

The Steel City and the Iron Lady, 1979-85

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**Sheffield
Hallam
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THE STEEL CITY AND THE IRON LADY,

1979-85

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THE STEEL CITY AND THE IRON LADY, 1979-85

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Abstract

This dissertation contributes to the historiography on the central-local government relationship in the 1980s by looking at the conflict between Sheffield City Council and the Thatcher governments from 1979-85. This dissertation also adds to the work of George Jones and John Stewart on the role of local government in a centralised state. Through their research they have advocated adopting a more localist approach to the central-local government relationship so that local government can be effective. Much work has been done on the central-local government relationship during the Thatcher era but detailed contemporary accounts of what happened in Sheffield are few and far between. Building on research recently conducted by both David Price and Daisy Payling this Council-centric investigation extensively uses archival material to analyse the day-to-day decision-making process of Sheffield City Council in its fight against certain aspects of Thatcherism. Through two separate but related chapters the Council's fight against the implementation of the *Housing Act 1980* and local government finance reform will be discussed. It will be argued that the Council had only two weapons at their disposal in these two conflicts with Thatcher: obstruction and 'propaganda'. The Council could obstruct the implementation of legislation passed in Parliament while producing anti-Thatcher 'propaganda' to rally both local and national support for their cause. This approach would see the Council and its leader, David Blunkett, elevated to a position of national prominence as one of the leading figures in the local authority opposition. However, this was *merely* 'theatrics'. The theatrics of the Council gave the impression that they were an equal opponent in the central-local government conflict and were in a position to mount a significant challenge to Thatcher's agenda. Although the Council were fairly successful in hindering the implementation of Thatcher's agenda in Sheffield in the short-term, when they were presented with the possibility of venturing into illegality they buckled under central government pressure.

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List of Abbreviations

DoE - Department of the Environment

GLC - Greater London Council

HIP - Housing Investment Programme

RSG - Rate Support Grant

SA - Sheffield Archives

SCSL - Sheffield Central Studies Library

Introduction

On the 28th April 1983 Margaret Thatcher came to Sheffield to deliver a speech as part of the annual Cutler's Feast. She was greeted by 2,000 demonstrators, some of whom threw flour and eggs at her as she arrived. The chaos that ensued outside Cutler's Hall caused a police horse 'to lose its footing and smash into the back window of her official car.'¹ The Iron Lady was clearly an unpopular figure in the Steel City. In December 1984 Oliver Letwin, a member of Thatcher's Policy Unit, spoke to the Prime Minister regarding his concerns surrounding Sheffield City Council's potential action in the midst of the rate-capping revolt. He stated that 'the machinery employed by the Marxists in Sheffield is extremely impressive' and that the Council 'has been turned into a political juggernaut with a momentum of its own.'² These are just two examples of the well-known animosity that was present between Margaret Thatcher and her government on one side and the people of Sheffield with their Labour-controlled Council on the other.

The 1980s was a divisive period both politically and in British society more generally. It saw the break away from the post-war consensus and the move towards what is now regarded as the post-Thatcherite consensus. Pre-Thatcherite Britain was increasingly seen as the "sick man of Europe" as it was crippled by industrial action and poor economic performance in the late 1960s and 1970s. For Thatcher the country required a drastic cure to its worsening ailments. The unprecedented change that she oversaw as Prime Minister was divisive at the time and her legacy still divides many communities across the country to this day. This period also saw some of the most bitter in-fighting take place within the Labour Party. Labour became increasingly unelectable as the Left of the Party and the more 'moderate' wing publicly traded blows against one another. Local government took on a significant role for the Labour Party. Struggling to galvanise mass support at the national level, Labour-controlled local authorities became strongholds for the Labour Party. Councils like Sheffield, with

¹ M. Lynch, 'Angry Mob Greeted Former PM in Sheffield', *The Star*, 9th April 2013 [Online], Available at: <http://www.thestar.co.uk/news/angry-mob-greeted-former-pm-in-sheffield-1-5564790> [Accessed: 21/08/2017].

² Record of conversation between Oliver Letwin and Margaret Thatcher, 20th December 1984, pp. 1-2, Available at: <https://www.margaretthatcher.org/document/136335> [Accessed: 21/08/2017].

strong local mandates, were key to the Labour Party's fight against Thatcherism and to the very survival of the Party itself during this tumultuous time.³

The relationship between Sheffield City Council and central government between 1979 and 1985 was one of unrelenting hostility. There was without a doubt an ongoing conflict between Thatcher and the Council throughout these years. David Blunkett, Leader of the Council from 1980 to 1987, gained national prominence because of this conflict. The approach that he and the Labour Group formulated to try and challenge central government policy established Sheffield nationally as a leading local authority in the anti-Thatcher movement.

This dissertation investigates this central-local government conflict through the extensive use of archival material available at the Sheffield Archives and Central Studies Library. By using this newly available archival material to explore the day-to-day decision making of Sheffield City Council and its various committees and sub-committees it will be shown how the Council fought against certain aspects of Thatcher's agenda. What this investigation will highlight is that centralism is dominant in the central-local government relationship. Due to the lack of political power that local government has in the central-local government relationship it will be argued that Sheffield City Council's only tactics in its fight against Thatcherism were obstruction and 'propaganda'. The term 'propaganda' is problematic. It is something that is open to interpretation. Its use in this thesis is in relation to the anti-Government material that was produced by the Council to stir up local opposition in Sheffield to the Thatcher Government. While this material is seen as 'propaganda' in this thesis it is merely the point of view of the author rather than a categorical definition of what it was.

The Council could obstruct or attempt to bypass the implementation of key pieces of legislation while producing anti-Government 'propaganda' in an attempt to rally both local and national support for their actions. This approach is classed as 'theatrics' because of the lack of power these actions had in challenging central government. On the surface these theatrics gave the impression that the Council was mounting a significant challenge to Thatcher however the Council's actions did very little to

³ For more information see J. Curran, *Culture Wars* (Edinburgh, 2005), G. Eley, *Forging Democracy* (Oxford, 2002) and R. Vinen, *Thatcher's Britain: the Politics and Social Upheaval of the Thatcher Era* (London, 2009).

change the direction of her agenda. What is surprising is that despite the conflict throwing up some contentious issues there is a clear lack of detailed contemporary literature on the central-local government relationship in Sheffield. This dissertation aims to help bridge this gap in the historiography.

There is a wealth of literature which looks at central-local government relations on a national scale during the Thatcher era.⁴ These works are useful for providing the reader with an understanding of the general themes within the central-local government relationship and its history. Take for example *Local Government and Thatcherism* by Hugh Butcher, Ian Law, Robert Leach and Maurice Mullard. Their book provides a useful account of the history of local government, how it has developed and grown, up to 1979. It also discusses the differences between Municipal Toryism and Thatcherism, the relationship between local finance and public expenditure, Thatcherism and race, decentralisation, local economic development, public services and Thatcherism, and decentralisation. All of these issues are anchored to the wider conflict that took place between the Thatcher-led Conservative governments and local authorities. Martin Loughlin's *Legality and Locality* reviews central-local government relations during the same period but approaches it from a legal standpoint by investigating the role of law in the relationship instead of the much-analysed political and economic factors. Despite the many different approaches that are adopted what unites the literature is the general agreement on the adverse impact that Thatcher had on local government. The literature also discusses the methods that the opposing left-wing local authorities adopted to challenge Thatcherism. For example, *Legality and Locality* discusses rate-making in Liverpool in 1983-84. Through the use of legal loopholes Liverpool managed to put pressure on the Government and force it into adopting a 'conciliatory approach' towards the Council's fixing of the budget and rate for 1984-85. It was hailed by the Council as a 'great victory'.⁵ It is this key theme in the historiography of how certain local authorities fought against Thatcherism that provides the basis for this dissertation.

⁴ See T. Travers, *The Politics of Local Government Finance* (London, 1986), S. Lansley et al., *Councils in Conflict* (Basingstoke, 1989), H. Butcher et al., *Local Government and Thatcherism* (London, 1990), G. Stoker, *The Politics of Local Government* (Basingstoke, 1991), M. Loughlin, *Legality and Locality* (New York, 1996), and J. A. Chandler, *Explaining Local Government* (Manchester, 2007).

⁵ Loughlin, *Legality and Locality*, pp. 185-7.

What is missing from these works is any detailed account of what happened in Sheffield. This is not to say that Sheffield is completely ignored. As mentioned earlier Sheffield City Council took a leading role in the anti-Thatcher opposition from 1979 to 1985. The standing of the Council at the national level is not overlooked and the actions taken in Sheffield are frequently referred to in an attempt to give examples of the hostility between central and local government at the time. However, there is a clear lack of detailed investigations into how these actions were formulated and then implemented at the local level. This is not to say that no literature on central-local government relations in Sheffield exists. Martin Boddy and Colin Fudge's *Local Socialism?*, published in 1985, examines the challenges faced by local authorities like Sheffield and the approaches they took to try and tackle them.⁶ A clear attempt is made to outline some of the economic and social initiatives that councils like Sheffield adopted in the fight against local government reform. They argue that there was a move away from class politics to identity politics within some of the Labour-controlled councils. However, *Local Socialism?* is based on research conducted at the height of the central-local government conflict and there is the need now to build on the findings made by Boddy and Fudge through the use of archival sources. David Blunkett and Keith Jackson's *Democracy in Crisis*, published in 1987, likewise is an extremely useful source in the investigation of central-local government relations in Sheffield, as it is written by two individuals involved in the conflict, however the story that they tell needs to be reevaluated now that further archival material is available.⁷

A few contemporary studies of central-local government relations in Sheffield are available. *Sheffield Troublemakers* by David Price explores Blunkett's role in the Council's defence against the attacks coming from central government.⁸ It evaluates the transformation of the political approach of the Council from the 1970s to the mid-1980s by discussing community politics, employment and the conflict over rate capping, among other issues. Yet this investigation is limited to a single chapter that is part of a wider work on radicalism in Sheffield from the late-eighteenth century to the end of the twentieth century. Where this dissertation aims to build on Price's work is through the extensive use

⁶ M. Boddy & C. Fudge, *Local Socialism?* (Basingstoke, 1985).

⁷ D. Blunkett & K. Jackson, *Democracy in Crisis* (London, 1987).

⁸ D. Price, *Sheffield Troublemakers* (Stroud, 2012).

of archival sources to provide a more detailed account on Sheffield City Council's fight against Thatcherism. Price's work provides a good general overview of what happened during this period. The aim of this dissertation is to fill in some of gaps that may be present by providing extra detail that the archival material may provide.

The most relevant piece of contemporary literature on central-local government relations in Sheffield comes from Daisy Payling. Her 2014 article builds on Stuart Hall's notion of left-wing renewal and the idea of local socialism that had been discussed by Boddy and Fudge.⁹ It is an attempt to bridge a gap in the literature which has tended to focus more on the Greater London Council. Through the use of specific archival material, largely the minutes of the Council's Policy Committee, Payling analyses the Council's views on peace, race and gender. Payling concludes that in the attempt to combat Thatcherism the Council built 'a new constituency, but one that used class as a uniting force.'¹⁰ What is interesting about this conclusion is that it runs against a common theme in the historiography that Labour-controlled local authorities moved from class politics to identity politics in the fight against Thatcherism. Payling argues that in fact Sheffield connected the two by linking, for example, peace and coal mining.¹¹

The aim of this dissertation is to build on the work done by Price and Payling by exploring the central-local government conflict in Sheffield through the decision-making process of the Council and its various committees and sub-committees. By looking at the day-to-day business of the Council, through archival material available in the Sheffield Archives and Sheffield Central Studies Library, this research will highlight further how the Council opposed Thatcher's local government reforms. This is a Council-centric investigation so the role of local political movements, the focus of Payling's work, is not a major factor in this. This research also contributes to the historiography on the role of local government and local democracy in a centralised state, incorporating the work of George Jones and John Stewart.

⁹ See D. Payling, "'Socialist Republic of South Yorkshire': Grassroots Activism and left-Wing Solidarity in 1980s Sheffield', *Twentieth Century British History*, vol. 25, no. 4 (2014).

¹⁰ *Ibid.*, p. 627.

¹¹ *Ibid.*, p. 627.

Jones and Stewart in a 2012 article have argued for an increased role for local government in acknowledging and responding to local needs: 'Our approach to local government builds on its elected authority. It sees local authorities as local government with a responsibility for the well-being of the local area and communities and citizens beyond the provision of services.'¹² They originally argued their position in *The Case for Local Government*.¹³ They built on this view in a 2012 article¹⁴ in which they also summarised the key points in *The Case for Local Government*. Some of these were as follows: 'diffusion of power in a society that cannot afford concentrating power in one central location'; 'diversity of response that cannot afford the centralist risk of single solutions which may go wrong'; and 'localness of knowledge and response in a society that cannot afford the remoteness, rigidities and limitations of centralised bureaucracy'.¹⁵

The overarching theme of the article is that centralism is dominant in the central-local government relationship. It is this view from Jones and Stewart which provides the basis for this thesis. The domination of centralism in the central-local government relationship is something that was ushered in during the Thatcher era and despite efforts under New Labour to tackle this it remains a significant issue in the relationship. Jones and Stewart argue that the 2010-15 Coalition Government's *Localism Act 2011* is a prime example of centralist control over local government despite the name of the Act suggesting an increase in localism: 'The Act is based on the assumption that empowering communities and local government requires central-government prescription in orders and regulations - because it distrusts local government.'¹⁶ The key foundation of this dissertation is their view that 'genuine localism will be achieved only if there is a fundamental change in central-local relations brought about by change in the workings of central government and recognition of the constitutional position of local government.'¹⁷ There is the need for a change in the opinion of central government towards local government because central government cannot readily recognise what is the best course of action for addressing local issues due to the fact that it is not in day-to-day contact with local

¹² G. Jones & J. Stewart, 'Local Government: the Past, the Present and the Future', *Public Policy and Administration*, vol. 27, no. 4 (2012), p. 347.

¹³ G. Jones & J. Stewart, *The Case for Local Government* (London, 1985).

¹⁴ Jones & Stewart, 'Local Government: the Past, the Present and the Future'.

¹⁵ *Ibid.*, pp. 348-9.

¹⁶ *Ibid.*, p. 356.

¹⁷ *Ibid.*, p. 355.

circumstances.¹⁸ Strong local government is essential. Britain is diverse, both socially and economically. What is the norm in Sheffield is different to that in Liverpool and what is the norm in Liverpool will be different to that in Birmingham. The point being made here, perhaps in a somewhat oversimplified way, is that different areas of the country have different needs. A centralised government based in Whitehall cannot be expected to accurately assess and address the needs of different areas of the country. Local government is better placed for dealing with local needs. Local representatives, accountable to their local electorate, have a better understanding of what needs to be done in their area. Turning local government into simply the administrators of the will of central government is damaging to society.

While Jones and Stewart prescribe a remedy for the problem of centralism in the central-local government relationship this dissertation does not claim to do the same. Instead this investigation, building on their work, provides a detailed example of what can happen in a conflict between central and local government when the idea of centralism is dominant. Despite Thatcher being a limited government advocate she oversaw an increasing centralisation of power in Britain. This research will highlight both the tensions between central and local government during this centralisation of power and the limitations of local authorities like Sheffield to act in what they saw as the best interests of their voters. This is done through two separate but related investigations which look at housing policy and local government finance. The investigations link back to the ideas of Jones and Stewart.

The first chapter of this dissertation investigates the central-local government battle in Sheffield surrounding the *Housing Act 1980*, primarily the conflict around the implementation of the Right to Buy, from November 1979 to May 1981. This is the first example of the implementation of centralism in the central-local government relationship. A three-phase perspective put forward in an article by Barrie Houlihan from 1987 is used to set out the Council's defence against the Act. Houlihan constructed this perspective by looking at the opposition to the Right to Buy from Newcastle-under-Lyme and Stoke on Trent, two Labour-controlled local authorities at the time of implementing the *Housing Act 1980*. The three phases of this perspective are as follows: 'non-cooperation, obstruction

¹⁸ Ibid., p. 366.

and finally compliance.'¹⁹ For this investigation the first phase of 'non-cooperation' spans from the 7th November 1979 to the 8th August 1980. 'Obstruction' follows on from this until the 12th May 1981. The final phase, 'compliance', then occurs once the Council buckles under the pressure from central government and moves ahead reluctantly with pushing through Right to Buy sales. It will be shown that the Council's defence in this chapter was based around two methods: obstruction and 'propaganda'. Due to the centralisation of power in the central-local government relationship the Council were unable to directly challenge the *Housing Act 1980* and so could only obstruct it at the administrative level and attack it with Council-produced 'propaganda'.

The Council's approach to challenging central government, obstruction and 'propaganda', is seen again in the second chapter. The chapter analyses the much broader central-local government conflict over local government finance between June 1979 and May 1985. What is important in understanding this conflict is Blunkett's role, as both Leader of the Council and Chairman of the Policy Committee, in formulating the defence against local government finance reform. The timeline of the chapter is structured around three key pieces of legislation in Thatcher's fight to reduce local government expenditure: the *Local Government, Planning and Land Act 1980*, the *Local Government Finance Act 1982* and the *Rates Act 1984*. June 1979 to July 1982 sees the drawing of the battles lines over local government finance. There were some early skirmishes between the Thatcher Government and Sheffield City Council before and after the passing of the *Local Government, Planning and Land Act 1980* and the war of words began to heat up. The second phase of the conflict, July 1982 to June 1984, saw the escalation of the conflict with the passing of the *Local Government Finance Act 1982*. It was here that the Council's use of 'propaganda' to mount a challenge against central government actions increased. June 1984 to May 1985 resulted in the defeat of the Council in the face of rate capping. The *Rates Act 1984*, giving central government to power to prescribe a legal rate, proved to be the final hammer blow to the resolve of the Council. When the Council were presented with the option of venturing into illegality they decided not to, much like in chapter one. However, on this occasion the outcome was not an organised retreat in the face of government pressure but a the result of a split

¹⁹ B. Houlihan, 'Policy Implementation and Central-Local Government Relations in England: The Examples of the Sale of Council Houses and Area Improvement', *Housing Studies*, vol. 2, no. 2 (1987), p. 105.

within the Labour Group itself. The Group were split between those who were willing to venture into illegality and refuse to set a rate and those who wanted to admit defeat and agree to set the legal prescribed rate.

The two chapters are linked through the futility of the Council's defence against Thatcher's policies for housing and local government finance. Due to the dominance of centralism in the central-local government relationship, as argued by Jones and Stewart, there was very little chance of the Council ever mounting a practical political challenge. The message from central government was clear: local authorities would follow laws passed in Parliament. It will be seen that Sheffield City Council's only options were obstruction and 'propaganda'. The Council could obstruct the changes being made to housing and local government finance while at the same time drastically increasing the amount of Council-produced 'propaganda' attacking central government policy. This 'propaganda' would give the impression that the Council were successful in thwarting central government policy when in fact they were simply obstructing its implementation in the hope that a Labour government would soon be elected. It will be shown that the Council on the surface appeared to be an opponent to Thatcher with equal power when in fact they were simply stalling the inevitable in the hope of soon being saved by a newly elected Labour government.

Chapter One:

Sheffield City Council and the Housing Act 1980

Introduction

The *Housing Act 1980* and the resulting central-local government conflict around the sale of council dwellings in Sheffield is one of the first examples of overt tension between Sheffield City Council and the Thatcher Government. The Act, given the Royal Assent on the 8th August and coming into force early the following month, introduced the Right to Buy for council tenants. This was the first concrete challenge from central government to the powerful position over housing that local authorities presided over. Council tenants who had lived in their homes for at least three years were entitled to purchase their dwelling from the council for a 33 per cent discount on the market value of a house; a 44 per cent discount was in place for flats. This discount rose by 1 per cent for every extra year of secure tenancy up to a maximum of 50 per cent. Sheltered housing and dwellings designed or adapted specifically for pensioners and the physically disabled were exempt. It also gave tenants the right to a 100 per cent council mortgage and the right to defer completion of the sale for up to two years from the date on which a claim to exercise the Right to Buy was made. If a tenant was to sell the home that they had purchased from the council under the Act, within five years of the initial sale, the capital gain was shared between the individual and the local authority.¹

Section 23 of the Act gave the Secretary of State for the Environment the power to intervene in the sale of council dwellings if it was felt that the tenant's Right to Buy was being frustrated or blocked:

Where it appears to the Secretary of State that tenants generally, or a tenant or tenants of a particular landlord, or tenants of a description of landlords have or may have

¹ Department of the Environment, *Housing Act 1980*, chp. 51, Available at: <http://www.legislation.gov.uk/ukpga/1980/51> [Accessed: 09/01/2017].

difficulty in exercising the right to buy effectively and expeditiously, he may, after giving the landlord or landlords notice in writing of his intention to do so and while the notice is in force, use his powers under the following provisions of this section; and any such notice shall be deemed to be given 72 hours after it has been sent.²

It was Section 23 that would be the catalyst for much of the central-local government conflict concerning the provisions of the *Housing Act 1980*. For the first time the Secretary of State had the power to overrule local authorities when it came to the sale of council houses, including the ability to cut out the local authority completely and force through any ongoing sales. The Act also changed the way that local authority housing programmes were funded by central government. The Act stated that from 1981-82 certain existing subsidies and contributions from central government were to be replaced with a housing subsidy. This would ultimately see the level of central government funding for local authority housing decline across England and Wales throughout the 1980s.³

This investigation into the central-local government conflict over housing in Sheffield is based upon a three-phase perspective outlined in the work of Barrie Houlihan discussed in the introduction to this dissertation.⁴ Houlihan's work examined the Right to Buy in Newcastle-under-Lyme and Stoke-on-Trent, two Labour-controlled local authorities in 1980. The three phases of this perspective are as follows: 'non-cooperation, obstruction and finally compliance.'⁵ For the purpose of this investigation the phase of 'non-cooperation' runs from the 7th November 1979, when the Council's Housing Committee first considered the Housing Bill, to the 8th August 1980. The second phase, 'obstruction', then takes place until the 12th May 1981. This then ushered in the final phase of 'compliance' from the 12th May which saw the Council's staunch opposition to the Right to Buy capitulate when faced with the threat of intervention under Section 23. The three-phase approach that is used in this investigation

² Department of the Environment, *Housing Act 1980*, Section 23 (1), p. 21, Available at: http://www.legislation.gov.uk/ukpga/1980/51/pdfs/ukpga_19800051_en.pdf [Accessed: 09/01/2017].

