Accounting and the control of Charity:  
A Uniform Accounting System for Voluntary Hospitals 1870-1915  

William J Jackson and Audrey S Paterson

Corresponding Author:  
William J Jackson  
School of Management & Languages  
Heriot-Watt University  
Edinburgh EH14 4AS  
UK  
W_Jackson@hw.ac.uk  
+44 (0) 131 451 3737

Other author:  
Audrey S Paterson  
School of Management & Languages  
Heriot-Watt University  
Edinburgh EH14 4AS  
UK  
A_Paterson@hw.ac.uk  
+44 (0) 131 451 3905

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Introduction
The Uniform System of Hospital Accounts that was adopted by London voluntary hospitals at the end of the nineteenth century has previously attracted the attention of accounting historians, notably the researches of Robson (2006) and Jones and Mellet (2007). In his work Robson emphasises the centrality of the Charity Organisation Society (COS) as a catalyst for the adoption of a Uniform Accounting System by British Hospitals. This body, he argues, attempted in 1890 to impose a uniform system of accounts on the UK voluntary hospitals as a mechanism through which they could gain some semblance of accountability and hence managerial control over them. Robson argues that this attempt was the catalyst for the adoption by the Metropolitan Hospital Sunday Fund (Sunday Fund) of Burdett’s (1893) system of uniform hospital accounts and sees Burdett and the Sunday Fund as ‘insiders’ preferable to the external interference of the COS. In this view the system that was adopted was an attempt to circumvent and defend against managerial intervention by the COS. However, Jones and Mellet (2007) highlighted that the hospital funds were themselves a medium through which managerial control was exercised. Robson acknowledges this managerial influence in his paper but makes no attempt to reconcile this apparent contradiction. Instead we are left to assume that the managerial interventions arose in the period after the adoption of the uniform accounts by the hospitals and that such motivation had not materially manifested prior to that point. This gives rise to important questions in relation to the accounting system. On the one hand, if the motivation for the Sunday Fund to intervene in hospital management arose after the adoption of the accounts, how did this process develop and what were the key factors that drove it? On the other hand if managerial motivations existed prior to the adoption then how does this modify the view that adoption was simply a reflexive measure to fend off the unwelcome attentions of the COS and how does it further modify our view of the Sunday Fund and Burdett as ‘insiders’ seeking to protect the hospitals?

Another issue arising from examination of the two papers is the highlighting by Robson of Cherry’s (2000) view that ‘the economic force of the fund-raising institutions can be over-emphasised’ (Robson 2006, p286). This view has previously been expressed by Millman (1974) and backed by statistics showing that in 1899, for example, the two London hospital funds provided only 3.6% of the total income of hospitals each and it does rather call into question the potential for the funds to influence hospital policy and administration through the use of the uniform accounting system. Yet other scholars of the history of philanthropy and the hospitals have expressed the alternative view that the funds (especially the King’s Fund) were extremely influential and that their interventions were sustained, substantive and effective (Prochaska 1992, Waddington 2000). Indeed when the Cave
commission in 1921 sought to create local committees to oversee the needs and organisation of the voluntary hospitals it was decided that no such committee would be required for London due to the existence of the King’s Fund. How then are we to square these contradictions? If the financial impact of the hospital funds was so small and their motivation was so benign then how did they end up with such influence and to what extent was the uniform accounting system central to that influence? Further, given the relatively small size of the financial lever that the funds had, were the ‘visibilities’ identified by Jones and Mellet (2007) in any way instrumental in increasing the force of this leverage to assist in achieving their aims. This paper will seek to address these issues and provide a more focused account of the activities of the hospital funds and the role of the uniform accounting system within them.

In order to do this the paper will draw upon sources from the medical press of the day. In particular The Lancet has been found to be rich in material for this purpose and although tapped by Rivett (1986) in his book on the London hospitals it remains relatively unexplored from an accounting perspective. This additional material enriches the story told by Robson (2006) whose primary sources were mainly drawn from The Accountant, The Hospital and parliamentary papers to the general exclusion of the medical presses. Jones and Mellet (2007) necessarily focused mainly on secondary sources as their account was only a part of a work which had much wider scope. Of course secondary sources will also be used extensively here but the inclusion of material from medical journals adds significantly to our understanding of the case.

The paper will proceed by briefly outlining the main concerns surrounding hospital management in the later decades of the nineteenth century, in particular highlighting special issues relating to the management of the London hospitals. It will then show how substantial debate and calls for reforming managerial action surrounded the foundation and early development of the Sunday Fund in the 1870s leading to managerial intervention by the fund in the activities of the London hospitals, thereby demonstrating the long standing managerial motivation of the fund from its earliest years. Discussion will then move to the functioning of the fund in the years around and immediately after the adoption of the uniform accounting system which led to Burdett’s desire to create a new fund with a more aggressively interventionist stance. This fund emerged in the form of the Prince of Wales Fund (later the King’s Fund) which immediately adopted the uniform accounting system as the basis for its primary information gathering and used it extensively as a means whereby judgements could be made about the management of individual hospitals. Finally the paper will consider, before concluding, the impact that the judgements of the fund had upon the hospitals and shows how the award reports of the fund had, through the perceptions of individual philanthropists, a much more powerful impact upon hospital funding than just the immediate grant made by the fund.
Problems in the late nineteenth century voluntary hospital sector

From the early 1860s there was a major expansion of hospital facilities all over Britain and the demand for hospitals had undoubtedly grown strongly over the period as improvements in medicine and nursing continued to change the image of hospitals from places to be avoided into havens of comfort and healing (Rivett, 1986, p.102). However, the expansion came with a number of problems that drew much criticism from all segments of British society. The main problems that arose related to hospital abuse, the increase in numbers of special hospitals, the concentration of hospitals in London and the general funding crisis within the sector.

Hospital abuse was a problem that drew much attention in the medical press. This involved the desire of families to have their sick relatives admitted into hospital in order to be freed of the burden of their feeding and care (Abel-Smith, 1964, pp.152-5), as well as the use of hospitals for treatment by employers and individuals who could otherwise have afforded the medical fees (see for example the BMJ, 30th December 1876, p.870). The hospitals in some regard encouraged this abuse through the creation of outpatient departments. These departments allowed huge numbers of patients to be seen (if not necessarily well treated) and thereby enabled them to claim vastly inflated figures for successful treatment of patients; a result which stood them in good stead in the desire to look efficient and effective (Waddington, 1998, p.27). These practices incensed general practitioners who were losing money as a result and began to create divisions within the medical profession over the hospitals.

Additionally, there was a large expansion in the number of special hospitals. As numbers of qualified doctors increased they sought hospital appointments in order to increase their medical standing and improve their private practices, but such appointments were hard to obtain (BMJ, 13th August 1881, p.309). Instead it was often easier for the ambitious medic to find a group of equally ambitious philanthropists who were having similar trouble gaining management positions in hospitals and together found a new institution, usually with a particular medical specialism (Abel-Smith, 1964, pp.157). Many such foundations were perfectly respectable and honestly motivated but a few were poorly run and treatments questionable. The activities of the charlatans gave power to the establishment who sought to prevent this expansion and potential threat to their own status with the result that much debate in the press was given to the merits or otherwise of these institutions. In particular the cost of these institutions was attacked and The Lancet ran a long campaign against their management in the 1880s.

In London there was a particular problem with the expansion in the hospital sector, particularly in relation to the expansion of numbers but not geographical coverage. Whenever a new hospital was opened in London, the sponsors invariably wanted to locate the institution in the centre. Neither governors nor medical staff wished to travel beyond easy coaching distance from their homes and, invariably, they lived in the centre of London, usually in the

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1 The number of voluntary hospitals in England and Wales had increased from 130 in 1861, to 385 by 1891 (Pinker, 1966, pp.49, 69, 81).
more fashionable areas (Abel-Smith, 1964, p.160). As a result, all the major hospitals sat within a very tight area in the centre of London, but as a result of its massively expanding population, London had grown for miles in all directions. In 1881, Mouat clearly explained the problem:

“Taking Charing Cross as a centre, there are, within a radius of half a mile, six hospitals; within a mile, 19, and, in the circumference of the mile radius, a poor law infirmary in addition; within a mile and a half, 31, with one poor law institution, and a lunatic asylum; within two miles, 39, and 2 lunatic asylums; and within a radius of three miles from that centre, all the principal hospitals of London are placed. For the seven miles beyond this, to which the registration area extends and which contains the bulk of the population of London, there are barely a dozen hospitals, none of them of any magnitude or importance” (Mouat, 1881, p.78).

For the majority of the sick poor in London, a trip to the hospital was an expedition of several miles, through the streets, only to find on arrival that they had to wait in queues, sometimes of hundreds of people, for hours, in order to receive a consultation that would last for perhaps thirty seconds to one minute. Only if their case was found to be sufficiently interesting and potentially good for teaching or research purposes, would the unfortunate individual be selected for admission. Otherwise, they were typically handed a prescription and sent on their way (Abel-Smith, 1964: Rivett, 1986). Yet, it was virtually impossible to persuade doctors to attend hospitals that were located at any distance from the centre and since the consultants gave their time freely, no particular form of coercion could be applied.

