

On the Cards

The proposals for new casinos in London

November 2005



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The Proposals for New Casinos in London

Foreword



The Gambling Act 2005 is one of the most controversial pieces of legislation created by the present government. It raises serious moral issues and has many practical implications. Casinos are a topic about which everyone seems to have a strong opinion.

It is not the job of the London Assembly to pass judgement on this legislation. The purpose of this scrutiny is to explore the practical implications for London. Accordingly, this report makes a series of recommendations intended to ensure that, if the capital is to play host to any of the proposed new casinos, Londoners will enjoy the benefits rather than suffer any disadvantages.

At their best, the new casinos have the potential to boost London's appeal as a tourist destination and create new jobs in the leisure economy. At their worst, they may act as a magnet for crime and a source of noise and disturbance. Casinos in London must bring the benefits without the downsides.

New casinos are acceptable only if they meet some rigorous criteria; this report makes clear what these should be. If the Mayor accepts our recommendations, there is more likelihood of generating benefits and there would be a system in place for mitigating any negative impact.

We call upon the Mayor to adopt our recommended criteria, not only in revising the London Plan, but also in making representations to the Independent Advisory Panel on suitable locations for new casinos in London. We also call upon London Boroughs to take notice of the Committee's recommendations when approving casino planning applications.

A handwritten signature in black ink, appearing to read 'Dee Doocey', with a stylized flourish at the end.

Dee Doocey AM

**Chair of the London Assembly's
Economic Development, Culture, Sport and Tourism Committee**

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1. Executive Summary

As part of the deregulation of the casinos market in the United Kingdom, the government is in the process of accepting applications from local authorities and regional planning bodies for permission to build new casinos. For the first time, approval will be given for a new American style super-casino¹ in the UK.

One of the main reasons given by government for the development of these new regional casinos is their ability to help drive local regeneration. The new regional casinos will provide a range of gambling activities, and may include hotel accommodation, conference facilities and live entertainment. All of these should help to provide employment for local people. Yet, there remain concerns that casinos may encourage problem gambling and crime.

The new regional casinos will be unlike anything that already exists in London. Their size means that they are designed to be 'destination venues' drawing substantial visitor numbers, often late at night. Increased visitor numbers will present potential nuisance problems for neighbouring communities.

Having considered the potential benefits and problems that these new developments could bring, the committee has made the following recommendations for a regional casino to be acceptable in London. Any proposals for a new regional casino must:

- offer significant regeneration benefits to an area in demonstrable need of regeneration, including new and sustainable employment opportunities for local people
- demonstrate high accessibility, particularly by public transport, whilst recognising the likelihood of increased private car journeys
- be located away from residential development and from everyday high street shopping, to minimise loss of amenity and to minimise ambient or impulse gambling opportunities
- be sited as part of a clearly defined and separate leisure/entertainment destination, again to minimise ambient or impulse gambling opportunities.

The Committee calls upon the Mayor to adopt these criteria when considering any proposal for a new regional casino in London. These criteria should also guide his submission to the new Independent Advisory Panel that will consider all applications for new casinos.

Finally, the London Plan, and existing planning policies, need to be updated to take account of the new gambling legislation.

¹ Defined as regional casinos in the legislation.

2. Introduction

The 2005 Gambling Act is the first major reform of the UK's gambling laws in nearly forty years. It liberalised the gambling regime whilst strengthening the regulatory framework.

One of the most high profile reforms was the support for the establishment of American style super-casinos, defined as regional casinos in the legislation. These new regional casinos will be on a much larger scale than any existing London casino, with a minimum customer area of 5,000 square metres and up to 1,250 gaming machines. They are perhaps best described as destination casinos - places that are designed to attract visitors specifically for gambling and will often form large complexes with hotels and associated leisure facilities.

One of the driving forces for the creation of new destination casinos is their potential to encourage regeneration in their neighbourhoods, both directly and through increased tourism. It is for this reason that, as reported in the media, a number of local authorities around the United Kingdom are keen to host these new regional casinos.

Whilst the Act sets a limit of just one new regional casino in the UK, there is power within the legislation for this to be increased. Indeed, in London there are already a number of proposals in the pipeline for regional casinos.

Against this background, the London Assembly's Economic Development and Planning Committee (our predecessor Committee) agreed at its meeting on 1 February 2005 to consider the potential impact of regional casinos in London.

3. About the Investigation

The Committee's terms of reference for this investigation were to:

- investigate the potential regeneration impact of new casinos in London;
- consider the potential impact on the quality of life of people living near new casinos in London; and
- make recommendations to the Mayor and to Government on the suitability of London, or parts of London, as locations for proposed new casinos.

As part of the consultation process we sought views from a wide range of organisations and individuals. Comments from London residents were also sought through local newspapers and the London Assembly website.

The Committee heard evidence from a range of organisations and individuals – including prospective casino operators and developers, London residents and community groups, the London Boroughs, think tanks, faith groups and gambling charities. As most of the representations concerned the proposals for new regional casinos, this has been the main focus of the Committee's discussions.

Thirty-six written submissions were received and the Committee heard evidence directly from 17 people at its hearing at City Hall on 1 March 2005. A list of those who provided written views and information is included in the annexes to this report.

