

B.R.

Told HO PM had no comments
Please p.a.

DMB
2/15

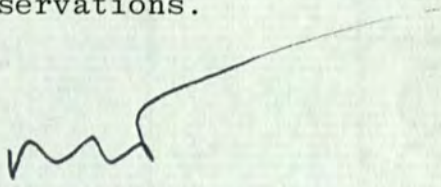
TIME MINISTER

You may wish to be aware of the attached correspondence between Lord Forte and Mr. Douglas Hurd about television licences in hotels.

Understandably, perhaps, Lord Forte is unhappy with the Government's proposals for new charging arrangements, under which hotels would pay a single television licence fee for up to 15 sets, with a further fee for each 5 rooms beyond that figure (you will recall that the Home Office originally proposed an additional fee for each 3 extra rooms, but you felt that this was rather harsh and the higher figure was substituted).

Mr. Hurd has offered Lord Forte a meeting to discuss his reservations.

DMB



18 May 1984



cc Mrs Heald
Mr. Hyde
Mr. Moriarty
Mr. Mower
Mr. Seymour
Mr. Innes
Mr. Osborne
Mr. Eggleston
Mr. R. Harris
PS to Prime Minister *
PS to Norman Lamont *
(* with earlier papers)

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

17th May 1984

Dear Lord Forte.

Thank you very much for your letter of 15th May about the licensing of television sets in hotels.

I hope that you safely received my letter of 3rd May written on the day of our Parliamentary Answer with which I sent you the texts, both of the Answer and of the fuller Home Office Statement. You will have seen that the Statement set out clearly the legal position.

It is because we were anxious not to put an unfair burden on the industry that we consulted widely and settled in the end on a scheme which took full account of the anxieties which had been expressed.

Rather than go over the ground further on paper I wonder if I could come and see you and have a talk about the background to our decision.* If you think this is a useful idea I will ask my office to get in touch with yours to find a time.

Yours sincerely,
Douglas Hurd

(DOUGLAS HURD)

* which was, of course, a decision of the Government as a whole.

Lord Forte



Trusthouse Forte

86 Park Lane London W1A 3AA England
Telephone: 01-493 4090 Telex: London 24871

Chairman
LORD FORTE

CF/jc

15th May, 1984.

The Rt. Hon.

Douglas Hurd, Esq., MP.,
Minister of State,
The Home Office,
50 Queen Anne's Gate,
London SW1H 9AT.

My dear Minister

I am sure you will appreciate, following my letters to you of the 7th March and 13th April, how disappointed I was to see the statement to the House of Commons on the proposal to extend the licensing of television sets in hotels.

I understand that our very real concern is more than shared by the Department of Trade and Industry, as well as the Scottish Office and the Welsh Office.

The Hotel and Catering Industry is, as I know you are aware, one of the most important contributors to the future prosperity of our country. It employs some 2 million people (approximately 9% of the total working population) and, given reasonable support, will continue to expand and to employ even more people. In the field of Exports, we are a major invisible earner. My Company alone has trading receipts from overseas interests and overseas visitors in excess of £350 million per annum! In addition, the industry also spends hundreds of millions of pounds on equipment and services for its operations, thereby providing employment in many other industries in this country.

As mentioned in my earlier letter, my Company already pays taxes in excess of £120 million per annum, a significant sum when one appreciates that our percentage return on turnover is very low indeed (8% on turnover before tax), and only achieved with considerable skill and dedication. With some 26,000 sets in our hotels, the extension of television licensing is a further serious imposition.



Trusthouse Forte PLC

A company registered in England under number 76230, registered office 12 Sherwood Street, London W1V 7RD

15th May, 1984.

Despite repeated assurances by Government Ministers that they recognise the importance of Tourism to the economy, I cannot recall any positive steps taken specifically for the benefit of the industry and now it is proposed to penalise us. You will appreciate, therefore, the very strong feelings that this proposal has produced amongst us all.

Similar licensing proposals were mooted only as recently as 1982. Mr. Clive Derby, the Chief Executive of the British Hotels, Restaurants and Caterers Association, met with the Home Secretary, and he and his officials then saw the logic of our objections. Indeed only 18 months ago the Minister of State at the Home Office announced in the House of Commons that "after careful consideration we have decided that this is not the right time to change the television licensing requirements for commercial premises, including hotels". I know that recently you have kindly seen Mr. Derby and other representatives of the industry who again put to you their trenchant arguments against the proposals. I understand that you were sympathetic to the views expressed but mentioned, as you did in your letter to me, that the main reason was a legal one. I understand, however, that other reasons were given in the House of Commons announcement.

