



New casinos

Standard Note: SN/HA/3930
Last updated: 9 May 2008
Author: Philip Ward
Home Affairs Section

The *Gambling Act 2005* came into force in September 2007 and allows for three new types of casinos to operate in Britain: regional, large and small. Only one “regional casino” would be permitted, along with eight large and eight small casinos. This note describes the characteristics of these new casinos and the work of the Casino Advisory Panel, the body established by the Government to make recommendations on where they are to be located. It describes the announcement of the recommended locations as announced in early 2007 and the parliamentary procedure to implement those recommendations. When the Government lost the vote in the House of Lords on 28 March 2007, the future of the policy was in some doubt. However, statements by the new Prime Minister and Culture Secretary in July 2007 indicated that the Government intended to press ahead with seeking approval for the sixteen large and small casinos while abandoning plans for the single regional casino. This was confirmed by an announcement in February 2008 which coincided with the laying of Regulations to confirm the siting of the sixteen new casinos.

Full background to the issues will be found in [Library Research Paper 04/79](#), *The Gambling Bill*.

Contents

A.	Introduction	2
B.	Casino Advisory Panel	2
C.	The regional casino	5
D.	The Panel’s work 2005-07	7
E.	The Panel’s final announcement	9
F.	The Parliamentary vote of March 2007	10
G.	The consequences of the vote	11
H.	The Written Statement of 16 July 2007	14
I.	The announcement of February 2008	15
J.	The procedure following approval of locations	16

A. Introduction

The *Gambling Act 2005* came into force in September 2007 and allows for three new types of casinos to operate in Britain. One “regional casino” would be permitted, along with eight large and eight small casinos.

The **regional casino** would have a minimum total customer area of 5,000 m², and be permitted up to 1,250 unlimited jackpot gaming machines (so-called “Category A” machines).

Large casinos would have a minimum total customer area of 1,500 m², and be permitted up to 150 gaming machines, with a maximum jackpot of £4,000 (so-called “Category B” machines).

Small casinos would have a minimum total customer area of 750m², and be permitted up to 80 Category B gaming machines, with a maximum jackpot of £4,000. The one regional and eight large casinos would be permitted to offer bingo, and all three categories will be permitted to offer betting.

B. Casino Advisory Panel

The then Culture Secretary, Tessa Jowell, established an Advisory Panel to advise her on the location of these new casinos; its [archived website](#)¹ contains information on how it went about its work. The following “Q & A” section is particularly relevant:²

1. What is the timetable for the Panel's work?

The Panel's broad outline for working is as follows:

- (by end January 2006)

Scoping and research; consideration of selection criteria; consultation with stakeholders; programming; invitation to submit formal proposals

- (by end March 2006)

Closing date for submission of formal proposals

- (by end of summer 2006)

Complete examination and evaluation of proposals

- (by mid December 2006)

Consideration and Report to the Secretary of State

[...]

3. What criteria will the Panel be using to evaluate proposals?

¹ <http://webarchive.nationalarchives.gov.uk/20121204113822/http://www.culture.gov.uk/cap/index.htm>

² <http://webarchive.nationalarchives.gov.uk/20121204113822/http://www.culture.gov.uk/cap/faq.htm>

The Panel is currently developing the criteria it will use to evaluate proposals and the processes by which Local Authorities will be able to apply. It is expected that these will be published early in 2006

However, the primary criterion, as laid down by the Secretary of State is to ensure that locations satisfy the need for the best possible test of social impact (which may require a range of locations of different kinds such as seaside resorts, edge of town developments or inner city centres). Subject to that, the Secretary of State has also asked the Panel;

- to include areas in need of regeneration (as measured by unemployment and other social deprivation data) and which are likely to benefit in these terms from a new casino;
- to ensure that those areas selected are willing to license a new casino.

4. Should authorities wanting to make submissions now get on with preparing them and sending them to us?

By all means do preparatory work on your submissions, but please note that once the Panel has finished scoping their work, they will invite concise submissions on the basis of a structured selection process, which will assist them to compare proposals on a common basis.

[...]

8. Why will it take until the end of 2006 for the Panel to prepare its advice?

The Panel has a large amount of work to do before it can make its recommendations to Government. It will need to take into account the views of many interested bodies as well as the revised Regional Spatial Strategies which are the responsibility of regional planning bodies. The Panel aims to make sure it has considered all relevant information in formulating its recommendations.

9. Will the Panel be recommending an early increase in the number of Regional casinos?

The *Gambling Act* as it stands makes provision for one regional casino, and eight large and eight small casinos. The Panel's remit is purely to identify and recommend suitable areas for these seventeen casinos to be located and we do not intend to go beyond this.

10. Is the Panel choosing specific sites or Local Authority areas?

The Panel's role is to recommend Local Authority areas for the locations of the new casinos, not the specific sites within those areas. If the Minister adopts the Panel's recommendations, then it is expected that the selected Local Authorities will then be able to determine the most appropriate site(s) within their area.