The Committee would like to thank those who wrote in to us with their comments, views and experiences, and those organisations who sent representatives to the meeting to be questioned by Assembly Members.

4. Background

London's Existing Casino Market

London casinos are at the forefront of the UK gaming industry. On the whole, London has a well-regulated casino sector that is mainly aimed at the wealthy overseas visitor niche market².

The amount gambled in London casinos is more than half of the national total. Some £2 billion is gambled in London casinos each year and they receive nearly three million visits yearly.³

The following table, provided by the Mayor, gives the key facts about the casino industry in the UK.

Key casino gaming statistics 2002/03⁴			
	UK	London	London as share of UK
Number of casinos	126	24	18%
Employment (2000/01)	11,700	3,300	28%
Number of visits	11,865,453	2,766,323	23%
Total drop (money exchanged for chips)	£3,797m	£2,158m	57%
House win	18%	18% (assumed as UK)	n/a
Net casino gaming revenue	£683m*	£388m*	57%
Average net consumer spend per visit (gaming)	£57.60*	£140.30*	n/a

*Sources: British Board of Gaming (2003); GLA Economics (2004); DCMS; * estimated.*

On average, each of London's existing casinos employs around 135 people. Casinos constituted 17 per cent of the 19,900 jobs in the wider gambling sector in London in 2001.

With regards to the wider economy, Casino employment represents approximately 0.1 per cent of the total jobs in London and just over one per cent of leisure sector employment.⁵

² Mayor's Office, written submission 23 February 2005

³ London's Economy Today, Issue 25, GLA Economics September 2004

⁴ Mayor's Office, written submission 23 February 2005

⁵ Estimates based on research by GLA Economics In *Spending Time: London's Leisure Economy*, 2003

The 2005 Gambling Act

The Gambling Act received Royal Assent on 7 April 2005.

Introducing the Gambling Bill, the Secretary of State for Culture, Media and Sport explained that new measures to protect children and vulnerable people were at the heart of plans to modernise the UK's gambling laws. She said:

'It is nearly forty years since Parliament last had the opportunity to take a serious look at our gambling laws and it's not just attitudes that have changed since then. The technological revolution has touched all our lives and the gambling industry is no exception.

*Levels of problem gambling are low in Britain and I am totally committed to keeping it that way. That's why the Bill is so important. With a powerful new Gambling Commission policing these rules I'm confident the UK will become the safest gambling environment in the world.'*⁶

The Government's policy on casinos, as expressed in the Act, has three broad objectives:

- 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.

The Act created a new Gambling Commission to enforce stronger gambling regulation. It also relaxed the rules governing the number, sizes and locations of new casinos across Britain.

Significantly, the Act also removed the requirement for a 24-hour 'cooling off' period between joining and playing. In itself, this could make it easier for people to gamble on a whim.

Casino Sizes and Locations

In London, under current legislation (the 2005 Gambling Act does not come into effect until 2007), casinos are only permitted in the City of Westminster and the Royal Borough of Kensington and Chelsea. These two boroughs currently host 23 of the country's 134 casinos.⁷ The Gambling Act removes the controls over the location of casinos that currently limit them to certain parts of the country.

⁶ Government publishes Gambling Bill - DCMS press notice 131/04, 19 October 2004.

⁷ Parliamentary Written Answer from the Secretary of State for Culture, Media and Sport 1 November 2004

The Act defines three new categories of casinos based on minimum size requirements and their entitlement to gambling facilities:

- Regional casinos will have a minimum total customer area of 5,000m², and be permitted up to 1,250 Category A unlimited jackpot gaming machines.
- Large casinos will have a minimum total customer area of 1,500m², and be permitted up to 150 Category B1 gaming machines, with a maximum jackpot of £4,000.
- Small casinos will have a minimum total customer area of 750m², and be permitted up to 80 Category B1 gaming machines.

During the passage of the Gambling Bill the government significantly reduced the number of new regional casinos planned. In the face of sustained and vigorous press campaigns, combined with the pressure to pass the legislation before the end of the previous parliament session, the maximum number of regional casinos was dramatically reduced from the initial estimate of 96.

The 2005 Gambling Act specifies that there will be no more than one new regional casino, eight new large casinos and eight new small casinos. However, the Government may alter these limits relatively easily through secondary legislation.

During the passage of the Bill, there was a view that there may be regulatory difficulties in imposing such a small limit on the number of regional casinos. As such, there could be legal challenges to the legislation limiting the number of new casinos.

The likelihood of an increase in the number of new casinos is supported by comments in Parliament from the Minister for Sport and Gambling:

*'We do not rule out the possibility of asking Parliament to approve an increase in the number of regional casinos in the future. We will consider any evidence that it is safe and prudent in regulatory terms to increase the number to anything up to eight.'*⁸

Proposals for New Regional Casinos in London

In the course of our background investigations for this scrutiny we established that there are six firm and one tentative proposal for regional casinos in London. These are listed below.

- Ferry Lane, Rainham (LB Havering)
- The Dome, Greenwich Peninsular (LB Greenwich)
- Wembley (LB Brent)
- Olympia Exhibition Centre (LB Hammersmith & Fulham)
- White City Shopping Centre (LB Hammersmith & Fulham)
- West Ham Sands (LB Newham)
- Stratford City – tentative proposal (LB Newham)

It is unclear what impact the award of the 2012 London Olympic and Paralympic Games will have on the proposals for a casino at Stratford City, which overlaps the Olympic site.

