

EXPLANATORY MEMORANDUM TO
THE GAMBLING (GEOGRAPHICAL DISTRIBUTION OF LARGE AND SMALL CASINO
PREMISES LICENCES) ORDER 2008

2008 No. 1327

1. This explanatory memorandum has been prepared by the Department for Culture, Media and Sport and is laid before Parliament by Command of Her Majesty.
2. **Description**
 - 2.1 This instrument, which is laid before Parliament in draft for approval by resolution of each House, specifies the licensing authorities which may issue the eight large and eight small casino premises licences permitted under the Gambling Act 2005 (“the Act”). The instrument also specifies how many of each kind of premises licence issued by each licensing authority may have effect at any time.
3. **Matters of special interest to the Joint Committee on Statutory Instruments**
 - 3.1 None
4. **Legislative Background**
 - 4.1. This instrument will be made as part of the implementation of the Act.
 - 4.2. The Act establishes a new system for the regulation of all gambling in Great Britain, other than the National Lottery and spread betting. It repeals the Betting, Gaming and Lotteries Act 1963, the Gaming Act 1968 and the Lotteries and Amusements Act 1976. It provides for local authorities in England and Wales and licensing boards established under Scottish legislation – together called “licensing authorities” in the Act – to license premises within their areas which are used to provide facilities for commercial gambling.
 - 4.3. The Act also introduces a unified regulator for gambling – the Gambling Commission (“Commission”). The Commission is responsible for licensing and regulating virtually all commercial gambling in Great Britain, including all casinos.
 - 4.4. The Act sets out the following three licensing objectives, which licensing authorities are required to consider in licensing premises under the Act and which the Commission is also required to pursue:
 - To prevent gambling from being a source of crime and disorder;
 - To ensure that gambling is conducted in a fair and open way; and
 - To protect children and vulnerable persons from being harmed or exploited by gambling.
 - 4.5. As part of the new licensing regime it introduces, the Act provides for the following three main types of licence:
 - 4.5.1. Premises licences. These will be held by people who wish to use premises to provide facilities for commercial gaming and betting and, in general, it will be an

offence to use premises for such a purpose without a premises licence. There are different kinds of premises licences for the different kinds of gambling premises (for example, casino premises licences, bingo premises licences, betting premises licences, etc.). Premises licences may only be issued to a person who holds a valid operating licence (see below). They will be issued and overseen by licensing authorities.

- 4.5.2. Operating licences. These will be held by people who wish to provide facilities for commercial gambling and, in general, it will be an offence to provide such facilities without an operating licence. Operating licences will be issued and overseen by the Gambling Commission.
- 4.5.3. Personal licences. These licences will also be issued and overseen by the Gambling Commission and will be held by people who hold specified “management offices” in relation to an operating licence or who perform specified “operational functions” in relation to such a licence.
- 4.6. The Act provides for three different kinds of casino – regional, large and small – and for different premises licences for each kind. This instrument deals only with large and small casino premises licences. Section 175 of the Act prescribes limits on the number of such licences that may have effect at any time. There may only be up to eight large and up to eight small casino premises licences in effect at any time.
- 4.7. Section 175(4) provides for the Secretary of State, after consultation with the Scottish Ministers and the Welsh Ministers,¹ to specify by order:
 - 4.7.1. which licensing authorities may issue each kind of casino premises licence; and
 - 4.7.2. the number of casino premises licences of each kind issued by each authority that may have effect at any time.
- 4.8. This instrument will be made by the Secretary of State under section 175(4) of the Act and specifies the licensing authorities that may issue large and small casino premises licences. It also specifies that no more than one such licence issued by each licensing authority may have effect at any time. Under section 355(6) of the Act, the instrument may only be made after it has been laid in Parliament in draft and approved by a resolution of each House.

5. Territorial Extent and Application

- 5.1 This instrument extends to Great Britain and applies to licensing authorities in England, Wales and Scotland.

6. European Convention on Human Rights

The Secretary of State for Culture, Media and Sport has made the following statement regarding Human Rights:

In my view the provisions of the Gambling (Geographical Distribution of Large and Small Casino Premises Licences) Order 2008 are compatible with the Convention rights.

¹ Section 175(4) refers to the National Assembly for Wales rather than the Welsh Ministers. However, the function of the National Assembly for Wales in section 175(4) was transferred to the Welsh Ministers by paragraph 30 of Schedule 11 to the Government of Wales Act 2006 (2006 c.32). Under paragraph 32 of Schedule 11 to that Act, the reference to the National Assembly for Wales in section 175(4) is to be construed as being a reference to the Welsh Ministers.

