



Public Administration and Constitutional Affairs Committee

Oral evidence: [*Whitehall's relationship with Kids Company*](#) HC 433

Thursday 15 October 2015

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Members present: Mr Bernard Jenkin (Chair); Oliver Dowden; Mr Paul Flynn; Mrs Cheryl Gillan; Kate Hoey; Kelvin Hopkins; Mr David Jones; Gerald Jones; Tom Tugendhat; and Mr Andrew Turner

Questions 1–244

Witnesses: **Camila Batmanghelidjh**, founder and former Chief Executive of Kids Company, and **Alan Yentob**, former Chairman of Trustees at Kids Company, gave evidence.

Q1 Chair: Can I welcome our two witnesses to this session about Kids Company and ask them to identify themselves for the record?

Alan Yentob: My name is Alan Yentob, I was the Chair of Kids Company. I am also the Creative Director of the BBC.

Camila Batmanghelidjh: I am Camila Batmanghelidjh. I am the Founder of Kids Company.

Q2 Chair: Thank you. We are going to try to ask short and concise questions and it would help us greatly if you would give short and concise answers. If I feel you are going on a bit too long I will pull you up, but that is simply so that we can get through all the questions that we want to ask. It would help us greatly if we could be short and concise.

The objective of this session is not to conduct a show trial. We want to learn some lessons: we want to learn about what your charity was doing; whether the model it adopted was in some way flawed or what challenges it presented to the trustees and the leaders of that charity; what we can learn about the governance of charities; what the Charity Commission might learn about how to conduct its regulatory role; and how Government might be more effective in how they handle support for charities doing whatever work they do.

Could I start by asking you to explain exactly what Kids Company did and how it did it?

Camila Batmanghelidjh: Kids Company supported some 36,000 clients a year with a range of services. Where we had clients with less serious risks, we supported them through volunteering and gifts in kind. The clients who were costing us the most money were the ones with extreme risk, who should never in the first place have been in the care of Kids Company—they were statutory responsibility, really—and that client group over the years was increasing. What we did is, in effect, we had a fusion of social care, mental health and poverty intervention. So we had psychiatrists, psychologists, psychiatric nurses, social workers, teachers, artists and musicians, and we wrapped around the vulnerable individual a package of care in order to enhance their resilience and enable them to join society with greater ability to engage and be economically independent. What was happening is as the word spread on the streets, we were getting more and more children self-referring to our street level centres, and vulnerable parents, but we were also working in some 48 schools with a range of provisions where children in the schools were self-referring for therapeutic support or for our other programmes.

Q3 Chair: Typically, for a child who self-referred, how would you decide what therapeutic support they required?

Camila Batmanghelidjh: The types of children and young people, and vulnerable people, who were referring to us presented with very high levels of risk at the street level centres. Typically they would be children and young people who had been sexually assaulted. They had multiple risk levels. UCL in 2013-14 carried out a piece of research looking at a cohort of our teenagers and they found that one in five had been shot at and/or stabbed, with 50% witnessing shootings and stabbings in the last year. That same cohort had been sexually abused, many of them had been physically assaulted, they had chronic levels of neglect and they had very poor literacy. The way I would describe the client group that self-referred to the street level centres is that they are buried under a rubble of multiple risks.

Q4 Chair: When an individual child presents themselves to you, how do you assess their needs and diagnosis what they need?

Camila Batmanghelidjh: What happens is, at the street level centre, there are psychologists and social workers present. A child turns up; obviously they do not arrive with any files so we do not know anything about them, so we have to do a preliminary assessment to ascertain whether that child is a condition of risk where their life is at risk or where there is significant risk—

Q5 Chair: Sorry to interrupt you, but you are quoted sometimes as saying that you have met children who are psychotic and damaged?

Camila Batmanghelidjh: Yes.

Q6 Chair: Could you explain what that means?

Camila Batmanghelidjh: That means that we were getting young people who were literally so mentally ill that they were hearing voices and some of them were hallucinating,

some of them had extreme paranoia. This is as a result of often chronic substance misuse since they have been young children and, therefore, we had a lot of young people who came extremely disturbed. When you peel that—

Q7 Chair: You are a psychotherapist yourself?

Camila Batmanghelidjh: I am a psychotherapist myself.

Q8 Chair: What were your qualifications?

Camila Batmanghelidjh: My qualifications are I have four years psychotherapy training, I have had 18 years of psychoanalysis, I did one year of art psychotherapy at Goldsmiths, and I now have some 30 years of work experience behind me. Kids Company was not the first thing. I founded Place to Be and prior to that I worked in Women's Aid.

Q9 Chair: What professional bodies are you a member of?

Camila Batmanghelidjh: I am accountable to UKCP but I just have not organised my membership to UKCP.

Chair: Sorry, accountable to—?

Camila Batmanghelidjh: UKCP, United Kingdom Council for Psychotherapy.

Q10 Chair: But you are not a member?

Camila Batmanghelidjh: No, I am not a member.

Q11 Chair: You are not a member of any professional body?

Camila Batmanghelidjh: I am not a member of any professional body because when I trained it was not an absolute requirement that you became a member, but I had been speaking to UKCP before all this happened about them organising a membership.

Q12 Chair: What qualifications do you have or professional accreditations do you have in order to diagnose somebody as psychotic and damaged?

Camila Batmanghelidjh: I do not personally diagnose. We have psychiatrists and psychiatric nurses who diagnose, but life experience teaches you a lot.

Alan Yentob: Chairman, could I just add something? I do not know how many organisations have as many evaluations as Kids Company, and very thorough ones too. Among them, which I did tell you, are Tavistock and Portman Trust, the Anna Freud Centre, the Royal Society of Medicine, the London School of Economics, University of Cambridge Medical School. Camila is the CEO, but if these evaluations are read and seen, I think people will not assume that Kids Company does not have clinical know-how to deal with very, very difficult kids.

If I can say so, I have been involved with this charity for 20 years. I am immensely proud of what happened. I am very sad indeed that we have not been able to complete the closure plan that we had, but I have to say I have met these children, Chairman, I have seen them. I could show you a photograph—I have seen it—of this group of children, a gang. The boy who we have looked after has now gone to UCL and has got a degree in law; the other five children in the picture are all dead. That is the kind of risk for some of these children. It is not one or two, and I am not exaggerating. All I would say is that the scope of Kids Company's work is for individuals who need a light touch, who need to be part of the community, who need to be in a school where there is the possibility of learning, and there are others who are in the most terribly damaged state.

Q13 Kate Hoey: Sorry, Mr Chairman, could I just ask Mr Yentob a question? You said about the evaluations by all these various bodies that you have put in your evidence. Were any of those evaluations paid for by Kids Company?

Alan Yentob: Can I just say something? I am really offended by the remark, but if the BBC, the Government commission reports from reputable organisations. I do not think we fully paid for anything but we did commission reports and we would participate in the funding.

Q14 Kate Hoey: The LSE one, for example: there was no money came from Kids Company to LSE?

Camila Batmanghelidjh: The LSE was paid for, but that is suggesting that one of the most eminent institutions—

Q15 Kate Hoey: No, with the greatest respect, it is not suggesting anything. It is simply asking a question.

Alan Yentob: People have suggested it.

Camila Batmanghelidjh: Yes, some research was paid for and some was not paid for. The Government paid for research. The Government wanted the Tavistock and NHS Portman Trust to do a piece of evaluation on us. That does not mean, I hope, that it was invalid.

Alan Yentob: A lot of these were partnerships with organisations: the University of Cambridge, Brain Research, the Royal Society of Medicine and others. I do not think all these reputable organisations would have co-operated and collaborated with Kids Company if this is all fraudulent and somehow paid for and they were trying—

Q16 Chair: But very often university research is conducted by individuals and some of the research is contested.

Alan Yentob: Fine. I would not say every aspect of research—of course it is all contestable. As you know, the Centre for Social Justice did a report called “Enough is Enough” which said that the care system was a problem and needed to be addressed and many very eminent people wanted to be on that taskforce. I have given you the list of people.

All I would I say is that the sense that the work that Kids Company was doing had no real value is something I would ask you to reconsider because I do not think that is true.

Q17 Chair: In one of your letters to the Government—I am trying to find it—you referred to genetic changes happening in the kids. This is very, very contentious and very contested.

Camila Batmanghelidjh: All scientific research has two sides to the coin, but the point is that there is an evolving field of neurobiology that suggests that environmental or care conditions sculpt the brain's capacities and have an influence on how our physiology is expressed. The reason for that is that we are increasingly realising that it is not as simple as you have your genetics and you grow into them, or it is just your environment, but that the two have an interplay and influence each other. This body of research is pointing to the fact that increasingly as children and young people are facing extreme adversities and they secrete a lot of fright hormones, that has an influence on how they then develop the capacity to control their behaviours. This is a very, very respected field of research across the world now.

Q18 Chair: Looking at your business model, the fact that you had a very demand-led model, which involved providing, in some cases, very generous support—financial support—to individuals, how did you avoid creating just a different kind of dependency among your client group?

Camila Batmanghelidjh: That is an interesting way of putting that question, because I might come at it in a slightly different way, which is that there are large numbers of very vulnerable children and young people who are being abysmally failed in this country by their Government because they are not being protected—

Chair: With respect, that is not answering the question.

Camila Batmanghelidjh: May I finish? Because they are not being protected and they are not being cared for appropriately. Social work departments and child mental health departments are at breaking point because they are underfunded. Consequently very vulnerable children are left outside the doors of those agencies and those children and young people, through word of mouth, were making their way to Kids Company to ask for help. These were children and young people in conditions of extreme risk. We had University of Reading who did a piece of research that showed that 86% of those who came to our street level centre were impacted by food poverty. I would argue that these were children, young people and families in extreme desperation and a product of the failures of the state, and they came to Kids Company because they needed help.

Q19 Chair: But even if that is true—and we will come to the question of numbers later—does it necessarily help a kid to give them large sums of money that they go and spend on things perhaps you did not intend them to spend it on? I am looking at a list of clients with the highest expenditure between January and December 2014 and it is tens of thousands of pounds for different clients, the top one getting £73,000.

Camila Batmanghelidjh: First of all, that client did not get £73,000. That amount of money included the client's psychiatric treatment in hospital because he was very ill and

psychotic, and there were no beds available in the NHS. That particular client tried to jump off a bridge and police caught him mid-air and he needed treatment throughout the period that he was with us. As a result of that, that amount of money includes his treatment for psychiatric illness, his treatment for substance misuse, the support that his two children received, his housing and emergency—

Chair: I cannot possibly argue about individual cases.

Camila Batmanghelidjh: No. No, but it is important not to suggest that that money was handed to that individual for their spending.

Q20 Chair: But large sums of money were handed to individuals?

Alan Yentob: Not large sums.

Q21 Chair: Okay. Well, how big?

Camila Batmanghelidjh: First of all, I think—

Chair: Can you answer the question, please? How big?

Camila Batmanghelidjh: Yes, I will. I am about to answer that question. There were 3,000 clients who received some kind of support at Kids Company related to poverty intervention. That included food vouchers, bus passes where appropriate, and emergency allowances for a variety of reasons. Some families had no status whatsoever and when the legislation changed and people without status were not allowed to claim benefits, that meant there were mothers who were literally, with their children, starving and we had to hand them food vouchers.

Q22 Chair: But what sort of sums were you giving kids?

Camila Batmanghelidjh: Three professionals made the decision; this was not my decision. An assessment was organised around each individual case and the amount of money that an individual case received was dependent on—

Chair: We are not going to get very far unless you answer the questions.

Camila Batmanghelidjh: I am answering the question. You want one answer—

Chair: The question I asked is what sort of sums were children receiving?

Camila Batmanghelidjh: Anything between £10 a week in food vouchers or their bus passes to whatever they—the average that we did was entirely dependent on each child's circumstance. I cannot pull out a figure for you.

Q23 Chair: We have seen plenty of reports of kids regularly receiving hundreds of pounds a week. Could that be possible?

Camila Batmanghelidjh: No. Some did, some received—

Q24 Chair: So some did, so it is yes?

Camila Batmanghelidjh: No. No, no, not kids for a start. Not under 18s, let's be clear.

Q25 Chair: You would be handing out hundreds of pounds to—

Camila Batmanghelidjh: No, I have not been handing out hundreds of pounds. Each individual case had to be decided on its own merit. I will give you an example.

Q26 Chair: Okay, but you said “not under 18”, which suggests that people over the age of 18 were receiving hundreds of pounds. Is that the case?

Camila Batmanghelidjh: No, no, not hundreds of pounds.

Q27 Chair: Well, how much?

Camila Batmanghelidjh: It all depended on their circumstances. You want me to give you an answer without the context and I cannot.

Chair: We want you to answer the questions, I'm afraid.

Camila Batmanghelidjh: I am answering your question and I am saying to you each individual case was decided on its own merit.

Q28 Chair: So was it true that people over the age of 18 were receiving perhaps more than £100 a week?

Camila Batmanghelidjh: That would be very rare and only if it was a family and they had to support a family.

Q29 Chair: You are aware it is a contempt of Parliament to mislead this Committee?

Camila Batmanghelidjh: Absolutely, yes.

Chair: That is a very serious thing.

Camila Batmanghelidjh: Yes.

Q30 Chair: Are you sure that is all you want to say about that answer?

Camila Batmanghelidjh: Yes. I am saying to you each case was decided on its own individual merit depending on their circumstances. I cannot go into individual cases—

Chair: No, you cannot.

Camila Batmanghelidjh: —because of confidentiality. So I am very happy to discuss individual cases with the Committee and go through the finances in private and explain why we spent money on particular children.

Q31 Mrs Cheryl Gillan: Ms Batmanghelidjh, can I try to make it a little easier for you to answer the question in a way we can understand it, which would be helpful?

Camila Batmanghelidjh: That would be great.

Mrs Cheryl Gillan: You obviously cannot give us the average but proper financial management of a charity would indicate to me that there would be limits set, and over a certain higher limit it would have to be escalated right up to the board for support.

Camila Batmanghelidjh: Yes. Yes.

Q32 Mrs Cheryl Gillan: Could you perhaps give us the range of monies, vouchers and similar instruments that were handed out to clients of Kids Company and at what level you would escalate it up to the board for a decision? Is it £5 to £100? Is it £5 to £5,000? At what stage would there have to be a high-level decision made on the level of funding you handed out?

Camila Batmanghelidjh: Okay, thank you.

Mrs Cheryl Gillan: £5 to £100, £5 to £1,000. I just want a straight, simple answer like that.

Camila Batmanghelidjh: That's good. So what we would do is: three professionals would get together, do an assessment on a child or family and decide if they needed a financial intervention. That would range from £10 a week to, depending on if it was a family of several people, £200 a week.

Q33 Mrs Cheryl Gillan: And over £200 a week a decision would have to be taken much higher up the organisation?

Camila Batmanghelidjh: No, it depended on what it was about. So, for example, if we needed to buy a child some clothes then again that would be decided by the team who were there working together. All financial decisions above £5,000 would go to the board.

Q34 Chair: £5,000?

Mrs Cheryl Gillan: £5,000?

Camila Batmanghelidjh: Yes.

Mrs Cheryl Gillan: That is fine, that is clear.

Alan Yentob: All financial decisions over £5,000 would go to the board; that is quite significant. We are talking about living costs. We did actually put people in residences. People who had nowhere to sleep were taken off the road. The vigilance of this was quite considerable. The finance committee met 10 times a year.

Chair: We will come to the financial controls later.

Alan Yentob: Just to help you on the finance side, you do know that there were quarterly audits by ECOTEC and Methods as well of how the money was being spent, so the

clinical and financial reasons for things, and this was consistent. These were Government audits. So there was a level and there was a process and these committees and groups would have to account for what they spent. Obviously we could not look at all the detail, but no figure over £5,000 could be spent.

Q35 Chair: There have been very widespread reports of smaller amounts of money being handed out to quite large numbers of people, with one former employee saying that cash was distributed in little packages to every young person through a small window in reception.

Camila Batmanghelidjh: May I explain how that happens? What happens is that is called a living allowance. So if someone was to get their food voucher or their bus pass, what we would have to do is count all of that at head office, with three people overseeing it in the accounts department; then everything would go in an envelope for the individual child with a receipt on top. It was then driven down to the street level centres—the street level centres were in environments that were really high risk and we could not keep any kind of cash at those centres. When it would arrive at the end of the week at the street level centre, the team inside that reception area would oversee the handing out of the envelope for which the client had to sign. Then the receipts would come to head office for accountability. That is how this myth of the envelopes has evolved.

Q36 Chair: It is not a myth, is it?

Camila Batmanghelidjh: No, it is not a myth and it is not something that was hidden, but what I am trying to explain to you is that it has turned into the notion that it was handed out willy-nilly. It was not, it was accounted for.

Q37 Chair: But how did you assess that supporting the kids in this way was doing any good to the kids?

Camila Batmanghelidjh: Because they were professionals working in this organisation. There were 650 staff in this organisation. Some of the most experienced and senior—we had an ex-Ofsted inspector working in the organisation. These decisions were not made by me alone behind a desk; it was the entire team.

Q38 Chair: Mr Yentob, in your submission you criticise Lambeth social services, for example, and cite the inspection report by the statutory inspection authority for the failure of social services in Lambeth.

Alan Yentob: Yes.

Q39 Chair: What inspection regime were you subject to?

Alan Yentob: We were subject to a number of inspection regimes. All the Government money that was given to us was audited quarterly—

Q40 Chair: No, no, I am not talking about financial; I am talking about what you were actually doing. You were not regulated by CQC, were you? They did not inspect you?

Alan Yentob: No.