⁸ House of Commons, Hansard 18 Oct 2005 : Column 844W

5. Gambling on Regeneration?

The Government has consistently regarded the regenerative impact of a regional casino as the greatest potential benefit that could flow from such a development. It believes that:

*'Regional casinos, as major developments, offer clear potential for regeneration 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.'*⁹

But what is casino-led regeneration likely to mean in practice? Our investigation indicates that the promoters see casino-led regeneration as capable of providing significant benefits including:

- introducing additional local employment and training opportunities;
- bringing about the creation of a new entertainment destination helping to create a positive change in the image of an area; and
- acting as a catalyst for the physical redevelopment of a wider area.

However, it must be noted that these opinions were not universally shared.

Employment in New Regional Casinos

Evidence from the Mayor, based on discussions last year with casino operators, suggests that an estimate of 1,500 to 2,000 full-time equivalent jobs for a regional casino seems reasonable.¹⁰ As noted earlier, this is in contrast to existing London casinos which on average employ 135 people.

In addition to directly gambling-related jobs (like croupiers, dealers and slot machine attendants), the new regional casinos will typically also employ security, administrative and clerical staff. There is also likely to be ancillary hotel, catering and leisure related employment.

Each of the prospective London operators promise comprehensive training packages. For example, Caesars Entertainment Inc says it sets minimum entry requirements and provides paid training including training for people with English as a second language.¹¹

It is argued that the employment opportunities at the new casinos would therefore be relatively long term, career-based jobs. Their location outside Central London would be consistent with the local and regional economic strategies. The operators propose that most workers will be drawn from the local community and likely to be paid in excess of the minimum wage¹².

⁹ Casinos: Statement of National Policy –Department for Culture, Media and Sport, 16 December 2004

¹⁰ Mayor's Office, written submission 23 February 2005

¹¹ Caesars Entertainment Inc, written submission 22 February 2005

¹² Caesars Entertainment Inc, written submission 22 February 2005 and Tobin Prior of Kerzner International at evidentiary hearing on 1 March 2005

Opponents put forward quite a different take on the alleged benefits of casino employment. They challenge the assumption that casino expansion can lead to regeneration arguing that international research shows that claims of job generation and economic improvement are often inaccurate. Jobs can be displaced from existing smaller businesses, which cannot compete with the scale of the new development.¹³

This view is disputed by Think London, the capital's foreign direct investment agency. It believes that the role of casinos as economic and social development drivers is widely recognised overseas. It quotes the National Opinion Research Centre in the US, 'those communities closest to casinos experienced a 12 per cent to 17 per cent drop in welfare payments, unemployment rates and unemployment insurance.'¹⁴ London First also believes that the scale and range of new employment will have a significant impact. It points out that London's population is forecast to grow by 800,000 people in the next ten years and that those people will need jobs.

Leisure and hospitality is an important and growing employment sector in London, generating over £9 billion in 2002 from 'staying' visitors and a further £5 billion from 'day' visitors. This equates to 10 per cent of London's economy. London First says that we must not be complacent and allow London's appeal to be undermined by leisure advances in other regions.¹⁵

Think London echoes this point. It believes that it is vital to London's future status as the UK's leading hospitality and leisure destination that new casinos be encouraged. It suggests that a failure to develop new London regional casinos could cause significant numbers of tourists and residents to spend their leisure time elsewhere in the UK.

Think London goes on to argue that gaming-led entertainment is important to the future development of London's hospitality and leisure sector. Furthermore, it believes the Government's proposed gaming deregulation offers a unique opportunity to stimulate inward investment and with it associated capital investment and job creation.¹⁶

During our investigation we also considered whether the new regional casinos would displace jobs in casinos elsewhere in London. The Mayor's office concluded that the likely impact on other casinos might be small. This was because most of London's existing casinos address a particular niche market, with a small number of high-spending customers and a central London location.¹⁷ It is significant that London Clubs International and Stanley Genting Casinos, both with existing casinos in London, do not indicate a perceived threat from the prospect of a new regional casino in London.

¹³ Evangelical Alliance, written submission 17 February 2005

¹⁴ PriceWaterhouseCoopers - The New UK Gaming Environment – Gamble or Sure Bet to Rejuvenate UK Leisure? August 2004, quoted by Think London in their written submission 21 February 2005

¹⁵ London First, written submission 21 February 2005

¹⁶ Think London, written submission 17 February 2005

¹⁷ Mayor's Office, written submission 23 February 2005

Economic Impact of New Regional Casinos

There can be little doubt that the development of new regional casinos will involve significant capital investment. This will be combined with ongoing revenue investment both through payroll and sourcing goods and services.

Unsurprisingly, London's prospective regional casino operators are keen to point out the transforming effect of their proposals. They argue that the local economies will benefit through the twin effect of the casino purchasing goods and services locally, and the customers spending their money in the neighbourhood.