Finally, there was the perennial, but intensifying funding crisis. Voluntary hospitals had long been prone to funding crises, but in 1868 Samson Gamgee, the surgeon to the Queen’s Hospital in Birmingham2, proclaimed that ‘The sums now provided by the wealthy and middle-class, for the relief of the really destitute and suffering poor, are by no means sufficient’ (Gamgee, 1868, p.25). The issue goes right to the top of the agenda as, increasingly, the London hospitals found themselves with larger and larger deficits. The London hospital, situated in the poor East End, found itself having to make a five-year appeal to the city simply to raise funds to survive (The Lancet, May 4th 1878, pp.650-1). The newspapers, argued Dr Mouat, ‘contain piteous appeals to the public to afford additional funds to enable the authorities to occupy beds, emptied compulsorily, while numbers of sick people seek, and are unable to obtain, admission’ (Mouat, 1881, p.82). By 1886 The Lancet reported a local MP as stating that ‘most hospitals lived, like Mr McCawber, in a state of perennial expectation that something would turn up’ (July 3rd 1886, p.55). Yet, the proliferation of hospitals continued, hospital income consistently failed to meet the expenditure and hospital managers increasingly struggled against each other to convince the benevolent public that theirs was the institution most deserving of donations.

From the above discussion it can be seen that in the second half of the nineteenth century the voluntary hospital sector, especially in London, was beset by a number of serious

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2 This makes Gamgee a contemporary of Burdett at the time when he was initially devising the system of uniform accounts. It seems possible, therefore in the light of the arguments made by Gamgee that, he was one of the unnamed colleagues that assisted in the preparation of the system.
and very public problems all of which were attributed to ineffective management and oversight. Some of them, it was clear, were problems that could not be resolved by any one hospital management team, but required the coordination of multiple institutions and the ability to influence the creation and location of new ones. These problems extended back decades before the COS intervention of the late 1880s and early 1890s described by Robson (2006) and, as will be shown in the next section on the origins of the Sunday Fund, attempts at a solution were also attempted substantially before this period.

**The Metropolitan Hospital Sunday Fund: philanthropy or control?**

By the 1860s calls for reform were long-standing. In 1868 Gamgee was arguing that ‘the present Hospital System of this country requires revision in the interests of the Medical Profession and the public’ to the extent that ‘the time is not far distant when the management of hospitals … must form the subject of a comprehensive inquiry’ (Gamgee, 1868, pp.6-20). The realisation of an enquiry was more than twenty years away, but Gamgee was widely supported in his assessment of the state of the hospitals and there was growing restlessness amongst reformers. The next year *The Lancet* outlined a proposal for the regulation of hospitals that would ‘meet the requirements of the sick poor and the medical profession’ (*The Lancet*, April 3rd 1869, p.464). The proposal outlined a form of state intervention and control, in which the state would provide an injection of funds to help ease the financial difficulties of the hospitals and would ensure that:

> “The hospital and provident dispensary should alike be under the control of a local governing board or committee, by which all the details of administration should be supervised … the use of state funds for hospitals should secure State supervision and control ; and this as in the Education Department, should assume the form of a power to insist on certain necessary conditions, and to secure their continued fulfilment by inspection” (*The Lancet*, April 3rd 1869, p.466).

The article bemoaned the neglect of sanitary legislation and repeated calls for a ‘uniform set of medical statistics’ as a necessary part of the plan. *The Lancet*’s proposal was radical in the extreme. Few had any regard for the idea of state intervention in the hospitals, believing that the likelihood of the state being more efficient than almost any other system of organisation was remote. Nevertheless, the debate provoked by the article appears to have provided something of a wakeup call to those opposed to state intervention and the howls of opposition precluded the possibility of progress on that front. *The Lancet* was unrelenting, however, and raised alternative proposals for a central charitable fund raising body for London such as that seen in some other cities and while this plan was also opposed by many, the reaction was much less than for the earlier scheme. Thus, within four years of the

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3 The editor of *The Lancet* at this time was James Wakley, son of the founder, Thomas, and he appears to have carried most of his father’s convictions about the need for reform of the maladministration and malpractice that existed within hospitals. In addition, the increasing use of scientific management techniques in business were beginning to spill into other areas such as medicine (Sturdy and Cooter, 1998) and increasingly came to influence the debates.

4 The earlier proposal may have been a strategy on the part of Wakley to make his preferred plan seem relatively acceptable in comparison to the idea of state funded and controlled hospitals.
publication of the state control scheme, the Metropolitan Hospital Sunday Fund had been formed and the first annual collection made.

The Sunday Fund (as it was known) was a device whereby the organisers would on one Sunday at the same time each year, organise a collection in all the churches of the city and distribute the funds raised amongst the hospitals ‘according to their requirements’. The key element in this was of course that the organisers of the fund were those who would define the criteria upon which the decisions about the requirements of the hospitals would be made. The institution of the fund in such a short period was held to be a remarkable achievement, considering the powerful opposition aligned against it. Many of the voluntary hospitals had amongst their governors highly influential members of the aristocracy, who were concerned about the effects that yet another apparently competing fundraiser might have upon the collection activities of their own institutions. However, arguably the most powerful opponent of the scheme appears to have been turned when, in 1872, Sir Sidney Waterlow, then Mayor of London, persuaded the Duke of Westminster that the scheme would not affect the normal donations and subscriptions to St. George’s Hospital of which he was Treasurer. He also gained the support of the Bishop of London who had harboured reservations over the ability of the religious bodies to come together in pursuit of a single goal (Rivett, 1986, p.121). With such influential people in support of it, it became much easier to raise public awareness of the Fund and broaden its appeal, such that, by 1884, Burdett was claiming it had

‘taken a very deep hold upon the consciences of the people … with the result that all kinds and conditions of men and women flock to places of worship on this one day in the year, in order that they may contribute their mite to the relief of the suffering poor’ (Burdett, 1884, p.13).

The aggregation of these ‘mites’ led to the accumulation of very considerable sum indeed.

Even in its first year the Metropolitan Hospital Sunday Fund managed to raise the sum of £27,700, although this came in over a number of months rather than a single day. Despite the sum raised being far below The Spectator’s estimate of eighty thousand pounds, much to the disappointment of The Lancet (February 12th, 1873, p.280) it was sufficient to attract the attention of London’s hospital managers, who were quick to make overtures to the Fund. The attention of hospital managers, was arguably, also drawn by the enormous publicity generated by the fund and by extension to its espoused primary function, the generation of funding for the voluntary hospitals. Burdett had no doubt that the Sunday Fund and its sister movement the Saturday Fund had ‘undoubtedly attracted a greatly

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5 The London fund was not the first to be formed and was in fact modelled on the scheme which had been started in Birmingham in 1858, copied by the organisers of the Manchester scheme and from there adopted by a number of cities up and down the country (Burdett, 1884, pp.7-8).

6 The Saturday Fund had a different emphasis from the Sunday Fund in that it collected donations from working men and women in their places of employment and, like the Sunday Fund, subsequently gave grants to the hospitals, in return they sought access to the hospitals for sick individuals who had made contributions. Cherry has observed that many working men’s groups towards the end of the 19th-century fought for representation on hospital boards of management in return for donations, but the Saturday Fund generally seems to have avoided this course, (Cherry, 1996a,b).
increased amount of public attention to the hospitals, and have by this means caused indirectly a considerable addition to the funds placed at the disposal of the managers of these charities’ (Burdett, 1884, p.12). The amounts generated by the Fund itself continued to grow throughout the last quarter of the 19th-century, until by 1895 the annual collection was drawing in over sixty thousand pounds. From the start, however, reformers both inside and outside of the Sunday Fund had been very clear that they did not want the grants to be given unconditionally (Burdett, 1884; Waddington, 1995).

It was argued by many, especially those involved in the administration of the voluntary hospitals, that the fairest way to distribute the funds raised by the Sunday Fund was simply to allocate pro-rata on the basis of the number of beds in the hospital. The reformers had no such simplistic scheme in mind. Instead they pressed the Distribution Committee to seek more detailed and reliable information about the activities of the hospitals. The obvious source of information was the annual report which was already produced by almost all hospitals and included data on both the financial and medical activities of the institutions. However the reports were prepared independently by each hospital and the information included therein, as well as the method of its compilation, was entirely at the discretion of the authorities of each charity. Categories of income and expenditure were created and compiled in myriad ways and this lack of consistency and a number of other practices employed in the preparation of these reports had long been the subject of criticism. Nevertheless they were regularly produced and in the public domain so they provided an easy source of information for the Sunday Fund’s distribution committee to make its initial deliberations.

Despite the use of published reports by the distribution committee they were widely viewed as inadequate to the task. As far back as 1834 a Parliamentary Medical Committee had recognised the difficulties of obtaining reliable information about the costs and financial requirements of voluntary hospitals (The Lancet, 1834-5, Vol. 2, p.669), but later in the nineteenth century the unreliability and abuse of the accounts was becoming a major issue for those concerned with reform of the hospitals. ‘It is a matter of great notoriety’, complained The Lancet in 1882, ‘that the records of … [the hospitals] … are so carelessly kept as to be valueless … [and] … that their accounts are not subjected to any reliable audit’ (April 29th, 1882, p.719). The need for ‘minute and accurate detail’ as the ‘very lifeblood of statistics’ was observed and with regard to annual reports the editorial stated that:

"unless the publication affords the requisite basis for apportioning to each institution the different items of income and expenditure under their exact heads and the units to which the figures apply are themselves correct, tables\(^7\), however carefully constructed, can scarcely convey an accurate estimate of the state of those institutions for positive or comparative purposes" (The Lancet April 29th, 1882, p.719).

