voluntary redemption merit consideration. It is worth noting that whenever redemption takes place the capital sum is twenty-five times the annual charge. Unless a property in respect of which the local authority is liable for land tax is likely to qualify for exoneration, or can so qualify in whole or in part by apportionment, there would appear to be an advantage in redeeming the tax as soon as possible after 1st January, 1950, to avoid further annual payments. The regulations to be issued under Section 43 will have a bearing on this matter.

Abattoirs—Ministry of Food Grant

My predecessor's advice was sought recently in connection with the Schedule D Assessment of a local authority's abattoir, which was operated under the control of the Ministry of Food. For the year in question there had been a substantial operating deficiency towards which the Ministry of Food had made a grant. The querist asked whether the grant could be excluded from the income brought into account for income tax assessment. He was advised by Fimtax II that the Seaham Harbour case related only to grants which were held to be of a capital nature, and that there was Case Law to support the view that grants of a revenue nature are taxable, e.g. *Lincolnshire Sugar Co., Ltd., v. Smart*, 1937, relating to sugar subsidies, and *Higgs v. Wrightson*, 1944, relating to ploughing grants.

It was also pointed out to the correspondent that the grant in this case was a contribution towards a revenue loss incurred as a result of operating under the Ministry's control, and as such is in the nature of a payment for services rendered to the Ministry of Food. For these reasons the view was expressed that the grant should be brought into account as trading income for tax purposes. Such a result was not inequitable, for if the local authority had been free to raise charges, the resulting income would have been taxable.

Items of Interest from Service Journals, etc.

List No. 69—*By* J. H. Wilkin, *Borough Treasurer, Huddersfield*

1. Derating—Hereditaments used for Storage—Extent to which the benefit of derating may be obtained—review of Statute and Case Law. (*Local Government Chronicle*, 13th August, p. 851, and 27th August, p. 915.)

2. Establishment—A Commentary on Annual Leave Rules. (*Local Government Chronicle*, 13th August, p. 842.)

3. Law—Lands Tribunal Act, 1949—Rating Valuation—effect upon right of appeal from local valuation court under ss. 49, 62 and 87 of the Local Government Act, 1948. (*Rating and Income Tax*, 20th August, p. 368.)

4. Local Government Finance.—" Increased spending has absorbed Rate Relief "—review of the first report of the research working party examining the effects of the Local Government Act, 1948. (*Municipal Journal*, 2nd September, p. 2161.)

5. Rating—" Professional Valuers acting for the Inland Revenue Department "—article with reference to recent advertisements, and with particular reference to future valuation for rating of the nationalized undertakings. (*Rating and Income Tax*, 27th August, p. 378.)

The Finance of Civic Restaurants—An Investigation

By Gilbert Sugden, *Borough Treasurer, West Bromwich*

The importance of the finances of the civic restaurants service needs no emphasis because of the provisions of Section 3 of the Civic Restaurants Act, 1947. The duty imposed upon local authorities by that Section to " use their best endeavours " to make their income sufficient to meet their expenditure is known to financial officers whose authorities maintain civic restaurants undertakings. So is the fact that if a deficit is shown in the accounts in each of three consecutive financial years, the local authority may be faced by a withdrawal of their powers to run an undertaking. It is too early as yet to know which authorities may be in difficulties because of the three-year financial life which the Act gives: this cannot be known until after 31st March, 1950. Whilst the Minister of Food has optional powers to give further leases of life in certain circumstances to those undertakings whose demise might otherwise be brought about, no guidance has yet been issued as to how the Minister will exercise these powers. But it is clearly incumbent upon all the authorities to have the utmost regard to the position of the revenue account of their civic restaurants undertaking. Where losses are being incurred, or even before that point, where losses are in prospect, steps must be taken to put matters right or the possibility of winding up the service must be faced. This is not always an easy matter. The civic restaurants service is, in some aspects, semi-social in nature. It is, perhaps, the only service of this kind whose future may be determined purely on financial grounds.

It appears from the information one is able to gather that many local authorities have been faced recently with the problem of whether or not to continue civic restaurants undertakings. In many parts of the country the tendency for trade to decline has been marked in the last twelve or eighteen months. The Minister of Food, in answer to a question in the House of Commons on 21st February, 1949, gave the following information about the number of civic restaurants in operation compared with the number operating in 1948, 1947, and 1946 :—

4th February, 1949 . .	678
3rd January, 1948 . .	773
1st February, 1947 . .	1,176
5th January, 1946 . .	1,373

These figures indicate a considerable drop in the number of establishments in operation over a period of three years. They do not necessarily mean that local authorities are closing their civic restaurants undertakings altogether. It is known that in many areas there is taking place a concentration of the undertaking, and that some restaurants and dining-rooms are being closed but the better equipped and better sited establishments are being kept in operation. Nevertheless, there is a falling off in trade, and some interesting figures were given by Mr. F. Le Gros Clark in an article in the *Local Government Chronicle* for 16th July, 1949. These figures show that the number of meals provided daily in March, 1941, was 107,000. The number increased to a peak figure of 615,000 in October, 1943, and declined to 266,952 in December, 1947.

The fall in the demand for civic restaurant meals is, therefore, quite a serious matter and, faced with this, one might have thought that the passing of the Act would have caused a wholesale closing of restaurants and dining-rooms. If the authorities concerned can be relied upon as a guide, this was not an immediate result of the 1947 Act. There was a falling off in the number of establishments in operation but it was not as great as might have been expected, as Table I below illustrates.

