheme. The only difference is that the Minister has announced that the limit should be eight rather than four. We will wish to explore that when we come to debate clause 7 itself. A number of areas remain of concern to us. We will want to hear more about the location of the casinos and the Government's proposals for assessing their impact. We undoubtedly welcome the nature of the scheme that has been announced this morning but will we wish to examine it in detail.

This is a step forward, however, and to facilitate it, the intention of Front-Bench Members—obviously I cannot speak for all my colleagues—is to withdraw our original amendments to clause 7 so that we can have a full debate on clause stand part about the whole regional casinos industry. We will then want to see the exact detail of the amendments that the Government are to table, either during the remainder of the Committee proceedings or on Report. I hope that the fact that we will withdraw our amendments at this stage will allow us to table amendments on Report, should we feel that the Government's changes do not go far enough.

Later in our consideration of the Bill, we will press on the Government one or two other measures that will provide additional safeguards that we believe to be necessary. At this stage, I can say that we welcome the Government's last-minute change of mind.

I have one further point to make. When we debated the emergency amendment to our programme order last Thursday, to provide for a delay so that the Minister could consult his colleagues before agreeing to these changes, the hon. Member for Bath (Mr. Foster) specifically asked the Minister

"for a clear undertaking that any announcement that he makes about major changes to clause 7 . . . will be made first to the Committee and to no other organisation."

Column Number: 142

The Minister said in his response that

"there will be no public statements or announcements before I come to Committee."—
[Official Report, Standing Committee B, 11 November 2004; c. 89-90.]

It was, therefore, with some surprise this morning that I heard on the radio that the Secretary of State had briefed the parliamentary Labour party last night on the changes that have been announced. The report was not based on a speculative briefing or on sources close to the Secretary of State, but on a statement by the right hon. Lady, on the record, to the parliamentary Labour party rather than to the Committee. That seems to be a breach of the undertaking given to the Committee by the Minister a few days ago. I will be interested to hear his observations on that matter.

Mr. Don Foster (Bath) (LD): I join the hon. Gentleman in saying that we are happy to support the programme resolution and to follow the Conservatives' approach in agreeing to withdraw any of our amendments to clause 7, so that we can have a full debate on the Minister's proposal and also consider those other matters at a later stage.

I make it clear, however, that two important issues arise from our amendments which I hope the Government will take on board when they table their amendments. First, there is a need for a clearer definition of casinos, not least to enable a definition of the area in which only certain categories of people are to be allowed, and for entry to which identification will be required. Secondly, we would like the opportunity at a later stage to discuss a point mentioned by the Minister in his statement—the location of any new super, or as he calls them, regional casinos. There will no doubt be lengthy debate about the joint scrutiny Committee's proposal that any new super-casino be a destination casino, to avoid the problems of ambient gambling that would occur were those casinos to be sited, for example, on the main streets in major towns and cities.

That said, we welcome the brief draft proposals that the Minister has given us in respect of the significant U-turn that the Government are now making on this most controversial clause. We said that we were concerned about the potential for huge proliferation of those untried super-casinos, and about the impact that that might have on public health if there were an increase in problem gambling. We also expressed concern that those casinos might not produce the large regeneration benefits that the Government has claimed for them. I hope, therefore, that there will be an opportunity during the stand part debate on clause 7 to discuss those matters with the Minister in more detail.

Many of us find it surprising that there was no reference in the Minister's statement to the number of category A machines. I suspect that Members on both sides of the Committee hope that the Minister will shortly make proposals at least to limit to a small percentage—preferably to zero—the number of category A machines in the eight new trial, or pilot, super-casinos proposed by the Government.

9.45 am

I share the anxiety expressed by the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) about the fact that the statement was made elsewhere before it was given to the Committee a few minutes ago. The hon. Gentleman said in a previous sitting that he would like the Minister to give us

"a clear undertaking that any announcement that he makes about major changes to clause 7, or any other part of the Bill, will be made first to the Committee and to no other organisation."

As the hon. Gentleman said, the Minister gave the Committee the following assurance:

"In reply to the hon. Member for Bath, there will be no public statements or announcements before I come to Committee." —[Official Report, Standing Committee B, 11 November 2004; c. 89-90.]

It is clear from what many hon. Members will have heard on the radio and read in our newspapers this morning that an announcement was made last night to a body of people other than members of the Committee. Although I do not question the Minister's integrity, I am deeply concerned that someone from his Department—namely the Secretary of State, who I am sure was well

aware of the assurance that the Minister gave the Committee—nevertheless was prepared to break that clear undertaking.

[Continue](#)[Commons](#)[Parliament](#)[Lords](#)[Search](#)[Enquiries](#)[Ordering](#)[Index](#)

[©Parliamentary copyright 2004](#)

Prepared 16 November 2004

- [A-Z index](#)
- [Glossary](#)
- [Contact us](#)
- [Freedom of Information](#)
- [Jobs](#)
- [Using this website](#)
- [Copyright](#)

You can find out more about cookies below, otherwise by continuing to use the site you agree to the use of the cookies as they are currently set.

- [Accessibility](#)
- [Email alerts](#)
- [RSS feeds](#)
- [Contact us](#)



www.parliament.uk

[Home](#)

[Parliamentary business](#)

[MPs, Lords & offices](#)

[About Parliament](#)

[Get involved](#)

[Visiting](#)

[Education](#)

[House of Commons](#)

[House of Lords](#)

[What's on](#)

[Bills & legislation](#)

[Committees](#)

[Publications & records](#)

[Parliament TV](#)

[News](#)

[Topics](#)

Gambling Bill

[\[back to previous text\]](#)

Mr. Moss: The clause allows the gambling commission to void a bet if it is satisfied that the bet was substantially unfair. Again, although the intention is laudable, problems may emerge because of the way that the provision is constructed.

Let us consider a situation in which the connection of a racehorse lays his horse on a betting exchange at an attractive price, in the knowledge that the horse will not run, is unfit or will be stopped by his jockey. That is known as laying to lose, and that type of activity has generated a great deal of adverse publicity for racing in recent months. Let us say that the commission becomes aware of that corrupt activity and voids the bet. As I read the clause, only the bet or bets entered

Column Number: 617

into by the person who interfered with the outcome of the event will be voided. However, thousands of other people are likely to have placed bets on the same race, and all of those bets will have been affected in some way by the corrupt activity. For example, hundreds of betting shop punters may have backed the horse that did not try to win, and were therefore defrauded. Equally, the horse that wins the race might have lost if all its opponents had run on their merits.

It is not difficult to imagine that there would be considerable unrest and disillusionment if betting shop punters were to learn that, although a particular bet had been voided because of corrupt practice, all other losing bets in the race would stand. The effect would be that anyone who backed the non-trier along with the perpetrator of the fraud would get their money back, but other punters who had backed the same horse with a bookmaker would lose.

Voiding all bets on a horse or race would not be a practical solution because the majority of cash bets are settled quickly, and it could be some time after the race that the alleged corruption was exposed. It would then be impossible to inform, trace or identify punters entitled to their money back.

There is no suggestion that the perpetrator of that type of fraud should be allowed to benefit, or that those with whom they bet should be disadvantaged, but it would be interesting to hear the Minister's explanation of what other sanctions he feels a perpetrator might face. For example, will the commission have the power to ban the perpetrator from betting in future? Can the commission prosecute the individual, or will it refer matters to the Crown Prosecution Service?

I do not think that the industry as a whole is opposed to the Government's aims as outlined in the clause, but it is keen to know what measures would be put in place as a real deterrent to the return of the circumstances that we have discussed. Would the Government take strong action against the offender in addition to ensuring that he received no benefit from his corrupt activity?

Mr. Caborn: I shall give the Committee the general background, and then come to the specifics that the hon. Gentleman raised.

The clause gives the gambling commission the power to make an order to void unfair bets. The order will cover bets accepted by, or through, the holder of any of the licences mentioned in the clause. When the order is made, the unfair bet in question will be void, and any

contract or other arrangement relating to the bet will also be void. Any money paid in relation to the bet must be returned to the person who paid it. That mechanism is an essential safeguard to customers and betting operators, and will enable the commission to support sports regulators.

We recognise that the power must come with some qualifications. The commission can make an order only once it is satisfied that a bet is substantially unfair. In deciding whether a bet was unfair, the commission must consider the factors listed. The

Column Number: 618

commission can issue an order to void a bet only within six months of the result of the bet being determined. When a party has been convicted of cheating, the commission will be allowed an unlimited time to issue an order. We can remedy injustice through voiding, but it is unfair and unnecessary to void all bets on the race. We cannot deal with everything. The point does not apply. So, on the specific point, the answer is yes, but on the general point, it is no.

Question put and agreed to.

Clause 315 ordered to stand part of the Bill.

Motion made, and Question proposed, That further consideration be now adjourned. ♦[Mr. Watson.]

10 am

Mr. Caborn: On 16 November, I set out to the Committee our proposals to set an initial limit of eight on the number of regional casinos. I promised that there would be a statement of the Government's overarching national policy on casinos and that we would describe in more detail how the initial limit would work in practice. There is considerable interest in Parliament and elsewhere about the proposals, and with your permission, Mr. Pike, I will use this opportunity to set them out in more detail.

The Government's policy on casinos is, as everybody knows, based on the three broad objectives of the Gambling Bill: to protect children and the vulnerable, to prevent gambling from being a source of crime and to ensure that gambling is conducted in a fair and open way. Britain has a low level of problem gambling, and we are committed to maintaining that record. Casinos are already tightly regulated and the Gambling Bill will strengthen the strict controls that are in place.

There are, however, a number of regulations that the Government believe are outdated. The 24-hour rule, the ban on advertising and the permitted areas rule unnecessarily restrict customer choice and discourage investment and economic regeneration. The tourism and leisure industries are increasingly important sectors of our economy. The casino proposals in the Bill, with the emphasis on increased regulation, can make a positive contribution to those sectors. Regional casinos, in particular, offer clear potential for regeneration. They not only provide gambling activities but may also include a range of other facilities such as hotel accommodation, restaurants, live entertainment and other leisure attractions. Many parts of the country could benefit greatly from regeneration through such leisure developments.

The Government recognise, however, that the casino proposals in the Bill represent a significant change and that we need to take a cautious approach to assess whether their introduction will lead to any increase in problem gambling. We have taken the view that the risk of an increase in problem gambling will be reduced if a limit is imposed on the number of casinos. We announced our intention to set a limit on the number of regional casinos, and I said at the time that the Government would consider whether any

Column Number: 619

consequential changes were necessary to avoid proliferation of other categories of casino. Our conclusion is that the limit on the number of regional casinos will lead to a significantly greater rise in the number of small and large casinos than would otherwise have been the case.

That has made us reconsider the potential risk posed by small and large casinos. We now believe that, as with regional casinos, it is right to set an initial limit of eight each on the number of large and small casinos. The Government believe that, in order properly to assess the impact of those new casinos, there needs to be a sufficient number of casinos in each category to allow their impact to be assessed in a range of areas and types of location that might be suitable. Those include, for example, urban centres and seaside resorts in different parts of Britain. A limit on regional, large and small casinos of eight each is consistent with that aim and ensures that any risk is minimised.

The Government will appoint an independent advisory panel to recommend where the locations of the regional, large and small casinos should be. No earlier than three years after the award of the first premises licence, the Government will ask the gambling commission to advise on whether the introduction of the new types of casino has led to an increase in problem gambling or is increasing the risk of that. We believe that such a period is necessary to ensure that a full assessment can be made.

Once that assessment has been made, it will be easier to judge the continuing need for a limit. If, on the basis of that assessment, the Government decide to allow more casinos to be established, the order allowing that will need to be approved by Parliament. None of those provisions will affect the ability of a local authority to refuse to have any new casinos of any size category in their area. Today, we are making available a document that sets out our policy in detail, including the role of the advisory panel on new casino locations and arrangements for existing casinos.

I will briefly set out how the different parts of the process will fit together. The independent advisory panel will make recommendations on the locations of the new casinos. It will be appointed by the Secretary of State and will need to have knowledge and expertise in a range of issues, including planning, securing regeneration, tourism and addressing the social impacts of gambling. In order to ensure that the impact of the new casinos can be assessed on the basis of a broad range of information and experience, the advisory panel will be asked to identify areas for the new casinos that will provide a good range of types of location and a good geographical spread of locations across Britain.

Subject to those criteria, the panel will be asked to choose areas likely to benefit from a casino in economic development terms. It will be asked to present the Minister with a list of up to eight recommended areas for each of the three categories of casino. After consulting the Scottish Executive and the Welsh Assembly, the Secretary of State will decide which location to choose.

Column Number: 620

I will say a few words about the role of the planning system. In England, regional planning bodies, as part of their development of the regional spatial strategies, will need to consider possible broad locations for regional casinos within their region, taking into account national planning policy guidelines. Before the panel finalises its recommendations on regional casinos, it will need to ensure that they are compatible with the broad locations identified in the regional spatial strategies. The identification of specific sites for all three categories of casino will be a matter for the local planning authorities in their local development frameworks, having regard to national policy and the regional spatial strategy.

Local planning authorities will also be responsible for deciding applications for casino development. Operators will be required to apply for planning permission in the usual way and all applications will be considered on their merits and in line with national and local planning policy. Applications may come forward at any stage. The decision on whether they should be called in ♦the decision by the First Secretary of State ♦will be made in light of the Government's call-in policy and the particular circumstances of the case.

On the licensing system, the gambling commission will award operating licences to companies on the basis of the usual licensing criteria, but the process will incorporate an additional stringent test on social responsibility, to reflect the fact that the casinos will present new risks in relation to social harm. Operators will need to demonstrate a commitment to reduce the risk posed to vulnerable people and to make information and assistance available to people using the casinos who may be affected by problems related to gambling.

There will be no limit on the number of operating licences that may be granted. The initial limit on the number of new casinos will be given effect through the premises licensing. A local licensing authority will only be able to award a casino premises licence if one has been identified for its area. The process for awarding a premises licence will have two stages. The first will be a regulatory test to ensure that all proposals satisfy the premises licensing requirement, which is in the Bill. The second stage will be triggered where there are more applications for a casino premises licence than the local licensing authority is permitted to grant.

The second stage will involve a competition held by the local authority on the wider casino proposals. We will consult the Local Government Association and others about how the competition should be conducted. The competition could be judged on a wide range of issues, reflecting the issues, concerns and priorities that are important to that area. Those might include, for example, employment and regeneration potential, the design of a proposed development, the financial commitments by the developer to local projects, the location, the range of facilities and other matters. The local authority may also wish to provide an opportunity for consultation with local people. It would set out its priorities and concerns in a set of objective key considerations and then invite operators to submit entries to the competition.

Column Number: 621

The eventual winner will be eligible for a full premises licence once planning permission has been obtained and the casino has been built. The operator will therefore need to have an operating licence, a premises licence and planning permission. Planning permission is likely to be conditioned with the planning obligations. The premises licence process and the planning consent process will need to be conducted taking account of the need to separate clearly the licensing and planning functions.

The Office of the Deputy Prime Minister and the DCMS will issue guidance to local authorities on the propriety issues surrounding those processes. The applicants proposed in the preferred option would not be a material consideration in the planning decision. However, once planning permission has been granted and the casino built, the operator will be able to apply for a full premises licence, which it could expect to obtain provided that there had been no material change in the proposals since the competition.

Finally, I shall say a few words about existing casinos. The arrangements for regional large and small casinos are aimed at minimising the risk of problem gambling that would come from a large increase in the number of casinos, particularly from a proliferation of the high-stake and high-prize gaming machines. Existing casinos must be allowed to continue to operate and to have the opportunity to compete for the new licences. We do not believe that it would be appropriate to allow them to have all the new casino entitlements in circumstances where a limit is imposed on the establishment of new casinos. Accordingly, we propose that there should be no size requirements on those casinos and that they should not be subject to the ban on advertising and the 24-hour rule. However, they will be restricted to the equivalent gaming machine entitlement of 10 gaming machines of up to category B and they will not be allowed to provide bingo or betting on real or virtual events.

To achieve that, there will be a separate category of premises licence for casinos that already had a licence under the Gaming Act 1968. A company operating one of those casinos may apply for a regional, large or small casino premises licence. If one is awarded to an existing casino, it will be able to operate with all the new entitlements authorised by the new licence.

My officials and parliamentary counsel have been working pretty hard to prepare amendments that give effect to this new policy. It is important that the Committee should have the opportunity to debate the amendments before the Bill returns to the Floor of the House on Report. The Government intend to table the amendments as soon as possible. Some will be new clauses and new schedules, which we will be able to consider during our sitting on 11 January. I hope that we will be able to table the amendments before the House rises for Christmas. If that is not possible, I shall write to all Committee members to give them notice of the amendments before we table them, which will be as soon as possible in the new year. I want to make sure that all Committee members can consider

Column Number: 622

the details proposed in good time, before the Committee meets.

If Committee members want to communicate during the recess, they should leave their addresses, which may be different from those of their constituency offices, with us. We shall make sure that we communicate directly with them.

In conclusion, it is clear that the range and framework of casinos need to be reformed. As I have said, casinos have the potential to contribute to the leisure and tourism sectors, and to the economy's economic development much more widely. However, we are clear that we need to take a cautious approach to avoid the proliferation of casinos in high streets across the country and to maintain Britain's good record on problem gambling. The proposals offer that balance, and a cautious approach.

[Previous](#)

[Contents](#)

[Continue](#)

[Commons](#)

[Parliament](#)

[Lords](#)

[Search](#)

[Enquiries](#)

[Ordering](#)

[Index](#)

©Parliamentary copyright 2004

Prepared 16 December 2004

- [A-Z index](#)
- [Glossary](#)
- [Contact us](#)
- [Freedom of Information](#)
- [Jobs](#)
- [Using this website](#)
- [Copyright](#)

You can find out more about cookies below, otherwise by continuing to use the site you agree to the use of the cookies as they are currently set.

- [Accessibility](#)
- [Email alerts](#)
- [RSS feeds](#)
- [Contact us](#)



www.parliament.uk

[Home](#)
[Parliamentary business](#)
[MPs, Lords & offices](#)
[About Parliament](#)
[Get involved](#)
[Visiting](#)
[Education](#)

[House of Commons](#)
[House of Lords](#)
[What's on](#)
[Bills & legislation](#)
[Committees](#)
[Publications & records](#)
[Parliament TV](#)
[News](#)
[Topics](#)

You are here: [Parliament home page](#) > [Parliamentary business](#) > [Publications and Records](#) > [Lords Publications](#) > [Lords Hansard](#) > Daily Hansard
[Previous Section](#) [Back to Table of Contents](#) [Lords Hansard Home Page](#)

Consolidated Fund (Appropriation) Bill

Brought from the Commons endorsed with the certificate of the Speaker that the Bill is a money Bill, and read a first time.

Gambling Bill

The Parliamentary Under-Secretary of State, Department for Culture, Media and Sport (Lord McIntosh of Haringey): My Lords, I beg to move that the House do now resolve itself into Committee on this Bill.

Moved, That the House do now resolve itself into Committee.—(*Lord McIntosh of Haringey.*)

On Question, Motion agreed to.

House in Committee accordingly.

[The DEPUTY CHAIRMAN OF COMMITTEES (Lord Lyell) in the Chair.]

Lord Clement-Jones moved Amendment No. 1:

Before Clause 1, insert the following new clause—

"CONVERSION OF CURRENT ENTITLEMENTS

(1) The Secretary of State shall by order make provision for the conversion of all entitlements to the operation and citing of gaming pursuant to the Gaming Act 1968 (c. 65) and related legislation into premises licences under this Act.

(2) Such an order, as set out in subsection (1), shall provide that these pre-existing rights may not be in any way limited by the Secretary of State, the Commission or any licensing authority."

The noble Lord said: It is a great pleasure to start this Bill. I hope that colleagues will be gainfully occupied for most of the rest of today with the Gambling Bill, which is very appropriate, although I would not want to place a bet on the outcome of today's business.

10 Mar 2005 : Column 921

The Minister is well aware of the concern in the gaming industry about "grandfather" rights; that is, the retention of machine numbers on premises or the ability to offer particular games to customers in accordance with existing entitlements. The uncertainty is created because the Bill leaves to secondary legislation the detail of how effect will be given to that intention. It is therefore impossible, because that secondary legislation is not available in draft, for the industry to identify all the circumstances where current entitlements would stay or would be removed.

The Government have accepted that certain matters are fundamental to the principles of the Bill. Indeed, they are enshrined in Clause 1. They are not left to the discretion either of local authorities or to the Secretary of State. The Government argue that Schedule 18 deals with grandfather rights, but it does so only in the sense that it gives the Secretary of State powers to make orders to deal with transitional arrangements to cover existing licences or permits without specifying the detail of how that will be applied.

It is particularly important to the gaming industry that the principle of grandfather rights is spelt out, given that the new licensing powers that are being given under the Bill to local authorities increase their ability to curtail or remove existing entitlements. Without greater certainty, industry does not have the stable environment in which to plan and invest.

The devil is in the detail as regards grandfather rights in particular. A specific example of how the Government's general assurances about grandfather rights do not provide any comfort at a detailed level can be seen in relation to their application to family entertainment centres.

The Secretary of State wrote to Mr Tony Wright MP on 12 November 2004, giving the impression that all amusement arcades will benefit from those grandfather rights. She wrote:

"I know the issue of 'grandfather rights' is also of concern for some amusement arcade operators. Amusement arcades with the lowest stake and prize machines currently operate under permit from local authorities, and this will be the case under the Bill (they will become unlicensed family entertainment centres). Such arcades will not be regulated directly by the Gambling Commission, although the Gambling Commission will be required to issue guidance to local authorities about a whole range of matters, including arcades that local authorities will have to take into account. When the Bill comes fully into force, probably some time in 2007, then at this point all arcades will be entitled to new grandfathered permits, entitling them to the same number of machines as under the current arrangements".

In reality, only about 5 per cent of arcades would be covered by the terms of that assurance because it covers only those arcades that have only category D machines and are therefore not licensed by the local authority. While the bulk of their machines are category D machines, 95 per cent of arcades also have segregated over-18 only areas, which have entitlement

10 Mar 2005 : Column 922

to offer category C machines. So there are issues there about which the arcade industry, in particular, is concerned. I beg to move.

Baroness Buscombe: In speaking to support the amendment tabled by the noble Lord, Lord Clement-Jones, I speak also to my Amendment No. 9, which is on similar points. The noble Lord's amendment raises significant, important issues regarding the support and maintenance of existing rights to games machines by the current industry—be it pubs, bingo halls or small casinos.

The industry, as we will discuss, believes that this Bill proposes an unequal playing field. It wishes to ensure that not only is there no reduction in the number of machines on premises, but also that there is no reduction in the ability to offer particular games to customers.

As the noble Lord has explained, the Bill only appears to give parts of the industry these grandfather rights, which some have argued as undue bias. The new clause in my name after Clause 6 aims to look at the detail of a particular concern about Sections 16 and 21 machines, alluded to by the noble Lord, Lord Clement-Jones, while speaking to Amendment No. 1.

The adult gaming centres are arguably faced with a double whammy. As currently drafted, a number of gaming areas do not fit neatly into the Bill. They include Sections 16 and 21 machines, which have been in operation since 1976 and 1968 respectively. Sections 16 and 21 machines currently operate under a voluntary code of conduct that is approved by the Gaming Board. Those machines are well regulated and controlled. On that basis, I ask the Minister why the use of those machines cannot be permitted to continue with the current level of stakes and prizes under a separate machine category—for example, a B5.

I question whether Part 10 of the Bill gives adequate safeguards to secure current entitlements to existing games operating under Sections 16 and 21 licences, which the Government will no doubt argue in a moment. Moreover, a recent DCMS memorandum and the RIA suggest that those machines will not be able to operate as they do under existing legislation. I would appreciate details from the Minister on the position of those machines in this legislation and their operation under it.

Lord Greaves: Can the Minister provide me with some information that I cannot find elsewhere on existing casinos? According to different sources, there are between 131 and 137 existing casinos in operation. Perhaps the Minister knows exactly how many. If those casinos were new casinos, under the Bill would they be classified as small or large casinos?

Lord McIntosh of Haringey: I am very sympathetic to the motivation behind the amendment tabled by the noble Lord, Lord Clement-Jones. I want to give him the reassurance that he seeks about the clarity of grandfather rights. I know where these amendments come from and I well appreciate that the grandfather rights available in the Bill are scattered throughout it.

10 Mar 2005 : Column 923

Many of the assurances that have been given on them have been in the form of letters to Members of Parliament or in other ways. It is important that the grandfather rights, which are enshrined in the Bill and which I believe to be comprehensive, should be read into the record, as I propose to do now.

The Government published a position paper on grandfather rights in February 2004, which might not have been brought to the attention of the noble Lord, Lord Clement-Jones. It made clear that the Government would use the powers in the Bill to convert, automatically, a number of existing permissions into permissions under this legislation. I shall give the Committee the detail.

Those promoting lotteries, subject to the registration requirements in Sections 5 or 6 of the Lotteries and Amusements Act, will be deemed, where necessary, to have a lottery operating licence under the Bill. Licences for betting offices, betting tracks and approved horse racecourses under the Betting, Gaming and Lotteries Act 1963 will become betting premises licences under Part 8 of the Bill. A machine permit under Schedule 9 to the Gaming Act 1968 for all cash amusement-with-prizes machines will become either an adult gaming centre premises licence or a family entertainment centre premises licence.

Gaming or bingo licences under Part II of the 1968 Act will become premises licences too. Permits for miners' welfare institutes and other clubs will convert automatically into club gaming permits under the Bill. Machine permits for coin or token amusement-with-prizes machines will be converted automatically into new style category D machine permits, although new permits will not be available for premises such as fish and chip shops, and so on. Lastly, premises licensed for the sale of alcohol that have a gaming machine entitlement now will, where necessary, be granted a permit under the Bill to carry on with exactly the same number of gaming machines as they have now.

The House will know that it is quite normal for detailed transitional arrangements under legislation to be dealt with through secondary legislation, such as that in Schedule 18 to the Bill to which the noble Lord, Lord Clement-Jones, referred. The Delegated Powers and Regulatory Reform Committee, in its 11th report, passed no comment at all on the Bill's powers in that respect. So I hope I have been able to answer the first question posed by the noble Lord, Lord Clement-Jones.

The noble Baroness, Lady Buscombe, asked me about Sections 16 and 21 machines and why the current level of stakes and prizes will not be the same under the Bill as it is now. We shall debate that on subsequent amendments and perhaps I can go into more detail then. Fundamentally, the principle is that the number and power, in terms of stakes, prizes and speed of play, of machines is proportionate to the nature of the premises; in other words, whether children are allowed in and the degree of hard gambling that takes place. I am very willing to defend our proposals for Sections 16 and 21 machine stakes and prizes on the grounds that that will be the theme of everything that I say on the precautionary principle in this Committee.

10 Mar 2005 : Column 924

The noble Lord, Lord Greaves, asked how many existing casinos are small or large. We do not have exact figures because we do not measure the table gaming areas in casinos. We have no authority to do that and I do not believe that he would wish us to do so. Our understanding is that only a minority of the existing casinos meet the minimum size requirements of the new casinos.

While I am totally sympathetic to the purpose of the amendments, I believe that they are unnecessary. All the powers necessary to deliver fair grandfather rights are already in the Bill. A more substantial point on the amendments is that if they were accepted they would prevent the Government or the Gambling Commission or a licensing authority using their powers in future to control entitlements to gaming and gambling machines. I submit that that would undermine the central purpose of the Bill.

The main reason for introducing the Bill now is because the present law is being outpaced by technology. That is more than just a debating point. As the law is out of date, operators have tried to exploit loopholes to introduce new products that were never intended to be authorised under the law. I am sure that the noble Baroness, Lady Buscombe, will agree that Sections 16 and 21 machines were never envisaged when the 1968 Act was passed, any more than fixed-odds betting terminals in betting shops were envisaged at that time. The reason we have roulette gaming machines in betting offices and family arcades is because the law is inadequate and in doubt and that is why we need the Bill.

Section 16 of the 1976 Act and Section 21 of the 1968 Act were never intended to authorise the provision of gaming machines. So, the fact that these machines are being provided, in reliance on parts of the law never intended to authorise machine gaming, is part of the problem we are trying to solve. Our policy in the Bill, which I hope I have spelt out by the list that I have given, is to apply a single, coherent and comprehensive regulatory framework for gaming machines. We want to move away from the position where, because of supposed loopholes, it has been possible to provide gaming machines outside the regulatory framework of Part 3 of the Gaming Act 1968.

It is absolutely essential that all of the regulatory authorities can use their powers to change licence conditions or entitlements if there is evidence that a particular product, or the way in which a product is being offered, is driving problem gambling or is causing a risk to the licensing objectives of the Gambling Commission. I will not compromise on that point. I know it has not been suggested, but I want to make it clear for the future that I shall not compromise on that point because our concern is to protect the public.

We accept, of course, that the trade associations have agreed a code of practice with the Gaming Board that governs the provision of such machines. But that does not at all change our view on whether they should have been provided under these provisions in the first

10 Mar 2005 : Column 925

place. Given what I have said, and taking into account the use of the transitional powers under the Bill, I ask for these amendments to be withdrawn.

[Next Section](#)

[Back to Table of Contents](#)

[Lords Hansard Home Page](#)

[A-Z index](#)

[Glossary](#)

[Contact us](#)

[Freedom of Information](#)

[Jobs](#)

[Using this website](#)

[Copyright](#)

EXPLANATORY MEMORANDUM TO
THE GAMBLING ACT 2005 (COMMENCEMENT No. 6 AND TRANSITIONAL
PROVISIONS) ORDER 2006

2006 No. 3272 (C.119)

1. This explanatory memorandum has been prepared by the Department for Culture, Media and Sport and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 The Order provides for the commencement of the remaining provisions of the Gambling Act 2005 which have not been commenced. Its effect is to provide for gambling to be regulated under the Gambling Act 2005 from 1st September 2007. It also contains detailed transitional provisions which ensure that those with authorisations under the existing gambling legislation are able to continue operating without interruption from 1 September 2007. The transitional provisions also give effect to commitments made by the Government for converting certain permissions under the existing legislation into equivalent permissions under the 2005 Act.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Legislative Background

4.1 The Gambling Act 2005 ("the 2005 Act") gives effect to the Government's proposals for reform of the law on gambling. The 2005 Act contains a new regulatory system to govern the provision of all gambling in Great Britain, other than the National Lottery and spread betting. It effectively replaces and updates regulation of gambling under the Betting, Gaming and Lotteries Act 1963 ("the 1963 Act"), the Gaming Act 1968 ("the 1968 Act") and the Lotteries and Amusements Act 1976 ("the 1976 Act").

4.2 Two comprehensive offences are established: providing facilities for gambling or using premises for gambling, in either case without the appropriate permission. Such permission may come from a licence, permit, or registration granted pursuant to the 2005 Act or from an exemption given by the 2005 Act.

4.3 The 2005 Act introduces a unified regulator for gambling in Great Britain, the Gambling Commission ("the Commission"), and a new licensing regime for most forms of commercial gambling. A person providing facilities for gambling will require an operating licence from the Commission. Except in the case of small-scale operators (as defined in the 2005 Act), it will be a condition of each operating licence that at least one person occupying a specified management office holds a personal licence issued by the Commission. Where premises are used to provide commercial gambling, a premises licence must be obtained from the licensing authority (which is the local authority) for the area in which the premises are situated. Special arrangements exist for the licensing

of casinos. Under the 2005 Act limits are placed on the numbers of each category of casino premises licence which can be issued.

4.4 Other forms of authorisation are provided for under the 2005 Act in those cases where the provision of facilities for gambling does not require an operating licence or a premises licence. The 2005 Act requires a club gaming permit to be held where a members' club or miners' welfare institute provides facilities for gaming, or a club machine permit where gaming machines are made available. There is also provision in the 2005 Act for gaming machines to be made available in alcohol licensed premises. Where more than 2 gaming machines are made available a licensed premises gaming machine permit is required. In some cases, persons promoting a lottery require a lottery operating licence from the Commission. However, there is provision for the registration of non-commercial societies which promote lotteries whose proceeds do not exceed £20,000.

4.5 In general, the permissions under the 2005 Act replace permissions previously required under the 1963, 1968 and 1976 Acts, although in many cases the nature of the permission is quite different.

4.6 The Government has previously announced that it intended to bring into force the 2005 Act so that the regulation of gambling under that Act would begin on 1st September 2007. This Order gives effect to that commitment in providing for the 2005 Act to come into force for all purposes (except a few limited purposes) on 1st September 2005.

4.7 During the passage of the 2005 Act as a Bill through Parliament, the Government made it clear that transitional provisions would be made in connection with the Act's commencement which ensured that existing operators were able to continue operating despite the move to regulation under the 2005 Act. The Government also made the commitment that operators with a premises based permission under the existing legislation would be able to get that permission converted into the equivalent permission under the 2005 Act. The Government made it clear however that this commitment did not extend to operating licences under the 2005 Act. Existing operators, in the same way as everyone else, must establish their suitability to be granted an operating licence. The Order however contains transitional provisions which ensure that existing operators are able to continue operating on and after 1st September 2007 if their application for an operating licence has not been determined by that date.

4.8 The commitments that the Government made during the passage of the Bill were summarised by Lord McIntosh in House of Lords on 10 March 2005 (Col 922-923).

4.8 In order to facilitate the smooth transition from regulation under the existing legislation to regulation under the 2005 Act on 1 September 2007, the order makes the following provision:

- The Order brings into force on 1st January 2007 the provisions of the 2005 Act required to enable advance applications to be made to the Gambling Commission for operating and personal licences. The Order specifies periods within which such applications are to be determined where made by existing operators, and provides for an interim licence to be treated as having been issued where the application is not determined within the relevant period.

- The Order brings into force on 30th April 2007 the provisions of the 2005 Act required to enable advance applications to be made to licensing authorities for premises licences and certain permits (family entertainment gaming machine permits and prize gaming permits). Again the Order contains provisions which ensure that, where an application is made by an existing premises operator, the operator is able to continue operating on and after 1 September 2007 if the relevant licence or permit has not been issued by that date.
- In certain cases, the Order provides for the permission under the existing legislation to continue in force on and after 1st September 2007 until a specified date (generally the date on which the permission would have expired under the existing legislation). For example, this approach is adopted for gaming machine permits under section 34 of the 1968 Act in respect of alcohol licensed premises. In other cases (for example members' club registrations under the 1968 Act), the permission does not continue in force on and after 1 September 2007 but the operator is treated as having the equivalent permission under the 2005 Act until a specified date (again generally the date of expiry of the old permission). Provisions of the 2005 Act are brought into force on 1st June 2007 to ensure that advance applications can be made for club machine and gaming permits and licensed premises gaming machine permits. This is necessary to ensure that, where the date of expiry of the permission under the 1968 Act is shortly after 1 September 2007, it is possible for the equivalent permission under the 2005 Act to be granted to have effect from that date.

4.9 The Order also gives effect to the commitment made by the Government to convert premises based permissions under the existing legislation into the equivalent permission under the 2005 Act. An operator is required to make an application for the equivalent permission under the 2005 Act, but provided he holds the relevant permission under the existing legislation, the licensing authority is required to grant the application and issue him with the relevant permission.

4.10 Special provision applies in the case of converted casino premises licences. The Act provides for new types of casino (regional, large and small). The nature of the gambling facilities which may be provided at such casinos is different and a far greater number of high prize gaming machines may be made available at them. For this reason, the Government decided to restrict the number of such casinos which initially could be established. In accordance with its general commitment to convert permissions under the existing legislation, the Government made it clear that this restriction would not affect casinos established under the 1968 Act; but that such casinos would be restricted in the facilities for gambling they would be able to provide. In particular, the Government made it clear that the transitional arrangements would restrict the number of gaming machines casinos operating under a converted casino premises licence could provide to a number which was broadly equivalent to the entitlement under the 1968 Act. The transitional provisions in the Order give effect to these commitments made by the Government.

4.11 These commitments were made in the Government's national policy statement on casinos published on 16 December 2004, and summarised in a statement made by Richard Caborn to Standing Committee B the same day (Hansard Standing Committee B Hansard 16 December 2004 col 618 – 622).



Final report of the Casino Advisory Panel

Recommendations to the Secretary of State for Culture
Media and Sport on locations for one regional, eight
large and eight small casinos allowed under section 175
of the Gambling Act 2005

30 JANUARY 2007



Final report of the Casino Advisory Panel

Recommendations to the Secretary of State for Culture
Media and Sport on locations for one regional, eight
large and eight small casinos allowed under section 175
of the Gambling Act 2005

30 JANUARY 2007

Contents

NB: This report and many of the related documents can be found on the Casino Advisory Panel website at <http://www.culture.gov.uk/cap/>

Preface	7
Summary	8
Map of recommended areas	10
Part 1: Our work	11
Chapter 1:	
Panel appointment, our remit and criteria	12
Background	12
The appointment of the Panel	12
Membership of the Panel	13
Members' interests	13
The Panel's criteria	13
Consultation, openness, transparency and the views of the public	15
How many casinos?	15
Relationship of our remit to licensing and the problem of contracts	16
Gaming duty	17
Chapter 2:	
Panel procedures	17
Our process	17
Process phase 1: scoping and invitation of proposals	18
Process phase 2: submission of proposals, sifting and shortlisting	19
Process phase 3: finalisation of the shortlists, further examination and testing of proposals	21
Process phase 4: decision and reporting	26

Part 2: General considerations (lessons learned)	27
Chapter 3:	
Best possible test of social impact	28
What would be a good test?	28
Particular demographic and social characteristics	29
Local demographic and social data	29
Ease of identification of social changes.....	29
Lessons from present casinos	30
Likelihood and timeliness of implementation	30
The test and individual proposals.....	30
The test and the whole selection	31
Chapter 4:	
Social considerations	31
What is regeneration?	31
Multiple deprivation	31
Employment.....	32
Ambient and impulse gambling	32
Crime	32
Chapter 5:	
Some questions of regeneration	33
Government policy	33
Demand and economic modelling.....	33
Job creation	35
Location, profitability and social benefit	35
Chapter 6:	
Willingness to license	36
Part 3: Appraisal of proposals	37
Chapter 7:	
Appraisal of the shortlisted proposals for a regional casino	38
Blackpool	38
Cardiff.....	42
Glasgow.....	45
Greenwich.....	48
Manchester	51
Newcastle	54
Sheffield	57

Chapter 8:**Appraisal of the shortlisted proposals for large and small casinos 60**

Bath and North East Somerset.....	60
Bournemouth.....	61
Brighton and Hove.....	63
Chelmsford.....	65
Chesterfield.....	66
Dudley.....	68
Dumfries and Galloway.....	69
East Lindsey.....	71
Great Yarmouth.....	72
Hastings.....	74
Kingston-Upon-Hull.....	75
Leeds.....	77
Leicester.....	79
Luton.....	80
Mansfield.....	82
Middlesbrough.....	83
Milton Keynes.....	85
Newham.....	87
North East Lincolnshire.....	88
Peterborough.....	90
Restormel.....	92
Scarborough.....	93
Sefton.....	95
Solihull.....	97
South Tyneside.....	99
Southampton.....	100
Swansea.....	102
Torbay.....	103
Wolverhampton.....	105

Part 4: Conclusions and recommendations	107
Chapter 9:	
The regional casino	108
Conclusions.....	108
Recommendation.....	109
Chapter 10:	
The large and small casinos	109
Conclusions.....	109
Recommendations (large casinos).....	110
Recommendations (small casinos).....	110
Annexes	111
Annex A: Personal profiles of Panel members.....	112
Annex B: Independent Casino Advisory Panel – Terms of reference.....	114
Annex C: Casinos – Statement of national policy.....	115
Annex D: Framework Document.....	120
Annex E: Call for proposals 31 January 2006.....	125
Annex F: List of proposals submitted and withdrawn.....	132
Annex G: The first-stage sifting process.....	133
Annex H: List of documents submitted to the Casino Advisory Panel.....	135
Annex I: Casino Advisory Panel: Selected matters for discussion at the Examinations in Public into the shortlisted proposals for a regional casino.....	164
Annex J: Schedule of Examinations in Public of shortlisted proposals for a regional casino, and persons and organisations who participated.....	169
Annex K: Final stage of the evaluation process.....	175
Annex L: List of existing permitted areas for the licensing of casinos.....	177

Consultations and regional considerations

357. The proposal is supported by the East Midlands Regional Assembly who draw attention to the aim in the draft East Midlands RSS to strengthen sub-regional centres in the former coalfield.⁴⁴⁰ The proposal is also supported by East Midlands Development Agency on the basis of Mansfield being a priority for economic renewal.⁴⁴¹

Consideration

358. Mansfield might be a useful example of a decayed industrial town in which to test social impact.
359. Regeneration needs are undoubtedly acute in Mansfield, and the proposal would bring to the area some useful employment. The council has Local Enterprise Growth Initiative funding to provide outreach work in disadvantaged neighbourhoods in order to bring long term unemployed into work.
360. Mansfield town centre currently attracts 10,000 mainly young people on Friday and Saturday nights. A casino, by attracting more older people, would help balance the age composition of the night-time population.⁴⁴² The extensive journey to work catchment and the fact that over a million people live within a 30 minute drive time suggest the viability of a casino.⁴⁴³ However, little evidence was presented of a relevant tourism strategy for tourism development and the place that a casino would fit into it.
361. The proposal has the support of Full Council following local consultation, indicating, to our mind, willingness to license.
362. We have decided that other proposals have more merit in regard to a large casino. However while there are acute regeneration needs in Mansfield, even the proposal for a small casino is in some respects not as strong as others before us.