\(^7\) The author was referring to comparative tables that were derived from the annual reports of the hospitals. The particular example under discussion in this instance was the volume prepared by Burdett in his monograph Hospitals and the State, published in 1881.
These sentiments were echoed by Mouat and Saxon-Snell in their 1883 book, Hospital Construction and Management. Referring to Burdett’s (1881) comparative analysis they argued that there was no greater need than to introduce central control over the way that the accounting and reporting practices of the hospitals was carried out. Burdett’s figures had suggested that, even within the general hospitals, the cost of management had ranged from 2% to 27% of income and that the average weekly cost per patient ranged from 9s 4d to 45s 2d (Mouat and Saxon-Snell, 1883, p.21). The data analysed across all types of hospital displayed even more extravagant variation. It was clear that either there were enormous differences in the cost and efficiency of different institutions or the unreliable and unsystematic preparation of the accounts was creating such apparent differences. Whatever the case the reformers felt this situation to be unacceptable. Mouat and Saxon-Snell were also vocal in calling for this central control to extend into the keeping of medical records. There appeared little difference in their conception of the purpose of financial and medical data. Both were collected in order to examine the performance of the institutions concerned: the financial data examined the pecuniary requirements of the hospital and its ability to raise sufficient funds and; the medical data demonstrated the efficiency of the hospitals in the performance of their primary function, the healing of the sick-poor (Mouat and Saxon-Snell, 1883, pp.15-18). Incensed by the continuing intransigence of hospital management with respect to the publication and provision of reliable information the reformers began to focus on specific practices that they deemed to be questionable.

The main thrust of the arguments focused as much upon the recording of income as it did upon the expenditure. Some practices were highlighted as clearly malign. For instance, in a paper entitled *Hospital Extravagance and Expenditure* (Michelli, 1888)\(^8\) it was claimed that some hospitals were concealing the cost of their fundraising efforts by deducting the costs of collection\(^9\), printing, stationary, commission and advertising from the monies raised and declaring only the balance as income in their accounts. The benefits of this practice for those involved were clear: it was possible for a hospital’s managers to significantly raise the profile of their hospital through advertising and collecting activities, while simultaneously concealing the cost of those activities and protecting themselves from claims of inefficient management; thus would their fame spread, while their income was maintained at a level modest enough to maintain the necessity for further appeals. The obvious corollary to this was that other hospitals in the locale of the offender were likely to suffer diminished income as a result of the more extensive collections of the offending institution. This practice was arguably not only poor accounting practice, but also morally questionable and as such was easy to condemn (*The Lancet*, December 22nd 1888, p.1241). More complex issues surrounded the treatment of legacies in the hospital accounts.

It was typical for hospitals, in relatively affluent times, to retain income received in the form of legacies and bequests and invest that money to provide a regular revenue stream for the future. This was applauded by many as sound practice, designed to work towards a

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\(^8\) Michelli was, at this time, the secretary of the Seaman’s Hospital at Greenwich and was, therefore a colleague of Burdett.

\(^9\) Collectors were often paid a commission on the money that they raised.
time when the hospitals would require little or no contributions or donations, but would instead be able to provide for themselves out of income from investments (Rivett, 1986). However, when income was in short supply the hospitals often disposed of such assets in order to make up the shortfall. The practice incensed *The Lancet* to the point where it observed ‘no hospital is worthy of public support when it is conducted on such a vicious system as this’ (*The Lancet*, November 3rd, 1883, p.790). Rather than expend the capital stock of the institution, it was felt preferable that managers should restrict its activities such that the ordinary income was sufficient to cover the cost, thus preserving the income from capital for future years. One of the main difficulties for observers was that none of the hospitals kept a capital account and the treatment of investing activities was typically obscure.

This lack of awareness of the results of capital expenditure made others, even more wary of the use of legacies. All too often surpluses generated by large bequests were used to finance major expansion programmes that were deemed inappropriate by reformers, especially amongst those hospitals located in the centre of London where more hospital provision was scarcely required. Constantly frustrated by empire building hospital management and the obscurity of their published accounts (*The Lancet*, January 19th 1889, p.131), reformers continued to press for changes to create a consistency of treatment in the accounts that would allow real evaluation of the financial position and the performance of the hospitals. The culmination of these efforts was the adoption of Burdett’s system of uniform hospital accounts by the council of the Metropolitan Sunday Fund, but this had not been an easy task; rather it was the outcome of an effort extending over three decades.

Fleetwood Buckle’s publication of *Vital and Economic Statistics of the Hospitals, Infirmaries, & c., of England and Wales, for the year 1863* was the first significant publication to highlight the discrepancies in average costs that arose either through management, or through accounting variations. Buckle stated that his work had been compiled with the aim of ‘facilitating the comparison of the internal economy of the various medical charities in the kingdom.’ (Buckle, 1863, p.v) and he quickly identified the imporance of securing ‘a proper and uniform set of records being kept in each charity’ (Buckle, 1863, p.vii). Buckle’s efforts did not go unnoticed, but it was some time before the campaign for uniform accounts really got under way and a focus upon the financial aspects of hospital performance began to emerge in the medical press (see for example *The Lancet*, October 3rd 1868). Pursuing his arguments through the public health branch of the Social Science Association (SSA), a breakthrough was eventually made six years after the original publication of his Vital and Economic Statistics.

Early in 1869 a letter from Buckle was read to a meeting of the Social Science Association (SSA)\(^\text{10}\). The letter contained information recently gathered by Buckle from twenty-two of the Metropolitan hospitals and made comment as to their financial condition and their performance\(^\text{11}\). The accuracy of the information was immediately challenged by

\(^{10}\) Formally The National Association for the Promotion of Social Science.

\(^{11}\) Vital and Economic Statistics never gained the status of an annual publication and Buckle published only sporadically after 1863. However, the concept of a comparative publication reviewing the data of all the
Joseph Wilkinson the secretary of Saint Mary’s Hospital and in the ensuing discussion the difficulty of comparison of different hospital accounts became obvious. The proceedings were reported in *The Lancet*:

“It appeared all but impossible to make any comparison between the expenditure of the various institutions, owing to the entire want of uniformity in the reports and accounts. The meeting unanimously resolved that it is desirable that these be presented in a uniform shape; and a committee was appointed to draw up a form of statement of accounts, which may be recommended to the various hospitals from this section of the Association, and that the committee be authorised to communicate with the authorities of the hospitals, and subsequently report to the Society upon the subject” (*The Lancet*, January 30th 1869, p.163).

The SSA was highly influential and the resolution made that night gave credibility to the reformers campaign that it had previously lacked. The Lancet editorial was quick to fasten on to this event and add its own support stating that ‘we think the governors of the various hospitals would do wisely to assist the committee now appointed, in order that the reports and accounts might be uniformly made out’ (*The Lancet*, January 30th 1869, p.163).

Once again raising the spectre of state intervention *The Lancet* argued the situation to be a serious one that required action of some kind, preferably achieved with the co-operation of the hospitals and the reformers, rather than a solution imposed by government that could potentially leave both groups out of the control loop. That they were prepared to make mollifying noises towards the great hospitals and their sponsors is not surprising; their main aim was to realise the inception of a uniform system of accounting and gain the support of the most powerful institutions would greatly assist that process. Once the system was in place it would reveal significant differences in costs and activity, wherever they occurred, in institutions small, or great, equally.

Whatever the arguments advanced by the opponents of the scheme it was almost certainly the suggested oversight by some unknown central authority that was the major concern: the hospitals were unlikely to surrender their autonomy without significant resistance. Yet, the tide was starting to turn against them. After the Social Science Association’s decision to investigate the form of accounts, other interested parties began to take interest.

The group most disadvantaged by expansion of the number of hospitals and, in particular, hospital outpatient departments were the general practitioners (Abel-Smith, 1964: Rivett, 1986). The Metropolitan Counties Branch of their increasingly influential professional body, the British Medical Association (BMA) very quickly came down on the side of the SSA stating that they were seeking to identify ‘whether any and what steps can be taken to promote an uniform system and publication of hospital accounts, and of the records of mortality and sickness in hospitals’ (Henry, 1869, p.262). The cause was taken up later that year by the Statistical Society, when its president, Newmarch12, suggested that ‘periodical re-
turns should be furnished by hospitals in the metropolis and large towns, of such a nature as will admit comparison of the efficiency and cost of relief afforded in each’ (Newmarch, 1869, p.831). Seeking to ensure an effective check on the ‘perfectly enormous’ income, in order to discern where ‘cost was highest and, efficiency the least’, Newmarch was also careful to add that ‘no undue revelations were needed or desired’, but that ‘the public have the clearest right to be satisfied that the money they set aside for the relief of sickness and misfortune is put to the best possible uses, and in the most economical manner’ (Newmarch, 1869, p.831).

Wilkinson, the Secretary of St. Mary’s Hospital, who had been critical of Buckle’s figures, appeared ostensibly to have joined the reformers when in 1870 he conceded that a uniform system of accounts would tend to reduce expenditure by facilitating easy comparison between establishments. However, he did supply an analysis of forty-six London and provincial hospitals that he claimed demonstrated that the large discrepancies seen in previous analyses had to a great extent been rectified (The Lancet March 26th 1870, p.457). Such claims were not unusual and were possibly intended to take the momentum out of the campaign for uniformity. The attempts may have been effective had it not been for countering Lancet editorial that pointed out that due to the way that ‘reports are drawn up after a different fashion for nearly every hospital’ and that ‘balance sheets differ immensely in the amount and the character of the information afforded ; and the items of receipts and expenditure are classified on so many different plans, … the task of drawing correct conclusions from the reports as a whole is by no means easy’ (The Lancet September 23rd 1871, p.442). Thus, by the mid-1870s the reformers appeared to have gained the moral high ground but it availed them little in their objective of achieving a uniform system of accounting because they had no effective way of forcing the hospitals adopt a system and they were, in general, ignoring the calls for voluntary adoption.

