In the following Memorandum I have taken no account of a Bill for the reform of the Poor Law, the introduction of which depends on the decision on the Chancellor's proposals for reform of the financial relations between the Exchequer and the local authorities.

Poor Law Reform therefore being excluded, Bills on the following subjects have been under consideration for the forthcoming Session in the Ministry of Health:

1. Local Authorities (Financial Provisions)
2. National Health Insurance
3. Valuation Amendment, which might perhaps be taken in one Bill with
4. London (Valuation and Rating)
5. Railway Rating
6. Lunacy
7. Remuneration of Registrar.

It has also been proposed to continue the task of consolidating the various statutes under which the Ministry works by passing this year a Food and Drugs Consolidation Act.

It will be observed that the above list does not include a Slum Improvement Bill. My plans for dealing with this problem are fairly advanced but I require more time for the completion of the scheme and for the necessary consultations with local authorities and others interested. It could conceivably form part of the 1929 programme.

1. Local Authorities (Financial Provisions).

The Cabinet have already authorised the introduction of a Bill on this subject.
National Health Insurance.

The basis of this Bill is the recommendations in the Majority Report of the Royal Commission which reported in February, 1926.

I have decided that it is impossible for several reasons to act at present on two of the recommendations, in favour of the abolition of Insurance Committees and of the partial pooling of surpluses of societies to secure the provision of specialist services.

There are, however, a number of other recommendations which have been fully discussed and substantially agreed with the Approved Societies Consultative Council. Societies generally are very anxious that effect should be given by legislation to these recommendations. As time goes on and no Bill is produced, unrest and uneasiness develops among them. They have also a keen appreciation of the fact that in addition to the Majority Report, there was a Minority Report of the Labour representatives on the Royal Commission proposing, amongst other drastic changes, the abolition of the Approved Society system. The political power and influence of Approved Societies make it desirable in present circumstances to meet their views if possible, especially as they are still very sore over the Economy Act of 1926.

There is this also to be said, that in one respect the Bill would be a public health measure of first class importance - namely in respect of regulation of additional treatment benefits, mainly dental and ophthalmic. Societies are now spending about four millions a year on these benefits and they constitute probably the most important advance in preventive health treatment made for many years. At present my powers of controlling this large expenditure are wholly
wholly inadequate, and the result is such constant friction between the Societies and the professional concerned that arrangements are carried on with difficulty and in a manner which leaves much to be desired. The rectification of this position would be an undoubted asset to the Government.

The Bill proposed would be a Committee measure to be taken in Standing Committee and should not occupy more than one and a half day's of the time of the House as such.

(3) Valuation Amendment.

The combined effect of the Rating and Valuation Act, 1925, and the Rent Restriction Acts, as interpreted by the judgment of the Courts, gives rise to a situation of considerable difficulty which in my view renders legislation inevitable and urgent. The Rating and Valuation Act, 1925, in the interests of uniformity prescribed a scale of deductions which are to be made from the gross values of properties in determining rateable value; this general scale replaces very varied scales which are in operation in different districts; the Act also prescribed the allowance to be made to owners in respect of compounding, which it fixes at 10 per cent in place of the varied, and in many cases very large, allowances at present in operation. By the decision of the House of Lords in the case of Nicholson v. Jackson tenants have been receiving the benefit of any compounding allowance on the increase of rates since 1914 and the effect of decreasing the allowances is to increase the rents paid by the tenant, quite apart from any increase of rent which may result from increases of rates or of assessments. The effect of Nicholson v. Jackson is anomalous, for the allowances are clearly owners' allowances for risks undertaken.
by them; in view of the House of Lords decision a reduction in the amount of allowances does not affect the landlord but takes from the tenant something which he never ought to have had. The bulk of tenants will not concern themselves, however, with the question whether Nicholson v. Jackson was equitable, but the fact that their rent is to be increased will appeal to them quite directly.

It was recognised in 1925 that further legislation on this question might become necessary. In the course of the Debate, after referring to the decision in the case of Nicholson v. Jackson and pointing out that the Bill provided that the proposed changes in the law relating to compounding should not come into operation until after the expiration of the Rent Restrictions Acts as they then stood, I went on:-

"Hon. Members opposite may say: "But the Rent Restriction Acts may have to be prolonged, and may not actually come to an end when they are due to expire". All I can say is, if that be so, that there is plenty of time before us to consider what steps it may be necessary to take, and I will go so far as to say that we certainly should consider, in the event of any prolongation of the Rent Restriction Acts, whether any steps were necessary in order to provide against an alteration in the existing practice."

