

Prime Minister

Write as proposed?

Yes no

PRIME MINISTER

DRW  
12/11

12 November 1985

POLICE PAY AND LOCAL AUTHORITY SPENDING

The problems identified by Douglas Hurd are clearly serious: action will have to be taken. But the complex financing arrangements will need to be sorted out by Treasury and DoE officials before Ministers take final decisions.

We recommend that you should back Douglas Hurd's request for urgent talks at official level.

Hurd  
no

H. Booth

HARTLEY BOOTH



10 DOWNING STREET

*From the Private Secretary*

13 November 1985

POLICE RESOURCES AND LOCAL AUTHORITY SPENDING

The Prime Minister has seen the Home Secretary's letter to your Secretary of State of 11 November. She agrees that officials should meet urgently to consider the options for ensuring that the Government's policies on local authority expenditure and on police resources can be implemented in a coherent and rational way.

I am copying this letter to the Private Secretaries to the Lord President, the Secretary of State for Scotland, the Chief Secretary, HM Treasury and Sir Robert Armstrong.

(David Norgrove)

Robin Young, Esq.,  
Department of the Environment

do



CCOL

QUEEN ANNE'S GATE LONDON SW1H 9AT

11 November 1985

Dear Kenneth,

When I wrote to you on 4 November about the need to safeguard the expenditure levels of the police joint authorities in the metropolitan counties, I said that this was only one of a number of problems where Government policies on police resources and DOE's policy on local authority expenditure are at odds.

The danger of a breakdown and political embarrassment is becoming more acute and I think we must face the problem squarely if it is to be resolved satisfactorily. Our policies on police manpower and resources will not be implemented locally if the local authority expenditure controls remain unchanged.

Manpower is at the heart of the problem. The Prime Minister's statement at Blackpool will be used as a challenge to us to will the means. As you know I am insisting that Chief Constables should prove the need for extra men; but once they have proved their need we are committed to meet it. Yet police authorities, and Chief Constables, will point out again and again that they cannot provide the extra men they need without incurring DOE penalties.

We can point to some national provision in the RSG settlement for extra resources. This cannot now be defended as likely to be sufficient for 1986/87. I seek the agreement of colleagues to saying, when the settlement is announced next month, that it will be kept under review during the year, as our assessment of the needs of the police service proceeds. Without that there is no way in which the police component of the RSG settlement, as negotiated some months ago, can be reconciled with the Prime Minister's statement at Blackpool.

But apart from the national provision, there is no answer to the complaint of a large number of individual authorities that from now on, more provision for the police means more penalties for them.

The present situation comes on top of a system already under strain.

Chief Constables are already warning us that they are having to reduce overtime, restrict recruitment and cut down expenditure on vehicles and other operational equipment because their county councils do not want to incur penalties under the block grant system. We are making additional resources available nationally to help with drugs work, but I am told that police authorities will not apply for my approval to additional posts because they cannot afford them, even though half the cost would be met through police grant. My letter of 4 November pointed to the danger of deliberate under-provision for the police service in the large conurbations. Conversely, I may be faced with applications for increases in force establishments which cannot be accommodated within the RSG provision for 1986/87.

/There are also

The Rt Hon Kenneth Baker, MP

There are also likely to be more demands for central government funding. Police authorities had to be helped to meet the cost of the 1981 riots and of policing the miners' dispute. We had to give special assistance from central funds for policing at Greenham Common and Molesworth; Wiltshire have asked for help with the costs of policing at Stonehenge last summer: and Lancashire for help with the cost of protection for our Party Conference.

This all adds up to an unattractive - and potentially damaging - prospect, which local authorities and the Opposition will be ready to exploit.

We need to consider urgently how we are going to deal with this. I do not want to be driven into a series of expedient devices, in order to implement our policies on police resources. Ad hoc measures will also be expensive. If we go much further in this direction, for example by central funding for particular functions or posts, we shall lay ourselves open to the accusation of introducing a national police service by the back door.