7. Policy background

The Act

- 7.1 The Act gave effect to the Government's proposals for reform of the law of gambling. As noted above, it contains a new regulatory system to govern the provision of all gambling in Great Britain, other than the National Lottery and spread betting. It replaces the existing legislation that governs gambling in Great Britain: the Betting, Gaming and Lotteries Act 1963, the Gaming Act 1968, and the Lotteries and Amusements Act 1976.
- 7.2 Through the licensing objectives set out in section 1 (see paragraph 4.4 above), the Act places the protection of children and other vulnerable people at the heart of the regulation of gambling. All casinos – both the existing estate and the new casinos permitted by the Act – will be required to abide by new rules relating to social responsibility that have been put in place under the Act.

The new casinos

- 7.3 The Act provides for the licensing of eight large and eight small new casinos. It also provides for the licensing of one regional casino, which is not dealt with in this instrument. The Secretary of State has decided not to make provision for a regional casino at this time and that, in the absence of unforeseen circumstances, such provision will not be made until an assessment of the social and economic impact of the 16 large and small casinos has been carried out. Such an assessment is unlikely to be completed until 2013.
- 7.4 The new casinos will differ from existing casinos in the following ways:
- 7.4.1. They will be able to offer more gaming machines. If licensed, a large casino will be able to offer a maximum of 150 category B1 gaming machines and a small casino will be able to offer a maximum of 80 category B1 gaming machines (a category B1 gaming machine is a gaming machine with a maximum stake of £2 and a maximum prize of £4000).
- 7.4.2. They will be able to offer new combinations of gambling facilities.
- 7.5 The operators of existing casinos licensed under the Gaming Act 1968 will, like any other person, be able to apply for the new casino licences. Existing operators have also been able to apply to convert their existing licences into new licences issued under the Act. Where they have done so, they have retained their current entitlement to 20 jackpot gaming machines.
- 7.6 The limits on the number of new casino premises licences that may have effect at any time reflect the Government's cautious approach to this reform. They allow the Government to assess whether the introduction of new casinos will lead to any increase in problem gambling. The Government will also evaluate new casinos' economic and regeneration impact. A team led by Lancaster University has advised the Government on the methodology for this assessment and undertook a scoping study for this work. The assessment of the impact of the new casinos will not be carried out until at least three years after the first casinos have begun operating. It is anticipated that the assessment will not be completed until 2013.

The process by which casino areas were identified

- 7.7 The Government's national policy statement on casinos published in December 2004 set out the process for identifying the areas in which the new casinos would be located. In accordance with the national policy statement, the Secretary of State established an independent Casino Advisory Panel ("the Panel") in October 2005 to advise which

licensing authorities should be permitted to issue new casino premises licences. The primary consideration for the Panel was to ensure that casino locations provided the best possible test of social impact. Subject to that, the Secretary of State also asked the Panel:

- 7.7.1 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 a new casino; and
 - 7.7.2 to ensure that those areas selected are willing to license a new casino.
- 7.8 On 31 January 2006 the Panel issued an invitation to all local authorities in Great Britain to apply for the right to issue one or more of the 17 new casino premises licences. 68 local authorities initially applied, and the Panel subsequently announced a shortlist of eight candidates (one of which subsequently withdrew) for the single regional casino licence, and 29 candidates for the eight large and eight small licences. It was from those shortlists that the Panel drew its recommendations.
- 7.9 The Panel ensured that the process it followed was as open and transparent as possible. It subjected all shortlisted candidates to rigorous assessment, asking local authorities and other interested parties for additional evidence where necessary. It held public sessions with each of the remaining authorities short-listed for the regional casino. The Panel invited regional bodies in England and their Scottish and Welsh equivalents to comment on the proposals, and it considered representations from industry groups, organisations concerned with problem gambling, MPs and members of the public.
- 7.10 Further details on the consultation undertaken by the Panel are set out in its final report, which was published on 30 January 2007. The report can be accessed at www.culture.gov.uk/cap The report explains the process the Panel followed and how it reached its conclusions. Following receipt of the Panel's report, the Secretary of State consulted the Scottish Ministers and National Assembly for Wales (as the legislation then required). They agreed that the Panel's recommendations should be put to Parliament for approval.

