



SCOTTISH EXECUTIVE

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Dear Valerie

I am attaching a copy of a report, *Research on the Social Impacts of Gambling*, for you to consider while you examine and evaluate the proposals from local authorities for the one regional casino licence and eight large and eight small casino licences. The research was carried out by Dr Gerda Reith of the University of Glasgow with the Scottish Centre for Social Research.

The Scottish Executive commissioned this research because evidence on the impacts of gambling in the UK, and particularly in Scotland, is very limited. Scottish ministers also wanted to have a better understanding of the negative social impacts before considering our stance on new casino developments.

The report's main findings are that:

- The social costs of casinos tend to be exported to the areas where the gamblers who play them live. This means that 'resort' and rural casinos tend to be associated with the lowest social costs relative to economic benefits, since the majority of their customers come from outwith the immediate area.
- In Scotland, small casinos and those located in urban or suburban areas would have the greatest potential for negative social impacts, particularly if those areas are already characterised by high levels of social deprivation.
- In Scotland, all of the proposed developments (with perhaps the exception of Dumfries and Galloway) could be considered urban or suburban casinos, although all will attempt to attract large numbers of visitors.

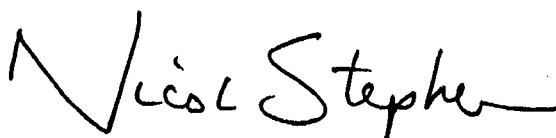
- Longitudinal studies from Australia, New Zealand and the US have found that the prevalence of problem gambling has actually remained stable or declined over time despite the introduction of casinos and other forms of gambling. This has been attributed to the provision of public awareness campaigns and treatment services.

Scottish ministers have considered this research alongside an economic impact assessment carried out by Scottish Executive officials (also attached). This suggests that the establishment of a regional type casino has the potential to create significant economic benefits in the local area or region in which it is situated. Depending on the level and type of associated investment, this could also be important in supporting wider economic development or regeneration. Beyond this, any increase in external visitor numbers or expenditure in Scotland could have a positive impact at the national economic level. We have also considered the findings of a study by Professor Peter Collins, director of the Centre for the Study of Gambling and Commercial Gaming at the University of Salford, who carried out a report for Scottish Enterprise on the location and licensing of casinos in Scotland in December 2003. His main findings were that very large resort casinos with substantial tourism-related add-ons and other recreational amenities offer the greatest benefits in kind to regions.

Although there is evidence that casino developments can have negative social impacts, it is also clear that strategies exist that can be used to address and therefore minimise problem gambling. Several local authorities in Scotland are keen to host a new casino development and Scottish ministers believe that the local authorities are best placed to weigh up the pros and cons. Scottish ministers have therefore decided that they are not opposed in principle to new casino developments in Scotland, subject to there being significant demonstrable regeneration benefits and appropriate safeguards to mitigate the potential negative impacts.

I hope you find this helpful. If I have any queries about the report or about Scottish ministers' position on new casino developments, please do not hesitate to contact my office.

Kind regards,



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