

CHAPTER XXIV  
PUBLIC HEALTH FINANCE

FROM the financial point of view one fact about the public health department stands out prominently; it is essentially a spending, not an earning, department. Its revenue from charges, fees, tolls, fines, and subventions is far below its expenditure. This, to a large extent, explains the inability of the department to attract and keep a large number of the best class of public men closely interested in its work; it also explains, in part, its unpopularity with ratepayers' associations, and accounts for much of the difficulty of securing adequate remuneration for its officials. The absence of sufficient revenue from other sources necessarily entails recourse to local taxation, ample powers being given to sanitary authorities for the purpose.

As early as 1538 the levy of a distinctly sanitary rate is recorded at Ipswich where constables were "assigned to several wards to remove nuisances and to levy money to pay carts for their carriage of the filth away."<sup>1</sup> It is probable that levies for such purposes were common in the mediæval towns, for in the previous century at Coventry, by orders of leet, "the sergeants collected every quarter a penny from each citizen dwelling in a house with a hall door, and a halfpenny from every shop to provide a cart which carried away the filth from the streets."<sup>2</sup> These were the forerunners of the present sanitary rates, those levied by improvement commissioners for various purposes under local Acts being intermediate forms.

The Public Health Act, 1875, which established the

<sup>1</sup> Cannan, *History of Local Rates*, p. 20.

<sup>2</sup> Miss M. D. Harris, *Life in an Old English Town*, pp. 291-2.

present system of sanitary authorities, also defined their powers of raising money to meet the expenditure involved in performing these functions. With a few exceptions the expenses incurred by urban authorities are defrayed out of the general district fund and the general district rate.<sup>1</sup> The general district rate is levied on occupiers of property assessable to the relief of the poor at the full net annual value, except that, as the extent of area is not regarded as a measure of the degree of benefit derived from local sanitary expenditure, agricultural land, railways, canals, and land used for certain horticultural and pastoral purposes were rated on only one-fourth of their value.<sup>2</sup> Under the Agricultural Rates Act, 1923, an additional exemption (making three-quarters in all) was given to occupiers of agricultural land; and, if proposals now before Parliament mature,<sup>3</sup> not only will agricultural land and buildings cease to be rated, but industrial and freight transport hereditaments will be rated at one-fourth of the net annual value as defined by the Rating and Valuation Act, 1925. The resulting deficiency is to be made good by grants from the National Exchequer.

The expenses of rural district councils are divided into general, including establishment expenses, salaries, cost of disinfection, conveyance of infected persons, and all other expenses not designated as special, and special expenses<sup>4</sup> incurred in the provision and maintenance of various services and works in contributory places within the districts. Both are met by rates levied and collected by the rural district councils, but the former are paid out of a common fund to which all contribute in proportion to their rateable value, whilst the special expenses are defrayed by sums raised from each contributory place benefiting from the service for which the expenses are incurred.<sup>5</sup>

<sup>1</sup> Public Health Act, 1875, ss. 207 *et seq.*

<sup>2</sup> *Ibid.*, s. 211.

<sup>3</sup> See Proposals for Reform in Local Government and in the Financial Relations between the Exchequer and Local Authorities (Cd. 3134, June, 1928).

<sup>4</sup> Public Health Act, 1875, s. 229.

<sup>5</sup> See Rating and Valuation Act, 1925.

There are a number of cases where the owners or occupiers of property have neglected to do certain works required by the local authority, and the latter having done the work, is entitled to recover the costs.<sup>1</sup> They may elect to do so by declaring the expenses to be private improvement expenses and levying upon the occupier a private improvement rate sufficient to redeem the debt, with interest not exceeding 5 per cent. per annum, within a period less than thirty years. The occupier may deduct three-fourths of the amount from the rent, and either he or the owner is empowered to redeem the debt at any time.<sup>2</sup> Among the purposes for which such rates may be levied are the drainage of undrained houses,<sup>3</sup> the provision of privy accommodation<sup>4</sup> or water supply,<sup>5</sup> the repair of drains and sanitary fittings,<sup>6</sup> and the making up of private streets.<sup>7</sup>