The original Order

- 7.11 After considering the Panel's report and the responses received from the devolved administrations, the Secretary of State decided to accept the Panel's recommendations and to lay before Parliament a draft Order that would, if made, have given effect to those recommendations in full ("the original Order"). The original Order was laid in Parliament on 1 March 2007 and debated in both Houses on 28 March 2007. A motion approving the original Order was passed by the House of Commons but was defeated by the House of Lords.
- 7.12 Opposition to the original Order (in both Houses) centred on two issues:
- 7.12.1 Opposition to the scale of the gambling offerings which the new casinos, and in particular, the regional casino could make available. These are much greater than casinos licensed under the old legislation. There was particular opposition to the number of unlimited stake and prize gaming machines that the regional casino could offer.
 - 7.12.2 Opposition to the authorisation of Manchester City Council to license the sole regional casino. In particular, a number of members and Lords spoke in favour of Blackpool's bid for the regional casino (which had been short-listed, but ultimately rejected, by the Panel).

- 7.13 That opposition to the original Order focused on the regional casino (and not on large and small casinos) was highlighted in the motion passed by the House of Lords when rejecting the draft order. That motion said:

“... this House, taking account of the 13th Report from the Merits of Statutory Instruments Committee, declines to approve the draft order; considers it desirable that Lords be appointed to join with a committee of the Commons as a Joint Committee to consider the process by which a decision was reached on which licensing authority should issue the regional casino premises licence and to report by 1 June 2007; and calls upon Her Majesty’s Government to take account of the recommendations of any such Joint Committee and to lay regulations including the licensing authorities as set out in the draft order whose responsibility it is to issue the eight large and eight small casino premises licences.”

- 7.14 Following the House of Lords’ vote on 28 March, the Secretary of State decided to take time to reflect on the Government’s policy in relation to casinos.

Events since the defeat of the original Order

- 7.15 In response to a Parliamentary Question from Andy Reed MP on 11 July 2007, the Prime Minister said that the Government would look at whether regeneration may be a better way of meeting economic and social needs than the creation of regional casinos.

- 7.16 On 16 July 2007 the Secretary of State made a written Ministerial statement to Parliament. In this statement the Secretary of State noted that there was a clear consensus in Parliament in favour of the 16 large and small casino licensing authorities identified by the Panel and included in the original Order. He noted his intention to write to those authorities to ascertain whether they still wished to license large and small casinos. The Secretary of State has now done this. All 16 have said that they want to be included in the new draft Order being laid in Parliament. The London Borough of Newham, which was recommended by the Panel to issue a large casino premises licence, is currently consulting local residents to see if they want a casino. Newham have asked to be included in the instrument, so that any decision by their residents to support a casino can be implemented.

The new Order

- 7.17 Having considered this background, the Secretary of State has decided to lay before Parliament a draft Order which would make provision for the licensing of large and small casinos by those authorities identified by the Panel and named in the original draft Order (“the new Order”). Before taking this decision the Secretary of State consulted the Scottish and Welsh Ministers, who agreed with this course of action.

- 7.18 In authorising licensing authorities to license small and large casinos, the Secretary of State has decided to follow the recommendations of the Panel in relation to those casinos. As noted above, the Panel made its recommendations after 16 months of detailed consideration, and set out the reasons for its decisions in its final report. The Secretary of State has no reason to reject the Panel’s recommendations as to the 16 licensing authorities who should be authorised to license large and small casinos. Indeed, in rejecting the original Order, the House of Lords endorsed the Panel’s recommendations relating to large and small casinos (see paragraph 7.13 above).

8. Impact

- 8.1 An Impact Assessment is attached to this memorandum.
- 8.2 The impact on the public sector is as follows. The licensing authorities specified in the instrument will be entitled to issue casino premises licences. Where they choose to do so,

they will be required to invite applications for those licences and, where more than one application for each licence is received, run competitions in accordance with Part 8 of and Schedule 9 to the Act. The Act provides for the payment of a fee to a licensing authority on application for a premises licence. The Secretary of State and Scottish Ministers have provided by Order for licensing authorities to determine the amount of those fees, subject to maximum fees specified in the Orders (see SI 2007/479 and SSI 2007/197). In determining the amount of fees, licensing authorities are required by section 212(2)(d) of the Act to aim to ensure that their income from fees as nearly as possible equates to their costs. Accordingly, the fiscal impact to the specified licensing authorities of inviting applications for casino premises licences, running any competition, and issuing the licences should be neutral.

