

# RESPONSE TO CASINOS ADVISORY PANEL QUESTIONS: LARGE CASINO



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## Introduction

This document briefly sets out Leeds City Council's response to the 17 Casinos Advisory Panel questions relating to proposals for a large casino for Leeds. In light of the request to limit the response to 3,000 words, where appropriate this document refers to the supplementary information submitted to the CAP on 14th August 2006. It is our understanding that the *Supplementary Information Document (SID)* will be considered in full in any case.

## Social impact

As set out on page 2 of the SID, the council has commissioned a team of consultants to undertake a *Social, Health & Economic Impact Study*, to be overseen by the Casino Task Group, and to be used as a basis for ongoing monitoring by the University of Leeds and Leeds Metropolitan University. The findings, where appropriate, will be used to inform licensing policy and site / operator selection criteria. The study considers both a regional and large casino option.

The primary aim of the impact study is to understand and develop a robust methodology for measuring and monitoring the health, social and economic impacts of casino-based gambling in Leeds, both now and following the introduction of any casino development / associated gambling opportunities. This will allow these impacts to be effectively managed / mitigated and, in the case of positive impacts, maximised.

The draft interim findings were presented to the Casino Task Group on 25th September (copy enclosed). The final report is to be submitted in November.

## 1. Do you have any views about a casino needing to be at some distance from normal life to minimise impulse problem gambling?

The interim findings of the impact study identify the general acceptance that ambient gambling, namely "that which is highly convenient and easily accessible", is more likely to lead to negative social impacts than other forms of gambling.

It would appear at first glance that the solution is to only consider out-of-town or remote locations. However, we are mindful of the numerous other considerations that impact upon this decision, including planning policy (PPS 6, PPS 13) and commercial sustainability issues. This apparent conflict is noted by Anthony Jennens<sup>1</sup> (Chairman of Gamcare).

Therefore we propose to hold an open competition process to identify the best overall casino proposal for the city, based on the full range of relevant criteria. This process will be directly informed by the mitigation measures and best practice examples identified through the impact study, in order to minimise impulse problem gambling.

## 2. Would the proposed social inclusion fund be developed in the case of a large casino in your area?

The council and its partners are committed to an on-going programme of activity to promote financial inclusion and tackle over-indebtedness in the city, for which they are seeking 'Beacon' status. This includes the establishment of a financial inclusion charity to draw in funding for financial inclusion projects (regardless of progress on the casino development).

<sup>1</sup> Address to Salford Seminar 23rd January 2006

Section 4 of the original submission sets out in detail the council's proposed approach to identifying, managing and mitigating potential negative impacts, and the maximisation of positive social impacts of a regional casino.

The council has commissioned the *Social, Health and Economic Impact Study* to examine the scale of impacts for both a regional and large casino. It is anticipated that the negative social impacts of a large casino will be lower than for a regional casino. Likewise, the economic benefit, in particular on-going revenue contribution, will also be scaled downwards.

It is anticipated, subject to confirmation through the impact study and further consultation with operators, that a large casino could provide an annual sum to support either a new social inclusion fund, or initiatives such as the financial inclusion charity set out above.

Furthermore, the principles behind the fund and four-point plan to address social impact will be applied to the selection of, and ongoing relationship with, the preferred site / operator for the city.

### 3. Much of your proposal is focused upon the benefits of a 'regional' casino. Have you thought what the benefits might be of one in the 'large' category that you have requested as a fall back option?

The original proposal clearly sets out Leeds' aspiration to secure a regional casino and the associated scale of benefits. However, the city identified a large casino as a fallback position recognising that this would also provide important regenerative benefits. The impact study will identify the relative quantum of benefits that could be expected from a large casino. In the interim the city has prepared for two scenarios, as follows:

1. A regional casino would provide a **major capital contribution** (gap funding) to the development of an arena complex, as well as a significant revenue stream to **fund regeneration programmes** in the city (eg social inclusion fund).

2. A large casino would not provide the same level of capital contribution to the arena. However, it could contribute significantly to the **viability and sustainability of the overall arena development**. This would make the project more attractive to developers / operators thereby promoting competition and value for money, and reducing risk. A scaled revenue contribution would also be sought.

**The combined economic and social benefits of the arena and casino complex under both scenarios would greatly benefit areas in need of regeneration in the city, and contribute to the objectives of the *Vision for Leeds*.**

### 4. Given that 55% of the local population is of black or minority ethnic origin, what social impact would you envisage?

We would like to clarify that as stated in our original submission, the black or minority ethnic origin population in Leeds is 8.5% (Census 2001).