11. Are there any preferred areas for selection for the Regional Casino?

No such decisions have been made, nor will they before a full evaluation process has been carried out. It will be for all interested local authorities to make their case to the Panel.

12. What happens if one of the designated locations receives more applications for casino premises licences than it can grant?

In this case, the licensing authority will have to determine a process to select the most appropriate, which may be a competitive process. We understand that the Government intends to issue a code of practice on how local authorities should conduct competitions. However, in view of the fact that the Panel will not be making its recommendations until the end of 2006, we think it is unlikely that any competition will need to be held before mid-2007, at the earliest.

13. When will the new regional casino open for business?

The Advisory Panel is due to complete its work by the end of 2006 and we expect the local authority processes for awarding licences to take place thereafter, assuming Ministerial adoption of the panel's recommendations. It is not for us to speculate on the precise timetable beyond that.

[...]

The Government expects that a regional casino will be a major development, offering clear potential for regeneration. It 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, gambling activities and non-gambling leisure facilities. The Government believes that it will have the potential to bring in major investment and economic regeneration to the area where it is located.

[...]

17. Should authorities wanting to make submissions now get on with preparing them and sending them to us?

By all means do preparatory work on your submissions, but please note that once the Panel has finished scoping their work, they will invite concise submissions on the basis of a structured selection process, which will assist them to compare proposals on a common basis.

18. Will the Panel be considering the merits of rival operators?

No – the Panel will consider only broad locations, not specific sites or projects. Consideration of operators will be for the licensing authorities.

19. Can I meet with the Panel to put forward my thoughts?

The Panel will be organising a programme of appropriate meetings as part of the examination and evaluation process. They prefer not to take part in informal social meetings. Anyone may write to the Panel at any time through the Secretariat contact details given.

An official in the Panel's secretariat supplied these additional comments:

[...] Competitions for different specific sites and projects in an area will be for the authorities to decide for themselves if they are successful in obtaining a recommendation from the Panel. Our remit is to consider broad locations (i.e. local authority areas) only rather than specific sites and proposals. We have been given

certain criteria by the Department by which we have to consider applications and hope to publish more detailed instructions shortly as to how local authorities should apply and additional information regarding criteria they can follow. All this will be available on our website). Essentially my advice would be that interested local authorities should put together an application which best meets our published criteria, regardless of competitions they may be aware of for specific sites. It must be considered, for example, that if an area is successful they may well have other interested competitors who wish to propose new developments over and above those they may already be aware of.

Anyone [MP or others] may write to us with support (or concern) for an area but we would not be able to take a more specific representation.³

C. The Regional casino

The provision for large-scale “regional” casinos proved to be one of the most controversial features of the *Gambling Bill* when it was before Parliament, even provoking one tabloid newspaper to launch a “Kill the Bill” campaign.⁴ At Committee stage in the Commons the Government signalled that it had had taken on board criticisms that, in the words of the Minister, Richard Caborn,

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.⁵

Accordingly the Government introduced new clauses setting limits to the numbers of new casinos to be permitted in each category. At that point the number of regional casinos was set at eight.⁶ This limit was later reduced to one as the Government faced further opposition and there was pressure to complete the Bill’s passage before the 2005 General Election.⁷ The Government has since hinted that the legislation could be revisited and the permissible number of regional casino licences increased if there were sufficient support from local authorities, MPs and the public.⁸ Section 175(8) of the 2005 Act provides that the Secretary of State may by order amend any of preceding subsections (1), (2) or (3) so as to substitute a new maximum number of casino premises licences, or to repeal subsections (1)-(3) altogether, which would have the effect of removing any limits. Any order would be subject to the affirmative resolution procedure, requiring the approval of both Houses of Parliament. However, according to a parliamentary answer in 2006, the Government was not seeking to reopen the debate on numbers:

³ Personal e-mail from DCMS official, 3 January 2006

⁴ “Hundreds of thousands face gambling addiction if Vegas comes to Britain”, *Daily Mail*, 15 October 2004, and similar articles on subsequent days

⁵ SC Deb (B) 16 November 2004 c139

⁶ The changes to the Bill in the Commons are described in a [House of Lords Library Note](#), *Gambling Bill*, LLN 2005/003

⁷ [HL Deb 6 April 2005 c855](#). This is now section 175 of the Act.

⁸ “Scramble for super-casino turns into lottery”, *Financial Times*, 20 January 2006, p1

Mr. Moss: To ask the Secretary of State for Culture, Media and Sport what representations she has received from local authorities on the number and location of regional casinos under the pilot scheme. [49371]

Mr. Caborn: We have received a number of letters from local authorities and others in support of an increase in the number of regional casinos permitted by the Gambling Act 2005.

Despite these representations, we do not believe the case has yet been made for an increase, and we are therefore proceeding with implementation on the basis of the one regional casino specified in the Act. [...] ⁹

In any case, the Government has already committed itself to a three-year trial period. In Standing Committee on 16 December 2004 the Minister, Richard Caborn, said:

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. ¹⁰

A policy statement was published by DCMS on the same day. ¹¹ This is the wording used in the policy document:

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.