9. Contact

Peter Doogan at the Department for Culture, Media and Sport Tel: 020 7211 6486 or e-mail: peter.doogan@culture.gsi.gov.uk can answer any queries regarding the instrument.

Summary: Intervention & Options

Department /Agency: Department for Culture, Media and Sport	Title: The Gambling (Geographical Distribution of Large and Small Casino Premises Licences) Order 2008	
Stage: Final	Version: 1	Date: 25 February 2008
Related Publications: Regulations concerning categories of casinos and inviting applications for large and small casinos		

Available to view or download at:

Contact for enquiries:

Telephone:

What is the problem under consideration? Why is government intervention necessary?

Section 175 of the Gambling Act 2005 provides for the licensing of three new categories of casino and imposes limits on the number of premises licences of each category that may have effect at any time. Only one regional, eight large and eight small casino premises licences are permitted. The Secretary of State has decided not to make provision for a regional casino for the time being; this impact assessment therefore deals with the eight large and eight small casinos only. The draft geographical distribution of large and small casino premises licences order specifies the 16 licensing authorities who may licence a new large or small casino. The different licensing authority areas are listed in the evidence base section.

What are the policy objectives and the intended effects?

This draft order specifies the 16 licensing authority areas where the new large and small casinos will be located. Once the draft order has been approved by Parliament and made by the Secretary of State, the authorities will be able to invite applications, and run competitions, for casino premises licences. It is envisaged that authorities will conduct this process during 2008, and that, if all licences are offered and taken up, all 16 casinos will become operational by 2011/2012, though some of them might be operating by late 2008/early 2009 (in the case of casinos in converted, rather than new build, premises).

What policy options have been considered? Please justify any preferred option.

The Secretary of State established an independent Panel in October 2005 to advise on the areas where the new casinos permitted by the Gambling Act should be located. The Panel published its final report on 30 January 2007. It recommended 17 areas for the new casinos. After careful consideration, the Secretary of State accepted the Panel's recommendations and an Order was laid in Parliament on 1 March 2007. That Order was passed by the House Commons, but rejected by the House of Lords, primarily because of concerns surrounding the regional casino. There was clear consensus in Parliament for the 16 large and small casinos areas. This new Order deals with those areas. The Secretary of State has decided not to provide for a regional casino at this time.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? An assessment of the impact of the casinos will be carried out no earlier than 3 years after the first casinos have begun operating. It is anticipated that the assessment will not be completed until 2013. .

Ministerial Sign-off For SELECT STAGE Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

.....Date:

Summary: Analysis & Evidence

Policy Option:	Description:
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups' The Order, in specifying the 16 local authority areas, does not, in itself, create any costs. Local authorities will incur costs in, and charge fees for, inviting and considering applications for casinos premises licences. These are covered in more detail in the impact assessment for the "Gambling (Inviting Competing Applications for Large and Small Casino Premises Licences) Regulations 2008".	
	One-off (Transition) Yrs		
	£		
	Average Annual Cost (excluding one-off)		
£	Total Cost (PV)	£	
Other key non-monetised costs by 'main affected groups'			

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups' The Order, in itself, will not create any benefits. However, specifying the areas will allow local authorities to invite applications for the development of, and investment in, the 16 new casinos, which will create employment and will bring commitments to regeneration. In deciding to whom to award a casino premises licence, a licensing authority will consider which application brings the greatest benefit to its area. Detailed quantification of the benefits will not be possible until a casino premises licence has been issued.	
	One-off Yrs		
	£		
	Average Annual Benefit (excluding one-off)		
£	Total Benefit (PV)	£ n/a	
Other key non-monetised benefits by 'main affected groups'			
In submitting their bids to the Casino Advisory Panel, local authorities provided an estimate of the employment that would be created by their proposals. This information is summarised in the Evidence Base section			

Key Assumptions/Sensitivities/Risks

Price Base Year	Time Period Years	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £
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What is the geographic coverage of the policy/option?	Great Britain
On what date will the policy be implemented?	1 st or 2 nd quarter 2008
Which organisation(s) will enforce the policy?	Local authorities (premises licenses) Gambling Commission (operating licences)
What is the total annual cost of enforcement for these organisations?	£ n/a
Does enforcement comply with Hampton principles?	
Will implementation go beyond minimum EU requirements?	
What is the value of the proposed offsetting measure per year?	£ n/a
What is the value of changes in greenhouse gas emissions?	£ n/a

Will the proposal have a significant impact on competition?			No	
Annual cost (£-£) per organisation <small>(excluding one-off)</small>	Micro none	Small none	Medium none	Large none
Are any of these organisations exempt?	No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)			(Increase - Decrease)	
Increase of £	Decrease of £	Net Impact	£	

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

Section 175 of the Gambling Act 2005 (“Act”) provides for the licensing of three new categories of casino and imposes limits on the number of premises licences of each category that may have effect at any time. A maximum of one regional, eight large and eight small casino premises licences are permitted, and the government has made it clear that it will not consider allowing any further casinos until a proper assessment has been undertaken of those casinos’ social and economic impact.