Middlesbrough*About Middlesbrough*

363. The Borough of Middlesbrough, situated on the estuary of the River Tees is noted as the birthplace of Captain Cook. As an iron and steel town it is noted for being the first to use the Bessemer process for steel making in 1879.⁴⁴⁴ It also developed as a port for the export of coal. Being in the Tees Valley, Middlesbrough is also adjacent to major chemical industries. The current (2005) population of the borough is 137,000.⁴⁴⁵ With other contiguous and nearby towns it forms a conurbation of 651,000,⁴⁴⁶ the "Tees Valley City". A regeneration company is assisting in the delivery of a number of important development projects in the Tees Valley.⁴⁴⁷

⁴⁴⁰ Letter dated 22/6/2006 from EMRA to CAP. Draft RSS was submitted in September 2006 and will be examined in public in May-June 2006

⁴⁴¹ Letter to CAP dated 27/06/2006

⁴⁴² Response to Additional Questions, p.4

⁴⁴³ Response to Additional Questions, p.3

⁴⁴⁴ www.spartacus.schoolnet.co.uk/ITmiddlesbrough.htm, accessed 29/6/2006

⁴⁴⁵ *NOMIS data* (www.nomisweb.co.uk, accessed 22/11/2006)

⁴⁴⁶ *Proposal Document*, p.4

⁴⁴⁷ *Ibid*, p.11

364. However, with its former economic role gone, Middlesbrough suffers from considerable levels of deprivation⁴⁴⁸ including high levels of unemployment.⁴⁴⁹ Currently the borough is the 19th most deprived local authority area in England,⁴⁵⁰ lying in the very lowest 10 percentile band of multiple indices of deprivation.⁴⁵¹ The proportion of economically active in the population of working age in the period April 2005 – March 2006 was 73.8%, of whom 68.1% were in employment. Unemployment stood at 4.9% in October 2006 against a national average of 2.5%.⁴⁵²

The proposal

365. Following the lack of success of a proposal for a regional casino, a large casino is now being considered as a fall-back, as requested. The proposed regional casino was seen as assisting in the redevelopment of the former dock area of Middlehaven,⁴⁵³ but there would be a wider selection of sites in and around the town centre for a large casino.⁴⁵⁴

Consultations

366. The proposal is supported by both the North East Assembly⁴⁵⁵ and by “ONE NorthEast”, the regional development agency for the North East Region.⁴⁵⁶

Consideration

367. With an ethnic composition not too far from the national average⁴⁵⁷ and representative of a former industrial area in the course of restructuring, Middlesbrough could be a useful site for the testing of social impact.
368. 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.⁴⁵⁸ 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.⁴⁵⁹ 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.⁴⁶⁰

448 *Ibid*, p.3

449 *Ibid*, p.4

450 ODPM (2004) *Indices of Deprivation 2004*

451 *Ibid*. percentile bands of average score

452 *NOMIS data* (www.nomisweb.co.uk, accessed 22/11/2006) The national average given is for Great Britain and the unemployment data is the claimant unemployed as a % of the working age population

453 *Ibid*, pp.11 & 12

454 Response to Additional Questions, response to Q2

455 Letter to CAP dated 28/12/2005

456 Letter to CAP dated 28/6/2006

457 6.26%, cf. average for England of 9.08%. <http://www.statistics.gov.uk/StatBase/Expodata/Spreadsheets/D8296.xls>

458 Response to Additional Questions, Q2

459 *Proposal Document*, p.7

460 *Ibid*, p.8

369. However, as a city, Middlesbrough lacks city assets and the council is working with neighbouring Stockton Borough Council in a 20-year programme to create a city scale environment. Leisure and tourism are identified as key potential drivers in this programme.⁴⁶¹ A casino development is seen as creating a favourable perception of the tourist assets of the area and adding considerably to the critical mass of the town as a leisure and entertainment destination.⁴⁶²
370. The regional policy context is favourable.⁴⁶³ There is evidence of market interest leading to a timely development of the proposal.⁴⁶⁴
371. Notwithstanding some local opposition of principle,⁴⁶⁵ the proposal has been endorsed by full council and continues to have the support of the council and the Mayor.⁴⁶⁶
372. Middlesbrough offers a good opportunity to test the social impact of a large casino development in a city region necessarily undergoing substantial regeneration.

Milton Keynes

About Milton Keynes

373. Forty years ago, what is now the City of Milton Keynes was a number of small towns and villages set in a rural area. Designated as a New Town in 1967,⁴⁶⁷ it has in recent decades been the fastest growing city in England⁴⁶⁸ and now (2005) has a resident population of 218,500.⁴⁶⁹
374. Better off than the national average in terms of multiple deprivation (it is the 220th most deprived local authority area in England,⁴⁷⁰ lying in the seventh lowest 10 percentile band of multiple indices of deprivation.⁴⁷¹) and with the proportion of economically active in the population of working age in the period April 2005 – March 2006 as high as 88.6%, of whom 78.9% were in employment, the city is generally successful and prosperous. Unemployment stood at 2.2% in October 2006 against a national average of 2.5%.⁴⁷²
375. Nevertheless there are pockets of deprivation within the city in terms of unemployment, low activity rates, poor numeric and literary skills, and lack of qualifications.⁴⁷³

461 *Ibid*, pp.3 & 4

462 *Ibid*, p.6. Response to Additional Questions, Q3

463 *Proposal Document*, p.19, and see consultations above

464 Further submission dated August 2006, pp.1, 8-10

465 Letter dated 10/4/2006 from the Darlington District Synod of the Methodist Church

466 Response to Additional Questions, Q4

467 Cherry, G E. (1974) *The Evolution of British Town Planning*, London, RTP1

468 *Proposal Document*, paragraph 2.2

469 *NOMIS data* (www.nomisweb.co.uk, accessed 22/11/2006)

470 ODPM (2004) *Indices of Deprivation 2004*

471 *Ibid*. percentile bands of average score

472 *NOMIS data* (www.nomisweb.co.uk, accessed 22/11/2006) The national average given is for Great Britain and the unemployment data is the claimant unemployed as a % of the working age population

473 *Proposal Document*, paragraph 2.4

Annex C:

Casinos: Statement of National Policy

1. This statement (was) issued on behalf of Her Majesty's Government (on 16 December 2004).
2. The Government's policy on casinos is based on the three broad objectives of the Gambling Bill:

- To protect children and other vulnerable people from harm;
- To prevent gambling being a source of crime or disorder and;
- To ensure that gambling is conducted in a fair and open way.

Britain has a low level of problem gambling compared to other countries (less than 1% of the population) and the Government is committed to maintaining this record. Casinos are already tightly regulated and have strict controls in place. The Gambling Bill will strengthen the existing safeguards. There are currently a number of regulations, however, which the Government believe are outdated. The 24-hour rule, the ban on advertising and the permitted areas rule unnecessarily restrict customer choice and discourage investment and economic regeneration.

3. The tourism and leisure industries are increasingly significant elements of the economy. Tourism alone accounts for 4.4% of our GDP. The Government believes that the casino proposals in the Bill, with its emphasis on increased regulation, have the potential to make a positive contribution to the success of these sectors. In addition Regional casinos, as major developments, offer clear potential for regeneration of areas across Britain. They will provide not just a range of gambling activities, but may include hotel accommodation, conference facilities, restaurants, bars, areas for live entertainment and other leisure attractions. The benefits of such a development could go much wider than the location of the casino itself. There are many parts of the country which could benefit from the regeneration that these kinds of leisure developments can offer.
4. The Government recognises, however, that the casino proposals in the Bill represent a significant change and we need to take a cautious approach in order to assess whether their introduction leads to an increase in problem gambling. The Government has taken the view that the risk of an increase in problem gambling will be reduced if a limit is imposed on the number of casinos. We have therefore decided to set an initial limit on the number of Regional, Large and Small casinos of 8 each. The identification of operators and locations for the new casinos will be subject to broadly the same arrangements in each case.
5. The Government believes that, in order properly to assess the impact of these new casinos, there needs to be a sufficient number of casinos in each category to allow the impacts to be assessed in a range of areas and types of location that might be suitable (including, for example, urban centres and seaside resorts across different parts of the Britain). A limit on Regional, Large and Small casinos of 8 each is consistent with this aim while at the same time ensuring that any risk of problem gambling is minimised.

- The Government has decided to appoint an independent Advisory Panel to recommend the areas for the Regional, Large and Small casinos. Following the Panel's advice the Government will decide the areas where each of the new casinos may be licensed.
6. Once an assessment has been made of the impact on problem gambling of the limited number of new casinos, it will be easier to judge the continuing need for a limit. No earlier than three years after the award of the first premises licence, the Government will ask the Gambling Commission to advise on whether the introduction of the new types of casinos has led to an increase in problem gambling or is increasing that risk. We believe such a period is necessary to ensure a full assessment can be made of the impact of the new casinos. If the Government, on the basis of the Gambling Commission's advice decides to propose that more casinos may be licensed then the Order providing for this will need to be approved by Parliament. We will also want to assess, with the help of regional bodies, what the regeneration and other economic outcomes have been.
 7. This policy statement sets out our policy on casinos in more detail below, including the role of the Advisory Panel in recommending areas for the new casinos and arrangements for casinos which already have a licence under the Gaming Act 1968. The proposals for casinos outlined here are for England, Scotland and Wales. Responsibility for the planning system in Scotland and Wales is for their respective devolved administrations. None of the proposals here will affect the ability of local authorities to refuse to have a new casino of any size category in their area.

The Advisory Panel on new casino locations

8. The Secretary of State for Culture, Media and Sport will appoint an independent Advisory Panel to advise her on the areas in which the new casinos should be located. The Panel will collectively have knowledge and expertise in a range of matters including planning, securing regeneration, tourism and addressing the social impacts of gambling. Clearly, all Panel members must be able to demonstrate independence from any potential interested parties and must have an appreciation of the need for impartiality.
9. In order to ensure that the impact of the new casinos can be assessed on the basis of a broad range of information and experience, the Advisory Panel will be asked to identify areas for the new casinos which will provide:
 - a good range of types of areas, and a good geographical spread of areas across Britain;
 - The Panel will also want to ensure that those areas selected are willing to license a new casino.

Subject to these criteria, the Panel will be asked to choose areas in need of economic development and regeneration (as measured by employment and other social deprivation factors) and likely to benefit in regeneration terms from a casino.

10. The Advisory Panel will invite views from interested parties. In taking forward its work it will in particular invite the Regional Planning Bodies in England to identify a list of broad locations for Regional casinos emerging from their work on the Regional Spatial Strategies. Before the Advisory Panel finalises its recommendations on areas for Regional casinos it will need to ensure that these areas are compatible with the broad locations identified in England in Regional Spatial Strategies or in any draft revisions of Regional Spatial Strategies before the First Secretary of State.
11. The Advisory Panel will be asked to offer Ministers a list of up to 8 recommended areas for each of the three categories of casino. The Secretary of State will consider the Panel's recommendations. After consulting the Scottish Executive and the Welsh Assembly Government, the Secretary of State will then decide which areas to designate.
12. The Panel will be able to begin its work in the course of 2006, taking account of views put forward to Regional Planning Bodies as they progress the preparation of revisions of Regional Spatial Strategies, and of local authorities as appropriate. We do not expect it to complete its work before the end of 2006.

Planning for casinos

13. In England, Regional Planning Bodies as part of their revision of Regional Spatial Strategies will need to consider possible broad locations for Regional casinos within their region. Their proposals will then feed into the recommendations of areas for the initial eight Regional casinos by the Advisory Panel. In revising their Regional Spatial Strategies, Regional Planning Bodies need to take into account national planning policy guidance. Planning Policy Guidance Note 6 "Planning for Town Centres and Retail Developments"/ draft Planning Policy Statement 6 "Planning for Town Centres", Planning Policy Guidance Note 13: "Transport" and the two joint statements already provide a comprehensive policy framework for casino development.
14. The Government does not consider that a separate national planning policy statement on casinos is required. However, it will consider whether there needs to be further clarification or development of its planning policy in respect of casinos in particular, in finalising PPS6.
15. For all three categories of casinos, the identification of specific sites will be for local planning authorities in their local development framework, having regard to national policy and the Regional Spatial Strategy. Local planning authorities will also be responsible for deciding applications for casino developments.
16. Operators will be required to apply for planning permission in the usual way and all applications will be considered on their merits in line with national and local planning policies. Applications may come forward at any stage. Decisions on whether they should be called in for decision by the First Secretary of State will be made in light of the Government's call-in policy and the particular circumstances of the case.
17. It will be for the devolved administrations to decide to what extent these considerations should apply to them.

The operating licence

18. The Gambling Commission will award operating licences to companies on the basis of the usual licensing criteria, but incorporating an additionally stringent test of social responsibility to reflect the fact that Regional, Large and Small casinos will present hitherto untested risks of social harm. Therefore, operators will need to demonstrate a commitment to: ensuring effective measures for reducing the risks posed to vulnerable people by casino gambling products and the environment in which they are supplied, and making available information, advice and assistance to people using the casino who may be affected by problems related to gambling. The Commission will take account of the fact that greater commitment and resources is likely to be needed in the case of Regional casinos because of the greater risk they pose, particularly because of the availability of Category A machines. There will be no limit on the number of operating licences that may be granted.

The premises licence

19. A local licensing authority will only be able to award a casino premises licence if one has been identified for its area. The process for awarding a premises licence will be open to all operators. It will have two stages. The first stage will be a regulatory test to ensure that all proposals satisfy the regulatory premises licensing requirements already in the Bill. The second stage will be triggered where there are more applications for casino premises licences than the local licensing authority is permitted to grant.
20. The second stage of the process will be a competition held by the local authority on the wider casino proposal. We will consult with the Local Government Association and others on how the competition should be conducted. The competition could be judged on a wide range of issues, reflecting the issues that are important in the local area, local concerns and priorities. These may include, for example, employment and regeneration potential, the design of the proposed development, financial commitments by the developer to local projects, location, range of facilities and other matters. The local authority may wish to provide an opportunity for consultation with local people. The local authority would set out its priorities and concerns in a set of objective key considerations and it will then invite operators to submit entries to the competition. The eventual winner of the competition will be eligible for a full premises licence once he has obtained planning permission and the casino has been built.
21. The operator will therefore need to have an operating licence, a premises licence and planning permission. The planning permission is likely to be subject to a planning obligation.
22. The premises licensing process and the planning consent process will need to be conducted taking account of the need to clearly separate the licensing and planning functions. ODPM and DCMS will issue guidance to local authorities on the propriety issues surrounding these processes. The fact that an applicant's proposal may be the preferred option in the competition will not guarantee planning permission. Once planning permission has been granted and the casino has been built, the operator will

be able to apply for a full premises licence, which he could expect to obtain provided there has been no material change in the proposals since the competition.

Casinos which already have a licence under the Gaming Act 1968

23. The arrangements described above for Regional, Large and Small casinos are aimed at minimising the risk of problem gambling from an increase in the number of casinos, particularly from a proliferation of high stake and high prize gaming machines. Existing casinos will be allowed to continue to operate, and to have the opportunity to compete for the new licences. But the Government does not believe it would be appropriate to allow them to have all the new casino entitlements in circumstances where a limit is imposed on the establishment of new casinos.
24. Accordingly, we propose that there will be no size requirements on existing casinos and they will not be subject to the ban on advertising and the 24-hour rule. They will, however, be restricted to their current gaming machine entitlement of 10 gaming machines of up to Category B and they will not be allowed to provide bingo or betting on real or virtual events.
25. Arrangements will be made to ensure that existing casino businesses can in the future be transferred to new owners and to new premises if the current premises for some reason become unavailable (such as end of lease or fire), so long as it is within the existing licensing area. A company operating a casino which already had a licence under the 1968 Act may apply for a Regional, Large or Small casino premises licence. If it is awarded one of them for an existing casino, then it will be able to operate it with all the new entitlements authorised by the new licence.

16 December 2004



House of Commons
Culture, Media and Sport
Committee

The Gambling Act 2005: A bet worth taking?

First Report of Session 2012–13

Volume I

Volume I: Report, together with formal minutes, oral and written evidence

Additional written evidence is contained in Volume II, available on the Committee website at www.parliament.uk/cmscom

*Ordered by the House of Commons
to be printed 12 July 2012*

HC 421
(Incorporating HC 1554-i to vii of Session 2010-12)
Published on 24 July 2012
by authority of the House of Commons
London: The Stationery Office Limited
£30.50

The Culture, Media and Sport Committee

The Culture, Media and Sport Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for Culture, Media and Sport and its associated public bodies.

Current membership

Mr John Whittingdale MP (*Conservative, Maldon*) (Chair)
Dr Thérèse Coffey MP (*Conservative, Suffolk Coastal*)
Damian Collins MP (*Conservative, Folkestone and Hythe*)
Philip Davies MP (*Conservative, Shipley*)
Paul Farrelly MP (*Labour, Newcastle-under-Lyme*)
Louise Mensch MP (*Conservative, Corby*)
Steve Rotherham MP (*Labour, Liverpool, Walton*)
Mr Adrian Sanders MP (*Liberal Democrat, Torbay*)
Jim Sheridan MP (*Labour, Paisley and Renfrewshire North*)
Mr Gerry Sutcliffe MP (*Labour, Bradford South*)
Mr Tom Watson MP (*Labour, West Bromwich East*)

Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via www.parliament.uk.

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at www.parliament.uk/parliament.uk/cmscom. A list of Reports of the Committee in the present Parliament is at the back of this volume.

The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some of the written evidence are available in a printed volume.

Additional written evidence is published on the internet only.

Committee staff

The current staff of the Committee are Elizabeth Flood (Clerk), Sarah Heath (Second Clerk), Victoria Butt (Senior Committee Assistant), Keely Bishop/Alison Pratt (Committee Assistants) and Jessica Bridges-Palmer (Media Officer).

Contacts

All correspondence should be addressed to the Clerk of the Culture, Media and Sport Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 6188; the Committee's email address is cmscom@parliament.uk

Contents

Report	<i>Page</i>
1 Introduction and context	3
The situation prior to the 2005 Act	3
Criticisms of the 2005 Act	5
Our inquiry	6
The conduct of the inquiry	7
2 The three objectives of gambling regulation	8
Gambling and crime	8
A fair and open industry	8
Problem Gambling	9
Defining problem gambling	9
Extent of problem gambling	10
Under-age gambling	13
Preventing problem gambling	14
Gaming machines	15
Stakes and prizes	24
Tackling problem gambling	25
Self-exclusion	26
Research, education and treatment	27
The tripartite structure for raising and distributing the levy	28
Distribution of funds	30
3 The industry, tax and regulation	32
Factors external to the Act	32
Tax policy	32
Bingo tax	33
Casino tax	34
Online gambling	35
Regulation and the impact of the Act	38
Triennial reviews	38
Online gambling	39
4 Casinos	48
New Large and Small Casinos	48
1968 Act Casinos	51
Regional Casinos	52
A future for Regional Casinos?	54
5 The Gambling Commission	56
Cost and value	57
Regulatory activities of the Commission	58
Licensing fees	60
Champion or regulator?	62
Relationships and communication	63

2 The Gambling Act 2005: A bet worth taking?

The future: Merging Commissions and the move to Birmingham	65
The Health Lottery	67
Society Lotteries	68
Conclusions and recommendations	70
Annex 1: Information gathered in Australia and Macao	81
Annex 2: Methodology of the British Gambling Prevalence Surveys	84
Annex 3: Full Tilt	86
Formal Minutes	88
Witnesses	89
List of printed written evidence	90
List of additional written evidence	91

8 November 2011 Clive Hawkswood, John Coates, Peter Reynolds, Martin Cruddace and Charles Cohen

Q402 Philip Davies: Can I just have one sentence from all of you for when we do our report. Just so I am clear, what is the one thing that each of you would like to see us do that would help your legitimate licensed remote gambling industry?

Clive Hawkswood: I think the bottom line aspect must be commercial viability.

Q403 Philip Davies: So tax, is that what you are saying?

John Coates: A nuance on that is we would like to be able to remain in the UK, and there needs to be a change in the tax regime to allow us to do that.

Charles Cohen: I agree.

Martin Cruddace: I am a lawyer, I cannot do one sentence. I think fiscal policy is important, and my plea is to work with us—those that you may think are responsible—to help frame the proper licensing conditions and regulations to make sure the UK is attractive.

Peter Reynolds: I think, as I have said earlier, the UK regime is working well from a consumer's perspective. I think if the Government decides that it is going to go down this change route, on the basis of taxation, then it needs to be perfectly aware that it will increase the scale of the combined fiscal and regulatory wedge between regulated and unregulated, and it is this wedge that you need to make as small as possible.

Q404 Damian Collins: Chair, can I just ask Mr Coates—Paul Farrelly has gone now so you can speak

freely—your answer was slightly less clear than some of the answers you gave earlier on. Are you saying that if the regime stays as it is that you could leave the UK?

John Coates: As I alluded to earlier, we are getting to a stage where we cannot deal with double taxation now. The situation that we are starting to encounter now where we are taking licences in Denmark and Spain and perhaps Greece—it is unsustainable for us to be subject to double taxation. We would have to do something about that.

Q405 Steve Rotheram: Conversely then, if that is the case then given what Martin said about fiscal changes, would that attract Betfair to come back and relocate into the UK?

Martin Cruddace: Let us put it this way, I think that where we are licensed for the purpose of our business will depend on any number of factors. Clearly, an attractive fiscal regime in the UK will be a significant factor in any decision that we make.

Q406 Steve Rotheram: There might be a spot for you in Liverpool—I have got it all sussed out.

Martin Cruddace: That is great, thank you for that. I appreciate it.

Chair: Good. Thank you very much.

Examination of Witnesses

Witnesses: Cllr David Parsons CBE, Chairman of Local Government Association Environment and Housing Board and Leader of Leicestershire County Council, Mike Holmes, Local Government Association Advisor on Planning, Richard Dowson, Chair, Casino Network and Senior Business Development Officer, Middlesbrough Council, Stuart Baillie, Former Chair, Casino Network, gave evidence.

Q407 Chair: Good morning. Let us move to the second session this morning where we are looking at local authority responsibilities in this area. Can I welcome Councillor David Parsons, the Chairman of the LGA Housing and Environment Board and Leader of Leicestershire County Council, Mike Holmes from the LGA, Advisor on Planning, Richard Dowson, the Chair of the Casino Network and Stuart Baillie, who is formerly the Chair of the Casino Network.

Just to start off, obviously one of the consequences of the Act was that local authorities now have a role in granting premises licences. There have been complaints from the industry that no local authority has the same interpretation of the Act and the rules as another local authority, and as a result there is a lot of inconsistency. Do you think that is fair and to what extent do you think that the responsibility going to local authorities has been achieved successfully?

Cllr David Parsons: I am not sure whether it is fair or not. We are partnership bodies, as you know, local authorities, and we are used to dealing with a variety of people so we would expect the industry to become partners with local government. There are a large number of local authorities and, dare I say, we even

get on with Government Departments now. We would like to see partnership working and I do not think that that is particularly fair. I think the average council now is very good at working with a variety of different organisations.

Richard Dowson: I can only speak on behalf of the 16 authorities in terms of the casino but we have made a conscious effort to work together as the 16 authorities specifically on the casino process. In terms of working together across the board, I think hopefully with the Casino Network there is some evidence of good working in that particular area.

Q408 Chair: Councillor Parsons, can I just press you a little. The LGA view is essentially that the Act was a sensible move in giving responsibility to the local authorities and that it has worked reasonably well and you have no major problems?

Cllr David Parsons: I think that is true, yes.

Q409 Damian Collins: We have heard in previous sessions from the bookmakers with regards to clustering of betting offices. I want to ask you from a planning point of view, do you have concerns about

the impact of the 2005 Act? Do you feel this has prevented local authorities' communities deciding they do not want any more betting shops in their centres and high streets?

Mike Holmes: I think it is an issue. It was almost an unintended consequence of the Act. Obviously the issues are of benefit in some high streets, but in many high streets where you get a large number of these betting shops coming, it is not regarded as attractive for the high street. In terms of the unintended consequence, I think there was no debate at the time about what the consequence was. There was a lot of debate about casinos, and the Gambling Act regulatory impact assessment by the DCMS in 2005 contained very little reference to betting shops and what would be the impact of any changes in the Act. There was a lot of attention to casinos and the culmination of that was the fact that casinos were taken out of the use class order. They were made sui generis, not in a particular use class, and that meant that planning permission would be required each time. Betting shops were not subject to the same treatment and, therefore, it was possible—taking away the demand criteria that the Act did—for betting shops to open up in places where they never envisaged they might go, using ex-banks, building societies, estate agents and that sort of thing, even takeaways. It did seem to be a little odd that there was not that consideration for what should happen at the time. I think there are issues then about when you do get planning permission, which Councillor Parsons might want to speak about. I am not saying it is an issue all over the country, but certainly in certain places where perhaps you would have concern about the social issues that arise from this, it has become an issue.

Q410 Damian Collins: Did you want to add anything, Councillor Parsons?

Cllr David Parsons: Local authorities have said to us that clustering is an issue and I think that the problem at the moment is the ability of local authorities to control that if they want to—I am a localist, so I would want them to—it is limited. There are limited planning powers and they are also pretty tight. If you are trying to control them via licensing there are pretty tight regulations that probably will not enable you to do so. The trouble is that if a locality decides that it does not want these betting shops and they make the decision locally, they would possibly be overturned nationally by the Planning Inspectorate. That I find unacceptable and I think that is somewhere where we need to move.

Q411 Damian Collins: Do you think that in practice, there is nothing that local authorities can do to stop a reasonable application to open a new betting shop?

Cllr David Parsons: It is beginning to look like that, I agree. I think if a locality wants to limit this clustering then it needs new powers.

Mike Holmes: Can I add to that? In terms of the way the Coalition Government is proposing to move with the National Planning Policy framework, it is a very high-level document and does not go into any detail to help local authorities on that side and I would suspect that many local plans of local authorities do

not, at the moment, contain policies that relate to that sort of issue. Therefore, one of the concerns is if there is nothing mentioned in the National Policy framework, nothing mentioned in the local plans, local authorities do not have any degree of policy backing for any planning reviews of these issues. We can talk about Article 4 directions, and so on, which is perhaps an expense for local authorities—it is perhaps difficult to introduce potential compensation—but they do not give local authorities real control in this situation.

Q412 Damian Collins: The expansion of the number of betting shops you could say has been driven by the demand to play B2 gaming machines. That seems to be one of the resources that are commercially viable. If that is the case, would you rather have no expansion at all or would you say, rather than having more betting shops, let us just have more machines in the shops that we have and let them expand and have more than four machines?

Cllr David Parsons: I think that is up to local authorities locally. This is what we have been saying. There is an argument—I do not know how strong this is—that you only allow four B2 machines in a particular facility. They are highly profitable and so to get more of these you need to open more betting shops. I think that is a tragedy.

Q413 Damian Collins: As a localist, Councillor Parsons, do you think that councils should be able to allow adult gaming centres to have B2 machines in their arcades as well? It seems strange that you could have a betting shop next door to an adult gaming centre and one is allowed to have one and the other is not.

Cllr David Parsons: The simple answer to that is, I am not being pestered by members of the LGA to do that.

Damian Collins: You have issued the challenge now.

Cllr David Parsons: I am more than happy to take that challenge up but I have no specific instructions from my members on that.

Q414 Damian Collins: But as a point of principle, do you think there should be this distinction between different types of gaming centres? I can think of a high street in my constituency that has an adult gaming centre and two bookmakers. Should there be restrictions on what can go in one type of premises and not another?

Cllr David Parsons: I do not see the logic myself, particularly.

Q415 Damian Collins: Do you have any views?

Mike Holmes: No view. It does not seem right in one way to have that artificial divide.

Q416 Damian Collins: Just one final question. If the betting shops were here, the bookmakers were here, they would probably say that without any change in the regulations all applications will be stopped. Do you think that there is a reluctance from local authorities to give planning consent to new gaming centres because of their interpretation of what the local population wants?

8 November 2011 Cllr David Parsons CBE, Mike Holmes, Richard Dowson and Stuart Baillie

Mike Holmes: I am not sure it would stop completely. It would be a decision based on the merits, but debating what the issues are locally rather than not having any control at all. It may be a good use of an existing building, or something like that—the arguments could be there—or bring some life to an area. But, on the other hand, the other issues that we have heard about—people standing on street corners and perhaps not providing the right atmosphere to attract other businesses—is to the fore.

Q417 Philip Davies: Mr Holmes, you said earlier about the social problems that clustering of betting shops brought. What social problems?

Mike Holmes: I think they create an atmosphere in an area that is not conducive to attracting businesses or customers to their businesses. It is partly to do with issues around smoking and so on, but people standing around and perhaps appearing slightly threatening in certain circumstances would not be attractive if you want to get people investing in high streets and similar areas.

Q418 Philip Davies: Where have people been standing around threatening outside their betting shops?

Mike Holmes: I have read the evidence from a number of local authorities that that is the case.

Q419 Philip Davies: Have you ever been into a betting shop?

Mike Holmes: Yes.

Q420 Philip Davies: Did you find it a threatening environment?

Mike Holmes: Not the ones I have been into.

Q421 Philip Davies: So where were these threatening environments that you are talking about?

Mike Holmes: As I understand it, there are certain areas where there are eight of these establishments in a cluster and that is the atmosphere that is created when people—perhaps down to the smoking regulations, and so on—are standing outside. It is not perhaps the family type of atmosphere that you would want.

Q422 Philip Davies: You talk about the demand test for the local authority. There is an ultimate demand test. It is a far better demand test than any local authority has about whether or not a local councillor fancies having a fish and chip shop somewhere or a betting shop somewhere—it is called customer demand. Betting shops, presumably, only open because there is a customer demand. Surely that is a more ultimate demand test than whether or not some worthy people on the local council feel that there should be a shop down a particular street or not, is it not?

Mike Holmes: It does not give any opportunity for local people to determine that.

Q423 Philip Davies: It is a demand test, though, is it not?

Mike Holmes: It is a demand that may be fuelled from outside an area, rather than inside the area or the locality itself.

Q424 Philip Davies: But if it is from outside the area—surely local authorities are for ever saying that they want people to come from outside into the town centres? If you are saying that this is providing a demand from people coming outside into an area, surely the local authority would be all over that like a rash; surely they would be welcoming this infiltration of people from outside?

Cllr David Parsons: There is a natural logic to your argument; maybe a town should consist all of betting shops, and then we would perhaps—

Q425 Philip Davies: That is a ludicrous argument, is it not? I am talking about the demand.

Cllr David Parsons: I am talking about the direction you are—

Q426 Philip Davies: There would not be the demand for that, would there? We are talking about a local authority. Betting shops open where there is a demand for their product. If there was not the demand amongst your local residents for that product they would not be opening up, would they, because there would be nobody in there?

Cllr David Parsons: I think that is what we are here to discuss. If you want a personal opinion, I would not like to live in a town that consisted of a large number of betting shops.

Q427 Philip Davies: Why not?

Cllr David Parsons: Because I want a nice, prosperous, vibrant town that has a lot of variety around it.

Q428 Philip Davies: I find this slightly nauseating, because here we have—

Cllr David Parsons: It is only a personal opinion.

Philip Davies: Local authorities have probably single-handedly done the most to run down town centres through things like high car parking charges, a restricted amount of time that people can park somewhere. We were wondering about why nobody goes to the town centres any more. I am a former retailer who used to open out-of-town shops. Why do people go to those places? Why is it that town centres have gone downhill? It is because local authorities say, “You can park here for half an hour. By the way, it will be £2 for half an hour’s parking. If you are a minute late the old warden will have put a sticker on your car; so don’t bother coming back here—there will be a £60 fine.” Then local authorities are wondering why nobody wants to open up in the high street apart from local betting shops. Perhaps if you were a bit more sympathetic to the high street there might be all these people wanting to open up in the high street apart from betting shops.

Cllr David Parsons: I think there is something in that; I have to agree with Mr Davies. If he wants to come to Leicestershire he will see that we follow, broadly, the line that he is pursuing, with great benefit to our town centres.

Mike Holmes: I was just going to say many of our authorities are doing their best to recruit people into High Streets. There is an argument about all these car parking charges and congestion, and so on, which we could have another debate about. But I do not want to go there. The point I make is I can take my children into Bournemouth, Christchurch Road, for example, and they can go into all the premises in there apart from one or two betting shops. We do not have big clusters there. In other places where there is cluster, they are creating premises that are not family based. You cannot take your children into them and that creates a different atmosphere than would otherwise be the case.

Q429 Philip Davies: You just walk past that shop and into the next one that you can go into.

Mike Holmes: But if there are fewer of those other shops—

Q430 Philip Davies: The point is, though, about these betting shops—you were saying earlier that they were in ex-banks, ex-building societies. That is the whole point, is it not? The reason why betting shops are moving into premises is for one reason only—because they are vacant. Is it really the local authorities' stance that they do not like betting shops because somebody here thinks that they are slightly threatening places, because somebody there thinks, "I don't want a shop there that I cannot take my child into"—that because of that kind of prejudice and bias, they much prefer to have a boarded-up shop than an extra betting shop in the high street? Because ultimately, it is not a question of whether you have a bank or a betting shop, a building society or a betting shop, or a takeaway or a betting shop; it is a question of, do you have a boarded-up shop or a betting shop, is it not?

Mike Holmes: I think the situation with betting shops is they have been able to outbid a lot of other users that might have gone into those premises, and prime premises as well. That has been a consideration.

Q431 Philip Davies: Why is it so unattractive for other retailers and other people to want to open up in your wonderful high streets?

Cllr David Parsons: It is not.

Q432 Philip Davies: Why are they not doing it then?

Cllr David Parsons: I have invited you to Leicestershire and we will have a look round.

Q433 Philip Davies: Why are they not doing it? If there is all this clustering of betting shops, why are all these people not wanting to open up?

Cllr David Parsons: We are responding to our members of the LGA who say that this is a problem and we can provide you with areas where this is becoming a big problem.

Q434 Philip Davies: Isn't it a fact that there are no more betting offices now than when the Gambling Act was first introduced?

Mike Holmes: That is true, but obviously the locations of those betting shops have changed over

time as well. A lot of the older premises were not suitable for modern use.

Q435 Chair: I think it was Budd who suggested that in the spirit of localism, local authorities could or should be able to say that they do not think gambling is an appropriate activity to take place in their area and they do not want any such shops at all. Would you support that?

Cllr David Parsons: I would support that. Did you say Barnett?

Q436 Chair: Budd. The *Budd Report*, originally on the Gambling Act.

Cllr David Parsons: My line is that I would support local councils saying that, if they so desired, because I am a localist—as is this Government, I understand.

Chair: Let us not go down that road.

Q437 Steve Rotheram: I was interested in that because it depends on how local "local" is. Just 100 yards from where I live there are now three betting shops, with the potential of a fourth, clustering their way along what used to be quite a vibrant little shopping area. It had charity shops and other stuff and as Mike just mentioned, they have outbid the likes of the charity shops to enable them to take over these premises. But conversely, I walked down the Kings Road—having now been in London for some time—and I did not see one betting shop. It seems that they are very much located in more working-class areas than well-off areas. If it is all about cluster demand, I am sure there are plenty of people in the Kings Road who have a few bob who would not mind a flutter. I would have thought it is about the activism of the people around there preventing betting shops coming in.

Is the proliferation partly due to what was said earlier about the restriction of the B2 machines—and, therefore, if you can only have a few in each shop they would rather open more shops—which I am told generate about 50% of the betting shops' profits?

Cllr David Parsons: I have recently met this B2 machines argument. I must admit I have never played them. It seems to me to be bizarre that more betting shops will be opened because they want more B2 machines, but this seems to be what is happening. I have already said I do not particularly see the logic of limiting that.

Q438 Chair: Can we turn now to casinos, probably to the Casino Network to begin with. You represent the 16 authorities that were successful in applying for the ability to award licences to new casinos. You know as well I do that since that process took place not a single casino has opened, although there are some in the pipeline. How confident are you that in due course new casinos will be opening in all your 16 areas?

Richard Dowson: We are very confident. You mentioned the one that is about to open next month, which will be open for Christmas. There are a number of the 16 now that are well on with their competition process and probably in the position to issue licences within the next three to six months. There are a

8 November 2011 Cllr David Parsons CBE, Mike Holmes, Richard Dowson and Stuart Baillie

number of others who are closely following behind in terms of launching, or are just at the outset of their competition process. The issue there is—maybe we will come back to the actual process for issuing the licences—obviously, it is one thing to issue a licence, but a lot of the proposals that have come in are for new build developments as well. The one that is just about to open next month is part of an existing development, but a number of others are coming forward with new build or major refurbishment projects. You have to build in there the time for the development of the casinos as well. As I say, in terms of the process itself, a lot of the authorities are moving forward and we are confident that the 16 will be developed.

Q439 Chair: You will be aware of the controversy over the whole casino history. What did you think of the process under which the licences were awarded?