TABLE I

Number of Establishments in Operation at Dates Shown

	No. of Authorities	Restaurants				Dining-rooms				Cooking Depots			
		31.3.46	31.3.47	1.4.47	31.3.48	31.3.46	31.3.47	1.4.47	31.3.48	31.3.46	31.3.47	1.4.47	31.3.48
England and Wales	41	210	204	186	219	16	16	15	19	15	15	14	13
Scotland	8	26	20	15	16	—	—	—	—	4	1	1	2
TOTAL	49	236	224	201	235	16	16	15	19	19	16	15	15
Less Authority "X"	1	59	64	64	102	—	—	—	—	3	3	3	4
TOTAL (excluding Authority "X")	48	177	160	137	133	16	16	15	19	16	13	12	11

careful financial control and efficient management are more than ever necessary if an undertaking is to survive.

The tables which appear later in this article have been prepared with the intention of helping financial officers to deal with this problem. They are based on a questionnaire which was circulated in the latter part of 1948 to fifty-two authorities in England and Wales and to ten authorities in Scotland. Replies were received from forty-one authorities in England and Wales and from eight in Scotland. Those authorities who replied were of varying types and sizes and consisted of nineteen county boroughs, fifteen boroughs, and seven urban district councils situated in all parts of England and Wales, together with eight burghs and large burghs in Scotland.

The questionnaire was of a comprehensive nature and the replies have yielded much useful information. An attempt to summarize the replies under standardized headings has, unfortunately, not been too successful, partly because of variations in local circumstances and partly because not all authorities were able to supply all of the information asked for. Some answers did, however, lend themselves to standardized treatment and fortunately this applied to the question asking for an analysis of revenue accounts. From a financial point of view this was probably the most important question of all, and the comparisons between different undertakings which have been made possible are most interesting.

In considering the completed questionnaires one cannot help being struck by the varying conditions which apply in the different undertakings. There are differences in the type of service provided, in tariff structure, in classification of meals, in staffing, and so on, which make reliable comparisons very difficult. These factors must be borne in mind in considering the financial position of any individual undertaking. It has proved impossible to arrive at precise conclusions, and in interpreting the data available generalizations will in many instances have to be accepted.

The effect of the Civic Restaurants Act, 1947, on the sample of authorities under consideration is interesting. In view of the remarks made earlier about the decline in the number of establishments and the number of meals served, it will be seen that 201 restaurants were in operation at 1st April, 1947, the appointed day under the 1947 Act, compared with 224 at 31st March, 1947. By the end of March, 1948, the number of restaurants in operation in the authorities covered by the investigation was 235, compared with 236 in 1946. Much of the leeway was made up, however, by one very large county borough which is foremost in the civic catering field. If the figures for this authority (Authority "X") are excluded from the Table there is still no very great drop in the number of restaurants in operation at 1st April, 1947, compared with 31st March. A further small decline occurred in the 1948 figures.

The Table rather bears out the impression which has been mentioned earlier that local authorities are gradually closing down some of the old British Restaurants but are not discontinuing the service altogether. The tendency seems to be towards concentration. On the other hand, there does not appear to be any marked tendency to expand the service at the present time, although a few authorities submitting information on the point have actually increased the number of establishments in operation. In two authorities restaurants were opened after 31st March, 1947, and Table I shows the expansion of the service by the county borough of "X" has been considerable. This case, however, is probably exceptional.

The Ministry of Food, in their circular letter of 1st June, 1946, offered three alternative bases to local authorities upon which the restaurants could be transferred to them from 1st April, 1947. It might be useful to recall in general terms what these bases were :—

Basis 1.—The *whole* of the undertaking could be transferred upon payment to the Ministry of :—

(*a*) The capital cost of the undertaking (including equipment) *plus*
(*b*) Unavoidable losses reimbursed by the Ministry ; *plus*
(*c*) Interest at 3 per cent on the difference between capital advances made by the Ministry and capital repayments made by the authority from time to time.

The authority also had to accept liability for any claims for reinstatement of premises.

Basis 2.—This basis was available either for the transfer of the whole of the undertaking or of any individual restaurant. The payment to be made to the Ministry was calculated as follows :—

(*a*) The balance of the depreciation (or amortization) fund ; *plus*
(*b*) Any profits on the whole undertaking (i.e. revenue account balance) less income tax liability ; *plus*
(*c*) The capital cost of buildings and equipment taken over, depreciated at 1 per cent per month from the date of acquisition.

The liability for the reinstatement of premises is to be apportioned between the Ministry and the local authority in any case where the restaurant is closed prior to 1st April, 1951.

Basis 3.—This was similar to Basis 2 except that instead of the depreciated value of the buildings and equipment (Section 2 (*c*) above) the value of transferred assets had to be agreed with the District Valuer.

Under this basis the local authority is fully responsible for reinstatement of premises as this factor will have been taken into account by the District Valuer in his valuation of the assets.

