

WHAT IS THE FUTURE FOR CASINOS IN THE UK?



How can casinos and local authorities circumnavigate the restrictions imposed by The Gambling Acts 1968 and 2005?

The Gambling Act 2005 was intended to modernise gambling in the United Kingdom by replacing the anachronistic 1968 Gaming Act with legislation better suited to the 21st Century. The 1968 Act had placed tight restrictions on the number of casinos and these were limited to specific “permitted areas.”

In the months leading up to the 2005 general election the media and the incumbent gambling industry led a campaign against the Gambling Bill focused on so called “Las Vegas style super casinos.”

Up until that time grandiose schemes for the redevelopments of places like Blackpool and the O2 Arena in London had been promoted for large scale resort type casinos. By the time the legislation received royal assent in April 2005, it had been stripped of its boldest attempts of liberalization and the possibility of opening casinos across large areas of the country was removed, as was the ability to transfer existing casino licences from one region to another.

As a result of these changes many large towns (and Boroughs within London) are still unable to open casinos and many of the old licences are dormant and remain parked waiting to see whether liberalization and change will follow.

Prior to the introduction of the Gambling Act 2005, there were 53 permitted areas where casinos could be, and were licensed. These were prescribed by regulations which came into force back in 1972. The demographic landscape of a huge number of areas had changed over this period but the permitted areas did not reflect these changes, and as a result the casino sector stagnated. There are a total of 186 1968 Act licences which are “frozen in aspic” and cannot be increased. The last record showed that 146 of these licences are currently being operated with the other 40 parked and dormant.

There is a history of licences which have operated in the permitted areas which were granted and have now closed, trapped in areas where the supply side is saturated, the local demographic has changed or there has been some other factor, for example, the grant of a 2005 Act licence. This in many areas has eroded the economic basis for their development. Licences are locked in while other interested Local Authorities are locked out which is causing the market to fail. There are 13 licences granted under the 1968 Act which have never even opened.

Sixteen new licences were granted as a result of the 2005 Act, 8 large and 8 small - but none of the super casinos envisaged in the preamble to the legislation. The large and small casinos were given greater flexibility and public offer than their predecessors under the 1968 Act. Furthermore, 10 of these new licences were in existing permitted areas. In real terms, therefore, there is now only an increase of 6 new areas where casinos can be licensed. This is not what the 2005 Act was set out to achieve.

When the National Casino Industry Forum appeared before the CMS Select Committee, they raised issues of “portability” of the 1968 Act licences--the ability to move licences from where there was over provision to areas which wanted a casino but could not have one. This issue gained some sympathy from the Committee, who stated that “we recommend that any Local Authority be able to make the decision as to whether or not they want a casino.” They went on to say “as a step towards this, we recommend that existing 1968 Act casino licences are made portable, allowing operators to allocate to any Local Authority provided that they have the consent of that Local Authority.”

This seemed a very sensible solution to the problem of dormant licences. Many London Boroughs unable to have a licence (as they were not part of the permitted area scheme of the 1968 Act), and indeed centres outside of London with a large growing population were keen to have a casino in their locality. A further benefit of "portability" would be that the overall number of gambling permissions across the country would not increase, the existing licenses would just be redistributed.

Local issues could be dealt with by way of:

- ▶ Local Authority approval
- ▶ Planning permission
- ▶ A premises licence issued under the Gambling Act 2005 by the Licensing Authority for that area.

This was immediately attractive to the industry. The number of casino operators has diminished due to independents selling to bigger operators and the coming together of the Gala and Grosvenor Estates of casinos so something like this would improve competition in the sector again.

Furthermore, many operators of London's 5 star, high end luxury hotels aspire to have an in-house casino licence. A good example of how this has worked elsewhere this is the licence granted to the Park Lane Casino in the Hilton on Park Lane. Unfortunately, hotels situated in the City of London for example, as well as other local authorities, are precluded without the introduction of portability.

Unfortunately there does not seem to be much light on the horizon for the reintroduction of the scheme of portability. The issue appears to have gone off the political agenda. Despite this, most of the casino industry, and many Local Authorities would be keen for this to gain traction again to make best use of so many dormant licences – and to generate investment, jobs and tourism along the way.

Who to contact

PADDY WHUR

Founding Partner at WoodsWhur

0113 234 3055

07738170137



FUTURE OF CASINOS IN THE UK FINAL (16329979_1) (2).DOCX

addleshawgoddard.com

Aberdeen, Doha, Dubai, Edinburgh, Glasgow, Hong Kong, Leeds, London, Manchester, Muscat, Singapore and Tokyo*

*a formal alliance with Hashidate Law Office