Q41 Chair: So how did you satisfy yourself as a trustee—however well motivated you are, and I do not question that—that this was quality work being done that was properly verified by a proper inspection?

Alan Yentob: Because there were inspections and evaluations by a large number of organisations and institutions. The idea that Kids Company was not evaluated—.

Let me explain. I mentioned Lambeth. I have in front of me the report from Lambeth and I know how challenging it is and how the funding is difficult. Every line here is “inadequate”—it says “inadequate”. It says, “A failure of leadership has resulted in the deterioration of almost all safeguarding services and services for looked-after children and their families in Lambeth from when they were last inspected”. All I am saying is these are challenging children, these are chaotic environments. Kids Company has been evaluated and looked at. We have been audited across a period of eight years; we have never missed an audit, and there have been clinical and financial audits. That is a responsibility of Government. I have visited the sites, I have seen the children. Now, it is not a perfect organisation obviously but it was doing something that others did not do.

Chairman, I want to say about the money. Very few clients in Kids Company were given more than £70,000 a year. That was about the top rate.

Camila Batmanghelidjh: Expenditure on them, not given.

Alan Yentob: Expenditure, not given. If you look at some mental health provision—

Q42 Oliver Dowden: Sorry, did you say 17 or 70?

Alan Yentob: 70, I said, the maximum. If you look at some mental health provision for individuals and problems, those figures could lead into hundreds of thousands, and if you want the evidence later I will give it to you. The truth is that there was a range of activities and a range of need. My belief, and I think Kids Company’s—and I think this is a very important thing—is the issue of early intervention. Early intervention saves money. This early intervention can be a light touch—it can be a school room where there is all kinds of problems going on where if you look after the key children, if you have a virtuous circle of care and concern, then you can start to address problems very early on and a whole community can begin to learn from it. That is something of the Kids Company—

Q43 Chair: Did you ever invite—

Camila Batmanghelidjh: We were inspected—

Chair: Just a minute. Did you ever invite Ofsted to come and inspect you?

Camila Batmanghelidjh: Ofsted has been inspecting some of our provision. In fact, if you look at our provision, the Treehouse, we had two Ofsted inspections there.

Q44 Chair: But what about your whole operation? Why didn't you ask Ofsted to come and inspect the whole thing?

Camila Batmanghelidjh: Because there were times when we fitted into Ofsted structures and there were times where we did not, but we had continuous dialogue with Ofsted. All the local authorities who were placing children for education with us inspected our provisions: that included Southwark, Lambeth, Wandsworth, Westminster, Kensington and Chelsea. They were all placing students with us and they would not have placed students with us for education if we had not passed their rigorous inspection systems. In addition to that, with every Government grant that we received, we had Government-appointed auditors alongside us reviewing the results, the output and outcomes as well as all the finances.

So, to answer Kate Hoey's question, it was ECOTEC; Methods; Crime Concern evaluated us for the Home Office; Cordis Bright evaluated us for the Home Office; Louise Casey in the early days; the Youth Justice Board evaluated us between 2002 and 2003. Then when Government gave us grants, Nick Hurd asked for an independent audit to be done on Kids Company, which was really very good, except that they said we did not have enough sustainable funding to make us secure. So I would argue that we were intensely inspected. We had a range of independent universities who came and did—

Q45 Chair: When was your last Ofsted inspection?

Camila Batmanghelidjh: Because the official receiver has all our records, I am afraid I cannot give you an exact date.

Chair: You must be able to estimate.

Camila Batmanghelidjh: It was quite recent. In Bristol we had our provision reviewed by Ofsted before it got registered to become an educational provision.

Q46 Chair: What about the safeguarding of children, given that safeguarding issues have been raised, who inspected the safeguarding arrangements?

Camila Batmanghelidjh: First of all, I would like to say to you that at no time have Kids Company's safeguarding procedures been questioned. What has happened—

Q47 Chair: But when were they last inspected?

Camila Batmanghelidjh: What has happened is we were at the receiving end of what we do not understand—potentially malicious allegations.

Chair: No, I am not asking that question. I am asking a different question. I am asking a simple question.

Camila Batmanghelidjh: I think I am answering it.

Q48 Chair: When did you last have your safeguarding arrangements inspected?

Camila Batmanghelidjh: Our safeguarding arrangements, no one wanted those—they were not due for an inspection.

Chair: That did not answer the question. The answer was when.

Camila Batmanghelidjh: Who by? Who did you want to inspect our safeguarding procedures?

Q49 Chair: Presumably if you are running a charity that is looking after children—I do not know any institution that looks after children that is not inspected.

Alan Yentob: Can I answer that question?

Chair: Please do.

Alan Yentob: There was a safeguard assessment which enabled every worker, besides anything else, to also have—there was a cause for concern form that was reviewed by staff at the centres, and if there were concerns that children were not being looked after, they would be able to report those. So there was internally a safeguarding system as well, plus, as I have said, if the Centre for Social Justice was coming into the organisation and spending 17 months looking at that organisation and then reporting, as it did, compellingly about the condition of those children and how they were looked after—I am just trying to say it is not a perfect organisation of course, but Ofsted is not the only organisation.

Q50 Chair: I am an admirer of the Centre for Social Justice but it is not an inspector, it is not a regulator.

Camila Batmanghelidjh: Sorry, we had continuous review. We had Professor Steven Grace—

Chair: I think we have the impression. I think we will move on. I do not think we can learn any more from this.

Camila Batmanghelidjh: I am not sure what the issue is.

Q51 Chair: The point I am making—you have invited me to repeat it so I will repeat it—is simply that I know of no other large organisation that looks after children in this country that is not regularly inspected.

Camila Batmanghelidjh: We were inspected. That is my answer to your question.

Chair: We will move on. Mr Flynn.

Q52 Paul Flynn: A memo was sent from Kids Company to the Cabinet Office stating that the communities served by Kids Company would, if the charity closed, descend into savagery and warned of potential increases in looting, rioting, arson attacks on government buildings. To what extent do you regard this as a reasonable assessment of the situation?

Alan Yentob: There must be people in this room who know about risk assessment.

Q53 Paul Flynn: Did you write this letter?

Alan Yentob: I did not write the letter, no. I wrote the letter about the restructure, I did not write that letter; it was written by the safeguarding team.

Kate Hoey: Sorry, can you just speak up a little bit?

Alan Yentob: Sorry. I did not write that letter, no. It was an appendix which was a risk assessment form, which was required and requested. Most risk assessment forms are what is the most extreme that could happen. Can I also just say something about this? So that was what it was—

Q54 Paul Flynn: All right, but can we just look at that? Couldn't we put the warning in that letter as one that was a wild exaggeration and you accept that?

Alan Yentob: No, it was not. Can I explain why? Okay, I will explain why and I will explain why it was not a wild exaggeration. I do accept that it is a worst-case scenario. That is what risk assessments in any organisation are required to be. What is the worst that could happen? Remember the riots in 2011, which Camila in fact warned Oliver Letwin about—sorry, let me answer your question, I will. Five days after Kids Company closed, a boy was murdered. He was going to the crime prevention centres, which were closed. If you read the account of that and what was said at the time by those people in that area you will hear what they said and you will hear what they said about the risks that happened once Kids Company had gone.

I also gave, in the evidence, two letters from the Metropolitan Police that were utter and compelling endorsements of the work Kids Company does in Lambeth and the fact that that work would be sorely missed. There were stabbings, there were four suicide attempts. I have not talked about this, but I am now telling you that these things happened.

Q55 Chair: May I qualify what you have just said? We have been advised that these incidents occurred because kids no longer had money to pay their drug pushers, and the breakdown in the flow of funds on to the streets has led to that violence—your clients no longer being able to pay for drugs.

Alan Yentob: I know this is a parliamentary session but I think it is a terrible allegation to make against Kids Company that when violence—. Well, the Metropolitan Police certainly did not say that, if you look at the evidence that I presented, and I find that a rather shocking statement.

Q56 Chair: I am putting it to you because it is what has been told to us by a very reputable source.

Camila Batmanghelidjh: This is the essence of the problem, really. I feel that representatives of leadership in this country do not have a visceral understanding of what it is like in some of these neighbourhoods for many of the children, young people and families. The levels of violence and perversion that some of these children and young

people are having to endure is very shocking. We were spending about £1.1 million on security. I think you need to be a bit fairer—

Chair: I do not think I am being unfair. I merely putting it—*[Interruption.]* Order. I would like to go back to Mr Flynn, but before that—

Q57 Kate Hoey: Mr Yentob, I really do want to push you on that bit where you said that the communities over the border in my constituency served by Kids Company might descend into savagery. Do you not think that is a really shocking thing to say about ordinary decent people who find that just an amazing statement to make?

Alan Yentob: First of all, I want to repeat that was a safeguarding document that was intended to be a worst-case scenario. Secondly, I have just described events that were happening in the area that I believe were very, very regrettable and tragic and they were as a consequence of the absence of a place to go for these children, who were not being cared for by others. Some of them may well have been abusing drugs and other things. This is an environment that was not safe and was chaotic.

If you saw the letter that I attached from 2007 from the Metropolitan Police saying, “We would really value Kids Company staying open between 7.00 and 10.00 in the evening as a crime prevention centre”, that is what happened. That was a tremendous benefit to the community and only months, two months before Kids Company closed, the Metropolitan Police, Inspector Jack Rowlands, wrote another letter to say that he would like to collaborate with Kids Company in discussing the trauma that these—

Chair: You have submitted that in your evidence and it is noted.

Alan Yentob: I know, but I feel that I wanted to let people know.

Chair: Yes, of course. I want you to have this opportunity to put your side of the story. Could I go back to Mr Flynn, please?

Q58 Paul Flynn: We have had a great deal of psychobabble, we have had a great deal that demonstrates Mr Yentob’s creative abilities, but would you please answer our questions briefly so that we can get on?

If we look at the numbers that you quoted to start, past employees of your company expressed cynicism about the accuracy of the suggestion that the number of clients you had in 2010 was 16,500 and the numbers leapt to 36,000 in the following year. You maintain that is the same number. If that is so, why was it that only 1,699 cases were handed over to the Lambeth authority when you closed down?

Camila Batmanghelidjh: They are all very good questions.

Paul Flynn: Would you answer why the number went down from 36,000? Presumably the majority were from that local council, the immediate neighbourhood. In reality the numbers that were produced were 175 in Bristol and 1,699. Why?

Camila Batmanghelidjh: First of all, the numbers do not pertain just to one local authority.

Paul Flynn: What were the numbers?

Alan Yentob: That was for the whole of London.

Camila Batmanghelidjh: There are two bits to this question. One is the overall numbers. The way the numbers—

Q59 Paul Flynn: What was the overall number you handed over?

Camila Batmanghelidjh: To the local authorities? Right, what happened is that—

Q60 Paul Flynn: Could you give me the number, please?

Camila Batmanghelidjh: Yes, I am going to.

Paul Flynn: We will be here all day.

Camila Batmanghelidjh: No. I would like to be able to answer your question—

Paul Flynn: Please do.

Camila Batmanghelidjh: —as accurately as possible. What we did is we handed over 1,717 referral sheets, which had on them families. So altogether the safeguarding team and the mental health team who put those referrals together think that they handed over between 3,000 to 4,000 clients, once you put all the referrals in.

Q61 Paul Flynn: Could I stop you?

Camila Batmanghelidjh: Yes.

Paul Flynn: An ex-employee of yours told *The Times* that they were instructed to shred client records after the charity closed. Is this an instruction from you and does it mean that records that would prove that there were 36,000 clients do not now exist?

Camila Batmanghelidjh: First of all, that is completely incorrect. We did not shred any client records. The records were all handed over to the official receiver. What we handed over are 18,000 hard copy files that contain family members in them, so one file may pertain to several people who are in that particular family. In addition, we handed over a database of our most high risk cases, which amounted to 15,933 individuals, and we handed over copies of the 1,717 referral forms we did. Absolutely no records were shredded whatsoever.

Q62 Paul Flynn: How did Kids Company identify those potential clients who were genuinely in need?

Camila Batmanghelidjh: Because we do a rigorous assessment and we do home visits.

Q63 Paul Flynn: But there are self-referrals you are saying.

Camila Batmanghelidjh: Yes, when they come to the centre.

Q64 Paul Flynn: Do you think it was more to do with the wraparound cash that you were giving them? If people were turning up—and it has not been denied—we have been told that some people were getting £160 a week. Is that not more of an inducement for people to identify themselves in need of your services?

Camila Batmanghelidjh: With appreciation, if this is about respect for vulnerable people, that is making the assumption that people who need help in these poor communities are—

Paul Flynn: How did you assess the level of unmet services?

Camila Batmanghelidjh: —accessing help in such a distorted way. The truth is that there are huge number of vulnerable individuals. In fact, it is so bad that this country does not even capture the real numbers.

Q65 Paul Flynn: How do you measure the number in the areas where you work? How do you decide? We all represent various parts of the country and all these problems occur there. Why is there suddenly a huge unmet service that you claim to be providing for in the particular area where you were?

Camila Batmanghelidjh: Okay. I am really glad you have asked me this question because what is happening in this country is that the numbers of children who get into social services and child mental health are controlled by a process which is a sort of hidden gatekeeping, because the local authorities cannot cope—

Q66 Paul Flynn: What percentage of the children—

Camila Batmanghelidjh: Please let me finish because you are not—

Paul Flynn: Well, I do not think—

Camila Batmanghelidjh: You are not allowing me to finish. Please let me finish.

Chair: Mr Flynn, we'll let her answer this question.

Camila Batmanghelidjh: It is really important that you understand this problem because that is at the heart of the difficulties that we are all experiencing as a country.

Basically, there is a gatekeeping process in local authorities because they do not have enough money to cope with the scale of the problem, so what happens is that when children and young people are referred into social services or child mental health, they cannot always take that number of kids, so they have to select who they are able to help and who they are not able to help. If you want the real figures, the NSPCC in their report “How safe are our children?” attempted to have a go, because in this country we do not capture the real numbers of vulnerable children and young people who need help. Child mental health data was not updated for 11 years. That means that this country's economic arrangements around child mental health were organised around the data of 11 years ago.

What you get is, when children and young people cannot get into social services or child mental health, they are left outside the doors of those agencies without anyone really measuring the level of need. When Kids Company allowed self-referral these people self-referred.

Chair: All right, we've got the point. Mr Yentob, very briefly.

Alan Yentob: If I can just try to give you some short, concise answers to this. First of all, in terms of the numbers the fact is that 20,000 of these 36,000 children are in schools and we are not saying that every one of them was given therapeutic care, but in terms of evaluation, the schools have got a detailed record of how much contact there was with each of these children. I assure you it is very difficult for Camila. Please let me explain this. I have given it to you in this document and it is important to me that you understand it.

That is what the majority of it is. The Government's money, the £4.25 million or £4.5 million in the later years that came in, went to look after 800 children. That is £4.25 million for only 800 children, so consequently when we talk about this breadth of service, it is a different level of service for each of these children.

Q67 Chair: Well, how honest is it to put in your annual accounts that you were helping 36,000 people?

Alan Yentob: Let me answer that question. *[Interruption.]* Let me answer it. Let me answer this question. In the annual report it is absolutely clear and broken down, even in the numbers that I have given you, how much was done. 19,000 young people per year were supported by our children's services. It then goes into detail about how many of them were given personalised support and what was going on. It is detailed how many got direct contact—

Q68 Chair: Also why was Kids Company so reluctant to hand over the records of these people to Mr David Quirke-Thornton of Southwark Social Services?

Alan Yentob: Very straightforwardly—and I think this is terribly important as well because Camila is not running all this, the 36,000 children—there are 650 workers. Those 650 keyworkers, that is 73% of the costs of Kids Company goes on the staff, not on handing out money to people or sending people to university.

Q69 Chair: Okay, but why was there reluctance to hand over the records to —

Alan Yentob: Because data protection of vulnerable clients—there are legal issues.

Q70 Paul Flynn: That is not true. They would be entirely protected if you handed them over to Lambeth. That is an excuse. Could you tell me, just briefly, how do you help someone's mental health by buying them a pair of shoes that cost £150?

Camila Batmanghelidjh: Excuse me, because I think the way—

Paul Flynn: This is—

Camila Batmanghelidjh: Hold on, no, the way you have put that question is really unjust because—

Paul Flynn: Well, can you answer?

Camila Batmanghelidjh: I would like to answer it. Please let me answer it because the structure of that question is immensely disrespectful to vulnerable people.

Paul Flynn: Oh for goodness sake! Look—

Camila Batmanghelidjh: No, I want to be able to answer—

Chair: Mr Flynn, let her answer please.

Camila Batmanghelidjh: I would like to answer it.

Chair: But quickly.

Camila Batmanghelidjh: You can have mental health difficulties and you can still need a pair of shoes. So the two—

Paul Flynn: For £150?

Camila Batmanghelidjh: I do not know where you are getting that from and because I do not have any records and I do not have any name, I do not know what that question—

Q71 Paul Flynn: You are running an organisation without records?

Camila Batmanghelidjh: No, the organisation has records, but the records are in the hands of the official receiver to which I have no access, so I do not know what you are referring to. What I am saying to you is that when we had people with mental health difficulties and we had people—one mother jumped off a multi-storey block—

Q72 Paul Flynn: You are giving us examples. We do not live on the moon. We represent areas that have great problems, we know about them, but please do not try to treat us as though we are the Prime Minister and you are trying to get £30 million out of us. We want to know what happened with this organisation which has collapsed, damaging many people, possibly the results of it will do a great deal of harm to the clients you had. But you have given a non-stop spiel of mostly psychobabble; you do not answer the questions. I asked you how do you measure unmet need in the boroughs, and we have had this torrent of words since—verbal ectoplasm—but no answer.