³ For a full explanation of the key provisions of the *Housing Act 1980* see P. Liell, *Council Houses and the Housing Act 1980* (London, 1981).

⁴ B. Houlihan, 'Policy Implementation and Central-Local Government Relations in England: The Examples of the Sale of Council Houses and Area Improvement', *Housing Studies*, vol. 2, no. 2 (1987), p. 105.

⁵ *Ibid.*, p. 105.

differs from Houlihan's as the three phases - 'non-cooperation', 'obstruction' and 'compliance' - have been made fit the timeline of the conflict in Sheffield.

Housing Policy before the Housing Act 1980

The sale of council houses was not a revolutionary idea on housing policy when the Thatcher Government came to power in May 1979. It was, in fact, an idea 'as old as council housing itself.'⁶ Individual local authorities always had the ability to sell council houses to sitting tenants, but before the *Housing Act 1980* there was nothing like Section 23 on the statute book giving central government the power to force through council house sales. It was not a legal right for a tenant to be able to buy their local authority dwelling, something which the 1980 Act would change. (There were, as a result, very few incidents of central-local government conflict around the sale of council dwellings from 1919, when Exchequer subsidy for council housing was introduced, to 1979.) There were low figures for sales of council dwellings during this period compared to those after 1979. What central government could do was influence public opinion towards council house sales.

From 1945-79 the Labour Party did not press the idea of selling local authority housing but neither did they rescind the ability of councils to sell their housing stock. The Callaghan Administration in 1977 flirted with the idea of introducing some form of a Right to Buy when its housing study found that owning a home was for most people a 'basic and natural desire'.⁷ Significant figures within the Labour Party, such as Harold Wilson's press secretary Joe Haines and Jim Callaghan's economic advisor Gavyn Davis, wondered whether renting from a local authority was a satisfying way for people to live, and whether council housing itself would remain affordable for central government.⁸ Although coming close to doing so, Labour decided against adopting a drastic sale of council dwellings because it was not seen as a top priority for the electorate. Their 1979 general election manifesto stressed the continuation of local authorities playing a key role in meeting housing needs. While Labour was not opposed to the sale of council houses at a fair price and at no damage to a local authority's ability to

⁶ A. Beckett, *Promised You a Miracle* (London, 2016), p. 219.

⁷ *Ibid.*, p. 221.

⁸ *Ibid.*, p. 220.

meet housing needs, they continued to oppose the sale of council houses in areas of serious housing need. However, they did commit to some of the other policies that would later become part of the *Housing Act 1980*: security of tenure; the right to a written tenancy; and the right to improve the home. With hindsight this was a missed opportunity by Labour because the Tories were to place council home sales as a central part of their 1979 election campaign.

Pressure to increase the number of council dwellings that were sold had come from the Conservatives. From the 1950s they were the main force that changed the status quo around housing policy in Britain. In 1952 Churchill's Government, with Harold Macmillan as the Minister of Housing and Local Government, set up 'a clear framework for sales'⁹ and they reiterated their desire to see a much wider expansion of the distribution of property. However, they did not actively encourage local authorities to sell, and sales year on year were lower than expected.¹⁰ In 1960 2,889 local authority dwellings were sold, 3,590 in 1965 and 6,816 in 1970.¹¹ This move to increase the sale of council dwellings was because 'the Conservatives considered that the extraordinary shortages [in housing] occasioned by war had been remedied'.¹² In 1951 they had increased subsidies for housing to incentivise investment by the construction industry, 'but once the target of 300,000 houses had been reached in 1955 the subsidies were reduced, and by the end of 1956 they had been removed on all general needs housing other than one-bedroom flats for the elderly'.¹³ Arguments were made that the role of the local authority was solely to undertake slum clearance while general housing need would be met by private enterprise.¹⁴

It was to await the Heath Administration before the idea of forcing local authorities to sell their housing stock became part of the political norm. Restrictions on the sale of council houses, put in place by Labour in 1968, were scrapped in 1970. These restrictions had been put in place after the more radical left wing of the Labour Party had 'put [Anthony] Greenwood, the Minister for Housing and Local Government, under pressure to restrict the sale of council houses by Conservative (and

⁹ C. Jones, & A. Murie, *The Right to Buy* (Oxford, 2006), p. 21.

¹⁰ *Ibid.*, p. 21.

¹¹ *Ibid.*, p. 23.

¹² D. Mullins, & A. Murie, *Housing Policy in the UK* (Basinstoke, 2006), p. 30.

¹³ *Ibid.*, p. 30.

¹⁴ Jones, & Murie, *The Right to Buy*, p. 13.

many Labour) local authorities.¹⁵ After lifting the restrictions there were 17,214 sales in 1971, a peak of 45,878 in 1972 and 34,334 in 1973 as local authorities, mainly Conservative-controlled, went on a selling spree, facilitated by a positive economic situation.¹⁶ Disappointment then set in within the Conservative Party hierarchy as sales nosedived to 4,657, 2,723 and 6,090 for 1974, 1975 and 1976 respectively.¹⁷ This enormous drop in sales, according to Forrest and Murie, 'inevitably aroused comment within the Conservative Party'¹⁸ and when in opposition between 1974 and 1979 they became 'more vociferous and determined exponents of a Right to Buy for council tenants.'¹⁹ The number of households renting from a local authority was steadily increasing, reaching 32.1 per cent in 1978, however owner-occupation was also increasing, surpassing 50 per cent in 1971 and reaching 54 per cent in 1978.²⁰

Increasing home ownership by introducing a Right to Buy was integral to Thatcher's traditional Conservative ideals. By moving council tenants from public to private sector housing it would help to create a society of individual home owners, more responsible for themselves and less dependent on the state, while reducing the power that local authorities had over housing. It was a move from collectivism towards individualism. It also fitted into Thatcher's economic goal of drastically reducing public expenditure in an effort to resurrect the stagnant British economy and tackle inflation. Council housing would get 'caught in a pincer movement between an ideological commitment to individualism and the public expenditure imperatives of monetarism'.²¹ The connection between the Right to Buy and Thatcher's monetarist beliefs is slightly skewed considering that sales of council houses would sometimes be below market values. It was fair to say that the policy was an attempt to win over working class voters that potentially would vote Conservative. The Home Ownership and Construction Industry Policy Group, set up by the Conservatives on the 9th June 1975, published a report the following month advising them to keep increased home ownership and council house sales

¹⁵ Houlihan, 'Policy Implementation and Central-Local Government Relations in England: The Examples of the Sale of Council Houses and Area Improvement', p. 103.

¹⁶ Ibid., p. 23.

¹⁷ Ibid., p. 23.

¹⁸ R. Forrest, & A. Murie, *An Unreasonable Act?* (Bristol, 1985), p. 15.

¹⁹ Ibid., p. 17.

²⁰ Sheffield Archives (SA), MPB/3/64, Nationwide Building Society, *Trends in the United Kingdom Housing Stock* (London, 1979), p. 6.

²¹ Ibid., p. 11.

as key party policy. This was, according to the report, what most families wanted and would break 'the growing monopoly of council housing in many parts of the country'.²²

In 1979, the Conservative manifesto dedicated one and a half pages to housing, more than to education, social security, health and welfare or the elderly and disabled. The traditional conservative ideas around private property and housing were present: 'A Property-Owning Democracy'; the desire for 'more people to have the security and satisfaction of owning property'; and the promise to 'give council and new town tenants the legal right to buy their homes'.²³²⁴ The handsome majority that the electorate gave them in May seemed to suggest to Thatcher that housing was a key issue for the British people. She proudly stated on the 15th May that 'thousands of people in council houses and new towns came out to support us for the first time because they wanted a chance to buy their own homes'.²⁵ After dedicating so much space in their manifesto to housing and their desire to increase owner-occupier numbers the election victory left the Conservatives emboldened to act on the promises they had made. The *Housing Act 1980* was the end product of these promises.

Between 1945 and 1979 Sheffield City Council gained both national and international acclaim for its housing policies. As the country steadily recovered from the effects of the Second World War and the resources became more and more available for local authorities to increase the number of council houses, Sheffield seized the opportunity to do so. Houses under management by Sheffield City Council rose from 40,000 in 1951 to 75,000 in 1973. The Council were active in both slum clearance and house building.²⁶ This impressive house building scheme undertaken by the Council was made to work with Conservative governments as well as Labour governments. It was, according to David Price, 'largely a Conservative Government that paid for Labour's iconic Park Hill Flats, built around

²² Home Ownership and Construction Industry Policy Group, *Interim Report of the Home Ownership and Construction Industry Policy Group* (London, 1975), p. i, Available at: <http://www.margaretthatcher.org/document/110109> [Accessed: 12/01/2017].

²³ Conservative Party, *Conservative Party General Election Manifesto* (1979), Available at: <http://www.margaretthatcher.org/document/110858> [Accessed: 05/01/2017].

²⁴ For more information on the Conservative idea of a property-owning democracy see M. Francis, 'A Crusade to Enfranchise the Many', *Twentieth Century British History*, vol. 23, no. 2 (2012), pp. 275-97.

²⁵ HC Deb, 15th May 1979, vol. 967, col. 80.

²⁶ W. Hampton, 'Optimism and Growth 1951-1973', in C. Binfield et al. (ed.), *The History of the City of Sheffield 1843-1993, Volume I: Politics* (Sheffield, 1993), p. 132.

1960, when Roy Hattersley was chairman of housing.²⁷ Complexes like the Park Hill Flats, the 'streets in the sky', were what would attract international attention to both the city and its architect J. Lewis Wolmersley, who had been appointed by the Council in 1953.²⁸ The Callaghan Administration oversaw sizeable cuts to local authority spending as the economy struggled to recover from the 1973-75 recession. This presented a challenge to the reputation of Sheffield as 'a city intent on providing good local services'²⁹ including housing. Despite this challenge, the total number of households renting from the Council had risen to 93,290³⁰ by April 1979. Although there were elements of conflict surrounding the reduction in central government funding for housing these were dealt with amicably. They were minor blips in the relationship Sheffield City Council had with central government.

The Housing Act 1980 and Sheffield City Council

On the 17th May 1979, Michael Heseltine, now the Secretary of State for the Environment, made a speech to the House of Commons announcing his plans for a Housing Bill which would be introduced to Parliament before the end of the year. Sheffield City Council's Housing Committee was chaired by two Labour councillors Dr Peter Jones until May 1980 and then Clive Betts. The Committee first considered the Housing Bill at a special meeting held on the 7th November 1979. It was here that the phase of 'non-cooperation' began. Referring to consultation papers provided by the Government the Committee discussed the Right to Buy and the new housing subsidy system, among other elements of the Bill. In terms of the Right to Buy the Committee stated that 'this Council has long supported owner-occupation as a form of tenure [...] However, the Council also recognises that for many families renting is preferable, or indeed the only option open to them.'³¹ They deplored the proposals from the Government to compel local authorities to sell council dwellings.³² The mentioning of tenants whose only option was to rent from the Council can be viewed as a weak excuse for their

²⁷ D. Price, *Sheffield Troublemakers* (Stroud, 2012), p. 149.

²⁸ W. Hampton, 'Optimism and Growth 1951-1973', p. 132.

²⁹ P. Seyd, 'The Political Management of Decline', in C. Binfield, et al. (ed.), *The History of the City of Sheffield 1843-1993, Volume I: Politics*, p. 162.

³⁰ South Yorkshire County Council, *South Yorkshire Statistics - 1980* (Barnsley, 1980), p. 72.

³¹ SA, CA-HOU/2/17, Meeting of the Housing Committee, 7th November 1979, p. 137.

³² *Ibid.*, p. 137.

opposition to the sale of council houses because those tenants may not have even been able to exercise the Right to Buy because of their financial situation. However, the Council saw the Right to Buy as a policy that would diminish the housing stock available for housing those people. Previously, tenants who wanted to own their property would have moved out of their Council-owned property, freeing it up for the rehousing of another individual or family. The Right to Buy would alter this trend by taking the property out of the Council's control altogether if the occupier was to exercise the Right to Buy. The new housing subsidy system, while in principle similar to that proposed by the previous Government, was seen by the Committee to 'lead to a gradual diminution of local authority control in contrast to the Government's stated aims of increasing local democracy.'³³ It seems that the powerful position of Labour at the local level in Sheffield equated with local democracy. A threat to the Council's power was thus a threat to local democracy. An amendment was put forward by two Conservative members of the Housing Committee, Graham Cheetham and Christine Smith, towards the end of the meeting: 'That this Council welcomes the principle contained within the Tenants' Charter and the separate Consultation Paper on the Right to Buy Council Dwellings'³⁴. This was rejected by five votes to eleven.

The Tories introduced the Bill to Parliament on the 19th December, before the Christmas recess, and it received its second reading on the 15th January 1981. In hindsight, considering the conflict that would emerge between the Thatcher Government and local authorities (including Sheffield) concerning Section 23 of the Act, it received little scrutiny from MPs in comparison to other aspects of the Bill: 'The relative lack of attention and controversy surrounding it [Section 23] during the legislative process [was] surprising.'³⁵ More focus was placed on the general concept of selling council dwellings rather than the power that Section 23 gave the Secretary of State to force through these sales. It was a missed opportunity for the opposition to present an attractive argument against the Housing Bill. Frederick Mulley, Labour MP for Sheffield Park, made the position of Sheffield City Council clear to Parliament, echoing what had been said by the Housing Committee in November 1979:

³³ Ibid., p. 139.

³⁴ Ibid., p. 140.

³⁵ Forrest, & Murie, *An Unreasonable Act?*, p. 29.

The Sheffield City Council is totally opposed to the mandatory right to purchase council dwellings, but it has no objection to home ownership. For a number of years the Council has used its resources to build houses for sale. It has been successful in providing houses for direct sale. However, that is different from selling rented accommodation which belongs to the city.³⁶

It is worth mentioning that the scheme of building houses for sale, which Mulley referenced appeared to be merely hollow rhetoric. Of the 5,850 dwellings completed by Sheffield City Council from 1976-79 only 112 were built for sale.³⁷

Clive Betts argued against the sale of dwellings owned by the Council in *Sheffield Forward*. The January 1980 issue included a special briefing by Betts in which he laid down the Council's opposition to Right to Buy. The first argument was that the sale of Council houses 'places the interests of a minority of individuals above those of the community as a whole with disastrous results for many of the less well-off in society.' It was also seen that the Council would fall victim to further financial loss on top of the cuts already proposed by the Government if the Right to Buy was implemented: 'The financial loss to the public sector as a whole will be even greater.' Revenue from rents would be reduced as the number of rent payers decreased and sales of dwellings below the market value would add further insult to injury. Finally, Betts argued that the sale of Council houses would erode local democracy and raise the question of 'how far central government has the right to enforce not merely the principle of council house sales but also the detailed way in which they should be enacted.'³⁸ The message was already being publicised to the people of Sheffield that the Council was staunchly opposed to the *Housing Act 1980* and the Right to Buy.

On the 5th March, 1980, the Housing Committee discussed details from the Department of the Environment (DoE) concerning the Council's Housing Investment Programme (HIP) allocation for the 1980-81 financial year. £21.185 million had been set aside for Sheffield City Council by central government to go towards slum clearance, new building, municipalisation and energy conservation

³⁶ HC Deb, 15th January 1980, vol. 976, col. 1483.

³⁷ Department of the Environment, *Housing Statistics* (London, various issues).

³⁸ SA, MPB/3/64, *Sheffield Forward*, January 1980, p. 4.

schemes, to name but a few. This was down from £27.549 million for 1979-80, while the estimated HIP spending for that year was £24.549 million.³⁹ It was forecast that almost the total of the HIP allocation for 1980-81 would be swallowed up by prior commitments for the year, drastically cutting the number of planned new builds from 893 to 100.

It is clear to see that the DoE, set on making cuts to public expenditure where possible, was trying to reduce Sheffield City Council's spending on housing. The situation shows a Conservative Government department forcing its monetarist economic policy onto a Labour-held local authority, regardless of how it would cripple the Council's plans to increase the number of Council dwellings and to modernise the current housing stock. The Council had asked for £44 million⁴⁰ for the 1980-81 HIP allocation, which to fiscal conservatives like Heseltine and Thatcher would have raised a few eyebrows. The DoE may have wanted to send a message to this unruly Labour-held local authority to show that the days of high spending schemes were over and the new rules of Thatcherism's frugal economics had to be abided by. The Housing Committee decided to approve a revised programme for 1980-81, drawn up by the Chief Executive and the Director of Housing in the wake of the actual HIP allocation from central government, and agreed that further correspondence with the DoE was necessary to try to increase the allocation so that the full housing needs of Sheffield could be met.⁴¹ The DoE would submit a reply to the Committee in May explaining that 'it would not be possible to increase the Council's allocation as the available resources for housing had been wholly distributed.'⁴²

The 1980-81 HIP allocation came up as a Notice of Motion at a meeting of the full Council on the 5th March. It was moved and then seconded by Dr Peter Jones and Clive Betts respectively that 'this Council condemns H.M. Government's Housing Investment Programme' because it 'falls short of its needs and will adversely affect the interests of owner occupiers and tenants alike'.⁴³ Furthermore, 'the Council demands that the Government rethink its policy and provide the Council with an allocation

³⁹ SA, CA-HOU/2/18, Joint Report of the Chief Executive and the Director of Housing to the Housing Committee, 5th March 1980, Table 1.

⁴⁰ HC Deb, 21st May 1980, vol. 985, col. 680.

⁴¹ SA, CA-HOU/2/18, Meeting of the Housing Committee, 5th March 1980, p. 2.

⁴² SA, CA HOU/2/18, Meeting of the Housing Committee, 19th May 1980, p. 2.

⁴³ *Ibid.*, p. 946.

which will enable the Council to preserve and improve its housing standards.⁴⁴ Graham Cheetham and fellow Conservative councillor Cliff Godber tried to amend the motion to modify this position. Rather than condemning the HIP allocation they moved that in light of the report by the Chief Executive and the Director of Housing 'the Housing Committee be instructed to draw up as realistic and balanced a programme as possible within the limits laid down'.⁴⁵ This amended motion was rejected and the original motion was put to the vote and carried 58 votes to 18 with 1 abstention. Cheetham was not as supportive of the cut to the HIP allocation as the minutes for the 5th March suggest. An article in *The Star* from the 27th February, entitled 'Cuts Protest from a Tory to a Tory!', highlighted Cheetham's reservations about the HIP allocation. According to Cheetham he had sent a letter to Heseltine outlining his concerns about 'the effects of the "sizeable cutback" facing Sheffield', and he claimed that 'there was a danger that the council, as a housing authority, would not be able to fulfil its obligations "across the board" in the public and private sectors.' However, he also said that the Council 'should draw up a balanced and realistic programme' according to the HIP allocation they would be given. Cheetham believed that 'if Labour would agree to sell Council houses, this could raise about £2 million to help ease the housing department's financial problems.'⁴⁶

The Housing Committee received a petition later in March, submitted by the Head of Administration and Legal Department, which contained 185 signatures protesting against the central government cuts to Sheffield City Council's housing expenditure. The Committee decided on the 24th March that the petition should be sent to the Secretary of State for the Environment for his consideration, along with statements detailing the Council's stance against the decision to cut the HIP allocation for 1980-81.⁴⁷ Furthermore, a letter was sent from the Director of Housing, Harry Skidmore, to the Secretary of State for the Environment on the 25th March detailing the 'serious consequences'⁴⁸ that the HIP allocation cut would have for both employment and the housing situation in Sheffield. The petition was discussed in the House of Commons on the 21st May. Frank Hooley, MP for Sheffield Heeley, told the House that

⁴⁴ Ibid., p. 946.

⁴⁵ Ibid., p. 947.

⁴⁶ Sheffield Central Studies Library (SCSL), 'Cuts Protest from a Tory to a Tory!', *Sheffield Star*, 27th February 1980, p. 4 [Microfiche].

⁴⁷ SA, CA-HOU/2/18, Meeting of the Housing Committee, 24th March 1980, p. 52.