Richard Dowson: Obviously there was a bidding process and I think it is fair to say at the time of that bidding process we were in a completely different economic climate than we currently are. Having said that, we bid and the process itself transpired and obviously, as it was, 17 authorities were issued with the proposals to grant licences. I think in our view what we were left with was an outline framework to run these competitions and issue the licences and, therefore, a lot of time and effort has had to go into developing the processes, more around stage 2 of the competition. Stage 1 is a fairly standard regulatory process but regarding stage 2, where the greatest benefit test came into play, the legislation gave no real detail as to how local authorities might undertake that process. As I said in answer to your very first question, Chair, the 17 came together in order to develop a consistent approach so that we did not find Middlesbrough coming up with a completely different scheme to Newham. It has taken a bit of time, due to other factors as well, but we think we have a fairly robust system to issue these licences now.

Stuart Baillie: If I could just add to that, Chair. In the way the Act was prescribed the authorities have been left a lot of responsibility to get their processes in place and the Network Group has been an effective group in doing that. Each of the authorities is acutely aware of the likelihood of legal challenge in the decision making, so we have proceeded with a lot of caution in the process to get to the stage that we are at today.

Q440 Chair: I think it is fair to say that when we had representatives of the casino industry in front of us they were not quite as optimistic as you about the likelihood of all these licences being taken up and new developments occurring.

Richard Dowson: In terms of the authorities that have undertaken or are in the process of their competitions, I think it is fair to say that there has been interest. Going back to 2006, you might have envisaged a higher level of interest than has transpired, but each authority that has gone through the competition to date has developed a relatively good interest in their individual competitions. I think there is one authority

that obviously did not get to the competition stage but the rest are all proceeding to stage 2.

Q441 Chair: We have this slightly strange position where you have the lucky 16 who were selected in what is a fairly strange process. You then have another set of authorities who are permitted under the original 1968 Act on permitted areas, and then you have ones that are not permitted at all because they are not covered by either Act. Would you agree that that does seem a pretty unsatisfactory position?

Richard Dowson: It is the position we found ourselves in. Obviously it is not down to the 16. We had some areas that are permitted areas and others that are not. I think, from the 16 authorities that have the permission to grant licences, where we find ourselves is that when Parliament passed the Act it was very much about pushing these 16 forward as a test, an experiment if you will, in terms of liberalising some of the rules and regulations around machines and the size of the floor space, and so on. The issue of putting forward the 16 was almost a controlled measure to help see the impact of that. Obviously we are now hopefully into a process where these casinos will start to open their doors and we can start to measure that impact, and that may well come back into the argument at a later stage about whether more licences are passed, whether there is more liberalisation, and so on. As the 16, our task at the moment is very much to get these casinos up and running and see the impact of that, and it is obviously for Parliament to govern whether that leads to further changes in the regulations or not.

Stuart Baillie: Just to elaborate a little bit on that, the 16—and other authorities, indeed—went into the casino advisory panel pitching process, if you like, and had their eyes opened to that process and understanding it. They went into that process on the basis that at the time there would be 17 casino licences granted, with the new regs and requirements satisfied. I think where certain elements of the industry are coming into this—to maybe allow some of the existing 140 casinos under the 1968 Act to report into other authority areas—was not on the table when the 16 authorities pitched in for this process. It would be quite a dramatic change in the circumstances.

There is also a significant implication for the 16 authorities who are looking to attract regeneration benefits—that if another casino is allowed to move into a neighbouring area, for example, then that could be detrimental to the impacts and the benefits that could be achieved.

Q442 Chair: Perhaps I should put the question to the LGA as well, because there were local authorities that were very keen to have casinos but are not in permitted areas and are not among the 16 that were chosen. So, in the spirit of localism, would the LGA say that they should be allowed to have casinos?

Cllr David Parsons: I did check before I came and we have had no feedback from local authorities whatsoever on this issue. For us, it is a pretty niche, 16 local authority enterprise. We have had no feedback, and as for extra to the 16, it is probably a different economic climate from when these 16 were

8 November 2011 Cllr David Parsons CBE, Mike Holmes, Richard Dowson and Stuart Baillie

announced. We do not anticipate there will be huge interest from local authorities.

Q443 Chair: As I recall, I think 40 or so local authorities originally applied, so there were 24 or 23, I suppose, who were wholly unsuccessful. Your view is that they have just completely lost interest now and gone off and thought of something different to do.

Cllr David Parsons: The fact is that we have had no feedback from those and that is the state at the moment.

Mike Holmes: Some of those authorities do have casinos within their areas anyway.

Q444 Chair: But they will not be allowed the new ones?

Mike Holmes: That is right, but they have existing ones in their area so it might not be so much of an issue. The other issue is, if there is a new casino it will require planning permission, so it gives a degree of local input into the decision-making process.

Q445 Mr Sanders: On the casino point, how significant a blow was it to local authority regeneration plans when the regional casino concept was shelved?

Richard Dowson: I think there were a number of authorities that bid for both regional and large, or large and small, and so on. As I said before on an earlier point, 2006 was a different economic climate and I think, yes, there was a lot of potential thought around the fact that the regional casino might develop greater regeneration benefits. If we put that into play today—i.e. granted a new regional casino—there could well be authorities that wished to pursue that. As a local authority that has a large casino, or permission to grant a large casino, where we are left at the moment is that the benefits that have been proposed in my particular authority area are reasonable. To an area like mine there are some good potential benefits that could accrue out of the competition process.

I think the regional casino would rely on international operators. Forgive me—I did read some transcripts from previous sessions, and I believe the operators themselves have made the point that international operators might take up the regional casino mantle. Again, in terms of whether there is the interest from industry to do that, I am not entirely sure. It is certainly not something that has been pushed to us by operators that we have been in discussions with or through organisations such as the National Casino Industry Forum. I think originally, yes, there were some fairly grand regeneration plans that were put on the back of potential regional casino bids.

Mike Holmes: I think, as Richard has already said, the world has moved on a little bit. Things have changed since then and, speaking as one of the authorities that were unsuccessful, we have moved on and something different that is coming forward is our regeneration element. I think if it is to change, there needs to be a re-evaluation of all those benefits that potentially come forward. Of course, there was a document in 2008 produced by CLG, I think, that tried

to evaluate the potential for regeneration. In my view, it was slightly inconclusive regarding the regeneration benefits. There is still a lot more understanding to be had about the subject.

Q446 Chair: The one authority, obviously, that I think still is extremely keen is Blackpool. You do not detect any others who would still view a regional casino as something that might provide major benefits?

Cllr David Parsons: Correct.

Q447 Mr Sanders: What assessment do local authorities make about the social impact of problem gambling in their localities?

Cllr David Parsons: The LGA has not made an assessment itself. As we have said, we would need powers on the issue of clustering and we have said that to stop clustering we need those planning powers. But we have not made an assessment.

Q448 Mr Sanders: You have not got a composite view of the extent of problem gambling, just a problem of clusters?

Cllr David Parsons: Yes.

Q449 Mr Sanders: Would the answer be to change their designation within the planning regime—betting shops?

Mike Holmes: I think they should be made sui generis in the way casinos were made sui generis. It would have enabled local authorities to have an input into the decision-making process, which they do not have in many cases at the moment.

Q450 Mr Sanders: Am I right in thinking that if a bank closed, you do not need a planning change? A betting shop is not a bank.

Mike Holmes: Or if a takeaway closes, or something like that.

Q451 Chair: Finally, obviously the enforcement role is now primarily one undertaken by the Gambling Commission, but local authorities do have an involvement as well. How is that working and what sort of relationship is there between local authorities and the Gambling Commission?

Cllr David Parsons: I am told that that is good. I do not have personal experience of that but I am told that the two bodies used to meet bi-monthly.

Q452 Chair: When you say two bodies, the Gambling Commission is one?

Cllr David Parsons: The LGA and the Gambling Commission. I am told they get on well and that there is a degree of understanding between the two bodies.

Q453 Chair: Your members essentially have confidence in the Gambling Commission—in what they are doing?

Cllr David Parsons: Yes.

Chair: All right, I think that is all we have. Thank you very much.

Oral evidence

Taken before the Culture, Media and Sport Committee

on Tuesday 18 October 2011

Members present:

Mr John Whittingdale (Chair)

Dr Thérèse Coffey
Damian Collins
Philip Davies
Paul Farrelly

Mrs Louise Mensch
Mr Adrian Sanders
Jim Sheridan

Examination of Witnesses

Witnesses: Roy Ramm, Director, NCiF, and Compliance Director, London Clubs International, Peter Brooks, Member, NCiF, and President and Chief Operating Officer, Genting UK, and Simon Thomas, Member, NCiF, and Chairman, Hippodrome Casino, gave evidence.

Chair: Good morning. This is a session of the Committee's inquiry into the implementation of the Gambling Act. We have received apologies for our first session from Michael Silberling, who is unable to be with us, but can I welcome Peter Brooks, the President of Genting UK, Roy Ramm from London Clubs International and Simon Thomas, who is developing the Hippodrome, and all three of you also sit on the National Casino Industry Forum.

Q1 Mrs Mensch: Has the Gambling Act of 2005 overall put the casino industry in a better or a worse position?

Roy Ramm: If I may kick off and then refer to my colleague, Mr Peter Brooks, to pick up some of the comments there. Thank you very much indeed for the opportunity to be here. We represent about 90% of the casino industry through the National Casino Industry Forum.

The Gambling Act of 2005 was intended to construct a pyramid of regulation and the casino industry was intended to be at the top of that pyramid, so there was intended to be a structure of regulation around us that was reflective of the kind of gambling products that we had to offer, and I think that one of the main messages that we wish to get across to this Committee is that we feel that that pyramid has been inverted to some degree and the Act has not delivered what it should have done. So at the top of that pyramid, we do have the measures in place to offer a well-protected, well-regulated gaming product, but when you look at the casino industry as one brief statistic—and we will try not to throw thousands at you—but there are 248,000 slot machines in the UK, less than 1% of them are in British casinos. There is a lack of differential now between the product that we offer in casinos and what is offered in other gaming establishments. The last comment I would make before turning to Peter to pick up is that taxation since the Act passed has also made it very difficult for us to maintain our position at the top of that pyramid. Peter.

Peter Brooks: Picking up on the detail in response to your question, and in particular picking up on the tax point, I realise the Committee is not concerned with tax, but when you look at the gambling industry and

the casino industry in particular, it is impossible to avoid the tax impact on what has happened to us as part of the package. So in answer to your question, the Gambling Act has undoubtedly given the casinos some positives, but in the overall picture, it has failed to do two things for us. One, as Roy has said, it has inverted the pyramid between the highest levels of responsibility and security from a supervision and access perspective with the highest level of gaming product. Roy touched on that. The other thing that it has done is that it has in effect created a twin-track process, so you have the new casinos that are capable of being created under the 2005 Act—but, and I am sure we will come back to this, none yet opened, although I think one is due to open next month, the first one four years past the Act coming into effect—and on the other, the 1968 Act original casinos, of which there are over 140 today, which are frozen in aspic. We are stuck for the existing industry. It is almost as though the Act ignored the existing industry altogether.

In terms of impacts, there is what we refer to as the 2007 package, so it is a combination of the smoking ban—which applied to all premises, of course—tax, which dramatically increased as a cost burden, and finally the Act itself, which importantly in the context of machines removed the ability for casinos to have a category of machine, so we are now limited to 20 machines. What you have seen since then, and this is reflected in the Ernst & Young report, which is part of our evidence, is after an optimistic period leading up to the Act with considerable investment, a big decline in investment. We have seen more than, up to now, 23 casino closures. The net number is like a dozen if I ignore the small electric format—which doesn't really compute—that is just using an existing licence. We have seen a reduction in jobs of the best part of 1,100 rising to 1,300. It varies, so whereas there has been an employment reduction generally of about 3%, within our industry it has been about 11%, and you have, as I say, seen this big reduction in capex. Therefore part of the points that we are making and the measures that we have included in our evidence that we are promoting are about creating a better framework, both in the context of the regulatory

pyramid and to encourage us to do what we want to do, which is to invest more to create more jobs, and by the way, pay more taxes, which we recognise is part of the package.

I have not touched on profitability, but again, the Ernst & Young report shows that with variations, depending on the category of casino, be it high-end London or low end and outside London, you are seeing very significant reductions in casino revenues, as great as 20% in some instances. Now, I should say in closing there has been some improvement since then, certainly in terms of profitability, because a great deal of cost has been taken out of the industry and that has been how we have been keeping things going forward. I hope that gives you a picture in response to the question.

Mrs Mensch: Do you have anything to add, Mr Thomas?

Simon Thomas: I think it has all been covered.

Q2 Mrs Mensch: Let me just ask for clarification. You have spoken about the deficiencies in the Act and what it didn't do, but just going back, you have spoken about the many problems in the casino industry, not all of which are attributable to the Act, that come from the smoking ban, the tax regime and so forth. Would you say overall though that the 2005 Act helped or hindered your business as casinos?

Roy Ramm: Hindered.

Q3 Mrs Mensch: You would say it hindered it. You touched briefly at the end there on the revenue that casinos have generated. What effect has the Act had on the number of people coming to visit casinos and spend money? There are two parts to this question. First of all, how has it affected revenues overall, and secondly, how has it affected visitor numbers coming in to use casinos and enjoy your product?

Peter Brooks: In terms of visitors, we have seen growth in admissions although not enormous growth. That has been helped by one of the early freedoms, which was to remove the requirement for membership and removal of the 24-hour wait period. No doubt that has helped. What has also helped is that the industry, despite the impediments, if you like, under the Act, has continued to modernise in the sense of producing a more modern, entertainment-orientated product, so it is attracting a broader audience, so you are seeing admissions going up, but at the same time you are seeing revenue per head going down. So it is a mixed picture on that. In terms of revenues, I only have the numbers up to the end of 2009, but in the high-end London casinos, they were about 20% down; in the outside London estate, it is a figure of a little bit more than 11%.

Mrs Mensch: These are revenue numbers?

Peter Brooks: These are revenue numbers. They are in the Ernst & Young report at pages 11 and 12.

Q4 Mrs Mensch: It is very important if we are to have responsible gambling that the casino industry attracts a broader range of people, rather than raising revenues from a static number of people who may have a gambling problem and spend too much on gambling. Attracting greater numbers is extremely

important. Can you summarise how the Act has affected different types of casinos? Has it had a differential impact on sort of smaller casinos versus larger ones or has the impact been widely shared across the board?

Roy Ramm: The Act has created a twin track, which Peter alluded to in his opening remarks. What we have is an industry—the 1968 industry, if I may bracket it like that—which is simply not moving forward because we had this other track of the 2005 Act casinos, and there is this notion that we should see the outcome of the 2005 Act casinos before anything happens with the 1968 Act. The 2005 Act is simply going nowhere very quickly at all. The majority of the industry is not moving forward.

Mrs Mensch: Sorry, just to clarify, you are saying that the 2005 Act prevents liberalisation of regulations affecting those casinos operating under the 1968 Act because of the wait and see period?

Roy Ramm: Yes. The wait and see period is endless, because there were 16 licences, and as Peter has said one is due to open soon. There are a number of local authorities that have not even begun the process. Some local authorities have no intention of beginning the process, so the idea that we wait for the outcome of 16, it is just never going to happen. So that is the main difference between the current industry and, if you like, the 2005 Act industry.

On the second part of your question on how the Act affects the different segments of the industry, at the high end, across the industry, we have had to reduce costs, so our ability to compete in the international market, where people are looking for air travel, hotel accommodation, all that kind of stuff, has been narrowed. Our profitability has been squeezed, so we are not competing well with the high end of the market. I guess lower down the market, where we have got more volume—I look to colleagues to pick up on this—but where we have got more volume, this is where the almost 18 million visitors is coming from, and that has been reasonably positive, I would say.

Peter Brooks: Yes, I think one could add two things to that, the first in terms of the volume clubs, the loss of that category of gaming machine, which I described, that had to be removed, for a large club that is a much more adverse impact than a small club, in terms of footprint. The example of that is in that in the very busy clubs—and my colleague has one of these in Leicester Square, the Empire, and there is another good example in Newcastle—regularly on a Friday and a Saturday night, there are people queuing for the 20 slots that are available. So you have 1,000 people in a club, plenty of tables being occupied, but they are queuing to get on the slots. So at that end, you have a more stark impact. At the smaller end, much less so, because it is a small footprint, and in many cases you could not even take up your full allocation of 20 slots. Then in the international market, again it is very stark, because the maximum stake in a slot machine is limited to £2, two things happen. First of all, for players within a high-end club, they are never going to play slots, so we do not have them, because they might have a minimum bet of £25

18 October 2011 Roy Ramm, Peter Brooks and Simon Thomas

on the blackjack table, why are they going to put £2 in a slot machine? It isn't going to happen.

You will find internationally what happens with the very large numbers of slots that more typically they will have, what they are offering is a very wide range of stakes and prizes. Being limited to 20, quite apart from the production problem in procuring slot machines with such a small market, you have very limited opportunity to offer a range of choice, whereas when you go to major gaming centres, or indeed if you go as far as Rotterdam, where I was six months ago, you find 800 slot machines in their casino there. You have got a full range, so you can offer a machine, if you choose to, with a stake and a prize which is much more commensurate with the experience people are having on the tables. Those I think are the differential impacts.

Chair: We are going to come on in greater detail to slot machines.

Q5 Damian Collins: I was interested in the answers you gave to my colleague: where does a casino make its money? Where is the greater part of its revenue coming from? Is it from the slot machines or is it from the tables or other gaming or entertainment that might happen within the building?

Roy Ramm: In the UK, if you look at slot machine revenue versus table gaming revenue, it is 15% of revenue comes from slot machines, 85% from tables. That is the second lowest in Europe. There are 23 countries that provide evidence to the European Casino Association and we sit at number 22, just above Hungary. At the top of the pile is France, where I think they are about 90%, it is 15% in the UK.

Damian Collins: That is the revenue, but what are the profits?

Roy Ramm: Well, that is quite difficult to tease out, frankly. I do not have those statistics and I will happily try and find them for the Committee and send them in to you, but I do not have them readily at hand.

Damian Collins: I would be very grateful if you could do that, but are slot machines more profitable than tables?

Peter Brooks: May I expand for one minute? The difficulty in allocating the profit is how you allocate manpower cost. By far our biggest single expense as an industry is manpower cost, and for our clubs outside London, it is—and I think this is not far off typical, so I hope I am not sharing confidential information with my colleagues—more than 40% of revenues, so manpower costs are very high. Now, when you come to profitability, how much you allocate to table gaming, which requires much higher levels of manpower, and how much you allocate to slots is an open issue. That is the underlying dilemma, but we will surely feed into the Committee what we have.

Damian Collins: So slot machines are more profitable than tables?

Roy Ramm: I mean, you know, it stands to reason. If you are running a roulette table on which you have got a dealer and maybe half an inspector or whatever, in comparison to running a slot machine, then clearly the labour cost is less. But as Peter says, it is difficult to be very clear about how you apportion those costs.

Q6 Damian Collins: One of the reasons I was asking is that, in the written evidence from NCiF, you talk about the table to machine ratio for large and small casinos, and you said there that you repeatedly urged there should be a simple uniform ratio of five machines to one table, capped at 150, which seemed to suggest that the smaller casinos in particular had too great an obligation placed on them. Therefore the number of machines in a casino has quite a big impact on its profitability, its viability, and therefore may also have an impact on whether it is attractive to open new casinos within those criteria.

Roy Ramm: Just to be clear, when you say “smaller casinos” are you talking about small casinos within the UK?

Damian Collins: Yes.

Roy Ramm: I think the small casino in the 2005 Act is an economic model that very few people in the industry can ever see working. It is certainly not going to work in all eight of the locations. We, as an industry body, do not believe that anybody will build a small casino with 40 tables to get the 80 slot machines in any of the areas that were identified by that committee.

Q7 Damian Collins: To get the 80 slot machines—is that because you have to maximise the number of slot machines you have got in the casino to make it pay?

Roy Ramm: Yes.

Peter Brooks: I should just add, going back to the profit point, our second biggest item of expense is real estate, our property space, so if you have to provide enough space and manning for 40 tables in order to allow up to 80 slots, your fixed cost base has then become very high. That is why the economic model doesn't really work well.

Q8 Damian Collins: That is why I would be interested to see the figures on the profitability for the contribution of the slot machines to overall profitability, because if it is only 15% of revenue, it seems to be a disproportionately large part of the business if the failure to maximum the number of slot machines within a casino is a big impediment on its profitability or whether you might open one, which seems to be what you are saying.

Peter Brooks: Well, the 15% is under the current regime with its maximum of 20 slots. The picture in a new casino, large or even small, would be different.

Damian Collins: So it would be much higher?

Peter Brooks: It would be a higher percentage, we would hope, but I think you are right, really.

Simon Thomas: But equally, the large and small casinos will have a much more international style operation. They will have more bars, restaurants, and when you look at the American examples, I think 60% of revenue is non-gaming. It is all contribution to the overall business and it is all a valid part of it. I know we are talking about machines now. Do you want to come back to it?

Q9 Damian Collins: I want to ask one or two questions about casinos and then I will happily hand over to colleagues who want to get to games and

machines, because I suppose it is a question of, “I think it is interesting because it is how we see casinos.” There is the kind of James Bond/Aga Khan level—you know, people jetting in from all round the world to spend thousands and thousands of pounds on the turn of a card, and that is one level of it, and that is a million miles away from problem gambling and all the other issues we have talked about. But there is the kind of underbelly of it, which is slot machines, which seem to be quite crucial to the viability and profitability of the casino.

Roy Ramm: I think it is not an underbelly, if I may say so. You know, they are important—when people go into a casino, they expect to see slot machines and tables. You are right that there is a segmentation in the market that we have talked about already, and we have made the point that if you go into one of the high-end London casinos, you are unlikely to see slot machines, because as Peter says, the stakes and prizes that we are able to offer on those machines are not relevant to the people that are playing there. If you are talking about people who are prepared to wager several thousand pounds on tables, they are not going to go to a slot machine if it takes £2. Moving down the industry, what we try to do is to provide a mix of table games and machine play and bars and dining and entertainment across the piece to make it a genuine adult leisure offer, and Simon, I am sure, can talk about what he is trying to put into the Hippodrome, but it is not that slots are only for the masses at the bottom. That is not the way we would like to see the industry go. We do not want to see machine sheds, that is not what we are asking for.

Simon Thomas: We talked about the regulatory pyramid. That is based around common sense and protection of the vulnerable, and at the bottom end the regulatory pyramid has always been there. It was picked up by Budd and absolutely clarified, and it has been enshrined in the 2005 Act; at the bottom end, we have the seaside arcades, 10 pence slot machines, very light regulation. In the middle, we have the high street access premises, the arcades, the bingo halls, the betting shops, moderate regulation; and then at the top end we have the casinos, and we are sitting there with effective active door control, effective active voluntary self-exclusion schemes, the highest rate of tax. We have money-laundering control, all our gambling staff are certificated by the Gambling Commission and are social responsibility and problem gambling trained, and it is accepted that the casinos are the correct place for the higher stake gaming.

Q10 Damian Collins: Okay, I am sure we are going to get on to that. Why do you think that only one new casino licence has been approved under the Gambling Act?

Roy Ramm: Well, there are about four reasons. First, of the 16 new licences, 10 are in existing permitted areas. If I can just use one of my own businesses as an example, Leeds has five licences under the 1968 Act, so there are businesses in Leeds operating. We have a casino in Leeds that has got two restaurants with James Martin from the Saturday Kitchen, Vineet Bhatia producing fantastic Indian food. It has about 60,000 square feet of public-facing space, it has a

cinema, it has everything that you could possibly want, we would suggest, in a modern leisure destination. Now, Leeds City Council has a large casino licence to offer. Frankly, if we didn’t get that licence and somebody else did, that would make our business unviable. So you have this ridiculous situation where you have 1968 Act casinos competing against 2005 Act casinos.

The process itself of granting these licences is horrendously complicated and expensive. I am sure that if Newham were giving evidence to this Committee and you were to ask, I suspect that the cost to Newham, one of the poorest boroughs in London, has probably been well north of £1 million to grant their licence. I think it is probably a good deal more than that. We know that—I think it was in Hull, and one of my colleagues will probably correct me—but a council spent £750,000. So what local authorities are now worried about is are they going to recoup their costs if they run this competition? Only one of those three licences that has been granted at the moment was competed for, and that was the Newham licence. The other two that have been granted, there was only one applicant, and again we come back to this model of the small casino in particular with two slot machines to one table. It makes no sense at all. You end up with a small casino having to have a bigger gaming floor than a large casino to get its slot machine allocation. So there is whole mix of factors there that mitigate against anybody applying for all 16 of these licences, and I would have a bet that all 16 never get developed.

Q11 Damian Collins: So your view is that the slot machine allocation ratio is the most important aspect in deciding whether a casino is viable or not, particularly for a small casino?

Roy Ramm: I would say yes, and that is why we have advocated in our evidence that for a whole range of reasons, including clarity for the public, who, walking into a casino, do not know whether they are going to see 150 slot machines, bingo and betting, or 80 slot machines and no bingo, but betting, or 20 slot machines and no betting or all bingo, we are simply saying, “Let’s just clear away some of this nonsense of regulation and have a simple model that says, ‘One table, five slot machines’ and that is it.”

Peter Brooks: I just wanted to add one other thing, which is not for this Committee, but again it comes back to the tax. When the gaming duty was increased in April 2007, it made a material difference to the economics. Particularly when you are looking at the Small model—with a capital S—it is very hard to make the numbers work, because you quite rapidly get to the top 50% gaming duty level. I don’t know whether local authorities really hoisted on board the impact of that, but it meant that a very significant shift of potential regenerative funds that authorities were looking for moved to the centre, and for the potential competitors, the industry, the suppliers of the product, we were never really involved in that key piece of the whole process, which is, “Can this be a commercial proposition which will warrant making an investment?” So that was an absolutely central

18 October 2011 Roy Ramm, Peter Brooks and Simon Thomas

missing piece, and the situation then made more stark with the gaming duty change.

Roy Ramm: We did offer a sort of solution to some of this, which was the portability issue.

Q12 Chair: Indeed, and that is what I want to ask you, because you have specifically cited the fact that 10 of the licences have been given to local authorities within permitted areas and you have suggested that local authorities should be allowed to just decide whether or not they want to permit casino development. Are you suggesting that if we adopted that and got rid of the CAP recommendation and just said, "There are all these new licences, anybody who would like to bid for one within a local authority that wants to have a casino should be able to do so", that that will lead to investment which hasn't so far taken place?

Roy Ramm: Yes.

Chair: So there are local authorities that want them, but because they were not chosen by the CAP—

Roy Ramm: Just to be really clear about what the proposal is, what we are saying is that currently there are 53 permitted areas, and the 1968 licences are locked into those areas. We are saying that those areas are defined by data from the 1960s, that time has moved on and local authorities should be able to decide for themselves within their three-year licensing policy whether they want casinos. If they don't, then fine. Nobody wants to move to an area where, frankly, the local authority is not supportive. But if they decide that they do, the next lock is planning consent; you get planning consent for the property, and finally, there is the lock which is the premises licence. So there are three steps, and if a local authority decides that, we suggest that it is perfectly possible just simply to move a 1968 Act licence into one of those areas, and the important thing is that you could see some of them moving away from the other 16.

Q13 Chair: But there are places that are not currently within permitted areas, that have not been identified by the CAP, but where if the local authority said, "Yes, we would like a casino," your company or one of your colleagues in the industry would want to build?

Roy Ramm: Fifty-seven local authorities applied to have a casino, 57. That was wheedled down to the 16, but we were talking outside the Committee room saying that on a regular basis, we get approached by entrepreneurs, by property owners who say, "We have spoken to our local authority in X area, they would like us to build a casino. Would you like to come and operate it for us?" and we say, "I am sorry, but you are not a permitted area. We can't do it".

Peter Brooks: We believe that with the security of the three locks, if there is local demand from both customer and local authority—and logically there should be out of that 57 that did not succeed in the CAP process; there is definitely appetite among operators to take advantage of that in respect of their existing licences that aren't being used—and, to paint a picture, if a typical size is about 25,000 square feet, you could expect to see about 125 jobs. You would see about £600,000 in taxes, £250,000 in local taxes and gross value added for the area, if you take in

supplies and so on, about £4.5 million per annum. Individually it is not a lot, but not to be sneezed at by a community that would like to have this opportunity, which it might either because it is a tourist destination or because it wants to improve the attractions for its community.

Q14 Mr Sanders: Can I just pick up something that Simon Thomas said? I think you will find that seaside arcades also feel that they are quite heavily regulated, and I think, with the industry as a whole, it is relative to size. I do not think there is any part of the industry that is not suffering at the moment. Seaside resorts, arcades, whatever—they would probably take exception to other people thinking they were lightly regulated. Can you see any merit at all in reviving the regional casino concept through secondary legislation?

Peter Brooks: We think it is really a matter of demand. It is not something we are seeking. We have a great deal of scepticism that there is really a public demand and acceptance for it. We think there are more important things to be getting on with right now, like the existing structure, rather than worrying about adding new things.

Q15 Mr Sanders: In terms of where we are at, do you see that the restriction on the numbers of licences was really a fudge in the run-up to a general election rather than a considered view of what the market could tolerate?

Roy Ramm: I worked with civil servants on this Bill for months and about four hours before it was published I had no idea that it had changed so much. It was clearly a piece of political expediency, frankly, and what has come out of it is not good. To add to what Peter said about the regional issue, the fuss and furor, we don't want to go there, simply because we think there are three things you need. You need political consensus, you need public consensus, and you need a company that is prepared to invest, and frankly, unless you have the first two, the third will not follow.

Q16 Chair: Can I press you? The legislation is there to allow a regional casino to be built. Many people felt that the place that was identified was the wrong place, which was why it never happened. If the Government were to say, "Right, we still think there is a case for having one regional casino, and where would you, O industry, like to build it?" and if the Government then agreed, do you think it would happen, or have you just lost all enthusiasm for this completely?

Roy Ramm: If you say to Caesars Entertainment, which builds huge resort destinations—and Peter will speak for himself—but huge resort destinations, thousands of bedroom hotels, the top class shows and so on, taking 60% of its revenue from non-gaming activity, "Do you want an opportunity to develop a business?" the answer would normally be yes, but always with the caveat that you have genuine public and political support for it. You are never going to go into an environment where you don't want it and where you are not wanted, and in a way, it doesn't

18 October 2011 Roy Ramm, Peter Brooks and Simon Thomas

matter whether it is a regional or a tiny casino that you want to transfer from one place to another. You have to have the public and regulatory support.

Q17 Chair: But I mean, having lived through this, as I recall, the entire House of Commons was of the view that the best place to build a regional casino was Blackpool. Blackpool was falling over itself to get a regional casino. There is no doubt there was public support and political support for Blackpool. The CAP, for reasons which are still something of a mystery, came up with a completely different recommendation, but if it came back and they said, "Okay, Blackpool" do you think the industry would still be interested?

Peter Brooks: I am going to pick up on what Roy said, Chairman. If you are talking about very large sums of investment, you are probably mostly looking at international investors. My own company has just spent about \$500 million in New York. We spent SGD\$4.5 billion in Singapore in 2010. If you asked us to do something equivalent in the UK, I don't think there's going to be a take up for that. If, perhaps a bit more controversially, I go back to the process, it began life as a sort of Budd Unlimited, went to an experiment with eight, eight and eight, and frankly, the experiment was completely flawed; it was some sort of a fig leaf. Then it came down to one, eight and eight for reasons of political expediency, and then people didn't like the one, so now you have got eight and eight. I think there is a genuine question of whether there is public demand for that type of product, and if customers don't want it then we certainly would not want to invest in it. Don't forget again the fiscal regime has changed. People wanted it for Blackpool because it was going to regenerate a very popular seaside resort which has huge affection, but it is very hard to make the numbers work.

Q18 Chair: Because of the tax regime?

Peter Brooks: Because of the tax regime. You know, what happens with gaming duty is, it is by volume of gross gaming revenue. By definition, if you have a large establishment, the volume will be greater, so you will get up to the ceiling of 50%, so just to remind people, for every £1 of gaming win, 50% has gone to the Customs and Excise or whatever it is now, HMRC, before anything else has happened at all.

Roy Ramm: One last thing, the stakes and prizes in the slot machines that we do have, have not been reviewed for six years. They were last reviewed in 2005. We have had two sets of tax increases since, so that has reduced the profitability still further. It really does come back to political will—people have got to be prepared to want this and to provide the regulatory framework for it before any business will consider it.

Q19 Mrs Mensch: On a point of clarification, you say it is a 50% tax rate before any of your costs are taken into account, so it makes the numbers not work for a big Atlantic City style resort in Blackpool. What are the comparable tax regimes in, for example, where you have just invested—in Singapore and the US? What are the comparable tax regimes there?

Peter Brooks: For Singapore, the equivalent to gaming duty is between 10% to 12% for what is called

a premium player, so that is somebody who deposits SGD\$100,000 before they start to play, so call that £50,000, and for a non-premium player, it is of the order of 20%, and the corporation tax rate is 17%.

Q20 Mrs Mensch: What about the United States?

Roy Ramm: I was hoping you weren't going to ask me that, because I cannot remember. It is much less than here.

Mrs Mensch: Roughly.

Peter Brooks: It is lower.

Roy Ramm: I think it is 15%, from memory.

Dr Coffey: That is state duty though, isn't it, as opposed to federal?

Q21 Mrs Mensch: You have to add up your state and federal tax burden, and I am just interested to know how much greater the burden is on the industry in the UK than in the United States, because you have just said that your primary reason for not investing in a giant super-casino in Blackwell is the tax law, so what is the differential?

Peter Brooks: I was trying to distinguish between where the rate was, at 40%, to explain why there might have been a change of appetite. Amongst the factors is this shift of the top rate from 40% to 50%. It is very hard to actually elide the two together because gaming duties are gross profits tax. Then you have all your other expenses and so on to come off before you calculate the corporation tax, so you are getting a multiplier effect because it is a gross profits tax.

Q22 Mrs Mensch: I understand that. I am trying to see how much worse are we in Britain than in the United States where you have just made an enormous \$500 million investment in New York. How much better is it for your industry over there?

Peter Brooks: If the gross profits tax is 15%, if it is, versus our 50%, you are at that point 35% on your gaming.

Mrs Mensch: That is a state tax. So you would have state and federal taxation to put together to calculate your tax.

Peter Brooks: That is true and I think at the corporation tax level, combining state and federal, broadly it is the same, US and UK.

Q23 Chair: Would the NCiF like to give us a document setting out the international comparisons? Although you said at the beginning our remit did not cover tax, we will be raising matters of tax and possibly talking to the Treasury about that, so I think that would be helpful.

Peter Brooks: We would certainly welcome that approach, because looking at the future of the gambling industry—as you are doing and we really welcome that—in isolation from fiscal policy doesn't actually compute.

Chair: No, that is why we reached the same conclusion.

Peter Brooks: We welcome that.

Q24 Philip Davies: Can I start by asking you about these permitted areas, because I do not think anybody who looks at it could think that the current system

18 October 2011 Roy Ramm, Peter Brooks and Simon Thomas

makes any sense at all, basically only allowing licences based on town population levels of 40 years ago, which totally ignores new towns and things like that. I remember moving an amendment to the Localism Bill to try and scrap them but it fell on deaf ears. What I don't quite understand with your approach is that you want to be able to transfer the licences from one place to another, where they want them, but not to increase the number of licences overall. If casinos are such a well regulated place, which I am sure they are, why should as many licences as the market can stand not be allowed? Why do you still argue that there should be a limit to the number of licences across the country? Surely the thing that should determine the number of licences is the market, isn't it?

Roy Ramm: That is what Budd said and quite clearly in a free market that is what should happen but, to be candid about it, I think that as an industry trade body we looked at what we felt was the art of the politically possible. I think if the outcome of this Committee was casino industry seeks unlimited licences we would have a struggle on our hands. So what we are trying to say is, "Look, let us at least move our businesses, the existing licences, to where we can operate them with a chance of profitability". It is about getting the public comfortable and accepting of the industry.

Q25 Philip Davies: But you generally in principle agree with my premise, which I think is something that Tony Blair said in Prime Minister's Question Time just before he retired hurt. He said that if a place wants a regional casino, if they want two, if 10 places want one then they should be allowed to have them. That generally would be your view in principle as well, would it?

Roy Ramm: It might be mine personally, but our NCiF position—and I don't get want to get torn limb from limb by my colleagues—is that we want to see the licences that are extant able to be moved and to be built first.

Q26 Philip Davies: What I am getting at is that what I would not want to see is your industry trying to argue for some kind of protectionism, in the sense that, "Hold on a minute, I've got the licence for such and such a place and let's just leave the number of licences as they are because that means I've got the licence for here and while we've got that regime nobody else can come and tread on my toes." I would not want your industry to be divvying up the licences between your members and saying, "Well, that's it, now we've got them all covered everybody is a winner. We've now got a monopoly."

Roy Ramm: We are between a rock and a hard place. We are damned if we ask for more and damned if we don't.

Philip Davies: You don't want to protect the sort of—
Roy Ramm: No.

Q27 Philip Davies: Okay. On to machines. Damian pressed you earlier about how important machines are to your business and you have the proposal of five machines to one table. Why five machines to one

table? What is the rationale? Why not four? Why not six? Why five?

Roy Ramm: We picked five because the large casino, under the 2005 Act, has a ratio of five machines to one table. We felt that it would be consistent with that piece of policy to level everything up to that large.

Philip Davies: So it is simply you just want to follow what the Government at the time thought was the right number?

Roy Ramm: Yes.

Q28 Philip Davies: What impact would that number of machines have on the profitability of your business? I know Damian tried to tease this out of you. If we have the five-to-one ratio, what would that do to the profitability of the casino industry?

Roy Ramm: It is in the Ernst & Young report, where we think the profitability or the increased revenues would come. I think the first thing to say is don't anybody run away with the idea that if you go to five-to-one instantly you are going to have 150 machines in every casino in the UK. That simply cannot happen because of the size of the premises and so on. We would see it being evolutionary over time, but it would materially impact our profitability. I think the number is in the Ernst & Young report, and I wonder if my colleague has found it.

Peter Brooks: What the Ernst & Young report is talking about is the tax take at the end of it so you have to sort of work backwards, but I think the logic is it could add to the profitability of the industry of the order of £17 million, I think. My apologies, I am struggling to reach this.

Q29 Philip Davies: Okay, don't burst a blood vessel. Can you tell us about how important allowing category A machines in casinos is to your industry?

Simon Thomas: We have been discussing category A machines internally. There is no such thing as a category A machine anywhere in the world. There are no unlimited stake machines, and neither do we think there should be. As such, we don't see any demand for category A machines anywhere. All we are asking for is gaming machines, stakes, prizes and numbers proportional to our position on the regulatory pyramid and customer demand. I respect Mr Sanders' position on "Every industry believes they are the most regulated" but having operated seaside arcades, inland arcades, bingo halls, I can say with my hand on my heart there is no level of regulation and protection like we are getting in the casino industry, particularly money laundering and every single member of staff being certificated.

On the machines, we are asking for a proportional number of machines and appropriate stakes and prizes relative to our position in that regulatory pyramid. We find it very challenging that we are limited to a £2 stake machine in a casino, with all our protections, where an arcade and a bingo hall and other premises are also allowed a £2 stake machines. It doesn't make any sense and that is even further complicated by the B2 machines in bookmakers being allowed a £100 stake, which is equally illogical. Bingo and arcades have many more £2 gaming machines than we do, again that doesn't make any sense. Our stakes and

18 October 2011 Roy Ramm, Peter Brooks and Simon Thomas

prizes have not been addressed for over six years. We believe we have a very strong argument for correcting the number of machines and the stakes and prizes in casinos to where they should be and that can all be done under B1 by reviewing the stakes and prizes and just plain statutory instruments without any major complication.