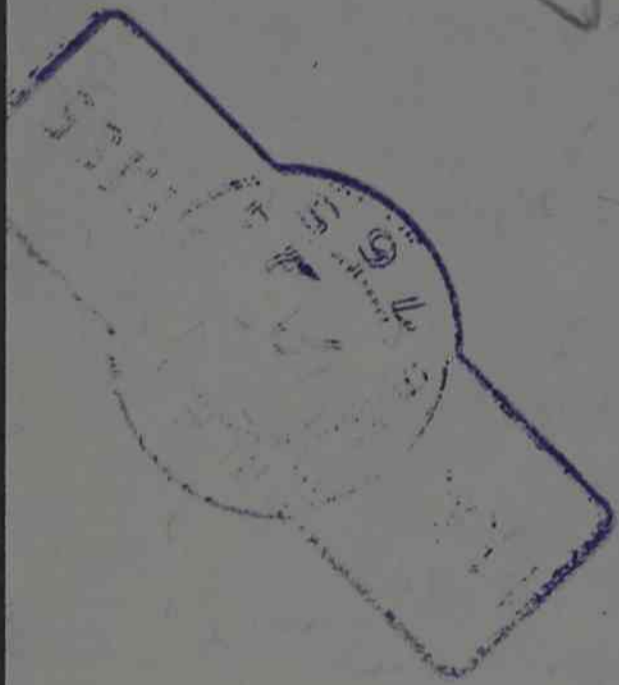
I hope you will agree that our officials, together with the Treasury, should get together to produce options, with legislation not excluded, which would ensure that our policies on local authority expenditure and on police resources can be implemented in a coherent and rational way, without wrecking the tripartite system of police administration. Officials should report by the end of January.

The problem in the Metropolitan Counties, about which I wrote to you on 4 November, is even more urgent and must be solved this month.

I am copying this letter to the Prime Minister, Willie Whitelaw, George Younger, John MacGregor and to Sir Robert Armstrong.

Conner,  
Dunlop.

POLICE  
POLICY  
JAN 83





Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Douglas Hurd CBE MP  
 Secretary of State  
 Home Office  
 50 Queen Anne's Gate  
 London  
 SW1H 9AT

*NBRN*

*13<sup>th</sup>* December 1985

*Dear Douglas,*

**POLICE EXPENDITURE: ELs AND RSG SETTLEMENT**

I have seen Kenneth Baker's letter to you of 3 December which invites my comments on a further form of words. I really do not think that you can say anything which implies that RSG decisions now reached for 1986-87 can in some way be reopened. And additional specific grant is generally paid towards the costs of identifiable public order problems, so I do not think that you could safely make reference to it without encouraging claims that the Government expects more disorders of this kind. I therefore still prefer the form of words which I proposed in my own letter of 3 December.

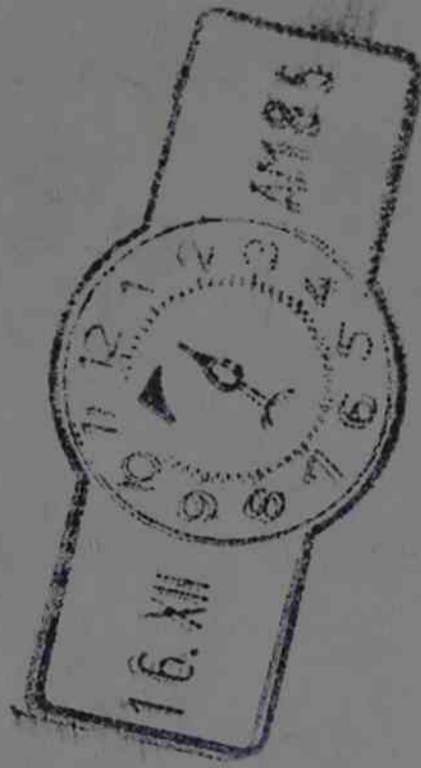
I am copying this letter to the Prime Minister, to other members of E(LA), and to Sir Robert Armstrong.

*Yours ever,*

JOHN MacGREGOR

Police 1/83

Policy





10 DOWNING STREET

Note

Home Office will  
be writing to wrap up this  
correspondence. B/F 12/12

DRV

6/12



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Douglas Hurd MP  
Home Secretary  
Home Office  
50 Queen Anne's Gate  
LONDON  
SW1H 9AT

4 December 1985

Dear Douglas,

LOCAL AUTHORITY EXPENDITURE AND THE POLICE

with DRN

I have seen a copy of your letter of 28 November to Kenneth Baker. You will have seen my minute of 20 November to the Prime Minister on this question.

