



cc. nr. 2
A Prime Minister's
Inty. Clerk
P/S

QUEEN ANNE'S GATE LONDON SW1H 9AT

8 May 1984

R Patrick,

mf

MINERS' DISPUTE: POLICING COSTS

I have sent you a copy of my letter of today to the Chief Secretary. Chief Constables are extremely worried about the financial consequences of the miners' dispute for police budgets, and I think it is clear that there is an overwhelming case for extending the disregard to 1984/85. I very much hope that you will feel able to announce this Thursday, alongside my own announcement of additional help, that you will exempt from grant holdback the additional part of a local authority's expenditure in 1984/85 which arises from the policing of the miners' industrial action.

I am sending copies of this letter to the Prime Minister, the other members of MISC 101 and George Younger, and to Sir Robert Armstrong.

Z
L

The Rt Hon Patrick Jenkin, M.P.



CONFIDENTIAL

B

cc N.O. 2
Prime Minister
buty desk
95

QUEEN ANNE'S GATE LONDON SW1H 9AT

8 May 1984

Peter,

mt

MINERS' DISPUTE: POLICING COSTS

When Cabinet discussed the miners' dispute on 3 May I said that I would be putting forward proposals shortly about the costs of extra policing falling on police authorities during the current financial year. The Prime Minister said that any problems over such costs would need to be dealt with promptly and sympathetically.

On 29 March, with the agreement of colleagues, I told a delegation from the Nottinghamshire Police Authority that I recognised that some additional help from central Government was necessary; that I could not decide on the extent of that help until the full amount of the extra expenditure was known; but that when it was I would consider the matter sympathetically and generously.

The long duration of the dispute makes it essential that I should now announce the extent of the help that we shall give. There are two aspects to the problem: that of the forces receiving mutual aid and that of the forces providing it.

Up to the end of last week, the Nottinghamshire force had received a total of 4,574 Police Support Units (PSUs - 23 men each) from other forces, measured in "PSU days", since the dispute began. Derbyshire had received 1,458, Leicestershire 1179, North Wales 305, Warwickshire 971, Staffordshire 134, Cumbria 6, South Yorkshire 182, Humberside 32, South Wales 9, Suffolk 11 and Essex 4. The best estimate that the Chief Constable of Nottinghamshire can make of the additional cost to his force of policing the dispute up to the middle of last week is £14.5M if the supplying forces are paid only the additional costs of the PSUs (overtime etc), and £20M if the supplying forces are charged the full economic cost (i.e. including basic pay etc). No other force has received aid on the scale that Nottinghamshire has, but the burden on Derbyshire, Leicestershire, Warwickshire and, in proportion to its resource, North Wales is also very heavy.

The police service is responding superbly to the problem of policing the dispute, and I am sure it will continue to do so, but the uncertainty on the financial side is extremely worrying to Chief Constables and to police authorities (some of which are seeking to embarrass us politically over the issues) and we must remove that uncertainty without delay. Otherwise there will be cuts in police budgets in the areas most affected which will result in wholly unacceptable reductions in the standard of policing. I should, therefore, like to make an announcement this Thursday.

It would be wrong in principle for central Government to pay the full cost: policing is essentially a local matter, and it is right that forces such as Nottinghamshire should absorb some of the additional costs. We need to find a threshold, varied according to the resources of the force concerned, above which special help would be given. The product of a penny rate seems a useful reference point.

I propose the following scheme. Additional expenditure (whether on mutual aid, on a force's own PSUs or on overtime worked by officers to cover for their colleagues on PSU duty) up to the product of a penny rate should qualify only for police grant of 50 per cent in the usual way. Above that figure, we should make a special payment of 40 per cent in addition to police grant.

The Rt Hon Peter Rees, QC., MP.

CONFIDENTIAL

/cont ..

If Nottinghamshire (penny rate product £1.2M) incurred total gross additional expenditure of £15M (though it is likely to be a good deal more than this), a formula on those lines would work as follows. On the first £1.2M they would receive normal police grant of £0.6M. On expenditure above £1.2M they would receive normal police grant plus a special payment of 40 per cent - total £12.42M. The total amount to be found by the central Government would be £13.02M and by Nottinghamshire £1.98M - a net addition to central Government expenditure of £5.52M, since in the absence of any special arrangement £7.5M would be payable in police grant.

I do not in fact think that the Nottinghamshire police budget could absorb even the additional expenditure which this formula would leave them with without unacceptable consequences. Their police estimate for 1984/85 is £45.2M. Some additional lump sum payment may also be necessary. But we cannot judge that at this stage, and I do not suggest that I should refer to the possibility in my announcement.