Q30 Philip Davies: Just for clarity, what do you think the limit should be—the stake limit and prize limit?

Simon Thomas: We are proposing a £5 stake and a £10,000 prize. The challenge we are facing in the casinos, above us we have the internet with very high stake gaming machines available and below us we have the betting shops with £100 stake machines. We are asking for products that are commensurate with our position that will make us attractive to customers so people will come and gamble with us rather than online or in other places, because we believe we are the right place. I think it is universally accepted that casinos are the correct place for higher stake gaming.

Roy Ramm: We have had a dialogue with the Gambling Commission about how you deal with much higher stake slot machines, and one of the issues we have been talking about with the Commission is not having a blanket stake and prize regime at the higher end but it is about knowing your customer—so that the controls are more focused, more surgically addressed to individuals than a blanket that affects everybody.

Q31 Philip Davies: You talk a lot about what the regime is in other parts of the gambling industry. Do you think that one of the things that has held back the gambling industry over the years is that different sections of it have been, in effect, squabbling among themselves, arguing with each other, trying to do each other down, rather than each part of the gambling industry supporting other parts of the gambling industry? Would you say that the industry has been guilty in the past of trying to argue among themselves too much?

Roy Ramm: I will take that, if I may. I think there is something in that. I think that we haven't been the best, we haven't been terribly collegiate, but let's be really clear about it. As far as the National Casino Industry Forum is concerned, we had as a strapline "Positive about Gambling" and that simply meant that we would not attack other sectors. We supported BACTA in its application to increase the stakes and prizes on B3 slot machines and now, as Simon rightly says, the stake in a slot machine in Margate is the same as the stake in a slot machine in Mayfair. But we didn't choose to suggest that BACTA shouldn't get an increase; we just hoped that it is recognised that we should also. Equally, we are not suggesting that B2 machines in bookmakers or machines in bingo clubs are wrong. We are not about attacking other sectors at all and we hope that they will take that lead from us.

Q32 Philip Davies: So you are quite content that they have got those machines in their shops?

Roy Ramm: It is not for us to make comment on that. It is for Government and policymakers to decide whether they are content.

Q33 Philip Davies: We will ask the Government when they come. I am asking you whether you are content.

Roy Ramm: What we are saying is that there is a regulatory pyramid. We sit at the top of it. If it is right and proper for bookmakers or bingo clubs to have a certain category of machine, a certain style of gaming product there, as Simon says, we sit above them on the pyramid so, what should we have in advance of that? We are not arguing against the bookmakers.

Q34 Mr Sanders: How would you describe the relationship between online casinos and land-based casinos?

Simon Thomas: I will take that one. To be honest, we have a degree of envy of them. They have much lower operating costs and they have much lower taxation, if any, and much lower regulation but, being blunt, they are here to stay. We have to accept them as part of the competition. There is definitely a degree of concern for players who, because there are less attractive products offline, are encouraged to play in less protected and regulated environments. If I was the taxman I would be concerned as well because there is very little income coming from the UK players playing online on overseas sites. They are selling into our traditional market and they have obviously less costs so they have a material advantage.

We welcome the Government proposal for national licensing and hope that it goes some way towards levelling the playing field. It cannot be right that an overseas operator can prey on UK customers to the detriment of UK businesses, jobs and tax. You have to remember, it is not just online. It is smartphones. Everyone that has a BlackBerry; you can gamble on them. It is not just computers; it is digital television. It is very pervasive and we are in that same competitive space and with our regulations it is quite hard to compete against, which comes back to our proposals. What we are doing is striving to make our premises as attractive as possible to encourage customers who want to gamble to come and gamble with us in highly taxed, highly regulated, highly protective environments—that are paying lots of tax obviously—and we are just asking for products that are commensurate and give us a competitive chance.

Q35 Mr Sanders: Do you see the issue as one of trying to win back people from online gambling? Surely that is quite a difficult thing to do once people have the convenience of going online.

Simon Thomas: There are a lot of people who don't want to gamble online. There are a lot of people who are uncomfortable with gambling on a website in Antigua or Bogota or wherever, uncomfortable with putting their credit card numbers into an online site. I would certainly be very uncomfortable, personally. So there are differences between us and them and there will be people that are gambling online that are uncomfortable with it.

18 October 2011 Roy Ramm, Peter Brooks and Simon Thomas

Q36 Mr Sanders: I accept that but your point, Simon, was that you are losing and the Chancellor is losing revenue as a result of this development. So is it your intention to try and win back custom from online or is it to change how the online world operates?

Simon Thomas: I think there is an element of both. I think it has to be right for the online business to be forced by regulation to be based in the UK, pay UK tax and have UK regulation. At the same time, yes, we want to try to win back and be able to compete with the online companies and also to stop people feeling that they can only gamble at the level they want to online because there is no alternative. So it is a combination.

Q37 Mr Sanders: Do you have an estimate of how much business you think you have lost since the online industry was created?

Peter Brooks: Can I just have a shot at that? Let me declare an interest in the sense that we have some 40-plus land-based casinos in the UK and my group also has an offshore online business. It is just not possible to estimate how many people have gone; we know we have said farewell to some people; we know equally that we are able to persuade, if that is the right word, encourage, online customers to come and play in our shops and vice versa. So it is a very mixed pattern. The reality is online is here to stay, it is part of the competitive marketplace. We are advocating a much more level playing field and it is both tax and instantaneousness of product. So if a new game comes out from a new film, players can see that immediately online. It will take us ages to have anything equivalent like that in the land-based operation. So it is level playing field we are talking about. Online is here to stay. We are no different to retailers or anybody else as far as that goes.

Q38 Mr Sanders: Would you be in favour of legislation that only allowed online companies licensed and taxed in the UK to advertise in the UK?

Roy Ramm: Absolutely. I think one of the things that the Gambling Commission picks up on in its annual report is that most online play in the UK is now on sites that are not regulated by the Commission. If you look at the Commission's stats, they say, I think it is £630 million-odd in gross gaming revenue was declared by the sites that are here, so there is a big lump of money that is sitting out there that is available to the Exchequer and we would like to see just that level playing field, the same tax regime, the same regulatory regime, the same access to product that they have.

Q39 Mr Sanders: Is it possible, though, to have that in both online and offline without more regulation coming in? For example, would you not need to have ISP blocking of either payments or blocking of unlicensed operators, which would be a whole new set of regulations that you have been arguing against? Is it the case you are in favour of regulations so long as they are in your favour?

Peter Brooks: The fact is that there are different approaches around the world to this. The type of

approach that is being adopted in mainland Europe seems to be the right way to go, I think. Yes, it does involve a new level of regulation but it is not really additive, it is only additive for people who are currently unregulated.

Q40 Mr Sanders: There are some variations within Europe, I think?

Peter Brooks: There are variations.

Mr Sanders: Is there a particular country that you think has cracked it? There are big differences between Belgium, France and Malta, for example.

Peter Brooks: It is a big subject and I would hesitate to say one is right. My feeling is that Denmark is getting pretty close, but there is learning to be done. We just think it is right to bring it, if for no other reason than consumer protection. It was always thought that the Alderney Gambling Commission was as good as or close to as good as the UK Gambling Commission but look what has happened with Full Tilt.

Roy Ramm: I think on one aspect of that modernisation and us getting access to the products, we don't believe that it requires anything more than a couple of statutory instruments to give us electronic products of the same kind that you can get online.

Q41 Jim Sheridan: Can I move on to the question of problem gambling and ask just how big or small problem gambling is in the casino industry compared to other gambling organisations?

Roy Ramm: We welcomed the result of the prevalence study. We felt that that was reassuring for the whole of the industry. We also have drilled down into it and we are again reassured that as far as the casino industry is concerned we are very much on the right track. Having said that, this is not an issue for complacency, we think that one problem gambler is one problem gambler too many. What we try to achieve is a balance that really means that we provide a product for the great majority of our customers who don't have any problems with their gambling, but we also provide trained people, we provide literature, we encourage people to gamble responsibly, we engage with the major service providers of care and counselling. I think it would be good to get on record that the gambling industry broadly, including the casino industry, started GamCare. We funded GamCare for a decade before the 2005 Act. So we have not been dragged to the table to be responsible; we were there first. We are very pleased with the way that is going. We are very pleased with the relationship we now have with agencies like GamCare who tell us what their concerns are, help us to train our staff and to certificate our businesses that they think that we are doing the right things.

Q42 Jim Sheridan: What is your definition of a problem gambler?

Roy Ramm: Goodness me.

Jim Sheridan: What are the signals? Someone comes into your casino; what are the signals to tell you this is a problem?

Roy Ramm: There are a number of definitions of a problem gambler. It is somebody who loses control of

their gambling and gambles beyond their means. I am going to ask Simon to join in in a moment because Simon is a trustee of GamCare as well and has a lot to contribute here. What we look for is people who are chasing losses, we look for people who are distressed, that become distressed, and we will intervene. Our staff will go along and find out what it is that is affecting their behaviour. Sometimes it is their gambling and sometimes it is not, it is something completely different, and they will tell you, "It's not the gambling, I've got something else on my mind." Simon, why don't you pick up on that?

Simon Thomas: I have the unusual position of being the only person in the gambling industry who is a trustee of GamCare and it is something that I hold very dear. Nobody wants problem gambling but the challenge we all face is actually identifying what a problem gambler is and there is so much evidence as to comorbidity, issues with somebody being addicted to a whole range of things. It is almost impossible to really bore down to it. From a purely commercial point of view, we want a sound business that is reliant on happy customers spending their money, coming in; and in that respect a casino is a very good environment because people generally have made a decision to go. It is part of a planned trip out; it isn't just a spontaneous visit. In the prevalence study, we spent an awful lot of money trying to identify what problem gambling is and it identified that there is an element of society that has problems with gambling, but that is quite a fluid element. It has never come down to what a problem gambler is or what causes it, that is almost impossible. It has been tried worldwide. As a family man and a private business, I also want to sleep at night and hence why I am very comfortable working in the gambling industry knowing the protections that are put in place and the fact that our staff will intervene, will talk to people and have a chat. If they are showing signs of distress and they say, "Look, I'm just spending too much money on my gambling" we can say quite fairly to them, "Well, these are the avenues open to you. This is GamCare. They have very good counsellors. Talk to them. They will help you through this period. If you want to self-exclude we will self-exclude you." It won't just be from us. I know if Genting self-exclude from one of their casinos, they self-exclude from all of their casinos. We are, as an industry, looking at a piece of technology that sounds a bit like an Oceans 11 type thing, but it is facial recognition technology and they have got it to the point now where it is quite good. As an industry, we are looking to put it into the casinos and to have a common database for self-excluded people, so if a self-excluded person turns up it is not a case of they have never been in the casino before, if they are on the register they will be picked up and pointed out that they have self-excluded themselves from casinos. So we are working hard to try to prevent it.

Roy Ramm: Could I just add to that very particular point? That is the technological solution, but what we also do is we incentivise our staff to identify people who have self-excluded so if somebody does come in we will reward our staff for identifying somebody as a barred individual or a self-excluded individual.

Q43 Jim Sheridan: Your focus is very much on staff and training. The service and leisure sector are notorious for employing—or some people would say exploiting—migrant labour. Would your industry fall into that category?

Simon Thomas: As the person who is probably employing the next tranche of employees in the gaming industry, no, not really, because we need British as the first language. We are a service industry.

Q44 Jim Sheridan: Is that a condition of employment?

Simon Thomas: It is certainly not a condition but it will be an essential requirement for people that their English is actually brilliant because we are a British industry and we have British standards of service. We need that understanding otherwise you can lose the nuances of what is going on.

Roy Ramm: We employ a couple of thousand people around the UK and quite clearly sometimes in London you will find that there are quite a high proportion of foreign individuals, but one thing I have to push back to you is we do not exploit, that is for sure. We pay the wage for the job. As you move around the country, I think there are fewer foreign voices around the towns.

Peter Brooks: We have about 3,400 employees and a very high 80%, it is 87% or 88% of those are British.

Q45 Jim Sheridan: There have been a number of submissions that have argued for a consistent and evidence-based approach to gambling. Do you have any ideas or suggestions about that? Given your international experience as well, is there any other country you think that has a better system than we have?

Roy Ramm: I think there are bits that you can tease from lots of countries. I am the chairman of a business in South Africa where we have a casino with 600 slot machines, a restaurant, a resort area, a small zoo, and it is seen as part of the mainstream leisure fabric of that area. I think that for me, and my colleagues I am sure will speak for themselves, to see the casino industry not treated as an adjective to describe errant bankers, but rather embraced as part of the leisure fabric of the country is where I would like to see it, and people recognising that we have got a good, decent, honest, well regulated business and that for the great majority of people that come through our doors they have no problem with their gambling, they enjoy a night out.

Q46 Dr Coffey: The Gambling Commission was set up in 2005, taking over from the Gaming Board. What impact do you think it has had?

Roy Ramm: I guess my main portfolio is as a compliance director so I have probably had more to do with the Gaming Board as was and the Gambling Commission as is. It is our regulator. It has been more supportive and we have had a better dialogue with the Commission than we had with the Board. They have moved where they can. We have had a number of, for want of a better description, concessions from them around the way we introduce new games, the way we deal with gambling reserve and so on, and we have

18 October 2011 Roy Ramm, Peter Brooks and Simon Thomas

found that from our perspective it is a reasonably productive dialogue with mutual respect.

Q47 Dr Coffey: So you would say it has been effective in fulfilling its regulatory requirements?

Roy Ramm: Yes, in fulfilling its regulatory requirements. Our problem is that we are looking for somebody to sponsor us and in our submission we have said that we would like it if there was some imperative on the Gambling Commission to be more concerned about the economic welfare of the industry and seeing it as a good and vibrant industry. That is not there and I think that is a bit of a pity.

Q48 Dr Coffey: Building on that, there are some people who say the Gambling Commission is too close to the industry and then I think Mr Thomas also put in his evidence that you would like to see a bit more of a cheerleader. I think the BBC Trust is the only regulator I know who is both champion and critic. I am not sure that most people would see a regulator as being there as a cheerleader for the industry. Do you want to say anything, Mr Thomas?

Simon Thomas: Yes. My submission differs from NCiF. I am standing here as NCiF but I am happy to answer questions on my submission as well. The Gambling Commission are generally very good; all credit where credit is due. They are sometimes overly bureaucratic and slow to act, and I am sure many departments will suffer from lack of resource, but it is frustrating for an industry who is trying to be good. For example, the illegal poker clubs, the Gambling Commission will tell you they are illegal poker clubs but they say it is a local authority issue, they don't have the resource to deal with it. They pass it to the local authority and it gets lost between the two. So we are in a competitive industry with clubs, which everyone agrees are illegal, but are not being dealt with. We point the finger at the Gambling Commission and they point it at local authorities. It is frustrating.

In terms of being both regulator and advocate for our industry, Ofcom and Ofgem, for example, in their requirements Ofcom say, "We make sure the people in the UK get the best from their communication services and are protected from scams and sharp practice"—good regulator—"while ensuring that competition can thrive"—promoting the industry. Ofgem say, "Helping to secure Britain's energy supplies by promoting competitive gas and electricity markets and regulating them so that there is adequate investment." So they are both regulating and making sure the commercial side works.

Q49 Dr Coffey: Yes, but it is not trying to promote the electricity industry or the mobile phone industry.

Simon Thomas: No, but it is easier to regulate a healthy industry and we are asking for our regulator to help make sure that we are healthy.

Q50 Dr Coffey: There is a little bit here about the Gambling Commission being seen to be rather expensive, about how there would be new entrants into market. The Gambling Commission is taking on the lottery, with the potential change in legislation; it

hasn't quite gone through yet. Do you feel that there is an opportunity for them to save money, given what you have just said about how they do not have the resources to be tackling illegal poker clubs? Any thoughts from anyone about that?

Simon Thomas: The cost of the Gambling Commission compared to the Gaming Board was dramatically more and there was an anticipation they would be regulating a lot of very large casinos, which haven't happened, and to give them credit they have pared down the costs. They are still more expensive than the Gaming Board was. Taking on the National Lottery obviously changes their whole business model and you just hope they keep as competitive as they can. We want very good value for money from them. We don't mind paying for it but we do want value for money.

Roy Ramm: I would just like to pick up one point. You said some contributors have suggested that the Gambling Commission is too close to the industry. That is certainly not something that I have observed as a compliance officer. I think that they maintain a distance. I can think of a number of issues where we have had dialogue with the Commission over the last year where if they had been in some sort of cosy relationship the outcome would have been very different.

Q51 Chair: Can I just ask you one final question? Do you think the Government want to see a thriving casino industry or are they so scarred by the experience of the Act that they would rather pretend it didn't really exist?

Roy Ramm: I would sooner you asked the Minister that. It is quite clear that it was a very bruising time for parliamentarians generally when the Act went through, and it has not been easy for us to get traction with Government since then but we continue to try. In my reply to Mr Sheridan earlier, I said that I think that it is critically important that we get drawn in by DCMS into the mainstream leisure fabric of this country and that they see that we don't eat our own young and we can behave properly and that we have a contribution to make to the leisure industry. I think that the closer they get the more comfortable they will become.

Q52 Chair: You don't feel that is being recognised sufficiently at the moment?

Roy Ramm: More would be nice.

Peter Brooks: Could I just add one thing to that, if I may, which is it really is a case of getting it back in perspective or keeping things in perspective. I think I am right in saying that if you go back to Hansard and the debates about the Bill, approximately 70% of the time was devoted to casinos. Casinos are about, by revenues, 11% of the gambling industry, so it was massively out of proportion. Out of that time, an enormous amount was spent on regional casinos. So in a way, going back to your comment, a lot of what we are asking for is very much framed by the realities. There is no doubt there are scars from that debate. We have suffered from that in terms of reputation, we think quite wrongly. We really hope that the Government thinks there is enough time gone by that

18 October 2011 Roy Ramm, Peter Brooks and Simon Thomas

they can move on from that and keep us in perspective. One of the things that has gone wrong with the Act, going back to the pyramid, is simply not enough time was devoted to considering regulation of the industry as a whole—there was so much time spent on casinos. We hope that in this process you

will be able to help the Government get back to a proper overall view of the industry, and we have our rightful place to play in it.

Chair: Indeed. I think that is a good note on which to finish. Thank you.

Examination of Witnesses

Witnesses: **Dirk Vennix**, Chief Executive, Association of British Bookmakers, **Warwick Bartlett**, Chairman, Association of British Bookmakers, **Andrew Lyman**, Head of Public Affairs, William Hill, **David Steele**, Commercial Director, William Hill, and **Richard Glynn**, Chief Executive Officer, Ladbrokes, gave evidence.

Chair: For the second part of this morning's session we are now going to turn to the bookmakers. Can I welcome Warwick Bartlett, the Chairman of the Association of British Bookmakers and Dirk Vennix, the Chief Executive, together with Richard Glynn, the Chief Executive of Ladbrokes, Andrew Lyman who is from William Hill, as is David Steele.

Q53 Dr Coffey: Are bookmakers in a better or worse position since the implementation of the 2005 Gambling Act?

Dirk Vennix: We are saying that it is difficult for our businesses and that is why we are calling on the Government to provide assistance for us to continue creating more jobs in the industry and contributing to local economies. We also ask, to put it into context, that betting is a mainstream leisure activity, which is consumed safely by millions of customers up and down the country. I think it is fair to say that. In that context, we are therefore saying treat us like any other retail sector on the high street and therefore reduction of taxation and new regulations should be considered. I am thinking about the MGD rate that is coming in for electronic gaming machines and also thinking about looking at the gaming duty in the context of online gambling operators. On regulation, we are also calling for the triennial review, which Mr Ramm alluded to earlier, to include liberalisation of the number of machines in our shops. Also, as has been mentioned earlier, regulatory costs, which have increased as a result of the Act being implemented, should be looked at more closely.

We honestly and genuinely believe that there is a strong case for economic growth that we could fulfil if we are given the assistance by, for instance, DCMS, also the Gambling Commission has been mentioned in terms of a champion role. They could help us, I think, on the business growth agenda. We also think they could support us in terms of protecting us against any further unnecessary taxation and regulation.

Q54 Dr Coffey: Would Mr Glynn like to add anything? I understand the profitability of Ladbrokes has been struggling pre and post the Gambling Act, but I don't know if the two are exactly linked.

Richard Glynn: It has certainly fallen over that time. I would make a couple of comments. I think that the industry faces an awful lot of competition now and certainly profitability has fallen but I think we are very well regulated industry now. I think with the right ability to compete effectively this is a great industry

to drive jobs, to drive growth. It is a very tough time on the high street out there. It is a very tough time economically and I think the industry has a responsibility to make sure it continues investing very heavily in regulation and in making sure that it, in a way, over-services the customers who come in and provide us with that revenue. But there is no doubt that it is an incredibly tough time economically for the industry and anything that we can get that helps us, through really strong competition, to grow this industry, to put more jobs into the UK, to keep on investing in the high streets in the UK and to keep on paying high rates of tax, then we would welcome that.

Warwick Bartlett: Can I just pick up on the cost of regulation? This is something that concerns particularly the smaller independent bookmakers. If you are operating a company say with 2,000 shops, you pay £152 per shop but a company with one shop pays £1,531. Under this fee structure, I wrote to a member over the weekend to ask of his experience and he said that a 50-shop company pays £17,514 a year to the Gambling Commission. If he adds another shop to take him up to 51 he pays £45,426, which is an increase of £27,912, which is a real disincentive for him to expand his business. These are the new proposals. Looking at it further along, he was talking about the visits that the Gambling Commission make and he said they visit six to eight shops out of 49 a year. Each visit lasts around 90 minutes. Two of them also visit head office per year for a couple of hours. It is basically a tick-box exercise. There is rarely anything worthwhile to discuss. So in total we receive no more than 20 man-hour visits at a cost of £17,514, which for him is hardly good value for money.

Q55 Dr Coffey: From William Hill, Mr Steele or Mr Lyman, I understand that you think that the vision hasn't materialised, and that actually there has been regulatory uncertainty discouraging investment. Can you say a bit more about that, please?

David Steele: Yes. Just echoing what Richard said, times have been tough in retail. I think if you look at our own estate we are probably something like 15% back on profit over the last three years. I don't put that in the hands of Gambling Commission because there are other things out there, not least a recession. I think the important thing to recognise with the Gambling Commission is the fact that in terms of the Act it didn't actually bring that much in terms of LBO estates. It brought regulation and, as Warwick has mentioned, the cost of regulation, but it didn't bring

12 January 2012 Richard Caborn and Tessa Jowell MP

Tessa Jowell: That is true—you've got me on that as well. The point is that that was an argument that got out of control.

To come back to your point, John, this was a policy that at the time reflected other fault lines in the Government, but I did not feel that I was being forced to do something about which I was unconvinced. Richard, who has years of experience in regeneration, looked very closely at the regeneration case. There is an argument for the regeneration case in Melbourne; the argument is less compelling for Atlanta. Again, I say to Paul Farrelly that part of the success of the Olympics was our determination to swim against the tide of what would otherwise have been inevitability. I think that a regional casino intent on regeneration could still be a means of regeneration. I doubt that we will ever see them in this country.

Richard Caborn: There were two schools of thought, as there always are when you take evidence on an Act like this. I am not blaming No. 10, but there were those who saw the regional casino purely as an economic and financial regenerator and there were others who argued that there should be one—in Blackpool. The argument was very strong on the Back Benches.

When I took the Bill through Committee, I had to adjourn the Committee, to take out the number of casinos, and come back. My very good friend, Tony Banks, was there, and he asked me how we came up with a figure of nine—it was one of the most interesting and funny speeches.

Chair: I remember it well.

Richard Caborn: You do. It was absolutely hilarious. Every half an hour, he asked how we had come to nine. I can assure you that, as a Minister having to defend it, it was not the best of defences, but Banks's speech was far better for its—

Tessa Jowell: It was the number of regions, I think.

Richard Caborn: It was, and it was also about getting the number down to under two digits and things like that—all the psychology. The two arguments were: do you go solely for regeneration, and if so, do you have one destination casino—the Los Angeles type? Or do you have regeneration in a number of areas?

That was a debate that took place. I do not know whether we fell between two stools. On reflection, I think that we ought to have gone for one. I don't know what Tess thinks, but my view was that we should never have involved Crewe in this. We took a political decision. Even those on the Committee who were very anti the Bill—even Julie Kirkbride, who probably scrutinised me more than anyone when I was a Minister—agreed that it ought to have gone to Blackpool. I got her—in fact, everyone—on board for Blackpool.

Q590 Chair: But when we suggested one, it never occurred to us that it would not be Blackpool.

May I press you slightly? You said that you were persuaded, and you also said that you were not an unwilling Secretary of State, but that does suggest that the genesis of this was No. 10 and that you were then persuaded by their arguments.

Tessa Jowell: I inherited this policy when I was Secretary of State. It was transferred from the Home

Office along with the Licensing Act, so quite a bit of the ground work had already been laid. From memory, I think that the then Deputy Prime Minister was also very keen on the regeneration potential of regional casinos. This became, in a way, a disproportionately large decision in Government, because it became in the wider media one of those iconic decisions that allowed people to judge what kind of Government we were. I would have said that, in relation to gambling, we were a Government that sought to ensure maximum public protection and protection for the vulnerable. At the same time, we were recognising that—I do not know how many members of the Committee gamble—it is a legitimate activity, and you have to ensure therefore that people can play in safety, but gamble if they wish to.

Richard Caborn: My mother doesn't because she is a very strong Methodist, so I have no problems at all.

Tessa Jowell: I don't think my mother does, either.

Q591 Jim Sheridan: Tessa, notwithstanding the general concerns of the public interest and the vulnerable and so on, on reflection and ignoring the politics of No. 10 at that time, do you think that the Act has had any impact whatsoever on the industry? In particular, the bingo and arcade industry claim that the Act has been a disaster for them.

Tessa Jowell: Five years ago, I would have been looking at these data all the time. I have not been looking at the trend data on bingo and arcades. We did obviously increase the protection and regulation of arcades in part through the devolution of responsibility to local authorities, but in a way that is exactly the point of the legislation. The legislation has the capability to monitor changing trends and, where those changing trends are undesirable, to intervene and act.

Richard Caborn: The refining of the Act, as Tessa has said, is important, but there are changing social trends as well. You know as well as I do. I happen to be the president of the trades and labour club in Sheffield, and I know about the decline in activity there. The change in cultures has made a change. The ITC has had a profound effect not just on gambling, but on all our lives. It has affected every aspect of our lives. What people have tried to do is measure where we were 10 years ago to where we are now and think that society has not changed, but it has. It has changed dramatically. The industry, in some parts, has not changed with it. It has challenged it in many ways, and it will continue to challenge it. I think the great success of the Act itself and the commission is being able to respond to changes in ITC and also changes in the political world and changes in culture, because if you had the old Act—the 1968 Act—to deal with, you just could not do that. You would need primary legislation for everything. There is now an enabling commission there that is able to deal with those changes.

Now, if the commission wants to come back and argue about the sorts of things that may well happen in bingo or the times, stakes, prices or number of machines, they have every right to do that, but the Act gives them the power to do that, not politicians, and that was a fundamental difference between the 1963

4 Casinos

157. The 2005 Act allows for four types of casino to operate in the UK: Small, Large, Regional and existing 1968 Act Casinos. The original Bill placed no limit on the number of Small and Large Casinos that might be set up, but concerns that a proliferation of casinos might lead to an increase in problem gambling meant that the final Act limited the number to eight of each. A Casino Advisory Panel was set up to make recommendations on where the Small, Large, and just one Regional, Casinos should be permitted. Though the Gambling Act allowed for one Regional Casino, the Statutory Instrument needed to approve its location was defeated in the House of Lords in 2007 and never reintroduced. Several aspects of the regime for casinos have been criticised as being problematic for the sector. The two most significant criticisms pertain to the licensing process for casinos, and the relationship between size limits and machine allowances.

New Large and Small Casinos

158. Sixteen local authorities were granted permission by the Casino Advisory Panel to host a new Small or Large Casino. Sixty-eight local authorities originally applied in 2006 for permission to have either a new Small or Large Casino.

159. The process of casino licensing created by the Act is complex, expensive and ambiguous. First, the local authority has to invite applications for a premises licence. If more than one application is received they are then subject to a two stage consideration process. The first is regulatory and operates in the same way as any other gambling premises licensing process. The second is a benefit test to establish which application would be most likely to provide the greatest benefit to the authority's area. The Casino Network—a group of the sixteen licensing authorities given permitted area status—told us that “neither the term ‘benefit’ [in relation to the benefit test] nor the mode of determination was prescribed, although Schedule 9 of the Act did provide for publication of a Code of Practice, with which authorities would be bound to comply”.¹⁹⁶ Such was the extent and complexity of the changes brought in under the Act that it was “necessary for authorities to devise, consult upon and adopt new gambling policies specifically for the casino licensing process”.¹⁹⁷ The Casino Network listed seven reasons cited by its members for the delays in granting licences to new casinos. These included the cost to authorities of running the process and concerns that any decision made by authorities could be subject to legal challenge.¹⁹⁸

160. The National Casino Industry Forum (NCiF) criticised the decision to allocate ten of the sixteen new casino licences to areas where 1968 Act Casinos were already in operation. This, it said, led to many licences not being utilised as they would either not be economically viable in competition with existing casinos or because casino operators of 1968 Act Casinos took up licences with no intention of constructing a new casino which

¹⁹⁶ Ev 199

¹⁹⁷ *Ibid.*

¹⁹⁸ *Ibid.*

would compete with their existing businesses. NCiF told us that, of the sixteen local authorities, six had abandoned plans to continue with the licensing process, adding that:

Only one licence was subject to a proper competition and is operating. Of the remaining nine, two LA's have just begun their process, three have gone to legal challenge, four licences have been granted but have not been developed and of that four only one is in a genuine development process.¹⁹⁹

161. The NCiF argued that investment in the casino industry “collapsed” following the Act partly due to this overlap in permitted areas between the 1968 Act provisions and those of the new Act.²⁰⁰ The NCiF and other casino groups called for existing licences to become portable between permitted areas. They argued that this would allow them to move existing unprofitable casinos into areas where they would be economically viable. BISL told us that portability would “mean that casinos can be established in areas where local authorities see a demand and actively want their presence”.²⁰¹

162. The industry told us that there was no clear way for the impact of the new licensing system to be assessed.²⁰² Subsequently, one Large Casino has been opened in Newham, close to the Olympic Park and, very recently, two Large Casino licences—in Milton Keynes and Great Yarmouth—have been awarded.

163. We believe that the stated aim of the Government—to test the impact of the new casinos—would be almost impossible to implement in a timely and cost effective manner due to the impracticality of identifying whether any increase in problem gambling was caused by the new casinos as opposed to the presence of any other forms of gambling including online. The Government should reconsider its plans to test the impact of the new casinos. Given that casinos have some of the most comprehensive measures for tackling problem gambling and in the light of some of our other recommendations we believe that casino operators will already be doing enough to enable the industry to grow safely.

164. The delays in the licensing process for new Small and Large Casinos are significant and the result of an overly complex and bureaucratic process imposed on local authorities. Insufficient guidance was provided by central Government to the licensing authorities which has led to increased consultation and administrative costs. The Government should review the licensing process for Small and Large Casinos with a view to developing a new simplified and less expensive licensing process.

165. Both the 1968 and 2005 Act provisions successfully prevented casinos from proliferating or clustering. However, there is no evidence that allowing local authorities to decide independently whether or not they wish to have a casino would lead to a significant increase in the total number of casinos. We believe that the decision as to whether a casino would be of benefit to a local area should be made by local authorities rather than central diktat. We recommend that any local authority be able to make the

199 Ev 297

200 Ev 247

201 Ev W 32

202 Ev 158

decision as to whether or not they want a casino. As a step towards this, we recommend that existing 1968 Act Casino licences are made portable, allowing operators to relocate to any local authority provided that they have the consent of that local authority. The portability of these licences would be constrained by the existing 'triple lock' contained in the Gambling Act: the need to obtain local authority approval, a premises licence and planning permission.

166. Industry representatives argued that Small Casinos—of which none has currently been opened—are not financially viable due to three factors, two of which have been discussed earlier in this Report: high casino duty rates, the cost of the licence application process and the restrictions on machine numbers. Moreover, we were told that there was a fundamental flaw in the design of the new tripartite classification of casinos. Each of the three types of new casino is permitted a different machine allowance according to its size and the number of gaming tables it has. New Large Casinos are allowed a machine/table ratio of 5:1, up to a maximum of 150 machines. New Small Casinos are allowed a machine/table ratio of 2:1, up to a maximum of 80 machines. Casinos operating under Gaming Act 1968 licences remain limited to 20 machines each. This means that, in order to qualify for the maximum number of permitted machines, Small Casinos would have to have 40 gaming tables, and therefore a larger floor space, than Large Casinos which would only be required to have 30 tables.

167. There were two reasons for linking machine numbers to tables. One was that it would encourage punters to take a break from machine play and turn to table play, which is less intensive. It was also thought that forcing Small Casinos to have a large floor space would prevent their proliferation on the high street. Providing tables to break up machine-based play assumes, however, that the same people will play on tables and machines, which may not be the case. Furthermore, we have seen no evidence that the ratio of tables to machines was developed on the basis of sound evidence. John Penrose MP, Minister for Tourism and Heritage, told us that “an awful lot of the numbers in the Act were plucked out of the air and were altered on an unscientific basis as the Bill went along”.²⁰³ However, DCMS argued that the ratios of machines to tables should not be changed, because there was no evidence for any alternative being any better.²⁰⁴

168. Concerns were expressed during the passage of the Gambling Act that the Small Casino model was not economically viable.²⁰⁵ This was in part due to their table/machine ratio. The National Casino Industry Forum argued that a uniform 5:1 machine to table ratio capped at 150 machines should apply to both Small and Large Casinos.²⁰⁶

203 Q 823

204 *Ibid.*

205 Joint Committee on the Draft Gambling Bill Report, Session 2003-4, vol. 1, para 348

206 Ev 247, See also Table 2 below

Licence category	Minimum (age restricted) table gaming area	Minimum additional (age restricted) table gaming area	Minimum non-gaming area	Minimum total customer area	Minimum number of gaming tables	Categories of gaming machines permitted	Machine/table ratio
Small	500m ²	0	250m ²	750m ²	1	Up to B	2:1 (cap 80)
Large	1000m ²	0	500m ²	1500m ²	1	Up to B	5:1 (cap 150)
Regional	1000m ²	2500m ²	1500m ²	5000m ²	40	Up to A	25:1 (cap 1250)

Table 2: Source: DCMS Draft Gambling Bill: Government response to the 1st Report of the Joint Commission on the Draft Gambling Bill, Session 2003-04, June 2004, CM 6253, p29.

169. The Act has created a situation where the Small Casino model is not considered financially viable. This is partly because a Small Casino must possess a larger floor-area for table play than a Large Casino in order to maximise its machine allowance. We note that not one Small Casino has been developed. It was not Parliament's intention in 2005 to make Small Casinos completely unviable. Given the fact that all casinos are highly regulated and access is limited regardless of the size, we see no rationale for the different gaming machine allowance. As 5:1 is the ratio presently in the legislation, we recommend that the Government introduce a single ratio of five machines to one table for both Small and Large Casinos. Local authorities should have the power to increase the number of machines permitted per table if they wish to do so and an operator requests it.

1968 Act Casinos

170. Existing 1968 Act Casinos, numbering about 140, are permitted to operate under the 2005 Act. Parliament's view at the time of the passage of the Act was that the existing 1968 Act Casinos should not share all the privileges enjoyed by the new 2005 Act Casinos, including being able to transfer their licences across administrative boundaries.²⁰⁷ The 1968 Act Casinos are, as one of our witnesses told us, "frozen in aspic".²⁰⁸ There are currently about 15 unused 1968 Act Casino licences. Some witnesses argued that the 2005 Act was partially responsible for the decline in investment in the UK casino sector. In particular, the Act created a disadvantage for existing 1968 Act casinos by, for example, limiting gambling machines to 20. The sector has also been adversely affected by a mixture of other factors including the smoking ban, the economic downturn and duty rates. The high-end of the casino sector has contracted, resulting in closures and job losses. The sector as a whole—as described by the NCiF—has grown to a degree but spend-per-customer has reduced.²⁰⁹

171. The casino sector enjoyed a number of liberalisations prior to the implementation of the 2005 Act, including the freedom to advertise. In a debate in the House of Lords, in 2005, Lord McIntosh, then the Minister with responsibility for gambling, set out the

207 Ev 199

208 Q 1

209 Ev 247

Government's position that 1968 Act Casinos could in the future be permitted some or all of the freedoms enjoyed by Small and Large Casinos if the latter were deemed not to pose a threat.²¹⁰ Lord MacIntosh argued that:

the impact of casinos with the additional entitlements needs to be tested and carefully evaluated before the door is opened more widely [but that] If the initial eight/eight/eight stage is satisfactory, it will certainly be possible to extend the entitlements more widely, including to existing casinos.²¹¹

172. There is now a two-track system for casinos, with existing 1968 Act Casinos unable to modernise and take advantage of the allowances granted to new Small and Large Casinos. However, as the development of these new casinos has been so slow following the Act—with only one Large Casino having opened to date and two more having been permitted—there is currently no way of assessing what impact allowing 1968 Act Casinos the same freedoms would have. In principle, we see no logical reason for maintaining different regulatory regimes and believe that 1968 Act Casinos should be given the same freedoms as new ones.

Regional Casinos

173. Regional (also termed “Resort”, or “Super”) Casinos proved to be one of the most contentious issues during the passage of the Gambling Bill.²¹² Despite twenty-seven local authorities applying for permission to host a Regional Casino, one tabloid newspaper chose to run a campaign to “Kill the Bill” on the basis of opposition to them.²¹³ Phrases referring to people carrying the “scars”, “a very bruising time” and even the “guns at Balaclava” were used by several witnesses to describe the experience of the passing of the Act as it related to Regional Casinos.²¹⁴

174. The Chair of the Gambling Review Board, Sir Alan Budd, defined a Resort Casino as a complex including:

hotel rooms, restaurants, bars, performance space, possibly conference facilities and most important, a range of gambling facilities. The gambling facilities usually include large numbers of casino table games, fruit machines (slot machines with unlimited stakes/prizes) some form of bingo and sports betting.²¹⁵

This type of casino was not allowed under the 1968 Act because of the then restrictions on entertainment, types of gambling and gaming machines. They are, however, an important feature of the regulated gambling industry in much of the English-speaking world, in Europe and other countries such as Macau.