While I appreciate the problems which we are facing on police expenditure, I wonder whether it would be right for you to make the kind of statements which you propose in answer to possible supplementary questions in the House on 5 December. The statements raise complicated issues which are to be looked at urgently in the review which has been endorsed by E(LA). To make statements such as you propose now would anticipate that review and raise immediately questions about local authority finance and the police which we are not yet in a position to answer.

I would therefore be grateful if you were able to deal with any questions which may be put to you on 5 December in terms that you are aware of the problem on police resources and are looking into the issues urgently.

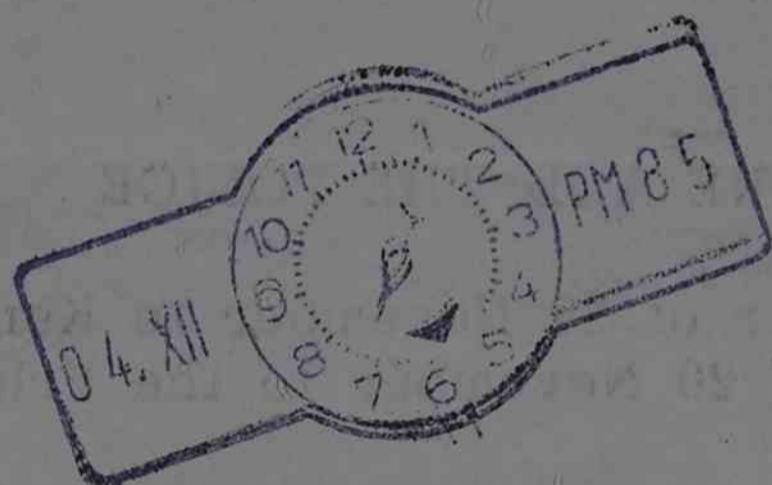
I am sending a copy of this letter to the Prime Minister, other members of E(LA) and to Sir Robert Armstrong.

Yours ever,  
George

POLICE Policy: Jan 83

COMMUNICATIONS SECTION  
METROPOLITAN POLICE

14 December 1982



I have seen a copy of your letter and will have my staff of 20 read the document.

While I appreciate the problems which we are facing in police operations, I wonder whether it would be right for you to make the kind of statements which you propose to make in your supplementary questions to the House on 5 December. The statements were composed in haste which is to be expected at a time when the review has been commenced by Bill. To make statements such as you propose now would indicate that review and raise immediately questions about local authority finances and the extent to which we are not yet in a position to answer.

I would therefore be grateful if you would like to deal with any questions which may be put to you on 5 December in terms that we are aware of the limits on police resources and not to put the issues openly.

I am sending a copy of this letter to the Home Secretary and other members of the Home Affairs Committee.

*[Handwritten signature]*

CONFIDENTIAL



NBSM

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Douglas Hurd CBE MP  
Secretary of State  
Home Office  
50 Queen Anne's Gate  
London  
SW1H 9AT

3 December 1985

*Dee Douglas***POLICE EXPENDITURE: ELs AND RSG SETTLEMENT**

I have seen a copy of your letter of 28 November to Kenneth Baker.

As I said in my letter of 18 November to Willie Whitelaw, the loss of block grant does not mean that joint boards will end up without the money which they need to spend on police; rather, it affects how they will finance that expenditure. And the safety net applied at ratepayer level will moderate the impact of this and other demands on ratepayers in the Metropolitan Counties. We have already agreed that officials from our departments and from DOE should review urgently the interaction of our policies on local Government finance and our policies on the police. I am afraid that I cannot agree that you should pre-empt the results of that review by announcing now that we will enable joint boards to budget at EL without losing block grant.

Similarly, I feel that the other part of your proposed statement goes too far in acknowledging the inevitable tensions between our policies, and indeed seems to dissociate you from the decision of colleagues on this year's RSG settlement. I think that the most that you can say on the study is:

"The Government is studying how to ensure that adequate resources are available for financing the police in the light of recent events and the increased demands upon them."

CONFIDENTIAL

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We cannot at this stage be more precise on how our commitments might be implemented.

