



10 DOWNING STREET

Prime Minister ✓

This agreement aims
to ensure that the joint boards
will be able to support the
police properly without running
into rate and penalty problems,
and without creating
losses elsewhere (eg education).

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12/2

Treasury Chambers, Parliament Street, SW1P 3AG

Stephen Boys-Smith Esq
 Private Secretary to the Home Secretary
 Home Office
 50 Queen Anne's Gate
 London
 SW1H 9AH

11 February 1986

Dear Stephen

POLICE EXPENDITURE

Following our various conversations today this letter is to confirm that subject to the points made below, the Chief Secretary is prepared to see the rate of police grant set at 51 per cent in Great Britain in 1986-87, and block grant increase by £22 million in England and by £1 million in Wales.

The Chief Secretary agreed to these proposals on the basis that

- (a) in the case of the Metropolitan Police, the funds will be used to reduce the precept and that there will no change in its cash limit;
- (b) your Secretary of State would seek to ensure that the new police joint authorities in the metropolitan areas use the additional grant to reduce their precepts below the maximum levels proposed while budgetting to spend at the level envisaged in the EL;
- (c) your Secretary of State will not seek a subsequent in-year increase in police GRES to take account of any increase in police pay;
- (d) your Secretary of State will take in to account the additional funding being agreed now in considering police manpower and resources generally.

a
Tuesday,
yesterday.
 The Chief Secretary is content for an announcement of the increased grant to be made this afternoon in the terms that we agreed (copy attached).

I understand that officials in the Treasury and the Scottish Office are discussing whether any change in guidelines or penalties would be justified in Scotland.

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I am copying this letter to Joan McNaughton (Lord President's Office), Robin Young (Environment), the Private Secretaries of other members of E(LA) and Michael Stark (Cabinet Office).

Yours sincerely
Richard Broadbent

RICHARD BROADBENT

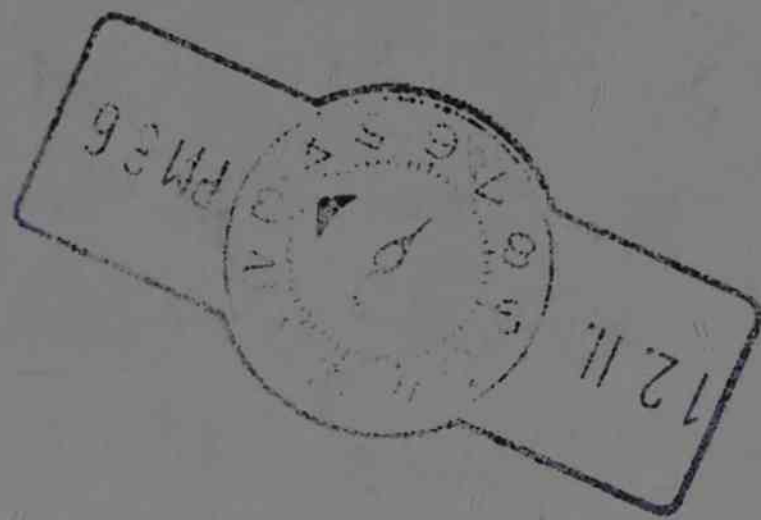
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I have received representations from a number of police authorities about various aspects of police expenditure. In view of the increasing demands on the police service, particularly the need to counter drug abuse, public disorder and terrorism, I intend to increase the proportion of police expenditure met by central Government through police grant from 50 per cent to 51 per cent in 1986-87. My Rt Hon Friend the Secretary of State for the Environment will be making a further £22 million of block grant available. Under the block grant system this should ensure that all police authorities receive an increase in grant and there is no loss of grant to other authorities. This will help all police authorities in England and Wales to meet these demands without placing too great a burden on the ratepayers. It will enable the joint police authorities in the metropolitan areas to provide the level of service implied by their expenditure levels and I look to them to do so. At the same time they will be able to make precepts below the maximum levels which I have set or proposed.

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From: THE PRIVATE SECRETARY
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CBG



HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

7 February 1986

Dear Joan

N BDN

POLICE EXPENDITURE

... I attach a note which officials have proposed, in consequence of the E(LA) discussion yesterday, as a basis for further discussion on Monday.

I am sending copies of this letter and its enclosure to the Private Secretaries to the Prime Minister, other members of E(LA) and Sir Robert Armstrong and to Anthony Langdon and Dennis Walker in the Cabinet Office.

Yours ever
W R Fittall

W R FITTALL

Miss Joan MacNaughton

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E.R.

POLICE EXPENDITURE

Note by officials

In accordance with the conclusions reached by E(LA) on 6 February, officials of the Treasury, the Home Office and the Department of the Environment have considered the feasibility and implications of increasing the rate of police specific grant to 51% or 52% with effect from 1 April 1986.

2. The rate of police grant, which in its present form dates from 1920 and has remained at 50% since then, is determined by statutory instrument made under section 31 of the Police Act 1964, currently the Police (Grant) Order 1966 (SI 1966 No.223).

3. The increase in aggregate Exchequer grant (AEG) in 1986/87 consequent on an increase in police grant to 51% (or 52%) would be £32-35m (or £64-70m) in Great Britain, depending on the out-turn of police expenditure.

4. If AEG were increased by those amounts and if police expenditure net of specific grant were reduced (ie if gross police expenditure remained the same), the effect on local authorities would depend on whether grant related expenditure (GRES) remained fixed or were changed. The effect on local authorities in England, and on the joint police authorities in metropolitan areas, is shown in Tables I and II attached. A technical note by the Department of the Environment is also attached.

5. As to the implications for public expenditure and hence for the call on the reserve, officials have assumed that the Metropolitan Police cash limit would not be increased above the figure recently agreed by the Home Secretary and the Chief Secretary, and that the joint police authorities would not increase their expenditure above what it would otherwise have been. The increase in public expenditure would then depend on the extent to which shire counties used the extra money to increase expenditure or to reduce precepts. If they spent none of it, public expenditure would not increase at all. If they spent all of it, public expenditure would increase by about half the increase in AEG.

