



Executive
13th March 2006

**Report from the Director of
Policy & Regeneration**

For Action

Wards Affected:
ALL

Wembley Regeneration and the Casino Advisory Panel

Forward Plan Ref: PRU-05/06-18

Reason for urgency: The deadline for the submission of a Statement of Case to the Casino Advisory Panel is 31st March 2006. The Executive therefore need to make a decision on this issue in good time, either to allow time for a robust statement of case to be prepared, or to avoid abortive officer work.

1.0 Summary

1.1 This report sets out the findings of independent economic and social impact assessments of a potential regional style casino at Wembley. It asks members of the Executive to consider the findings of the assessments and to determine whether to submit a formal Statement of Case to the government's independent Casino Advisory Panel by the 31st March 2006 deadline. The report recommends that in the light of the findings of the assessments, a Statement of Case is submitted.

2.0 Recommendations

2.1 That in the light of the findings of the Economic and Social Impact assessments, the Executive approves the preparation and submission to the Casino Advisory Panel of a full statement of a case for a regional casino in Wembley.

2.2 That the Executive note that officers are preparing a schedule of consultation to inform any Examination in Public that may be called by the Casino Advisory Panel.

3.0 Introduction

- 3.1 The Gambling Act recently passed by Parliament will allow three new types of casinos to operate in Britain. One “regional casino” will be permitted, along with eight large and eight small casinos.
- 3.2 The regional casino will have a minimum total customer area of 5,000 m², and be permitted up to 1,250 Category A unlimited jackpot gaming machines. Large casinos will have a minimum total customer area of 1,500 m², and be permitted up to 150 Category B gaming machines, with a maximum jackpot of £4,000. Small casinos will 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 will be permitted to offer bingo, and all three categories will be permitted to offer betting.
- 3.3 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. Large and small casinos will more likely be gambling facilities, with less potential to support a wider range of leisure uses.
- 3.4 In order to determine the best locations for these facilities the Government has established an independent Casino Advisory Panel (CAP). The CAP will consider submissions from local authorities that are interested in hosting a casino within their boundaries and will then recommend the most appropriate location for the new facilities, based largely on a regeneration case.
- 3.5 At its meeting on the 16th January 2006, the Executive endorsed a response to the Casino Advisory Panel setting out Brent’s initial interest in Wembley being considered as a location for a regional style casino. This expression of interest was made on a strictly non-commitment basis, and contained a number of strong caveats around the facility only being acceptable if it provides tangible benefits to local people by delivering key elements of Brent’s Vision for Wembley, including new jobs, international style conferencing, hotels, new community facilities and improved transport arrangements.
- 3.6 Should the Council wish to pursue this opportunity further it needs to submit a full statement of case to the Casino Advisory Panel by 31st March 2006, setting out the reasons why Wembley is the best location for piloting such a facility.
- 3.7 In order to inform this judgement the Executive should take into account the full economic and social impacts of such a facility. Detailed independent studies have now been undertaken by consultants, and summaries of their findings are set out below. Both studies included a range of interviews with relevant stakeholders, including the Police, Primary Care Trust, Gamcare (the leading problem gambling charity) and potential casino operators and developers who have expressed an interest in Wembley.

3.8 All studies of the potential impact of new regional style casinos need to be treated with a degree of caution. Such facilities on this scale are a new product in the UK market, and therefore all assessments of impact are based on a combination of evidence from around the world and assumptions related to other major leisure attractors in the UK.

3.9 It should be absolutely clear that if members agree to submit a Statement of Case, this is in no way agreeing to a regional casino. Throughout the Casino Advisory Panel process the Council will be able to articulate the terms on which it would be prepared to pursue the concept further, and subsequently if Wembley is recommended by the Casino Advisory Panel as a preferred location then Brent would retain regulatory powers through both planning and licensing controls. At this point in time the Council has not received a planning application from any developer or operator for a casino facility in Wembley. Were it to do so at any time in the future, the application would be subject to a full environmental impact assessment, public consultation exercise and section 106 negotiation.

