

## Appendix

# Review of Financial Matters relating to the system of the Reformatory and Industrial Schools, and a number of individual institutions 1939–69 (30th November 2007)

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## 1. Introduction

In 2004 the Commission of Inquiry into Child Abuse ('the Commission') requested Mazars to carry out a review of certain financial issues relating to the operation of the system of Reformatory and Industrial Schools in Ireland during the period 1939–69. Our work was also to consider the financial information available in relation to a number of individual institutions within that system. In accordance with the terms of reference selected by the Commission we have carried out a review of documentation and files made available by the Commission by a number of religious Orders and Government Departments. This report is the output of that review, and is structured as follows

**Part 2** presents a summary of our findings in respect of each of the terms of reference defined by the Commission.

**Parts 3 and 4** deal with an analysis of the capitation system as it functioned at the time and the adequacy of funding provided by the State.

**Part 5** deals with the financial information available in respect of the Christian Brother institution at Artane, County Dublin.

**Part 6** deals with the financial information available in respect of the Rosminian Father institutions at Upton, County Cork and Ferryhouse, Clonmel, County Tipperary.

**Part 7** deals with the financial information available in respect of the Sister of Mercy institution at Goldenbridge, County Dublin.

**Part 8** deals with the financial information available in respect of the Reformatory at Daingean, County Offaly, run by the Oblates of Mary Immaculate.

**Part 9** contains a comparative analysis of the financial information available to us, and some observations on the impact of fluctuations in numbers of children in each school over the period 1939–69.

### *Terms of reference*

Our report to the Commission to Inquire into Child Abuse is based on records and documentation extracted from the Commission's document management system and documents provided directly to us by the relevant religious Orders.

Our work to date, unless otherwise indicated, consists principally of the review and analysis of relevant information. In accordance with requirements specifically identified in our terms of reference, we have considered;

- An analysis of the adequacy of funding provided by the State;
- A review of the application of State funding to the care of children in the relevant institutions
- An analysis of the capitation method of funding the Institutions as operated at the time
- A commentary on the effects of changes in the number of children in the relevant institutions over the period 1939–69
- The financial consequences for the relevant institutions as a result of caring for the children over the period 1939–69
- A commentary on staffing/student ratios over the period of the review.

### ***Restatement of currency***

Our work focused on the collation and analysis of information from the Summation Document Management System and provided by the relevant religious communities. Much of the relevant financial information we examined contained financial information in the old Irish pound format (pounds/shillings/pence).

We compiled a model to accommodate this format of financial information from the relevant institution and convert contemporaneous Irish legal tender values to equivalent Irish Punt values and, ultimately, equivalent Euro values.

Our calculations converted the old Irish pound format on the basis that an Irish Punt was equivalent to 20 shillings and that there were 240 old pence in an Irish Punt. We then converted the figures to equivalent Euro amount using the fixed conversion rate of €0.787564 to an Irish Punt. This is the rate that prevailed at the time of the changeover to Euro.

In line with accounting convention we have not adjusted converted financial data for inflation, except where we believed that the illustration of a particular item in 'today's terms' would be of use to the reader.

### ***Acknowledgments***

We would like to thank the Commissioners and staff of the Commission to Inquire into Child Abuse, the members, staff and advisors of the Christian Brothers, The Institute of Charity (Rosminian Fathers), Sisters of Mercy and Oblate Fathers of Mary Immaculate, and the staff of the Department of Education, who assisted us in the course of our work.

### ***Restrictions in use***

Mazars assumes no responsibility in respect of or in connection with the contents of this report to parties other than to the Commission to Inquire into Child Abuse. If others choose to rely on any way on the contents of this report they do so entirely at their own risk.

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30th November 2007

## **2. Findings of our review**

### ***Part 3 An analysis of the capitation method of funding the Institutions as operated at the time.***

- 3.1 At independence, the Irish State inherited an established system of private Reformatory and Industrial Schools, with an attaching set of defined relationships, as provided for in the Children Act 1908. There was no apparent suggestion that either this system or the roles occupied by different participants in the system should change significantly until the 1960s.
- 3.2 The key participants in the management of the system were the religious Orders, the Resident Managers' Association, the Departments of Education, Justice, Health and Finance, and the local authorities.

- 3.3 The key State roles were oversight and inspection – which were roles primarily inhabited by the Department of Education – and the provision of funding, where again the Department of Education had a significant role, subject to oversight and approval by the Department of Finance. Local authorities also provided funds to the schools, under the terms of the relevant legislation, in accordance with the rates set by the Department of Education.
- 3.4 The Children Act 1908 described the roles and responsibilities of the State authorities and the schools as follows:
- The State is responsible for the certification and inspection of schools.
  - The local authority is responsible for providing for the reception and maintenance of the child in a suitable certified reformatory or industrial school – which responsibility it can discharge by *‘contract with the managers of any certified school for the reception and maintenance therein of youthful offenders or children for whose reception and maintenance the authority are required under this section to make provision.’*
  - Both the State and the local authority have a responsibility to provide funding towards the costs of a child maintained in a certified Reformatory or Industrial School.
  - The managers of the certified school have a responsibility, once they have accepted a child, to teach, train, lodge, clothe and feed the child.
- 3.5 These roles were implemented as follows:
- The Department of Education issued circulars defining the standards of treatment of children in the Schools.
  - The Department of Education operated a process of inspection of schools.
  - The State and local authorities provided funding through the capitation grant, the primary grant and, occasionally, other grants for specific purposes.
  - The religious Orders owned and managed the schools, providing clergy to act as managers and staff, and hiring lay staff.
  - The Resident Managers’ Association acted as a vehicle for interaction with the Department of Education, including a role in seeking increased funding.
- 3.6 The primary payment by the State and local authorities, to the religious Orders in respect of the schools was the capitation grant, although other funding was available through the primary grant and, on a limited and case-by-case basis, for specific capital works.
- 3.7 The system of capitation grants provided for in the legislation was to provide funding towards the maintenance costs of a child resident in a Reformatory or Industrial School. This responsibility arises from section 73 of the Act, which defines the responsibility of the Treasury – to approve and make payment of any sums *‘on such conditions as the Secretary of State may, with the approval of Treasury recommend towards the expenses of any youthful offender or child detained in a certified school’*
- 3.8 While the treatment of capital expenditure appears to have varied over time, and the schools applied capitation funding to capital expenditure, it is our opinion that the State did not intend capitation funding to be applied to capital expenditure. We have looked first to the legislative background when addressing this issue. The 1908 Act does not, in our view, appear to have intended the capitation grant to cover items of capital expenditure – the Act refers to the *‘expenses of any youthful offender or child detained in a certified school’*. This also appears to us consistent with the description in the Cussen Report of the arrangement for providing school buildings of Reformatory and Industrial Schools.<sup>1</sup> While a 1946 scheme proposed to implement a system of payment, as part of the capitation grant, towards the capital expenditures of the schools, this scheme was discontinued within two years and, in notifying

<sup>1</sup> Section VIII of the Cussen Report, pp 40–7 – in particular we note that para 168 notes ‘It must not be overlooked that the buildings, farms, plant etc. have as a rule been provided by the schools themselves.’ suggesting that the capitation grant had not made provision for capital expenditure.

the schools of this, the Department drew attention to the '*clear understanding that the School Manager shall accept liability for any building and repair work and the provision of equipment for vocational training which the Minister considers necessary in their Schools*'.<sup>2</sup>

While the introduction of the scheme does render the position potentially ambiguous, it is our view that the State was unambiguous in presenting its understanding that the termination of the scheme meant that the position originally set out in the Act was resumed – the capitation grant did not include a contribution towards capital expenditure. This understanding is also consistent with the findings of the Kennedy Report:

*No grants are made available for maintenance, renovation or modernisation of premises.*<sup>6</sup>

and

*Separate grants should be available to cover new buildings and maintenance, renovation and modernisation of existing buildings while grants for educational purposes should be made available and paid direct by the Department of Education.*<sup>4</sup>

- 3.9 We note that there is evidence that the Resident Managers sought, in their response to the 1946 scheme, to assert that capital expenditure should not be borne by the Orders: '*increased Capitation Grant does not enable them to accept such a liability as indicated*'.<sup>5</sup>
- 3.10 Our finding at 3.8 should not be read to mean that capital expenditure is not relevant to an understanding of the operation of the schools – we deal with the implications of capital expenditure in Part 4, when we consider the issue of adequacy of funding to the needs of an institution and again when we turn to the question of the implications for the Orders of running the schools.

## **Part 4 An analysis of the adequacy of funding provided by the State**

### **The capitation grant system**

- 4.1 Under the capitation system a payment or grant per student accrued to schools weekly. The payment came from two sources: a) local authorities and b) the Department of Education.
- 4.2 There were different capitation rates applicable to Industrial and Reformatory Schools, with reformatory schools receiving a higher capitation rate.
- 4.3 While income to schools accrued weekly it was not paid weekly. In particular, local authorities were slow to release funds to the institutions. Although we have not seen records to evidence the impact of this delay on the schools, it can be reasonably assumed to have had cashflow implications for the institutions.
- 4.4 The capitation grant increased 17 times during the period 1939–69. The process by which grant levels were increased appears to have been one of negotiation and, at times, almost adversarial. Typically, the institutions lobbied for an increase and the Department of Education, after consultation with the Department of Finance, agreed to an increase lower than that sought.

### **Adequacy in accordance with the 1908 Act**

- 4.5 Neither the 1908 Act nor the 1941 Act defines what the capitation grant was to cover, beyond making it clear that the grant was towards the maintenance of a child in an institution. However, the 1908 Act defines the purpose of the schools – to include lodging, clothing, feeding and education of the child. Based on our review of the legislation, it appears reasonable that the grant was intended to contribute to these costs.

<sup>2</sup> DE1P0058-049/1.

<sup>3</sup> Kennedy Report, p 29.

<sup>4</sup> Kennedy Report, pp 30–1.

<sup>5</sup> DEIP0058-050/1 and DEIP0058-050/2.

- 4.6 The funding of capital expenditure appears to be additional to these costs – we have dealt in Part 3 of this report with our understanding of the treatment of capital expenditure under the legislative framework.
- 4.7 Whether the State should have funded capital expenditure by another mechanism – as was suggested in the Kennedy Report findings – is a question that we do not express an opinion on, and which the Commission may wish to consider in the light of all of the evidence available to it.
- 4.8 The Act clearly defined the responsibilities of the State and local authorities as certification of and oversight of the schools, and provision of funding. The responsibility of the School was to care for the child, once accepted into the institution. Again, we have dealt with this in detail in Part 3 of this report.
- 4.9 An important consideration is that we have not seen a situation, in those schools examined, where an Order sought to cease operation of a school, or where the State sought to revoke the licence of a school, on grounds of inadequate conditions.
- 4.10 We note that the system of payment of capitation changed in mid 1944 from being restricted to a maximum based on the number of children certified for a school, to being based on the number of children actually resident in the school. This had, in the case of a school with numbers in excess of the certified level, the effect of increasing the funds provided to the school.

We have examined data available which gives an indication of the adequacy of the grant provided to maintain a child in Ireland during the period under review. We consider the following to provide useful benchmarks against which this issue can be considered:

- 4.11 At the start of the review period the capitation grant appears to have been deemed adequate if supplemented by a grant to pay teacher salaries and the local authorities paid the same grant as the State authorities – this view is expressed in the Cussen Report. In 1946 the former recommendation was implemented, with the introduction of the primary grant for teachers in Industrial Schools. In the case of the Industrial Schools the local authority and State grants appear to have been harmonised from 1940 on.
- 4.12 Over the entire 30-year period the general price level rose by 385 percent, the capitation grant increased by 1,327 percent in the case of Industrial Schools and 1,375 percent in the case of Reformatory Schools. Excluding the very significant increase in the grant in 1969, the grant increased by 663 percent. This data shows that the grant increased by more than inflation – it grew in real/purchasing power terms.
- 4.13 Over the period the Industrial School capitation grant represented, on average, approximately 88 percent of household income per person (not per child). If one accepts the assumption that household income is not spent evenly by each member of the household and that adults spend and consume more than children, then the capitation grant would be closer to the average child's share of average household income.
- 4.14 For the 30-year period, the industrial school capitation grant was on average approximately 20 percent above unemployment benefit. For the years 1939–49, where capitation was lower than unemployment benefit, it represented 92 percent of unemployment benefit provided. Thereafter, the grant exceeded unemployment benefit for 19 out of 20 years.
- 4.15 Data extrapolated from the 1965–66 Household Budget Survey shows that weekly capitation payments significantly exceeded average household expenditure per child during the period 1960–69.
- 4.16 Data extrapolated from the 1951–52 Household Budget Survey shows that weekly capitation payments were lower than average household expenditure per person in the period 1947 to 1956.

- 4.17 We also have carried out, in Part 9 of this report, some break-even analysis of the financial statements provided by the schools reviewed. Analysis of data based on the accounts available for the period 1951–55 shows that all of the schools, with the exception of Upton, were at or above the break-even number of students. Upton was, based on the average number of students, at 85 percent of the break-even point. Analysis of data based on the accounts available for the period 1961–65 shows that Artane and Daingean were below their break-even point. Based on the average number of students over the period, Artane was at 94 percent of the break-even point, and Daingean was at 93 percent of the break-even point. This illustrates the impact of a decline in student numbers over time.
- 4.18 The individual financial position of the schools examined is dealt with in later sections of the report. At an overview level the Schools were generally close to break-even over the period, with Artane showing a deficit of 3 percent of total expenditure, Daingean showing a deficit of 2 percent of total expenditure, and Upton, Ferryhouse and Goldenbridge, based on the limited financial information available for the period, also apparently close to a break-even position.
- 4.19 If capital and other building-related expenditure is excluded from the available accounts of those schools examined, the income available to the schools is sufficient to meet the other costs of the school.
- 4.20 An analysis of the data provided by the 1951–52 and 1965–66 Household Budget Surveys, set out in Part 4 of this report, shows that the capitation grant in respect of both Industrial Schools and Reformatory Schools exceeded the cumulative amounts recorded in the survey data as spent on food and clothing in those years for which data is available and that the reformatory grant exceeded the cumulative amounts spent on food, clothing and lodging in those years. The Industrial School capitation grant exceeded the cumulative amounts spent on food, clothing and lodging in all years after 1951 for which data is available. Prior to 1951 we note that numbers of children in the system were at a higher level, and economies of scale may have compensated for grant levels lower than Household Budget Survey benchmark data.
- 4.21 We note that the primary grant is reflected in the accounts of very few of the schools examined. It is not clear, as a consequence, whether all of the schools were in receipt of the primary grant. If they were, this unrecognised income would obviously improve the financial position of the schools in question.
- 4.22 Those schools with significant farms had an important additional resource. These farms were, in the schools examined, worked by the children resident in the institution. Of the schools examined, both Artane and Daingean had large farms, while the schools at Upton and Ferryhouse had smaller farms. The school at Goldenbridge had a very small farm and also had income from industrial activity – the assembly of rosaries by the children.
- 4.23 Similarly, the school at Artane had a number of industrial activities, which contributed to the economy of the school.
- 4.24 Over the period, there appears to have been significant economies of scale in meeting the cost of child maintenance. The 1965–66 Household Budget Survey analysis demonstrates that as the numbers of children in a household increase there are two effects (a) the incremental or marginal cost of that additional child is less than the incremental cost of maintaining the previous child and (b) this serves to reduce the average maintenance cost per child. Based on a typical family of two adults and three children, the cost of maintenance per child was approximately 60 percent of the average cost for the first child – indicating the potential impact of economies of scale in this regard.
- 4.25 We note that the impact of numbers of children, and the effect of economies of scale is reflected in contemporary correspondence. This is considered in Part 3.

4.26 We also have noted the significant impact of reducing numbers on the schools. In the late 1950s the numbers of children in many of the schools began to decline significantly. At this time, both the Resident Managers and the Department of Finance began to suggest that some of the schools might have to be closed. In our view it appears that the reduction in numbers brought the schools closer to a break-even point – as numbers fell, grant income fell to a point where it was less efficient for the Orders to run the schools.

### **Adequacy in comparison with other frameworks suggested**

4.27 A comparison with the capitation funding in the UK shows that the Irish capitation grant was far lower than the UK amount. If it is accepted that the UK serves as a valid benchmark for measurement of the adequacy of the capitation grant, then the Irish capitation grant may be considered to be inadequate.

4.28 Similarly, if it is accepted that the calculation of costs of maintaining a child in a modern institution is a valid benchmark for evaluation of the capitation grant over the period under review, it may be concluded that the Irish grant is inadequate.

4.29 We note that these comparators do not derive from the particular circumstances or context that applied in Ireland at the time. We consider them to represent what may be termed a contemporary, in the case of the UK, or retrospectively applied, in the case of more modern comparators, best practice comparator and, as such, to be of limited use in determining adequacy of the grant to purpose in the context of Ireland of the time.

### **Conclusion**

4.30 The question of whether the capitation funding provided by the State and local authorities to the Industrial and Reformatory Schools over the period 1939–69 was adequate is inherently complex. This complexity derives from the length of the period under examination and the partial and, in parts contradictory, nature of some of the data available, the availability of other resources (for example, farm produce) and funding sources, and the apparent difference between the State and school's understanding of the purpose of the grant. We have sought in our work to consider the issue from as many different reasonable perspectives as possible, to try to arrive at a balanced view of the issues involved.

4.31 Analysis has been submitted to the Commission, and examined by us, that shows that the schools had less funding than their equivalent in the UK, and that the schools did not have sufficient grant income to provide for the levels of care expected in an equivalent modern institution. Analysis has also been provided that demonstrates that, had the Orders charged a salary for religious working in the institutions, the institution costs would have increased significantly. In one sense, such comparators may provide a valid measure of adequacy.

4.32 However, it seems to us that an at least equally valid measure of adequacy must be based on the framework as it existed, and was participated in by all of the relevant parties. In this framework, whatever opinions now may be in relation to the appropriateness of that system, the schools had certain responsibilities and the State and local authorities had others. The Orders may not have charged a full economic rate for the work of the religious staff in the institutions. Neither did they pay those staff a full economic rate for their efforts. The system was such that it relied on charitable contributions of time and effort by individual religious staff, and by contributions from outside the institutions as well as contributions from the State. Based on our consideration of the information available to us it is our opinion that the adequacy of the grant should be considered by reference to the 1908 Act framework – that is that the purpose of the grant is to provide funding towards the food, clothing, lodging and education of the children – and in the context of Irish social and economic conditions during the period. We note that adequacy, in these terms, does not necessarily represent provision of sufficient funding to meet all of the costs of a particular school.

4.33 In arriving at an opinion on the issue of adequacy we have noted the following matters:

- The view expressed in a Department of Education memorandum to the Minister in 1967 in the context of setting up the Kennedy Committee states that the Department was *'in no position to defend its achievements as far as the size of the grant goes'*.
- Grant levels are lower than some of the available benchmark data in the 1940s and part of the 1950s
- There are a number of comparators – for example the UK data and the contemporary data suggested in a number of submissions made to the Commission – which exceed the amount of the capitation grant.
- The Kennedy Report suggests that the grant level was inadequate.

Together these support a conclusion that the grant was not adequate to the needs of the children in the schools. However, we also note:

- Comparison of the grant with inflation shows the grant to be in excess of that benchmark. This gives us an indicator of the relative purchasing power of the grant.
- Comparison with the level of unemployment assistance shows that, post 1949, the grant exceeded this basic level of State provision for an adult during the period.
- The financial information available does not take into account the contribution from the farms and industries to the schools – which were worked by the children and, accordingly, might be considered to supplement the grant.
- From 1946 the primary grant was designed to meet the cost of teaching the children in Industrial Schools – thus providing additional income to the schools towards one of the purposes of the capitation grant. This income was not available to a Reformatory School; however in this case a higher capitation grant attached.
- Analysis of the school accounts available shows that the school income was sufficient to meet the costs of the schools when capital expenditure is excluded. We have noted that the position of the schools and the Department on the issue of payment of this cost appears to have differed. We also note that the Orders disagree with the suggestion that the capitation grant was not intended to fund capital expenditure in the schools.
- The benchmark data from the 1951–52 and 1965–66 Household Surveys shows that the capitation grant in respect of both Industrial Schools and Reformatory Schools exceeded the cumulative amounts recorded in the survey data as spent on food and clothing in all years for which data is available and that the reformatory grant exceeded the cumulative amounts spent on food, clothing and lodging in all years for which data is available. The Industrial School capitation grant exceeded the cumulative amounts spent on food, clothing and lodging in all years after 1951 for which data is available.
- Economies of scale may have served to close the gap between the expenditure levels per person in the 1940s and 1950s and the grant.
- We also note that we have not seen a situation, in those schools examined, where an Order sought to cease operation of a school, or where the State sought to revoke the licence of a school, on grounds of inadequate conditions. This suggests that, at the time, neither the State authorities nor the Orders considered the position to be so inadequate as to warrant closure.

4.34 Taken together, these points suggest that the grant was adequate to provide for the needs of the children in the context of Ireland of the period.

4.35 Having considered all of the above information it seems to us persuasive that the analysis of 1951–52 and 1965–66 Household Surveys show that the Industrial School and Reformatory School's capitation grant exceeded the cumulative cost of food and clothing for all years for which information is available in the period reviewed. This analysis also shows that the grants exceeded the cumulative amounts spent on food, clothing and lodging in all years

for which information was available after 1951. In this context we also note that school numbers were highest in the 1940s and that economies of scale may have compensated for grant levels that were comparatively lower than the extrapolated Household Budget Survey benchmark data during this period. Accordingly, we believe it reasonable to conclude that the grant was adequate to supply the needs specified by the 1908 Act, as judged against contemporary data.

## **Part 5 Christian Brothers Artane**

### **The application of State funding to the care of children in the institution**

5.1 The income and expenditure of Artane Industrial School, as presented in the school accounts for the period 1939–69 is as follows:

**Exhibit 1**

	1940–49	1950–59	1960–69	TOTAL
	€	€	€	€
INCOME	493,018	871,580	929,580	2,294,178
EXPENDITURE	507,429	842,366	1,015,201	2,364,996
SURPLUS /<DEFICIT>	<14,411>	29,214	<85,621>	<70,818>

5.2 Capitation grants represented approximately 80–84 percent of income of the institution in each decade over the period 1939–69. The total amount of capitation grants received over the period was equivalent €1.87 million.

5.3 An analysis of expenditure as recorded in the school financial statements presented in respect of Artane shows that funding was applied as follows

**Exhibit 2**

	1940–49 %	1950–59 %	1960–69 %
Industrial departments	18%	21%	9%
Farm, poultry & garden	12%	12%	7%
Salaries & wages	28%	20%	16%
Provisions purchased	13%	16%	17%
Clothing	3%	2%	4%
Fuel, light, power	8%	7%	6%
Capital expenditure	-	1%	18%
Transfer to community account	7%	11%	8%
Other	11%	10%	15%
Total	100%	100%	100%

5.4 An analysis of farm income and expenditure shows that the farm generated a surplus of equivalent €79,271 over the entire period. We note that farm income is reflected in the school accounts, and the farm costs were charged to the school. It appears from the available evidence that this surplus does not include the produce consumed by the school and house. Similarly, the internal contribution from trades does not appear to be measured

in the accounts. From the available evidence we believe that it is reasonable to conclude that the contribution to the economy of the institution at Artane by the farm and trades was significant. In addition to the economic contribution of the farm and trades to life at Artane, these activities also served to train the boys for occupations outside of the institution.

- 5.5 Capital expenditure on the Industrial School was incurred primarily in the 1960s. Prior to then, considerable concern was expressed in Visitation Reports both about the state of repair of the school and the appropriateness of investing in such work given the uncertainty regarding the future of the school. It is not apparent from the Visitation Reports why the decision to undertake an extensive programme of upgrade and refurbishment was made, when reports from the later part of the 1950s stressed the uncertainty of the future of the institution and the inappropriateness of incurring such costs in that environment. We can only suppose that either clarity was provided regarding the future use of the institution or the state of disrepair was adjudged to have reached crisis proportions or that the Community wished to ensure that the facility was brought up to an acceptable standard before the premises ceased to be part of the Reformatory and Industrial School system.
- 5.6 The capital expenditure incurred in Artane was funded primarily from the school account – with the exception of the items funded in the 1940s by the House, and refunds received from the Board of Works referred to in the Visitation Reports that do not appear to have been included in the accounts. The House accounts in the 1950s and 1960s show very low levels of capital expenditure.
- 5.7 During the period, a large portion of the lands at Artane was sold by the Order. The funds raised from these sales were recorded in the House accounts.

#### **Staffing/student ratios over the period of the review**

- 5.8 The ratio of students to all staff was between 8 and 9 to 1 for most of the 1940s and 1950s. From the late 1950s the ratio increased to approximately 6 to 1, ultimately increasing to 0.75 to 1 in 1969. Throughout the 1940s and up until the 1950s there was a relatively consistent number of lay employees and Brothers involved with the Institution. There were approximately 38–46 lay workers and approximately 31–36 Brothers (with an average of 16 teaching in the primary school). When the school numbers fell significantly in 1955 to 653 (1954: 737), a decrease of 11 percent, the school responded by reducing the numbers of Brothers from 36 to 26, while making little change to the number of lay workers. Through the late 1950s and into the 1960s student numbers continued to fall by an average of 14 percent per annum. In response the number of lay staff employed was reduced considerably from 44 in 1955 to just 12 in 1969. Twenty Brothers remained at the school in 1969.

#### **The financial consequences for the relevant institutions as a result of caring for the children over the period 1939 to 1969**

- 5.9 The financial statements presented to us in respect of Artane show a situation where the school ran at a loss, while the house achieved a surplus – some of which, we have been advised, was used to clear school debts.
- 5.10 This presentation derives from a definition of financial parameters; that is:
  - The school bore the costs of maintaining the children, operating the farm and trades, feeding and paying the Brothers (stipends) and lay staff (salaries), and funding the upkeep of the property. The income available for this purpose was, in the main, the income provided by the State, supplemented by earnings from the farm and trades.
  - The house bore the costs of maintaining the community of Brothers. The income available to this end was the stipends from the school, supplemented by rents and other income. The house had beneficial entitlement to the land and buildings, and held any revenues from this source: for example the sale of lands. Visitation dues were returned to the Order from the house income.

- 5.11 As discussed in Part 3, the funding of capital expenditure from the capitation grant is not consistent with our understanding of the framework provided for by the Children Act 1908 and the State position as expressed at the time of termination of the 1946 Scheme. If the capital expenditure incurred at the school is excluded, then the capitation grant would have been sufficient to cover the operating expenses of the school.
- 5.13 The financial consequences for the relevant institution of caring for the children over the period 1939–69 might be summarised as follows;

**Exhibit 3**

	€	%
Total expenditure	2,364,996	100%
Funded by:		
State and local authorities	1,868,443	79%
Other income	425,734	18%
Deficit – funded by Order	70,819	3%

We understand that the Order funded a final overdraft on the school account of €111,737. The above summary is based on the presentation of the accounts discussed in paragraph 5.4 of Part 5.

***Part 6 Rosminian Fathers Upton and Ferryhouse***

**The application of State funding to the care of children in the institution**

- 6.1 No financial information is available in respect of the school at Upton for the years 1940–49. Financial information is available in respect of the years;

- 1952, 1953
- 1960, 1961, 1962, 1963, 1964, 1965, 1966.

The school at Upton closed in 1966.

Similarly, a limited amount of financial information is available in respect of the institution run by the Rosminian Fathers at Ferryhouse in County Tipperary. Financial accounts were made available for the following years:

- 1941, 1947
- 1951, 1952, 1953, 1954
- 1960, 1961, 1962, 1964, 1965, 1966, 1967, 1968, 1969.

- 6.2 An analysis of expenditure in Upton and Ferryhouse is set out in Exhibits 39 and 42 (Part 6) respectively.

- 6.3 We note that the accounts available record that capital expenditure in the amount of equivalent €59,420 was incurred at Upton during the period 1939–66. There is no evidence that a specific contribution was made by the State in respect of this expenditure. We have identified capital expenditure in the accounts of Ferryhouse in the amount of equivalent €84,931. We note that in 1968 grant income of equivalent €19,173 was received in respect of a new school building, although the source of this income is not identified. We have dealt in an earlier chapter of this report with the issue of funding of capital expenditure.

## Staffing/student ratios over the period of the review

- 6.4 Information is not available in respect of the staffing levels at Ferryhouse and Upton over the period under review.

The financial consequences for the relevant institutions as a result of caring for the children over the period 1939–69.

- 6.5 The accounts provided show that the institution at Upton showed a surplus of income over expenditure in all years presented except two – 1952, where the accounts showed a deficit of equivalent €17, and 1962, where the accounts showed a deficit of equivalent €1,588. Of the 15 years where accounts have been presented in respect of the school at Ferryhouse, seven show a deficit, while eight show a surplus of income over expenditure.
- 6.6 We have, for the purposes of assessing the financial consequences for the Rosminian Fathers of running the Upton and Ferryhouse schools, also examined the available financial statements of the Province.

The balance sheets of the schools show that both schools had a surplus of assets over liabilities at closure (Upton 31st December 1966: equivalent €17,233, Ferryhouse 31st December 1969: equivalent €19,790). Taken together, it appears that the schools contributed a net surplus position to the Order at the end of the period reviewed.

The Province accounts at the same date show an excess of liabilities over assets of equivalent € 10,661.

- 6.7 We note that the Rosminian Fathers have, in presenting information to us, drawn attention to the history of under-funding and persistent scarcity of resource in the schools. They have also noted that the community and schools were, of necessity, interdependent, and both significantly dependent on the produce of the farm for essentials. The Order also notes that the Province did not maintain central funds, and could not, accordingly, provide significant additional support. The net liability position of the Province at 31st December 1969 supports this contention. We attach at Appendix XIII the submissions of the Order in relation to the financial position of the schools.

In our consideration of the submissions made by the Rosminian Fathers, we note the following points as relevant:

- The Order has drawn our attention to the fact that the Province needed to fund other activities. It is our view that the schools were, when the entire period is viewed and based on the improved net asset position in the closing balance sheets of the schools, a net contributor to the Province, but that the year-on-year contribution was not sufficient to yield the Order a significant surplus.
- We acknowledge that the accounts in certain years point to shortages of fundings in those years, and that these highlight the particular financial difficulties of the relevant schools. However, we note that the balance sheets of the schools at the end of the period indicate a net accumulation of assets over the entire life of the school.
- There is evidence that additional capital funding appears to have been provided – presumably by the State – in respect of only one item of capital expenditure incurred at the Upton and Ferryhouse schools – grant income in respect of a new school building received in 1968. We note, however, that it has not been possible to confirm the source of this grant.

**The application of State funding to the care of children in the institution**

- 7.1 A limited amount of financial information is available in respect of Goldenbridge industrial school:
- No accounts were available for the period 1939–50
  - Accounts were available for the period 1955–69 in six-monthly sets with the exception of the six-month periods ended 31st December 1957, 30th June 1968 and 30th June 1969. The period ended 31st December 1960<sup>6</sup> has also been omitted from our analysis as this appears to be a duplication of the 30th June 1960 accounts and therefore is of questionable validity. Two different sets of accounts were made available to us for 1953. For the purpose of this analysis we have used SOMGB-00568/12 and SOMGB-00568/13. In the years 1961<sup>7</sup> and 1963<sup>8</sup> we note that the accounts of the Goldenbridge do not appear to tot correctly. We have used the detailed analysis in the accounts rather than relying on sub-totals as presented.
- 7.2 We have not received any financial information from the Sisters of Mercy in relation to bead-making. We have calculated, based on information from a company that Goldenbridge sold beads to, that the likely range of the annual income from beads was IR£717 per annum to IR£2,869 per annum.
- 7.3 We note that, with the exception of the 1953 accounts, there is no record of the school having received primary grant funding in respect of teachers in the Industrial School.
- 7.4 A building account was operated during the period under review. We received accounts for the period 1961–66 in six-monthly sets with the exception of the six months ended 30th June 1962 and 30th June 1964.
- 7.5 The income and expenditure statements for the industrial school, for the years provided, show a surplus of €33,409
- 7.6 The most significant items of expenditure can be summarised as follows:

**Exhibit 4**

	1951–60 %	1961–69 %
Dietary expenses	34	26
Wages	21	18
Clothing	12	12
Building repairs and decorations	11	16
Fuel and light	7	7
Furniture and fittings	3	3
Medical	1	2
Other	11	16
Total	100	100

The wages identified above consist of staff wages, payments to the Resident Manager and payments to the reverend mother.