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E.R.

6. The RSG system in Wales is virtually the same as that in England, and an increase in police grant would have similar effects. A different system operates in Scotland, where there is no equivalent of block grant pressures linked to GREs. Increases in police grant would feed directly through as cash to police authorities without affecting their guidelines or their penalties (assuming they left spending unchanged).

7. Officials conclude that it would be feasible to increase the rate of police specific grant to 51% or 52% with effect from 1 April 1986, and that this change would have no technical implications other than those referred to above and in the Department of the Environment's technical note. The consequences for 1987/88 would need to be taken into account in discussions on the RSG settlement and in the light of Ministers' further consideration of E(LA)(86)1.

Home Office
Queen Anne's Gate

7 February 1986

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E.R.

TABLE 1

Change in local contributions (England) (in pence on the precept)

	Grant 51%		Grant 52%	
	GRs fixed	GRs reduced	GRs fixed	GRs reduced
(a) <u>Authorities with police functions</u>				
Joint police authorities in metropolitan areas	- 0.9	- 0.3	- 1.7	- 0.6
Metropolitan Police	- 1.0	- 0.3	- 1.9	- 0.6
Shire counties	- 0.2	- 0.4	- 0.4	- 0.8
(b) <u>Authorities without police functions</u>				
Shire districts	0	0	+ 0.1	0
Metropolitan districts (outside London)	+ 0.3	- 0.1	+ 0.6	- 0.3
Inner London boroughs	0	0	+ 0.1	0
Outer London boroughs	+ 0.2	0	+ 0.4	- 0.1

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TABLE 1 (cont'd)

Change in total grant (England) (in £m)

	Grant 51%		Grant 52%	
	GREs fixed	GREs reduced	GREs fixed	GREs reduced
(a) <u>Authorities with police functions</u>				
Joint police authorities in metropolitan areas	+12.129	+ 3.926	+23.563	+ 7.846
Metropolitan Police	+17.459	+ 5.455	+34.932	+10.907
Shire counties	+ 8.489	+16.694	+17.379	+33.386
(b) <u>Authorities without police functions</u>				
Shire districts	- 1.63	+ 0.952	- 3.208	+ 1.906
Metropolitan districts (outside London)	- 4.422	+ 1.997	- 8.699	+ 3.999
Inner London boroughs	- 0.421	+ 0.065	- 0.829	+ 0.13
Outer London boroughs	- 1.806	+ 0.263	- 3.553	+ 0.527

TABLE II

Change in local contributions (joint police authorities in metropolitan areas)
(in pence on the precept)

	Grant 51%		Grant 52%	
	<u>GRs fixed</u>	<u>GRs reduced</u>	<u>GRs fixed</u>	<u>GRs reduced</u>
Greater Manchester	-1.0	-0.3	-1.7	-0.5
Merseyside	-1.2	-0.3	-2.4	-0.5
South Yorkshire	-0.8	-0.3	-1.6	-0.5
Northumbria	-0.6	-0.3	-1.3	-0.6
West Midlands	-0.7	-0.3	-1.3	-0.6
West Yorkshire	-0.9	-0.3	-1.8	-0.5

Change in total grant (joint police authorities in metropolitan areas) (in £m)

	Grant 51%		Grant 52%	
	<u>GRs fixed</u>	<u>GRs reduced</u>	<u>GRs fixed</u>	<u>GRs reduced</u>
Greater Manchester	+3.107	+0.858	+5.541	+1.715
Merseyside	+2.237	+0.496	+4.476	+0.991
South Yorkshire	+1.102	+0.364	+2.177	+0.727
Northumbria	+1.042	+0.466	+2.085	+0.931
West Midlands	+2.671	+1.171	+5.345	+2.340
West Yorkshire	+1.968	+0.571	+3.938	+1.142

POLICE EXPENDITURE

1. This is a technical note explaining the effect of increasing police specific grant to 51% and 52%. It assumes that AEG is increased in step, and that there is no overall reduction in block grant, but tests two different assumptions on police provision.

2. The attached tables give the exemplifications. These show the effect of increasing grant to 51% (table A) and 52% (table B). This is equivalent to increases of £32.3m and £64.6m respectively in Great Britain if authorities spend at the level assumed in the settlement. This could rise to £35m and £70m respectively if allowance is made for the effect of the police pay award and a higher than planned increase in expenditure.

3. For each of these grant levels, two separate assumptions are shown on police provision. In the first case, it is assumed that provision net of specific grant is unchanged. This implies that the higher grant is matched by an equivalent increase in expenditure compared with the settlement. With this assumption police GREs are unchanged. The second assumption is to keep overall police provision the same as in the settlement and to reduce provision net of specific grant by the proposed increase in specific grant. With this assumption police GREs will be reduced.

4. Under either arrangement, there are small changes in block grant for all authorities because of interactions between various block grant mechanisms. These are unavoidable.

5. With GREs unchanged, police joint boards and Met Police gain both specific grant and block grant (lower net expenditure means higher block grant). For the police joint boards on a 51% rate, gains range from £3.1m in Greater Manchester to £1.04m in Northumbria. All other authorities lose block grant including shire counties because police expenditure is a small proportion of their total expenditure. Shire counties gain more from increased specific grant than they lose through block grant. Shire districts lose £1.6m, met districts £4.4m, outer London boroughs £1.8m and inner London boroughs £0.4m. These losses could be prevented by increasing the block grant total by £21.5m in addition to specific grant increase.

6. With GREs reduced. Police joint authorities and the Metropolitan Police lose block grant because their GREs have reduced, indicating a lower need for block grant. This partly offsets the specific grant increase. For the police boards on a 51% rate, gains would vary from £1.17m in West Midlands to £0.36m in South Yorkshire, with Merseyside getting less than £0.5m. The block grant lost to the Met and the police joint boards, is redistributed to all authorities as an equal poundage (in the same way as flow-back under close-ending).

