

## The Economic Threads in the History of Residential Care

ROY PARKER

Although the history of residential care for children has been shaped by many factors, financial considerations have had a pervasive influence. This has been obvious over the last 50 years as costs have risen. But it has not been solely their cost that has contributed to the ups and downs of institutional provision but *how* they have been financed although, of course, the two are closely related.

### The Reformatories and Industrial Schools

One illustration of the influence that the manner of its funding has had over the history of residential care is provided by the rise and fall of the reformatories and industrial schools, later to be renamed approved schools (**I think you need to explain these terms more and indicate their different aims and clientele as most readers won't know the differences. 'Approved' was of course because they were on an 'approved' list, like List D schools in Scotland – a deliberately administrative rather than moralistic label?. Also, it is not clear how you children (presumably mostly boys) into either an industrial school or a reformatory. Who decided and on what criteria?** ) Although before 1850 there had been a number of schemes for the institutional reform and training of young offenders, or for those on the threshold of delinquency, it was the 1854 Reformatory Schools Act, followed three years later by the Industrial Schools Act, which heralded the rapid developments of these institutions. After a pronounced surge the reformatories reached a plateau in the mid-1870s. By contrast the industrial schools went from strength to strength. By 1883 they accommodated 25,350 children throughout Great Britain (of whom 22% were in Scotland) whereas the reformatories catered for just 5,480 (20% in Scotland). The industrial schools went on growing up to the turn of the century.<sup>1</sup> Thereafter the number of children they held declined to their lowest level of 3,900 in 1930.<sup>2</sup> The difference between the development of the two types of institutions is attributable to the fact that the industrial schools dealt with a wider age range; that magistrates had more grounds available to them for committing children to these schools, and that generally children stayed there

longer than they did in the reformatories, with the result that vacancies were less frequently available. More had to be found.

Why then did the number of these institutions increase so rapidly? A crucial reason lay in the manner in which they were financed. The 1850s acts had provided for a *per capita* government subsidy to be paid to any body that established a reformatory or industrial school. The result was that a considerable proportion of their running costs were met and that the promoters (almost all with religious affiliations but later some local authorities as well) had an incentive to keep their homes full, not least by retaining children as long as it was legally possible. The costs to the government rose, leading to the conclusion that the *per capita* subsidy system had to be abandoned, not least because the number of children committed to these institutions was largely out of the control of the Home Office. Magistrates and those who referred cases to them determined the flow of children: government paid up.

This could not last and in 1920 a new financial structure was introduced. Henceforth, the Home Office set a fixed budget each year for every school. It also determined an average flat rate that local authorities from whose areas the children were admitted had to pay. The Home Office met any 'approved' shortfall. This enabled it to exercise more control; it removed the incentive for schools to take and keep as many children as possible and because new financial obligations were placed on local authorities, many became less willing to bring children before a court. The effect was to be seen in the figures. The number of children in industrial schools in 1920 (England and Wales) stood at 10,400; by 1930 it had fallen to 3,850. Likewise, whereas the reformatories had held 4,060 youngsters in 1920 by 1930 there were just 1,790. **3**

Although the 1920 change in the way the reformatories and industrial schools were funded was a key reason for their subsequent decline there were other contributory factors. For example, the 1907 Probation of Offenders Act and the 1908 Children Act gave magistrates a much wider range of options (other than reformatory or industrial school orders) in dealing young offenders. Then, in the

early 1920s juvenile delinquency began to decline, as did non-attendance at school (for which an industrial school order could be made).

After the 1933 Children and Young Persons Act 1933 (1932 in Scotland) the industrial schools and reformatories became approved schools. Various other changes (particularly the extension of the age at which a young person could be sent to an approved school) served to increase the number of children being held: to 8,765 by 1938.<sup>4</sup> Further increases occurred during the war years, reaching a peak of 11,150 in 1944<sup>5</sup> but declining again thereafter.