210 Ev 199, and HL Deb, 10 March 2005, Col 982

211 HL Deb, 10 March 2005, Col 982

212 HC Deb, 7 Apr 2005, Col 1624

213 *Daily Mail*, 15 October 2004, p19

214 Q 51, 322 and 821

215 *The Gambling Review Report* p143

175. Sir Alan Budd noted that these casinos had been used in Atlantic City and in South Africa to promote economic regeneration. In each case, a local monopoly had been created to ensure profitability and attract commercial operators who were then obliged to deliver regeneration benefits.²¹⁶ This idea was taken up in a 2003 policy paper relating to gambling legislation, which indicated that casinos should provide regeneration benefits, possibly as a licensing condition.²¹⁷ The 2004 Joint Committee on the draft Gambling Bill noted that there was confusion as to what the Government meant by ‘regeneration benefits’ and which types of casino would be required to produce them. It urged the Government to make Regional Casinos a separate category of casino.²¹⁸ The second Joint Committee on the draft Gambling Bill, which concentrated on the government’s proposals for Regional Casinos, was told by the Rt Hon Keith Hill MP, the then Housing and Planning Minister, that Government policy on casinos included identifying areas for locating “regionally-significant casinos [...] on the grounds that such developments are likely to provide a major contribution to regeneration, tourism and economic development”.²¹⁹

176. Debate on the Bill, particularly during Second Reading in the House of Commons, focused on whether Regional Casinos were an effective agent of regeneration, whether they were viable unless they had a local monopoly and whether they would lead to an increase in problem gambling, an argument which was linked to numbers and categories of gaming machines. Ministers estimated at that time that the British market could sustain between 20 and 40 Regional Casinos.²²⁰ The Government was then pressed in Committee and in the House of Lords into restricting the number of Regional Casinos. In the run up to the end of the Parliamentary session, it was only possible to reach agreement to permit one Regional Casino in order to test its impact.²²¹

177. The Gambling Act established a Casino Advisory Panel (CAP) to make recommendations, rather than final decisions, to the Secretary of State for Culture, Media and Sport on locations for the proposed eighteen Small and Large Casinos, as well as the one Regional Casino.²²² The primary consideration for the CAP in recommending locations was their potential to act as an effective test of the social impact and regenerative effects of casinos. It was widely believed that Blackpool would be awarded the Regional Casino licence as it had a strong regeneration case.²²³

178. In January 2007, the Advisory Panel announced that its recommendation for the site of the Regional Casino was Manchester. In March 2007, the Statutory Instrument put forward by the Government to introduce the three types of new casino was defeated in the House of Lords. In July 2007, the new Prime Minister, the Rt Hon Gordon Brown MP, expressed the view that regeneration could be achieved by better means and put off the introduction of Regional Casinos pending a future review.

216 Budd did not take a view on whether resort casinos should be given monopoly rights.

217 Position statement by Lord McIntosh and Keith Hill: Future set out for UK casinos (August 2003)

218 Joint Committee on the Draft Gambling Bill, Session 2003-04, *Draft Gambling Bill*, HL 63, HC 139

219 HL Paper 146-I, HC 843-I. The Minister of State for Housing and Planning, Office of the Deputy Prime Minister.

220 HC Deb, 7 Apr 2005, Col 1625

221 HC Deb, 7 Apr 2005, Col 1624-5

222 Section 175 of the 2005 Act

223 HC Deb, 7 Apr 2005, Col 1625

179. The Local Government Association stated that “the eventual decision not to go ahead with the regional casino in Manchester was an unacceptable cost to local taxpayers”.²²⁴ NCiF described the CAP as “an unmitigated disaster”.²²⁵ The Regional Casinos would have fallen under the same tax rate as Large Casinos but, in order to obtain an operating licence, they would need to contribute to regeneration.

A future for Regional Casinos?

180. We have encountered, throughout our inquiry, a general reluctance openly to discuss the possibility of reintroducing a Statutory Instrument to permit the development of Regional Casinos. Neil Goulden suggested that “people are a little scared to put their head above the parapet on [... the issue of Regional Casinos] because I think a few people carry the scars. [...] from a personal point of view, I think that a regional casino could well be a good thing but I don’t think anyone in the current industry is going to put their head above the parapet and push for it”.²²⁶ However, the industry still holds that the concept of Regional Casinos is a sound one and that they can “generate visitation and leisure spend unachievable by other means”.²²⁷ The Minister argued that:

I think it would be a huge mistake for us to try and rerun the 2005 Act without enough facts, because all you would get is whoever has the best hotline into the largest circulation daily newspaper having a competing dialogue via megaphone, which is what happened then.²²⁸

181. We visited Macao and Australia to see how Resort-type Casinos were operated and licensed in other jurisdictions. Details of our findings can be found in Annex 1 to this Report. We found that Resort-type Casinos can be operated successfully in a situation where taxation is favourable and a monopoly or near-monopoly exists for licences and therefore category A machines with their unlimited stakes and prizes. About a third of Crown Limited’s revenue was generated from international visitors who were a vital source of income for Australian Regional Casinos. The company explained that its business model was to attract the high-end of the market by offering luxury hotels. It targeted the Asian market where there was significant wealth. Crown Limited operated three private jets bringing in Asian ‘high rollers’, and owned a yacht for their use whilst in Australia. Perth, where one casino resort complex was located, was, importantly, only a 4-5 hour flight from Singapore. The operators we spoke to observed that the Chinese high-rollers loved Australia not just for the gambling but because they had wider business interests there too. The operators saw themselves as in competition with Las Vegas, Singapore and Macao for the custom of the high-rollers. We heard that some Resort Casinos had suffered a drop in income when new Resort complexes opened in Singapore.

182. In Macao, we visited the Venetian and City of Dreams Casinos, two of the five Destination Casinos situated there. In total, Macao’s 33 casinos generated a gross gaming

224 Ev 270

225 Ev 297

226 Q 155

227 Ev 247 and Q 51

228 Q 765; see also Q 821

revenue of US\$ 23.7 billion (2010). This makes up the vast proportion of Macao's gross domestic product which, in 2010, was US\$ 27.2 billion. We spoke in detail to operators about the feasibility of introducing an integrated resort complex in the UK. The tax regime was identified as an extremely important factor, as was the availability of high-rollers and the means with which to attract them. Singapore and Australia set a 10-12% gaming tax rate for international players, compared to a rate of 8% in Las Vegas. The rate in Macao is 39%, but casinos there have the advantage of proximity to mainland China and are not liable to pay income tax until 2013. A relatively low tax rate for high-rollers enables the casino operator to offer a rebate. In the UK, higher-level casino duty rate is 50% and we were told that no resort complex would be able to offer a rebate to attract the high-rollers at that level. The operators said that London casinos currently attracted business from high-rollers because they were in London for other business. We were told, however, that realistically London was now the only place within the UK which might be attractive to operators as a site for a Regional Casino because of its size, number of visitors and the wider entertainment available there.

183. The current wariness of casino operators about re-entering the debate on Regional Casinos has partly resulted from the confusion created after the passage of the 2005 Act and the misjudged process for selecting a location. Another factor making the development of Regional Casinos in the UK relatively unattractive is the UK's comparatively high rate of casino duty. We recognise that changing this would be extremely contentious and is unlikely to be considered in the near future. We conclude therefore, that the opportunity to establish one or more Regional Casinos in the UK has passed and, without a change in the political and economic climate, is unlikely to reoccur.

EXECUTIVE REPORT

Gurney Street Triangle Redevelopment – Part A

Executive Member for Regeneration: Councillor Charlie Rooney

Kevin Parkes: Executive Director for Economic Development & Communities

Date 9th December 2014

PURPOSE OF THE REPORT

1. The purpose of this report is to update the Executive regarding the first phase of development at the Gurney Street Triangle, including progress on the Middlesbrough Large Casino Premises project. It seeks approval to progress phase one, a Land Drawdown Agreement (LDA), which will enable the construction of a Premier Inn hotel to proceed further.

SUMMARY OF RECOMMENDATIONS

2. It is recommended that the Executive approves the proposals in respect of the phased delivery of the Middlesbrough Large Casino proposal, the delivery of the first stage of the redevelopment of the Gurney Street Triangle area, and notes the proposal for a Premier Inn hotel. The Executive will need to consider the separate confidential addendum on the associated capital receipt and Land Draw Down Agreement.
3. That further reports will be provided to the Executive setting out the arrangements for phases two and three of the Casino/Gurney Street Project. This will include:
 - a. information on further land deals;
 - b. proposals for the further phases; and,
 - c. proposals (including social contribution, etc.), for the casino.

IF THIS IS A KEY DECISION WHICH KEY DECISION TEST APPLIES?

It is over the financial threshold (£150,000)	<input checked="" type="checkbox"/>
It has a significant impact on 2 or more wards	<input type="checkbox"/>
Non Key	<input type="checkbox"/>

DECISION IMPLEMENTATION DEADLINE

5. For the purposes of the scrutiny call in procedure this report is

Non-urgent	<input checked="" type="checkbox"/>
Urgent report	<input type="checkbox"/>

BACKGROUND AND EXTERNAL CONSULTATION

Middlesbrough Large Casino Premises Licence

6. The Gurney Street Triangle is a key gateway into central Middlesbrough. At present the area has fragmented appearance and is typified by the vacant Gurney House. For the past three years there have been discussions on the area accommodating a major redevelopment for casino, conferencing, and two hotels. This report provides an update on the casino project and then sets out the proposals for the bringing forward of phase one, for an 83 bedroom Premier Inn hotel.
7. Middlesbrough Council was given permission to issue a Large Casino Premises Licence in the town, via legislation introduced through the Gambling Act 2005. The Council Executive approved the method of issuing the licence in 2008/09.
8. A two-stage competition was held to invite bids from interested parties regarding the Large Casino Premises Licence. The first stage produced two bids, which met the Council's Licensing Criteria. Consequently both bids were granted Provisional Statements by the Council's Casino Licensing Sub-Committee in April 2011.
9. The second stage required the two bidders to submit further information, which would be judged on which would have the greater regeneration impact upon the town. The deadline for submissions was February 2012. One submission was received from Gurney Casino Ltd. However, this could not be fully considered as a complete application as there was no casino operator involved in the proposal and therefore a full judgement could not be made on a number of operational licensing issues.
10. Following an evaluation of the proposal, the Casino Licensing Sub-Committee granted a "Provisional Statement" rather than a full casino license to the applicant in May 2012.
11. The Provisional Statement in principle grants the company permission to open a large casino. However, to obtain a full premises licence, which is required to open the new casino, Gurney Casino Ltd is required to provide further information on its scheme to the Council's Casino Licensing Sub-Committee. This includes:
 - a. whether the proposed operator has an appropriate track record of managing casinos;
 - b. the financial contribution that will be made to support social causes in the town; and,
 - c. the quality of the proposals in terms of economic impact and physical regeneration.
12. The Casino Licensing Sub-Committee will carry out a further evaluation of the proposal before deciding whether to grant a full premises licence to Gurney Casino Ltd.

Gurney Street Triangle Phased Programme

13. There has been an extensive period of negotiation with the developer. Paragraphs 23-29 highlight that the economic downturn had a major impact in taking schemes forward nationally. A proposal submitted by the developer involves a 3-phase development consisting of the following elements (see appendix one for further detail and images).

- a. **Phase 1:** development of a new 83 bedroom Premier Inn Hotel upon the eastern part of the current Gurney Street car park.
 - b. **Phase 2:** development of a 360 space multi-storey car park on the current Buxton Street car park.
 - c. **Phase 3:** development of a 2-storey building housing a 30,000 sq.ft. casino and 2,500 sq.ft. restaurant unit; the refurbishment and conversion of the currently vacant Gurney House into a 150 bedroom 4* hotel; and a 105 space ground level car park, upon the remainder of the current Gurney Street car park.
14. The vision is to provide:
- a. two strong but distinct hotel brands providing in excess of 230 bedrooms with different levels of facilities and price points;
 - b. a large multi-use area adjoining Gurney House for banqueting, conferences and live entertainment;
 - c. a professionally managed casino operation incorporating a high quality restaurant, sports bar and gaming tables;
 - d. substantial town centre parking in the form of modern, well-lit, weather protected multi-storey and surface car parks; and
 - e. complementary restaurant facilities creating a new active frontage along Gurney Street.
15. As paragraph 13 highlights, the eventual scheme will be a comprehensive redevelopment of the area. The development will incorporate a wide range of other forms of entertainment. The phased programme is seen as being necessary to develop the confidence that such a major leisure and entertainment centre can evolve in logical building blocks. This will help attract the right casino operator and other entertainment facets. At this point in time Middlesbrough does not have the reputation of a regional destination that will attract visitors from a much wider catchment.
16. The proposed scheme will support, and be supported by, a series of other major developments and proposals in the town centre, including:
- a. the development of the Holiday Inn Express on Albert Road;
 - b. the refurbishment of Rede House on Corporation Road;
 - c. the refurbishment and development of Middlesbrough Town Hall;
 - d. the refurbishment of buildings in the Albert Road and Exchange Square area, e.g. Sun Alliance House;
 - e. the proposed refurbishment of Middlesbrough Railway Station;
 - f. the development of Middlehaven;
 - g. the continued development of Teesside University's campus; and,
 - h. further development of the retail offer within the town centre, e.g. Bedford/Baker Street and the Hill Street Centre.
17. The proposal highlighted in paragraph 13 further enhances the town centre, and will also help attract more visitors to it. .
18. Such a major leisure destination will also support the development of the wider town centre economy. Users of the facility will inevitably generate significant secondary spend in local restaurants, shops, etc.

19. The developer estimates that approximately 323 new employment opportunities would be created throughout the construction and operation of the scheme. In addition, significant numbers of indirect jobs would be generated by the scheme. Furthermore the town will benefit from an increase in business rates generated by the scheme.
20. The proximity of the A66 and Marton Road interchange, make the Gurney Street area a key gateway to the town centre and Middlehaven. For a number of years the area has not provided an appropriate entrance point to the town, with its mixture of car parks and high profile redundant buildings. The proposed scheme and vision described in paragraphs 13-14 would change this situation and enhance the area significantly, whilst driving more footfall into the area. In addition, the proposed scheme would both support (by providing accommodation and additional leisure facilities), and help connect the different component parts of the town centre (by providing more buildings and activity), including:
 - a. Middlesbrough Leisure Park;
 - b. mima and Central Gardens;
 - c. Middlesbrough Town Hall;
 - d. retail;
 - e. Middlesbrough Railway Station/Exchange Square; and
 - f. Middlehaven.
21. By progressing the scheme in the manner suggested will mean that the Council not have any clarity on the casino operator (including their approach to ethics and standards), and the level of social contribution it will make. This is a risk (see paragraphs 23-24 below), but if only phases one and two are delivered then this part of the town centre will still be enhanced. The Council through its land ownership and licensing functions will retain the ability to reject an unsuitable casino scheme at a later stage.

Progress

22. However, as paragraph 13 highlights, it has proved difficult to progress all three elements of the proposal at the same time due to wider market conditions, which are highlighted below.

National Casino Market

23. Nationally, the casino market, whilst robust and having survived the recession relatively intact, has not shown a great appetite to take up the new Gambling Act 2005 casino licences. 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.
24. A number of reasons have been cited for the apparent lack of progress nationally, but it is clear that post 2008, the economic downturn has impacted significantly on the ability of the development to attract investment into speculative schemes.

UK Hotel Market

25. The UK hotel market suffered at the start of the recession but recent surveys by Price Waterhouse Coopers (Growth Beds in UK Hotels Forecast 2015) and BDO (Hotel Britain 2014), show that it is now growing and will become stronger during 2015.

Delivery

26. Due to the issues highlighted in paragraphs 23-25, casino and hotel development across the country have proved difficult and Middlesbrough has proved no exception to that, which is the reason why the development has not progressed as quickly as anticipated. However, with the upturn in the wider economy, development in Middlesbrough is improving across a number of sectors, including the hotel market, as proved with the development of the Holiday Inn Express (as highlighted in paragraph 16).
27. Unfortunately the casino market is not showing the same appetite for development regarding the Gambling Act 2005 licences as yet, but it is anticipated that as the economy continues to grow this will change accordingly. It is felt that enabling the wider proposed development would enhance the prospect of attracting an appropriate casino operator to Middlesbrough and therefore deliver the scheme in its entirety.
28. Consequently, it is proposed that the development highlighted in paragraph 13 is phased into the three distinct elements. Phasing the development in the manner proposed would enhance the deliverability of the overall scheme, because each phase would provide greater confidence to both investors and prospective occupiers that the scheme is both deliverable and successful.
29. The developer has secured an agreement with Premier Inn, in order to deliver phase 1, which if approved would enable the development of an 83 bed hotel at eastern end of the proposed scheme, i.e. closest to the A66/Marton Road interchange. The Premier Inn hotel would provide an enhancement of this critical road interchange and entrance to the town centre. The business plan for Holiday Inn Express, currently under construction on Albert Road, took full account of the potential of a new 83 bedroom Premier Inn, in this location. In addition, it would deliver the first element of the scheme, providing evidence to both investors and prospective occupiers of the scheme's viability.

Land Issues

30. A substantial part of the proposed development would be constructed on Middlesbrough Council owned land (Gurney Street and Buxton Street car parks). Consequently, the Council has been in negotiations with the developer for some time regarding proposed terms. This has required the consideration and mitigation of a number of issues and risks, which are further set out in paragraph 31 below.
31. It is now proposed that a Land Drawdown Agreement (LDDA) be put in place between Middlesbrough Council and the developer for Phase 1 with the summary terms highlighted below.
- a. The developer would submit a detailed planning application for phase 1 within 3 months of a signed agreement;
 - b. **Phase 1** land can be drawn down for development when:
 - planning permission is granted; and,

- alternative parking arrangements are offered to the Thistle Hotel to maintain its current level of car parking spaces.
 - c. If the development has not commenced within a 12-month period the agreement would become null and void.
 - d. A building licence would be granted to the developer for the construction period.
 - e. Upon completion the freehold interest of the site would be transferred to the developer at a price reflecting market value.
32. Currently, the draw down agreement will only apply to Phase One, but it is anticipated that Phases 2 and 3 will come forward in the future. A draw down agreement for Phases Two and Three have not yet been agreed, but discussions are ongoing and a summary of the proposed terms that would apply for these are listed below:
- a. **Phase 2** land can be drawn down when:
 - detailed planning permission is secured; and,
 - a minimum of the same number of public car parking spaces are provided within the new facility.
 - b. If the development was not to commence within a 12-month period the agreement would become null and void.
 - c. A building licence would be granted to the developer for the construction period.
 - d. Upon completion the Council would grant the developer a 125 year ground lease.
 - e. **Phase 3** land can be drawn down when
 - detailed planning permission is secured, and
 - a casino operator has been secured, along with a level of community contribution acceptable to the Council.
 - f. If the development was not to commence within a 12-month period the agreement would become null and void.
 - g. A building licence would be granted to the developer for the construction period.
 - h. Upon completion the Council would grant the developer a 125 year ground lease.
33. The attached addendum on grey paper (confidential) sets out the proposed financial arrangements in respect of Phase One. The Council will have property and financial interests in phases two and three; however, these phases will be subject to further reports as the scheme progresses.

IMPACT ASSESSMENT (IA)

34. No impact assessment has been carried out for this report because the Large Casino Premises Licensing process has been subject to various Executive and Licensing Committee reports, which have included various assessments and public consultation. In addition, this report is concerned with implementation rather than the development of a new service/policy.

OPTION APPRAISAL/RISK ASSESSMENT

Option Appraisal

35. At this stage of the project, the options can be summarised as:

Approve the proposals and associated Land Drawdown Agreement terms to enable development to commence

36. The proposals and the terms highlighted in paragraphs 31 and 32 have been constructed through negotiations with the developer over a period of time, and are designed to enable phased development of the casino proposal in a way that reflects current market drivers. They are also designed to protect the Council from identified risks.

37. The Council will retain a number of controls over the future of the development. These include the need for the full/final casino proposal to be evaluated and approved by the Council via the award of the full Casino Premises License, as well as the terms of the LDA/the Council's powers as landowner.

Reject the proposals and associated land agreement and renegotiate the terms

38. If the proposals set out above and the terms of the development agreement are not acceptable, they could be rejected, and Council officers could seek to renegotiate the terms highlighted in paragraphs 30 and 31. However, the proposals and terms contained within this report have been subject to lengthy negotiations with the developer and more favourable terms to the Council will not be readily secured. In this case it is very possible that the scheme would simply not progress, and the potential benefits would be lost. The Gurney Street Triangle could remain blighted for many years to come with the empty office block remaining.

Reject the proposals and land agreement and cease the project

39. The Council is not obliged to progress the casino scheme and enter into any agreement with the developer to dispose of its land to enable this development to take place. However, the Provisional Statement which has been issued (see paragraph 10) following the casino competition process cannot be transferred to another location, and therefore the project would cease and the potential benefits to the town would be lost.

Risk Assessment

40. The need to consider and mitigate a number of risks has underpinned the development of this approach. The three key risks considered are as follows:

a. The full development scheme proposal may not be developed leaving the Council with partial development only.

This continues to be a risk. The market has changed substantially since the new casino proposals were first introduced by the last Government, and the process has certainly not progressed as originally anticipated. There is less interest from casino operators than was anticipated, and developers are consequently taking a greater role. A number of other local authorities awarded casino licenses by the Government are experiencing similar difficulties and the proposals and the Land Draw Down Agreement (LDDA) will not protect the Council from this risk if a casino operator cannot eventually be secured.

However, there is development interest in the proposals for Middlesbrough, and the proposed strategy is based on securing the development with the keenest current interest, namely the Premier Inn development in Phase 1 to help support greater interest in the rest of the development. There is a risk here that only Phase 1 might be developed, but in this case only the Phase 1 site would be drawn down, and the Council would still be left with an additional hotel development in the town, which would in itself provide 40 additional jobs and other economic benefits, e.g. business rates, employment opportunities, etc. In addition, it will contribute to the town centre and night-time economies, and ensure that development demand was captured in Middlesbrough rather than leaking to another area.

b. The Council will not secure adequate revenue funding to support community causes from the casino development

Within the proposed LDA, Phase 3 cannot proceed without the developer securing a casino operator partner appointed on terms acceptable to the Council. Those terms will include the contributions to community benefit that the casino operator will make. There is obviously a need to be realistic about the level of benefit that can be secured, but it is essential to ensure that Middlesbrough gets its 'fair share' of the value of the development. The LDDA ensures that the Council retains control of this issue, as no further land can be drawn down unless the Council is satisfied on the terms of the agreement with the operator.

However, there is also value to be secured from the developer, and the LDDA proposes a structure of payments to the Council that will maximise revenues for community benefit in Phases 2 and 3 through the transfer of land on a leasehold, rather than a freehold, basis, with ground rents payable on an ongoing basis rather than payment of one-off capital receipts. This approach also ensures that should market conditions improve and become more favourable than at present, the council can continue to share in that increase in value through upward rent reviews in the future.

c. The developer 'land-banks' the transferred sites rather than pursue development of them

The LDDA ensures that certain 'triggers' have to be met to enable land to be drawn down, including provision that development commence within a 12-month period. In addition, the agreement requires significant commitment/investment to have been made by the developer which both demonstrates their willingness/intent to develop and represent significant penalties in terms of costs borne without returns if development did not progress. The LDDA also proposes building licenses with monthly fees to be paid by the developer during the construction period which again represent an incentive to timely development/significant penalty for any delays.

Ultimately there will be no transfer of any council land to the developer until the works that were the purpose of the transfers are completed which, along with the monthly fees to be paid under the building licenses, should be sufficient to remove any potential value from land banking.

d. Change in Government policy affecting the casino industry

Since enactment of the Gambling Act 2005, the Government has been lobbied by the gambling industry for further relaxation of legislation, which could lead to greater portability of casino licences. Such a move could lead to casino's being concentrated in areas with high potential spend, e.g. the South East of England, and adversely affect areas such as Middlesbrough. Thus far, Government has not been swayed by the gambling industry's argument and leading up to a General Election in 2015, appears in no mood to do so now. Furthermore, representatives from the Department of Culture, Media and Sport (which oversees gambling legislation), are keen to ensure all the Gambling Act 2005 casino licences are enacted and opened.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

Financial

41. In respect of the delivery of the whole scheme, Middlesbrough Council would lose parking income from both Buxton Street and Gurney Street car parks, although replacement parking would be provided within the Phase 2 development. However, the Council's Asset Register describes both car parks as development sites, i.e. available for development, which might cease their current activity. Phase One (Premier Inn) will result in the loss of part of the income. However, there is good provision of parking in the north of the town centre. Displaced parkers will no doubt use alternative car parks, some of which will be Council owned, thus mitigating the loss of income.
42. Middlesbrough would receive a mixture of licence fees, capital receipt and lease payments in return for agreeing the development, as highlighted in paragraphs 31 and 32, which have been calculated by taking the lost parking income into account.
43. In addition the scheme would generate significant business rate income (based upon similar facilities. The full three-phase scheme could have a rateable value of c. £800,000 per annum with rates payable c. £370,000 per annum), with the Premier Inn development alone having a rateable value of c. £80,000, therefore generating c.£50,000 of rates payable. The Council would also make savings from the payment of business rates on the existing car parks.
44. The development would boost the whole Gurney area, helping to underpin/boost land values in the area and the potential for further development. This would all help to sustain and increase business rates income from properties in this area further in future.

Ward Implications

45. The project is located in Middlehaven ward, although the economic benefits of any development is likely to extend across the whole of Middlesbrough and the wider Tees Valley.

Member Consultation

46. As highlighted in paragraph 34, the Large Casino Premises Licensing process has been subject to previous Executive and Licensing Committee reports. In addition, Middlehaven Ward Members were briefed on the Gurney Casino Ltd scheme when it was originally submitted at stage 2 of the competition.

Legal Implications

47. All agreements between Middlesbrough Council and Gurney Casino Ltd would be subject to appropriate legal documents and the Council's Legal Team would be used to implement these.
48. The proposed deal will operate like a development agreement, with freehold sale at the end. There can be a risk of procurement issues arising on agreements of this kind, i.e. there is a risk that it can look like a procurement of works, which would subject to the procurement rules, rather than a straightforward land sale. However, Middlesbrough Council won't be prescribing works, so the rules won't apply and the matter will progress as a land sale only.

RECOMMENDATIONS

49. It is recommended that the Executive approves the proposals in respect of the phased delivery of the Middlesbrough Large Casino proposal, the delivery of the first stage of the redevelopment of the Gurney Street Triangle area, and notes the proposal for a Premier Inn hotel. The Executive will need to consider the separate confidential addendum on the associated capital receipt and Land Draw Down Agreement.
50. That further reports will be provided to the Executive setting out the arrangements for phases two and three of the Casino/Gurney Street Project. This will include:
 - a. information on further land deals;
 - b. proposals for the further phases; and,
 - c. proposals (including social contribution, etc.), for the casino.

REASONS

51. Enabling the scheme described in this report to proceed would lead to the development of a significant leisure and entertainment facility in Middlesbrough Town Centre, as well as regenerating a prominent site that is currently in a state of disrepair, and generating a series of direct and indirect benefits to the town's economy.

BACKGROUND PAPERS

The following background papers were used in the preparation of this report:

- **Casino Licensing Sub-Committee Report – 30th May 2012**
- **Casino Licensing Sub-Committee Report – 8th April 2011**
- **Executive Report – Casino Regulations – 6th November 2008**

AUTHOR: Richard Dowson

TEL NO: 729560

Address:

Website: <http://www.middlesbrough.gov.uk>

Controlling where gaming machines may be played

**Amendments to *Licence conditions and codes of practice*
(LCCP) and *Guidance to licensing authorities***

**Responses
July 2016**

Contents

1	Introduction	3
2	Background	4
3	Controlling where gaming machines may be played	7
	• Overall approach	7
	• Policy objectives	7
	• Primary gambling activity	10
	• Social responsibility code provisions	11
	• Actual use of named activity	17
	• Compliance approach	19
	• Licensing approach	20
	• Guidance to licensing authorities	22
Annex A	Summary of regulatory framework	28
Annex B	List of respondents	31

As part of that condition bingo operators are required to supervise those areas at all times. Supervision in the context of the premises condition is defined as through one or more persons whose responsibilities include preventing underage access to the area or CCTV which is monitored by one or more persons for the same purpose.

In the new social responsibility code provision the requirement for *'appropriate supervision of those facilities by staff at all times'* goes beyond the relatively narrow scope of the bingo premises licence condition. Underage access is undoubtedly a key risk that would materialise where gambling facilities are not appropriately supervised. But we are equally concerned in respect of both machine gambling and the named licensed activity that operators are able to identify and react to risks associated with behavior or patterns of play which may indicate a player experiencing harm or indeed suspicious activity through the use of their gambling facilities.

In keeping with our approach to tackle particular concerns via targeted engagement, and where necessary additional specific conditions, we are not making sweeping judgements on the established customs and practice of any one sector. There are a variety of means by which in the first instance an operator can satisfy themselves of the appropriateness or otherwise of their supervision arrangements. Equally the Commission or licensing authorities can undertake compliance activities or investigate reported incidents and make assessments on the effectiveness of an operator's arrangements.

Casinos

The Commission has carefully considered the legal arguments put forward during this consultation and we recognised the legal position is not clear cut. We therefore intend to adopt the position that an electric casino, where there is no live gaming but there is fully automated gaming on the premises (that is, an automated wheel is present and so all aspects of the gaming transaction have taken place on the premises), should be treated as non-remote gambling and as a result it will be acceptable for gaming machines to be made available (subject to the other parts of the code of practice provision being met). However in an electric casino where all the gaming is derived from real games of chance taking place on another premises, in reliance on a full remote casino licence, the provision of gaming machines will not be permitted. On a case by case basis, if the Commission is not satisfied that the environment and the range and scale of gambling on offer made the premises recognisably a casino, this would be addressed by imposing specific conditions.

The Commission has not adopted the suggestion that the words 'non-remote' be removed from the proposed drafting of the code, which would serve to widen things too far. However the wider interpretation of non-remote described above means that the majority of electric casinos will be compliant with the code as drafted.

Function, internal and external presentation

The Commission is not seeking to impose a single format or model of what a particular type of gambling premises should look and function like. The wider public may have stereotypical views of what a betting, bingo or casino premises would consist of and given the vast majority of premises within these sectors share certain core characteristics it is difficult for the industry to dispute that these facilities are not provided in response to consumer expectations. However this is not to suggest that all gambling premises must necessarily adhere to those expectations either now or in future. The Commission's concern is that for a regulatory framework which seeks to control different machine entitlements by reference to the premises type to have any effect, it must be possible to distinguish between types of gambling premises or in fact whether a particular location is a dedicated gambling premises at all.

The final part of the new provision is therefore concerned with ensuring distinctions between types of gambling premises are maintained. This element has been amended to embed the evaluative and outcome based nature of the provision.

Review of Gambling

Adult Social Care and Health Select Committee

Final Report

October 2018

Adult Social Care and Health Select Committee
Stockton-on-Tees Borough Council
Municipal Buildings
Church Road
Stockton-on-Tees
TS18 1LD

Contents

	Page
Select Committee Membership and Acknowledgements	4
Foreword	5
Original Brief	6
1.0 Executive Summary	7
2.0 Introduction	9
3.0 Background	10
4.0 Findings and Recommendations	14
5.0 Conclusion	31

- 3.14 The Gambling Commission informed the Committee that it recognises the issue of extensive gambling advertising and work was underway to tackle the worst offenders. However the regulatory powers in this regard rest primarily with other regulators including Ofcom and the Advertising Standards Agency. Aside from bingo and sports advertising, there is a voluntary agreement to prevent gambling advertising before 9pm on television.
- 3.15 In its February 2018 Report – ‘Gambling, children and young people – a case for action’ – the RGSB outlines its concerns that advertising is increasing the normalisation of gambling within children and young people, and the lack of restrictions is leading to an ‘uncontrolled social experiment’.
- 3.16 As a result of the DCMS review, GambleAware has been commissioned to undertake a major promotional campaign focussing on safe gambling in later 2018.

example those with poor mental health or living in deprived areas. The existing research also indicates that gambling behaviour and problem gambling are not evenly distributed across England. Rates are higher in areas including: Northern areas and London; industrial / traditional manufacturing / prosperous / multi-cultural wards. Research as part of a major study in Leeds showed that problem gambling rates were broadly twice the national average. The report can be found here: <https://www.leeds.gov.uk/docs/Problem%20Gambling%20Report.pdf>

- 4.50 It is recognised that there is a need for further research into gambling related harm and this continues to develop at a national level. The RGSB and Gamble Aware have initiated new research to determine whether one type of gambling is more harmful than others. A request has been made to the National Institute for Health and Care Excellence (NICE) to develop treatment guidance for problem gambling.
- 4.51 Harmful gambling affects a range of people and the public purse. Some estimates indicate that for every problem gambler there are between 6 and 10 other people affected including family, friends and co-workers.⁴
- 4.52 Research commissioned from the IPPR in 2016 'estimated that the cost to government associated with people who are problem gamblers in Britain was between £260 million – £1.16 billion (based on problem gambling rates ranging from 0.4 to 1.1 per cent of the adult population). This was based on six identified specific costs covering primary and secondary health costs, hospital inpatient services, welfare and employment costs, housing costs and criminal justice cost'.⁵

Financial Inclusion

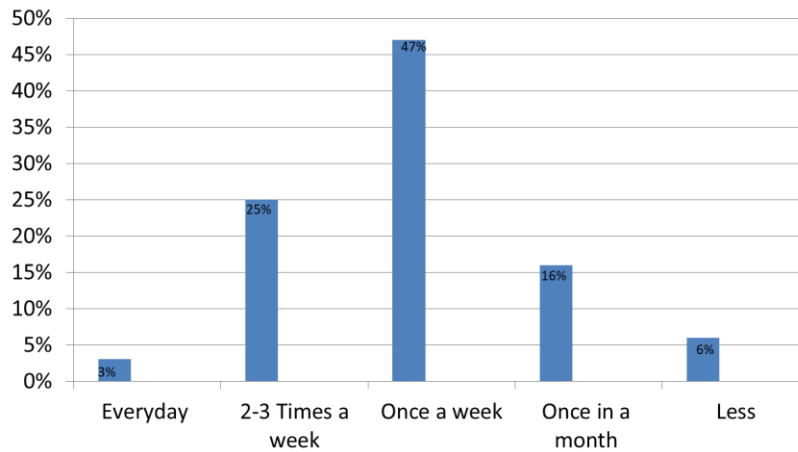
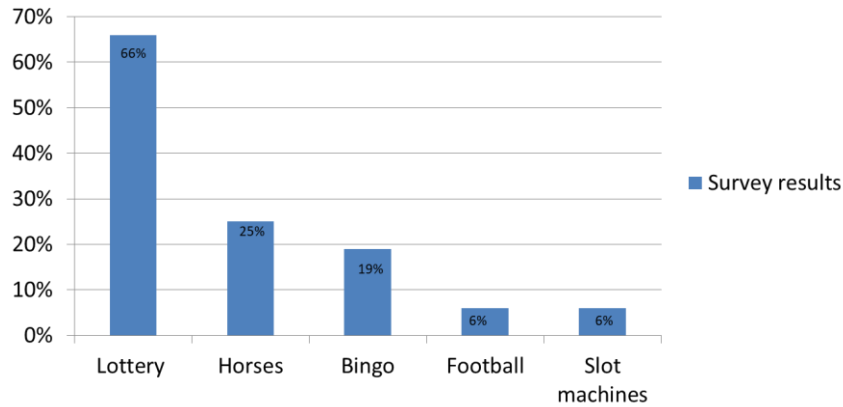
- 4.53 Gambling related harm is not exclusively linked to financial difficulty but by its nature lends itself to consideration by organisations involved in financial inclusion in many cases.
- 4.54 The National Citizens' Advice service produced a report on problem gambling. This was primarily through an online survey hosted on the CAB website, with some face to face interviews. Of those surveyed there was suggestion of significant losses over £10,000 for 65 % of those who responded. A range of harms were described in the report including emotional and relationship health. The impact on 'affected others' was described including the need for covering the costs and debts of gamblers: <https://www.citizensadvice.org.uk/out-of-luck-an-exploration-of-the-causes-and-impacts-of-problem-gambling/>.
- 4.55** Stockton District Advice and Information Service (SDAIS) conducted a survey in order to inform the review. Responses from 65 drop-in service clients were gathered over a four week period. Of those who responded:
- 49% had gambled in the past 4 weeks
 - 22% had two forms of gambling

⁴ Out of luck: An exploration of the causes and impacts of problem gambling, Citizens Advice, January 2018

⁵ Tackling gambling related harm: A whole council approach, LGA/PHE, 2018

- 6% had three forms of gambling

4.56 Of the people that gambled the following types were reported:



4.57 All respondents were asked for their opinions on gambling and the results showed a level of concern at the opportunities and impact of gambling:

	Gamblers	Non-Gamblers
Too many opportunities for gambling	87%	70%
People should have a right to gamble	78%	30%
Most people gamble sensibly	41%	9%
Gambling is bad for family life	78%	57%

4.58 Feedback from SDAIS indicated that clients had often normalised gambling within their everyday expenditure, and it was not seen as an issue by them; the issue was often first noticed by SDAIS when bank statements were examined. Clients were sometimes

- 4.64 However other evidence suggested that gambling could be a hidden issue within young people as it is with adults. Local organisations consulted did not regularly ask young people about gambling on a proactive basis and therefore it may continue to go unidentified. The Edinburgh based 'Fast Forward' charity noted that prior to their pilot work there was limited awareness of the issues around gambling amongst practitioners, and it was often thought that it was not an issue in the young people they worked with. But during sessions, once the issues had been raised with young people, they began to mention how it had affected them in more detail. Fast Forward have developed a training package for practitioners across Scotland. 41% of those working with 16-25 year olds had been in at least one situation where they needed to provide support for problematic gambling.
- 4.65 As noted above, it is highly likely that young people's awareness and exposure to gambling through advertising will have increased over recent years. There are also concerns around new forms of gambling / quasi-gambling in the space where gambling and computer gaming blur. This includes the use of virtual currencies including 'skins betting' where cosmetic items in games are wagered and 'bought', with the value in some cases turned into real cash.
- 4.66 Games that are not technically gambling cannot be regulated by the Commission, despite the risk of normalising gambling-type activity. The Commission was however working with computer game developers to ensure they avoided including aspects of games that would require them to have a license.
- 4.67 Feedback was gathered from Stockton Youth Assembly in a session attended by 7 young people. Comments were made regarding restrictions on the number of betting shops, avoiding showing promotional pictures of the Borough/events where gambling premises could be seen in the background, having awareness of advertising and online gambling, and whether young people would recognise activities such as bingo as being gambling. It was thought it was probably a niche activity for young people however it might not be seen as 'cool' and so may not be mentioned by a young person even if they were directly asked.
- 4.68 Stockton-on-Tees Secondary Schools engage with a questionnaire (SHEU survey) which covers relationships, safety and health. In 2018 additional questions around gambling were included (using the same as the Gambling Commission surveys) and the results will be used to inform local work once available.
- 4.69 As with other risk taking behaviours (e.g. smoking, alcohol and drug taking) there is evidence that education programmes that support young people to develop broader coping & resilience skills, and that focus on prevention, are effective. There are also examples of specific programmes available to reduce gambling related risks in young people:
- a) Demos and Gamble Aware – Teacher booklet and lesson plans for KS4 focusing on: How to identify risks, Developing strategies to recognise and manage impulsive behaviour, Recognising unhealthy behaviours in others and develop strategies to help them <https://www.pshe-association.org.uk/curriculum-and-resources/resources/resources-promoting-resilience-gambling>
 - b) Young Gamblers Education Trust (YGAM) 'In The Know' resource- key stages 3 & 4: Resources designed to minimise gambling-related harm as part of a planned PSHE



Statement of Principles in relation to
the Gambling Act 2005

Middlesbrough Council Tel: 01642 728010
e-mail: licensing@middlesbrough.gov.uk
web-site: www.middlesbrough.gov.uk

January 2019 – January 2022

CONTENTS

	Page
Part A	
1. Introduction and the licensing objectives	3
3. Licensing Authority functions	5
4. Declaration	7
5. Responsible Authorities	7
6. Interested parties	8
7. Exchange of information	9
8. Enforcement	9
9. Reviews	11
10. Appeals	12
Part B - Premises licences	
1. General Principles	14
2. Adult Gaming Centres	21
3. (Licensed) Family Entertainment Centres	22
4. Casinos	22
5. Bingo	23
6. Betting premises	24
7. Tracks	24
8. Travelling fairs	26
9. Provisional Statements	27
Part C - Permits / Temporary and Occasional Use Notices	
1. Unlicensed Family Entertainment Centre gaming machine permits	28
2. (Alcohol) Licensed premises gaming machine permits	29
3. Prize Gaming Permits	30
4. Club Gaming and Club Machines Permits	31
5. Temporary Use Notices	32
6. Occasional Use Notices	33
Appendices	
Appendix A – Map of Middlesbrough	35
Appendix B – List of Consultees	36
Appendix C – Glossary	40
Appendix D - Responsible Authorities	50
Appendix E – Summary of Local Authority Designations	52
Appendix F - Large Casino Licence – Application Guidance: Principles for Selection and Application Process	54
Appendix G – Large Casino Licence – Competition Criteria	59
Appendix H – Local Area Profile	66

Part A

Introduction

1. Middlesbrough sits in the heart of the Tees Valley conurbation with an economy which is largely service based. The town is the main urban centre within the Tees Valley city-region and has a culturally diverse population with the highest concentration of ethnic minorities in the North East. The Council area has a population of approximately 139000 making it the second biggest borough in the Tees Valley in this regard. In terms of area however it is the smallest at approximately 21 square miles. A map is provided as Appendix A.
2. Across the Borough there is a unique social and economic mix, with areas of acute disadvantage situated alongside areas of affluence. Using Indices of Multiple Deprivation 2015, 10 of the 20 wards in the Borough (50%) are ranked in the most deprived 10% of wards in England (out of the 326 local authorities in England).
3. Middlesbrough is the most ethnically diverse local authority area in the Tees Valley and second in the North East behind Newcastle with a British Minority Ethnic population of 11.7% identified at Census 2011.
 - 88.18% of Middlesbrough's resident population were classed as White (with various sub-groups).
 - 7.78% were classed as Asian/Asian British (with sub-groups)
 - 1.71% of the population were identified as Mixed/Multiple ethnic groups (with sub-groups).
 - 1.25% of the population were identified as Black/Africa/Caribbean/Black British.
 - 1.08% of the population were identified as Other Ethnic Group.
4. By virtue of section 2(1)a of the Gambling Act 2005 Middlesbrough Council is a Licensing Authority. The Licensing Authority's Statement of Principles for premises licensed for gambling sets out the issues which the licensing authority will take into consideration when determining Premises Licences for establishments in the borough. In exercising functions under the Gambling Act 2005 ("the Act"), the Licensing Authority will have regard to the licensing objectives in section 1 of the Act. These are:
 - Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
 - Ensuring that gambling is conducted in a fair and open way
 - Protecting children and other vulnerable persons from being harmed or exploited by gambling. This requirement is explicitly to protect children from being harmed or exploited by gambling.
5. The Licensing Authority is aware that, having regard to Section 153 of

the Act in making decisions about premises licences and temporary use notices, it should aim to permit the use of premises for gambling in so far as it thinks it is:

- in accordance with any relevant code of practice issued by the Gambling Commission
- in accordance with any relevant guidance issued by the Gambling Commission
- reasonably consistent with the licensing objectives and
- in accordance with the Licensing Authority's statement of licensing policy

6. Gambling Participation Survey 2017 Findings

The Gambling Commissions research found that overall, gambling participation has decreased since 2016 with 45% of people aged 16+ having participated in at least one form of gambling in the past four weeks in 2017 (48% in 2016).

