

CONFIDENTIAL

Prime Minister ⁽²⁾ / J V

ms 19/3

QUEEN ANNE'S GATE LONDON SW1H 9AT



14 July 1982

Dear Leon

POLICE PAY

I am sorry to have to trouble you at this stage on one aspect of our handling of the police pay negotiations.

When I wrote to Geoffrey Howe on 8th April, one of the issues I raised with him was the possible need to give assurance to the local authority representatives on the Official Side, as we did last year, about paying the Government's share of the additional cost (over and above the 4% allowed for in the R.S.G. settlement for 1982-83) not only through police grant but also through block grant, by making any necessary adjustments to the total of relevant expenditure for Rate Support Grant and consequently to the cash limit for block grant. I said that we could also expect the local authority associations to seek indemnification against any penalties for over-spending attributable to extra costs for police pay. My purpose in raising these issues at that stage was to avoid the need for the hurried decisions we had to make last year when the local authorities faced us with them on the day before the negotiations were due to open.

In his reply of 16th April, Geoffrey noted that we would need to think about the implications for local authority expenditure and in his letter of 12th May Michael Heseltine agreed that, if a pay settlement on Edmund-Davies' lines was allowed, we should increase the relevant expenditure for R.S.G. and seek to ensure that no police authority incurred extra grant abatement because of additional expenditure due to the pay award.

As you know, Geoffrey and I discussed police pay on 10th June and we agreed that we should allow a settlement on the Edmund-Davies basis this year but we should look for off-setting savings by increasing pension contributions. I am looking for a sizeable increase in pension contributions but even so, it will not bridge the gap between a settlement at 10.3% (based on the provisional May average earnings index) and the 4% financial provision.

Geoffrey did not raise the issue of the rate support grant implications on 10th June and I assumed he agreed with what I had proposed. However, I asked my officials to confirm this with the Treasury, so that we should avoid last minute difficulties. They have just been told that there can be no assurance that Treasury Ministers will agree to adjustments and, so far as targets are concerned, the local authorities must expect to find off-setting savings. The only way the police authorities themselves could find the money would be to allow the strength of the police service to drop by natural wastage. This could be contrary to our policies on law and order, a point that the local authorities could not, on past form, be slow to take, and, even so, the savings could be insufficient in the current year.

/As my officials

The Rt. Hon. Leon Brittan, Q.C., M.P.

CONFIDENTIAL

~~CONFIDENTIAL~~

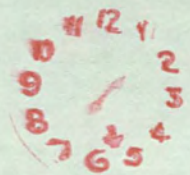
As my officials will be meeting the local authority representatives on 27th July and the negotiations take place the following day, I should be grateful for your agreement that, if the point is raised, my officials can give the local government representatives assurances as I proposed on 8th April, so that the negotiations can proceed on the lines Geoffrey and I have agreed. I shall, of course, be consulting Geoffrey Howe about the overall shape of the settlement when I know the outcome of the negotiations on 28th July. As you know, agreements of the Police Negotiating Board take the form of recommendations to the Secretary of State.

I am copying this letter to George Younger, Michael Heseltine and to No. 10.

*Yours
Walter*

~~CONFIDENTIAL~~

1 JUL 1962





✓
✓ SK SL

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

NBPM
ms 21/7

CONFIDENTIAL

Terry Matthews Esq
The Private Secretary to the Chief Secretary
Treasury Chambers
Parliament Street
LONDON

20 July 1982

Dear Terry,

POLICE PAY

TPM

At my Secretary of State's request, I am writing to convey his support for the letter of 17 July from the Home Secretary. Experience of the Police pay negotiations last year showed that the local authorities on both sides of the border are very sensitive to this and attach great importance to receiving, before the negotiations, the kind of assurance about funding dealt with in Mr Whitelaw's letter. Mr Younger does not consider that it would be consistent with the Government's firm support for the Edmund-Davies principle, or for the Police service itself, if they were to participate in, and subsequently authorise, a pay settlement for the Police, without accepting the financial implications as was done last year. He is certain that, if Ministers are not able to give the assurances that will be sought, substantial damage will be done to relations with local authorities, and the Opposition (as was shown by their pressure on him in a recent law and order debate in the Scottish Grand Committee) will be very quick to make political capital out of the refusal.

I am sending copies of this letter to the Private Secretaries to the Home Secretary, the Secretary of State for the Environment and the Prime Minister.

Yours sincerely,
John Wilson

JOHN S WILSON
Private Secretary

21 JUL 1982

