

## **Agenda Item No. 17**

### **WEST MIDLANDS REGIONAL ASSEMBLY**

#### **Board of Directors Meeting – 16<sup>th</sup> September 2005**

#### **Casinos – Potential Impacts for the Region**

#### **Report of the Director - Policy**

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### **1. Purpose of the Report**

- 1.1 This report seeks to provide information in respect to the key legislative and administrative changes arising from the Gambling Act 2005 as they relate to the provision of new casino enterprises within the U.K., and to seek views on the form of Regional Assembly/Regional Planning Body submission, if any, which should be considered to engage with the Government's Advisory Panel once it is established. Critical dates in determining the principle of this engagement are Assembly Board (16 September), Regional Planning Partnership (23rd September) and the Regional Assembly (26th October).
- 1.2 A summary of the potential economic impacts identified by research commissioned in other regions is presented along with an update on the level of known casino developer interest within the West Midlands.

### **2. Recommendations**

To note the report and that further technical advice will be prepared by the Regional Advisory Group for consideration by the Board and other key regional Partnerships/groups as set out in para. 3.20.

To offer initial views on the issues and options set out in this paper.

### **3. Background**

- 3.1 The Gambling Bill received Royal assent on the 7th April 2005. The Government is proposing to 'roll-out' the legislative requirements of the Act over a two year period and has established key target dates towards achieving full implementation (see Appendix A).
- 3.2 The Act updates the regulatory regime for gambling, and includes

provision for the development of seventeen new casino operations including a single 'regional' scale enterprise. It is the view of the Government that casino related development can benefit the tourism sector of the economy and also provide potential regeneration benefits within the areas they are sited.

## Casinos

3.3 The act will allow three categories of new casino to operate in Britain. One regional casino will be permitted, along with eight large and eight small casinos.

| Category | Min table Gaming Area | Min Additional Gambling Area | Min Non Gambling Area | Min Total Customer Area | Min No of Gaming Tables | Category of Gaming Machines Permitted | Machine: Table ratio |
|----------|-----------------------|------------------------------|-----------------------|-------------------------|-------------------------|---------------------------------------|----------------------|
| Small    | 500m <sup>2</sup>     | 0                            | 250m <sup>2</sup>     | 750m <sup>2</sup>       | 1                       | B, C, D                               | 2:1(80 Max)          |
| Large    | 1000m <sup>2</sup>    | 0                            | 500m <sup>2</sup>     | 1500m <sup>2</sup>      | 1                       | B, C, D                               | 5:1(150 Max)         |
| Regional | 1000m <sup>2</sup>    | 2500m <sup>2</sup>           | 1500m <sup>2</sup>    | 5000m <sup>2</sup>      | 40                      | A, B, C, D                            | 25:1 (1250 Max)      |

3.4 They are seen by the Government as having the potential to bring in major investment and economic regeneration to the areas where they are located. These benefits need to be balanced against concerns with respect to the potential negative social consequences such as the risk of increased incidence of problem gambling. The Government in association with the Gambling Commission is committed to undertaking a new programme of research into this issue.

3.5 There is a three fold licensing regime for the establishment of a new casino enterprise. Operating and personal licenses are to be administered by the Gambling Commission the former authorises the applicant to provide facilities for gambling, the latter will be required by individuals involved in the management and operation of the Casino. The third part of the new licensing regime is the requirement to attain a premises license. This element is to be Local Authority administered (Unitary and Districts).

3.6 The decision on which local authorities will be chosen as sites for the new casino operations will be taken by ministers acting on advice from an independent Advisory Panel, which will receive representation from Regional Planning Bodies amongst others.

3.7 Once the local authority areas have been selected it will be for prospective operators to seek licenses from the Gambling

Commission and premises licenses from the licensing authorities. Where more than one operator is challenging for a premises license within a single authority an open competition is to be held to enable the local authority to ascertain which of the competing applications would result in the greatest benefit to the authority's area.

### **The Advisory Panel**

3.8 Appointments to this panel are to be through an open selection process, it is expected that the panel will be in place in the second half of 2005. The Panel is charged with recommending to the Minister a range of alternative locations for the seventeen new casinos. The primary criteria will be:

- to ensure that locations provide the best possible test of social impact (which may require a range of different locations of different kinds such as seaside resorts, edge of town developments or inner city centres)
- to include areas in need of regeneration (as measured by employment and other social deprivation data) and which are likely to benefit in these terms from the new casino
- to ensure that those areas selected are willing to license a new casino

The Advisory Panel will invite views from interested parties and it will consult Regional Planning Bodies in England, asking them to identify areas within their regions which might be suitable locations for a regional casino. More detailed guidance on the operation of the Advisory Panel is awaited, particularly on the role if any of Regional Planning Boards in providing advice on the location of large and small casinos.

