

# Some Early Economic Threads in the History of Children's Homes

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## **Abstract**

The way in which children's homes have been funded has had a considerable bearing on their development. This is the principal 'thread' that will be traced in what follows, although a few diversions will be made to related economic issues. Our 'principal thread' is well illustrated in the early history of the reformatories and industrial schools; so, we begin with that.

## **Keywords**

Children's homes, history, industrial schools, magdalen home, reformatories

## **The Rise of the Reformatories and the Industrial Schools**

There had been a number of schemes for the institutional reform and training of young offenders before 1850 but it was the 1854 Reformatory Schools Act, followed three years later by the Industrial Schools Act (the two were merged into a single enactment in 1866) that heralded the proliferation of these institutions. Although the initial legislation only covered England and Wales, parallel enactments soon followed for Scotland and Ireland. The legislation enabled the courts to send any child under 16 (a minimum age of 10 was subsequently introduced) to a reformatory, but only after the expiry of a (usually short) prison sentence. They could then be retained until they were 18. The courts were also given authority to order that a child up to the age of 14 (later seven to 14) be sent to an industrial school until they were 15 (later 16).

After an initial surge the reformatories ceased to multiply beyond the mid-1870s. In contrast, the industrial schools went from strength to strength. At the end of 1883, for example, there were 107 such schools in England and Wales and 34 in Scotland, accommodating between them 25,350 children between the ages of seven and 16 (Report of the Inspector of Reformatory and Industrial School 1884, c4147; figures calculated from report).

Why did the number of industrial schools increase so rapidly and then fall after 1920? A crucial reason lay in the manner in which they were financed. The 1850 acts had provided for a per capita government subsidy to be paid to anybody that established a reformatory or industrial school for the purposes of 'child saving'. The result was that a substantial proportion of their income was derived from Treasury subventions; typically 50-60% but in some cases much more. Thus, the promoters (almost all with religious affiliations but later some boards of guardians and local authorities as well) had an incentive to keep their homes full, not least by retaining children as long as legally possible. This prompted claims that there was need for more places in additional schools. The cost 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. One of the problems was that a range of people, including home visitors, Bible women, relieving officers, parents or indeed anyone else who chose to concern themselves with a child's condition, could refer them to a court with the intention of having an industrial school order made. This, together with the magistrates' decisions, determined the flow of children to the schools and to such an extent that the 1884 Royal Commission that inquired into the system claimed that the opportunity to commit children to an industrial school was 'being used to the uttermost' (Report of the Royal Commission on Reformatories and Industrial Schools 1884, c3876, para22). This was not only the consequence of the funding system; it also arose from the fact that there were numerous grounds upon which an industrial school order could be made: delinquency (but without a child having been sentenced); vagrancy; begging; being beyond control; being in the company of thieves; moral danger and so on. A reformatory school order, by contrast, could only be made on narrowly prescribed grounds.

As well as disquiet about the burgeoning cost of the industrial schools there was a growing conviction that too many children were being committed unjustifiably.

Yet there was also opposition to reform from those who were closely associated with the existing schools. This, together with the 1914-18 War, delayed any significant change. But 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 (Home Office 1923, p29; see also Home Office 1938).

Although the change in the way the reformatories and industrial schools were funded was a key reason for their subsequent decline there were contributory factors. For example, the 1907 Probation of Offenders Act and the 1908 Children Act gave magistrates a wider range of options (other than reformatory or industrial school orders) in dealing with young offenders or children at risk. 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 Children and Young Persons Act 1933 (1932 in Scotland) other factors, apart from the funding arrangements, began to see a greater use being made of the approved school system; that is, of the renamed industrial schools and reformatories. This upward trend owed much to the fact that the upper age at which a young person could be sent to an approved school had been raised, thereby increasing the number of children being held: to 8,765 by 1938 in England and Wales (Home Office 1938). Further increases occurred during the war years, reaching a peak of 11,150 in 1944 (Home Office 1951a, p149) but declining again thereafter.

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

Whereas the reformatories and industrial schools received a substantial part of their income from the 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. Their success 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 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*.

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. For example, Müller 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* (Bergin 1929). Some of the gifts were substantial, the largest being about £10,000. However, even larger amounts were donated to some of the other charismatic figures; for example, Spurgeon, the Baptist preacher, was given £20,000 in 1867 to establish his children's home (Page n.d., p99). These were enormous sums at the time. The equivalent of £20,000 then would be at least £1,600,000 today (cf. *MeasuringWorth* website).