Section 175(4) of the Act requires the Secretary of State to make an Order determining the geographical distribution of the new casino premises licences. The Secretary of State has decided not to make provision for a regional casino at this time. Accordingly, the intention behind the Order is purely to identify which licensing authorities are permitted to issue the eight large and eight small casino premises licences permitted by the Act. The Secretary of State is required to specify in the Order which licensing authorities may issue casino premises licences and, in respect of each of those authorities, the number of casino premises licences of each kind, the authority may issue.

In line with the commitments made in the Government’s statement of national policy on casinos published on 16 December 2004, the Secretary of State appointed an independent panel - the Casino Advisory Panel - in October 2005 to advise which licensing authorities should be authorised by Order to issue the 17 new casino premises licences permitted by the Act (one regional, eight large and eight small).

The primary consideration for the Panel was to ensure that the locations provided the best possible test of social impact. Subject to this, the Secretary of State also asked the Panel:

- 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 a new casino;
- to ensure that those areas selected are willing to license a new casino.

The Panel operated entirely independently of the Government. On 31 January 2006, it issued an invitation to all local authorities in England, Scotland and Wales to apply for the right to issue one or more of the 17 new casino premises licences permitted by the Act. 68 local authorities initially applied, and the Panel subsequently announced a shortlist of eight candidates (one of which subsequently withdrew) for the one regional casino licence, and 29 candidates for the eight large and eight small licences. It was from these shortlists that the Panel drew its recommendations.

The Panel ensured that the process it followed was as open and transparent as possible. It subjected all the shortlisted candidates to rigorous assessment, asking local authorities and other interested parties for additional evidence where necessary. In the case of the regional casino, this included holding public examinations of the proposals which were open to members of the public and the media to attend. The Panel invited regional bodies in England and their Scottish and Welsh equivalents to comment on the proposals, and it has considered representations from industry groups, organisations concerned with problem gambling, MPs and members of the public.

The Panel’s report was published on 30 January 2007 (and can be accessed at www.culture.gov.uk/cap) The report sets out the process in more detail, and explains how the Panel reached its conclusions.

After considering the Panel’s report and consulting the devolved administrations, the Secretary of State decided to accept the Panel’s recommendations. An Order was laid in Parliament on 1 March 2007 and debated in both Houses on 28 March 2007. A motion approving the original Order was passed by the House of Commons but was defeated by the House of Lords.

Opposition to the original Order (in both Houses) centred on two issues:

- opposition to the authorisation of Manchester City Council to license the sole regional casino. In particular, a number of members and Lords spoke in favour of Blackpool's bid for the regional casino (which had been short-listed, but ultimately rejected, by the Panel).

- opposition to the scale of the gambling offerings which the new casinos, and in particular, the regional casino could make available.

Following the House of Lords' vote, the Secretary of State decided to take time to reflect on the Government's policy in relation to casinos.

There were two developments on casino policy in July 2007. First, the Prime Minister said, in response to a parliamentary question, that the Government would look at whether regeneration may be a better way of meeting economic and social needs than the creation of a regional casino. Hazel Blears, Secretary of State for Communities and Local Government, who was asked to lead on this work, has now reported to the Prime Minister.

Secondly, the then Secretary of State, James Purnell, made a written Ministerial statement to Parliament, in which he noted that there was a clear consensus in Parliament in favour of the 16 large and small casino licensing authorities identified by the Panel and included in the original Order. He explained that he would write to those authorities to ascertain whether they still wished to license a large or small casino. All 16 have indicated that they want to be included in the new order. The London Borough of Newham, recommended by the Panel to issue a large casino premises licence, is currently consulting local residents to see whether they want a casino in their area. Newham have asked to be included in the Order so that any decision by their residents to support a casino can be implemented.