Out of the general district fund of urban district councils and the common fund of rural district councils are paid the expenses incurred not only in administering the Public Health Acts, but in the performance of many kindred duties imposed by other Acts. Thus, the expenses of administering the Baths and Washhouses Acts,<sup>8</sup> the Canal Boats Acts,<sup>9</sup> the Factory and Workshop Acts,<sup>10</sup> the Alkali Works, etc., Regulation Act, 1906,<sup>11</sup> and the Milk and Dairies (Consolidation) Act, 1915 and Orders,<sup>12</sup> and any excess expenditure over the agreed amount repaid by the county council to district councils for carrying out the delegated duties under the Midwives Acts<sup>13</sup> are chargeable to general district and common funds, except that in rural districts the expenses incurred by the adoption of the Baths and Washhouses

<sup>1</sup> See Table at end of Chapter XIV.

<sup>2</sup> Public Health Act, 1875, ss. 213 to 215 and 232.

<sup>3</sup> *Ibid.*, s. 23.

<sup>4</sup> *Ibid.*, s. 36; Public Health Acts Amendment Act, 1907, s. 39.

<sup>5</sup> *Ibid.*, s. 62; Public Health (Water) Act, 1878, s. 3.

<sup>6</sup> *Ibid.*, s. 41; Public Health Acts Amendment Act, 1890, s. 19.

<sup>7</sup> *Ibid.*, s. 150; Public Street Works Act, 1892, s. 12.

<sup>8</sup> Baths and Washhouses Act, 1846, s. 16.

<sup>9</sup> Canal Boats Act, 1877, s. 8.

<sup>10</sup> Factory and Workshop Act, 1901, s. 14.

<sup>11</sup> Section 24.

<sup>12</sup> Milk and Dairies (Consolidation) Act, 1915, s. 17.

<sup>13</sup> Midwives Act, 1902, s. 9.

Act, or in the administration of the Factory and Workshop Acts are special expenses chargeable upon the contributory place in which the baths or factories or workshops are situated.

In several cases, however, the expenses incurred in administering Acts, the duty of which usually falls upon the public health department, are chargeable upon the county funds of the county councils or the borough funds of the borough councils. This occurs where the rural authorities have been ruled out as administrative bodies, and includes expenses incurred for the purposes of the Contagious Diseases of Animals Acts,<sup>1</sup> the Sale of Food and Drugs Acts,<sup>2</sup> Shops Acts<sup>3</sup> and the Midwives Acts,<sup>4</sup> as well as the Explosives and Weights and Measures Acts, which are often administered from the same department.

Local rates agree with national taxes in being compulsory contributions from the private individual for the public service; but since the benefit from their expenditure is supposed to be more limited they are leviable over a more restricted area. There is a distinction usually noticed between rates and taxes, which, however, is not of great practical importance—"in the case of Imperial taxation of commodities a duty is imposed upon each unit of consumption. Local taxation reverses this process; it starts with the gross amount required; the ratio of the assessed value of the rateable property in the district to this sum gives the rate per £ to be levied, and each occupier pays at this rate on the assessed value of his holding."<sup>5</sup> Far more important is the fact that the amount of the rate is subject to no legal limitation, except in the comparatively unimportant case of parish councils, the rating powers of which are restricted to 3*d.* in the £, or, with the consent of the parish meeting, to 6*d.*, plus a further amount to meet expenses incurred through the adoption of various Acts.<sup>6</sup>

<sup>1</sup> Diseases of Animals Act, 1894, s. 40.

<sup>2</sup> Food and Drugs (Adulteration) Act, 1928, s. 26.

<sup>3</sup> Shops Act, 1912, s. 13.

<sup>4</sup> Midwives Act, 1902, s. 15.

<sup>5</sup> G. Armitage Smith, *Principles and Methods of Taxation*, p. 159.

<sup>6</sup> Local Government Act, 1894, s. 11.

