

Casino's GBP 1.8 million loss deals blow to Brown

Gordon Brown could be on a collision course with the gaming industry on which he has staked regeneration hopes – after GBP 1.8 million losses by a flagship Yorkshire casino underlined a growing crisis.

Scarborough's GBP 7 million Opera House Casino lost more than GBP 1 million in 2005-06, its first year of trading, and more than GBP 838,500 in the tax year ending March 2007 despite a 28 per cent increase in customers and a 31 per cent rise in turnover.

Bosses say they were happy with the overall trading picture, but had gone over budget due to launch costs and unforeseen building bills. But what worried them going into 2008 was the increase in gaming duty, the smoking ban, and banning of certain types of slot machines.

Scarborough, Leeds and Hull are among 16 local authorities each earmarked for a new casino once legislation is passed by both Houses of Parliament.

Although the seaside town has only been licensed for one of the smaller casinos under the Parliamentary Bill it is still expected to employ 200 staff. It will be allowed bigger gaming areas, bigger prize money, be able to host bingo, and operate 80 slot machines, compared with the Opera House's limit of 20.

But of the 16 towns and cities, 10 of them already have existing casinos, raising the question of what will happen to them if competitors win the licence for the bigger venues.

Opera House operations director Rob Coldham said: „These figures clearly show a town like Scarborough will not be able to support another casino.

„We've now made provisions for slower growth than anticipated over the coming two years and hopefully will be back on track when the economy starts to recover.

„We are very confident that other operators who understand the business will be very cautious about expanding their operations in Scarborough.“

The Government announced last month that only 360 out of the 3,800 licence operators have made contributions to the Responsibility to Gambling Trust, set up to deal with problem gambling, and threatened to impose a levy if the industry did not pay up.

However trust chairman and Ryedale Tory MP John Greenway blamed tough trading conditions. He said: „The industry is reporting huge losses and the Government has not helped the situation by higher taxes.

„There is a leisure opportunity to be grasped. But people have got to realise it is not a licence to print money.“

The British Casino Association (BCA) says seven casinos have shut recently, including the Grosvenor in Scarborough, due to the same problems the Opera House was running into.

Spokesman Richard Jukes said: „Our view is that the new licences should go ahead because that's progress. Where we differ from the Government is we think it could also do things which would prevent further closures of existing casinos and allow them to compete in a more equitable manner.

„Existing casinos have had hundreds of millions of pounds investment and it would be quite wrong to see them left to one side which is what appears to be happening.“

But the BCA was in discussion with the Government and Ministers had said they would working towards a solution.

It is understood the owners of the Opera House will bid for

the Scarborough licence.

The council's head of regeneration Ray Williamson said he expects competition to be stiff, and added: „Some of the existing operators foresee a difficult time if there is competition from a new licence holder. But from our point of view a new casino would directly create jobs and... bring additional leisure space and economic benefits.“

The Opera House is now the only casino in Scarborough. The BCA expects there will be a number of existing operators fighting it out in other cities such as Hull and Leeds to host a large casino. Both councils refused to comment.

Asked about the impact on existing casinos Culture Under-Secretary Gerry Sutcliffe said he will investigate the concerns, adding: „We are in correspondence with the BCA and have received a proposal from it, which I am considering.“