

Mr Blackwell

cc Mr McVeigh, PRB2
Mr Shannon, POB
Mr Cassidy, CIJB
Dr Mulligan *SM* 29 Jun.
Mr O'Reilly, RCB
Mr Brearley

THE COST OF VIOLENCE 1977-87

First of all I should like to thank those who helped me to prepare a rough statistical table on this. I attach a copy of the table and the covering note I sent with it.

2. As usual, I suspect that the table could be improved if more time could be devoted to it and I am therefore circulating it, together with the following comments.

3. The figures for the RUC budget were derived by establishing the ratio between the RUC and the Devon and Cornwall police budgets in 1986/87 and using that to calculate the level of RUC expenditure attributable to terrorism. I now have figures for the actual expenditure on the Devon and Cornwall police which enables a more accurate (though not significantly different) set of figures to be produced as follows:

£million

	PANI budget (actual)	D&C (actual)	difference (RUC expenditure attributed to terrorism, in actual prices)	inflator*	RUC expenditure attributed to terrorism (1987 prices)
1977/8	77	22.09	54.91	2.01	110.37
1978/9	92.6	25.31	67.29	1.76	118.43
1979/80	124.9	32.63	92.27	1.467	135.36
1980/1	158.7	39.57	119.13	1.316	156.77
1981/2	201.6	46.54	155.06	1.22	189.17
1982/3	217.9	51.41	166.49	1.163	193.63
1983/4	236	55.81	180.19	1.117	201.27
1984/5	257.5	60.12	197.38	1.054	208.04
1985/6	278.1	64.91	213.19	1.018	217.03
1986/7	318.6	73.31	245.29	1.000	245.29

* These are the inflators I used in each section of the table. They are derived from the implied GDP deflators at market prices in the CSO's 'Economic Trends'.

4. It might be worth doing the same sums using the budget of the Essex constabulary and averaging the result.

5. I am not very happy about the figures for Prison Service expenditure. The gross figures came in after the covering submission had been drafted and I did not in the end adjust them by reference to the 1969/70 expenditure, but multiplied them by 65% on the basis of a recent RCB paper which argued that the 'cost per prisoner' in NI was that proportion higher

than in England and Wales. However this ignores the fact that the number of prisoners would be much lower if it wasn't for 'the troubles'. A better basis for the calculation would be to establish the cost of the NI prison system in the late 60s and find out what has been the profile of the growth in spending on prisons in England and Wales, and derive an 'expected normal cost' for the NI prison system in the period 1977-87. These figures might then be deducted from the actual costs to give figures for the expenditure on prisons which could be attributed to terrorism, and which could be inflated to give the information in current prices. I gather that this approach was used in the 1984 Needs Assessment Exercise so some of the figuring may already be available.

6. The Compensation section adjusts the actual compensation payments to reflect CIJB's assessment that only 80% of Criminal Damage claims and 20% of Criminal Injury claims are terrorist related. However the recent RCB study adjusted the figures by 80% and 60% respectively. As Criminal Injury claims come to a relatively small total this won't have made much difference, but it might be worth establishing an agreed position.

7. The final section of the table is incomplete because the CSU was not separately accounted for before responsibility for it was transferred to the NIO in 1982. That section might perhaps be expanded by adding in expenditure on:

- Security Works Services
- the Civil Representatives Service
- certain POB programmes, eg the VIP Protection Scheme and a proportion of the expenditure on Firearms and Explosives Licensing.

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8. I mentioned in the covering submission that direct expenditure arising from the security situation was incurred by other Departments. I see from a recent RCB paper that estimates of the proportion of expenditure arising from terrorism have been made in respect of the DPP's office (15%, though this is likely to be a significant under-estimate), NIFSL (29%) and State Pathology (6%). If an equivalent figure could be generated for the Court Service and the Attorney General's Office it might well be possible to produce a reasonable estimate of the direct expenditure incurred by other agencies as a result of terrorism.

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