⁴⁸ SA, MPB/3/54, Letter to Secretary of State for the Environment from Harry Skidmore, 25th March 1980, p. 2

the cut to the HIP allocation would disrupt housebuilding for the elderly, resulting in more pressure on 'geriatric' services and the 'geriatric' wards of hospitals. At the same time it would reduce employment in the housebuilding sector, reduce the level of modernisation of the current stock, affect improvements to the private sector, reduce mortgages and loans for improvements, and cut back the Council's schemes for energy saving.⁴⁹ Hooley was clear that the HIP allocation was too small:

The allocation for Sheffield in 1980-81 is £21,185,000. Last year, the city spent £24.5 million. Allowing for inflation, that is equivalent in 1980 to about £28 million. In real terms, there has been a cut of 25 per cent in the HIP. As Sheffield is a dynamic and go-ahead housing authority, it asked for £44 million. It has, therefore, suffered a cut of 50 per cent. If the figure of £24.5 million is adjusted for a rate of inflation of about 21 per cent - it may be higher than that later in the year - it represents a cut of 25 per cent. That is serious.⁵⁰

Under-Secretary of State for the Environment, Geoffrey Finsberg, made it clear that there was no sympathy from the DoE for Sheffield City Council:

I say to the hon. Member and to the House that it really is time that Sheffield began to face up to the realities of the situation and took an objective look at its programme and policies, bearing in mind the wide variety of options which are open to the council [...]. It really is time that Sheffield stopped living in a political dream world of its own and began to live in the real world. That then would be, perhaps, more in keeping with the interests of its ratepayers, its tenants, those on its waiting list and the nation. That is what Sheffield could do to help itself, and I am sure that as a very faithful representative of his constituents and their interests the hon. Gentleman will convey those points to Sheffield. I hope that it will learn from them.⁵¹

⁴⁹ HC Deb, 21st May 1980, vol. 985, cols. 681-84.

⁵⁰ Ibid., col. 680.

⁵¹ HC Deb, 21st May 1980, vol. 985, col. 688.

Towards the end of May the Housing Bill was about to enter the House of Lords for debate. It was becoming increasingly clear at this point that the mandatory sale of council dwellings would sooner or later be put on the statute book. In response to this 104 tenants of council dwellings at Loxley and Stannington submitted a petition to the Council 'requesting that they be given the opportunity to purchase their dwellings.'⁵² On the 19th May it was decided that the request of the petitioners should be blocked because the sale of council dwellings was not Council policy and they did not want to reduce the housing stock in areas where there was a shortage of council housing; Loxley and Stannington were areas deemed to have an acute shortage of such housing.⁵³ Cheetham and Smith tried to amend the decision of the Housing Committee. Their amendment put forward that the petitioners would be informed that a scheme for the sale of council dwellings was being prepared by the Council in line with what was set out in the Housing Bill. Once again this attempt by Conservative councillors to realign the Council's thinking with that of central government was defeated. The response from the Council to the petitioners was a clear example of 'non-cooperation'; they were unwilling to even consider putting in place a scheme for the sale of Council dwellings. *The Star* reported that Labour councillor Joe Thomas had replied to the petition by saying that 'buying a Council house would be "one of the most anti-social acts" a tenant could be involved in.' This was because those people from Loxley and Stannington who were wanting to buy their dwellings from the Council had once been on the waiting list themselves, and the selling of 'Council houses would hit those who were on the list now and those who were waiting to move out of high rise flats.'⁵⁴

Due to the cut in central government money for local authority housing the Chief Executive and the Director of Housing deemed it necessary to increase the rents of Council dwellings by an average of £1.98 per week (32 per cent), except on short-life properties declared for demolition and those let as students' accommodation. The Housing Committee decided that the rent increases would be brought into effect on the 11th August with the first payment due on the 18th. Authority was also given for a letter, already submitted by the Chairman of the Committee, to be sent to tenants explaining the

⁵² SA, CA-HOU/18, Meeting of the Housing Committee, 19th May 1980, p. 1.

⁵³ *Ibid.*, p. 1.

⁵⁴ SCSL, 'Anti-Social Tenants Who Want to Buy', *Sheffield Star*, 21st May 1980, p. 9 [Microfiche].

reasons for the rent increases.⁵⁵ The letter did not hold back in its attack on the Thatcher Government's housing policy: 'It is a very large increase and I regret that the Council was unable to keep it below this figure. However, I would point out that Government policies are largely responsible for it.'⁵⁶ It was, according to the letter, because of the high level of interest rates which was adding £1,298,000 to the housing bill, the high level of inflation at around 20 per cent which the Council also had to take into account, and because the Government had cut money for housing in Sheffield. These issues were 'completely beyond the control of the Council and [...] a result of Government policy.'⁵⁷ The average rent increase for Council houses each year since November 1975 had been between 7 and 15 per cent so this increase of 32 per cent would have been a shock to Council tenants as it exceeded the rate of inflation.⁵⁸ The letter from Clive Betts to tenants was an attempt to absolve the Council from any responsibility when it came to problems with the housing situation in Sheffield. Any criticism that the Council would become vulnerable to when it came to housing could be passed on to the Thatcher Government, specifically Heseltine and the DoE. The blanket excuse from the Council of central government policy strangling their housing programme diverted attention away from the actual planning and implementation of the programme by the Council. It was a clear attempt to stoke up more fervent opposition to the Thatcher Government among the people of the Sheffield.

After the *Housing Act 1980* had become law on the 8th August the full Council discussed the sale of Council houses at a meeting on the 3rd September. It came up as a Notice of Motion, moved by Cheetham and Smith, to set out the response of the Council to the Act. The two Conservative councillors moved that the Council should recognise 'its duty to comply with the provisions of the Housing Act 1980 concerning the sale of Council houses, which provisions come into force on 3rd October, 1980'.⁵⁹ Along with this they moved that the Housing Committee should set up an appropriate procedure for processing Right to Buy applications from Council tenants, with the response to these applications being given within the statutory period. Finally, where the Right to Buy

⁵⁵ SA, CA-HOU/2/18, Meeting of the Housing Committee, 23rd June 1980, p. 3.

⁵⁶ SA, MPB/3/54, Letter to Council Tenants, 13th June 1980, Appendix 6.

⁵⁷ Ibid.

⁵⁸ SCSL, 352.042 SQ, Meeting of the City Council, 3rd December 1980, p. 5.

⁵⁹ SA, CA-MIN/118, Council Summons, 3rd September 1980, p. 325.

has been established the sale of the property should be completed with the minimum of delay.⁶⁰ It was then moved by Betts as an amendment, seconded by Labour councillor Howard Knight, that the Council 're-affirms its belief that the sale of Council houses is not in the public interest' and 'deplores the wilful refusal of the Government to listen to warnings of the Opposition parties, some Conservative Councils and voluntary bodies concerned with [...] the crisis in housing that this will bring about'.⁶¹ A crucial part of the amendment was with regards to publicity. The amendment stated that the Council 'requests the appropriate Chairmen and officers of this Council to take whatever steps necessary to inform the citizens of Sheffield of the Council's policies'.⁶² The repercussions of this part of the amendment would later play a significant role in creating greater conflict, not just with the Thatcher Government but between the different political parties on the Council. The amendment was passed 50 votes to 18 with 2 abstaining.

Now that the Right to Buy was written into law the Council's opposition to it moved from 'non-cooperation' to 'obstruction'. They could no longer outright refuse to adhere to the Right to Buy because of Section 23 of the Act. An outright refusal to implement the Right to Buy would prompt the Secretary of State to intervene. However, they could adopt methods to undermine it. The meeting of the Housing Committee on the 20th October was a significant moment in the 'obstruction' phase and the development of the Council's opposition to the *Housing Act 1980*. By this point the Act had come into effect and council house tenants across the country were issuing their Right to Buy claims to their respective local authorities. At the meeting the Committee established what was to be a key method in obstructing the sale of council dwellings in Sheffield. It was to do with the staffing implications that came with Part I of the Act, namely the Right to Buy. It was decided that 'a report outlining the staffing implications and associated costs of Part I of the Housing Act 1980'⁶³ be prepared for the Staffing Sub-Committee and that 'consideration of the question of the responsibility for dealing with [...] applications to buy Council houses and flats, be deferred pending the consideration [...] of the

⁶⁰ Ibid., p. 325.

⁶¹ Ibid., p. 325.

⁶² Ibid., p. 325.

⁶³ SA, CA-HOU/2/18, Meeting of the Housing Committee, 20th December 1980, p. 3.

report on staffing implications.⁶⁴ On the surface this seemed like a routine decision to take. A new piece of legislation required the creation of new roles within the Council that needed to be filled. The staffing implications concerned, among other things, the creation of a valuation panel that would undertake the valuations of Council dwellings where a tenant had exercised the Right to Buy. This report would be delayed time and time again. Any questions raised at meetings of the Council around the sale of council dwellings, in this case the lack of such sales, would for the rest of 1980 and into 1981 be met by the same response: '[This Council] awaits the report requested on the staffing implications of Part I of the *Housing Act 1980* as is the normal procedure in determining resources to be utilised in the undertaking of new areas of work.'⁶⁵ The delaying of Right to Buy applications was a covert tactic adopted by several local authorities, both Labour and Conservative, who were opposed to the sale of council dwellings.⁶⁶ It had the desired effect in the short-term for those on Sheffield City Council who opposed the Right to Buy. For 1980-81 3,646 Right to Buy claims were received, 2,465 were accepted but no sales occurred.⁶⁷ Ultimately the Council were exploiting a loophole in the Act. The legislation put in place a time limit for a local authority to reply to a Right to Buy claim but failed to provide a similar time limit for the completion of a sale, nor did it outline a particular quota for the number of sales that should occur. The behaviour of the Council would soon attract the attention of Heseltine and the DoE.

Before the resolution had been passed Cheetham and Smith put forward an amendment. It highlighted the actions of Betts with regards to the *Housing Act 1980* following the meeting of the Council on the 3rd September. The two Conservative councillors put forward that the Committee deprecated the following actions taken by the Chairman:

Authorising advertisements to be placed in the press opposing the sale of Council houses; authorising the printing of leaflets opposing the sale of Council houses for issue to all tenants; giving instructions to members of the staff not to issue right to

⁶⁴ Ibid., p. 6.

⁶⁵ SA, CA-MIN/118, Council Summons, 4th February 1981, p. 827.

⁶⁶ G. Stoker, *The Politics of Local Government* (Basingstoke, 1991), p. 210.

⁶⁷ Department of the Environment, *Housing Statistics* (London, November 1981), p. 114.

buy application forms; issuing a letter to all tenants who have lodged right to buy application forms inferring that they are anti-social; and entering into negotiations with members of the staff regarding the implementation of the Act without reference to the Staffing Sub-Committee.⁶⁸

As well as deprecating these actions, they put forward that the Committee 'welcomes the right to buy provisions [...] and instructs the officers of the Council to take all necessary steps to ensure that the full provisions of this part of the Act are implemented effectively and expeditiously.'⁶⁹ The use of the words 'effectively' and 'expeditiously' is noteworthy as it was essentially a direct quote from Section 23 of the *Housing Act 1980*. This amendment put forward by Cheetham and Smith was rejected 13 votes to 5 with 1 abstention. Two Labour councillors, Helen Jackson and Janet Fiore, put forward an amendment which stated that at the end of the resolution the words 'on the understanding that no extra cost is incurred by the Council'⁷⁰ should be added. This attempt to censure the actions of Betts by two fellow Labour councillors was rejected 9 votes to 5 with 5 choosing to abstain.

There then followed the matter of the actual sale of Council houses. A resolution, passed by 13 votes to 7, stated that the Council 're-affirms its position on the sale of Council houses and criticises Part I of the *Housing Act 1980* as a fundamental attack on the freedom and democracy of local Councils'.⁷¹ Furthermore, the Council 'calls upon Her Majesty's Opposition to declare that it will, as soon as it obtains power, give local authorities the right, where houses are sold against their wishes, to have the first option to buy back those houses at a price which gives no financial loss to the Authority and no financial gain to the householder for the discounts currently offered'.⁷² Recognising the cuts by the DoE to housing expenditure, this idea that the Council would be losing further available funding through the Right to Buy was prominent throughout the resolution. For example, if a Council house purchaser could not keep up the mortgage repayments to the Council, they would take the normal steps to re-possess the home and potentially evict the inhabitants. The resolution also made it Council

⁶⁸ SA, CA-HOU/2/18, Meeting of the Housing Committee, 20th December 1980, p. 4.

⁶⁹ *Ibid.*, p. 4.

⁷⁰ *Ibid.*, p. 4.

⁷¹ *Ibid.*, p. 5.

⁷² *Ibid.*, p. 5.

policy that tenants wanting to make improvements to their home and those on the Council house waiting list or transfer list, would have to make it clear whether or not they would be likely to purchase the home from the Council.⁷³ What became increasingly clear from the resolution was the Council's attitude towards those who wanted to use the Right to Buy. They were regarded almost as second-class tenants. The desire of the tenant to exercise the Right to Buy was seen as a betrayal to the Council which, in its opinion, had provided the people of Sheffield with affordable, good quality housing for many years. The Council's focus was now solely placed on those tenants who would not exercise the Right to Buy. The slightest suggestion from a tenant that they wanted to buy would push them to the back of the queue in terms of the waiting list, repairs, home improvements and insulation grants.

There was a degree of irony within the resolution. So much of the resolution set out the Council's opinion that the Right to Buy should not leave the Council subject to any further losses in housing expenditure on top of the cuts already made by Heseltine and the DoE. However, when it came to the matter of publicity the Council were happy to spend whatever was necessary, and dedicate as much Council staff time as necessary, to produce 'propaganda' opposing the *Housing Act 1980*:

[This Council] instructs the respective Chairmen and officers of the Housing and Policy Committees to give publicity to the contents of this resolution to all applicants seeking to purchase Council houses, to draw to their attention any other implications and to take those steps necessary to protect the interests of all Council tenants and the wider community, as well as the position of the Council workforce, in pursuance of a policy to ensure that all the implications of activating Part I of the Housing Act are explored with individual tenants.⁷⁴

The 'propaganda' campaign mounted against the *Housing Act 1980* and the Right to Buy was a clear example of the political theatre that the Council were engaged in. Left without any political avenue through which to alter, or completely transform central government housing policy, the Council only

⁷³ Ibid., p. 5.

⁷⁴ Ibid., p. 5.

had two ways in which they could try and challenge the Act. The first, as seen earlier in this chapter, was to stall the implementation of the Right to Buy, but this would be a short-term solution at best. The second was the production of 'propaganda' which directly challenged the Government and its housing policy. This 'propaganda' was nothing more than political theatre. Despite the production and dissemination of anti-Right to Buy 'propaganda', explaining the disadvantages of the Right to Buy and how it should be fought against, there was nothing the Council could do to halt the implementation of it for the foreseeable future. It was hoped that the people of Sheffield would be sympathetic to the arguments being put forward in this Council-produced 'propaganda' and would view the Council as a powerful figure in this conflict. An impression would be given that the Council would not give up without a fight. It was assumed that the people of Sheffield would not see the theatrics for what they really were.

The cost of this publicity campaign was brought up at a Housing Committee meeting the following month. A report by the Director of Housing outlining the cost of the publicity campaign undertaken following the meeting of the Council on the 3rd September was submitted to the Housing Committee for its meeting on the 24th November. The total spend was £7,800: £3,570 on four insertions in the 'Telegraph, Star and Star Weekly'; £1,730 on the printing and distributing of leaflets, posters and letters; £500 on the production of designs, finished artwork and photography; and £2,000 on obtaining legal advice.⁷⁵ The report requested the Housing Committee to approve the incurring of this expenditure, authorise payment, and seek approval of the Budget Sub-Committee for a supplementary vote of £7,800 to cover the costs.⁷⁶ The Committee agreed to ask 'the Policy Committee for a supplementary vote of £5,800 on Revenue Account in respect of the expenditure now reported.'⁷⁷ However, before the resolution was passed Cheetham and Smith put forward an amendment, rejected 16 votes to 3, which stated 'that the Housing Committee deprecates the action of the Chairman in authorising the detailed expenditure now reported which was wasteful of resources, unnecessary and

⁷⁵ SA, CA-HOU/2/19, Report of the Director of Housing to the Chairmen and Members of the Housing Committee, 24th November 1980.

⁷⁶ Ibid.

⁷⁷ SA, CA-HOU/2/19, Meeting of the Housing Committee, 24th November 1980, p. 3.

ineffective.⁷⁸ Publicity campaigns surrounding the Right to Buy were not just undertaken by local authorities like Sheffield. Central government played an active role in advertising the rights that the *Housing Act 1980* had introduced:

In the financial year 1980-81 £530,000 was spent on advertisements on television and in national newspapers telling public sector tenants of their rights under Part 1 of the *Housing Act 1980* (including the Tenant's Charter and the Right to Buy). A further £125,000 was spent later in the same financial year on newspaper advertisements to remind tenants of the need to serve Right to Buy claim forms by 5th April in order to qualify for an 8th August valuation. In the financial year 1981-82, £239,000 was spent on publicising the Right to Buy. Information given in response to a parliamentary answer in May 1985 showed that the £2.3 million spent on publicity to promote council house sales was the largest campaign since 1979.⁷⁹

On the 3rd December the issue of Council house rent increases again emerged in Sheffield. The DoE had suggested to Sheffield City Council that rents should rise by a sum in excess of £3 per week on average from the 1st April 1981 so that housing subsidies could be withdrawn in line with this. As mentioned earlier, it was only back in August that rents had gone up by £1.98 per week. This further rent increase so soon after a previous increase was, in the Council's view, evidence that the Thatcher Government was trying to price tenants out of local authority housing, pushing them to exercise their Right to Buy. It was a very shrewd move; housing subsidy could be reduced as rents went up and central government housing expenditure as a whole could be reduced as more and more tenants exercised their Right to Buy, increasing owner-occupation. The meeting of the Council that took place on the 3rd December brought this suggested rent increase up as a Notice of Motion. Betts, supported by Labour councillor David Skinner, put forward a motion that the suggested rent increase, and the amount cut from housing subsidy, would result in 'discriminating against one section of the community, [and would] contrast starkly with the suggested 6 per cent pay limit for public sector

⁷⁸ Ibid., p. 3.

⁷⁹ Forrest, & Murie, *An Unreasonable Act?*, p. 30.

workers and directly contribute to increasing the rate of inflation'.⁸⁰ Cheetham and Smith tried to amend the motion. They put forward that both the Council rent and Council rate increases should be in line with the 'falling rate of inflation' and 'the reduced levels of wage settlement already accepted by many private sector employees and now being proposed for public sector employees'.⁸¹ The amendment also stated that the Council believe that there was a need to 'balance equitably the interests of both rent payers and rate payers and the respective burdens carried by those groups' and that the Council 'suggests that local authorities should be asked to ensure that the percentage level of Council house rent increase should not be less than the percentage level of rate increase declared for the local authority area'.⁸² This move to make sure that Sheffield City Council considered the needs of all of its rate payers rather than focusing of those of its tenants was rejected 55 votes to 16 with 1 abstention. The original motion was passed 54 votes to 17 with 1 abstention.⁸³

At the next meeting of the Council on the 7th January 1981 Cheetham put some questions to Betts concerning the Right to Buy in Sheffield. He was asked how many RTB 1 forms (the form outlining the tenant's wish to buy) had been received, to which his answer was 2,831. For the RTB 2 forms (the response to the tenant's wish to buy) Betts stated that 2,442 had been issued to tenants with 2,363 acknowledging the Right to Buy. It was clear that some of the Council tenants of Sheffield were exercising their Right to Buy. The most significant answer to Cheetham's questions concerned the number of valuations that had been carried out in connection with Council house sales. The answer was none.⁸⁴ This was because the Council was still waiting on the report, mentioned at the meeting of the Housing Committee on the 20th October 1980, outlining the staffing implications of the *Housing Act 1980*. Although at the meetings of the Council on the 7th January and the 4th February attempts were made to alter the position of the Council these were unsuccessful, and the report on the staffing implications of the Act remained the main method of obstructing the Right to Buy in Sheffield.

⁸⁰ SCSL, 352.042 SQ, Council Summons, 7th January 1981, p. 639.

⁸¹ Ibid., p. 639.

⁸² Ibid., p. 639.

⁸³ SCSL, 352.042 SQ, Council Summons, 7th January 1981, p. 639.

⁸⁴ SCSL, Meeting of the City Council, 7th January 1981, p. 2.

The obstruction of Right to Buy applications by Sheffield City Council caught the attention of Heseltine and the DoE. On the 4th March John Stanley from the DoE outlined how many letters of complaint the Department had received from tenants about delays in Right to Buy applications:

The Department has received approximately 2,000 letters from tenants complaining about delay in a small minority of local authorities. Each of these individual complaints is being pursued by the Department with the authority concerned. In addition, the Department has now taken up formally with the following 16 authorities their rate of progress in implementing the right to buy. The authorities are Bolsover, Bristol, Doncaster, Great Yarmouth, Hull, Leeds, Manchester, Sheffield, Stoke-on-Trent, Sunderland, Wolverhampton and the London boroughs of Barking and Dagenham, Camden, Greenwich, Lambeth and Newham.⁸⁵

This was the first of a number of speeches made by Stanley concerning the Right to Buy and Section 23. On the 1st April Conservative MP David Knox asked Stanley whether the Secretary of State would consider amending the *Housing Act 1980* to specify a maximum length of time between which a Right to Buy application was made and the sale completed. Stanley replied that this had been considered by the DoE, but it was decided that it would not be in the best interests of local authority tenants. Instead, it was seen to be 'preferable to rest ultimately on the Secretary of State's powers to intervene'.⁸⁶ When asked whether he was concerned about the length of time certain local authorities were taking to complete sales, Stanley made the position of the DoE clear:

I assure my hon. Friend that we share his concern about the rate of progress of certain authorities. I am glad to repeat what I said last Saturday to those authorities which are delaying and spinning out the sale of council houses. I said that if they will not sell, we will and that we would start the process soon.⁸⁷

⁸⁵ HC Deb, 4th March 1981, vol. 1000, col. 268.

⁸⁶ HC Deb, 1st April 1981, vol. 2, cols. 272-3.

⁸⁷ *Ibid.*, col. 273.