Although the promoters of voluntary children's homes were able to tap the religious zeal of the better-off, 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 3d a week to the enterprise (Higginbotham n.d.).

So, there was 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 (for example, Abrams 1998, p82; Mitchell 1961, p53). Many of the larger homes had boys' bands whose public performances attracted fees and donations (Parker 2016). For example, Barnardo's 'musical

boys' toured Australia and New Zealand in the 1890s and raised more than £10,000 (Rose 1987, p226). 'Nearer home', Gillian Wagner tells us, 'the performances of the 'musical boys' became a regular feature of the fund-raising calendar' (Wagner 1979, p260); and this continued into the 1930s (Bready 1930, p43).

However, there were other ways in which the children served the cause of fund-raising. There was, for example, Barnardo's use of 'before and after' photographs to show the transformations that admission to his homes achieved (Lloyd 1974). 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 which 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 (Report of the Care of Children Committee (1946), cmd 6922, p72). The children, it was implied, should not be treated as promotional assets – an issue that continues to resonate today.

Collections and fund-raising activities became increasingly important as the twentieth century unfolded. Charitable giving began to fall, especially after the 'People's Budget' in 1910 that introduced a graduated income tax which reduced the financial resources of the better off. The 1914-18 War delivered another blow, challenging 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 shrink. Furthermore, many of the charismatic leaders of the principal children's organisations had died before the outbreak of the war: for example, Müller 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 been replaced by largely unknown administrators.

There had always been some children in the care of the poor law who had been placed in voluntary homes. The fees that came with them added to the income. 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 (Annual Report of the Ministry of Health, 1933-4 (1934), cmd 4664, p241). However, exact figures for the number of children placed in them by the public assistance committees (the successors to the poor law guardians) are hard to come by; but the Curtis committee estimated that in

England and Wales by 1946 45% of the children in voluntary homes were in fact in the care of public assistance authorities and paid for by them (Report of the Care of Children Committee (1946), cmd 6922, p12). In Scotland in 1945, according to the Clyde committee, the comparable figure was 27% (Report of the Committee on Homeless Children (1945), cmd 6911, pp40-1). As more detailed statistics gradually became available after 1952 it became clear that the new 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 in voluntary societies' homes who were in local authority care had fallen to 20%, with the consequent reduction of income (Home Office, 1959, cmd 632). 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 2015, for example, 63% of all looked-after children who were in residential care were in facilities provided by private enterprise (DfE, 2015).

## **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 (for example for the construction of children's homes) 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, grants from central government became available to assist with the cost of poor law activities. By the end of the nineteenth century in England and Wales Mackay estimated that about a quarter of poor law expenditure was being met by central government (Mackay 1904, p461) and by the end of the 1920s that had risen to about 35% (Annual Report of the Ministry of Health, 1928-9 (1929), cmd 3362, pp220-1, table xiv). 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 public sector residential care for children was 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) and the size of the local tax base; that is, the assessed value of local property. For example, although they were required to provide general mixed workhouses after 1834 guardians were not required (although encouraged) to provide accommodation for children that was 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 (and richer) authorities and those that dragged their feet. 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 (Annual Report of the Local Government Board, 1874-5 (1875), c1328, appendix B, p172). It may seem surprising that more boards of guardians did not pursue this course in order to reduce the call on the poor rate. That they did not do so owed much to two common 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 a concern that foster homes might offer a child a better standard of living than that experienced by children of the 'labouring classes' and from a realistic fear 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, not least because (as in voluntary homes) running costs were relatively low: labour was cheap and, once established, the investment in the homes created a strong incentive to use them. It was not until costs rose (for example, as a result of higher wages and the imposition of more exacting regulations), that boarding out gained greater political prominence, especially after 1948. Even so,

the development of foster care still made slow progress, not reaching 50% in England and Wales until the mid-1960s (Home Office 1967, cmd 3204).

## The Scottish Dimension

Thus far most of the discussion has been about England and Wales; but a good example of the way in which differences in economic contexts has influenced the history of residential care for children is provided by the marked differences between Scotland and England.