EFFECT ON PRECEPTS AND AT RATEPAYER LEVEL

7. The effect on precepts for the joint boards varies with 51% specific grant and no GRE change from -1.2p (Merseyside) to -0.6p (Northumbria); and with 51% specific grant and the GRE change -0.3p. The effect at ratepayer level is much the same for either option, -0.5p and -0.4p respectively. In the shires and London both options bring small gains at ratepayer level but with variations between the tiers of local government.

MECHANICS

8. If Ministers decide to increase police grant and hence AEG, these decisions would have to be implemented in a supplementary report. All such reports are subject to consultation with the local authority associations through the Grants Working Group.

1986/7 FIRST SUPPLEMENTARY REPORT: POLICE SPECIFIC GRANT RATE 51%

	Change specific grant (£m)	Change block grant (GREs fixed) (£m)	Change block grant (GREs reduced) (£m)	Change TOTAL grant (GREs fixed) (£m)	Change TOTAL grant (GREs reduced) (£m)	Change local contrib (GREs fixed)	Change local contrib (GREs reduced)
TOTAL England	29.490	.000	-.000	29.490	29.490	-.4	-.4
TOTAL Shire districts	.000	-1.630	.952	-1.630	.952	.0	-.0
TOTAL Shire counties	13.560	-5.071	3.134	8.489	16.694	-.2	-.4
TOTAL Metropolitan districts	.000	-4.422	1.997	-4.422	1.997	.3	-.1
TOTAL Metropolitan Police Autho	7.412	4.717	-3.487	12.129	3.926	-.9	-.3
TOTAL Metropolitan Fire Authori	.000	-.125	.057	-.125	.057	.0	-.0
TOTAL Metropolitan Transport Au	.000	-.181	.082	-.181	.082	.0	-.0
TOTAL central boroughs	.000	.000	.000	.000	.000	.0	.0
TOTAL other inner London boroug	.000	-.421	.065	-.421	.065	.1	-.0
TOTAL inner London boroughs	.000	-.421	.065	-.421	.065	.0	-.0
ILEA	.000	.000	.000	.000	.000	.0	.0
TOTAL outer London boroughs	.000	-1.806	.263	-1.806	.263	.2	-.0
Metropolitan Police	8.518	8.941	-3.063	17.459	5.455	-1.0	-.3
London Fire & CD Authority	.000	.000	.000	.000	.000	.0	.0
TOTAL Shire areas	13.560	-6.701	4.086	6.859	17.646	-.2	-.4
TOTAL Metropolitan areas	7.412	-.011	-1.352	7.401	6.060	-.5	-.4
TOTAL London	8.518	6.714	-2.785	15.232	5.783	-.8	-.3

ASSUMPTIONS : See Table B.

1986/7 FIRST SUPPLEMENTARY REPORT: POLICE SPECIFIC GRANT RATE 51%

	Change specific grant (fm)	Change block grant (GREs fixed) (fm)	Change block grant (GREs reduced) (fm)	Change TOTAL grant (GREs fixed) (fm)	Change TOTAL grant (GREs reduced) (fm)	Change local contrib (GREs fixed)	Change local contrib (GREs reduced)
METROPOLITAN JOINT AUTHORITIES							
Greater Manchester Police Autho	1.690	1.417	-.832	3.107	.858	-1.0	-.3
Merseyside Police Authority	1.308	1.029	-.712	2.237	.496	-1.2	-.3
South Yorkshire Police Authorit	.716	.386	-.353	1.102	.364	-.8	-.3
Northumbria Police Authority	.878	.165	-.412	1.042	.466	-.6	-.3
West Midlands Police Authority	1.642	1.030	-.471	2.671	1.171	-.7	-.3
West Yorkshire Police Authority	1.278	.690	-.707	1.968	.571	-.9	-.3
Greater Manchester Fire & CD Au	.000	-.029	.013	-.029	.013	.0	-.0
Merseyside Fire & CD Authority	.000	-.017	.008	-.017	.008	.0	-.0
South Yorkshire Fire & CD Autho	.000	-.012	.005	-.012	.005	.0	-.0
Tyne and Wear Fire & CD Authori	.000	-.012	.005	-.012	.005	.0	-.0
West Midlands Fire & CD Authori	.000	-.037	.017	-.037	.017	.0	-.0
West Yorkshire Fire & CD Author	.000	-.019	.008	-.019	.008	.0	-.0
Greater Manchester Transport Au	.000	-.055	.025	-.055	.025	.0	-.0
Merseyside Transport Authority	.000	.000	.000	.000	.000	.0	.0
South Yorkshire Transport Autho	.000	.000	.000	.000	.000	.0	.0
Tyne and Wear Transport Authori	.000	-.022	.010	-.022	.010	.0	-.0
West Midlands Transport Authori	.000	-.069	.031	-.069	.031	.0	-.0
West Yorkshire Transport Author	.000	-.035	.016	-.035	.016	.0	-.0

