

MR SCHOLAR

CONFIDENTIAL

Prime Minister ^{Police}

PA,
TOW JV →

It would be best
note to write

Do you wish me to
write as at X overleaf?

Police Pay

The Home Sec is well and all
of the point - Mrs 13/5

(attached)

I have participated in the official discussions about police pay referred to in the letter from the Chancellor's Private Secretary to Mr. Whitelaw's Private Secretary, dated 12 May; and I am very glad that Mr. Whitelaw's officials have indicated that he does not now intend to tell the Police Federation on 19 May that the Edmund Davis indexation formula will necessarily continue. In fact, I understand that at present he intends to talk in general terms about the Government's support for the police, and then to say: "we demonstrated ^{that} as soon as we came in, by our decision to implement in full the Edmund Davis recommendations on pay, which have resulted in a better paid police service than ever before." I think that goes quite far enough.

The Prime Minister will recall that the immediate focus of interest for police pay is the report of the Official Side of the Police Negotiating Board, which was set up in October 1981 to review police pay. Study so far of that report reveals that the Official Side looked at the Edmund Davis formula only from the point of view of whether it had generated pay rises which were excessive compared with the average earnings increases in the economy as a whole. Even on that narrow point, the Treasury dispute the Official Side's figures, and reckon the cumulative total of police settlements in the last three years is well above the average earnings increase. Objections to the Edmund Davis formula are of course more fundamental. The level of police pay is now quite disproportionate: a uniformed constable in central London earns on average £13,000, including housing and other allowances. And the Edmund Davis method is exactly the sort of inflationary indexation from which we try to extricate ourselves across-the-board, and its retention makes it harder to deal with other groups such as firemen (who already have it) and MPs (who want it). Of course, we would have to find something to replace the Edmund Davis indexation formula, and there are some preliminary ideas around: even including them in the AFPRB would be better than indexation.

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I think it would be helpful therefore, both in terms of ensuring that the Home Secretary goes no further than his present intentions on 19 May, and in giving impetus to the discussions which are to take place between the Home Secretary and the Chancellor later, for you to write - if the Prime Minister agrees - to Mr. Whitelaw's Private Secretary indicating that she is glad to see that he will be making no commitment to the continuation of the Edmund Davis formula; and that she looks forward to hearing the outcome of the forthcoming discussion between the Home Secretary and the Chancellor on the future method of police pay determination.

13 May 1982

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