If, in due course, an authority decides that it does not want to license a casino, it need not do so. Being specified in the Order does not oblige an authority to license a casino - under section 166 of the Act, any authority may resolve not to issue a casino premises licence.

A new Order is scheduled will be laid in Parliament in February 2008.

The 16 local authority areas listed in the new Order are:

Large Casino

Great Yarmouth
Hull
Leeds
Middlesbrough
Milton Keynes
Newham
Solihull
Southampton

Small Casino

Bath and NE Somerset
Dumfries and Galloway
East Lindsey
Luton
Scarborough
Swansea
Torbay
Wolverhampton

14 of the authorities are in England and there is one each in Scotland and Wales. The 16 authorities represent a range of different types of area – from inner city to seaside resort, from port to heritage setting – and a geographical spread of areas across Great Britain. Each of the areas is, as identified by the Panel, in need of regeneration. By assessing the impact of casinos in these different areas, it will be possible to extrapolate the likely effects of new casinos in other parts of Great Britain.

Job estimates quoted in local authorities' bid documents to the Casino Advisory Panel provide some indication of the potential employment opportunities that large and small casinos could deliver. It is probable that the 16 new casinos, if all are developed, will create a total of approximately 3,000 direct jobs.

The bid documents indicate that a number of the proposed casinos are likely to be developed on brown field sites in town or city centres where there are existing entertainment, sporting or leisure facilities. The large casinos are likely to be entirely new buildings, while some of the small casinos may be conversions of existing premises. Beyond this, it is not possible to provide an accurate forecast of the likely environmental impact of the casinos. The Casino Advisory Panel was asked to recommend local authority areas, not specific sites. Although a number of the local authorities' bids did refer to specific sites, under the Act they are required to run competitions open to any person who wishes to operate a casino anywhere within their area. Any new casino development will be required to comply with relevant planning and building regulations, including relevant requirements designed to protect the environment and promote energy saving.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes	Yes
Small Firms Impact Test	Yes	Yes
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	Yes	Yes
Race Equality	Yes	Yes
Disability Equality	Yes	Yes
Gender Equality	Yes	Yes
Human Rights	Yes	Yes
Rural Proofing	Yes	Yes

Consultation

Within government

The Secretary of State is required by the Act to consult Scottish Ministers and Welsh Ministers before making the Order. The Secretary of State wrote to the devolved administrations on 7 February 2007, prior to the original Order being laid in Parliament, inviting them to comment on the Panel's recommendations. While there was some disappointment that the Panel had not recommended Glasgow or Cardiff for the regional casino, they agreed that the Panel's recommendations should be put to Parliament for approval. The Secretary of State wrote again to the Scottish and Welsh Ministers on 31 January 2008 proposing to lay a draft Order before Parliament specifying the 16 licensing authorities identified by the Panel for large and small casino premises licences. Both Scottish and Welsh Ministers have responded positively, in support of the Order being laid in Parliament.

Public consultation

The draft Order is based on the recommendations of the Casino Advisory Panel. The Panel made its recommendations at the end of a 16 month period of consultation involving licensing authorities, local people and other interested parties. This consultation is recorded in some detail in the Panel's report.

In view of the extensive consultation that has already been undertaken on this matter, the Secretary of State concluded that no further consultation would be necessary on the draft Order itself. The Better Regulations Executive has indicated that, while this is a decision for the Secretary of State, in their view there were good arguments for not holding a further three month consultation exercise on the draft Order.

Competition Assessment

The Government's wider casino policy is likely to have an effect on competition. The new casinos will differ from existing casinos in Great Britain, of which, at the end of January 2008 there were 144 trading. The new casinos will generally be larger; they will be able to offer new combinations of gambling facilities, including betting and, in the case of the large casinos, bingo; and they will be able to offer more gaming machines.

If licensed, a large casino will be able to offer a maximum of 150 category B1 gaming machines and a small casino will be able to offer a maximum of 80 category B1 gaming machines (a B1 gaming machine is a gaming machine with a maximum stake of £2 and a maximum prize of £4000). Existing casinos can, and will continue to be able to, offer a maximum of 20 B1 gaming machines.

The Government concluded that to permit 144 existing casinos to have the same gaming entitlements as the new casinos permitted by the Act would expose the public to an unacceptable and unquantifiable social risk, and undermine the nature of the assessment of the social impact of the new casinos to which they are committed. (A full assessment of the impact on competition in the casino industry was included in the RIA that accompanied the Gambling Act 2005.) The operators of existing casinos licensed under the Gaming Act 1968 will, like any other person, be able to apply for the new casino licences.