1986/7 FIRST SUPPLEMENTARY REPORT: POLICE SPECIFIC GRANT RATE 51%

	Change specific grant (fm)	Change block grant (GREs fixed) (fm)	Change block grant (GREs reduced) (fm)	Change TOTAL grant (GREs fixed) (fm)	Change TOTAL grant (GREs reduced) (fm)	Change local contrib (GREs fixed)	Change local contrib (GREs reduced)
SHIRE COUNTIES							
Avon	.445	-.156	.104	.288	.549	-.2	-.4
Bedfordshire	.265	-.052	.070	.213	.335	-.2	-.4
Berkshire	.327	-.068	.209	.258	.536	-.2	-.4
Buckinghamshire	.286	-.051	.146	.235	.431	-.2	-.4
Cambridgeshire	.279	-.096	.100	.183	.378	-.2	-.4
Cheshire	.474	-.125	.097	.349	.571	-.3	-.4
Cleveland	.336	-.022	.032	.313	.367	-.4	-.5
Cornwall	.197	-.093	.016	.100	.214	-.2	-.4
Cumbria	.238	-.111	-.017	.127	.221	-.2	-.4
Derbyshire	.444	-.162	.058	.281	.502	-.3	-.5
Devon	.436	-.208	.069	.228	.505	-.2	-.4
Dorset	.257	-.118	.116	.140	.373	-.2	-.4
Durham	.295	-.156	-.049	.139	.246	-.2	-.4
East Sussex	.282	-.121	.151	.161	.433	-.2	-.4
Essex	.677	-.216	.305	.461	.982	-.2	-.4
Gloucestershire	.229	-.099	.051	.130	.280	-.2	-.4
Hampshire	.679	-.263	.220	.417	.899	-.2	-.4
Hereford and Worcester	.298	-.109	.083	.189	.382	-.2	-.4
Hertfordshire	.459	-.107	.230	.352	.689	-.2	-.4
Humberside	.451	-.174	-.041	.277	.410	-.3	-.4
Isle of Wight	.059	-.027	-.003	.032	.056	-.2	-.4
Kent	.670	-.291	.152	.380	.822	-.2	-.4
Lancashire	.704	-.314	-.081	.390	.624	-.3	-.4
Leicestershire	.417	-.143	.082	.274	.499	-.2	-.4
Lincolnshire	.265	-.120	.007	.145	.272	-.2	-.4
Norfolk	.303	-.137	.118	.165	.421	-.2	-.4
Northamptonshire	.265	-.081	.056	.185	.321	-.2	-.4
Northumberland	.137	-.071	.002	.067	.139	-.2	-.4
North Yorkshire	.319	-.157	.009	.162	.328	-.2	-.4
Nottinghamshire	.503	-.163	.060	.339	.562	-.3	-.4
Oxfordshire	.238	-.098	.107	.140	.345	-.2	-.4
Shropshire	.192	-.077	.021	.105	.202	-.2	-.4
Somerset	.201	-.093	.024	.107	.225	-.2	-.4
Staffordshire	.503	-.192	.033	.311	.537	-.2	-.4
Suffolk	.267	-.125	.072	.142	.339	-.2	-.4
Surrey	.430	-.157	.262	.273	.692	-.2	-.4
Warwickshire	.225	-.075	.063	.151	.289	-.2	-.4
West Sussex	.276	-.124	.170	.152	.446	-.1	-.4
Wiltshire	.242	-.115	.030	.127	.272	-.2	-.4

1986/7 FIRST SUPPLEMENTARY REPORT: POLICE SPECIFIC GRANT RATE 51%

	Change specific grant (fm)	Change block grant (GREs fixed) (fm)	Change block grant (GREs reduced) (fm)	Change TOTAL grant (GREs fixed) (fm)	Change TOTAL grant (GREs reduced) (fm)	Change local contrib (GREs fixed)	Change local contrib (GREs reduced)
GREATER LONDON							
City of London	.000	.000	.000	.000	.000	.0	.0
Camden	.000	.000	.000	.000	.000	.0	.0
Greenwich	.000	-.025	.004	-.025	.004	.1	-.0
Hackney	.000	-.030	.005	-.030	.005	.1	-.0
Hammersmith and Fulham	.000	-.037	.005	-.037	.005	.1	-.0
Islington	.000	-.043	.007	-.043	.007	.1	-.0
Kensington and Chelsea	.000	-.084	.012	-.084	.012	.1	-.0
Lambeth	.000	-.050	.008	-.050	.008	.1	-.0
Lewisham	.000	-.032	.005	-.032	.005	.1	-.0
Southwark	.000	-.048	.008	-.048	.008	.1	-.0
Tower Hamlets	.000	-.025	.004	-.025	.004	.1	-.0
Wandsworth	.000	-.048	.007	-.048	.007	.1	-.0
Westminster	.000	.000	.000	.000	.000	.0	.0
Barking and Dagenham	.000	-.057	.008	-.057	.008	.2	-.0
Barnet	.000	-.134	.018	-.134	.018	.2	-.0
Bexley	.000	-.069	.009	-.069	.009	.2	-.0
Brent	.000	-.112	.018	-.112	.018	.2	-.0
Bromley	.000	-.109	.015	-.109	.015	.2	-.0
Croydon	.000	-.158	.022	-.158	.022	.2	-.0
Ealing	.000	-.126	.017	-.126	.017	.2	-.0
Enfield	.000	-.102	.014	-.102	.014	.2	-.0
Haringey	.000	-.070	.012	-.070	.012	.2	-.0
Harrow	.000	-.077	.011	-.077	.011	.2	-.0
Havering	.000	-.082	.011	-.082	.011	.2	-.0
Hillingdon	.000	-.126	.021	-.126	.021	.2	-.0
Hounslow	.000	-.105	.017	-.105	.017	.2	-.0
Kingston-upon-Thames	.000	-.063	.009	-.063	.009	.2	-.0
Merton	.000	-.066	.009	-.066	.009	.2	-.0
Newham	.000	-.079	.013	-.079	.013	.2	-.0
Redbridge	.000	-.079	.011	-.079	.011	.2	-.0
Richmond-upon-Thames	.000	-.069	.009	-.069	.009	.2	-.0
Sutton	.000	-.066	.009	-.066	.009	.2	-.0
Waltham Forest	.000	-.061	.010	-.061	.010	.2	-.0
ILEA	.000	.000	.000	.000	.000	.0	.0
London Fire & CD Authority	.000	.000	.000	.000	.000	.0	.0
Metropolitan Police	8.518	8.941	-3.063	17.459	5.455	-1.0	-.3