- 7.8 Capital expenditure in the school account amounted to €68,745 recorded in the income and expenditure statements received. This was mainly attributable to repairs to building,

<sup>6</sup> SOMGB-00568/49-55.

<sup>7</sup> SOMGB-00568/58.

<sup>8</sup> SOMGB-00568/84.

decorations and furniture and fittings. Capital expenditure financed from the building account during the period 1961–66 amounted to €90,000, giving a total capital expenditure of €158,745 for the period reviewed. Due to the incomplete nature of the records we are unable to determine whether the lodgements to the building account represent capital grants or general funding of the school which was allocated to capital expenditure. It is unclear how much of this fund was used for properties other than for the Industrial School; although based on a review of a sample of such expenditure we did note a certificate for payment in respect of Rathdrum in the amount of IR£750 – suggesting that the fund was not applied solely to the Industrial School.<sup>9</sup>

### **Commentary on the effects of changes in the number of children in the relevant institutions over the period 1939–69**

- 7.9 The number of children committed to Goldenbridge Industrial School peaked in the early 1960s and then began to decline in the late 1960s.

### **A commentary on staffing/student ratios over the period of the review**

- 7.10 We understand that the staffing consisted of two nuns (both teaching and one having the dual responsibility of resident manager), two lay teachers and between approximately 8 and 10 other staff (seamstress, domestic, etc.). We understand that numbers of teaching staff remained constant during the period.

### **Financial consequences for the relevant institutions as a result of caring for the children over the period 1939–69**

- 7.11 There was a surplus in the bank account of the Industrial school at 30th November 1969 of €16,265
- 7.12 The financial consequences for Goldenbridge of caring for the children over the period 1939–69 may be characterised as being close to break-even. This view is consistent with the available financial statements. We note, however, that the school accounts do not include funds from the industrial activity at the school, and that they do not include any amount in respect of primary grant received, with the exception of an amount of IR£878 in 1953.
- 7.13 There were peak years for payments of wages and salaries in 1953 and 1954 of approximated €4,900 per annum. These levels were not reached again until 1967. We note from the payments books, which are only available subsequent to 1960, that they show a payment, recorded as wages, to the reverend mother of IR£90 per month. We do not know whether this payment actually represented wages or if the funds were used for the school or for another purpose.
- 7.14 The records of Carysfort Mother House shown to us indicate payments received between 1939 and 1954 on a monthly basis totalling between approximately €5,000 and €9,000 per annum described as ‘National Education Goldenbridge’. The Carysfort accounts indicate payments totalling between approximately €1,000 and €5,000 per annum to the Goldenbridge Convent and Goldenbridge school expenses. The source of the income is not clear nor is the extent to which the payments related to wages. It is also not clear how much of this income, or expenditure, relates to the Industrial School, rather than the adjacent national school.

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<sup>9</sup> SOMGB-00490/1.

**The application of State funding to the care of children in the institution**

8.1 The income and expenditure of St Conleth's Reformatory School, Daingean, as presented in the school accounts for the period 1940–69 is as follows:

**Exhibit 5**

	1940–49	1950–59	1960–69	TOTAL
	€	€	€	€
INCOME	148,231	223,993	354,657	726,881
EXPENDITURE	147,222	222,106	375,259	744,587
SURPLUS /<DEFICIT>	1,009	1,887	<20,602>	<17,706>

8.2 Capitation grants represented, on average, 76 percent of total income of the institution for the period 1940–69. In individual years, however, grants ranged from a low of 58 percent of total income in 1969 to a high of 90 percent of total income in 1941. The later years appear to reflect lower percentages which is, in part, a reflection of increasing levels of income being generated from the farm, and the declining numbers of children in the institutions.

8.3 An analysis of expenditure as recorded in the school accounts shows that funding was applied as follows:

**Exhibit 6**

	1940–49 %	1950–59 %	1960–69 %
Dietary expenses	19	21	19
Farm	14	17	22
Clothing and shoe-making	14	10	7
Payments to province	14	6	4
Furnishing and carpentry	7	9	10
Wages	7	10	10
Rent	4	3	2
Fuel and light	5	6	10
Car, lorry and freight	3	5	1
Medical	3	3	3
Rates, taxes, and insurances	-	1	2
Other	10	9	10
Total	100	100	100

8.4 Separate accounts were not maintained by the Order in respect of the farm and it has been necessary therefore to base our examination on farm income and expenditure recorded in the school accounts. These accounts do not, we understand, reflect the value derived by the school and the Order from the farm produce. Nor do the school accounts reflect the labour of the boys and the community members used on the farm.

An analysis of the farm income and expenditure, as recorded in the school accounts, shows that a deficit of €25,003 was generated over the period 1940–69. It is not known, however, to what extent expenditure on the farm of a capital nature has been included in arriving at this deficit.

Irrespective of the size of the accounting deficit generated from the farm, it is clear from documentation reviewed that a benefit was derived from the farm in that the residents were recorded as being well fed at least in the early 1940s when numbers were at or near the highest level for the 30-year period.<sup>10</sup>

We note, in this context, that the farm was owned by the State. The views of one official regarding the profit-generating ability of the farm and use to which such profits should be put are stated in a Department of Education report prepared in 1955 following a visit to the school:

*I am of the opinion that very handsome profits are made on the farm but I can see no evidence of any of the profits being ploughed back for the benefit of the boys or the improvement of the buildings.<sup>11</sup>*

The views of the Department Official are not consistent with the record in the financial statements, which show a deficit from the farm, and it is not clear how the official arrived at his opinion.

8.5 In addition, activities at the Reformatory School in Daingean included tailoring and shoe-making which would have met a significant portion of the needs of the boys in this regard. Documentation indicates that at one point production in the tailor's shop was sufficient that the school could provide for all clothing requirements.<sup>12</sup>

8.6 Under the terms of the lease agreement, the Oblate Order was responsible for repairs and maintenance expenditure incurred at the school. This responsibility extended to keeping the premises *'in good and tenable state of repair and condition'*. It was the view of the State that repair and maintenance expenditure was provided for in the capitation grant.

The accounts of the school record expenditure in the amount of €72,422 on repairs and furnishing and carpentry over the 30-year period under review which represents 10 percent of total expenditure for the period reviewed. While the farm land and buildings would appear to have been kept in good condition, some of the buildings occupied by the residents would appear to have been in disrepair.<sup>13</sup>

8.7 In addition to this repairs and maintenance expenditure, a significant amount of building work was carried out by the OPW in Daingean between 1940 and 1969. Correspondence reviewed indicates that requests for capital funding were ongoing throughout the 1939–69 period and both the State's and the school management's frustration in this regard is quite apparent<sup>14</sup>. Over £85,500 (€108,563) was incurred by the OPW in capital expenditure up to 1960. Throughout the 1960s requests for additional work continued but it is less clear what work was actually sanctioned and ultimately carried out. Despite the significant capital investment and repair work carried out in Daingean, Department of Education records indicate that Daingean was not in a good state of repair. Correspondence between the OPW and Departments of Finance and Education in 1969 and the early 1970s which indicates that certain buildings in Daingean were *'structurally unsound'*<sup>15</sup>.

8.8 In transferring the Reformatory to Daingean, there was a need for the Oblate Order to house its training college elsewhere. An estate was purchased in Piltown, County Kilkenny for this

<sup>10</sup> Anna McCabe Report 13/1/1941.

<sup>11</sup> DEDAN0285-031.

<sup>12</sup> DNOB2016.

<sup>13</sup> DEDAN0285-031.

<sup>14</sup> DEDAN0282-046; DOF1939-02-110.

<sup>15</sup> DOF1966-00-070.

purpose. This purchase was funded from monies received by the Order in relation to the closure of the Glencree Reformatory.

### The effects of changes in the number of children over the period 1939–69

8.9 There was a decline in numbers of children committed in the mid to late 1960s. As the numbers dropped below 200 in the 1950s, the Resident Manager at Daingean expressed the view that the grant should be on a sliding scale since the overhead costs were reasonably constant regardless of the number of boys while the income stream was linked directly to the number of boys under detention. Break-even analysis carried out on a sample basis in the course of this review indicates that during the period 1951–55, when the average number of students detained was 156, the break-even point was 122 while a decade later, in the 1961–65 period, when the average number of students detained was 113, the break-even level was 121.

### Staffing/student ratios over the period of the review

8.10 Throughout the 1940s, 1950s and 1960s there were between 22 and 25 Oblate Fathers and Brothers resident at the school. The Oblates were assisted by two lay teachers, a carpenter, a tailor and a drill instructor giving a total staff complement of up to 30. The ratio of students to number of staff ranges from 7:1 in the 1940s to 5:1 in the 1950s and 4:1 in the 1960s.

The staffing structure, particularly in terms of the numbers of Fathers and Brothers, remained broadly the same over the entire period.

### The financial consequences for the institution as a result of caring for the children over the period 1939–69

8.11 A balance sheet has not been available in respect of St Conleth’s Reformatory School, Daingean for any of the years under review.

8.12 The total deficit generated by the school as recorded in the accounts over the period 1939–69 amounts to €17,706 with the result that there was a deficit in the bank account of the Reformatory School at 30th November 1969 in the amount of €11,710.

8.13 A summary of the financial effect on the Order of running the school is as follows;

**Exhibit 7**

	€	%
Total expenditure	744,587	100%
Funded by:		
State and local authorities	533,614	72%
Other income	193,273	26%
Deficit to be funded	17,700	2%

We note that the school remained open after the period of our review. We are not aware whether the deficit identified above remained at the date of closure of the school and how any such deficit, if it existed, was funded.

8.14 The position illustrated by the transcripts, statements and documentation provided by the Oblate Order, who ran the school, is that making ends meet was a constant struggle, especially in light of the ongoing works and maintenance required. Repair and maintenance expenditure, being the responsibility of the Oblate Order under the terms of the lease,

represented a constant outflow of funds and contributed significantly to the deficits at the school.

- 8.15 The Order contends that the non-payment of salaries to Brothers and Fathers who dedicated their time to the School went some way towards minimising the deficits incurred. While it is noted that the Oblate staff in St Conleth's were not in receipt of a salary, the accounts indicate that there were payments during this period to the Province and that in addition to this there was expenditure incurred in respect of retreats, the sacristy and sanctuary, fathers' allowance and sundries as well as reimbursement of expenses of Fathers/Brothers. Amounts paid in this regard are outlined below. The Brothers and Fathers also boarded and lodged at the school.

#### Exhibit 8

	1940-49 €	1950-59 €	1960-69 €	TOTAL €
Payments to Province	20,087	13,650	16,189	49,926
Retreats & holidays	2,112	3,338	9,061	14,511
Sacristy & sanctuary	983	1,838	1,468	4,289
Stipends to provincial	115	-	3,104	3,219
Fathers allowance & sundries	665	1,186	3,317	5,168
Fr Shannon's disbursements	838	-	-	838
Fr Keane's passage	71	-	-	71
<b>TOTAL</b>	<b>24,871</b>	<b>20,012</b>	<b>33,139</b>	<b>78,022</b>
<b>% of total expenditure</b>	<b>16%</b>	<b>9%</b>	<b>9%</b>	<b>10%</b>

- 8.16 It has been submitted the Commission that had the school paid salaries to the members of the Order working in the school, the deficits would have been higher, and that the salaries would have exceeded payments made to the Province and amounts expended to the benefit of the Order or its members working in the school. This logic is supported by calculations of salary levels from the time, and the calculations appear reasonable. However, we note in this regard that:

- it was quite clear at all times that the school was not a state school;
- the system of Reformatory and Industrial Schools did not provide for payment, by the State, of salaries to these employed in the school, and the Order willingly participated in the system;
- the Order did not pay salaries to the relevant staff, as they gave up their time and labour as part of their vacation.

Accordingly, we do not think it is appropriate to restate the accounts to recognise these salaries, as to do so would not accurately represent the situation at the time.

## Part 9 – Comparative analysis

### Comparative analysis

- 9.1 When provisions and operational expenses were considered together the level of this aspect of expenditure as a percentage of total costs was relatively consistent across the schools irrespective of whether they had a farm.
- 9.2 The level of capital expenditure varies significantly between schools but peak expenditure, with the exception of Daingean, consistently occurred in the late 1960s, which is notable as children numbers were falling at that stage. There was discussion throughout the 1960s as

to what future the schools had – and there appears to have been a decision (although no explanation as to why) across in all schools to invest in buildings towards the end of the decade. In Daingean, expenditure on capital items is spread more evenly across the period.

- 9.3 Wages, salaries stipends and other religious costs were most significant as a percentage of total costs in the earliest years for which accounts are available.
- 9.4 Stipends and other religious costs in isolation as a percentage of total costs, within the same time period, vary significantly. We are not aware of the rationale for the level of these charges. One explanation may be that the level of stipends varied with the level of funds available. This explanation would also be consistent with a larger school being able to be more efficient in terms of cost per child and therefore generating a larger surplus available for distribution to the religious Order.

### **Break-even analysis**

- 9.5 When variable income and expenditure are considered in combination we can see that there is consistently a positive contribution. A positive contribution indicates that income was available towards the funding of fixed and other costs. Over time the contribution per child has increased. This is due to the variable income increasing by a higher monetary value than the variable costs per child.
- 9.6 The break-even point for Artane and Upton decreased significantly when compared over time. In the case of Artane the break-even level decreased due to the increase in the level of variable income and variable costs by approximately 100 percent to €255 and €126 respectively per child per year, increasing the monetary amount of the contribution. In the case of Upton, unlike other schools, variable cost levels per child remained constant at approximately €110 per child per year while variable income increased by approximately 50 percent.
- 9.7 The break-even analysis for the sample period in the 1950s shows that all of the schools, with the exception of Upton, had numbers of children in excess of the break-even point – suggesting that they should have been in a position to run at least at break-even. In the 1960s, Artane and Daingean experienced a decline in the number of children to a point below their break-even point.
- 9.8 The break-even calculation does not include capital expenditure. If capital expenditure were included, the break-even point would increase in each school. In the 1950s, capital expenditure was low and would not impact the break-even point significantly. In the 1960s, where capital expenditure was higher, adjusting for capital expenditure would mean that Artane, An Daingean, Upton and Ferryhouse would have numbers of children below their break-even point.
- 9.9 In considering this analysis we believe that two points should be noted. The decline in the numbers of children during the late 1950s and through the 1960s meant that the schools became increasingly uneconomic to run, with some schools reaching a point where they were below break-even point. However, significant increases in the capitation grant in the late 1960s, outside of our sample period, would have compensated for this to an extent. We also note that there is an argument that the capitation grant was not intended to fund capital expenditure – for the reasons we have examined in the early part of this report. If this is accepted as a reasonable understanding of the position, then the break-even analysis excluding the impact of capital expenditure is the more appropriate representation of the position of the individual schools, as regards the expected impact of the State contribution. Of course, the schools still had to fund this expenditure, from other sources if necessary.

### **3. An analysis of the capitation method of funding the Institutions as operated at the time**

This section of our report provides an analysis of the capitation method of funding the Institutions as operated during the period 1938–69. In doing so, we have sought to provide the reader with details, in summary form, of the Industrial and Reformatory School system as it applied in Ireland between 1939 and 1969, an understanding of the roles of the various institutions active in that system and the background to the funding of the Schools under relevant legislation.

#### ***3.1 Origins of the Reformatory and Industrial Schools system***

The Irish system of Industrial Schools and Reformatories pre-dates the State. Much of the governing legislation and, accordingly, structures and frameworks implemented to give effect to this legislation, relevant to the period of our review was passed when Ireland was a constituent part of the UK. Subsequent to the foundation of the Irish State this legislation was retained on the statute book, and the framework within which these institutions were funded and run remained in place.

The childcare system in Ireland evolved from various systems of aid to the poor. In the middle 19th century the only public provision for children was in workhouses. Subsequently voluntary institutions operated under the auspices of religious organisations and charitable persons provided in some measure for the care of juvenile offenders. These institutions did not receive assistance from public monies and were not subject to inspection or supervision by any State authority.

Reformatory schools were introduced to Ireland under the Reformatory Schools (Ireland) Act 1858 which provided for the State certification of such institutions to care for juvenile offenders. The Act certified a number of existing voluntary institutions and homes as suitable for the reception of youthful offenders committed by the courts. It also provided for an inspection process.

The introduction of reformatories was followed by a different type of institution – Industrial Schools – to meet the needs of neglected, orphaned and abandoned children.

The Industrial Schools (Ireland) Act 1868 provided for the establishment of Industrial Schools in Ireland. The Act did not provide for the cost of establishment of such schools. Public bodies were precluded from establishing Industrial Schools or making contributions towards such costs. The State provided funds to the schools by means of a capitation grant. Thus, the legislation provided a framework within which concerned sections of society could establish Industrial Schools and receive funding from the State towards the operation of those schools. We understand that this role was often assumed by various religious congregations, often with the support of concerned citizens or groups of citizens who provided property or capital funding to permit the initial establishment of the schools.

The Prevention of Crimes Act 1871 extended the classes of children who might be sent to Industrial Schools.

Reformatory Schools were reserved for those children who had committed and were convicted of an offence. Industrial Schools, on the other hand, were designed to prevent children becoming candidates for Reformatory Schools by removing them from a socially undesirable environment and providing them with an industrial training.

The 1868 Act was replaced by the Children Act 1908, which provided that schools were certified and funded by the State and the State had role in ensuring that minimum standards were maintained, that finances were in order and that the legislation was observed.

### **Defining an ‘Industrial School’**

Section 44 of the Children Act 1908 specifies an Industrial School as *‘a school for the industrial training of children, in which children are lodged, clothed, and fed as well as taught’*. The expression ‘children’ means persons under the age of 14 years but was later revised upward in the Children Act 1941 to 17 years of age.

### **Defining a ‘Reformatory School’**

Section 44 of the Children Act 1908 defines a Reformatory School as *‘a school for the industrial training of youthful offenders, in which youthful offenders are lodged, clothed, and fed as well as taught’*. The age limits that applied in reformatory schools were the same as those that applied in Industrial Schools.

The Children Act 1908 amended the preclusion from public establishment of schools but limited use was made of the powers. Up until the 1940s almost the entire capital cost of Industrial and Reformatory Schools was met by religious orders and private charitable societies. It is our understanding that the network of schools was, by the time of the 1908 Act, well-established and that there was no suggestion of a need for change by either the State or the relevant Orders. In essence, the newly independent Irish State inherited a system of schools that were by then well established, and an attendant funding structure which provided for the payment by the State of a grant on a capitation basis towards the cost of maintaining those children in the schools.

The 1926 School Attendance Act provided for committal proceeding to be taken against parents who failed to send a child to school or parents who failed to respond to a warning notice sent by school attendance committees.

The 1929 Children Act made it easier to commit children. The 1941 Children Act made it possible to commit children without parental consent in limited circumstances. The 1941 Act also extended the age limits of children who could be committed from 14 to 17.

The 1952 Adoption Act was viewed as a contributory factor in the subsequent decline in the number of children in Industrial Schools.<sup>16</sup>

### **3.2 Responsibility framework**

We believe it important, in considering the terms of reference prescribed by the Commission, to clearly identify the roles and responsibilities of the relevant participants in the operation of the Reformatory and Industrial Schools. These roles and responsibilities derive from, in the first instance, the legislative framework of at the time.

The primary piece of legislation governing the Reformatory and Industrial Schools operating in Ireland during the period 1939–69 was the Children Act 1908. This Act prescribed the recognition of schools, the responsibilities of the Treasury (or Central Government – post-Independence, the Department of Education and Department of Finance took this role), local authorities and Managers of the schools. It also defined the relationship between the State, local authorities and schools. In particular, we would draw attention to:

- Section 45, which defined the basis for recognition of a school by the Secretary of State as fit for the reception of children, upon inspection by the authorised inspectors
- Section 52, which defines the responsibilities of the Managers of a school, once they have accepted a child – to teach, train, lodge, clothe and feed the child – *‘when they have once so accepted any such offender or child they shall be deemed to have*

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<sup>16</sup> The Department of Education’s Statement to the Commission, p 9 of the full report.

*undertaken to teach, train, lodge, clothe and feed him during the whole period for which he is liable to be detained in the school'*

- Section 73, which defines the responsibility of the Treasury – to approve and make payment of any sums *'on such conditions as the Secretary of State may, with the approval of Treasury recommend towards the expenses of any youthful offender or child detained in a certified school'*
- Section 74, which defines the responsibility of the local authority – to provide for the reception and maintenance of the child in a suitable certified reformatory or industrial school
- Section 74(8), which permits the local authority to *'contract with the managers of any certified school for the reception and maintenance therein of youthful offenders or children for whose reception and maintenance the authority are required under this section to make provision'*
- Section 48, which prescribed the conditions under which the managers of a school could resign certification
- Section 56, which provided for the establishment of a superannuation scheme for the officers of the school by the Managers of the certified schools, either individually or collectively.

The schools were the property of the religious Orders. In this regard we note both from the legal position – the properties comprising the schools were in the possession of the individual Orders, in the case of Daingean by way of lease – and the organisation of the school activity – that is, each school was managed on a day-to-day basis without direct interference from the State, the decisions made in terms of acceptance of children, daily activities within the schools and the continued operation of the individual school rested primarily with the Resident Manager of the school. This understanding is also consistent with the statement in the Artane submission that *'The schools were the property of the Orders and as such they were entitled to protect and safeguard their interests in these schools.'*<sup>17</sup> and with the file note documenting discussions between the State and the Order at the time of foundation of the Daingean Reformatory – *'Mr Frank Duffy, representative of the Dept of Ed, made it quite clear that the Reformatory School though recognised and financed by the State was not a STATE INSTITUTION but a private school under the management of a religious body. There was no legislation to constitute it a STATE INSTITUTION.'*<sup>18</sup>

State funding appeared to have been considered to be a contribution towards the reception and maintenance of a child, rather than an undertaking to fund the entire cost of any school. In this regard we would draw attention to:

- The submission from the Rosminian Fathers, which states *'The level of capitation granted was never claimed to be enough by the State. It was envisaged as contributory funding. It was calculated on compromise and it was accepted in desperation. All residual expenses were carried by the Order'*;<sup>19</sup>
- An early version of the 1946 scheme to provide for some element of capital expenditure suggested that capital expenditure would be funded one-third by the relevant Order, one-third by the local authority and one-third by the Exchequer – *'Local authorities to compound for their statutory liability for provision, etc, of schools by bearing one-third of the cost of authorised expenditure for the purpose, the amount to be apportioned*

<sup>17</sup> Page 8, Submission of the Christian Brothers, December 2006.

<sup>18</sup> Oblates of Mary Immaculate Discovery file/FDR working file, pp 97 and 98 (Resident Managers Management File) – 10/02/41 Memo drawn up by Provincial of meeting on 07/02/1941 to discuss amendments to the lease drafted by Board of Works.

<sup>19</sup> Page 19: Submission of the Rosminian Fathers, January 2007.

amongst them by reference to the number of committed children chargeable to each. The State to undertake liability for an equal contribution. The schools to pay the remaining third.<sup>20</sup>

Taken together, it is our view that the framework of operation of the schools, was one where the State sought to place relevant children in privately owned and operated schools, in accordance with section 74 of the 1908 Act. The State made provision towards the costs of maintaining those children resident in the schools by means of a capitation grant. The respective roles and responsibilities of the State and schools are described in greater detail in the following paragraphs, but might be summarised as:

- The State is responsible for the certification and inspection of schools.
- The local authority is responsible for providing for the reception and maintenance of the child in a suitable certified reformatory or industrial school – which responsibility it can discharge by *‘contract with the managers of any certified school for the reception and maintenance therein of youthful offenders or children for whose reception and maintenance the authority are required under this section to make provision’*.
- Both the State and the local authority have a responsibility to provide funding towards the costs of a child maintained in a certified reformatory or industrial school.
- The Managers of the certified school have a responsibility, once they have accepted a child, to teach, train, lodge, clothe and feed the child.

### **3.3 The role of the Department of Education**

The 1908 Act provided for a measure of oversight of the system of Reformatory and Industrial Schools by the State, a role which was occupied by the Department of Education, during the period 1939–69.

The relationship between the Department of Education and the religious Orders was set against the context of the time and the reliance on the religious order for first- and second-level education.<sup>21</sup> The Department clearly recognised the autonomy of the religious congregations in managing and operating privately owned Industrial and Reformatory Schools. The Department was also aware that it was reliant on the religious congregations for care and education of the children in Industrial and Reform Schools.

It was originally proposed (in the Children’s Bill 1941) that the appointment of a Resident Managers would be subject to approval of the Department of Education. Following apparent opposition from the Resident Managers this requirement was reduced to a simple notification when the Children Act was passed. Accordingly, the Department of Education had little or no role in the appointment of staff. The appointment of a Resident Manager had to be notified to the Department and even then it was after the event, not beforehand. Employment of staff was left to the Resident Manager<sup>22</sup>.

The Department oversight role was limited to:

- Evaluating school management through the general inspection and medical inspection process
- Assessing teaching practice through the standard inspection process.

The Department issued circulars to Resident Managers addressing various policy, funding and administrative issues such as: capitation, diet, teaching standards, teachers pay, home leave,

<sup>20</sup> CBMIN-012/1 & CBMIN-013/1.

<sup>21</sup> The Department of Education’s Statement to the Commission.

<sup>22</sup> Taken from the Department of Education’s Statement to the Commission, Part 5.

travel etc. Many of the circulars appear to be in response to concerns of the Department with regard to particular aspects of school management.<sup>23</sup>

It was often the case that an increase in capitation was accompanied by a circular/communication from the Department of Education to the Resident Managers making it clear that the Department/Minister expected the increased capitation to be reflected in the improvements in the diets, clothing, health and welfare of the children. One example is that the Minister expected ‘all round’ improvements in the schools, particular with regard to dietary provision<sup>24</sup>. In another case, a 1947 circular states

The Minister trusts that following the improvement in their financial position as a result of the increase in the rate of capitation grants the schools will effect with the least possible delay substantial improvements in the standard of dietary, maintenance, clothing &c., of the children committed to their care.<sup>25</sup>

The Department appeared to be sympathetic to the position of the schools and usually lobbied the Department of Finance for an increase in capitation significantly higher than that ultimately awarded.

### **Department of Education statement**

In its submission to the Commission the Department says:

The Department’s records indicate that it pressed the Department of Finance for additional funding during much of the period and was successful in securing increases in the capitation grants at various intervals. At the same time there was recognition that the funding increases secured did not go far enough. A Departmental memorandum to the Minister in 1967 in the context of setting up the Kennedy Committee states that the Department was ‘in no position to defend its achievements as far as the size of the grant goes’.

We have considered this submission in arriving at our findings.

### **3.4 The role of other State Departments**

While the Department of Education was responsible for overseeing and funding the care and education of the children, it did not have a policy or operational role in regard to the committal into care. This was overseen by the Departments of Justice and Health. Similarly, the role of the Department of Education in relation to matters of finance was limited – ultimately, all financial decisions were subject to the oversight and approval of the Department of Finance. At inter-Departmental level, most of the material seen by us relates to communications between the Department of Education and the Department of Finance.

### **The Department of Finance**

This was the Department with which the Department of Education had most contact in relation to industrial and reformatory schools.

Since the foundation of the State the Department of Finance has had a central role in the economic and financial management of the State and the overall management of public funds. The Ministers and Secretaries Act 1924, section 1(ii), lays out the functions of the Department:

*The Department of Finance which shall comprise the administration and business generally of the public finance of Saorstát Eireann and all powers, duties and functions*

<sup>23</sup> For example, DE1P0059-008/4, DE1P0058-106/2, CBMIN-07/1 and CBMIN-101/2.

<sup>24</sup> DE1P0058-106/2.

<sup>25</sup> DE1P0058-049/2.

*connected with the same, including in particular the collection and expenditure of the revenues of Saorstát Eireann from whatever source arising (save as may be otherwise provided by law), and the supervision and control of all purchases made for or on behalf of and all supplies of commodities and goods held by any Department of State and the disposal thereof, and also the business, powers, duties and functions of the branches and officers of the public service specified in the first part of the Schedule to this Act, and of which Department the head shall be, and shall be styled an t-Aire Airgid or (in English) the Minister for Finance.*

Thus, as the Department responsible for all State expenditure, the Department of Finance had an oversight and approval role in relation to any State monies applied to the schools. This role is reflected Children Act 1941 whereby any changes in the capitation rates required the consent of the Minister for Finance, but it extended to all categories of Exchequer expenditure on the schools.

The files provided by the Department of Finance illustrate the detailed nature of this role – not only did the Department of Finance oversee and approve the annual estimates in relation to voted expenditure on the Reformatory and Industrial Schools, but any supplementary expenditure, even where amounts were relatively small, seem to have been passed to the Department for approval. The files presented include, for example, individual medical expenses, transport expenses and requests for funding of the attendance of children at events such as Feiseanna, presented to the Department of Finance for approval.

Contacts and discussions between the Department of Education and Department of Finance almost exclusively centred on financial matters. A great deal of correspondence is given over to consideration of capitation rates as the Department of Education required approval from the Department of Finance when increasing capitation as per section 21 of the 1941 Act.

There are also a number of internal file memoranda and copies of letters from the Department of Education to the Residential Managers noting the need for additional school-level financial information to build a strong case for submission to the Department of Finance.

The Department of Finance almost never granted the full amount of the increase sought by the Department of Education. There may be several reasons for this but the main two reasons noted in the material reviewed are:

- (1) The State's inability to fund a higher rate of increase
- (2) The Department of Finance's apparent view that the Department of Education was, in today's language, prone to 'regulatory capture' – it was considered to be possibly too sympathetic to the religious orders. For example, when discussing the failure to conduct the 1951 proposed Inter-departmental Review the note reads:

*The [Residential] Managers by withholding their consent frustrated the intention. Grounds of objection (Department of Education minute of 20.1.51) are unconvincing (amour propre?).*

*If the situation of the schools were, indeed, as desperate as represented a more co-operative approach might be expected and a willingness to furnish to public authorities all evidence reasonably required<sup>26</sup>*

## **The Department of Justice**

There was limited contact between the Department of Education and the Department of Justice on Industrial and Reformatory Schools. Where contact is recorded in the files seen by us it is limited to specific topics such as Marlborough House (a State-run institution).

<sup>26</sup> DOF1975-02-095/1.

By and large, the Department of Justice appears to be at a remove from the Industrial and Reformatory School system. However, it should be noted that under the Children Acts most of the children committed to the institution were committed by the District Court.

The Department of Justice is also connected to the system of Reformatory and Industrial Schools by way of the role of members of An Garda Síochána in conveying children to the schools.

### **The Department of Health**

The Department of Health was responsible for the boarding out of children to residential care.

It appears from the files available to us that there was limited contact between the Department of Education and Health for most of the review period.

Under the 1939 Public Assistance Act and the 1953 Health Act the schools *'could apply for approved status from the Department of Health that would allow them to receive certain funding for children placed there.'*<sup>27</sup> In practice very few of the children detained were placed in these institutions by the Department of Health (most were placed by the courts).

### **3.5 The role of the religious Orders and the Resident Managers**

A number of religious Orders, as we have seen, ran individual Reformatories and Industrial Schools. The reasons for this derive from the particular history of the need for such schools in Ireland and also, in all likelihood, from the individual religious missions of the relevant Orders.