In contrast, the opponents to the proposals suggest that the impact of customers spending their money in the local neighbourhood will be limited. They argue that small businesses can be undercut and displaced by competition from the large regional casinos which are able to subsidise their services on the back of their gaming profits. Given that most of the operators are international companies, their profits are unlikely to remain within the London economy.¹⁸

It is important to question how much of the investment will actually support sustainable regeneration. The record of major infrastructure developments within London has been mixed when it comes to delivering benefits for local people. This is perhaps best demonstrated by the proposals for regeneration led casinos at Wembley and the Dome. Both these earlier developments were also planned to provide sustainable regeneration for their local communities.

The Evangelical Alliance suggested that the majority of the gambling turnover of regional casinos comes from local people, rather than visitors¹⁹. However, there are currently no regional casinos in the UK and it remains to be seen what will happen.

Given the operators expect to make a gross profit of some 30% on regional casinos (before finance charges and tax)²⁰, a high degree of local gambling could undermine any regeneration benefit.

The proposals for new regional casinos represent a significant change in the provision of casinos in the UK. Whilst it is possible to draw upon international experiences, there is no direct experience from the UK. It is therefore hard to judge with any certainty the likely impact of the new regional casinos, especially when combined with the changes in the current gambling regulatory regime.

A Catalyst For Transformation?

Two proposals under consideration, at Rainham and West Ham, involve bringing gambling to locations not currently viewed as major entertainment destinations. For each of these proposals, the promoters state that the casinos will act a catalyst to significantly transform the surrounding area.

¹⁸ Evangelical Alliance, written submission 17 February 2005

¹⁹ Evangelical Alliance, written submission 17 February 2005

²⁰ Tobin Prior (Chief Executive Officer, UK Gaming, Kerzner International): Transcript of evidentiary hearing 1 March 2005

Some of the proposals we have looked at involve adding a regional casino into a pre-existing scheme in which a substantial component of entertainment use is already envisaged or permitted in outline. This is the case with the Dome, Wembley, White City, and to a lesser extent, Olympia Exhibition Centre.

As the Mayor's office submission highlighted:

*'Another strategic regeneration benefit casinos can bring is providing support for regeneration priorities that might not be viable on their own (such as at Wembley stadium and at the Dome), because of the economic value they can generate.'*²¹

Recommendation 1

We recommend that the Boroughs ensure that the obligations attached to any planning approvals for new regional casinos embed the regeneration commitments of the developers. As a minimum, these should include the use of local suppliers, local employment opportunities and training.

²¹ Mayor's Office, written submission 23 February 2005

6. Quality of life

Regeneration Benefits Versus Costs

Large casinos (like any other development of a similar scale) will involve additional social costs that will need to be set against any regeneration benefits.

It is clear that a regional casino in London, or anywhere else in the UK, will be a completely new phenomenon. It will have patterns and hours of use that are quite different from those of existing London casinos or other leisure premises. Specifically:

- they will be significantly larger than existing casinos
- although the gaming element provides the anchor, they will include a variety of linked uses – hotels, restaurants, shops and other entertainment facilities
- they will attract large numbers of people
- they will involve complex traffic patterns, including customer arrival and departures, deliveries and operational movements
- they are likely to operate all hours of the day, every day of the week

Our consultation suggests that the three potential impacts of most concern to people are:

- disturbance from customers coming and going
- crime
- problem gambling

Disturbance From Increased Visitor Numbers

As with any large leisure activity, especially one with late hours, the impact on local people is important. This arises from the effect and behaviour of large numbers of people arriving or leaving a casino and from noise and disturbance associated with this.²²

Whether visitor numbers are likely to peak at particular times of day is open to debate. Stanley Genting Casinos, the operators of the UK's largest casino at Star City, Birmingham, point out that, unlike nightclubs or cinemas, there is no closing time or end of a film that will generate a large movement of people. They claim that casinos experience a gradual movement of people and extended opening hours will further help this.²³ Caesars' view is that regional casinos have traffic patterns that are complementary to most daytime activities as business peaks between 8pm and 12pm.²⁴

Regional casinos need to be extremely well located in terms of public transport. Even so, a large number of trips by customers and employees are likely to be by private cars, taxis or coaches. High levels of movement by pedestrians and vehicles, especially late at night, are not compatible without substantial safeguards.

²² London Forum of Amenity and Civic Societies, written submission 27 February 2005

²³ Stanley Genting Casinos Ltd, written submission 17 February 2005

²⁴ Caesars Entertainment Inc, written submission 22 February 2005

Given that visitors to the new regional casinos are likely to be arriving and leaving late at night, it is important to plan for private car use.

The need to have a realistic plan for private car use at regional casinos could create a direct conflict with the current London Plan. It is important for the Mayor to address this issue when he updates the London Plan to take account of regional casinos.

Whilst the Association of London Government (ALG) supports the principle of mixed-use developments, it says it is often difficult to reconcile casinos and their associated uses (bars, restaurants, nightclubs, cinemas etc) with housing. The ALG believes it is therefore important that problems generated by these uses are minimised by means of location and appropriate design.²⁵

Most of London's prospective casino operators who contacted us acknowledge this potential problem. They stress that their developments will be screened from (White City), buffered and separated from (The Dome, Wembley, Stratford) or located away from (Rainham) nearby residential areas.

Crime

Popular culture glamorises the links between gambling and crime. Hollywood often associates casinos with money laundering, crime, prostitution and drug dealing.