1986/7 FIRST SUPPLEMENTARY REPORT: POLICE SPECIFIC GRANT RATE 51%

	Change specific grant (fm)	Change block grant (GREs fixed) (fm)	Change block grant (GREs reduced) (fm)	Change TOTAL grant (GREs fixed) (fm)	Change TOTAL grant (GREs reduced) (fm)	Change local contrib (GREs fixed)	Change local contrib (GREs reduced)
GREATER MANCHESTER							
Bolton	.000	-.090	.041	-.090	.041	.3	-.1
Bury	.000	-.060	.027	-.060	.027	.3	-.1
Manchester	.000	-.229	.103	-.229	.103	.3	-.1
Oldham	.000	-.075	.034	-.075	.034	.3	-.1
Rochdale	.000	-.065	.029	-.065	.029	.3	-.1
Salford	.000	-.099	.044	-.099	.044	.3	-.1
Stockport	.000	-.124	.056	-.124	.056	.3	-.1
Tameside	.000	-.072	.032	-.072	.032	.3	-.2
Trafford	.000	-.121	.054	-.121	.054	.3	-.1
Wigan	.000	-.099	.045	-.099	.045	.3	-.1
MERseyside							
Knowsley	.000	-.060	.027	-.060	.027	.3	-.1
Liverpool	.000	-.201	.091	-.201	.091	.3	-.1
St Helens	.000	-.067	.030	-.067	.030	.3	-.1
Sefton	.000	-.105	.047	-.105	.047	.3	-.1
Wirral	.000	-.125	.057	-.125	.057	.3	-.1
SOUTH YORKSHIRE							
Barnsley	.000	-.056	.025	-.056	.025	.3	-.1
Doncaster	.000	-.086	.039	-.086	.039	.3	-.1
Rotherham	.000	-.069	.031	-.069	.031	.3	-.1
Sheffield	.000	-.190	.086	-.190	.086	.3	-.1
TYNE AND WEAR							
Gateshead	.000	-.063	.029	-.063	.029	.3	-.1
Newcastle upon Tyne	.000	-.124	.056	-.124	.056	.3	-.1
North Tyneside	.000	-.063	.028	-.063	.028	.3	-.1
South Tyneside	.000	-.045	.020	-.045	.020	.3	-.1
Sunderland	.000	-.093	.042	-.093	.042	.3	-.2
WEST MIDLANDS							
Birmingham	.000	-.578	.261	-.578	.261	.4	-.2
Coventry	.000	-.137	.062	-.137	.062	.3	-.1
Dudley	.000	-.141	.064	-.141	.064	.3	-.1
Sandwell	.000	-.152	.069	-.152	.069	.3	-.1
Solihull	.000	-.095	.043	-.095	.043	.3	-.1
Walsall	.000	-.119	.054	-.119	.054	.3	-.1
Wolverhampton	.000	-.134	.060	-.134	.060	.3	-.1
WEST YORKSHIRE							
Bradford	.000	-.155	.070	-.155	.070	.4	-.2
Calderdale	.000	-.054	.024	-.054	.024	.3	-.1
Kirklees	.000	-.107	.048	-.107	.048	.3	-.1
Leeds	.000	-.269	.122	-.269	.122	.3	-.1
Wakefield	.000	-.099	.045	-.099	.045	.3	-.1

1986/7 FIRST SUPPLEMENTARY REPORT: POLICE SPECIFIC GRANT RATE 52%

	Change specific grant (fm)	Change block grant (GREs fixed) (fm)	Change block grant (GREs reduced) (fm)	Change TOTAL grant (GREs fixed) (fm)	Change TOTAL grant (GREs reduced) (fm)	Change local contrib (GREs fixed)	Change local contrib (GREs reduced)
TOTAL England	58.980	.000	-.000	58.980	58.980	-.8	-.8
TOTAL Shire districts	.000	-3.208	1.906	-3.208	1.906	.1	-.0
TOTAL Shire counties	27.120	-9.741	6.266	17.379	33.386	-.4	-.8
TOTAL Metropolitan districts	.000	-8.699	3.999	-8.699	3.999	.6	-.3
TOTAL Metropolitan Police Autho	14.825	8.739	-6.979	23.563	7.846	-1.7	-.6
TOTAL Metropolitan Fire Authori	.000	-.246	.113	-.246	.113	.0	-.0
TOTAL Metropolitan Transport Au	.000	-.355	.163	-.355	.163	.0	-.0
TOTAL central boroughs	.000	.000	.000	.000	.000	.0	.0
TOTAL other inner London boroug	.000	-.829	.130	-.829	.130	.2	-.0
TOTAL inner London boroughs	.000	-.829	.130	-.829	.130	.1	-.0
ILEA	.000	.000	.000	.000	.000	.0	.0
TOTAL outer London boroughs	.000	-3.553	.527	-3.553	.527	.4	-.1
Metropolitan Police	17.036	17.896	-6.129	34.932	10.907	-1.9	-.6
London Fire & CD Authority	.000	.000	.000	.000	.000	.0	.0
TOTAL Shire areas	27.120	-12.949	8.172	14.171	35.292	-.4	-.9
TOTAL Metropolitan areas	14.825	-.562	-2.703	14.262	12.121	-1.0	-.9
TOTAL London	17.036	13.514	-5.472	30.550	11.564	-1.6	-.6

ASSUMPTIONS

Expenditure = settlement assumption for non-rate limited authorities
 before police
 adjustment EL for rate-limited authorities
 425.9 for met police (1/2 new cash limit 1851.8).

Grant entitlements are close-ended.