Men are more likely to have gambled than women and those aged 55-64 are most likely to have gambled in the past four weeks. This is predominantly driven by participation in the National Lottery draws as when people who have only gambled in the National Lottery draws are excluded, participation is highest among 16-34 year olds.

Overall, 18% of people have gambled online in the past four weeks. Those aged 25-34 and 55-64 have seen the largest increases in online gambling participation whereas those aged 16-24 have seen a decline in online gambling participation in 2017. In terms of gambling activities:

- The National Lottery draws remain the most popular gambling activity, followed by scratch cards and other lotteries.
- Football and horse racing are the most popular betting activities.
- All gambling activities have seen an increase in online participation with the exception of betting on horse races and spread betting.
- In-person participation has declined for most activities.

6.1 Problem Gambling Estimates

An estimated 0.8% of people were identified as a problem gambler according to the full Problem Gambling Severity Index (PGSI) 2 or DSM-IV screen with a further 3.9% identifying as at low or moderate risk.

6.2 Online Gambling Behaviour

Although declining in use for gambling, laptops remain the most popular method of accessing online gambling in 2017 with 50% of online gamblers using a laptop. The use of mobile phones has seen the largest increase to 39% (an increase of 10 percentage points). The majority of online gamblers

(97%) play at home. Male online gamblers were more likely than females to gamble outside of the home including on their commute, at work, at a venue or in a pub/club –as were younger age groups. Among online gamblers, 27% have bet in-play, with rates highest in 25-34 year olds but the largest increase was seen in 55-64 year olds. On average, online gamblers have four accounts with online gambling operators. 6% of online gamblers have bet on eSports during the past 12 months, with rates highest among 25-34 year olds.

7. The statement of principles is to enable a good understanding of all the harms and benefits of gambling to society. The legislative framework for gambling recognises it as a legitimate leisure activity that many people enjoy. It generates income, employment and tax revenue for the local economy.
8. However, gambling also generates significant harms such as working days lost through disordered gambling and the cost of treatment for ill-health caused by stress related to gambling debt. There are also less easily measured significant impacts such as the negative effects of some gambling on family relationships, and the psychological and social development of children.
9. The statement of principles takes the approach that gambling-related harm is a significant public health issue. This means recognising that a successful strategy not only focuses on individual gamblers but also needs to include products, environments and marketing and the wider context in which gambling happens. Equal importance needs to be given to prevention and treatment of harm.
10. The statement of principles is underpinned by a profile of Middlesbrough to ensure an awareness of local risks and to facilitate constructive engagement with licensees and a coordinated response to local risks. The profile will help to inform specific risks that operators will need to address in their risk assessment.

Functions.

11. The Licensing Authority's main functions under the Act are:
 - a. To be responsible for the licensing of premises where gambling activities are to take place.
 - b. To issue Provisional Statements
 - c. To regulate Members' Clubs wishing to undertake certain gaming activities by issuing Club Gaming Permits and/or Club Machine Permits
 - d. To issue Club Machine Permits to Commercial Clubs
 - e. To grant permits for the use of certain lower stake gaming machines at unlicensed Family Entertainment Centres

HOUSE OF LORDS

Select Committee on the Social and Economic
Impact of the Gambling Industry

Report of Session 2019–21

Gambling Harm— Time for Action

Ordered to be printed 16 June 2020 and published 2 July 2020

Published by the Authority of the House of Lords

HL Paper 79

Select Committee on the Social and Economic Impact of the Gambling Industry

The Select Committee on the Social and Economic Impact of the Gambling Industry was appointed on 13 June 2019, and re-appointed on 22 October 2019 and 22 January 2020, “to consider the social and economic impact of the gambling industry.”

Membership

The Members of the Select Committee on the Social and Economic Impact of the Gambling Industry were:

[Baroness Armstrong of Hill Top](#)

[Lord Butler of Brockwell](#)

[Lord Filkin](#)

[Lord Foster of Bath](#)

[Lord Grade of Yarmouth](#) (Chair)

[Lord Layard](#)

[Lord Mancroft](#) (appointed 3 October 2019)

[Baroness Meyer](#) (resigned 3 October 2019)

[Lord Parkinson of Whitley Bay](#) (appointed 29 October 2019 and resigned 18 February 2020)

[Lord Smith of Hindhead](#)

[The Lord Bishop of St Albans](#)

[Baroness Thornhill](#)

[Lord Trevethin and Oaksey](#)

[Lord Watts](#)

[Baroness Wyld](#) (resigned 26 September 2019)

Declarations of interests

See Appendix 1.

A full list of Members’ interests can be found in the Register of Lords’ Interests:

<http://www.parliament.uk/mps-lords-and-offices/standards-and-interests/register-of-lords-interests>

Publications

All publications of the Committee are available at:

<https://committees.parliament.uk/committee/406/gambling-industry-committee/publications/>

Parliament Live

Live coverage of debates and public sessions of the Committee’s meetings are available at:

<https://parliamentlive.tv/Lords>

Further information

Further information about the House of Lords and its Committees, including guidance to witnesses, details of current inquiries and forthcoming meetings is available at:

<http://www.parliament.uk/business/lords>

Committee staff

The staff who worked on this inquiry were Michael Collon (Clerk), Megan Jones (Policy Analyst) and Hannah Murdoch (Committee Assistant).

Contact details

All correspondence should be addressed to the Select Committee on the Social and Economic Impact of the Gambling Industry, Committee Office, House of Lords, London SW1A 0PW.

Telephone 020 7219 4384. Email hlgamblingindustry@parliament.uk.

Twitter

You can follow the Committee on Twitter: [@HLGamblingCom](https://twitter.com/HLGamblingCom).

CONTENTS

	<i>Page</i>
Summary	6
Chapter 1: Introduction	9
One inquiry, three committees	10
Our working methods	10
Other contemporaneous work	11
The devolved administrations	12
A word on terminology	13
Acknowledgements	14
Implementation of this report	14
Chapter 2: Background and the current situation	15
Gambling—the statutory definition	15
Betting and gaming	15
Lotteries	15
Gambling Commission	15
Legislative background	16
Budd Report	17
Children	19
Draft Gambling Bill and pre-legislative scrutiny	20
Post-legislative scrutiny	21
Political shift	21
Gambling prevalence	23
Social and economic benefits of gambling	24
Social benefits	24
Economic benefits	26
Chapter 3: The gambling industry: structure, development and current picture	28
Gambling industry	28
Size of the sector	28
Figure 1: GGY by Sector, October 2018 to September 2019	29
Offline gambling	29
Gaming machines	29
Figure 2: Machines GGY by sector location	30
Triennial reviews	31
Gambling venues	32
Casinos	33
Clustering of betting shops	35
Figure 3: Percentage of bookmakers located by geographical decile, as defined by the MHCLG's index of multiple deprivation	36
Lone working in betting shops	36
Fixed Odds Betting Terminals	37
Online Gambling	39
Background	39
Technology	41
The range of online gambling	42
Unregulated online gambling	44
Prevalence of online gambling	45
Figure 4: Location of online gambling in the past four weeks	46

Young people and online gambling	46
Online problem gambling	47
Building safer online gambling	48
Assessment of new games	50
Online stake limits	50
Speed of play limits	52
Chapter 4: Regulation	54
The Gambling Commission	54
Box 1: The Commission's statutory functions under the Act	54
Funding	55
Strategy	56
Strategy to reduce gambling harms	57
Licence Conditions and Codes of Practice (LCCP)	58
Enforcement	59
How the Gambling Commission is performing: the views of witnesses	62
The view of this Committee	63
Licensing of affiliates	65
The house edge	67
Regulation by local authorities	68
Chapter 5: Gambling-related harm	70
The scale of the issue	70
Figure 5: Distribution of problem gamblers in Great Britain by age and sex	71
British Gambling Prevalence Survey	72
Longitudinal surveys	73
The value to the industry: the greater the problem, the higher the profit	74
Figure 6: Percentage of online gambling industry profits derived from each category of gambler	74
The wider impact of gambling harms	75
A health issue	78
The Department with primary responsibility	78
Box 2: Government departments with responsibilities for gambling	79
Suicide	80
The dearth of statistics	81
Statistics through the coronial process	82
Training of doctors	83
Affordability checks	83
How to measure affordability	85
Data protection issues	86
The role of the banks	88
VIP schemes	90
Figure 7: VIP account and deposit comparator (online)	91
Abuse of VIP schemes	91
The industry view	92
Self-exclusion	95
Self-exclusion disregarded	96
GAMSTOP	97
A Duty of care	98

Disputes between customers and operators	102
Non-disclosure agreements	103
An Ombudsman scheme	106
Chapter 6: Children and young people	108
Young people and gambling prevalence	108
Young people and problem gambling	109
Loot boxes	110
Loot boxes and problem gambling	112
Redefining gambling	115
Underage gambling and problem gambling	116
Minimum age for gambling	117
National Lottery	117
Category D gaming machines	118
Children at racecourses	121
Chapter 7: Advertising	122
Facts and statistics	122
Regulation of advertising	123
Effect of advertising	124
Advertising and children	125
Sport and advertising	126
Complex sports betting	127
Interdependence of sport and betting	128
The whistle-to-whistle ban	129
A later watershed	130
A ban on all advertising of gambling	131
Sports kit and sports grounds	132
Bet to View	133
Other inducements	134
Direct marketing	135
Chapter 8: Research, education and treatment	137
Funding of research, education and treatment	137
A mandatory levy	137
Funding problems with a voluntary levy	142
GambleAware	144
Funding by GambleAware	145
Independence of GambleAware	146
Research	146
The Chadlington Committee	148
Availability of data for research	150
Education	151
Treatment	153
The National Problem Gambling Clinic	154
GamCare and Gordon Moody	155
Chapter 9: Lotteries, including the National Lottery	159
Society lotteries	159
The National Lottery	160
Gambling prevalence for lotteries	161
Lotteries and taxation	162
Lotteries and advertising	164

Summary of conclusions and recommendations	166
Appendix 1: List of Members and declarations of interest	174
Appendix 2: List of witnesses	177
Appendix 3: Call for evidence	186
Appendix 4: Extracts from election manifestos	189
Appendix 5: Acronyms and abbreviations	190

Evidence is published online at <https://committees.parliament.uk/committee/406/gambling-industry-committee/> and available for inspection at the Parliamentary Archives (020 7129 3074).

Q in footnotes refers to a question in oral evidence.

The prefixes ZGDA and GAM refer to items of written evidence. The prefixes are interchangeable and the same evidence will be found under each number in both series.

Table 7: Licensed Gambling Premises in GB, 2011–2019
Active Premises as at 30 September 2019⁹⁷

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Betting	9,067	9,128	9,100	9,111	8,995	8,915	8,800	8,559	7,315
Bingo	695	646	680	710	674	654	635	657	642
Casino	149	146	144	147	148	152	150	152	155
Arcades	2,396	2,542	2,033	2,031	1,941	1,894	1,819	1,747	1,633
Total	12,307	12,462	11,957	11,999	11,758	11,615	11,404	11,115	9,745
Year-on-year change		1%	-4%	0%	-2%	-1%	-2%	-3%	-12%

Source: Gambling Commission, *Gambling Industry Statistics: April 2015 to March 2019 updated to include October 2018 to September 2019 (May 2020)*: <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-industry-statistics.pdf> [accessed 15 June 2020]

Casinos

103. The Hippodrome Casino’s evidence emphasised that the rate of problem gambling is lower among those who gamble at casinos, with a problem gambling rate of 7.1% for table games in 2016,⁹⁸ stating that “by comparison with other forms of betting and gaming, casino gambling would appear to be a middle-ranking activity in terms of problem gambling prevalence.”⁹⁹ While there are no harmless forms of gambling, we agree that casinos, and particularly table games, are not the most harmful and that this is largely due to the responsible way in which they are operated, and to the fact that they are more easily regulated.

104. Simon Thomas, Chief Executive and Chairman of the Hippodrome Casino London, explained some of the features of casinos that allow gambling to be tightly controlled:

“They are purpose-built for gambling. They have the correct levels of player protection and control; if you go to the Hippodrome, it says “Casino” above the door in big letters. It is not a surprise. You go in through manned door control and are checked to see whether you are sober and old enough. We have no issues with underage gambling. You then gamble across tables with trained and licensed employees, and even on the electronic side like the slot machines, there are people monitoring them at all times.”¹⁰⁰

105. He then described in more detail the process of monitoring customers:

“It is about keeping an eye on player behaviour. Every one of our slot machines is linked to an electronic system. The operatives have an iPad and can see the level of activity on any machine. If anybody has been on a machine for excessive amounts of time, they will have an intervention. If people have spent above a certain level, they will have an intervention.

97 The figures in Table 7 are for March in the given year, other than 2019 which is for September. This means that any change from 2018 to 2019 is for 18 months.

98 Written evidence from The Hippodrome Casino ([GAM0070](#))

99 *Ibid.*

100 [Q 89](#) (Simon Thomas)

It might just be a friendly chat, perhaps with somebody they know, perhaps with somebody they do not know ...

if somebody were to spend £1,500 on buy-in or win or lose, we would need full photo ID under the anti-money laundering regulations. If somebody is approaching that, we will have interventions beforehand, just to let them know that they are approaching the limit. If somebody has been on the machine for a certain amount of time—an hour or two—we will be checking on them.”¹⁰¹

106. We were impressed with the mechanisms in place at the Hippodrome to ensure that gambling is undertaken in a safe environment and that those showing possible signs of problem gambling are monitored. We would like to see best practice for monitoring customers and ensuring a safe gambling environment at casinos undertaken throughout the sector. We also note that the speed of play at land-based casinos is slower than on comparable online games; this is another important element in ensuring that casinos are safer environments for gambling.
107. The Hippodrome’s evidence suggested that “a number of changes are required to gambling legislation in Great Britain.”¹⁰² One of the changes that the Hippodrome would like to see is an increase in the number of gaming machines permitted in casinos. Their evidence set out the current situation in which the majority of casinos (145 out of 152¹⁰³) operating in Great Britain are restricted to 20 gaming machines, “regardless of size or the volume of customer visits.”¹⁰⁴ These 145 casinos have preserved the entitlements of their licences originally granted under the Gaming Act 1968. However, there are seven casinos established under, and regulated by, the Gambling Act 2005, which are entitled to offer a higher number of machines. Three “small” casinos established under the 2005 Act are entitled to offer up to 80 machines, and four “large” casinos established under the 2005 Act are entitled to offer up to 150 machines. Understandably, the Hippodrome believes that all casinos in Great Britain should be regulated in the same manner and allowed the same number of gaming machines.
108. The Hippodrome emphasised that the Government had planned to use the opening of new casinos (with greater numbers of gaming machines) under the Gambling Act 2005 “as a trial for the wider modernisation of casinos regulations”¹⁰⁵, and in July 2008 the then Parliamentary Under-Secretary for Culture, Media and Sport, Gerry Sutcliffe MP, indicated that an assessment was scheduled for 2014. So far, no such assessment has been undertaken. We therefore remain in the strange position of having the number of gaming machines in any given casino decided by the date on which it was opened, and whether it is regulated by the preserved provisions of the 1968 Act or the 2005 Act, rather than its size, number of customers or demand. We are sympathetic to the call to increase the number of gaming machines available in casinos, but believe that the Government must undertake its

101 *Ibid.*

102 Written evidence from The Hippodrome Casino ([GAM0070](#))

103 Written evidence from The Hippodrome Casino ([GAM0070](#)) dated 6 September 2019, states that there are 152 casinos currently in operation. The Gambling Commission’s latest statistics on the gambling industry states that as of September 2019, there are 155 casinos in operation: [Gambling Industry Statistics: April 2015 to March 2019 updated to include October 2018 to September 2019](#), p 8.

104 Written evidence from The Hippodrome Casino ([GAM0070](#))

105 *Ibid.*

assessment of casinos regulations before making any changes. We believe that the Government should undertake the assessment of casino regulations which should have been undertaken in 2014, and ensure that all casinos are regulated consistently.

109. **The Government should forthwith undertake the assessment of casino regulations which it promised would take place in 2014, and apply the same regulations to all casinos, regardless of when they opened.**

Clustering of betting shops

110. As we have explained,¹⁰⁶ the liberalisation of the regulation of gambling has led to an increased presence of gambling services on the high street. This followed the recommendations of the Budd report:

“As with casinos and bingo halls, we think that demand is best assessed by potential operators on commercial grounds alone. The evidence we have received suggests that the demand test is currently employed by bookmakers to drive away competition. This restricts new trade and is not good for the punter. We recommend that the demand test should be abolished for betting shops.”¹⁰⁷

111. The demand test for betting shops, bingo halls and casinos was therefore replaced by a duty for the Gambling Commission to “aim ... to permit gambling in so far as the Commission think it reasonably consistent with pursuit of the licensing objectives.”¹⁰⁸ Section 153(2) of the Act imposes a similar duty on local authorities: “In determining whether to grant a premises licence a licensing authority may not have regard to the expected demand for the facilities which it is proposed to provide.”¹⁰⁹
112. Allowing operators to decide “on commercial grounds alone” where to locate new betting shops has resulted in betting shops being disproportionately located in places where people can least afford to gamble: what is referred to as “clustering” or “bunching”. The Estates Gazette’s evidence showed that “more than half of the nation’s 6,000 bookies are in the UK’s most deprived areas”¹¹⁰, and that 56% of all the big four’s betting shops are located in the top 30% most deprived areas in England.¹¹¹ 78% of the stores of Paddy Power are located in the top 40% most deprived areas.¹¹² An article published in the Estates Gazette at the same time included the chart below showing that over 20% of betting shops are located in the top 10% most deprived areas, with only 2% in the 10% least deprived areas; in between there is a direct correlation.¹¹³

106 Chapter 2, paragraph 66

107 *Gambling Review Report*, para 20.13. This however is not entirely consistent with their recommendation in paragraph 21.13, to which we refer below in paragraph 259.

108 Gambling Act 2005, [section 22](#)

109 There is no similar provision in the Licensing Act 2003 in relation to the licensing of premises for the sale of alcohol. The Gambling Act 2005, [section 166](#) exempts casino licensing from this provision.

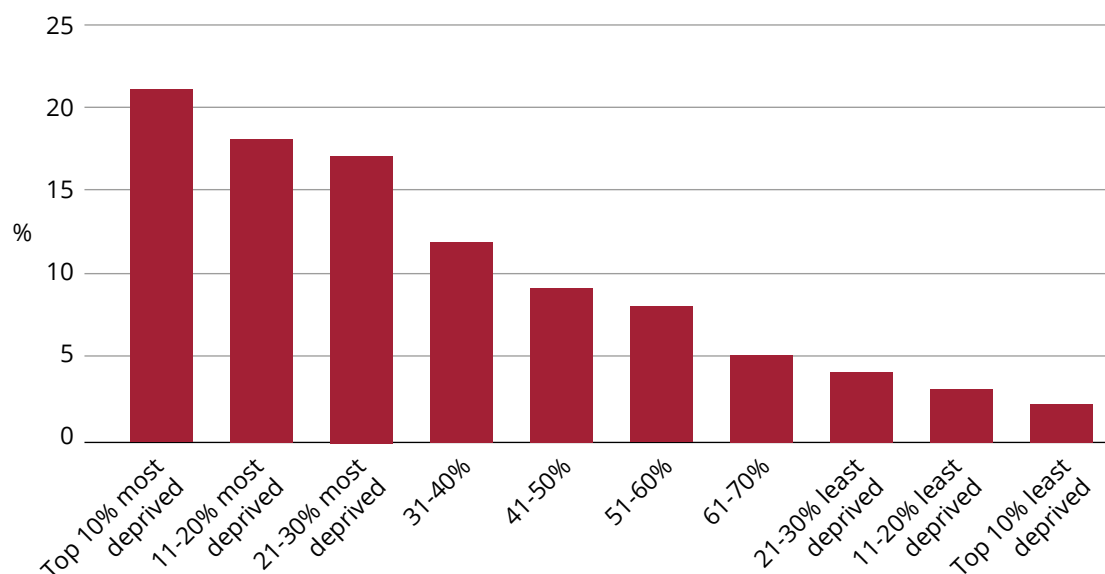
110 Written evidence from Estates Gazette ([GAM0005](#))

111 *Ibid.*

112 *Ibid.*

113 James Child, ‘All bets are off on the UK’s poorest high streets’, *Estates Gazette* (10 July 2019): <https://www.egi.co.uk/news/more-than-half-of-top-four-bookies-are-in-the-uks-most-deprived-areas/> [accessed 23 April 2020]

Figure 3: Percentage of bookmakers located by geographical decile, as defined by the MHCLG’s index of multiple deprivation



Source: James Child, ‘All bets are off on the UK’s poorest high streets’, *Estates Gazette* (10 July 2019): <https://www.egi.co.uk/news/more-than-half-of-top-four-bookies-are-in-the-uks-most-deprived-areas/> [accessed 23 April 2020]

113. Research by Landman Economics and Geofutures for the Campaign for Fairer Gambling has found a clear relationship between the extent of deprivation in local areas and the number of betting shops in those areas¹¹⁴. The industry is not, however, merely responding to the demand, it is to some extent driving it. Ease of access to betting shops incites and encourages gambling. This is an important social issue, and one way of alleviating the problem would be to increase the regulatory powers of local authorities. We deal with this in the following chapter.¹¹⁵

Lone working in betting shops

114. Dr James Banks, Reader in Criminology at Sheffield Hallam University, raised concerns about the practice of lone working in betting shops. He stated that to prevent gambling from being a source of crime or disorder (one of the licensing objectives) “I would encourage LBO [licensed betting office] operators to abolish lone working, with a view to reducing the likelihood of robbery and the risk posed to retail staff.”¹¹⁶

115. His evidence explained that analysis of the robberies committed in betting shops showed that although crimes were committed across betting shop opening hours, “many of the robberies took place in the evening when neighbouring shops will have closed and fewer people will be present either in the shop or the surrounding vicinity.”¹¹⁷ Dr Banks then stated that lone working “typically occurs in evening, but also the early morning”¹¹⁸, the times at which the betting shops will usually have fewest customers and when other businesses in the area will be closed. To mitigate the risks for

114 Written evidence from Landman Economics ([GAM0039](#))

115 Chapter 4, paragraphs 255–261

116 Written evidence from Dr James Banks ([GAM0033](#))

117 *Ibid.*

118 *Ibid.*

both lone-working staff and the individual betting shops involved, Dr Banks suggested:

“... previous research has demonstrated that greater numbers of ‘frontline’ staff or the introduction of specialised security personnel into retail environments where there is only a small volume of staff can serve to reduce the occurrence of violent crime.”¹¹⁹

116. Similar concerns were expressed in January 2017 by the Responsible Gambling Strategy Board.¹²⁰ In its advice to the Gambling Commission for the 2017 DCMS review of gaming machines and social responsibility measures, it said:

“Appropriate staffing levels are key to the detection and mitigation of harmful play. There must be serious doubt about the extent to which a single member of staff on their own in a betting shop, even at less busy times of the day or night, can simultaneously look after the counter, remain alert to the possibility of under-age play and money laundering, and still be expected to identify potentially harmful play and make appropriate interventions. The Gambling Commission should ask all operators to review safe staffing levels. Larger operators should be required specifically to address staffing levels and safety (of employees as well as players) in their annual assurance statements.”¹²¹

117. We are not aware that the Gambling Commission followed this advice, or that operators have addressed this issue. We agree that it is undesirable that a betting shop should have only one member of staff at any time, but especially in the evening, or if the lay-out of the shop does not allow one member of staff to supervise the whole premises. We have considered whether to recommend that a condition should be attached to premises’ licences requiring at least two members of staff to be present whenever the premises are open to the public. However, we have not taken evidence on this from the industry, and we recognise that this would have financial consequences, particularly for smaller operators.
118. **The Gambling Commission should work with bookmakers to create a protocol to ensure adequate supervision and staffing during opening hours, taking into consideration the size, lay-out and turnover of individual premises.**

Fixed Odds Betting Terminals

119. FOBTs are electronic machines in betting shops on which customers can play a variety of games, including roulette. Each machine accepts bets for amounts up to a pre-set maximum, and pays out according to fixed odds on the simulated outcomes of games.
120. Changes to the taxation of gambling with the introduction of a gross profits tax regime came into effect in October 2001, and allowed the gambling industry to introduce new, lower margin products, such as roulette, to

119 *Ibid.*

120 Now the Advisory Board for Safer Gambling.

121 Responsible Gambling Strategy Board, *Advice in relation to the DCMS review of gaming machines and social responsibility measures* (31 January 2017): <https://www.rgsb.org.uk/PDF/Advice-in-relation-to-the-DCMS-review-of-gaming-machines-and-social-responsibility-measures.pdf> [accessed 23 May 2020]

FOBTs. By April 2005, an estimated 20,000 terminals were in use,¹²² and this had increased to 30,000 by the time the Gambling Act came into force in September 2007.¹²³ The latest statistics from the Gambling Commission show that there are 23,441 FOBTs in Great Britain.¹²⁴

121. Concerns were raised by treatment providers about FOBTs and the relationship between FOBTs and problem gambling, as early as 2003.¹²⁵ However, it took until October 2017 for the DCMS to announce a range of proposals to strengthen protections around gambling, including lowering the maximum stake on FOBTs to between £50 and £2.¹²⁶ Following a public consultation¹²⁷ on the appropriate level of the new stake limits, the DCMS announced in May 2018 that the maximum stake would be lowered to £2.¹²⁸
122. In October 2018, the Budget report¹²⁹ stated that the reduced stake would come into effect from October 2019, and the then Chancellor of the Exchequer told the Commons Treasury Select Committee that the Government had to implement the new stake “in a way that is balanced and fair and allows for an orderly transition”. However, amendments to the Finance (No. 3) Bill to bring the implementation date forward to April 2019 attracted cross-party support.
123. In December 2018, the Gaming Machine (Miscellaneous Amendments and Revocation) Regulations 2018¹³⁰ were approved by both Houses, and on 1 April 2019 the Regulations came into force and reduced the maximum stake on a single bet to £2.
124. The Gambling Commission’s latest statistics¹³¹ show that between October 2018 and September 2019, the GGY for all non-remote gaming machines fell by 11.8% compared to the previous period. This decrease was driven by the reduced stake limits on B2 machines from £100 to £2. For the whole year from October 2018 to September 2019, which included 6 months with a maximum stake of £100 and 6 months with a maximum stake of £2, the GGY on these machines fell by 46.4% compared with the last whole year with a £100 maximum stake. It can safely be said that the GGY for a whole year with a £2 maximum stake will have been more than 90% lower.

122 Europe Economics, *Fixed Odds Betting Terminals and the Code of Practice: a report for the Association of British Bookmakers Limited: Summary Only* (April 2005) para 1.2.5: <https://www.ipsos.com/sites/default/files/migrations/en-uk/files/Assets/Docs/Archive/Polls/abb.pdf> [accessed 18 May 2020]

123 *The Gambling Act 2005: A bet worth taking?*, p 5

124 *Gambling Industry Statistics: April 2015 to March 2019 updated to include October 2018 to September 2019*, p 9

125 Joint Committee on the Draft Gambling Bill, *Draft Gambling Bill* (Report of Session 2003–04, HC 139-I, HL Paper 63–I) p 130

126 Department for Digital, Culture, Media and Sport, ‘Government to take action on Fixed Odds Betting Terminals’ (31 October 2017): <https://www.gov.uk/government/news/government-to-take-action-on-fixed-odds-betting-terminals> [accessed 23 April 2020]

127 Department for Digital, Culture, Media and Sport, *Consultation on proposals for changes to Gaming Machines and Social Responsibility Measures* (October 2017): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/655969/Consultation_on_proposals_for_changes_to_Gaming_Machines_and_Social_Responsibility_Measures.pdf [accessed 23 April 2020]

128 HC Deb, 17 May 2018, cols 444–456

129 HM Treasury, *Budget 2018* (October 2018): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752202/Budget_2018_red_web.pdf#page=53 [accessed 23 April 2020]

130 The Gaming Machine (Miscellaneous Amendments and Revocation) Regulations 2018 (SI 2018/1402)

131 *Gambling Industry Statistics: April 2015 to March 2019 updated to include October 2018 to September 2019*, p 9

Online Gambling

Background

125. The rapid growth and development of online gambling is one of the primary reasons that all three main UK political parties, and the Scottish National Party, undertook pledges to reform gambling legislation. The Conservative Party manifesto pledge has become a slogan for the concern that “the Gambling Act is increasingly becoming an analogue law in a digital age.”¹³²
126. The BGC does not agree, advocating that “it is difficult to envisage any technology that the Gambling Act 2005 would fail to cover”¹³³ under its current provisions. They, among other operators, feel that a new Gambling Bill is not needed, and sufficient powers are already granted under the Act both to the regulator and the Government.
127. Other sectors of the industry, treatment providers and charities disagree, and argue that the way we gamble has changed dramatically and the 2005 Act has not adapted to the ever-evolving technology.¹³⁴ As we have explained in Chapter 2, the 2001 Budd report recommended legalising online gambling. However, Sir Alan explained to us that as UK gambling companies could not legally provide online gambling at the time of the report, it was “difficult to appreciate the scale” of online gambling as the data was “scarce”.¹³⁵ As a result of this, the full extent of online gambling being carried out in Britain was not fully reported. As Mr Waugh, told us:
- “The prevalence survey in 1999 recorded online gambling participation as a rounding error, substantially lower than 1% whereas in 2016 it was 9%—excluding the National Lottery online, to put in context of how little was known about it at the time of the report.”¹³⁶
128. The Government accepted the Budd report’s online gambling recommendation in the 2005 Act, and subsequently the Gambling (Licensing and Advertising) Act 2014 made it a requirement that remote operators hold a licence from the Gambling Commission.¹³⁷ This legislation was perceived to have “closed a significant gap” in the regulation of online gambling, “meaning [the Gambling Commission] now regulate 100% of the legal British market.”¹³⁸
129. The technology available at the time of the Budd report, and even the Gambling Act 2005, was vastly different to the technology available today:
- “In 2005, it was estimated 13.9% of the world population uses the internet. In June 2019, it was estimated 58.8% of the world population

132 The Conservative and Unionist Party, *The Conservative and Unionist Party Manifesto 2019: Get Brexit Done, Unleash Britain’s Potential* (November 2019) p 20: https://assets-global.website-files.com/5da42e2cae7ebd3f8bde353c/5dda924905da587992a064ba_Conservative%202019%20Manifesto.pdf [accessed 31 March 2020]

133 Written evidence from Betting and Gaming Council ([GAM0068](#))

134 Written evidence from Gordon Moody Association ([GAM0032](#)) and BACTA ([GAM0050](#))

135 [Q 43](#) (Sir Alan Budd GBE)

136 [Q 43](#) (Dan Waugh)

137 Gambling (Licensing and Advertising) Act 2014, [section 1](#)

138 Written evidence from the Gambling Commission ([GAM0071](#))

now uses the internet.¹³⁹ In the UK, it was estimated in June 2019 that 94.6% of the population use the internet¹⁴⁰.¹⁴¹

130. Alongside the increasing accessibility of the internet, came greater internet speed and download capability. These developments continued to enhance the advancing capabilities of online gambling.
131. Technological advances have long since gone beyond the internet, and as Sir Alan told us, in 2001, “no one had even thought about the possibility that someone might be holding something in his or her hand and be allowed to gamble freely.”¹⁴² PCs were originally used for online gambling, but then a wider range of devices became available, from laptops and tablets to smart TVs and the rapidly increasing use of mobile phones, and the accompanying gambling apps. The Gambling Commission’s *Gambling Participation in 2019: behaviour, awareness and attitudes* report found that 50% of those gambling online were using a mobile phone, which is up from 23% in 2015.¹⁴³ As Tony Parente, one of our witnesses with lived experience, told us, now “You can gamble 24 hours a day, seven days a week, and non stop.”¹⁴⁴
132. Other advances such as social media, artificial intelligence and cryptocurrency have also contributed to the continued development of online gambling, both in terms of what we consider gambling to be, how we gamble and how gambling is monitored. Social media has created two new pathways to gambling; the first through social media’s role in advertising, which we discuss in Chapter 7, and social gaming which we discuss below and expand upon in Chapter 6.
133. Gambling operators have been accused by former gambling industry employees of “increasingly using artificial intelligence (AI) to predict consumer habits and personalise promotions to keep gamblers hooked.”¹⁴⁵ Where offline gambling can be largely conducted with anonymity, due to customers holding an account online, gambling operators have access to vast amounts of data regarding their customers’ age, payment history, any patterns in play and the popularity of specific products. Gambling operators apply AI in order to assist in utilising and understanding this data. This data is a significant resource and operators told us they need to “ensure ... that [they] use the data that [they] have as operators in a consistent and coherent way.”¹⁴⁶
134. As technology has advanced so has the need for expert knowledge, and throughout our inquiry witnesses expressed concern that the Gambling Commission cannot keep up with this rapid progress. Susanna Fitzgerald QC, a barrister and former trustee of GamCare, told us that “there is no way that the Commission can possibly match” the level of expertise in the industry, and

139 Internet World Statistics, ‘Internet growth statistics’: <https://www.internetworldstats.com/emarketing.htm> [accessed 18 May 2020]

140 Internet World Statistics, ‘Internet in Europe Stats’: <https://www.internetworldstats.com/stats4.htm> [accessed 18 May 2020]

141 Written evidence from East Riding of Yorkshire Council (GAM0028)

142 Q 43 (Sir Alan Budd GBE)

143 *Gambling Participation in 2019: behaviour, awareness and attitudes, Annual report*, p 15

144 Q 58 (Tony Parente)

145 Mattha Busby, ‘Revealed: how bookies use AI to keep gamblers hooked’, *The Guardian* (30 April 2018): <https://www.theguardian.com/technology/2018/apr/30/bookies-using-ai-to-keep-gamblers-hooked-insiders-say> [accessed 13 April 2020]

146 Q 130 (Dan Taylor)

“it certainly does not.”¹⁴⁷ Neil McArthur, Chief Executive of the Gambling Commission, accepted that “the industry has many more data scientists and game designers,” but argued that the Commission can “set the exam question.”¹⁴⁸ This implies that the Commission could use its powers to utilise the skills that the industry possesses in order to better regulate developments in online gambling technology. The National Audit Office (NAO) report in February 2020 further confirmed that the Commission is aware of a “skills gap,”¹⁴⁹ but highlighted the constraints it is under with regard to its budget. Our support for Commission budgetary reform is highlighted in Chapter 4.¹⁵⁰

135. This brief outline demonstrates how dramatically technology has advanced, and the difficulty but necessity of anticipating and adapting to the impact that technology has on how we gamble, what we gamble on and the gambling-related harms experienced. In a Review of Online Gambling in 2018, the Gambling Commission acknowledged that “progress by the online industry to minimise harm has been significantly slower than we expected and required.”¹⁵¹ The rapid developments seen to date will only continue as new technologies are developed, and we agree with Dr Steve Sharman and Professor John Turner from the University of East London when they told us, “It is essential that any new legislation includes these newer types of gambling and retains the flexibility to evolve and to keep pace with the ever changing and developing gambling industry.”¹⁵²