The additional income that would be generated from the proposal is, in comparative terms, negligible when set against the considerable harm and concern that will be felt in the industry. As staunch supporters, and in fact ardent supporters of the Government as an industry we would ask you, even at this late stage, to reconsider the proposal, and assist us in maintaining our competitive position in the international market.

With all best wishes.

Yours sincerely,



Charles Forte

P.S. In London my Company alone pays just under £8 million a year in rates!

cc : The Rt. Hon. Mrs Margaret Thatcher, PC
Norman Lamont MP



HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

3rd May 1984

Dear Lord Forte,

Thank you very much for your letter of 13th April.

... I thought you might like to see the enclosed parliamentary answer and press statement which we have released this afternoon. You will see that we have taken aboard your worries and made considerable efforts to meet the concerns of the industry. I think the arrangements we propose are reasonable and cannot sensibly be interpreted as putting a major burden on the industry.

*Yours,
Douglas Hurd.*
(DOUGLAS HURD)

Lord Forte



Home Office

NEWS RELEASE

50 Queen Anne's Gate London SW1H 9AT
Telephone 01-213 3030/4050/5050
(Night line 01-213 3000)

May 3, 1984

TV LICENCES

In reply today to a Parliamentary Question from Mr Max Madden MP, the Rt Hon Douglas Hurd, Minister of State at the Home Office, made clear that the Government intended shortly to bring forward proposals whereby hotels would pay a single television licence fee for up to 15 television sets installed in guests' rooms, with a further fee being payable for each five rooms beyond that figure.

A special licence for hotels already exists, for which the law prescribes the payment of an additional fee for each guest room in which a set is installed. Successive Governments, however, have not insisted on hotels being licensed in this way and for many years it has been the practice to allow TV sets to be installed in any number of rooms on payment of a single fee. The Government has decided that this disparity should not continue and that hotels should pay fees related to the number of separate rooms where sets are installed.

At the same time the Government does not wish to impose an unreasonable burden on the industry. In considering what should be done, therefore, they have consulted representatives of the hotel and tourist industry; in particular Mr Hurd has held two meetings with the British Hotels, Restaurants and Caterers Association. The Government accepts their views on the importance of the industry, the need to protect its financial health, and the particular position of the small hotels.

In the light of this, the Government intends shortly to bring forward Regulations to introduce a scheme whereby each hotelier can install television in up to 15 guest rooms on payment of a single fee. A further fee will be payable in respect of each additional five rooms

above that figure. Probably over 60% of British hotels have 15 rooms or less, and about 80% 25 rooms or less. Hotels with up to 15 rooms will pay no more than at present; a 25 roomed hotel would incur additional costs of ~~£100~~^{£92} per annum or perhaps 2p per room per night; assuming a 50% occupancy rate and a 100 roomed hotel £782 per annum or about 4p per room per night. The Government will propose that the changes will not be introduced until 1 January 1985. The Government believes that these proposals will bring to an end an undesirable anomaly. They recognise the interests both of the hotel and tourist sector in this country and of licence fee payers in general, and in the circumstances are fair and reasonable.

At the same time the Government will propose in accordance with the undertaking given by the former Home Secretary last year, that disabled people in residential homes will be eligible for 5p concessionary television licences on the same basis as retirement pensioners in similar accommodation, and will eliminate an inconsistency in the way the present conditions of eligibility apply to occupants of sheltered housing provided for elderly people by housing associations.

The necessary changes will be introduced by new Regulations which will be laid before Parliament.

Thursday, 3rd May, 1984.

Written No. 107

Mr. Max Madden (Bradford West): To ask the Secretary of State for the Home Department, when he expects to complete his review of television licensing arrangements for hotels; and if he will make a statement.

MR. DOUGLAS HURD

We have completed the substance of our review, and have concluded that in future hotels should pay a single licence fee for up to 15 guest rooms in which television sets are installed and an extra fee at the standard rate for each additional 5 rooms with television above that figure. We are still considering one or two consequential matters but we expect to lay Regulations before the House shortly to provide for these new licensing arrangements. We anticipate that the requirement to pay higher fees will apply from the beginning of next year.

The same Regulations will provide for the early implementation of my noble Friend the former Home Secretary's proposals to modify the concessionary 5p television licence scheme so that physically disabled and mentally disordered people in certain residential accommodation may benefit on the same terms as retirement pensioners.



Trusthouse Forte

86 Park Lane London W1A 3AA England
Telephone: 01-493 4090 Telex: London 24871

Chairman
LORD FORTE

CF/jc

13th April, 1984.

Douglas Hurd, Esq., MP.,
Minister of State,
The Home Office,
50 Queen Anne's Gate,
London SW1H 9AT.