4.0 Economic Impact Assessment

4.1 The Economic Impact Assessment has been undertaken by NERA Economic Consulting. The study considered the economic impact of a regional casino against two alternative scenarios – firstly more development of a style already proposed in Wembley (ie. leisure and retail uses on the ground floor with residential and offices above) and secondly against a predominantly residential development. Its key findings are as follows.

4.2 In terms of visitor numbers a new regional casino could increase the number of visitors to Wembley by 55%, bringing an additional 6,145,000 people per year into the Borough. Three quarters of these people would be 'day visitors' (ie. they would not stay overnight in a hotel), and a majority of these would be 'diverted' from existing day visits to London, which as a whole receives 340,000,000 day visitors a year. This would leave some 1.6 million new overnight visitors, most of whom will be foreign tourists. This would generate substantial additional expenditure in the local area, and would provide an opportunity to maximise linked visits to other local facilities.

4.3 In relation to employment, NERA estimate that a new regional casino would directly create over 2000 jobs from day 1. When the impacts of indirect job creation, job transfers from existing employers into the casino, jobs displaced by existing local employers closing and the leakage of jobs to people outside of the Borough is all taken into account, the net number of jobs likely to be filled by Brent residents is estimated as 1,250 in year 1, out of a total of 1,501 across London.

4.4 A majority of the new jobs are likely to be in casino, food / catering and security operations. Interviews with potential operators indicated that the average salaries for each of these occupations within a proposed facility are likely to be as follows:

- Casino (Gaming) – 760 jobs – average salary: £21,450

- Food / Catering – 557 jobs – average salary: £16,080
- Security – 484 jobs – average salary: £23,107

This would generate an additional £8million in income tax revenue, rising to £15million when National Insurance contributions are included. There may also be an opportunity for Brent to secure direct financial benefits from the Local Authority Business Growth Incentive.

- 4.5 In relation to disbenefits, it is estimated that there are currently 1,690 problem gamblers in the Borough (0.8% of the 16+ population). NERA predict that a new regional casino could increase this number by 163, to 1,853, putting some additional pressure on local support services. The social impact study (see section 5 below) considers this issue in more detail, and predicts a larger increase, indicating the difficulty of making precise predictions.
- 4.6 The issues of policing and transport are considered in the report, but the consultants have difficulty in assigning a specific economic cost for these. The social impact assessment provides more detail in relation to these issues.
- 4.7 The report concludes by stating that the economic impact of a casino exceeds the economic impact of either of the other alternative scenarios considered, both in the short and long terms. It provides more visitors (and hence more spend), more jobs, and more earnings.

5.0 Social Impact Assessment

- 5.1 The Social Impact Assessment has been undertaken by EDAW – a firm of regeneration consultants. The brief was to understand the critical social impacts of a regional casino and to explore best practice from around the world in terms of mitigating against these. In assessing the social impact there has been a heavy dependency on studies based around existing resort casino facilities from around the world, coupled with in-depth interviews with local and national stakeholders. By its very nature this evidence is therefore far more difficult to quantify and far more difficult to put into a Brent context. The reports key findings are as follows.
- 5.2 It is probable that a new regional casino will directly increase levels of problem gambling. Typically negative impacts are felt disproportionately amongst those with low incomes, poorer than average qualifications and amongst non-white groups. Proximity to the casino in general will increase the likelihood of negative impacts. The analysis shows a likely increase of up to 600 casino related problem gamblers in the area, which when adjusted to reflect Brent's 'vulnerability' profile could increase to between 800 and 1200.
- 5.3 There is clearly conflicting evidence here with the economic assessment undertaken by NERA, illustrating how difficult it is to understand how many of the new cases of problem gambling would be directly attributable to a new casino. The context based on current trends is for a significant increase in problem gambling across the Borough (and the country) by 2010. Casinos are only one small element of this overall trend and are arguably the easiest

to regulate and influence, when compared to online gambling or illegal / unlicensed gambling.