The interim findings of the impact study identify the potential social impacts of a casino and the key vulnerable groups that might be adversely affected. Research identifies that immigrants and minority ethnic groups have a higher than average propensity to become problem gamblers, which could lead to negative social impacts. The study identifies further vulnerable groups, including 18-35 year olds, those with low income, and individuals with lower educational attainment. Best practice mitigation and monitoring measures will therefore be identified through the impact study, the implementation of which will include a specific focus on vulnerable groups.

Leeds City Council is committed to ensuring that, where possible, all disadvantaged groups in the locality of the casino development will benefit from the positive social impacts that a casino and associated development can bring.

## Need for regeneration

**5. Please explain why you think (p.4) that a casino in Leeds would “facilitate the development of an enhanced cultural and business infrastructure in the city”? What direct connection would there be between a casino and the cultural etc. developments referred to on p.15 and the *Vision for Leeds* projects referred to on p.8?**

Pages 3 & 5 of the SID set out more detailed information on the linkages between the development of arena / conference facilities and a casino. In summary, the delivery of the arena and conference facilities is heavily dependant upon private sector funded development, of which a casino is an integral part.

Recognising the links between the funding, timing and procurement of the arena / conference facilities and the casino, the council appointed a consultancy team in June 2006 to advise on both the location and procurement of the arena and the competition framework and selection criteria for the casino. This work will be completed at the end of October 2006, ensuring that should the council be successful, it can commence the procurement process immediately.

The development of the arena complex would improve the cultural life of the city and is likely to be located in, or adjacent to, a key regeneration area of the city as highlighted in the *Vision for Leeds* (see page 4 of the original submission).

**6. Specifically, what employment benefits do you expect from a large casino?**

The full range of employment benefits of a large casino will be identified through the impact study, and maximised through the competition process. However, we anticipate the following benefits:

- construction related jobs
- 300-500 casino operational jobs (*figures provided by operators specifically in relation to a large casino in Leeds and benchmarked for accuracy*)

- jobs created ‘off-site’ due to supply chain benefits and ‘off-site’ expenditure by visitors to the casino
- approximately 80+ FTE jobs (operational phase) created by the arena development (*assuming it is facilitated by the casino*)

The selected casino operator would be required to target employment and training opportunities in deprived communities, and be fully committed to the delivery of the *Employment & Skills Strategy* for Leeds.

## Willingness to licence

**7. Is there support for the proposal from Full Council? In your proposal, why were you not able to show greater acceptance than just board approval within the authority?**

Page 2 and 3 of the SID sets out a *significant amount* of information in relation to the ‘willingness to licence’ criteria, including: formation of a Casino Task Group; community engagement programme; local strategic partnership, MP and cross party support.

The council’s executive board has approved the casino proposal, and cross-party support is evidenced in the SID.

The council’s gambling policy, including reference to its ‘willingness to licence’ a casino under the 2005 Act is scheduled for approval by Full Council in December 2006. However, the council is mindful that the Licensing Committee does not yet have the power to consider casino licencing, as s154 has not yet been brought into force nor would the council seek to make unlawful decisions regarding competition / evaluation prior to the issue of guidance and regulations from government.

## 8. In what ways do you consider a large casino would help fulfil the aspirations set out in your original (preferred) proposal?

Leeds City Council is fully committed to maximising the benefits of a regional or large casino for the city, with particular consideration of regenerative and positive social impacts for deprived communities.

With reference to Table 3.1 of the original proposal, a large casino would help to fulfil each of the objectives, albeit to a lesser extent. Key areas where a large casino would make a *significant* impact include:

- **culture** - a large casino would contribute to the viability and deliverability of the proposed arena / conference facilities in the city as set out in scenario 2 (Q3), thus bringing benefit to deprived communities through access to culture and employment
- **enterprise and the economy** - a large casino would generate between 3-500 jobs in operation, and potentially facilitate further employment by contributing to the arena development. The casino operator would be required under the terms of selection to focus employment and training opportunities in adjacent / deprived communities and to be fully committed to delivering the *Employment & Skills Strategy* for Leeds
- **environment / physical regeneration** - the casino and arena development are likely to be located in an area in need of regeneration. It is anticipated that either or both of these developments will act as a catalyst for other regenerative development in deprived communities that might otherwise take significantly longer to be realised. This will have a further resultant economic impact upon the city.

## 9. Please advise on the anticipated June draft policy statement and (if not too early) the results of consultation over the summer (p.14).

The council's recent exercise seeking views on the *Draft Statement of Gambling Policy* indicates broad public support for the document.

The number of responses received compares favourably with levels of response to consultation exercises carried out by other local authorities. Responses showed, in principle, that the public was comfortable with the tone and scope of the draft statement. Of the handful of more sceptical views received, most were attributable to a negative view of gaming generally rather than specifically the case of a Leeds casino.

The majority of respondents felt that the draft statement promoted crime prevention objectives, advocated fair and open gambling, protected vulnerable groups, and took the right approach with regard to the provision of gaming machines and the location of casino sites.