(It should be remembered that, at the time the *Gambling Bill* was in Standing Committee, the Bill provided for a limit of eight regional casinos. This is likewise the context in which the policy document of December 2004 should be read.) It remains official Conservative policy to oppose any rise in the number of regional casinos, ¹² although there have been

⁹ [HC Deb 8 February 2006 c1294W](#)

¹⁰ [SC Deb \(B\), 16 December 2004 c619](#)

¹¹ Dept for Culture, Media and Sport, *Casinos: statement of national policy*, 16 December 2004, para 6

¹² "Conservatives will oppose rise in number of super-casinos", *Financial Times*, 26 April 2006, p2

suggestions in the press that some Conservative council leaders oppose the official stance where their local areas stands to benefit from a new casino.¹³

When a parliamentary joint committee examined the *Draft Gambling Bill* in 2004 there was some disagreement as to the potential of the new “regional” casinos for regenerating local economies. The British Amusement Catering Trades Association (BACTA), a trade body, told the Committee that “resort¹⁴ and large casinos will be adult gambling environments providing scant impetus for social and tourism-led regeneration”.¹⁵ The Henley Centre, a marketing consultancy commissioned by BACTA to examine the social and economic impact of the draft Bill, was also sceptical:

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.¹⁶

On the other hand, a representative of Business in Sport and Leisure told the Committee that “there is no doubt that resort casinos will contribute to regeneration”.¹⁷ This is the Government’s position likewise:

The Government’s strategy is based upon the direction of regional casinos to the most suitable areas. We believe that this strategy will, through the choice of location of these major developments, achieve the significant economic development and regeneration benefits through the development of the casino and ancillary activities, the substantial activity associated with the casino and its knock-on demand for goods and services both at the casino and in the wider local economy.¹⁸

When the Committee suggested that there was a “lack of clarity surrounding regeneration benefits”, the Government responded that regions are better placed than central government to decide where regeneration efforts are best directed and it was for Regional Planning Bodies to identify suitable locations in their regions for such development.¹⁹

D. The Panel’s work, 2005-07

Following a letter from the Casino Advisory Panel to all local authority chief executives in November 2005 seeking indications of initial interest, some 131 local authorities had responded by 11th January 2006. Of these, 52 authorities said that they were not interested and 4 that they could not give an indication at the present time. The Panel’s website has a [list](#) showing which local authorities expressed an interest in which type of casino.²⁰

¹³ “Eight on shortlist to win super casino jackpot”, *Guardian*, 25 May 2006

¹⁴ “Resort” casino was the term originally used for what the Act now calls “regional” casino

¹⁵ Joint Committee on the Draft Gambling Bill, Report, vol II, HL 63-II/HC 139-II, 7 April 2004, Ev 295 para 2.2b

¹⁶ Henley Centre, *Economic and social impact of the proposed Gambling Bill*, February 2004, p158

¹⁷ Joint Committee on the Draft Gambling Bill, Report, vol II, HL 63-II/HC 139-II, 7 April 2004, Ev 106

¹⁸ Dept for Culture, Media and Sport, *Government response to the First Report of the Joint Committee on the Draft Gambling Bill; session 2003-2004*, Cm 6253, June 2004, p31

¹⁹ Dept for Culture, Media and Sport, *Government response to the First Report of the Joint Committee on the Draft Gambling Bill (Regional Casinos)*, Cm 6330, p7

²⁰ <http://webarchive.nationalarchives.gov.uk/20121204113822/http://www.culture.gov.uk/cap/documents/EOI.pdf>

Once it was known that over 40 expressions of interest had been received for the right to host the single Regional casino, Professor Stephen Crow, head of the Panel, did not underestimate the difficulty of the choice that would have to be made:

“Fairness and rigorous examination will be our watchwords [...] How are we going to make up our minds? I don’t know.”²¹

On 31 January 2006 the Casino Advisory Panel published guidance to local authorities and invited formal applications from them for the right to have one of the seventeen new casinos in their area.²² The deadline was 31 March.

On 24 May the Panel **announced** the provisional shortlist of successful proposals which would be taken forward for further evaluation. Eight sites were shortlisted for the one regional casino, and 31 sites for the new large and small casinos. These shortlists were then subject to public consultation and further examination by the Panel, which was expected to make its recommendations to the Secretary of State by the end of 2006. The consultation period, which ran until 28 June, also offered an opportunity for unsuccessful bidders to make renewed bids for inclusion on the list. Several councils, frustrated at their omission from the provisional list (e.g. Havering, Coventry, Birmingham), were reportedly going to do so and considering legal action if they were again excluded.²³ In an interview for the *Financial Times*, Professor Crow emphasised that the Panel reached its decision having regard to the regeneration needs of the area in question and “the proposal’s ability to benefit that regeneration”; he also stressed that local support for the scheme was essential and each scheme had to demonstrate that the social impact of its super-casino could be measured.²⁴ However, during the public hearings on potential sites for the regional casino, the press reported continued criticism of the selection process:

Conservatives and Liberal Democrats attacked the panel for failing to assess local and regional support for the casino plans. They said the bidding process had been shrouded in secrecy and warned that potential conflicts of interest declared by panel members undermined the independent bidding process.²⁵

A finalised shortlist was published on 13 October. The Panel removed Brent from the regional shortlist after notification from the council that it no longer wished to pursue its proposal. No additions were made to the regional shortlist, which was now as follows: Blackpool, Cardiff, Glasgow, Greenwich, Manchester, Newcastle and Sheffield.²⁶ The CAP [website](#) gives an outline of how the final stage of the evaluation was undertaken.

