

CONFIDENTIAL

28 July 1982

PRIME MINISTER

Prime Minister

CABINET: POLICE PAY

ms 28/7

From the correspondence of the last two or three days, it seems to be common ground that the police pay settlement must be handled in such a way as to avoid reducing the chances of the nurses voting to reject their 7½% pay offer. It also seems likely that Mr Fowler will wish to raise this in Cabinet tomorrow, to seek reassurance on that point.

You will have seen from my earlier note that one way forward is for the Home Secretary to insist on a 4% increase in pension contributions, and then to present the police pay settlement as being therefore worth only 6.3%, instead of the full 10.3% of the Edmund Davies formula.

But I must say that I doubt whether even that will be sufficient to avoid repeated reference in the media to a settlement of 10.3%, and therefore some adverse effect on the nurses' ballot. The really harmful aspect of the police settlement is the indexation, which is of course something that will be withheld from all NHS groups even under the longer-term pay arrangements Mr Fowler is now authorised to pursue.

I know that it would be very difficult for the Home Secretary to cut back the Edmund Davies recommendation to, for instance, the 6.1% recommended by the AFPRB for the armed forces. But perhaps he could at least see his way to indicating publicly, at the time of whatever announcement is made, that alternative methods of determining police pay will be examined in the next few months - as he has already privately agreed to do.

JOHN VEREKER

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Mr Fowler's  
office do  
not believe  
he intends  
to.



Told Mr Walters  
(Home office). The contribution will be  
more than 14.2%  
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Prime Minister

①

I am concerned

maybe 2.5%  
Are you  
prepared to

cc: Mr. Mount  
Mr. Walters  
Mr. Ingham

PRIME MINISTER

What the other  
increases in pension  
contributions will be  
POLICE PAY  
There will cause trouble

look at this again?

If so do you wish to discuss with  
the Home Secretary and Chancellor?

MUS 26/7

Various committees of the Police Negotiating Board meet on Wednesday. As is now widely known, they are likely to recommend a pay increase, based on the Edmund Davies formula, of 10.3%; and there will be a proposal for an increase in pension contributions, but the recommendation is unlikely to be for more than 1½%. The Home Secretary will be consulting you on his handling of these recommendations: the correspondence so far indicates that he will want to agree the 10.3%, and to press for a bit more of an increase in pension contributions. Rent allowances are to be discussed separately, and later.

I know that you have not wanted to press the Home Secretary too hard on this. But because what is at stake here is so large, I must come back to you again. As you will have seen from the media coverage yesterday and today, an unqualified announcement of a 10.3% pay rise for the 135,000 police - coming on top of 13.2% last year, and 21.3% the year before - will create a storm; will make it significantly harder to settle the NHS dispute; and will be the worst possible start to the new pay round, following the Chancellor's plea for very low, or nil, settlements. However strong the case for continuing to demonstrate the Government's support for the police, there are far reaching objectives for pay and therefore employment which may be put at risk if we allow this to go through.

The effect on the NHS dispute is a new factor. When you looked at this last, we all hoped that the nurses were going to accept their offer, and that the dispute would be out of the way by now. But the police settlement now comes as the nurses are beginning to ballot again; and as NUPE and COHSE look for issues on which to build support for continued industrial action. Police pay has a much greater knock-on effect on the NHS than, for instance, top salaries: the numbers are much greater, and nurses and ambulancemen work alongside the police in the handling of casualties.

/ I think there are

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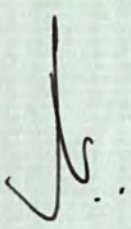
I think there are three options for handling police pay this year:

i) The Home Secretary could be authorised to cut back the basic pay increase from 10.3% to, for instance, the 6.1% recommended by the AFPRB for the Armed Forces. That would be easy to justify publicly, and would be a real message of our determination to get a grip on public service pay. It could be accompanied by suitable statements about the handling of police pay in future.

ii) The announcement of the 10.3% pay increase could be accompanied by a statement from the Home Secretary to the effect that indexation was no longer regarded by the Government as being an appropriate method of pay determination, and that alternative possibilities would be examined over the next few months. The Home Secretary has already agreed (his Private Secretary's letter of 5 July) to examine the possibility of moving towards some form of pay review in future; the least we can do is to make such an announcement now, to indicate how reluctant the Government is to acquiesce in a double-figure settlement.

iii) If the 10.3% is to go ahead, it becomes all the more important for the Home Secretary to insist upon the full 4% increase in pension contributions, and to make every effort to present the settlement as being therefore worth only 6.3%.

Ferdy Mount, Alan Walters and Bernard Ingham all share my concern about the handling of police pay this year; and Bernard is already under considerable pressure as a result of the recent press speculation.

  
John Vereker  
26 July 1982

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Prime Minister (2)

Police

ms 28/7

cc JV

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon William Whitelaw CH MC MP  
Secretary of State  
Home Office  
50 Queen Anne's Gate  
London SW1H 9AT

28 July 1982

*W. Whitelaw*

We had a word yesterday about your letter of 17 July on the handling of negotiations on police pay, and about the state of play in discussions between our officials.

This is to record what we have agreed.

I agree that increases should be made in relevant expenditure, and in the cash limit on block grant, to reflect the additional cost of this pay award. I understand the amount of block grant involved will be about £2 million.

We spoke about local authority targets for current expenditure, and you agreed that these should not be increased on this account. I am most grateful to you, and hope that the increase in the cash limit, in particular, will avoid the political problem you pointed out to me. On the question of the targets, it is not, I think, in any way inconsistent to offer finance for spending which we favour, but at the same time to penalise aggregate overspending.