It is interesting to note which basis proved most popular. So far as the authorities to whom the inquiry was addressed are concerned, Basis 1 which, it will be remembered, was available only if the *whole* undertaking was taken over, was much more attractive than either of the other two. The following figures in Table II show this :—

TABLE II

Basis of Transfer of British Restaurants under Ministry of Food Circular WM 6–7

	England and Wales No. of Authorities	Scotland No. of Authorities
Basis I	19	6
,, II	9	1
,, III	4	1
Special arrangements with Ministry of Food	3	–
Transferred from county councils on Basis II	2	–
Undertaking maintained by council independently	2	–
Basis not settled	2	–
Totals	41	8

Three authorities, it will be noticed, did not adopt any of the three bases. Special arrangements were made with the Ministry of Food either to rent premises and equipment or purchase certain items of equipment outright. Each authority concerned was opening a new restaurant. The arrangements made with the Ministry were, therefore, of an interim nature to allow the authorities to maintain the service until the new restaurants were brought into use.

For the twenty-five authorities who adopted Basis I for the transfer of their British Restaurants the amounts involved under each head are given in Table III :—

TABLE III

Amounts Involved on Transfer of British Restaurants under Basis I

	England and Wales (19 Authorities)	Scotland (6 Authorities)
	£	£
Capital cost of undertakings (including equipment)	395,716	29,854
Unavoidable losses repaid to Ministry of Food	250	2,934
Interest after deducting interest on amortization payments	22,401	6,960
	418,367	39,748
Balances retained :—		
Amortization Fund	259,847	8,394
Accumulated profits	106,430	5,351
	366,277	13,745
Contingent liability for cost of reinstatement of premises and claims for compensation under Compensation (Defence) Act, 1939	30,973	350

The total of retained balances goes a long way towards meeting the cost of acquiring the undertakings from the Ministry of Food, at least as far as the authorities in England and Wales are concerned. It is obvious, therefore, why Basis I has proved the most popular. In Scotland the gap between cost and balances retained is proportionately greater than in England. It is, therefore, a little curious that Basis I has proved as advantageous to authorities in Scotland as in England.

There are, of course, wide variations in the figures for individual authorities. In some the margin between cost and retained balances is quite small. In two the balances exceed the capital cost.

In effect, therefore, many authorities have substantially bought their undertakings from revenue, a most satisfactory position.

One of the principal reasons which prompted this investigation was to find out why some authorities made a success of their catering whilst others apparently did not. It is virtually impossible to provide a complete answer on this point without personal investigations on the spot, but some useful comparisons can be drawn between the trading results shown in the accounts of the various authorities who replied to the questionnaire.

A comparison of this kind is given in Table IV. This shows the trading results for the year ended 31st March, 1948, which have been analysed over the main heads of account expressed as percentages of the total income of each undertaking. Charges for debt redemption and interest, amortization, taxation, and capital expenditure met from revenue are not shown in the statement. These items are not normally charged to trading or revenue account and have been left out because it was primarily with the idea of using the revenue accounts as a guide to successful trading that the summary was prepared.

Table IV

Analysis of Civic Restaurants Revenue Accounts of selected Local Authorities for the Year Ended 31st March, 1948

(Percentage figures represent the percentage which each item of expenditure bears to total income)