The campaign at this point in the early 1870s was gathering pace, but appears to have been deflected by the creation of the Sunday Fund and the expectations of reformers that its interventions would begin to address the problems of the sector. It is a question of significance as to why the Sunday Fund did not immediately request uniformly compiled information from the hospitals, but its leaders were no doubt cognisant of the failed attempt in the 1860s by Florence Nightingale and William Farr13 to force the hospitals to adopt a system of uniform statistics and were perhaps fearful of entering into a similar battle at the start of their venture. They may also have hoped to persuade rather than coerce hospital managers. In any case initial distributions of the fund were made on the basis of extant reports rather than newly collected information and the initial successes of the fund in exercising influence over the hospitals was probably sufficient to calm demands for a period.

As the 1870s passed the distributions of the fund were seen to be quite controversial, particularly where they were small or withheld as this was seen to indicate a view on the part of the fund that the hospital was somehow unworthy of grant funding. Public disputes ensued and while it is clear that some hospitals did provide further information and cooperate with the directions of the fund, others resisted in a very public way (Waddington 2000, pp144-5).

13 For more detailed discussion of the system of uniform hospital statistics see Small (2005) and Jackson (2010).
This was too much for Waterlow, the chairman of the distribution committee. The claims of some hospitals that the fund was influencing their collections was exactly counter to the assurances that he had given the Duke of Westminster and other important figures that the fund would not affect their own collections. Faced with this embarrassing problem Waterlow steered the fund into a less aggressive interventionist position and began to make distributions in a more pro-rative basis and disaffection began to grow again amongst reformers, not least the COS, who had held substantial hopes for the success of the fund in resolving problems in the voluntary hospital sector.

In 1881 the well travelled Mouat \(^{14}\) began to publish in *The Lancet* a series on the management and construction of hospitals and argued on favour of state intervention, more businesslike principals in the sector and a professional superintendent to manage each individual hospital (Mouat, 1881, p.942-3). Mouat was a long standing proponent of uniform accounts in hospitals and saw them as central to rational economic management (*The Lancet*, January 30th 1869, p.163). These radical proposals must have caused a stir on many hospital committees. They were seriously discussed in the press and followed up by a monumental work of Mouat and Saxon-Snell that pressed the case even harder (Mouat and Saxon-Snell, 1883). The debate began to heat up through the 1880s and the reform movement (Burdett in particular) became less cagey about criticising hospital committees over their recalcitrance in supplying detailed financial information (*The Lancet*, March 10th 1883, p.415).

The article by Burdett talked about the extravagant, reckless and uncontrolled financial administration of committees of management that were self-elected, irresponsible and resentful of outside criticism. This was an unprecedented level of attack. It was perhaps even more notable for the way it posited the idea that those institutions that did not submit accounts to the Sunday Fund were the ones that were most likely to be perpetrating financial and medical abuses. Although Burdett studiously avoided mention of state intervention, he raised the concept of a central controlling authority that would supervise the erection, extension and administration of hospitals throughout the country. By this means they could not only ‘encourage improvement and check abuses’, but could ‘guide the public mind in the disposal and distribution of its eleemosynary aid’ (*The Lancet*, March 10th 1883, p.415). Throughout the 1880s the discourse became more critical of those activities of the hospitals that were deemed to be less salubrious, ethical and economical and regularly floated and discussed the idea of uniform accounts as a check on this kind of activity. When, in the middle of the decade, the Social Science Association broke up into separate organisations *The Lancet* was quick to remind the nascent British Hospitals Association that there was ‘no better way of promoting soundness in hospital administration … than by trying to introduce a sound and uniform system of account-keeping’ (April 24th, 1886, p. 797). Thus, although the progress through the decade was painfully slow, the reformers were careful never to let the topic fall from the agenda.

\(^{14}\) Mouat, as a former Deputy Inspector General of Hospitals, was an informed voice and, as Vice-President and Foreign secretary to the Statistical Society, was deeply involved in the movement to get reliable statistical information upon which to make judgements about hospitals.
From 1888 Robson’s (2006) account provides excellent detail of the events that led to the formation of the House of Lords Select Committee and the subsequent adoption by the Sunday Fund of one particular form of uniform accounts. The details of that story will not be repeated here. Rather the purpose of the above discussion was to show the long-standing nature of the uniform accounting debate as it manifested in the medical press and in particular its relationship to the managerialist and interventionist intentions of those desiring reform of the hospitals, particularly in London. In the chain of events leading to the adoption of the uniform accounts the Sunday Fund was a crucial element: initially because in its first few years it seems to have defused the growing clamour for uniformity by offering an alternative hope for control, but later in the early 1990s, as the threat of direct intervention by either the COS or the state became a real possibility the decision by the fund to adopt a uniform system of accounts defused those threats in turn.

Whether we can agree that the COS was the catalyst that led to adoption is more difficult. Certainly it was a major factor, but perhaps more threatening to those concerned with the health of voluntarism was the spectre of state intervention. Some such as Abel-Smith (1964) and Rivett (1986) have argued that state intervention was often raised to spur the intransigent into action and it was certainly a factor in this case. The campaign for uniformity was a long and sustained one, dating back at least to Buckle’s (1863) work and involving a large number of interested parties from a point before the creation of the COS. Ultimately however it is clear that the organisation which did adopt the uniform accounts was one that stemmed from an interventionist tradition. It was not a group of hospital insiders seeking to defend the hospitals from outside intervention, but rather had itself been created on the basis of a reformist agenda. The COS was therefore only one of the factors (albeit an important one) that led to the ultimate adoption of the uniform hospital accounting system.

The hospital funds and managerial control of the hospitals

Given the clear motivation of the Sunday Fund to reform the London hospitals consideration will now be given to the apparent conflict between those authors that believed the hospital funds were important agents of reform (Prochaska 1997, Waddington 2000, Jones and Mellet 2007) and those that feel their influence was limited (Millman 1974, Cherry 2000, Robson 2006). In this investigation an examination will be made of the creation of the King’s Fund and the accounting mechanisms adopted by it to exercise influence over the hospitals.

By the mid-1890s the Sunday Fund arguably had, by means of the Uniform Accounting System, the informational ammunition it required to make pronouncements on the efficacy, or otherwise, of the hospitals’ management. Whether the accounts could really reveal much about the management practices of the hospitals remains questionable, but what the uniform system did was to disable the defence previously used by the hospitals that the hospitals’ accounts were all prepared in different ways and so could not be used for comparison. Now, supported by Burdett’s analyses and publications, it was easy for the funds’ management to view significant exceptions from the mean performance of hospitals,

15 Burdett pursued a relentless campaign in his annual Burdett’s Hospitals and Charities of the World
whether that be in terms of income, expenditure, costs, or output. The onus was now potentially on the hospital management to explain the exception if they wanted a grant and if they could not explain it, or if they did not agree to amend the offending practice, then the grant could be reduced or withheld.

In response to the argument that the grants were not of sufficient scale to persuade hospital management to reform, it is important to note that although the grants were a fraction of total income they could also be the difference between serious deficit and minor deficit. They were also fairly easy money; much less trouble than pursuing recalcitrant subscribers. Another, arguably more significant, reason why the grants were important was their ability to signal to the charitable public that the institution was meritorious and well managed. No member of the philanthropic public wished to donate charity where it would be squandered and the allocation of a grant from a body such as the Sunday Fund, one of whose criteria of award was sound management, was a powerful endorsement. Unfortunately it soon became clear that whatever the evidence at its disposal, the Sunday Fund was reluctant to insist on hospitals reforming their management practices. The disappointment that was felt about the Sunday Fund’s unwillingness to fully engage with the reformist agenda before the late 1890s was displayed by The Lancet when it argued that the Sunday Fund could not be considered as a real central organising body unless it was to ‘show some larger sense of responsibility that they had yet displayed’ (The Lancet, 1st May, 1897, p. 1221). The Sunday Fund Distribution Committee was described as having been ‘fearful’ of taking the necessary action (19th February, 1898, p. 519).

The reasons for this stem from the arguments that surrounded the establishment of the Sunday Fund. At the first meeting of the Sunday Fund Council there had been an attempt by a prominent member of the COS, Sir Charles Trevely an, to propose that grants should be contingent upon anyone not able to prove that they were genuinely poor having to make payment for the services they received in the hospital. The rest of the council wished to distance themselves from this idea and from the attitudes of the COS in general. Sir Sidney Waterlow as Chairman observed that the council had been elected to ‘aid the hospitals as they are now conducted’ and Trevelyan’s motion was defeated. It has been argued that Waterlow was subsequently reluctant to modify this attitude with respect to the hospitals’ activities. Clearly if the chairman of the Council would not withhold grants to encourage better management then the potential of the accounts to make poor management visible was irrelevant. If the hospital managers were going to get the funds regardless of the perception of their management efficiency then there was no incentive for them to change.

It has also been argued, perhaps more significantly, that campaigners like Wakley and Waterlow had been required to give assurances to many individuals of a high social standing who were involved in the hospital movement that the activities of the fund would not interfere with their own fundraising and they may have also privately had to agree that grants would not be contingent upon a hospital’s acquiescing to demands made by the fund. One documented example of this happened between Waterlow and the Duke of Westminster, who was the Treasurer of St. George’s Hospital (Abel-Smith, 1964: Rivett, 1986). Clearly to renge subsequently on this promise to such a powerful individual would have done nothing for Waterlow’s career and this was a likely factor in his non-intervention. In fact it may have
been a general reluctance on the part of Waterlow to upset the committees of hospitals, which often had such figures on them, that disarmed the potential power of the Sunday Fund. The problem was that the influence of the fund was partly limited by the social standing of the people on its council and Waterlow was arguably the most powerful of those, but his influence in Victorian society was limited compared to that of the Victorian aristocracy which populated the boards of management of many of the hospitals.