On the 15th April Stanley announced that seven local authorities would be receiving letters informing them that the Secretary of State was contemplating intervention under Section 23. These seven authorities had already had correspondence with the DoE regarding their Right to Buy progress which, according to Stanley, had revealed that the progress was 'so unsatisfactory that intervention under Section 23 would be justified.'⁸⁸ Sheffield was one of the seven. They were given 28 days to show that satisfactory progress had been made in terms of valuations and sales. If by the 13th May the information submitted did not satisfy the Secretary of State then intervention under Section 23 would occur. The information requested concerned the following: the number of RTB 1 forms received; the number of RTB 2 forms issued by the Council; the number of cases where instructions had been given to undertake valuations; the number of valuations completed; the number of notices under Section 10 that had been issued by the Council; the number of sales completed; the date by which all Section 10 offer notices will have been submitted to those with Right to Buy claims that have been accepted by the Council; and the date by which all sales of accepted Right to Buy claims will have been completed.⁸⁹ It was no surprise that Sheffield was one of the first local authorities to be subjected to this sort of scrutiny. The *Morning Telegraph* had reported as early as the 3rd October 1980 that Sheffield was already under close observation by the DoE and that a deadline for the first lot of sales had been selected:

It is understood the date has been fixed for early next year and a civil servant in the Department of the Environment has already been earmarked for the job of selling off Sheffield's municipal housing stock if the City Council refuses to allow sales to go ahead.⁹⁰

The Chief Executive of Sheffield City Council submitted the requested information to the DoE on the 12th May, reporting that 3,914 Right to Buy applications had been received and 3,784 RTB 2 forms had been issued (3,668 accepting the Right to Buy and 116 denying it). In all cases the response from the Council had been within the 28 day limit outlined in the Act: 612 valuations had commenced and

⁸⁸ HC Deb, 15th April 1981, vol. 3, col. 336.

⁸⁹ SA, MPB/3/55, Threat to Intervene Letter from the DoE, 15th April 1981.

⁹⁰ SCSL, 'Deadline in Council Home Sales', *Morning Telegraph*, 3rd October 1980, p. 5 [Microfiche].

278 had been completed. The total value of the 278 completed valuations was in excess of £3 million. In addition, 145 Section 10 notices, informing the applicant of the value of their dwelling, had been issued. The Council had still not registered any sales of Council dwellings and could not give an exact date for the submission of Section 10 notices and for the completion of all outstanding Right to Buy sales. The Chief Executive claimed that 'all possible steps have been taken to expedite the necessary procedures.'⁹¹

The staffing implications involved with the Act which had been the Council's main method of obstructing the Right to Buy was finally addressed on the 10th April. It was decided that two posts of 'Housing Information Assistant', each with a salary between £6057-£6651, would be appointed to advise tenants wishing to buy their Council dwellings of the responsibilities of home ownership, such as the likely cost of mortgage repayments and the cost of property insurance. On the 28th April the Policy Committee had approved the action taken by Betts in nominating six members of the Housing Committee to form a Valuation Panel which was formally approved at a special meeting of Committee on the 6th May. The Council's ability to fight against the Right to Buy was deteriorating. It is at this point when 'obstruction' gave way to 'compliance'.

On the same day that the Chief Executive had submitted the requested information to the DoE, Betts had sent a letter to Gerald Kaufman, the Shadow Environment Secretary, enclosing the correspondence that had taken place between the Council and the DoE. His letter outlined three arguments against intervention under Section 23. Firstly, it was argued that by the 13th May the Council had performed as much work on implementing the Right to Buy as many other local authorities that had not been referenced by John Stanley on the 15th April. West Derbyshire, a Conservative-controlled local authority, had also registered no sales by this point, and Betts saw this as party political bias because they had not received threats of intervention under Section 23. The second argument referred to the 28 day limit that the Council was given to improve the situation concerning the Right to Buy. The Council did not see how it was possible to do anymore to satisfy the Secretary of State in such a short space of time. The Council had, in their opinion, adopted a much

⁹¹ SA, MPB/3/55, Letter from the Chief Executive to the DoE, 12th May 1981.

more pragmatic approach to the sale of Council dwellings compared to what had occurred up until May 1981. A valuation panel had been established and valuations were now taking place, the staffing implications of the Act had been rectified, and Section 10 notices were now being issued to tenants wishing to exercise the Right to Buy. Although the Council was not happy that these changes had taken place progress had been made. Betts made it clear that if the Secretary of State did decide to intervene he would have to explain 'why the progress made during the 28 days is not sufficient and what progress would have been sufficient.'⁹² Finally, in terms of the pace of the progress being made, Betts argued that any further pressure on Council staff to achieve satisfactory progress may have created 'a general industrial dispute'⁹³ which would have hindered their progress. Betts had feared that an overworked Council workforce would have been prone to going on strike.

The progress was deemed satisfactory by the DoE and the threat of intervention under Section 23 was subsequently withdrawn. By the 18th June Sheffield City Council had capital receipts from the sales of their dwellings of around £51,000. This was a small amount compared to Doncaster and Leeds, with totals of £319,000 and £411,000 respectively, but was larger than Rotherham's total of £12,000; Barnsley had still failed to register a single sale.⁹⁴ Heseltine's threat of intervention against local authorities like Sheffield raised questions around the purpose of Section 23. As mentioned earlier, West Derbyshire had registered no sales but was not threatened with the use of Section 23. Gerald Kaufman, on behalf of the Council, had raised this issue with John Stanley on the 15th April. He had claimed that Sheffield had been included on 'his [Heseltine's] list of scapegoats'⁹⁵, while Conservative-controlled local authorities like the Greater London Council (GLC), Westminster and the City of London, who had lower numbers of acceptances than some of the seven Stanley had singled out, had not had any action threatened against them. Section 23 was a legislative tool to pressurise local authorities, largely Labour-controlled, which were seen as a thorn in the side of the Thatcher Government. More than anything it sent a powerful message to local authorities who were not implementing the Right to Buy in a manner that central government agreed with. Section 23 'provided

⁹² SA, MPB/3/55, Letter from Clive Betts to Gerald Kaufman, 12th May 1981, p. 2.

⁹³ Ibid., p. 2.

⁹⁴ MPB/3/55, Capital Receipts from Sales of Dwellings 1980-81, 18th June 1981, p. 2.

⁹⁵ HC Deb, 15th April 1981, vol. 3, col. 336.

the basis for an unprecedented monitoring, scrutiny and intervention over how local authorities, which [were] not refusing to implement the Right to Buy, [organised] that implementation.⁹⁶ The problem was that 'the Government did not define in the Act or in any Circular precise interpretations or standards for implementation.'⁹⁷ The Thatcher Government would simply ignore the opposition from local authorities towards the Right to Buy regardless of their concerns, even if they were rational concerns: 'The fact that Section 23 was in the legislation was an expression of determination that the Right to Buy should work.'⁹⁸

Conclusion

From the very beginning, the Council had put up a defiant front against the *Housing Act 1980* and the Right to Buy. When the Housing Committee first discussed the Bill on the 7th November 1979 they deplored the Right to Buy proposals and saw the new housing subsidy system as an attack on local democracy. As the Bill made its way through Parliament the Council's total opposition to the mandatory right to purchase local authority dwellings was made clear to the House of Commons. The Council would also clash with the Government when it came to its HIP allocation for 1980-81 which was significantly lower than the previous year. These early exchanges established Sheffield as a firm opponent to the Government's housing policy and together made up the phase of 'non-cooperation' that took place until the 8th August 1980. The Council then moved onto 'obstruction' once the Act became law. Leading figures like Betts knew that the Council could not hold out against the implementation of the Right to Buy forever, so they made concerted efforts to stall the process. The meeting of the Housing Committee on the 20th October 1980 saw the formulation of the key method in hampering the Right to Buy process. By waiting for a report by the Staffing Sub-Committee on the staffing implications of the Act the Council bought itself some time, and was until May 1981 effective in limiting the amount of Right to Buy sales that took place.

⁹⁶ Forrest, & Murie, *An Unreasonable Act?*, p. 37.

⁹⁷ A. Kay, C. Legg & J. Foot, *The 1980 Tenants' Rights in Practice* (London, 1988) p. vii.

⁹⁸ Forrest, & Murie, *An Unreasonable Act?*, p. 37.

The other approach that the Council adopted during this 'obstruction' phase was the use of anti-Government 'propaganda' to attack the *Housing Act 1980*, especially the Right to Buy. This 'propaganda' created the impression that the Council would not allow the implementation of the Right to Buy to go ahead without strong resistance at the local level. The fact that the Council were also creating uncertainty for those wishing to exercise the Right to Buy reinforced this impression. Although the Council was obstructing the implementation of the Right to Buy it can hardly be described as strong resistance. On the surface, the Council appeared to be a powerful force in the conflict, however this was all part of the political theatre that they were engaged in. It was an attempt to present the illusion that moves were being taken that could actually pose real challenges to the Government. Betts knew that with the Right to Buy guaranteed by law there was nothing they could do at the local level to disrupt its implementation forever. Therefore, when the threat of intervention under Section 23 was made in May 1981 the Council capitulated. Perhaps the Council retreated in such a way so as to fight another day.

May 1981 was the point at which the conflict around housing between the Thatcher Government and Sheffield City Council reached its peak. For a time 'non-cooperation' and 'obstruction' worked. As mentioned earlier, the Council was until May 1981 successful in stalling the sale of Council dwellings. It is harder to gauge the success of the publicity campaign that the Council orchestrated, but it nevertheless established Sheffield as a vocal opponent to the Right to Buy, regardless of whether or not the 'propaganda' deterred any tenants from wanting to purchase their homes. This investigation into how Sheffield fought against the Thatcher Government has shown how, in hindsight, the conflict as an unwinnable one for the Council. Although they were successful in stalling the Right to Buy the Council failed in its fight against the cuts to the HIP allocation and the increase in rents. Despite cries of protest from the Council and some Sheffield MPs concerning the HIP allocation, central government policy was followed. The same happened with rents. The attempts by the Council to stir up local discontent towards the Thatcher Government when it came to rent increases did nothing to stop them from rising. Obstructing the sale of Council dwellings was one of the few weapons the Council had left at its disposal and it was a weak one at that. May 1981 saw the move from

'obstruction' to 'compliance' in the face of intervention through Section 23 and was a major blow to Sheffield's opposition to the *Housing Act 1980*. Caving under the pressure of intervention under Section 23 was the only realistic option left. If the Council had held out Heseltine would have simply used his powers to appoint a civil servant from the DoE to make sure that the Right to Buy was implemented. Those within the Council who were responsible for stalling the sale of Council dwellings may have found themselves subject to legal action. If Betts had held out he still would not have stopped the Right to Buy but would have also had the possibility of surcharge and disqualification looming over him.

It is clear in hindsight that the Council were delaying the inevitable; however the Labour councillors leading the fight against the *Housing Act 1980* did not have the benefit of hindsight. To them the fight made sense because they believed that there was a chance that Labour could win a snap general election and reverse the changes that were being made. The resolution passed on the 20th December 1980, calling on the Opposition to declare that it would allow local authorities to buy back Right to Buy dwellings, demonstrates this. Despite their opposition the HIP allocation would rise and fall throughout the 1980s but the general trend was that of a decrease. At 1989-90 prices the allocation for 1980-81 was £36.016 million, dropping down to £24.8 million for 1989-90.⁹⁹ This changed the focus of the Council when it came to housing. Housebuilding by the Council decreased rapidly. 1,277 completions had occurred in 1980. In 1985 this had dropped down to 255 and in 1989 only 45 completions had occurred.¹⁰⁰ The focus was instead placed on the modernisation of the current stock and on slum clearance. For 1977-78 the renovation of the Council stock used 10.5 per cent of the capital programme but for 1988-89 this had risen to 84.8 per cent.¹⁰¹ Housebuilding was increasingly provided through different avenues. For example, in October 1986 the Council entered into a partnership with the United Kingdom Housing Trust (UKHT) to build 4,000 homes on land owned by the Council.¹⁰²

⁹⁹ T. Crook, et al., *Housing Finance in Sheffield* (York, 1990), p. 117.

¹⁰⁰ *Ibid.*, p. 112.

¹⁰¹ *Ibid.*, p. 115.

¹⁰² *Ibid.*, p. 115.

Rents would continue to increase in Sheffield throughout the 1980s, as they did across England and Wales. The average rent per year in Sheffield for 1982-83 was £478, lower than the average for England and Wales at £702. The average rent for Sheffield reached £800 in 1985-86 and would continue to increase to £926 by 1988-89. The average across England and Wales was £810 and £974 for 1985-86 and 1988-89 respectively.¹⁰³ The increase in rents was needed to offset the reduction in central government subsidies for local authority housing. The Thatcher Government was determined to reduce the cost of local authority housing so the reduction of housing subsidy was a logical move for them. This could have made the Right to Buy more appealing to Council tenants as rents continued to increase.

Between April 1981 and December 1989 Sheffield City Council registered 13,696 Right to Buy sales, 14.4 per cent of the 95,293 Council dwellings on the 1st April 1981.¹⁰⁴ This was lower than the national average, and in some ways can be seen as a minor "victory" for the Council. The lower take up of the Right to Buy in Sheffield was hardly surprising given the economic circumstances. In the South-west region between 1979-80 and 1985-86 622,052 Right to Buy sales were completed, whereas in Yorkshire and Humbershire, hit hard by central government economic policy, only 64,517 were completed in the same period.¹⁰⁵ Those dwellings that were purchased in Sheffield through the Right to Buy were part of the more desirable stock of housing (three-bedroom, semi-detached houses in suburban locations) which was also the trend throughout England and Wales. By February 1984 3,508 Right to Buy sales had been completed with only 21 of these being flats.¹⁰⁶ This had an effect on the type of stock available to those needing to rent from the Council. Fewer new tenants were housed and there was an increase in the waiting time for a Council dwelling.¹⁰⁷

Whether the lower Right to Buy sales figures throughout the 1980s show a "victory" for the Council is dubious. The 14.4% sales rate was not necessarily due to Council policy but more likely was the result

¹⁰³ Ibid., p. 40.

¹⁰⁴ T. Crook et al., *Housing Finance in Sheffield*, p. 117.

¹⁰⁵ Jones & Murie, *The Right to Buy*, p. 59. Research has been conducted by Benjamin Hennig and Danny Dorling into wealth by region in England between 1980 and 2010, 'Poverty and Wealth 1980-2010', Available at: <http://www.londonmapper.org.uk/analysis/poverty-and-wealth-1980-2010/> [Accessed: 17/08/2017].

¹⁰⁶ SCSL, 352.042 SQ, Meeting of the City Council, 7th March 1984, Copies of Questions and Answers Thereto, p. 3.

¹⁰⁷ T. Crook et al., *Housing Finance in Sheffield*, p. 145.

of the dire economic situation in Sheffield. As mentioned earlier, Section 23 was in the legislation to show that the Right to Buy would work regardless of the opposition to it. The Council were in a better position than central government to gauge the housing situation in Sheffield. The Council's opposition was on the one hand fuelled by the stark ideological differences between them and the Thatcher Government. However, it was also fuelled by the perceived threat that was posed to the people of Sheffield when it came to housing. Privately it may have possibly been fuelled by the perceived threat to the influence the Council had over its people through the provision of housing. The Right to buy was exercised by those in a better financial situation and when it was exercised it saw the more desirable stock taken out of public control. An increasing number of Council tenants were left with lower quality housing, in receipt of housing benefit to cover the rent, with no realistic means of exercising the Right to Buy. This was by no means a "victory" for the Council. Despite this the Thatcher Government was insistent that the Right to Buy was good for local authority tenants and they would use Section 23 if necessary to prove it. All the councils opposed to the Right to Buy capitulated in the face of intervention under Section 23.

The conflict between the Thatcher Government and Sheffield City Council around housing fits into the general theme of a power struggle between two opposing political ideologies. Labour had been dominant in Sheffield since the 1930s. The assets that they had built up in that time in terms of housing were considerable. The Council's housing initiatives had used up a vast amount of time, manpower and money, and had gained both national and international acclaim. The fact that the Government was encroaching on this automatically put leading Labour figures in Sheffield on the defensive. The housing stock was also a political asset to help maintain the support of the Council's base, the working class of Sheffield. The patronage which came with housing, as seen with the treatment of Right to Buy tenants as second-class tenants, was a powerful tool for keeping voters on the side of the Council. The Thatcher Government posed a threat to all of this. It was already becoming clear in the 1970s that owning a home was for most people a 'basic and natural desire'. The Council did not see it this way, rather they had invested in the social infrastructure, providing for people of Sheffield for decades, and it was this that had helped solidify their political dominance of the

city. The Right to Buy exposed the cracks in this belief. The take up of the Right to Buy in Sheffield, although lower than the average across England and Wales, showed that there was an appetite for home-ownership. Giving people the Right to Buy was a way for the Thatcher Government to win over the more affluent and aspirational working-class Labour voters in Sheffield. The Right to Buy split the working class in Sheffield and those who exercised it were seen by the Council as traitors, the 'basket of deplorables'¹⁰⁸ of the 1980s, hence their treatment of any ex-tenants or those still in the process of purchasing their Council-owned property. These ex-tenants had bought Council dwellings at well below market value 'which had been created by the investment of tenants, ratepayers and taxpayers in collective housing over the years'.¹⁰⁹

¹⁰⁸ K. Reilly, 'Read Hillary Clinton's "Basket of Deplorables" Remarks About Donald Trump Supporters', *Time*, 10th September 2016 [Online], Available at: <http://time.com/4486502/hillary-clinton-basket-of-deplorables-transcript/> [Accessed: 17/08/2017].

¹⁰⁹ D. Blunkett & K. Jackson, *Democracy in Crisis* (London, 1987), p. 153.

Chapter Two:

The Fight Against Local Government Finance

Reform

Introduction

A battle between Sheffield City Council and the Thatcher Government over local government finance reform took place alongside the conflict over local authority housing, continuing long after that conflict had begun to subside. The fight over local government finance reform between Sheffield City Council and the Thatcher Government is the focus of this chapter. There were three pieces of legislation that the Government pushed through Parliament which formed the backbone of central-local government conflict: the *Local Government, Planning and Land Act 1980*, the *Local Government Finance Act 1982* and the *Rates Act 1984*. It is worth briefly outlining each piece of legislation because their implementation and the conflict that followed provide the framework for this chapter. The financial relationship between central and local government lies at the heart of this chapter hence only the key parts of each piece of legislation which had an effect on this relationship will be highlighted.

The *Local Government, Planning and Land Act 1980* was one of Heseltine's first legislative attempts at curbing local authority spending. The title of the Act suggests, as stated by Charles Arnold-Baker, that although 'it may have an underlying political purpose, it is not, in a drafting sense, an organic whole.'¹ The complicated nature of the Act meant that the first Bill was abandoned by the Government towards the end of 1979 and a second heavily amended Bill began its journey through Parliament on the 24th January 1980. The cumbersome Act 'was the product of naive enthusiasm of an ambitious but

¹ C. Arnold-Baker, *Local Government, Planning and Land Act 1980* (London, 1981), p. iii.

inexperienced Secretary of State.² Given Royal Assent on the 13th November 1980 it changed local government finance by combining the needs and resources elements of the Rate Support Grant (RSG) into a system of block grants. The Act introduced a system to penalise local authorities by reducing grant for those who overspent above a threshold calculated by central government. The DoE now also had the power to set limits on capital spending rather than just borrowing.

The *Local Government Finance Act 1982* was an attempt to shore up the shortcomings of the 1980 Act. The Act, given Royal Assent on the 13th July 1982, legalised the further system of targets and penalties introduced by Heseltine and the DoE in 1981-82. The ability of local authorities to raise supplementary rates was abolished with the passing of the Act. The original Bill had suggested that a local referendum should be held if a local authority wanted to raise a supplementary rate but opposition from Conservative back-bench Members of Parliament and others saw the Bill dropped.³ It seems that Heseltine viewed abolishing the right to raise a supplementary rate as a way of making the whole legislative process smoother. Finally, the Act saw the creation of the Audit Commission who would 'oversee the auditing of local authority finances and encourage "value for money" from local spending.'⁴ The Commission was self-funded, and independent of central government, which meant that it was not established to be a mouthpiece of the DoE. The creation of the Audit Commission was seen by the Thatcher Government as justified, given the continuing high levels of local government spending. However, critics have argued that because the main priority of the Audit Commission was to find avenues through which local authorities could become more efficient, its reports appeared to portray the achievements and performance of local authorities in a disproportionately negative light.⁵ The fact that the abolition of the Commission in March 2015 'was not regarded as contentious'⁶ shows that as the years went by it had lost favour with central government. A new local audit framework came into effect from the 1st April 2015.

² J. A. Chandler, *Local Government Under the Thatcher Governments* (Sheffield, 1988), p. 4.

³ G. Stoker, *The Politics of Local Government* (Basingstoke, 1991), p. 165.

⁴ *Ibid.*, p. 165.

⁵ M. Radford, 'Auditing for Change: Local Government and the Audit Commission', *The Modern Law Review*, vol. 54, no. 6, (1991), p. 931.

⁶ K. Tonkiss & C. Skelcher, 'Abolishing the Audit Commission: Framing, Discourse Coalitions and Administrative Reform', *Local Government Studies*, vol. 41, no. 6 (2015), p. 862.