In reality, the Metropolitan Police Clubs and Vice Unit advised us that in London organised crime in casinos is actually an image more appropriate to the 1960s. The Mayor reported that Metropolitan Police have cleared organised crime from London casinos and are obviously very keen to make sure that it does not return. However, this is clearly not something anyone can afford to be complacent about. We are reassured that the Mayor is aware of these issues, as it is something that decision-makers need to be vigilant about.²⁶

The operators reported that there was very little evidence to suggest that there was any money laundering in casinos. They stressed that casinos are very highly regulated and that casino operators have to go through strict probity checks in every jurisdiction in which they operate. It was claimed that the international casino industry was more intensively regulated than the London Stock Exchange and the New York Stock Exchange.

On the issue of drugs and prostitution, Sun International said,

*'We are responsible, well regulated businesses and as managers of that business we have a duty, both in our regulation as well as to our shareholders. It is in our interests to keep them clean, safe, fun places. To quote Tessa Jowell [it is our intention to] bring modern casinos into the 'mainstream leisure' activity.'*²⁷

²⁵ Association of London Government, written submission 28 February 2005

²⁶ Mayor's Office, written submission 23 February 2005

²⁷ Transcript of evidentiary hearing 1 March 2005

Drugs, crime and prostitution are an unfortunate part of modern society. We believe it would be naive to expect casinos not to suffer from these problems, though we recognise that the operators are aware of their responsibilities to maintain a safe environment. However, there is a concern that crime may increase in the areas surrounding the new casinos. It is this effect on the local neighbourhood that is likely to be of most concern to residents.

Problem Gambling

The gambling industry funds initiatives to address problem gambling. This is mainly done through support for the charity Gamcare. They define problem gambling as 'participation in gambling to the point where it causes serious harm to oneself and to others'.²⁸

International evidence suggests that for the substantial majority of those who gamble it is a form of harmless entertainment. However, a minority of people regularly gamble to excess and experience considerable difficulty in trying to control their habit. Such people can get into serious trouble because of gambling and, in the most severe cases, ruin their own lives and gravely damage the lives of those close to them. In these respects problem gambling is similar to alcohol abuse.²⁹

The Committee heard from London residents with real concerns about casinos and their links to problem gambling. This was a common theme in the responses we have received, for example

'Gambling destroys families and is addictive'.³⁰

'We and most people we know are very against having local casinos. Some money may be earned but this will be well outweighed by all the help and social services that people who become addicted to gambling will need. It also encourages crime ie robberies to pay off debts. Young males will be particularly at risk of wasting their money at casinos'.³¹

The Evangelical Alliance says that government has still not answered the argument that an increase in the availability of gambling will inevitably and correspondingly increase the numbers of problem gamblers. It claims that as gambling expands and becomes more immediately accessible, so will its associated problems.³²

The casino operators all acknowledge that problem gambling does exist for a small proportion of gamblers. They typically suggest that between one and four per cent of gamblers have a problem.^{33&34} Interestingly, AEG/Kerzner consider that the potential increase in problem gambling linked to regional casinos is far less than that associated with internet gambling.³⁵

²⁸ Gamcare, written submission 20 February 2005

²⁹ Gamcare, written submission 20 February 2005

³⁰ Sue Casey, written submission 20 February 2003

³¹ A and C Willis, written submission 18 February 2003

³² Evangelical Alliance, written submission 17 February 2005

³³ Las Vegas Sands concept design statement, submitted 28 February 2005

³⁴ MGM Development Ltd, written submission 17 February 2005

³⁵ Anschutz Entertainment Group and Kerzner International, submission 17 February 2005

The promoters of regional casinos propose to minimise problem gambling by identifying, preventing and addressing problem gaming issues. In addition to direct support they propose making the casino site a high quality destination that people will visit specifically for recreational and entertainment purposes, 'in other words, a journey to the facility is made in the full knowledge of the reason why a person is going'.³⁶

As with alcohol, the extent to which the freedom of the majority to gamble harmlessly should be curtailed in order to protect the vulnerable minority is a matter for political judgement on which views may be expected to differ.³⁷

The Government has set clear national policies which, at least with regards to the location of casinos, also empower local authorities to make judgements appropriate to the wishes of local people. We believe this approach to the location of regional casinos strikes a sensible balance.

Ambient and Destination Gambling Opportunities

There is an important distinction to be made between 'ambient' and 'destination' gambling opportunities.

The most convenient forms of gambling, and from Gamcare's point of view the least safe, are those that are provided in venues where people go for other purposes. For example where people go to drink and shop and find themselves confronted with an unexpected gambling opportunity. These are known as 'ambient gambling opportunities'.

The least convenient forms of gambling are those provided in destinations which people will need to make some effort to visit. In Gamcare's view, this makes such comparatively inconvenient venues the safest. The basis for this view is that visitors will typically have to plan their trip in advance and budget for their entertainment.

Consequently, Gamcare believes that, from a problem gambling point of view, regional casinos should be designed and located so as to minimise the risk of impulsive gambling. They should not be located in town centre venues where people will be tempted to drop in.³⁸ The importance of reducing ambient gambling opportunities was also emphasised by the Evangelical Alliance.

Recommendation 2

We recommend that any applications for new regional casinos must recognise their potential negative impact. As part of the application, the developers should publish a clearly defined action plan to mitigate any negative side-effects. We further recommend that the action plan should be monitored by the Boroughs and enforced by the Gambling Commission.