The schools, and the assets attaching, were in most cases, the property of the Orders. The schools were not regarded as State institutions in any case that we have seen. Under section 52 of the Act, the Managers of a school had primary responsibility for the care of a child, once that child had been accepted into the school.

The direct running of the schools was delegated to a Resident Manager. Under the Children Act 1908 Resident Managers were fully responsible for care of children accepted into their institution. Under the Act, when a child is accepted by a school the manager of the school is deemed to have accepted to undertake to teach, train (where relevant), lodge, clothe, and feed the child during the whole period of detention at that school.

It should also be noted that Residential Managers had the power/discretion whether or not to admit a given child to their institution (section 52 of the Children Act 1908). For example, in 1972 the Resident Manager of Daingean indicated that the following categories of boys would not be admitted:

- (a) Those over 16 years of age
- (b) Those guilty of a violent crime
- (c) Those who were difficult to handle due to psychiatric problems.

Section 48 of the 1908 Act prescribed the process by which a school could resign certification.

The day-to-day running of the schools and care of the children in the school fell under the remit of a Resident Manager as they operated the schools. Resident Managers were charged with the employment and supervision of all staff in the schools. Based on our review of the available documentation, it appears that the Resident Manager was always a member of the Order running the particular institution.

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<sup>27</sup> The Commission to Inquire into Child Abuse hearing on 21st June 2004. Transcript of Dr Eoin O'Sullivan's testimony, p 43.

## The Resident Managers' Association

The documentation available to us also includes copies of minutes and correspondence kept by the Resident Managers' Association, and internal memoranda kept by the Christian Brothers relating to proceedings of that Association. This documentation illustrates the role of the Association as a vehicle for the concerted lobbying of the State on behalf of the individual schools. The Association appears to have convened meetings approximately annually, circulating an agenda and seeking the views of the Resident Manager of each of the relevant schools. The Association then wrote to the Department of Education expressing a collective view on issues arising. There is also evidence on the files that representatives of the Association met with the Minister for Education on a number of occasions during the period under review.

## 3.6 Public funding of the Schools

### 3.6.1 Capitation

The 1908 Act specified two sources of public funds for Reformatory and Industrial Schools:

- Contributions from the Treasury: 'paid out of money provided by Parliament such sums on such conditions as the Secretary of State may, with the approval of the Treasury, recommend towards the expenses of any youthful offender or child detailed'.
- Contributions from local authorities: 'where a child is ordered to be sent to a certified industrial school, it shall be the duty of the [local authority] to provide for his reception and maintenance in a certified industrial school'. For the purposes of the Act a child is presumed to reside in the place where the events which cause the child to be sent to a reform school occurred, unless it can be proven otherwise.

Collectively, these sums are referred to as the capitation grant.

The Act also covered non-public funds:

- Where a child is sent to a school at the instance of guardians or other responsible parties, those voluntarily sending the child *'shall contribute towards the maintenance of the child ... such a sum as may be agreed upon between them and the managers of the certified school ... or in default of agreement as may be fixed by the Secretary of State'*.
- Where a child is detained in a reform school the parents, guardians or other responsible parties *'shall, if able to do so, contribute to his maintenance therein a sum not exceeding such sum as may be declared ... to represent approximately the average cost of maintenance of youthful offenders of children'*. The sum specified was to be paid to the Exchequer, not the individual school.

Thus, the Act entitled the State to recoup from the child's parents monies expended on detaining a child in an Industrial/Reform Schools. However, more often than not the monies could not be collected and it appears that the State eventually made little active effort to collect the parental contribution where it was not forthcoming as the collection system was not cost-effective to operate. Where it was collected the parental contribution accrued to the State, not the school in which a child was detained.

### 3.6.2 Teachers salaries – the primary grant

In 1945 national school recognition was awarded to those Industrial Schools that provided primary education within the institution. These schools were subject to the Rules and Regulations for National Schools and were provided aid on the same basis as other national schools. In accordance with the Rules and Regulations, the primary grant was a grant paid by the Department to cover the salary costs of recognised teaching staff.

Recognised teaching staff were identified when the Resident Manager notified the Department of appointments to teaching posts which were subject to Department sanction. Once an appointment was sanctioned by the Department, in accordance with the Rules and Regulations, the Department arranged for the funding/payment of the teachers salaries.

Recognised teaching staff in schools owned and operated by religious Orders were subject to different arrangements in relation to funding of salaries depending on whether the school opted as a classification national school or a capitation national school. The difference between these designations was that the classification national schools were schools where the salaries were paid directly to the teachers by the Department of Education, while in a capitation national school grants were paid to the manager of the school to cover the salaries of the teachers.

In March 1946, a circular was issued to the schools asking them to opt for their preferred method of payment. Department records indicate that the majority of industrial schools opted to be classified as capitation national schools, and to have grants paid to the managers of the school.

The issue of registration of staff as recognised teachers eligible for funding under the State primary grant was an important one in the 1940s. It appears from our reading of the files that the Department permitted the recognition of unqualified members of the Orders working in schools, on the grounds of their experience working in the institutional schools. From the perspective of the Orders, such recognition was important and had significant financial consequences. There is evidence that the Orders sought to ensure that as many Religious as possible were afforded recognition. A letter from the Managers of the Industrial Schools<sup>28</sup> on the topic of teachers' salaries notes:

In schools in which the teaching staff is composed of both members of the Community and of lay teachers, it is assumed that in determining the maximum recognised staff the members of the Community will always have precedence of the lay teachers.

A perhaps related matter is the question of pensions. It has been suggested to us, in the course of our meetings with the relevant Orders, that the State has not made any provision for the pensions of recognised teachers who were members of the religious communities. Section 56 of the 1908 Act provided for the establishment of a superannuation scheme for officers of the schools, either individually or collectively by the schools.

With the exception of the reference in the Act, we have not been able to identify any documentation dealing clearly with this issue and have not seen any information that would permit us to estimate the sums that might be involved. The question of whether the State had an obligation to meet such payments is also complex. It is our understanding that the primary grant was in essence a payment administered by the schools – in other words that the sums paid under this heading were paid to the school, and not directly to the individual recognised teachers. We have also seen that the schools were privately owned. There is inherent in such a system a question of who is the legally responsible employer of the teachers. This complexity is suggested in later documents included in the Department of Finance files – where individual lay teachers seem to have been considered for pensions on a case-by-case basis.<sup>29</sup>

### **3.6.3 Other income**

There are, on the files provided, examples of Resident Managers seeking, and obtaining, additional funding from the Department to cover expenses that might be reasonably expected to be funded out of the capitation payment. For example:

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<sup>28</sup> CBMIN-018/2.

<sup>29</sup> DOF 1959-00-055/1 to 1959-00-55/4.

- Prior to 1943–44 travel expense by children going home on holidays were paid by family members and/or Residential Managers<sup>30</sup>. From 1943–44 the Department of Education asked the Managers to cover the cost of travel and meals where necessary. However, where the cost of travel exceeded the weekly capitation grant for the child the Department would refund the excess payment.
- Entertainment expenses were at times reimbursed – such as the cost of summer camps or attendance at drama competitions.

### 3.6.4 Capital

A particular complexity in relation to our work was the appropriate treatment of sums expended in relation to capital items by the schools. This issue has consequences for consideration of the adequacy of the capitation grant. Again, we have looked first to the legislative background when addressing this issue. The 1908 Act does not, in our view, appear to have intended the capitation grant to cover items of capital expenditure. This appears to us consistent with the description in the Cussen Report of the arrangement for defraying the costs of Reformatory and Industrial Schools<sup>31</sup>. While the 1946 scheme proposed to implement a system of payment, as part of the capitation grant, towards the capital expenditures of the schools, this scheme was discontinued within two years and, in notifying the schools of this, the Department drew attention to the

*clear understanding that the School Manager shall accept liability for any building and repair work and the provision of equipment for vocational training which the Minister considers necessary in their Schools.*<sup>32</sup>

While the introduction of the scheme does render the position potentially ambiguous, it is our view that the State was unambiguous in presenting its understanding that the termination of the scheme meant that the position originally set out in the Act was resumed – the capitation grant did not include a contribution towards capital expenditure. This understanding is also consistent with the findings of the Kennedy Report:

*No grants are made available for maintenance, renovation or modernisation of premises.*<sup>33</sup>

and

*Separate grants should be available to cover new buildings and maintenance, renovation and modernisation of existing buildings while grants for educational purposes should be made available and paid direct by the Department of Education.*<sup>34</sup>

#### *Provisions of the 1908 Act*

Section 55 of the 1908 Act provided that ‘No substantial addition or alternation in the buildings of a certified school shall be made without the approval in writing of the Secretary of State.’ As we have already noted, sections 73 and 74 of the 1908 Act provide for a contribution towards maintenance costs through the capitation grant, with subsection 74(13) of the Act providing for such expenses to be defrayed from local authority funds. Section 74(8)(a) of the Act states that a local authority:

*may, with the approval of the Secretary of State undertake or combine with any other such authority in undertaking, or contribute such sums of money upon such conditions as they may think it fit towards, the establishment, building, alteration, enlargement,*

<sup>30</sup> DOF1943-00-172/1.

<sup>31</sup> Section VIII of the Cussen Report, pp 40–7 – in particular we note that para 168 notes ‘It must not be overlooked that the buildings, farms, plant etc. have as a rule been provided by the schools themselves.’ suggesting that the capitation grant had not made provision for capital expenditure.

<sup>32</sup> DE1P0058-049/1.

<sup>33</sup> Kennedy Report, p 29.

<sup>34</sup> Kennedy Report, pp 30–1.

*rebuilding, or management of a certified school, or for the site of any school intended to be a certified school.*

Section 74(14) of the Act states:

*(14) Money may be borrowed by a local authority for the purposes of defraying or contributing towards the expenses of establishing, building, altering, enlarging, rebuilding, or purchasing land for the use or site of—*

*(a) A reformatory school, under and in accordance with the Local Government Act, 1888, in the case of the council of a county, and under and in accordance with the Municipal Corporations Act, 1882, in the case of a council of a county borough.*

*(b) An industrial school, under and in accordance with the Education Acts, 1870 to 1907.*

*Provided that the maximum period within which money so borrowed is to be repaid shall be sixty years.*

Our reading of the Act suggests that it is more reasonable to conclude that the Act separates the provision of a contribution in respect of the reception and maintenance of a child at one of the institutions, from the provision of grants to assist the capital expenditure associated with a school.

This view also appears to be consistent with the comments in the Cussen Report:

*It must not be overlooked that the buildings, farms, plant etc. have as a rule been provided by the schools themselves.*

suggesting that the capitation grant was not considered to have provided for capital expenditure.<sup>35</sup>

### *The 1946 scheme*

The 1946 scheme, on the other hand, suggests that there was some intention to include capital expenditure in the capitation grant. The history of this development merits some detailed attention as it illustrates the contemporary positions of the Orders and the relevant Departments. It was also, to our knowledge, the only negotiation regarding the basis of provision for capital expenditure during the period.

It was proposed in 1946 that the provision of special buildings and equipment grants be abolished and replaced by an additional grant payable under the standard capitation scheme. The reasons given for this recommendation were:

*(1) The schools which do not avail of those special grants [under the Buildings and Equipment Grants scheme] will be at a disadvantage*

*(2) The proposed merging of the special grants would be more acceptable to the schools in general than the existing arrangement and would act as a greater incentive to carry out any necessary building improvements and/or provide the necessary equipment for vocational training.*

*(3) The new arrangement would be less complicated, more easily administered and would obviate the necessity for keeping detailed accounts the checking of which occupy considerable time this Branch.<sup>36</sup>*

The impetus for the 1946 scheme came from both the schools and the Department as noted in an August 1947 Department of Education memo:

<sup>35</sup> Section VIII of the Cussen Report, pp 40–7 – the quotation is drawn from para 168 (see also fn 33).

<sup>36</sup> DE1P0058-037/4.

*It is felt that the discontinuance of the Scheme for the provision of Building and Equipment Grants and the incorporation of these grants in the grants for maintenance would be very welcome to the schools managers. This proposal, it might be mentioned, has, in fact, on more than one occasion been made by various School Managers.<sup>37</sup>*

Support for a scheme of this sort is illustrated by a memo on a building and equipment grant scheme prepared by the Residential Managers for submission to the Minister for Education in 1940:

*Basic Principle: Local authorities to compound for their statutory liability for provision, etc., of school by bearing one-third of the cost of authorized expenditure for the purpose, the amount to be apportioned amongst them by reference to the number of committed children chargeable to each. The State to undertake liability for an equal contribution. The schools to pay the remaining third.*

*Provision of Funds: Capitation grant payable by local authorities and State to be increased provisionally by 6d per week each.<sup>38</sup>*

In December 1945 an official from the Department of Education wrote to the Resident Managers with details of the draft building and equipment scheme<sup>39</sup>. The indication was that the Resident Managers were, on the whole, in favour of the scheme as indicated by the Resident Managers document entitled '*OPINION OF THE RESIDENT MANAGERS re: PROPOSED SCHEME FOR ALTERATIONS, REPAIRS, ADDITIONS, etc., etc.*'<sup>40</sup>

A letter from the Resident Managers' Association to the Department of Education following a meeting on the suggestion of replacing the buildings and equipment grants noted:

*The Meeting welcomed the proposal, and appreciated the efforts being made by the Department to better the conditions of the Schools. ... The simplest arrangement, in the Managers' opinion, is that the 1/- should be added to the grant, i.e. the present grant be raised to 16/- per week.*

*The Managers would be prepared to place this extra sum (1/- per head per week) in a special a/c to be known as 'The Repairs and Equipment Fund' (or some such name), and to use such monies solely for repairs, improvements, equipment etc. Two-thirds only of the amount of such expenditure in any financial year would be drawn from this Fund. The Managers would show in the Returns each quarter, or preferably at the end of the financial year, the amount spent from the Fund, with, if necessary, receipts or vouchers.<sup>41</sup>*

However, the Resident Managers wrote to the Department of Education in October 1946<sup>42</sup> to voice their objections to some of the conditions attached to the scheme grants.

As a result of the objections raised the Department informed the schools on 11th November 1947 that:

*The Scheme for the payment of Capitation Grants at the rate of 1s/- weekly towards the cost of Buildings and the provision of Equipment for Vocational Training which came into operation on the 1<sup>st</sup> of October 1946 is to be discontinued after 31<sup>st</sup> December 1947 as it was not acceptable to some of the Schools. The State Capitation Grant is being increased by an equivalent amount, this increase is being given on the clear understanding that the School Manager shall accept liability for any building and repair work and the provision of*

<sup>37</sup> DE1P0058-037/4.

<sup>38</sup> CBMIN-013/1.

<sup>39</sup> CBMIN-032/1.

<sup>40</sup> CBMIN-031/1 to CBMIN-031/3.

<sup>41</sup> CBMIN-034/1.

<sup>42</sup> CBMIN-035/1.

*equipment for vocational training which the Minister considers necessary in their Schools.*<sup>43</sup>

The Resident Managers again wrote to the Department on January 1948 to object to the conditions attached to the revised grant as noted in a circular:

*Some points in the Circular, however, have caused the Managers a certain amount of uneasiness. They consider that the second part of the paragraph 3 –*

*'This increase is being given on the clear understanding that the School Managers shall accept liability for any building and repair works and the provision of equipment for vocational training which the Minister considers necessary in the Schools'*

And the latter parts of paragraph 8 –

*'He also expects that such improvements in School accommodation and equipment as will bring the Schools up to modern standards will be undertaken as soon as possible. In this connection the Minister desires to stress the need for improved technical training in Senior Boys Schools and he would urge that special attention be given to this important matter'*

*Would seem to throw an undue burden on them.*<sup>44</sup>

While the Resident Managers accepted the increase capitation they felt the

*increased Capitation Grant does not enable them to accept such a liability as indicated [by the Minister]*<sup>45</sup>

Based on the documentation available, it is our view that the 1946 scheme did not represent an intention by the State to take responsibility for all capital expenditure at the schools. The documentation suggests that:

- The original proposed scheme was that the State/local authorities would contribute towards the costs of any capital expenditure – two-thirds being the suggested proportion, capped at an amount of 6d per week.
- The State believed that the school Manager was responsible for the capital expenditure – *'This increase is being given on the clear understanding that the School Managers shall accept liability for any building and repair works and the provision of equipment for vocational training which the Minister considers necessary in the Schools'*<sup>46</sup> – although this position was contested by the Orders.
- The scheme was discontinued after 31st December 1947, and the State contribution grant increased – with the Department restating its contention that there was a *'clear understanding that the School Manager shall accept liability for any building and repair work and the provision of equipment for vocational training'*.

We note that the schools put some of the capitation grant funding towards capital expenditure, and that this would appear to have been evident in financial statements sent by the Resident Managers' Association to the Department of Education. If this understanding is correct, it would seem at odds with the legislative background and the statement made by the Department at the time of termination of the 1946 scheme. We also note that the State made separate contributions towards capital expenditure, suggesting that it did not consider the capitation grants to cover such expenditure, which appears more consistent with the legislation. Examples of this are the case of an additional grant made available to St Michael's School, Cappelton, in respect of the building

<sup>43</sup> DE1P0058-049/2.

<sup>44</sup> CBMIN-037/1.

<sup>45</sup> DE1P0058-050/1 and DE1P0058-050/2.

<sup>46</sup> CBMIN-037/1.

costs of a new school<sup>47</sup>, and the provision of Board of Works funding to Artane in the 1960s. The Rosminians also appear to have received funding towards a new school building at Ferryhouse in the late 1960s.

### *The Kennedy Report*

Finally, we note the consideration that the capitation grant did not include provision for capital expenditure seems to be consistent with the findings of the Kennedy Commission.

*No grants are made available for maintenance, renovation or modernisation of premises.*<sup>48</sup>

and

*The Committee is strongly of the opinion that the system of payment of grants on a capitation basis should be discontinued and replaced by an annual grant, based on a budget of estimate costs submitted by each school, sufficient to cover all costs in connection with the maintenance of children.*

*Separate grants should be available to cover new buildings and maintenance, renovation and modernisation of existing buildings while grants for educational purposes should be made available and paid direct by the Department of Education.*<sup>49</sup>

In our opinion, it is more reasonable, therefore, to conclude that the legislation did not provide for State funding of capital expenditure at the schools by way of the capitation grant, but that separate funds could have been made available under the terms of section 74 of the 1908 Act.

### **3.6.5 Availability of financial information to the State**

The Department of Education sought audited accounts from the schools and/or school level financial information prepared on a comparable basis on a number of occasions.<sup>50</sup>

From our review of material made available by the Department of Education it appears that the financial information was received from the schools on the following occasions:

- 1939
- 1946
- 1947
- 1950
- 1954
- 1955
- 1962
- 1964.

We have attached the evidence made available to us by the Department in Appendix XXI to this report. At an overview level it appears that while some schools provided accounts, others did not. In some of the correspondence seen by us Department officials expressed some difficulties with the comprehensiveness and comparability of some of the financial statements provided. It is not possible to identify which particular schools are referred to in the records seen by us, and copies of the relevant financial statements do not appear, in many cases, to have survived.

<sup>47</sup> DECAP058-059/1.

<sup>48</sup> The Kennedy Report, p 29.

<sup>49</sup> Kennedy Report, pp 30-1.

<sup>50</sup> DE1P0059-008/1.

### 3.6.6 The proposed Inter-Departmental Committee Review

In 1951 a cabinet sub-committee comprising the Departments of Education, Finance and Social Welfare proposed to establish an Inter-Departmental Committee to investigate how the schools might be run most economically and efficiently. The Committee was to involve the Departments of Education, Finance and Social Welfare.

There was opposition to the proposed review by the Industrial and Reformatory School Managers Association. The Association took particular exception to the involvement of the Departments of Finance and Social Welfare on the basis that the Department of Education was fully aware of the circumstances in the schools. They also feared that the inquiry would be *'the thin edge of the wedge in an attempt by the State to impose its control on the detailed management of the schools'*.<sup>51</sup>

The Managers were of the 'opinion that the terms of reference of the enquiry are too wide and include subjects which they do not consider relevant to the question at issue'. They particularly objected to the organisation and conduct of the schools being subject to review.<sup>52</sup>

Despite reassurance from the Minister for Education and the Minister's view that the inquiry was an ideal tool to help secure an increase in funding the Resident Managers remained *'unaltered in their opinion that the terms of references to the enquiry were too wide, and include subjects which they do not consider relevant to the question at issue'*.<sup>53</sup> The proposal appears to have been abandoned at this time by the State as the Review required the willing consent of Resident Managers.

We have summarised the documentation we have seen in respect of this proposed review in Appendix XXII to this report.

### 3.6.7 Liability for injury

The extent to which the State regarded the Resident Manager as responsible for the children committed to institutions is reflected in internal communication with regard to a child seeking damages following an accident while detained in a reformatory in the early 1950s. A letter notes that the Department of Finance advised the Department of Education not to involve itself in any outlay with regard to the case. It was clear from the 1908 Act that liability rested with the Resident Manager. The letter goes on to say *'In this connection it is understood that it is not the practice to indemnify Managers of National Schools in any way against similar claims against them'*<sup>54</sup> and that similar treatment was to apply to Reformatory and Industrial Schools. In the event, the matter was not resolved. The case did not proceed as the child and his family emigrated.

Policy in this regard appears to have changed by the 1980s, based on the evidence of a later case relating to an accident to a child in 1971 (but which was not fully resolved until 1983). The Chief State Solicitor advised that the *'the Minister for Education has no obligation in the matter and whether the State should shoulder the responsibility for any award against the Defendants was one of policy'*.<sup>55</sup> The policy in this case was to treat Residential Homes like comprehensive and community schools and thus the school received an ex-gratia payment of the amount awarded to the plaintiff as there was no evidence of negligence.

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<sup>51</sup> DOF1975-02-057/1.

<sup>52</sup> CBMIN- 045/1.

<sup>53</sup> DE1P0058-89/1.

<sup>54</sup> DOF1953-00-039.

<sup>55</sup> DOF 1975-03-019/1.

### 3.6.8 Overall State contribution to Reformatory and Industrial Schools 1939–69

From our examination of the files, it is apparent that the State contribution to the Reformatory and Industrial Schools was not confined to the Capitation Grant. We have, in our review of the files available to us, noted that references to funds or resource being made available to Reformatories or Industrial Schools can be summarised under the following headings:

- Reformatory and Industrial School vote – includes direct contributions to the schools, including the capitation grant
- Department of Education vote – the primary school grant was available to the Reformatory and Industrial Schools in respect of recognised teachers
- Board of Works/Office of Public Works vote – funding was provided in respect of certain capital projects.

Unfortunately, insufficient information exists to quantify the full contribution under each of these headings. We have, however, carried out a review of the State appropriation accounts for the period 1939–69 and identified the following as the amounts expended by the State on the system of Reformatories and Industrial Schools. We believe that these represent the most significant contributions by the State to the system, with the exception of the primary school grant – which is subsumed in the overall primary school vote and indistinguishable from payments to national schools. A full analysis of the relevant appropriation accounts is at Appendix XIX.

#### *Summary analysis of relevant appropriation accounts 1939–69*

##### **Exhibit 9**

1939–69	Equivalent €
Vote on Reformatory and Industrial Schools	
Reformatory Schools	329,007
Industrial Schools	5,610,406
Places of detention	97,468
Conveyance expenses	13,253
Parental moneys – collection	19,224
Building & equipment grant	57,617
Appropriation in aid <sup>56</sup>	(159,434)
Vote on Public works <sup>57</sup>	139,204

It should be noted that these figures do not include local authority capitation payments. Including these amounts would approximately double the figures above for Reformatory Schools and Industrial Schools, based on the capitation rates over the period.

While the amounts paid to the schools under the primary school grant cannot be identified in the appropriation accounts, the individual schools examined did receive funding under this heading in relation to recognised teachers. To illustrate the point, our analysis of the Artane school accounts show that the primary school grant typically represented an additional 10 percent of income on top of the standard capitation grant. The school accounts for Upton support a contention that this may be a reasonable understanding of the contribution from this source.

<sup>56</sup> It is not clear what this amount represents. It may be reasonable to assume that it includes contributions from parents/guardians in relation to children detained in Reformatory and Industrial Schools.

<sup>57</sup> This expenditure was incurred between 1940 and 1951, and related to the Daingean Reformatory.

### **3.7 Related issues**

In dealing with the nature and context of the system of Reformatory and Industrial Schools, we believe it relevant to deal with two other issues. The first of these, the issue of quality of training, relates to one of the core missions of the system. The second item that we consider relevant is the question of the role of economies of scale in relation to the financial management of the schools.

#### **3.7.1 Quality of industrial training in schools**

The 1936 Cussen Report, a review of Reformatory and Industrial Schools, was critical of the education and training provided in the industrial and reform schools:

The farms fail, however, to achieve their primary objective. They do not serve to train the boys in farming. The boys are little more than juvenile labourers ... there is no organised training of any kind and no systematic instruction.

There is support for this view in a 1942 file note<sup>58</sup> by the Department of Finance that reads:

Technical training in the industrial and reformatory schools has up to the present consisted to a large extent in the utilisation of the boys, in connection with trades pursued in the Institution with a view to making the Institution self-sufficient, to as great a degree as possible.

This view is echoed in an internal note by the Christian Brothers headed 'Points for Discussion at Managers' Meetings' in 1960. It commented that:

From what I have observed over the past ten years in our schools, the boys are being used, they are not being trained.<sup>59</sup> (Emphasis by the author of the note)

In addition, the Department of Education's statement points out that the Irish Congress of Trade Unions was concerned in 1968 that career guidance and apprenticeship training did not receive enough attention in Industrial Schools. Proof of this was evidenced by the poor labour market performance of pupils post detention.

#### **3.7.2 Economies of scale**

There is a recognition of the economies of scale involved in running schools to be found in a memorandum by the Resident Managers' Association. The memorandum relates to a deputation going before the Minister for Education in circa 1946 and point (g) of the memo reads:

When the number of children detained in the Schools is below the certified number. Here the Managers think a grant equal to about three-fifths of the normal grant ought to be paid for the number the School is below the certified number. This is considered necessary to meet overheads and expenses.<sup>60</sup>

This logic is paralleled in a letter to the Department of Education in 1957 from the Provincial of the Christian Brothers suggesting that Artane is uneconomical at 500 boys.

In the final chapter of this report we have sought, in relation to each school, to provide an indicative analysis of the point at which the schools became uneconomical to operate.

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<sup>58</sup> DOF1942-00-056/1.

<sup>59</sup> CBMIN-109/1.

<sup>60</sup> CBMIN-030/2.

## **4. An analysis of the adequacy of funding provided by the State**

### **4.1 Introduction**

This section of our report seeks to provide an analysis of the adequacy of the capitation funding provided by the State. In so doing this section provides an explanation of the capitation funding system and its purpose, details changes in the capitation rates payable to schools and considers its adequacy relative to a number of contemporaneous benchmarks.

#### **Context for analysis of adequacy of the capitation grant**

We believe that it is also important to clarify the background against which the capitation grant adequacy is assessed. Adequacy in our opinion is most appropriately considered in a context that is contemporaneous and which agrees to the norms of the society at that time. In our work we have sought to compare the capitation grant with available contemporary Irish data. Adequacy is also properly assessed against the background of purpose. In the case of the Reformatory and Industrial schools, the purpose of the capitation grant is, in our view, contained in the guiding legislation.

The methodology followed in our assessment of adequacy was to seek, in the first instance, to understand the relationship between the parties and framework which set out the roles and responsibilities of each party. We have dealt with these issues in Part 3 of this report. Our work also included obtaining a definition of what the capitation grant was intended to cover – a matter which is dealt with in the paragraphs below.

We then sought to understand what contemporary Irish information would provide evidence of this cost. In our view the benchmarks selected, which give a view of different levels of maintenance provision made by the State, and of contemporary income and expenditure levels, provide a reasonable basis for understanding the maintenance cost of a child. This chapter of our report deals with these elements of our work.

### **4.2 The capitation grant system**

#### **4.2.1 The Children Act 1908**

In Part 3 of this report we have examined the background to the system of capitation funding as it operated in the period 1939–69. The Children Act 1908 provided the basis for payments by State and local authorities towards the costs of maintaining children in Industrial and Reformatory Schools. This legislation was updated in the Children Act of 1941.

#### **4.2.2 The Children Act 1941 – the capitation system**

Our understanding of the functioning of the capitation system during the period 1939–69 is based on information extracted from the Commission's database and an examination of the Children Act 1941 and related statutory instruments pursuant to section 21 of that Act.

Under the capitation system a payment or grant per student payable by the Exchequer accrued on a weekly basis to each Industrial School. The actual payment to an Industrial School came from two sources:

1. *Local authorities*: Under section 21 of the Children Act 1941 each local authority is obliged to make a payment to the relevant Industrial School keeping a child originating from within its geographical boundaries. The rate of payment was prescribed by statute. Every time there was a change in the local authority capitation rate the change was made by way of statutory instrument. Up to mid-1944 the capitation grant was broken into two: one payment for those less than six

years of age and a slightly higher payment for those aged six and older. After mid-1944 local authorities made a flat rate payment regardless of age.

2. *The Department of Education:* A weekly payment per head also accrued to industrial schools from the Department. Changes in the capitation rate from the Department of Education do not appear to be made by way of statutory instrument and the mechanism for changing the Department's capitation rate is not specified in the Children Act 1941. As with the local authority grant, the Departmental grant was a flat rate per child regardless of age, post 1944.

Up to the end of June 1944 the capitation grant was restricted to the number of children for which schools were certified and it was calculated on a day-to-day basis. From 1st July 1944 the grant was paid in respect of the number of children committed under detention up to the limits of the accommodation approved for the school. Another change was that the total grant to a school was calculated by reference to the number of children detained on the last day of the preceding quarter. It would appear from correspondence on file that this change was made for administrative convenience, not for financial reasons.

The system of payment of capitation changed from being restricted to a maximum based on the number of children certified for a school, to being based on the number of children actually resident in the school had, in the case of a school with numbers in excess of the certified level, the effect of increasing the funds provided to the school.

While the income to Industrial Schools accrued weekly it was not paid weekly. We know from correspondence on the Commission's files that local authorities were slow to release funds to schools, an issue which was at the heart of several communications to the Department<sup>61</sup>. A Department of Education memorandum<sup>62</sup> as late as 1981 noted that many local authorities paid capitation grants only half-yearly and, in many cases, irregularly. Indeed, it made several attempts to encourage local authorities to pay grants more frequently. These attempts were made directly to local authorities and through the Department of Environment under whose remit local authorities fell.

The Department of Education paid its portion of the grant to schools on a quarterly basis.

#### **4.2.3 Purpose of funding**

Of central importance to an understanding of the capitation system is the question of what was the purpose of the funding – to what, specifically, were the funds to be properly applied? From the information available to us we understand that the capitation funds were in practice applied to any expenses deemed by the managers of the institutions to relate broadly to the running of the institution. It may be considered, given the 'community' nature of the Orders managing the institutions, and the inter-relationships between the activity of running the schools, the farms and other trades attached to the schools, and the Order or 'house' activities, that this was both inevitable and appropriate. Nonetheless, from the point of view of clarity, we believe that it is appropriate to consider what the Act intended as the purpose of the capitation grant.

Section 21 of the Children Act 1941 states that:

The Minister [for Education], with the consent of the Minister for Finance and the Minister for Local Government and Public Health, may make regulations prescribing the payments to be made by local authorities to the managers of certified schools for the maintenance of such children and youthful offenders as such local authorities are liable under section 74 of the Principal Act to maintain.

<sup>61</sup> System reference ART0381-045.

<sup>62</sup> System reference DE2P0050-010.

Neither the Children Act 1941 nor the Children Act 1908 (the Principal Act) defines the term maintenance or specify what it includes.

Section 44 of the Children Act 1908, however, specifies an industrial school as *'a school for the industrial training of children, in which children are lodged, clothed, and fed as well as taught'*.