1986/7 FIRST SUPPLEMENTARY REPORT: POLICE SPECIFIC GRANT RATE 52%

	Change specific grant (fm)	Change block grant (GREs fixed) (fm)	Change block grant (GREs reduced) (fm)	Change TOTAL grant (GREs fixed) (fm)	Change TOTAL grant (GREs reduced) (fm)	Change local contrib (GREs fixed)	Change local contrib (GREs reduced)
METROPOLITAN JOINT AUTHORITIES							
Greater Manchester Police Autho	3.380	2.160	-1.666	5.541	1.715	-1.7	-.5
Merseyside Police Authority	2.416	2.060	-1.425	4.476	.991	-2.4	-.5
South Yorkshire Police Authorit	1.432	.745	-.706	2.177	.727	-1.6	-.5
Northumbria Police Authority	1.755	.330	-.824	2.085	.931	-1.3	-.6
West Midlands Police Authority	3.283	2.062	-.943	5.345	2.340	-1.3	-.6
West Yorkshire Police Authority	2.557	1.381	-1.415	3.938	1.142	-1.8	-.5
Greater Manchester Fire & CD Au	.000	-.058	.027	-.058	.027	.0	-.0
Merseyside Fire & CD Authority	.000	-.033	.015	-.033	.015	.0	-.0
South Yorkshire Fire & CD Autho	.000	-.023	.011	-.023	.011	.0	-.0
Tyne and Wear Fire & CD Authori	.000	-.023	.010	-.023	.010	.0	-.0
West Midlands Fire & CD Authori	.000	-.072	.033	-.072	.033	.0	-.0
West Yorkshire Fire & CD Author	.000	-.037	.017	-.037	.017	.0	-.0
Greater Manchester Transport Au	.000	-.109	.050	-.109	.050	.0	-.0
Merseyside Transport Authority	.000	.000	.000	.000	.000	.0	.0
South Yorkshire Transport Autho	.000	.000	.000	.000	.000	.0	.0
Tyne and Wear Transport Authori	.000	-.042	.020	-.042	.020	.0	-.0
West Midlands Transport Authori	.000	-.135	.062	-.135	.062	.0	-.0
West Yorkshire Transport Author	.000	-.069	.032	-.069	.032	.0	-.0

1986/7 FIRST SUPPLEMENTARY REPORT: POLICE SPECIFIC GRANT RATE 52%

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	Change specific grant (fm)	Change block grant (GREs fixed) (fm)	Change block grant (GREs reduced) (fm)	Change TOTAL grant (GREs fixed) (fm)	Change TOTAL grant (GREs reduced) (fm)	Change local contrib (GREs fixed)	Change local contrib (GREs reduced)
SHIRE COUNTIES							
Avon	.890	-.300	.207	.590	1.097	-.5	-.9
Bedfordshire	.531	-.096	.139	.434	.670	-.5	-.8
Berkshire	.654	-.124	.418	.530	1.072	-.4	-.8
Buckinghamshire	.571	-.091	.292	.480	.863	-.5	-.8
Cambridgeshire	.557	-.182	.200	.375	.757	-.4	-.8
Cheshire	.947	-.236	.194	.711	1.142	-.5	-.8
Cleveland	.671	-.035	.064	.636	.735	-.8	-.9
Cornwall	.395	-.190	.032	.205	.427	-.4	-.9
Cumbria	.476	-.216	-.034	.260	.442	-.5	-.9
Derbyshire	.987	-.312	.116	.575	1.003	-.5	-.9
Devon	.872	-.403	.138	.469	1.010	-.4	-.9
Dorset	.514	-.226	.232	.288	.747	-.3	-.8
Durham	.590	-.306	-.099	.284	.491	-.5	-.8
East Sussex	.565	-.232	.301	.333	.866	-.3	-.9
Essex	1.353	-.408	.611	.945	1.964	-.4	-.8
Gloucestershire	.458	-.192	.102	.267	.561	-.4	-.8
Hampshire	1.258	-.503	.440	.855	1.798	-.4	-.8
Hereford and Worcester	.596	-.209	.167	.388	.763	-.4	-.9
Hertfordshire	.917	-.197	.460	.721	1.377	-.4	-.8
Humberside	.902	-.338	-.083	.564	.820	-.6	-.8
Isle of Wight	.118	-.054	-.006	.065	.112	-.5	-.8
Kent	1.340	-.561	.304	.779	1.644	-.4	-.9
Lancashire	1.409	-.614	-.162	.795	1.247	-.5	-.9
Leicestershire	.835	-.275	.164	.560	.998	-.5	-.9
Lincolnshire	.530	-.234	.013	.296	.543	-.5	-.8
Norfolk	.605	-.265	.236	.341	.841	-.4	-.9
Northamptonshire	.531	-.154	.112	.377	.643	-.5	-.8
Northumberland	.274	-.139	.003	.136	.278	-.4	-.8
North Yorkshire	.638	-.306	.018	.332	.656	-.4	-.8
Nottinghamshire	1.005	-.313	.119	.692	1.124	-.6	-.9
Oxfordshire	.476	-.188	.215	.288	.691	-.3	-.8
Shropshire	.363	-.149	.042	.214	.405	-.5	-.9
Somerset	.401	-.181	.049	.220	.450	-.4	-.8
Staffordshire	1.007	-.371	.066	.635	1.073	-.5	-.8
Suffolk	.534	-.242	.144	.292	.678	-.4	-.8
Surrey	.861	-.297	.524	.563	1.384	-.3	-.8
Warwickshire	.451	-.143	.127	.308	.577	-.4	-.8
West Sussex	.552	-.237	.340	.315	.892	-.3	-.9
Wiltshire	.485	-.223	.059	.261	.544	-.4	-.9