Chair: I would just like to press—

Camila Batmanghelidjh: I would argue that I did answer you. You might not like my answers, but I did answer you.

Q73 Chair: I would just like to press on this one point and then I want to come to colleagues. The director of Southwark Social Services extracted only 1,699 records from you. From your claims of the number of people you were supporting, he would have expected thousands. He also makes it clear that if there was this massive unmet need in his borough and other boroughs, particularly if the support has been withdrawn from these people, they would know about it. Why don't you think they know about it?

Camila Batmanghelidjh: Two things. First of all, when the local authorities wanted us to hand the cases over, they had a telephone meeting with us in which they described the type

of cases that they were prepared to take. That included child protection that was of extreme need. They did not want any people with no status unless there was a child protection issue that they were concerned about. Consequently that narrowed down our referrals because the child protection cases that they wanted were predominantly under 21. Then within that they were also prepared to look at, as I understood it, people with extreme mental health difficulties. So that is what we did: we narrowed down the client group to what they were prepared to take and that is what we handed over.

I would like to say that there needs to be some rigorous accountability applied to the local authorities as to what happened to these cases, because the group that I had who were vulnerable care leavers, who were adults predominantly and who were people with extreme mental health difficulties, they were not picked up. I have evidence of to-ing and fro-ing with local authorities.

Q74 Kate Hoey: Councillor Peter John, leader of Southwark Council, has said on repeated occasions, “Southwark and colleagues from other London councils asked for the details of all Kids Company London-based clients. We set no threshold and imposed no criteria. We simply wanted the details of all their clients so we could assess their needs and offer support. Any child, young person or vulnerable adult is eligible for some level of support” and how much London councils had spent last year. Then he basically says the list they got was only a total of 299 cases. Are you saying that Councillor Peter John is mistaken?

Camila Batmanghelidjh: What happened is that there were two phases to this. Phase 1, before we were even anywhere near absolutely closing, as part of the contingency they wanted all the information, all the data on all our clients. This was before we got to a point of closure. At that point we were seeking legal advice to find out where the boundaries were in terms of confidentiality and our allegiance to our clients and their trust in us. When we closed, Kate, which was very sudden, that is when the local authorities got together and had this discussion about the boundaries around the types of cases that they would accept from us and we honoured that boundary.

Q75 Kate Hoey: He also says, “When the official receiver stepped in following the charity’s closure they found no other files to pass on to us”. So clearly there were not these huge numbers that you were—

Camila Batmanghelidjh: That is incorrect. The files went into storage, 18,000 files.

Q76 Kate Hoey: So they are in storage?

Chair: Why have you not handed them over?

Camila Batmanghelidjh: No, we did hand them over but they went into secure storage because—

Q77 Chair: So how many files?

Camila Batmanghelidjh: 18,000 files are currently in secure storage and 15,933 pieces of sort of individual cases are on our Aurora database.

Q78 Chair: So why have you not handed that over to Mr Quirke-Thornton?

Camila Batmanghelidjh: Because they had a discussion and they told us what they were to prepared to take and we handed over to them—

Q79 Chair: That is not what he has told us.

Camila Batmanghelidjh: Well, I am afraid this is the essence of the problem.

Q80 Chair: So everybody disagrees with you?

Camila Batmanghelidjh: There is no interest for the local authorities or central Government to admit—

Chair: So it is a conspiracy?

Camila Batmanghelidjh: Let me finish. To admit to the scale of child protection failures in this country. I would like to remind you that this Government are in charge of a child protection system where three-quarters of them which have been inspected by Ofsted, have been declared as unable to protect children robustly. That is not the responsibility of Kids Company.

Q81 Kate Hoey: I have one final question. Were any of your employees who left in the last six months, or recently, asked to sign a non-disclosure of saying anything?

Camila Batmanghelidjh: You mean when we closed?

Kate Hoey: Yes.

Camila Batmanghelidjh: At the point of closure?

Kate Hoey: A statement.

Camila Batmanghelidjh: No, when we closed we have never asked anybody—

Q82 Kate Hoey: What about the four board directors who left, did they sign anything that they would not speak or say anything?

Camila Batmanghelidjh: I was not involved in any of that decision-making.

Q83 Kate Hoey: Mr Yentob, do you know if the board members signed a non-disclosure?

Alan Yentob: I think two of the board members, as we did, signed agreements when they left, just as we do in the BBC when people leave.

Kate Hoey: It is not the BBC. Are you comparing Kids Company to the BBC?

Alan Yentob: I am comparing any organisation of that—

Kate Hoey: So they did sign?

Alan Yentob: There was nothing unusual about that, no.

Kate Hoey: They signed that they would not say anything? A non-disclosure?

Alan Yentob: I think one or two of them did. It was done by the HR department so I am not quite sure. If I may say so, there has been data stolen, there is a police investigation into data protection and there is a rather casual view about the clinical data. I do understand what you are saying about these records. The records are there. I believe that these records are as dense and as clear as any in any organisation. In other words, there are many children, and there has been a very substantial amount of auditing and recording of this data. It will be available and at the right time it will be seen.

Q84 Chair: May I suggest that you have another meeting with Mr Quirke-Thornton and settle your differences, because there seems to be an enormous disagreement about the very basic facts between you? I believe that he is going to be publishing a report very shortly and if that report is not to be as inaccurate as it seems it is likely to be, according to you, then you need to settle what he is going to publish.

Camila Batmanghelidjh: We would welcome that but I do have to say that both central Government and the local authorities have no interest in admitting the scale of the problem that exists in this country.

Q85 Chair: So they are hiding the truth? They want to hide the truth?

Kate Hoey: I do think there is a lot of good councillors, certainly in my area, who will see that as a very exaggerated statement.

Camila Batmanghelidjh: I am sorry, it is not mine only. The Centre for Social Justice carried out a piece of research, 416 pages of evidence, and that is a Conservative-initiated think-tank.

Q86 Mr David Jones: Mr Yentob, could I refer you to the second of the two very helpful memos that you sent to the Committee where you detail the level of activity of Kids Company. You referred to the year 2014 in which you say, “Kids Company services reach approximately 36,000 children, young people and caregivers each year”. You then go on to break down the level of activity in some considerable detail, “19,000 young people per year are supported by our schools programme”. That headline figure is further broken down, “9,700 young people per year supported by our street level centres and therapeutic surgeries”, and again you break it down in some considerable detail. Then, “7,200 parents, family members or caregivers also supported”. It seems to me you have done a considerable amount of research in preparing this document and in analysing this data. Is that right?

Alan Yentob: Yes. Can I be clear, this has all been documented by a very significant team of people who have been doing this over a long period of time? Why do you find this strange? I do not understand.

Q87 Mr David Jones: I do not find it at all strange; you are making assumptions. The point I am making to you is that you have carried out a considerable amount of research in order to produce this data, which leads me to believe that this data and the files that generate the data are available now.

Alan Yentob: They are available, yes. That is what I was trying to say.

Q88 Mr David Jones: And you have access to them?

Alan Yentob: They are with the official receiver right now and they are under—

Camila Batmanghelidjh: We would be able to evidence this.

Q89 Mr David Jones: Again, and I think this is an important point, only some 1,600 files have been handed over to social services?

Alan Yentob: To Southwark and Lambeth?

Mr David Jones: Yes.

Camila Batmanghelidjh: Referrals.

Mr David Jones: Which one would have expected to be considerably more. Sorry, I am speaking to Mr Yentob.

Camila Batmanghelidjh: May I answer this because the school—

Mr David Jones: No, forgive me. Forgive me, I am asking Mr Yentob.

Alan Yentob: Yes, I have to say that although I have been involved in trying to do the restructure, which we have not talked about, and the auditing and the governance, which I am very happy to talk about, the issue of how many files were handed over is also partly to do with a negotiation between Southwark and the clinical team. I do take, though, what you say and I think we do need to address if there is a disagreement or a concern about what was or was not handed over. I am very happy to see that we address that.

Q90 Mr David Jones: Who told you, Mr Yentob, that you were precluded from handing over those files by reason of data protection?

Alan Yentob: The team who are clinically looking after this material have concerns about some of the data protection and some of it has been stolen. Let us be clear, the thing of the 25 most high risk clients, you have just talked about it, that should never have been—

Mr David Jones: Yes, I understand that. But I do not understand your reluctance to hand over the papers.

Alan Yentob: No, can I just say I am not reluctant to hand over anything. It is just legal issues. There are lawyers, there is the official receiver and I am very happy—in fact, I would like—for as much as possible to be handed over, as I said, also to the Metropolitan Police about these allegations of sexual misconduct.

Q91 Mr David Jones: Do you accept that Southwark Council has a statutory right to demand those papers from Kids Company?

Alan Yentob: If they have, I think they should have them and be given them. I have not stopped this happening. I would have said—I do not think the staff of Kids Company have the right to do that. Whatever is legally allowable and which protects the children should happen. I completely and utterly agree with that.

Camila Batmanghelidjh: Can I just say something about the referrals? We did not hand over referrals of children who were in schools for therapeutic support, so that amounted to over 10,000 who were receiving therapeutic support in the schools, because the understanding was that the schools were closed and, secondly, it was felt that the schools had a safeguarding structure where they could look after those children. What we focused on was the children and young people that the council said were eligible, who attended the street level centres.

Chair: I want to move on to the question of governance. Is that what you want to ask about?

Q92 Oliver Dowden: It all sort of segues into that, Chairman.

Chair: We will take one question and then we will move on.

Oliver Dowden: It was further to Mr Flynn's line of questioning. Obviously this is taxpayers' money or it is charitable funds, when we are discussing a lot of these examples. We have had evidence from other witnesses that, when social services have looked at the use of these funds, they have said there was not a need for those clients to have any support. They were not in need of support. So my question is: what is your response to that and how do you determine that these taxpayer and charitable funds are being used properly and not just being handed out willy-nilly at the discretion of your employees?

Camila Batmanghelidjh: That is a very good question. First of all, when we get our government grants, they are restricted grants and that money is attached to individual children and young people with needs. So the Department for Education worked very closely with us to determine with us who those young people were and they audited us against those young people's outcomes. They checked the expenditures in relation to those young people that Government gave us grants for. It is very important to understand that not only the civil servants inside these Government Departments were regularly meeting with us to look at the caseload and what we were doing, but every quarter there were financial reports submitted to that particular Government Department, as well as clinical reports outlining exactly what was done for the young people and what those outcomes were. We were audited against that.

Q93 Oliver Dowden: How do you account for this very strong evidence from a very credible witness that, in fact, when social services looked in many of these cases, they simply said you were servicing clients where the need did not exist? So again it is taxpayers and charitable funds being used for clients where there simply is not the need for it.

Camila Batmanghelidjh: I dispute that. First of all, when we closed there was such a rush to hand over the cases to social services that social services, the local authorities, only got one sheet. They got the referral sheet on a Friday, and by Saturday morning they were

briefing *The Sunday Times* that we did not have the child protection cases. To ascertain whether someone is warranting child protection, you have to carry out a comprehensive assessment and only after the assessment can you say whether someone should be receiving a service or not. I would argue with you that the local authorities did not carry those assessments out. So these are allegations that have been thrown at Kids Company without foundation.

Q94 Oliver Dowden: These are not simply thrown allegations, the evidence we were given was that social services had in fact visited these clients, carried out an assessment and determined that there was simply not a need, a protection need, to be engaging with these people. The concern I would like you to address is, how is that? It is not just an isolated example. We have been told on many, many occasions this was the case.

Camila Batmanghelidjh: I would welcome a scrutiny of what social services actually did with those cases.

Q95 Chair: So they lied to us, did they?

Camila Batmanghelidjh: I did not accuse anyone.

Chair: But your implication is they have misled us?

Camila Batmanghelidjh: I am not in a position to comment on that. I can only go by the evidence of my own caseload—

Chair: Well, it would help if you handed over the records.

Camila Batmanghelidjh: I can only go by the evidence of my own caseload and I would say, in the spirit of fairness there should be a proper comprehensive and independent of Government audit of what social services did with those cases that were handed over.

Q96 Mrs Cheryl Gillan: You understand we are trying to learn from the evidence we are taking about Kids Company?

Camila Batmanghelidjh: Yes.

Mrs Cheryl Gillan: I am particularly interested in the governance and how that works with the trustees. Can I just start with a general question? Mr Yentob, how would you describe your relationship with the chief executive officer or the former chief executive officer of Kids Company?

Alan Yentob: I would describe it as a relationship that was very proper. There was a board of trustees and I was obviously the chair of that board of trustees, who were immensely well qualified. I think you need to look at who they were. You have seen what I have referred to: the deputy chairman was the former chief executive of WH Smith—

Mrs Cheryl Gillan: I am asking about your relationship.

Alan Yentob: Yes, my relationship was one—

Mrs Cheryl Gillan: How would you describe your relationship?

Alan Yentob: —in which I believed in the work. The clinical work and the therapeutic work that was done was, as you see, as I believe, evaluated not just by us but by auditors, clinical auditors and others.

Q97 Mrs Cheryl Gillan: Mr Yentob, I am not asking about the work, we have done that bit. I am asking you about your relationship as the chairman of the board trustees with the chief executive officer. Could you describe your relationship?

Alan Yentob: Yes, my relationship was to oversee what Kids Company did, to see that the governance of it was appropriate, to ensure that kids who were looked after were accounted for and that other organisations were able to inspect and see what was going on, yes.

Mrs Cheryl Gillan: You still have not described your relationship with the chief executive.

Alan Yentob: What do you want me to say?

Camila Batmanghelidjh: We did not socialise, if that is what you are asking.

Alan Yentob: If that is what you mean, we do not have—

Q98 Mrs Cheryl Gillan: I want to know why you decided to replace Ms Batmanghelidjh as the chief executive officer and how difficult that was?

Alan Yentob: Let me explain. First of all, I have given you, I think, a very clear view of how the organisation was audited and governed. I just want to say that, in March 2014, PKF reviewed and reported on the governance of the whole organisation—and we have been talking about some of this today, that is the clinical audits and the rest of it—and their conclusions were that there were governance systems appropriate for size and complexity, comprehensive policies and procedures at the charity, no recommendations re improvements. He then said, “I will be using Kids Company as a case study in a presentation I am giving next week”. I want to say this because I know this has been a rather sort of to and fro and it is quite difficult for Camila to express the work going on across such a scale.

Q99 Mrs Cheryl Gillan: I am asking you, Mr Yentob, as chair of the board of trustees, to try to set the scene for us. Why did the trustees decide to change the leadership of Kids Company and replace Ms Batmanghelidjh?

Alan Yentob: Yes. For many years Camila was an amazing fund raiser and she managed to double the funds coming in, not from government grant but from outside sources between 2008 and 2014. It was very, very significant. In addition to that she was having to run this organisation as well, her health was not perfect and she had always planned at the end of 20 years it would be time to change. She hoped by then that the organisation would be funded at a greater statutory level.

The truth is that once we got to the point where we had to downsize the organisation because the funding levels had stopped, because Government funding would not continue, it was not possible really for Camila to carry on doing that job because the demands of fund

raising required a different model, not just for her but for me too. We had a group of philanthropists who had worked with the organisation for many years, and I just want to say this: they had not just put money there but some of those people had been coming to the building two or three times a week. John Frieda, for instance, had his own part of the organisation. As a consequence of that, it was not possible any longer, and nor would the Government approve or agree, to Camila carrying on being both the chief executive and also the inspiration, if you like, behind the charity.

I know it is difficult to say this but it is tricky for me when Michael Gove even said it was an inspirational charity, it was a great audit, he really believed in it, and he said that himself in March 2015. He is a Government Minister. Nick Hurd believed in the charity and the work that it did and so did David Cameron and many other people in Government. It is difficult to explain what goes on in these areas but if you have experienced it you understand that there was a great need that was served. But I think I answered your question, didn't I?

Q100 Mrs Cheryl Gillan: But, Mr Yentob, basically Ms Batmanghelidjh was removed as a condition of the grant coming from Government, as I understand it.

Alan Yentob: Yes, but I also said that I would step down as chair because I believed it was true that it was time for change. As the Government was no longer going to be funding directly the organisation, and as the statutory system was still one which had not altered and therefore the self-referral principle would not work, it was necessary that those people who ran it were people who would also be able to help to fund it and that this new model was essential if the organisation was going to thrive.

Camila Batmanghelidjh: I was going to go—

Chair: Sorry, we are not asking you a question at the moment. Cheryl Gillan.

Alan Yentob: Have I answered your questions?

Q101 Mrs Cheryl Gillan: I am terribly sorry, we have these formats and I am addressing Mr Yentob. You were the chair of the trustees from 2002?

Alan Yentob: 2003, yes.

Mrs Cheryl Gillan: 2003. That is a long time to sit as the chair of the trustees. One of the responsibilities of trustees is to try to refresh and bring in new ideas and look at new approaches. Did you consider at any stage that perhaps you had passed your sell-by date, or had you become so involved so strongly in this charity that it was almost impossible for you to separate yourself from that?

Alan Yentob: I think it is a fair question. I would say that, yes, I probably should have stepped down earlier. However, I do believe that I was a chair who was necessary, that I had relationships with people who could help and fund raise, and that I had enough understanding of what was going on. You have heard the complexity of this; it is a very challenging organisation. The support that came from it was not from people who had no experience. The support was immense from all areas and people who did see it. I felt that because it was so—especially the last few years—kind of difficult, the last two or three years where we were trying to fund raise, trying to create a statutory model that would

work more effectively, and clearly because of my experience, because I was able to talk to people and interrogate them, and because of the board I had behind me, yes. But if you are saying in a different world would it have been better if I had stepped down? If I could have found the right person to take over—and, in fact, Stuart Roden was going to take over; he did not want me to stand down from the organisation, nor do I think the Cabinet Office did.