Local Authority Reference No.	Income, 1947-48: Meals and Refreshments £	%	Other Income £	%	Total Income £	%	Expenditure, 1947-48: Provisions £	%	Salaries, Wages, and Insurance £	%	Fuel, Light, and Heat £	%	Rent, Rates, and Insurance £	%	Repairs and Renewals of Equipment £	%	Repairs and Maintenance of Premises £	%	Establishment Expenses £	%	Other Expenses £	%	Total Expenditure £	%	Balance of Revenue Account (Credit) or (— Debit) £	%
England and Wales																								
1	4,662	100·0	—	—	4,662	100	1,698	36·42	1,305	27·99	208	4·46	104	2·23	84	1·8	—	—	402	8·63	58	1·24	3,859	82·77	803	17·23
2	13,569	99·9	9	·1	13,578	100	6,849	50·4	3,483	25·7	495	3·6	387	2·9	344	2·5	206	1·5	513	3·8	325	2·4	12,602	92·8	976	7·2
3	549,775	99·5	2,898	·5	552,673	100	226,536	41·0	207,635	37·6	19,222	3·5	14,886	2·7	18,247	3·3	8,222	1·5	16,750	3·0	—	—	511,498	92·6	41,175	7·4
4	36,194	99·69	111	·31	36,305	100	17,676	48·69	12,141	33·44	1,845	5·08	1,683	4·64	902	2·48	622	1·71	1,150	3·17	647	1·79	36,666	101·0	— 361	1·0
5	28,643	93·6	1,953	6·4	30,596	100	11,077	36·2	9,895	32·3	924	3·0	1,441	4·7	601	2·0	364	1·2	1,000	3·3	248	·8	25,550	83·5	5,046	16·5
6	28,101	99·9	30	·1	28,131	100	14,615	52·0	6,618	23·5	1,128	4·0	760	2·7	1,346	4·8	111	·4	1,086	3·9	267	·9	25,931	92·2	2,200	7·8
7	9,384	99·71	27	·29	9,411	100	3,564	37·87	3,325	35·33	557	5·92	200	2·13	—	—	124	1·32	300	3·19	104	1·1	8,174	86·86	1,237	13·14
8	9,299	99·99	1	·01	9,300	100	3,355	36·07	3,225	34·68	386	4·15	139	1·49	104	1·12	125	1·34	879	9·46	119	1·28	8,332	89·59	968	10·41
9	143,909	99·9	143	·1	144,052	100	52,444	36·4	35,094	24·4	6,288	4·4	4,021	2·8	2,761	1·9	1,605	1·1	13,134	9·1	3,612	2·5	118,959	82·6	25,093	17·4
10	13,618	99·79	28	·21	13,646	100	6,467	47·39	4,215	30·89	497	3·64	203	1·49	289	2·12	223	1·63	536	3·92	9	·07	12,439	91·15	1,207	8·85
11	26,938	99·7	76	·3	27,014	100	11,057	40·9	8,854	32·7	1,085	4·0	606	2·2	1,226	4·6	933	3·4	1,217	4·5	512	1·9	25,490	94·2	1,524	5·8
12	15,035	100·0	—	—	15,035	100	5,900	39·24	4,438	29·52	654	4·35	303	2·02	580	3·86	247	1·64	563	3·74	478	3·18	13,163	87·55	1,872	12·45
13	3,280	100·0	—	—	3,280	100	1,876	57·0	595	18·0	117	4·0	174	5·0	20	—	14	—	150	5·0	186	6·0	3,132	95·0	148	5·0
14	15,210	92·4	1,250	7·6	16,460	100	6,473	39·3	5,849	35·5	767	4·7	889	5·4	261	1·6	263	1·6	609	3·7	788	4·8	15,899	96·6	561	3·4
15	12,195	99·3	82	·7	12,277	100	5,088	41·0	3,894	32·0	479	4·0	517	4·0	355	3·0	193	2·0	470	4·0	134	1·0	11,130	91·0	1,147	9·0
16	98,952	97·0	2,543	3·0	101,495	100	37,465	37·0	31,620	31·0	4,973	5·0	3,168	3·0	2,805	3·0	4,491	4·0	6,059	6·0	1,971	2·0	92,552	91·0	8,943	9·0
17	17,616	99·9	17	·1	17,633	100	8,736	49·5	5,400	30·6	1,047	5·9	346	2·0	469	2·7	135	·8	948	5·4	43	·2	17,124	97·1	509	2·9
18	6,312	99·9	7	·1	6,319	100	2,724	43·1	2,055	32·5	327	5·2	483	7·6	83	1·3	97	1·5	127	2·0	79	1·3	5,975	94·5	344	5·5
19	101,060	100·0	—	—	101,060	100	37,560	36·0	35,469	35·0	3,843	4·0	3,317	3·0	1,933	2·0	877	1·0	1,577	2·0	7,751	8·0	92,327	91·0	8,733	9·0
20	53,060	99·0	267	1·0	53,327	100	21,200	40·0	18,131	34·0	2,402	4·0	2,134	4·0	1,048	2·0	911	2·0	3,117	6·0	1,336	2·0	50,279	94·0	3,048	6·0
21	6,205	99·46	34	·54	6,239	100	2,434	39·01	2,444	39·17	219	3·51	277	4·44	70	1·12	132	2·12	210	3·37	35	·56	5,821	93·3	418	6·7
22	105,396	99·02	1,044	·98	106,440	100	39,535	37·14	37,326	35·07	5,550	5·21	3,980	3·74	3,850	3·62	2,653	2·49	6,497	6·1	1,933	1·82	101,324	95·19	5,116	4·81
23	40,602	99·98	7	·02	40,609	100	19,209	47·3	10,271	25·3	970	2·4	772	1·9	579	1·4	745	1·8	2,596	6·4	399	1·0	35,541	87·5	5,068	12·5
24	30,534	98·6	429	1·4	30,963	100	11,975	38·7	11,674	37·7	1,414	4·6	1,765	5·7	955	3·1	2,115	6·8	738	2·4	757	2·4	31,393	101·4	— 430	1·4
25	20,661	99·3	137	·7	20,798	100	6,484	31·2	6,987	33·6	635	3·1	511	2·4	347	1·7	744	3·5	1,672	8·0	349	1·7	17,729	85·2	3,069	14·8
26	4,405	100·0	—	—	4,405	100	1,704	38·8	1,553	35·3	376	8·5	150	3·4	79	1·8	10	·2	238	5·4	39	·8	4,149	94·2	256	5·8
27	18,620	100·0	—	—	18,620	100	6,500	34·91	5,365	28·81	587	3·15	270	1·45	136	·73	203	1·09	558	3·0	488	2·62	14,107	75·76	4,513	24·24
28	93,287	99·61	362	·39	93,649	100	41,132	43·92	23,097	24·66	4,192	4·48	2,975	3·18	877	·94	3,535	3·77	5,903	6·3	1,890	2·02	83,601	89·27	10,048	10·73
29	7,355	100·0	4	—	7,359	100	2,674	36·0	2,034	28·0	244	3·0	294	4·0	102	1·0	42	1·0	229	3·0	50	1·0	5,669	77·0	1,690	23·0
30	7,792	99·72	22	·28	7,814	100	3,170	40·57	2,318	29·68	343	4·4	83	1·06	140	1·76	111	1·42	200	2·56	220	2·82	6,585	84·27	1,229	15·73
31	6,387	99·75	16	·25	6,403	100	2,421	37·81	2,689	42·0	249	3·89	334	5·22	153	2·39	53	·83	647	10·11	99	1·55	6,645	103·8	— 242	3·8
32	3,714	96·24	145	3·76	3,859	100	1,753	45·43	1,459	37·81	229	5·94	190	4·92	187	4·82	147	3·81	90	2·33	67	1·74	4,122	106·8	— 263	6·8
33	8,442	96·7	288	3·3	8,730	100	4,310	49·4	2,252	25·8	386	4·4	962	11·0	123	1·4	111	1·3	1,330	15·2	329	3·8	9,803	112·3	— 1,073	12·3
34	16,418	100·0	—	—	16,418	100	5,251	32·0	5,226	31·8	1,051	6·4	362	2·2	337	2·0	441	2·7	532	3·3	81	·5	13,281	80·9	3,137	19·1
35	26,163	98·12	501	1·88	26,664	100	14,093	52·85	5,636	21·14	1,054	3·95	414	1·55	1,127	4·23	565	2·12	847	3·18	1,477	5·54	25,213	94·56	1,451	5·44
36	48,839	99·45	269	·55	49,108	100	21,840	44·47	15,404	31·37	2,058	4·19	826	1·68	2,752	5·6	1,331	2·71	1,425	2·9	503	1·03	46,139	93·95	2,969	6·05
37	27,306	99·94	16	·06	27,322	100	12,245	44·83	6,637	24·29	761	2·78	522	1·91	150	·55	943	3·45	1,030	3·77	179	·65	22,467	82·23	4,855	17·77
38	9,216	100·0	—	—	9,216	100	3,958	42·9	4,068	44·2	429	4·7	177	2·0	164	1·8	57	·6	409	4·5	114	1·3	9,376	102·0	— 160	2·0
39	7,654	99·9	7	·1	7,661	100	3,299	43·1	2,168	28·3	261	3·4	217	2·8	171	2·2	55	·7	146	1·9	22	·3	6,339	82·7	1,322	17·3
40	34,050	99·9	24	·1	34,074	100	19,690	57·8	7,920	23·2	919	2·7	662	2·0	814	2·4	536	1·6	890	2·6	1,582	4·6	33,013	96·9	1,061	3·1
41	12,520	100·0	—	—	12,520	100	5,148	41·11	3,678	29·38	660	5·27	490	3·91	199	1·59	254	2·03	544	4·35	56	·45	11,029	88·09	1,491	11·91
Totals and Averages—England and Wales	1,722,378	99·27	12,747	·73	1,735,125	100	711,185	40·99	563,447	32·47	69,831	4·02	51,994	3·0	46,770	2·7	34,546	1·99	77,318	4·46	29,336	1·69	1,584,427	91·32	150,698	8·68
Scotland																								
42	6,574	99·77	15	·23	6,589	100	2,332	35·4	2,160	32·8	366	5·6	831	12·6	184	2·8	49	·7	358	5·4	145	2·2	6,425	97·5	164	2·5
43	63,531	99·84	102	·16	63,633	100	28,946	45·49	17,173	26·99	1,654	2·6	1,244	1·95	3,310	5·22	1,203	1·89	4,325	6·78	—	—	57,855	90·92	5,778	9·08
44	2,932	100·0	—	—	2,932	100	1,436	48·98	1,149	39·19	137	4·67	71	2·42	38	1·3	12	·41	—	—	28	·95	2,871	97·92	61	2·08
45	2,926	99·66	10	·34	2,936	100	1,061	36·14	1,044	35·56	153	5·21	104	3·54	64	2·18	11	·37	27	·92	139	4·73	2,603	88·65	333	11·35
46	19,251	99·4	113	·6	19,364	100	7,932	41·0	6,581	34·0	688	3·6	1,009	5·2	210	1·0	732	3·8	699	3·6	1,164	6·0	19,015	98·2	349	1·8
47	26,915	99·72	73	·28	26,988	100	9,797	36·30	9,782	36·25	921	3·41	343	1·28	610	2·26	335	1·24	1,147	4·25	207	·76	23,142	85·75	3,846	14·25
48	14,830	99·4	92	·6	14,922	100	8,757	58·7	3,675	24·6	443	3·0	133	·9	160	1·1	274	1·8	350	2·3	718	4·8	14,510	97·2	412	2·8
49	7,202	99·86	10	·14	7,212	100	3,206	44·45	2,214	30·7	217	3·01	139	1·93	133	1·84	117	1·62	501	6·95	2	·03	6,529	90·53	683	9·47
Totals and Averages—Scotland	144,161	99·71	415	·29	144,576	100	63,467	43·90	43,778	30·28	4,579	3·17	3,874	2·68	4,709	3·26	2,733	1·89	7,407	5·12	2,403	1·66	132,950	91·96	11,626	8·04
Totals and Averages—England, Wales, and Scotland	1,866,539	99·3	13,162	·7	1,879,701	100	774,652	41·21	607,225	32·3	74,410	3·96	55,868	2·97	51,479	2·74	37,279	1·98	84,725	4·51	31,739	1·69	1,717,377	91·36	162,324	8·64