It is extremely difficult, if not impossible, to arrive at any figures in respect to public health finance in bulk; the authorities and rates and the expenses charged upon them are so various as to defy elucidation. In 1924-5 in England and Wales the sum of £141,977,060 was raised by means of rates, averaging 11s. 8½d. in the £ of rateable value, and £3 13s. 3½d. per head of population. In addition, local authorities received grants equivalent to 6s. 9d. in the £, and £2 2s. 2½d. per head of the population. Of such rates approximately 21·4 per cent. was to meet expenditure upon health services, including housing and town planning, distributed as follows: <sup>1</sup>

	Per cent.
Sewers, Refuse, Water Supply, Baths, Cemeteries, Hospitals, Salaries, etc. . . . .	15·6
Maternity and Child Welfare, Tuberculosis, Venereal Disease . . . . .	1·3
Lunacy and Mental Deficiency . . . . .	3·7
Housing and Town Planning . . . . .	·8
	21·4

To receipts from rates must be added revenue derived from various institutions and undertakings, such as markets, slaughter-houses, cemeteries, and water supplies, amounting to some £14 millions, and lastly exchequer grants which, including grants made in connection with schemes of work for the unemployed, amounted in 1924-5 to about £11 millions.<sup>2</sup> As being the only instance prior to the National Insurance and Finance Acts of 1911, of the sanitary authorities receiving grants-in-aid, the following figures, showing the salaries of sanitary officers in respect of which such grants were paid, are interesting: <sup>3</sup>

1875-6 . . . . .	£57,536	1899-1900 . . . . .	£259,000
1885-6 . . . . .	71,321	1905-6 . . . . .	325,000
1889-90 . . . . .	75,000	1909-10 . . . . .	358,000
1895-6 . . . . .	221,000	1911-12 . . . . .	372,000

<sup>1</sup> Eighth Annual Report of the Ministry of Health, pp. 108-9.

<sup>2</sup> See Table on page 274.

<sup>3</sup> Figures for 1875-6 and 1885-6 from *National and Local Finance*, J. Watson Grice, p. 364; remainder from Report of the Departmental Committee on Local Taxation, 1914 (Cd. 7315). Salaries of county medical officers and officers of many county boroughs are not included.

Nowadays the grant for the above purposes forms but a small proportion of the total, the growth of which upon services more recently developed is indicated in the following tables: <sup>1</sup>

	Maternity and Child Welfare.	Institutional Treatment of Tuberculosis.	Treatment of Venereal Diseases.
	£	£	£
1919-20 . . . . .	526,217	500,238	224,716
1920-1 . . . . .	833,850	777,006	327,595
1921-2 . . . . .	1,168,920	1,176,556	491,127
1922-3 . . . . .	829,520	1,481,846	326,634
1923-4 . . . . .	791,201	1,580,651	303,431
1924-5 . . . . .	814,519	1,599,402	297,798
1925-6 . . . . .	897,100	1,624,311	306,816
1926-7 . . . . .	962,476	1,644,098	308,662

(Part of these grants was paid to various voluntary societies.)

As we have already seen in the last two chapters, many of the functions of sanitary authorities involve the execution of costly and enduring buildings and works. It would be manifestly unfair, even if it were possible, to pay for these out of current income; rates would be subject to violent fluctuations, and posterity would reap undue benefit from the burden borne by the present generation. To meet this difficulty sanitary authorities have been empowered to borrow money on the security of the rates for these purposes, spreading the repayments over a period tending towards, but seldom reaching, the "life" of the building or works for which the money is borrowed. In this way the burden is borne by those who benefit, at least in the earlier years.