Q102 Mrs Cheryl Gillan: How often did you challenge any decisions made by the chief executive officer when it was Ms Batmanghelidjh?

Alan Yentob: More than you might imagine.

Q103 Mrs Cheryl Gillan: Can you remember the last time you challenged a decision and what was it?

Alan Yentob: Yes, I remember. Well, in the last six months, every other day, really, in terms of the funding of the children because we took over responsibility. Essentially, from January onwards of this year every pound spent had to be overseen by a trustee. The deputy chair from May onwards was responsible for signing off everything, so that was a tough argument about money for the children or not, because, remember, we did not go insolvent. We carried on until the day when the Government decided that they would go ahead with us, having listened to the complaints, having gone to PWC. It was only the allegation of sexual misconduct, which we do not believe has any veracity behind it, which meant that we did not restructure and were able to carry on. I would say that the amount of effort and need to keep this organisation going, to look after the children—you may question some of these issues, but believe me there were many children who needed Kids Company's help.

All I would say is I should have stepped down. If it had been possible that we were not living through this very difficult period in the last 15 months, then I could have done that and handed over to someone like Stuart earlier than I did. As I say, I think negotiating our way through all this, which we succeeded in doing—and I do not believe that the Cabinet Office rolled over at all. You know that some people did not want us to carry on. I think if you have seen any of the correspondence between us and the Cabinet Office—

Chair: We will come to that.

Q104 Mrs Cheryl Gillan: I have one last question for Ms Batmanghelidjh. How often did you meet with the board of trustees?

Camila Batmanghelidjh: They were incredibly involved, actually. At least six or seven times a year was the formal trustees meetings; then there were at risk committees, which met regularly. The finance committee met monthly and I was present for that one. In addition to all of that, the trustees were regularly on the premises in one way or another dealing with issues. You could not have had a more rigorously involved board of trustees.

Q105 Mrs Cheryl Gillan: Did you keep regular and detailed minutes of every trustee meeting in the operation?

Camila Batmanghelidjh: Yes, they were rigorous and detailed minutes we—

Q106 Mrs Cheryl Gillan: So we can apply to have those?

Camila Batmanghelidjh: If you wish to have them, yes.

Alan Yentob: Yes, you can have anything you want.

Q107 Mrs Cheryl Gillan: My very last question is: how would you describe your relationship with the chairman and with the board of trustees?

Camila Batmanghelidjh: I would describe my relationship as one of cordial professionalism. These were not people that I was socialising with. I was very much accountable to them and I met them only in relation to dealings related to the practices and work at Kids Company. It was absolutely a cordial, professional relationship.

Q108 Mrs Cheryl Gillan: You never went out to dinner with Mr Yentob?

Alan Yentob: Never.

Camila Batmanghelidjh: No, I think in 20 years—

Mrs Cheryl Gillan: In 20 years?

Alan Yentob: I am sorry about that, Camila.

Camila Batmanghelidjh: No, it is all right. I think I have only ever been to one dinner with the trustees, yes.

Alan Yentob: That is right.

Q109 Oliver Dowden: May I begin by saying I am not in any way seeking to question Ms Batmanghelidjh's motivation or desire to help the vulnerable children in question, but I just want to understand better the role of the chief executive, particularly given this organisation has expanded massively over the years. We have received evidence that Ms Batmanghelidjh continued to deal with a number of clients right up until the very end. That is quite unusual in an organisation of such a large size. First of all, is that correct? Secondly, do you think that is appropriate?

Alan Yentob: Yes, I do. I think it is very unusual and I do not think anyone can look or listen to Camila and say she is not an unusual chief executive in the organisation. I profoundly believe and know that the work that was done was remarkable, and if there were flaws on the way, if people abused the system, if consistent drug takers were given a bit of money and they took drugs and then, when you mention it, suddenly on the streets there is chaos because they are going back to drug taking, well, let's look at what that means as well.

Having said that, the fact that Camila was able to stay in touch because emblematically everybody knew she cared for them, all these children—probably cared for children that most people did not care for or children who some may say are not vulnerable but they are. There are so many instances where that level of trust of not just Camila, I have to

say—and I would ask you, Mr Chairman, I would say listen to what the people who looked after those children have to say; listen to their stories; see if you think they are invented stories about the children. Believe me, they are extraordinary. I have been reading some of them and getting a sense of a light touch, a heavy touch, bringing a family in. We had a place called the Heart Yard where the families of children who were disturbed and abused would come and they would learn from each other. It was a learning thing. It was a wide community. Some people you did not spend money on at all. We experienced this. I also think that the way that Camila recruited, because she was like that, meant it was not obvious who she recruited. She had psychotherapists who were extremely experienced, but then there were other people who would sit and listen, and I think the individuals trusted her. There are cases, extraordinary cases, where people would reveal things. For instance, in Bristol there was a Somalian gang of paedophiles and the one key witness in that was a witness who lived with the social worker, our worker, and then gave evidence because she trusted the social worker.

Chair: I am reluctant to cut you down but—

Q110 Oliver Dowden: Could I just press on this point?

Alan Yentob: Yes.

Oliver Dowden: Do you not think it gave rise to difficulties in terms of running an organisation of this size, which had grown so—I could see at the very beginning of the organisation—

Alan Yentob: Let me say, yes—

Oliver Dowden: It had reached this size. To have a chief executive having both a hands-on role in terms of helping the clients in question but also trying to manage this large organisation—

Camila Batmanghelidjh: I had a team.

Oliver Dowden: —because, certainly, the evidence we have received is that this was creating problems.

Alan Yentob: Well, let me answer the question. First of all, the answer is yes and no. In other words: was it time and was the burden too much? Camila will not necessarily want me to say this. I think the pressure of the last year was huge on you and the responsibilities—

Camila Batmanghelidjh: I think that lack of funding was the problem and I dealt with some of the most disturbed children and young people—people who other people did not really want to have to deal with. I want to go through an example of a case that I repeatedly referred to—

Chair: I do not want to get into individual cases.

Camila Batmanghelidjh: No, but that is the same case—

Chair: Order. I do not want to go into individual cases.

Oliver Dowden: May I ask—

Camila Batmanghelidjh: No, I am not going into an individual case.

Chair: Order. Oliver Dowden.

Q111 Oliver Dowden: You said that you had a team of people working with you. Could you perhaps explain how you managed simultaneously the challenges of running a large organisation and, at the same time, dealing with the clients? Perhaps you could explain how you have managed that organisation.

Camila Batmanghelidjh: Thank you for giving me that opportunity. I had a team who helped me with some of the most disturbed children and young people that I was personally dealing with. Attached to that team was a clinical key worker who, when I was out doing the administrative business of the charity, would keep an eye on my caseload on a daily basis. There was a clinical director as well who was immensely experienced, who helped me with cases, and there were two senior social workers who were also attached and made decisions around the cases that I dealt with.

Q112 Oliver Dowden: That is on the clients. How about on the actual management of a charity of this size?

Camila Batmanghelidjh: Actual management of the charity of this size, we had all the right people in the right place. There was head of HR and an HR department. There was a financial director who oversaw all the finances and a big accounts department. Bear in mind 19 years of audits clean, and every quarter Government report clean since 2002. Then we had an operations manager who dealt with all the operational issues. We had head of safeguarding who dealt with safeguarding issues. I think people have absolutely underestimated the rigorous structures that were in place in relation to Kids Company. All your questioning is based on elements of the media who have misrepresented the organisation. None of you have visited the organisation. You have not had the opportunity to talk to any of the staff. You have not accepted for evidence 43 letters that came from senior staff members and clients of the organisation as evidence.

Q113 Chair: If you want me to explain why we could not accept those in evidence, it is because they came from you.

Camila Batmanghelidjh: They did not come from me.

Chair: Well, get them to write to me separately and individually with their names.

Camila Batmanghelidjh: No, they did not—first of all, I need to explain this because this again is an absolute misrepresentation.

Chair: It is not a misrepresentation.

Camila Batmanghelidjh: The reason that the staff are unwilling to put their names on letters and send them separately to you is because they absolutely feel unsafe by media behaviour. They have been hunted down by media.

Chair: I can assure if they write to me—*[Interruption.]* Order.

Camila Batmanghelidjh: Please let me finish. I have not finished.

Chair: Order. I just want to correct the record. If they write to me as individuals and they want their names to be kept confidential, they will be kept confidential.

Camila Batmanghelidjh: Right, and their names are placed with a firm of solicitors.

Chair: I beg your pardon?

Camila Batmanghelidjh: We do have these letters. This is what I explained to you when I sent them because staff are very anxious.

Chair: We cannot accept them as objective evidence if they come through you.

Camila Batmanghelidjh: No, I am happy if you guarantee them confidentiality.

Chair: It will be.

Camila Batmanghelidjh: They will? Then I am happy to get them to you.

Chair: That was explained to you by my staff.

Camila Batmanghelidjh: But as you can appreciate, there has been an enormous amount of leaking from Government offices into the media and right now the staff do not feel secure because confidential papers—

Chair: But you do understand.

Camila Batmanghelidjh: —that belonged inside the Cabinet Office—

Chair: I think we have dealt with this matter.

Camila Batmanghelidjh: —have been leaked into “Newsnight” and BBC News.

Chair: Please can you stop talking?

Camila Batmanghelidjh: Right.

Oliver Dowden: May I ask just one final question?

Chair: One final question.

Q114 Oliver Dowden: I think you were almost going to address this, Mr Yentob. Do you feel with hindsight that perhaps you should have reviewed the structure of the organisation and Ms Batmanghelidjh’s extensive role within that organisation both in terms of delivery and management of the organisation?

Alan Yentob: Well, yes, I do, but she is a rather remarkable individual woman and she was responsible for this fund raising. She was the emblematic figure. She was visited year after year by people from across the world. But if you are saying to me would it have been better if there was a different structure, I do not know whether she would have achieved what she had but certainly when we came to the last two years, the stress and pressure on her was too much, but it seemed very difficult at that time to change the structure because

there was also a level of trust between people. If these very experienced trustees had been there and they had been interrogating—like you do sitting here interrogating Camila, we would interrogate Camila like that—then we would meet the children or see this extraordinary staff she has and we would understand that there was an argument for what she was doing.

Chair: Okay, you have made your point I just wish to follow up on one or two points.

Alan Yentob: Yes, okay, but I do not deny it.

Q115 Chair: The Charity Commission is very clear on what the obligations of a trustee are. One of the things they say is: avoid mistakes, be prepared to challenge assumptions, “Trustees must make decisions solely in the charity’s interests so they should not allow their judgment to be swayed by personal prejudices or dominant personalities”. Do you think in retrospect you have perhaps allowed that to happen?

Alan Yentob: No. I believe that all those points were taken on board and ultimately the point is what is in the interests of the charity and the children they serve, and for—

Q116 Chair: Correct. When was the first time that the trustees discussed the possibility of removing Ms Batmanghelidjh as chief executive?

Alan Yentob: We never talked about the word “removing”. That is an abusive term.

Chair: Okay, let us discuss it in the language you discussed it.

Alan Yentob: We would often talk about whether Camila could manage this effectively and whether they were the right people, but then we would meet the staff. We would do this once a year: we would make sure we met the key staff who were running the place, and they were so impressive and she was continuing to raise the funds and to run the place well. Where the problems happened—

Q117 Chair: But she clearly was not running it well.

Alan Yentob: She was running it well. I am sorry, I do not accept that. She was running it well. Mr Chairman, can I ask you if Nick Hurd, Michael Gove, the Prime Minister and Oliver Letwin all said this was an inspirational charity and that it was well run—

Paul Flynn: You have been given the reasons. It was—

Q118 Chair: Order. In my previous life, I used to invest in small businesses started by entrepreneurs, and very often the entrepreneur who started the business might be a brilliant person but they were not the right person to carry on growing the business once it had become a certain scale. You must have had that kind of discussion.

Alan Yentob: Yes, I think I acknowledge even if Camila does not—she might hit me—but nevertheless I have just acknowledged. You asked me would it have been better at a certain point. The trouble is when that moment arrived, problems escalated.

Chair: That problem only arrived finally because the Government said it was a condition of the grant that Ms Batmanghelidjh should no longer have authority to spend money.

Alan Yentob: No, it did not arrive then, because in November that year Camila was planning to stand down.

Q119 Chair: When did the trustees first discuss this issue?

Camila Batmanghelidjh: May I answer the question?

Alan Yentob: Well, no, let me answer it. We discussed the issue on a number of occasions during—

Chair: When did you first discuss it?

Alan Yentob: We first discussed it at the beginning of 2014.

Q120 Chair: So it was never discussed before the beginning of 2014?

Alan Yentob: What was discussed was how Camila could be supported, not Camila not running the charity, no. Please can I just say one thing? We were raising a significant amount of money in a time of great stress where children who led chaotic lives were not being picked up by others. We tried to make the best we could of that to look after those children. We felt that Camila in the time of a recession who was not at the top of the organisation would not be able to double the funding that was coming in and continue to look after the interests of the children.

Q121 Chair: How did you distinguish as a trustee between the interests of Ms Batmanghelidjh and the interests of the charity?

Alan Yentob: I was not interested remotely in the interests of Ms Batmanghelidjh and I do not think Ms Batmanghelidjh was much interested in her interests either, otherwise we might have got through this—

Q122 Chair: As a charity trustee, your obligation is to make balanced and adequately informed decisions thinking about the long term as well as the short term.

Alan Yentob: Yes.

Chair: How did this model of always responding to demand address the long term when you did not have any secure funding?

Alan Yentob: First of all, let me just say that until 2014—in 2012 there was a surplus, a reserve, of £1.33 million. The problem with restricted funding is that the people who give you that money do not wish to see that sitting there and not being used in the manner that they have asked for, and we had a lot of restricted funding. The challenges from the escalation of need were distressing and terrible and I witnessed it.

Q123 Chair: Are you seriously saying to us, Mr Yentob, that you as chairman and the other trustees have no responsibility for the failure of this charity? You made no misjudgments?

Alan Yentob: No, I am not saying that and I do not think you were subjecting me to that questioning.

Chair: This is not an accusation. Let us have the honesty, which I think you are perfectly capable of and want to be perfectly straightforward and honest.

Alan Yentob: I think I have been perfectly straightforward.

Q124 Chair: What are the mistakes in retrospect that you should not have made? Putting more professional management in place of Ms Batmanghelidjh at a much earlier stage, wouldn't that have been a sensible step, given that turned into the point of contention with the Government?

Alan Yentob: I believe that at the point that we were at in 2014, when things were going well, the problems that arose made it very difficult to make changes of that kind at that point.

Q125 Chair: Every one of your sets of accounts talks about the fragility and precariousness of your funding and the inability to build up reserves.

Alan Yentob: I am sorry—

Chair: In fact, you downgrade the priority about building up reserves from an objective to “as resources allow”. Always other matters were taking priority over the long-term stability of the charity. Why was that the case?

Alan Yentob: Okay, let me answer your question. First of all, the words about the audit reports during these years were audit reports for all these years were unqualified. I want to repeat that in March of 2014, which is when our problems were beginning, I read to you what that audit said about the work that Kids Company was doing. It was endorsed by Michael Gove and others. Nick Hurd came into the Cabinet Office—

Chair: We are talking about your role as a trustee for the financial stability of the charity.

Alan Yentob: Yes, right. First of all, I am saying to you that the demand was such that it was difficult to say no. We tried to contain it but that was difficult, so we did two things to deal with it. We kept reserves of a sort but not enough, but by 2013 we had already had an asset, which is in a building called the Heart Yard, which was worth £1.7 million, so we decided that because restricted funding was so difficult we would try to find assets in other ways. At the same time, what we did is discuss with Government—you have seen the correspondence with the Prime Minister and with Nick Hurd and with Oliver Letwin—getting a greater proportion of statutory funding, which would—

Chair: Okay.

Alan Yentob: Well, I am trying to say what responsibilities we took. If you are saying do I have regrets, yes, I wish we had started restructuring earlier. I wish we had not assumed or hoped that Government would give us more funding. They put two civil servants—

Q126 Chair: Why didn't you restructure earlier?

Alan Yentob: Sorry?

Chair: You had trustees who wanted you to restructure earlier.

Alan Yentob: Who were these—well, when you say we had trustees, all the trustees were agreed about how we managed the organisation.

Q127 Chair: I accept they accept collective responsibilities, but there was discussion among your trustees at a much earlier date about restructuring and—

Alan Yentob: There was discussion—

Camila Batmanghelidjh: Continuously.

Alan Yentob: There was continuous discussion about what—

Q128 Chair: Why did you leave it so late?

Alan Yentob: Well, if you are asking me if we left it six months—I will tell you why. It was because we believed that the Government was going to give us more money, and if you look at the correspondence—

Chair: Okay, we will come to that.

Alan Yentob: I do not want to blame Government, by the way.

Chair: We will come to that. I reckon that there is a fair debate to have about that.

Camila Batmanghelidjh: Excuse me, can I say something about this?

Chair: One sentence.

Camila Batmanghelidjh: No, because I would like to ask you on what basis you have decided that this is a failing charity. Because if it is on the basis—

Chair: Because it has gone bust.

Camila Batmanghelidjh: No, hold on, hold on. No, I think it is very important because there are two separate issues here. One is—please allow me to speak because I am questioning your premise.

Chair: First of all, I ask the questions. Secondly, your question is on the premise—

Camila Batmanghelidjh: Yes, but it is your responsibility to ask the right questions.