Although these two pieces of legislation had made sizeable changes to local government finance they did not fulfil everything that the Thatcher Government had set out to do. Despite dogged attempts from the Government, local authority expenditure was not coming down at a satisfactory pace. This was mainly because high spending councils were raising the rates to bridge the spending gap caused by the reduction of central government funding. The *Rates Act 1984* was introduced to address this. It was given Royal Assent on the 26th June 1984 and allowed the Government to set limits on the increases to the rates that local authorities could levy. The Act was greeted with uproar from high spending, largely Labour, local authorities. Even a few senior figures in the Conservative Party during the drafting phase of the Bill saw rate capping as a potentially 'unconstitutional constraint on what was an ancient privilege of local government.'⁷

This chapter will explore in detail the approach Sheffield City Council adopted to fight against the cuts to local government finance. Stewart Lansley, Sue Goss and Christian Wolmer comment on the collapse of the Left within local authorities in opposing the Thatcher Government and local government finance reform in *Councils in Conflict*. For them the collapse of the Left was due to a lack of unity between the local authorities that were opposed to the changes being implemented. Councils like Ted Knight's Lambeth and 'Militant Liverpool' were in favour of flatly opposing the changes made to local government finance and testing the resolve of the Government in ensuring that these changes were fully implemented. They were even willing to venture into illegality and risk personal surcharge and disqualification from public office. However, Lansley et al. argue that Blunkett's approach was softer and more pragmatic. Blunkett was not in favour of illegality and instead wanted to play by the rules (to a certain degree) despite his strong left-wing credentials. Although the blame for the collapse of the Left's opposition is not placed solely at Blunkett's door, Lansley et al. use this example to illustrate how splits like these were crucial in their defeat.⁸ It is unclear whether unity on an agenda would have been successful in reversing the trend within local government finance. Obviously the local authorities did not have the power to enact changes to laws passed in Parliament

⁷ J. A. Chandler, *Explaining Local Government* (Manchester, 2007), p. 251.

⁸ S. Lansley et al., *Councils in Conflict* (Basingstoke, 1989), chs. 2 & 3.

but perhaps a more united local authority opposition with a clear agenda would have been able to place more effective pressure on the Government.

While using the *Councils in Conflict* argument as a theme for this chapter, the findings provide greater insight through the use of archival sources, into how exactly Blunkett's approach was formulated and then implemented. What has been interesting in conducting the research is that while the sources used prove Lansley et al. to be correct they have also shown that Blunkett's approach had a lot in common with Hilary Clinton's claim to having 'both a public and a private position', which came out during the 2016 US presidential election.⁹ Blunkett was against the cuts that were being made to local government finance, that much is clear, but his opposition appears to have two different sides. On the one hand, the Council were very vocal in their opposition to the cuts and their determination to defend local services in Sheffield to meet the needs of its people. A lot of Council money was poured into the production of 'propaganda' to help communicate this message. On the other hand, however, Blunkett was instrumental in ensuring that the Council and its various committees made savings to improve efficiency. Furthermore, despite the theatrics of the Council meetings during the final months of the battle over rate capping, Blunkett was actually in favour of setting a rate and drawing up a deficit budget when faced with the prospect of being rate capped. This view would have seen the Council set a rate in line with the maximum prescribed rate under the *Rates Act 1984* but also set out a budget planning to spend more than the Council's income could provide for. The challenge for Blunkett was trying to balance being a national figurehead for the anti-Thatcher movement while keeping the day-to-day workings of a local authority, under increasing central government scrutiny, in order.

The analysis of the conflict has been divided into three sections. The first section analyses the conflict between June 1979 and July 1982. This initial part can be seen as the drawing of the battle lines. It became clear to the Council how the Government would attack them financially and as a response Blunkett and the Council began to formulate how they would defend their position in Sheffield. It is

⁹ B. Wolfgang, 'Clinton Says She Has "Both a Public and a Private Position" on Wall Street: WikiLeaks Release', *The Washington Times*, 8th October 2016 [Online], Available at: <http://www.washingtontimes.com/news/2016/oct/8/hillary-clinton-says-she-has-both-public-and-priv/> [Accessed: 20/07/2017].

not all out war at this point but the tensions are certainly heightened. The second section of the conflict, July 1982 to June 1984, sees the Council fight back. There is a clear change in the approach of the Council in tackling central government policy as more emphasis is placed on the increased production of 'propaganda' and a move towards challenging the Government through the judicial process is taken. Although Blunkett keeps the need to make savings as a significant priority it is a much more hostile Council that emerges during this period. Finally, June 1984 to May 1985 sees the rapid retreat of the Council. The Council continues to fight against the possibility of rate capping well into 1985 and the Labour Group remains united in this fight. However, the risk of venturing into illegality by not setting a legal rate rapidly sees division emerge within the Labour Group at the meeting of the Council on the 7th May. There are no signs of this division in the months preceding the meeting. The 7th May was the point at which many within the Labour Group saw that the war was lost and that the only course of action left was for the Council to surrender.

Local Government Finance 1945-79

The end of the Second World War saw the beginning of an expansion of local government that would continue largely unchallenged into the 1970s. The ideals of the post-war consensus, with its build-up of the welfare state and an increasing reliance on both central and local government as a provider of services, facilitated this growth. This transformation occurred under the watch of both Labour and Conservative governments. A young Margaret Thatcher wrote in October 1949 that 'local government has been one of the most valuable features of our national life: it has enabled town and country to be administered by men on the spot, in daily contact with local conditions.'¹⁰ Even the Heath Government, with its initial commitment to frugal government spending, published a White Paper in 1971 calling for a reorganisation of local government so that it could 'take action without being subjected to excessive regulation by central government through financial or other controls.'¹¹

¹⁰ M. Thatcher, 'Local Government', *Conservative Oxford* (Oxford, 1949), n.p., Available at: <http://www.margaretthatcher.org/document/100843> [Accessed: 06/07/2017].

¹¹ HMSO, 'Local Government in England - Government Proposals for Reorganisation' (London, 1971), n.p., quoted in D. Blunkett & K. Jackson, *Democracy in Crisis* (London, 1987), p. 143.

It was this unprecedented growth in local government, as argued by Gerry Stoker, which formed the origins of the struggle over local authority expenditure that took place during the Thatcher era.¹² Local authority expenditure as a share of gross national product rose from 9.8 per cent in 1951 to 18.6 per cent in 1975.¹³ The share of central government grants to local authority income for current expenditure was 35 per cent in 1954 whereas by 1975 it had increased to 45 per cent, while during the same period the contribution of the rates was declining.¹⁴ Central and local government developed a close relationship using local authority associations to discuss legislative changes and even minor alterations to the day-to-day activities of local government.¹⁵ This relationship was described in 1986 by Roderick Rhodes as a 'corporate relationship'.¹⁶ It is worth noting that although local government spending was increasing this was taking place during a time of increasing central government spending overall. Research by the Institute for Fiscal Studies shows that government spending as a percentage of gross national product increased from 39.5 per cent to 48.6 per cent between 1951 and 1975.¹⁷

This seemingly blissful period in central-local government relations was not without its difficulties. The powers of local authorities were changed by the Attlee Government in 1945 and the reorganisation that took place under the *Local Government Act 1972* (the result of a Royal Commission set up by the Wilson Government) showed that central government was not completely opposed to meddling in the workings of local government. However, the real change to this relationship took place during the Wilson and Callaghan Administrations. A DoE Circular in December 1974 stated that central government should play a role in offering guidance to local authorities in how savings and overall efficiency could be achieved. The financial relationship between central and local government was beginning to change, with the role of central government as a provider of large sums of money now taking on the additional responsibility as an advisor into

¹² Stoker, *The Politics of Local Government*, p. 161.

¹³ Blunkett & Jackson, *Democracy in Crisis*, p. 146.

¹⁴ Stoker, *The Politics of Local Government*, p. 161.

¹⁵ Chandler, *Local Government Under the Thatcher Governments*, p. 3.

¹⁶ R. A. W. Rhodes, *The National World of Local Government* (London, 1986), cited in Chandler, *Local Government Under the Thatcher Governments*, p. 3.

¹⁷ T. Clark & A. Dilnot, 'Long-Term Trends in British Taxation and Spending', *The Institute for Fiscal Studies*, Briefing Note No. 25 (2002), p. 2.

how that money should be spent. In 1975 Denis Healey announced the creation of the Consultative Council for Local Government Finance, which would act as a channel of communication between central government, local authorities and all of the local government representative bodies.¹⁸

Using this 'strategy of incorporation'¹⁹, RSG as a share of local government expenditure fell from 66.5 per cent in 1975-76 to 61 per cent in 1978-79.²⁰ Sheffield City Council's share of expenditure met by RSG fell from 59.9 per cent in 1975-76 to 56.7 per cent in 1978-79, while the contribution from the rates increased from 40.1 per cent to 43.3 per cent during the same period.²¹ The need to reduce local government expenditure was heightened following the IMF Crisis of 1976. October of that year saw Anthony Crosland announce to local authorities that 'the party's over' during a meeting at the Manchester Free Trade Hall.²² This process was fairly smooth as an increasing number of local authorities came under Conservative control - a reflection of the unpopularity of the Labour government - who were committed to controlling public spending; the remaining Labour-controlled local authorities would largely toe the line due to party loyalty.²³

A conversation about rate reform was also ongoing during the mid-1970s. A Labour departmental enquiry, set up in 1974 under the chairmanship of Sir Frank Layfield, reported in May 1976 that the rates should be in place for industrial premises and a local income tax for households.²⁴ However, the report also stated that the rates were a cheap and efficient form of local tax.²⁵ Essentially the main thrust of the argument contained in the report was 'that a choice had to be made between a system of local government finance based on local responsibility, and hence local accountability, for local government expenditure, and one based on central responsibility.'²⁶ Much like with the non-implementation of the Right to Buy, the Callaghan Administration did not act upon the recommendations made in the Layfield Report. Sheffield City Council were in favour of the

¹⁸ Blunkett & Jackson, *Democracy in Crisis*, p. 147.

¹⁹ M. Loughlin, *Legality and Locality* (New York, 1996), p. 86.

²⁰ G. Jones & J. Stewart, 'Central-Local Relations Since the Layfield Report', in *Local Government Studies*, vol. 28, no. 3 (2002), p. 10.

²¹ Blunkett & Jackson, *Democracy in Crisis*, p. 149.

²² *Ibid.*, p. 149.

²³ Jones & Stewart, 'Central-Local Relations Since the Layfield Report', pp. 10-11.

²⁴ Chandler, *Local Government Under the Thatcher Governments*, p. 7.

²⁵ H. Butcher et al., *Local Government and Thatcherism* (London, 1990), p. 69.

²⁶ Jones & Stewart, 'Central-Local Relations Since the Layfield Report', p. 7.

recommendations surrounding reform of the rates.²⁷ Historians and political scientists can only speculate on whether events might have unfolded in a different, more harmonious manner, throughout the Thatcher era if the changes had been made.

While in opposition Thatcher's Conservative Party was not committed to waging a war over finance against local government, and there was nothing in their 1979 general election manifesto that appeared to foreshadow the conflict soon to follow. Labour had been reasonably successful in reducing the amount of money central government was giving to local authorities. It was not the Thatcher Government's aims for financial reform that would be the catalyst for the conflict to come. Instead it was the uncompromising approach that it adopted to achieve them that would provoke local authorities like Sheffield, Lambeth and Liverpool. Labour's period of consultation, the corporate relationship and friendly cooperation would be replaced by increasing hostility, mistrust and a desire to emasculate local government, especially those local authorities under the control of the Labour Party. Of course this view does not take away from the fact that Callaghan's Labour Party and Thatcher's Conservative Party were situated on very different ends of the political spectrum. The fact that a Labour government was being replaced by a Conservative one under Thatcher guaranteed the shaking up of the status quo and the creation of a degree of conflict between central government and local authorities, chiefly those which were Labour-controlled.

²⁷ SCSL, 352.042 SQ, Meeting of the City Council, 6th May 1981, p. 1143.

Local Government Finance Reform and Sheffield City Council, June 1979 to May 1985

June 1979 to July 1982: The battle lines are drawn

On the 12th June 1979 the Chancellor of the Exchequer, Geoffrey Howe, set the tone for what was in store for local government in the coming years. Turning to public expenditure during his budget announcement he stated that 'the need for substantial economies applies equally to local expenditure, where the Government's contribution is made through the Rate Support Grant.' A reduction of £300 million for England and Wales and £35 million for Scotland was what the Government intended, set against the total of RSG expenditure of around £9 billion. This reduction was largely influenced by the idea of 'how much in present circumstances it is reasonable for the taxpayer to contribute.'²⁸ This view signified a crucial change in policy. It was now being suggested that the main priority for the management of local services should be on how much local taxpayers were willing to pay for them. Crosland had announced the end of the party; Howe was announcing the beginning of the hangover.

In Sheffield, the Policy Committee's Budget Sub-Committee considered Howe's statement on the 19th June. A report compiled by the City Treasury outlined the implications for local government as a whole and the unique implications for Sheffield. A reduction of 3 per cent in the current expenditure of local authorities was being asked for by central government, 'broadly equivalent to the cut in Rate Support Grant.' Due to planned overspending for the financial year 1979-80 it was estimated by the City Treasurer that for Sheffield 'no additional needs grant will be received [...] and there will be a "clawback" of resources grant amounting to £1.3 million.'²⁹ The attack on the ability of the city to finance local services was underway. It is worth noting that the Council were carrying forward a surplus in the General Rate Fund of just over £20 million from 1978-79.³⁰ Asking for savings when carrying forward a sizeable surplus from the following year was not what the Council found

²⁸ HC Deb, 12th June 1979, vol. 968, col. 246.

²⁹ SA, CA-POL/12, Chancellor of the Exchequer's Statement - 12th June 1979, 14th June 1979, p. 1.

³⁰ SA, CA-POL/12, Meeting of the Budget Sub-Committee, 19th June 1979, p. 60.

offensive, rather it was the fact that central government was attempting to dictate how they managed their finances overall.

The Policy Committee received a Joint Circular providing further information on the Government's intentions for RSG and local authority current expenditure for 1979-80. At a meeting of the Committee on the 4th July they formulated the Council's approach to local government finance reform. The approach would remain largely unchanged throughout the conflict that is the subject of this chapter. It was decided that the Council would 'do its utmost to defend the fabric of local authority services in Sheffield against the Conservative Government's vicious spending cuts'. Furthermore, the Council would 'take the lead in organising local authority opposition to these unrealistic and divisive policies of the Government.' What is interesting about the response, especially as it is a common theme in Sheffield's fight against the Thatcher Government, was that the Committee endorsed the decision of the Chairman 'in instituting a further intensive review of Council spending'.³¹ Despite the tough rhetoric, establishing the Council as a vocal opponent to the local government cuts and suggesting that it would use any option available to stop them from taking place, they still decided to review spending in the hope of making savings. This was interpreted as a move by the Council to demonstrate that savings could not be made. By conducting an intensive review of Council spending they could turn around and argue that there were no avenues available through which to make savings without crippling Council services. However, it would become clear later that this was not the case, as savings would in fact be made. This is one of the first examples of the Council refusing to take a definitive stand against central government policy. It gave the impression of saying one thing and doing the opposite. The problem with day-to-day politics is that it cannot work solely on ideological grounds; pragmatism is required for the system to function.

At the meeting of the Council of the same day two Conservative councillors, David Heslop and Pat Santhouse, tried to amend the minutes of the Policy Committee. Their amendment stated that the Council 'appreciates that savings must be made in public expenditure and requests the Chief Officers to take positive action [...] on ways of achieving departmental savings'. Additionally, the Council

³¹ SA, CA-POL/12, Meeting of the Policy Committee, 4th July 1979, pp. 66-7.

'regrets the recent statements grossly misrepresenting and distorting the size and extent of the alleged Government cutbacks.'³² This amendment was rejected 58 votes to 17 with 1 abstaining. David Chadwick and Geoffrey Griffiths, two Liberal councillors, tried to amend the minutes by adding to the original statement that the Council should 'write to the Sheffield Members of Parliament informing them of the City Council's concern at the reduction of the Rate Support Grant'.³³ This amendment was also rejected. It is possible that this amendment was rejected because the Labour Group did not want to appear as if they were not taking the lead on formulating the Council's opposition. It is, however, more likely that this amendment was rejected because the Labour Group did not want to draw the attention of Parliament as an unwavering opposition force against the local government cuts when they were in fact in the process of making savings in line with what central government desired.

In November 1979 Heseltine made a statement in the House of Commons in regard to the RSG settlement for 1980-81 and laid the initial guidelines for the new grant arrangements that would be introduced in the Local Government, Planning and Land Bill. The £300 million reduction previously announced had been increased to £310 million, and a major factor in this decision was 'the need to secure [...] improvements in efficiency and productivity'. The thought process had again been influenced by how much the taxpayer should contribute given the current economic situation.³⁴ In terms of the new grant arrangements Heseltine argued that it was 'clearly wrong that the Government's contribution through the Rate Support Grant to local authority expenditure can take no account of whether that expenditure is reasonable or not.'³⁵ Heseltine continued, saying that 'such is the perversity of the present resources element arrangement that high spending authorities get the same level of support on all additions to expenditure, at the expense of other authorities.'³⁶

After a tumultuous time with the original Bill, a second Bill was introduced to Parliament on the 24th January 1980 and had its second reading on the 5th February. The Policy Committee had already had several discussions about the original Bill. They had given authority for the Chairman and the Chief

³² SCSL, 352.042 SQ, Meeting of the City Council, 4th July 1979, p. 199.

³³ *Ibid.*, pp. 199-200.

³⁴ HC Deb, 16th November 1979, vol. 973, col. 854.

³⁵ *Ibid.*, col. 855.

³⁶ *Ibid.*, cols. 855-6

Executive to ensure that the views of the Council were heard in Parliament and had urged the Government to 'allow a reasonable period for full consultation with local authorities following the publishing of the Bill'.³⁷ In addition, the Committee had decided that the Council should request the Sheffield Members of Parliament 'to give their full support to the united opposition of the local authorities' associations to the Government's proposals for the introduction of a block grant'.³⁸ The Council were strongly opposed to the Bill because, as pointed out by Butcher et al., it created a shift which saw the needs element of the RSG become part of a package to be decided at the centre.³⁹ This part of the Bill was just one example among many others of the increasing centralisation of local government finance that occurred during the Thatcher era. It is ironic that Thatcher, as a minimal government advocate, would preside over a drastic centralisation of decision making when it came to local government finance.

The Local Government, Planning and Land (No. 2) Bill was of course part of the Conservative desire to reduce public expenditure. This desire was becoming clearer to observers as time went by. A statement by Howe on the 26th March 1980 outlined, among other things, the publication of the new White Paper (Cmnd. 7841) - 'The Government's Expenditure Plans 1980-81 to 1983-84' - which was summarised in a report by the City Treasurer on the 9th April. Outside of housing, local authority current expenditure would fall by 3.6 per cent in 1980-81, by about 2 per cent in 1981-82, and in 1982-83 and 1983-84 by a further 1 per cent. In terms of capital expenditure, again outside of housing, it would decrease by 3.3 per cent in 1980-81, by about 5 per cent in 1981-82, 6 per cent in 1982-83 and 3 per cent in 1983-84. According to the City Treasurer this meant that the Council's latest approved capital expenditure of £9.2 million, outside of housing, for 1979-80 would decrease to £7.7 million by 1983-84 'on the assumptions made in the White Paper'.⁴⁰

The war of words would continue to escalate. On the 18th September 1980 Heseltine announced that the DoE had analysed 444 of the 457 local authority budgets and these were £350 million (2.6 per

³⁷ SA, CA-POL/12, Meeting of the Policy Committee, 28th December 1979, p. 202.

³⁸ SA, CA-POL/12, Meeting of the Policy Committee, 29th January 1980, p. 226.

³⁹ Butcher et al., *Local Government and Thatcherism*, p. 69.

⁴⁰ SA, CA-POL/12, Chancellor of the Exchequer's Statement - 26th March 1980, 9th April 1980, p. 3.

cent) above the target set for 1980-81.⁴¹ As a response to this planned overspending Heseltine proposed to withhold £200 million of RSG when he made the first Increase Order for 1980-81 in November. Sheffield's revised budget was 1.9 per cent above their individual target, resulting in a planned grant reduction of £1.02 million.⁴² Lambeth was to be subject to a £2.1 million reduction while Camden had a staggering £5.22 million reduction held over it.⁴³ The Policy Committee considered Heseltine's statement on the 23rd September. It was decided, 15 votes to 2 with 1 abstaining, that the City Council would call upon the Association of Metropolitan Authorities 'to raise in the strongest possible terms' the following issues with the DoE: 'the unfair and premature claw-back of grant under the Rate Support Grant Increase Order on all local authorities'; 'the arbitrary and malicious selection of individual authorities subject to special penalties'; 'the constitutional and legal implications of such penalties'; and 'the threat to the democratic freedom of locally elected representatives to respond to the needs and wishes of their community and the possible consequences for the political and social framework of this country.' Furthermore, authority was given for the Chief Executive and the City Treasurer to start a dialogue with the DoE to raise 'the injustice of the unfair treatment of Sheffield'.⁴⁴

The 'clawback' proposal by Heseltine would be enacted if the Local Government, Planning and Land (No. 2) Bill became law. With the chances of this happening becoming increasingly likely the opposing local authorities needed a plan of action. The London Borough of Camden had sent a letter to Sheffield City Council 'on the possibility of certain local authorities taking steps to test the legality of the proposed action by the Secretary of State for the Environment'. On the 21st October the Policy Committee gave authority to the Chairman to inform Camden that the Council 'would be prepared to support such steps by the local authorities concerned'.⁴⁵ What is significant is that negotiations between the Council and the DoE about the £1.02 million grant reduction, which had commenced following the decision of the Policy Committee on the 23rd September, were still ongoing. The

⁴¹ SA, CA-POL/13, Local Authority Current Expenditure: 1980-81, 18th September 1980, p. 2.