There is also a problem about the forces which are supplying mutual aid and which are having to work additional overtime in their own areas to compensate for the men they have lent to Nottinghamshire and others. By way of example, we understand that the West Midlands force has spent £250,000 so far on this additional overtime, and that Bedfordshire and Surrey are spending £4,000 and £12,000 a week respectively.

A circular issued by the Home Office in 1973 recorded an agreement with the Association of Municipal Corporations and the County Councils Association that mutual aid should be treated for repayment purposes in one of three ways: "small scale aid", for which no charge should be levied; "larger scale aid", where charges should be levied for additional costs (travelling, subsistence, overtime, etc.) but not for the basic costs of men, vehicles and animals; and "major aid", where the full economic cost should be recovered (i.e. including basic pay etc.). "Major aid" charges should be made "for long term aid where there is little prospect of reciprocity, as in the aid which was given by the Metropolitan Police to the Royal Ulster Constabulary".

Under Section 14 of the Police Act 1964 it is for the police authorities concerned to reach agreement on the sums to be paid; in default of agreement, I have to decide.

I have expressed the view that charges for mutual aid in the miners' dispute should be on the "larger scale aid" basis, on the ground that there is a prospect of reciprocity; and to charge as "major aid" would escalate the cost to the aided forces enormously (from an estimated £14.5M to £20M so far for Nottinghamshire.) But there will be difficulties in maintaining this line without any qualification. Some police authorities are saying that there is no prospect of reciprocity, i.e. of their ever having to ask for mutual aid on the scale that they are providing it. And although the sums expended by aiding forces may seem small, police budgets are already severely squeezed; the Chief Constable of West Midlands estimates that if he is reimbursed only on the "larger scale aid" basis his police authority will require him to carry more than a hundred extra vacancies on his police establishment.

I continue to think that payment as "major aid" would be inappropriate. Apart from the principle of reciprocity, the charges would be very high. I am ~~told that~~ West Midlands, if charging the full economic cost for what they have provided so far, would receive just under £1M, whereas the additional cost of the PSUs is £400,000 and £250,000 has been spent on additional overtime in the West Midlands itself. So they would make a profit.

I cannot stop police authorities agreeing to pay on a "major aid" basis, but I do not think that any additional payments so made should qualify for the special central Government assistance I propose. But I do think there is a case for aided authorities making some extra payment to the aiding authorities in recognition of the extra overtime worked in the latter's force areas, though we cannot judge at this stage precisely what extra payment would be appropriate.

..... { I enclose a draft of an arranged Question and Answer, which I should like to give this Thursday. I very much hope you will feel able to agree to this.

I am sending copies of this letter to the Prime Minister, the other members of MISC 101, George Younger and Patrick Jenkin, and to Sir Robert Armstrong.

L
L

CONFIDENTIAL

I am sending copies of this letter to the Prime Minister, the other members of MISC 101, George Younger and Patrick Jenkin, and to Sir Robert Armstrong.

L
L

CONFIDENTIAL

DRAFT ARRANGED PARLIAMENTARY QUESTION AND ANSWER

To ask the Secretary of State for the Home Department, whether he will give financial assistance to those police authorities which are incurring additional expenditure as a result of the miners' dispute; and if he will make a statement.

DRAFT REPLY

The central Government already pays police grant of 50 per cent on all approved police expenditure, but some police authorities have incurred substantial additional expenditure as a result of the miners' dispute, and I recognise that some additional help to them from central Government is necessary. It would not be right in principle for the central Government to bear all the additional cost, but I am prepared to make a special payment of 40 per cent in addition to the normal police grant, of gross approved additional expenditure above the product of a penny rate. My Department will shortly discuss the matter in greater detail with the Association of Municipal Authorities and the Association of County Councils.

I also recognise that the police forces which have supplied mutual aid have had to incur additional expenditure on overtime payments to compensate for the absence of some of their officers. Under section 14 of the Police Act 1964 it is for the police authorities concerned to agree on the payments to be made by a force receiving mutual aid to the force supplying it; in the absence of agreement, the Secretary of State is to decide. My view is that it would be reasonable for the aided force to pay to the supplying force the additional costs, such as transport and overtime, incurred in respect of the units which have been sent as mutual aid; that the basic costs of men and vehicles, such as the basic pay, should not be reimbursed; but that

some additional payment might reasonably be made in recognition of the additional expenditure on overtime incurred in the police area of the forces supplying mutual aid. While these are matters for the police authorities concerned in the first instance, the additional payments from the central Government which I have announced will take account of any payments that a police authority receiving mutual aid might agree to make in recognition of the additional overtime being worked in the police areas of those forces supplying mutual aid, but not of any payments in respect of the basic costs of the men and vehicles involved.

My Rt Hon Friend the Secretary of State for the Environment is today making an announcement about exemption from grant holdback of the additional expenditure incurred by local authorities as a result of the policing of the dispute.