Chair: Well, okay, I will do my best. This charity did fail and that is why I am asking these questions. That is why we are here.

Camila Batmanghelidjh: Yes, and I would like to answer to that. I would like to be given the time to address that issue because right now—

Chair: It is not a criticism of your—

Camila Batmanghelidjh: No, please, you need to give me a chance.

Chair: I will give you one sentence. We have other questions to ask.

Camila Batmanghelidjh: Okay. Basically, the reason the charity closed was the sexual abuse allegations that were unfounded. The charity did not close because it was badly run. Numerous independent evaluations have confirmed that the charity is well run. You are holding your evidence on the basis of *The Daily Mail* and a group of other media providers. You do not have and you have not done the rigorous research that is required in order to be able to determine whether the charity and its structures was failing.

Chair: I have given you the opportunity to say what you wanted. Mr Flynn.

Q129 Paul Flynn: I am delighted to be accused of being a friend of *The Daily Mail*. It is a novel experience. Mr Yentob, you have a very busy life. Between 2002 and 2015 you held four very important roles. You were chair of the trustees of Kids Company, editor and presenter of “Imagine”, BBC Creative Director and chairman of the ICA. How do you ensure that these positions you had had adequate amounts of your time and did not introduce conflicts of interest?

Alan Yentob: Well, first of all, I do not think there were any conflicts of interest and they were all declared. Secondly, I would look at the work that I did, the programmes I made, my role as Creative Director, ask my various director generals whether I had delivered or not delivered on that basis. I think we can put the BBC work to one side. I am sure they would have ended my service if it was not up to scratch in their view.

In terms of Kids Company, there were different times when that responsibility was greater. I believe that people who have the resource and the ability should make a contribution to public life. That is what I have always believed. My only regret, my great regret and sadness, is that we perhaps tried to look after too many children and we tried to do too much. I am not saying that I do not take responsibility for that.

I would say, though, that—and this is important—in terms of what happened in the last year when I did spend a great deal of time, I managed to bring in Hogan Lovells, insolvency lawyers, KPMG, who will all talk to you about how we conducted this. We moved out of our premises into Deutsche Bank. All this was done pro bono. I communicated in a very straightforward manner with the Cabinet Office. They were very rigorous. David Cameron is not in my pocket. It is clear that in the difficulties that were faced they could no longer give us direct funding. I believe, Chairman, as you said, maybe we expected we would get this funding. We did because of the correspondence that went on and that is another of my mistakes, but I did believe that.

Chair: We will come to that.

Q130 Paul Flynn: Is it true that you accompanied Ms Batmanghelidjh on her interview for the “Today” programme and that you rang “Newsnight” and “World at One” before items about Kids Company were broadcast?

Alan Yentob: All right. Well, “Newsnight” was the first—

Paul Flynn: Is it true?

Chair: It is a yes or no answer.

Paul Flynn: I would like to go on to the real question. Are those things true?

Alan Yentob: No, but the implication you are making—

Chair: Could you answer yes or no?

Paul Flynn: Just answer yes or no and then I can get on with my question.

Alan Yentob: Did I accompany Camila as chairman of Kids Company when they had asked me to be on the programme myself? Did I accompany her to the “Today” programme? Yes, I did and I said, “I cannot be on it, but Camila Batmanghelidjh will come”. I am the chairman of Kids Company, as you are all making it clear to me now.

Q131 Paul Flynn: Okay. You accompanied her on the “Today” programme and you positioned yourself with the producer in the box, which is something you must have realised—

Alan Yentob: I was not. No, I am sorry, I do not know where you heard that. I was not with the producer in the box. She was being interviewed. I was outside.

Chair: I am glad we have put that on the record.

Q132 Paul Flynn: Why have the BBC never interviewed you?

Alan Yentob: The BBC have never interviewed me simply because, from the beginning, we thought there might be a conflict of interest. Because the newspapers wanted to make a great number of it, I decided that I would do an interview with Channel 4 News at the time and not compromise anyone in the BBC. As you may know, the BBC anyway loves to have an executive to have a go at, so it is not something that they will not get the opportunity to do.

Q133 Paul Flynn: Do you think your presence, as you were there in your capacity with Kids Company but you are also one of the most senior people in the BBC, was your intention to put pressure on the interviewers to go easy on Ms Batmanghelidjh?

Alan Yentob: If you know anything about the BBC—

Paul Flynn: I do, yes.

Alan Yentob: Yes, you do. Well, you know that when I have been interviewed on “Newsnight” and anywhere else I am given a harder time than any of you guys are. The execution of a number of director generals by their own staff is history.

Q134 Paul Flynn: Do you think it is right with such a senior position that there was not a conflict in that and your presence and your phone calls were an abuse of your position as a senior member of the BBC?

Alan Yentob: I absolutely think that is completely untrue, no.

Q135 Paul Flynn: There are members of BBC staff who disagree and a certain unhappiness has been expressed. You put your hands up, but would you in hindsight think it is right for somebody who is regarded as one of the three or four most powerful people in the BBC to be around, to be ringing people up, to influence the way they are handling the Kids Company interviews?

Alan Yentob: The only thing I did and the only phone call I made—I made two phone calls. I had been phoned, perfectly rightly. This story has been the BBC's story and that is the right of BBC News to do that, absolutely, and they have run it. That is one of the reasons I did not want to get over-embroiled in it. I made one phone call because, as chairman of an organisation that I believed in and which I had disclosed very much that I was running, not for no one and none of the trustees to have known this was going on, that there was going to be a programme, it was 9 o'clock at night and I rang. I was asked, "Are you going to be on it?" and I said, "Well, why can't you do it tomorrow? I don't even know what the allegations are." That is the conversation I had.

Since then other journalists have spoken to me and have rung me up continuously and I have tried to speak to people but I wanted to wait. You will notice that I have done two interviews, one with Channel 4 News and one, a short one, with the *Evening Standard*. I have done no others until yesterday. The reason I have is because I wanted to come and speak to you first and take the responsibility that I have and talk to a public body who also have a responsibility. I did not want to get involved with lots of people talking about it.

Q136 Paul Flynn: Have you considered your position at the BBC as a result of your behaviour and your attempt to influence the coverage of it?

Alan Yentob: You say. In no way did I intend to influence or put pressure. I know perfectly well that BBC News, over which I have no control, is not going to listen to me and you only have to look at the number of BBC journalists out there interrogating this case and this organisation to know that that is the case, I am certain.

Q137 Mr David Jones: Are you entirely happy that you have been able to separate your roles as chairman of the board of trustees of Kids Company on the one hand and a senior BBC executive on the other?

Alan Yentob: I am entirely happy because my concerns are all to do with the same ones as you, which is the future of these children. What happened to the charity—the issue of the BBC and my life in the BBC and my responsibilities are entirely separate from this.

Q138 Mr David Jones: Do you think it was proper for you, therefore, to devote an entire issue of "Imagine" to the work of Kids Company?

Alan Yentob: It was not an entire issue of "Imagine". First of all, it is 20 years since I became involved with Kids Company. That is one programme. Kids Company has had lots

of programmes done about it by ITV, by Channel 4, by Sky, by every organisation. This was a story that came from one of my team, who proposed that this would be a story about children and art and art therapy, as a consequence of Kids Company having done an exhibition just recently, which was at the Royal Academy—it has had two major exhibitions at the Royal Academy, one major exhibition at the Tate Modern, and I think you would get many endorsements from the head of the Royal Academy and the head of the Tate—at that point, they said, “Can we do this programme?” I discussed it with the BBC’s editorial policy and we decided that it was not a programme about Kids Company but it was a programme about child art therapy. We agreed that it would be made on the basis that I would declare my position as a trustee and that there would be an executive producer who would look across it to see there was no conflict of interest. That is what we did. I went through a process and that is how that programme came about. It could not have been more transparently done.

Q139 Paul Flynn: I have a final question. You prayed in aid a long list of Ministers who supported Kids Company. There is a feeling that they did this, including the Prime Minister, to advance the stunt they were running at the time called the Big Society, which appears to be dead and buried now. These voices appear to be silent now, the ones who supported you then. Do you think they used Kids Company to advance their political agenda and have run away from you now?

Alan Yentob: I absolutely do not, no, and I do not think they are running away particularly. The Prime Minister, Oliver Letwin, Nick Hurd, people like this, these are difficult times and the issue of the care system I think everyone would know—Kate Hoey knows more than anyone—how difficult, how challenging it is. I think they are genuine in their views that they want to do something about it. At the same time, the speed of change is very slow. We have found in Kids Company that the children that we look after are still not necessarily cared for by the statutory system. I did not send it to you but I have to say that every time we have challenged a local authority about care for children and we have gone to judicial review, we have never lost. It is not good and bad on both sides. Everyone is trying to do the best they can in the most difficult circumstances.

Q140 Mrs Cheryl Gillan: In one of the annual reports you celebrate this flat management structure, and I would like an answer from both of you on it. You reflect that there is a very open channel of communication between employees and trustees, but some of the trustees have been reported to have said that they were not aware of some of the serious allegations that have been made recently about both the administration and events occurring within the charity. Some employees, I understand, resigned after their concerns about the charity’s finances were not considered or taken seriously. If what was said in the annual report was right, why were so many serious issues not acted upon and why did some employees resign?

Alan Yentob: First of all, PWC investigated some of these allegations—I put it down in my report—four out of the seven. The other two that were outstanding, one of them was about trading while insolvent, which I believe very clearly we have taken a responsible view of and will not be cleared. It was only after that that the Government took the decision, having seen that they were unsubstantiated, to go ahead and put the money in the bank for Kids Company—not an easy decision to take. I would say that these so-called serious allegations, even the one that went to PWC, it depends what you consider to be

serious. I would say if you are asking me was I approached and told not just we are living in insecure times and why don't we cut back and do things like that—but these are allegations. There was one that came, not an allegation but one complaint to me, which was about the appointment of someone who was going to be appointed who did not have what this person thought were appropriate qualifications. I talked to Camila about it. Camila listened, agreed, and that did not happen. That was the only complaint that ever came to me. I would also say, and I need to repeat this, that this issue about data and even with Southwark getting stuff, I am very sympathetic and I would like to see anything that legally is possible to go to Southwark and to Lambeth and anyone else. But clinical workers who work with these kids are very protective of this clinical data because these kids misbehave, it is a chaotic world, and they could get into trouble.

Q141 Mrs Cheryl Gillan: So you have fellow trustees that perhaps have not told the truth—

Alan Yentob: No, they have. In fact, two fellow trustees summoned two of these so-called whistleblowers—by the way, inside the risk assessment there is a clear whistleblowing process that was not taken. Yes, they did talk and ask and they did not get a proper answer. They summoned these two people.

Mrs Cheryl Gillan: Okay.

Q142 Chair: I want to move on to the relationship with Government because obviously that was a very strong determining factor in how you made decisions about the charity, but just before we do so, I just want to make sure that we have this right. You have denied that you were in the cubicle of one of the programmes that you visited with Camila. You did not stand in the cubicle?

Alan Yentob: Camila was behind the glass in another room. I was on the other side of the glass, yes, but I was not in the cubicle where she was being interviewed.

Chair: No, this is the point. The allegation is that you were not in the studio with her—

Alan Yentob: No.

Chair: —but you were the other side of the glass with the producer.

Alan Yentob: Yes, I was, yes.

Chair: Yes.

Q143 Paul Flynn: Well, of course, that inhibited the producer. That was the whole point about what—

Alan Yentob: The producer was not doing the interview.

Paul Flynn: I think you gave me a very misleading answer.

Chair: Order.

Alan Yentob: No, sorry, I misunderstood.

Q144 Chair: It has been remarked to me that for such a senior and interested figure from the BBC to stand beside the producer, so the producer is thinking, “What I say to whoever is interviewing the interviewee is going to be heard by a very senior figure who has a conflict of interest in this matter”, don’t you think that that was—

Camila Batmanghelidjh: They invited him in.

Alan Yentob: Can I put it in perspective? They invited me to be on the programme and I said, “I will bring Camila.”

Q145 Chair: But then you should behave more like a guest rather than as a member of the BBC.

Alan Yentob: I think in all of this you do have to understand that for all these years I have been there supporting these children I have disclosed my position.

Chair: No, I understand that.

Alan Yentob: No, I do not think it was a—I am not a particularly—

Q146 Chair: What I am asking you is, in retrospect, was it really appropriate for you to go and stand behind the producer so you could hear what he was telling the interviewer?

Alan Yentob: I did not stand behind the producer. You see, you see it differently. I just thought I was there to listen to what Camila said and this is an organisation that I am familiar with, so perhaps—

Q147 Chair: In retrospect, was it sensible?

Alan Yentob: If it was intimidating, I regret it put it that way, yes.

Chair: I think that is a good thing to have put on the record.

Q148 Paul Flynn: Can I just say that I thought your answer was probably inadvertently misleading?

Alan Yentob: I didn’t mean—

Paul Flynn: The whole point I was making is don’t you think that you are standing there as one of the most senior people in the BBC, you have a producer that is junior to you there, you have somebody interviewing within sight of what you are doing; of course, they would be inhibited in what they say with you peering over them?

Alan Yentob: I did ask—

Paul Flynn: That is a pressure and it is quite inappropriate.

Q149 Chair: With respect, I think Mr Yentob has said that in retrospect he accepts that. Yes?

Alan Yentob: Yes, I did. Let me just explain that even in relation to all of this I did—remember, I was being run after by people all the time. I was worried about Kids Company. I was emotionally upset and engaged by it.

Chair: I do not envy the pressure that you have been under.

Alan Yentob: There was another person, who is outside now, running after me and she asked me to appear. I said, “Why should I appear?” and maybe I raised my voice. I wrote to her and I said, “Look, I am sorry if I got upset.” In these circumstances, with the events of the last few months, I have tried—that is why I have not appeared on the BBC—my very best to support both the charity and the BBC, which I love.

Chair: I am very anxious to let you have your say and I thank you for your candour that you now regret that perhaps lapse of judgment. I think that is quite important. I would like to move on to the relationship with Government.

Q150 Mr David Jones: Mr Yentob, would you say that it was fair to say that Kids Company enjoyed a privileged relationship with Government as compared to other charities?

Alan Yentob: Do you know something, I do not really think that is fair or true, the reason being that for a long time various Governments—and it is all Governments, by the way, whether it was the Labour Government under Tony Blair or Gordon Brown or whatever—have always felt and always seen that there was a real value in Kids Company as an agency for change. There is the care system and it sits there and everybody knows what it is, but here was an approach that was different. I think they all acknowledged that, and over time—and I mean this quite seriously—there was no senior Minister who took an interest in this area who did not think that Kids Company was entitled to more statutory funding. They really did. Consequently, I do not think we were indulged.

If I come to the end of the story and the narrative where I go and see Oliver Letwin in December, he says to me, “We are not going to be able to give you any more money and this year is going to be the last,” when we had been expecting and they have sent two civil servants for a year to sit in Kids Company to find us statutory funding. When they say, “We are not going to give you anything”—and this is when you asked me what do I regret—I regret that I did not get this message earlier. I do not think, and here you may be right, that they quite wanted to tell us that directly. In the end, the £3 million was simply saying, “Let’s get you out of our hair because we have lots of other demands on us, which we have to listen to. The welfare system is a challenge and problematic, and therefore, if you are going to bring people in who will fund this, if you never ask us again for a direct grant, we will give you £3 million and you will be out of our hair.” The money came from philanthropists. The other £3.5 million came. They investigated the allegations and then, lo and behold, on the day that the money went into the bank and I had, I believe, as the chair helped to save the charity and rebuild it, stay on the board but have Stuart Roden and four significant philanthropists who understood the work to be there, then an allegation that I cannot believe at all about sexual—

Q151 Mr David Jones: Mr Yentob, can we come to that bit later? I would like to go back to the earlier stages of your relationship with Kids Company back in 2002. In fact, one of your first roles at Kids Company—

Alan Yentob: I was not chair at that time.

Mr David Jones: No, indeed, this was before you were the chairman. One of your first roles in relation to Kids Company was intervening with Government. You have said in your memorandum to us, “In 2002 Peter Wheeler and I, with the support of Peter De Haan and Michael Hastings, approached the Treasury with a request to help to address an outstanding debt to HMRC of £700,000. Despite the recent allegations in *The Mail on Sunday* that I had sent a secret letter to Dawn Primarolo, that letter was completely transparent.” How was it transparent? Did you publish it?

Alan Yentob: Can I just ask you not use words like “intervention”? I wrote a letter. There were people in Government and in the Treasury who knew the work that Kids Company was doing. Can I explain—

Q152 Mr David Jones: Yes, I understand that. What I am asking you is how was that letter transparent as you allege? Was it published?

Alan Yentob: Because it was not a secret letter. It was a letter written—what is a secret letter? A secret letter was what *The Daily Mail* called it. I would not call it—

Q153 Mr David Jones: How was it transparent?

Alan Yentob: Because it was a letter written to a Government Minister, which did not say, “You are not allowed to show this to anybody else.”

Q154 Mr David Jones: Did you refer to it in the report of Kids Company that year?

Alan Yentob: Well, first of all, 2002, I cannot quite—I will have to recall whether we did or did not refer it. We did not try to hide the fact that we had got support from Government. There were many people who knew. Michael Hastings was someone who knew and admired the work of Kids Company. There were other people in the Treasury who did and at this stage you must remember we had had no money from Government. We were reliant only on charitable donations. It was at this point that I decided that we needed to bring in a proper board of trustees and I decided to take part and to become chair.

Q155 Mr David Jones: But the then Labour Government waived £600,000 worth of that debt. That is right, isn't it?