### **The Voluntary Children's Homes**

Whereas the reformatories and industrial schools received a substantial part of their income from government the voluntary children's societies, especially in the nineteenth century, relied heavily upon public donations in order to finance their enterprises, most of which involved the provision of children's homes **(Although the word 'home' was used, many were huge, as big as boarding schools. In short, hoe did not mean homeliness as it did later with Barnardo's cottage homes. This distinction tends to continue, old people's homes are not viewed as a family experience)**. Their successes in raising funds in this way owed much to their ability to enlist the support of the religious communities with which they were identified; but this required a means of communicating with them and, indeed, with a wider public. One important channel was the religious press. There were the evangelical publications such as *Revival* (later called *The Christian*) but also the *Herald of Mercy* and the *Life of Faith*. For the Catholics there was *The Tablet*, although this addressed a much poorer population. The leaders of the voluntary societies contributed articles to such journals in which they reported on their work and sought financial support. In addition, most children's societies had their 'house journals' that served much the same purpose and were quite widely distributed. Fegan's boys' homes had one called *The Rescue*, the Manchester and Salford Boys and Girls Refuges had the *Christian Worker*, Barnardos circulated *Night and Day* and the Church of England published *Waifs and Strays*. Some, such as Quarrier, also used the columns of the secular press to advance their cause, in his case the *Glasgow*

*Herald* and the *North British Daily Mail*. **(These are publications from different religions and sects, did they vie with one another with regard to philosophy and regime, e.g. Quakers not using corporal punishment, or any deliberately open to all faiths and races etc. The organisations come over as a bit monolithic but Victorian `England was riddled with religious debate over detail, even with each sect – e.g. high and low church in the C of E.)**

In addition there was the opportunity to advertise the work of the homes when the founders engaged in missionary preaching. Indeed, the answer to prayer was a common explanation for charitable giving. **(This of course is common among religiously fervent people, i.e. God will find a way if belief is sufficiently strong)**. For example, Muller claimed that he never sought donations directly for his Bristol children's homes but only through prayer; but he did issue his 'prospectuses' outlining what he hoped to achieve. The approach was remarkably successful. As the sub-title of his autobiography proclaimed he had received *A Million and a Half in Answer to Prayer*.<sup>6</sup> Some of the gifts were substantial, the largest being about £10,000. However, even larger amounts were donated to some of the other voluntary organisations; for example, Spurgeon, the Baptist preacher, was given £20,000 in 1867 to establish his children's home.<sup>7</sup> These were enormous sums at the time. The equivalent of £20,000 then would be at least £1,600,000 today.<sup>8</sup>

Although the promoters of voluntary children's homes were able to tap into the religious zeal of the rich, particularly the upper middle class, many modest donations came from lower down the economic hierarchy, but not from the poorest. There were examples of employees of particular industries providing contributions for the support of institutions that catered for the orphaned or destitute children of their workmates. For instance, about three quarters of the income of the London and South Western Railway's orphanage (which opened in 1884) was derived from contributions from the company's workforce who were encouraged to devote 2d or 3p a week to the enterprise.<sup>9</sup>

So, there were a variety of sources from which income was derived. Two more might be mentioned. Most of the voluntary children's organisations sold tracts, reports and illustrative postcards and in some cases bibles and prayer books as well. But of greater significance was the income that the children themselves generated, either directly or indirectly. In the early days some institutions 'showed' or paraded their children (often in uniforms) not only as advertisement but in order to obtain donations. **(This is still a dilemma, in the 1990s Barnardo's was torn apart by the fact they used pictures of cherubic blonde haired blue eyed young children in their adverts, whereas their clientele had become surly adolescents, so were the public being conned?)** <sup>10</sup> Many of the larger homes had boys' bands whose public performances attracted fees and donations.<sup>11</sup> For example, Barnardos' 'musical boys' toured Australia and New Zealand in the 1890s and raised more than £10,000.<sup>12</sup> 'Nearer home', Gillian Wagner tells us, 'the performances of the 'musical boys' became a regular feature of the fund-raising calendar.'<sup>13</sup> (206); and this continued into the 1930s.<sup>14</sup> **(You mention the importance of bricks and mortar on page 12 but it might be referred to here. I think people find it easier to give to a building than an abstract service. The old Bishop of Middleton, Donald Tytler, said he always took a holiday on Trinity Sunday as he didn't then have to preach a sermon on an abstract idea rather than a fact as at Christmas and Easter).** However, there were other indirect ways in which the children served the cause of fund-raising. There was, for example, Barnardos use of 'before and after' photographs to show the transformations that admission to his homes had achieved.<sup>15</sup> Indeed, advertising of all kinds was a key feature of income generation. Homes often displayed their names in prominent positions, a practice criticised by the Curtis committee in 1946. They considered notices proclaiming that a building was an orphanage; an orphan home; a home for friendless girls; a training home for young servants; a home for destitute children or a Magdalen home to be unacceptable. <sup>16</sup>(72) The children, it was implied, should not be treated as a promotional asset.