The limits on the number of new casino premises licences that may have effect at any time reflect the government's cautious approach to this reform. They allow the government to assess whether the introduction of new casinos will lead to any increase in problem gambling. The government will also evaluate new casinos' economic and regeneration impact. A team led by Lancaster University has advised the government on the methodology for this assessment and undertook a scoping study for this work. The assessment of the impact of the new casinos will not start until at least three years after the first casinos have begun operating. It is anticipated that the assessment will not be completed until 2013.

Small Firms Impact Test

Small firms will have the same ability as larger companies to apply for the casino premises licences. When local authorities invite applications for the casino premises licence they will be required to publish the invitation widely to ensure that it comes to the attention of as many operators as possible. The procedure an authority adopts must allow any person to make an application and must also ensure that each application is determined according to criteria which are not pre-selected to favour a particular applicant or application.

Small firms will also be able to tender for the work generated by the development and operation of the new casinos.

Enforcement, sanctions and monitoring

The licensing authorities specified in the Order will be responsible for monitoring any new casino they license, to ensure that the new casinos are compliant with all the conditions of their premises licence. These conditions will include strict requirements designed to ensure compliance with the licensing objectives of the Gambling Act, i.e. to prevent children entering casinos, and to protect other vulnerable people who may be at risk from problem gambling; to prevent gambling from being a source of crime; and to ensure gambling is conducted in a fair and open manner.

In addition, the Gambling Commission has a general responsibility under the Gambling Act 2005 to advise licensing authorities on the exercise of their functions under the Gambling Act 2005. It is also responsible for monitoring compliance by casino operators with all the requirements of their operating licences.

The Gambling Commission and licensing authorities have extensive powers to enter premises for inspection purposes. They also have a range of regulatory sanctions available to them and may bring prosecutions.

Implementation and delivery plan

Once the draft Order specifying the 16 licensing authorities permitted to issue the new large and small casino premises licences has been approved by Parliament, the Department will continue liaising with those authorities through a casino network which LACORS (Local Authority Coordination of Regulatory Services) has established. This provides a forum for the authorities concerned to discuss issues of common interest relating to the conduct of the competitions for the new casino premises licences, and to resolve issues with the Department.

Post-implementation review

The government is committed to making an assessment of the social and economic impact of the new large and small casinos before considering whether any further casinos will be permitted. The Department commissioned a group of academics led by Lancaster University to prepare a scoping study for the Department on the methodology for that assessment. The baseline study will be undertaken once Parliament has approved the draft Order, to enable a proper assessment of changes in the pattern of gambling to be made. The assessment process will be in place in good time for the opening of the first new casino. The assessment will not be complete until at least three years after the first casinos have begun operating. It is anticipated that the assessment will not be completed until 2013.

Health Impact Assessment

Concerns about potential health problems that might arise from this Order centre on the possible increase in problem gambling that might result. The rate of problem gambling in Great Britain is relatively low by international standards – some 0.6% of the population. This prevalence rate was measured in a 2007 study conducted by the regulator, the Gambling Commission.

It is unlikely that this Order in itself, or the 16 new large and small casinos that will be capable of being licensed if Parliament approves this Order, will significantly increase the rate of problem gambling among British adults. The licensing of 16 new casinos nationally, in addition to the 144 casinos currently operating and the many other gambling opportunities already available to people (including betting shops, race courses, bingo halls, arcades, pubs, clubs and remote gambling), is unlikely to have a significant impact on public health. Indeed, the maximum number of gaming machines which could be made available in all 16 new casinos throughout Great Britain (i.e. a maximum of 1840 category B1 gaming machines) will be fewer than the number currently found in a single large casino of the type found in Las Vegas or Atlantic City.

In any case, the new casinos will be subject to strict new requirements in terms of social responsibility based upon evidence of the risks faced by gamblers. These will include requirements to make available to customers information about responsible gaming and where to find help for gambling problems, and to have in place procedures for monitoring for the signs of problem gambling and taking action where appropriate. These new requirements are likely to reduce the potential for adverse health impacts both in the new and existing casinos.

Taken together, these factors mean that we do not consider that the Order will have a significant direct or indirect impact on public health, lifestyle related variables or that it will lead to a significant increased demand on health and social services. Hence, there is no need for a full Health Impact Assessment to be produced in this case.