I am copying this letter to the Prime Minister, to other members of E(LA) and to Sir Robert Armstrong.

*Yours ever,*

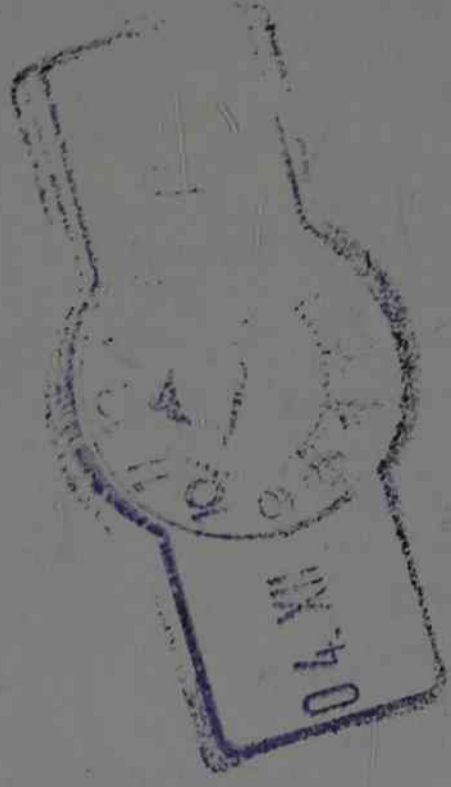


JOHN MacGREGOR

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POLICE POLICY

JAN 83



CONFIDENTIAL

CCBG



*W BPN at this stage*

2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:

Your ref:

3 December 1985

*Sam Douglas.*

Thank you for your letter of 28 November.

I am of course very ready to look at all the possible ways in which police authorities can be given the resources which are considered to be necessary to meet their expected commitments. You have already proposed a tripartite group of officials for this purpose and my Department will contribute fully to its work.

But, at the same time, we must not create unnecessary uncertainty in the minds of local authorities about the effects of the rate support grant settlement and rate limitation for 1986/87. I am due to announce the Settlement just before the Christmas Recess. If authorities are led to believe that their block grant entitlement may be changed, rates next year are bound to be higher than they need be. So we must be careful in any public pronouncements we make between now and the conclusion of the tripartite group's review, not to imply that there are implications for non-police services.

I therefore see considerable problems about the first of your proposed assurances which contains a reference to block grant. This will at once give rise to questions about our precise intentions at a stage when we will not have been able to consider your block grant proposals in the review. I am bound to say that, at first sight, I can see serious drawbacks to these proposals. First, I do not have the power to set the GREs in the way you propose. GREs have to be determined in accordance with principles to be applied to all authorities. Legislation would be required if the metropolitan joint police authorities are to have GREs set on a different basis than is applied to the shire counties, perhaps comparable to the special powers which you already have in relation to the Metropolitan Police.

The second problem is that this proposal would divert both police GRE and block grant away from the shire county areas. In view of the concerns which our colleagues have expressed recently in E(LA) about the overall position of the shires I do not see how we could defend this.

Your alternative suggestion was to make some kind of special payment to compensate the metropolitan police boards. I am in general, as you know, opposed to the spread of specific grants. As an immediate expedient to deal with the pressure on you for the coming year, however, this option poses fewer obvious difficulties, if John MacGregor can agree to the necessary additional expenditure provision and aggregate exchequer grant (AEG). I

understand that you can raise the rate of police specific grant without main legislation. However, as police grant has a prior claim on AEG it would still be essential to put in enough extra grant to avoid any reduction to the remaining block grant for non-police services. Otherwise our supporters in the shires and London could still find they were losing block grant as a result. That would be quite unacceptable.

I do not wish to suggest that your proposals exhaust the list of possibilities. We must see what the review suggests. Another option which immediately occurs to me is an increase in provision for police current expenditure, the GRE control total, and both police and block grant, with no change in the machinery. The alternative question of how the grant machinery might be adjusted is also one which the tripartite group will need to consider in detail before we can reach any firm conclusions.