Collections and fund-raising activities probably became increasingly important as the twentieth century unfolded. Charitable giving began to fall especially after

the introduction of the 'People's Budget' in 1910 that introduced a steeply graduated income tax that reduced the financial resources of the better off. The 1914-18 war delivered another blow challenging, as it did, previous convictions and beliefs, including those upon which much religious zeal had been founded. The former extensive religious base upon which the voluntary organisations depended for their income began to contract. Furthermore, many of the charismatic leaders of the principal children's organisations had died before the onset of that war; for example, Muller in 1898, Shaw in 1902, Quarrier in 1903 and Barnardo in 1905. One or two lived on after the war, people such as Fegan and Rudolf of the Waifs and Strays; but by then they, like the others, had given way to largely unknown administrators.

There had always been some children in the care of the poor law who had been placed with in voluntary homes. The fees that came with them added to the income pool. However, this source became increasingly important. More voluntary homes were certified for the use of public authorities: in 1934, for instance, there were 240 in England and Wales.<sup>17</sup> However, exact figures for the number of children placed in them by the public assistance committees (the successors to the poor law guardian) are hard to come by, but the Curtis committee estimated that in England and Wales in 1946 that 45% of the children in voluntary homes were in fact in the care of public assistance authorities and paid for by them.<sup>18</sup> In Scotland in 1945, according to the Clyde committee, the comparable figure was about 27%. As more detailed statistics gradually became available it was clear that local children's departments were reducing their reliance on the voluntary sector for residential placements. For example, in 1958 in England and Wales the proportion of all children all in voluntary societies' homes who were actually in local authority care had fallen to 20% with the consequent reduction of income from this source;<sup>19</sup> but in Scotland there seems to have been a growing use of voluntary homes by children's department; there the comparable proportion was 42% at the end of November 1957.<sup>20</sup> Now, of course, it is the private sector that is providing a large number of residential places for looked-after children, places that are being funded by local authorities. In England in 2014, for example, 60% of all available places were supplied by

private enterprise.<sup>21</sup> **(You deal with regional variation later on page 8 but you might refer to this in passing here. Also there were variations within England, in 1965 East Suffolk had a fostering rate of nearly 80%, in Worcester it was less than 40%)**

### **The Public Sector**

Until the 1880s most of the current expenditure incurred by boards of guardians in England and Wales was met from the compulsory poor rate, a tax levied according to the assessed value of property. Capital spending could be covered in full or in part from rate income but commonly it required resort to borrowing and, thereafter, the repayment of capital and interest from rate income. Even so, loans had to be sanctioned by central government but were then, in some cases, able to be obtained at protected rates of interest, for example from the Public Works Loans Board.

Gradually, **(It's not clear why - 'gradually' is a bit weak and descriptive. Was it pragmatism, law and order, reformist zeal or child welfare concerns?)** grants from central government became available to assist with the cost of poor law activities and to relieve some of the burden falling on the poor rate. For example, Mackay estimated that by the end of the nineteenth century in England and Wales about a quarter of poor law expenditure was being met by central government <sup>22</sup> (461) and at the end of the 1920s that had probably risen to about 35%. <sup>23</sup> Nevertheless, that still left substantial sums to be found from the rates. Hence, even when the proportion of local authority expenditure was increasingly covered by grants from central government the history of residential care for children was much influenced by what might be regarded as 'the politics of local taxation'.

The result was that much depended upon the attitudes of elected guardians and later the local authorities. For example, although they were required to provide general mixed workhouses after 1834 guardians were not required (although encouraged) to provide accommodation for children separate from these institutions although this gradually happened with the creation of 'separate

schools'; 'district schools'; 'grouped cottages'; 'scattered' homes and 'separate nurseries'. But the pattern was uneven. There were forward-looking authorities and those that dragged their feet. For example, some, such as the Swansea guardians, were accused by the Local Government Board's inspector of favouring boarding out despite unsatisfactory standards in order to avoid the expense of providing separate residential accommodation for the children in their care.<sup>24</sup> It may seem surprising that more boards of guardians did not pursue this course in order to reduce the call on the poor rate and the displeasure of ratepayers. That they did not owed much to two convictions.

