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(BY MUFAX)

Secretary
You will visit base. I am
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compared with any work and 4.5 m at
X is very high indeed.
J. B. M. '9
2/6
14 JUN 87

Wm. H. Jones, Indiana
C. H. Jones
40.

Secretary
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X is very high indeed.
J. B. M. '9
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H. Jones, Indiana
C. H. Jones
W. H. Jones

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H. Jones, Indiana
C. H. Jones
W. H. Jones

Wm. H. Jones
H. Jones, Indiana
C. H. Jones
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H. Jones, Indiana
C. H. Jones
W. H. Jones

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judgement. It may well turn out, for example, that at the end of the day, and notwithstanding the present level of civil disorders, some savings might materialise on the amount budgetted for CI Compensation. Again, we know from experience that factors outwith our control sometimes affect the physical, and financial, progress of building programmes.

I have warned HM Treasury verbally (Jim Davies) that a bid against the Contingency Reserve for additional 1981/82 Police funds seems inevitable. But, having put forward a marker, I have suggested to Treasury that we would prefer to delay making the firm formal bid until later in the year, because, apart from the point already made above -

- (a) the duration and intensity of the present disturbances are unpredictable;
- (b) all the indications point to this year's Police pay award (wef 1 September 1981) being in excess of the 6% allowed in cash limits and some additional funding will be inevitable;
- (c) a single-package bid by Ministers against the Contingency Reserve is preferable to the submission of separate demands.

Soundings are being taken by Mr Davies of the various Treasury branches concerned with cash limits and the Contingency Reserve, and he and I will then discuss further how best to proceed. It may be that we will be asked to provide some indication of our likely bid, but we can meet this hurdle when we come to it.

(ii) Prisons

As a precautionary measure, additional prison officers were detailed for duty at all prisons from about the end of April to cater for possible reaction to Sands' impending death. This meant that some

officers had to work on their rest days, with a consequential increase in the overtime bill. The total extra overtime costs up to the end of May will be about £0.15m.

There was, in the event, no reaction from the other prisoners to any of the hunger strikers' deaths, and the additional overtime has now ceased.

No major problems are foreseen at this stage of the year in containing the £0.15m within the overall LOPS cash limit.

(iii) CI Compensation

(a) Property

It is impossible to provide any meaningful assessment of the cost of the recent civil disorders mainly because some weeks, or even months, may elapse before an indication is available of the cost of damage to property; indeed many claims have yet to be lodged for the civil disorders of the last 2/3 months.

We have, however, a fairly realistic estimate of the cost of some of the major damage which has occurred in the course of recent riots - De Lorean, Bass Charrington, Tyrone Brick, Capital Cars (Londonderry), etc. These are expected to total around £3.0m.

In addition we expect to receive some 1,400 compensatable claims for relatively minor damage which occurred during the 3 months March to May. It is sometimes difficult to distinguish between "normal" terrorist activity and that which might be attributable to the hunger strike disorders. But, this represents 700 more claims than were received in the comparable period last year. The cost of these extra claims is expected to be of the order of £4,000 each, say £3.0m in total.

In broad terms therefore some £6.0m of damage to property occurred during the 3 months March - May 1981 which could be reasonably attributed to the hunger-strike disorders.

(b) Personal Injury

It is even more hazardous to forecast the increase in personal injury compensation over the same period. We expect to receive between 150 and 200 more claims this year than in the corresponding period last year; but the compensation awards in each instance will be very much influenced by current court awards. Some fairly substantial claims will undoubtedly be lodged (eg the father and young son who were recently killed during rioting whilst delivering milk). The additional personal injury claims could total up to around £0.75m.

Containment

In summary, therefore, the Maze hunger strike is likely to result in additional compensation (property and personal) over the period 1 March to 31 May 1981 approaching some £7.0m. Up to about 30%, say £2.5m, will be paid in the current year (mostly by way of advances); the balance will fall to be met in later years. In my judgement we can contain these additional costs within cash limits (for the current year's spend) and within PES ceilings (for future years) but any prolonged continuation of the present disorders, or any marked upsurge, could give rise to funding problems.

(iv) Army

The Ministry of Defence has intimated that the main additional costs falling on the Army are attributable to the spearhead battalion which arrived here on 6 May. A normal tour of duty/for ^(4½ months) the battalion will cost around £0.25m; some £50,000 has been incurred to the end of May.

These costs will lie on the MoD vote; but in view of the tautness of Defence funds I would not be surprised if representations were made

by the MoD that any additional Army costs should be carried on NI PES Programme 17. I think we should resist any such overtures, if indeed they materialise.

Summary

In overall terms, therefore, the hunger strike has cost the Crown about £11.0m in the three months period March to 31 May 1981.

Lawrence

J T LAWRENCE

FO (B)

1 June 1981

cc Mr Blelloch
Mr Jamieson
Mr Palmer
Mr Buxton
Mr Burns (M)
Mr Wilson
Mr McClenahan
Mr Davenport
Miss Simmons
Mr McAllister, DoF ←
Mr Murray, DoF