

1. Mr A W Stephens
2. PS/Secretary of State (B)

THE COST OF TERRORISM

As requested, I attach a table setting out the estimated direct costs to the Exchequer of responding to terrorism in Northern Ireland since 1977.

2. The direct costs which can be measured, and which are shown in the table cover:

- (a) the additional cost of deploying the Armed Forces in support of the RUC. This figure, published each year by the MOD, represents the extra cost of the troops' activities in Northern Ireland, compared with the basic cost of maintaining them in garrison on the mainland;
- (b) expenditure on the RUC. To provide a reasonable assessment of the expenditure incurred as a result of the terrorist campaign I have deducted from the PANI budget a proportion calculated by reference to the cost of the Devon and Cornwall police budget (as that constabulary is responsible for maintaining law and order in an area roughly the same size as Northern Ireland and with a similar distribution of population between one major city, a few towns and rural areas);
- (c) expenditure on the Prison Service. The annual cost for each year since 1977 has been reduced by a figure based on the expenditure incurred in 1969/70 to give a reasonable approximation of the extra cost imposed as a result of the terrorist campaign;
- (d) Compensation payments under the Criminal Injuries and Criminal Damage compensation schemes. These have been adjusted to reflect CIJB's estimate that only 20% of

injury claims and 80% of damage claims arise from the security situation. However, the figure for Criminal Damage compensation undoubtedly significantly under-estimates the amount of damage caused by terrorism as Government bodies (who have been a main target of terrorist attack) are not eligible for compensation under the scheme, but must meet the costs themselves;

- (e) Compensation for acts done under the EPA; the cost of the Civilian Search Unit; and expenditure on the Security Staff Grant Scheme. These figures all reflect costs directly attributable to the security situation.

3. These elements are broadly the same as those identified in the New Ireland Forum report on "The Cost of Violence arising from the Northern Ireland Situation" which estimated that the direct cost to the UK Exchequer of the "troubles" between 1969 and 1982 had been £5,255 million, a figure which RCB concluded at the time was roughly accurate.

4. The figures are shown as actual and current (1st quarter 1987) costs. The latter were derived by using the implied GDP deflators from the CSO's 'Economic Trends'.

5. Other Departments incur expenditure which is a direct cost to the Exchequer and part of which must arise from the terrorist situation in Northern Ireland but these costs are either very small (eg Attorney General's Office) or there is no practicable way of estimating the proportion which can be directly attributed to the terrorist situation (eg expenditure on the NI Court Service - £9.765m in 1986/87 - and the Office of the DPP - £3.833m in 1986/87).

6. The most recent public estimate of the cost of combatting terrorism was given in a written Answer to Mr McNair-Wilson on 12 May 1987 (copy attached). About 97% of the LOPMS vote goes on the police, prisons and compensation but although not all of this can be directly attributed to dealing with terrorism, other expenditure not covered by the LOPMS vote can be, so it offers a reasonable approximation.

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27 July 1987

I also attach a rough graph
showing relative security force
manpower levels.

£ million

THE COST OF VIOLENCE 1977-87

Year	Additional cost of the ARMED FORCES	current actual (1987) prices	RVC budget (adjusted by reference to Devon + Cornwall prices)	current actual (1987) prices	PRISON Service (adjusted by reference to 1976)	current actual (1987) prices	COMPENSATION (adjusted to exclude non-terrorist claims)	current actual (1987) prices	CSN, SSCS, Compensation under EPA	current actual (1987) prices
1977/78	69	138.69	59.29	119.17	14.74	29.62	31.26	62.83		
1978/79	81	142.56	71.3	125.5	18.48	32.53	33.4	58.78		
1979/80	96	140.83	96.17	141.08	22.0	32.26	33.34	48.91		
1980/81	111	146.07	122.2	160.81	28.92	38.05	37.68	49.59		
1981/82	149*	181.78	155.23	189.38	30.61	37.34	30.44	37.14		
1982/83	134	155.84	167.78	195.13	34.66	40.31	26.22	30.45	6.187	7.19
1983/84	141	157.5	181.7	202.98	43.3	48.37	17.28	19.3	5.193	5.80
1984/85	134	141.23	198.27	208.98	46.0	48.46	17.68	18.63	4.33	4.563
1985/86	127	129.28	214.14	218	58.08	59.13	16.46	16.75	3.38	3.44
1986/87	150	150	245.32	245.32	62.62	62.62	14.46	14.46	1.236	1.236

* basis of calculation adjusted

OFFICIAL REPORT 12 MAY 1987

Terrorism

Mr. Michael McNair-Wilson asked the Secretary of State for Northern Ireland if he will estimate the total cost of resisting the terrorist campaign since 1969.

Mr. Scott [pursuant to his reply, 5 May 1987, c. 392]: One cannot give any completely reliable figure for the total costs incurred by a number of different Departments and agencies in resisting the terrorist campaign since 1969. However, the following table gives some indication of the scale of expenditure involved:

Year	Additional Cost ¹ of Deploying the Armed Forces in support of the RUC (£'000)	Expenditure ² by the NIO on Law, Order, Protective and Miscellaneous Services ^{3,4} (£'000)
1969-70	1,500	n/a
1970-71	6,500	n/a
1971-72	14,000	n/a
1972-73	29,000	n/a
1973-74	33,000	n/a
1974-75	45,000	99,529
1975-76	60,000	146,030
1976-77	65,000	165,383
1977-78	69,000	172,536
1978-79	81,000	199,317
1979-80	96,000	240,781
1980-81	111,000	299,696
1981-82	⁵ 149,000	334,446
1982-83	134,000	351,177
1983-84	141,000	365,959
1984-85	134,000	394,382
1985-86	127,000	436,333
1986-87	150,000	⁴ 480,300

Notes:

n/a = not available.

¹ All figures are in actual terms.

² The LOPMS budget includes expenditure on items (eg civil defence) not directly related to the terrorist campaign, and the bulk of LOPMS expenditure (eg on the RUC and on prisons) does not all arise from the terrorist campaign.

³ The basis for calculating the armed forces additional costs was changed in 1981-82.

⁴ This figure is still an estimate.

⁵ Other Departments (eg the Lord Chancellor's Department and the Attorney-General's office) incur expenditure in Northern Ireland which arises from the terrorist campaign and which is not included in this table.

FIG 3.1

SECURITY FORCE LEVELS 1969 - 1985