The effects referred to will make themselves felt on the coming into operation of the first valuation list under the Rating and Valuation Act, 1925. In the great majority of cases the first valuation will come into operation on 1st April, 1929, but in a number of districts the date is 1st April, 1928. Birmingham, for example, has chosen the earlier date and their revaluation is now practically complete, so that the extent of its effects can be appreciated. It shows that the rents of small weekly properties will be increased by varying amounts up to as much as 9d. or 10d. a week.

An attempt has been made to consider what is likely to happen generally. Estimates are very difficult
to make, for exact information is not available, and it is necessary to make a number of assumptions but the result of the examination of a number of sample districts leads to the conclusion that it is likely, in the absence of legislation, that there will be an average increase in the rents of compounded properties throughout the country of something in the neighbourhood of 4d. or 5d. a week.

It is proposed to meet this difficulty by providing that for the first valuation under the Rating and Valuation Act -

(a) The scale of deductions from gross value for the determination of rateable value shall be altered so as to make the scale more generous for the smaller houses.

(b) To increase the compounding allowance from 10 to say 15 per cent.

It is estimated that by this means it will be possible on the whole to leave compounded property in practically the same position as at present, though the change to uniformity will of course mean that some tenants will pay slightly reduced rents while others will have their rents slightly increased.

(4) London (Valuation and Rating).

There are three matters which make it necessary to consider legislation dealing with valuation and rating in London -

(a) The necessity for putting something in place of the temporary Valuation (Metropolis) Amendment Act, 1925.

(b) The desirability of applying the provisions of the Rating and Valuation Act, 1925, as regards rating of machinery to London as nearly as possible
contemporaneously with their coming into force in the Provinces.

(c) The desirability of general co-ordination of the rating and valuation law in London with that in the Provinces.

The Valuation (Metropolis) Amendment Act, 1925, provided for the ascertainment of rateable value by the use of certain scales of deductions from gross value. It was expressed to apply for the quinquennial valuation of 1926 only and it will be necessary to provide for a scale, probably different from that prescribed in 1925 to apply for the 1931 valuation. A Bill to deal with this should at latest be passed in the early part of the 1929 session, but looking to the life of the present Parliament it cannot be left till then and local authorities would be justified in pressing that it should be dealt with in 1928. The benefits of the rating of machinery provisions will in the majority of districts come into operation in 1929 and it is important that the advantages of the provisions shall become available to London ratepayers at the same time.

The co-ordination of the London and Provincial codes of valuation is very desirable and may be taken as generally agreed except as regards two important points, the abolition of the single valuation for rates and taxes and the revision of assessments in the interval between two quinquennial valuations. As regards the first the Exchequer has an interest for the Commissioners of Inland Revenue are of opinion that the present system involves them in serious losses.

There is much to be said in favour of a comprehensive Bill dealing with these questions and with the matter referred to in paragraph 3 under the heading
Valuation Amendment. It must be recognised, however, that there are questions arising in connection with the general co-ordination of London Valuation with that in the Provinces which might well involve so much controversy as to make it impossible to ensure the passing of the measure in reasonable time.

I am, therefore, of opinion that the best plan will be to deal with the Valuation Amendment point, the analogous question of the replacement of the Valuation (Metropolis) Amendment Act, 1925, and the application of the rating of machinery provisions to London in one short urgent Bill, leaving the more general question of the co-ordination of London and Provincial rating to a later date.

I am of course aware of the difficulty of passing legislation before Easter. Nevertheless I am bound to point out that there are special circumstances which make it extremely important to get this Bill through as near the 1st of April as possible.

If the amending Bill did not pass until June or July the result would be that local authorities adopting the year 1928 for their first valuation would make their rates on the provisions of the 1925 Act as they stand in April, landlords would thereupon serve notices on their tenants as required by the Rent Restriction Acts and would collect increased rents and when the Bill passed fresh notices would have to be served by the landlords and adjustments made and the local authorities would be involved in very numerous adjustments in the rate and valuation books.

(5) Railway Rating.