³⁶ Sun International and Development Securities, written submission 16 February 2005

³⁷ Gamcare, written submission 20 February 2005

³⁸ Gamcare, written submission 20 February 2005

7. Location, Location, Location

In the course of this investigation we have heard from the promoters of seven new regional casinos in London. It is not the London Assembly's remit to judge between particular schemes or indicate a preference for any schemes.

We have considered the benefits of regional casinos (Chapter 5: Regeneration); what the environmental and social costs might be (Chapter 6: Quality of life). From this analysis we draw conclusions as to which type of location might be suitable for any new regional casinos in the capital.

The Regulatory Framework

The government has set up a multi-level system of licences and approvals that would need to be obtained by an operator of any of the seventeen new regional, large and small casinos available under the new Gambling Act.

Under the provisions of the 2005 Gambling Act, in order for a new regional casino operator to be set up in a new area of London, the following will need to happen:

- Local authorities wishing to host a new casino will make submissions to the new Independent Advisory Panel.
- The Independent Advisory Panel will consider all applications and make recommendations to the Secretary of State that a particular area is a suitable location for a regional casino.
- The Secretary of State agrees that the new casino allowable under the Act is to be located in the area recommended by the Panel.
- The agreed local authority then identifies a specific site within the approved broad area.
- The operator secures planning permission from the local authority.
- The operator secures an operating license from the new Gambling Commission (having passed a stringent test of social responsibility).
- The operator secures a premises license from the local authority.

The above framework includes opportunities for local authorities to consider many different factors and to impose conditions upon any approval. These could include employment and regeneration potential, the design of the proposed development, financial commitments by the developer to local projects, transport links, location and the range of facilities offered.

The new Independent Advisory Panel started its work on 3 October 2005. It will invite expressions of interest from local authorities wishing to host one of the new casinos. The Panel will consider the most appropriate areas, with regards to social impact and regeneration. It will then make recommendations to the Government by the end of 2006.³⁹

³⁹ Department for Culture, Media and Sport press release. 30 September 2005. 'Independent Panel Appointed to Advise Government on New Casino Locations.'

Specifically for the new regional casino, the Panel will invite the regional Planning Bodies in England to identify a broad list of locations for the regional casino.

In London, the Mayor will therefore be responsible for submitting proposals for areas suitable for regional casinos. The choice of locations is likely to be controversial, which means that proper public debate and democratic accountability are essential.

Recommendation 3

We recommend that the Mayor should consult the Assembly before making any submission for a new regional casino to the Independent Advisory Panel.

The Mayor's View

The location of regional casinos will be subject not only to the requirements in the 2005 Gambling Act but also to the provisions of guidance issued by regional planning bodies.⁴⁰ In London, the regional planning body is the Mayor, and the regional planning guidance is the London Plan.

However, it is unclear at present what powers, if any, the Mayor will have over the location of other non-regional casinos.

The London Plan contains policies on the appropriate location of leisure development. The Mayor's office explained that these are based on the concept of structured choice, seeking to concentrate leisure facilities in the most accessible places and spreading them between central London, town centres and development areas, such as the Thames Gateway.⁴¹

London Plan Policy 3D.1: *Supporting town centres* seeks to strengthen town centres through encouraging leisure uses there and discouraging them elsewhere. Policy 3D.2: *Locations for retail and leisure activity* states that borough development plan policies should relate the scale of leisure development to the size and role of a centre, and should encourage development in central areas. Where town centre sites are not available, provision should be made on the edge-of-town centres. Proposals for out-of-town development or intensification, or expansion of existing out-of-town facilities should be treated in line with this policy and relevant central government advice.

The London plan does not include guidance on regional casinos. The evidence suggests that the current London planning guidance will need to be revised to consider new regional casinos.

Recommendation 4

We recommend that in reviewing the London Plan in 2006, the Mayor must include guidance on the location of new casinos, with particular importance given to new regional casinos and the likelihood of increased private car journeys.

⁴⁰ Andrew McIntosh speech 27 October 2004

⁴¹ Mayor's Office, written submission 23 February 2005

The Mayor himself has suggested that the Dome at Greenwich Peninsula and Wembley would be those he would be minded to recommend as pilot locations for regional casinos in London.⁴²

In both areas, casinos have been proposed as part of a larger-scale regeneration proposal of regional or national importance. These areas raise different regeneration challenges and distinct issues. It is on this basis that the Mayor has suggested these areas. It should be noted that the initial regeneration projects at the Dome and Wembley were planned before there were any proposals to allow new regional casinos.

The Mayor's office also states that assessing the suitability of particular places in London will depend on the circumstances and needs of each area. They agree that it is essential that the ultimate decision can be taken by local communities and their representatives (including the choice to have no casinos in a particular borough at all).⁴³

London Boroughs' Views

The London boroughs where there are proposals for new regional casinos put forward a range of opinions from strong support, to a need for further investigation, to having reservations. These views are obviously subject to the boroughs reserving their position as decision-makers.