Alan Yentob: Yes, they did, because they clearly thought there was a case for supporting a charity that was doing work that others did not do.

Q156 Mr David Jones: I understand that. So, really, very early in your association with Kids Company you knew that there were severe financial problems in that institution?

Alan Yentob: I would not put it like that. I would say that—

Mr David Jones: Being unable to pay £700,000 worth of tax?

Camila Batmanghelidjh: Can I explain what happened?

Chair: No.

Mr David Jones: No, this is Mr Yentob, please.

Alan Yentob: Can I—sorry?

Camila Batmanghelidjh: It was the eviction.

Alan Yentob: Yes. There were certain things going on. We were in Southwark for that period under a place called the Arches, which is where I had first discovered what Camila had done and where Richard Curtis and Comic Relief had been supporting Kids Company during this period and other people. Very soon they were going to be evicted, so that again became a problem because we had to find somewhere else—or they had to find somewhere else; I was not a trustee at the time. As a consequence also of the demand increasing, the tax payments that were due were late being paid. When we discovered this, I brought in Peter De Haan, who was a philanthropist; Saga, as you know. Peter Wheeler and I had also been putting money in. We had all been putting money in as we could and I have over the years put a quarter of a million pounds in. I know everyone will say, “Oh, he is so bloody well paid he should be able to put even more than that in,” but nevertheless every trustee supported financially, as much as they could, the organisation.

At that point, we had to talk to Government because we were not eligible for statutory funding and they agreed that they would help us through this, and in future they scrutinised Kids Company very carefully. David Blunkett came in and gave us £350,000 in the Home Office with Louise Casey’s support. We were looking after troubled families, as she is now. Consequently, the Labour Government and then the coalition Government came in and continued to give us support.

Mr David Jones: I understand that and we are—

Alan Yentob: Well, I am trying to tell you—

Mr David Jones: No, I fully understand and—

Camila Batmanghelidjh: Can I help you with that question a bit?

Q157 Mr David Jones: Forgive me, I am asking Mr Yentob. The fact of the matter is, though, and I think it is fair to say that your first encounter just before becoming chairman of the board of trustees with Kids Company is when they have a severe financial problem. £600,000 is rather a lot of money.

Alan Yentob: You must have worked in charities. You must even ask Kate. Can they do the work they really need to do—

Kate Hoey: Yes, and lots of charities locally have had very little money and very little support from Government but did wonderful work.

Alan Yentob: Sure. Yes, I think we do wonderful work. The answer is that I was not in the chair and on the board of Kids Company. For the next 12 or 13 years, Kids Company was audited properly, raised funds and did extremely well, so it was not badly managed.

Q158 Mr David Jones: May I stop you there, please, Mr Yentob? You are quite right that Kids Company was audited every year, but for very many of those years you were reporting annually that you had difficulty in maintaining an adequate level of reserve. That is right, isn't it?

Alan Yentob: Yes, except that in recent years when that was a problem the cash flow was always difficult to predict, because that is the way it worked, but—

Q159 Mr David Jones: Sorry, stop, explain that. Why is that the way it worked?

Alan Yentob: It was difficult to predict because we were not getting much statutory—the proportion of statutory funding for Kids Company over this whole era was 22%. That is not significant compared to the demand that we were facing.

Q160 Mr David Jones: The demand was great?

Alan Yentob: Yes.

Q161 Mr David Jones: So did you think, as chairman of the board of trustees, that it was prudent to carry on maintaining the level of support that you were giving to children? I realise it calls for a hard decision. If this was a business—and of course it is a business—isn't it your duty as chairman of the board of trustees to ensure that you have adequate resources in terms of both income and reserves to maintain the level of service that you want to provide?

Alan Yentob: I think you are misrepresenting this extremely badly.

Camila Batmanghelidjh: Yes.

Alan Yentob: Let's be absolutely clear. Until 2014, there was no question about the financial resilience of Kids Company.

Mr David Jones: But there were, clearly, because—

Alan Yentob: No, I am sorry, the auditors—

Camila Batmanghelidjh: Can I please contribute to this question because there is a big piece of missing information?

Mr David Jones: This is a question to Mr—

Alan Yentob: No, let me—

Chair: Order. Mr Jones is cross-examining Mr Yentob. Please do not interrupt, Ms Batmanghelidjh.

Camila Batmanghelidjh: I could be helpful.

Chair: We will come to you in a moment.

Q162 Mr David Jones: The fact is, Mr Yentob, that year on year you were reporting your concerns about inadequate reserves. That is correct, isn't it?

Alan Yentob: No, the inadequate reserves problem really was coming up much later, not in those early years. In those early years, we were trying to get more statutory funding, but there was no question about our ability at that time. Even though the cash flow, in terms of what many businesses might expect, was not as consistent or as clear as some, it always did deliver. That is why we had a monthly finance meeting. That is why we interrogated the cash flow—she would have to predict the cash flow and she always delivered it. All I want to say to you is, yes, from 2014 onwards we did have problems, there is no question, and there were issues around reserves. Up to that point, for all those years when I was chairing it, from 2003 until 2014, it was well run, well managed. In very difficult circumstances we raised the funds.

Q163 Mr David Jones: You were becoming increasingly reliant upon Government money, weren't you?

Alan Yentob: No, quite the opposite. We were becoming increasingly reliant on money from the private sector.

Q164 Mr David Jones: Is that right? In the early days you said there was no funding, but you were regularly approaching Government for money, weren't you?

Alan Yentob: Yes. Can I explain? The money that came from Government started at around £1 million a year or something like that at the very beginning, in 2003-2004. It went, because they saw the need for that provision, to around £3 million, and then finally for a long time it was around £4 million to £4.2 million. The rest of the money raised in the latter years was around £20 million from the private sector. We made it clear to Government when things were getting tricky—Camila did, and I think this is one of the reasons we had problems—that we could no longer continue to rely in these difficult times and financial circumstances on private funding and foundations and individuals. Therefore, we needed to tap into statutory funding to which we believed we were entitled—to a greater proportion of statutory funding. We got the feeling from the correspondence you have seen with the Cabinet Office and others and Oliver Letwin and the Prime Minister that they also believed we should be entitled to more and that we should be a sustainable charity. Unfortunately, because of the difficult times and the challenges facing Government they were not able to secure it. Therefore, at the very end of the story they decided that because we had brought in these philanthropists—who have, incidentally, set up another charity to look after some of Kids Company's clients—they would give us this last chance. Even the Prime Minister, outside No. 10, said on that day this was an inspirational charity, this was the last chance, and I am afraid this allegation of sexual misconduct has made it impossible for this to work.

Q165 Mr David Jones: Would you say, Mr Yentob, that you had privileged access to Ministers in both the Labour and coalition Governments and latterly the Conservative Government?

Alan Yentob: What I would say is, first of all, I did not see them that much. It was actually Camila seeing them.

Mr David Jones: I mean you corporately.

Alan Yentob: No, but what I would say is that as a chair of a charity you have a responsibility. You want a chair who has good connections, who both in terms of the arts world and other things—I am very proud of what we managed to do there—and relationships and things, will be heard when you want to make your argument. It does not mean we were indulged. If you really look at this, we were for years being told we would get more statutory funding. When we went to court to challenge people we did get it, but when we went to Government we got the same amount year after year. Then they said to us, “You should be lucky to get this amount because others, quite rightly, are not getting it.” So we got to a situation where we were told finally in December, “You are not getting any more money after this year. You are going to have to find a new way forward.” That is when we started to restructure and unfortunately, as you say, if I have a regret, it is that it was too late. I wish we had not—and Camila may not acknowledge this—believed that they would necessarily give us the money.

Q166 Chair: Even listening to you now, you have said that your accounts vindicated your position in every year, and I am just looking at a summary of your accounts. You had a deficit in your free reserves in 2003, 2004, 2005, 2006, 2009, 2010 and 2011.

Alan Yentob: When you say a deficit in the reserves—

Chair: In your free reserves.

Alan Yentob: Yes, but we had other assets and we were not at that time—

Chair: Yes. I am involved with other charities; perhaps I should declare that as an interest.

Alan Yentob: Has your charity lasted 20 years?

Chair: My charity has been going for about 400 years, actually.

Alan Yentob: How many of those years—you look younger than that, I must say.

Chair: The point is in order to manage the risk of the operation effectively, you have to look at how much cash has to go out the door to pay people like employees and you have to have some months’ cover.

Alan Yentob: I have told you about the calibre, Mr Chairman, of the trustees on Kids Company. I have told you about the amount of times that the finance committee would work and the energy that went into fund raising and that for all those years—I am admitting completely and utterly that from 2014 on, the top of 2014, after that audit, we were in trouble, but before that we managed.

Q167 Chair: No, the financial fragility of the whole model of operating was evident throughout almost the entire period you were chairman.

Alan Yentob: The financial fragility was to do with the demand from very, very vulnerable children and young people who were not being looked after by others. Yes, there was a

balance to be struck between looking after those children, responding to that need that was not being dealt with—

Q168 Chair: That was putting the short term ahead of the long-term interests of the charity and a failing of one of your statutory duties.

Alan Yentob: I am sorry, I do not see it like that because I believe that during that period we were not seriously challenged in terms of being able at the end of the year to deliver. We had, as I said, unpredictable cash flows but I am afraid I do not accept that. I have to say that in the end this is partly about money.

Q169 Chair: The words “hand to mouth existence”, lots of charities do live a hand to mouth existence, but a charity involved with such responsibilities and employing so many people, was it really sensible to live such a hand to mouth existence?

Alan Yentob: Do you know, there was not one—

Camila Batmanghelidjh: May I come in on this?

Chair: I am asking Mr Yentob the question.

Camila Batmanghelidjh: It is something that we brought up with Government.

Chair: Order!

Alan Yentob: There was not—

Camila Batmanghelidjh: I don’t know that shouting is going to get me to behave any better.

Chair: Order.

Alan Yentob: There was never an issue about whether or not we delivered on what we promised to deliver in terms of clinical care and other things. The fact is that I believe we did act responsibly and when things got difficult we should have acted earlier, perhaps. That is absolutely true, but I do not believe you can look across the record of those years and say that this charity was not run properly. Do you know how many corporate endorsements, how many banks looked at the work we did, how much they supported us? There were philanthropists who at the end—and this is exactly what happened—would say, “Do you need £1 million? I will give it to you.” That is what people like Stuart and others did. It is what I did myself in a different way. We always believed that if it came to it we could manage, but finally we did have to own up to the fact that if Government was not able to give us direct grants or address the statutory problem, then we would have to have a different model, which is what I tried to achieve with Stuart and John Frieda.

Chair: Mr Jones, do you want to come in on this topic?

Q170 Gerald Jones: Yes, if I can, Chair. It is in relation to the reserves and financial situation. Mr Yentob, under your leadership both the ICA and Kids Company suffered financial difficulties. I understand in 2010 the ICA came quite close, it had £750,000 of debt, and clearly with Kids Company, we know the situation there. My understanding is both

organisations have been criticised for an overreliance on short-term grants, short-term funding. Could you please describe what lessons you learnt from one to the other?

Alan Yentob: Yes. First of all, we sorted the ICA out. In other words, when I left it was on an even keel. What happened then, and you can never win, is that the issue with the ICA was that just at the time of a recession beginning, there was a big auction; there was an estimate for how much would be achieved and it was not achieved. As a consequence of that, we went anyway into a restructure. That was agreed before the auction had happened that we were going to cut down in size. We had the support of the Arts Council and other funders and we went ahead and did it and I stepped down from that role.

I suppose you could say maybe the timeliness of that was not matched by the timeliness of Kids Company and the challenges here were much greater and much less predictable. I think I have explained that in the end it was only on the very day or days before we folded that you could have said we had to restructure the organisation, but why would Oliver Letwin and the Prime Minister take the decision to support Kids Company in that way if it was not, first of all, of financial value? Stuart and these others would be looking after children who would otherwise perhaps not be looked after, and once they had done that we would not have to pay any more money.

I think I was not indulged and Kids Company was not indulged. Camila was busy telling everybody that the care system needed to be addressed and the system needed to be changed. Many prominent people agreed with her and still do. If you read David Cameron's speech the other day, he too sees the problem and has always seen it. I think that is right. We are here in a society where we have to find ways where we deliver value for money and early intervention is what I have always believed in. Whenever I have had a conversation with a Minister, I have always said the really important thing is early intervention. The Department for Education, the schools, somewhere to go, I believe passionately that that is the way to address this system in the long term.

Q171 Gerald Jones: The short-term reliance, I suppose, brings me on to the question of reserves and the reserves policy. There is clear guidance from the Charity Commission in terms of having a proper reserves policy. I understand that after 2011 Kids Company's annual reports stopped referencing specific reserve targets. A quote from the report says that the charity "aspires to build up reserves when circumstances allow". Could I ask how seriously the issue of the low reserves was taken by the trustees?

Alan Yentob: Very, very seriously indeed. We are going to acknowledge the Charity Commission's recommendation, but if you are dealing with incredibly serious problems, which we were in Bristol—again, Camila may not agree with this, but I did say at one point, "Maybe we should not have expanded to Bristol". I had a host of our staff in Bristol saying, "What do you mean, not expand to Bristol? Do you realise the problems that you have uncovered in Bristol that need to be addressed?" Maybe they will not be addressed by us, but they will be addressed by others now. So those costs went on and we had to very seriously consider whether we could afford that.

What we then did was we had a reserve in 2012 that you have seen of £1.33 million, but with restricted funding the way it is, people do not want you just to put the money in the bank. As I said, we started then to think of properties as assets. We had this property called the Heart Yard, which is valued at £1.7 million—that was some years ago—and that

would have been an asset, which even now will have to be discussed with the official receiver.

Q172 Gerald Jones: Did you have any specific guidance from the Charity Commission or any regulatory activity with regard to the issue of reserves?

Alan Yentob: We did not, because I think the Charity Commission saw us as being a very successful charity. When problems arose, we were talking to the Charity Commission, but by then we were discussing with Government what we could do and being as honest as we could about the worries we had about fund raising going forward. We could not have been more honest; you have seen all the correspondence. I am not even blaming Government for it, but the trouble is that we had a year talking about this and it followed the year—I do not want to go on about it—of the “Enough is Enough” report. Many people agreed, as do people today, and you heard from Peter Wanless, the head of NSPCC, about one in five children with mental problems not being tackled; you heard from the social worker saying a significant proportion of 1,000 social workers said that they had diminished the child protection from child need. In other words, because of a lack of funds, there is a kind of sense in which we are saying, “We can’t afford to pay for these problems, so they do not exist.” Well, they do exist.

Camila Batmanghelidjh: The point is that we were constantly talking to Government about coming and looking at the statutory caseload that Kids Company was carrying, because I believed and the board believed that we should not be carrying this caseload. The point was that we could not get the right level of help for these children, young people and vulnerable families. The last discussion I had with the Cabinet Office, I submitted a paper asking them to get KPMG to come and look at the statutory cases we had and economically model it. The problem, for example, in relation to 2003 and why David Blunkett intervened and why we had our staff taxes written off was because Southwark at that time was evicting us from the railway arches. We had 400 of the most vulnerable children and young people aged under 18 and there was no other provision being provided for them.

Funders rightly became very anxious about whether Kids Company would exist, so they did not put the funding in and that is why the Government and David Blunkett intervened at that point. What is important to understand is we have repeatedly had conversations with various Prime Ministers and Government Departments saying, “Kids Company should not be carrying this sort of caseload. You need to come and help us and you need to find alternative provisions for them because we want to build reserves”.

Q173 Chair: Just a minute. There is a fundamental flaw in that logic, which is you have said yourself today that the reason why the director of social services in Southwark has picked up few cases is because they are only interested in the statutory cases, so why was a £23 million business only dealing with some 1,600 cases?

Camila Batmanghelidjh: No, I dispute that, Chair, and I have said that to you.

Q174 Chair: You think there is far more?

Camila Batmanghelidjh: I said that it is much, much more. What I want, because I think—

Q175 Chair: But is that not the heart of the disagreement?

Camila Batmanghelidjh: Please—

Chair: Let me just ask the question: is that not the heart of the disagreement within Government, which is what I want to get to, that some people in Government seem to think you are right, but generally, in the end, they have decided you are not right?

Camila Batmanghelidjh: Basically no one has come to do a comprehensive audit of the statutory—

Chair: You have been running this business for 23—

Camila Batmanghelidjh: No, hold on, let me—you asked me a question. You must allow me to answer it.

Chair: I will.

Camila Batmanghelidjh: No one has come to do an audit of the statutory caseload we were carrying. That is precisely what I had repeatedly asked different Government Departments to come and do, because a charity should not have been holding cases like that. I have letters from mental health providers locally who are statutory agencies who were redirecting their patients to us without paying. I have a letter from a major NHS trust who was banning a really disturbed client because the client was too violent. The client is a care leaver. The client is still with us. I had gone to the Care Quality Commission to ask for this client to be picked up; I had gone to the Minister of Health to ask for this client to be picked up; in the pass-over to the local authorities, I had asked for this client to be picked up. This client is still in conditions of exceptional risk and not picked up. If you want fairness, get an independent person to come and review our cases, because what has been going on is a lot of unsatisfactory spin.

Q176 Chair: So in your view, David Quirke-Thornton is not objective, not independent and cannot be relied upon?

Camila Batmanghelidjh: I would like somebody—

Chair: That is what you are saying?

Camila Batmanghelidjh: —objective of local authorities and central Government, because the essence of the problem is the collusion between the two in hiding the real scale of the problem and that is why we are sitting here.

Q177 Kate Hoey: Very quickly, you talk about this £700,000 of employee contributions that you should have been passing on the Inland Revenue.