Read together, it appears reasonable to conclude that the intention in the Act is for the capitation funding to apply specifically to the lodging, clothing, feeding and education of the resident children. This is also consistent with the State assertion in relation to the 1946 scheme that liability for building works be borne by the schools, rather than the State.

In this regard, it is also relevant to note that:

- The school managers, once they had accepted a child into the school, bore primary responsibility for the care of that child.
- The schools examined appeared not to have made any distinction between capital and non-capital expenditure when spending capitation funding received.

### **Lodging**

The institutional land and buildings derived from a number of sources, but it is our understanding that the school buildings were either provided directly by the State (as in the case of Daingean) or established by the individual religious Order. This background raises the question of what precisely was the capitation grant to fund in this regard – was it for example intended to fund reasonable maintenance costs and upgrade costs of the school and dormitories? Was it to fund the acquisition of lands and other buildings for farm, trade or other activities? Was it to fund the housing and other lodging needs of the religious and lay staff involved with the institution?

We have already considered the legislative framework and other available information and have, in Part 3, concluded that the capitation grant was not intended to cover capital expenditure incurred by the school.

Accordingly, in our consideration of the issue of adequacy, we have assumed that the capitation grant was to cover the cost of lodging those children committed to institutions. We have sought to identify relevant contemporary benchmarks including this cost, as a means of understanding the adequacy or otherwise of the capitation grant in this regard. These benchmarks are dealt with in the remainder of this part of our report.

We note that examination of individual schools shows, as we have already mentioned, a number of approaches to the funding of capital expenditure requirements of the schools – including use of capitation funding and provision of additional funds by way of Board of Works grants, for example. In the absence of information in relation to the condition of individual schools, the definition of an adequate condition, and the cost of bringing schools to such a condition, it is impossible for us to comment as to whether the State contribution, such as it was, to capital costs of the schools, was adequate during the period 1939–69. Equally, it is beyond the scope of this work to express a view as to whether the State legally or otherwise had an obligation to fund the schools in this regard.

### **Clothing and feeding**

The provision of food and clothing for the children resident in the institutions is complicated in those institutions that operated farms and other trades. In essence, many institutions were adequately resourced to be largely self-sufficient in these terms. Identifying the extent to which farm and trades contributed to a particular institution is difficult as the accounting records, as was the convention, generally provide only for income arising from sales to third parties – that is, they

do not value the produce utilised within the institution – while recognising all costs of production, with the notable exception of the labour of the children resident in the institution. One view of the operation of this aspect of the activities of the schools was;

*Technical training in the industrial and reformatory schools has up to the present consisted to a large extent in the utilisation of the boys, in connection with trades pursued in the Institution with a view to making the Institution self-sufficient, to as great a degree as possible.*<sup>63</sup>

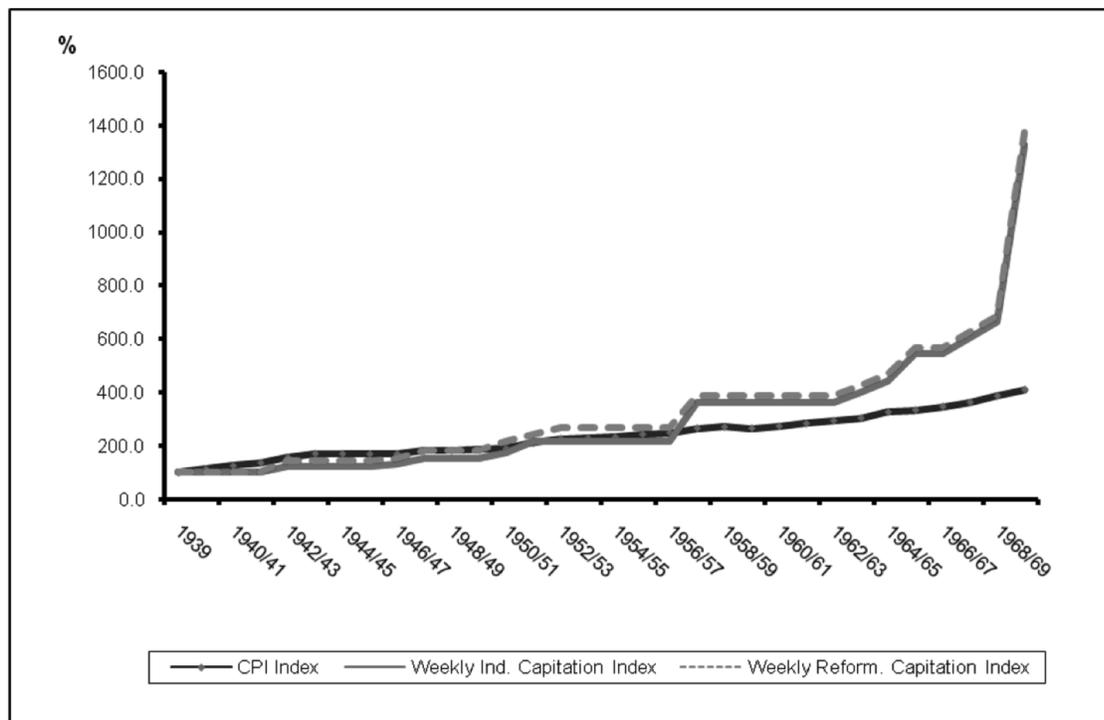
## Education

The educational needs of children in the Industrial Schools was provided by a combination of lay and religious teaching staff. Where the institution included a registered national school, the State national school system provided funding in this regard. In addition to formal academic education, which consisted primarily of primary school education, in some instances augmented by continuation school, many of the children were provided with training for a particular occupation – usually in the form of supervised work on the school farm or trade shops.

### 4.2.4 Capitation rates 1939–69

Exhibit 10 shows the capitation rates analysed by funding agency. As we have already noted, changes in the local authority grant rates were made by Statutory Instrument and can be tracked over the reference period 1939–69. While the table shows the grant levels in ‘old money’ where the value before the ‘/’ are in shillings and value after the ‘/’ is in pence. Equivalent € amount values are also shown.

**Exhibit 10: Weekly capitation grant per child 1939–69**



<sup>63</sup> DOF1942-00-056/1.

Exhibit 10 illustrates the following points:

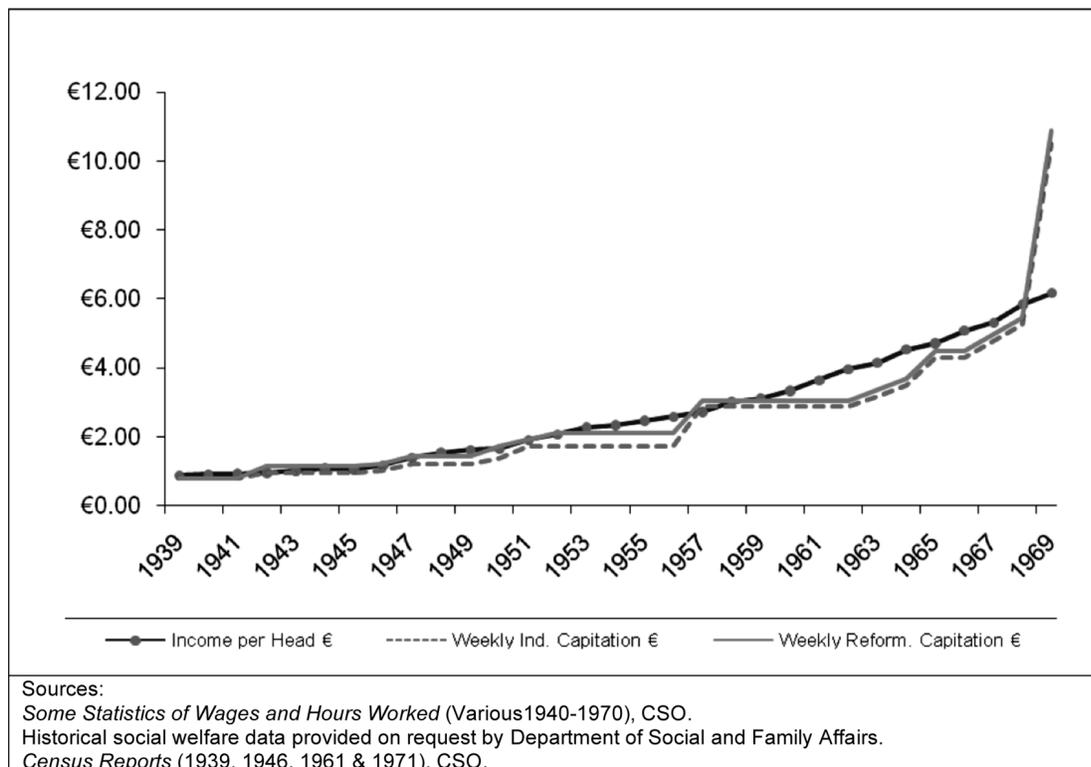
- While the grant increased 17 times over the reference period, changes were not made at regular intervals. Almost every time the rate increased following a number of years without increase it was increased again within 12 months.
- The irregular timing of capitation rate increases, which reflects the adversarial nature by which increases in capitation rates were made. Those who ran Industrial Schools lobbied hard for an increase in the grant, the Department of Education and/or the Department of Finance resisted the calls for an increase, and when an increase was finally granted it was often a lower increase than was sought and so on.<sup>64</sup>
- The increase in 1969 is remarkably high compared to previous increases. We have been unable to ascertain why there was an increase of this magnitude at a point when many of the schools were closing. The Sisters of Mercy submission to the Commission suggests that the 1969 increase was prompted by criticisms of the level of funding at the time the Kennedy Report was being compiled.<sup>65</sup>

### 4.3 Economic conditions and the cost of living

#### 4.3.1 Inflation

To put the data in Exhibit 10 into some context Exhibit 11 illustrates the rate of change in the general price level (i.e. inflation) over the period 1939-69 and the rate of change in the capitation grant. For comparability both the capitation grant and the general price level are set at 100 in 1939 to form two equivalent indices.

**Exhibit 11: The rate of change in the weekly capitation grant per child and the general price level 1939–69**



<sup>64</sup> System references UPT0150-055, NTF SOM0080-016, DE1P0056-027 & DE1P0056-028.

<sup>65</sup> Report on Financial Matters Relating to St. Vincent's Industrial School at Goldenbridge, p 21.

Exhibit 11 shows that:

- The capitation rate per child in a reformatory school was slightly higher than the rate per Industrial Schools child. Both rates moved in step as changes in the Reformatory and Industrial School capitation rates were made simultaneously.
- Between 1939 and 1950 the rate of increase in the capitation grant lagged inflation, which means it fell in real terms and in purchasing power. During this period the CPI index grew by 83.4 percent, while the Industrial School capitation grew by 53.2 percent and the Reformatory School capitation grew by 77.2 percent. The 1950–51 figures show respective cumulative increases of 88.9 percent (CPI), 73.4 percent (Industrial Schools) and 116.5 percent (Reformatory Schools).
- It was not until 1957 that the rate of change in the Industrial Schools capitation grant exceeded the rate of change in general price level.
- Between 1939 and 1957 the average gap between the Industrial School capitation grant index and the inflation index was 15 percent p.a. in favour of the inflation index – annual inflation exceeded changes in the caption grant by 15 percent on average.
- Between 1957 and 1969 the average gap between the Industrial School capitation grant index and the inflation index was 58 percent p.a. in favour of the capitation grant index – annual capitation changes exceeded inflation by 58 percent on average.
- Over the entire 30-year period the general price level rose by 385 percent, the grant increased by some 1,300 percent – increasing by 1,327 percent in the case of Industrial Schools and 1,375 percent in the case of Reformatory Schools.
- Again, the impact of the 1969 increase in capitation is marked, and represents a significant element of the overall increase. However, even before this increase, the capitation grant had increased by 663 percent compared to its 1939 level, significantly more than the movement in the general price level over the same period.

Also of relevance to this analysis is the Cussen Report's finding in 1936 which indicated that the funding to the schools would be adequate on the basis that schools received both capitation funding and a grant towards the costs of providing teaching staff – a finding that was subsequently implemented.

*After a careful review of all relevant circumstances we have come to the conclusion that the position would be reasonably met if, as recommended at paragraph 145 above, the schools were relieved of the cost of Literary teachers, and if, in addition, the present State payments were supplemented by a grant of equal amount from the Local Authorities, the rates of payment to be subject to periodic review so as to bring them into line with any appreciable variations in the cost of living figure, or with any material alterations in the numbers of children committed.*

This implies that, in the view of the Cussen Commission, the funding to the schools was adequate if supplemented with a grant towards teaching costs – provision for which was made early in the period under review. In the case of Industrial Schools the State and local authority capitation grants appear to be equal, over the period 1939–69. Taking the review period in its entirety, the funding per head to schools did not decline in real/purchasing power terms as changes in the capitation grant more than match movements in the general price level.

## **4.4 Adequacy of funding**

### **4.4.1 The benchmarks and their context**

The question of whether the State funding provided was adequate, or not, is complex. In reviewing the documentation available to us, we have seen many expressions of the view that funding was

not adequate. We have also seen evidence that the grant may have been adequate to maintain a child. We have seen that the schools examined managed to operate at a point close to break-even for much of the period. In this section of the report we seek to understand each of these, perhaps conflicting, points as they relate to our terms of reference.

The question of adequacy of funding is in our view linked to an understanding of the purpose of the funding and of the respective roles and responsibilities of the schools, and of the State and local authorities.

In our view the 1908 Act provides a clear statement of the purpose of funding and of the relevant roles and responsibilities.

We note that the Orders, in their submissions to the Commission, have expressed the view that the capitation grant was inadequate. This view appears to derive from comparison with a number of alternate frameworks – most notably, modern costs of such care, the contemporary grant under the UK framework and an understanding that the capitation grant was intended to fund the entire cost of running an institution – as well as from a review of the historical correspondence between the Resident Managers' Association and the Department of Education, which shows that the schools constantly sought increased funding. We also note that the Department of Education, in its evidence to the Commission, has expressed a view that the grant was not adequate. This assertion derives from the Department's own review of the historical opinions of the grant contained in the Department correspondence files – most significantly, the statement in a memorandum at the time of the setting up of the Kennedy Commission that the Department was in *'no position to defend its achievements as far as the size of the grant goes'*.

We believe that it is appropriate to distinguish between these two views of the question of adequacy – that is, a view that the question of adequacy should be considered against a definition of purpose of the grant as provided for in the 1908 Act – and a view that derives from an understanding of what the various commentators consider that the grant should have covered – that is, full costs of a school, comparable with modern best practice or the UK system of funding and so on. Accordingly, we divide our work in this section into two parts, as follows;

- Adequacy in accordance with the 1908 Act
- Adequacy in comparison with other frameworks of reference suggested.

### **Adequacy in accordance with the 1908 Act**

Our objective in considering benchmark data is to provide a basis for fairly assessing whether the capitation grant was adequate to maintain a child as provided for in the legislation. To this end, it is important to recognise that the measures proposed concentrate on:

- Benchmarking the cost of maintaining a child, as opposed to meeting the cost of an institution. Institutional issues are addressed separately in subsequent chapters
- Benchmarking the cost of maintaining a child at the time, i.e. the benchmarks are contemporaneous and relevant to the standard of living that applied at the time
- Benchmarking against minimal standards, as they deal with average data or State contribution in a framework of provision for basic means.

We identified the following benchmarks as providing a reasonable basis of comparison in that they each illustrate (or help to illustrate) the costs of maintaining a child over the period under review:

- Average household income per head
- Unemployment benefit.

It is our view that these benchmarks provide a reasonable basis for consideration of the question of adequacy of funding.

We have also sought to develop an 'expenditure on child maintenance' approach, which we believe also serves as a reasonable benchmark for evaluating the adequacy of the capitation grant to the needs of a child resident in the institutions. This benchmark is derived from available CSO information in respect of expenditure patterns in the 1950s and 1960s.

These benchmarks are selected to indicate what the then State provision for maintenance was and to identify what the costs of maintaining a child were at the time. Accordingly, there is no reason to expect any benchmark to exactly match the grant per head – we do not suggest that the State authorities would have necessarily considered such benchmarks when agreeing the capitation rate.

### **Adequacy in accordance with other frameworks of reference suggested**

The question of adequacy of the capitation grant can also be considered from another perspective – that of the adequacy of the grant to the needs of the institution. This perspective brings with it consideration of the management of resource available to the institution. This perspective also leads us to consider the following factors:

- The cost of providing staff to care for the children. On the issue of childcare, it is true that the average household got the benefit of 'free' child supervision, which was typically provided by the mother of the house as the marriage bar was in operation at the time. However, the maintenance costs of the child supervisor had to be borne by the household just as it was borne by the schools. Thus, the comparison is valid as the costs of child care are inherent in the cost of living and had to be funded from household income. There is inevitably some differential between the cost of maintaining the childcarer and the cost of a salary for a childcarer, but we consider that economies of scale – the ratio of children to carer was typically higher in a school than in the average household – counterbalance this consideration.
- The value to the institutions of farm produce and other goods to which the children in the institutions contributed by virtue of their labour on the institution farms and trade workshops.
- The lodging costs of a child – we have already dealt, in Part 3, with the issue of the capital expenditure costs incurred by the institutions.
- Economies of scale.

The institutions may have borne, from the capitation grant, costs of childcare that would not ordinarily have been borne by the typical family. Equally, the institutions benefited from the availability of goods produced by the unwaged labour of children in the care of the institutions.

We have dealt with this issue in part in the sections of the report dealing individually with institutions, by considering the financial consequences for each institution over the period. We also, in this regard, have noted the impact of reducing numbers on the schools. In the latter part of the 1950s the numbers of children committed for Reformatories and Industrial Schools began to decline significantly. At this time, the Resident Managers also began to suggest that some of the schools might have to be closed<sup>66</sup>. In our view it appears that the reduction in numbers brought the schools close to a break-even point – as numbers fell, grant income fell to a point where it was inefficient for the Orders to run the schools. We have dealt with this issue in Part 9 of this report.

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<sup>66</sup> DOF1975-02/095/1.

## Alternate benchmarks

In addition to the benchmarks used, some other potential benchmarks were initially considered but not used. In general, we have not used these benchmarks as they deal with the issue of adequacy from the perspective of different regimes to that which existed at the time. We do, however, consider this type of benchmark in the course of our findings. The potential benchmarks and the reasons for not analysing them in detail are as follows:

- State funding provided to Northern Irish and/or British certified schools: A detailed comparison was initially considered but after some research we believed comparison invalid for the following reasons:
  - The economic and social circumstances in Ireland and the UK were quite different over the period. For example:
    - Irish wages were lower
    - Irish unemployment rates were higher
    - There was substantial outward migration from Ireland
    - Ireland's income per head was about half that of the UK.
  - The evidence of Dr Eoin O'Sullivan is that the systems that operated in Ireland and the UK were very different both in terms of (a) school funding and (b) school organisation.

Question: Do we have comparisons with the position of funding as it applied in England and Wales?

*Answer: They [Children's' Branch of the Home Office] identified a key problem with the funding, that the capitation system of funding encouraged managers to retain high numbers of children. ... They identified this as a key stumbling block to the reform of these institutions. In the early 1920's they abolished the capitation system and replaced it with a block grant system.<sup>67 68</sup>*

*So we see very clearly from the annual reports of the Children's Branch of the Home Office its antipathy towards institutionalism [that is, industrial and reformatory schools], as they call it. 'An ugly word for an ugly thing', they describe it as. So consistent effort from 1913 onwards to decrease, to close down the institutions, to take over management of the institution from lay management, to reform the funding system and to explore alternatives to institutionalism.<sup>69</sup>*

*In 1933 in England, they abolished the system of reformatory and industrial schools and the year later, 1934, they abolished the system in Scotland.<sup>70</sup>*

*The system is abolished in Northern Ireland in 1950.<sup>71</sup>*

- Contemporaneously, the Department of Finance was of the view that there were significant differences between the British and Irish school systems when it commented:

<sup>67</sup> The Commission to Inquire into Child Abuse hearing on 21st June 2004. Transcript of Dr Eoin O'Sullivan's testimony, p 49.

<sup>68</sup> This view is also consistent with the comment on p 30 of the Kennedy Report: 'This total dependence on the capitation grant could lead to a situation where managers are reluctant to discharge pupils eligible for release or even to send them for psychological assessment (with consequent possibility of transfer) or for treatment to other institutions because of the financial loss involved.'

<sup>69</sup> The Commission to Inquire into Child Abuse hearing on 21st June 2004. Transcript of Dr Eoin O'Sullivan's testimony, p 81.

<sup>70</sup> The Commission to Inquire into Child Abuse hearing on 21st June 2004. Transcript of Dr Eoin O'Sullivan's testimony, p 82.

<sup>71</sup> The Commission to Inquire into Child Abuse hearing on 21st June 2004. Transcript of Dr Eoin O'Sullivan's testimony, p 82.

*We were then aware of the disparity between our [Irish] rates and the British rates. The systems and their managements are not comparable.*<sup>72</sup>

- Boarding schools: such schools were not considered a valid comparator as
  - The nature and purpose of the schools were very different
  - The funding model differed substantially.
- Marlborough House: it was not regarded as directly comparable as its purpose differed from other certified schools – it was a short-stay facility and, as a State-owned facility, subject to a different funding regime than privately owned and operated schools.
- Modern residential care facilities: We do not believe it to be valid to apply modern childcare standard retrospectively as there are many differences in the standards of care that would render such a comparison meaningless. For example, the following items are taken from the research and recommendations of the Kennedy Report and the Interim Report<sup>73</sup> and Final Report<sup>74</sup> of the Task Force on Child Care Services, describing some of the changes under consideration at the time that those reports were drafted:
  - The move to small group residential homes
  - The improved focus on education as opposed to industrial training
  - The use of highly specialised staff
    - An enhanced focus on the family
    - A greater focus on parental rights and the rights of the child.

#### **4.4.2 Average industrial earnings and average household size**

Data on average industrial earnings was sourced from the CSO's historical records. This data is presented in euro equivalents in Exhibit 12, along with income after child support payments from the Exchequer.

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<sup>72</sup> DOF1975 -02-095/2.

<sup>73</sup> DE1P0121-010/1 to DE1P0121-010/40.

<sup>74</sup> DHEMST2-013.

## Exhibit 12: Household earning, household income and income per capita

	Weekly industrial earning	Weekly household income (with children's allowance)*	Avg. household size	Income per capita	Ind School weekly capitation	Reform. School weekly capitation
1939	€3.77	€3.77	4.31	€0.87	€0.79	€0.79
1940	€3.90	€3.90	4.31	€0.90	€0.79	€0.79
1941	€3.95	€3.95	4.31	€0.92	€0.79	€0.79
1942	€4.09	€4.09	4.31	€0.95	€0.95	€1.14
1943	€4.33	€4.33	4.31	€1.00	€0.95	€1.14
1944	€4.66	€4.66	4.31	€1.08	€0.95	€1.14
1945	€4.48	€4.48	4.31	€1.04	€0.95	€1.14
1946	€4.86	€4.86	4.16	€1.17	€1.02	€1.21
1947	€5.78	€5.78	4.16	€1.39	€1.21	€1.43
1948	€6.37	€6.37	4.16	€1.53	€1.21	€1.43
1949	€6.69	€6.69	4.16	€1.61	€1.21	€1.43
1950	€6.86	€6.86	4.16	€1.65	€1.37	€1.71
1951	€7.70	€7.70	4.07	€1.89	€1.71	€1.90
1952	€7.70	€8.40	4.07	€2.06	€1.71	€2.10
1953	€8.53	€9.23	4.07	€2.27	€1.71	€2.10
1954	€8.80	€9.50	4.07	€2.33	€1.71	€2.10
1955	€9.28	€9.98	4.07	€2.45	€1.71	€2.10
1956	€9.75	€10.45	4.06	€2.57	€1.71	€2.10
1957	€10.02	€11.01	4.06	€2.71	€2.86	€3.05
1958	€11.24	€12.23	4.06	€3.01	€2.86	€3.05
1959	€11.63	€12.62	4.06	€3.11	€2.86	€3.05
1960	€12.52	€13.51	4.06	€3.33	€2.86	€3.05
1961	€13.43	€14.42	3.97	€3.63	€2.86	€3.05
1962	€14.72	€15.71	3.97	€3.96	€2.86	€3.05
1963	€15.43	€16.42	3.97	€4.14	€3.17	€3.36
1964	€16.99	€17.98	3.97	€4.53	€3.49	€3.68
1965	€17.69	€18.68	3.97	€4.71	€4.29	€4.48
1966	€18.72	€20.34	4.01	€5.07	€4.29	€4.48
1967	€19.66	€21.28	4.01	€5.31	€4.76	€4.95
1968	€21.78	€23.40	4.01	€5.84	€5.24	€5.43
1969	€23.07	€24.69	4.01	€6.16	€10.48	€10.86

Note: Children's allowance was introduced in 1944 and between 1944 and 1952 only the third and subsequent children qualified. Please note that children's allowance was intended as a support payment or income supplement; it was not intended to meet the full maintenance cost of a child.

**Sources:** *Some Statistics of Wages and Hours Worked (Various 1940–70)*, CSO.

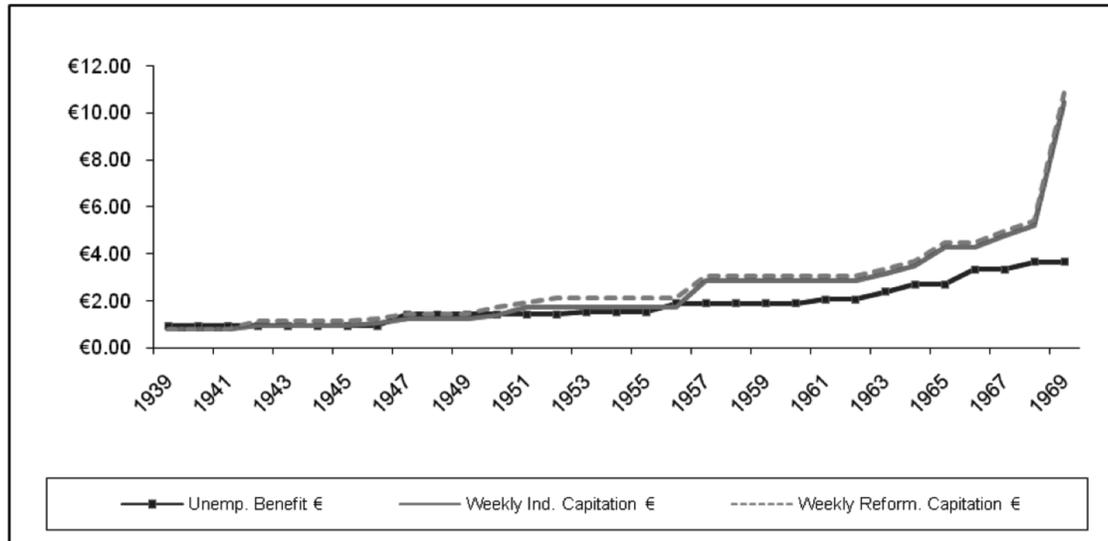
**Historical social welfare data provided on request by Department of Social and Family Affairs. Census Reports (1939, 1946, 1961 & 1971), CSO.**

As were the social norms of the time, the typical household had one male wage earner, as the convention was that married women ceased to work outside the home post-marriage. Hence, average weekly household income can be approximated by adding weekly industrial earnings to the child support payment to which all parents/guardians were entitled. Our analysis assumes two children per household as this is a fair reflection of the average household size throughout the review period (as confirmed by the relevant population census).

Once we divide weekly household income by average household size we get the first benchmark against which to compare capitation payments – household income per capita. Please note that in constructing this benchmark we do not assume that capitation payments should be equal to household income per capita. However, the comparison is illustrative of the correlation in movements in household income per capita and capitation payments.

For ease of interpretation the last three columns in Exhibit 12 above are shown graphically in Exhibit 13.

**Exhibit 13: Household income per head and capitation rates**



**Sources:**

*Some Statistics of Wages and Hours Worked (Various 1940–70), CSO.*

**Historical social welfare data provided on request by Department of Social and Family Affairs.**

*Census Reports (1939, 1946, 1961 & 1971), CSO.*

The data and the graph show that:

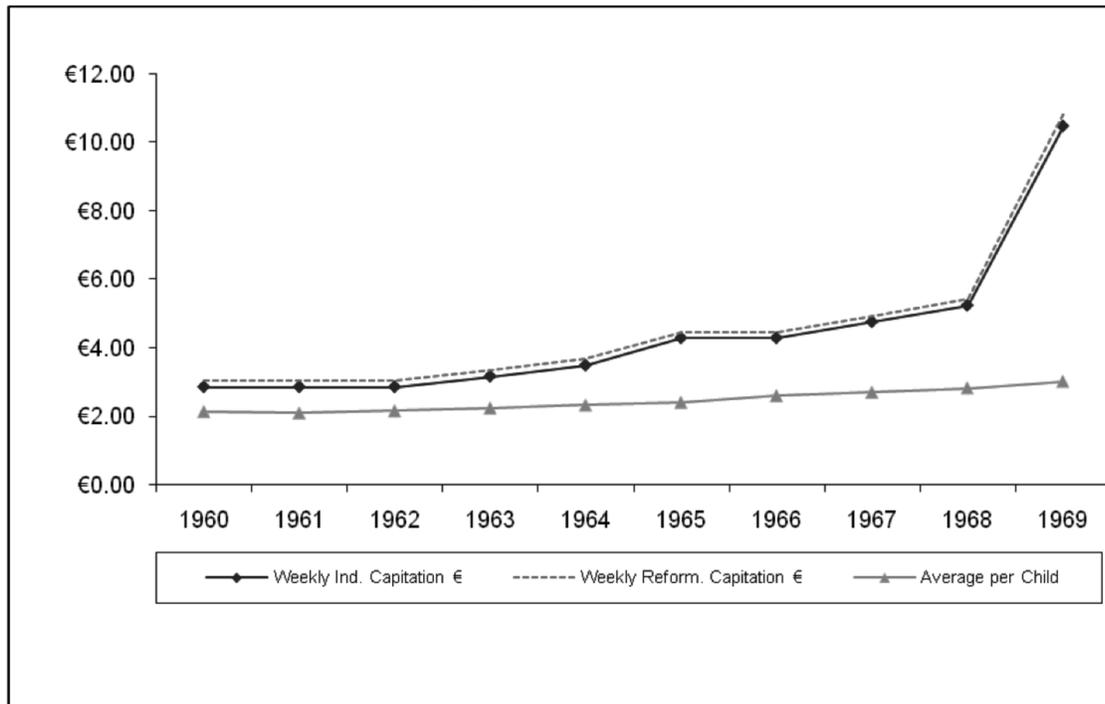
- o For the years between 1939 and 1949 the industrial school capitation was 88 percent of household income per head (not household income per child).
- o For the years between 1950 and 1959 the industrial school capitation was 83 percent of household income per head (not household income per child).
- o For the years between 1960 and 1969 the industrial school capitation was 92 percent of household income per head (not household income per child).

Thus, we see a drop in the level of capitation as a percentage of average household income per capita in the 1950s and early 1960s, but this gap was closed and subsequently reversed. Over the 30 years weekly capitation payments to Industrial Schools tracked the movement in income per head as, on average, the Industrial School capitation grant was 88 percent of household income per head. Broadly speaking this exhibit illustrates that the variables, household income per capita and capitation payments, moved in line over the period with capitation lagging behind household income per head.

#### 4.4.3 Unemployment benefit

Those who were in paid employment and made sufficient social insurance contributions were entitled to unemployment benefit. Exhibit 14 shows capitation payments against a single male's weekly unemployment benefit between 1939 and 1969.

**Exhibit 14: Unemployment benefit and capitation rates**



Sources:

Historical social welfare data provided on request by Department of Social and Family Affairs.

