



CHANCELLOR OF THE EXCHEQUER

POLICE PAY

One of our Election Manifesto commitments is "to implement in full the recommendation of the Edmund-Davies Committee". The Committee recommended a pay increase for the police of nearly 40% from September 1978, which our predecessors decided to pay in two instalments, in September 1978 and September 1979. It is arguable that we should back-date the second instalment to September 1978, but I believe that it would suffice to pay it from a current date - say 1 May. The extra cost of this, compared with payment in September, will be about £50M for the United Kingdom, which will be a charge on the Contingency Reserve.

I see advantage in announcing as soon as possible that we are going to make this payment. The Police Federation are already asking what our intentions are and we must respond before their annual conference next week. I should like if possible to make the announcement on the evening of Wednesday, 9 May.

Under present arrangements (except in Northern Ireland) some 39% of the bill will fall to be met by the local authorities. Since the decision is a unilateral one taken by central government, they may press us to meet the whole of the additional expenditure. We could not go as far as that. The present cash limit on the rate support grant reflects the Government's share of the pay award. We shall need to assure the local authorities that the cash limit will be adjusted to meet the Government's share of the new phasing.

I was extremely grateful to you for agreeing, when I raised this in Cabinet this afternoon, that I should go ahead on this basis. I am sure we are right to honour this commitment in this way, without delay, the sooner the better.

I now propose to speak on these lines to the Chairmen of the Local Authority Associations tomorrow afternoon, to inform the Police Federation and then to make an announcement tomorrow evening. The Secretaries of State for Scotland and Northern Ireland may wish to consider taking corresponding action.

I am copying this minute to the Prime Minister, the Lord President and the Secretaries of State for Defence, Employment, the Environment, Scotland and Northern Ireland, and to Sir John Hunt.

*W. H. W.*

8 May 1979