From 1848 to the passing of the Local Government Act of 1858, the General Board of Health sanctioned loans under the Public Health Act, 1848, to the extent of £2,956,178. From this date up to the constitution of the Local Government Board in 1871, the Secretary of State sanctioned, under the Local Government Act of 1858, and the Sewage

<sup>1</sup> For fuller details, see Eighth Annual Report of the Ministry of Health, pp. xxvi *et seq.*

Utilisation Act, 1865, loans amounting to £7,363,366, and the Local Government Board, between 1871 and 1913, sanctioned loans to urban and rural authorities which totalled £211,007,163.<sup>1</sup> Of course, by no means all of this last amount, or of that outstanding in 1925 (£864,882,330), is connected with public health; lighting (gas and electric), fire-stations and appliances, and works of sea defence are included, but the fact that the total sanctioned during the year ending March 31, 1927 (£27,338,932, about £10½ millions of which were for sanitary purposes), was nine times as much as was sanctioned during the ten years 1848-1858, indicates the tremendous advance made in the provision of works of enduring utility.<sup>2</sup>

A careful observer<sup>3</sup> has stated that "the mere fact of interference of the Legislature in such matters of mainly local concern, as e.g. public health, argues a strong *prima facie* general interest, and the implied obligation has been met in some measure by subventions, but for the most part by the advances of public credit for the improvement of local sanitation." This was done by empowering local authorities to borrow money from the Public Works Loan Commissioners, who were constituted in 1817, the Public Works Loans Act, 1875, consolidating previous statutes on the subject of the powers of local authorities for obtaining money from the central authority at cheaper rates than it could be obtained in the open market.<sup>4</sup> Since then a long series of local Loans and Public Works Loans Acts have dealt with the question, but judging from the fact that the Ministry of Health issued during the year 1926-7 twenty-one Orders sanctioning the issue of stock under the Stock Regulations, 1891-1921, to the amount of £17,204,418 (exclusive of expenses), the Public Works Loans Commissioners are not favoured by the authorities whose credit is

<sup>1</sup> Forty-second Report of the Local Government Board, Part III, p. lxxxii.

<sup>2</sup> See Eighth Annual Report of the Ministry of Health, pp. 90-1, for analysis and details.

<sup>3</sup> J. Watson Grice, *National and Local Finance*, p. 6.

<sup>4</sup> See Public Health Act, 1875, s. 243; Public Works Loans Act, 1898.

good.<sup>1</sup> In the early days of public health legislation the central authority had great difficulty in persuading local authorities to borrow money; nowadays it imposed greater restrictions upon borrowing, and the check to borrowing from the Public Works Loans Commissioners is probably due to these restrictions.

Local authorities can acquire borrowing powers in two ways—(a) by means of local Acts, which, at the instigation of the Ministry of Health, frequently contain certain checks upon the expenditure of money so raised and provision for the submission to the Ministry of annual returns showing the manner in which the authority are complying with the statutory requirements as regards the repayment of the money; and (b) by clauses in general Acts.

For sanitary purposes the chief powers are contained in the Public Health Act, 1875,<sup>2</sup> which empowers local authorities to borrow money on the credit of the fund or rates out of which they are authorized to defray expenses. This may be done by borrowing the money for definite periods from the Public Works Loans Commissioners, or private persons, companies or associations, or the issue of stock.

Apart from loans raised under private Acts, which may be subject to various conditions imposed therein, there are many limitations placed upon borrowing. A copy of the resolution of the local authority, together with any provisional agreements, plans, estimates, and particulars of the existing debt and assessable value of the district, must be forwarded to the Ministry of Health, whose sanction is not, as a rule, given until after a local inquiry by one of their engineering or medical inspectors.<sup>3</sup> The sanction of the Ministry must be obtained before the expenditure is incurred, otherwise the expenses may have to be met out of the current rate, as without sanction a loan is void; and

<sup>1</sup> Eighth Annual Report of the Ministry of Health, p. 91.

<sup>2</sup> Sections 233 *et seq.* See also Public Health Acts Amendment Act, 1890, s. 52, for powers to issue stock.

<sup>3</sup> See Public Health Act, 1875, s. 134, and the Epidemic and other Diseases (Prevention) Act, 1883, for possible exceptions.

the Ministry will not give their sanction to borrow for any purpose for which the local authority possesses powers under a local Act, except when the local Act requires such sanction as a condition precedent to borrowing.