⁴² *Ibid.*, p. 7.

⁴³ *Ibid.*, p. 7.

⁴⁴ SA, CA-POL/13, Meeting of the Policy Committee, 23rd September 1980, p. 94.

⁴⁵ SA, CA-POL/13, Meeting of the Policy Committee, 21st October 1980, p. 126.

Council's original arguments were rejected by the Department but at a meeting of the Budget Sub-Committee authority was given for the negotiations to continue.⁴⁶

Even though the Council gave the impression that they were willing to test the legality of Heseltine's proposed withholding of RSG, an agreement was reached with the DoE. It was unlikely that it was the Government who buckled under the pressure. Despite the front that they had put up, appearing as an ally of Camden in testing the legality of Heseltine's actions, they appeared to be pushing for a deal. Following further negotiations it was decided that the Council would not suffer the £1.02 million reduction in grant because of savings that would be made in the current financial year. £1,037,000 was to be saved through the 'cancellation of contributions to the Council's Renewal and Repairs Fund in the current financial year', £700,000 was to be saved by giving full responsibility to South Yorkshire County Council for grants paid to pensioners formerly employed in services now undertaken by the County Council, and a further £200,000 saving was planned through an increase of £200,000 in 'the Markets Undertaking's contribution to the General Rate Fund during the current financial year'.⁴⁷ This was another example of a pragmatic approach being given priority over ideology. The Council wanted to hold on to any available central government funding and so a deal had to be made. However, the Council had been given a boost in its opposition to the Thatcher Government. They had received a petition containing 282 signatures of staff and students at Sheffield City Polytechnic which expressed 'support of the Council's opposition to the Government's proposed cuts in public expenditure'.⁴⁸

This agreement may give the impression that tensions between the Thatcher Government and Sheffield City Council would be eased but this is far from the truth. In January 1981 Heseltine again changed the local authority expenditure target figure, this time putting it at 5.6 per cent below the actual out-turn for 1978-79. On the 27th January the Policy Committee decided that Heseltine should 'be informed of the Council's grave concern at the constant changes by the Government of its formulae and agreed policies in respect of local government finance, which changes have aggravated

⁴⁶ SA, CA-POL/13, Meeting of the Budget Sub-Committee, 27th October 1980, p. 155.

⁴⁷ SA, CA-POL/13, Meeting of the Budget Sub-Committee, 18th November 1980, p. 177.

⁴⁸ SCSL, 352.042 SQ, Meeting of the City Council, 6th January 1981, p. 795.

the difficult problems facing local authorities.⁴⁹ This target was significant as the *Local Government, Planning and Land Act 1980*, given Royal Assent on the 13th November 1980, meant that central government could now control both local authority current expenditure as well as capital expenditure.

On the 14th April the effects of the Act in regards to current expenditure, capital expenditure and central government grant were reviewed by the Budget Sub-Committee. A report of the 8th April by the City Treasurer outlined the likely effects on the Council's finances. Block grant claims based on estimated expenditure for 1981-82 had been received by the DoE from the local authorities. The total of these claims exceeded the amount available by £300 million. This meant that in terms of 'clawback' Sheffield's share meant a £3.4 million reduction in grant.⁵⁰ The £200 million reduction in RSG proposed by Heseltine on the 18th September 1980 had been made legal with the passing of the Act and was now known as 'holdback'. This was the method that was now to be used for controlling local authority current expenditure. Indications at the time suggested that local authority current expenditure for 1981-82 would exceed Government guidelines by up to £1.2 billion.⁵¹ Sheffield's current expenditure in the 1981-82 budget amounted to £155.146 million which exceeded their target (5.6 per cent below actual out-turn for 1978-79) by 10.6 per cent. Sheffield would, according to the City Treasurer, 'suffer a significant penalty if the Secretary of State decides to holdback block grant', and 'the total loss of grant in 1981-82 could be well in excess of the provision of £3 million'.⁵² In a statement to the Consultative Council on Local Government Finance on the 2nd June, Heseltine again called for 'all local authorities in England [...] to review and revise their budgets for 1981-82, with a view to bringing the total of local authority expenditure into line with the Government's expenditure plans'.⁵³ More than a third of local authorities had ensured that they had revised their budgets to fit within Government targets and Heseltine hoped that many more would 'now put themselves in the

⁴⁹ SA, CA-POL/13, Meeting of the Policy Committee, 27th January 1981, p. 221.

⁵⁰ SA, CA-POL/13, Block Grant, 8th April 1981, p. 2.

⁵¹ *Ibid.*, p. 2.

⁵² *Ibid.*, p. 3.

⁵³ SA, CA-POL/14, Statement by the Secretary of State for the Environment to the Consultative Council on Local Government Finance, 2nd June 1981, p. 2.

same position.⁵⁴ The Policy Committee deplored this 'further unwarranted attack by the Conservative Government on this Council and other democratically elected authorities'.⁵⁵

Heseltine's statement appears to have fallen on deaf ears. For example, a report by the City Treasurer dated the 17th September stated that although 'over half of local authorities have reduced their expenditure plans in line with the Government's request in June', the remainder had in fact increased their expenditure plans. This meant that local authority expenditure would still exceed the Government's target by 5.3 per cent. Heseltine therefore proposed to ask Parliament to reduce the block grant by £310 million, £140 million less than what had been announced in June but still a sizable amount.⁵⁶ At this point Sheffield was 10.6 per cent above target and so they decided to revise their planned current expenditure for the year. Despite this review of their current expenditure plans the Council were still 10.1 per cent above the Government's target. The Council therefore tried to send a message to Heseltine and the DoE, to suggest that they were willing to make savings, but that the size of Government enforced cuts were not feasible without seriously damaging the provision of Council services. Its total planned expenditure of £198.131 million was 27.2 per cent above Grant Related Expenditure. The total block grant entitlement loss, if Heseltine's proposal was approved, would amount to £5.7 million.⁵⁷ Although the Council had agreed on the 14th July to reduce current expenditure by £790,400 these savings were clearly not enough.⁵⁸

The Council's warning that cuts would lead to deteriorating services had some effect. The following month the Budget Sub-Committee pushed for further savings. At a meeting on the 12th October it was decided that the Council should 'continue its present exercise of reviewing the spending committees' revenue budgets and the use of resources to eliminate any possibility of waste or under-utilisation of resources'. What made this different from previous commitments to making savings was that the emphasis was placed on Council manpower. While they were still committed to maintaining the current level of Council employment, 'the full co-operation of all concerned in avoiding the selfish

⁵⁴ Ibid., p. 4.

⁵⁵ SA, CA-POL/14, Meeting of the Policy Committee, 23rd June 1981, p. 9.

⁵⁶ SA, CA-POL/14, Rate Support Grant - Latest Developments, 17th September 1981, p. 1.

⁵⁷ Ibid., p. 2.

⁵⁸ SA, CA-POL/14, Meeting of the Budget Sub-Committee, 14th July 1981, p. 62.

protection of narrow interests rather than the best use of resources' was requested. Furthermore, the Chief Personnel Officer was instructed to engage in talks with the trade unions for the introduction of an early retirement scheme for Council staff. On top of this any vacancies would not be filled 'without the respective Chairmen of the spending committees concerned examining the priority of such vacancies'.⁵⁹ This appears to be a contradictory move for a Council that in public was staunchly opposed to central government cuts and committed to preserving Council employment. Blunkett argued that it was essential that the Council made it 'absolutely clear that we are not reneging [*sic*] on our current policy of maintaining jobs and services'.⁶⁰

In an attempt to further drive down local authority expenditure, the Thatcher Government pushed ahead with the Local Government Finance Bill, introduced into Parliament on the 6th November 1981. Much like the Local Government, Planning and Land Bill it had a tumultuous time in Parliament. A second Bill was introduced shortly after with the most significant alteration being the banning of supplementary rates. The original Bill had proposed that supplementary rates could be raised but only through referenda. Supplementary rates had been raised by some local authorities to offset the losses in central government funding. Whilst the Council congratulated those who opposed the first Local Government Finance Bill it recognised that there was 'still continued encroachment on already shrinking freedoms for local communities to determine the level and scope of their own services'. Furthermore, the position of the Council was that it 'expresses grave concern at the centralist and autocratic nature of further restrictions and the threat which withdrawal of grant would pose part-way through a financial year'. In terms of the banning of supplementary rates, whilst the Council had 'never had recourse to a supplementary rate' it did recognise the 'right of Authorities (including those of different political persuasions) to exercise the right in the best interests of their electors'.⁶¹ It is safe to say that this stand had little effect on the determination of the Thatcher Government to control local authority expenditure.

⁵⁹ SA, CA-POL/14, Meeting of the Budget Sub-Committee, 12th October 1981, pp. 163-4.

⁶⁰ SA, MPB/3/65, Options for Action, 6th October 1981, p. 3.

⁶¹ SA, CA-POL/14, Meeting of the Budget Sub-Committee, 22nd December 1981, p. 247.

July 1982 to June 1984: Sheffield fights back

The *Local Government Finance Act 1982* was given Royal Assent on the 13th July and it appeared that it was business as usual in the central-local government conflict over local authority expenditure. The City Treasurer, outlining the provisions of the Act, acknowledged that it 'continues the drift of control away from local authorities towards central government.'⁶² On the 27th July Heseltine made a statement to the Consultative Council on Local Government Finance on local government expenditure and exchequer grant. He announced that total grant would be cut by £201 million in 1981-82, and £312 million in 1982-83, because some local authorities were still refusing to comply with the Government's guidance on expenditure. The DoE would also 'penalise more severely than during the current financial year'.⁶³

Surprisingly, an apparent break in the trend of the central-local government conflict shown in this chapter did occur. At a meeting of the Budget Sub-Committee on the 14th December 1982 it was announced that the DoE had approved an additional capital expenditure allocation of £200,000.⁶⁴ In October the Council had received a letter from the DoE, sent round to the Chief Executives of local authorities in England, 'concerning a likely substantial underspending on capital during the current financial year and inviting local authorities to submit applications [...] for additional capital expenditure'.⁶⁵ The Council were eager to take this opportunity. This was an example of pragmatism from the Thatcher Government; a sign that if Government guidelines were followed it would be have recognised. However, evidence from the Sheffield Archives provides a different interpretation. Thatcher had recently met the Group of Eight, the body representing all sides and parts of the construction industry. The meeting saw the Group voice their disappointment at the continuing decrease in local authority and nationalised industry capital investment which was falling below the Government's public expenditure provision.⁶⁶ This move by the Thatcher Government was in order to

⁶² SA, CA-POL/14, Local Government Finance Act 1982, 14th September 1982, p. 4.

⁶³ SA, CA-POL/14, Meeting of the Budget Sub-Committee, 30th July 1982, p. 477.

⁶⁴ SA, CA-POL/15, Meeting of the Budget Sub-Committee, 14th December 1982, p. 85.

⁶⁵ SA, CA-POL/15, Meeting of the Policy Committee, 3rd November 1982, p. 23.

⁶⁶ PREM19/1357, Draft Letter from the Prime Minister to the Leaders of the Local Authority Associations, 20th October 1982, p. 78, Available at: <http://09b37156ee7ea2a93a5e->

satisfy the demands of the construction industry rather than to offer an olive branch to hostile local authorities. It was decided by the Policy Committee that a further bid of £500,000 be submitted to the DoE.⁶⁷

The Council then went on the attack. On the 16th December Heseltine announced to Parliament the DoE's proposals for changes to the 1982-83 RSG and the 1983-84 RSG settlement. Despite warnings 'about the holdback scheme before they [local authorities] drew up their budgets' this was ignored and so holdback for 1982-83 would amount to £308 million. In terms of the RSG settlement for 1983-84 those local authorities who underspent would see their individual expenditure targets increase slightly beyond 4 per cent over actual spending for the current financial year, however, those who overspent, like Sheffield, would see their target set at a 1 per cent reduction from their budget for the current financial year.⁶⁸ In response to this the Budget Sub-Committee condemned Heseltine's actions and asked the Head of Administration and Legal Department 'to investigate and report back on the possibility of the Council's instituting legal proceedings against the Secretary of State'.⁶⁹ It was reported back to the Committee on the 15th February 1983 that after conducting an investigation the Head of Administration and Legal Department had been 'advised that there were no grounds for challenging the actions taken by the Secretary of State so far on this matter'.⁷⁰

The Conservative victory in the June 1983 general election paved the way for a more concerted effort in tackling defiant local authorities. Patrick Jenkin, a zealous Thatcherite, was appointed Secretary of State for the Environment, replacing Tom King (King had replaced Heseltine in January 1983 after he had been moved to Ministry of Defence). The outlook was bleak for the opposing local authorities. The Chairman of the Policy Committee's Policy Review Sub-Committee commented on the proposals of the new Government, outlined in their manifesto, 'to introduce further measures to control centrally local government spending levels and the ability of local authorities to raise and spend money in line with local decisions on the level and quality of services to be provided.' This was largely in reference

6db7349bcd3b64202e14ff100a12173.r35.cf1.rackcdn.com/PREM19/1984/PREM19-1357.pdf [Accessed: 31/07/2017].

⁶⁷ SA, CA-POL/14, Meeting of the Policy Committee, 21st December 1982, p. 67.

⁶⁸ HC Deb, 16th December 1982, vol. 34, col. 488.

⁶⁹ SA, CA-POL/15, Meeting of the Budget Sub-Committee, 22nd December 1982, p. 97.

⁷⁰ SA, CA-POL/15, Meeting of the Budget Sub-Committee, 15th February 1983, p. 158.

to the pledge in the manifesto to 'legislate to curb excessive and irresponsible rate increases by high-spending councils, and to provide a general scheme for limitation of rate increases for all local authorities to be used if necessary.'⁷¹ This pledge would later become the *Rates Act 1984* which will be discussed in more detail later in this chapter. The City Treasurer commented that 'the Government clearly feels that it had not yet gone far enough in its endeavours to control local government spending'.⁷² The Policy review Sub-Committee took the following action:

That (a) the Chief Publicity Officer be authorised (i) to provide information which will (A) assist the case for retaining local government autonomy and against restrictions on the operation or existence of local democracy and (B) promote public enterprise and services and oppose their removal from the democratic control of accountable local representatives and (ii) to take any other action which may be necessary in lobbying for the afore-mentioned [*sic*] aims and which may be authorised by the Chairman of the Policy Committee or the Chairman of the Publicity and Mayoral Panel of the Municipal Enterprise and General Services Programme Committee.⁷³

The focus was moving away from making savings and was being pushed towards the increased production of 'propaganda' to combat central government policy. Much like the conflict over the Right to Buy, it was the issue of the creation of 'propaganda' that saw the Council once again adopting a rather contradictory position. While the Council's central government funding was being cut, they still managed to find available funds to allocate to a programme of 'propaganda'. The Council believed that this position was justified because it contributed to its survival as a stalwart opponent to the Thatcher Government, something that they strongly believed the people of Sheffield both needed and wanted. It was hoped that this 'propaganda' would help galvanise the people of Sheffield into joining the national movement against the changes to local government finance. The Council's previous strong rhetoric had seen Blunkett emerge as a key figure within the movement. The Policy Review Sub-Committee

⁷¹ Conservative Party, *Conservative Party General Election Manifesto* (1983), Available at: <http://www.margarethatcher.org/document/110859> [Accessed: 31/05/17]

⁷² SA, CA-POL/16, Prospects for Local Government, no date, p. 4.

⁷³ SA, CA-POL/16, Meeting of the Policy Review Sub-Committee, 13th June 1983, p. 63.

recommended the creation of the Central Policy Unit which from the 1st July would play a pivotal role in producing anti-Government policy 'propaganda' and formulating the Council's approach to tackling rate capping under the *Rates Act 1984*. The Council were not unfamiliar with the dissemination of 'propaganda'. Council-created 'propaganda' had played a significant role in the fight against the *Housing Act 1980* and the Right to Buy, and they had already made significant contributions to publicity campaigns highlighting the injustice of central government cuts to local government. Blunkett would later set up a Local Government Campaign Working Party to assist in the campaign.⁷⁴

The rate capping proposals were increasingly becoming the main focus of the Policy Committee. The Government White Paper (Cmnd. 9008) - 'Rates' - laying out the proposals for rate limitation was scrutinised at by the Budget Sub-Committee on the 16th August. The response was, as to be expected, a negative one: 'the City Council is opposed to both the general and selective rate limitation schemes as proposed in the Government's White Paper on rate limitation and reform of the rating system'.⁷⁵ When the minutes came up for discussion at the meeting of the Council on the 7th September, Heslop together with his Conservative colleague Irvine Patnick, tried to reverse the position of the Council in regard to the Government's proposals. They put forward an amendment that the Council instead 'welcomes the White Paper on rate limitation and the reform of the rating system' and 'recognises the burden on the ratepayers of Sheffield created by persistent Council overspending over the past few years.' They also proposed that the Council 'instructs all appropriate officers to investigate and report back on the action necessary to ensure that in future Council expenditure is kept within the limits laid by Central Government.'⁷⁶ This amendment was rejected.

Jenkin took the Council by surprise when during a statement made on the 20th October 1983 he gave details of an adjusted grant penalty scheme that would be in operation for 1984-85. The implications of this new scheme for Sheffield meant that at the bottom end of the penalty scale each additional £1 spent in 1984-85 would cost the ratepayer £1.41 compared to £1.16 in 1983-84. At the top end of the scale, above target expenditure by 3 per cent or more, each additional £1 spent would be equivalent to

⁷⁴ SA, CA-POL/16, Meeting of the Policy Review Sub-Committee, 26th September 1983, p. 145.

⁷⁵ SA, CA-POL/16, Meeting of the Budget Sub-Committee, 16th August 1983, p. 125.

⁷⁶ SCSL, 352.042 SQ, Meeting of the City Council, 7th September 1983, p. 390.

a £3.19 cost to the ratepayer in 1984-85 compared to £2.20 in the current financial year.⁷⁷ The inability of central government, as of yet, to control rate increases meant that in the case of Sheffield and many other local authorities the reduction in grant through 'holdback' was being passed onto the ratepayer. At a special meeting of the Policy Committee on the 31st October the Committee condemned the Government and Jenkin 'for the total lack of consultation with the local authority associations prior to the announcement'. They also deplored 'the severity of the penalties to be imposed on local authorities and the consequential increases in rates which they could trigger throughout the country'.⁷⁸

Central government control over rate increases was not far away; with the Bill being published on the 20th December it became a major item of business at the meeting of the Council on the 4th January 1984. A motion was put forward by Blunkett and fellow Labour Councillor Reverend Alan Billings, Chairman of the Budget Sub-Committee, stating that the Council 'unequivocally condemns the proposals set out in the Rates Bill'. They detested the idea that the Secretary of State would be given the power to determine rate levels thus giving central government the right to control 'the quality of services and budget of local authorities'. Some may argue that central government, as the provider of a large portion of local government expenditure, should have a say in local matters such as the rates. What outraged councillors like Blunkett was the fact that this move by the Government was a drastic unconstitutional change that threatened any independence of local authorities from central government. Local authorities are after all provided with their own individual mandates through democratic local elections. Blunkett and Billings saw the proposals in the Rates Bill as 'a dangerous, anti-democratic throwback to the 19th Century'. Their motion emphasised the Council's belief that it was the right of those living in Sheffield to 'decide local needs and to raise income from local rates', and at the same time called on them to 'join with democrats throughout the country in a united campaign to preserve long-held freedoms and the right to disagree with Central Government'.⁷⁹ The motion was passed without a single amendment despite attempts from Heslop and Patnick, and then Chadwick and Griffiths. The Council would later produce a film, at a total cost of £16,800, on the

⁷⁷ SA, CA-POL/16, Grant Penalties 1984-85, 24th October 1983, p. 2.

⁷⁸ SA, CA-POL/16, Meeting of the Policy Committee, 31st October 1983, p. 203.

⁷⁹ SCSL, 352.042 SQ, Meeting of the City Council, 4th January 1983, p. 865.

likely effects of the rate capping legislation after authorisation from the Local Government Campaign Working Party.⁸⁰

At the same meeting questions were put to Blunkett by Graham Cheetham, the Conservative councillor who had played a significant role in trying to align the Council's stance with that of the Thatcher Government in regard to housing policy. Cheetham asked Blunkett, as Chairman of the Policy Committee, what the Government's target for revenue expenditure for 1983-84 was, against which, full RSG would have been forthcoming; Blunkett's answer was £206 million. The Council's budgeted figure of revenue expenditure for 1983-84 was £220.3 million resulting in a grant loss of approximately £12.8 million.⁸¹ This loss in grant was being offset by higher rates.

While the production of anti-Government 'propaganda' and the rate capping legislation dominated the focus of the Council the actions taken to save money, seen earlier in this chapter, were still taking place. On the 15th May 1984 the Budget Sub-Committee considered a report by the City Treasurer on the new approach to audit which had been implemented the previous month. An important aspect of the new audit process was to achieve 'economy, efficiency and effectiveness in the services provided by the Council.' Two exercises had been undertaken, the first to do with water and sewerage charges and the second to do with revised administrative procedures, which would achieve annual savings of £45,000 and £30,000 respectively. These were miniscule savings in comparison to the gap that needed to be closed. The Committee authorised the City Treasurer to go ahead and implement the latter exercise.⁸²

June 1984 to May 1985: Division within the Labour Group

The Council continued to step up their 'propaganda'. At the meeting of the Policy Review Sub-Committee on the 5th June the actions taken by the Local Government Campaign Working Party were confirmed. The Working Party had authorised Market Opinion Research International (MORI) to conduct an opinion survey in Sheffield on public attitudes to local and central government. The

⁸⁰ SA, CA-POL/17, Meeting of the Policy Review Sub-Committee, 1st May 1984, p. 161.