In the end the primary achievement of the Sunday Fund, in the eyes of the reformers, might have been viewed as the adoption of the Uniform System of Accounts. Certainly the fund did raise money for hospitals which was its primary espoused aim, but after its initial burst of enthusiasm it had limited impact in the reform of hospital management. It is arguable that Waterlow’s motives were altruistic and his judgement sound. Without the authority of a major patron of the highest social standing, the Sunday Fund remained a fund of money raised mainly from the middle class that was distributed mainly by the middle class. Indeed, those that sought increased status would hardly find it through association with the Sunday Fund. Rather, they would seek appointment to the committee of management of one of the hospitals. Thus by the middle of the 1890s the Fund had remained relatively ineffectual in its attempts to use the new accounting information as a basis for management reform. Its leaders lacked the willingness to tackle hospital management head on as they simply lacked the authority and status to insist on the desired changes to management practice. In other words, while the accounting information had gained a credibility, the entity that was publishing and making pronouncements upon it had not.

The genesis of the King’s Fund

By the second half of the 1890s it was becoming clear that the Sunday Fund was not going to be the force for reform that activists had hoped and some were clearly looking for an alternative. It was the ubiquitous Burdett who facilitated the solution and neatly outmanoeuvred the COS at the same time. Acting on ‘a fundamental truth about organised charity: it was not simply the nature of the campaign that determined its success, but who could be found to support it’ (Prochaska, p. 11), Burdett found the ultimate supporter in the personage of the Prince of Wales when in late 1896 the idea began to form in the shape of a new fundraising body for the hospitals. As soon as the idea was mooted there was a general clamour of approval, but simultaneously debate broke out over the form and purposes of the Fund. All wanted to be involved and each party wanted to impress their own agenda upon the structure. To his credit, Prince Edward seems to have listened to all, but ultimately firmly steered the new organisation onto a clear and unambiguous path of a body designed to raise significant sums of money that could be allocated to the hospitals along with ‘advice’ on how

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16 Burdett was instrumental in bringing the Prince of Wales into the arena of hospital management although he avoided any claim of involvement. He had already managed to recruit the Prince and Princess as Patrons of the Royal National Pension Fund for Nurses in 1889 and had written a flattering book about their philanthropic activities (Burdett, 1889) in the same year. Prochaska (1991) argues that Burdett had been nursing the scheme for as much as a decade and certainly by 1896 he was a trusted advisor to the Prince and, as Rivett (1986) has argued, the emergent scheme was redolent of his long established and promoted ideas.
their management should be conducted. The first meeting of the general committee of the Prince of Wales Fund (PWF) took place on January 21st, 1897 at Marlborough House in London. Burdett quickly became a member of the organisation committee and was central to the establishment of the PWF in the early months of 1897.

On the face of it this may seem to have been just another attempt at fundraising for the hospitals, but the new fund had an extra dimension that would transcend its predecessors. As Prochaska (1991, p. 12) wrote: ‘both the presence and capacities of Edward, first as Prince of Wales and then as King, had a near-mystical significance when brought to bear on the charitable establishment.’ Further, the involvement of the Prince led to him persuading the great and the good to become members of the Council and administration of the fund. Lord Rothschild was the Treasurer and the Council included such figures as the Governor of the Bank of England, the Presidents of the Royal Colleges of Physicians and Surgeons and the Bishop of London. Lord Lister, the founder and great disseminator of antiseptic medicine and arguably the nation’s most prominent medical man at that time, was made the Chairman of the Distribution Committee. Through this approach the Fund was given enormous status and authority, which was reinforced in the year of its commission by linking it to national celebrations surrounding the Diamond Jubilee of the Queen in 1897.

It is still the case today that charities seek prominent celebrities as backers and at the end of the 19th Century in Britain there were none more prominent than the royal family. At that time it was still in the memory of the populace that the Monarch had been heavily involved in the politics of the Nation and the decline of involvement that had taken place as Victoria aged had begun to be replaced by a much greater social engagement of the younger members of the family in philanthropic endeavour. The significant involvement of the Prince of Wales in charities reinforced his positive public image and in turn increased his authority at the head of the fund. It was this authority that gave the Prince of Wales Fund (PWF) its real power. Certainly it was to generate more in donations than either the Saturday or Sunday Funds, but also, the people involved in the day-to-day management of the Fund need not be as concerned about upsetting powerful individuals elsewhere when their own ranks were of the highest status. Burdett was adamant that there was ample evidence to show that ‘business methods may be applied to hospital finance by persons of authority and influence with the best results’ (BHC, 1896, p. 56). This situation was further reinforced when on the death of the Queen in 1901, Edward became King and the name of the fund was changed to the King’s Fund. Whilst the King stepped down as chairman, the new Prince of Wales took over and the King retained an enduring interest in the activities of the fund. The highest echelons of the royal family were more than just figureheads for the fund, they were an active presence in its management and this dramatically increased the fund’s status and authority (Abel-Smith; 1964, Rivett, 1986; Prochaska, 1991).

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17 It is quite difficult to find, in the final constitution of the Fund, any ideas that conflict with those of Burdett.
18 It has been argued that the Royal family saw their involvement in philanthropy as a means of legitimation after the gradual withdrawal of Queen Victoria from political life. However, Prochaska further argues that historians, ‘ensnared in a conventional view of politics, ignore the influence that the royal family exercised through the voluntary movement’ (Prochaska 1991, p. 12).
Uniform Accounts and the Prince of Wales Fund

The Lancet was quick to praise the involvement of the Prince, but like the COS they had not quite grasped the long term significance of it. The journal argued that the PWF should be strictly time limited so as not to interfere with the activities of the other funds (Feb 13th, 1897, p. 462). Nevertheless they saw the potential to use the PWF to reinforce and further their general aims of reform. While lauding the three primary reasons for the creation of the fund stated in an open letter released by the Prince, the Lancet argued that there was a fourth reason:

"which has grown in force rapidly of late and which must be met if the scheme of the Prince is to be worthy of his Patronage and of the reign for which it is to be the chief metropolitan thank offering. We refer to the laxness of hospital administration and the failure of hospital authorities from their splendid and beneficent work all pauperising influences and all superfluous charity … the General Council may be slightly enlarged by the addition of those who would represent the strong desire to see a magnificent relief of the impecuniosity of London hospitals accompanied with a guarantee that necessary reforms of administration shall be a condition of receiving a share in the Prince of Wales’s hospital Fund for London" (The Lancet 13th February, 1897, p.462).

But The Lancet had little need for fear as it quickly became clear that the PWF was not simply to be a body that would uncritically distribute cash to those hospitals that claimed a deficit but that the uniform system of accounts was to play a central role in the examination of hospital administration that was to follow its inception. The Hospital maintained the debate by arguing that:

"it is clear that by the exercise of careful judgement in the distribution of such funds an influence for good may be constantly brought to bear upon [the hospitals] administration. These are reasons which may properly be urged in favour of the intervention of the great collecting organisations between the subscribers and the hospitals" (The Hospital 25th September, 1897).

In this it was made clear that the desire was to use the funds to influence the opinion of subscribers. The implication was that the proclamations of the funds, including the PWF, would enable the subscribing public to make judgements as to which of the hospitals were worthy of their donations. Thus the power of the funds lay not just in their own ability to withhold monies from particular hospitals, but to persuade a significant proportion of the charitable public that they also should direct their philanthropy elsewhere. This effect would leverage any action taken by the funds and put far more pressure on hospital management to comply with the wishes of the distribution committees of the funds. Any thoughts that there may be competition between the funds or conflicting instructions coming out of different funds were soothed by the decision of the PWF to look to the Distribution Committee of the Sunday Fund for its first year’s distribution, until it was in a position to collect the necessary

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19 The letter offered that the main reasons that only around 10% of those that could donate, did donate, was because: it was difficult to know which institution to give to; there was no easy annual opportunity to make a donation; and there was a sense that giving a small sum made little difference (The Lancet Feb 13th, 1897, p.462)
information on its own behalf. Also, Burdett had neatly manoeuvred the Prince into the position of Vice-Patron of the Sunday Fund in late 1896, which significantly boosted that fund and created an alignment between the two funds that arguably strengthened the authority of the Sunday Fund, although it immediately had an impact on the funds collected by the elder body and it was to become clear in the longer run that it had really been superseded by the King’s Fund. Certainly in 1897 the pronouncements of the Sunday Fund had a more authoritative voice as they acted ‘even more stringently on the rules laid down for their guidance’ (The Hospital 14th August, 1897, p. 342) and there was a renewed emphasis on the:

‘tables of statistics … showing an analysis of the number of beds, the cost of patients … [and] the proportionate expense of management, as well as other valuable information … The work was much facilitated by the fact that the accounts are rendered on the uniform system.” (The Hospital August 14th, 1897, p. 344)

In promoting the work of the Distribution Committee, The Hospital further emphasised the centrality of the information collected through the uniform system of accounts:

‘As a preliminary to [the distribution committee’s] meetings, nearly four months are devoted to a careful examination of the accounts of nearly two hundred institutions, which apply for grants. When the analyses of these accounts are ready the Distribution Committee commences to sit. They then go through the accounts of the expenditure and work done by each institution, and pay particular attention to the quality of the management, the economy of the administration, and the merits and pecuniary needs of all the charities concerned” (The Hospital 14th August, 1897, p. 329).