Technology

136. Technology has prompted the need for the reassessment of regulation, but it can also be utilised by gambling operators to advance player protection. Some operators have begun to do this, and the BGC told us their members “are investing substantial resources in developing and deploying a range of harm prevention initiatives. Building on independent research, our members have developed behavioural tracking systems, designed to identify harmful play and deliver a set of tiered and tailored interactions to encourage customers to stay in control of their gambling.”¹⁵³
137. Professor Raian Ali and Dr John McAlaney from Bournemouth University submitted evidence setting out how technology such as Application Programme Interface (API) could be used to provide personalised real-time data to gamblers. Their research shows if “the data could be provided in an automated, real-time manner to players, it would enable them to visualise and understand their gambling behaviour, support them with budgeting and to identify potentially harmful behaviour.”¹⁵⁴ However, in order to be effective any such technological aid would require operators to share more data than they have historically been willing to provide.¹⁵⁵

147 Q 44 (Susanna Fitzgerald QC)

148 Q 141 (Neil McArthur)

149 *Gambling regulation: problem gambling and protecting vulnerable people*, p 10

150 See our recommendation in paragraph 201.

151 Gambling Commission, *Review of Online Gambling* (March 2018) p 4: <http://www.gamblingcommission.gov.uk/PDF/Online-review-March-2018.pdf> [accessed 13 April 2020]

152 Written evidence from Dr Steve Sharman and Professor John Turner (GAM0037)

153 Written evidence from Betting and Gaming Council (GAM0068)

154 Written evidence from Bournemouth University (GAM0001)

155 We discuss the availability of data for research in Chapter 8, paragraphs 595–598.

The range of online gambling

138. Most formerly land-based gambling products have now also transferred onto online platforms; lotteries, bingo, casino style games and poker are all played online. However, online versions of gambling products are not subject to the same physical limitations as their land-based counterparts. For example, poker played in a casino is a relatively low-frequency gambling experience, as the speed of any individual hand is limited by how fast chips can be handled and cards dealt from a physical deck. In land-based poker, players must also travel to a card room, and often wait for a seat to open up at a game, whereas in online poker each new hand can be dealt to players instantaneously, making for a faster gambling experience. Furthermore, in online poker, players can play multiple games simultaneously. The greater speed and easy availability of online gambling products is relevant given that high-frequency gambling products are generally considered to be the most harmful.¹⁵⁶
139. Operators are also providing an increasing number of gambling activities across their platforms. For example, online poker sites now generally offer sports betting and other casino games alongside their core product of online poker, with customers able to use a single account balance across multiple forms of gambling. This is relevant to consumer protection given that problem gamblers tend to engage in multiple gambling activities.¹⁵⁷ The number of gambling activities is ever increasing, with new online games being developed all the time.
140. Online gambling has changed how very traditional forms of gambling are conducted; in horseracing for example, online gambling “now accounts for some 65.6% of turnover, and 50.4% of gross gambling yield.”¹⁵⁸ What was once the domain of land-based bookmakers is now moving more and more onto digital platforms. The diversity of sports and activities that can now be bet on is vast, from football, which is fast becoming synonymous with gambling, to snooker, darts and hurling all played across the world. The frequency of football betting used to be limited by the frequency of the games, which in England was typically 3pm on Saturdays. However, now a football bet can often be placed on an upcoming game, such as a Brazilian third division match or in one of the many international summer competitions. As a result, sports bets can be placed more easily and more frequently than ever before.
141. The variety of sports on which a bet can now be placed is complemented by the increasing variety of the types of bet available. One form of bet which has been referenced repeatedly throughout our evidence is in-play betting. As Professor Orford explained, this creates “multiple betting opportunities,”¹⁵⁹ as throughout the match, race or event players can bet quickly on a variety of different aspects of the event they are watching, or even bet on “multiple events simultaneously.”¹⁶⁰ For example, in-play bets can be placed on the identity of the next goal scorer, which can create many additional gambling

156 Natasha Dow Schüll, *Addiction by design: Machine gambling in Las Vegas*, 1st Edition (Princeton University Press, 2014)

157 Debi A LaPlante, Sarah E Nelson and Heather M Gray, ‘Breadth and depth involvement: Understanding Internet gambling involvement and its relationship to gambling problems’, *Psychology of Addictive Behaviors*, vol 28(2), (2014), pp 396–403: <https://www.ncbi.nlm.nih.gov/pubmed/23915365> [accessed 18 May 2020]

158 Written evidence from the British Horseracing Authority ([GAM0065](#))

159 Written evidence from Professor Jim Orford ([GAM0019](#))

160 Written evidence from Associate Professor Charles Livingstone ([GAM0108](#))

opportunities across the course of a high-scoring match. Gambling advertisements for next goal scorer bets have been observed to occur frequently during live high-profile football matches,¹⁶¹ a type of advertising that has not been entirely eliminated by the recent whistle-to-whistle ban. We address the role of advertising and discuss the whistle-to-whistle ban further in Chapter 7. Recent statistics show that 21% of online gamblers had bet in-play in the last four weeks, which is stable based on previous figures.¹⁶²

142. Another recent development in betting is the ability to create custom bets. Many of the larger gambling operators offer custom bet options, such as Sky Bet's RequestaBet tool or Bet365's Bet Builder. Custom bets also utilise social media, as gamblers can tweet companies with the hashtag #RequestABet, and the companies will build the bet. Dr Elliot Ludvig, Dr Philip Newall and Dr Lukasz Walasek from the University of Warwick told us their research shows "sports betting products that allow gamblers to customise their own bets are especially attractive to problem gamblers. In one recent survey, 16.0% of participants who had placed at least one custom bet were problem gamblers, compared to 6.7% who had never placed a custom bet."¹⁶³
143. In Chapter 7 we discuss concerns about the 'gamblification' of sport, and in particular its potential impact on young people. A form of betting which may further exacerbate the impact gambling has on children is eSports, which are the competitive playing of video games. Researchers told us: "ESports represents the largest growth opportunity for sports gambling and presents a particular worry as its players and spectators are young."¹⁶⁴
144. Players can bet on eSports in a traditional sense, on events occurring in the game or the outcome, but video games in recent years have also started to incorporate gambling-like features which use virtual currencies and in game items such as loot boxes and skins. This has raised concerns about what should and should not be considered gambling, and what steps should be taken in order to protect the large number of young people playing video games. As Parent Zone told us, when children and young people are using these products "they do so without the protection of regulation, and it is because regulators do not recognise their value that parents do not consider their risk."¹⁶⁵ This is an area of pressing concern with "the blurring of boundaries between video games and gambling activities."¹⁶⁶ We address the regulation of gambling-like activities in Chapter 6.
145. Virtual currencies, or cryptocurrencies, are digital currencies that are secured by data encryption, allowing currency to be transferred and transacted. Some cryptocurrencies are widely known such as Bitcoin, and social media firms like Facebook have proposed cryptocurrencies of their own. Decentralised gambling, which is also known as blockchain or crypto-gambling, is a form of gambling which uses cryptocurrency technology. As

161 Philip Newall, Ankush Thobhani, Lukasz Walasek and Caroline Meyer, 'Live-odds gambling advertising and consumer protection', *PLOS One*, vol 14(6), (2019): <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0216876> [accessed 18 May 2020]

162 *Gambling Participation in 2019: behaviour, awareness and attitudes, Annual report*, p 18

163 Written evidence from Dr Elliot Ludvig, Dr Philip Newall and Dr Lukasz Walasek ([GAM0089](#))

164 Written evidence from Ipsos MORI, Professor Agnes Nairn and Josh Smith ([GAM0069](#))

165 Written evidence from Parent Zone ([GAM0056](#))

166 Joseph Macey and Juho Hamari, 'Esports, skins and loot boxes: Participants, practices, and problematic behaviour associated with emergent forms of gambling', *New Media and Society*, vol. 21 (1), (2019), pp 20–24: <https://pdfs.semanticscholar.org/f275/a081548a2131e23054e332acf9a64bafef14b.pdf?> [accessed 13 April 2020]

this is an emerging technology and the variety of cryptocurrencies available is increasing rapidly, this area of gambling creates another area of risk. Oliver Scholten, PhD student, Dr James Walker, lecturer in Computer Science and Dr David Zandle, lecturer in Computer Science from the University of York told us that the “online and unrestricted nature of decentralised gambling applications means that there are no theoretical limitations to the use of these gambling services by minors.”¹⁶⁷

146. Another development which continues to create confusion about what we consider gambling to be, is social gaming. Social gaming covers the wide variety of games that are available on social media platforms. These games contain gambling-like features, such as playing with cards or dice, or slot machine style games. In January 2015 the Gambling Commission stated in its Social Gaming report that it was accepted that winning additional spins/credits/tokens/chips in these games, despite the fact they could be purchased with real money, did not amount to a prize of money or money’s worth which would bring these games under the remit of gambling legislation. The Commission stated that this was untested in the courts (which to the best of our knowledge is still the position), and they added: “... the uncertainty, and associated commercial and regulatory risk, is a useful deterrent to those thinking of pushing the boundary.” Their conclusion was that “there is no compelling reason at the moment to impose additional regulation on the social gaming sector given that it is already subject to extensive consumer protection legislation.”¹⁶⁸
147. However, the Gambling Commission does continue to monitor social gaming in its annual participation report, and the most recent survey found 20% of respondents had taken part in social gaming, and 44% of individuals who had gambled as well as played social games said they played social games first.¹⁶⁹
148. What we understand online gambling to be has changed dramatically, and it is imperative that the recommendations we make help protect players against the potential harms that might be felt from products that are both available now and new products which might be created in the future.

Unregulated online gambling

149. When considering online gambling, we must bear in mind online gambling sites which are unregulated in the UK. Ulrik Bengtsson, Chief Executive of William Hill, told us “the UK regulation, which broadly keeps 98% of play within the licensed regime, is very successful.”¹⁷⁰ However, Professor Julia Hörnle, Professor of Internet Law at Queen Mary, University of London, believes “the extent of foreign unlicensed gambling by punters in Great Britain is unknown and therefore its impact (in terms of harmful effects) is unknown.”¹⁷¹ Nevertheless gambling operators say they remain concerned about the risk of excessively stringent regulation driving people into unregulated online markets.¹⁷²

167 Written evidence from Oliver Scholten, Dr James Walker and Dr David Zandle (GAM0074)

168 Gambling Commission, *Social gaming* (January 2015) pp 2 and 9: <https://www.gamblingcommission.gov.uk/PDF/Social-gaming-January-2015.pdf> [accessed 15 April 2020]

169 *Gambling Participation in 2019: behaviour, awareness and attitudes, Annual report*, pp 33–35

170 Q 129 (Ulrik Bengtsson)

171 Written evidence from Professor Julia Hörnle (GAM0034)

172 Q 130 (John Coates)

150. The Gambling Commission, though aware of the potential risk, think “this could not possibly be an argument for lowering standards in the licensed community” and believe “there is no great sense of a burgeoning illegal market.”¹⁷³

Prevalence of online gambling

151. As would be expected given the growth of this sector, the Gambling Commission’s Annual Participation Survey published in 2020 found that 21% of survey respondents had gambled online in the past four weeks, an increase from 18% in the previous year.¹⁷⁴ The survey also found online gambling participation was higher among men than women—25% men and 17% women.¹⁷⁵

152. Online gambling has changed how gambling activities are carried out. The table below shows how each gambling activity was accessed by survey participants, and whether they conducted the activities in person, online or both. As the table sets out, in 2019 the majority of all forms of betting were carried out online. Sports betting, football betting and betting on horseracing have all seen a decrease in the number of individuals participating in person, as opposed to online.

Table 8: Online and in person participation in the past four weeks by activity (telephone survey, n=4,003)

	Online %	In person %
National Lottery draws	36%	73%
Another lottery	50%	53%
Bingo	24%	81%
Football pools	55%	50%
Horseraces	61%	49%
Sports betting	81%	27%
Football betting	83%	26%
Other sports betting	80%	22%
Betting on other events	58%	53%
Casino games	74%	47%

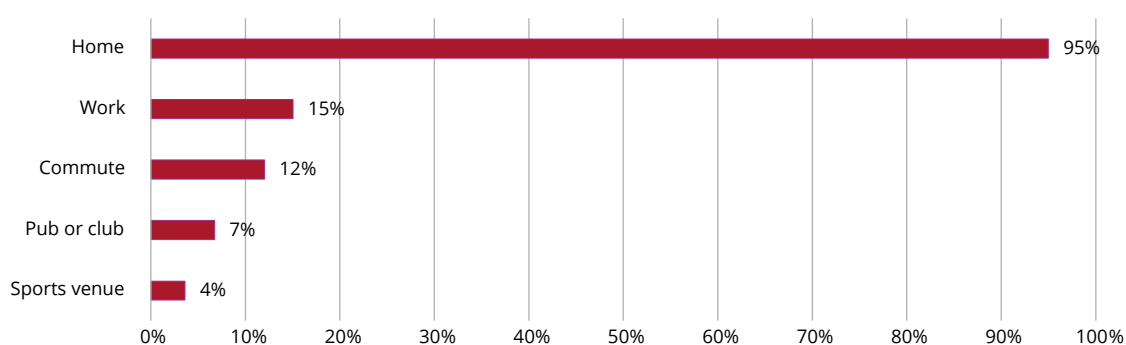
Source: Gambling Commission, *Gambling Participation in 2019: behaviour, awareness and attitudes*, Annual report (February 2020) p 12: <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-participation-in-2019-behaviour-awareness-and-attitudes.pdf> [accessed 6 April 2020]

153. The changing nature of how we gamble, also has an impact on where we gamble. As Figure 4 shows the majority of online gambling is carried out at home.

173 Q 146 (Neil McArthur)

174 *Gambling Participation in 2019: behaviour, awareness and attitudes*, Annual report, p 10

175 *Ibid.*

Figure 4: Location of online gambling in the past four weeks

Source: Gambling Commission, *Gambling Participation in 2019: behaviour, awareness and attitudes*, Annual report (February 2020) p 17: <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-participation-in-2019-behaviour-awareness-and-attitudes.pdf> [accessed 6 April 2020]

154. Many forms of offline gambling are perceived as social activities, as discussed in Chapter 2; however, the fact that online gambling is largely conducted at home highlights how the online gambling sector differs from traditional forms of gambling. Michelle Singlehurst, one of our witnesses with lived experience, explained to us that one of the issues with online gambling is that it “so easy and isolating.”¹⁷⁶ The BGC acknowledged that it “may be a reasonable assumption that a large part of gambling at home is solitary. But that does not mean that other people are not present (which may be a critical mediating factor).”¹⁷⁷ However, as discussed in more detail in Chapter 2, Mr Cronin of Tombola, emphasised the importance of community in online bingo, particularly interactive chat communities where players can chat, interact and make friends.
155. Until the day before this report was agreed, betting shops and sports venues were still closed and there was little possibility of betting offline; for many people confined to their homes, that is still the case. Estimates of the figures will not be available for many months, but it is to be expected that there is a large though unquantified increase in online betting. When betting shops re-open and the public can again attend sports venues, there will be a resurgence of offline betting, but it remains to be seen whether the relationship between offline and online betting will be anything like it was six months ago.

Young people and online gambling

156. Online gambling has also had an impact on the numbers of young people gambling. There has been “a small, but significant increase in online gambling between 2017 and 2019; from 1% of 11–16 year olds gambling online in the past seven days in 2017 and 2018, to 3% in 2019.”¹⁷⁸ These figures suggest more work needs to be done in order to prevent underage teenagers from gambling online.

176 Q 58 (Michelle Singlehurst)

177 Written evidence from the Betting and Gaming Council (GAM0129)

178 Gambling Commission, *Young people and gambling survey 2019, A research study among 11–16 year olds in Great Britain* (October 2019) p 33: <https://www.gamblingcommission.gov.uk/PDF/Young-People-Gambling-Report-2019.pdf> [accessed 31 March 2020]. They note that when comparing data over time it is important to bear in mind changes in methodology and sample frame, alongside adaptations to the question structure.

157. CLOSER's evidence drew on the Avon Longitudinal Study of Parents and Children (ALSPAC), which follows the lives of 14,500 people and their children. This research found that the only gambling activity which was "showing a consistent increase is online gambling and betting."¹⁷⁹

Online problem gambling

158. The NatCen report on gambling behaviour found the prevalence of problem gambling in online gambling or betting is 3.5%¹⁸⁰, in comparison to the prevalence of 0.7% of problem gamblers across the population.¹⁸¹ The prevalence rate for online gambling on slots, casino or bingo games is considerably higher at 9.2%.¹⁸²
159. We must also consider the rate of low and moderate risk gambling occurring in online gambling, as although this does not meet the threshold of problem gambling, gamblers may be experiencing lower levels of gambling-related harm. The rate of low risk gambling across any online gambling or betting is 16.1%, with the rate of moderate risk gambling at 8.4%. As we saw in the rate of problem gambling, the prevalence rates for online gambling on slots, casino or bingo games is markedly higher with 21.9% of low risk gambling and 13.7% of moderate gambling.¹⁸³
160. The prevalence for low risk, moderate risk and problem gambling increases significantly if more types of gambling are participated in, and gambling is undertaken at a higher frequency.¹⁸⁴ The Royal College of Psychiatrists told us that "problem gamblers are impulsive and need instant gratification,"¹⁸⁵ and the vast array of products available and their 24 hours a day seven days a week availability online has the capacity to exacerbate this.
161. Dr Sharman and Professor Turner told us, "Our recent data looking at trends in treatment seeking gamblers suggests steep increases in online gambling as a clear preference for problematic behaviour."¹⁸⁶ The Gordon Moody Association have also found that "having engaged in online gambling prior to admission was among one of several factors that predicted an increased risk of service users leaving the treatment programme before completion."¹⁸⁷ The Alberta Gambling Research Institute found that online gambling poses higher risks for harm due to its greater convenience, 24-hour access, ability to play when intoxicated, and solitary nature of play,¹⁸⁸ and the concern is that under current regulation "online and mobile operators can develop games without controls that would help to protect the vulnerable and ensure that those games are fair and safe."¹⁸⁹

179 Written evidence from CLOSER, the home of longitudinal research ([GAM0060](#))

180 NatCen Social Research prepared for the Gambling Commission, *Gambling behaviour in Great Britain in 2016, evidence from England, Scotland and Wales* (September 2018) p 73: <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-behaviour-in-Great-Britain-2016.pdf> [accessed 4 April 2020]

181 *Gambling behaviour in Great Britain in 2016, evidence from England, Scotland and Wales*, p 70

182 *Gambling behaviour in Great Britain in 2016, evidence from England, Scotland and Wales*, p 73

183 *Gambling behaviour in Great Britain in 2016, evidence from England, Scotland and Wales*, p 55

184 *Gambling behaviour in Great Britain in 2016, evidence from England, Scotland and Wales*, pp 74–76

185 Written evidence from The Royal College of Psychiatrists ([GAM0091](#))

186 Written evidence from Dr Steve Sharman and Professor John Turner ([GAM0037](#))

187 Supplementary written evidence from the Gordon Moody Association ([GAM0133](#))

188 Written evidence from Alberta Gambling Research Institute ([GAM0017](#))

189 Written evidence from Gauselmann Group ([GAM0096](#))

Building safer online gambling

162. Due to the clear and increasing prevalence of online gambling and its related harm, it is no surprise that there is continuing debate regarding the disparity found between the regulation of online gambling and that of offline gambling. Many witnesses told us that they felt online gambling was “relatively free from regulation compared with land-based gambling.”¹⁹⁰ This begs the question: why this is the case.
163. Novomatic UK Limited told us that gaming machines are “subject to strict regulation,”¹⁹¹ which includes technical standards and, for some categories of machine, external testing. They argued that whereas the regulation for gaming machines prohibits a number of characteristics that encourage a player to continue gambling, such as deliberately creating a series of losing or winning games, the regulation for online games does not. And, in addition, gaming machines have limits on stakes and prizes, where online gambling does not.¹⁹² The most notable example of the implementation of limits on land-based gambling is the reduction of maximum stake limits on FOBTs from £100 to £2, as set out above.
164. There has been significant research into the various features of FOBTs which made them more appealing to users and encouraged play, in some cases, to the point of creating harm. These features are present across gambling products and are known as structural characteristics. These characteristics include:
- Stake size
 - Event frequency
 - Amount of money lost in a given time period
 - Prize structures
 - Probability of winning
 - Size of jackpot
 - Skill and pseudo-skill elements
 - Near miss opportunities
 - Light and colour effects
 - Sound effects.¹⁹³
165. We heard very convincing evidence from Dr Luke Clark, Professor in the Department of Psychology and Director of the Centre for Gambling Research at the University of British Columbia, regarding these characteristics and

190 Q 43 (Sir Alan Budd GBE)

191 Written evidence from Novomatic UK Ltd (GAM0051)

192 *Ibid.*

193 Garry Smith, David Hodgins and Robert J Williams, *Research and Measurement Issues in Gambling Studies*, (New York: Elsevier, 2007), Jonathan Parke and Mark Griffiths, ‘The role of structural characteristics in gambling’, pp 211–243: https://www.academia.edu/780723/Parke_J_and_Griffiths_M.D._2007_.The_role_of_structural_characteristics_in_gambling. In G. Smith D. Hodgins and R. Williams Eds. *Research and Measurement Issues in Gambling Studies*. pp.211-243. New York Elsevier [accessed 14 April 2020]

the research being carried out to determine their effect on behaviour. His research into near misses found that:

“gamblers typically find near misses to be exciting events that motivate continued play. With gambling machines and even scratchcards, it is quite straightforward for the game to be designed in a way that more near misses can be delivered than we would expect by chance. We have done a number of brain imaging studies in which we have seen that people with gambling problems show a stronger brain response to near misses in the parts of the reward system.”¹⁹⁴

166. As players chase that psychological reward system response, certain game characteristics can plainly bring about damaging behavioural responses from gamblers. It is clear that game design and the application of structural characteristics play a key role in the impact different games will have and the potential harm they could create.
167. Dr Ludwig, Dr Newall and Dr Walasek pointed out since the introduction of limitations on FOBTs “the industry has an incentive to create new products which leverage similar psychological mechanisms as FOBTs, but which are sufficiently different enough to not be defined as a FOBT.”¹⁹⁵ We agree that the regulator needs to be aware of the ever-changing techniques used in game design and new products and the potential harms that they create, in order to remain responsive and effectively regulate the online market.
168. Dr Clark brought to our attention the fact that the research on structural characteristics is limited, as “they are very difficult to study.”¹⁹⁶ The source code involved in creating games and building in the characteristics is very complex, and without access to real games and to the code used, their impact is difficult to assess. “There are so many of these variables acting at once that the perfect research designs to figure out exactly which dimensions are most important in determining harm are very challenging.”¹⁹⁷
169. Due to the complexity of the research in this area, Dr Clark pointed out that there is an alternative view, that the immersiveness of a game as a whole cannot be isolated to one particular characteristic.¹⁹⁸ We are starkly aware of the complexity of determining which games pose the most risk of addictiveness, but the research available shows that there is clearly an impact on players which needs to be addressed. We have shown how long it took the Government to acknowledge the link between FOBTs and gambling-related harm; it is key that the link between game design and potential harm continues to be addressed in order to bring about change and protection for both problem gamblers and for those who will experience gambling-related harm.
170. Although difficult to study, Dr Clark made clear that as the game designers are aware of each piece of code that creates the game, and the structural characteristics included, “The industry could be mandated to share gambling products and the associated code.”¹⁹⁹ We believe this demonstrates there is a way of creating a test for gambling products which can assess games for their

194 [Q 186](#) (Dr Luke Clark)

195 Written evidence from Dr Elliot Ludvig, Dr Philip Newall and Dr Lukasz Walasek ([GAM0089](#))

196 [Q 187](#) (Dr Luke Clark)

197 *Ibid.*

198 [Q 196](#) (Dr Luke Clark)

199 [Q 188](#) (Dr Luke Clark)

addictiveness. As Josephine Holloway from Gambling with Lives told us, gambling products “need to be properly tested and given a kitemark.”²⁰⁰

Assessment of new games

171. Camelot told us that it has already introduced a “responsible game design process”²⁰¹ to assess the risk posed by the characteristics used, such as jackpot size and speed of play. This tool, called Gamgard, was developed by Dr Richard Wood, a Chartered Psychologist, and Dr Mark Griffiths, a Chartered Psychologist and Professor of Behavioural Addiction at Nottingham Trent University. It is “based upon the known risks of specific game features for people who are vulnerable to develop gambling problems.”²⁰²
172. Under the current standards, new games are submitted to the Gambling Commission for testing,²⁰³ and the testing process is outsourced to external companies.²⁰⁴ Astonishingly, the testing criteria do not consider the addictiveness or potential harm that could be caused by each game; instead the weight of testing is simply to establish “fairness” to the consumer.
173. In January 2020, the Gambling Commission announced that they were establishing three working groups to tackle three key challenges faced by the industry in order to reduce gambling-related harm. One of these working groups, which will be led by SG Gaming and Playtech, is focusing on responsible product design and aims to produce an Industry Code for Product Design.²⁰⁵ Although this is a step forward, we believe the Commission should go further.
174. The Commission believes that “focusing on individual game design and approval would be a very significant challenge for any regulator.”²⁰⁶ So it would, but as things stand, “if one operator designs a new gambling product which successfully exploits problem gamblers’ biases, then this product can be mimicked by rival operators.”²⁰⁷
175. **The gambling industry continually offers a variety of products to consumers, including some which can be highly addictive. The Gambling Commission should establish a system for testing all new games against a series of harm indicators, including their addictiveness and whether they will appeal to children. A game which scores too highly on the harm indicators must not be approved.**

Online stake limits

176. Under current regulations there are no restrictions on stakes and prizes, or speed of play for online gambling. Derek Webb, the founder of the Campaign for Fairer Gambling, a group involved in lobbying for FOBT stake limit

200 [Q 182](#) (Josephine Holloway)

201 Written evidence from Camelot UK Lotteries Limited ([GAM0040](#))

202 *Ibid.*

203 Gambling Commission, *Remote gambling and software technical standards* (June 2017): <http://www.gamblingcommission.gov.uk/PDF/Remote-gambling-and-software-technical-standards.pdf> [accessed 12 April 2020]

204 [Q 156](#) (Neil McArthur)

205 Gambling Commission, ‘Commission sets industry tough challenges to accelerate progress to raise standards and reduce gambling harm’: <https://www.gamblingcommission.gov.uk/news-action-and-statistics/news/2020/Commission-sets-industry-tough-challenges-to-accelerate-progress-to-raise-standards-and-reduce-gambling-harm.aspx> [accessed 12 April 2020]

206 [Q 156](#) (Neil McArthur)

207 Written evidence from Dr Elliot Ludwig, Dr Philip Newall and Dr Lukasz Walasek ([GAM0089](#))

reduction, told us that “there is no justification for the same content online to not be subject to stake limits.”²⁰⁸ Many witnesses agreed, arguing that the fact that the implementation of stake limits has not occurred across online products demonstrates a failing in regulation and legislation.²⁰⁹

177. Professor Hörnle, however, told us there is a “fundamental difference” between online and offline, as “in the online world, you have so much more data and so you should and can control spending in other ways than by having a minimum in terms of the stakes.”²¹⁰
178. The Gambling Commission online gambling review in 2018 echoed this view, stating:
- “online operators have the ability to collect significant amounts of data on their consumers and do not have the challenge of dealing with anonymous activity as is generally the case in land-based gambling ... We expect online operators to use the data available to them to identify and minimise gambling-related harm.”²¹¹
179. Some operators have already taken the decision to implement stake limits across the gambling products they offer online. Tombola has put in place a £2 maximum stake on bingo, £1 on arcade games and 40p on bingo Lite. Mr Parente told us that, as a result of this decision, Tombola “will probably not cause half as much harm as the others”²¹² who have not implemented limits.
180. Tombola told us they were “in favour of stake limits for machine style games online”²¹³, suggesting that stakes across gaming machines and machine style online products could be equalised.
181. Although the various categories of gaming machine are now subject to stake and prize limits²¹⁴, this was not originally the case. At their inception, FOBTs were not categorised as gaming machines as the random number generation involved happens remotely, rather than on the premises. This is despite the fact that in terms of the user’s experience, they are to all intents and purposes gaming machines. This technical distinction between categories meant that FOBTs were regulated differently.
182. Currently, there is no categorisation of the numerous online products available. If a comparison to gaming machines was utilised to establish online stake limits, there is a potential that new online products could be designed which were not considered equivalent to a gaming machine format, and so would not be subject to a prescribed stake limit. For example, a high stakes online gaming game could be devised that is technically a “betting” transaction, in order to evade an online stake limit, much in a similar way that FOBTs exploited a loophole in what products are allowed on a Licensed Betting Office (LBO) premises.

208 Written evidence from Derek Webb ([GAM0027](#))

209 Written evidence from Gauselmann Group ([GAM0096](#)) and Gambling with Lives ([GAM0098](#))

210 [Q 49](#) (Professor Julia Hörnle)

211 Gambling Commission, *Review of online gambling* (March 2018) p 4: <http://www.gamblingcommission.gov.uk/PDF/Online-review-March-2018.pdf> [accessed 22 May 2020]

212 [Q 63](#) (Tony Parente)

213 Supplementary written evidence received from Tombola ([GAM0105](#))

214 Gambling Commission, ‘Gaming machine categories’: <https://www.gamblingcommission.gov.uk/for-gambling-businesses/Compliance/Sector-specific-compliance/Arcades-and-machines/Gaming-machine-categories/Gaming-machine-categories.aspx> [accessed 21 May 2020]

183. It is not only technical differences between offline and online games that must be considered in implementing a stake limit, but the risk of harm. Online products and the harms they create are not necessarily mirrored in the offline, land-based market. As set out in paragraph 138, the risk of harm created by the online format of a game differs to that of its offline counterpart. It may be that the risk of harm caused needs to be considered alongside any technical distinctions in online products.
184. The Gambling Commission are now clearly aware of the increasing pressure and evidence for action in this area, as on 12 February 2020 Mr McArthur gave evidence to the All-Party Parliamentary Group on Gambling Related Harm and “confirmed for the first time that the Gambling Commission would be reviewing online stakes within six months.”²¹⁵ We have recommended in paragraph 101, that online stake limits are brought within the remit of the triennial review of stake and prize limits, alongside gaming machines.
185. **We recommend that the Government should work with the Gambling Commission to establish a category system for online gambling products.**
186. **The Government and the Gambling Commission should use the online product categories to set stake limits for online gambling products.**
187. The Chief Executives of the five largest gambling operators raised concerns that although gaming machines have stake limits “there is not a black market for playing these, but if you were to apply that limit online you would transfer a lot of potentially vulnerable players to offshore sites, where they cannot be protected.”²¹⁶ Despite this apprehension, we have not received evidence which supports this view. We understand this concern however, we are far from convinced that this risk outweighs the need for the regulation and restriction of stake limits.
188. Alexandra Frean, the Head of Corporate Affairs at Starling Bank, told us that there “needs to be a much wider conversation between the banks”²¹⁷ regarding what role they can play in assisting the Gambling Commission and customers in preventing gambling on unregulated, offshore online sites. Lloyds Banking Group informed us they had not been approached by the Gambling Commission regarding blocking unregulated, offshore gambling operators.²¹⁸
189. **To ensure that the implementation of online stake limits does not lead to increased unregulated offshore gambling, the Government and Gambling Commission must work with payment providers and banks to establish a scheme to block payments to such operators.**

Speed of play limits

190. Associate Professor Charles Livingstone from Monash University, Australia, told us that alongside consideration of the other structural characteristics,

215 Gambling Related Harm All Party Parliamentary Group, ‘Latest News: PRESS RELEASE: Gambling Related Harm All Party Parliamentary Group questions Neil McArthur, CEO of the Gambling Commission’ (14 February 2020): <http://www.grh-appg.com/latest-news/> [accessed 2 April 2020]

216 [Q 130](#) (Kenny Alexander)

217 [Q 226](#) (Alexandra Frean)

218 Written evidence from Lloyds Banking Group ([GAM0120](#))

of a prevalence survey can affect the results obtained. But on any view they demonstrate a much higher level of problem gambling in Leeds than the average for England.

268. There are other variations in distribution. Research shows that 11.6% of the homeless population experience gambling-related harm, over 10 times the rate in the general population.³⁰³ Other research demonstrates that rates of problem gambling among prison inmates in the UK are between 12 and 24 times greater than those recorded in general population surveys.³⁰⁴ Analysis of British Gambling Prevalence Survey data found that those in the lowest income quintile were spending an average of 12–14% of their net income on gambling, compared to only 2% or less in the highest quintile. Problem gambling is more common in those on lower incomes and among black and ethnic minority groups in Britain.³⁰⁵

British Gambling Prevalence Survey

269. All the witnesses who have spoken to us about the available data have without exception criticised the lack of reliable data and the urgent need for more research. The British Gambling Prevalence Survey (BGPS) was a nationally representative survey of participation in gambling and the prevalence of problem gambling in Great Britain. Three surveys were carried out in the series—in 1999 (commissioned by GamCare) and in 2007 and 2010 (commissioned by the Gambling Commission). The aims of the BGPS were to measure the prevalence of participation in all forms of commercial and private gambling (including estimates of expenditure and information on venue); estimate the prevalence of problem gambling and look at which activities have the highest prevalence of problem gamblers; investigate the socio-demographic factors associated with gambling and with problem gambling; and to assess attitudes towards gambling.³⁰⁶
270. Since 2010 the BGPS has not been repeated, but instead the Gambling Commission has funded the regular inclusion of a less detailed set of questions roughly every two years in the Health Survey England (HSE) and the Scottish Health Survey (SHeS). The Gambling Commission has also commissioned separate surveys of gambling behaviour in Wales. These studies have been used together to report on gambling behaviour in Great Britain. However, the reduced length of the questionnaire that can be included in HSE and SHeS compared with the BGPS means that detailed evidence on key topics has not been collected more recently. For example, detail from BGPS about specific engagement in gambling activities, such as frequency and expenditure, was used to produce valuable evidence about the proportion of spend attributable to problem gamblers. Detail has also not been collected on modes of access or types of product preferences. Other topics covered in BGPS included areas such as motivation, attitudes and

303 Steven Sharman, Jenny Dreyer, Mike Aitken, Dr Luke Clark and Dr Henrietta Bowden-Jones, 'Rates of Problematic Gambling in a British Homeless Sample: A Preliminary Study', *Journal of Gambling Studies*, vol 31(2), (2015), pp 525–532: https://www.researchgate.net/publication/259877368_Rates_of_Problematic_Gambling_in_a_British_Homeless_Sample_A_Preliminary_Study [accessed 8 June 2020]

304 Written evidence from Dr James Banks ([GAM0033](#))

305 Written evidence from Professor Jim Orford ([GAM0019](#))

306 Written evidence from the NatCen for Social Research ([GAM0066](#)), quoting from NatCen Social Research prepared for the Gambling Commission, British Gambling Prevalence Survey 2010 (February 2011): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/243515/9780108509636.pdf [accessed 18 May 2020]

gambling histories, including initial experience, behaviour change and help seeking, all of which provided valuable evidence for policy makers.³⁰⁷

271. **We recommend that the British Gambling Prevalence Survey be reinstated as a first step towards understanding how gambling and gambling prevalence are changing in the UK.**

Longitudinal surveys

272. This, however, would only be a first step. Prevalence surveys rely on retrospective and subjective self-reports, and generally cannot be done with more than a few thousand participants at one time. This means that a prevalence survey cannot usefully answer the question of gambling-related suicide or mortality. Even a sequence of prevalence surveys would generally only be considered a repeated cross-sectional design and not a longitudinal study. Methodologies that can survey a broader range of the population, or that can provide objective measures of gambling involvement and harm, should be considered if they emerge.
273. A longitudinal study is a study that tracks the same individuals over time, such as the 1958 National Child Development Study which follows lifetime outcomes for an initial sample of 17,415 people born in England, Scotland and Wales in a single week of 1958.³⁰⁸ By contrast, the three British National Gambling Prevalence Surveys effectively follow a “repeated cross-sectional” design, since new people are predominately sampled at each time point. Both methodologies should be equally effective for some research questions, such as estimating the proportion of the population who are problem gamblers. Longitudinal studies, however, are uniquely capable of probing causal factors such as why some people are more likely to become problem gamblers, since data can be collected from the same person over all stages of the lifespan.
274. Dr Heather Wardle, Assistant Professor at the London School of Hygiene and Tropical Medicine, stated that an excellent longitudinal study was needed: “If it is developed in accordance with the most robust methodology, the first year would essentially be a re-run of something like the British Gambling Prevalence Survey, so it would provide that up-to-date information and data.”³⁰⁹ Professor Orford added that “we were in the lead internationally at one time. I think we were the first country in the world to have a succession of three proper British National Gambling Prevalence Surveys, and although good data are being collected there are things that a prevalence survey can do that health surveys cannot do.”³¹⁰
275. The Government has until now not been very much involved in any surveys into the prevalence of gambling-related harm, but told us:
- “The government is also committed to creating a better understanding of gambling-related harms so it can determine how best to prevent harms from occurring and support those negatively impacted by gambling-related harms. Public Health England (PHE) has been commissioned by government to undertake a comprehensive independent evidence review on the public health harms of gambling. This is the first ever review of

307 Written evidence from the NatCen for Social Research ([GAM0066](#))

308 UCL Centre for Longitudinal Studies, ‘1958 National Child Development Study’: <https://cls.ucl.ac.uk/cls-studies/1958-national-child-development-study/> [accessed 18 May 2020]

309 [Q 19](#) (Dr Heather Wardle)

310 [Q 19](#) (Professor Jim Orford)

Gambling Policy **(Statement of Principles)** **2022 – 2024**

Gambling Act 2005



Brighton & Hove
City Council

Further copies of this document can be obtained from:

Licensing Team
Brighton & Hove City Council
Bartholomew House
Bartholomew Square
Brighton
BN1 1JP

Tel: 01273 294429

Email: Ehl.safety@brighton-hove.gov.uk

Web: <http://www.brighton-hove.gov.uk/content/business-and-trade/licensing-and-gambling>

Contents	Page
Executive Summary	
Part A The Gambling Act 2005	<u>5</u>
1. The licensing objectives	<u>6</u>
2. Brighton & Hove	<u>6</u>
3. The purpose of the Gambling Act 2005 – Statement of Licensing Policy	<u>7</u> <u>8</u>
4. The licensing framework	<u>8</u>
5. Declaration	<u>8</u>
6. Responsible authorities	<u>8</u>
7. Interested parties	<u>9</u>
8. Exchange of information	<u>9</u>
9. Licensing authority functions	<u>10</u>
Part B Promotion of the licensing objectives	<u>12</u>
10. Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime	<u>12</u>
11. Ensuring that gambling is conducted in a fair and open way	<u>12</u>
12. Protecting children and other vulnerable persons from being harmed or exploited by gambling	<u>13</u>
Part C Premises licences	<u>16</u>
13. Premises Licences	<u>16</u>
• Definition of a premises licence	<u>16</u>
• Local Risk Assessment	<u>17</u>
• Local Area Profile	<u>18</u>
• Conditions	<u>19</u>
• Door supervision	<u>20</u>
14. Adult gaming centres	<u>21</u>
15. Licensing family entertainment centres	<u>21</u>
16. Casinos	<u>23</u>
17. Bingo premises	<u>23</u>

18. Betting premises	24
• Betting Machines	24
19. Tracks	25
20. Travelling fairs	27
21. Gaming Machines	27
Part D Permits, notices and lottery registrations	28
22. Unlicensed family entertainment centre gaming machine permits	28
23. Gaming machine permits in premises licensed for the sale of alcohol	30
24. Prize gaming permits	32
25. Club gaming and club machine permits	33
26. Temporary use notices	34
27. Occasional use notices (for tracks)	35
28. Small society lottery registrations	35
Part E Enforcement	37
29. Enforcement principles	37
30. Reviews	38
31. Test purchasing	39
Appendices	
Appendix 1 Glossary of terms	41
Appendix 2 Gaming Machines	44
Appendix 3 Summary of gaming entitlements for clubs and pubs	48

measures may cover issues such as:

- CCTV, specifically sited where the adult machines are likely to be situated
- Controlled supervision of entrance and machine areas
- Physical segregation of machines and areas
- Provision of information leaflets/helpline numbers of organisations such as GamCare
- Minimum staffing levels
- Induction training for new staff and refresher training for existing staff
- Refusals register
- Proof of age schemes (e.g. Think 21)
- Third party test purchasing
- Location of entry to premises
- Infra Red Beam positioned across the entrance to the premises.