In November 2006 we learned of a slippage in the timetable. The Panel’s recommendations on the location of the new casinos would now be delivered to the Secretary of State on 30 January 2007.²⁷

²¹ Quoted in: “Scramble for super casino turns into lottery”, *Financial Times*, 20 January 2006, p1

²² Summarised in a [press notice](#); full documentation available from the [Panel’s website](#)

²³ “Towns threaten legal action over exclusion from supercasino list”, *Times*, 25 May 2006

²⁴ “Shortlisted casino bidders ‘met strict regeneration criteria’”, *Financial Times*, 27 May 2006, p2

²⁵ “Casino panel condemned over bidding process”, *Independent*, 30 August 2006, p6

²⁶ DCMS press notice, *Casino Advisory Panel announces finalised casino shortlists*, 13 October 2006

²⁷ <http://webarchive.nationalarchives.gov.uk/20121204113822/http://www.culture.gov.uk/cap/what.htm>

E. The Panel's final announcement

On 30 January 2007 the Panel issued its [final report](#)²⁸, including its recommendations to the Secretary of State on the location of the seventeen new casinos. A [press release](#) summarises those recommendations. In a statement to the Commons on the same day, Tessa Jowell said that she was “minded to return to this House at the earliest opportunity with an order that will enable Parliament to consider the panel's recommendations and to vote on them”.²⁹ The order that the Culture Secretary is required to make under the *Gambling Act 2005* (section 175(4)) determining the geographical distribution of the new casinos is subject to the affirmative resolution procedure, necessitating a debate and potentially a vote in both Houses.³⁰

The recommended locations were:

Regional casino: Manchester

Large casino: Great Yarmouth, Kingston-upon-Hull, Leeds, Middlesbrough, Milton Keynes, Newham, Solihull and Southampton

Small casino: Bath and North East Somerset, Wigtown licensing area in Dumfries and Galloway, East Lindsey, Luton, Scarborough, Swansea, Torbay and Wolverhampton.

The proposal to site the single regional casino in Manchester, rather than in Blackpool (which had emerged as the “front runner” among the finalists), caused some surprise in Parliament as well as outside.³¹ The Panel said of the Blackpool bid:

513. We do not think Blackpool's proposal would represent the best test of social impact for the regional casino because most of the social effects would be exported. While it is clear that Blackpool is in need of regeneration, in our view the regeneration benefits of the proposal before us are unproven and more limited geographically than other proposals. If we thought it would fulfil all that is claimed for it, that is to turn round the fortunes of Blackpool, it could be a winner. But we do not think that a regional casino on its own would effect the transformation sought locally, nor optimise the wider regeneration through regional and national economic growth. While we note that willingness to license is high, in the round we do not regard this as the best proposal before us.

On Manchester the Panel reached these conclusions:

517. In every respect we are extremely impressed by Manchester's proposal, which offers great promise. We found that the proposal had a unique formula to offer which served to set it apart from the others presented to us in terms of the full range of our specific remitted criteria of best test of social impact, regeneration need and benefits and willingness to license. Manchester represents a good place to test social impact,

²⁸ DCMS, *Final Report of the Casino Advisory Panel*, January 2007

²⁹ [HC Deb 30 January 2007 c89](#)

³⁰ [HC Deb 5 December 2006 c266W](#)

³¹ E.g. “[Prescott backs call for casino rethink](#)”, *Daily Telegraph*, 28 February 2007

and the council's consultations with other local authorities and relevant bodies gave us confidence on that. Manchester has a catchment area for a casino second only to that of London, and it is an area in need of regeneration at least as much as any of the others we observed – indeed, the city has the greatest need in terms of multiple deprivation of all the proposals before us. We are impressed that the council's plan has been developed, and is proposed to be taken forward, in close consultation with the communities that would benefit from it. At the same time Manchester, as one of England's eight "Core Cities" and as one of the cities in the Northern Way, has a pivotal role in the regeneration of Northern England. In our view the proposal presents the most complete package in terms of meeting our remitted criteria.

Having discharged its duties under its remit from the Secretary of State, the Panel's Secretariat was wound up.