Thus the uniform accounts were the key information source that allowed the fund to make its judgements with authority. Since the adoption of the uniform accounts, complaints in the press that the judgements made on the economy and effectiveness of hospital management were unfair on the basis of the information held by those making the judgements had become muted. Instead the arguments of those defending a hospital’s management tended to focus more on any special circumstances that had assailed the management in the period concerned; the comparative data remained generally unchallenged by those outside the funds and any challenges that arose were met with comprehensive responses from Burdett (BHC 1897, p. 93). What mattered to Burdett it seems was not his choice of measure, or the construction of his system, so much as the confidence that people had in the numbers that were produced. He worked tirelessly to eliminate questions that were raised over the statements and reports to the point that few continued to question them, other than on trivial points of detail. Nevertheless, there was cognisance within the management of the PWF that the accounts were not flawless and that they were not as useful as they might be. For

20 The distribution committee had insisted upon hearing from deputations of no less than 38 hospitals who were asked to explain either the manner in which funds had been expended, or what was perceived to be extravagant management (The Lancet 13th February, 1897, p.462).
instance, the ability of hospital managers to list items under differing headings meant that comparability across institutions was not as good as it might be. With respect to this point, there can be little doubt that Burdett was also cognisant of it and regarded it as a matter of importance; he had long argued that ‘there is no item of hospital expenditure so small as not to be worthy of the closest attention’ BHC, 1897, p. 204). Therefore, fairly soon after its distribution committee met to begin work, the PWF began to consider revisions to the uniform system of accounts. In 1901 the PWF had become the King’s Fund after the death of the Queen and Edward’s accession to the throne, and the committee at that point set up a team to revise the uniform accounting system (Gilbert, 1977, p. 62).

This was the first of a series of revisions that took place over a twenty year period. After the 1st committee’s work was completed, Burdett published a revised volume of The Uniform System of Accounts, Audit and Tenders for Hospitals and Institutions (Burdett, 1903) and again after a further revision in 1916 (Burdett, 1916). Thus, from the last years of the 19th Century through the early years of the 20th, Burdett and others in the King’s Fund, regularly reviewed and refined the uniform system in order to increase its effectiveness not just as a means of attaining accountability from the managements of the London hospitals, but in order to control them and assist them, in turn, to improve their management of the hospitals. Each of these revisions was adopted, in turn, by the Sunday Fund and so, while ostensibly separate, the funds through much shared leadership and operational practice and attitude acted as a twin force in the cause of reform of hospital management.

The King’s Fund, uniform accounting and the control of the hospitals

On the basis of the recommendations of the Sunday Fund the first distribution of the PWF was made\textsuperscript{21}, more or less pro-rata with the Sunday Fund, but with ‘adjustments’ made by a special committee. It is to be noted that the PWF envisaged itself to be a long term undertaking. The Prince himself proclaimed that the distribution made should come only from the income of the fund and not from the capital; a model that he espoused as being one upon which all voluntary organisations should settle (\textit{The Hospital}, 25th December 1897, p. 231). In addition it was felt that this endowment model would both create an enduring memorial for the Queen and increase the authority of the fund over the London hospitals (Prochaska, 1991, pp.22-3). Setting the tone for the future distribution committee of the PWF, the Prince also stated that ‘searching enquiries should be made into all matters concerning each hospital, so that all the amounts spent may be wisely administered … it is … extravagance in the maintenance of hospitals which this fund should endeavour to discourage\textsuperscript{22}.

\textsuperscript{21} In the first year the fund raised some £155,000 in capital and £22,000 in income from interest and annual subscriptions. Alongside this was an amount of some £40,000 raised by the sale of special stamps for the Jubilee of the Queen which was also to be distributed that year (\textit{The Hospital}, 25th December, 1897, p. 230).

\textsuperscript{22} The Prince gave as an example of maladministration the practice of hospitals that found themselves in possession of large legacies of building new wards, or large extensions onto the hospital, the typical outcome of which was that in the next financial year the hospital had insufficient funds to maintain the new facilities and was forced to close them down (\textit{The Hospital}, 25th December, 1897, p. 231).
The Lancet moved squarely behind the PWF, despite expressing some concerns as to how it may affect existing arrangements, and applauded the Prince for choosing the Sunday Fund as a model for distribution in the Fund’s first year. The Lancet tried to reinvigorate the Sunday Fund and increase the pressure on hospitals across several fronts. Describing the Sunday Fund as a ‘disciplinary body as well as a charitable body’ that put ‘a premium upon good management and economy’ while ‘rigidly exacting that all hospital accounts shall be rendered for their inspection in accordance with a uniform plan’ it was argued that in 1897 the Sunday Fund enjoyed ‘remarkable power’ through the association with the PWF and that they would ‘be able to discriminate in a marked manner between the deserving and undeserving institutions’ (The Lancet, 12th June, 1897, pp. 1636-37).

By 1898 the proactive nature of the PWF was beginning to emerge. At a meeting of its council in February 1898 it was moved that there should be a committee of enquiry to examine the ‘needs and merits for the allocation of the funds of 1898’ (The Lancet, 19th February, 1898, p. 329). The Prince took up this resolution, saying:

“[it is] perhaps the most important matter ... it will take time, of course, but I do not think it possible for us to keep to our original idea, –i.e., to assist the most deserving hospitals only– unless it is made quite clear to us which hospitals are deserving and which are managed in a proper way” (The Lancet, 19th February, 1898, p. 329)

The committee was duly formed and carried out its investigations throughout the course of the year (The Lancet, 10th December, 1898, p. 1569). The committee consisted of ‘physicians and surgeons, of wide experience, and about an equal number of laymen especially interested in hospital management’ (The Hospital, 24th December, 1898, p. 221). All the hospitals were ‘submitted to a thorough inspection and inquiry’ with the forthcoming ‘reports and tabulations’ providing the most ‘valuable and reliable information’ (p. 221). The activities of the distribution committee soon met with the approval of Burdett. The committee he argued ‘does not merely give to the hardest beggar’, instead it used ‘judgement and inquiry’ which could not be achieved by the individual and exercised a ‘wholesome control over the activities of some hospital managers’ (The Hospital, 30th December, 1899, p. 205). Thus, the PWF, (and also increasingly the Sunday Fund, although it was always more tactful than the PWF), began to flex its muscles and put pressure on practices of hospital management that were deemed inappropriate.

This approach attracted much public support. It soon became clear that the PWF was attracting funding from bodies that previously had not supported the hospitals in an open or substantive way. It was the increased confidence in the proper use of the funding that the PWF was generating that began to attract the donations of the public in various guises. Of course increased funding only increased the leverage that the PWF could apply to the hospitals. The medical and national press hailed the success of the first year of the Fund and

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23 For example, the Worshipful Company of Drapers began to send an annual donation of £1000 to the PWF upon learning ‘with much satisfaction that the committee have appointed visiting sub-committees consisting of persons practically acquainted with hospital management with the object of obtaining information as to the merits and needs of the various institutions’ (The Lancet, 25th August, 1900, p. 593).
very quickly there were clear cases of intervention in the day to day running of hospitals, based on comparative data coming from the accounts, which changed their practices in ways that were both empowering and controlling.

In general the funds, especially the PWF, became very blunt about the reasons for refusing a grant. While conceding that the task of deciding which hospitals should be left out of the grant allocation was a thankless one, The Hospital argued that ‘it is satisfactory to see that the committee [of the PWF] have found it practicable to lay down conditions with their gifts and to give reasons for their refusals’ (13th December, 1899, p.205). The results of the deliberations of the distribution committees of both the PWF and the Sunday Fund were announced at their annual meetings, the proceedings of which were published widely in the press. Full, verbatim accounts were published in The Hospital and The Lancet, while abstracts of the decisions were published in many other places including the British Medical Journal and national papers such as The Times. As a result the pronouncements of the committees that some institutions were ‘by reason of their management, ruled to be undeserving of support’ reached a wide audience (The Hospital, 7th January, 1899, p. 251). The potential subscriber, seeking the best place to make a donation had little work to do to establish which institutions were held to be inefficient or extravagant users of charity and therefore to be avoided. Hospital managers soon realised that to fail to secure a grant could strike at their funding in other ways. To ignore the funds was to risk existing subscribers taking the view that the hospital was badly run leading them to withdraw their support as well. So the grants and reports of the funds became much more important than their simple monetary value alone would suggest. In any case the funds had aligned themselves very closely and to contravene the directives of one was to risk losing the grants of both, (and possibly even the Saturday Fund as well). In 1902 Prince George24 noted that the work of the funds was ‘in perfect harmony’ (The Lancet, 13th December, 1902, p. 1648).

The information in the funds’ reports was given further weight because of its provenance. Few had any questions as to the reliability of the information collected by the funds through the uniform accounting system and it was often the recipient of glowing praise. In 1903 The Lancet said:

“It is hardly necessary to refer to the admirable effect which the introduction of a simple and universal system of accounts has had in London. It has, in particular, rendered possible the working of the Hospital Sunday Fund, which, in order to be able to test efficiency, has exacted uniformity from the hospitals to which it has made distribution and has thus paved the way for the effective working of the other great funds the committees of which have followed in its footsteps” (The Lancet, 19th February, 1898, p. 329).

