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10 DOWNING STREET

From the Private Secretary

1 February, 1985.

Coal Strike and Spring Supplementary Estimates

Thank you for your letter of 31 January.

The Prime Minister has considered the options set out in your letter for references to the coal strike in the spring supplementary estimates. She prefers option (i) (i.e., that the assumption should be adopted that the strike will continue for the rest of the financial year). She would rule out option (ii) on the grounds that January is already over, whereas the strike is not.

David Barclay

R.J. Broadbent, Esq.,
HM Treasury.

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FROM THE PRIVATE SECRETARY
TO THE SECRETARY OF STATE
FOR WALES

PS/PUS

31 January 1985

Dear Mr Phillips,

The Prime Minister has referred your letter to her of 8 January about 1985/86 expenditure estimates to the Secretary of State for Wales; and Mr Edwards has asked me to reply on his behalf.

It has been necessary for Mr Edwards to consult the Home Secretary who, of course, is directly responsible for the police service in both England and Wales.

You refer to the strong feeling that central government should pay all additional costs of policing the miners' dispute. Responsibility for policing is, however, shared between central and local government and, as your police authority knows, the Home Secretary considers it would be inconsistent with this shared responsibility for one of the partners to bear all the additional costs.

The Secretary of State entirely understands your police authority's concern about the effects of the additional expenditure on force activities. He recognises that, even with the unprecedentedly generous help which the Home Secretary has made available to meet these costs, police authorities will incur additional expenditure as a result of the dispute, and that all forces will be faced with difficult choices and priorities in making the necessary economies. However, all police authorities are faced, from time to time, with unexpected additional demands on their resources and are normally expected to absorb them. The exceptional scale and duration of the present demand have persuaded the Home Secretary to make additional central funds available, but he does not consider it unreasonable to expect authorities to absorb a limited proportion of the costs themselves.

I turn now to the general issues you raise about the adequacy of resources.

/The Secretary of State ...

M H Phillips Esq MA LLB
Clerk of the North Wales Police Authority
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MOLD
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The Secretary of State has asked me to say that he fully appreciates the difficult choices that any authority faces in determining priorities when resources are at a premium. He also acknowledges the efforts which your constituent authorities are making to give some preference within their own budgets to the high priority law and order services. He does not feel, however, that the evidence you present suggests that resources are inadequate.

The 1985/86 Settlement provides for a target per head in Clwyd of £397: this is 16 per cent higher than the average resources for authorities in its Audit Commission 'family'. In the case of Gwynedd, the target per head is £407, 21 per cent higher than its 'family' average. These are very significant differentials, and the Secretary of State cannot understand how two so well resourced authorities need face the difficulties you describe. In addition, the budget to target increase for Gwynedd and Clwyd combined is 3½ per cent, only 1 per cent below prospective inflation. Given the scope for efficiency savings which there must be in any organisation spending, on a net basis, £250 million (the aggregate target for your two constituent authorities) a shortfall of this order should be capable of being absorbed without giving rise to significant dislocations.

As to the later years, the Secretary of State has, by issuing indicative targets, given the clearest signal yet of his resolve to contain revenue expenditure; thereby, hopefully, releasing even more resources for capital investment. The resources offered in those indicative figures - over 3 per cent extra per annum - should not damage the police services provided every effort is made to improve effectiveness and secure full value for money from every pound spent.

This being so, the Secretary of State, after consulting the Home Secretary, does not accept the case for additional resources. In the final analysis it is up to each individual council to make its own decisions on the deployment of resources taking into account statutory obligations and the overall need for expenditure restraint and modest rate increases.

Yours sincerely

Paul Skellon

PAUL SKELLON

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Prime Minister (1)
Agree Chief Secretary's
conclusions?

AT
31/1



Treasury Chambers, Parliament Street, SW1P 3AG

David Barclay Esq
Private Secretary
10 Downing Street
London
SW1

January is already over -
the strike is not. (i) seems the
31 January 1985 only

Dear David

option,
There is no
intermediate

COAL STRIKE AND SPRING SUPPLEMENTARY ESTIMATES

Spring Supplementary Estimates for Votes affected by the coal strike are now being submitted to the Treasury. The Estimates will be presented to Parliament on 14 February with advance copies going in confidence to the departmental Select Committees on 4 or 5 February. We have to decide what assumption should be made about the date the strike ends for the purpose of these Votes.

The Votes affected provide for costs sustained by British Steel (Department of Trade and Industry), policing costs (Home Office) and increased payments of supplementary benefits (Department of Health and Social Security). The first two of these Estimates would have to explain the assumption made about the end of the coal strike because it accounts for most or all of the supplementary provision sought. The strike accounts for only a small proportion of the supplementary benefit estimate (£8 million out of £46 million) but the Estimate could still prompt questions about whether an explicit assumption had been made about the end of the strike.

Overall the sums involved represent only part of the costs of the strike and in total they would not give any reliable indication of the total cost of the strike whatever assumption was adopted.

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There are 3 options:

- (i) to adopt a stylised assumption that the strike continues for the rest of the financial year. The Chief Secretary does not think this option should be pursued in the present circumstances;
- (ii) to assume the strike ends at the end of January (the Chief Secretary does not think any intermediate date between now and the end of the financial year can sensibly be chosen). This assumption has the advantage of providing only for known costs and it would carry no implication about when the government thought the strike might end. A disadvantage is that an Excess Vote could ultimately be required for the Home Office. The Chief Secretary thinks Excess Votes could be defended in the circumstances;
- (iii) to delay presenting the Estimates. It would be possible to present late Spring Supplementaries about two weeks later. The disadvantage of this course is that the Estimates affected by the coal strike would be presented virtually in isolation - we expect only one or two other late Spring Supplementary. They would therefore be more likely to attract comment (in part because there would be less time for scrutiny by Parliament) and at a time when such comment could be as unhelpful as it would be now.

The Chief Secretary has a marginal preference for allowing the Estimates to go forward in the normal way by adopting the end-January assumption (option (ii) above). He thinks this approach is likely to attract least comment and to be most easily explained as a sensible assumption in changing circumstances. But he recognises that this is a finely balanced judgment.

Yours ever

Richard

R J BROADBENT
Private Secretary

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