

# UK's Kids Co charity folds after government withdraws backing

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Kids Company, a children's charity that worked with and supported some of Britain's most vulnerable and emotionally damaged children and their families, closed on August 5.

In the days that followed, often emotional demonstrations opposing the closure took place in Camberwell, south London and outside Downing Street.

The charity closed due to a financial collapse, with the government saying it intended to recover a £3 million grant given a week before. Amid media allegations of sexual abuse on the charity's premises, a promise of £3 million by a private donor, to match the government's funding, was withdrawn.

The government grant had been intended for a "transformation and downsizing plan." Some of this money went to pay the wages of Kids Co employees.

Kids Co employed 650 people and worked with children and youth suffering from physical abuse, mental health problems, substance abuse and homelessness. It provided counselling, walk-in centres and help with housing and healthcare. Kids Co claims to have helped 36,000 children and parents in the past year. Of these, nearly 16,000 were classed as very vulnerable.

Founder Camilla Batmanghelidjh said the charity had been subject to a trial by media and, regarding allegations of sexual abuse, said its policy was to report any serious incidents to the police. With the mounting social crisis resulting from the ongoing austerity cuts, the charity was forced to lead a hand to mouth financial existence as it strained to deal with an ever-growing need.

Interviewed by the BBC, Batmanghelidjh said Kids Co was being "overburdened by the numbers that are arriving at our door," emphasising that the charity was

attempting to cope "with something society is not coping with."

Batmanghelidjh added, "We wanted help from government to come and help take this caseload off us ... to take responsibility for child mental health cases we shouldn't have been dealing with."

These statements are an indictment, intended or not, of all claims that charity can substitute for the ongoing destruction of welfare provision that has taken place under Labour and Conservative governments.

They are made all the more ironic by Kids Co's past status as a favourite of former Labour Prime Minister Tony Blair, and current Conservative Prime Minister David Cameron's chosen focus for his "big society" rhetoric.

When Cameron took over the Conservative leadership in 2006, he promoted himself, in contrast to Thatcher, as a "compassionate Conservative". He actively touted Kids Co and other such organisations on the basis that they could eventually replace state funded welfare services.

There are a host of reasons for why sections of the Conservative government and its periphery turned against Batmanghelidjh, including the possible targeting of Cameron, who has been accused of being "mesmerised" by her rhetoric. In addition, while her theories that childhood deprivation impact on brain development found support within the party, spending £1.6 million on research based on scanning children's brains was controversial and potentially embarrassing. More damaging still were her public criticisms of the government over mass youth unemployment and housing policies that led to the social cleansing of inner cities.

For months, Kids Co was subject to criticism over its financial management systems. Tory minister Michael

Gove and leading civil servants advised stopping funding to the charity, but were overruled. The charity had its financial governance audited independently in March last year. The audit found, “The governance system in place appears to be appropriate for its size and complexity,” but warned of “the serious cash flow position the charity often finds itself in.”

In early February, Miles Goslett, writing in the right-wing magazine *Spectator*, opined, “Officials in the Department for Education ... were so unimpressed by Kids Company’s financial management that they persuaded ministers to stop millions in funding. Ms Batmanghelidjh’s response was to contact the Prime Minister, who personally intervened with the Department for Education to make sure Kids Company got its cash. Not a word of the argument leaked.”

Notwithstanding the allegations of poor financial governance, which could have been remedied, the main factor behind the closure of Kids Co is the government’s ongoing slashing of welfare spending.

Tens of billions of pounds is to be slashed in the next three years, especially in the area of social support for the most vulnerable sections of society.

Kids Co was pledged to provide for all the immediate needs of children it received, including warm food, travel fares, clothing, while therapy was given in the most complex cases.

The charity, which was set up in south London, also operated in Bristol and Liverpool. All three cities have rocketing levels of child poverty. A Campaign to End Child Poverty report in 2013 noted that 42 percent of children were living below the poverty line in Liverpool’s deprived Riverside constituency. The same charity’s report on Bristol in 2014 stated more than a quarter of the city’s children lived in poverty, with the deprived area of Lawrence Hill registering nearly half of children living in poverty. The latest figures for child poverty in London show it has the highest levels of child poverty of any region in the UK. The rate overall for London is 41 percent and for some boroughs—Tower Hamlets, Islington and Hackney—the rates are the highest in the UK.

A recent parliamentary report, prior to the Tory’s May election victory, by the Joint Committee on Humans Rights spelt out the impact of cuts up to that date. It noted that the “cumulative impact of cuts to services, the cost of living crisis and changes to the

welfare system” had blighted the lives of deprived children in the UK. It commented that, “the impact on children of the current period of austerity has been greater than for many other groups.”

Many other charities that have been used to provide previously centrally funded welfare services are also under severe financial pressure. The week prior to the Kids Co closure, another leading charity, the British Association for Adoption and Fostering, collapsed with 50 redundancies. Its chief executive Caroline Selkirk said the closure was due to “significant changes and prevailing economic conditions.”

Commenting on the crisis at Kids Co, the *Financial Times* said there was a limit on “the services the state is itself able to provide”, and there “will be more onus on private companies and the third sector to make up the gap, with minimal state involvement other than to provide funding. ... It is not remarkable that situations such as that with Kids Company occur; it is remarkable that they do not happen more often.”

Figures from the National Council for Voluntary Organisations (NCVO) analysing government contracts and grants to children’s and young people’s charities between 2010 and 2013, revealed their incomes fell by 18 percent. Karl Wilding, NCVO director of public policy explained, “At the same time as the state is withdrawing, we’re also expecting those organisations to play a greater role, so something’s going to give.”

Kids Co was advanced as the way forward, when what is so clearly needed is a properly funded and comprehensive system of state welfare provision for children. Now it has been destroyed by those forces that once heaped praise upon it. So what will replace this form of charity in the spiralling descent into social barbarism? Batmanghelidjh has announced her intention to launch a food bank in Lambeth, London, that will support up to 3,000 children—a far cry from the holistic care she and her backers once pledged to provide.



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