### **Potential Economic Impacts**

3.9 The North West Regional Development Agency (N.W.D.A.) commissioned Pion Economics to undertake an assessment of Casino demand within the North West region (published June 2005). The study explored a range of scenarios including single and multiple casino options, the terms of reference however were framed prior to the final decisions on the number of new casinos to be permitted. The study estimated that the generic local economic impacts of developing a new regional casino were in the order of £50m Gross Value Added (wages, non-repatriated profits, indirect and induced expenditure flows) per annum, the figure for large and small casinos were £12m and £7m

respectively. New employment figures were estimated at 1471 for Regional casinos, 377 for large casinos and 181 for small. In addition to the specific economic impacts, the construction of these operations has the potential to provide a range of new and improved ancillary and complementary facilities, which can enhance the regeneration potential of these schemes.

- 3.10 One North East commissioned KPMG to provide an initial review of the market potential for 'large scale' casino development in the North East region (published June 2004). This study suggested that a single regional casino would create a total of around 700 jobs directly and also through the supply chain. This was based on an assumption that a casino in the North East is likely to act as a regional facility and is unlikely to draw a significant proportions of visitors.
- 3.11 These studies are referenced to provide a very broad indication of the potential local economic impacts which can accrue from the siting of a new casino. Research specifically examining the range of options within the West Midlands would be required to gain a more relevant measure of this impact upon the region.
- 3.12 Neither study has taken any specific account of the social implications of casino development albeit both studies do refer to the need for account to be taken of this issue.

### **Known Developer Interest**

- 3.13 The following section gives a summary of the known state of play with respect to potential casino operations within the Region.

#### Major Urban Areas (MUA)

- 3.14 Birmingham/Solihull:

A number of potential Regional Casino-related developments have been suggested including proposals at the NEC linked to business diversification, expansion of the existing facility at Star City, and a proposal for a new City of Birmingham Stadium at Wheels Adventure Park promoted by Las Vegas Sands and Birmingham City F.C..

A report to open the debate with respect to casino-related development was presented to the Cabinet at Birmingham City Council on the 25<sup>th</sup> July 2005. A decision on whether to support the principle of a regional casino was deferred, a meeting of the full Council is timetabled for 13<sup>th</sup> September to discuss the issue.

- 3.15 Black Country:

Currently two known interested operatives, Aspinall at Brierley Hill and Arena Leisure at Wolverhampton racecourse, (the nation's first racino). The latter proposal was the subject of a call-in procedure and was refused consent at appeal, principally on Green Belt impact. The Brierley Hill proposal is on the scale of a Regional Casino and is part of an envisaged multi-purpose leisure, entertainment and gaming complex. The anticipated direct job generation from this proposal is around 1000 new jobs. No application has yet been submitted.

Interest has been expressed by the Black Country authorities in attracting a regional casino into the sub-region. There is as yet however no collective view in terms of preferred location.

### 3.16 Coventry:

Permissions granted for a new out of centre casino at the new Ricoh Arena. Construction of this scheme is well advanced and it is believed that the operator (Isle of Capri) was granted a casino license under the previous legislation. It is known that the operator is keen to secure the single regional casino license and have styled the Ricoh Arena proposal as the "pilot of pilots."

### 3.17 North Staffordshire:

No known active interest at present.

### Outside MUA

3.18 No known active interest for facilities on a scale which is being proposed by the new Act. There have been recent permissions in a number of locations for conversion of use of existing small scale premises for casino use.

### **Next Steps**

3.19 It is considered that this is the appropriate point in time to start regional discussions to identify the preferred approach which the region wishes to adopt in making a formal submission to the Government's Advisory Panel once it is constituted. No published programme for submissions is at present available.

3.20 This report will therefore be discussed at key member and officer groups prior to Christmas. The Board is the first of these meetings. In the coming months technical advice will be sought from the Regional Advisory Group. RAG's advice will be shared for views and comments with the Assembly Planning Partnership and other regional groupings as appropriate eg Faith Forum and Cultural Consortium. WMRA Secretariat will also liaise with AWM

and GO to develop a paper for discussion and agreement by Full Assembly (possibly at its January 2006 meeting), this will establish the Assembly's preferred approach. The Assembly's preferred approach will be submitted to Government.