I am sending copies of this letter to the Prime Minister, George Younger and Michael Heseltine.

LEON BRITTAN.



*Police*



Management and Personnel Office  
Whitehall London SW1A 2AZ  
Telephone 01-273 { 4400  
GTN 273 }

*cc JV*

28 July 1982

John Halliday  
Private Secretary to the Secretary  
of State for the Home Department  
50 Queen Anne's Gate  
LONDON SW1H 9AT

Prime Minister <sup>(2)</sup>

*Mus 29/7*

*Dear John,*

POLICE PAY

The Lord Privy Seal has seen a copy of the Secretary of State for Social Services' letter of 26 July. This is just to say that she supports his view that there should be a meeting with Ministers before decisions are taken. Any announcement of the sort of figures mentioned in the letter would clearly raise difficulties elsewhere.

I am copying this to Michael Scholar (No.10), and to the Private Secretaries of the other members of E(PSP) and to Richard Hatfield in Sir Robert Armstrong's office.

*Yours sincerely,  
Jim Buckley.*

*mb*

J BUCKLEY

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29 JUL 1962





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DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

The Rt Hon William Whitelaw CH MC MP  
Secretary of State for the Home Department  
Home Office  
50 Queen Anne's Gate  
LONDON  
SW1

27 July 1982

Mes 28/7

ECJL  
Prime Minister (2)

Another letter  
from Mr Fowler  
on police pay, seeking  
a collective discussion.

Dear Willie.

mf

You sent me a copy of your letter of 26 July to Geoffrey Howe about police pay.

You know how important this issue is to me in the context of the ballot which the Royal College of Nursing is now conducting on the recent pay offer to nurses. I am very anxious that the increase in pension contributions paid by the police should be fixed at a level which would result in their net pay increase this year not appearing excessive in relation to the offer to nurses. From my point of view, it is important that the matter should be settled on this basis and announced as quickly as possible; and the immediate purpose of this letter is to urge that a collective decision should be taken before Ministers disperse for the holidays, even if an announcement is deferred until the beginning of August.

I am sending copies of this letter to the recipients of yours.

You are

NORMAN FOWLER

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**DEPARTMENT OF HEALTH & SOCIAL SECURITY**  
Alexander Fleming House, Elephant & Castle, London SE1 6BY  
Telephone 01-407 5522  
From the Secretary of State for Social Services

c/c JV

Prime Minister (2)

You expressed

concern about this,  
on the basis of a 10.3%  
pay increase and only 1.5%  
pension contribution increase.

26 July 1982  
Mr Whitelaw is writing  
to the Chancellor

*mt*

and will say that 1.5% is not  
enough. We will reserve our position  
in the negotiation and go for 2-3%.\*

The Rt Hon William Whitelaw CH MC MP  
Secretary of State for the Home Department  
Home Office  
50 Queen Anne's Gate  
LONDON  
SW1

*Jan Willie*

**POLICE PAY**

We had a brief word this morning about the next pay award to the police force and its impact on the pay dispute in the National Health Service. A straight increase of more than 10 per cent will reduce considerably, and may eliminate altogether, the chances of a majority of members of the Royal College of Nursing voting to accept the improved pay offer of 7½ per cent. Yet securing a favourable outcome in that ballot is a critical factor in our handling of the dispute.

MCS 27/7

The answer may lie in the adjustments proposed on pension contributions and rent allowances first raised in your letter of 8 April to Geoffrey Howe. His reply proposed that these issues should be discussed with colleagues. I believe it essential to have that meeting before any decision is taken.

I am copying this letter to the Prime Minister, to all Members of E(PSP) and to Sir Robert Armstrong.

*Jan* *Norman Fowler*

NORMAN FOWLER

\* Mr Whitelaw's  
letter now  
attached.

MCS



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g/c SV



QUEEN ANNE'S GATE LONDON SW1H 9AT

Dear Jeffrey

2 July 1972

POLICE PAY

As you know, the Police Negotiating Board meets on Wednesday, 28th July. The outcome is likely to be mixed; the federated ranks will be offered and will accept a pay increase of 10.3%, based on the Edmund Davies formula while the superintendents will probably be offered a lower increase, which they will refuse and decide to go to arbitration. On pensions, it seems unlikely that the Staff Side will be prepared to agree to more than a one and a half per cent increase in contributions. This is not enough, and I shall therefore be faced with imposing a higher contribution rate to bring the net increase in police pay back to a more acceptable level as you and I have agreed. I do not want to take a final decision on this until I know the outcome of the negotiations when I shall write to you again. I shall probably have to allow the Staff Side to make further representations to me, but I aim to reach and announce a conclusion on all this very early in August.

Meanwhile, in view of the press speculation over the weekend there seems to me to be no reason why the Police Negotiating Board should not put out a low key announcement on Wednesday, 28th July about any agreements on pay which have been made and saying that they have been referred to me for a decision on whether to implement them. The press notice could also refer to discussions on increased pension contributions. My press office will then respond by saying that we shall be considering the agreements and will give briefing to make it clear that a one and a half per cent increase in pension contributions would be too low and a higher increase can be expected, which would reduce the net increase in police pay.

I am sending copies of this letter to the Prime Minister, George Younger, Jim Prior, Norman Fowler, and to Sir Robert Armstrong.

Yours  
L.H.H.

The Rt. Hon. Geoffrey Howe, Q.C., M.P.

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27 JUL 1982

