

Wards Affected:*All Wards***ITEM 6****LICENSING COMMITTEE****7 DECEMBER 2016****ANNUAL UPDATE - USE OF INCOME FROM THE CASINO****Corporate Director Place: Duncan Sharkey Tel: (01908) 253411**

Author: Mark Smith, Housing Finance, Tel: 01908 253904

Executive Summary

The Council derives a financial benefit from the licence granted to Aspers casino in Xscape, Central Milton Keynes. This report provides further detail than previously provided on the benefits received and how these are currently allocated and used to the greatest benefit of Milton Keynes.

1. Recommendation(s)

1.1 That the report be noted.

2. Background

2.1 A Casino licence was awarded to Aspers in March 2012 following a competition process. One of the principal aims of the process was to secure a financial benefit to the Authority from the award of the licence.

2.2 Following award of the licence Corporate Leadership team considered a report in August 2012 on how to allocate the monies received. Budgetary approval via cabinet in February 2013 allocated the annual £500k payment for the Regeneration team; subsequently, the use of the funds has been determined by cabinet through the budget process.

2.3 Though allocation of the funds is a Cabinet function, the Licensing Committee has requested reports on the allocation. Previous reports have been considered by the Committee in [March](#), [July](#), and [September](#) 2015.

3. Income received from the Casino

3.1 As detailed in previous reports there are a number of income streams from the Casino as a result of the licence granted and the contractual arrangement in place as a result. These are shown in a table at Annex A, but in summary are as follows:

3.2 An annual licence fee as specified under the Gambling Act 2005 and set at level decided by Parliament. The Council charges the maximum amount allowed of £10k per annum and this is received into the Licensing budget of Regulatory Services. The overall Licensing budget is ring fenced but the fee from the casino is not then ring fenced within it. The licence fee is used to support the

licensing service in general and funds Officer time in dealing with matters arising at the Casino including committee work and programmed inspections etc.

- 3.3 A £500k minimum income revenue for each year the Casino operates payable in arrears. Due to a contractual requirement a 3 year upfront payment of £1.5M was made in 2012 to cover the first three years of operation. The next payment of £0.5m will be due in September 2017.
- 3.4 There is a top up payment in addition to the annual £500k amount if a set percentage of the Gross Gambling Revenue at the Casino exceeds £500k. Payments to date are £61k in 2014/15 and £236k in 2015/16. It is not possible to accurately forecast what future payments will be but the MKC revenue budget assumes £55k per annum.
- 3.5 An annual contribution towards support of vulnerable gamblers with an initial start-up amount of £250k in 2012 and an annual amount of £175k payable from 2013 and index linked from then.
- 3.6 A one off payment of £50k prior to September 2013 towards job creation. This was to be paid to Job centre plus but was agreed to be received by the Council at the time with agreement of all parties as part of Neighbourhood Employment Programme.
- 3.7 'A routine inspection of the Casino was undertaken by Regulatory Services in November to ensure the terms of the licence were being complied with. The inspection identified no issues of concern to bring to the attention of the committee. Enquiries has also been made with the Police and Community Safety who have raised no matters regarding operation of the venue or its impact locally in terms of crime or nuisance / anti-social behaviour. Monies payable to the Council by the Casino are being received as required.

4. Details on how monies received have been spent

- 4.1 There is no breakdown of the £10k annual licence fee and how it has been spent as it is consumed into the general licensing budget as detailed in paragraph 3.2 above.
- 4.2 The annual £500k contribution has been used to:
 - (a) Provide £150k annual funding to the Neighbourhood Employment Programme. Information on the outcomes this has contributed to are detailed at Annex B.
 - (b) Provide £260k annual funding to support the management and delivery of the RegenerationMK Strategy by part funding the council's RMK service. This service provides the borough wide lead on the development and delivery of the RegenerationMK strategy and plan, leading on community development (for regeneration) and tenant involvement, economic regeneration including the delivery of employment support to tackle worklessness (as detailed at Annex B), and housing led regeneration, including the procurement of a strategic partner.

