



if no
(1)

Prime Minister

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

Endorse

PRIME MINISTER

I should like to see the Home Sec about this and

these conclusions?

MCS 18/7

POLICE PAY

The Ministerial Sub-Committee on Public Sector Pay (E(PSP)) met under my chairmanship on Wednesday 13 July to discuss police pay. We had before us a memorandum by the Home Secretary (E(PSP)(83)12).

2. As you know, under the recommendations of the Edmund Davies Committee increases in police pay are based on the annual increase in the Average Earnings Index between May and May. This year's increase, which is due to take effect from 1 September, is expected to be about 8 per cent. Negotiations in the Police Negotiating Board (PNB) begin on 21 July. As police pay is determined by statutory regulations, the Government cannot stand aside from a settlement.

3. An increase of 8 per cent is uncomfortably large by the standards of the current pay round, let alone what we hope for in the next. Nevertheless, the Sub-Committee agreed that there was no alternative to allowing the Edmund Davies formula to take effect. Any attempt to upset the formula would be bitterly resisted by the police; and it would be impossible to change the present arrangements without proper notice and lengthy negotiations. Other considerations apart, this would work against one of the objectives which the Sub-Committee agreed was important: to do as much as possible to represent the increase as the tailend of the 1982-83 pay round rather than the opening of the 1983-84 round.

4. Whatever view may be taken of the principle of indexing police pay, there is no doubt that a good deal is wrong with the detailed working of the Edmund Davies formula. It links increases in the basic pay rates of the police to increases in earnings elsewhere; and in times of declining pay settlements it will consistently give increases in police pay above the current average. The Sub-Committee therefore fully endorsed the Home Secretary's proposal that the

*including
back-pay
MCS*

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Government should propose a review of police pay levels. The proposal would be based on one of the Edmund Davies recommendations which made explicit provision for either side of the PNB to ask for such a review. The purpose of the review would be to establish whether the police are paid a fair rate for the job they do and the responsibilities and risks they take in comparison with others in the public and private sector. It should show whether major adjustments are called for in pay levels or the Edmund Davies formula; and it could pave the way for the introduction of a more flexible arrangement which would take account of recruitment and retention and other conditions of service. It would be for the PNB to decide how the review should be conducted, although it is likely that they would involve the Office of Manpower Economics, which already services the PNB.

5. The Sub-Committee recognises that the review, since it would be conducted within the Edmund Davies framework, could not be expected to result in any radical change in police pay arrangements. The most which could be achieved would probably be a more flexible application of the comparability formula and it would be up to the Official Side subsequently to endeavour to take maximum advantage of such room for negotiation as was secured. The Sub-Committee nevertheless felt that a review on this basis would be worthwhile, both on its merits, and as a means of reassuring other public service groups who were becoming increasingly resentful of what they saw as unduly favourable treatment for the police.

6. It is also relevant that the Official Side of the PNB are currently proposing to change the system of rent allowances, which are paid to the 70 per cent or so of police officers who are not in police housing. The aim is to halt the escalating increase in expenditure on rent allowances and to hold it at about current levels. The Police Federation are opposed to change; but again, we can use the existence of the proposals to some effect in discussion with staff representatives elsewhere.

7. Finally, the Sub-Committee discussed what could be said to the local authority associations about the expenditure implications of the pay settlement. 50 per cent of police expenditure is covered by specific grant; the remainder is



relevant expenditure for the purposes of Rate Support Grant (RSG). Last year, the local authorities were given assurances concerning the specific grant; adjustments to the total of relevant expenditure; and the cash limit on block grant in excess of the amount already allowed in the RSG settlement. They were also assured that no police authority would incur extra block grant abatement in 1982-83 because of additional expenditure due to the pay award. The Home Secretary wished to give similar assurances for 1983-84 and 1984-85, except that the assurance in respect of block grant abatement would apply only to 1983-84.

8. The Chief Secretary, Treasury was unwilling to go so far, especially given the situation on local authority current expenditure generally. The Sub-Committee agreed that the Home Secretary should be authorised to give assurances similar to last year's to cover the current financial year; but that nothing should be said about 1984-85. This agreement was not to be taken as prejudicing what might be decided regarding that or later years.

9. If agreement is reached in the PNB on 21 July, the Home Secretary will need to announce whether or not he endorses it. The Sub-Committee agreed that he should endorse it; and that his announcement should draw attention both to the proposed review of police pay levels and the proposals of the Official Side on rent allowances.

(Thursday) 10. The Government will not need to take a public position on the police pay settlement before 21 July. However, the Home Secretary will need to give the remainder of the Official Side of the PNB early next week an indication of the Government's views on the matters discussed in this minute. The possibility cannot be excluded that this will leak.

11. I am sending copies of this minute to the other members of E(PSP), the Secretary of State for Scotland, and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'N.L.' with a flourish.

(N.L.)

15 July 1983

Police
May '79, Ray



18 JUL 1983