F. The Parliamentary vote of March 2007

Given the strength of feeling on this issue, there was some speculation in the press that there might be two parliamentary votes – one on the choice of regional casino and another on the less contentious locations of the sixteen other new casinos.³² Joan Humble, a Blackpool Member, tabled an Early Day Motion calling for the matter to be referred to a Joint Committee of both Houses before any vote takes place.³³ The Liberal Democrats tabled an EDM to similar effect.³⁴ The Government required a favourable vote in both Houses to implement the Panel's recommendations, and there was reportedly much opposition in the Lords to the choice of Manchester for the regional casino.³⁵

On 1 March 2007 it was announced that the Government had accepted all the Panel's recommendations and Secretary of State was laying a **single** draft order³⁶ for approval of all seventeen locations, departing from precedent by allowing three hours of debating time in the Commons, rather than the hour and a half prescribed under Standing Orders.³⁷

Prior to the debates on the order, which were due to take place in both Houses on 28 March, the order was considered by the Lords Committee on the Merits of Statutory Instruments. The Committee drew peers' attention to the SI "on the ground that it gives rise to issues of public policy likely to be of interest to the House and may imperfectly achieve its policy objectives". The Committee summarised its conclusions as follows:

We took evidence to clarify how and why the Government had set the selection criteria for the Panel and how the Panel measured the bids against those criteria. The evidence demonstrated a difference in interpretation of "social impact", with the Panel's interpretation giving greater prominence to economic factors and less to the minimisation of harm from gambling, a licensing objective set by section 1 of the Gambling Act 2005.

³² "Separate votes might ease way for smaller venues", *Financial Times*, 27 January 2007

³³ EDM 823 2006/07 (98 signatures to date)

³⁴ EDM 872 2006/07 (22 signatures to date)

³⁵ "Angry peers ready to block super-casino", *Sunday Telegraph*, 25 February 2007

³⁶ *Draft Gambling (Geographical Distribution of Casino Premises Licences) Order 2007*

³⁷ DCMS press notice 026/07, *Government puts casino panel's recommendations to Parliament in full*, 1 March 2007; cf. "Jowell gambles on all-or-nothing plot to foil casino rebels", *Daily Telegraph*, 1 March 2007

Each licence can only be issued after the authority has held an open competition for proposals and once the winner has obtained planning permission and the other necessary licences. The Government deliberately set the "best possible test of social impact" as the primary objective in the Panel's terms of reference. We heard in evidence that the Panel gave great weight to the traceability of social impact and this significantly affected its recommendations, ruling out some locations where it felt it might be more difficult to trace the impact. The regional casino may not however be located in the same location within the licensing authority as proposed in the bid to the Panel (and thus where the Panel considered the best possible test of social impact could be assessed) because the next stage of the process requires an open competition amongst potential operators and each successful authority may award the licence to any site within its area.³⁸

On 28 March the Government [won the vote](#) in the Commons with a majority of 24 (274-250)³⁹ but [lost in the Lords](#) by 3 votes (120-123).⁴⁰ Peers voted for an amendment that rejected the Government's proposals and called for the casino plans to be referred to a Joint Committee of both Houses. On the eve of the vote the Culture Secretary had indicated her support for a Joint Committee which would consider the case for building more casinos, including large ones, sooner than originally envisaged.⁴¹ In the debate she held this out as a lifeline for the Blackpool bid:

At the moment, there is no consensus on allowing any more new casinos, and there may never be such a consensus, but it is only right that the Joint Committee to which I referred should be allowed to examine the criteria and the conditions that could govern any possible future decision.

If the Joint Committee decided that a future Parliament might allow another regional casino, and if it recommended a specific location, I doubt that many hon. Members would be surprised if the place recommended was Blackpool. I hope that the Joint Committee will produce its first report within six months. I can assure the House that, with the agreement of my right hon. Friends the Chief Whips in both Houses, the Government would then make time available in both Chambers for any report from the Joint Committee to be debated. I know that that does not give the supporters of Blackpool an immediate gain or the reassurance that they wish for, but they will continue to have every opportunity to make their case in Parliament, and to work with the regeneration taskforce, which will engage in its work shortly after today.⁴²

G. The consequences of the vote

The defeat in the Lords was made known in the Commons just after the lower House had completed voting. On a point of order, the Culture Secretary was pressed for her immediate reaction. She said:

³⁸ Lords Merits of Statutory Instruments Committee, 13th report, 20 March 2007 HL 67-I 2006-07

³⁹ [HC Deb 28 March 2007 c1598](#)

⁴⁰ [HL Deb 28 March 2007 c1693](#)

⁴¹ "Jowell offers rebels casino compromise", *Guardian*, 28 March 2007

⁴² [HC Deb 28 March 2007 c1557](#)

Obviously Ministers will want to reflect on the outcome of that vote and to come back to this elected House in due course with proposals for taking this policy forward and ensuring that the important objectives of this legislation are delivered.⁴³

The handover of power when Tony Blair stepped down as Prime Minister was expected to introduce delay.⁴⁴ According to the *Times* in late March,

Ministers are weighing up a Tory offer to allow the 16 proposed smaller casinos – 13 of which are in Labour areas – to sail through Parliament or whether to return to the Lords to try to secure a supercasino for Manchester.⁴⁵

