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MR MOUNT

cc Mr Scholar ✓
Mr Shipley ✓

POLICE PAY

The Official Group on Pay had its first discussion yesterday, in a restricted session, on Police Pay. This follows the Prime Minister's agreement that work could be done on future police pay arrangements, as long as it did not encompass abandonment of Edmund-Davies.

The Home Office, represented by Robert Andrew, who is the Deputy Secretary responsible for the police, took the opening position that the way in which Edmund-Davies has worked hitherto has been over-rigid and has led to overgenerous awards. Radical change to the system would present practical difficulties and would be constrained politically, so we should be looking to improve the work of the Edmund-Davies system rather than to replace it. The Home Office paper proposes a system of "constrained bargaining", under which information on recruitment and wastage levels in the police would be taken into account by the Home Secretary, in making his decision after he has received the Report of the Police Negotiating Board, a report which is of course largely based on the Edmund-Davies formula.

This proposal appeals to no-one in the group. Most of the departments represented argued for a Review Body; but the case for that was rather spoiled by a particularly weak presentation by the Treasury of the way in which a Review Body could work in parallel with the Police Negotiating Board. All are agreed that the PNB must be retained, in order to remain within the constraints set out by the Prime Minister. A number, including myself, were opposed to any system (such as that suggested by the Home Office) in which a figure would be determined independently and established as a target for the settlement, leaving Ministers each year in the invidious position of looking for arguments to reduce it.

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Mr Fletcher

To see

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DA
Thank you

DB

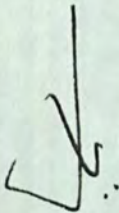
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I argued for, and obtained, agreement that the group should undertake a reasonably rigorous analysis of the extent to which the present formula presented problems, and of the constraints on making changes.

In the first category, the group will take papers from the Home Office on pay increases and absolute levels of pay over a ten year period, including factors such as the rent allowance (in some cases worth £3,000 and then grossed up for tax). The Department of Employment will provide a paper on the technical aspects of the Edmund-Davies formula, and notably of the difficulties that arise in linking basic pay to an average earnings index. I suggested that we would also need to look at the scope for linking some part of the pay to performance, through discretionary payments.

In the second category, we have already run over the ground in looking at the nature of Ministerial commitments, and the constitutional position of the police vis-a-vis local authorities and their employers.

I think there is a reasonable chance of making some progress, within the constraints we have to accept. If you or Peter has any suggestions, I shall be glad to have them.



17 November 1982