Out of forty-one local authorities in England and Wales who operated civic restaurants in 1948 only six had a trading deficiency for the year. In Scotland none of the eight authorities concerned finished the year with a deficiency. This, perhaps, speaks well for Scottish business acumen. The combined results show that out of forty-nine authorities sending in figures, forty-three of them managed to make a trading profit in 1948.

The ranges of profits and losses, expressed as a percentage of total income, have been examined and are given in Table V :—

TABLE V

Ranges of Profits and Losses for 1947–48 expressed as a Percentage of Total Income

Range	England and Wales	Scotland	All Authorities
(a) Profits.			
Not exceeding 5%	5	4	9
Above 5% not exceeding 10%	14	2	16
,, 10% ,, ,, 15%	7	2	9
,, 15% ,, ,, 20%	7	–	7
,, 20% ,, ,, 25%	2	–	2
	35	8	43
(b) Losses.			
Not exceeding 5%	4	–	4
Above 5% not exceeding 10%	1	–	1
,, 10% ,, ,, 15%	1	–	1
	6	–	6

In England and Wales the profits percentages varied from 24·24 per cent (authority 27) to 2·90 per cent (authority 17). In Scotland there was not the same disparity, the range being from 14·25 per cent (authority 47) to 1·80 per cent (authority 46).