Coincidentally with these developments, new tax levels for gambling were announced in the 2007 Budget.⁴⁶ A new rate of 50% is to be introduced on gross yield from gaming in excess of £10 million per accounting period (affecting the largest of the proposed new casinos). In addition, Remote Gaming Duty (affecting the newly legalised internet gambling) will be set at 15% of gross profits from gaming (receipts minus winnings) in line with the rate of General Betting Duty.⁴⁷ Proponents of online gambling had expected a more favourable tax rate to encourage overseas-based operators to relocate to the UK. The Government's critics, reportedly, pointed to these tax changes as evidence that the then Chancellor was "not keen to see an expansion of the gambling industry".⁴⁸

Prime Minister Tony Blair was asked on 9 May about progress and indicated that the policy was still on track:

Q8. [136192] **Graham Stringer** (Manchester, Blackley) (Lab): When and how will my right hon. Friend insist on the supremacy of this elected House over the other place, and ensure that the 17 casinos to which we agreed are built?

The Prime Minister: We hope very shortly to present proposals to ensure that the regional casinos are agreed and introduced. I entirely understand what my hon. Friend says, and he will know that not only am I extremely sympathetic to the point of constitutional principle—which is that this House should have primacy over the other House—but I have never understood why Blackpool and Manchester should be pitted against each other. If the money is there and the investment is possible, let us have both. *[Interruption.]* I find it extraordinary that the Conservatives have put the Manchester casino in jeopardy, and are going around the streets of Blackpool telling people that they support the casino there. If we had had our way originally, without their intervention, we would have been able to have both.⁴⁹

In July, the new Prime Minister, Gordon Brown, was asked about casinos policy:

Q2. [148622] **Mr. Andy Reed** (Loughborough) (Lab/Co-op): As the Prime Minister knows, many in the faith community and elsewhere, like me, still have concerns about

⁴³ [HC Deb 28 March 2007 c1601](#)

⁴⁴ "Brown may put casinos at bottom of the pack", *Daily Telegraph*, 30 March 2007

⁴⁵ "Cabinet 'bent on revenge' after casino vote defeat", *Times*, 30 March 2007, p18

⁴⁶ For more on this issue see Library Standard Note SN/BT/3233, *Casino taxation*

⁴⁷ HM Treasury press notice, *Budget 2007*, 21 March 2007

⁴⁸ "Lords throw out plans for Manchester supercasino", *Guardian*, 29 March 2007

⁴⁹ [HC Deb 9 May 2007 c158](#)

super-casinos, believing that they will add to the current problem of the 400,000 people who suffer from gambling problems. Given that a majority of the public believes that these super-casinos will add to gambling problems and social breakdown, will he use this period of reflection and change in policy to look again at the policy on super-casinos, and to go back to the original purpose of the Gambling Act 2005, which was to regulate gambling and reduce gambling problems?

The Prime Minister: It is true to say that this is an issue on which no consensus is found within the two Houses of Parliament, and it is an issue that is now subject to reflection over the next few months. In September, we will have a report that will look at gambling in our country, and at the incidence and prevalence of it and its social effects. I hope that during these summer months, we can look at whether regeneration in the areas for the super-casinos may be a better way of meeting their economic and social needs than the creation of super-casinos.⁵⁰

The interpretation of this reply in all newspapers the following day (usually quoting “senior Whitehall insiders” or unnamed “Whitehall sources”) was that the plans for a regional casino were “dead in the water”.⁵¹ Reaction to the news was mixed. Chris Fletcher, of Greater Manchester Chamber of Commerce, commented:

"Manchester won fair and square. It brings into question how much time and money it has all cost. These areas are desperately in need of significant investment to kick-start crucial regeneration work. What has Mr Brown got to replace it to make sure these people have access to jobs?"

Spokesmen for the Salvation Army and Methodist Church, who had opposed the casinos policy throughout, welcomed the news.⁵² There was also relief from Rank, who currently operate five casinos in the Greater Manchester area (including Bolton), and had no wish to see a sizeable competitor move into their territory.⁵³

At the same time, these same “Whitehall sources” were letting it be known that the sixteen large and small casinos could still go ahead. This led to some confusion in the following days, which the new Culture Secretary sought to dispel by making a Written Statement to Parliament on 16 July, reproduced in full in the next section. Mr Purnell confirmed that the sixteen large and small casinos will go ahead, given the “clear consensus across all parties” in favour, but suggested that, following the local elections which had taken place in May in many of the seventeen areas selected for new casinos, attitudes may have changed both on the council and among local people. He was therefore writing to all the authorities concerned asking them to confirm their continued desire to license a new casino.⁵⁴ Some in the press speculated on the reasons for seeking such confirmation:

[Mr Purnell’s] comments follow signals that ministers are keen to find a way to allow both Manchester and Blackpool to open a large casino. However, that would only be possible if some of the existing councils drop out.⁵⁵

⁵⁰ [HC Deb 11 July 2007 c1438](#)

⁵¹ E.g. “Brown U-turn over plan for supercasino”, *Guardian*, 12 July 2007

⁵² “Brown scraps super casinos”, *Daily Telegraph*, 12 July 2007

⁵³ “Casino operators welcome U-turn”, *Independent*, 12 July 2007, p40

⁵⁴ [HC Deb 16 July 2007 c2WS](#)

⁵⁵ “Councils asked if they still want to have small casinos”, *Daily Telegraph*, 17 July 2007

H. The Written Statement of 16 July 2007

The Secretary of State for Culture, Media and Sport (James Purnell): In response to a question from my hon. Friend the Member for Loughborough (Mr. Reed) on 11 July, the Prime Minister said that during the summer we would look at whether regeneration may be a better way of meeting economic and social needs than the creation of regional casinos. I know that there is a great deal of interest in this issue across both Houses and beyond, and I am making this statement to provide further detail to enable those directly involved to plan accordingly.