- 5.4 There is a body of research around the potential health impacts of problem gambling, which include stress, depression, anxiety, family and child neglect, and suicide. There are also strong links between problem gambling and mental health problems, anti-social behaviour and relationship breakdowns. Locally the Primary Care Trust has expressed concerns over these issues. It is clear that the range of direct and indirect health impacts is complex. Gambling is often just one of a number of causes, and indeed in many cases is a symptom. Significant numbers of problem gamblers also have other addictions and psychological disorders.
- 5.5 There is no real evidence to show that a casino will result in any significant increases in crime. There is limited evidence that some elements of criminal activity rises in areas close to casinos, but evidence from existing casinos in London and the UK indicates that any rise in crime is negligible and generally contained to internal activity such as money laundering and fraud. Some consultees felt that there may be an increase in prostitution but no empirical evidence was found to support this.
- 5.6 In relation to traffic congestion, research suggests that the majority of customers visiting casinos would travel by car and will therefore require parking. Peak usage hours from around the world are between 10:00pm and 2:00am, when traffic flows are generally low, therefore congestion is unlikely. Clearly if adequate transport routes are not provided there may be an issue with late night noise pollution, and any site specific proposals will need to be the subject of a full traffic impact assessment.

6.0 Weighing the Case

- 6.1 The starting point is to place the casino in the overall context of the regeneration of Wembley. 'Our Vision for Wembley' sets out the Council's aspirations for the regeneration of Wembley:
- A community focus for Brent
 - A national, regional and local leisure destination
 - The London Convention Centre
 - A centre for work
 - A cultural and educational centre
 - High quality commercial and retail facilities
 - A mixture of housing types and tenures
- 6.2 This vision is entirely consistent with the Council's formal policy framework. Both the Corporate Strategy 2002-06, the Community Plan and the Regeneration Strategy 2001-2021 include a priority to 'promote a landmark development of regional and national significance at Wembley, creating an identity for the borough and ensuring substantial local benefit'. The Regeneration Action Plan 2004-06 goes on to set out a range of activities designed to ensure the delivery of 'Our Vision for Wembley'.

- 6.3 From a planning perspective this vision is supported by the formal policy framework, which identifies Wembley as a location for leisure, entertainment and destination uses in both the London Plan and Brent's Unitary Development Plan.
- 6.4 Significant progress has been made towards achieving this vision. The new National Stadium and the refurbished Wembley Arena are both nearing completion. Quintain Estates, the major landowner and developer, have been granted planning consent for an ambitious mixed use development incorporating new shops, a cinema and residential uses on 42 acres surrounding the Stadium.
- 6.5 Notwithstanding this there are still large elements of the vision that remain to be delivered, of which a critical component is conferencing. Significantly, Wembley will lose its existing conference facility, and the resulting potential for jobs, business tourism and increased local expenditure, when the existing Wembley Conference Centre is demolished later this year.
- 6.6 The provision of a regional casino complex at Wembley could go a long way to helping us deliver many of the outstanding aspirations within our vision. In itself it would provide another significant leisure destination, generating significant numbers of new visitors and jobs. It should also be possible to secure large scale conferencing and convention facilities, opening up Wembley to new markets in business tourism. Furthermore cultural facilities, luxury hotels, additional shops, restaurants and bars will all be forthcoming on the back of the value generated by a new casino.
- 6.7 The economic impact assessment outlined above highlights the scale of change that a resort casino could drive. Wembley is ideally placed to cope with the additional visitors, with new public transport facilities, road infrastructure and a public realm with the capacity to cater for both day and night visitors. There is scope for late night traffic to be directed straight through to the North Circular Road, avoiding noise issues for surrounding residential areas.
- 6.8 Clearly a huge benefit is the number of jobs that will be generated, particular given that Brent remains a high worklessness and low income Borough. Brent has Beacon Council winning employment programs, which should give us confidence that we will be able to capture those benefits for local people. In the year 2005/06 the Brent in2work partnership will place over 1000 workless people into employment.
- 6.9 The social impact assessment identifies a number of critical areas that need to be considered. Of these, problem gambling is perhaps the most serious. A new casino will increase the number of local problem gamblers, although casino-related problem gambling only represents a small proportion of the overall problem gambling issue. A regional casino would provide a highly regulated and controlled environment that will allow us to monitor what is an already an upward trend in problem gambling (largely due to internet

gambling), and will provide a mechanism for resourcing both preventative and support services.