This list is not mandatory, nor exhaustive and is merely indicative of example measures.

With regard to vulnerable persons, the Licensing Authority will consider measures such as the use of self barring schemes, provision of information leaflets / helpline numbers for organisations such as GamCare as appropriate.

- 15.6 Due to the nature of these premises, which are attractive to children, applicants who employ staff to supervise the premises should consult with the Council's Performance and Safeguarding team within Children's Services to determine if their staff need to be DBS checked.

16 Casinos

- 16.1 There are four current casino licences in Brighton & Hove, Genting Casino in Preston Street, Grosvenor Seafront Casino and Brighton E Casino in Grand Junction Road and Rendezvous Casino in the Marina which were licensed under the Gaming Act 1968, and which have been subsequently converted into Gambling Act 2005 Converted Casino Premises Licences. What was the Grosvenor, Fourth Avenue, Hove, Casino licence was moved in 2012 by way of a variation application to the basement of 9 Grand Junction Road and remained dormant until a variation was granted in 2018 to relocate it within the same building and it now operates alongside the Grosvenor Seafront Casino and is known as the Brighton E Casino.
- 16.2 Statement regarding casino resolution – The licensing authority has taken a decision to pass a resolution not to issue new casino licences in Brighton & Hove.

17 Bingo Premises

- 17.1 There is no official definition for bingo in the Gambling Act 2005, however, from a licensing point of view there is a category of premises licence specifically for bingo premises which is used by traditional commercial bingo halls for both cash and prize bingo. In addition, this premises licence will authorise the provision of a limited number of gaming machines in line with the provisions of the Act (see Appendix 1).

CITY AND COUNTY OF SWANSEA

STATEMENT OF PRINCIPLES

GAMBLING ACT 2005

(GAMBLING POLICY)

INDEX

Foreword	3
1.0 Licensing Objectives	3
2.0 Introduction	4
3.0 The City and County of Swansea Geographical Area	5
4.0 Consultees	5
5.0 Responsible Authorities	6
6.0 Interested Parties	6
7.0 Licensing Authority Functions	7
8.0 Exchange of Information	8
9.0 Enforcement	9
10.0 Fundamental Rights	10
11.0 Integrating Strategies	11
12.0 Premises Licences	11
13.0 Definition of Premises	12
14.0 Premises Ready For Gambling	13
15.0 Location	14
16.0 Door Supervisors	14
17.0 Duplication with Other Regulatory Regimes	15
18.0 Casinos	15
19.0 General Principles - Casino Premises	17
20.0 Casino Application Stage 1	18
21.0 Principles to be applied to Casino Stage 2	18
22.0 Casino Application Stage 2	19
23.0 Bingo Premises	20
24.0 Betting Premises	21
25.0 Tracks	21
26.0 Adult Gaming Centre	23
27.0 Licensed Family Entertainment Centre	23
28.0 Travelling Fairs	24
29.0 Provisional Statements	25
30.0 Reviews	25
31.0 Permits/Temporary & Occasional Use Notice	27
32.0 Unlicensed Family Entertainment Centres	27
33.0 Alcohol Licensed Premises	27
34.0 Club Gaming Permits	29
35.0 Prize Gaming & Prize Gaming Permits	30
36.0 Temporary Use Notices	30
37.0 Occasional Use Notices	31
38.0 Registration of Small Society Lotteries	31
39.0 Licensing Objectives	31
40.0 Local Risk Assessments for Operators	35
41.0 Local Area Profiles	36
42.0 Decision Making	36

THE CITY AND COUNTY OF SWANSEA

43.0	Appeals Procedure	36
44.0	Reasons for Decisions	37
45.0	Implementing the Determination of the Magistrates' Court	37
46.0	Concerns in respect of Licensed Premises	37
47.0	Information Sharing Network – Operators	37
48.0	Further Information	38
Appendix A Map of the City and County of Swansea		39
Appendix B Consultees		40
Appendix C Principles and Criteria		41 - 48
Appendix D Table of Delegation of Licensing Functions		49 – 50

THE CITY AND COUNTY OF SWANSEA

Authority will determine whether these supervisors need to be Security Industry Authority (SIA) licensed.

17.0 Duplication with Other Regulatory Regimes

17.1 The Licensing Authority will take into account all relevant matters and will seek to avoid any duplication with other statutory / regulatory systems where possible, including planning. The Authority will not consider whether a licence application is likely to be awarded planning permission or building regulations approval. It will however consider carefully, any concerns about conditions which are not able to be met by licensees due to planning restrictions should such a situation arise.

17.2 When dealing with a premises application for finished buildings, the Authority will not take into account that those buildings have to comply with the necessary planning or building consents. Fire or health and safety risks will not be taken into account as these matters are dealt with under other relevant legislation.

18.0 Casinos

18.1 On the 4th November 2014, the City and County of Swansea acting as a Licensing Authority first agreed to pass a resolution not to issue casino licences under Section 166 of the Act. This resolution came into effect on the 5th December 2014 and the resolution was again passed in October 2017 and November 2020. The date on which the most recent resolution takes effect is specified as 6th December 2020. The decisions followed a consultation process and consideration of the responses received.

18.2 A potential applicant for a casino premises licence should be aware that this resolution has been passed and that applications for a casino premises licence will not be considered by this Authority. Any application received will be returned and the applicant informed that a resolution not to issue casino licences is in place for the City and County of Swansea.

18.3 This resolution will not affect existing casino premises licences including any applications for variations or transfers of these licences.

18.4 The resolution will last for a period of 3 years from the date it takes effect. After this time the Authority may pass a new resolution not to issue casino premises licences.

THE CITY AND COUNTY OF SWANSEA

- 18.5 In 2006, the City and County of Swansea submitted a proposal to the Independent Casino Advisory Panel to licence one Large and one Small casino. On 19th May 2008 the Categories of Casino Regulations 2008 and the Gambling (Geographical Distribution of Large and Small Casino Premises Licences) Order 2008 were made. The latter Order specifies which Licensing Authorities may issue Large and Small Casino Premises Licences. The City and County of Swansea was one of the eight authorities authorised to issue a Small Casino Premises Licence.
- 18.6 On 26th February 2008, the Secretary of State for Culture Media and Sport issued the Code of Practice on Determinations under Paragraphs 4 and 5 of Schedule 9 to the Act, relating to Large and Small Casinos, which sets out: -
- the procedure to be followed in making any determinations required under Paragraphs 4 and 5 of Schedule 9 to the Act; and;
 - matters to which the Licensing Authority should have regard in making those determinations.
- 18.7 The Licensing Authority is permitted to grant a Premises Licence for a Small Casino. To grant a casino premises licence the Licensing Authority is required to publish an invitation for applications to be made for a Small Casino Licence under Schedule 9 of the Gambling Act 2005 and will determine the applications received in accordance with The Gambling (Inviting Competing Applications for Large and Small Casino Premises Licences) Regulations 2008, the Department for Culture Media and Sport's Code of Practice and the Gambling Commission's Guidance to Licensing Authorities.
- 18.8 There are potentially two stages to the determination process. In making a determination required by Paragraph 4 of the Schedule, the Licensing Authority must apply the procedure for assessing applications for premises licences which it ordinarily applies to such applications (Casino Application Stage 1). Where the Licensing Authority determines that it would, if it were able, grant more than one of the Stage 1 applications, the applicants who made those applications would be invited to participate in Casino Application Stage 2.

Note: paragraphs 18.7 & 18.8 do not apply whilst the resolution not to issue casino licences is in force

- 18.9 As the City and County of Swansea has been authorised to issue a small casino premises licence it is required to set out the principles it

THE CITY AND COUNTY OF SWANSEA



Department
for Culture,
Media & Sport

High Stakes: Gambling Reform for the Digital Age

April 2023

CP 835



High Stakes: Gambling Reform for the Digital Age

Presented to Parliament by the Secretary of State for Culture, Media and Sport by Command of His Majesty

April 2023

CP 835



© Crown copyright, 2023

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at

Department for Culture, Media and Sport
100 Parliament Street
London SW1A 2BQ
Tel: 020 7211 6000

ISBN 978-1-5286-3581-3

E02769112

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office.

Contents

Ministerial Foreword	1
Executive summary	3
Introduction	17
Developments since the 2005 Act came into force	17
Gambling Participation and Prevalence of Harm	19
Gambling-Related Harms	21
Benefits of gambling	25
Chapter 1: Online protections – players and products	26
Summary	26
1.1 The current position	28
1.2 Account level protections	36
1.3 Safer by design	49
1.4 Empowered consumers	57
1.5 Changing landscape	65
Chapter 2: Marketing and advertising	71
Summary	71
2.1 The current position	73
2.2 Tougher restrictions on bonuses and direct marketing	80
2.3 Making advertising smarter and safer	90
2.4 A new approach to safer gambling messaging	98
2.5 Socially responsible sport sponsorship	104
Chapter 3: The Gambling Commission’s powers and resources	111
Summary	111
3.1 The current position	113
3.2 Gambling Commission’s approach to the licensed sector	114
3.3 Gambling Commission’s approach to the unlicensed sector	121
3.4 Gambling Commission fees	125
3.5 Research, education and treatment	128
Chapter 4: Dispute resolution and consumer redress	140
Summary	140
4.1 The current position	141
4.2 Understanding the scale of unresolved complaints	145
4.3 A new approach to consumer redress	148

Chapter 5: Children and young adults	152
Summary	152
5.1 The current position	153
5.2 Age limits	160
5.3 Age verification	165
5.4 Protections for young adults	170
Chapter 6: Land-based gambling	173
Summary	173
6.1 The current position	175
6.2 Casinos	189
6.3 Electronic payments	201
6.4 Machine games and licensed bingo premises	203
6.5 Licensing authorities: powers and resources	214
Annex A: Impact of proposals	220
Annex B: Call for evidence responses and the evidence base	235
Annex C: Acronyms and definitions	241
Annex D: Example voluntary codes of conduct adopted by operators across the gambling sector	249
Annex E: Organisations and published authors that responded to the call for evidence	250

List of Figures

Figure 1: Past year gambling participation (% of adults in Great Britain)	20
Figure 2: Past four week adult gambling participation by product in year to December 2022	21
Figure 3: Population problem gambling rates (survey methodologies vary over time)	23
Figure 4: “Indicators of harm” online operators are required to monitor and example constituent indicators	32
Figure 5: Distribution of total spending (wins and losses) across accounts	36
Figure 6: Discretionary income per calendar month, across different age groups	39
Figure 7: Rates of engagement and binge behaviour among gamblers who reported binge gambling	53
Figure 8: % of spins by stake size and operator assessed harm detection score	55
Figure 9: Impacts of different forms of marketing on behaviour	81
Figure 10: Impacts of advertising and marketing on gambling behaviour by Problem Gambling Severity Index (PGSI) score, on two different cohorts of gamblers	91
Figure 11: Children’s exposure to broadcast gambling advertising (impacts/week)	95
Figure 12: Breakdown and value of revenue to sports from gambling sponsorship	107
Figure 13: Gambling Commission – Penalty Packages	115
Figure 14: Gambling Commission breakdown of consumer complaints	141
Figure 15: Approved Alternative Dispute Resolution Schemes for regulated sectors	148
Figure 16: Minimum age for participation in different gambling activities	154
Figure 17: Reported past week gambling participation rate among 11-16 year olds	156
Figure 18: Problem and at-risk gambling rates according to Problem Gambling Severity Index (PGSI) by age and sex	157
Figure 19: Mystery shopper and test purchasing pass rates for gambling activities and alcohol purchase (2019-2020)	166
Figure 20: Gaming machine types including stakes, prizes, location and speed of play	179
Figure 21: Casino Licences (Current Situation)	189
Figure 22: Restrictions on gaming machines in casinos in other European countries	191
Figure 23: Summary of proposed changes to Casino Licences	194
Figure 24: Overview of estimated impacts on industry from key measures we can quantify at this stage (£m)	221
Figure 25: Estimated proportion of accounts subject to different checks and the estimated share of online losses they contributed in 2019/20	223
Figure 26: Modelling assumptions for Financial Vulnerability Checks for the c.20% of all accounts which exceed the proposed loss threshold	224

Figure 27: Modelling assumptions for Enhanced Spending Checks for the c.3% of accounts which exceed the proposed loss threshold	224
Figure 28: % of online slot spins by spin value	226
Figure 29: Horse racing impacts of white paper measures	232
Figure 30: Call for evidence written submissions by category	235
Figure 31: Call for evidence bespoke written submissions by type of respondent	236
Figure 32: Breakdown of submissions received as part of a campaign	240

all currently permit a greater proportion of gaming machines compared to Great Britain.

Figure 22: Restrictions on gaming machines in casinos in other European countries

Country	Limit
Austria	350 machines
Belgium	15 machines: 1 table
Cyprus	2,000 (Integrated Resort Casino); 50 (satellite casino)
Czech Republic	30 minimum (no maximum)
Denmark	No limits
France	25 machines: 1 table
Greece	No national limit
Germany	No national limits (no limits in most states)
Hungary	1,000 (Licence I class); 300 (Licence II class)
Italy	No national limit
Luxembourg	375
Monaco	No limits
Montenegro	Localised limits
Netherlands	No limits
Poland	70 machines
Portugal	No national limit
Spain	No limits
Sweden	10 machines: 1 table

Source: Betting and Gaming Council

61. In proposing an increase in machines to put 1968 Act casinos which are at least the size of a Small casino on the same footing as a Small 2005 Act casino, the industry also proposed a sliding scale whereby 1968 Act casinos smaller than a 2005 Act Small casino would be permitted some additional machines, proportionate to their size. The industry argued this would prevent a scenario in which two casino venues of different sizes, located close to each other, could have vastly different gaming machines allowances.

1.1.1 - Cooperation with the Commission

Ordinary code

Applies to:

All licences

1. As made plain in its Statement of principles for licensing and regulation, the Commission expects licensees to conduct their gambling operations in a way that does not put the licensing objectives at risk, to work with the Commission in an open and cooperative way and to disclose anything which the Commission would reasonably need to be aware of in exercising its regulatory functions. This includes, in particular, anything that is likely to have a material impact on the licensee's business or on the licensee's ability to conduct licensed activities compliantly. Licensees should have this principle in mind in their approach to, and when considering their compliance with, their obligations under the conditions attached to their licence and in relation to the following provisions of this code.

1.1.2 - Responsibility for third parties – all licences

Social responsibility code

Applies to:

All licences

1. Licensees are responsible for the actions of third parties with whom they contract for the provision of any aspect of the licensee's business related to the licensed activities.
2. Licensees must ensure that the terms on which they contract with such third parties:
 - a. require the third party to conduct themselves in so far as they carry out activities on behalf of the licensee as if they were bound by the same licence conditions and subject to the same codes of practice as the licensee
 - b. oblige the third party to provide such information to the licensee as they may reasonably require in order to enable the licensee to comply with their information reporting and other obligations to the Commission
 - c. enable the licensee, subject to compliance with any dispute resolution provisions of such contract, to terminate the third party's contract promptly if, in the licensee's reasonable opinion, the third party is in breach of contract (including in particular terms included pursuant to this code provision) or has otherwise acted in a manner which is inconsistent with the licensing objectives, including for affiliates where they have breached a relevant advertising code of practice.

2.1.2 - Anti-money laundering – other than casino

Ordinary code

Applies to:

All licences except casino licences

1. As part of their procedures for compliance with the requirements in respect to the prevention and detection of money laundering in the Proceeds of Crime Act 2002 and the Terrorism Act 2000, licensees should take into account the Commission's advice on the Proceeds of Crime Act 2002, *Duties and responsibilities under the Proceeds of Crime Act 2002 – Advice for operators (excluding casino operators). *

3.1.1 - Combating problem gambling

Social responsibility code

Applies to:

All licences

1. Licensees must have and put into effect policies and procedures intended to promote socially responsible gambling including the specific policies and procedures required by the provisions of section 3 of this code.
2. Licensees must make an annual financial contribution to one or more organisation(s) which are approved by the Gambling Commission, and which between them deliver or support research into the prevention and treatment of gambling-related harms, harm prevention approaches and treatment for those harmed by gambling.

3.2.3 - AGC SR code

Social responsibility code

Applies to:

All adult gaming centre licences

1. Licensees must have and put into effect policies and procedures designed to prevent underage gambling, and monitor the effectiveness of these.
2. This must include procedures for:
 - a. checking the age of apparently underage customers
 - b. removing anyone who appears to be under age and cannot produce an acceptable form of identification
 - c. taking action when there are attempts by under-18s to enter the premises.
3. Licensees must ensure that their policies and procedures take account of the structure and layout of their gambling premises.

4. Licensees must not deliberately provide facilities for gambling in such a way as to appeal particularly to children or young people, for example by reflecting or being associated with youth culture.
5. In premises restricted to adults, service must be refused in any circumstances where any adult is accompanied by a child or young person.
6. Licensees must take all reasonable steps to ensure that all staff understand their responsibilities for preventing underage gambling. This must include appropriate training which must cover all relevant prohibitions against inviting children or young persons to gamble or to enter gambling premises, and the legal requirements on returning stakes and not paying prizes to underage customers.
7. Licensees must only accept identification which:
 - a. contains a photograph from which the individual can be identified
 - b. states the individual's date of birth
 - c. is valid
 - d. is legible and has no visible signs of tampering or reproduction.
8. Licensees in fee category C or higher must conduct test purchasing or take part in collective test purchasing programmes, as a means of providing reasonable assurance that they have effective policies and procedures to prevent underage gambling, and must provide their test purchase results to the Commission, in such a form or manner as the Commission may from time to time specify.

Read additional [guidance on the information requirements](#) contained within this section.

3.2.4 - AGC ordinary code

Ordinary code

Applies to:

All adult gaming centre licences

1. The Commission considers acceptable forms of identification to include any identification carrying the PASS logo (for example Citizencard or Validate); a military identification card; a driving licence (including a provisional licence) with photocard; or a passport.
2. Licensees should put into effect procedures that require their staff to check the age of any customer who appears to them to be under 21.
3. Licensees should consider permanent exclusion from premises for any adult accompanied by a child or young person on more than one occasion to premises restricted to adults, or if there is reason to believe the offence was committed knowingly or recklessly.
4. Procedures should be put into effect for dealing with cases where a child or young person repeatedly attempts to gamble on premises restricted to adults, including oral warnings, reporting the offence to the Gambling Commission¹ and the police, and making available information on problem gambling.
5. Licensees in fee categories A or B should consider how they monitor the effectiveness of their policies and procedures for preventing underage gambling (for

¹ These matters are to be reported to us online via our ['eServices'](#) digital service on our website.

example by taking part in a collective test purchasing programme) and should be able to explain to the Commission or licensing authority what approach they have adopted.

6. In providing training to staff on their responsibilities for preventing underage gambling, licensees should have, as a minimum, policies for induction training and refresher training.

Read additional [guidance on the information requirements](#) contained within this section.

3.3.1 - Responsible gambling information

Social responsibility code

Applies to:

All licences, except gaming machine technical, gambling software, host, ancillary remote bingo, ancillary remote casino and remote betting (remote platform) licences

1. Licensees must make information readily available to their customers on how to gamble responsibly and how to access information about, and help in respect of, problem gambling.
2. The information must cover:
 - a. any measures provided by the licensee to help individuals monitor or control their gambling, such as restricting the duration of a gambling session or the amount of money they can spend
 - b. timers or other forms of reminders or 'reality checks' where available
 - c. self-exclusion options
 - d. information about the availability of further help or advice.
3. The information must be directed to all customers whether or not licensees also make available material which is directed specifically at customers who may be 'problem gamblers'.
4. For gambling premises, information must be available in all areas where gambling facilities are provided and adjacent to ATMs. Information must be displayed prominently using methods appropriate to the size and layout of the premises. These methods may include the use of posters, the provision of information on gambling products, or the use of screens or other facilities in the gambling premises. Information must also be available in a form that may be taken away and may also be made available through the use of links to be accessed online or using smart technology. Licensees must take all reasonable steps to ensure that this information is also readily accessible in locations which enable the customer to obtain it discreetly.

3.3.2 - Foreign languages

Ordinary code

Applies to:

All licences, except gaming machine technical, gambling software, host, ancillary remote bingo and ancillary remote casino licences

1. Licensees who market their services in one or more foreign languages should make available in that, or those, foreign languages:
 - a. the information on how to gamble responsibly and access to help referred to above
 - b. the players' guides to any game, bet or lottery required to be made available to customers under provisions in this code
 - c. the summary of the contractual terms on which gambling is offered, which is required to be provided to customers as a condition of the licensee's operating licence.

3.4.1 - Customer interaction

Social responsibility code

Applies to:

All licences, except non-remote lottery, gaming machine technical, gambling software and host licences

1. Licensees must interact with customers in a way which minimises the risk of customers experiencing harms associated with gambling. This must include:
 - a. identifying customers who may be at risk of or experiencing harms associated with gambling.
 - b. interacting with customers who may be at risk of or experiencing harms associated with gambling.
 - c. understanding the impact of the interaction on the customer, and the effectiveness of the Licensee's actions and approach.
2. Licensees must take into account the Commission's guidance on customer interaction.

3.5.6 - Multi-operator non-remote SR code

Social responsibility code

Applies to:

All non-remote casino, bingo and betting licences (except in respect of the provision of facilities for betting in reliance on a track premises licence) and holders of gaming machine general operating licences for adult gaming centres

1. Licensees must offer customers with whom they enter into a self-exclusion agreement in respect of facilities for any kind of gambling offered by them at licensed gambling premises the ability to self-exclude from facilities for the same kind of gambling offered in their locality by any other holder of an operating licence to whom this provision applies, by participating in one or more available multi-operator self-exclusion schemes.

3.6.5 - AGCs

Ordinary code

Applies to:

All adult gaming centre licences

1. Licensees who employ children (under-16-year-olds) and young persons (those aged 16 and 17) should be aware that it is an offence:
 - a. to employ them to provide facilities for gambling;
 - b. if gaming machines are sited on the premises, for their contracts of employment to require them, or for them to be permitted, to perform a function in connection with a gaming machine at any time; and
 - c. to employ them to carry out any other function on adult gaming centre licensed premises while any gambling activity is being carried on in reliance on the premises licence.
2. As to 1b, it should be noted that in the Commission's view the relevant provision of the Act applies to any function performed in connection with a gaming machine. This includes servicing or cleaning such a machine.
3. Accordingly, licensees should have and put into effect policies and procedures designed to ensure that:
 - a. children and young persons are never asked to perform tasks within 1a or 1b, above
 - b. all staff, including those who are children or young persons themselves, are instructed about the laws relating to access to gambling by children and young persons.
4. Licensees should consider adopting a policy that:
 - a. children and young persons are not employed to work on adult gaming centre licensed premises at any time when the premises are open for business
 - b. gaming machines are turned off if children and young persons are working on the premises outside the hours when the premises are open for business.

3.8.2 - Money-lending – other than casinos

Ordinary code

Applies to:

All non-remote bingo, general betting, adult gaming centre, family entertainment centre and remote betting intermediary (trading rooms only) licences

1. Licensees should seek to prevent systematic or organised money lending between customers on their premises. As a minimum, they should have arrangements in place to ensure staff are requested to report any instances of substantial money lending when they become aware of them.

4.1.1 - Fair terms

Social responsibility code

Applies to:

All licences, except gaming machine technical and gambling software licences

1. Licensees must be able to provide evidence to the Commission, if required, showing how they satisfied themselves that their terms are not unfair.

5.1.1 - Rewards and bonuses – SR code

Social responsibility code

Applies to:

All licences (including ancillary remote licences), except gaming machine technical and gambling software licences

1. If a licensee makes available to any customer or potential customer any incentive or reward scheme or other arrangement under which the customer may receive money, goods, services or any other advantage (including the discharge in whole or in part of any liability of his) ('the benefit') the scheme must be designed to operate, and be operated, in such a way that:
 - a. the circumstances in which, and conditions subject to which, the benefit is available are clearly set out and readily accessible to the customers to whom it is offered;
 - b. neither the receipt nor the value or amount of the benefit is:
 - i. dependent on the customer gambling for a pre-determined length of time or with a pre-determined frequency; or
 - ii. altered or increased if the qualifying activity or spend is reached within a shorter time than the whole period over which the benefit is offered.

- c. if the value of the benefit increases with the amount the customer spends it does so at a rate no greater than that at which the amount spent increases; and further that:
 - d. if the benefit comprises free or subsidised travel or accommodation which facilitates the customer's attendance at particular licensed premises the terms on which it is offered are not directly related to the level of the customer's prospective gambling.
2. If a licensee makes available incentives or reward schemes for customers, designated by the licensee as 'high value, 'VIP' or equivalent, they must be offered in a manner which is consistent with the licensing objectives.

Licensees must take into account the Commission's guidance on high value customer incentives.

5.1.2 - Proportionate rewards

Ordinary code

Applies to:

All licences (including ancillary remote licences), except gaming machine technical and gambling software licences

1. Licensees should only offer incentive or reward schemes in which the benefit available is proportionate to the type and level of customers' gambling.

5.1.6 - Compliance with advertising codes

Social responsibility code

Applies to:

All licences, except lottery licences

1. All marketing of gambling products and services must be undertaken in a socially responsible manner.
2. In particular, Licensees must comply with the advertising codes of practice issued by the Committee of Advertising Practice (CAP) and the Broadcast Committee of Advertising Practice (BCAP) as applicable. For media not explicitly covered, licensees should have regard to the principles included in these codes of practice as if they were explicitly covered.
3. The restriction on allowing people who are, or seem to be, under 25 years old (ie: those in the 18-24 age bracket) to appear in marketing communications need not be applied in the case of non-remote point of sale advertising material, provided that the images used depict the sporting or other activity that may be gambled on and not the activity of gambling itself and do not breach any other aspect of the advertising codes.

5.1.8 - Compliance with industry advertising codes

Ordinary code

Applies to:

All licences

1. Licensees should follow any relevant industry code on advertising, notably the Gambling Industry Code for Socially Responsible Advertising.

5.1.9 - Other marketing requirements

Social responsibility code

Applies to:

All licences

1. Licensees must ensure that their marketing communications, advertisement, and invitations to purchase (within the meaning of the Consumer Protection from Unfair Trading Regulations 2008) do not amount to or involve misleading actions or misleading omissions within the meaning of those Regulations.
2. Licensees must ensure that all significant conditions which apply to marketing incentives are provided transparently and prominently to consumers. Licensees must present the significant conditions at the point of sale for any promotion, and on any advertising in any medium for that marketing incentive except where, in relation to the latter, limitations of space make this impossible. In such a case, information about the significant conditions must be included to the extent that it is possible to do so, the advertising must clearly indicate that significant conditions apply and where the advertisement is online, the significant conditions must be displayed in full no further than one click away.
3. The terms and conditions of each marketing incentive must be made available for the full duration of the promotion.

5.1.10 - Online marketing in proximity to information on responsible gambling

Ordinary code

Applies to:

All licences

1. Licensees should ensure that no advertising or other marketing information, whether relating to specific offers or to gambling generally, appears on any primary web page/screen, or micro site that provides advice or information on responsible gambling

5.1.11 - Direct electronic marketing consent

Social responsibility code

Applies to:

All licences

1. Unless expressly permitted by law consumers must not be contacted with direct electronic marketing without their informed and specific consent. Whenever a consumer is contacted the consumer must be provided with an opportunity to withdraw consent. If consent is withdrawn the licensee must, as soon as practicable, ensure the consumer is not contacted with electronic marketing thereafter unless the consumer consents again. Licensees must be able to provide evidence which establishes that consent.

6.1.1 - Complaints and disputes

Social responsibility code

Applies to:

All licences (including ancillary remote licensees) except gaming machine technical and gambling software licences

1. Licensees must put into effect appropriate policies and procedures for accepting and handling customer complaints and disputes in a timely, fair, open and transparent manner.
2. Licensees must ensure that they have arrangements in place for customers to be able to refer any dispute to an ADR entity in a timely manner if not resolved to the customer's satisfaction by use of their complaints procedure within eight weeks of receiving the complaint, and where the customer cooperates with the complaints process in a timely manner.
3. The services of any such ADR entity must be free of charge to the customer.
4. Licensees must not use or introduce terms which restrict, or purport to restrict, the customer's right to bring proceedings against the licensee in any court of competent jurisdiction. Such terms may, however, provide for a resolution of a dispute agreed by the customer (arrived at with the assistance of the ADR entity) to be binding on both parties.
5. Licensees' complaints handling policies and procedures must include procedures to provide customers with clear and accessible information on how to make a complaint, the complaint procedures, timescales for responding, and escalation procedures.
6. Licensees must ensure that complaints policies and procedures are implemented effectively, kept under review and revised appropriately to ensure that they remain effective, and take into account any applicable learning or guidance published by the Gambling Commission from time to time.
7. Licensees should keep records of customer complaints and disputes and make them available to the Commission on request.

In this Code, 'ADR entity' means

- a. a person offering alternative dispute resolution services whose name appears on the list maintained by the Gambling Commission in accordance with The Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015 and,
- b. whose name appears on the list of providers that meet the Gambling Commission's additional standards found in the document 'Alternative dispute resolution (ADR) in the gambling industry – standards and guidance for ADR providers'.

Both lists are on the Commission's website and will be updated from time to time.

Read additional guidance on the information requirements contained within this section.

7.1.2 - Responsible gambling information for staff

Social responsibility code

Applies to:

All licences, including betting ancillary remote licences, but not other ancillary remote licences

1. Licensees must take all reasonable steps to ensure that staff involved in the provision of facilities for gambling are made aware of advice on socially responsible gambling and of where to get confidential advice should their gambling become hard to control.

8.1.1 - Ordinary code

Ordinary code

Applies to:

All licences

1. As stated earlier in this code, the Commission expects licensees to work with the Commission in an open and cooperative way and to inform the Commission of any matters that the Commission would reasonably need to be aware of in exercising its regulatory functions. These include in particular matters that will have a material impact on the licensee's business or on the licensee's ability to conduct licensed activities compliantly and consistently with the licensing objectives.
2. Thus, licensees should notify the Commission, or ensure that the Commission is notified, as soon as reasonably practicable and in such form and manner as the Commission may from time to time specify², of any matters which in their view could have a material impact on their business or affect compliance. The Commission would, in particular, expect to be notified of the occurrence of any of the following

² These matters are to be reported to us online via our 'eServices' digital service on our website.

events in so far as not already notified in accordance with the conditions attached to the licensee's licence³ :

- a. any material change in the licensee's structure or the operation of its business
- b. any material change in managerial responsibilities or governance arrangements
- c. any report from an internal or external auditor expressing, or giving rise to, concerns about material shortcomings in the management control or oversight of any aspect of the licensee's business related to the provision of gambling facilities.

Read additional [guidance on the information requirements](#) contained within this section.

10.1.1 - Assessing local risk

Social responsibility code

Applies to:

All non-remote casino, adult gaming centre, bingo, family entertainment centre, betting and remote betting intermediary (trading room only) licences, except non-remote general betting (limited) and betting intermediary licences.

1. Licensees must assess the local risks to the licensing objectives posed by the provision of gambling facilities at each of their premises, and have policies, procedures and control measures to mitigate those risks. In making risk assessments, licensees must take into account relevant matters identified in the licensing authority's statement of licensing policy⁴ .
2. Licensees must review (and update as necessary) their local risk assessments:
 - a. to take account of significant changes in local circumstances, including those identified in a licensing authority's statement of licensing policy;
 - b. when there are significant changes at a licensee's premises that may affect their mitigation of local risks;
 - c. when applying for a variation of a premises licence; and
 - d. in any case, undertake a local risk assessment when applying for a new premises licence.

³ Events which must be reported, because the Commission considers them likely to have a material impact on the nature or structure of a licensee's business, are set out in general licence condition 15.2.1

⁴ This is the statement of licensing policy under the Gambling Act 2005.

10.1.2 - Sharing local risk assessments

Ordinary code

Applies to:

All non-remote casino, adult gaming centre, bingo, family entertainment centre, betting and remote betting intermediary (trading room only) licences, except non-remote general betting (limited) and betting intermediary licences

1. Licensees should share their risk assessment with licensing authorities when applying for a premises licence or applying for a variation to existing licensed premises, or otherwise on request.

Schedule of Fully Electronic and Poker Club 1968 Casino Licences
as at 06.07.23

Electronic Casinos

1. **Genting Electric Derby**
Genting Electric Derby, Part of 1st Floor, Derby Riverlights, Block A, Morledge, DERBY
Premises type: Casino
Licensed by: Derby City Council
2. **Genting Electric Fountain Park**
Genting Electric Fountain Park, Unit F, Fountain Park, 124 Dundee Street, EDINBURGH
Premises type: Casino
Licensed by: City of Edinburgh Council
3. **Genting Electric Glasgow**
Genting Electric Glasgow, 506/516 Sauchiehall Street, GLASGOW
Premises type: Casino
Licensed by:
4. **Genting Electric Luton**
Genting Electric Luton, Skimpot Road, LUTON
Premises type: Casino
Licensed by: Luton Borough Council
5. **Genting Electric Manchester**
Genting Electric Manchester, 110-114 Portland Street (Premises licence number 099904), MANCHESTER
Premises type: Casino
Licensed by: Manchester City Council
6. **Genting Electric Reading**
Genting Electric Reading, Electric Circus, 18 Richfield Avenue, READING
Premises type: Casino
Licensed by: Reading Borough Council
7. **Genting Electric Southampton**
Genting Electric Southampton, Terminus Terrace, SOUTHAMPTON
Premises type: Casino
Licensed by: Southampton City Council
8. **Genting Electric Westcliff**
Genting Electric Westcliff, Western Esplanade, WESTCLIFF-ON-SEA
Premises type: Casino
Licensed by: Southend-on-Sea Borough Council
9. **Blackpool Electric Grosvenor Casino**
E Casino, The Sandcastle, Promenade, BLACKPOOL
Premises type: Casino
Licensed by: Blackpool Borough Council
10. **Brighton Electric Grosvenor Casino**
Grosvenor Casino, Brighton Electric Casino, 9 Grand Junction Road, BRIGHTON
Premises type: Casino
Licensed by: Brighton and Hove City Council
11. **Coventry Electric Grosvenor Casino**
Coventry-Electric Grosvenor Casino, Ricoh Arena, Phoenix Way, COVENTRY
Premises type: Casino
Licensed by: Coventry City Council
12. **Glasgow Electric Grosvenor Casino 1**
Glasgow Electric 1 Grosvenor Casino, 16-18 Glassford Street, GLASGOW
Premises type: Casino
Licensed by: Glasgow City Council

Schedule of Fully Electronic and Poker Club 1968 Casino Licences

13. **Glasgow Electric Grosvenor Casino 2**
Glasgow Electric 2 Grosvenor Casino, 18 Glassford Street, GLASGOW
Premises type: Casino
Licensed by: Glasgow City Council
14. **Glasgow-Riverboat Electric Grosvenor Casino**
Glasgow-Riverboat Electric Casino, 61 Broomielaw, GLASGOW
Premises type: Casino
Licensed by: Glasgow City Council
15. **Leeds Electric Grosvenor Casino**
Grosvenor Casinos Limited, Wellington Bridge Street, Westgate, LEEDS
Premises type: Casino
Licensed by: Leeds City Council
16. **Liverpool Electric Grosvenor Casino**
Liverpool Electric Grosvenor Casino, 44 Chaloner Street, Queens Dock, LIVERPOOL
Premises type: Casino
Licensed by: Liverpool City Council
17. **London-Gloucester Road Electric Grosvenor Casino**
London-Gloucester Road Electric Grosvenor Casino, 4-18 Harrington Gardens,
LONDON
Premises type: Casino
Licensed by: Royal Borough of Kensington and Chelsea
18. **Manchester Electric Grosvenor Casino**
Manchester Electric Grosvenor Casino, 2 Ramsgate Street, MANCHESTER
Premises type: Casino
Licensed by: Manchester City Council
19. **Northampton Electric Grosvenor Casino**
Northampton Electric Grosvenor Casino, Regent Street, NORTHAMPTON
Premises type: Casino
Licensed by: Northampton Borough Council
20. **Nottingham Electric Grosvenor Casino 1**
Nottingham Electric Grosvenor Casino, 4-6 Maid Marian Way, NOTTINGHAM
Premises type: Casino
Licensed by: Nottingham City Council
21. **Nottingham Electric Grosvenor Casino 2**
Grosvenor Nottingham Electric Casino 2, 4 Maid Marian Way, NOTTINGHAM
Premises type: Casino
Licensed by: Nottingham City Council
22. **Oldbury Electric Grosvenor Casino**
Oldbury Electric Grosvenor Casino, 50 Halesowen Street, OLDBURY
Premises type: Casino
Licensed by: Sandwell Metropolitan Borough Council
23. **Portsmouth Harbour Electric Grosvenor Casino**
Portsmouth Harbour-Grosvenor Casino, L5 Central Square South Building, Gunwharf
Quays, PORTSMOUTH
Premises type: Casino
Licensed by: Portsmouth City Council
24. **Scarborough Electric Grosvenor Casino**
Scarborough Electric Grosvenor Casino, 26 Newborough, SCARBOROUGH
Premises type: Casino
Licensed by: Scarborough Borough Council

Schedule of Fully Electronic and Poker Club 1968 Casino Licences

25. **Sheffield Electric Grosvenor Casino**

Sheffield Electric Grosvenor Casino, 87 Duchess Road, SHEFFIELD

Premises type: Casino

Licensed by: Sheffield City Council

26. **Swansea Electric Grosvenor Casino**

Swansea Electric Grosvenor Casino, 15-16 High Street, SWANSEA

Premises type: Casino

Licensed by: Swansea Council

27. **Walsall Electric Grosvenor Casino**

Walsall Electric Grosvenor Casino, Bentley Mill Way, WALSALL

Premises type: Casino

Licensed by: Walsall Metropolitan Borough Council

28. **Bristol Rainbow Electric Casino**

Rainbow Casino, Explore Lane, BRISTOL

Premises type: Casino

Licensed by: Bristol City Council

Poker Clubs

29. **Empire Poker Room**

London Clubs, Empire Casino, 5-6 Leicester Square, LONDON

Premises type: Casino

Licensed by: Westminster City Council

30. **The Poker Room (London)**

The Poker Room, 150-162 Edgware Road, LONDON

Premises type: Casino

Licensed by: Westminster City Council