The chief statutory limitations to the exercise of borrowing powers are :<sup>1</sup>

- (a) The works must be permanent ;
- (b) The total loans for the purposes of the Public Health Act must not exceed two years' assessable value of the premises assessable in respect of the money borrowed ;
- (c) Sanction cannot be given to any loan without a local inquiry, when the loan, with loans outstanding, is in excess of one year's assessable value ;
- (d) Loans must be repaid by instalments or by the accumulation of a sinking fund in not more than sixty years ; and
- (e) Any loans raised to pay off existing loans must not extend beyond the unexpired period of the period for which the original loan was sanctioned unless the Ministry of Health consent, the period not to exceed sixty years in any case.

The limitation on the total amount of loans is, however, subject to some exceptions in more recent legislation ; loans for the purposes of the Small Dwellings Acquisition Act, 1899,<sup>2</sup> the Housing Acts<sup>3</sup> and for town planning<sup>4</sup> are not to be reckoned as part of the debt for the purpose of calculating outstanding loans when a proposal to borrow for the purposes either of those Acts or the Public Health Acts is made ; and loans raised by mortgaging sewage-land or plant are considered an addition to borrowing powers under the Act where they do not exceed three-fourths of the purchase money of the lands.<sup>5</sup>

The time limits for repayment vary according to the

<sup>1</sup> Public Health Act, 1875, s. 234.

<sup>3</sup> Housing Act, 1925, s. 88.

<sup>4</sup> Town Planning Act, 1925, s. 20.

<sup>5</sup> Public Health Act, 1875, s. 235.

<sup>2</sup> Section 9.

purpose of the loan, the general practice being to allow sixty years for land, about thirty years for brick or stone buildings, sewers, water mains and reservoirs, and about fifteen years for the furniture of buildings, refuse destructors and machinery.<sup>1</sup> Previous to 1898 loans from the Public Works Loan Commissioners had to be repaid within some period less than twenty years unless the Treasury, on the recommendation of the Commissioners, sanctioned an extension.<sup>2</sup> In this year, however, the period was extended to thirty years,<sup>3</sup> a recommendation from the Local Government Board (now Ministry of Health) being required for a longer period.<sup>4</sup> In the Housing Act, 1925, the period for any purposes of the Housing Acts may be extended to eighty years, and if borrowed from the Public Works Loan Commissioners the interest is fixed at the minimum rate fixed for the time being irrespective of the duration of the loan.<sup>5</sup> In local Acts various times, within limits, are allowed, but the Select Committee on the Repayment of Loans by Local Authorities reported in 1902 that they were "quite unable to discover any general principle by which the periods allowed by local Acts have been found."<sup>6</sup> The rates of interest paid for loans varies according to fluctuations in the money market and the credit of the local authority, but loans from the Public Works Loan Commissioners are at present subject to a rate of about 5 per cent.

The power of the Ministry of Health to control the borrowing of money by local authorities is a very real one. By local inquiries, to which ratepayers are invited by public notice and allowed to state their views, the Ministry satisfy themselves that the public works are necessary and adapted to the requirements of the locality, that they will last good for at least as long a time as that limited for the

<sup>1</sup> See Lumley's *Public Health* (9th Ed.), p. 529.

<sup>2</sup> Public Works Loans Act, 1875, s. 11.

<sup>3</sup> *Ibid.*, 1898, s. 5.

<sup>4</sup> Public Health Act, 1875, s. 243.

<sup>5</sup> Section 89.