Almost as few had anything to say about the judgement of those that had made the decisions. The involvement of the highest stratum of society in the PWF and, to a lesser extent, the Sunday Fund ensured that any questioning of the decisions was couched in the politest and most deferential terms. Responses, from the PWF in particular, tended to be final and silence any further debate. The Sunday Fund also gained credibility through the parallels

24 Successor to Edward as the Prince of Wales and later King George V.
in the decisions between it and the PWF. Although there were slightly differing targets for the money, the institutions identified as having poor management were much the same in both cases. Thus a culture of acceptance of the judgements of the PWF and the Sunday Fund emerged, both from the public and the hospital managers. Almost invariably the directions and recommendations of the funds came to be taken up by hospital management. It was exceedingly rare when a hospital had been given a conditional grant, or refused a grant, to see a repeated condition, or refusal in subsequent annual reports. Compliance was very high indeed and increased as the funds became more established in their work.

An annual meeting of the King’s Fund in 1903 became quite self-congratulatory of the success of the fund in its endeavours to create more efficient management. The Lord Mayor expounded that:

“The good work that is being done by this fund it is quite impossible to overrate. The control over the management of the various hospitals, in seeing that they prepare their accounts in a proper form and that the money is not unduly wasted, is as great and as good a work as the distribution of the money itself … It gives the necessary imprimatur to those institutions who gain their support in appeals that they make to the public, and what is almost of equal consequence, it stops the stream of charity flowing to institutions which cannot prove to the satisfaction of the very able managers of this Fund that they are deserving of support from the public” (The Hospital, 28th February, 1903, p. 377).

The Prince of Wales was in full agreement, arguing that is was now clear that the British public were quite prepared to support the hospitals to the necessary extent ‘provided that they receive clear proof that the money is well spent’ (p. 378). It was also, observed the Prince, good to see that the other hospital funds were basing ‘their policy upon similar lines and are working side by side with us with simultaneous success’ (p. 378). Lord Strathcona concurred, saying ‘it is not the actual grant given to each hospital that is valuable, so much as the fact that the grant is only given after a thorough examination’ (p. 378). Acknowledging the ‘great and good work’ done by the hospitals he added that ‘it has not been found that they have been all equally perfect at all times’, but that as it was widely known that the Fund’s resources were applied ‘only to those who endeavour to conduct and administer the affairs of their hospitals in the best way’ this must assist the management of the hospitals to become

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25 The PWF particularly targeted the redevelopment of infrastructure in the early years, with the reopening of closed wards and improvement of existing facilities a clear priority. However, the re-opening of beds usually came with a significant condition; i.e. that the beds had to be free and available to patients according to need and irrespective of the possession of a subscribers letter. Thus the King’s Fund began to erode the old system of patronage and move the hospitals towards a fairer provision of treatment according to need (E.g., The Lancet, Dec. 13th, 1902, p. 1647). The Sunday Fund on the other hand tended more towards the provision of maintenance grants to those institutions that had insufficient income. Either way, securing a grant was important to the hospitals.

26 Not terribly surprising when viewed in the light of the similar aims and composition of distribution committees of both funds.

27 There were occasions where grants were made on on-going conditions, such as the re-opening of wards. In these cases, the money was granted conditional on it being used for that purpose and subsequent grants could be made on ‘the same conditions as last year’.
‘still more perfect’ (p. 378). There was no dissent at the meeting, all apparently felt that the work of the Fund was having a significant effect on the quality of hospital management.

The kind of issues the funds paid attention to fell into two broad categories: there was the problem of maladministration and waste within individual hospitals, but also there were wider, more general problems that affected the hospital world. The individual problems were handled either by instructions given to the hospital in question and stated in the annual report, or simply by refusal of a grant if the problems were felt to be too serious for quick resolution, or if the management were apparently intransigent. For example, a typical selection of comments from the ‘Details of Awards’ are abstracted from the 1902 report of the Distribution Committee of the King’s Fund below:

“...
British Lying-in Hospital, Endell Street, St. Giles.–£800 donation : £200 to nurses home and call attention to high cost of same.
Cancer Hospital, Fulham Road, Brompton.–£200 donation. An excellent institution.
Evalina Hospital.–An excellent institution.
Hospital for Women, Soho Square.–£250 annual to open 6 closed beds. £850 annual to open closed wards. Draw attention to reports of visitors, high cost of in- and out-patients, and to cubic space and superficial area necessary for beds. £400 donation to discharge existing debts.
Hospital of St. Francis, New Kent Road.–No grant.
National Dental Hospital.–No grant.
Poplar Hospital.–The Committee view with satisfaction the excellent management, and trust that the closed ward may be opened by the hospital authorities.
Queen’s Jubilee Hospital, Richmond Road, Earl’s Court.–No grant.
St. John’s Hospital for Diseases of the Skin, Leicester Square.–No grant.
Western Opthalmic Hospital.–No grant. To be reconsidered when proper progress has been made towards collecting the rebuilding fund.
West London Hospital.–£1,500 annual to maintain new beds opened. £1,000 donation to discharge existing debts. £1,000 donation for bathrooms and other sanitary improvements on the east side, conditional on the work being done.
” (The Hospital, 29th November, 1902, p. 150)

As can be seen the comments could be positive as well as negative and were clearly intended to direct the contributions of the public towards those institutions that the KF perceived to be worthy as well as in need. When minor reservations or conditions were held they were detailed. When the problems were major, they were not and the perfunctory ‘No grant’ was applied.

With perceptions of problems in the management of specific hospitals the funds had little trouble; the management of the hospitals that were singled out typically came into line
quickly. With wider hospital problems the funds often had to mount substantial commissions of enquiry to establish the best course of action, but when a course was decided upon the funds applied their criteria without hesitation and expected the management teams to comply. This was not necessarily problematic as managers were sometimes pleased with the solutions that the funds came up with. On occasion the solution was one that could offer direct benefits to the institution concerned. What follows is an examination of how the funds tackled a number of issues surrounding the management of the hospitals.

Managerial interventions

Arguably one of the most effective and popular interventions was that into the cost of hospital procurement. Drawing directly on the revisions to the accounts published in 1903, the funds were able to construct extremely detailed tabulations of the average cost of provisions at all the London hospitals that applied for a grant. By this means they looked at the payments above the mean cost and calculated that the London hospitals were paying £40,000 per annum too much for their provisions. Again, using the mean cost, they communicated with those hospitals that were apparently paying too much and, giving them an item by item breakdown, suggested that they should renegotiate with their suppliers. Some hospital managers realised that the harm that came from a listing indicating over expenditure could be neutralised and even be turned into copy that could potentially boost their image and reputation as efficient institutions. Danvers Powers, the Chairman of the National Hospital for the Paralysed and Epileptic (NHPE), published an article in The Times explaining the steps taken to implement the directive to reduce the cost of maintaining in-patients (18th March, 1905). The result, Powers claimed, was an annual saving of £2,000, a saving that could be realised by the other 37 hospitals that had received similar communications, were they to apply the techniques of the NHPE. This effort was met by plaudits from The Lancet as being likely to ‘act as an incentive to similar activity in other institutions’ (25th March, 1905). In April 1905 The Lancet commented on the positive way in which hospital managers were responding to the directives of the funds. Citing the example of the NHPE it observed that ‘instead of producing the indignant protests which it probably would have called forth only a few years ago, [the reduction in the grant] was speedily followed by a careful and painstaking inquiry … and by reforms’ (8th April, 1905). The next year it was claimed that they had saved the hospitals £20,000 overall. This figure was substantial as throughout the second half

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28 By the early 20th Century the exceptions were few. The only major hospital to remain independent was St. Bartholomew’s (Bart’s), which still had enough income from its endowments to remain outside the influence of the funds. However, even Bart’s was ultimately to surrender as by 1920 it too had a funding crisis.

29 The funds always worked on the basis of mean figures. There was never any suggestion that they would use the lowest figure and always argued against its use. The primary argument there was that the lowest figure probably reflected undue parsimony (perhaps as a result of shortage of funds) and did not reflect best practice. The mean figure on the other hand reflected the average practice of what were, in general, held to be very well run institutions and was therefore reasonable. It is almost certainly also the case that the mean was less open to criticism than a much lower figure. There is no evidence, however, that the funds took cognisance of the effect arising from the inevitably reducing mean that would result from the hospitals renegotiating contracts for supply. It is likely that the suppliers found themselves at the sharp end of this information year after year.
of the 1890s the overall annual deficit of the London hospitals was said to be £100,000. Thus 20% of this deficit was removed at a stroke, with the work on procurement.

A second issue that arose around the turn of the century was the funding of medical schools, which was drawn to the attention of the funds almost incidentally. At that time the anti-vivisection movement was in full swing and one of its main targets was the medical schools; the site, as they saw it, of much of the vivisection currently taking place. The anti-vivisectionists drew attention to the way in which money donated to some hospitals was being channelled through to the attached medical schools. This had become an issue because the medical schools which had been highly profitable enterprises for the doctors that ran them had been suffering falling student numbers due to the advent of increasing numbers of provincial medical schools. As a result a number of hospitals had begun to divert funds into the schools. The problem was aired in the press and in October 1904 the King’s Fund initiated an inquiry with the following terms of reference and instruction:

“To consider and report—

1. Whether any, and if any how much, money given or subscribed for the relief of the sick poor to the 12 London hospitals having medical schools is contributed, directly or indirectly, by those hospitals, or any of them, for the maintenance of medical education.
2. Whether any direct or indirect return for such contributions (if any) is received by the hospitals from their medical schools and if so whether such return is equivalent to the amount of the contributions.
3. Whether, in the event of the committee finding that any hospital contributes to its medical school a sum in excess of the return it receives from its medical school, there are any special considerations advanced in justification of such expenditure, or any general considerations which would apply to all hospitals having medical schools.

