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QUEEN ANNE'S GATE LONDON SW1H 9AT

18 October 1984

Dear Peter,

MINERS' DISPUTE: POLICING COSTS

There is one major outstanding matter concerning the policing costs of the miners' dispute. It relates to the "knock-on" costs incurred by those forces which have supplied aid so generously to forces like Nottinghamshire which have borne the brunt of the violence. The aiding forces have incurred extra expenditure as a result of giving this assistance, primarily by having to work a considerable amount of extra overtime to compensate for the absence of so many officers on mutual aid.

In my statement of 11 May I expressed the view that "some additional payment might reasonably be made in recognition of the additional expenditure on overtime incurred in the police areas of the forces supplying mutual aid. While these are matters for the police authorities concerned in the first instance, the additional payments from central Government which I have announced will take account of any payments that a police authority receiving mutual aid might agree to make in recognition of the additional overtime being worked in the police areas of those forces supplying mutual aid, but not of any payments in respect of the basic costs of the men and vehicles involved." As was to be expected, aided authorities have declined to make any payments in respect of consequential overtime: they have, in effect, been waiting for advice from the Home Office on what they should pay. I must now give them such advice. One aiding authority, having had its application for reimbursement of knock-on costs turned down by Nottinghamshire, has applied to me to determine the question (under section 14(4) of the Police Act 1964). Also, as the financial year proceeds it has become imperative that aiding authorities should know where they stand without further delay.

We have considered this matter very carefully, in consultation with the local authority associations and chief officers of police. Such estimates as we have indicate that knock-on costs vary widely between forces. Some aiding forces used overtime extensively from the start of the dispute so as not to reduce police cover in their own areas. Other aiding forces did not work so much overtime, but cancelled or postponed training and put up with much reduced cover; so some of their consequential costs will be concealed, and will have to be paid later when the backlog of deferred rest days and training is wiped out. We therefore wondered whether we should think in terms of a flat rate payment related to the number of police support units supplied by each aiding force. But this would have meant that the payments were not directly related to the expenditure actually incurred by the aiding forces; and the local authority associations have represented to us forcibly that such an arrangement would mean that the aiding forces which have incurred the most additional expenditure - for reasons which are likely to have been very good ones - would be heavily penalised. It would also mean that some forces might be compensated for expenditure they had not actually incurred (having chosen in effect to suffer a loss of service).

The Rt Hon Peter Rees, QC., MP.

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So I think the payments must be related to the knock-on costs actually incurred. When I made my statement in May I did not envisage that the payments would necessarily compensate for the knock-on costs in full. But the length of the dispute has meant that the aiding forces' additional expenditure is now very substantial. The police authorities for those forces are certainly expecting to be reimbursed in full, and I think we should meet their expectations. Apart from the important point that we shall be accused of bad faith, HM Inspectors of Constabulary are worried about the consequences for the efficiency of those forces if we do not do so. Moreover, it is essential that we retain the goodwill of the aiding forces. The approach of winter may be expected to make the task of maintaining the mutual aid effort more difficult; and now that more collieries in the strike-bound areas are having some men at work the call on police resources could increase significantly.

Neither aided forces nor the Home Office could vet claims in any detail. We would have to rely heavily on the integrity of Chief Constables and County Treasurers to ensure that claims for consequential overtime did not include claims for overtime which would have been worked anyway, apart from the miners' dispute. But I think we ought to work out, in consultation with the local authority associations, some mechanism whereby claims above a certain level could be investigated and checked. It is helpful, from this point of view, that hitherto Chief Constables have not been able to rely on reimbursement of consequential costs; so there will be a basis for comparison for future expenditure.

I propose, therefore, that we should agree that aiding forces should submit to aided forces claims for additional expenditure in their own areas resulting from the provision of mutual aid, and that aided forces should meet these claims in full. Payments in settlement would rank for special grant. I cannot give any precise figure as to what the cost of such an arrangement up to now would be. I would not expect it to be more than £20M so far, of which the Exchequer would in any event have to pay half in police grant even if no arrangement at all for reimbursement between forces were made. So the extra cost to the Exchequer of paying for full reimbursement (the costs of aided forces such as Nottinghamshire, who would be making the payments initially, are of course being met by the Exchequer in full above a certain level), as opposed to reimbursement of a lesser sum, would be relatively small in relation to the total additional costs resulting from the policing of the dispute.

The additional costs resulting from the provision of mutual aid would, I envisage, cover such items as consequential overtime worked by police and civilians, and payments for deferred rest day working. Local authorities have mentioned other consequential expenditure, such as interest paid and foregone, and payments to prosecuting lawyers for cases where the police would normally have prosecuted. I should be reluctant to recognise the cost of interest, but I am tempted to side-step the problem (and that of identifying and calculating all the consequential costs) by recognising, for special grant, additional payments by aided to aiding authorities calculated on a formula related to aid supplied. I would propose that officials should discuss this aspect further with the local authority associations.

The associations are pressing for an early decision, and it would be very helpful if you could let me know soon whether you are content with my proposals.

I am sending copies of this letter to the Prime Minister, the other members of MISC 101, George Younger and Patrick Jenkin, and to Sir Robert Armstrong.

L. C. L.