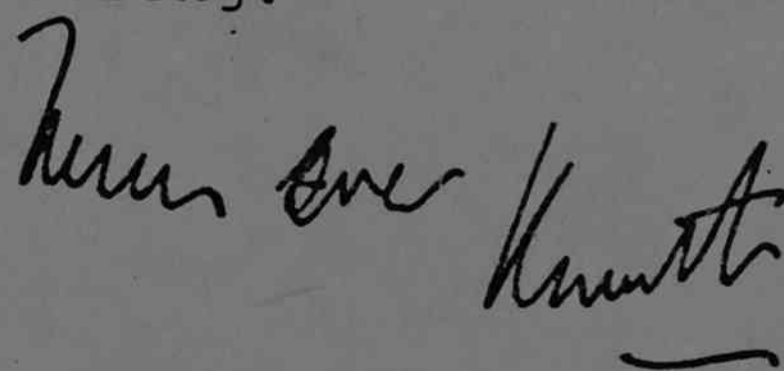
In its present form the second of your suggested statements also carries difficulties. We have never conceded in the past that there is a conflict between our general policies on local authority spending and our specific policies for local authority services, and I do not think we should start now.

My strong preference would be for you to give only a suitable general assurance in the period before the tripartite group has reported to us. If John MacGregor is content, I suggest you could say that the provisional decisions on local authority current expenditure on the police which underlay our announcements in July, and which are reflected in the Autumn Statement and the forthcoming rate support grant settlement, are being re-examined in the light of recent events and the increased demands on the police. The results will be announced in due course.

If you judge it to be essential I would reluctantly agree to your mentioning additional specific grant as one possible solution that is under consideration. I could not agree to a reference to block grant adjustments. Quite apart from the implication that we have decided to legislate on this, it would create great uncertainty on the part of local government as a whole about what authorities can expect their final rating and budgeting cycle.

If you do give assurance on police resources I will have to make clear, in presenting the RSG Settlement, that as regards all other services, authorities can continue to plan with confidence on the basis of the announcements I have made about GREs and block grant generally. There would be no question of any eventual changes in the law and order position adversely affecting non-police authorities, or the level of provision for non-police services.

I am copying this letter to the Prime Minister, other members of E(LA) and to Sir Robert Armstrong.



KENNETH BAKER

POLICE

POLICE

JAN 83



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CCBG



Prime Minister <sup>2</sup>

You may need later QUEEN ANNE'S GATE LONDON SW1H 9AT

to increase. But the controls  
on local authority expenditure  
overall must not be undermined.

28 November 1985

1 RFA

2. pa.

Dear Kenneth, 28/11

Thank you for your letters of 11 and 19 November about the expenditure on policing in the metropolitan counties.

It is not true that my officials have agreed that there were no options available to solve this problem in 1986/87. Solve it we must, if the Prime Minister's pledge at the Party Conference is to be honoured.

There seem to be two possibilities. One is to set the GREs of the joint police authorities at the redetermined expenditure levels. The other is to make some kind of special payment to these authorities which would compensate them for their losses of block grant. Either way the aim would be to ensure that the joint authorities were no worse off in terms of total grant receipts than if they had spent at GRE level. I have not yet completed my consideration of the applications for redetermination but I estimate that no more than £20m is involved. I would be content for further study of these options to be carried forward in the comprehensive review which has been endorsed by E(LA) and which is to be completed by the end of January.

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However, my immediate need is to make a firm and clear statement that we shall enable police authorities in the metropolitan counties to budget at a level which will enable forces to recruit up to their existing police establishments in 1986/87 without losing block grant. If I do not do so the Opposition, and our own back-benchers, will say that we are not meeting the pledge given by the Prime Minister at the Party Conference that the police will have the manpower and equipment that they need. This is particularly important in the inner city areas covered by the joint police authorities where the demands on the police and the risk of disorder are the greatest outside London.

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I also want to make it clear that the Government is studying how to ensure that, in the light of recent events and the increased demands on the police, the financial requirements of the police are not impeded by our controls on local government expenditure. This study, agreed by E(LA), covers not only the metropolitan counties. It will also reassure the many shire counties where the police forces are under pressure.

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I should be glad to know very quickly that you and John MacGregor agree that I can make a statement on the lines of the sentences underlined above. I am likely to be pressed on these issues by Gerald Kaufman and I am top for Questions on 5 December and at my meeting with West Yorkshire which has been arranged for 9 December. Merseyside have also asked for a meeting.