- 3.21 Please be advised that views on the merits or otherwise of any of the options set out below have not yet been canvassed. However earlier this year (January 2005) the Assembly Board were advised that the West Midlands Faith Forum were opposed to the notion of super-casinos.
- 3.22 Should the decision be taken to pursue new casino development the Regional Planning Body should work towards a Spring 2006 submission date.
- 3.23 It is suggested that the choices range from a decision not to pursue any of the potential new casino operations at this present time through to a multiple casino bid either in a range of locations or pursuing the potential of developing a cluster location. As highlighted above there are a range of potential locations and interested developers within the region which could inform the making of a bid should the Regional Assembly/Regional Planning Body be minded to support casino developments within the West Midlands.
- 3.24 Any decision with respect to pursuing potential casino developments within the Region will need to take account of views expressed by Local Planning authorities and relevant policies within the Regional Spatial Strategy (see Appendix B).
- 3.25 To assist the debate these are considered to be the range of possible options:
1. No Casino Development at present time
  2. Nominate the M.U.A./Regeneration Authorities, subject to Local Authority support.
  3. As 2 but taking account of R.S.S. Policies PA10 and PA11 with respect to locational preference.
  4. Champion a single MUA/Regen authority for regional casino
  5. As 4 but include within submission bid for other casinos in MUA/Regen Authorities.
  6. No Regional Casino bid, nominate MUA/Regen. authorities for medium/small casinos
- 3.26 Options 5 and 6 are dependent on such a role being envisaged for Regional Planning Bodies once the Advisory Panel's full terms of reference are published. Details on the specific factors to be

taken into account when considering alternative options are still awaited, however a key factor will be the willingness on behalf of the relevant Local Authorities to accept the principle of siting a new casino development within their administrative area.

- 3.27 Consideration should be given to undertaking research to inform the Regional Planning Board on any possible submission should the decision be made to proceed with attracting Casino Development to the region.

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## **Appendix A – Key Target Dates for Gambling Act Implementation**

October 2005 - Gambling Commission Established. The Gambling Commission will supersede the Gaming Board and will be responsible for issuing operating licenses, codes of practice and advising local authorities and central government.

March 2006 Onwards - Key Draft Statutory Instruments on operating and personal licenses to be published for consultation. The issuing of operating and personal licenses will be the responsibility of the Gambling Commission.

May 2006 - Gambling Commission to publish guidance for Licensing authorities. Principally Local Authorities who will have responsibility for the issuing of premises licenses.

June 2006 Gambling Commission to publish license conditions and codes of practice.

Late 2006 Gambling Commission will start to invite applications for operating and personal licenses.

January 2007 Licensing authorities will accept applications for all licenses and permits.

September 2007 Old legislation repealed. Operating and personal and premises licenses come into effect. Commencement of remaining provisions of the Act, as required.

## **Appendix B - Regional Spatial Strategy Policy Considerations**

Policies in RSS11, in particular policies PA10 and 11 provide some criteria for considering possible regional casino developments. Policy PA10 (Tourism and Culture) encourages both the improvement of existing provision as well as the creation of new facilities subject to the capacity of infrastructure and the environment; it seeks to increase the 'offer' of the region; in suitable locations well served by public transport; that contribute to urban or rural regeneration. Policy PA11(The Network of Town and City Centres) seeks to focus large scale leisure developments (i.e those of 5,000sqm or more gross floorspace) in the network of named centres. Policy PA10 includes in its list of current facilities the National Exhibition Centre, 'Eastside regeneration in Birmingham', indoor and outdoor sports stadia. These policies provide a context, albeit not totally prescriptive, for considering possible regional casino developments.

As part of the second phase of the partial review of RSS11 'the identification of investment priorities within the strategic network of centres' is to be addressed and consultants have been appointed to advise the RPB on this matter. The brief for the Regional Centres Study includes reference to the question of provision of regional/sub-regional casino facilities. However, the Brief was prepared when the Bill envisaged a much more liberal provision of these larger facilities and Brief therefore is framed more in terms of the number of facilities that could be supported/would be 'required' rather than seeking to justify any provision. Advice from the consultants will be sought in the new/latest context.

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