One was the general misgiving about the use of foster care, both on the part of many guardians and certainly on the part of the Local Government Board as well as its successor the Ministry of Health after 1920. That disquiet sprang from two concerns: from a belief that a foster home might offer a child a better standard of living than that experienced by children of the 'labouring classes' and from a realistic presumption that foster homes could not be adequately supervised.

The second reason for guardians favouring residential care over foster care concerned the education of poor law children. The principal solution to the cycle of pauperism was believed to lie in education and training and until towards the end of the nineteenth century many considered that this could best be done in a well-supervised and controlled space; namely, a children's home. Thereafter, with the establishment of compulsory elementary education that presumption was somewhat weakened as an increasing number of children in poor law institutions made the daily journey to a local school.

Nevertheless, children's homes remained an intrinsic part of the public system. Boarding out as an alternative made sluggish headway. Although about 25% of children looked after by the poor law were boarded out in 1914 that proportion had fallen to some 17% by 1939.<sup>25</sup> Despite legislative and policy encouragement after 1948 the development of foster care still made slow progress not reaching 50% in England and Wales until the mid-1960s.<sup>26</sup> We shall be considering later why and relate it to the prevailing economic climate.

## Scotland

Thus so far most of the discussion has been about England and Wales; but an excellent example of the way in which differences in the economic context has influenced the history of residential care for children is provided by the marked differences between Scotland and England. Why was it, for example, that the poor law in Scotland came to rely so heavily upon boarding out rather than institution care?

In England and Wales between 1880 and 1914 the proportion of children in the care of the poor law who were board out increased slowly from 11% to 26%. In Scotland, by contrast, 86% of the children in the care of the parishes were in foster homes both in 1880 and 1914. Although the difference between England and Scotland narrowed somewhat it remained significant. In 1949, for example, the boarding out rate in the former was 35% but in the latter 61%. Twenty years later the ratios were 43% and 56%. Comparisons today are less straightforward because of different legal arrangements but, broadly speaking, in 2015 in England a quarter of looked after children were in some form of residential care **(The DfE figures for a 31<sup>st</sup> March 2015 snapshot are 69,540 children looked after in total; of whom 6,570 are in secure units, children's homes and hostels; 1,080 in other residential provision and 670 in residential schools. This= 8,320 which is 11.96% of 69,540, not 15%)** whereas in Scotland it was one in eight. So, there is a longstanding disparity between the two countries that owes much to the differences between the English and Scottish poor laws.

The two most significant features of the Scottish poor law were that it did not impose a compulsory poor rate and that relief was generally denied to those who were considered to be able-bodied. In both these respects it differed from the English poor law. In Scotland therefore parochial boards had few financial resources at their disposal. In many places they depended upon church-door collections. As a result, even where relief was given, the amounts were exceedingly small. The destitute had to make do as best they could with the fruits of private charity – often provided by others little better than themselves. In

some places begging licences were issued or some days (usually Saturdays) were specified when the poor were permitted to beg. Although a commission was established in 1843 to consider the administration of the poor laws but failed to recommend any radical changes; indeed, they rejected proposals that the Scottish system should be modeled on what existed in England. This was not surprising given that almost all its members were landowners or clergy, both of whom had an interest in maintaining the prevailing arrangements. The upshot was that there remained no requirement that parishes should build poorhouses and no obligation to provide for the able-bodied. If there were to be improvements they were expected to rely upon 'Christian charity'. Thus, the 1845 Act that followed the commission of enquiry made only minor changes and it was largely upon this legislation that the Scottish poor law rested until 1921 (the Poor Laws Emergency Powers (Scotland) Act).

Partly because of the sparsely populated nature of some parishes and partly because a reliable and adequate source of revenue was denied them, very few buildings to house the poor were erected before 1860. Moreover, since the able-bodied were not generally given relief the need for a workhouse to test their eligibility was not called for (the fact that in Scotland there were *poorhouses* and in England and Ireland *workhouse* reflected this difference). Thus, until the second half of the nineteenth century there were few poor law institutions in Scotland and those that there did exist were sometimes only prepared to admit adults. Furthermore, because the able-bodied were not relieved, and therefore not admitted to poorhouses, these contained far fewer parents with children than in England. In addition, a greater proportion of those children who were in the poorhouses were sent out to school than was the case in England (83% in 1900 for instance) **bracket needed**. The result was that there was considered to be little reason to provide separate poor law schools.