/This statement

The Rt Hon Kenneth Baker, MP

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This statement would not prejudice the decisions on the applications for the redetermination of the expenditure levels for the six joint police authorities. I shall be writing to John MacGregor about these very shortly. Although the decision to set the threshold for grant taper at 10% above GRE will leave three of the joint authorities (Greater Manchester, Northumbria and the West Midlands) below the threshold and so relieve them of the worst effect of block grant losses, I am still left with the difficulty that they and, more markedly, Merseyside, South and West Yorkshire will all have less block grant than if they spent at GRE level.

Unless we can assure the police authorities that they will not lose block grant, we cannot be sure that they will not budget for a reduced level of service. I cannot allow policing in these areas to be reduced and I have already told the chief constables that I would expect them to recruit up to their existing police establishments in 1986/87. Anything less would be indefensible in these inner city areas in present circumstances.

I am copying this to the Prime Minister, other members of E(LA) and to Sir Robert Armstrong.

Yours,  
Douglas.

CONFIDENTIAL

POLICE POLICY  
JAN 83





2 MARSHAM STREET  
LONDON SW1P 3EB

01-212 3434

My ref: B/PSO/19054/85

Your ref:

*B/LF with PV  
Comments to Sir  
case on 21/11*

19 November 1985

*Sir Douglas,*

POLICE AUTHORITY EXPENDITURE AND GRANT

Thank you for your further letter of 11 November, which crossed with my reply to your earlier one about the position of the joint police authorities in the metropolitan areas.

Your main concern is whether the provision for the police service in our public expenditure plans, and now incorporated in the forthcoming RSG Settlement, is now adequate to meet our policies on police resources in the light of the various developments this autumn. Allied to this is your concern about whether it is still appropriate to apply to police authorities the same pressures on expenditure that we are applying to the rest of local government through the grant system.

I am content with your suggestion that a group of our officials should look urgently at the issues and report back to us by the end of January. My officials stand ready to join in this work. I am sure that you are right not to exclude the option of legislation. At the same time, I cannot help wondering whether the root of the problem is not the divergence between policy and provision, rather than any shortcoming in the grant machinery itself.

I agree that you need a line to take if you do come under criticism about the adequacy of the police provision when the RSG settlement is announced. This is of course primarily a matter for John MacGregor, and I am sure he will need to bear in mind that others of our colleagues with responsibility for local services also see an incompatibility between the present level of provision and their declared policies. For my part, I have no objection to the line you propose, provided it is made clear that if, in the event, police resources were to be increased, this would not be at the expense of the grant available for non-police purposes. As you know, this is a possibility unless grant is properly adjusted, since police grant is now paid at a higher rate than aggregate exchequer grant.

C O N F I D E N T I A L

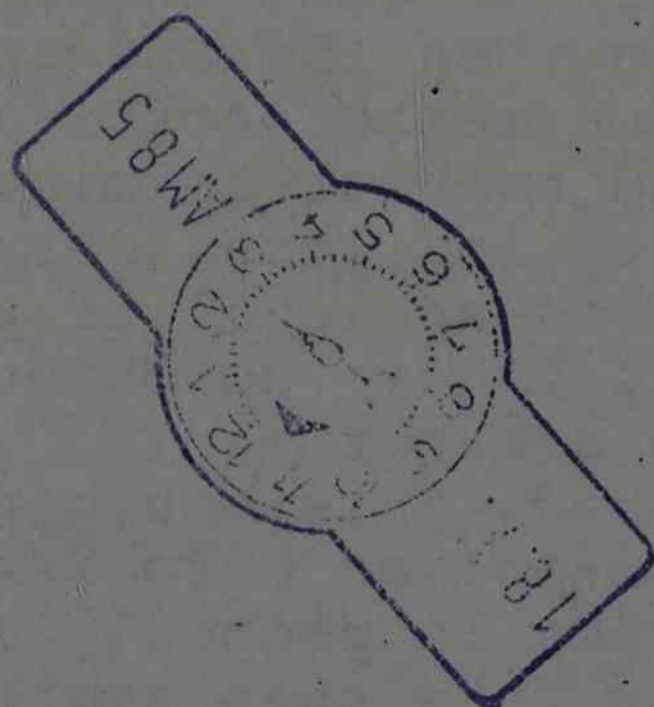
You also refer to the position of the metropolitan area joint police boards. I dealt with this issue in my letter to you of 11 November. However, our officials have discussed this again. I understand they are agreed that there are no options available for use in the forthcoming RSG Settlement. We cannot under present legislation insulate the joint boards from the pressures applied by the grant system to all local authorities.