- 6.10 The findings on crime are inconclusive. With the competition for casino licenses being extremely competitive, the onus for preventing and controlling crime has very much shifted on to the casino operators, who tend to install sophisticated security systems, as well as personnel to the police to reduce the likely impact of any activities.
- 6.11 On balance, the regeneration arguments for a regional casino are exceptionally strong. It is difficult to see how any other facility could provide the level of visitors, investment, employment and profile that a regional casino could. Specifically, a regional casino would contribute significantly to the delivery of the outstanding elements of the Vision for Wembley, most notably by providing an international conference venue with no public subsidy. Certainly in comparison with other alternative land-use scenarios considered within the NERA study, a regional casino delivers more economic benefits both in the short term and over time. There is a supportive policy framework in place and there is clear market demand.
- 6.12 There are clear social issues associated with such a facility. Problem gambling is already increasing, but undoubtedly a regional casino would add to the issue. There would be an adverse effect on other health related issues, although the extent of this is difficult to quantify. Late night noise and traffic movements will be generated.
- 6.13 In order to secure the benefits and to mitigate against the social issues, it would be necessary for the Council to be absolutely clear as to the terms on which a regional casino would be acceptable. As a very minimum these could include:
- Diversifying and increasing the visitor potential of Wembley through provision of an international conference and convention venue, providing high end, state of the art plenary and break out space for worldwide and large scale conferencing events for up to 5000 delegates.
 - Provision of an additional five star hotel facility to further diversify the hotel offer in Wembley.
 - Provision of a range of other cultural and community facilities consistent with 'Our Vision for a New Wembley', ensuring appropriate access for all sections of Brent's diverse community.
 - Commitment to local training and recruitment programmes for both job entry and subsequent career development opportunities, as well as a commitment to on going positive employee relations protocols.
 - A transport and traffic solution which mitigates against any potential adverse impact on nearby residential properties.

- A package of measures designed to prevent problem gambling, based on best practice from around the world, close monitoring of the extent of problem gambling and associated social and health issues, and a commitment to an ongoing funding mechanism to support additional public and voluntary preventative and support services.

6.14 On balance it is recommended that the opportunity for a regional casino is pursued further through the submission of a full statement of case to the Casino Advisory Panel by 31st March 2006. The following section sets out the process for this.

7.0 Making the Case for Wembley

7.1 Should the Executive wish to pursue this opportunity, the Council will have to submit a full statement of case to the Casino Advisory Panel by 31st March 2006. This document will follow a prescribed format, under each of the following headings:

- Introduction
- Type of Area
- Social Impact
- Need for Regeneration
- Willingness to Licence
- Probability of Implementation
- Regional and Local Context
- Community Benefits
- Unique Characteristics

7.2 This document will then be assessed by the Casino Advisory Panel, along with all other submissions, and a shortlist drawn up of sites to be considered for a regional casino. Shortlisted sites will then be the subject of an Examination in Public during the summer of 2006 to consider their relevant strengths and weaknesses, following which recommendations will be presented back to Government. The government will then award the power to license to one local authority. Planning permissions and licensing consents will be required in the usual way.

7.3 Consultation with interested parties and local residents will need to take place in order to inform the Examination in Public, and officers will prepare a schedule for this following the submission of the statement of case. Likely consultation methods would include the Citizen's Panel, the Area Forums and specific one off events to encourage a greater understanding of, and a dialogue about, the issues involved. In addition this report will be considered by both the Wembley Partnership Board and the Local Strategic Partnership.

7.4 Should members wish to proceed, some of the key elements of the case for a regional casino at Wembley as opposed to any other location would include:

- **Clarity of vision** – the prime motivator for a casino in Wembley is the regeneration benefits that it will bring to local communities, in line with

Brent's Vision for Wembley. Unlike many of the other competitor locations, none of the land within the Wembley regeneration area is within public ownership, and therefore Brent has no financial interest in the development.