So, reasons such as these encouraged boarding out in preference to residential care; but one other factor is to be found in the different laws of settlement in the two countries. In England the parishes and unions became responsible for anyone who was resident for more than a year and subsequently became

dependent. A partial insurance against this was provided in Scotland in that the receipt of relief (such as a child being boarded out) did not carry an entitlement to 'settlement' in the parish of residence for four years. Those parishes that received a boarded-out child were therefore not responsible for supporting them as adults until after the four years was up. That fell to the *previous* parish of settlement. So, *future* financial liability for a fostered child in adulthood was no disincentive for the receiving area in Scotland as it was in England.

Thus, we see that the divergent nature of the poor law legislation in the two countries had a direct bearing upon their different provisions for what today we would refer to as looked-after children. Nonetheless, other questions remain to be answered, most notably why so many people in Scotland were prepared to accept boarded-out children. There are two main explanations: those that are related to kinship and those relating to the economic value of the children. Let us consider each in turn. **(Is the perspective generated by the clan system also important in boosting wider kinship loyalties? Spencer recalls talking to boys at QEH in the 1950s about where they had been for their summer holidays and most said Weston, Bournemouth etc, but one boy from a poor home (a 'war orphan') said Isle of Mull which in those days was like going to Vietnam. He said he was a McClean and Lord McClean paid for poor children in his clan to have a free holiday every year at his castle, Duart Castle, on Mull.)**

Throughout the latter part of the nineteenth century around 40% of all children who were boarded out had been placed with relatives although in some tightly-knit communities, such as the mining areas of Fife this proportion rose to 80%. Yet despite misgivings about paying alimts (as they were called in Scotland) to relatives the alternative was the more costly provision of institutions. In any case, it was not thought likely that enough strangers would come forward to replace the relatives.

Nevertheless, fewer children were boarded out with relatives as the twentieth century unfolded (down to 25% in 1914). This may be partly attributed to the

increasing disfavor with which such arrangements were regarded by the authorities and partly by growing geographical mobility that increasingly separated relatives, especially across generations. Nevertheless, the ties of kinship, together with the character of the poor law, did provide one of the cornerstones upon which boarding out in Scotland was constructed. However, there is another and that is attributable to the economic value that foster children represented to those who took them in.

In the Highlands and Islands especially, children were useful on the crofts and on the small tenant farms. Dr. Mary Menzies, the special inspector of boarding out who was appointed in 1911 by the Scottish Local Government Board offered an interesting interpretation of the economic and social aspects of placing children in these situations. 'A croft', she wrote,

produces certain food , oats, potatoes , other vegetable, milk, eggs, fowls and sometimes sheep, which cannot be taken to market. By importing pauper children a crofter brings a market to his own hearthstone, and thus disposes of his otherwise comparatively valueless produce for a good cash return.

**(Echoes of current EU migrant argument)**

Furthermore, of course, the children assisted with the work of the croft. As the inspector added, '... the children are not only employed early and late as small servants, but are treated as such.' The holdings to which children were sent were often in low cash economies; but tenants still had to find the money to pay the rent and an ailment for having a child was welcome for this reason as well. However, it would be wrong to assume that most all children were boarded out on crofts or small farms. Some were in urban or semi-urban locations although these were more likely to be those living with relatives where the parish has not sought them but where the relatives have sought the help of the parish.

In some rural areas a particular tradition had developed of receiving pauper children from the towns. In 1914, for example, 20 parishes boarded out their children in the county of Inverness and 19 on the isle of Arran. Such a concentration meant that foster parents were able to change from parish to

parish in quest of the best rates. On Iona in 1912 for instance there were 34 children boarded out from Glasgow amongst a population of about 400.

**(Was there any effect of loads of poor children, some of whom were ruffians, arriving in quiet previously little immigrated rural areas? I believe the state of many children evacuated in WW2 shocked many people in richer areas and led to growing sympathy for their welfare; on the other hand one complaint about Kidscape came from local residents whose communities were besieged by hordes of unruly youngsters causing trouble.)**

It would be wrong, however, to assume that it was only in the Highlands and Islands that there were economic incentives for receiving poor law children. Poverty was widespread and a regular ailment, however, small represented a reliable source of income in an environment where seasonal work was common and where rents were high. Furthermore, when older children went out to work their earnings were likely to add to the family income and before the introduction of old age pensions in 1908 and certain benefits for widows in the 1920s. Indeed, many of the foster mothers away from the crofts were widows.