In England and Wales between 1880 and 1914 the proportion of children in the care of the poor law who were boarded out increased slowly from 11% to 26% (Various Annual Reports of the Local Government Board). In Scotland, by contrast, 86% of the children in the care of the parishes were in foster homes in both these years and reached a peak of 97% in 1907 (Various Annual Reports of the Board of Supervision and Local Government Board for Scotland). Although the difference between England and Scotland narrowed somewhat thereafter it remained significant. In 1949, for example, the boarding out rate in the former was 35% but in the latter 61% (Home Office 1951b, p148). Twenty years later the ratios were 43% and 56% (Children in the Care of Local Authorities in Scotland, November. 1957 (1958), cmd 461, p2). Comparisons today are less straightforward because of different legal arrangements but, broadly speaking, in 2015 the proportion of looked-after children in residential care is much the same in the two countries: 10-12%. This is mainly attributable to the remarkable growth of foster care in England and the consequent decline in the use of residential options.

Two significant features of the Scottish poor law were that, initially, 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 the parochial boards had more limited financial resources and no reason to construct workhouses for 'testing' the able-bodied and into which children might also be admitted. Furthermore, since the able-bodied were not 'relieved' fewer families with children were admitted to the poorhouses that did exist. So, reasons such as these encouraged boarding out in preference to residential care (for details of the Scottish poor law by the end of the nineteenth century see Mackay 1907 or Ferguson 1958, chapter6).

Nonetheless, a key question remains: why were so many people in Scotland prepared to accept boarded-out children? The main explanations are socio-



economic: those related to kinship and those attributable to the economic value of the children.

Throughout the latter part of the nineteenth century in Scotland 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 aliments (as they were called in Scotland) to relatives the alternative was the more costly provision of institutions. Nevertheless, fewer children were boarded out with relatives as the twentieth century unfolded (down to 25% in 1914, see Various Annual Reports of the Board of Supervision and Local Government Board for Scotland). This may be partly attributed to the increasing disfavour with which such arrangements were viewed by the authorities and partly by growing geographical mobility that increasingly separated relatives. Even so, 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 that derives from the economic value that foster children represented to those who accepted them.

In the Highlands and Islands especially, children were useful on the crofts and the small tenant farms. Mary Menzies, the 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 vegetables, 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 (Annual Report of the Local Government Board for Scotland, 1913 (1914), cd 7327, appendix A, report 6, p18).

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 aliment for having a child was welcome.

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 there were 34 children boarded out from Glasgow amongst a population of about 400 (Annual Report of the Local Government Board for Scotland, 1913 (1914), cd 8041, appendix A, report 6). No comparable dependent island communities existed in England nor was there anything like the crofting or cotter system that lent itself to the reception of boarded-out children.

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: 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 were the Quarrier homes at the Bridge of Weir outside Glasgow (Magnusson 1984 details Quarrier's history) and the Aberlour orphanage some 12 miles from Elgin. Both had been established in the 1870s on evangelical principles. 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 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 (Abrams 1998; for more detail refer to chapter3).

Unlike the parochial boards these enterprises did not usually board out the children sent to them. There are 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 of 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 distance themselves.

One of the problems facing those who ran residential establishments was what has been termed 'silting up'. If the work was to be sustained there had to be a reasonable turnover so that new cases could be admitted. Boarding out or

restoration to their families were two options; but the voluntary organisations, especially Quarrier's, turned to emigration instead, mainly 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 (Quarrier 1884).

The reality, we know, did not match this vision; but it is worth noting that once the children were in Canada not only were vacancies in the homes created but that 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' (Abrams 1998, pp133-4). 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, as in England, the voluntary homes in Scotland came to depend upon 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 these voluntary homes 1,663 were paid for (fully or in part) by local authorities; that is, 30% (Report of the Committee on Homeless Children (1945), cmd 6911, appendix II, pp40-1).

