


 Prime Minister ^{for JV} (2)

A subject

Treasury Chambers, Parliament Street, SW1P 3AG

01-233 3000

16 April 1982

 The Rt. Hon. William Whitelaw CH MC MP
 Secretary of State for the Home Department

worth looking
 up at year
 general pay meeting
 early in the week
 beginning 26/4?

Yes
 In White

MLS 16/4

POLICE PAY

Thank you for your letter of 8 April about the review of the method of increasing police pay which the Official Side of the Police Negotiating Board have been undertaking. I have also seen the letter of 13 April from No. 10.

For a number of reasons I would prefer that the existing pay formula should not be reaffirmed at the meeting of the Police Negotiating Board on 21 April. The future of the police pay arrangements is a quite important matter, not least to colleagues who have to defend our refusal to extend similar treatment to other pay groups. I think, therefore, that our response to the review is something which we need to discuss, either in E(PSP) or an ad hoc meeting of Ministers concerned.

We also need time to consider points arising from the review, such as the one which the Prime Minister has raised about the relative position of the police. I understand, for example, that the figures in the first paragraph of your letter actually relate to the period November 1979 to October 1981, and therefore exclude the index-linking settlement in September 1979. The review does, I believe, give figures for the whole period from September 1978 (when the original Edmund-Davies recommendations were meant to be implemented) until after the last settlement in September 1981. But those for the police apparently relate only to settlements rather than earnings, and so are not strictly comparable with the figures for average earnings which are also presented. These are points which officials could usefully consider, for example in PSP(O), before we meet.

We also need to think about the implications for local authority expenditure which you mention in your letter, including your point about penalties for overspending and any wider implications which it may have. There may also be points to consider on the detail of the proposed savings on police remuneration.

/Finally, the

CONFIDENTIAL



Finally, the proposed timing is not ideal from the standpoint of civil service arbitration. At the hearing on 19 April the management representatives will be arguing against the index-linking inherent in the unions' emphasis on the cost of living. If it were then to emerge a couple of days later that the indexation commitment to the police had been reaffirmed, that would hardly be helpful.

For all these reasons I would urge that the next move should be a collective discussion of the issues in the light of the review.

I am copying this letter to the Prime Minister, members of E(PSP), George Younger, Jim Prior, Keith Joseph, and to Sir Robert Armstrong.

GEOFFREY HOWE

A handwritten signature in black ink, appearing to be "Geoffrey Howe", written over a horizontal line.

16 APR 1982





Police

JR
bc JV

10 DOWNING STREET

19 April 1982

From the Private Secretary

Dear John,

POLICE PAY

The Prime Minister saw over the weekend the Chancellor of the Exchequer's letter of 16 April to the Home Secretary about police pay.

The Prime Minister hopes that this issue can be considered, together with other pay issues, at the meeting which has been arranged for Tuesday 27 April.

I am sending copies of this letter to the Private Secretaries to members of E(PSP), the Secretaries of State for Scotland, Northern Ireland, and Education and Science, and to Sir Robert Armstrong.

Yours sincerely,

Michael Scholar

John Halliday, Esq.,
Home Office.

JR

CONFIDENTIALPrime Minister (2) *JS*Ms 12/52 MARSHAM STREET
LONDON SW1P 3EB

My ref: H/PSO/12857/82

Your ref:

12 MAY 82

*De l'Etat**MS*

I have seen a copy of your letter to Geoffrey Howe of 8 April about police pay, and of his reply of 16 April. My interest is in the effect of your proposals on other groups of employees for which I am responsible, and in their RSG consequences. I agree with Geoffrey that it would be best to consider your proposals collectively before a decision in principle is announced.

On pay policy, I of course recognise the commitments which have been given on police pay; and I welcome your proposals on rent allowances and on pensions. But I remain very concerned about the effect of a high police pay award on other groups. It is surely the case that the police have done significantly better than other groups in the local government sector. I think it is going to become increasingly hard to justify continuing favourable treatment for the police whilst seeking to stick to our guns for other local government employees, and for the public sector generally. It seems to me that continuing to pay the full Edmund-Davies formula for 1982/83 can only make it more difficult to achieve pay restraint in the public sector as a whole.

On RSG, I agree that if a pay settlement on Edmund-Davies lines is allowed, we should do as we did for 1981/82, ie increase relevant expenditure for RSG purposes, with consequent additions to the police specific grant and to the block grant cash limit. I also agree that we should seek to ensure that no police authority incurs extra grant abatement because of additional expenditure due to the pay award.

I am copying this to those who received Geoffrey Howe's letter.

you are
Michael Heseltine

MICHAEL HESELTINE