<sup>6</sup> Grice, *National and Local Taxation*, p. 347.

repayment of the loan, and that the estimates are not excessive. They also take into consideration the records of the authority as regards previous loans; and when a loan is permitted they satisfy themselves that it is properly applied, being empowered to enforce this by *mandamus*.<sup>1</sup>

In order to prevent illegal expenditure and malversation of the public funds provision is made for the audit of the accounts of local authorities.<sup>2</sup> These must be kept in prescribed forms and made up as required by the Ministry of Health. The accounts of borough councils acting as sanitary authorities are exempt from examination and audit by the district auditors of the Ministry, but provision may be made for such audit in local Acts or by provisional order, made under Section 303 of the Public Health Act, 1875, amending local Acts and clauses in the Act of Parliament confirming the orders.<sup>3</sup> In several towns the audit is carried out by the district auditor, but in the remainder the borough auditors examine the accounts, except in those boroughs where professional auditors are employed under powers given by local Acts. The accounts of other authorities are examined and audited by district auditors with full powers of calling for all necessary documents, papers, and information, and of publicly hearing objections which may be made by ratepayers or owners of the district. The auditors may disallow any expenditure which has no legal sanction and may surcharge the persons making or authorizing such expenditure. The persons surcharged have the right of appeal to the Ministry of Health, who may disallow or remit the surcharges at discretion. Local authorities are, however, permitted to anticipate disallowance by the district auditor by obtaining beforehand the sanction of the Ministry to any expenditure,<sup>4</sup> in which case the district auditor cannot disallow the item. Such sanction was given in 3,352 cases out of 3,677 applications made

<sup>1</sup> Public Works Loans Acts, 1875, s. 36, and 1878, s. 4.

<sup>2</sup> Public Health Act, 1875, ss. 245 *et seq.*

<sup>3</sup> See Eighth Annual Report of the Ministry of Health, pp. 113 *et seq.*

<sup>4</sup> Local Authorities (Expenses) Act, 1887.

during the year 1926-7.<sup>1</sup> The fact that the accounts of a local authority have been audited does not, however, bar any interested person from applying to the Attorney-General to obtain an injunction restraining the payment of money under an order of the council for which there is no legal warrant; similar orders of an urban authority may be removed into the High Court by a writ of *certiorari* at the instance of any interested person, and if invalid may be quashed.<sup>2</sup> During the year 1926-7 over 3,250 reports were made by district auditors and 517 disallowances and surcharges amounting to £111,974, were made.<sup>3</sup>

It is so difficult in many cases to determine definitely what are purely matters of public health, and those which may be so determined are so inextricably mixed up with other matters in the financial transactions of local authorities that it is impossible to decide with certainty what the annual cost of the public health service is, or to give figures as to the expenditure, income and loans which may with certainty be said to completely cover the ground. The following figures, extracted from the Local Taxation Returns for the year 1924-5 indicate, with some approximation to accuracy, the cost to the community of the various services, showing how this is affected by expenditure upon works of a more or less permanent nature. On the side of receipts it is noticeable that only in the case of waterworks do fees, tolls, rents, etc., approximate to expenditure; in every other case there is a burden upon the rates despite Exchequer grants (see page 274 for table).

These figures are ample justification of the designation of the public health department as a spending department, the burden upon the ratepayers amounting to some £30 millions per annum.

As we have seen, Parliament has yearly increased the powers and duties and, consequently, the expenditure of sanitary authorities, and that the Ministry of Health is

<sup>1</sup> Eighth Annual Report of the Ministry of Health, p. 112.

<sup>2</sup> Public Health Act, 1875, s. 246.

<sup>3</sup> Eighth Annual Report of the Ministry of Health, pp. 110-11.