It is an instruction to the committee to deal with the subject on the basis of the existing arrangements and to accept from the hospitals as existing arrangements any such as they may advise the committee will be in operation on Jan. 1st 1905” (King’s Fund Committee of Inquiry into the Funding of Medical Schools (KFCMS), 1905).

The committee reported that it had been effectively impossible to answer point one. The accounts of some of the hospitals and medical schools were so integrated as to make it impossible to clearly distinguish one from the other. Direct contribution had been identifiable, but indirect support was obscure and the issue was further occluded by the inability to identify what proportion of expense had been incurred by treatment and what had been incurred as a result of medical education. To overcome this they assumed that money used for treatment was hospital expense and not education expense. Even with this interpretation the committee struggled to separate the assets and activities of the hospitals and the schools and observed that professional valuers would be required for many of the items under consideration. In the end they confined themselves to items where clear statements of fact could be established. What they decided was that there was no common practice amongst the hospitals. King’s College and University College hospitals were held not to be contributing to their medical schools; with Guys and the Royal Free there was sufficient doubt that contributions took place; but in the cases of Charing Cross, The London, The

30 See for example: *The Hospital*, April 23rd 1898; *The Lancet*, November 5th 1904; February 25th 1905.
Middlesex, St. Bartholomew’s, St. George’s, St. Mary’s, St. Thomas’s and the Westminster ‘contributions, either direct or indirect, or both, were made in the year 1903, to the schools out of the funds of the hospitals’ (KFCMS, 1905). In addition to the contributions the committee found that:

“the evidence before us, together with a study of the accounts, has brought to our attention remarkable variations in the expenses incurred by the several hospitals, and raises the important question whether, in the case of some of the hospitals to which schools are attached, there is not considerable extravagance and waste in the expenditure.” (KFCMS, 1905)

They argued that this may have something to do with the way the institutions were organised as ‘in such cases … the real administration of the hospital will be placed mainly under the control of the medical staff and that the expenditure of the hospital will thereby tend to increase’ (KFCMS, 1905). The committee also argued that there was no real need for the first three years of medical education to be conducted in the environs of the hospital. Rather, they said that a common series of lectures that would be made available to students in their early years and that this was in line with the statutes of the University of London. This potentially meant the diversion of students from the first three years to a central teaching institute. The committee accepted that there were benefits to the hospital from having an attached medical school, but argued that these were not greater than the benefits received by the medical school from having an attached hospital. Overall, they argued that there was support of certain schools through the hospitals and proposed that:

“For the future … the distinction between the hospital and the school should in every case be drawn, not only definitely and exactly, but with such clearness that it may be understood by the general public, and so that no question may arise as to the destination and application of moneys contributed, whether by the King’s Fund, or from any other source” (KFCMS, 1905)

When the annual meeting of the King’s Fund took place in March 1905, Prince George commended the report and suggested that the council of the fund should begin to act on its recommendations in 1906. The hospitals were, therefore, given the intervening nine months in which to ‘consider their position’ (The Lancet, 1st April, 1905, p. 883). He did not insist that all hospital funding should be kept separate from medical schools, but said that ‘all that we will ask is that the whole of the grants from the King’s Fund may go to the relief of the sick poor. If a general account is kept for that exclusive purpose, out of which only hospital payments are made, and into which all ordinary receipts for the general funds of the hospitals are paid, then we are satisfied to make our grants to that account’ (p. 883).

The proposals caused a storm of protest from many in the medical profession. Henry Morris, senior surgeon at the Middlesex, published a lengthy paper in The Lancet in which he argued that to portray equity of benefit between the school and the hospital was wholly inappropriate in the light of the good works done by the great numbers of practitioners that had been trained in the schools (Morris, 1905). As far as the central teaching institute was concerned, he regarded it as too expensive to implement. He also bemoaned the authority exerted by the King’s Fund given the relatively small percentage of hospital income that it
provided, but feared that the Sunday Fund would inevitably follow suit in withdrawing its support, which would make the loss altogether more serious for any that did not comply. *The Lancet* accepted much of what Morris said, although it argued for the academisation of the first three years of medical education. However, it did not support Morris’s call for an alternative to the King’s Fund’s recommendations. ‘It is clear’ it said ‘that no hospital should run counter to the wishes of the King’s Fund, for this Fund and the Metropolitan Hospital Sunday Fund represent order and organisation on medical charity and as such are regarded as public safeguards’ (*The Lancet*, 20th May, 1905, p. 1362). The Sunday Fund did adopt a motion to accept the terms of the King’s Fund’s committee and although the position of the King’s Fund itself was somewhat fudged as a result of an anti-vivisectionist attempt to get much more draconian measures put in place, the hospitals gave in and the medical schools were forced to seek other forms of support. All the hospitals were required annually to submit a statement that they had not supported their medical schools out of general funds and in general they did not complain, although St. George’s found its grant withdrawn after the King’s Fund made the judgement that it was paying too much for the facilities for its medical laboratories. Also, by the end of 1905, two of the hospitals had already taken steps to centralise the teaching of their early year students, establishing conclusively that even the powerful medical profession had to accede to the demands of the funds (*The Lancet*, 23rd December, 1905, p. 1857).

The funds, led by the King’s Fund, continued to conduct analyses on various ‘hospital problems’ and put pressure on institutions to comply with their views on how to deal with them. The hospitals were encouraged not to spend incoming legacies, but rather to capitalise them, thus securing steadier income streams for the future. This was reinforced by the King’s Fund’s insistence that all new building should first be approved by them. New hospitals were discouraged and the King’s Fund insisted that any new foundations which did go ahead must be able to support themselves for at least three years before they could apply for a grant. Existing small hospitals and specialist hospitals with the same specialism were encouraged to merge and while this was initially a slow and tortuous process, there were significant successes, for example when three orthopaedic hospitals agreed to merge in 1905 (*The Lancet*, 16th December, 1905, p. 1794). In the same year the annual meeting of the King’s Fund was able to report its first success in persuading one of the hospitals crowded into central London to relocate into the south of the city. The fund made an extraordinary grant ‘for the removal of King’s College Hospital … in order to further this most desirable undertaking’ (16th December, 1905, p. 1794). The problem of ‘hospital abuse’, where financially solvent members of the public were seeking free medical advice at the hospitals rather than attending a charging general practitioner, remained somewhat intractable, but significant steps were taken, when the Sunday Fund insisted on hospitals with out-patient departments employing an almoner to ascertain whether attendees were genuine objects of charity. There was no issue relating to the management and organisation of the hospitals on which the funds, generally led by the King’s Fund, did not take a view.

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31 St. George’s management made at this time the most determined campaign of resistance to the fund but within three years they were forced to comply and return to the fund for money.
The hierarchy of the funds and their status in the world of hospital organisation was finally established, when, following the crisis in the voluntary hospitals in the wake of World War 1, the Ministry of Health commissioned the Cave Committee to find a solution. The outcome of this was the proposal of a substantial government grant and the formation of a Hospitals Commission to oversee it. The King’s Fund was chosen to be the Voluntary Hospitals Committee for London under the new Hospitals Commission, recognising its status as the body which already managed and organised the London institutions, a situation which carried on in until the formation of the NHS in 1948 (Prochaska, 1991, pp. 91-95).

Conclusion

This paper has sought to re-examine the emergence and significance of the uniform system of hospital accounts that was adopted by the Metropolitan Hospital Sunday Fund and pressed into use by the London hospitals in 1892. Using sources from the medical press it has been established that the initial motivation for the creation of the Sunday Fund was the desire to create a mechanism through which reform of the London hospitals could be achieved. This questions Robson’s (2006) portrayal of the fund and its supporters as hospital insiders who sought to protect the hospitals from managerial intervention by the Charity Organisation society. While it is accepted that the House of Lords Select Committee on the hospitals was the event that coalesced the debate on the hospitals, the assertion that the COS was the primary catalyst for adoption is also questioned as other factors, not least the possibility of state control, were held to be at least as important.

Secondly the paper examined the processes and mechanisms through which the hospital funds exerted control over the hospitals. It was shown how the uniform accounts were a central element in the provision of authoritative information used to decide which hospitals were entitled to a grant and which were not. It was also shown that the statements produced by the hospital funds were themselves a powerful mechanism through which pressure could be brought to bear on the hospitals, but that the power of those statements was strictly limited by the social authority of the fund itself. The limits of the Sunday Fund were defined by the middle class nature of its collections and organisation. This limited the authority it had over London hospital boards which typically included very senior members of the aristocracy. The social authority of the statements and pronouncements made on the basis of the uniform accounts was ultimately increased by the creation of the Prince of Wales’ (King’s) Fund whose management was peerless in terms of social standing, both in medical and philanthropic terms. Additionally, the authority of the Sunday Fund was bolstered by the adoption of the Prince of Wales as its patron. With these new structures the influence of the funds was massively increased along with the aggressiveness of their managerialism. The King’s Fund took the lead and quickly brought the overwhelming majority of hospitals into line, effectively becoming a board of control over their organisation. Recalcitrant institutions found that failure to receive a grant had a material effect on their external collections as the charitable public took a lead from the statements of the funds; directing their donations towards the institutions identified by the funds as worthier and away from those that received no grant. By this mechanism the influence of the funds
was leveraged giving them the power claimed by Prochaska (1992), Waddington (1995, 2000) and Jones and Mellet (2007).
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