The Gambling Act 2005 provides for the licensing of one regional, eight large and eight small casinos. The Government's national policy statement on casinos published in December 2004 sought to accommodate the desire expressed by many local authorities to explore the potential economic and regenerative benefits of new casino developments within our overriding objective of keeping crime out of gambling, keeping it fair and protecting children and vulnerable people.

In October 2005, my right hon. Friend the Minister for the Olympics and London, the Member for Dulwich and West Norwood (Tessa Jowell), established the independent casino advisory panel to advise her on the authorities that should be given the power to issue the new casino licences. Some 68 local authorities applied to panel, including 27 applications for the single regional casino. On 30 January, the panel recommended that Manchester should be permitted to issue the regional casino premises licence, and it recommended the 16 authorities that should be permitted to issue large and small casino licences.

Having carefully considered the independent panel's report, and following consultation with colleagues in the devolved administrations, on 28 March the Government brought before the House an order giving effect to the recommendations. That order was passed in the House of Commons by a majority of 24. It was, however, narrowly rejected by the House of Lords.

The Government have reflected on the debates in both Houses. There are a number of important conclusions to be drawn.

The first is that there was a clear consensus across all parties that the eight large and eight small casinos—the "sixteen"—should be awarded to the authorities identified by the casino advisory panel.

Since Parliament debated this issue, there have been local elections in many of the areas concerned. Some have experienced a change of political control, and in the remaining authorities some of the individual councillors involved in relevant decisions may have changed.

Our reform of gambling policy has placed a great emphasis on the importance of local consultation and local accountability; we have given local people through their elected representatives a greater say in the licensing of gambling premises in their communities. This includes for the first time giving authorities the power to resolve not to license a new casino.

Against this backdrop, I have decided to write to the authorities concerned to ask them to confirm their continued desire to license a new casino. I am sure that both Houses will wish to take account of a renewed commitment from the areas concerned

when the time comes to consider this matter again. If any of the authorities have had a change of heart, I will not include them in the new legislation. The Gambling Act requires only that up to eight authorities in each category are identified.

While there may have been broad agreement on the 16, it was equally clear that—as the Prime Minister made plain last week—there is no such consensus over the regional casino. While much of the debate focused on the merits of the casino advisory panel's recommendation of Manchester as compared to Blackpool, many Members on all sides of both Houses expressed serious doubts about whether we should have a regional casino at all. We have taken heed of those concerns.

The Gambling Act, which is due to come into force on 1 September this year, introduces one of the most rigorous regulatory regimes anywhere in the world. And it is why we enshrined at the heart of that legislation the three key objectives of keeping crime out of gambling, keeping it fair for the consumer and—our number one priority—protecting children and vulnerable people.

Later in the year, the independent Gambling Commission will publish a new study into the prevalence of gambling. This will provide updated information about the rate of gambling and problem gambling in this country. The gambling industry is on notice that if, despite the very stringent safeguards we have introduced, the incidence of problem gambling increases, we have taken the powers to introduce even tougher protections. I have also decided that it is right to pause, to wait for the results of the prevalence study to be published in September, before reaching a decision on how best to respond to the decision of the House of Lords to defeat the casino areas order.

The Government's overriding priority have always been to minimise the potential for harm arising from such developments. At the same time, we have wanted to respond positively to the significant number of local authorities who have been keen to explore the potential of a regional casino to contribute to regeneration in their communities. That is why the new casino provisions were introduced in the first place. And it was the need for regeneration in East Manchester that was a significant factor in that city's success in its application to the casino advisory panel.

In view of the very real concern surrounding the regional casino, it would be prudent to examine afresh whether deprived areas can be equally well served by other forms of regeneration. The Government are taking forward this issue.