⁸¹ SCSL, 352.042 SQ, Meeting of the City Council, Copies of Questions and Answers Thereto, 4th January 1984, p. 1.

⁸² SA, CA-POL/17, Meeting of the Budget Sub-Committee, 15th May 1984, p. 178.

Working Party were clearly confident that the survey would be damning of the Thatcher Government. They had also ordered the production of 1,000 copies of an information pack that would describe the rate capping legislation, no doubt in a negative light.⁸³ This was a rather small amount for a city with a population of over 500,000. However, on the 19th June the Budget Sub-Committee approved an additional sum of £100,500 for 'the further development of the Council's campaign for the defence of local government during the remainder of the current financial year'. Part of this money would go towards making the 'existing temporary posts of Campaign Officer and Clerk/Typist' permanent positions, a clear example of the anti-Government 'propaganda' campaign becoming more of a full-time occupation for the Council.⁸⁴

A week later Royal Assent was given to the *Rates Act 1984* which ushered in the final phase of the central-local government conflict that is the focus of this chapter. Sheffield had been defiant when it came to the rates. In 1980 they put up the rates by 41 per cent and by 37 per cent in 1981 without facing an electoral backlash at the local level in 1982, 1983 or 1984.⁸⁵ These rate increases would have been partly influenced by the high levels of inflation during these years (18 per cent in 1980 and 12 per cent in 1981). The MORI poll that had been authorised by the Council in June 1984 had shown that 60 per cent of respondents blamed central government for the annual rate increases, rising up to 76 per cent of Labour voters.⁸⁶ Although the Labour Member of Parliament for Heeley, Bill Michie, would use the results of the poll to attack Jenkin in Parliament in July 1984 they showed that a significant minority did not blame central government. It is a suggestion that Sheffield was perhaps not as united as Blunkett thought.

The Council were not happy with increasing the rates year-on-year. In fact the Council were in favour of rate reform, something the Thatcher Government had promised to introduce since coming to power in May 1979. At a meeting of the Council on the 6th May 1981 a motion had been passed calling for a new rating system that was 'more just and equitable', reversed 'the present trend towards centralisation

⁸³ SA, CA-POL/17, Meeting of the Policy Review Sub-Committee, 5th June 1984, p. 187.

⁸⁴ SA, CA-POL/17, Meeting of the Budget Sub-Committee, 19th June 1984, p. 205.

⁸⁵ Blunkett & Jackson, *Democracy in Crisis*, p. 154.

⁸⁶ Stoker, *The Politics of Local Government*, p. 167.

of government by restoring to local authorities the freedom to meet local needs' and afforded 'greater protection to [the] manufacturing industry'.⁸⁷ The motion also mentioned the Council's regret over the 'non-implementation of the Layfield Committee's recommendation on basing the rating system on capital values'.⁸⁸ Had rating reform been implemented there might have been the possibility that the battle over rate capping might not have taken place.

On the 24th July Jenkin announced to the House of Commons the 18 local authorities which would be subject to rate limitation under the *Rates Act 1984*. The following local authorities were selected: Basildon, Brent, Camden, the GLC, Greenwich, Hackney, Haringey, the Inner London Education Authority (ILEA), Islington, Lambeth, Leicester, Lewisham, Merseyside, Portsmouth, Sheffield, Southwark, South Yorkshire, and Thamesdown. 16 of the selected authorities were Labour-controlled; Portsmouth was Conservative-controlled and Brent was ruled by a Conservative-Liberal coalition. The criteria for selection were local authorities 'spending more than £10 million whose budgets for the current year are more than 4 per cent above their targets, and more than 20 per cent above their grant-related expenditure assessment'.⁸⁹ The selected local authorities could appeal against their target to the Secretary of State however they would refuse to use the appeal procedure 'as it gave enormous power to the Environment Secretary to examine budgets'.⁹⁰ The Labour Member of Parliament for Copeland, Dr. John Cunningham, responded to Jenkin's statement by asking if he was aware that what had been announced was 'an unprecedented and giant stride along the authoritarian path to central control and one that he will almost certainly live to regret?'⁹¹

Labour's Martin Flannery, Member of Parliament for Hillsborough, came to the defence of Sheffield City Council. Challenging Jenkin, he asked why the Secretary of State was 'pursuing such a wicked vendetta against the people of Sheffield when increases have been more than 2 per cent below the national average since 1978-79 and 8 per cent [...] since 1981-82'. Flannery wondered whether this vendetta was because 'the people of Sheffield have consistently increased their Labour vote

⁸⁷ SCSL, 352.042 SQ, Meeting of the City Council, 6th May 1981, p. 1143.

⁸⁸ *Ibid.*, p. 1143.

⁸⁹ HC Deb, 24th July 1984, vol. 64, col. 828.

⁹⁰ Lansley et al., *Councils in Conflict*, p. 37.

⁹¹ HC Deb, 24th July 1984, vol. 64, col. 830.

throughout that period due to the good local government provided in that city'.⁹² Fellow Labour Member of Parliament Patrick Duffy shared the sentiment: 'Where does the scope for improvement in Sheffield lie without crippling its services and creating job losses? Perhaps the right hon. Gentleman was venting his political spleen on what is, after all, a Labour citadel.'⁹³

The tone of the response from the Policy Committee to the selective rate limitation was not surprising. Voted through unopposed by the Committee it put forward a scathing attack from the Council towards the Secretary of State's proposals. Deploring the proposals, they demanded that the Secretary of State withdraw the plans to limit the Council's spending and made it clear that they intended to prepare a budget that would 'enable necessary services and jobs to be maintained and provide additional expenditure for areas of increased need'. This statement reiterated the Council's view that spending should be dictated by policy aims rather than by a desire to keep the rates low. It was also made clear that the Council would refuse to enter into negotiations with Jenkin in relation to the 1985-86 budget and rate limitation because, as mentioned earlier, it would expose the Council's spending plans to Government scrutiny. As well as exposing the Council's spending plans it would flag up the creative accountancy techniques that the Council, like many other Labour-controlled local authorities, were engaged in. Nick Devas states that one of the methods used by these local authorities, which he refers to as 'creative accounting', would have been the 'sale-and-leaseback of municipal capital assets, in which assets are sold in order to release capital funds and then are leased back [...] as a way of avoiding stringent controls on borrowing'.⁹⁴ The Council also committed to continuing the review of 'the effectiveness of its existing services with a view to making them more responsive and relevant to the needs of the people of Sheffield'. The use of 'more responsive and relevant' is somewhat ambiguous as to whether this statement translates into expanding Council services or making them more efficient. Furthermore, the Council would consider the 'introduction of some form of "community inquiry" into the services of the Council in order to determine clearly that the Council is not guilty of overspending'. This exercise was to prove that the Council were in fact 'failing to satisfy

⁹² HC Deb, 24th July 1984, vol. 64, col. 835.

⁹³ HC Deb, 24th July 1984, vol. 64, col. 837.

⁹⁴ N. Devas et al., *Financing Local Government* (London, 2008) p. 58.

the growing level of need'.⁹⁵ The 'propaganda' was further amped up. A further £73,000 was approved for 'various activities and work to publicise the Council's response'.⁹⁶

It was not just Sheffield and their local authority allies that were critical of the Government's approach to local government. The Audit Commission, established with the passing of the *Local Government Finance Act 1982*, had produced a report reviewing the impact of the block grant system. The Commission were critical of the block grant system for several reasons: there were 'too many unnecessary uncertainties inherent in the system'; these uncertainties had resulted in local authorities building up reserves; 'serious distortions' were emerging due to inadequate information of local needs; targets had encouraged some local authorities to spend more which, given the Government's aims, seemed contradictory; central government involvement had not been reduced while 'managerial accountability [had] not been strengthened; the system was too complex; and the system provided 'few incentives for local authorities to improve their efficiency and effectiveness'.⁹⁷ The City Treasurer, who compiled the summary of the Commission's findings, stated that 'the Audit Commission has added its name to the long list of those who have criticised the grant system and the manner in which its workings have been distorted by the imposition of targets and penalties'.⁹⁸ The Commission after all was independent and not a mouthpiece for central government. To further contextualise what had been happening to Sheffield financially over the past four years, it is worth noting that since 1980-81 RSG as a percentage of Council income had fallen by 31 per cent while the rates and balances had increased by 53 per cent. Over the same period the Council had suffered £116 million in block grant losses.⁹⁹ On the 5th December the Policy Committee referred to the Commission's findings when it reiterated its call for the Government to drop the rate capping proposals, abandon the system of targets and penalties, and restore RSG to the 1978-79 level.¹⁰⁰

⁹⁵ SA, CA-POL/17, Meeting of the Policy Committee, 27th July 1984, pp. 245-5.

⁹⁶ SA, CA-POL/17, Meeting of the Budget Sub-Committee, 31st August 1984, p. 314.

⁹⁷ SA, CA-POL/17, Summary of the Audit Commission's Report on the Impact on Local Government of the Block Grant System, 12th September 1984, p. 1.

⁹⁸ *Ibid.*, p. 5.

⁹⁹ *Ibid.*, p. 2.

¹⁰⁰ SA, CA-POL/18, Meeting of the Policy Committee, 5th December 1984, p. 52.

The 18 local authorities selected for rate limitation had agreed in November to take joint action against the Government by refusing to set a rate for 1985-86. A collective letter from the leaders of the designated local authorities had been sent to Jenkin on the 29th November accusing the Secretary of State of theft: 'Since 1981-82 you have robbed English local government of £8.4 billion of Rate Support Grant.' The same demands that would be the subject of the Policy Committee's meeting of the 5th December were made.¹⁰¹ These demands were flatly rejected by Jenkin in a reply made on the 11th December.¹⁰² On the same day the rate limitations were announced. For Sheffield the maximum rate was to be set at 207.07p for each pound of rateable value for domestic properties and the Council had until the 15th January 1985 to inform the Secretary of State whether they accepted the proposed maximum rate or not.¹⁰³ The rate was 208.24p for 1984-85 and so although the limit did not equate to a sizeable reduction in spending it would halt the trend of annual rate increases to offset losses in central government funding.¹⁰⁴ At a meeting of the Policy Committee on the 9th January they reiterated the Council's 'rejection of the Rates Act as an undemocratic means of controlling local spending' and made it clear that they did not endorse the rate limit because the Council did 'not accept the premise upon which such a limit [was] based'.¹⁰⁵

Attempts to mount legal proceedings against the Secretary of State and the DoE had fallen flat in February 1983. This did not deter the Council from again trying to use the judicial process to fight against central government cuts. A report from the 15th January 1985, containing representations to be made to Jenkin, laid out the basis for a legal challenge. The root of the legal challenge was to do with the block grant and grant related expenditure assessments. Sheffield's grant related expenditure assessment for 1985-86 had been set at £187.1 million, an increase of 3.5 per cent on the previous year. So far it is hard to see why the Council would have had any complaints. Their frustration was built around the fact that the national average increase for the year was 6.7 per cent and their grant related expenditure assessment per head would be below the average for metropolitan districts by £26

¹⁰¹ SA, CA-POL/18, Letter to Jenkin, 29th November 1984, p. 1.

¹⁰² SA, CA-POL/18, Letter from Jenkin, 11th December 1984, pp. 1-2.

¹⁰³ SA, CA-POL/18, Letter from Hobson to Sheffield City Council, 11th December 1984, p. 2.

¹⁰⁴ SA, CA-POL/18, Rate Support Grant Settlement and Rate Limitation - 1985-86, 14th December, 1984, Appendix A.

¹⁰⁵ SA, CA-POL/18, Meeting of the Policy Committee, 9th January 1985, p. 76.

for 1985-86. It appears that Sheffield might have been treated unfairly. The report stated that the changes made by the Secretary of State to the Council's central government funding - changes to RSG, cash limiting, distributional changes and penalties - had resulted in a £10 million loss in 1985-86 and an accumulated loss of £151 million since 1980-81.¹⁰⁶ According to Blunkett, when the loss of central government housing subsidy during this period is included, the accumulated total rose up to nearly £240 million.¹⁰⁷ A special meeting of the Policy Committee was called for the 18th February where authorisation was given to press ahead with the legal proceedings. Interestingly the Committee added on that 'subject to further legal advice [...] the actions of the Secretary of State under the *Rates Act 1984* in prescribing the maximum rate for Sheffield' be also challenged.¹⁰⁸ There had been no mention of rate capping in the report of the 15th January.

On the 25th February a debate on rate limitation got underway in the House of Commons; Sheffield was frequently mentioned. Labour Member of Parliament Jack Straw called out Jenkin for targeting Sheffield: 'Is he [Jenkin] not aware that Mr John Banham, the Controller of his Audit Commission, said that Sheffield provided outstanding value for money and that its increase in expenditure since 1978 is exactly the same as the national average?'¹⁰⁹ Straw continued by saying that Banham had commented that rate capping and value for money were not connected and the cut in Sheffield's grant was "a lot of money to be losing."¹¹⁰ Patrick Duffy also fought for Sheffield's cause in Parliament. He laid out the £10 million grant reduction and the 3.5 per cent grant related expenditure assessment increase which the Council were trying to mount a legal challenge against. He also attacked rate limitation proposals for leaving 'an expenditure gap of at least £31 million on a standstill budget of £249 million for 1985-86.'¹¹¹ Put simply, the cuts that Jenkin was seeking were, according to Duffy, 'not achievable in a single year without decimating services in areas that are predominantly the

¹⁰⁶ SA, CA-POL/18, Report Containing the Council's Representations to the Secretary of State for the Environment, 15th January 1985, p. 1.

¹⁰⁷ SCSL, 352.042 SQ, Meeting of the City Council. Copies of Questions and Answers Thereto, 6th March 1985, p. 1.

¹⁰⁸ SA, CA-POL/18, Meeting of the Policy Committee, 18th February 1985, p. 118.

¹⁰⁹ HC Deb, 25th February 1985, vol. 74, col. 25.

¹¹⁰ HC Deb, 25th February 1985, vol. 74, cols. 37-8.

¹¹¹ HC Deb, 25th February 1985, vol. 74, col. 54.

responsibility of deprived, inner-city authorities.¹¹² For Sheffield this would decimate the provision of slum clearance and the modernisation of the current housing stock, already hit hard by changes to central government funding for local authority housing. It would also have a negative effect on the work of the Employment Department, created in 1981, which was tasked with stopping 'the tide of job losses [...] by sponsoring employment projects, by assisting in the development of new products, and by creating its own enterprise and technology zones.'¹¹³ Due to the severe cuts to services that rate limitation would impose Sheffield City Council had 'no choice but to resist.'¹¹⁴

It was usual practice for the Policy Committee to hold a special meeting around the end of February to consider the revenue budget for the upcoming financial year and recommend a general rate for Sheffield. On the 28th February the Policy Committee broke from this tradition and decided, 15 votes to 1 with 1 abstaining, that the Committee would not recommend a rate to be considered at the meeting of the City Council on the 7th March. At this point Blunkett appears to be standing united with the other rate capped councils like Lambeth and Liverpool by refusing to set a rate. This was the first act in a turbulent play that would continue for the next three months.

At the meeting of the City Council on the 7th March, a day after 'a massive demonstration'¹¹⁵ in Sheffield against rate capping, the revenue budget and the general rate were discussed. While reviewing the proceedings of the Policy Committee from the 28th February Blunkett, seconded by Labour councillor Alan Wigfield, put forward as an amendment that the Council 'finds it impossible in the present circumstances at this meeting to go forward and to make a rate for 1985-86'.¹¹⁶ This amendment was passed 59 votes to 26 with 1 abstaining. The Conservative and SDP-Liberal Alliance councillors made up the 26 opposing votes. An amendment was then put forward by Conservative councillors David Heslop and John Niell calling for a revenue budget in the amount of £215,833,000 which was equivalent to a general rate in the pound of 194.92p. This budget would be achieved by making £22,535,000 in savings on the £249,600,000 budget for 1985-86 as presented by the City

¹¹² HC Deb, 25th February 1985, vol. 74, col. 55.

¹¹³ P. Seyd, *The Rise and Fall of the Labour Left* (Basingstoke, 1987), p. 149.

¹¹⁴ HC Deb, 25th February 1985, vol. 74, col. 56.

¹¹⁵ D. Price, *Sheffield Troublemakers* (Stroud, 2012), p. 155.

¹¹⁶ SCSL, 352.042 SQ, Meeting of the City Council, 7th March 1985, p. 899.

Treasurer. Furthermore £11,800,000 in reserves would be used and improvements in services amounting to £560,000 would take place.¹¹⁷ This would see the revenue budget and the general rate fall within central government targets. This amendment was rejected 66 votes to 17 with 1 abstaining. Although the SDP-Liberal Alliance councillors were opposed to Blunkett's amendment, they clearly did not agree at that moment in time with the Conservative position of setting a legal rate and a reduced budget, and they consequently joined the Labour Group to oppose Heslop and Niell. A further amendment calling for a special meeting of the Policy Committee to look at implementing such savings was also rejected. Blunkett's original motion with the crucial call for the Council not to call a rate was then passed 56 votes to 26 with 1 abstaining.¹¹⁸ So far the Labour Group were standing united against rate capping. Three days later the GLC, with its Labour Group split into three factions, agreed to set a legal rate. It was a day and night of 'insults, absurdities, posturing, exaggeration, manipulation and caricature'.¹¹⁹ It was the first of the 18 rate capped local authorities to comply with the *Rates Act 1984*. The messy capitulation of the GLC when faced with rate capping was a hammer blow to the morale of the rate capped local authorities.

After failing to agree on a revenue budget and set a general rate for 1985-86 an 'Extraordinary Meeting of the Council of the City of Sheffield' was called for the 28th March.¹²⁰ Three motions had been received by the Chief Executive to be discussed at the meeting. The first motion, moved by Heslop and Neill, called for a revenue budget in the amount of £218,516,400 equivalent to a general rate in the pound of 206.87p. £19,283,600 in savings would be made and £11,800,000 of reserves would be used to reach this spending target.¹²¹ The second motion, moved by Betts and Wigfield, called for 'the Policy Committee to consider the questions of the revenue budget and general rate for the financial year 1985-86.'¹²² This was essentially deferring the setting of a general rate. The third

¹¹⁷ Ibid., pp. 899-900.

¹¹⁸ Ibid., p. 902.

¹¹⁹ R. Pauley, 'GLC Characters Stage Their Own Version of Spitting Image Show', *Financial Times*, 12th March 1985, p. 9 [Online], Available at: <http://find.galegroup.com.lcproxy.shu.ac.uk/ftth/infomark.do?&source=gale&prodId=FTHA&userGroupName=hallam&tabID=T003&docPage=article&docId=HS2304523958&type=multipage&contentSet=LTO&version=1.0> [Accessed: 31/07/2017].

¹²⁰ SCSL, 352.042 SQ, Council Summons, 22nd March 1985, n.p.

¹²¹ SCSL, 352.042 SQ, Meeting of the City Council, 28th March 1985, p. 966.

¹²² Ibid., p. 997.

and final motion, moved by Chadwick and Griffiths, called for a general rate of 206.87p but did not define a budget. Instead their motion called for the abolition of the Budget Sub-Committee and its replacement with a Revenue Review Sub-Committee which would formulate a revenue budget for 1985-86 and 'monitor expenditure during the financial year in such a way as to act within the law while safeguarding essential services throughout the City'.¹²³ At this point Blunkett and the Labour Group were still committed to challenging the *Rates Act 1984* and so Labour councillors Helen Jackson and Sam Wall moved that the second motion be considered before the first; the motion was then carried. The meeting was adjourned and the Council remained without a revenue budget and a general rate with the beginning of the new financial year only days away.

To make sure that the work of local government in Sheffield continued while the financial situation was left unresolved the Policy Committee had been given emergency powers to approve expenditure decisions on behalf of the Council which were urgently required to be made.¹²⁴ These decisions included the payment of salaries and wages, the fulfilment of contractual agreements entered into before the beginning of the 1985-86 financial year, and expenditure essential to maintaining basic services.¹²⁵ Sheffield, like the rest of the local authorities on the rate capping list, had until the 7th May to set a rate otherwise surcharge and disqualification could be used against the leading councillors. Negotiations within the Council continued throughout April but no agreement was reached on a revenue budget or a general rate. On the surface this presents Blunkett and the Labour Group as maintaining their strong public image as a radical opponent to the Thatcher Government and the *Rates Act 1984*. However, David Price argues that Blunkett, Betts and Billings were 'convinced that a balanced budget and rate had to be set.' Here is another clear example of this public/private position dichotomy. Blunkett wanted to defer setting a rate 'in the hope that the Government would back down' resulting in his retention of the 'national leadership of the non-setting campaign, thus heading off extremists like Derek Hatton of Liverpool'; it was a 'dangerous game'.¹²⁶ Blunkett favoured setting a rate and drawing up a deficit budget but when this option was presented to the District Labour Party

¹²³ Ibid., p. 997.

¹²⁴ SCSL, 352.042 SQ, Meeting of the City Council, 7th March 1985, p. 902.

¹²⁵ SA, CA-POL/18, Meeting of the Policy Committee, 29th March 1985, p. 209.

¹²⁶ Price, *Sheffield Troublemakers*, p. 155.