Services.	Expenditure other than out of Loans.		Receipts other than from Loans and Rates.	
	Loan Charges.	Total.	Fees, Tolls, Rents, etc.	Exchequer Grants.*
	£	£	£	£
Sewers and Sewage Disposal . . .	3,937,426	8,710,545	755,317	280,401
Collection and Disposal of House Refuse	355,758	6,597,455	485,929	17,270
Hospitals, Sanatoria, Dispensaries, etc.:				
For Tuberculosis . . . . .	204,540	2,870,351	133,350	1,577,088
" Venereal Diseases . . . . .	1,843	393,386	6,778	276,280
" Other Diseases (Fever, etc.) . . .	298,530	3,194,127	182,648	3,112
Salaries of Medical Officers of Health, Sanitary Inspectors and Health Visitors (so far as not allocated to other services) . . . . .	—	1,250,768	2,849	393,108
Maternity and Child Welfare . . . .	41,027	1,713,941	367,461	645,192
Baths, Washhouses, etc. . . . .	281,182	1,699,289	770,359	13,919
Parks, Pleasure Grounds and Open Spaces . . . . .	830,856	4,168,960	1,011,458	176,325
Vaccination . . . . .	—	182,077	—	3,050
Port Sanitary Service . . . . .	1,356	90,966	5,047	36,112
Other Health Services . . . . .	226,240	1,954,413	479,691	7,477
Housing and Town Planning . . . .	13,387,739	18,083,062	9,306,950	7,490,017
Cemeteries . . . . .	235,858	1,378,410	965,544	11,617
Waterworks . . . . .	7,684,925	15,839,483	15,203,381	62,455
Totals . . . . .	£27,487,280	£69,127,233	£29,677,762	£10,993,423

\* Includes grants made in connection with schemes of work for the unemployed.

constantly endeavouring to obtain a higher standard of efficiency. Until 1911 the central department lacked the best weapon—grants-in-aid—for this purpose, this being justified on the ground that the public health service is essentially "beneficial," it "tends to make the locality in which these services are administered a more attractive place, both for business and residential purposes." This being so, it was urged that "it is only reasonable that the owners and occupiers of property thus benefited should pay the rates necessary to defray the local authority's expenses on these services," and that "any grants-in-aid would have the effect of relieving them of this equitable obligation."<sup>1</sup> This was the position adopted in the Report of the Royal Commission on Local Taxation in 1901. Public

<sup>1</sup> Reservation to Report of the Departmental Committee on Local Taxation, by Messrs. Barstow, Harper and Murray, pp. 106-7.

health expenses were not considered to be "onerous," i.e. they were not incurred locally for national purposes, and therefore were not entitled to national assistance.

Public opinion, however, has been changing from this position, which, as the means of transport improve, and the mobility of population becomes greater both in possibility and in reality, becomes less tenable; and the demand for a more effective supervision of local authorities by the Central Government is due to the growing recognition of the national importance of their services, and is an argument in favour of grants-in-aid as a help to the local authorities and a means of control for the central authority. This view was adopted by the Departmental Committee on Local Taxation, who devised a new classification of public services which included an intermediate class of "semi-national services" administered by local authorities, but in which "the State has at the same time so marked an interest in their efficiency as to justify a claim to the supervision of their administration," and the expenses of which should be a joint burden on the local and national exchequers.<sup>1</sup>

In this class the Committee, three members dissenting, included public health services. They stated that—

"the considerations that may be held to justify grants are not absent from this branch of local government. While the bulk of the benefit conferred by these services is enjoyed by the immediate locality, it is clear that the maintenance of a good standard of public health is no less important to the nation as a whole than the education of its children or the upkeep of its main roads."

And as a lever for improving local administration they considered encouragement by grants-in-aid as "likely to be more effective than the somewhat cumbersome method of default and *mandamus*."<sup>2</sup>

The European War intervened and put an end to the scheme of grants-in-aid introduced by the Chancellor of the Exchequer in his Budget of 1914,<sup>3</sup> but, as we have seen,

<sup>1</sup> Report, p. 15.

<sup>2</sup> *Ibid.*, p. 48.

<sup>3</sup> The Right Hon. Lloyd George, May 5, 1914.

such grants have since the Peace been used to encourage and develop new public health services. Now once more the country is considering a new attempt to readjust the financial relations between the Exchequer and local authorities consequent upon the derating of agricultural land and industrial and freight transport hereditaments.<sup>1</sup> These proposals involve reforms in the Poor Law Administration by which the functions of the present Boards of Guardians will be distributed between county and county borough councils, a change which will add very considerably to the work of the public health department.<sup>2</sup>