At the London-wide level, the Association of London Government (ALG) calls for a criteria-led approach. They suggest that boroughs should take the following into account:

- Regional casinos should be part of a range of leisure opportunities offering a whole entertainment and leisure package for the surrounding area, which would provide both mixed use development and investment opportunities.
- Consideration should be given to proposals which offer strong regeneration benefits, which would not otherwise be offered through other funding mechanisms. Employment opportunities should provide good quality skilled jobs, rather than low skilled, low paid work.
- Casino development should be located in areas of decline, as such areas would receive maximum benefit from investment and improvements to infrastructure so that the investment is able to catalyse further developments in the area.
- Good transport facilities must exist to ensure that members of the public are able to arrive and return home safely, primarily by public transport.
- Regional casinos should be located away from residential areas so as not to adversely affect local communities by increasing levels of traffic and late night activity.
- Established town centre locations may be appropriate where they offer large enough development space.

⁴² Mayor of London, in answer to questions from London Assembly Members, Mayor's Question Time 17 November and 15 December 2004

⁴³ Mayor's Office, written submission 23 February 2005

- Consideration should be given to the protection of vulnerable members of the public and locating casinos in town centres may present more opportunities for gambling on impulse by incidental visitors.
- Local authorities should develop policies in their areas which promote responsible gambling as part of a larger regulatory framework.⁴⁴

The Committee believes that the above criteria represent a sensible framework for individual authorities to consider casino applications, though as noted below we have reservations about the suitability of town centres for casino developments.

⁴⁴ Association of London Government, written submission 28 February 2005

8. Conclusions

The Committee's view is that the existing government planning policies, and to a lesser extent the London Plan, are not necessarily appropriate for considering the location of new regional casinos. On the basis of what we have heard, we do not believe that casinos should be located near residential areas, nor do we want casinos as part of mixed-use town centre developments containing a residential element.

Recommendation 5

We call upon the Mayor to adopt the following criteria in revising the London Plan, and in making representations to the Independent Advisory Panel, on suitable locations for new casinos in London:

- **offer significant regeneration benefits to an area in demonstrable need of regeneration, including new and sustainable employment opportunities**
- **demonstrate high accessibility, particularly by public transport**
- **be located away from residential development and from everyday high street shopping, to minimise loss of amenity and to minimise ambient or impulse gambling opportunities**
- **be sited as part of a clearly defined and separate leisure/ entertainment destination, again to minimise ambient or impulse gambling opportunities.**

We believe that the above criteria are essential for a regional casino to be acceptable in London.

Annex A: Recommendations

Recommendation 1

We recommend that the Boroughs ensure that the obligations attached to any planning approvals for new regional casinos embed the regeneration commitments of the developers. As a minimum, these should include the use of local suppliers, local employment opportunities and training.

Recommendation 2

We recommend that any applications for new regional casinos must recognise their potential negative impact. As part of the application, the developers should publish a clearly defined action plan to mitigate any negative side-effects. We further recommend that the action plan should be monitored by the Boroughs and enforced by the Gambling Commission.

Recommendation 3

We recommend that the Mayor should consult the Assembly before making any submission for a new regional casino to the Independent Advisory Panel.

Recommendation 4

We recommend that in the review of the London Plan in 2006, the Mayor must include guidance on the location of new casinos, with particular importance given to new regional casinos, and the likelihood of increased private car journeys.

Recommendation 5

We call upon the Mayor to adopt the following criteria in revising the London Plan, and in making representations to the Independent Advisory Panel, on suitable locations for new casinos in London:

- offer significant regeneration benefits to an area in demonstrable need of regeneration, including new and sustainable employment opportunities
- demonstrate high accessibility, particularly by public transport
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- be sited as part of a clearly defined and separate leisure/ entertainment destination, again to minimise ambient or impulse gambling opportunities.

We believe that the above criteria are essential for a regional casino to be acceptable in London.

Annex B: The Economic Development, Culture, Sport and Tourism Committee

The membership of the Committee, agreed by the Assembly on 11 May 2005, was:

Dee Doocey (Chair)	Liberal Democrat
Bob Blackman (Deputy Chair)	Conservative
Tony Arbour	Conservative
Angie Bray	Conservative
Nicky Gavron	Labour
Sally Hamwee	Liberal Democrat
Peter Hulme Cross	One London
Joanne McCartney	Labour

Terms of reference

1. To examine and report from time to time on:
 - matters of importance to Greater London as they relate to economic development/wealth creation, social development, culture, sport and tourism and spatial development in London, and
 - the strategies, policies and actions of the Mayor, the London Development Agency, and the other Functional Bodies where appropriate.
2. To examine and report to the Assembly from time to time on the Mayor's Economic Development Strategy, Culture Strategy and Spatial Development Strategy, particularly their implementation and revision.
3. When invited by the Mayor, to contribute to his consideration of major planning applications.
4. To monitor the Mayor's exercise of his statutory powers in regard to major planning applications referred by the local planning authorities, and to report to the assembly with any proposal for submission to the Mayor for improvement of the process.
5. To review UDPs submitted to the Mayor by the local planning authorities for consistency with his strategies overall, to prepare a response to the Mayor for consideration by the Assembly, and to monitor the Mayor's decisions with regard to UDPs.
6. To take into account in its deliberations the cross cutting themes of: the health of persons in Greater London; the achievement of sustainable development in the United Kingdom; and the promotion of opportunity.
7. To respond on behalf of the Assembly to consultations and similar processes within its terms of reference.