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, in the 1930s, 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 (calculated from reports and tables, see Report of the Inspector of Reformatory and Industrial Schools (1884), c4147). This, it is reasonable to conclude, was because a substantial part of their cost was met by the per capita government grants. In the case of the two largest industrial schools – the training ships 'Cumberland' at

Helensburgh (replaced in 1889 by the 'Empress') and 'Mars' at Dundee – these grants met about 75% of their costs in the 1880s. Each took around 400 boys; but the Glasgow schools were also large – there was Mossbank for about 350 boys where the Treasury subsidy covered 71% of their expenditure, Maryhill for 220 girls and where the subsidy covered 70% and the Catholic 'orphanage' that took about 420 boys and girls but whose subsidy amounted to 90% of its costs. The reformatories were smaller, the only large one being at Parkhead catering for around 200 Catholic boys and receiving a 'Treasury allowance' that met 80% of its outgoings. So, although the government grants did not meet all the cost they were a considerable incentive to those (mostly religious bodies) that wished to establish and maintain such institutions (on these details see Report of the Inspector of Reformatory and Industrial Schools (1884), c4147, appendix III).

## Postscript

Thus, the manner in which residential provision has been paid for has been an important element in shaping its development, even though other factors have played their part, especially the socio-economic contexts in which this development evolved. The different histories of Scotland and England serve to illustrate the point.

Although we have concentrated on the manner in which residential care has been paid for what has to be paid for are, of course, the costs involved. Even though the capital costs of establishing a home could be substantial they were often staggered in a variety of ways. Typically, in the voluntary sector, a house was purchased (or rented) to accommodate a few children and then another nearby (this, for example, was the way in which Barnardos and Quarriers developed). As demand or aspirations increased new sites were acquired, often in the countryside where both land prices and labour costs were low, making it possible to build from scratch. Thus, the capital costs were spread over a number of years either in this fashion or through the acquisition of loans, or both. However, local governments were usually in a more favourable position than the voluntary societies, especially when they were able to borrow at protected rates of interest. Nevertheless, some voluntary organisations received capital gifts or interest-free loans.

Even though 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, as we have seen, 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, mending and in some homes they made their own clothes. This is how the inspector of reformatories and industrial schools described the work that girls in the Perth industrial school did in the mid-1880s: 'The girls make all their own clothes, do all the housework, work in the laundry and kitchen ...' (Report of the Inspector of Reformatory and Industrial Schools (1884), c4147, p276).; 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 labour costs were low, especially where women were employed and especially in homes associated with religious communities.

In England at least, a combination of qualms about boarding out and the comparatively low costs of the homes provided no strong incentive to run them down in favour of foster care: 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 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 Select Committee on Estimates that dealt with child care in 1951-2 emphasised 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' (Sixth Report from the Select Committee on Estimates, Session 1951-2 (Child Care), HC 235, p xiv).

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 expenses 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 expenditure' was generally subsumed under the general heading of 'administration' rather than being included in the cost of boarding out. 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 magnify the cost of the latter. Nevertheless, residential care did become more expensive for a number of reasons; but it was the increasing cost of staff that made the greatest impact. Such increases were attributable to a variety of social changes. For example, by 1960 a generation of single women was disappearing, women who had been deprived of a partner by the enormous loss of male lives in the 1914-18 war but who had sought a livelihood, as well as board and lodging, in residential work. Thereafter the profile of those who worked in the homes began to change: fewer were prepared to live in and work long hours and, as a result, more were required. Alongside rising staff costs other changes also increased the overall costs. As homes became smaller certain economies were lost whilst more stringent standards had to be met.

Returning to an earlier period it needs to be borne in mind that the picture we have painted of the economic influences on the history of residential care for children began to change after the first world war: the reformatories and industrial schools were less generously subsidised, charitable giving declined, and in 1930 responsibility for the administration of the poor law was shifted from boards of guardians (parochial boards in Scotland) to county and borough councils. Other significant changes occurred after the Second World War.

Nevertheless, the earlier period upon which we have focused demonstrates how important the pattern of 'funding' of residential care has been in influencing its development; and this remains true today if, for example, we consider the pattern of local authorities' purchasing of residential care from the private sector. But the importance of the manner in which our social services are funded in shaping their character, extent and fortunes goes well beyond our children's services. Think of the various ways in which the health services are paid for: commissioning, charges, private finance initiatives and, of course, ever changing Treasury grants. Similar complexity exists in education (schools and universities for example) and, of course, in the social security system. Every variation has its consequences, some foreseen, some unexpected. Furthermore, funding arrangements are typically volatile, especially those upon which the voluntary sector relies. In short, although our social provisions have been and are modified by many factors, the changing ways in which they have been and are funded cannot be ignored.

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