Public Health authorities receive percentage grants in aid of such services as tuberculosis, maternity and child welfare, welfare of the blind, venereal diseases and mental deficiency which involve "close supervision by the central department of the work of the local authorities to whom they are paid." They have the great defect that "as they are not related closely to needs, but to expenditure, their effect is that those areas which are poorest, and can least afford to maintain an adequate standard, are just those which receive the least assistance from national funds."<sup>3</sup>

The Government (June, 1928) take the view that a proper system of national aid should—

- (1) recognize that a fair contribution should be made from the Exchequer towards the cost of local services ;
- (2) ensure that local authorities have complete financial interest in their administration ;
- (3) be adapted in its working to the needs of the areas ;
- (4) permit the greatest freedom of local administration and initiative ;
- (5) provide for sufficient general control and advice from the central departments to ensure a reasonable standard of performance.

<sup>1</sup> See page 263.

<sup>2</sup> Proposals for Reform in Local Government and in the Financial relations between the Exchequer and Local Authorities (Cd. 3134, June, 1928), pp. 6 *et seq.*

<sup>3</sup> *Ibid.*, p. 12. Remainder of proposals from same source.

To this end they propose to abolish as from April 1, 1930, the Assigned Revenue Grants, the grants under the Agricultural Rates Acts, 1896 and 1923, the percentage grants in aid of public health services and various grants towards highway expenses, and in place thereof to substitute an annual block grant, fixed in total and for each authority for periods of five years, to county and county borough councils. From the former grants will be distributed to the councils of county districts.

Apportionment is to be ultimately made according to a formula based on general characteristics, independent of actual expenditure, in which the population, proportion of children under five years of age and rateable value per head of population are the primary factors. Secondary factors allow for the additional burden thrown upon certain areas by abnormal unemployment and for variations in the cost of local government services due to differing density of the population. For the former the proportion of unemployed insured men to the total population is adopted as the standard, in the latter case the population per mile of public road is adopted.

To introduce this system at once would cause too great a disturbance of local finance, so that for three quinquennial periods various adjustments are proposed until by 1945 the total grant will be distributed on the basis of the full formula as follows :

- (1) For each county and county borough a figure of weighted population is arrived at by increasing the population in the standard year as estimated by the Registrar-General—
  - (a) by the percentage by which, at the last previous Census, the number of children under 5 years of age per 1,000 of the population of the area exceeded 50, and
  - (b) by the percentage by which, according to the Valuation List in force on the 1st October, 1929, or on subsequent revisions of the grant in the year prior to the

revision, the rateable value per head of estimated population of the area is below £10.

The population so increased is further weighted—

(c) for unemployment; the number of unemployed insured men is expressed as a percentage of total estimated population, and where this percentage, averaged over three years, exceeds  $1\frac{1}{2}$  per cent., the population is increased by a percentage equal to ten times the excess over  $1\frac{1}{2}$  per cent. ;

and in administrative counties other than London

(d) for low density of population; where the estimated population per mile of roads is less than 100 persons, the population increased by (a) and (b) is further increased by the percentage by which the estimated population per mile of roads is less than 200 persons, and, where the estimated population per mile of roads is 100 persons or more, by the percentage which 50 persons bears to the estimated population per mile of roads.

Each non-county borough and urban district council will receive from the county council a grant at a uniform figure per head of actual population, and each rural district council at one-fifth of that uniform figure per head of actual population; the uniform figure being one-half the result of dividing the total grant to all administrative counties by their aggregate actual population.

The Parliamentary Paper (Cd. 3134) from which the foregoing information has been obtained contains elaborate explanations and statistical charts showing the effect of the proposals upon local finance, but as to how far the financial advisers to the various local authorities will agree with the forecasts it is at present impossible to indicate. Equally impossible is it to foresee the form in which they

will ultimately emerge from the cauldron of Parliamentary debate. The proposals vary very considerably from those made in 1914 based upon the Report of the Departmental Committee on Local Taxation and appear *prima facie* to be open to the criticism that an effective method to encourage or even coerce local authorities may be removed from the hands of the Ministry of Health,<sup>3</sup> and that some local authorities may utilize the grants to reduce rates rather than to improve their health services.