In the meantime, we are proceeding with the urgent task of completing the implementation of the Gambling Act. Protecting children and consumers is our number one priority. I will ensure that our new system of regulation, as it covers every aspect of casinos and other gambling premises—from advertising to checks on entry to controls on games and machines—will place public protection first.⁵⁶

I. The announcement of February 2008

The significant development since summer 2007 has been the Government's announcement confirming that it intends to proceed with the 16 large and small casinos and postpone plans for a single regional casino as provided for under the 2005 Act. An order for the location of

⁵⁶ [HC Deb 16 July 2007 cc1-3WS](#)

the 16 new casinos⁵⁷ was laid before Parliament on 26 February 2008, together with regulations to define the new categories of casinos (“large” and “small”).⁵⁸ There was a statement to the House on the same day⁵⁹ and a press notice from DCMS.⁶⁰ In his statement, the new Culture Secretary Andy Burnham accepted concerns “expressed in both Houses about the potential negative impact of a regional casino operating on the proposed scale” while at the same time reiterating his belief that large and small casinos “do not pose the same level of risk to the public as a regional casino”.⁶¹

The orders were debated in the Fifth Delegated Legislation Committee on 25 March⁶² and approved by the Commons on the following day.⁶³ They will be debated in the Lords on 15 May. The Geographical Distribution Order allows for large casinos to be sited in Great Yarmouth, Kingston upon Hull, Leeds, Middlesbrough, Milton Keynes, Newnham, Solihull and Southampton. Small casinos may be sited in Bath, East Lindsey, Luton, Scarborough, Swansea, Torbay, Wigtown (Dumfries and Galloway) and Wolverhampton. It will be noted that these sixteen locations are identical to those recommended by the Panel in 2007, meaning that in the interim all these councils confirmed to DCMS their wish to license a new-category casino in their area. The *Financial Times* claimed that “only a handful of the 16” new casinos are likely to materialise, due to “serious doubts harboured by operators about their likely returns”.⁶⁴

In February 2008 the Government published a report suggesting that the benefits of regional casinos could be delivered through alternative, but equally effective, projects.⁶⁵ Manchester and Blackpool, the unsuccessful “front-runners” for the regional casino, remained unhappy with the treatment they had received. Manchester, in particular, had threatened legal action against the Government after it reportedly spent £240,000 preparing a bid for a regional casino, only to discover that the category had been suspended. By way of compensation, Communities Secretary Hazel Blears announced a £300m package for Blackpool and promised a new Manchester task force would report by March, with a variety of medium level plans laid out in a letter to Manchester council, including £10m for a new sports complex.⁶⁶

J. The procedure following approval of locations

If and when an order determining locations is approved by Parliament, the successful local authorities will then be obliged to allow competing sites within their area to tender for the casino. Schedule 9 to the Act provides for the process that licensing authorities specified in the Order under section 175(4) must follow when inviting and considering applications for the new casino premises licences and applications for provisional statements in respect of new casinos. The Schedule 9 process is as follows:

⁵⁷ *Gambling (Geographical Distribution of Large and Small Casino Premises Licences) Order 2008 (draft)*

⁵⁸ *Categories of Casino Regulations 2008 (draft)*

⁵⁹ [HC Deb 26 February 2008 cc903-19](#)

⁶⁰ DCMS press notice 018/2008, *New casino order laid before Parliament*, 26 February 2008,

⁶¹ [HC Deb 26 February 2008 c904](#)

⁶² <http://www.publications.parliament.uk/pa/cm200708/cmgeneral/deleg5/080325/80325s01.htm>

⁶³ [HC Deb 26 March 2008 c294](#)

⁶⁴ “Long odds on all 16 new casinos opening”, *Financial Times*, 27 February 2008, p2

⁶⁵ Dept for Communities and Local Government, *A review of alternative approaches to regional casino-led regeneration*, February 2008

⁶⁶ “Government accused as supercasino plan is deemed a gamble too far”, *Guardian*, 27 February 2008

- the licensing authority must first invite competing applications for the premises licence;
- it must then submit those competing applications to a two-stage consideration process:

* Stage 1 – Regulatory test – the licensing authority must determine whether, if it was entitled to issue an unlimited number of casino premises licences, it would grant each application. In making this determination, the licensing authority will apply the same tests and process as it would apply in respect of any other application for a premises licence.

* Stage 2 – Greatest benefit test – if more than one application passes the Stage 1 regulatory test, the licensing authority must determine which of the competing applications would, in its opinion, be likely to result in the greatest benefit to the authority's area.

Schedule 9 also contains two powers for the Secretary of State in relation to the conduct of these competitions:

- Paragraph 2 requires the Secretary of State to make regulations⁶⁷ that licensing authorities must comply with when inviting competing applications. In particular, these regulations must make provision:
 - * about the publication of invitations, including provision as to the manner and timing of publication and the matters to be published; and,
 - * about the timing of responses.
- Paragraph 6 enables the Secretary of State to issue a code of practice about the procedure to be followed by licensing authorities when making both the Stage 1 and 2 determinations outlined above, and what matters licensing authorities should have regard to in making those determinations.

DCMS ran a consultation on the *Gambling (Inviting Competing Applications for Casino Premises Licences) Regulations* and the *Gambling Act 2005 - Code of practice for determining applications for casino premises licences* with a closing date of 2 May 2007. The consultation document and associated *Draft Regulatory Impact Assessment* are available [online](#). At that point, it was hoped that bidding competitions would start in July 2007.⁶⁸

⁶⁷ These regulations are now in force: *Gambling (Inviting Competing Applications for Large and Small Casino Premises Licences) Regulations 2008* SI 2008/469

⁶⁸ "Super-casino set for bidding war", *Financial Times*, 22 February 2007