(DLP), which was more attuned to Knight and Hatton's 'hard left' ideology, it was overruled 81 votes to 48.¹²⁷ The decision made by the DLP surrounding the *Rates Act 1984* 'created considerable political and personal antagonisms between the DLP and the Labour Group and between individual councillors with claims and counter-claims of political "sell-out" and irresponsibility.'¹²⁸

The game that Blunkett and his inner circle had been playing was soon to backfire, leading to their humiliation. It had been hoped that the Thatcher Government would capitulate under the pressure from the rebelling local authorities but, as with the conflict surrounding the *Housing Act 1980*, Blunkett had underestimated the determination of the Government to ensure that central policy was implemented. The 7th May brought the final hammer blow that broke the resolve of the Labour Group. Blunkett and Wigfield put forward a motion deploring 'the Secretary of State's decision not to negotiate with affected Local Authorities, the opposition Environment Front Bench Spokesmen, Local Authority Associations or Members of Parliament representing seats within the affected Local Authorities'. Furthermore, it stated that the Council 'recognises that it cannot set a legal rate which will meet the needs and wishes of the people of Sheffield in this and subsequent years [...] until it has obtained from the Government the means to enable it to carry out its Revenue and Capital Programmes'.¹²⁹ Blunkett was making the position of the Council clear: there will be no compromise when it came to setting a rate.

Blunkett was clearly unaware that the experience of the GLC back in March was about to be repeated in Sheffield. According to Patrick Seyd the Labour Group in Sheffield was split between the 'accommodators' and the 'resisters'; the former were in favour of setting a rate once surcharge and disqualification had been threatened while the latter refused to compromise and wanted to take on the Government directly.¹³⁰ Publicly Blunkett had portrayed himself as a 'resister' whereas in reality he had more in common with the 'accommodators'. It was his position as one of the leading figures of the anti-rate capping movement, seemingly standing shoulder to shoulder with the likes of Knight and

¹²⁷ Ibid., p. 155.

¹²⁸ Seyd, *The Rise and Fall of the Labour Left*, p. 157.

¹²⁹ SCSL, 352.042 SQ, Meeting of the City Council, 7th May 1985, p. 4.

¹³⁰ Seyd, *The Rise and Fall of the Labour Left*, p. 156-7.

Hatton, which essentially cornered him into this position. Labour councillor Dr Peter Jones, predecessor to Betts as Chairman of the Housing Committee and an 'accommodator', proposed an amendment that was a direct challenge to Blunkett. The amendment, while deploring the *Rates Act 1984* and acknowledging that central government policy had left insufficient funds to 'meet the growing needs of Sheffield', proposed setting the maximum prescribed rate of 207.7p.¹³¹ To Blunkett's dismay, a key figure within the Labour Group was pushing forward the idea that the Council should abide by the *Rates Act 1984* and set a legal rate. The amendment was seconded by Sam Wall, the Labour councillor who had helped to maintain Blunkett's stance during the meeting of the Council on the 28th March. The Labour Group had publicly split. The amendment, however, was defeated by 38 votes to 37 with 10 abstaining. Although still just about in control of the situation it must have been clear to Blunkett that he had lost control of the Labour Group as 20 of his councillors joined with the Conservatives in an attempt to set a legal rate. All that was needed now for the setting of a legal rate was the support of the SDP-Liberal Alliance councillors.

The tide was turning against Blunkett and his followers within the Labour Group. Jones and Wall again moved for another amendment but this time changed the language so that it contained no criticism of the Thatcher Government in the setting of the rate. This new amendment did not include any statement of intent to negotiate further with the DoE to improve the financial situation for Sheffield nor did it make any commitment to continue legal proceedings against the Government. This was a crucial move to securing the support of the SDP-Liberal Alliance councillors. The maximum prescribed rate of 207.7p was put forward again and this time it was passed 46 votes to 38 with 1 abstaining.¹³² In total 20 Labour councillors joined with 17 Conservatives and 9 Liberals to set the rate during what Blunkett called 'the worst night of my life'.¹³³ The meeting had been 'one of the most dramatic in the Council's history'.¹³⁴ Sheffield City Council had finally set a rate and some normality could begin to return.

¹³¹ Ibid., p. 5.

¹³² Ibid., pp. 8-9.

¹³³ Price, *Sheffield Troublemakers*, p. 156.

¹³⁴ Ibid., p. 156.

At first glance the split that occurred within the Labour Group appears to have been an offshoot of the split that occurred within the Labour Party four years earlier. The meeting of the Council on the 7th May seemed to pitch the hard left of the Labour Group, the uncompromising 'resisters', against moderates like Jones and Wall. Indeed the events of that night highlighted the differences between the DLP and the Labour Group, creating both political and personal divisions between the two. After the rate capping split some within the Labour Group were 'politically and personally exhausted by the struggles' and withdrew themselves from the frontline of local politics.¹³⁵ However, where the split of the Labour Group differs from that of the wider Labour Party is in the much smaller role that ideological differences played in it. Rather than being a battle between the different political factions within the Labour Group the split was the result of one group pushing to avoid surcharge and disqualification. It was a split based more on the idea of practicality rather than ideology. The Labour Group was united when it came to the issues of providing Council services and the opposition to the Government's approach to reforming local government. It simply came down to the unwillingness of a significant group of Labour councillors to break the law. Even Blunkett himself was leaning towards setting a legal rate but his national prominence left him unable to compromise. It took Labour councillors like Jones and Wall to vote through a legal rate with the support of Conservative and SDP-Liberal Alliance councillors to save Blunkett from being cast into the political wilderness for defying central government and breaking the law. The Labour rebels had in fact saved Blunkett's career.¹³⁶ He would soon move on to Westminster politics, something that would have been made impossible by the legal consequences of the Council persisting to refuse to set a rate. In October 1985 Blunkett gave a speech at the Labour Party Conference which later became a crucial step in Kinnock's banning of Militant Tendency from the Labour Party.

Throughout the battle over local government finance the Labour Group in Sheffield had put up a united front with the actions of leading figures like Blunkett and Billings being widely supported at the meetings of the full Council. However the *Rates Act 1984* left them unable to resist any further without venturing into illegality, something that they did not have the necessary political willpower

¹³⁵ Seyd, *The Rise and Fall of the Labour Left*, p. 157.

¹³⁶ Price, *Sheffield Troublemakers*, p. 156.

for which realistically would have been unsuccessful anyway. The unity that was displayed until the 7th May would soon return within the Labour Group. On the 5th June the Council officially approved the rate but pushed through an expansionary budget with a strong focus on the elderly and low-paid workers that would be financed through the use of creative accounting to avoid a deficit: 'Sheffield was back to fighting the battle on technical grounds.'¹³⁷

Conclusion

As with the conflict surrounding the implementation of the Right to Buy the Council and its leading figures underestimated the determination of the Thatcher Government when it came to local government finance reform. In the end, the Council did not have the necessary political willpower to effectively fight off the all-out offensive on their finances. The Council were quick to establish themselves in the beginning as a defiant opponent to the Thatcher Government's local government finance reforms. The meeting of the Policy Committee on the 4th July, where it was established that the Council must take a leading role in organising local authority opposition, suggested that Blunkett was in charge of a local authority that would be an uncompromising defender of the status quo. The Council were seen in public as standing united with Ted Knight's Lambeth and Derek Hatton's Liverpool. However, it was this public position, and the way that it directly contradicted Blunkett's private position, which made the Council's downfall inevitable.

For the game that Blunkett and his allies in the Labour Group were playing to succeed it ultimately depended on the revival of Labour Party nationally and on the continuation of the Thatcher's Government's initial unpopularity. This is because the approach that Blunkett adopted could only disrupt the changes that were being implemented by the Government rather than stop them altogether. It was hoped that a revitalised Labour Party, in a similar fashion to what happened in 1974, would force a snap election and defeat the increasingly unpopular Thatcher Government. It was assumed that with Labour back in power central-local government relations would revert back to the 1974-79 period of cooperation or even back to the era of expansion seen in the 1950s and 60s. Blunkett got it

¹³⁷ Blunkett & Jackson, *Democracy in Crisis*, pp. 180-1.

drastically wrong. Rather than rising from the ashes the Labour Party ripped itself apart from the inside with the bitter infighting which saw the creation of the SDP whilst the early stages of economic recovery and the Falklands War saw Thatcher's popularity increase. Any hopes of a Labour government coming to the rescue of Sheffield City Council were torn apart after Thatcher's impressive victory in the 1983 general election. By this point the Council had firmly established itself as a troublesome opponent to local government finance reform.

The problem for the Council in the decision making process was that councillors like Blunkett were not being honest with themselves. For example, at the meeting of the Policy Committee on the 21st October 1980 authority was given for the Chairman to tell the leader of Camden that the Council were willing to support the testing of the legality of the *Local Government, Planning and Land Act 1980*. However, the Council were also in the process of negotiating with the DoE over a proposed £1.02 million grant reduction. It was moments like these that exposed the public/private position dichotomy. Some may argue that the Council agreed to test the legality of the Act because the threat of legal action may have been useful in their negotiations with the DoE. This simply cannot be correct. The Council decided to make the savings that were required by the DoE around the same time that the Act was passed. This was a straight up loss for the Council as they had done exactly what the DoE had asked. If the Council were seriously committed to testing the legality of the Act they would have done so and not given in so quickly on the issue of making the required savings.

As the tension between Sheffield City Council and the Thatcher Government increased the Council ramped up their rhetoric. As well as the fervent defiance shown in the minutes of the various committees and of the full Council the production of anti-Government 'propaganda' became a central weapon in attacking local government finance reform. Despite the reduction in the Council's central government funding money was still found for this purpose. It was believed that this expenditure was necessary as it was contributing to the survival of Sheffield City Council as a left-wing symbol of opposition; it was defending the democratic will of the people of Sheffield. The problem with this approach was that it portrayed the Council as an opponent to the Thatcher Government with the

power to challenge it when in fact there was very little that they could do. The 'propaganda' and acts of defiance were *merely* theatre.

Rate capping pushed the Council to the brink. The theatrics of the Council in the years prior to the passing of the *Rates Act 1984* gave the impression that Sheffield would not abide by the law and would stand united against the Thatcher Government. By the time the Government had the ability to rate cap high spending local authorities Sheffield was clearly positioned as a leading figure among the local authority opposition. Blunkett was seen as an uncompromising individual. This was all because of the public position that the Council had adopted. In fact Blunkett and his team wanted to set a legal rate and pass a deficit budget as soon as it became clear that the Council had exhausted all other legal options in the fight against rate capping. Blunkett could not climb down because the actions he had taken as both Leader of the Council and Chairman of the Policy Committee in the months and years prior to May 1985 gave the impression that he would fight to the very end. His place nationally within the left-wing opposition to the Thatcher Government meant that it would be a dramatic U-turn if the Council was to abide by the *Rates Act 1984*. The decision was further taken out of his hands when the DLP voted in favour of the Council not setting a legal rate. The DLP would have seen the Council's posturing and been further convinced that the Labour Group were unwavering in their commitment to fighting rate capping. Blunkett had flown too close to the sun. If Blunkett had backed down earlier, perhaps by resigning, the Council could have been saved from the chaos and humiliation that emerged.

The division in the Labour Group on the 7th May was the result of political exhaustion. Many Labour councillors had grown tired of the increasingly unwinnable conflict that they were engaged in with the Thatcher Government. Seeing that surcharge and disqualification from office were looming on the horizon, along with more chaos that would come with further delaying to set a legal rate, Labour councillors Jones and Wall led the split. The split that occurred was not one that would bitterly divide the Labour Group for years to come as a month later unity returned with the passing of a budget that was paid for through the use of creative accounting.

What this investigation into the battle over local government finance between Sheffield City Council and the Thatcher Government has shown is the clear lack of power that Sheffield had in the central-local government relationship. The theatrics of the Council could not be backed up by action. Only if they ventured into illegality, which clearly they were unwilling to do, would they have been able to further challenge central government policy. No matter how loud their protestations they were tied to central government financially and had to abide by the laws that Parliament passed. The Council could temporarily disrupt the implementation of Government policy by frustrating the efforts made under the *Local Government, Planning and Land Act 1980* and the *Local Government Finance Act 1982* through the exploitation of loopholes. Despite these manoeuvrings by the Council once the *Rates Act 1984*, the direct response to the actions of councils like Sheffield, had become law they were forced to toe the line. Sheffield had its own democratic mandate to rule in the interest of its voters. The Labour Group's views on spending and service provision were widely popular at the ballot box in local elections. Even after the capitulation of the Council in May 1985 the Labour Group won 22 of 30 seats in the 1986 local elections, taking two from the Conservatives. The Government's ideas around what local government should be doing and spending were clearly at odds with a sizeable majority in Sheffield. This chapter then has highlighted the ambiguous position of local government and the tensions inherent in the idea of local democracy in a centralised state.

Conclusion

The conflict between Sheffield City Council and the Thatcher governments was a long one. The Council and central government had battled it out for six years but in the end it was Thatcher who walked away victorious. In hindsight it was a conflict that in the absence of a crisis that would have ejected Thatcher from power the Council and their allies in the other Labour-controlled local authorities were always going to lose. The *Housing Act 1980* put into law the Right to Buy. Once this had been guaranteed by law there was nothing that local authorities could do in the long-term to stop this from being implemented. They could of course venture into illegality by refusing outright to process Right to Buy applications and sales but only one local authority (Norwich City Council) decided to do this and they were ultimately defeated at the Divisional Court. The same went for the conflict over local government finance. Local authorities like Sheffield found ways to get around the *Local Government, Planning and Land Act 1980* and the *Local Government Finance Act 1982* by offsetting losses in central government grant through increasing the rates or through creative accounting. Once the *Rates Act 1984* had been passed the ability to sidestep local government finance cuts was largely taken away. Local authorities were left with two options: venture into illegality or abide by the law. This stark choice caused the Labour Group to split and led to the defeat of the Council. Sheffield City Council were fully aware of the limited power that local government had in a centralised state. Their aim was to mount enough pressure onto central government in the hope that it would back down and to obstruct the implementation of key pieces of legislation until a Labour government returned to power.

Due to the limited role of local government in the central-local government relationship the Council were heavily reliant on theatrics as a means of both challenging central government and gaining local and national support for their cause. This was seen with the conflict over the *Housing Act 1980*. At the meetings of the Housing Committee and of the full Council bold statements were made about the Council's strong opposition to the Right to Buy and about their willingness to challenge the Government head on. Council-produced 'propaganda' which opposed the Right to Buy, and put

forward the impression that the Council were in a position to challenge its implementation, further increased the image of the Council as a powerful opponent to the Thatcher Government. However, in reality all the Council were able to do was stall the implementation of the Right to Buy for as long as possible while putting pressure on central government in the hope that it would back down. Once it became clear that central government would not back down - Heseltine's threat of intervention under Section 23 clearly demonstrated this - it became apparent to Betts that the only option left was to break the law. This was something that people like Betts and Blunkett were unwilling to do.

The same happened with the conflict over local government finance. The Council, with Blunkett leading the way, quickly established itself as a staunch opponent to local government cuts. As with the conflict over the *Housing Act 1980* bold statements were made in committees like the Policy Committee and at the meetings of the full Council. These bold statements, publicised in the local print media, gave the people of Sheffield the impression that the Council would never back down in the face of central government pressure to make budget cuts. The 'propaganda' that the Council produced reinforced this impression. Sheffield's approach to challenging local government finance cuts established it and Blunkett as a national leader of the opposing left-wing local authorities alongside Ted Knight of Lambeth, Derek Hatton of Liverpool and Ken Livingstone of the GLC. The problem for Blunkett was that he ultimately got caught up in the moment. As made clear in chapter two, Blunkett was not as fervent in his opposition to local government cuts as his counterparts in Lambeth and Liverpool despite his strong left-wing credentials. The Council had made certain cuts that had been demanded by central government in the early years of the conflict and Blunkett, both as Leader of the Council and Chairman of the Policy Committee, had been instrumental in this decision-making process. Despite this he was more than happy to establish Sheffield at the national level as an unwavering opponent to local government finance cuts. It was this public/private position dichotomy that would largely contribute to the Council's downfall. Blunkett's public image as a staunch opponent to Thatcher's agenda left him unable to act on his private position. When it came to the possibility of venturing into illegality over the *Rates Act 1984* Blunkett was left unable to back down despite the fact that privately he was in favour of setting a legal rate and passing a deficit budget. This resulted in

a split in the Labour Group led by Dr Peter Jones and Sam Wall. This split was not based on ideological differences but more on practicality. Jones and Wall knew that the only viable option was to adhere to the legal prescribed rate. It took a dramatic split in the Labour Group to save Blunkett from the consequences of his national image and to save the Council from intense legal scrutiny.

These two separate but related investigations have set out how Sheffield City Council tried to fight against the implementation of the *Housing Act 1980* and local government finance cuts. The Council were heavily reliant on theatrics in their efforts to defend against central government decisions. As stated earlier in the introduction to this dissertation the aim of this research has not been to prescribe a remedy for the issue of centralism in the central-local government relationship, something that Jones and Stewart have already tried to do. Instead this dissertation has given two detailed examples of what can happen in the central-local government relationship when a centralist view is dominant. The question left now is whether this conflict between Sheffield City Council and central government could have been avoided. Jones and Stewart have argued for an Act that grants true localism. For them local government has become an administrative arm of central government. The government of the day passes laws that fit its agenda and local government implements them at the local level. This is the exact same relationship that was present between Sheffield City Council and the Thatcher governments. The difference here was that the Council were unwilling to implement central government policy without a fight, hence the conflict that occurred. Due to this administrative position of local government in the central-local government relationship there is very little for local authorities to do when it comes to challenging central government policy.

The Council did not see the *Housing Act 1980* as in the best interests of the people of Sheffield. They saw the Right to Buy as harmful to those who were dependant on Council-owned housing. Selling off Council stock reduced the number of homes available to those on the waiting list or to those who wanted to upgrade to a newer property. The cuts to central government funding for house building, repairs and slum clearance were also seen by the Council as harmful to the people of Sheffield. The Council had been a successful builder of rented accommodation for decades and the strong mandate that they had received from the local electorate in that time gave the strong impression that their

position as a dominant force for house building was widely supported. Ultimately the Council were in a much better position to judge the housing situation in Sheffield than a central government based in Whitehall. The same applies for levels of local government spending. Much like the situation concerning the *Housing Act 1980* the Council did not view local government finance cuts as in the best interests of the people of Sheffield. The Council had in its opinion a long history of high spending through large amounts of investment in the provision of local services. The strong support that the Labour Group had received for decades at local elections again showed that this high spending agenda was popular in Sheffield.

This was the problem with having a separate level of government within a centralised state. Sheffield City Council, a left-wing local authority with a strong local mandate, was in a position where they had to implement central government policy that was being devised by a political party on the opposite end of the political spectrum. This was the cause for the conflict that took place. This is still something that occurs today. There has been tension between central government and local authorities in the age of austerity with implementing expenditure cuts which run against the elected mandates of these local authorities. There is a need then, as argued by Jones and Stewart, for a government Act that introduces proper localism into the central-local government relationship. Local democracy is made redundant if a local authority with a strong mandate, be in Conservative, Labour or Liberal Democrat, is simply the administrator of central government policy, especially if that policy is the opposite to what individual local authorities were elected to do. Local government needs to be able to act in the best interests of its voters, something that Sheffield City Council tried to do. The central-local government conflict that occurred in Sheffield in the 1980s shows that when there is a conflict of interest like this local government is limited in its ability to challenge the centre. Local government relies heavily on theatrics to galvanise local and possibly national support for its cause but this serves a very limited practical political purpose for challenging central government.

This dissertation has added to the current literature because of the emphasis that is placed on archival material. The two investigations into the day-to-day decision-making process of the Council have provided detailed accounts of how they fought against the implementation of the *Housing Act 1980*

and local government finance reform, highlighting the limited ability of the Council in mounting opposition. Of course this dissertation is not an all-encompassing investigation into the central-local government conflict in Sheffield. There is still scope to build on this subject. For example, research could be done for an investigation into the collapse of the manufacturing industry in Sheffield and the day-to-day role of the Council with its newly-created Employment Department in tackling it. This would also be a Council-centric investigation which would be heavily reliant on archival material. Furthermore, the issue of local autonomy in Sheffield that is the focus of this dissertation could be analysed further. Due to the limitations of this dissertation the question of self-sufficiency has been neglected. While this dissertation has argued for the increased role of local autonomy in the central-local government relationship the issue of how a more autonomous local government is funded at the local level needs to be discussed further. This could be another avenue on which to build on this dissertation.

This case study of Sheffield illustrates the divisiveness of British politics in the 1980s. As stated in the introduction to this dissertation, Thatcher's agenda divided communities across the country at the time of its implementation and its legacy continues to be equally as divisive. It was a time when total political opposites collided and fought it out to defeat each the other. This case study has provided clear examples of such division. The Labour stronghold that was Sheffield City Council fought it out with the Thatcher governments over housing and local government finance reform. They were two elected bodies, both on very different ends of the political spectrum, going head to head in a battle of political will. The divisions seen at the national level in the Labour Party were also seen in Sheffield. The split of the Labour Group in the face of rate capping demonstrated this. Although this split was different from the split in the Labour Party nationally, as it was more due to political practicality rather than ideological differences, it still showed the divisiveness that was present within the same party. Overall the Council tried to defend its position as a bastion of socialim while the Thatcher governments were determined to remove any unruly opposition to their agenda. Governments have to be forceful if they are to reshape the political landscape. The Thatcher governments were and that is why they caused such division both politically and socially in 1980s Britain.

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