Some concerns were raised regarding the suggested controls related to protecting vulnerable people. The council has noted these legitimate and useful comments and will address them through the redrafting process.

The council is committed to continuing to engage in significant public consultation as the process continues.

A revised Statement of Gambling Policy will be presented to council's Scrutiny Committee in October and to Full Council in December 2006. *A copy of the Draft Statement of Gambling Policy and the results of the consultation exercise are enclosed.*

## 10. Please tell us more about the reaction from local organisations. Have they all been supportive (p.14)?

*“We have consulted widely with local partners and stakeholders through the Leeds Initiative Board; as well as through the Going up a League and Narrowing the Gap Executives. These partnerships comprise a wider range of members representing the public, private, voluntary, community, faith and other community groups. The response to Leeds' casino proposals has been inevitably mixed with strong support from some sectors and less strong support from others, in particular, the faith and community groups whose concerns centre around the potential for negative health and social impacts. However, there is a willingness from community representatives to work with the council and partners to progress proposals; to conduct an impact assessment; and engage in wider consultation activities. We have established a local Casino Task Group which comprises mixed representation (including from faith and community sectors) to manage and oversee these developments.”*

**Kathy Kudelnitzky - Director, Leeds Initiative.**

The formation of the Casino Task Group and the community engagement programme (see page 2 & 3 SID) has stimulated a significant amount of press coverage of the city's aspiration for a casino.

Recently, following a series of press releases, a major article regarding the casino proposal was published in the Yorkshire Evening Post (YEP) inviting responses from the public. To date only one negative response has been received. A further article is planned in the YEP with two members of the CTG setting out the benefits and potential impacts of a casino to encourage further discussion and engagement in the city.

In total, since the initial proposal in March 2006, the council has only received four negative letters regarding the casino proposal.

## Probability of implementation

Page 3 of the SID sets out further information in relation to the probability of implementation.

## 11. Is the additional market and economic impact information you have commissioned now available? If so, please provide a summary of findings?

The interim findings of the impact study (identifying potential impacts) have been presented to the Casino Task Group. *A copy of the draft interim report is enclosed.*

In relation to economic impacts the second phase of the study will calculate the baseline position in Leeds; set out a methodology for the future measurement of economic impacts; and identify best practice examples of maximising economic impact through casino development in the city. Information has been provided by the major operators to assist in this process. *The final report will be completed in November 2006.*

The projected economic impact of the arena development is separately identified at in the region of £28m per annum.

## 12. Given that there are already five casinos existing in Leeds, what persuades you that a sixth, larger casino would not only be viable but bring all the benefits claimed?

The proposal for both a regional and a large casino has enjoyed continued support and commercial interest from operators and developers, including those with existing casinos in Leeds (eg Stanley Leisure).

Three planning applications have already been submitted with a view to accommodating a large or regional casino. Research provided through this process suggests that the Leeds catchment can support 11 casinos using current demand parameters or 21 casinos under the projected increases in demand following the full implementation of the 2005 legislation.

The *Ernst & Young Casino Report* for Yorkshire Forward identified Leeds as the most sustainable location for a regional casino in Yorkshire. We therefore believe that a large casino would also be sustainable.

*Evidence of all of the above can be provided to the CAP on request.*

## Regional and local context

### 13. In framing your criteria for site selection (p.8) what account did you take of national policy in PPS6?

The site selection criteria identified in the proposal covers a range of areas, some of which are directly relevant to PPS6. However, the list is not exhaustive.

As noted in Question 1, we are mindful of the challenges in locating casinos with regard to both social impact, city centre sustainability / economic development and planning policy considerations. Therefore, the council has commissioned the consultant team advising on the procurement of the arena to concurrently consider the competition framework and site selection criteria for the casino. The consultants report and government guidance (when published) will inform the development of an open competition for the casino based on the full range of relevant criteria, including planning policy.

### 14. Why do you think that you were not able to get stronger support from local and regional authorities?

As set out in the original submission and SID, Leeds has strong regional support in its ambition to secure a regional / large casino. Formal letters of support have been provided to the CAP from the following key parties: Jan Anderson, Executive Director Yorkshire Forward (7th June), George Mudie MP (14th July) and Hilary Benn MP (July).

Leeds is the only area in the Leeds city region that has put forward a proposal to the CAP for a large casino and city-region support is evidenced below:

*"Several local authorities support a super / large casino in an appropriate location within the Leeds city region as a part of the overall leisure offer. Bradford is the city region's second largest city, with a large dynamic population, a city centre undergoing massive amounts of physical and social investment and a growing tourist offer; York is a tourist destination of international importance attracting over four million visitors a year, generating some £291 million for the local economy, and Harrogate provides a substantial business tourist offer supported by its high profile conference facilities."*

## Community benefits

### 15. What leads to your confidence in the success of your proposed social inclusion fund (p.10 and p.18 of the proposal)? How much money (roughly) would you expect to raise annually from a large casino?