Notwithstanding the fact that a full health impact is not required for this Order, we have considered carefully the three key questions posed in the Department of Health guidance:

A. Are the potential positive and/or negative health and well-being impacts likely to affect specific sub-groups disproportionately compared with the whole population?

There is no convincing evidence currently that problem gambling is significantly more prevalent in some sub-sections of the adult population than in others. There is, by contrast, clear evidence that problem gambling is significantly more prevalent among under 16s than among adults with 3.6% of this group classed as problem gamblers in 2005/06. There is also evidence that even higher rates of prevalence among adolescents are to be found in particular localities. However, this sub –group will not be affected by the section 175(4) Order. Children will be prohibited from entering the small and large casinos. Casino operators will be required to have in place strict procedures to check the ages of potentially underage customers, and will be liable to criminal prosecution and other sanctions if children are permitted to enter any areas from which they are barred.

B. Are the potential positive and/or negative health and well-being effects likely to cause changes in contacts with health and/or care services, quality of life, disability or death rates?

For the reasons noted above, we do not anticipate that the licensing of the new casinos is likely to result in significant new contacts with health and care services. However, the government is currently preparing to monitor the impact of the new casinos on problem gambling and other social and economic factors which may conceivably impact on the public's health. No earlier than three years after the opening of the first casino, the government will make an assessment of whether the introduction of the new types of casino on a small scale has led to an increase in problem gambling or is increasing that risk. It would then be for Parliament to decide, in light of the evidence, whether or not more casinos should be permitted.

C Are there likely to be public or community concerns about potential health impacts of this policy change?

The government recognises that there are going to be public concerns about the potential health impacts of the new casinos. The government listened carefully to these concerns during the passage of the Gambling Bill through Parliament, and this resulted in the adoption of the cautious, risk-based approach to the new casinos reflected in the Gambling Act.

Indeed, these real concerns led the government subsequently to appoint an independent panel to advise it on the areas where the new casino should be located. The Casino Advisory Panel invited any local authority that was interested in licensing a new casino to make an application. The Panel asked all applicants to provide an assessment of the potential social impacts of a new casino in their area (both positive and negative) and what policies and infrastructure were in place to deal with any potential negative consequences. The Panel consulted widely with key stakeholders and members of the public on all the applications. Local people will have a further opportunity to give their views through the licensing process for the new casinos.

Finally, it is also important to note that for the first time licensing authorities have been given the power to resolve not to license a new casino in their area if they do not want one, and they have been given the widest possible discretion to pass such a resolution.

Race, Disability, Gender

The Order identifies the licensing authorities which will issue the new casino licences permitted by the Act. Once the new casinos are licensed, the developers and operators will have to ensure compliance with all relevant legislation - equality, employment and health and safety law - in developing, building and operating the casinos.

Human Rights

The provisions of the Order are compatible with the European Convention on Human Rights.

Rural Proofing

The casino areas order identifies the licensing authorities which will be permitted to issue the 16 large and small casino licences. The Order does not relate to specific locations within those authorities' areas, and the Secretary of State has no powers to require that the new casinos be developed in specific sites or types of sites within those licensing authority areas.

All local authorities, including predominantly rural authorities, were invited to apply to the Casino Advisory Panel for the right to issue one or more of the new licences. A number of the licensing authorities recommended by the Panel, and included in the Order, have extensive rural areas within their boundaries. These include Bath and North East Somerset, Wigtown Divisional Licensing Board in the area of Dumfries and Galloway, East Lindsey and Scarborough.

There is likely to be a divergence of views as to whether the development of one of the new casinos in a rural area is desirable. Some will see casinos as a means to help boost employment and economic development in rural areas, others will see them as an unwelcome intrusion into rural life. There is also a body of opinion that it is desirable from a social policy perspective that the new casinos should be developed away from urban locations so that people are forced to make a conscious decision to travel to them. Ultimately, it will be a matter for local authorities – with both their licensing and planning hats on – that will decide where the new casinos are located in their areas.

It is important to note that licensing authorities will be required to run competitions for the new licences. They will have a broad discretion under the Act to award the licence to whichever of the competing applications results in the greatest benefit to their local area. Licensing authorities will be required to consult local people on what criteria they will use when assessing local benefit, and they will be able to include matters which address the sort of infrastructural challenges that may exist in rural parts of their area.

Most of the new casinos are likely to be located in town centres and other urban areas. They are unlikely to have an adverse impact on the natural landscape. The large casinos will have a minimum area of 1,500 sq m and the small casinos 750 sq m.