

Our proposal delivers excellent value for money in pursuit of the purpose of the YEF. Our budget implies 'Fund Administration and Management' at just **less than 6%** to deliver a huge programme of capacity support, dissemination and hotspot work. This figure treats the Centre of Expertise (delivered by EIF and excluding work on dissemination and local hotspots) as NOT part of Fund Administration (if the Centre of Expertise was treated as Fund Administration those costs would be 8.8%). It is central to our proposed approach that the Centre for Expertise must start work in Year 1 so evidence informs the early grant making and this is reflected in our costs.

However, we believe that the most appropriate way to meet our shared goal of delivering value for money in the pursuit of the YEF's objectives is to separate fund administration and management from the charitable work required to make the YEF effective; so that activities like dissemination of evidence, capacity building support to organisations to increase impact and supporting local areas are classified as 'charitable activities'. This would be an appropriate way to distinguish core charitable activities from administration. And would give the YEF sufficient flexibility to pursue those charitable activities which will best achieve its purpose. One implication of this approach would be that we would need more clarity on the definition of the 'Centre of Expertise' to budget for it appropriately.

We also believe that the cost cap should be calculated over the life of the fund because working like that would allow the fund to take a long term view and not be pushed, for example, to hit a particular grant expenditure level in any one grant round even if there were not sufficiently good bids to warrant it. And, because Investment Management Costs are higher earlier in the fund which would artificially skew spending.

Our proposed approach is based on that agreed between the Department for Education and the Education Endowment Foundation. We have not been able to calculate an accurate cap using our proposed approach because it depends on the specifics of how costs are allocated. But we believe that **a cost cap of 5% is plausible on reasonable assumptions.**