Leeds is committed to working in partnership with local stakeholders and is currently facilitating programmes to tackle issues such as financial inclusion and indebtedness in the city. The research undertaken and partnerships developed to date can only be enhanced by the financial and wider economic contribution of a proposed casino.

A number of the council's partners on the project have expressed positive views in relation to the social inclusion fund to tackle existing and future problems in the city. The fund will have the potential to contribute to a range of areas (debt counselling, jobs/skills training etc) that will be of benefit to the city. Similar approaches have been shown to mitigate negative social impacts where implemented abroad. Support for this concept has also extended to operators to whom we have spoken. Existing advisors in the city have the capacity to deal with around 1,300 specialist financial cases per year, and the additional funding available through the development of a social impact fund will boost this capacity substantially.

As set out in our response to Question 2, the impact study will identify the difference in the scale of social, health and economic impacts to be expected from a regional and a large casino (research that is lacking in the UK to date). This will enable the council to identify the likely level of annual contribution that can be expected from the selected operator, dependent upon the scale of casino licence that can be awarded, and subsequently the level of benefit.

We are aware that revenue contributions in other countries are typically based on a percentage of gross gaming turnover up to 2.5%. This is supported by local operator consultation.

## Unique characteristics

In addition to the information summarised below, please refer to Section 9 of the original submission (entitled 'Summary'), and pages 4 & 5 of the SID for a comprehensive explanation of Leeds' unique characteristics.

**16. It would be helpful, for clarification, if you will set out specifically, any unique characteristics of your proposal or area that would support your authority's case for a large casino.**

In addition to the evidence previously presented in relation to a regional casino, Leeds has the following unique characteristics in relation to a large casino:

### Type of area

- Leeds is the **regional capital** of Yorkshire & Humber, located geographically in the centre of the UK
- with a **population of 719,000** Leeds is the second largest metropolitan district in England (behind Birmingham), and the *largest area competing for a large casino licence*
- the Leeds city region contains four of the largest local authorities in England, namely Leeds, Bradford, Kirklees and Wakefield all with over 300,000 population and Leeds enjoys a one hour catchment of over six million people
- the demographic profile of the population is extremely closely matched to that of the UK as a whole, and therefore provides the largest **sample** for testing social, health and economic impacts of casino development
- despite the clear need for regeneration and investment demonstrated in the original proposal and accepted by the panel, Leeds is unable to secure public sector funding for major projects. In particular no area in Leeds is eligible for Objective I European Funding, the type of funding most cities use to deliver conference and arena facilities. Leeds is **dependant upon private sector investment to leverage regeneration**, in this case the casino, to part fund the arena / conference facilities

### Preparing for success

- a **Casino Task Group** made up of key stakeholders has been established to assist the council in considering and addressing the relevant issues associated with casino development in Leeds, and to oversee the *Social, Health and Economic Impact Study*
- the results of the *Social, Health and Economic Impact Study* will be used to:
  - a) shape the competition process and criteria for operator / site selection, based on best practice / mitigation measures identified
  - b) collect the baseline data on key indicators of gambling and related impacts
  - c) provide the framework for a longitudinal study of the impacts of the casino development, to be led by the two universities in the city (*a unique proposal for a large casino*)
- consultants have been appointed to advise the council on the competition process and selection criteria for a casino development linking to the procurement of arena/ conference facilities
- a draft **Statement of Gambling Policy** has been consulted upon, and will be approved by Full Council in December

## 17. What could you do that would make Leeds be more uniquely positioned vis-à-vis other large cities wanting a casino?

One of three major objectives of the *Vision for Leeds* is 'Going up a league'. This means striving to ensure that Leeds is an internationally competitive city. To achieve this aim, Leeds City Council and its partners are committed to innovation and forward thinking in every area of opportunity.

The city has already undertaken actions to position itself as a suitable venue for a regional / large casino, including the formation of a multi-stakeholder Casino Task Group, and the commission of a major study into impacts. However, it is aware that to be competitive it could do more.

The process moving forward will be impacted by many factors, including government, the CAP, CTG, findings of the impact study, operator innovation etc. However, the city could work to position itself more uniquely in the following ways:

- **wider partnerships** - although the city has engaged with a very wide range of partners through consultation and set up the CTG, wider and more unusual partnerships could be established
- **branding / profile** - the city could start to use the casino proposal process to raise the profile and perception of the city nationally, thus encouraging domestic tourism even before a casino licence is granted / opened

### Enclosed documents:

**Interim Report: Social, Health  
& Economic Impact Study**

**Draft Statement of Gambling Policy**

**Consultation on the Draft Statement  
of Gambling Policy**