The data and Exhibit 14 show that:

- o For the years between 1939 and 1949 the industrial school capitation was 92 percent of unemployment benefit.
- o For the years between 1950 and 1959 the industrial school capitation was 121 percent of unemployment benefit.
- o For the years between 1960 and 1969 the industrial school capitation was 155 percent of unemployment benefit.

For the 30-year period, the industrial school capitation grant was on average 122 percent of unemployment benefit payments. Therefore, it is reasonable to conclude that the capitation payments were sufficient to support a child as they exceed what was expected to support an adult male.

#### 4.4.4 Expenditure on child maintenance

The following analysis draws on the CSO's Household Budget Survey of 1965–66 and uses the data for that year to construct an index of household expenditure per child.

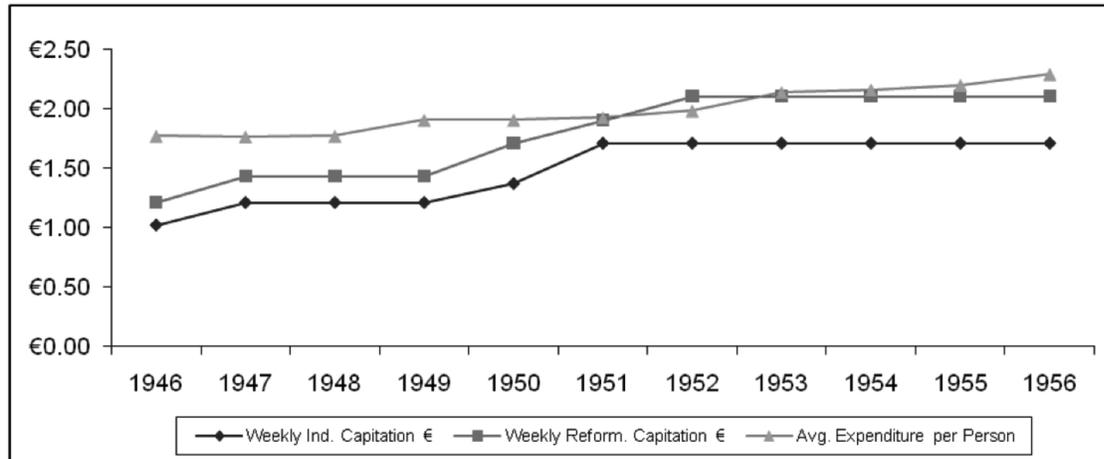
The 1965–66 Household Budget Survey data was gathered in such a way that it is possible to extrapolate the expenditure differential between:

- Households with just two adults
- Households with two adults and one child

- Households with two adults and two children
- Households with two adults and three children.

By examining the expenditure differential across the relevant expenditure categories covered by the Act (lodgings, clothing, feeding and education) we calculate a measure of expenditure per child for that year. By adjusting for inflation it is possible to produce an index of household expenditure per child over the review period as shown in Exhibit 16. This index is most robust for the five years before and after 1965–66.

**Exhibit 15: Average household expenditure per child index 1965–66 base**  
1960-69



This analysis suggests that the weekly capitation was appropriate for its intended purpose as weekly capitation exceeded expenditure incurred per child by a typical household.

Our analysis (detailed data in Appendix II) also demonstrates that:

- For households with one child, the weekly capitation was, for most of the period, less than the actual expenditure incurred in maintaining that only child.
- For households with two children weekly capitation was always significantly more than the actual expenditure incurred in maintaining the second child.
- For households with three children weekly capitation was always significantly more than the actual expenditure incurred in maintaining the third child.

What this points to is that there are clear economies of scale associated with meeting the costs of child maintenance. As the numbers of children in a household increase two things happen: (a) the incremental or marginal cost of that additional child is less than the incremental cost of maintaining the previous child; and (b) this serves to drag the average maintenance cost per child downwards. Unfortunately we do not have data to measure the economies of scale likely to arise in a Reformatory or Industrial School situation.

It must be noted that for the reference household in the 1965–66 survey, household expenditure exceeds income by some 15 percent. We have not sought to question the validity of the CSO's data as there are many possible reasons for this such as:

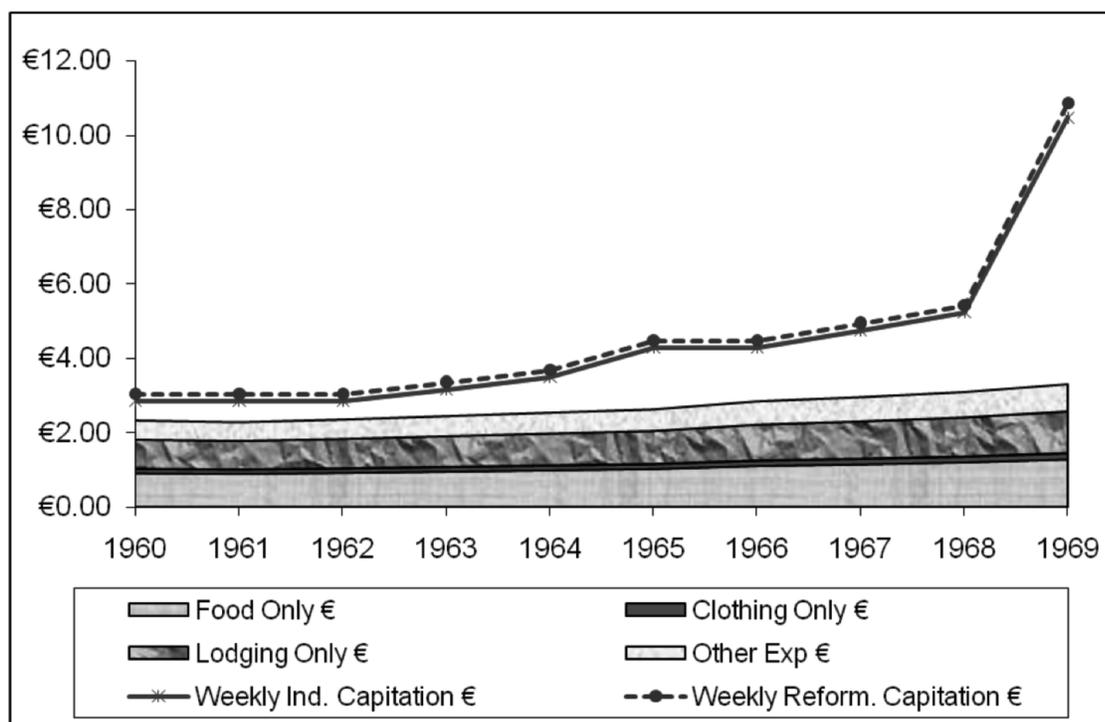
- It may well have been the case that households were spending more than their income either by going into debt or running down their savings.
- True household income may have exceeded stated income, e.g. undeclared income.

A similar household analysis was undertaken using the CSO's Household Budget Survey of 1951–52. In this case we are only able to construct an index of household expenditure per person (not per child). It is our view reasonable to consider that more is spent on goods and services per adult than is spent per child. This view is supported by the fact that where household expenditure data is split between expenditure on adult and children's items the adult expenditure is higher, e.g. clothing in the 1951–52 Household Budget Survey and the 1965–66 Household Budget Survey. Further support for this view is provided in the analysis of the 1965–66 Household Budget Survey on which the expenditure per child is calculated.

We use as our reference household the largest possible household category with 8.31 persons. The reason for choosing largest possible household category as the reference household is that, of all possible households, it contains the greatest number of children. In this case children accounted for 3.96 persons or 48 percent of the household. By way of comparison, children account for just 32 percent<sup>75</sup> of persons in the average household across all categories in the sample. Thus, our reference household is the household with the highest proportion of children.

Again, we adjust our analysis to exclude expenditure headings not covered by the capitation grant, e.g. alcoholic drink and tobacco.

**Exhibit 16: Average household expenditure per person index 1951–52 base 1946-56**



As before, the index is most robust for the five years before and after 1951–52, but it is still illustrative for the entire period.

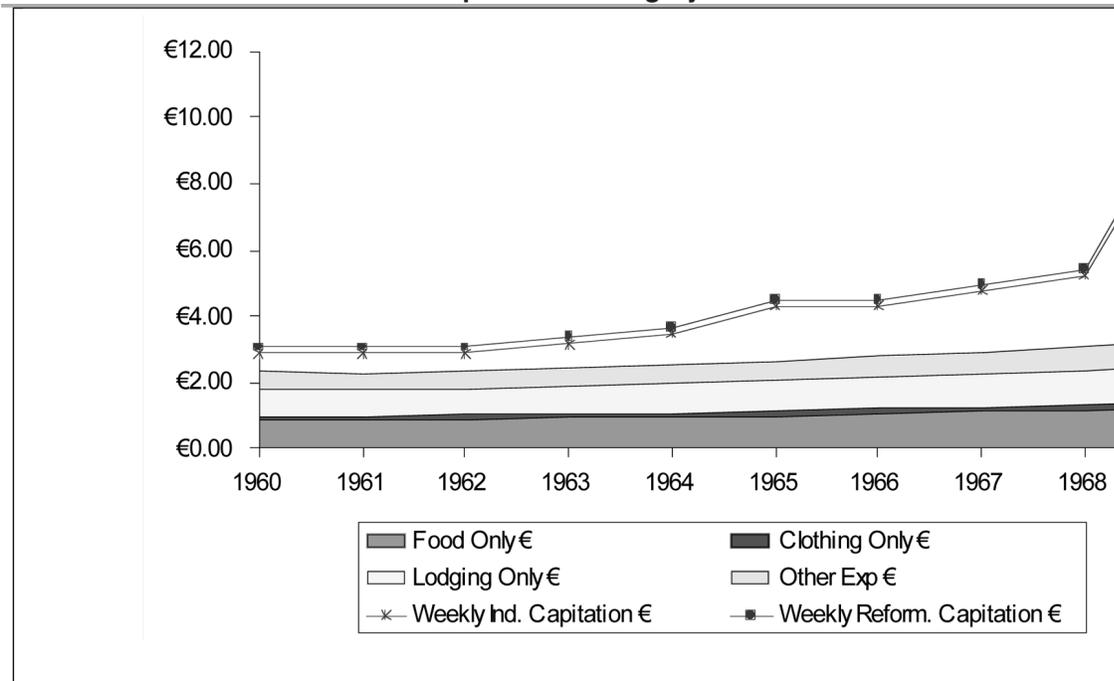
This exhibit demonstrates that in the period 1946–56 the capitation grant was less than the average expenditure *per person* in a large household. From the late 1940s the gap narrowed significantly and was reversed by 1957. However, this composite household is made up of 3.96 children and 4.35 adults and it is reasonable to expect that the adult expenditure is pulling the average expenditure per person upwards.

<sup>75</sup> 1951/52 Table 2, Household Budget Survey, CSO.

For both the 1951–52 and the 1965–66 Household Budget Surveys the source data has been analysed to show expenditure on lodging, clothing, feeding and other goods and services. The reason for doing this is to show expenditure under the headings relevant under the 1908 Act, i.e. lodging (which is taken to include fuel and lighting), clothing and feeding. All items that do not fall into this classification are classed under 'other' and include expenditure on services, miscellaneous items and sundry items, e.g. transport, entertainment, education and training, etc. While education was included under the 1908 Act a direct comparison with household expenditure data in respect of this item is not informative because the expenditure in the household survey relate to incidental costs of education, while the expenditure in the schools refers to the cost of teaching. It should also be noted in this context that the Industrial Schools were, from 1946 onwards, in a position to receive the primary grant, contributing towards the cost of educating the children in the schools.

For the 1965–66 Household Budget Survey we are able to show expenditure per child. As noted, it shows that the average expenditure per child is below both capitation rates which is taken to imply that the capitation grant was capable of maintaining a child by comparison with the domestic setting.

**Exhibit 17: Average household expenditure per child index 1965–66 base 1960-69 by expenditure category**



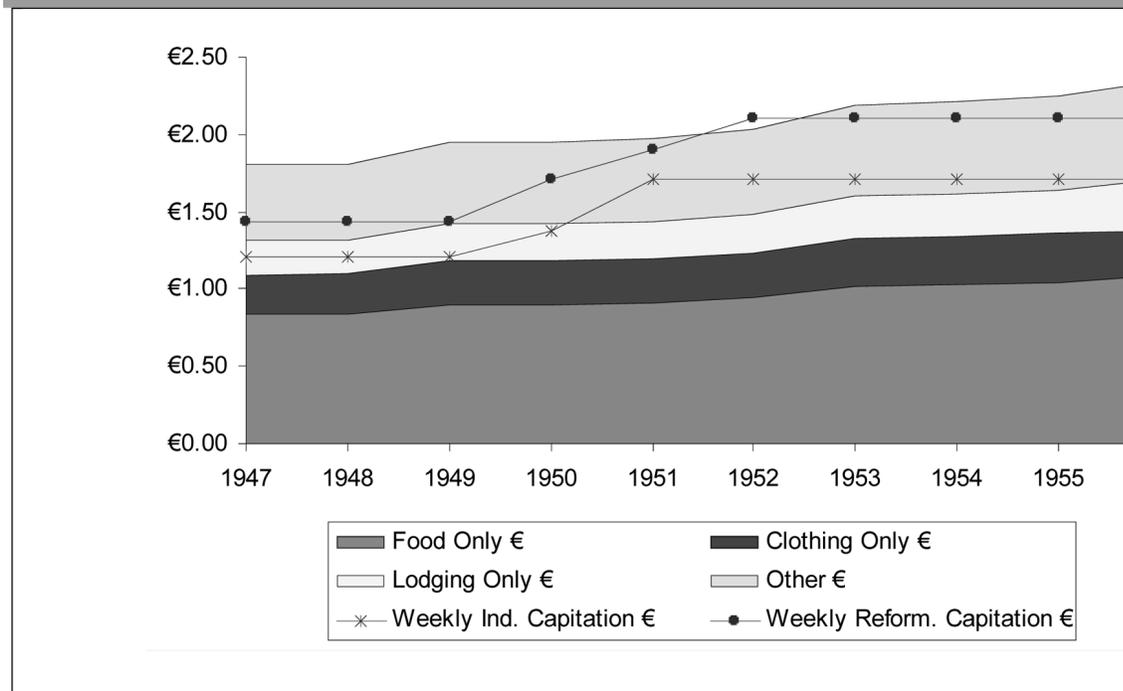
Examining the lodging, clothing, feeding and other expenditure we can see the following:

- Food was the most expensive item of expenditure (accounting for 39 percent of total the weekly analysed).
- Lodging, which includes fuel and light, was the second most expensive item of expenditure (34 percent of expenditure).
- Clothing was the least expensive item of expenditure (5 percent of expenditure).
- The 'other' category was the third most expensive item of expenditure (22 percent of expenditure).

This analysis further supports our interpretation of the capitation grants' adequacy to the requirements of the 1908 Act, as it was sufficient to cover food, lodging and clothing. It was also sufficient to cover the other expenditure items reflected in the 1965–66 Household Budget Survey.

For the 1951–52 Household Budget Survey we show expenditure per person, not per child, as we are unable to isolate the expenditure per child. The exhibit demonstrates that in the period 1946–56 the capitation grant was less than the average expenditure *per person* in a large household. However, this composite household is made up of 3.96 children and 4.35 adults and it is reasonable to expect that the adult expenditure is pulling the average expenditure per person upwards.

**Exhibit 18: Average household expenditure per person index 1951–52 base 1947-56 by expenditure category**



Looking at expenditure on the basis of lodging, clothing, feeding and other expenditure shows:

- Food was again the most expensive item of expenditure (accounting for 46 percent of total the weekly spending analysed). At all times in the period 1947–56 the capitation grant was sufficient cover food costs based on the expenditure incurred per person in the domestic setting.
- Clothing amounted to 12 percent of expenditure and at all times in the period 1947–56 the capitation grant was sufficient cover clothing and food costs based on the expenditure incurred per person in the domestic setting.
- Lodging represented 14 percent of expenditure. The cumulative cost of lodging, clothing and feeding were covered by the Reformatory School grant for the 1949–56 period. However, it was not until 1951 that the weekly Industrial School grant was sufficient to cover the cumulative costs of lodging, clothing and feeding
- In the 1951–52 Household Budget Survey the other category was the second most expensive item of expenditure (27 percent of expenditure). Our analysis indicates that the capitation grant, at best, only made a contribution towards this cost. However, this expenditure category included items not covered by the Children Act 1908.

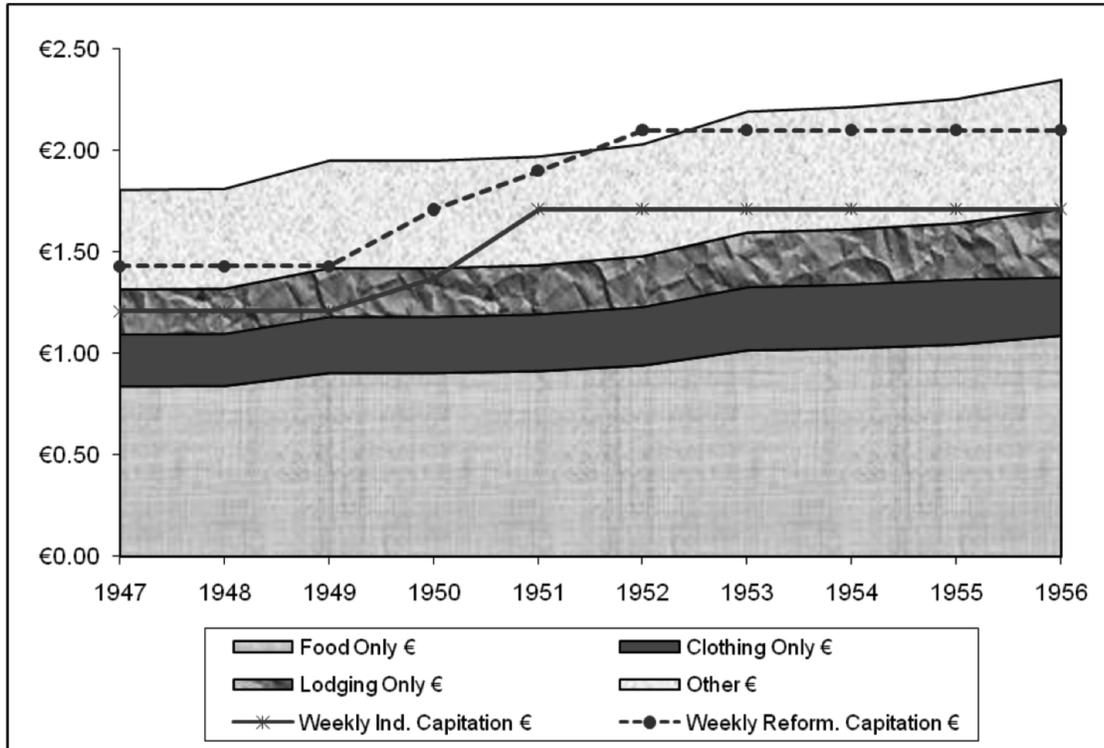
#### 4.4.5 Comparison with Britain

Just as we were able to establish the weekly capitation rates in the State from the Children Act 1941 and related statutory instruments pursuant to section 21 of the Act a similar exercise was conducted for Britain. This yielded comparative Exchequer capitation payments, channelled

through local authorities, under the Children and Young Persons Act 1933 in (a) England and Wales and (b) Scotland.

As noted earlier in this chapter, we believe that the usefulness of this comparator is limited, as it does not relate to the regime that pertained in the Republic of Ireland. However, we do believe that it provides some indication of the relative scale of funding, in comparison with some of our near neighbours.

**Exhibit 19: Capitation rates in Ireland, Scotland, England & Wales**



Sources:

*Children and Young Persons Act 1933 and related statutory instruments (UK)*

From 1939–47 the capitation rates in Ireland and Scotland were comparable but about half the rate available in England and Wales. From 1948 onwards a widening gap opened between the UK and Irish capitation rates. It is noticeable that changes in the capitation rates tend to move in tandem; however we do not draw a particular conclusion from this point.

## 5. Christian Brothers – Artane

This section of our report deals with our consideration of the financial information available in respect of the Industrial School at Artane, County Dublin, run by the Christian Brothers between 1939 and 1969. In the course of our review we considered the following terms of reference identified by the Commission:

- A review of the application of State Funding to the care of children in the institution
- A commentary on the effects of changes in the number of children in the relevant institutions over the period 1939–69
- A commentary on staffing/student ratios over the period of the review
- The financial consequences for the relevant institutions as a result of caring for the children over the period 1939–69.

## 5.1 Background to financial information

The Industrial School at Artane was founded in 1870 on lands at Artane Castle purchased for an amount of Stg£7,000. We have seen the following documentation in relation to this transaction, and the subsequent establishment of the industrial school.

- Draft conveyance dated 18th July 1870
- Memorial of conveyance 19th July 1870
- Letter dated 20th June 1870 on behalf of the purchasers of Artane Castle to the Chief Secretary for Ireland requesting that the facilities be examined for and granted certification as an Industrial School
- Letter dated 5th July 1870 from Mr John Lentaigne, Inspector, reporting on a visit to Artane Castle on 24th June 1870 and concluding that the facilities were well suited to the purpose of an Industrial School.

These documents are at Appendix XXIV. The letter of 5th July 1870 refers to the purchase of the lands as being for the purpose of an Industrial School. The opening paragraph of the letter notes:

*I beg to report that on the 24<sup>th</sup> ultimo I visited Artane Castle, Co. Dublin, and found it in every way, well suited for the purposes of an Industrial School for boys. Indeed I was consulted as to its fitness before the purchase was concluded.*

We understand that the Christian Brothers have identified documentation from 1927 that indicates that the lands at Artane Castle were initially purchased for the purpose of the establishment of a novitiate. This does not appear to accord with the sequence of documents identified above or with the history of the school recounted in the letter of 5 July 1870.

The Christian Brothers managed the facility at Artane from 1939 to 1969. The facility provided accommodation in respect of 772 children committed there at 30th September 1939 declining to 24 children by 30th September 1969.

Artane incorporated a primary school for those children committed to the institution. A continuation school functioned in the evening time for those who worked on the farm or in trades. A vocational school was also operated in Artane. Trades taught included:

- Farming (including poultry)
- Tailoring
- Weaving and hosiery
- Carpentry
- Baking
- Bookmaking
- Painting
- Hairdressing and laundry.

The Christian Brothers in Artane also operated a substantial farming operation in a number of dispersed locations. The table at Exhibit 20 shows the locations and quantity of land farmed as at November 1949. We are aware from a Visitation Report that a parcel of land was sold during the year 1959 for an amount of equivalent €4,839,<sup>76</sup> which would have reduced the figures quoted below. The Visitation Report from May 1968 makes a reference to *'negotiations are at present proceeding to sell nearly half the total area. About 100 acres are being retained in the immediate vicinity of the buildings.'*

<sup>76</sup> Information taken from Visitation Report dated November 1960. Commission document Number CBVART – 044.

## Exhibit 20 – Artane farm land – November 1949<sup>77</sup>

Farmlands	Acreage	Type
Belcamp Farm	32 Acres	Grazing land
Woodville	63 Acres	Grazing land
Kilmore	76 Acres	Tillage and grazing land
Home Farm	182 Acres	Tillage and grazing land
<b>Total</b>	<b>353 Acres</b>	

A number of the Visitation Reports make reference to the extent of the work performed on the farm by the boys and also the transfer of produce from the farm to the institution. The Visitation Report from November 1950 refers to the value of produce from the farm provided to the institution – the amount quoted in the report equates to an equivalent €12,269. Total income from all sources for the institution in 1950 was an equivalent €64,452.

### Books and records

Two separate sets of books and records were maintained by the Brothers in respect of the institution at Artane – school accounts and house accounts. The school accounts recorded all of the activities deemed to relate to the operation of the school, including the farm and trade activity. The house accounts recorded the activity of the community of Brothers resident at Artane. The community also invested in the Order building fund, and details of balances held to the account of Artane are recorded in the financial information presented to us by the Christian Brothers.

### Summary income and expenditure – school accounts

#### Exhibit 21 – Summary income and expenditure 1940–69

	1940–49	1950–59	1960–69	TOTAL
	€	€	€	€
INCOME	493,018	871,580	929,580	2,294,178
EXPENDITURE	507,429	842,366	1,015,201	2,364,996
SURPLUS /<DEFICIT>	<14,411>	29,214	<85,621>	<70,818>

The accounts of the Artane Industrial School income and expenditure accounts for the period 1940–69 record that the expenditure exceeded the income by equivalent €70,818.

#### 1940–49

The combined deficit of equivalent €14,411 for the period 1940–49 was funded in part by:

- A transfer from the Building fund of equivalent €4,263 in 1940
- An increase in the Schools overdraft to equivalent €5,742 at the end of the decade.

#### 1950–59

In the years to 1959 a surplus of equivalent €29,214 was realised. During this period there was a very low level of capital expenditure. Any surplus generated was carried forward from year to year for use by the school.

<sup>77</sup> Information taken from Visitation Report dated November 1949. Commission document Number CBVART – 013.

## 1960–69

The figures for this period show the overall deficit generated was equivalent €85,621. The major factor giving rise to the deficit is that significant capital expenditure, particularly on the building, was made during this period. The amount expended was equivalent €182,098.

### Summary income and expenditure – house accounts

We have carried out an examination of the house accounts as the interaction of the house and school appear central to an understanding of the financial position of the Artane institution. The house accounts presented to us cover the years 1940–69. These accounts show that the income credited to the House exceeded expenditure by equivalent €339,724.

**Exhibit 22: Income and expenditure summaries 1940–69**

	1940–49	1950–59	1960–69	Total
<b>Income</b>	78,696	134,781	391,294	604,771
<b>Expenditure</b>	76,113	77,721	111,214	265,048
<b>Surplus</b>	2,583	57,061	280,080	339,724

The most significant items contributing to the recorded surpluses are stipends or allowances for the Brothers engaged in the day to day management of the institution, and income generated from the disposal of lands. During the 1940s stipends represented 85 percent of total income of the house. In the 1950s stipends represented 68.6 percent of income, with sales of land generating a further 10.6 percent of total income. In the 1960s stipends represented 22 percent of total income, with sales of land accounting for 63.2 percent.

## 5.2 Analysis of income and expenditure

### School accounts

The main sources of income recorded in the school accounts are as follows:

- Department of Education grants
- County and borough council grants
- Primary school grant
- Industrial departments
- Sale of farm produce
- School band performances.

The main sources of expenditure over the period 1939–69 include:

- Wages, salaries and insurance stamps
- Industrial departments
- Farm (including poultry farm)
- Provisions purchased
- Clothing
- Repairs and decoration
- Fuel, light and power
- Rents, rates and taxes
- Band expenses
- Laundry and cleaning.

For the years where detailed information was available we carried out an analysis of the percentage of total income for the Institution deriving from the Department of Education and the county and borough councils (capitation grants). As can be seen from Exhibit 23 below the most significant portion of income for the institution over the period 1940–69 was derived from the Department of Education – including primary school capitation funds – and the county and borough council grants.

**Exhibit 23: Main sources of income 1940–69**

Sources of Income	1940–49	1950–59	1960–69
	%	%	%
Capitation/Maintenance Grants	84	81	81
Sundry Income	2	1	2
Trades/Farm Income	10	15	13
School Band		1	3
Sweet Shop and Store	1	1	1
Total	97%	99%	100%
<i>Other income sources immaterial</i>			

From the detailed income and expenditure accounts provided in Appendix IV it is apparent that the school was virtually self-sufficient, providing the majority of its needs from the farm and the various other activities carried on within the school. This is evidenced by the low levels of expenditure on clothing and provisions, and is also reflected in a number of the Visitation Reports:

*Two beasts are killed weekly for consumption in the Institution. The farm supplies, besides meat, milk, potatoes, vegetables, meal and a good quantity of flour used in bread making.*<sup>78</sup>

*The main idea in working it is to supply the needs of the boys and Brothers. It is well stocked and cultivated. The milk supplied last year amounted to £2482:17:6; wheat £1,100; meat, potatoes and vegetables together £5,817. The net gain on the farm for the period was £6,600. A staff of 9 workmen helped by 50 boys can do all the work in connection with the stock, crops and harvesting.*<sup>79</sup>

*To provide the Artane boys with breakfast 100 gallons of tea are necessary. To provide them with dinner for a week requires two well finished, fat, three year old cattle. Two hundred 4lb loaves just meet the breakfast table.*<sup>80</sup>

The main items of expenditure in each of the decades examined are summarised in the following table.

<sup>78</sup> Visitation report 1947, system reference CBVART 011/4.

<sup>79</sup> Visitation report 1950, system reference CBVART 015/3.

<sup>80</sup> Visitation report 1950, system reference CBVART 015/4.

### Exhibit 24 – Analysis of the major items of expenditure 1940–69

	1940–49	1950–59	1960–69
	%	%	%
Industrial departments	18%	21%	9%
Farm, poultry & garden	12%	12%	7%
Salaries & wages	28%	20%	16%
Provisions purchased	13%	16%	17%
Clothing	3%	2%	4%
Fuel, light, power	8%	7%	6%
Capital expenditure	-	1%	18%
Transfer to Community account	7%	11%	8%
Other	11%	10%	15%
Total	100%	100%	100%

It is particularly evident that figures for the 1960s are impacted significantly by the reducing number of children attending the school. However, over a number of categories expenditure was relatively consistent for the period, for example provisions purchased, clothing and fuel, light and power, reflecting the unchanging requirement for this expenditure. Break-even analysis, which is detailed further in Part 9 of this report, examines this issue in more detail.

#### Farm and industrial expenditure

We have already noted that the institution at Artane included a sizeable farm and a significant number of trades, which the boys worked at as part of their training. The accounts presented to us show both income and costs relating to the farm and trade activity. These are summarised in exhibit 25 below.

### Exhibit 25 – Farm and industrial expenditure 1940–69

	1940–49	1950–59	1960–69	Total
Farm income	54,671	133,947	122,122	310,740
Farm expenditure	58,979	99,624	72,866	231,469
Farm surplus/deficit	(4,308)	34,324	49,256	79,271

A review of the available visitation reports indicates that these figures may not be entirely consistent with other contemporary records. The 1947 Visitor commented that:

*There was a net gain on the farm last year of £2,763.*

The 1946 accounts show a net deficit for that year of £1,143. Similarly, the 1950 accounts show a deficit of £3,471, while the Visitation Report for that year suggests that the farm recorded a surplus of approximately £6,000. Later Visitors Report surpluses that align more closely with the accounts presented.

The produce of the industrial trades seems to have been primarily consumed by the institution. The accounts of institution do not identify significant earnings from this source. The Visitation Report of 1952 comments:

*Artane has a more elaborate organisation of trades than our other Industrial Schools. These trades serve, or are supposed to serve, a dual purpose – training the boys for outside life and balancing the Artane budget....each shop has one or more trained lay*

tradesmen. In practice, some of the trades serve only one purpose. For example, the wages of the two shoemakers amount to £800 per annum. It is believed that this sum plus the money expended on leather would supply the boys with factor-made boots for one year. On the other hand, the tinsmiths supply the establishment with such things as kitchen-ware, refectory-ware at a cost well below factory prices, but no boy has been placed as a tinsmith in any outside factory in the past six years.<sup>81</sup>

From the available evidence we believe that it is reasonable to conclude that the contribution to the financial position of the institution at Artane by trades and, in particular, farm was very significant.

In addition to the economic contribution of the farm and trades to life at Artane, these activities also served to train the boys for occupations outside of the institution. The Christian Brothers have provided us with the following analysis of the numbers of boys participating in trades over the period of our review.

