

Struggling casino industry sees closures

The backlash against the casino industry has seen the closure of seven venues in recent months and is about to claim another victim, with industry leaders warning of more to come unless ministers act.

Gala Coral has closed two casinos, in Nottingham and Glasgow, while Rank has pulled down the shutters on its Grosvenor operations in Scarborough, Liverpool and its Manchester Hard Rock venue. Two independent casinos have also shut in the Midlands.

Industry insiders say an announcement is imminent on an eighth closure, while London Clubs International, whose 10 casinos are owned by US operator Harrah's, is to make up to 100 people redundant.

The closures have fuelled fears that the once-promised expansion of the UK industry, which prompted a rush of investment and interest from big Las Vegas operators such as Harrah's, is fast becoming an illusion.

Lady Cobham, chairman of the British Casino Association, said at best casinos were surviving with zero growth, flat attendances and takings squeezed by the combined impact of the smoking ban, the removal of gaming machines, a tougher tax regime and customers' spending restraints.

"Unless we work with the government to ameliorate these effects, the closures are going to continue," she warned.

The BCA believes smaller, seaside-based casinos are most at risk, because they have been particularly hard hit by the new 15 per cent gaming duty. The BCA claims this represents an average GBP 200,000 (USD 394,808) in additional tax per casino

at the bottom end of the scale.

Industry leaders also fear Gordon Brown, who reversed the policy of his predecessor by ditching plans for a super-casino, may damage the industry further by tightening regulations on 24-hour casino licences and age restrictions for entry. The prime minister has agreed to 16 new casino licences for venues bigger than existing casinos and offering some economic regeneration of towns and cities. But it is by no means certain that all 16 will be taken up.

In such an uncertain market, casino operators worry that the locations chosen for 10 of those licences will have a severe impact on existing casinos, such as those in Southampton and Birmingham. LCI, for example, has spent GBP 15m on a new casino in Leeds, but is holding back from opening it until it has a clearer idea whether the city's licence for one of the 16 new casinos will be taken up by a competitor.

The House of Lords will consider the order for the new casinos next week. The BCA is lobbying for an amendment to allow those existing casinos affected by the new venues to be able to relocate elsewhere.

Lady Cobham said the proposal would not increase the number of casinos in the UK, which stands at about 140, but would stave off the prospect of further closures.

But ministers have made clear they are reluctant to accept the amendment. Gerry Sutcliffe, whose responsibilities include gaming, is preparing a series of measures likely to benefit the equally beleaguered bingo industry, which has suffered 13 closures this year. But the government, which has been badly bruised by its U-turn on super-casinos, is unlikely to be as sympathetic to casinos.