1986/7 FIRST SUPPLEMENTARY REPORT: POLICE SPECIFIC GRANT RATE 52%

	Change specific grant (fm)	Change block grant (GREs fixed) (fm)	Change block grant (GREs reduced) (fm)	Change TOTAL grant (GREs fixed) (fm)	Change TOTAL grant (GREs reduced) (fm)	Change local contrib (GREs fixed)	Change local contrib (GREs reduced)
GREATER LONDON							
City of London	.000	.000	.000	.000	.000	.0	.0
Camden	.000	.000	.000	.000	.000	.0	.0
Greenwich	.000	-.049	.008	-.049	.008	.2	-.0
Hackney	.000	-.059	.010	-.059	.010	.2	-.0
Hammersmith and Fulham	.000	-.074	.010	-.074	.010	.2	-.0
Islington	.000	-.085	.014	-.085	.014	.2	-.0
Kensington and Chelsea	.000	-.166	.023	-.166	.023	.2	-.0
Lambeth	.000	-.098	.017	-.098	.017	.2	-.0
Lewisham	.000	-.062	.011	-.062	.011	.2	-.0
Southwark	.000	-.095	.016	-.095	.016	.2	-.0
Tower Hamlets	.000	-.048	.008	-.048	.008	.1	-.0
Wandsworth	.000	-.094	.013	-.094	.013	.2	-.0
Westminster	.000	.000	.000	.000	.000	.0	.0
Barking and Dagenham	.000	-.112	.016	-.112	.016	.4	-.1
Barnet	.000	-.263	.037	-.263	.037	.4	-.1
Bexley	.000	-.135	.019	-.135	.019	.4	-.1
Brent	.000	-.220	.037	-.220	.037	.4	-.1
Bromley	.000	-.214	.030	-.214	.030	.4	-.1
Croydon	.000	-.311	.043	-.311	.043	.5	-.1
Ealing	.000	-.247	.034	-.247	.034	.4	-.1
Enfield	.000	-.200	.028	-.200	.028	.4	-.1
Haringey	.000	-.137	.023	-.137	.023	.4	-.1
Harrow	.000	-.151	.021	-.151	.021	.4	-.1
Havering	.000	-.161	.022	-.161	.022	.4	-.1
Hillingdon	.000	-.248	.042	-.248	.042	.4	-.1
Hounslow	.000	-.206	.035	-.206	.035	.4	-.1
Kingston-upon-Thames	.000	-.123	.017	-.123	.017	.4	-.1
Merton	.000	-.130	.018	-.130	.018	.4	-.1
Newham	.000	-.155	.026	-.155	.026	.4	-.1
Redbridge	.000	-.155	.022	-.155	.022	.4	-.1
Richmond-upon-Thames	.000	-.136	.019	-.136	.019	.4	-.1
Sutton	.000	-.130	.018	-.130	.018	.4	-.1
Waltham Forest	.000	-.120	.020	-.120	.020	.4	-.1
ILEA	.000	.000	.000	.000	.000	.0	.0
London Fire & CD Authority	.000	.000	.000	.000	.000	.0	.0
Metropolitan Police	17.036	17.896	-6.129	34.932	10.907	-1.9	-.6

1986/7 FIRST SUPPLEMENTARY REPORT: POLICE SPECIFIC GRANT RATE 52%

	Change specific grant (fm)	Change block grant (GREs fixed) (fm)	Change block grant (GREs reduced) (fm)	Change TOTAL grant (GREs fixed) (fm)	Change TOTAL grant (GREs reduced) (fm)	Change local contrib (GREs fixed)	Change local contrib (GREs reduced)
GREATER MANCHESTER							
Polton	.000	-.178	.082	-.178	.082	.6	-.3
Bury	.000	-.119	.055	-.119	.055	.6	-.3
Manchester	.000	-.451	.207	-.451	.207	.6	-.3
Oldham	.000	-.147	.068	-.147	.068	.6	-.3
Rochdale	.000	-.128	.059	-.128	.059	.6	-.3
Salford	.000	-.194	.089	-.194	.089	.6	-.3
Stockport	.000	-.244	.112	-.244	.112	.6	-.3
Tameside	.000	-.141	.065	-.141	.065	.7	-.3
Trafford	.000	-.237	.109	-.237	.109	.6	-.3
Wigan	.000	-.195	.090	-.195	.090	.6	-.3
MERSEYSIDE							
Knowsley	.000	-.119	.055	-.119	.055	.6	-.3
Liverpool	.000	-.395	.182	-.395	.182	.6	-.3
St Helens	.000	-.132	.060	-.132	.060	.6	-.3
Sefton	.000	-.206	.094	-.206	.094	.6	-.3
Wirral	.000	-.247	.113	-.247	.113	.6	-.3
SOUTH YORKSHIRE							
Barnsley	.000	-.111	.051	-.111	.051	.6	-.3
Doncaster	.000	-.169	.078	-.169	.078	.6	-.3
Rotherham	.000	-.136	.062	-.136	.062	.6	-.3
Sheffield	.000	-.375	.173	-.375	.173	.6	-.3
TYNE AND WEAR							
Gateshead	.000	-.125	.057	-.125	.057	.6	-.3
Newcastle upon Tyne	.000	-.244	.112	-.244	.112	.6	-.3
North Tyneside	.000	-.124	.057	-.124	.057	.6	-.3
South Tyneside	.000	-.088	.041	-.088	.041	.6	-.3
Sunderland	.000	-.184	.085	-.184	.085	.7	-.3
WEST MIDLANDS							
Birmingham	.000	-1.138	.523	-1.138	.523	.7	-.3
Coventry	.000	-.269	.124	-.269	.124	.6	-.3
Dudley	.000	-.277	.127	-.277	.127	.6	-.3
Sandwell	.000	-.299	.137	-.299	.137	.6	-.3
Solihull	.000	-.186	.086	-.186	.086	.6	-.3
Walsall	.000	-.235	.108	-.235	.108	.6	-.3
Wolverhampton	.000	-.263	.121	-.263	.121	.6	-.3
WEST YORKSHIRE							
Bradford	.000	-.305	.140	-.305	.140	.7	-.3
Calderdale	.000	-.106	.049	-.106	.049	.6	-.3
Kirklees	.000	-.210	.096	-.210	.096	.6	-.3
Leeds	.000	-.530	.244	-.530	.244	.6	-.3
Wakefield	.000	-.195	.090	-.195	.090	.6	-.3