/ I am copying this letter to the Prime Minister, Willie Whitelaw, John MacGregor and to Sir Robert Armstrong.

KENNETH BAKER

*Yours sincerely*

*Kenneth Baker*



C O N F I D E N T I A L

2F

The Rt Hon Douglas Hurd MP

CONFIDENTIAL

CC 30



2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:

Your ref:

11 November 1985

WJm

Dear Home Secretary,

Thank you for your letter of 4 November about the request from the West Yorkshire Police Authority for a meeting about its application for redetermination of its expenditure level.

I agree that you should see them, though you will of course need to be careful in discussion to avoid going beyond listening to representations. I would be happy to be represented at the meeting.

Your letter raises wider questions about the compatibility of the provision we have agreed to make for local authority current expenditure in 1986/7 and our declared policies on individual services. Our decisions, both on aggregate provision and on service distribution, were arrived at after a good deal of discussion. It was recognised at the time that their policy implications would cause some discomfort; but we agreed to live with them and defend them as best we can. As regards individual services, that is I think a matter for the responsible Ministers. If, as a result of policy developments since July, you feel that it is impossible to live with the agreed provision I think it is for you to take it up bilaterally with John MacGregor.

Perhaps I could say a word about GREs and their relationship with ELs for joint authorities. In aggregate, the GREs for each service correspond with our expenditure provision for the service. GREs for individual joint authorities represent our best assessment, on agreed methodology, of the cost of providing a standard level of service in varying local circumstances. It would not be legal to treat your joint policy authorities separately from other police authorities for GRE purposes. Earlier in the year your Department rejected a new general GRE methodology for the police, which might have assisted the joint authorities, largely because of the effects on shire county councils. I would be very willing to have a further look at an alternative GRE formula for the police. But we have already announced our intentions for 1986/7, and so we cannot change GREs before 1987/8.

It seems to me defensible for ELs to be set some way above GREs. This is consistent with our approach to the block grant poundage schedule. The threshold above which the slope steepens is set some way above GRE in recognition of the fact that the latter is not a high-precision instrument. This does not however mean that it is desirable for a joint authority to spend up to its EL. It seems to me entirely legitimate that the authority, if it so wishes, should budget, and precept, for a lower level of expenditure in the interests of its ratepayers. That is no more than local accountability working in practice.

Police

Policy JAN 83

The safety net issue seems to me a separate one. As you will be aware our officials have been discussing this issue in Grants Working Group for several months. There seems no practicable way to protect the joint authorities from the effects of the higher slopes through safety netting. Indeed, at the spending level at which safety nets are determined, most of the police joint authorities have a grant gain rather than a grant loss and would be subject to a cap rather than a net.

Although therefore I would be happy to join in discussion of the relationship between the Government's policies on police resources and on local government finance with you and John MacGregor, I see no possibility of any changes being incorporated in the main 1986/7 Settlement in December. Meanwhile I understand that your officials are exploring with Treasury officials options for support including extending specific grants.

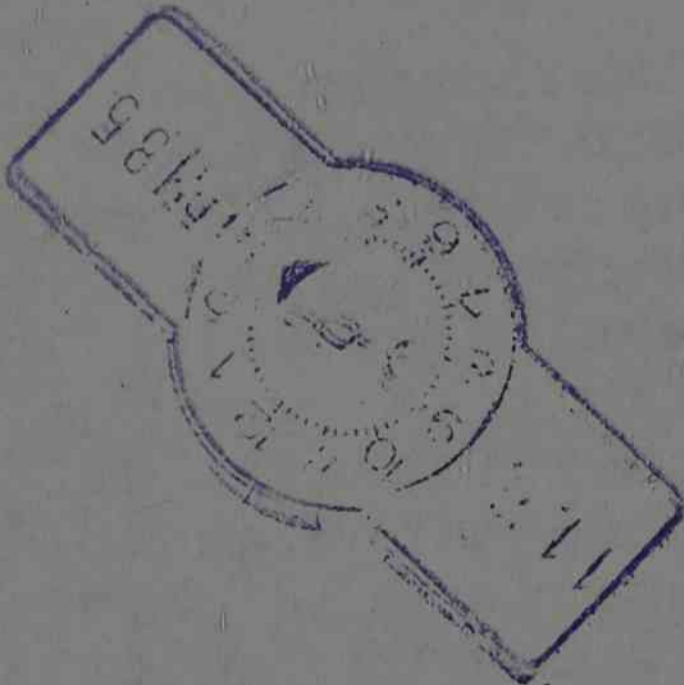
I am copying this letter to the Prime Minister, members of E(LA) and Sir Robert Armstrong.