The losses, which were confined to England and Wales, ranged from 12·3 per cent (authority 33) to 1·00 per cent (authority 4).

In England and Wales the modal range for the thirty-five authorities making profits was the 5–10 per cent. In Scotland the profit ranges are less dispersed and the modal group falls in the range not exceeding 5 per cent. Small but certain profits seem to be the order of the day in Scotland.

Expenditure on provisions and salaries and wages, as one might anticipate, form the principal items of expenditure in each undertaking. In fact, as far as it is safe to come to any conclusions on the matter, it seems that in these two items lies the key to success. They will be considered in more detail later on but, before doing so, it is interesting to consider the average figures for the various items in the trading account expressed as percentages of total income. Table VI gives a tabulation for this purpose :—

TABLE VI

Average Figures for 1947–48 shown in Trading Account expressed as a Percentage of Total Income

Head of Account	England and Wales	Scotland	All Authorities
	%	%	%
Income.			
Meals and refreshments	99·27	99·71	99·30
Other income	0·73	0·29	0·70
TOTAL INCOME	100·00	100·00	100·00
Expenditure.			
Provisions	40·99	43·90	41·21
Salaries, wages, and National insurance	32·47	30·28	32·30
Fuel, light, and heat	4·02	3·17	3·96
Rent, rates, and insurance	3·00	2·68	2·97
Repairs and renewals of equipment	2·70	3·26	2·74
Repairs and maintenance of premises	1·99	1·89	1·98
Establishment expenses	4·46	5·12	4·51
Other expenses	1·69	1·66	1·69
TOTAL EXPENDITURE	91·32	91·96	91·36
Balance of Revenue Account (credit)	8·68	8·04	8·64

These figures are self-explanatory and do not call for any special interpretation. They emphasize the importance of the items for provisions and salaries and wages. The former accounts for approximately 40 per cent of total income and the latter for just over 30 per cent on the average. Obviously any two items which together amount to over 70 per cent of total income will be potent factors in financial policy.

TABLE VII

Analysis of Percentage Expenditure on Provisions in 1947–48

Expenditure expressed as Percentage of Total Income	No. of Authorities in England and Wales			No. of Authorities in England, Wales, and Scotland		
	Making Profits	Incurring Losses	Total	Making Profits	Incurring Losses	Total
30% not exceeding 35%	3	–	3	3	–	3
Above 35% not exceeding 40%	13	2	15	16	2	18
,, 40% ,, ,, 45%	11	1	12	13	1	14
,, 45% ,, ,, 50%	3	3	6	5	3	8
,, 50%	5	–	5	6	–	6
TOTALS	35	6	41	43	6	49

In view of what has been said about the importance of the expenditure on provisions and salaries and wages, these two items might perhaps be given closer examination. Table IV shows that the range of expenditure on provisions expressed as a percentage of income varied from 31·2 per cent (authority 25) to 57·8 per cent (authority 40) in England and Wales and up to 58·7 per cent (authority 48) in Scotland. Such wide variations are surprising when it is remembered that the type of meals served as main meals in restaurants all over the country does not alter radically between different areas. The percentage expenditure on provisions has been analysed over ranges and Table VII gives the number of authorities in each range. This number has been further divided to distinguish between authorities making trading profits and their less fortunate brethren. The figures are based upon the trading results for 1947–48.

This analysis shows some rather peculiar results. It might have been expected that the authorities showing losses would have appeared in the higher percentage groups. But the six authorities concerned are all below the "Above 50 per cent" grouping in which, strangely enough, are six authorities showing trading profits. It is again difficult to draw any definite conclusions on this particular aspect of civic restaurant catering. Clearly, however, the Plimsoll line for provisions appears to be round the 40 per cent to 45 per cent of income mark. If expenditure on provisions accounts for more than 40 per cent to 45 per cent of total income, the matter calls for investigation.

Table VIII shows, for salaries and wages including National Insurance, a similar analysis to that given in Table VII for provisions.

As with the percentages for provisions, there is a wide variation in the percentages for salaries and wages. The authority with the lowest figure (authority 13) is exceptional at 18 per cent because the meals supplied are already cooked on purchase. But the next lowest authority (authority 35) has a figure of only 21·14 per cent compared with authorities 31 and 38 who, at the other end of the scale, show figures of 42 per cent and 44·2 per cent respectively.

An examination of Table VIII seems to indicate that the danger line for salaries and wages is around 35 per cent of income. But this limit cannot be regarded as absolute because there are authorities with percentages higher than 35 per cent who were making profits in 1947–48 whilst other authorities with lower percentages were making losses.

It should be remembered, however, that as was noted from Table V the percentage profits realized are not very high except in a few cases, and the margin between an authority making a profit and one making a loss can be narrow indeed. The other items in the revenue account, therefore, although they account in aggregate for much less expenditure than the total of provisions and salaries and wages, may be very important to an authority working near the margin.