The clear conclusion is that the history of poor relief in Scotland together with the prevailing economic and social contexts encouraged and facilitated boarding out and, by extension, discouraged residential provision. However, there are two provisos to be made: one about the voluntary sector and the other about the reformatories and industrial schools. In contrast to the parochial boards the philanthropic organisations that concerned themselves with the welfare of children relied almost exclusively upon institutional provision. The two largest of these being the Quarrier's homes at the Bridge of Weir outside Glasgow and the Aberlour orphanage some 12 miles from Elgin. Both had been established in the 1870s on evangelical principals. Quarriers could accommodate around 800 children and Aberlour some 500. Although there were other voluntary homes none approached these two in size, usually taking no more than 50 children and often far fewer. There was, for example the Whinwell children's home in Stirling, and in Edinburgh Miss Stirling's home as well as Mrs Blaikie's. In Lanark the Smyllum orphanage catered for Catholic children.

Unlike the parochial boards these enterprises did not board out the children sent to them. There were several explanations for this sharp difference. One, as in England, was that because they relied heavily upon charitable donations something tangible had to be shown to have been done with the money. This was plainly demonstrated in bricks and mortar; but there was also the desire to exercise control over the children in respect to their faith and their education, neither of which was thought to be ensured in a foster home. As well as this, boarding out had its longstanding association with the poor law from which the voluntaries wished to distinguish themselves.

One of the problems facing those who ran residential establishments was what has been termed 'silting up'. If the work is to be sustained there has to be a reasonable turnover so that new cases can be admitted. Boarding out or restoration to their families were two options; but the voluntary organisations, especially Quarriers, turned to emigration instead, largely to Canada. This is how Quarrier explained that choice:

The boarding out system adopted by the parochial boards in Scotland is much superior to that of the English workhouses, but even it is surpassed in usefulness by our emigration scheme which ... places them [the children] out in homes of well-to-do farmers, who receive them not as paupers, but as children to be loved and cared for as their own.

The reality, we know, did not match this idealized vision; but it is worth noting that once the children were in Canada not only were vacancies in the homes created but the organisations were relieved of the cost of their maintenance. In fact, in the case of Quarriers, as Abrams has explained, 'at least half the children admitted ... in the early years [up to about 1895] were emigrated; most left Glasgow within a year of their admission ...'. Over the longer period from 1871 to 1933 this was the destiny of 35% of those admitted. Others, like Miss Stirling's home in Edinburgh, emigrated almost all the children who were admitted. The Aberlour orphanage was somewhat different and although it employed emigration rather less it still did not resort to boarding out because it was felt that it encouraged applications for admission. *Not* using boarding out was thought to control the inward flow.

Increasingly, the voluntary homes came to depend on the income from the fees charged for looking after children placed with them by local authorities. By the time of the 1948 Children Act of the 5,578 children in voluntary homes 1,663 were paid for (fully or in part) by local authorities; that is, 30%.

For the reasons that have been explained far fewer children proportionally were cared for in residential establishments than in England. However, there was one exception; and that was the reformatories and the industrial schools (later renamed approved schools). In 1883, for example, there were 11 reformatories in Scotland and 33 industrial schools and, as we have seen, 22% of *all* children in these institutions at that time were in Scotland. This, it is reasonable to conclude, was because a substantial part of their cost was met from government grants, the relevant legislation covering the whole country. The two largest industrial schools were the training ships 'Cumberland' and 'Mars', but the Glasgow schools also took large numbers of children – there was Mossbank for the boys (350), Maryhill for the girls (222) and the Catholic 'orphanage' for both boys and girls that took 420. The reformatories were smaller, the only large one being at Parkhead for Catholic boys (198). So, although the government grants did not meet all the cost they were a considerable incentive to those (mostly religious bodies) who wished to establish such institutions. For example, the 'treasury allowances' represented about 90% of the income of the Glasgow Catholic industrial schools. Elsewhere the proportion was less; for instance, the Edinburgh (United) boys' industrial school obtained 58% of its income from the treasury.

