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115 FEB 1984

I was glad to have the opportunity to meet you on 6 February and to hear at first hand your Association's and Bob Hicks' views on possible changes in the television licensing arrangements for hotels. You will recall that I undertook to write to you setting out our reasons for wishing to alter the present arrangements, and to give you some indication of the changes we have in mind.

I mentioned that the television licensing system is coming under increasing scrutiny, both in the House and elsewhere. The arrangements which permit some large hotels to install hundreds of television sets for the same fee as an ordinary householder pays for a single set are subject to particular criticism. The Government's reluctance to allow concessions to needy people such as pensioners, which we could not afford, is contrasted unfavourably with what many consider to be a substantial concession to hotels, and it is becoming more difficult to defend the seemingly favourable treatment which hotels enjoy.

I must stress, however, that our unease about the present licensing arrangements for hotels does not arise solely or even mainly from our difficulties in defending them. Our concern is made more acute because for some years the law has required hotels to pay an additional licence fee at the full rate for each guest room in which a television set is installed, a requirement that successive Governments have failed to endorse. This embarrassing disparity between law and practice is clearly unacceptable, and cannot be allowed to continue much longer. We do not think it would be either right or feasible simply to bring the law into line with licensing practice, and so our thoughts have been turning towards the alternative of charging hotels fees in the way the law prescribes.

I have thought carefully about the points which you and Mr Durban made at our meeting, some of which had been put to me with equal vigour by Norman Lamont and other colleagues with responsibilities for tourism. I think we can accept that to apply the law as it stands would impose a heavy liability on the hotel industry, and in particular on the smaller and seasonal hotels which you mentioned. This could be eased if, for example, we were to allow hotels to install television sets in a limited number of guest rooms on payment of a single fee, and charge an extra fee for perhaps each two rooms with television over that limit. In this way no hotels would be required to comply with the current legal requirements, but smaller hotels would pay rather less proportionately than larger ones. Assuming 50% occupancy, a typical small hotel might face additional costs of perhaps six to seven pence per night per room and even in the largest hotels, the figure would only be about eleven pence. If occupancy rates were higher the additional cost per room would be that much lower. Viewed in this light, I would hope you would feel that a scheme of this kind would place only a modest burden on the hotel industry.

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Clive Derby Esq OBE

There was a further point you raised at our meeting on which I think I can offer reassurance. You said that the industry would have misgivings about licence inspectors visiting hotels to establish how many television sets were installed there. The public generally are liable to receive enquiries if there are grounds to believe that they are failing to comply with the television licensing requirements, and clearly similar measures would apply to hotels. But just as the public remain undisturbed unless there is genuine doubt, so it would not be necessary to make frequent inspections of hotel rooms.

I am sure that your Association will consider these outline proposals carefully and constructively, and I should be most grateful to receive your comments by, say, 16 March. I am of course copying this letter to Bob Hicks.

(DOUGLAS HURD)

1118 MAY 1960