The Rating and Valuation Bill contained clauses
dealing with the valuation of railways designed to secure the valuation of the railways in cumulo, and the apportionment of the valuation between different areas: these clauses were not proceeded with through lack of time. The present position of railway valuation is unsatisfactory to both local authorities and railway companies, and legislation is urgently required: it is possible that it may suddenly become unavoidable. There has been no re-valuation of railway properties since the war, and it is almost certain that the application of pre-war practice and Court decisions would, on account of post-war changes in costs, result in impossible valuations. If re-valuation took place in the absence of fresh legislation the local authorities would probably find themselves faced with enormous losses of rateable value, and the rural areas would be especially hit. And it is agreed on all hands that the present method of parochial assessment is artificial, costly and unsatisfactory. Since 1921 the pre-war assessments have been adjusted by the application of a percentage agreed between representatives of the local authorities and companies negotiating centrally. It is an entirely extra-statutory arrangement which may break down at any time. It has resulted year by year in reductions of railway rateable value, and local authorities, particularly the rural areas, tend to become increasingly dissatisfied with the results of the central negotiation; the railway companies are also dissatisfied and it is understood that they threaten to break away entirely from the present makeshift arrangement unless they are given
given definite assurances that legislation will be immediately undertaken to place railway rating on a satisfactory and permanent basis.

Representatives of provincial local authorities and the railway companies have been discussing the method of a permanent solution for some eighteen months, and have prepared a Bill providing for a valuation in cumulo which is more or less completely agreed.

Negotiations are continuing and the Scottish and Metropolitan authorities, whose concurrence will be necessary if an agreed measure providing for a valuation in cumulo is to be secured, are now taking part. These negotiations may result in general agreement in the near future, and in that case very strong pressure is likely to develop to give effect to it by legislation in the coming session.

If agreement is not shortly reached, a difficult situation may arise. Railway Companies will undoubtedly consider seriously the alternative of taking appeals under the existing law against the individual parochial assessments throughout England and Wales, and they may no longer be deterred by the considerations which have so far weighed with them. Such action may produce a position seriously affecting the finances of local authorities in a number of areas and may necessitate legislation imposing some sort of temporary settlement.
(6) Lunacy.

As in the case of National Health Insurance, I am here in presence of the report of a strong Royal Commission which under the Chairmanship of Mr. H.P. Macmillan made a most exhaustive enquiry into lunacy legislation and administration and furnished a unanimous report in July 1926, proposing a considerable number of reforms. This report had an excellent reception and it is highly desirable that effect should be given to it. To do so in full would require a Bill of such length and complexity that it could not be considered at the present stage. But there are four recommendations on which I think that early legislation is extremely desirable and would redound to our credit as a government. These are:-

(a) the provision of powers to receive persons suffering from mental illness, but possessing volition, without certification into all classes of mental institutions. Such persons can now be received only on payment in registered hospitals and licensed houses. Such a differentiation between the poor and the well-to-do ought not to continue a day longer and I am moreover advised that early treatment without certification would have the most potent results in reducing the number of those who now become certifiable;

(b) power to local authorities to undertake out-patient treatment and after-care of those who are or have been mentally afflicted and to undertake research - the case for these reforms does not need argument;

(c) provision for certain further safeguards for the medical profession in issuing certificates - at present the position is such that medical men hesitate to carry out their duties.
under the Lunacy Acts for fear of vexatious prosecutions:
(d) reorganisation of the Board of Control on lines recommended
by the Royal Commission.

This measure might well be introduced in the Lords.

(7) Remuneration of Registrars.

These officers have a grievance of long standing in
that in many areas their fees have not been increased as have
been the emoluments of other officers in connection with the
increase in the cost of living. They have behaved with very
great patience, their claim cannot be disputed, and I am very
desirous of securing the legislation necessary to meet it.

Of the above measures, those which stand first in order
of urgency are the Local Authorities (Financial Provisions),
National Health Insurance and Valuation Amendment Bills. The
first of these must in any case be passed. The second is not
only most desirable politically because the powerful interests
represented by the Approved Societies are pressing hard for it
but is demanded on public health grounds in regard to the
question of treatment benefits. The third is in my judgment
politically necessary.

I must therefore urge most strongly that arrangements
be made for the passing at least of these three bills.

As regards the other measures, I must admit that they
do not present the same case of urgency though I should be sorry
to lose any of them and I must make it clear
clear that in regard to railway rating I am confronted with a position of considerable delicacy and difficulty.

23rd January, 1928.

N.C.

23rd January, 1928.