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Annex C: Written evidence

Written evidence was received from the following organisations and individuals:

- Association of London Government: Valerie Solomon
- Heather Blackett
- Caesars Entertainment Inc: Andrew Tottenham, Tottenham and Co
- Sue Casey
- Chelsfield: Julian Hart
- City of Westminster: Bill Hodgson, Strategic Policy Manager, Licensing Service
- Julia Edwards
- Evangelical Alliance: Gareth Wallace, Parliamentary Officer
- Gamcare: Anthony Jennens, Vice-Chairman
- Greenwich Peninsular Partnership: Sir Bob Scott, Chairman
- Kerzner International and Anschutz Entertainment Group: Tobin Prior, Kerzner International
- Las Vegas Sands: Stewart Kidson, RTKL-UK
- LB Brent: Chris Walker, Head of Planning and Regeneration
- LB Greenwich: David McCollum, Director of Strategic Planning
- LB Hammersmith and Fulham: Jon Whitwell, Assistant Director Environment, Policy and Projects
- LB Havering: Roger McFarland, Head of Regeneration and Partnerships
- LB Newham: Paul Bowker, Team Leader Development Projects
- Local Government Association: Trish O'Flynn, Senior Project Officer
- London Church Leaders: Elizabeth Simon, London Churches Group for Social Action
- London Clubs International: Roy Ramm, Compliance and Security Director
- London First: Judith Saloman
- London Forum of Amenity and Civic Societies: Peter Eversden
- Mayor of London: Andrew Barry-Purcell, Business Manager, Economic Business Policy, Mayor's Office
- MGM Mirage: Lloyd Nathan, Managing Director Europe, Senior Vice President
- Mrs S A Niculescu
- Nicola Talbot, Conservative PPC Islington North
- Quintain Estates and Development: Nigel Hawkey, Head of Planning
- Mrs N Rana
- H Squiggle
- Stanley Genting Casinos: Jane Bulmer
- Mrs Valerie Stemp
- Sun International and Development Securities: Neil Murphy, Director of Development, Sun International and Roger Squire, Development Securities
- Think London: Mark Hardwick, Market, Analyst
- Ivana Wattis
- Westfield: Stephen Wood and Richard Coppell
- A & C Willis

Annex D: Evidentiary hearing and witnesses

The following people attended the Committee's 1 March 2005 evidentiary hearing on new casinos in London, and were questioned by Members of the Committee

on the proposal for a regional casino at The Dome, Greenwich Peninsular (LB Greenwich):

- Jerry Hosea Kerzner International
- Tobin Prior Kerzner International
- Jayne McGivern Managing Director, Anschutz Entertainment Group
- David McCollum Director of Strategic Planning, LB Greenwich
- Sir Bob Scott Chairman, Greenwich Peninsular Partnership

on the proposal for a regional casino at Wembley (LB Brent):

- Andrew Tottenham Tottenham & Co (representing Caesars Entertainment Inc)
- Nick Shattock Property Director, Quintain Estates and Development

on the proposal for a regional casino at Rainham (LB Havering):

- Neil Murphy Director of Development, Sun International
- Roger Squire Development Securities
- Roger McFarland Head of Regeneration and Partnerships, LB Havering
- Andrew Barry-Purssell Business Manager, Economic & Business Policy, Mayor's Office

and on general issues to do with regional casinos:

- Anthony Jennens Vice-Chairman, Gamcare
- Jennifer Hogg Parliamentary Officer, Evangelical Alliance
- Gareth Wallace Parliamentary Officer, Evangelical Alliance

At the Chair's invitation, the following people from the audience put questions to the Committee:

- Mark Blundon Islington Tribune
- Liane Hartley Thames Gateway London Partnership
- Peter Eversden London Forum of Amenity and Civic Societies

For minutes and a full transcript of the hearing, please go to:

[http://www.london.gov.uk/assembly/past_ctees/econ_plan/2005/econmar01/minutes/ec
onmar01Minutes.rtf](http://www.london.gov.uk/assembly/past_ctees/econ_plan/2005/econmar01/minutes/ec
onmar01Minutes.rtf)

[http://www.london.gov.uk/assembly/past_ctees/econ_plan/2005/econmar01/minutes/ec
onmar01Appendixa.rtf](http://www.london.gov.uk/assembly/past_ctees/econ_plan/2005/econmar01/minutes/ec
onmar01Appendixa.rtf)

Annex E: Orders and translations

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Annex F: Scrutiny principles

The powers of the London Assembly include power to investigate and report on decisions and actions of the Mayor, or on matters relating to the principal purposes of the Greater London Authority, and on any other matters which the Assembly considers to be of importance to Londoners. In the conduct of scrutiny and investigation the Assembly abides by a number of principles.

Scrutinies:

- aim to recommend action to achieve improvements;
- are conducted with objectivity and independence;
- examine all aspects of the Mayor's strategies;
- consult widely, having regard to issues of timeliness and cost;
- are conducted in a constructive and positive manner; and
- are conducted with an awareness of the need to spend taxpayers money wisely and well.

More information about scrutiny work of the London Assembly, including published reports, details of committee meetings and contact information, can be found on the London Assembly web page at www.london.gov.uk/assembly.

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