



Cabinet Office

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The Rt Hon Oliver Letwin MP
Chancellor of the Duchy of Lancaster;

The Rt Hon Matthew Hancock MP
Minister for the Cabinet Office

26 June 2015

Dear Ministers,

Kids Company

You have been considering advice relating to an urgent request from the charity Kids Company for a further grant of £3m from Government. This note sets out my position as Accounting Officer.

As you know, Kids Company received a grant of £4.265m from Government in April this year. The grant included a number of conditions intended to encourage Kids Company to move to a more financially sustainable model. It also stipulated that this was to be the last such payment to the charity this financial year. Kids Company has since requested £3m additional funding to deliver a significant transformation and downsizing plan.

The Government has a long history of making grants to Kids Company, and I recognise the good work that the charity does with vulnerable young people. But the fact remains that, to date, they have not met the conditions that they agreed to in April. More generally, the experience that this Department has of the charity's management and capacity gives me limited confidence that Kids Company will successfully implement the changes they describe in their new restructuring plans while meeting the stringent conditions set out in the proposed new grant. It is therefore my judgement that the proposed additional £3m grant does not represent value for money, in terms of delivering the outcomes for which this Department is funded by Parliament.

I understand, however, that you may take a different view: I recognise that the judgement rests on how confident we can be in Kids Company's willingness and ability to transform itself radically. If your view is that we should nevertheless proceed with the additional grant, I will proceed accordingly but require your written direction to do so. I will then ensure that your instruction is taken forward without delay.

In line with normal practice for directions, I am required to alert the Comptroller and Auditor General, who is likely to inform the Public Accounts Committee (which may choose to conduct an inquiry), and the Treasury Officer of Accounts.

Yours ever,

Richard

RICHARD HEATON