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Ministry of Finance,
Stormont,
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6 February 1975

Dear Bob,

EUROPA AND RUSSELL COURT HOTELS

1. I am sorry that you have had to wait so long for a reply to your letter of 10 December, which we have discussed briefly a couple of times during your trips to London since then.
2. As I have told you, we find it very difficult to see that there is a really persuasive case for agreeing to assistance to these two hotels, particularly if they have to be considered together and treated alike.
3. Considering them separately, I am clear that we could not agree to assistance to the Russell Court Hotel.
4. So far as the Europa is concerned, the amount of assistance proposed (£60,000) is smaller; the number of jobs at stake (200) is larger; and you have impressed on me the exceptional symbolic importance of this particular hotel at the present stage of the "troubles". In view of these considerations, I would not wish to press further our objections if this case could be considered in isolation.
5. In short, if you are prepared to defend discriminating between the two hotels, we are prepared to approve a waiver of interest for one year on the Government loan in respect of the Europa.
6. I am copying this letter to Bill Smith, NIO.

Yours,
P. Cousins
P. COUSINS

29/1/75

RHK

tells me that Parkering's
query about Eureka yesterday
arise from his meeting with
Cousins.

Assuming reply was satisfactory
(+ I think it was) Treasury should
now be offering Eureka - I
speaking to Miss Moore this
point must be made.

Spoke to Mrs

— spoke to Miss Moody
decision yet O 29/1/75



DEPARTMENT
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R H Kidd Esq
Department of Finance
STORMONT

Mr Johnston: I gathered from Mr Kidd's letter from the Treasury was imminent. Could you check with this Monday + then draft a suitable reply to Mr Kidd. A75 28/1/75

23 January 1975

Dear Sir,

You wrote to Cousins of HM Treasury on 10 December supplying further information in support of our case for interest grants to the Europa and Russell Court Hotels and asking him to reconsider the objections previously raised by Workman.

Despite frequent reminders we gather that there has so far been no reaction from London and we are left with the strong impression that HM Treasury are trying to solve the problem by doing nothing. The delay is causing us increasing embarrassment, particularly in relation to the management of the Europa from whom we have been receiving regular enquiries. Last week there were stirrings, too, from CIE; this is not surprising in view of the fact that our Minister told their representatives as long ago as his meeting with them on 15 November 1974 that he would write to them soon about the final decision on their request for assistance. The latest CIE comment we had was that they were hopeful that the delay was indicative of a favourable Government reaction to their ~~report!~~
request.

Obviously HM Treasury are not at all happy about this kind of financial assistance for hotels but six weeks have now elapsed since your letter issued and - while we appreciate the support which you have given us - I think it is time that they produced a definite reply.

I should be most grateful if you could see what you can do to expedite matters. I am copying to Frances Elliott for information because of Mr Orme's commitment to CIE.

Yours sincerely,

EWB

W E BELL

Phoned Miss Moody
27/11/75 - no decision
yet. She will keep
in view. 

Mr. Green
To see H.
D 16/12

10 December 1974

P Cousins Esq
HM Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

Dear Cousins

1. We put a case to Workman in the autumn for assistance to hotels in Northern Ireland which are faced with the possibility of closure because of "the troubles" with particular emphasis on the plight of Belfast's Europa and Russell Court Hotels. (Woods' letter of 24 September to Workman refers). The case was turned down by Workman for the reasons stated in his reply of 8 October.
2. We have now given further consideration to this problem and in the course of our deliberations have discussed the merits of giving assistance with officials of the Northern Ireland Office. We think that a case can be made out for Belfast's two main hotels, the Europa and the Russell Court - in particular for the Europa - and our proposals for assistance are now confined to these two on the basis that they fall into a special category which we would be justified in helping to stay open.
3. Taking the case for the Europa first - this 200 bedroom hotel in particular has become a symbol of the resilience and steadfastness of the business community in the face of repeated terrorist attack and this in itself is important. Industry and commerce must be encouraged to feel that the Government itself has some faith in the future (perhaps especially important in the approaching pre-Convention period) and is prepared to help overcome difficulties in the meantime. The Europa represents the culmination of years of effort to obtain a really high quality hotel in the middle of Belfast. It has attracted £600,000 in grants and £600,000 in loans from public funds and this represents a considerable public investment which we think it right to save especially if this can be done at modest cost. The Europa was given exceptional assistance because the Department of Commerce believed it important for both tourist and industrial/commercial reasons to encourage the provision of high quality, internationally acceptable, facilities in Belfast. The assistance proposed for the Europa is waiver of interest on the Government loan for one year - value £60,000. This would fall considerably short of offsetting estimated losses for the present financial year but might be a sufficient incentive for Grand Metropolitan to undertake to maintain the business for at least a further year. The fact that GM faces problems with its hotel operations generally seems to give support - rather than the reverse - to the view that they should be encouraged to soldier on with the Europa during this difficult period.

1. cc. Mr. Smith (1974)
Mr. Burton (1974)
Mr. Hall (1974)

4. The Russell Court, the only other large new hotel in Belfast, is in an even more critical financial position than the Europa. It is a 180 bedroom hotel and has received grants totalling some £587,000. It is incurring very substantial losses and is certain to close in the near future unless the owners, the hotels division of CIE, (the Republic's Transport Undertaking) sees early prospects of financial relief or manages to sell the business as a going concern. If the Russell Court were to close there would be little prospect of recovery of the grants involved (the hotel is security for a commercial loan which is much larger than the likely proceeds from selling the hotel). It could be argued that the building would still be there but there can be no guarantee that it would be used in future as a hotel. As far as the Russell Court is concerned there is no offer we could make which would put the hotel into a viable position while it continues to bear its heavy debt burden. (The CIE representatives who met the Minister of State at the end of November were talking in terms of an equity contribution of £1 million or an annual interest grant of £200,000 for five years from Government). It is clear, nevertheless, that it will be a considerable embarrassment to CIE to give up this hotel and there is a remote possibility that the offer of interest relief of say £100,000 would be a sufficient token of Government concern to encourage them to find an alternative solution. The offer would, if successful, also represent a good deal for Government since it would have to be backed up by a very much larger subvention by CIE.

5. Although our earlier proposals did not highlight the employment aspect it must be noted that the two hotels employ between them some 270 people (200 Europa and 70 Russell Court). While many of these might find employment elsewhere in the industry the loss of jobs ~~on this scale~~ would not be insignificant and would involve a serious reduction in the total number available in the industry thus introducing a delaying factor in recovery when conditions for hotels improve.

6. We think that while there is a strong case for offering assistance to both hotels the case for the Europa is stronger. It certainly was first in time and has suffered from much more frequent attack. It physically dominates the section of the city where it stands and its closure, probably in an increasing state of dilapidation, would be disproportionately damaging. There would also be much less scope for alternative uses for the building. The main objection to aiding the Europa alone is the difficulty of defending an offer of public funds in one case and not in the other.

7. We would therefore ask you to reconsider the original objections put by Workman in his letter of the 8 October in the light of this further information. The total actual money involved would not (for both hotels) exceed £200,000 overall and Commerce are prepared to find this money within its existing PES provision. There is therefore no question of our seeking any addition on this score to our existing total. Commerce has also agreed that the line will be held at help for these two hotels.

Yours sincerely

cc. Mr Smith (NIO)
Mr Buxton (NIO)
Mr Mais (DOC)

R H KIDD