### Exhibit 26

Trade	1943	1944	1945	1946	1947	1950	1963	1965	1966
Bakers	11	16	10	9	10	9	6	d.	
Barbers	4	8							
Blacksmiths	6	6	4	5	d.				
Bootmakers	46	50	35	41	35	41	16	?	x
Carpenters	6	6	7	6	6	9	21*	2	x
Cart/wheelwrights	13	14	14	14	d.				
Farmers	65	60	66	60	73	50	13	6	6
Fitters	10	9	8	7	6	7	3	?	d
Gardeners	15	?	14	?	?	?	1	?	?
Laundry							3	?	?
Millers	?	2	-	-	-	-	d		
Painters	4	8	7	10	12	13	6	6	d
Poultry farmers	5	?	5	?	?	?	3		
Tailors	92	75	80	54	42	46	20	5	x
Tinsmiths	2	?	3	7	?	6			
Waiters/kitchen	10	?	?	?	?	?	10	?	?
Weavers	18	25	23	24	30	32	23	5	x
Total	267**	279	276	237	214	213	128	24?	6?
Total in school	800	812	818	794	789	762	317	301	327

Sheet-metal working: discontinued in the early 1940s due to wartime shortages of material.

\* Includes 10 in carpentry machine shop

\*\* Excluding 40 part-timers included in 1943 returns

x These shops, together with metal-working, continued (no numbers given)

d Discontinued

### Capital expenditure

There were no major items of capital expenditure for the Institution over the period 1940–49 although an amount of IR£18,916 (approximately €24,000) was expended from the house accounts in 1948 and 1949 on a new sanitary block, a play shelter and a hen house. The overall deficit achieved for the institution over this period was equivalent €14,411.

<sup>81</sup> Visitation report 1952, system reference CBVART 018/3 & 018/4.

During the period 1950–59 the school achieved a surplus of equivalent €29,214, after capital expenditure of equivalent €8,388. Capital expenditure was greatest during the 1960s when equivalent €182,098 was spent on improvements and additions to the institution.

We have seen that the level of capital expenditure was quite low for much of the 1940s, with the exception of the additions recorded in the house accounts in the latter part of the decade, and 1950s. The expenditure in the 1960s was very significant by comparison, reflecting perhaps the need to address degeneration in the standard of accommodation over time. The Visitation Reports provide us with some evidence as to the condition of buildings, although they are far from unanimous in their appraisal – some Visitors appearing to place more emphasis on the cleanliness and order of the institution, while others drew attention to progressive decline of aspects of the state of the premises. The 1947 Visitation Report presents a summary of that Visitor's impression:

*All of the premises are being cared for very well. The newer portion of the Brothers Dwelling shows signs of dampness. The boy's lavatories are altogether antiquated. I believe new ones are to be built in the near future. The school buildings are also condemned as unsafe and new ones will be required as soon as possible. The playhall is too small and is unheated in winter. The shower-baths and foot-baths are good and efficient. The dormitories are neatly kept and the floors spotlessly clean.*<sup>82</sup>

While the records show that expenditure was incurred in the late 1940s on the upgrade of some of these items, later reports record continuing concerns in this regard:

*A good deal of repair work is calling out for attention in this establishment. In the large main buildings the roofs are in a bad state due to deterioration of lead and timber. Rain is coming down in some parts and, as a consequence, the paint is perishing right down to the Main Hall. These repairs demand immediate attention. In the Brothers' Monastery, there is similar deterioration due to leaking roofs and the Bathroom is in a bad state.*<sup>83</sup>

*To provide adequate and suitable accommodation and recreation halls for the boys is a crying necessity. But as the future of the school is so uncertain it would probably be unwise to undertake any major schemes at present. A new toilet block for the Brothers residence was completed last year at the cost of £1200. The house and Chapel including the Sacristy are clean and well kept.*<sup>84</sup>

The issue of whether and how the school premises might be improved, given the declining numbers of residents from the 1950s, was further considered in later reports. It appears that two options were contemplated – building a new school or creating new classroom space in the main building. The 1959 Visitation Report indicates that this latter option was approved by the Department.<sup>85</sup>

The 1960s saw a considerable investment in Artane. The 1963 Report describes some of the expenditure incurred:

*The present Superior has been responsible for quite a number of very necessary improvements in the Institution since he became Superior in 1958. The following particulars give some idea of the extent of these improvements. I give also the approximate costs.*

*Alterations, additions and repairs to boys kitchen and refectory £29,253.0.0*

*Repairs to dormitories, which includes painting £4,933.0.0*

*Repairs to boys' washrooms and toilets £7,559.0.0*

<sup>82</sup> Visitation report 1947, system reference CBVART 011/4.

<sup>83</sup> Visitation report 1955, system reference CBVART 024/2.

<sup>84</sup> Visitation report 1957, system reference CBVART 030/4.

<sup>85</sup> Visitation report 1959, system reference CB VART 040/2.

*Repairs to work-shops, which includes some new machinery £4,668.0.0*

*General repairs to roads including re-surfacing' £3,000.0.0*

*Repairs to dwelling house, which includes painting £1,698.0.0*

*New class rooms and boiler house. Total expenses £24,427.0.0*

*Less amount refunded by the Board of Works £14,341.0.0*

*Net amount incurred by Artane £ 9,906.0.0.<sup>86</sup>*

We note that the Board of Works refund mentioned above is not reflected in either the school or house accounts. An amount of £6,441 is recorded in the 1971 school accounts, but we believe that to relate to subsequent works.

It is not apparent from the Visitation Reports as to why the decision to take an extensive programme of upgrade and refurbishment was undertaken, when reports from the later part of the 1950s stressed the uncertainty of the future of the institution and the inappropriateness of incurring such costs in that environment. The most significant element of the capital expenditure incurred by the school was during the period 1963–68, when the numbers of children in the institution were significantly in decline.

### *Funding capital expenditure*

The capital expenditure incurred in Artane was funded primarily from the school account – with the exception of the items funded in the 1940s by the house, and refunds received from the Board of Works referred to above. The house accounts in the 1950s and 1960s show very low levels of capital expenditure.

The house accounts presented to us also make reference to a building fund account. This shows a net asset of £193,000 at 31st July 1969, an amount which is consistent with the 1968 Visitation Report<sup>87</sup>. This fund does not seem to have been drawn on to provide for the significant capital expenditure in the 1960s. It is not clear from the accounts presented how the assets in this fund were accumulated or where the funds were held, although taken together with the cash on hand of the house, it appears that virtually all of the surplus in the house accounts has been lodged either to the house bank account or the building fund. Accordingly, it is reasonable to conclude that the primary source of this fund is the sources of income of the house – with the receipts from the sale of lands at Artane contributing significantly to the fund.

### *Closure of the Industrial School*

The Industrial School at Artane was closed in 1969. Subsequently, the property and lands were used as a secondary school, operated and managed by the Christian Brothers. It is our understanding that the beneficial title to the lands and property at Artane continued to be vested in the Christian Brothers Order.

### *The house accounts*

We have been provided with House Accounts for Artane for the period 1940–69. We have extracted from these accounts a summary of the key items of income and expenditure by decade.

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<sup>86</sup> Visitation report 1963, system reference CBVART 049/2 & 049/3.

<sup>87</sup> Visitation Report 1968, system reference CBVART 062/5.

**Exhibit 27 – Analysis of the house accounts 1940–69**

	1940–49		1950–59		1960–69	
	€	%	€	%	€	%
<b>Income</b>						
Dividends on stock	3,631	4.6%	682	0.5%	874	0.2%
<sup>88</sup> Limited stipends	31,039	39.4%	1,450	1.1%	0	0.0%
Rents receivable	1,905	2.4%	3,720	2.8%	2,781	0.7%
Interest on loans	4,692	6.0%	10,558	7.8%	30,911	7.9%
Bank interest receivable	508	0.6%	574	0.4%	4,675	1.2%
Sales of land	0	0.0%	14,394	10.7%	247,450	63.2%
Old age pension	0	0.0%	367	0.3%	1,001	0.3%
Teachers pension	0	0.0%	940	0.7%	9,588	2.5%
Brother's allowance	36,204	46.0%	92,532	68.7%	86,088	22.0%
Teachers salary	0	0.0%	0	0.0%	2,655	0.7%
Other	717	0.9%	9565	7.1%	5,272	1.3%
	78,695	100.0%	134,781	100.0%	391,294	100.0%
<b>Expenditure</b>						
Vegetables, fruit, garden	253	0.3%	47	0.1%	0	0.0%
Groceries, tobacco, mineral	1,030	1.4%	3,629	4.7%	6,368	5.7%
Wine etc.	1,152	1.5%	1,806	2.3%	2,352	2.1%
Clothing	6,227	8.2%	7,489	9.6%	7,729	6.9%
Laundry and cleansing	895	1.2%	1,465	1.9%	1,204	1.1%
Medical expenses	4,604	6.0%	5,897	7.6%	4,591	4.1%
Postage, papers stationery	866	1.1%	1,182	1.5%	1,432	1.3%
Vacation expenses	6,731	8.8%	10,861	14.0%	11,734	10.6%
Travelling	1,234	1.6%	2,324	3.0%	3,522	3.2%
Alms, donations, mass	3,751	4.9%	1,755	2.3%	3,040	2.7%
Fuel and light	17	0.0%	0	0.0%	1	0.0%
Visitation dues	16,481	21.7%	31,747	40.8%	34,346	30.9%
Rents, rates, taxes, insurance	4	0.0%	0	0.0%	0	0.0%
Repairs of premises	1,359	1.8%	599	0.8%	589	0.5%
Capital expenditure	736	1.0%	962	1.2%	955	0.9%
Interest on loans and overdrafts	2,765	3.6%	2,358	3.0%	0	0.0%
Bank charges, cheques	18	0.0%	39	0.1%	46	0.0%
Sundries	1,596	2.1%	5,560	7.2%	33,305	29.9%
Capex and cash – school	26,395	34.7%	0	0.0%	0	0.0%
	76,113	100.0%	77,721	100.0%	111,214	100.0%
<b>Surplus</b>	<b>2,582</b>		<b>57,061</b>		<b>280,080</b>	

As we have already noted, the house accounts show a surplus for the period 1940–69 of equivalent €339,723. This surplus arises primarily in the 1960s, although each of the decades reviewed shows a surplus of income over expenditure.

1940–49 shows a surplus of equivalent €2,582. During the decade the house contributed equivalent €26,395 toward capital expenditure on the school. Stipends, including limited stipends, of equivalent €67,243 represented 85 percent of total income during the period.

1950–59 shows a surplus of equivalent €57,061. Brothers' allowances were augmented by the proceeds of disposal of lands at Artane and interest income to provide for costs that, excluding capital expenditure on the school, had increased by over 50 percent on the previous decade. Visitation dues represented a significant portion of the increase, accounting for 40 percent of total expenditure during the period.

<sup>88</sup> We understand that limited stipends represent capitation grant funding lodged directly to the house account during the period 1940–46.

1960–69 shows a surplus of equivalent €280,080. The most significant element of income is the proceeds from sale of lands at Artane. Excluding this income, other income of equivalent €143,844 was sufficient to cover costs booked during the period, leaving a contribution towards surplus of equivalent €32,630.

An overview of the three decades might be summarised as follows:

**Exhibit 28 – Overview 1940–69**

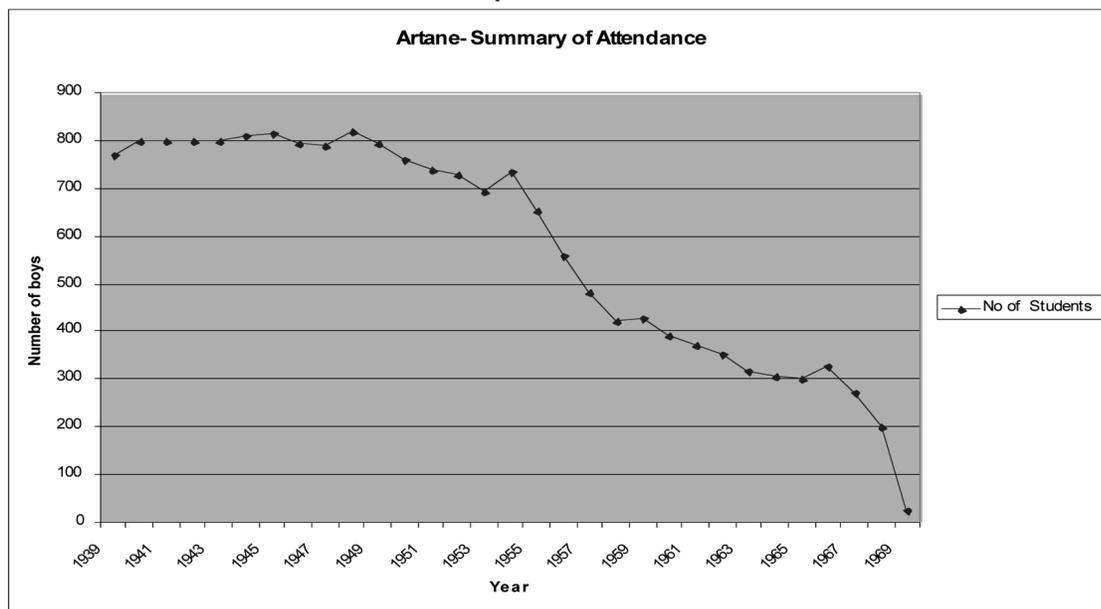
	€
Stipends, salaries and allowances	261,863
Rent, dividends and interest	65,510
Other Income	15,554
Operating expenditure	(153,530)
Visitation dues	(82,575)
Surplus before capex	106,822
Income from sale of lands	261,844
Capital expenditure	(28,942)
Surplus per house accounts	339,723

### 5.3 Numbers of children and staff

#### Number of residents

Exhibit 29 below graphs the numbers of children committed to Artane over the period 1939–69, the reference period for our report.

**Exhibit 29: The number of children committed at Artane from 30th September 1939 to 30<sup>th</sup> September 1969**



We can see from the above figures that there was a steady and almost unchecked decline in the number of children committed from the late 1940s.

The break-even analysis at Part 9 considers this issue in more detail.

### Staffing numbers

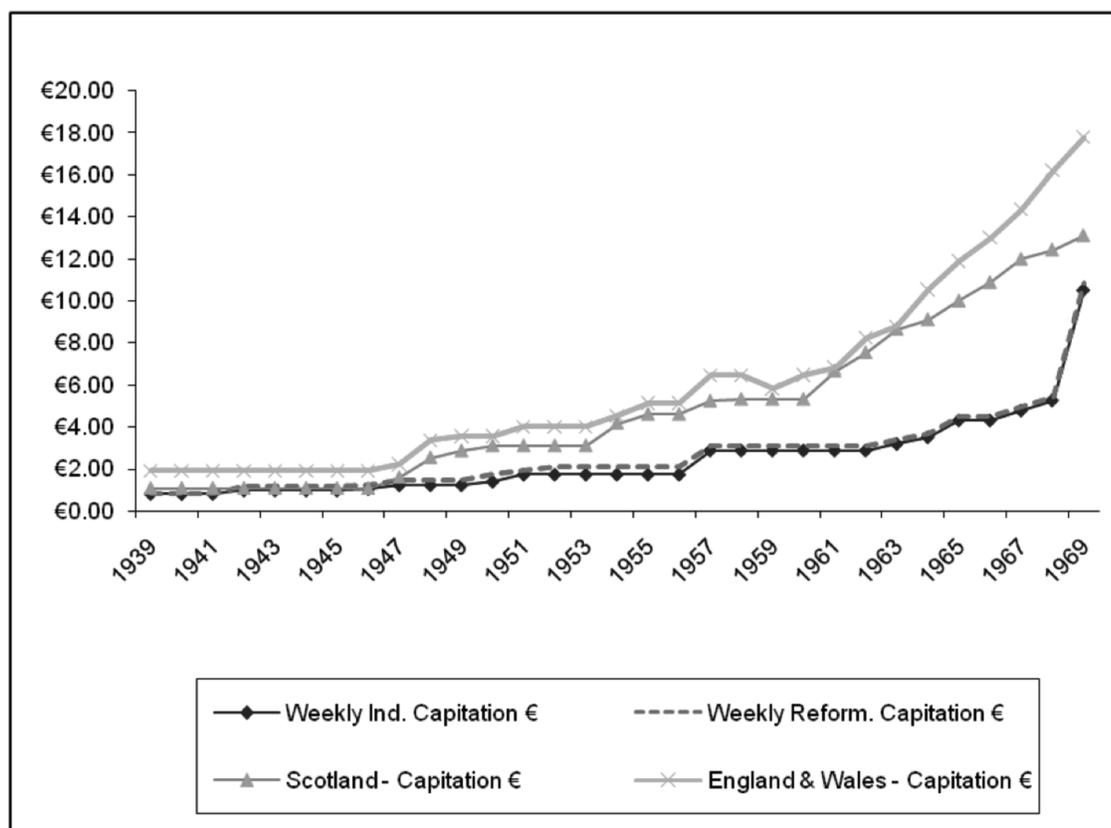
From the Visitation Report of November 1952 we are aware that 'Artane has a more elaborate organization of trades than our other Industrial Schools'. The types of trades offered included bakers, blacksmiths, boot makers, carpenters, fitters, millers, painters, tailors. Due to the variety of trades offered there was also a consequent demand for lay workers and instructors for the various trades and farm work.

**Exhibit 30: The number of lay workers v number of Brothers employed in Artane Industrial School during the review period**



The student to staff ratio over the period, is summarised in Exhibit 31 below. The overall ratio of students to all staff was between 12 and 15 to 1 for most of the 1940s and 1950s. From the late 1950s the ratio increased to approximately 10 to 1, ultimately increasing to 2 to 1 in 1969.

**Exhibit 31 – Student to staff ratio 1939–69**



\* Estimate – figures not available for year

The Visitation Report dated November 1957 gives an insight into the implications of the declining numbers of residents at Artane.

*The falling numbers in the Primary School is reflected in the small number available for part-time trades and obviously it will be getting more and more difficult to maintain such a diversity of Trades. This diversity also increases the numbers on the staff. At present there are 28 active Brothers and at least 40 other employees. A staff of 68 to look after 526 boys would appear to be completely out of proportion. Their wage bill for the 40 employees amounts to over £13,000 per annum which would be 25% approx of the grants received from the Industrial Schools Branch and the Various County Councils and if even, say, £300 per Brother were allowed it would mean that almost 45% of the grants given for the support of the boys goes out in upkeep for the staff. In addition to all this there are 168 boys employed, without payment, in various activities.*

Throughout the 1940s and up until the 1950s there was a somewhat consistent number of lay employees and Brothers involved with the institution. There was approximately 38–46 lay workers and approximately 31–36 Brothers (with an average of 16 teaching in the primary school). When the school numbers fell significantly, for the first time, in 1955 to 653 (1954: 737), a decrease of 11 percent, the school responded by initially reducing the numbers of Brothers from 36 to 26, while making little change to the number of lay workers. Through the late 1950s and into the 1960s student numbers continued to fall by an average of 14 percent per annum. In response the

number of lay staff employed was reduced considerably from 38 in 1955 to just 12 in 1969, however there was not a dramatic decrease in the numbers of Brothers involved in the School. From the Visitation Report of May 1968 we know that there were 25 Brothers employed, and 20 at May 1969.

An analysis of payroll records made available to us by the Christian Brothers shows that the average number of employees in each activity was as follows. In addition we understand that approximately 15 Brothers taught in the school.

**Exhibit 32**

	1940–49	1950–59	1960–69
Bakers	1	1	1
Boilersman	1	2	1
Bootmaker	2	2	2
Carpenter	1	2	3
Cart/wheelwright	1	0	0
Chaplain	0	0	1
Farmers	14	14	10
Gardeners	1	1	2
Laundry	4	5	3
Kitchen	2	2	2
Millers	1	1	0
Painters	1	1	1
Tailors	2	3	3
Teachers	5	2	1
Tinsmiths	1	1	1
Weavers	2	3	2
<b>Total</b>	<b>40</b>	<b>39</b>	<b>30</b>

Appendix V to this report summarises the numbers and roles of Brothers at Artane over the period 1939–69. Appendix VI provides information in relation to the lay staff employed. Appendix VII deals with the numbers of Brothers employed as teachers.

#### ***5.4 Financial consequences for the relevant institution of caring for the children***

In the normal course, one would look to a balance sheet or statement of affairs as a primary record of the financial position and, accordingly, the financial consequences of an activity. We have not had sight of a balance sheet in respect of Artane Industrial School for any year during the period under review. However, we have been advised that an overdraft of equivalent €111,737 was cleared by the Order in respect of the school, at closure. This overdraft, while somewhat larger than the deficit recorded in the school accounts, might be considered to represent the significant element of a balance sheet at 1969. Similarly, while a formal balance sheet has not been prepared for the house, we believe that the building fund and bank balances attaching to the house constitute the most significant components of a balance sheet. Obviously, both of these ‘balance sheets’ exclude the value of the lands and buildings at Artane, which might properly be included either to the account of the house, or the Order, as we understand that the title to the property is vested in a number of Brothers on behalf of the Order. For the purposes of our work we have assumed that neither the school nor the house had any significant assets and liabilities, other than the land and buildings at Artane and bank accounts identified, at 1st January 1940, an assumption broadly corroborated by the Visitation Report of 1942<sup>89</sup> which notes:

*The Community account has a credit at Bank of £6,990, and the School account has a credit of £3,568.*

<sup>89</sup> Visitation Report 1942, system reference CBVART 004.

While these sums were not insubstantial at the time, they are of a magnitude that suggest that it is reasonable to believe that the surplus/deficit shown in the school and house accounts, and the various bank and building fund balances at 1969 represent an accurate picture of the financial consequences of running the institution from 1939–69.

The closing balance sheet of the community at Artane might be summarised as follows;

**Exhibit 33**

Cumulative 1939–69	School €	House €	Total €
Cumulative surplus/ (deficit)	(70,818)	339,724	268,906
Represented by:			
Balance at bank	(97,407) <sup>90</sup>	116,422 <sup>91</sup>	19,015
Building fund		245,059	245,059
Land & buildings <sup>92</sup>			
Net assets/(liabilities)	(97,407)	361,481	264,074

We have been advised that the Order funded a final overdraft on the school of equivalent €111,737.

The Visitation Report of 1966 comments as follows on the relationship between the School and the House:

*The Accounts are carefully kept and everything ‘shows’ for any Department Inspector to inspect. There are two Accounts – a School Account and a House Account. In addition to supporting the boys the School supports the Brothers to the extent of food, maintenance but not clothing or medical or any luxury items. In addition there is transferred from the School Account to the House Account each year £300 per Brother for extra services, etc. This is shown in the School Accounts. There is a debt on the School of £72,891-10-4, interest free because the House Account carries a Savings Account in the Bank of that amount. In the Building Fund the House Account has £193,000 on loan in addition. The School Account runs at a deficit each year due to the fact that it gets only £5-7-6 per boy per week, which is not enough, they say. It seems that the Bursar’s Office is run very efficiently and with care.<sup>93</sup>*

As well as presenting the extent of the economic relationship between the school and the house, the above extract also clearly states the understanding of how a financial dividing line was to be drawn between the two elements of the community at Artane. The house benefited from the contribution of cost of production of food and maintenance from the school. The house also levied on the school a stipend per Brother.

<sup>90</sup> Source: bank statements provided by Christian Brothers.

<sup>91</sup> Source: Visitation Report 1968, system reference CBVART 062/5. This report also identifies the Building Fund balance shown in this table. It puts the School overdraft at that date as £81,547 (equivalent €103,543).

<sup>92</sup> No value is ascribed to the land and buildings at Artane. It would appear reasonable to assume that a valuation at 1969 would have been at least as much as, and possibly in excess of, the value of disposals in the late 1960s, as approximately 100 acres of land and substantially all of the buildings were retained by the Order.

<sup>93</sup> Visitation Report 1966, system reference CBVART 060/3.

The house had beneficial rights to the lands and property and to any income from this source. The school, on the other hand, bore the cost of supporting the boys, the costs of employing the lay staff, the costs of maintaining and upgrading the buildings and making a contribution toward the costs of the community of Brothers.

If the capital expenditure incurred at the school was to be excluded, then the capitation grant would have been sufficient to cover the operating expenses of the school.

Obviously, our comments in Part 4 regarding the appropriateness or otherwise of the State providing funding towards the capital costs of the school applies in the case of Artane.

**The financial consequences for the relevant institution of caring for the children over the period 1939–69**

The financial consequences for the relevant institution of caring for the children over the period 1939–69 might be summarised as follows;

**Exhibit 34**

	€	%
Total expenditure (Exhibit 11)	2,364,996	100%
Funded by:		
State and Local authorities <sup>94</sup>	1,868,443	79%
Other income <sup>95</sup>	425,734	18%
Deficit – funded by Order	(70,819)	3%

As we have seen, the Order funded a final overdraft on the school account of €111,737.

**6. Rosminian Fathers – Upton and Ferryhouse**

This Part of our report deals with our consideration of the financial information available in respect of the Industrial Schools at Upton, County Cork, and Ferryhouse, Clonmel, County Tipperary, run by the Rosminian Fathers between 1939 and 1969. In the course of our review we considered the following terms of reference identified by the Commission;

- A review of the application of State funding to the care of children in the institution
- A commentary on the effects of changes in the number of children in the relevant institutions over the period 1939–69
- A commentary on staffing/student ratios over the period of the review
- The financial consequences for the relevant institutions as a result of caring for the children over the period 1939–69.

**6.1 Background to financial information**

We have been asked by the Commission to examine two Industrial Schools operated by the Rosminian Fathers – Upton in County Cork and Ferryhouse, at Clonmel in County Tipperary.

<sup>94</sup> See Appendix IV.

<sup>95</sup> See Appendix IV.

Upton was originally founded as a Reformatory in 1860 by the Cork Society of St Vincent de Paul. The Rosminians were asked by the Society to run the Reformatory. We understand that the original buildings at Upton were provided by the Cork Reformatory Society, a subsidiary of the St Vincent de Paul Society. The Reformatory closed in 1889 and reopened five days later as Danesfort Industrial School. The application on behalf of management for a change in certification was prompted by a decrease in the number of boys being sent to Reformatories, coupled with a sharp increase in numbers sent to Industrial Schools. The Industrial School closed in 1966.<sup>96</sup>

The Industrial School included a farm, some of which, we have been advised, was purchased by the Institute of Charity. The table at Exhibit 35 shows quantity of land farmed.

**Exhibit 35 – Upton farm land**

Farmlands	Acreage	Type
Farm	100 Acres	Mixed

No financial information is available in respect of the years 1940–49. Financial information is available in respect of the years:

- 1952, 1953
- 1960, 1961, 1962, 1963, 1964, 1965, 1966.

Ferryhouse was originally founded and certified as an Industrial School in 1884. The institution included a small farm. We understand that the land and buildings at Ferryhouse were gifted to the Order by Count Arthur Moore, MP.<sup>97</sup>

**Exhibit 36 – Ferryhouse farm land**

Farmlands	Acreage	Type
Farm	9-50 Acres	Mixed

Again, a limited amount of financial information is available in respect of the institution run by the Rosminian Fathers at Ferryhouse in County Tipperary. Financial accounts were made available for the following years:

- 1941, 1947
- 1951, 1952, 1953, 1954
- 1960, 1961, 1962, 1964, 1965, 1966, 1967, 1968, 1969.

The Irish Province of the Institute of Charity ran the Industrial Schools of Upton and Ferryhouse and also operated a house of formation for students of the Order, at Omeath in County Louth. In addition to the accounts of the two Industrial Schools we have been given sight of the accounts of the Province for the following years;

- 1952, 1953
- 1961, 1964, 1965, 1966, 1967, 1968, 1969.

<sup>96</sup> Historical data from Bríd Fahy Bates PhD *The Institute of Charity: Rosminians Their Irish Story 1860-2003*.

<sup>97</sup> See Appendix XIII – Submission from Rosminian Fathers.

## 6.2 Analysis of Income and Expenditure

### Upton

**Exhibit 37 – Summary income and expenditure 1950–69**

	1952–53 <sup>9898</sup>	1960–66 <sup>9999</sup>	TOTAL
	€	€	€
INCOME	47,628	310,392	358,020
EXPENDITURE	47,578	286,158	333,736
SURPLUS /<DEFICIT>	50	24,234	24,284

From our analysis of the available Upton Industrial School income and expenditure accounts for the period 1940–69 we can see that income for the years presented exceeded the expenditure by equivalent €24,284. Obviously, the figures above are aggregated for the purposes of illustration only – the financial outcomes for the institution are dealt with below in the section of this report dealing with the balance sheet of the school and Province.

#### 1952–53

In the years 1952 and 1953 a surplus of equivalent €50 was realised. During this period there appears to have been a very low level of capital expenditure incurred, and this is consistent with other information provided to us by the Order.

#### 1960–66

The figures for this period show that the overall surplus generated was equivalent €24,234. The school income and expenditure figures include income and expenditure from the farm and garden. It should be noted that the school income and expenditure accounts presented for the period 1960–62 did not include farm income and expenditure. To make the data comparable, the farm income and expenditure figures have been included for 1960–62<sup>100</sup>. Capital expenditure for years available during this period represents 16 percent of total expenditure.

#### Sources of income

The income of the institution came from a number of sources. Over the period 1950–69 the main sources were:

- Department of Education grants
- County and borough council grants
- Primary school grant
- Voluntaries
- Farm income
- Masses.

For the years where detailed information was available we carried out an analysis of the percentage of total income for the institution deriving from the Department of Education and the

<sup>98</sup> For the period 1950–59, accounts are only available for 1952 and 1953.

<sup>99</sup> For the period 1960–69, accounts only available until 1966, year in which the school at Upton was closed.

<sup>100</sup> For the majority of years the farm income and expenditure figures included in the school accounts do not agree to the farm accounts.

county and borough councils (capitation grants). As can be seen from Exhibit 38 below, over 60 percent of income of the Institution over the period 1950–69 was derived from the Department of Education and county and borough council grants.

**Exhibit 38: Sources of INcome 1950–66**

Sources of income	1952–53 %	1960–66 %
Capitation/maintenance grants	64	63
Farm income	15	20
Voluntaries	9	0
Primary school grant	0	6
Mass	5	2
Total	93%	91%
<i>Other income sources immaterial</i>		

The main items of expenditure over the period 1950–66 were:

- Wages, salaries and insurance stamps
- Farm and garden
- Capital expenditure
- Provisions
- Bread
- Clothing
- Fuel, light and power
- Meat and fish
- Rents, rates and insurance
- Laundry and cleaning.

An analysis of expenditure during the years for which information is available shows that salaries and wages represent a more significant portion of overall expenditure in earlier years, while expenditure on capital items and farm and garden increased over time.

**Exhibit 39: Analysis of expenditure 1950–66**

	1952–53 %	1960–66 %
Salaries and wages	17%	7%
Farm and garden	15%	19%
Provisions	14%	4%
Capital expenditure	6%	19%
Bread	6%	9%
Meat and fish	8%	6%
Clothing	7%	5%
Fuel, light and water	5%	5%
Rates, rent and insurance	3%	-%
Prov contribution	-%	3%
Masses	5%	2%
Other	14%	21%
Total	100%	100%

## Capital expenditure

From our review of the income and expenditure accounts of the school over the period 1950–66 we note that capital expenditure in that period totalled equivalent €59,420. There is no evidence that the State made a specific contribution in respect of the capital expenditure at Upton Industrial School.

## Ferryhouse

From our analysis of the Ferryhouse Industrial School income and expenditure accounts for the period 1940–69 we can see that on an overall level the income exceeded the expenditure by equivalent €26,901 for these years available. Again, the figures above are aggregated for the purposes of illustration only – the financial outcomes for the institution are dealt with below in the section of this report dealing with the balance sheet of the schools.

**Exhibit 40 – Summary income and expenditure 1940–69<sup>101</sup>**

		1940–49	1950–59	1960–69	TOTAL
		€	€	€	€
INCOME		19,806	90,183	404,474	514,463
EXPENDITURE		24,039	85,551	377,972	487,562
SURPLUS /<DEFICIT>		<4,233>	4,632	26,502	26,901

## Income sources

The Income of the Institution came from a number of sources. Over the period 1940 to 1969 the main sources were:

- Department of Education grants
- County and borough council grants
- Government grants
- Local authority grants
- Voluntaries
- Farm income
- Salaries
- Masses.