*Yours sincerely,*

*R. Baker*

PP KENNETH BAKER

*(Approved in draft by the Secretary of State and signed in his absence.)*



CONFIDENTIAL

per *cc B*



*Pamie Minter 2*

*You will wish to see this, but, I suggest no intervention by you at this stage. Mr Hurd and Mr Baker know very well*

QUEEN ANNE'S GATE LONDON SW1H 9AT

*4<sup>th</sup>* November 1985

Dear Kenneth, *break you will wish to see.* *DN 4/11*

Like me, you will have received a letter from the Clerk to the West Yorkshire Police Authority seeking on behalf of the Authority a meeting with us in connection with its application to me for a redetermination of its expenditure level.

I think I must see them and, since the issue which the delegation particularly wish to raise involves policies for which you are responsible, I hope that you could attend or be represented. The delegation will obviously try to drive a wedge between us and we need to be certain we speak with one voice. I am greatly concerned about our vulnerability on this issue and had intended to write to you anyway to ensure that our policies were interlocking as they should.

The Authority is clearly going to allege that I will set it an expenditure level which would allow it to maintain the present level of the police service in West Yorkshire but that, if it spends up to this level, you will penalise it severely by the loss of block grant, since it will be spending some 18% above GRE. We can argue that at the ratepayer level for all services across the country there would be little change. We can point out that GRE is a mechanism for distributing grant, not an assessment of appropriate provision. I am not sure this will be understood and some authorities will not want to understand it. It will seem that we are not prepared to fund the expenditure we encourage. Indeed, it will be claimed that we are actively discouraging the expenditure which we say is needed. The Prime Minister's speech at Blackpool will be on their lips.

But an even more serious problem is that some authorities, who will look at the question at a district level with an eye to the May elections, will want to keep down rate increases and will not levy the precept necessary to sustain the expenditure which we consider desirable. The level of police cover in some of the most sensitive areas outside London will be reduced and our statements on support for the police service will seem hollow. Our abolition policy will be represented as having resulted either in a rate rise or a reduction in the police service contrary to undertakings given on numerous occasions.

This threat exists, of course, because no way has yet been found to fulfil the promise that safety nets would protect the police joint authorities from serious grant losses. I do not believe I could convincingly defend the prospective grant losses for police authorities in Greater Manchester, Merseyside and South and West Yorkshire. Some way must be found to moderate the effect of the new targetless regime on the police joint authorities.

/Although the

The Rt Hon Kenneth Baker, MP

CONFIDENTIAL

CONFIDENTIAL

Although the political difficulty is very much more acute on the police side, I should add that I believe we are vulnerable too on the joint fire and civil defence authorities. This is only the most pressing of a number of issues where our policies on police resources are at odds with our policies on local authority expenditure. I intend to take these up with you separately. I know that discussions on the safety netting issue are not concluded but I understand that the outlook is not helpful. I gather that local politicians of all parties in the new police authorities are already arming themselves for the fight and that some opening shots have been fired in the local press. Our statements on resources for the police give them plenty of ammunition. We need to decide quickly how we counter these attacks and I do not see how I can do so from the present position, given our commitment to a strong and effective police service.

I would be glad to know whether you agree that something must be done. If so, I will reply to the West Yorkshire Police Authority accepting their request and our officials can begin to discuss possible solutions.

I am copying this letter, because of its wider implications, to the Prime Minister and our E(LA) colleagues.

Yours,

Douglas.

CONFIDENTIAL