Table IX

Analysis of Percentage Expenditure on Provisions and Salaries and Wages (combined) in 1947–48

Range of Profits or Losses	Expenditure expressed as a percentage of Total Income	No. of Authorities making Profits	No. of Authorities incurring Losses
Up to 5%	Not exceeding 65%	–	–
	Above 65% not exceeding 70%	1	–
	„ 70% „ „ 75%	4	–
	„ 75% „ „ 80%	–	2
	„ 80% „ „ 85%	3	1
	„ 85% „ „ 90%	1	1
Above 5% not exceeding 10%	Not exceeding 65%	–	–
	Above 65% not exceeding 70%	–	–
	„ 70% „ „ 75%	7	–
	„ 75% „ „ 80%	9	–
	„ 80% „ „ 85%	–	1
	„ 85% „ „ 90%	–	–
Above 10% not exceeding 15%	Not exceeding 65%	1	–
	Above 65% not exceeding 70%	2	–
	„ 70% „ „ 75%	6	–
	„ 75% „ „ 80%	–	1
	„ 80% „ „ 85%	–	–
	„ 85% „ „ 90%	–	–
Above 15% not exceeding 20%	Not exceeding 65%	3	–
	Above 65% not exceeding 70%	2	–
	„ 70% „ „ 75%	2	–
	„ 75% „ „ 80%	–	–
	„ 80% „ „ 85%	–	–
	„ 85% „ „ 90%	–	–
Above 20%	Not exceeding 65%	2	–
	Above 65% not exceeding 70%	–	–
	„ 70% „ „ 75%	–	–
	„ 75% „ „ 80%	–	–
	„ 80% „ „ 85%	–	–
	„ 85% „ „ 90%	–	–
	Totals	43	6

Table VIII

Analysis of Percentage Expenditure on Salaries and Wages (including National Insurance) in 1947–48

Expenditure expressed as Percentage of Total Income	No. of Authorities in England and Wales			No. of Authorities in England, Wales, and Scotland		
	Making Profits	Incurring Losses	Total	Making Profits	Incurring Losses	Total
Not exceeding 20%	1	–	1	1	–	1
Above 20% not exceeding 25%	6	–	6	7	–	7
„ 25% „ „ 30%	9	1	10	10	1	11
„ 30% „ „ 35%	13	1	14	16	1	17
„ 35% „ „ 40%	6	2	8	9	2	11
„ 40% „ „ 45%	—	2	2	—	2	2
Totals	35	6	41	43	6	49

In view of the obvious importance to the success of the undertaking of the provisions and salaries and wages percentages, Table IX has been prepared combining the expenditure on these items for all authorities distinguishing between authorities making profits and those incurring losses in 1947–48. The Table also shows the profit (or loss) ranges for each group.

It is possible to draw more definite conclusions from this Table than from either Table VII or VIII. Of the authorities in the modal range of profits (above 5 per cent and not exceeding 10 per cent) none of them had a figure exceeding 80 per cent for the combined expenditure on provisions, salaries, and wages. Among authorities earning higher profits, that is above 10 per cent, the combined percentage figure for provisions, salaries, and wages never exceeded 75 per cent of expenditure. In authorities incurring losses the combined percentage figure always exceeded 75 per cent of expenditure.

These facts are significant. They emphasize the importance of the expenditure on provisions and salaries and wages in the success of an undertaking.

It is curious to note that one authority within the profit range up to 5 per cent had a percentage figure for provisions, salaries, and wages over 85 per cent of expenditure. One would have imagined it was almost impossible to show a profit with such an unfavourable figure. This authority is No. 44, whose percentage profit was 2·08 per cent. No charge has, however, been made against the undertaking in respect of establishment expenses and this may explain the result.

These notes have been fairly well strewn with tables of one sort or another and the reader may be overcome by the introduction of another. But it is often interesting to compare things at opposite ends of the scale. Table X has, therefore, been drawn up to compare the authority (No. 27) whose undertaking showed the largest percentage profit with the one (No. 33) incurring the greatest percentage loss in 1947–48. Net revenue account figures have also been included in the Table for the sake of completeness.

It will be seen that authority 27 has a percentage for provisions of 34·91 against authority 33's 49·4. Yet the former has a salaries and wages percentage of 28·81 against the latter's 25·8. The percentage for establishment expenses in authority 33 seems extraordinarily high and its percentage for rent, rates, and insurance is also well above average. These two factors seem to be crucial because, although the provisions percentage for authority 33 is above the average, it is no higher, and indeed in some cases is even lower than the corresponding percentage for other authorities making a profit.

The completed questionnaires which have formed the basis of this investigation contain much information which, owing to diversity between the various authorities, it has not been practicable to summarize. An important section of this kind deals with tariffs. The variety in the types of catering which the authorities provide, coupled with the non-uniform classification of meals, makes it impossible to produce anything sufficiently digestible for an article of this sort. So far as tariffs are concerned, however, they have probably been much revised since the questionnaires were sent in, so nothing is lost, as up-to-the-minute information only is of any use on that aspect of an undertaking.