For the years where detailed information was available we carried out an analysis of the percentage of total income for the institution deriving from the Department of Education and the county and borough councils (capitation grants). As can be seen from Exhibit 41 below the most significant source of income (70–77 percent) for the institution over the period 1940–69 was the capitation grant.

<sup>101</sup> For the period 1940–49, accounts only available for 1941 and 1947. For the period 1950–59, accounts only available for 1951, 1952, 1953 and 1954. For the period 1960–69, accounts available for all years with the exception of 1963.

**Exhibit 41: Sources of income 1940–69**

Sources of income	1940–49	1950–59	1960–69
	%	%	%
Capitation/maintenance grants	75	77	70
Farm income	7	10	12
Voluntaries	9	2	0
Salaries	5	0	0
Poor law contributions	0	0	3
New school building	0	0	5
Masses	0	5	0
Total	96%	94%	90%
<i>Other income sources immaterial</i>			

An analysis of the expenditure incurred by the institution during the period shows that salaries and wages represented 20 percent of expenditure in the early years of the period, but declined in significance over the period. Capital expenditure increased from 5–19 percent, over the same period.

**Exhibit 42 Analysis of expenditure 1940–69**

	1940–49	1950–59	1960–69
	%	%	%
Salaries and wages	21	10	7
Provisions	14	14	0
Farm & garden	-	9	13
Groceries	14	0	13
Fuel, light and heat	5	7	5
Clothing and bedding	5	7	3
Bread	6	8	0
Meat	4	4	6
Capital expenditure	5	12	19
Tailoring	3	-	6
Building and repairs	3	-	-
Footwear	2	2	-
Travelling	2	-	3
Masses	-	4	-
Interest, bank charges and loan payment	-	2	6
Medical, printing & postage, church expenses & recreation expenses	3	3	-
Rent, rates, insurance	-	1	2
Provincial contributions	-	-	3
Other amounts	13	19	14
Total	100%	100%	100%

Other amounts include professional fees, wine and spirits, petty cash, tobacco, maintenance fees, charitable donations, provincial levies and loan repayments.

## Capital expenditure

From our review of the income and expenditure accounts of the school over the period 1940–69 we noted that capital expenditure in that period based on available information totalled equivalent €84,931. We note that in 1968 there was a contribution of equivalent €19,173 towards a new school building. This has been classified under the heading ‘other grants’, although the source is not identified.

## 6.3 Numbers of children and staff

Information is not available in respect of the numbers of staff at Upton over the period under review. Information in respect of the numbers of children in residence at the school was derived from data provided by the Department of Education to the Commission and is attached at Appendix XVII. The impact of changes in the numbers of children over the period is considered further in Part 9 of this report.

## 6.4 Financial consequences for the relevant institution of caring for the children

### The Province accounts

We have carried out a review of the financial data in respect of the Province, from financial information presented by the Rosminian Fathers. Our key observations, based on this review, are as follows:

- A very limited amount of financial information is available in respect of the Province. Financial Accounts were available for the following years:
  - 1952, 1953
  - 1961, 1964, 1965, 1966, 1967, 1968, 1969.
- The bank balance of the Province at 31st December 1969 shows cash in bank and in hand totalling equivalent €4,087.
- The accounts provided show that the Province showed a surplus of income over expenditure in all years presented except two – 1966, where the accounts showed a deficit of equivalent €36, and 1967, where the accounts showed a deficit of equivalent €2,944.
- Capital expenditure during the years examined amounted to equivalent €2,041.

**Exhibit 43 – Summary income and expenditure 1950–69**

		<b>1952–53</b>	<b>1960–69</b>	<b>TOTAL</b>
		€	€	€
INCOME		47,895	218,661	266,556
EXPENDITURE		47,334	211,496	258,830
SURPLUS /<DEFICIT>		561	7,165	7,726

## Sources of income

The main sources of income over the period 1950–69 are outlined below.

### 1952–53

Income of €16,228 in 1952 derived primarily from Masses (€12,281). Financial information in respect of 1953 shows no income from Masses but that the significantly increased income of €31,667 derived mainly from the contributions of Upton (equivalent €1,359), Clonmel (equivalent €1,521) and Omeath (equivalent to €5,286) as well as Kilmurry (equivalent €9,980) and the repayment of loans, made to the USA (equivalent €5,064).

### 1960–69

In the period 1960–69, income derived primarily from Provincial contributions and stipendia missarum.

**Exhibit 44: Main Sources of Income 1950–69**

Sources of income	1952–53 %	1960–69 %
Masses	26%	12%
Schools	45%	8%
Provisional contributions	0%	23%
Stipendia missarum	0%	39%
Other sources	13%	2%
Total	84%	84%
<i>Other income sources immaterial</i>		

## Expenditure

The main items of expenditure over the period 1950–69 are outlined below.

### 1952–53

Expenditure in 1952, in an amount equivalent to €16,140, was incurred primarily in respect of scholastics, novitiate, juniorate, missions and travel. Total expenditure in 1953, equivalent to €31,194, included spending on travel and schools as well as transfers to other accounts.

### 1960–69

Funds available in the period 1960–69 were expended primarily on interest costs, mandates and subsidies, transfers to stipendiorum, Glencomeragh, schools and in reducing the overdraft.

**Exhibit 45: Analysis of the major items of expenditure 1950–69**

	1952–53 %	1960–69 %
Scholastics	3%	0
Novitiate	5%	0
Juniorate	12%	0
Missions	3%	0
Interest	0%	10%
Travel	17%	1%
Transfers	26%	2%
Schools	24%	3%
Glencomeragh	0%	4%
Mandates & subsidies	0%	38%
Reduction of overdraft	0%	7%
Transfer stipendiorum	0%	22%
Total	90%	100%

Amounts expended on capital items would not appear to be significant – amounting to an equivalent of €2,041. Glencomeragh was at first the Scholasticate for the Province but it subsequently served as the Novitiate and at times catered for Novices and Scholastics together. Some or all of the expenditure on Glencomeragh (total equivalent to €9,129) may however be capital in nature. Expenditure on schools represents payments from the Province to Omeath, Fermoy, Kilmurry and Upton.

### Statement of Affairs at 31st December 1969

The statement of affairs of the Province at 31st December 1969 shows assets and liabilities as follows:

**Exhibit 46**

	£	€
<b>Assets</b>		
Bank	3,160	4,012
In hand	58	74
Prize bonds	285	362
Various loans	12,170	15,453
Cork marts	600	762
No. 3 account	18,784	23,851
	35,057	44,514
<b>Liabilities</b>		
Pro missis translates at transferendis	860	1,092
Interest on loans due to burses	708	899
Funeral expenses	150	190
Overdraft	44,000	55,868
	45,718	58,049
Excess of liabilities over assets	(10,661)	(13,535)

### Upton

The balance sheet of the school at 31st December 1966 shows a net surplus of equivalent €17,233.

### Ferryhouse

The balance sheet of the school at 31st December 1969 shows a net surplus of equivalent €19,790.

A summary position is also suggested for those years where accounts are available:

**Exhibit 47**

Upton	€	%
Total expenditure	333,736	100%
Funded by:		
State and local authorities	242,823	73%
Other Income	115,196	34%
Surplus	24,284	7%

### Exhibit 48

Ferryhouse	€	%
Total expenditure	487,562	100%
Funded by:		
State and local authorities	369,317	76%
Other Income	145,146	30%
Surplus	26,901	6%

As the records are incomplete, this summary can only be regarded as indicative.

We note that the Rosminian Fathers have, in presenting information to us, drawn attention to the history of under-funding and scarcity of resource in the schools. They have also noted that the community schools, were of necessity, interdependent, and both dependent on the produce of the school farms for essentials. The Order also notes that the Province did not maintain central funds, and could not, accordingly, provide significant additional support. The net liability position of the Province at 31st December 1969, supports this contention. We attach at Appendix XIII the submissions of the Order in relation to the financial position of the schools.

The submission made by the Rosminian Fathers draws attention to a number of issues that are relevant not only to those schools run by the Order, but also to the system of Reformatories and Industrial Schools in its entirety. We have dealt with these, in that context, in the early sections of this report. In summary, the issues raised by the Order are as follows;

- No State monies were available to assist with the provision of buildings and other facilities in the Industrial Schools.
- The Order also notes *'It must be kept in mind that the two Industrial Schools were only part of the financial burden on the Province that also had to provide and maintain houses for students who were called to join the Institute and who did not pay any fees for their training. From 1945 onwards, the Province had a further call on its limited financial resources when it was required to provide for the travelling expenses, health care and much more, of the members who went on mission to East Africa.'*

The question of State funding of the property is, as we have already seen, complex, and is relevant to our understanding of the relationship between the State and the Orders and their collective perception of their respective roles in relation to the provision of the Reformatory and Industrial Schools.

With regard to the additional financial burdens on the Order, we note that this question is relevant to an understanding of how the religious communities viewed the schools as a potential contributor to other unfunded or under-funded activities of the Order. From our examination of the financial information made available to us by the Rosminian Fathers it is our view that the schools did leave the Order in a net surplus position, to the extent that the closing balance sheets of the schools show an improved position on the earliest available accounts. However, the contribution of the schools to other community activity does not, based on the available information, appear to have been sufficient to yield the Order a significant surplus.

## 7. St Vincent's Industrial School – Goldenbridge

We have carried out a review of the financial data and related information in respect of St Vincent's Industrial School, held on the Commission database system and from financial information provided by the Sisters of Mercy.

Our work to date consists principally of the review and analysis of relevant information in accordance with applicable requirements specifically identified in our terms of reference. These are:

- A review of the application of State funding to the care of children in St Vincent's Industrial School
- A commentary on the effects of changes in the number of children over the period 1939–69.
- The financial consequences for the relevant institution as a result of caring for the children over the period 1939–69
- A commentary on staffing/student ratios over the period of the review.

### 7.1 Background to financial information

St Vincent's Industrial School was certified as an industrial school in 1880. The Sisters of Mercy managed the industrial school at Goldenbridge between 1939 and 1969. The facility provided accommodation in respect of 140 children committed there at 30th September 1939 and 141 children at 31st December 1969. For most of its existence the industrial school was certified for girls up to the age of 16 years and from 1954 its certification included permission to accept boys up to the age of 10 years.

The combined Congregation of the Sisters of Mercy was founded in 1994. Prior to that, the Order was divided into distinct congregations – one for each diocese. Each diocese had its own mother general and council. Goldenbridge Industrial School was associated with Goldenbridge Convent (approximately 20 nuns), which was a branch house of Carysfort Mother House within the Dublin diocese. On the same grounds as the industrial school were the convent, the external convent primary school, the secondary school and a small farm. We understand that the small farm consisted of a couple of acres that was used to keep a few cows and crops, which were used to supply the convent.

We have not received any financial information for the school for the years 1939–54. Accounts were available for the period 1955–69 in six-monthly sets with the exception of the six-month periods ended 31st December 1957, 30th June 1968 and 30th June 1969. The period ended 31st December 1960<sup>102</sup> has also been omitted from our analysis as this is a duplication of the 30th June 1960 accounts which therefore questions their validity. Two different sets of accounts were made available to us for 1953. For the purpose of this analysis we have used accounts reference SOMGB-00568/12 and SOMGB-00568/13. In the years 1961<sup>103</sup> and 1963<sup>104</sup> we note that the accounts of the Goldenbridge do not appear to tot correctly. We have accordingly used the detailed analysis rather than relying on sub-totals as presented in the accounts.

The school ceased to be an Industrial School in the mid-1980s.

<sup>102</sup> SOMGB-00568/49-55.

<sup>103</sup> SOMGB-00568/58.

<sup>104</sup> SOMGB-00568/84.

## 7.2 Analysis of income and expenditure

The income and expenditure of Goldenbridge Industrial School, as presented in the school accounts for the period 1955–69 is as follows:

**Exhibit 49**

	1955–60	1961–69	TOTAL
	€	€	€
INCOME	154,582	230,570	385,152
EXPENDITURE	146,256	205,487	351,743
SURPLUS	8,326	25,083	33,409

Commenting on the funding of the school Sr Helena O'Donoghue noted:

In any examination of standards in the Industrial Schools the issue of funding is critical. From interviews with the former Resident Manager and from the limited records available it is clear that there was a constant struggle to provide even a basic standard of living for the children within the limits of the funding provided to Goldenbridge right through until 1970s when the capitation fee per child was doubled overnight on the eve of a General Election.<sup>105</sup>

The main sources of income recorded in the school accounts are as follows:

- Dublin Corporation
- Council grants
- Dublin Health Authority
- The Department of Education.

We note that, with the exception of one year there is no evidence that the school received any primary grant funding in respect of national school teachers. Those accounts relate to the period ended 31st December 1953 and refer to income from 'Department of Education – Primary Branch – Capitation Grant for National School'. The grant received is represented in the accounts as an amount of IR£878.

The main items of expenditure over the period include:

- Food
- Clothing
- Salaries and wages
- Repairs and decoration
- Rent, rates and taxes
- Fuel, light and power
- Furniture, fittings and bed linen.

<sup>105</sup> Statement of intended evidence by Sister Helena O'Donoghue (OSBG-002/32).

## Income

For the years where detailed information was available we analysed the percentage of total income for the institution deriving from the Department of Education and the county and borough councils (government and local authority grants). As seen below the most significant portion of income is from government and local authority grants.

**Exhibit 50**

Income	1951–60	1961–69
Dublin Corporation	37%	31%
Treasury (Department of Education)	46%	34%
County councils	4%	8%
Dublin Health Authority	0%	11%
Other	13%	16%
Total	100%	100%

Government and Local Authority grants varied between 84–87 percent of total income recorded by the institution between the years 1951–69. (This includes treasury amounts<sup>106</sup> that we understand were capitation grants.) In total, the amount received over the period was equivalent to €304,519.

We understand that bead-making commenced as a trade within the school in the early 1950s and ceased prior to 1970. From our discussion with the representatives of the Order, we believe that children made ‘decades’ of beads (the stringing of beads onto wire using pliers). Quotas were imposed in order to meet the requirements of their contracts with two companies. We understand that the quota was 60 decades per participating child per day. We do not know how many children participated and no financial records of this income source have been made available to us. We did receive correspondence from one company which purchased the decades from Goldenbridge and we have used this data to estimate the range of possible income that has not been included in the accounts.

**Exhibit 51**

Bead Income				
Number of children	120	90	60	30
Income per decade	IR£0.11	IR£0.11	IR£0.11	IR£0.11
Income per annum	IR£3,432	IR£2,574	IR£1,716	IR£858
Discounted income per annum	IR£2,869	IR£2,152	IR£1,435	IR£717

We understand that:

- There were quality issues with the decades, for which we have discounted our estimates by 5 percent.
- For most of July, August and Christmas there was no production, for which we have discounted the estimate by 20 percent.

<sup>106</sup> SOMGB-00568/12.

- On occasions the children worked six days a week, for which we have increased the estimate by 10 percent.

This means that the range of income would be between IR£717 and IR£2,869 per annum depending on the number of children making the decades. We understand that the Sisters of Mercy believe that the income was at the lower end of this scale.

We believe that the income generated may have been significant because an amount was used in 1954 to contribute to the purchase of a property in Rathdrum, County Wicklow. We have been advised by the Order that the property was used by children during holiday periods.

### Expenditure

The most significant items of expenditure can be summarised as follows;

**Exhibit 52**

	1951–60 %	1961–69 %
Dietary expenses	34	26
Wages	21	18
Clothing	12	12
Building repairs and decorations	11	16
Fuel and light	7	7
Furniture and fittings	3	3
Medical	1	2
Other	11	16
Total	100	100

The wages above consist of staff wages, payments to the Resident Manager and payments to the Reverend Mother.

### Wages and salaries

Limited information is available in relation to the staffing levels during the period 1939–69. We understand that generally the staffing consisted of two nuns (both teaching and one having the dual responsibility of resident manager), two lay teachers and a number of other staff (seamstress, domestic, etc). We note that based on records of 1955 there were eight members of staff excluding the nuns and teachers. This increased to eleven members of staff in 1958.

We noted a number of inconsistencies in relation to wages and salaries: There were peak years for payments of wages and salaries in 1953 and 1954 of approximately €4,900 per annum. These levels were not reached again until 1967.

### Exhibit 53

Wages and salaries	1953 & 1954
Non-teaching staff	€1,400
Lay teachers and nuns	€1,900
Unknown	€1,600
Total wages per accounts	€4,900

The data from the year where wage analysis is available, which is based on the staff numbers and weekly wages in 1955<sup>107</sup>, can be used to recalculate the annual staff wages to be approximately €1,400 per annum based on eight staff members. The difference is likely to be made up of payments to the two lay teachers and the two nuns. Based on average industrial wages in 1955 this would account for approximately €1,900.<sup>108</sup> We do not know what payments made up the remaining €1,600. However, we note from the payments books, which are only available subsequent to 1960, that they show a payment, recorded as wages, to the reverend mother of IR£90 per month. We do not know whether this payment actually represented wages or if the funds were used for the school or for another purpose.

The accounts of Carysfort Mother House indicate payments received between 1939 and 1954 on a monthly basis totalling between approximately €5,000 and €9,000 per annum described as 'National Education Goldenbridge'. The Carysfort accounts indicate payments totalling between approximately €1,000 and €5,000 per annum to the Goldenbridge convent and Goldenbridge school expenses. The source of the income is not clear nor is the extent to which the payments related to wages. It is also not clear how much of this income, or expenditure, relates to the Industrial School, rather than the adjacent national school.

### Exhibit 54

#### Capital expenditure

1951–69	€
Building Account	90,000
Accounts summary:	
Repairs, Buildings and Decorations	50,195
Machinery and new equipment	227
Furniture, fittings and bed linen	11,084
Crockery and Hardware	1,030
Hardware	6,209
Total	158,745

The total capital expenditure during the period 1951–69 was €158,745. The following items of capital expenditure items were noted during our review:

- 1941: New recreation hall
- 1954: A holiday home at Rathdrum

<sup>107</sup> SOMGB-00568/21.

<sup>108</sup> See Exhibit 3, Part 4.

- 1955: New heating system installed
- 1958: Re-wired
- 1960: Small villa at entrance gate for residents' visitors
- 1963: Four new dining rooms; a recreation hall and playground
- 1963: New dormitory
- 1964: New external primary school.

Capital expenditure using the school account was primarily on building repairs and decorations and furniture and fittings. In the 1960s this amounted to 19 percent of expenditure. In 1969 repairs to buildings made up 29 percent of expenditure. We have received some records in respect of a building account held in the 1960s that was funded by the school account and various grants. It is unclear how much of these funds were used for properties other than for the industrial school; although based on a sample review of such expenditure we did note a certificate of payment in respect of Rathdrum in the amount of IR£750.<sup>109109</sup>

The accounts of the Industrial School indicate funding given to capital expenditure of IR£2,000 for the purchase of a holiday home in 1954, with further contributions to the building fund account of IR£2,000 in 1959 and IR£4,000 in 1960, before a subsequent repayment from the building fund account to the school account of IR£1,050.

### **Building fund**

As we have noted above, the building account was operated during the period under review. We received accounts for the period 1961–66 in six-monthly sets with the exception of the six months ended 30th June 1962 and 30th June 1964. The following information has been extracted from those accounts:

- Approximately €90,000 was spent during the period 1961–66 with €68,500 spent during the period 1964–66.
- The main identified contributors to the funding were: Board of Works €32,000; Dublin Corporation €15,000 and Treasury (Department of Education) €17,000.
- Due to incomplete records we are unable to determine whether other lodgements to the building account represent capital grants or general funding of the school which was used for capital expenditure.

The building fund account is summarised in Appendix XV.

### **7.3 Numbers of children and staff**

Below is a summary of the number of students attending St Vincent's, Goldenbridge and the income and expenditure per student for that year.

<sup>109</sup> SOMGB-00490/1.

## Exhibit 55

Year	No of students	Income per student	Expenditure per student
		€	€
1951	150	85	83
1952	154	89	82
1953	158	109	111
1954	151	106	112
1955	161	81	93
1956	161	99	87
1957	163	136	108
1958	166	90	110
1959	158	151	131
1960	161	198	121
1961	163	113	130
1962	190	99	108
1963	176	111	125
1964	194	162	136
1965	174	197	133
1966	165	195	195
1967	147	275	226
1968	139	279	166
1969	141	323	222

We can see from the above figures that the number of children committed to Goldenbridge peaked in the early 1960s and then began to decline in the late 1960s.

As noted above accounts were not available for the six months ended 31st December 1957, 31st December 1960, 30th June 1968 and 30th June 1969 and therefore for these years income and expenditure figures were calculated on a pro-rata basis in order to achieve comparable figures.

We understand that there was no significant fluctuation in teaching staff during the period. Limited information was available in relation to non-teaching staff.

### ***7.4 The financial consequences for the relevant institution as a result of caring for the children over the period 1939–69***

The financial consequences for Goldenbridge of caring for the children over the period 1939–69 are probably best characterised as being one of being close to break-even. The following table illustrates, for those years where accounts are available, the position.

## Exhibit 56

	€	%
Total expenditure	351,743	100%
Funded by:		
State and local authorities	282,239	80%
Other income	102,913	29%
Surplus	33,410	9%

We note that there was a surplus in the bank account of the Industrial School at 30th November 1969 of €16,265, which is consistent with the position indicated in the above summary. We also note in this regard that the school accounts do not show any primary grant received, with the exception of one period, and exclude income from the bead-making activity.

### 8. St Conleth's Reformatory School – Daingean

This part of our report deals with our consideration of the financial information available in respect of the Reformatory School at Daingean, County Offaly, which was run by the Oblate Order between 1940 and 1969. In the course of our review we considered the following terms of reference identified by the Commission;

- A review of the application of State Funding to the care of children in the institution
- A commentary on the effects of changes in the number of children in the relevant institutions over the period 1939 to 1969
- A commentary on staffing/student ratios over the period of the review
- The financial consequences for the relevant institutions as a result of caring for the children over the period 1939–69.

#### 8.1 Background to financial information

On 6th August 1940, St Conleth's School in Daingean, County Offaly, was certified as a Reformatory School to be managed by the Oblate Order. The Oblate Order had, up until this time, run a training college for those wishing to enter the Order at Daingean, with the premises leased from the State since 1932 on a 99-year lease while the adjoining lands were owned by the Order. The facility in Daingean was identified as a replacement for the Reformatory School in Glenree, which had been operated by the Oblates until 1940, having previously been run as a reformatory school since the late 1800s, and as an army barracks and convict prison prior to that.

In one of the sequence of transactions related to the establishment of the reformatory school at Daingean, the State purchased the farmland from the Oblate Order at a price of £4,500 (€5,714), including £1,000 (€1,270) for farm buildings which the Oblates had erected on the lands, and entered into a new 50-year lease agreement at an annual rental of £350 (€444). In addition the State paid to the Oblates a sum of £6,000 (€7,618) for improvements that they had carried out to the buildings at Daingean and £2,500 (€3,174) towards the liquidation of debts incurred by them in running the reformatory in Glenree.

Some of the monies paid to the Order were used to fund the purchase of an estate in Piltown, County Kilkenny for the purpose of housing the Oblate Order's training college.

The farmland at Daingean comprised 259 acres of which a portion was given over to a dairy herd and 70 acres of which were under tillage. The farm supplied milk, butter, meat, potatoes and vegetables for the school. In addition to the farm produce, two bogs owned by the school provided fuel and bread was baked in the school bakery.

Activities at the school included tailoring, shoemaking, woodwork, farmwork, and working the bogs, while football, hurling and handball were played during free time. There was also a school band and mobile cinema. Ninety boys were members of the local defence forces. In 1945 a new theatre was completed where the boys put on performances both for the school and the general public. During the 1950s and 1960s, about 40 boys attended the technical school, another 40 attended the remedial school while the remainder were engaged in whatever trades and activities existed.

The staff at Daingean included the Resident Manager, chaplain, approximately four Oblate Fathers, up to 20 Oblate Brothers, two lay teachers, one tailor, one shoemaker, three farm workers, one PE teacher (part time).

The school at Daingean had an accommodation limit of 250 boys. Just over 220 boys were transferred from Glencree to Daingean in August 1940. The war years saw Daingean accommodating its highest levels of inmates. From the information available it would appear that student numbers reached a high of 240 in 1943 and dipped as low as 92 in 1969.

Financial information has been reviewed for all years from 1940.

## 8.2 Analysis of Income and Expenditure

**Exhibit 57**

	1940–49	1950–59	1960–69	TOTAL
	€	€	€	€
INCOME	148,231	223,993	354,657	726,881
EXPENDITURE	147,222	222,106	375,259	744,587
SURPLUS /<DEFICIT>	1,009	1,887	<20,602>	<17,706>

As can be seen from the analysis, the school operated at approximately a break-even position for the first two decades under review but ran into deficit during the third decade.

### 1940–49

Whilst deficits existed in the years 1943, 1944, 1946, 1947 and 1949 a small surplus of €1,009 was generated during the decade. 'Proceeds of sale of Glencree' of €4,444 were recorded as income in 1943 (resulting in a surplus of €4,469 in that year) but were then transferred out in the following year (resulting in an overall deficit of €6,209 in 1944). It is not clear from the accounts where these proceeds were transferred to or what specifically the proceeds related to. The deficit in 1944 was also driven, in part, by a bakery installation amounting to €1,200. Deficits were generated in each of the years 1946 (€587), 1947 (€188), 1949 (€1,204). It is noted that in 1946 and 1947 turf was purchased for other sites operated by the Oblate Order in Dublin.

What this broad analysis of income and expenditure, and resulting surpluses/deficits, shows is that, by and large throughout the 1940s, the school was run within the funds available.

### 1950–59

While the overall surplus of €1,887 generated for the decade 1950–59 is not significantly different from that generated in the previous decade, an examination of individual years show erratic results which range from a deficit of €891 to a surplus of €1,798. There appears to be a trend of a year of deficit being followed by a year of surplus. Significant one-off items of expenditure during these years included the following:

**Exhibit 58**

Year	Expenditure	Amount
		€
1952	Technical school	1,439
1957	Schoolbooks & newspapers	3,595
1958	Payments to council	1,439

### 1960–69

Significant deficits were generated in all but two years throughout the 1960s. These deficits would appear to derive from increased expenditure across a number of different headings which include holidays and retreats; coal, gas, water and lighting; repairs; education; stipends to Fathers and provincial; farm. There would also appear to have been significant petty cash drawings in the 1960s (amounting to €9,604), the purpose of which is not identified. Throughout the 1960s income generated from the farm appears to have increased quite substantially – from €12,709 in 1940–49 to €73,685 in 1960–69.

### Income sources

Government and council grants were the primary sources of income for the Reformatory School in Daingean. Other income included farm sales, stipends and sundry sales. The source of the stipends is not clear from the documentation available. An analysis of the percentage of total income for the institution which derived from the Department of Education and the county and borough councils (government and council grants) is outlined below. The analysis shows that Government grants accounted for a proportionately smaller amount of total income in later years. This reflects both the falling number of boys being admitted in later years as well as the increased farm income.

### Exhibit 59

Sources of Income	1940–49	1950–59	1960–69
	%	%	%
Government and council grants	83	77	67
Farm	9	14	21
Stipends	3	3	3
Sundry sales	-	5	-
Shop	-	-	1
Other	5	1	8
Total	100%	100%	100%

In addition to these direct sources of income, activities carried out at the school, which involved the labour of the boys, also generated some income which went directly to the Province – the annual sale of work was: *'an annual effort from here (Daingean) towards the missionary endeavour'*.

We note that the amount of funds raised from this source is not known.

### Expenditure

The main categories of expenditure over the period 1939–69 include:

- Clothing
- Furnishing and carpentry
- Payments to Province
- Dietary expenses
- Wages
- Farm expenses.

The main items of expenditure, as a percentage of total expenditure, in each of the decades examined are summarised in the following table.

### Exhibit 60

	1940–49	1950–59	1960–69
	%	%	%
Dietary expenses	19	21	19
Farm	14	17	22
Clothing and shoe-making	14	10	7
Payments to Province	14	6	4
Furnishing and carpentry	7	9	10
Wages	7	10	10
Rent	4	3	2
Fuel and light	5	6	10
Car, lorry and freight	3	5	1
Medical	3	3	33
Rates, taxes and insurance	-	1	2
Other	10	9	10
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

From the detailed income and expenditure accounts provided it is apparent that the school was to some degree self-sufficient, with the majority of dietary needs coming from the farm. Reports in 1941 from Anna McCabe, the Medical Inspector, indicate that the boys were well fed which was helped significantly by the farm produce<sup>110</sup>. In addition, activities at the Reformatory School in Daingean included tailoring and shoemaking which would have met a significant portion of the needs of the boys in this regard. Documentation indicates that at one point production in the tailor's shop was so high that they could provide all of their own clothes.<sup>111</sup>

Expenditure of the school includes payments to the Province which amounted to almost €50,000 over the period under review. 'The Oblates levied an administration fee on the school as it did on every house in the Province'<sup>112</sup>.

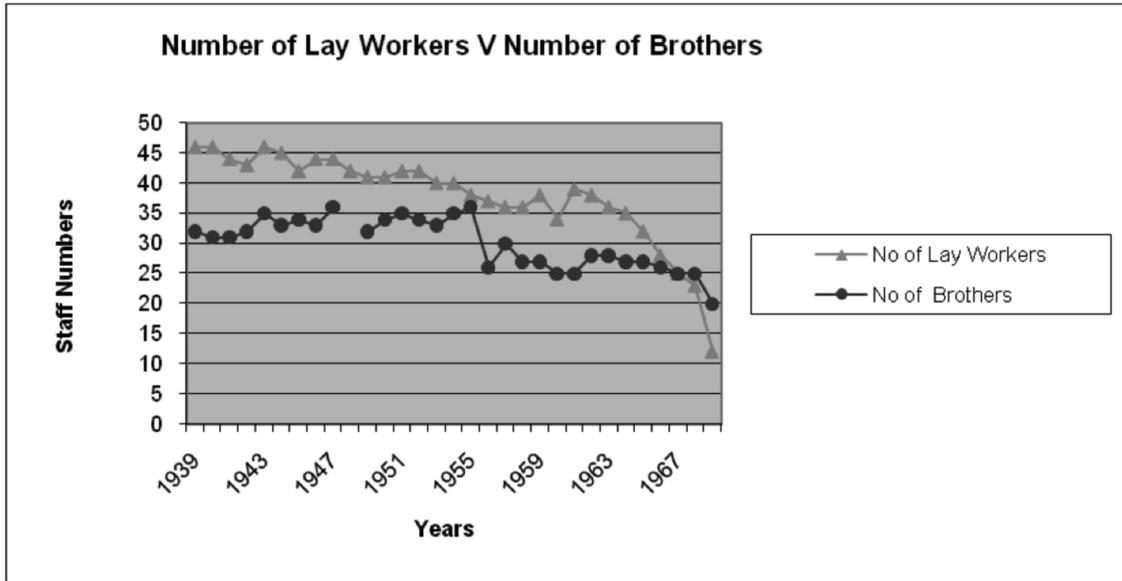
A report prepared on behalf of the Oblate Order in May 2002 indicates that these payments to the Province and to the order members were funded by farm sales, stipends and donations. An analysis of payments to the Province and to the order members in the context of the surplus/deficit generated from the farm and income from donations and stipends indicates, however, that in most years such income sources, when related costs are taken into account, would not have supported the level of payments made to the Province and to the order members and, at an overall level for the period from 1940–69, payments to the Province and to the order members would have exceeded these sources of income by an amount of approximately €25,111, i.e. farm income, donations, stipends and sundry sales together exceeded farm expenditure by just €35,395 and were not sufficient to cover payments to the Province.

<sup>110</sup> Anna McCabe Report 13/1/1941.

<sup>111</sup> DNOB2016.

<sup>112</sup> Oblate Statement 1949–55.