Camila Batmanghelidjh: £580,000, yes.

Kate Hoey: Well, £500,000. It was not passed on to the Inland Revenue and the bill was dropped. What happened to that money? Did it go back to the employees?

Camila Batmanghelidjh: No, that was conceptualised. It was—

Kate Hoey: Sorry, I do not understand the word “conceptualised”.

Camila Batmanghelidjh: Yes, let me finish. The Labour Government decided that that should be seen as a contribution to ensure the survival of Kids Company.

Q178 Kate Hoey: Did the employees all know that their money that they paid in tax was not going to the Government?

Camila Batmanghelidjh: The employees knew. Yes, the employees knew. The employees were fully aware all the time of all the challenges we faced. We were always transparent.

Kate Hoey: Very interesting.

Chair: Mr Yentob.

Alan Yentob: Yes. The point was that the Government, the Treasury, decided that a proportion of the responsibility for the work that Kids Company was doing should be taken on by Government and that challenges of not having a place to be and these children sitting there could not be sustainable. David Blunkett then came in with Louise Casey and said, “We need to give more attention to the problem.” From then on, we were in conversations with Government and they decided to help fund Kids Company going forward.

Q179 Mrs Cheryl Gillan: There is just a quick thing: Ms Batmanghelidjh, you just gave a list of people you approached, and the whole of this session seems to be littered with the name-dropping of Ministers’ names in all directions.

Camila Batmanghelidjh: I did not name-drop anything.

Mrs Cheryl Gillan: But for me, as a constituency MP, if there was an individual that you wanted taking up by statutory services, the first line of approach, I would have thought, was to write to the MP. Did you write to the MPs of those individuals or get their permission or suggest that they approached their MP to try to get that help?

Camila Batmanghelidjh: We have raised the alarm in various ways. This case that I am describing to you, we have been raising the alarm in relation to this case since this child was 15 years old.

Mrs Cheryl Gillan: Okay. I just wanted the reassurance that the Member of Parliament was fully aware of it.

Q180 Chair: Would you like to give us the details of this case in confidence?

Camila Batmanghelidjh: Absolutely. In fact, what I would welcome is the scrutiny of this file, because it epitomises the challenges we faced and the fact that cases were not being picked up. I absolutely want this done—

Chair: We will look forward to receiving it, and of course we—

Camila Batmanghelidjh: —because in the spirit of fairness and detail, we should do this.

Q181 Mrs Cheryl Gillan: You can assure me that the Member of Parliament of this individual was approached?

Camila Batmanghelidjh: Because it is such a long time, I do not know. I believe we did in the early days, but it got to a point—

Q182 Kate Hoey: Could that person be one of the adults that is on this list of 25, the top-paid people?

Camila Batmanghelidjh: I do not know what list you have, but at one stage she was.

Q183 Kate Hoey: I have a list of 25 top payments made January to December 2014 and January to December 2013. They are all very, very high: £73,000, £59,000, £50,000, £40,000, £30,000, it goes on and on and on. I am trying to ask, is any of that—

Camila Batmanghelidjh: Yes, she was on that list at one point.

Kate Hoey: —to pay anyone's mortgage? Would any of that have been used ever to pay anybody's mortgage?

Camila Batmanghelidjh: Kate, I do not know what list you have and I am not at liberty to discuss individual cases in this situation, but I am happy to answer any question about any of the cases.

Q184 Chair: The question is did you ever pay money from the charity to pay somebody's mortgage?

Camila Batmanghelidjh: I am not able to answer any questions—

Chair: Sorry, it is quite a simple question. Mr Yentob.

Alan Yentob: Because I do not have the details of this case—

Camila Batmanghelidjh: I am happy to answer questions in private.

Alan Yentob: Let me just answer the question in principle: if you look at the annual report, it is absolutely true that Kids Company did provide for homeless people and others, it did provide places for them to stay. That is where some of this money went.

Q185 Kate Hoey: Yes, that is different from long-term help. Some of these people may have been helped for, I do not know, 10, 20 years after they have been.

Camila Batmanghelidjh: You need to come—that is exactly what I want. I would like—

Q186 Chair: You can answer a general question about a principle: is it possible that money was paid to pay somebody's mortgage?

Camila Batmanghelidjh: I would like to say to you—

Chair: Is it yes or no?

Camila Batmanghelidjh: —that the answer is—

Chair: Is it yes or no?

Camila Batmanghelidjh: The answer to that question is there is one case and I would like to discuss it. It was someone who had a stroke and I would like to discuss it separately.

Q187 Chair: In relation to that, is it true the charity was supporting one or more individuals who were going to go overseas? That has been—

Camila Batmanghelidjh: Again, not in the long term, no.

Q188 Chair: So yes in the short term?

Camila Batmanghelidjh: As a transition, yes. As a transition, yes, we did, because that was the responsible thing to do in the case of a young person who had no parents, had mental health difficulties and did not have any relatives in the country to which they were deported. It was the right thing to do, to see a proper and orderly transition. That is the clinically right thing to do, and much of this debate is about clinical appropriateness versus financial choices. If you want to know what the essence of the problem is, it is that Kids Company had to make choices that related to clinical safety when it would have probably been easier for it not to do that, but we could not abandon the children and young people who were in our care, who were being failed by other agencies. This is the sort of discussion—

Q189 Chair: Who would have made that decision?

Camila Batmanghelidjh: We would have made that decision as an entire team, the trustees and us together. Do you think I enjoyed having to fund raise every night and work until about 11.00 at night? I worked seven days a week. I did not enjoy that kind of pressure. I was under that kind of pressure because we were trying to hold these children and young people and vulnerable individuals safe, with the promises that repeated Prime Ministers and Government Ministers were taking of resolving this difficulty that we were experiencing. If I produce all my letters to Prime Ministers and Prime Ministers' letters back to me and Ministers' letters back, the number of times they promised that they would solve the fact that we did not have statutory funding that matched the level of need that was arriving at our door—in 19 years, we did not receive one pence of local authority

funding or mental health funding for the cases that we had in our care. That is why we had to turn to central Government for exceptional grants, because there was a problem with the structure. This country has not understood that children will self-refer.

Chair: You have made that point before.

Camila Batmanghelidjh: No, ChildLine did not survive for exactly the same reason, and the NSPCC had to absorb it. We have a structure in this country where children and young people, when they self-refer for help, there is no commissioning agent paying for that. That is a flawed structure, but not in Kids Company; it is in the structures of care that are upheld within the country and we have to address that.

Q190 Mr David Jones: Mr Yentob, could I talk to you about the last sum of money, the final £3 million that was paid, which you will recall was paid on the direction of Ministers, contrary to the advice of officials? That payment, you say in your memorandum to us, was made on 30 July. That payment was subject to a number of very clear conditions. You paid out of that money, you tell us, the sum of approximately £880,000 to staff for their salaries.

Alan Yentob: Yes. Let me be absolutely clear—

Mr David Jones: Sorry, can I finish the question?

Alan Yentob: Yes, sure, finish the question.

Mr David Jones: That payment, it would appear on the face of the agreement, was contrary to the conditions that were applied by the Government, but you say in your memo that you informed the Cabinet Office that some of the money would be required for that purpose. Did the Cabinet Office agree that the money should be applied for that purpose?

Camila Batmanghelidjh: Yes, they did.

Alan Yentob: Did they? No, I think—

Camila Batmanghelidjh: Yes, they did, they did. They knew, because as a build-up to getting that £3 million grant, the whole structure of negotiations between us and the Cabinet Office was about restructuring. As part of that, it was payments to all our self-employed, catching up with what we had to pay in terms of our businesses and redundancies and part of that was salaries. The deal was: £3 million from Government, £3 million from the philanthropists, and I was supposed to raise £8 million plus. I fell short by £350,000 and I put my flat up as a surety, which the Cabinet Office took, and that formed part of a whole package.

Q191 Mr David Jones: Stop there. The Cabinet Office took your flat as a surety?

Camila Batmanghelidjh: Yes, yes, because we were short.

Mr David Jones: Surely not.

Camila Batmanghelidjh: Yes. I had to submit the papers, because they wanted absolute confirmation of the amounts of money that were being raised to see this deal through and I—

Mr David Jones: You are saying your flat was put by way of security?

Camila Batmanghelidjh: No, I signed a letter saying that if I did not raise the remaining £350,000 that I would sell my flat and they could have the money. That is how much rigour went into putting this package together. If you review the papers, you will see that paying staff salaries was part of it. In fact, there was an e-mail—

Q192 Mr David Jones: Can I stop you there? *[Interruption.]* No, please can I stop you there? Who authorised within Kids Company the payment of that last set of salaries, that £880,000?

Alan Yentob: The authorisation came essentially—it was not strictly my authorisation, because the deputy chair was responsible for those things. I make no apology for that.

Q193 Mr David Jones: So you authorised the payment?

Alan Yentob: The trustees authorised the payment.

Q194 Mr David Jones: The trustees corporately authorised the claim?

Alan Yentob: Can I answer the question, because it is sort of slightly an accusatory thing, as if we are squandering money?

Mr David Jones: Not at all. I am just trying to find out how it worked.

Alan Yentob: No, I want to explain. It is very important. First of all, remember that myself and Stuart Lipton and John Frieda and others had given significant sums of money ourselves, by the way, more than the £880,000—much more than the £880,000.

Secondly, I want to say that the people who were dealing with us at the Cabinet Office and Oliver Letwin took risks in doing this, but we were very clear and simple with them. We said, “We have a problem. We have to pay this month’s salary and we need the payroll to be paid.” Oliver Letwin was in China at the time. We made them know this. The money went in and hours later there was a challenge—the BBC announced that there was a question about sexual mismanagement. It became very clear to me at that point that it would not be possible to avoid insolvency. I want to repeat: Hogan Lovells, KPMG, Deutsche Bank, for weeks and months, I had 400 e-mail exchanges, and we said, “In grave sorrow, we cannot do this.”

Now, the other thing I did is I ring-fenced—

Q195 Mr David Jones: Before we leave the point about the salary, please, Mr Yentob—

Camila Batmanghelidjh: Yes, there was an e-mail.

Mr David Jones: —forgive me, who authorised the payment of salary on that day?

Alan Yentob: I do not know if I am being clear: I said to you: the trustees.

Q196 Mr David Jones: The trustees corporately did?

Alan Yentob: Of course we authorised it. Yes, I am not apologising for that at all.

Q197 Mr David Jones: Was that not contrary to the wording of the agreement?

Camila Batmanghelidjh: No. There is an e-mail from the restructuring person, Colin Whipp, to Helen Tabiner in the Cabinet Office that says, “We need the money to pay the salaries”—

Mr David Jones: Yes, I understand, and is there an agreement—

Camila Batmanghelidjh: —so it was absolutely clear.

Mr David Jones: Forgive me—

Camila Batmanghelidjh: At no point does she get back and say, “This money is not for the salaries.”

Q198 Mr David Jones: So the Cabinet Office were notified that that money was to be applied for that purpose?

Alan Yentob: Yes.

Q199 Mr David Jones: But the Cabinet Office did not come back and say, “Yes, we agree to that”?

Alan Yentob: Will you allow me to—

Camila Batmanghelidjh: They did not say no. They sent the money.

Q200 Mr David Jones: So the money had already gone?

Alan Yentob: Would you allow me to answer that? This all happened at very short notice. This is very important, because can you imagine the stress for us of dealing with this? The money arrived. Because of the allegations going on, we had to go to PWC and pay them £50,000 to tell us that there was not much substance in the allegations and therefore the Cabinet Office should go ahead and give us the money, so we had to find another £1.7 million. In other words, the challenge of the mortgage and all these things became much greater, because we had another month’s salary.

At that time, there was a real honesty between us and the Cabinet Office; forensic interrogation of the figures and the pledges, which is why—I am not sure of the detail—that extra money of Camila’s, “We have the money and we are not going giving you the money unless you can guarantee it”. At that point they put the money in the bank. An hour and a half later there was an allegation—I think this could only have come from leaks in some place, an allegation of sexual misconduct—and I believed it was quite impossible to carry on doing this, nor did I want the philanthropists to put their money into something

that was going to be insolvent when they could set up another charity and look after those children, which they are doing right now.

Q201 Chair: Sorry, I just want to stop you there. You say leaks from insiders?

Alan Yentob: I do not know where it was leaked from. The e-mail you are talking about, the Cabinet Office e-mail that came, in which I said that there was the risk assessment form, that was the restructuring agreement. That went to only my trustees and the Cabinet Office, so—

Q202 Chair: Do you think the allegations of sexual misconduct, which we cannot discuss in any detail, came from some malicious source?

Alan Yentob: I do, yes, but not the Cabinet Office or anyone like that.

Camila Batmanghelidjh: Some civil servants have been absolutely brilliant. They have been extraordinary people with huge commitment.

Q203 Chair: And other civil servants?

Camila Batmanghelidjh: But some civil servants have been absolutely malicious and unprofessional and have behaved in ways that are not respectful of a democracy. You need to look into this. Some of the civil servants—

Chair: You think they briefed—

Camila Batmanghelidjh: —who briefed against us have never had any dealings with Kids Company whatsoever.

Q204 Chair: You think they briefed against Kids Company?

Alan Yentob: No, let me—

Chair: No, I am asking Camila Batmanghelidjh.

Camila Batmanghelidjh: I would not like to make accusations without evidence, but what I would like to say to you—

Q205 Chair: You have, by implication. You have, by implication, made quite a serious accusation.

Camila Batmanghelidjh: I would like to say to you is: take the evidence, which is civil servants commenting on Kids Company in the media when they have never visited us or had any dealings with us.

Q206 Chair: If you have evidence of that, we would like to have it.

Camila Batmanghelidjh: I will produce those for you, yes.

Q207 Chair: You think that includes the allegations of sexual—

Alan Yentob: No, I do not.

Camila Batmanghelidjh: No, I do not think—

Alan Yentob: Could I respond to that?

Camila Batmanghelidjh: —it includes that. I do think it is very suspicious, the timing at which our grant arrives in our account and these allegations arrive. Only our finance person and the Cabinet Office knew that the money had hit our account and suddenly, out of the blue, we get allegations that we do not even know relate to sexual abuse. The police called us and said, “There are allegations. Come in tomorrow and we will explain to you what they are,” and within hours it was all over the BBC and news outlets that these related to, allegedly, sexual abuse against children by Kids Company. That was the kiss of death for a charity dealing with children.

Q208 Chair: But you clearly believe that ,if it was not your own financial officer, it was somebody in the Cabinet Office?

Camila Batmanghelidjh: Look, I am just saying to you that I have incredible nervousness about the type of briefings that have been flying around between Government and elements of the media. I think this is something that needs to be looked into more robustly, because the democracy of this country is compromised by behaviours like this.

Q209 Chair: Do you anything to add, Mr Yentob?

Alan Yentob: Yes. I just want to put it in perspective. I will just explain. Certainly the sexual allegation did not come from anywhere near the Cabinet Office, but it came from a source that obviously wanted to damage Kids Company. Remember, this sexual allegation was from 2007 or something, which I do not believe will be substantiated at all. There is not even evidence to me whether it was on the premises, between young people—apparently in the House of Lords I have heard—

Camila Batmanghelidjh: We cannot make any comment.

Chair: I would invite you not to discuss it.

Alan Yentob: I will not, because I do not know, to be honest with you, what it is because they have been very strict, the police, they have not told us very much. But all I would say is that there are documents like this document I mentioned that was leaked. I want to also say that there were issues, things in the newspapers that I read about stuff that did not come from me, so I do not know how people—that letter, I do not know how that got out. What I am saying is that the Cabinet Office and the people we were dealing with were very responsible, very challenging and would not let things rest, but there are other people—clearly there were documents leaked one way or another and I do not know where they came from, so I cannot make any allegations about that.

Q210 Oliver Dowden: Turning very briefly to this issue of the security, the charity of which you are chairman of the trustees has an income in 2013, according to the latest figures we have, of £23 million. Do you not think that being in a situation where you are having to have your chief executive provide her flat for security in order to obtain a Government grant reflects poorly on the financial management of the organisation of which you have ultimate oversight?

Alan Yentob: Look, I think we have spent the whole of this period talking about a moment, a challenging moment. The question is how much reserve do you need, how much demand do you have to make? I am not sure about that detail about the apartment at all. The question—

Q211 Oliver Dowden: No, but the fact that is you are the chairman but not aware of this. I am just struggling to think of another charity of a similar size that would find itself in a situation where its chief executive would be offering her property as surety in order to obtain a Government grant. Surely you must accept that reflects in some way on the corporate governance structures of this organisation?

Alan Yentob: I am sorry, you are talking—

Camila Batmanghelidjh: They were exceptional circumstances.

Alan Yentob: Camila did not have to do this. It was not a matter of that.

Camila Batmanghelidjh: Yes, it was exceptional.

Alan Yentob: It is a question of security and assurances. That detail I did not get involved in at that time. I have to say there was an attempt to suggest that this process with Government was one that was not responsibly handled. I am trying to tell you that the question of the examination and interrogation of our books, what the pledges were—a lot of this was about pledges: “Do you have the pledges? Can you guarantee those pledges? Has that person signed?” In other words, the way that we did this at this point was very, very responsible. Why would KPMG, who were on top of this and who supported this process right the way through, or Hogan Lovells or Deutsche Bank or any of these people, who were closely involved in these negotiations, so I sort of slightly—

Q212 Oliver Dowden: Just one more go on this. Do you accept that it is highly irregular for a charity of this size, £23 million worth of income, to have its chief executive offering her own personal property as surety in order to obtain a Government grant?

Camila Batmanghelidjh: Can I come in on that?