### **Costs**

Thus, it is clear that the manner in which residential provision has been paid for has been an important element in shaping its development. However, there is another way in which economic factors have played their part. This revolves around the related question of the cost of residential care. Although the capital costs of establishing a home could be quite substantial, in the voluntary sector at least, the process was often gradual. Typically, a house was purchased to accommodate a few children and then another nearby (the way in which

Barnardos and Quarriers developed are cases in point). As demand increased new sites were sought, often in the countryside where both land prices and labour costs were low, making it possible to build from scratch. Then new wings were added later. Thus, the capital costs were spread over a number of years. Furthermore, it was often easier to canvass capital gifts than it was to obtain a reliable income to meet running costs. Indeed, it has been the latter that have contributed so often to the fortunes of residential care. This is well illustrated by the arguments that went to and fro about the relative merits of boarding out (later foster care) and children's homes. **(The fact that many loans were interest free is important. Until the low interest rates of lately, a mortgage meant that the repayments totaled 2-3 times the amount of the loan, pushing up capital costs considerably.)** You mention the marginal v average costs issue later but might refer to this here as it's crucial to the debate about costs.

In the nineteenth century both central government (that is the Local Government Board) and most of the voluntary organisations (especially in England) entertained considerable doubts about the wisdom of boarding out children, principally because it was felt that it was difficult, if not impossible, to exercise control over what might or might not go on in the homes of foster parents. By contrast, a children's home was a controlled space which lent itself to ready inspection, accurate costing and the imposition of rules and regulations; for example, about punishments, religious observance or diets. No such close control was possible when it came to a foster home. Furthermore, although it was generally agreed that boarding out was cheaper than residential care there were many ways in which the costs of the later could be offset. There was the potential value of children's labour, whether within the home or beyond (when the older boys were hired out for instance). Inside the homes girls could do the washing, ironing and mending; boys repaired shoes and dug the gardens that produced the vegetables for consumption or sale. Children's homes, especially the reformatories and industrial schools, were in fact, partially self-sufficient enterprises. Hence, until the early part of the twentieth century when restrictions began to be imposed on the work that home children could do the

actual cost of residential provision was not as great as might have been expected. In addition, of course, labour costs were low, especially where women were employed and especially in homes associated with religious communities. On top of these considerations prominent buildings advertised the fact that children were being 'saved' and that, in its turn, encouraged donations. There was no such public visibility when it came to a foster home.

So, given the qualms about boarding out and the comparatively low costs of the homes there was no strong incentive to run them down in favour of foster care: at least, that is, until the years after the 1948 Children Act when foster care became a central plank of public policy. It was argued that not only was it was better for the children than residential care but that it had the added advantage of costing less. For example, having pointed out the striking difference between the costs per child of each form of care the 1951-2 Select Committee on Estimates that dealt with child care went on to emphasise the 'most unusual fact that what is generally agreed to be the best method of providing for children in the care of local authorities is also the cheapest.' <sup>5</sup>(xv) Furthermore, in those early years after the war all public capital expenditure was limited and tightly controlled and building materials and building labour were in short supply. Taking all these considerations into account it was not surprising that the Estimates Committee concluded that, with due safeguards, boarding out should be the 'primary objective.'<sup>6</sup> (xxxiii)

Although to all intents and purposes residential care was substantially more expensive than foster care the cost figures were over simplified and tended to exaggerate the cost of children's homes. This was because the recorded costs were unit costs; that is the *average* cost of each child in the homes. Likewise, it was the *average* costs that were quoted in respect of boarding out. However, if reference had been made to *marginal* costs the picture would have been rather different. The marginal cost of placing one additional child in a home (given that there was a vacancy) was low as all the principal costs were already met. By contrast the marginal cost of placing a child in a foster home were high because that home had to be found, vetted and subsequently supervised; but such 'field

costs' were generally subsumed under the general heading of 'administration' rather than being include in the cost of boarding out.<sup>7</sup> Of course, the average cost per child in a home varied according to how many children were accommodated; by and large the more children the lower it became. Such 'economies of scale' could hardly be replicated in a foster home.

So, the financial comparisons between foster care and residential care, to which appeal was regularly made, were by no means straightforward and tended to over emphasise the relative cost of the latter. Nevertheless, residential care did become increasingly expensive for a number of reasons but it was the increasing cost of staff that exercised the greatest impact. These increases were attributable to a variety of social changes, several of which are are noteworthy.

By 1960 there were fewer single women (women who had been deprived of partners by the enormous loss of male lives in the 1914-18 war) who sought a livelihood as well as board and lodging in residential work but were poorly paid for long hours.<sup>8</sup> The profile of those who worked in the homes began to change: fewer were prepared to live in. As a result more were required. Similarly, as homes became smaller certain economies of scale were lost whilst building standards were tightened (especially fire regulations) and homes had to be made more readily accessible for children with disabilities.