Exhibit 61



This would, therefore, imply that capitation grants were, in part, funding payments to the Province. One view which has been expressed is that, since the farm was owned by the State, funds generated from the farm should have been returned to the State. This view is suggested by Department of Finance considerations at the time when the Reformatory School was being transferred from Glenree to Daingean –

it would seem reasonable that any profit arising on the farm should accrue to the State ...  
 As the grants should enable the Reformatory to be conducted in a satisfactory manner, the profits on the farm should not be diverted to the Order.<sup>113</sup>

It is assumed that these payments to the Province replaced the direct payment of a stipend to members of the Oblate Order working at the institution. The members of the Order in Daingean did benefit from board and lodging as well as benefiting from farm produce. We have been informed by representatives of the Oblate Order that they also received a small amount of pocket money for their holidays. Income and expenditure accounts for the school indicate that total expenditure in the amount of approximately €78,000 was incurred on holidays, retreats, Father’s allowances and sundries, stipends to Provincial, and payments to Province.

The report prepared by Goodbody Economic Consultants on behalf of the Order and submitted to the Commission in May 2007 makes the point that had the school paid salaries to the Fathers and Brothers working in the institution that the amount of such salaries would exceed the amounts received by the Province and as a consequence deficits of the school would have been higher than those presented in the accounts. The calculations prepared by Goodbody’s appear broadly reasonable. However we believe it important to bear in mind the system that prevailed at the time (as described in Parts 3 and 4 above). That the Reformatory was not a State school is quite clear in documentation reviewed:

During the Conference two very important factors from an Oblate point of view and bearing on the work of the Reformatory were discussed and accepted as defining accurately the status of the Oblates in Daingean, viz (a) Mr Frank Duffy, representative of the Department of Education, made it quite clear that the Reformatory School though recognised and financed by the State was not a State Institution but a private school

<sup>113</sup> DOF1939-02-020.

under the management of a religious body. There was no legislation to constitute it a State institution, (b) that should the Oblate Congregation at any time feel the yearly rent of E350 too burdensome it had two alternatives, first, to approach the Government for a remission of part of this burden or for an increase in grant and secondly, it had the option on six months notice to the Government at any time to relinquish the work of conducting the Reformatory.<sup>114</sup>

The Industrial and Reformatory Schooling system during the period under review did not provide for payment, by the State, of salaries of those employed in the running of the institutions. The matter of salaries would not appear to be a matter that was raised by the Order at the time they ran the Reformatory in Daingean. Rather they appeared to accept the responsibility of managing the Reformatory and, in so doing, participated in the system as it prevailed at that time.

We also understand that the Order itself did not pay salaries to the Fathers and Brothers who gave up their personal time and labour as part of their vocation. To restate the accounts, therefore, to take into account theoretical salaries would not, in our view, accurately represent the situation as it pertained at that time.

### Farm income and expenditure

Separate accounts were not maintained for the farm at Daingean for the period under review. We have not seen a clear definition of what the category ‘farm sales’ included but it is assumed that this income source derives from excess produce being sold to third parties.

From the information provided in the school accounts we can see that the farm generated a deficit of income over expenditure in each of the three decades, as outlined below. These figures do not, however, take into account the value of farm produce consumed by both the boys and the Brothers and Fathers resident at the School. In availing of farm produce to feed the boys and Brothers, there was, presumably, both a financial saving to the school, which would have resulted in lower total expenditure and lower deficits than if these costs were incurred externally, as well as a corresponding loss of potential income. Similarly, the accounts do not reflect the fact that labour on the farm was largely that of the boys and the Brothers. Again, there would have been a certain saving to the school in using this ready pool of labour as opposed to employing additional farm labourers.

**Exhibit 62**

	1940–49	1950–59	1960–69	TOTAL
	€	€	€	€
Farm sales <sup>115</sup>	12,709	32,446	73,685 <sup>116</sup>	118,840
Farm expenditure	20,883	40,294	82,667	143,844
<b>SURPLUS /&lt;DEFICIT&gt;</b>	<b>&lt;8,174&gt;</b>	<b>&lt;7,848&gt;</b>	<b>&lt;8,982&gt;</b>	<b>&lt;25,003&gt;</b>

A Department of Education report prepared in 1955 following a visit to the school provides an insight into one observer’s opinion of the profit-generating capacity of the farm and the use to which these profits were put:

<sup>114</sup> Resident Managers Management File.

<sup>115</sup> Farm sales are taken directly from the accounts provided. Other income categories such as ‘sundry sales’, ‘unspecified’, etc may represent income generated from the farm but due to the uncertainty have been excluded from this analysis.

<sup>116</sup> Farm sales presented in the accounts show zero farm income in 1968 despite expenditure in that year of €12k.

*I am of the opinion that very handsome profits are made on the farm but I can see no evidence of any of the profits being ploughed back for the benefit of the boys or for the improvement of the buildings.<sup>117</sup>*

The same report goes on to say:

*I could not help forming the impression that if the Institution and the farm attached to it were part of the one business it should be a matter of very little difficulty for the authorities of the school to make very considerable improvements in the interests of the boys without appealing to the Department for an additional grant.*

From a comparative description, in this same report, of the farm buildings and the buildings occupied by the boys, there would appear to have been a very notable difference:

*the kitchen and the dining-room ..... reminded me forcibly of the conditions so eloquently described by Dickens and which were common in poorhouses in England at this time ..... In contrast to the conditions for the boys, the conditions for the milking herd were excellent. The byre was a beautiful cut-stone building – an old building but very well maintained – beautifully clean, well washed out and the cattle very well cared for ..... The attention paid to the cattle was in marked contrast to the care for the feeding of the boys.*

The views of the Department official are not consistent with the record in the financial statements, which show an overall deficit from the farm. We have not been able to identify a reason for this inconsistency.

### **Capital expenditure**

In January 1940 the property at Daingean was valued at £8,436.<sup>118</sup>

The Oblate Order entered into a 50-year lease agreement with the State dated 10th September 1941. Under the terms of this lease, the lessees (being the Oblate Order) were required to:

*repair, cleanse, maintain, amend and keep the said messuage and buildings and all new buildings which may at any time during the said term be erected on and all additions made to the demised premises and the fixtures therein and the walls, fences, roads, sewers, drains and appurtenances thereof with all necessary reparations, cleansings and amendments whatsoever ... in good and tenantable state of repair and condition.<sup>119</sup>*

Department of Finance documentation indicates that the income to the Oblates under the capitation grant system was regarded by the Department as being adequate to meet repair and maintenance expenditure:

*The grants are fixed so as to cover not only the maintenance of the boys but the maintenance of the buildings. The Order in the past made a profit out of the Reformatory.<sup>120</sup>*

Expenditure of a capital nature, on the other hand, was the responsibility of the State and, in entering into the new lease agreement with the Oblates, it was acknowledged that certain further improvements to Daingean would be required.

*The cost of acquiring the farm and farm buildings and of compensation to the Oblate Order in respect of additions to the premises, as well as of the further improvements now*

<sup>117</sup> DEDAN0285-031.

<sup>118</sup> DOF1939-02-167.

<sup>119</sup> DOF1939-02-162.

<sup>120</sup> DOF1939-02-018.

authorised and of such works as may be found necessary in future, will fall to be borne on the Vote for Public Works and Buildings.<sup>121</sup>

The accounts of the school record expenditure in the amount of equivalent €72,422 on repairs and furnishing and carpentry, which represents 10 percent of total expenditure for the period reviewed. The breakdown of this spend over the three decades is notably different however, as outlined below, with an increasing level of expenditure incurred in later years.

**Exhibit 63**

	<b>1940–49</b>	<b>1950–59</b>	<b>1960–69</b>	<b>TOTAL</b>
	€	€	€	€
Furnishing & carpentry	10,113	20,799	37,074	67,987
<b>% of Total expenditure</b>	<b>7%</b>	<b>9%</b>	<b>10%</b>	<b>9%</b>
Repairs	-	-	4,435	4,435
<b>% of Total expenditure</b>	<b>-</b>	<b>-</b>	<b>1%</b>	<b>1%</b>

A significant amount of building work was carried out in Daingean between 1940 and 1969.<sup>122</sup>

From documentation made available it appears that the steps involved in the carrying of capital works were as follows:

- The Oblate Fathers contacted the Department of Education to request specific renovations at the school.
- Department of Education contacted the Department of Finance to obtain approval for the funding of the works.
- If the Department of Finance grants permissions it sent a memorandum to the Board of Works to initiate the works.
- The Project Architect from the Board of Works would then make direct contact with the Reformatory Manager to determine the specifics of the works to be carried out.
- The Board of Works would then conduct a publicly advertised tender competition to select contractors for the project. The Board of Works would manage the process of selection of contractors.
- The Board of Works monitored progress on the assignment and managed all payments to the contractors.

Correspondence reviewed indicates that requests for capital funding were ongoing throughout the 1939–69 period and both the State’s and the school management’s frustration in this regard is quite apparent.<sup>123</sup>

Correspondence between the OPW and the Department of Finance indicates that building work carried out between 1940 and 1963 included the following<sup>124</sup>:

<sup>121</sup> DOF1939-02-028/1.

<sup>122</sup> The Commission has written to the OPW seeking clarification of this point but a complete response has not been available to date.

<sup>123</sup> DEDAN0282-046; DOF1939-02-110.

<sup>124</sup> DOF1939-02-199/1.

## Exhibit 64

	Date of completion	Work carried out	Approximate expenditure
		£	€
1941	Sanitary annexe	4,000	5,079
1944	Wooden huts to serve as dormitory for 35 boys and a recreation hall	5,500	6,984
1948	New west wing	23,000	29,204
1954	New east wing	25,000	31,743
1958	Demolition Works (St Joseph's wing, BOOT Shop, old recreation hall, wash house, shelter at rear of boot house) New works (two play shelters, two handball alleys, new residence for 12 Brothers, paving of new recreation ground)	28,000	35,553
TOTAL		85,500	108,563

Despite the building work undertaken in the 1940s and 1950s, inspection reports indicate that the farm buildings were in better repair and condition than the living accommodation for the boys. Department of Education records from the mid-1950s include the following comments:

*Dr McCabe informed me that she has been pressing for years on the authorities of the school certain improvements in the interest of the boys both spiritually and materially. Some of these have been carried out though with considerable reluctance and the almost invariable answer given to her when she suggests improvements is that there is no money available for such.*<sup>125</sup>

During the early 1960s requests for capital funding continued with approximately £35,000 (€44,441) being requested for an assembly hall, games room and boot hall although this does not appear to have been sanctioned by the Minister for Finance. A further £6,000 (€7,618) was sanctioned in 1967 in respect of fire precaution works. In 1969 the Committee on Reformatory and Industrial Schools visited Daingean and, in their interim report, identified the need for works which the OPW costed at a minimum of £85,000 (€107,928). It is not entirely clear whether this amount was in fact sanctioned by the Department of Finance but there appear to be recommendations within the Department files to provide sanction for this amount<sup>126</sup>.

In considering the substantial capital and maintenance spend throughout the period, it is notable that this trend of significant capital investment continued right up until the reformatory at Daingean closed in 1973. Documentation from 1969 indicates that the future of the institution was given some consideration in the context of the £85,000 (€107,928) capital funding request. Assurance seems to have come from the Department of Education in this regard in correspondence of 30th May 1969:

Whatever the recommendations of the Committee on the future of St Conleth's, this Department is satisfied that the building will continue to be occupied as a reformatory for a further period of at least 10 years.<sup>127</sup>

<sup>125</sup> DEDAN0285-031.

<sup>126</sup> DOF1966-00-073.

<sup>127</sup> DOF1966-00-66.

Despite the significant capital investment in Daingean in the period 1939–69, Department of Education records indicate that Daingean was not in a good state of repair. Correspondence between the OPW and Departments of Finance and Education in 1969 and the early 1970s indicates that certain buildings in Daingean were *‘structurally unsound’*.<sup>128</sup> A visit paid by an official of the Department of Education in 1967 echoes this view of the state of repair, referring to the premises being *‘in a bad state ... should be demolished’*.<sup>129</sup>

### **Closure of Reformatory School**

The Kennedy Report in 1970 recommended that Daingean ‘should be closed at the earliest opportunity and replaced by modern special schools conducted by trained staff’.

St Conleths Reformatory School in Daingean was closed in October 1973, and replaced by Scoil Ard Mhuire, Lusk. The land and buildings at Daingean were surrendered to the State with the exception of a house at the entrance to the Reformatory which was retained by the Oblates and the gate lodge which was disposed of, to the occupant of 26 years, on terms recommended by an OPW valuer. The transfer value of the house to be occupied by the Oblates was a point of some contention – the original OPW valuation (£20,000/€25,395) was disputed by the Oblates due to the fact that they had recently incurred £12,000 (€15,237) on a milking parlour and the fact that they would need to incur expenditure on repairing and redecorating the house<sup>130</sup>. It is not entirely clear what value was ultimately ascribed to this transaction and we have not seen any documentation in relation to payments made in this regard.

### **8.3 Numbers of children and staff**

Below is a summary of the number of students attending St Conleth’s, Daingean and the income and expenditure per student for that year.

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<sup>128</sup> DOF1966-00-070.

<sup>129</sup> DEDAN0276-105.

<sup>130</sup> DOF1966-00-077.

**Exhibit 65**

Date	Average students per year	Income per student	Expenditure per student
		€	€
1940	222	31	24
1941	221	65	63
1942	223	65	60
1943	240	85	66
1944	236	68	95
1945	224	78	75
1946	199	73	76
1947	178	70	71
1948	206	80	75
1949	201	76	82
1950	175	98	103
1951	178	110	100
1952	177	133	134
1953	152	150	141
1954	142	148	154
1955	130	160	160
1956	166	132	122
1957	163	131	138
1958	154	167	170
1959	172	177	172
1960	187	92	97
1961	181	183	204
1962	146	254	234
1963	117	285	291
1964	129	222	294
1965	108	350	393
1966	119	342	344
1967	107	359	301
1968	104	424	449
1969	92	488	572

St Conleth's had an accommodation limit of 250 students. It would not appear to have reached this limit at any point, 240 students being the highest number under detention (in 1943). Documentation indicates that the numbers under detention were at the highest levels during the war years as a concerted effort was made by the relevant authorities to minimise the number of offending children on the streets.

We can see from the above figures that there was a rapid decline in numbers of children committed in the mid to late 1960s. As the numbers dropped below 200 in the 1950s, the Resident Manager at Daingean was of the view that the grant should be on a sliding scale since the

overhead costs were reasonably constant regardless of the number of boys, while the income stream was linked directly to the number of boys under detention. This point was raised at an interview given by the Minister of Education to the Resident Manager in 1950. The Minister vetoed the idea at that time on the grounds that a new wing at the school had just been completed and it was not considered to be the optimal time to draw the Department of Finance's attention to the falling numbers:

*The Minister stated that the time immediately following our successful struggle for the provision of the new wing is not the best time to ask the Minister for Finance for extra grants nor the best time to bring to the attention of the Minister for Finance that committals are falling so low that the new wing might, perhaps, not be needed. The question of increased grants would seem, therefore, to be a matter for a later date.<sup>131</sup>*

The falling numbers of children contributed significantly to the deficit position of the school in the 1960s. This issue is dealt with further in Part 9.

Statements from the Oblate Order indicate that the staff structure remained essentially the same throughout the school's lifetime. The staffing of the Industrial School at Daingean included on average 20 Oblate Brothers, 4–5 Oblate Fathers, plus a visiting medical officer and dentist, two lay teachers, a carpenter, tailor, laundrywoman, two night men, a drill instructor and farm workers. As detailed above, the Oblates, who made up a significant portion of the staff, were not in receipt of salaries although there were 'allowances' paid to the Fathers as well as payments that went directly to the Province.

In 1946 the Department of Education proposed to appoint two full-time technical instructors for the school and in 1967 the Department of Education recognised St Conleth's under the national school grouping and agreed to pay the teachers accordingly. Up until this point the salaries of the teachers had been borne by the school. Towards the end of the period under review, in the mid to late 1960s, the staffing complement was enhanced with the addition of a matron, 2–3 further teachers, three Sisters of Mercy and four women in the kitchen. A growing number of outside professionals were also involved in the school. Three Oblates qualified as teachers and a further four or five qualified in childcare and childcare management.

#### **8.4 Financial consequences for the relevant institution of caring for the children**

We have not had sight of a balance sheet for St Conleth's Reformatory School, Daingean for the period under review. Our assessment of the financial consequences is therefore limited to the information which can be extracted from the income and expenditure accounts provided. The salient points in assessing the overall financial consequences include the following:

- We understand that there was a deficit in the bank of the Reformatory School at 30th November 1969 in the amount of €11,710.
- The total deficits generated by the school over the period amount to €17,706.
- Expenditure on the buildings (furnishing and carpentry, repairs) amounted to €72,422.
- In analysing the farm income and expenditure in the school accounts, it can be seen that the farm made an overall deficit of €25,003<sup>132</sup>. It is not known to what extent farm expenditure includes work of either a capital or a repairs and maintenance nature.

A summary of the financial effect of running the school is as follows;

<sup>131</sup> DEDAN0276-018.

<sup>132</sup> This is based on figures taken from farm income and farm expenditure lines in the accounts. Farm sales presented in the accounts show zero farm income in 1968 despite expenditure in that year of €12,000. Other income categories such as 'sundry sales' and 'unspecified' may represent income generated from the farm but due to the lack of certainty have been excluded from this analysis.

**Exhibit 66**

	€	%
Total expenditure	744,587	100%
Funded by:		
State and local authorities	533,614	72%
Other income	193,273	26%
Deficit to be funded	17,700	2%

We note that the school remained open after the period of our review. We are not aware whether the deficit identified above remained at the date of closure of the school and how any such deficit, if it existed, was funded.

An examination of the transcripts, statements and documentation of the Oblate Order made available to us describes a situation where making ends meet was a constant struggle, especially in light of the ongoing works and maintenance required:

The income deficit, plus the capital starvation for building projects, put a severe strain on Oblate management throughout the fifties and sixties. The Oblates were in no position to provide cash injections from other funds.<sup>133</sup>

Repair and maintenance expenditure, being the responsibility of the Oblate Order under the terms of the lease, represented an ongoing outflow of funds.

The Oblate Order's statement for the period 1964–72 is of the opinion that the deficits:

were made up by contributions from various sources: chiefly the produce and income of the farm, but also occasional stipends received by members of the community, and signally by the non-payment of proper salaries for Oblate staff, and some charitable contributions from the public.<sup>134</sup>

The Resident Manager was of the opinion that introducing some form of sliding scale of grants when numbers dropped below 200 would have made for better financing of the school. Such a sliding scale was not, as we have seen, realised and as the numbers fell the deficits generated by the school increased. In analysing income and expenditure, however, in these later years where numbers fell and deficits increased, there was also increased expenditure on the following categories of expenditure:

<sup>133</sup> Oblates Discovery file, p 84.

<sup>134</sup> Oblates Discovery file, p 83 (1964–72 Oblates Statement).

## Exhibit 67

	1940–49 €	1950–59 €	1960–69 €
Holidays & retreats	2,112	3,338	9,061
Furnishing, carpentry, repairs	10,113	20,799	41,510
Education	-	-	1,755
Fathers allowance & sundries	665	1,186	3,317
Stipends to Provincial	115	-	3,104
Petty cash	-	-	9,604
<b>TOTAL</b>	<b>13,005</b>	<b>25,323</b>	<b>68,351</b>

It is clear from the financial statements reviewed that the expenditure on furnishing, carpentry and repairs contributed significantly to the deficits in the school.

## 9. Comparative and break-even analysis

### 9.1 Terms of reference

We have carried out an analysis of the financial data in respect of Goldenbridge in County Dublin, Upton in County Cork, Ferryhouse in County Tipperary, Artane in County Dublin and Daingean in County Offaly. The sources of the financial data were the Commission database system and information prepared and provided to us by the respective religious Orders.

Our work to date consists principally of the review and analysis of relevant information in accordance with applicable requirements specifically identified in our terms of reference. These are:

- A review of the application of State funding to the care of children in the schools
- A commentary on the effects of changes in the number of children over the period 1939–69
- The financial consequences for the schools as a result of caring for the children over the period 1939–69.

### 9.2 Comparative analysis

The expenditure of the schools at Goldenbridge, Artane, An Daingean, Upton and Ferryhouse has been analysed into common areas and summarised into five-year periods commencing from the date from which financial information is available. These figures therefore represent the data available in the school accounts for the period 1939–69. Information not available for certain years and parts of years is dealt with in detail within the respective chapters. The groups of similar costs used for this analysis are detailed below:

Expenditure category	Details
Provisions	Provisions purchased, food, clothing, medical expenses, laundry and cleaning, aftercare, shoe making and bootshop
Operational Expenses	Industrial departments, farm poultry and garden, sweet shop and store, stationery, telegraph, telephone, postage, books for schoolrooms and library,
Building-related expenditure	Ordinary repairs and decorations, fuel, light, power, rent, rates, taxes, insurance, classrooms and payments to council
Capital Expenditure	Expenditure on building works, furniture, fittings, machinery and hardware
Recreational	Band expenses, games, awards, entertainment and holidays
Salaries	Salaries, wages, insurance and stamps
Traveling	Travelling expenses, car and lorry and freight.
Professional and financial-related expenses	Bank charges, interest, solicitors fees and valuer's fees
Stipends and religious-related expenses	Stipends, transfer to community account, donations and payments to priests
Sundry expenses	Other expenses and petty cash

#### Exhibit 68

Goldenbridge 5-Year intervals	1951-55 Average %	1956-60 Average %	1961-65 Average %	1966-70 Average %
Provisions	53%	44%	48%	29%
Operational expenses	0%	1%	2%	2%
Building-related expenditure	18%	24%	19%	42%
Capital expenditure	3%	7%	5%	6%
Recreational	0%	0%	1%	1%
Salaries	24%	21%	22%	17%
Travelling	1%	2%	2%	2%
Professional and financial-related expenses	0%	0%	0%	0%
Stipends & religious-related expenses	0%	1%	1%	1%
Sundry expenses	1%	0%	0%	0%
Total	100%	100%	100%	100%

#### Exhibit 69

Artane 5-Year intervals	1941-45 Average%	1946-50 Average%	1951-55 Average%	1956-60 Average%	1961-65 Average%	1966-71 Average%
Provisions	16%	16%	19%	19%	20%	26%
Operational expenses	30%	32%	36%	28%	19%	12%
Building-related expenditure	15%	15%	11%	12%	13%	15%
Capital expenditure	1%	1%	2%	7%	20%	13%
Recreational	1%	1%	1%	2%	2%	6%
Salaries	32%	23%	19%	20%	16%	18%
Travelling	0%	0%	0%	0%	0%	0%
Professional and financial-related expenses	0%	1%	1%	0%	0%	0%
Stipends & religious-related expenses	5%	11%	10%	12%	9%	6%
Sundry expenses	0%	0%	1%	2%	1%	4%
Total	100%	100%	100%	100%	100%	100%

**Exhibit 70**

An Daingean 5-Year intervals	1941-45 Average%	1946-50 Average%	1951-55 Average%	1956-60 Average%	1961-65 Average%	1966-69 Average%
Provisions	36%	34%	36%	35%	29%	29%
Operational expenses	15%	20%	19%	20%	20%	23%
Building-related expenditure	10%	9%	10%	12%	14%	12%
Capital expenditure	8%	9%	9%	10%	8%	12%
Recreational	1%	2%	1%	2%	0%	0%
Salaries	5%	8%	10%	9%	8%	12%
Travelling	3%	5%	6%	7%	2%	0%
Professional and financial- related expenses	0%	0%	0%	0%	0%	0%
Stipends & religious-related Expenses	17%	13%	9%	5%	7%	2%
Sundry expenses	5%	0%	0%	0%	12%	10%
Total	100%	100%	100%	100%	100%	100%

**Exhibit 71**

Upton intervals	1952-53 & 1960-61 Average %	1962-66 Average %
Provisions	34%	22%
Operational expenses	20%	17%
Building-related expenditure	6%	6%
Capital expenditure	9%	26%
Recreational	2%	4%
Salaries	11%	6%
Travelling	3%	2%
Professional and financial-related expenses	4%	0%
Stipends & religious-related expenses	3%	7%
Sundry expenses	8%	10%
Total	100%	100%

Ferryhouse intervals	1951-54 Average %	1960-65 Average %	1966-69 Average %
Provisions	39%	39%	27%
Operational expenses	12%	15%	13%
Building-related expenditure	9%	12%	15%
Capital expenditure	14%	7%	24%
Recreational	1%	0%	0%
Salaries	13%	7%	8%
Travelling	1%	4%	3%
Professional and financial-related expenses	3%	1%	0%
Stipends & religious-related expenses	5%	6%	5%
Sundry expenses	3%	9%	5%
Total	100%	100%	100%

**Provisions and operational expenses**

Provisions consist of food and clothing, while operational expenses consist mainly of farm and trade costs. To show a like-for-like comparison, these expenses were compared together across the five schools in order to include a cost element of providing farm and other trade produce to the school. We noted that these costs as a percentage of total costs normally fall within the range 45-55 percent with the following exceptions noted and explained below:

- A number of the schools fall below the percentage range in the post-1966 range due to an increase in building-related and capital expenditure.

- Also, in several schools, the number of children was decreasing, reducing both provisions and operational expenses incurred as a percentage of total costs.

### **Building-related expenditure and capital expenditure**

We have considered these categories in combination because capital expenditure in some schools would have been analysed under various areas that would be contained within this combination. The non-capital elements of building-related expenditure include rent and rates, light and heat and repairs and renewals. The level of expenditure varies significantly between schools but peak expenditure consistently occurred in the late 1960s. From documentation made available to us and discussed elsewhere, there appears to have been discussion throughout the 1960s as to what future the schools had.

### **Wages and salaries and stipends and religious-related expenses**

Wages and salaries in some schools include stipends and other payments to the members of the religious Order running the school. Therefore, in order to prepare a like-for-like comparison we will consider a combination of the wages and salaries and stipends and religious-related expenses. Based on the comparison across the schools we noted the following:

- These costs as a percentage of total costs were most significant in the earliest accounts available.
- The percentage of total costs, within the same time period, varies significantly. For example during 1951–55 the cost to Artane represented 29 percent compared with 14 percent and 18 percent for Upton and Ferryhouse respectively. It is unclear as to why these costs varied so widely.
- The stipends and religious-related expenses in isolation, within the same time period, also vary significantly. For example during 1951–55 the cost to Artane and An Daingean represented 10 percent and 9 percent respectively compared to 3 percent for Upton and 5 percent for Ferryhouse. Goldenbridge's nil percentage for this expense category is because payments to the Order are included in wages and salaries in their accounts. One explanation for the difference between the institutions may be that the level of stipends varied with the level of funds available. This explanation would also be consistent with a larger school being able to be more efficient in terms of cost per child and therefore leaving a larger amount available for distribution to the community.

### **Break-even analysis**

We calculated the break-even point across all schools for two sample periods – 1951–55 and 1961–65.

For the purpose of this analysis, the following assumptions have been used:

- Variable income consists of funding received on a per-child basis (i.e. government and council capitations funding and primary grant) together with farm and other trade income.
- Other income consists of any income other than variable income.
- Variable costs consist of both expenditure on provisions and operational expenses.
- Fixed costs consist of wages that remained reasonably static with movement in child numbers and other costs with the exception of capital expenditure which is shown separately and required irrespective of the number of children resident at a point in time.
- Contribution per child is calculated by dividing the excess of variable income over variable costs by the average number of children. This represents the annual amount

that the variable income for each child contributed to fixed costs and capital expenditure.

- The break-even point is calculated by dividing the contribution per child into the fixed costs. This represents the number of children required for the school to cover both its fixed and variable costs.
- Where the financial information has been unavailable in a particular period we have indicated the alternative period used.

**Exhibit 72: 1951–55 (Upton is calculated using accounts for 1952–53 and Ferryhouse is calculated using accounts for 1951–54)**

	Goldenbridge	Artane	An Daingean	Upton	Ferryhouse
	€	€	€	€	€
Expenses –annualised:					
Fixed	6,510	37,454	7,955	9,268	7,535
Variable	7,924	48,076	11,173	13,117	10,871
Capital	516	1,867	1,966	1,404	2,982
	<i>14,950</i>	<i>87,397</i>	<i>21,094</i>	<i>23,789</i>	<i>21,388</i>
Income – annualised:					
Fixed					
Variable	14,349	89,803	21,379	21,055	20,609
Other	168	895	120	2,745	1,937
	<i>14,517</i>	<i>90,698</i>	<i>21,499</i>	<i>23,800</i>	<i>22,546</i>
Average no of children	154	710	156	118	187
Contribution per child	42	59	65	67	52
Break-even point	155	635	122	138	145

- When variable income and expenditure are considered in combination we can see that there is consistently a positive contribution within the range of €42–67 per child per year across the schools considered. A positive contribution indicates that income was available to fund fixed and other costs.
- The contribution generated was used for fixed costs and capital expenditure.

We calculated the break-even point across all schools for the period 1961–65, which showed the following results:

**Exhibit 73: 1961–65 (Ferryhouse is calculated using accounts for 1960–62 and 1964–65)**

	Goldenbridge	Artane	An Daingean	Upton	Ferryhouse
	€	€	€	€	€
Expenses –annualised:					
Fixed	10,147	45,144	16,937	13,099	13,040
Variable	11,253	41,576	17,120	19,387	19,033
Capital	1,193	21,323	2,957	10,638	2,290
	<i>22,593</i>	<i>108,043</i>	<i>37,014</i>	<i>43,124</i>	<i>34,363</i>
Income – annualised:					
Fixed					
Variable	23,945	84,080	32,975	42,836	33,752
Other	285	4,099	955	3,340	2,590
	<i>24,230</i>	<i>88,180</i>	<i>33,930</i>	<i>46,176</i>	<i>36,341</i>
Average no of children	177	330	113	166	168
Contribution per child	72	129	140	142	88
Breakeven point	141	350	121	92	149

When we compare 1951–55 with 1961–65 we noted the following:

- The break-even point for Artane and Upton decreased significantly when comparing 1951–55 with 1961–65. In the case of Artane the break-even level decreased due to the increase in the level of variable income and variable costs by approximately 100 percent to €255 and €126 respectively per child per year increasing the monetary amount of the contribution. In the case of Upton, unlike other schools, variable cost levels per child remained constant at approx. €110 per child per year while variable income increased by approximately 50 percent.
- Over time the contribution per child has increased. As identified above this is due to the variable income increasing by a higher monetary value than the variable costs per child. The level of contribution was higher in the schools with a farm due to the farm income, which was an important source of additional funding for those schools.
- In line with the increased contribution, fixed costs and capital expenditure have also increased.
- The break-even analysis for the sample period in the 1950s shows that all of the schools, with the exception of Upton, had numbers of children in excess of the break-even point – suggesting that they should have been in a position to run at least at break-even. In the 1960s, Artane and Daingean experienced a decline in the number of children to a point below their break-even point.
- The break-even calculation does not include capital expenditure. If capital expenditure were included, the break-even point would increase in each school. In the 1950s, capital expenditure was low and would not impact the break-even point significantly. In the 1960s, where capital expenditure was higher, adjusting for capital expenditure would mean that Artane, An Daingean, Upton and Ferryhouse would have numbers of children below their break-even point.

- In considering this analysis we believe that two points should be noted. The decline in the numbers of children during the late 1950s and through the 1960s meant that the schools in general became increasingly uneconomic to run, with some schools reaching a position where they were below break-even point. However, significant increases in the capitation grant in the late 1960s, outside of our sample period, would have compensated for this to an extent. We also note that there is a strong argument that capital expenditure was not intended to be funded from the capitation grant – for the reasons we have examined in the early part of this report. If this is accepted as a reasonable understanding of the position, then the break-even analysis excluding the impact of capital expenditure is the more appropriate representation of the position of the individual schools, as regards the expected impact of the State contribution. Of course, the schools still had to fund this expenditure, from other sources if necessary.