Oliver Dowden: Secondly, if that is the case, do you not accept it reflects in some way on the corporate governance structures that you have in place in that charity, for which you are ultimately responsible as the chairman of the trustees?

Alan Yentob: Let me answer the question. Camila is talking about the money that she felt could be secure and ultimately that would provide a reserve as well. The figure that we were talking about that is in that agreement is not £8 million; it is £10 million. That is what the Government required. The issue was not really for the Government; it was for us, ensuring that there would be a reserve in due course. This was a conversation that was

going on between some of the finance people. The fact is that the £10 million that was required to pay for the redundancies, to pay the wage bill and to get the place moving into the next stage with a new board was the £10 million. This is a bit of a distraction, this bit.

Camila Batmanghelidjh: Can I just explain? We started the year—

Chair: Mr Turner.

Camila Batmanghelidjh: I would like to help answer this.

Chair: I think your chairman has answered the question.

Q213 Mr Andrew Turner: I was, between 1999 and 2001, employed as Deputy Director of Education, Policy and Resources of Southwark Education Department when I met Mrs Batmanghelidjh, although I have no financial interest.

I just wanted to follow up these numbers particularly for staff: is this figure correct, that in 2013 you had an equivalent fulltime of 496 staff?

Camila Batmanghelidjh: Yes, but the way the staffing was, we had paid staff on the payroll, we had self-employed and then we had 500 trainees who came from a variety of universities to do their work experience with Kids Company—social work trainees, psychotherapy trainees—and then we had 300 mentors and we had 11,000 volunteers a year. Everyone worked with the kids—above 95% of the staff were directly working with the kids.

Mr Andrew Turner: Sorry, that figure was?

Camila Batmanghelidjh: Above 95% of the staff were directly working with the kids.

Q214 Mr Andrew Turner: From the staff, is that those who are paid or those who are both paid and non-paid?

Camila Batmanghelidjh: Both paid and unpaid. The unpaid people, the 500 trainees were all working with the kids. We would get a social work student and that social work student would be with us, let's say, four days a week and they would have cases, but we were not paying them.

Q215 Mr Andrew Turner: No, but I take it those people were responsible to someone *that was a paid member of staff*?

Camila Batmanghelidjh: Yes, they were responsible not only to—we had practice teachers inside the organisation, but also their universities provide practice teachers. With a social work student, their university supervised them, their practice teachers supervised them and internally our team also looked after them.

Q216 Mr Andrew Turner: The figure of 496 is the—

Camila Batmanghelidjh: It is about 650 staff.

Mr Andrew Turner: 650 staff, of which those were—let me try it again. I have lost it now, but it works out—

Chair: Could we follow up this in writing, if necessary?

Mr Andrew Turner: Yes, that is what I am going to ask.

Camila Batmanghelidjh: I would be very happy to give you all the detail.

Q217 Mr Andrew Turner: Yes, could you do so, but particularly how many locations were you working at, most recently?

Camila Batmanghelidjh: We were altogether working from 58 different sites across Bristol, London, so we were all over the local authorities, different local authorities, and Liverpool and, in addition to that, we had an outreach team that went out to the estates and worked with the most high-risk cases on the estates.

Mr Andrew Turner: If you could let us have those figures, that would be very helpful.

Camila Batmanghelidjh: I will give you a complete breakdown of everything, yes.

Q218 Mr David Jones: Two brief questions for Mr Yentob, the first one by way of clarification of this issue of payment of salary. Did the reports of the allegations of sexual abuse reach the trustees before or after the—

Alan Yentob: After.

Mr David Jones: After?

Alan Yentob: Absolutely.

Q219 Mr David Jones: So by that stage you had already authorised the payment of salary?

Alan Yentob: Yes.

Q220 Mr David Jones: You mentioned again in your helpful memo that you ring-fenced £2.1 million.

Alan Yentob: Yes.

Q221 Mr David Jones: Has that been returned to the Government?

Alan Yentob: Yes. In terms of responsible governance, which is why I keep talking about Hogan Lovells and KPMG, and also that these are people who did this pro bono and believed in what they were doing and looked at the books and were a part of all the

negotiations. The fact is that to ring-fence that £2.1 million was quite difficult for us, because the self-employed had not been paid; they had been left. The truth is that I wanted to behave as responsibly as I could, and so did the trustees, in relation to what the Government had done. They stuck their neck out, they tried to give us a last chance, but we knew that if we were to end up with insolvency, the Government and the official receiver must decide what happens to that money, so we ring-fenced it. All this, in terms of extra Government money, it went to people who were looking after children and who continued—and by the way, a lot of these people were unpaid—to look after these children.

Q222 Chair: As a trustee, what evidence did you have that the Government approved of this breach of the conditions?

Camila Batmanghelidjh: There was no breach.

Alan Yentob: There is no question that completely in good faith the—I had conversations myself with the Cabinet Office, making it clear that we, at this stage, needed to pay the payroll. That was part of the overall redundancy agreement and the restructuring agreement. It was part of the model. It was costed on that basis and it was part of that cash.

Q223 Chair: A little earlier, Ms Batmanghelidjh, you said that you sent an e-mail saying that this is what the money was going to be used for. Is that correct?

Camila Batmanghelidjh: Yes, Colin Whipp, who was the restructuring person, wrote to the Cabinet Office basically saying, “Can you hurry up, because we are waiting for the salaries to be paid with this money?”

Q224 Chair: This is what he said, because a BBC journalist—

Camila Batmanghelidjh: Yes, to be paid this money.

Chair: —has just tweeted this e-mail. It said, “Payroll has not been paid yesterday/today and we face closure if we can’t get this agreed. CO approval will allow SR to put his £3 million in too. We face closure tomorrow if we cannot secure funding by tomorrow morning. I appreciate this is extremely late, but there have been many moving parts here today and it is the facts we face tonight.”

Camila Batmanghelidjh: That is not the e-mail that I am mentioning. That may have been an e-mail that he has sent generally, but that is not the e-mail I am referring to.

Q225 Chair: Can you produce the other e-mail?

Camila Batmanghelidjh: Yes. The official receiver will have to give me access to the data.

Chair: I am sure you can get it.

Camila Batmanghelidjh: We can produce it, yes.

Q226 Chair: I am glad we cleared that up. There is another e-mail.

Camila Batmanghelidjh: Yes, because the date of the e-mail he sent should be around the 30th.

Chair: This is 28 July. No, it will be later, yes.

Camila Batmanghelidjh: No, this is not the e-mail.

Alan Yentob: I do want to repeat the good faith issue.

Chair: No, of course, of course.

Alan Yentob: Even when the Government said what they said, the fact that we managed to—there could be people in the insolvency world who say, “They said they would put that money in. You do not need to,” but the deal was quite clearly one that said, “We have to be a solvent organisation.”

Chair: I am glad we have settled that. I personally do not doubt your good faith, either of you.

Q227 Mr David Jones: On that point, if I may, Mr Yentob, I have been very impressed during this evidence session that you have invested a huge amount into this organisation over the years, financially and in terms of time and, I would suggest most importantly, emotionally. The question I want to ask you is this: it was clear over the years that this organisation was always operating on a knife-edge financially, there were never enough reserves. You were always having to struggle for finance. Do you think in retrospect that perhaps your emotional attachment to this organisation blinded you to the fact that you should no longer have been chairing it and somebody else should have been?

Alan Yentob: I do not know if I could quite—listen, I think emotional attachment is one thing, but I think you should credit me with a bit of competence as well. I have managed with a chief executive—as you can see, who was very easy to manage—to keep the place afloat. I am not someone who has simply sat in an office looking at the charts and the money. I have also looked at and seen the work; I have met the children; I know what is going on. I know what a difficult world it is. As a consequence of that, I suppose I believe that if I moved out and destabilised the organisation at the moment that I thought it could happen, and also someone has to—if you ask me what I do, Camila does listen to me, so we can have arguments just like you have had, quite a lot of them, and in the end we come to a resolution that is in the interests of the organisation. If I had been able to do it earlier—by the time it came to the right time to do it, which is why I said to Camila, “This is the right step. We need to move forward, you need to change” and she wanted to change. We all had to band together.

Who else would have brought in, other than our trustees, Hogan Lovells? How could we have brought in these organisations pro bono for weeks on end to support us if there was not a leadership that they trusted and believed in? To get through this, and we did get through it—when you talk about Government, I believe that the Cabinet Office trusted me and Stuart Roden and they believed that we would deliver what we promised. They understand we had learnt the lessons, and I have learnt the lessons certainly. The restructure was downsizing to £10 million, then it could grow and these new trustees

would take it into another era, acknowledging that Government, in these difficult times, could not afford to fund it the way it had.

Yes, it was a grave disappointment to me, but the final answer to your question is, over 20 years, the numbers of children whose lives we have changed, sent to university, transformed their lives. I do not regret that. I just regret that we had not responded earlier to the challenges and had a realisation that it could not carry on like this, because Government was living in tricky times, the recession was very difficult. Why would they favour us more than they would favour others?

Q228 Mr David Jones: That was my point. Maybe somebody else would have made that judgment.

Camila Batmanghelidjh: What were we going to do for the children?

Alan Yentob: Stuart Roden did not even want me to step down. Stuart felt that I was essential to the stability of the organisation and to the negotiation with Government. But I felt that he needed to take over and he understood that, that I would stand back and support him. I am sort of acknowledging it, but I am trying to give you a bigger sense of the picture.

Camila Batmanghelidjh: What would we have done for the children and young people who were left with us? It is very easy to talk about downsizing a charity in a vacuum. The stress here is the fact that we could not shrink the organisation because of the caseload we were left with, and if you look at my letters to various Prime Ministers, that was precisely the problem.

Q229 Chair: Every other charity—

Camila Batmanghelidjh: Not all charities are carrying this sort of caseload, I am sorry.

Chair: Okay. There are hundreds of thousands of charities that feel they have unlimited demand.

Camila Batmanghelidjh: They are getting paid for it. We were not getting paid for it.

Alan Yentob: Can I give a sense of it, just to be clear? Lots of charities have folded. This charity would not have folded, albeit it had to reduce itself and get a reality check, unless allegations of sexual abuse, malicious allegations about financial mismanagement that were disproved. I am sorry, but the governance here is not easily challenged, given the dependencies that we had. All I would say is a lot of charities get in trouble. I do not believe I could have done more, but I do see the regrets that I have and that—

Camila Batmanghelidjh: We carried the Government's troubles.

Q230 Chair: I understand. You have said that many times and I think we have taken on board that that is your view.

I just want to clear up one thing: You are absolutely adamant there must have been another e-mail.

Camila Batmanghelidjh: Yes.

Q231 Chair: I am being told that the e-mail I quoted from was an e-mail that Kids Company gave for publication precisely because it was the e-mail that you said authorised the release of the money for the payroll.

Camila Batmanghelidjh: I recollect there being a much shorter e-mail.

Chair: This is a very short e-mail.

Camila Batmanghelidjh: I do not know, unless I have a look at it, but the e-mail that went to the Cabinet Office, as far as I remember—I am at a disadvantage here, because I do not have the paperwork, so—

Q232 Chair: So you might not have remembered it correctly?

Camila Batmanghelidjh: What I remember, which is what I have shared with you, is an e-mail went from Colin Whipp to the Cabinet Office saying, “You need to make this payment. We are waiting for your payment so that we can do the staff salaries”.

Q233 Chair: That is exactly the e-mail I read to you and you said there was another e-mail.

Camila Batmanghelidjh: Your e-mail had more. What I recollect is there was an e-mail that went to the Cabinet Office that said, “You need to make the payment as soon as possible, because we need to pay the staff”.

Q234 Chair: Yes, I think we have that e-mail. That is the one I quoted from. I do not think there was another e-mail.

Camila Batmanghelidjh: I do not know if that is the one and I would like the opportunity to get our IT people to go through the e-mails and find the one that I had in mind.

Alan Yentob: Can I come back to the good faith issue? A lot of—

Camila Batmanghelidjh: In any event, you can tell that the staff salaries and the payment of the self-employed were included in the arrangement with the Cabinet Office by looking at the financial papers that we submitted between us. It was not hidden.

Alan Yentob: The good faith issue is this: I think there were people in the Cabinet Office, and I imagine in No. 10, who knew the way we operated and the way that also—

Q235 Chair: Yes. They must have been the ones advising for you not to have the extra payment.

Alan Yentob: I do not know who they were. There were obviously different sections there, but what I am saying is that we had very civilised negotiations and conversations on the phone the whole time. I certainly would be saying to those people I was talking to, “We have to pay this thing.” We paid it on the understanding that everything was fine, that we were moving ahead. There had been endless negotiations and then this bolt from the blue

came out. I keep repeating, it is what the Prime Minister said outside No. 10 when all those groups of kids came outside No. 10 on that day. He said, “We wanted to do it. This is what floored it.” Now, the £800,000, I paid my share towards that and it is a significant part of the extra money, and so has Stuart Roden, John Frieda, many of these generous people who kept the place going and kept the children looked after for all that time. I am sorry that this tragedy has happened and that many of these children are now abandoned. I believe that Stuart’s new charity will make some step changes, but I hope there is a legacy also.

Q236 Chair: I was going to ask about this new charity. What do you think is going to be different about this new charity?

Alan Yentob: First of all, I do not think it can be of the scale and size that we have talked about, because Camila’s ability to both fund raise and to identify the problems are significant. What I hope will happen—

Q237 Chair: Ms Batmanghelidjh, are you going to be central to this new charity?

Alan Yentob: No, this is not to do with Camila.

Camila Batmanghelidjh: Would you like me to be or would you like me not to be?

Q238 Chair: I was just asking you, and the answer is no, you are not going to be involved?

Camila Batmanghelidjh: John Frieda and Stuart Roden and their friends have structured a charity that is going to take elements of Kids Company’s work that are likely to cost much less and therefore are easier to manage. They will do a brilliant job with it. What we are left with is still the bit that no one wants to talk about, which is the catastrophically abandoned children and young people who are surviving the ghettos of Britain that no one wants to deal with. It is very telling that we have had very little conversation about these children. When we closed and when they were being dragged through the media in such an unsavoury way, I did not see one MP, one local authority representative come and say, “What is happening to these vulnerable young people who are being door-stopped all the time?” It is not right. There was a vacuum of leadership yet again in relation to the most vulnerable kids. The problems remain unresolved. No one wants to take that on because it is not going to make them look successful.

Paul Flynn: May I ask a very brief question?

Chair: I was going to give her the last word, but—

Camila Batmanghelidjh: That is very kind of you.

Q239 Paul Flynn: I have a very brief question that could be answered with a single word: Mrs Joan Woolard, who is a 78 year-old widow, sold her home, so *The Spectator* reported, and gave the proceeds of £100,000 to the charity. After volunteering at the charity, she became disillusioned and asked for her money back. Has it been returned?

Alan Yentob: No. Can I answer that question? Very glad you asked that question. I could show you e-mails and abusive limericks sent by that lady; I could also show you the Charity Commission's review of the costings and the challenge that she made, which unequivocally say that it is untrue. *The Sunday Times* were brought in, the deputy editor and the chief financial officer, to come and look at the books and the receipts and see what was done. They have sent a letter, which I can send you, which says, "We unequivocally do not see any evidence that this is true and as a consequence of that—"

Q240 Paul Flynn: It is not true that she made a contribution?

Alan Yentob: It is true she made a contribution. She is quite fragile and we understand and are rather sympathetic, but the abusive limericks that followed; the fact that she was saying she was not thanked when we have seen all the thank yous; the fact that this money was spent on the children and that has been authenticated, that is the kind of thing we have to put up with.

Chair: Hold on a minute—

Camila Batmanghelidjh: The Joan Woolard story was not true.

Q241 Paul Flynn: Again, it is a yes or no.

Camila Batmanghelidjh: It was not true.

Paul Flynn: She gave a sum of money, then she asked for it to be returned. Have you returned it?

Alan Yentob: No.

Camila Batmanghelidjh: I need to answer that question. Joan Woolard gave a donation. We behaved entirely appropriately in relation to that donation. The Charity Commission confirmed that. The Charity Commission advised us not to return her money and we followed all the instructions that the Charity Commission gave us all along, because the story that was written in *The Spectator* was entirely untrue. We went to *The Spectator* to present the evidence that Joan Woolard had been thanked numerously, that she had had a whole page in our newsletter thanking her, that every receipt and expenditure was accounted for, and she had a full report submitted to her. We did everything absolutely correctly in relation to Joan Woolard, and when we presented the evidence to *The Spectator*, they did not want to print the correction.

Q242 Chair: Does the Charity Commission know all that?

Camila Batmanghelidjh: Yes, absolutely. There are e-mails I can share with you where the Charity Commission confirm that there are no issues in relation to this case.

Chair: Just "yes" would have done.

Q243 Paul Flynn: This is a fragile 78 year-old lady who has come up against all the might of your organisation. Don't you think you had a moral obligation to return it if she became disillusioned with your work?

Camila Batmanghelidjh: I am so sorry, but if we were to rely on donations that are given to us and then someone changes their mind, it would make for a very precarious contract between a charity and—

Paul Flynn: I think it is a good warning for future donors.

Camila Batmanghelidjh: That is very unfair. We behaved entirely appropriately in relation to Joan Woolard and I think you need to come and see the evidence.

Q244 Chair: I think we will draw the line there and we will ask the Charity Commission about the treatment of Joan Woolard and find out for ourselves.

Camila Batmanghelidjh: That would be great.

Chair: I want to thank you both for coming in front of the Committee today. I appreciate you have both been under a great deal of stress and public scrutiny. I hope that we will draw some positive lessons from this episode.