- **International destination** – Wembley is a genuine international brand, already recognised the world over as a leisure destination for football and music. It is located in close proximity to Heathrow airport, the UK's premier international gateway. It is inconceivable that a regional casino can be successfully piloted without testing its impact as an international facility.
- **Policy Framework** – Wembley is identified in planning documents at London, West London and local level as a major opportunity area for leisure related regeneration.
- **International conferencing** – a regional casino at Wembley would deliver high end, international scale conferencing for London (at least 150,000 sqft, plenary for 3000 to 5000 people) without the need for public subsidy.
- **Social impacts** – Wembley is located within the most diverse borough in the country. It is immediately north of some of the most deprived communities in London. Brent Council has been awarded Beacon Council status for our work on Neighbourhood Renewal and Employment, demonstrating our ability to practically exploit new opportunities for the benefit of local people.
- **Commercial case** – Wembley is in a prime commercial location. By piloting a regional casino here it will be possible to maximise both the commercial benefits and the regeneration benefits of such a facility. Brent has a long track record of negotiating significant public benefit from high profile and difficult developments, including the National Stadium. The opportunity and potential to secure regeneration benefits on a massive scale is second to none.

7.5 It is proposed that the full statement of case would be brought back to Executive for information after submission.

8.0 Financial Implications

8.1 There are no direct financial implications associated with this report. All consultancy expenditure will be met from within the existing Wembley regeneration budgets.

9.0 Legal Implications

9.1 The Gambling Bill Act 2005 received Royal Assent on 7th April 2005. The Act consolidates a range of legislation covering many different types of gambling. Specifically it covers gaming (playing a game of chance for a prize), betting (including casinos) and lotteries. For the first time non-localised gambling such as internet or phone based gambling is legislated for. A Gambling

Commission will replace the existing Gambling Board and local authorities will have a central role in the determining of gambling licence applications.

9.2 The Act provides that casinos will be licensed by local authorities subject to the oversight and framework set out by the Gambling Commission. Licensing sub-committees as created by the Licensing Act 2003 (which passed responsibilities for alcohol licensing to local authorities) will be responsible for the hearing of licensing applications for premises where gambling takes place, issuing gaming and/or machine permits for clubs and institutes, and registering society lotteries.

9.3 The Gambling Act has its own licensing objectives which provide fundamental guidance for both applicants and authorities. It should be noted that although these objectives are similar to those contained in the Licensing Act 2003, there are essential differences. The three Gambling Act Licensing objectives are:

- Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime.
- Ensuring that gambling is conducted in a fair and open way.
- Protecting children and other vulnerable persons from being harmed or exploited by gambling.

9.4 Each licensing authority will be required to publish a statement of licensing policy every three years that sets out these objectives and the authority's approach toward gambling issues. Authorities will be able to limit new facilities opening in an area, review, suspend and revoke licences and even resolve not to allow any casino premises license within their area. This must apply to casino licences in general and cannot be used to refuse specific casino licence applications. If such a policy were adopted, there is provision in the Act that such an approach would automatically lapse after three years, but could be extended by a subsequent motion. The authority must adopt its statement of licensing policy by September. This will be adopted by Full Council. Neither the Expression of Interest nor the Statement of Case fetter the discretion of the authority in adopting the statement of licensing policy or any resolution. Any application for a gambling license or planning permission will be considered carefully by the authority in accordance with statutory requirements and relevant guidance in force at the time and subject to appropriate consultation.

10.0 Diversity Implications

10.1 The brief for the social impact assessment specifically required a consideration of the possible impacts of a regional casino on diverse communities. The findings include:

- males are more prone than women, but that women develop problems at a faster rate;
- single people are deemed to be more vulnerable;

- lower income and unemployed people are more vulnerable;
- correlations with ethnicity are inconclusive, although most research points towards higher vulnerability for immigrant and minority populations;
- problem gamblers often have mental health problems.

Should this proposal be taken forward, careful monitoring will need to be undertaken to understand the ongoing impact of the facility on all sections of the community.

10.2 In terms of the economic impacts, a critical factor will be to ensure that the employment opportunities are open to all sections of the community. Current performance through Brent in2work indicates that Brent is well placed to achieve this – for example, in 2005/06 we expect to place 1000 people into work across the Borough, of which 75% are from ethnic minority communities.

11.0 Staffing/Accommodation Implications (if appropriate)

11.1 There are no staffing or accommodation implications as a consequence of this report.

Background Papers

Economic Impact of a Casino in the Wembley Regeneration Area – NERA Economic Consulting, December 2005

Social impact of a Casino in the Wembley Regeneration Area – EDAW, March 2006

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