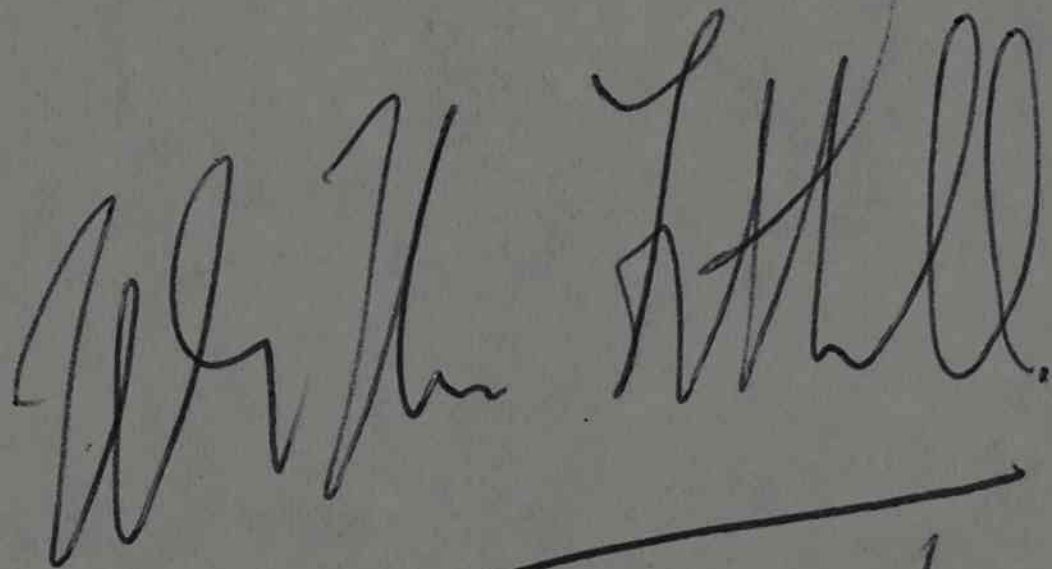
On the basis we agreed. It still
leaves some questions  in my mind!

With the Compliments

of the

PRIVATE SECRETARY

Home Office
Queen Anne's Gate
SW1 9AT



20/2



Mr Boys Smith

cc Mr Pike

SJS

SJS may like to see this before Questions tomorrow.
It is not inconsistent with the notes on Supplementaries 9
submitted (which were of course agreed with the Finance Department)

Mr Angel

Mr Hilary 19/2/86

cc Miss Stewart
Mr Partridge
HMCIC
Mr Hilary ✓
Mr Wasserman
Mr Bubbear
Mr Abbott
Mr Dance
Miss Goose
Mr Harding
Mr Hayzelden
Mr Mower

POLICE GRANT

You copied to me your minute of 12 February to Mr Abbott about the opportunities which flow from the decision to increase police grant to 51%; and you may have seen Mr Boys-Smith's minute of 13 February to Mr Hilary about the need to take full public advantage of the increase. It prompts me to enter a note of caution about what that increase may reasonably be said to facilitate.

2. By way of background, I should say that the Association of County Councils and the Association of Metropolitan Authorities have expressed criticism of what they describe as the contradictory messages from Central Government about the implications of the increase. It is perhaps not surprising that, on such a complex subject, the press reports on 12 February, the day after the Home Secretary's announcement, gave the misleading impression that the Government had increased the provision it had made for total expenditure on the police. The true position, of course, is that the Government has increased its own contribution to that expenditure in order to prevent cuts that might otherwise have been made by authorities faced with making high demands on their rate-payers. What has happened, as was reflected in the announcements on 12 February by Mr Baker and Mr Edwards, amounts to a planned shift in the balance of funding as between central and local government, rather than a planned increase in total expenditure.

4. I think the message we must seek to convey is:

(i) £51M is an estimate of the total additional grant (£29M police grant, £22M block grant) which will be paid to all local authorities as a result of the 2 decisions:

(a) to increase police grant to 51%, and

(b) to compensate for the consequent block grant losses which might otherwise arise for non-police authorities. The figure for block grant assumes that police authorities in shire counties will spend at the 1986/87 RSG Settlement assumption ie 3.4% above 1985/86 budgets; that the joint boards will spend at the level implied by the precept maxima now set; and that the Metropolitan Police will spend at their cash limit.

Outturn is unlikely to match these estimates precisely and the eventual grant totals are likely to be rather different. We should therefore emphasise the 2 key decisions, and use the figures in support of rather than in substitution for them.

(ii) Both police grant and block grant are sources of funding for local authority expenditure. The grant changes do not alter the Government's view of what the underlying local authority expenditure in general or police expenditure in particular should be; the planning totals and manpower assumptions remain as set out in the January 1986 Public Expenditure White Paper. The true position is that we are increasing support for police expenditure in order to enable the plans to be realised, rather than changing the plans themselves.

(iii) We acknowledge that some police authorities may as a result of the increases in grant set higher budgets rather than reduce their demands on rate-payers. That is a matter for local decision. Those police authorities must realise that, if they do spend more, police grant increases will be partly offset by block grant losses. And we shall be expecting the joint boards to set precepts below the maxima authorised before the grant changes.

(iv) The key to what I suggest we may properly say is that we can pray the 51% in aid in encouraging expenditure on items covered by the 1986/87 RSG Settlement ie about 1,000 additional officers above the September 1985 level, including 240 officers for drugs wings, but not in regard to further growth or new policy initiatives. It is also legitimate to mention it in the context of operational peaks such as Party Conference Security and policing Stonehenge, but we need to be on guard against exaggerating its proportionate contribution to the cost of those operations.

5. I appreciate the desire to present the grant changes in the most favourable possible light, but, as well as having regard to the true position, we also need to bear in mind the forthcoming approach to colleagues about volume growth.

6. Finance Division 1 is looking urgently at the level of CPS contribution and will be in touch with Police Department.



18 February 1986

J F HALLIDAY