- (c) £90k has been used to contribute to general funds of the Council as part of the budget setting process. It is not possible to provide a breakdown of what this has been used for specifically.
- 4.3 The additional top up payments of £61k in 2014/15, £236k in 2015/16 and £336k in 2016/17 have been used to contribute to the general funds of the Council. £180k of the 2015/16 payment has been carried forward as a reserve into 2016/17 to offset the one off timing pressure caused by the main £500k grant now being paid in arrears from September 2017.
- 4.4 The annual payment for support of vulnerable gamblers is overseen by Adult Social Care and is used for two things.
- 4.5 The main use is the commissioning of a counselling service dealing with a number of issues including those with gambling problems. The cost of the Counselling and Wellbeing Contract with Mind BLMK counselling contract is £213,307 for 2016/17, £58,338 of which is funded by Milton Keynes Clinical Commissioning Group and £154,969 is funded from the annual payment. There is thus an under-spend on monies received this year but available to support the commissioning and management of this contract.
- 4.6 The counselling service aims to promote and support mental health and wellbeing, through the provision of a range of effective counselling and wellbeing interventions including accredited counselling services for people with a range of difficulties including addictive behaviours. During Quarter 2 2016/17 Mind BLMK provided a service to 749 people of whom 333 were new to the service. Of these 125 people received 358 hours of face-to-face counselling with the remaining 208 attending one of a range of support groups and activities provided as part of the contract. During Quarter 2 no primary referrals were recorded for gambling addiction and none as a secondary issue.
- 4.7 The second use of vulnerable gamblers monies was a one of payment of £30k at £7.5k a year over four years to fund test purchase operations at Gambling Premises by Environmental Services. Six such operations have been undertaken since October 2012 with a cost of £13,920. These monies are on course to be used in full by Autumn 2016. The costs of the operations are provided to Adult Social Care in March each year and the due amounts are credited to the Environmental Services team. Test purchase operations were carried out in 2012 (1); 2013 (3); 2014 (1) and 2015 (1).
- 4.8 The test purchase operations have produced the following results. In total 'underage' volunteers have entered betting shops on 62 occasions and there have been 5 occasions when bets have been placed (8%). There have also been 20 occasions when the volunteers have been able to enter the shops without being approached and only asked to leave when attempting to either use a gambling machine or place a bet. This is regarded as a failure as you must be 18 to enter the shop (32%). There have been 15 warning letters sent (24%) and two members of staff have been moved and demoted as result. Two other members of staff have been dismissed. Every shop that failed a test has been retested resulting in improved compliance, other than failures relating to

entry to the shop, the last full failure resulting in a bet being placed was 10 September 2013.

- 4.9 Test purchases carried out at Ladbrokes Betting shops have assisted in the council forming a Primary Authority agreement with Ladbrokes which ensures compliance standards are kept updated and to a high standard nationally.

5. Specific benefits enjoyed by Parishes and residents closest to the Casino

- 5.1 Annex B confirms that the Neighbourhood Employment Programme for the four parishes closest to the Casino (Fishermead, Conniburrow, CMK, and Oldbrook) has yielded a combined total of 659 persons for training and 155 jobs.

- 5.2 Information from Aspers is that 152 staff have been employed from Milton Keynes, 29 of which are from Fishermead. In total the Casino employs 189 individuals. There remains an ongoing commitment to recruit locally as vacancies arise. In the 12 months to June 2015 171 employment positions were available to MK residents and 144 of these were taken up by MK residents. 23 of the new employees were registered with Job Centre Plus.

- 5.3 There appears to have been no direct financial benefit to local areas as a result of the Casino opening.

- 5.4 An indirect benefit is that Aspers have contracts with 33 local businesses covering a number of services including marketing and promotions, taxis, facilities management and entertainment.

6. Options

- 6.1 To note the content of the report.

7. Implications

7.1 Resource and Risk

N	Capital	N	Revenue	Y	Accommodation
N	IT	N	Medium Term Plan	N	Asset Management

7.2 Carbon and Energy Management

None

7.3 Legal

The money received by the Casino for its annual license fee must be paid into the Licensing budget in order for the Council to fund its statutory licensing functions.

7.4 Other Implications

N	Equalities/Diversity	N	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	Y	Crime and Disorder

Background Papers:

Licensing Committee Reports [March](#), [July](#), and [September](#) 2015

Details of Income received from the Casino (Annex A)

Neighbourhood Employment Programme (Annex B)