Dear Minister

I am grateful to you for your letter on television licence fees but I am advised that the Ministry is still proposing to raise the fee to the hotel industry. The Government, I believe, is now aware of the importance of tourism to the United Kingdom and yet would impose this further and unnecessary burden on us. We already pay heavy taxes which certainly do not help in competing in the international market.

The present Government has given very little help to an industry which is labour intensive and is able to employ still more people. This further imposition is really most unwelcome.

I would urge you, Minister, to carefully reconsider the matter.

With all best wishes.

Sincerely,

Charles Forte
Charles Forte



Trusthouse Forte PLC

A company registered in England under number 76230, registered office 12 Sherwood Street, London W1V 7RD

On
24/4.



HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

19th March 1984

Dear Lord Forte,

Thank you for your letter of 7th March about television licence fees for hotels.

You will know from my letter to Mr. Derby of the British Hotels Restaurants and Caterers Association our reasons for considering changes in the licensing arrangements for hotels. It is not easy to refute the argument that the present arrangements which allow hotels to install many sets in guests' rooms for the same fee as an ordinary householder pays for a single set represent a substantial concession to hotels which is not available to television users generally. Furthermore, the fact that there is no legal provision for hotels to be licensed in this way, and that the law actually requires the payment of an additional fee for each guest room in which a set is installed, makes our position that much more difficult. I do not see how we could really allow the present disparity between law and practice to continue indefinitely, and we would not have much hope of success if we asked Parliament to legalise such a sweeping concession to hotels while denying it to pensioners and the poor.

However, as I said in my letter to Mr. Degby, we accept that to apply the law as it stands would impose a heavy liability on the hotel industry. We do not want to impose an unreasonable burden. There are clearly many factors, such as those you have drawn to our attention, which need to be taken into account in deciding what changes should be made. We have not yet taken firm decisions (although we shall need to do so shortly), but we feel that a scheme of licensing of the kind I outlined to Mr. Derby would go some way towards alleviating the understandable concern of the hotel industry and at the same time be regarded as fair by licence fee payers generally. We have yet to hear the BHRCA's response, and we shall of course take full account of the points which you and they have made when a final decision is taken.

Best wishes,
Yours,
Douglas Hurd.

(DOUGLAS HURD)

The Lord Forte



Trusthouse Forte

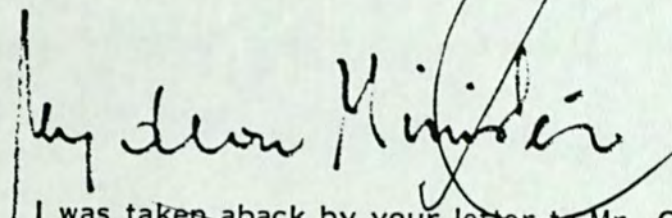
86 Park Lane London W1A 3AA England
Telephone: 01-493 4090 Telegrams: Grovhows London W1 Telex: London 24871

Chairman
LORD FORTE

CF/jc

7th March, 1984.

Douglas Hurd, Esq., MP.,
Minister of State,
The Home Office,
50 Queen Anne's Gate,
London SW1H 9AT.



I was taken aback by your letter to Mr. Clive Derby, Chief Executive of the British Hotels Restaurants and Catering Association, in reference to the proposed increase in television licence fees.

I enclose a schedule of tax payable by this Company alone which amounts to £120 million per annum.

I need not point to you the great work that the hotel industry is doing for this country. As you know it is a large earner of foreign currency and a very large employer of labour, apart from the hundreds of millions spent each year with ancillary businesses, again in turn giving work and employment to those businesses.

I believe it is also relevant to mention that most of the guests staying in hotel rooms around the country already pay television fees in their own homes.

I certainly hope, my dear Minister, that you will give further consideration before adding this additional burden to our industry.

With all best wishes.

Sincerely,



Charles Forte



Trusthouse Forte PLC

A company registered in England under number 76230, registered office 12 Sherwood Street, London W1V 7RD

CORPORATION TAX

EXCISE DUTIES

NATIONAL INSURANCE (COMPANY
CONTRIBUTIONS)

OVERSEAS PAYROLL TAXES

INCOME TAX ON LOAN INTEREST

RATES

ROAD FUND LICENCES

STAMP DUTY

CAPITAL DUTIES

DEVELOPMENT LAND TAX

INDUSTRIAL TRAINING LEVIES

COMPANIES REGISTRATION FEES

LIQUOR LICENCES

OVERSEAS WITHHOLDING TAXES

OVERSEAS TAXES ON PROFITS