

1) Mr Alison

2) PRIME MINISTER

20 December 1984

RATE-CAPPING REVOLT: SHEFFIELD

I visited Sheffield on Monday and spent some hours talking informally to members of the Conservative Group on the Council. They strike me as energetic and sensible people; but they are part-time, unlike the Labour group. Like many other Conservative Councillors, they complain that nobody from Central Government comes regularly to talk to them.

They almost unanimously believed that the Labour Group will break the rate-capping law. They were not sure whether the leader (Councillor Blunkett) is himself in favour of illegality, but they assured me that he will be forced by his own hotheads to break the law. Since Labour holds 61 seats on the Council against 17 Conservatives and 9 Liberals, the Far Left will be able to carry the day even if a number of Labour right-wingers prove recalcitrant.

The machinery employed by the Marxists in Sheffield is extremely impressive. The Local Government Campaign Unit has an office in the Town Hall staffed by half a dozen people. The 'Employment Department' is heavily involved in countering rate-capping (as I saw from some leaked minutes), and the 'Central Policy Unit' is also a nerve centre for anti-Government propaganda. Use is made of schools, colleges, libraries and community centres: I saw leaflets and posters everywhere, and I was shown examples of letters sent to parents and teachers. The council officers themselves are now heavily politicised, and apparently able to run rings around the weak Chief Executive. I was told about one committee in which the senior officer is actually the political superior of the Labour Chairman, since he runs the relevant Labour Party Policy Committee. The local branch of NALGO is in the hands of Trotskyists who are now

conducting a wildcat strike against the Council and who will certainly attempt to bring out all their members if Blunkett makes any move towards obeying the Government's legislation. In short, local Government in Sheffield has been turned into a political juggernaut with a momentum of its own.

There is little sign of any coordinated counter-attack by Conservatives. The group itself does not possess the resources to mount an appropriate propaganda campaign; Central Office does not seem to have offered much help; our Councillors have not been advised how they should conduct themselves in the case of the rate-capping revolt, and they have even come to believe that the Government's expenditure limit is too tough.

I have raised these points with DoE special advisers and they assure me that steps will now be taken to improve matters in Sheffield. But it is all too likely that there are similar problems in many other rate-capped authorities.

We therefore recommend that you write to Patrick Jenkin and John Selwyn Gummer asking them to report at the next MISC 109 on the steps taken to ensure that Conservative Councillors in the rate-capped authorities are given enough guidance and help in developing both a publicity campaign and a coordinated response to illegality. The Government cannot win this battle without the help of Conservative Councillors; and the Councillors cannot act effectively without more help from the Party.

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