

CONFIDENTIAL

PRIME MINISTER

W c.c. Mr. Duguid

Police Pay

You are seeing the Home Secretary tomorrow morning to discuss police pay.

There are three ways of dealing with police pay this year:-

(i) Hold them to a comparable level (i.e., 6-7%) to other public service groups which have settled within cash limits;

✓ (ii) Accept the recommendation of the Police Negotiating Board on the average earnings index, which is 13.2%;

or

(iii) Offer them some intermediate figure.

The first and second of these ought to be ruled out. The Government's commitment to support the police, especially under present circumstances, would make it very difficult to hold them to a level below the going rate and the rate of inflation. Equally, we cannot possibly start off the new pay round, in which we may be endeavouring to hold the line at around 4%, by announcing in September a 13.2% award for a major public service group. (The fact that this settlement is the end of the present pay round, not the beginning of the next one, will be no better understood this year than it was last.)

The case for an intermediate figure is clear:-

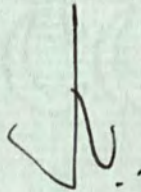
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- (i) The closest analogue to the police, the armed forces, got a settlement averaging 10.3%.
- (ii) Even if the intermediate figure were in single figures, the police would still be getting much more than we want the other groups to get in the next pay round, and secondly, more than most public servants got this year.
- (iii) Market factors do not point towards a relative increase in police pay, since they are now almost up to strength.
- (iv) The Home Secretary told E on 2 July that he was prepared to use his authority to set a reasonable level, regardless of the recommendation of the Police Negotiating Board.

16 July, 1981.CONFIDENTIAL

From: THE PRIVATE SECRETARY -



BF 16/7

on Mr. Verdon

from Friday 7.

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

15 July 1981

Dear Tim,

POLICE PAY

I promised to send you a background note on police pay to help in briefing the Prime Minister for her meeting with the Home Secretary and the Chancellor of the Exchequer on Friday morning. A note on the lines we agreed is enclosed with this letter.

Yours ever

John Halliday

J. F. HALLIDAY

Tim Lankester, Esq.

BACKGROUND NOTE FOR MEETING ON POLICE PAY: 17 JULY 1981

1. Under section 33 of the Police Act 1964, the Secretary of State determines police pay by means of Police Regulations. Section 2 of the Police Negotiating Board Act 1980, provides, however, that before making such regulations the Secretary of State must take into consideration any recommendation made by the Police Negotiating Board. In practice, police pay is negotiated by the Board, which then submits a recommendation to the Home Secretary. If the Board cannot reach agreement, either side can take the matter to arbitration. The Government decided earlier this year that this arrangement should continue since the police are prevented by law from striking.
2. The Police Negotiating Board consists of an Official Side, composed of representatives of the local authority associations and the Home Departments, and a Staff Side, composed of representatives of the three police staff associations. It has an independent Chairman, Lord Plowden, and an independent Secretariat provided by the Office of Manpower Economics. Since the Home Departments' representatives form a very small minority of the Official Side, their influence is confined to persuasion. The Home Secretary's position is, however, safeguarded by his right to veto agreements of the Board and the results of any arbitration.
3. The Edmund-Davies Report on Police (Cmnd. 7283) recommended that police pay for the federated ranks and Superintendents should be updated annually in the light of movements in the index of average earnings (new series) in the previous 12 months. For the most senior ranks the Committee recommended that pay should be updated in accordance with both changes in the index of average earnings and changes elsewhere in the community.
4. The Police Negotiating Board meets in July each year to negotiate the annual settlement which takes effect from 1 September, and since the May figure of movements in the average earnings index is the latest figure available to the Board, this is the figure used for updating police pay. It produced increases of 13.5% in 1979 and 21.3% in 1980.

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5. The May figure of movements in the average earnings index will not be available until later this week. The April figure was 14%; the May figure is likely to be somewhere between 13% and 13.5%.

6. The Official Side of the Police Negotiating Board is meeting on 21 July to determine its policy. The Police Negotiating Board itself meets on 22 July. The latest indications are that the local authority associations will wish to keep to the Edmund-Davies formula for the federated ranks and Superintendents.

7. The Edmund-Davies Committee recommended that it should be open to either side of the Police Negotiating Board to propose variations in the updating process in the light of changes either in the police service or in pay movements in the economy as a whole. This is a matter for the Police Negotiating Board and indications are that the local authority associations will wish to review the working of the present formula before next year's negotiations.

Police Department
Home Office
14 July 1981

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