It was once hoped that this investigation would produce information upon which a blue print for financial success

TABLE X

Comparison between Authority making Highest Percentage Gross Profit and Authority Incurring Greatest Percentage Gross Loss in 1947–48

	Highest Profit (Authority 27)		Greatest Loss (Authority 33)	
		% of Income		% of Income
	£		£	
(1) *Income.*				
Sale of meals	18,620	100·00	8,442	96·7
Sale of intoxicants	—		—	
Other income	—		288	3·3
TOTAL	18,620	100·00	8,730	100·00
(2) *Expenditure.*				
Provisions	6,500	34·91	4,310	49·4
Salaries, wages, etc.	5,365	28·81	2,252	25·8
Fuel, light, and heating	587	3·15	386	4·4
Rent, rates, and insurance	270	1·45	962	11·0
Repairs and renewals of equipment	136	·73	123	1·4
Repairs and maintenance of premises	203	1·09	111	1·3
Establishment expenses	558	3·00	1,330	15·2
Other expenses	488	2·62	329	3·8
	14,107	75·76	9,803	112·3
(3) *Balance* (+ or −)	+ 4,513	+ 24·24	− 1,073	− 12·3
(4) *Net Revenue Expenditure.*				
Amortization or loan charges	782	4·20	—	—
Capital expenditure	—	—	570	6·5
Taxation	349	1·87	—	—
TOTAL	1,131	6·07	570	6·5
Net Balance (+ or −) (3)–(4)	+ 3,382	+ 18·17	− 1,643	− 18·8

in civic catering could be prepared. On this point failure is unashamedly admitted. Varying local conditions make such a production impossible. The more comparisons are made between successful and unsuccessful undertakings purely on the basis of figures and percentages, the more puzzled one becomes as to why one undertaking succeeds and another does not.

A few general conclusions are put forward with deference and represent purely personal opinions. Success seems to lie mainly in controlling expenditure upon provisions and salaries and wages without damaging demand. As expenditure on these heads absorbs in aggregate the bulk of income, this fact, in itself, is obvious and therefore means very little. But the percentages which these items bear to income are really indices of management. They will reflect waste, unimaginative catering, overstaffing or underworking, and so on. And it is really upon efficient management that the success of the catering department will depend. It undoubtedly pays to employ a fully-qualified and experienced catering manager. He can save his salary many times over. Half measures on this side of the business are uneconomical and can be fatal.

The decline in the number of meals served in many civic restaurants calls for imagination on the part of the management. It is no use putting up the price of meals by a penny or twopence and hoping for the best. Demand for civic restaurants' meals is very sensitive to small price changes and more often than not even a small increase results in a more than corresponding drop in revenue. This calls for careful consideration of tariff structures. It may be necessary to introduce a better type of meal for customers who are prepared to pay more whilst, at the same time, retaining a basic meal at the old price so as to keep the old customers. A waitress service, complete with tablecloths, might have to be considered. The manager might also extend the field of special catering to weddings, receptions, civic occasions, and so on. It is in this field that the profit margins are usually greatest and the principle of "charging what the traffic will bear" can be applied. The sale of teas, light refreshments, etc., from mobile canteens in parks, at galas, and so on can also show a useful return on expenditure. Special theatre suppers are also often profitable. Broadly, if the main meals served can be on such a scale as to cover costs, the special catering can be left to look after making the profits. This is a plan which ought to be adopted with satisfactory results. It also accords with the social service idea which is in the background of civic catering.

There are many problems facing local authorities in their catering ventures at the present time. The loan periods for taking over the equipment from the Ministry of Food were generally short, and this makes it difficult for an undertaking to pay its way in its early years. Again, many of the restaurants are located in makeshift and unsuitable premises which defy all efforts to make them clean and attractive. They may also be sited in positions away from the main trading centre of an area. New premises, whilst not altogether out of the question, are expensive to build and equip. Their erection would probably involve a heavier burden of loan charges to be met from revenues which may already be showing a tendency to decline.

There is really no cut-and-dried solution. Local circumstances will often dictate policy and differ enormously. But one thing seems certain: running a local authority's catering service is not a spare-time job for an officer unversed in the ways of the trade. If the service is to be efficient and be able to compete with commercial enterprise, the management and direction must be in the hands of someone with imagination and initiative who knows the catering business inside out.

Some Government Publications

Selected by Norman Bennington, *Deputy Borough Treasurer, Ealing*

Civil Defence

C.D. (General) Regulations. S.I. 1432.
" Corps Regulations. S.I. 1433.
" Circular 12. Training pamphlets and manuals.
" " 13. Organization. Appointments of Officers.
" " 15. Staff College.
" " 16. First aid training.
" " 17. Equipment for training purposes.
" " 18. Recruiting arrangements.

Superannuation

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Modification of Local Government Superannuation Schemes (Amendment No. 2) Regulations. S.I.1466.
Firemen's Pension Scheme (No. 2) Order. S.I.1469.
National Health Service (Scotland) (Superannuation) (Amendment) Regulations. S.I.1479. S.105.
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Housing

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M.H. Circular 75. Requisitioned Premises. Conversion, Maintenance, and Repair.
M.H. Circular 82. Repair of War Damaged Houses.

Hospitals

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R.H.B. 98 H.M.C. 80. Hospital Accounts and Financial Provision Regulations.
" 99 " 81. Remuneration of Hospital Nursing Staff.
" 100 Payment for Part-time Consultants.
" 101 " 82. Staff Conditions of Service.

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M.H. Circular 84. L.G. Act, 1948. Section 125. Regulations about the transfer of stock.
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County Court Funds Rules. S.I.1654 (L.16).
British Transport Commission. Report and Accounts for 1948. H.C. Papers 235.

Books Received

Whillans's Tax Tables, 1949–50, *by* George Whillans. (Butterworth and Co. (Publishers), Ltd. 3*s*. 6*d*., post free.)

Income Tax, *by* C. N. Beattie, LL.B. ("This is the Law" series; Stevens and Sons, Ltd. 4*s*. net.)