# YOUTH ENDOWMENT FUND: MARKET TESTING EXERCISE

## Introduction

1. We (the Home Office) are seeking views from the market on proposals for establishing and delivering a Youth Endowment Fund (‘the Fund’) to support interventions with children and young people at risk of involvement in crime and violence.
2. We are also seeking to understand the number of potential organisations who may have an interest in running the Fund: whether on the basis of the proposal as generally described in this document; or in running the Fund as generally described subject to specified amendments.
3. Organisations considering responding to this market testing exercise may attend a briefing meeting (‘the market testing briefing meeting’). This will provide a further opportunity for organisations to ask questions they may have and share initial views on these proposals.
4. The market testing briefing meeting will be held on 29 October at a central London location. If you wish to attend this event, please register your interest by emailing YEFenquiries@homeoffice.gov.uk.
5. We will consider responses to this market testing exercise before deciding whether to proceed with a competitive process to select a partner organisation.
6. We are happy to receive market testing responses from individual organisations or those working in partnership(s) with other organisations.

## Notes for Market Engagement Responses

1. In this document, we have set out our current proposals for the Fund and the nature of interventions aimed at supporting young people at risk of involvement in crime and violence that we consider the Fund should support.
2. We are seeking views on these proposals and are particularly interested in your views on the proposed key requirements for the Fund, specified at paragraph 41.
3. We also welcome views on whether you think any of the proposals should be amended, and whether other key requirements should be included.
4. We are also seeking to understand the number of potential organisations who may have an interest in running the Fund on the basis of the proposal as generally described in this document, or in running the Fund as generally described subject to specified amendments.
5. We are also keen to understand whether respondents would want to deliver the Fund as single organisations or by working in partnership (and if so, what role each member of any partnership would fulfil).
6. So that we can gain a more detailed understanding of the capacity within the market, responses should also provide a brief outline of your organisation; highlight relevant experience and capacity to set up and manage a fund of this nature in the proposed timescale; include examples of your record in attracting additional funding contributions, as per the expectation set out in paragraph 24, and set out an indication of your expected level of operating costs. In the case of partnerships, this information should be provided for each partner, together with details of the legal nature/ structure of the partnership and the proposed roles and responsibilities of each partner.
7. Responses to this market engagement exercise should not exceed five pages (that is, five sides of A4).

## Confidentiality

1. Any responses provided to us in response to this exercise will be used solely to inform the Home Office’s consideration of its options in connection with the Fund. Information regarding your organisation (including any proposed partnership arrangements) provided as part of any response to this exercise will be treated as commercially confidential, except where the Home Office is under a statutory or other legal or regulatory requirement to release any information. However, please note that any comments in response to the key requirements, or any other aspects related to our requirements and the Fund, may be subject to disclosure as part of any formal competition process in connection with the Fund.

## Background to the Youth Endowment Fund

1. On 2 October 2018, the Home Secretary announced a new £200m Youth Endowment Fund. The Fund is intended to focus on those children and young people most at risk of involvement in serious youth violence (including those displaying signs such as truancy, aggression and involvement in other harmful behaviour) in order to steer them away from crime and violence. In line with the proposals for early intervention, we expect supported interventions could focus significantly, though not exclusively, on children aged 10-14.
2. It is expected that by building resilience in this key cohort, interventions supported by the fund will also help address the risk of involvement in a range of crime types. This is because other crime types (for example, serious and organised crime, sex offending, domestic abuse, and acquisitive crime) are known to have similar risk and protective factors to those associated with involvement in serious violence.
3. The single long-term goal for the Fund will be to do whatever it takes to prevent the identified young people from becoming involved in a life of crime and violence, whether as first time offenders or as re-offenders. We expect that the Fund could support interventions that the existing evidence base suggests are most effective as well as innovative new approaches with potential to achieve transformative change.
4. Since late 2014, we have seen significant increases in the level of serious violence, especially homicide, gun crime and knife crime. Latest ONS statistics (year to June 2018) show increases in knife crime (+12%); homicide (+14%, excluding Hillsborough and terrorism) and robbery (+22%); compared with the previous year. These increases have been accompanied by a shift towards younger victims and perpetrators.
5. Hospital data also reports increases in admissions for knife inflicted injuries by 36% between 2013/14 and 2017/18. In particular, there has been an increase in the proportion of under 18s receiving cautions/convictions for knife possession since 2014 to over 25% of the total, and we have also seen a marked increase in 10–17 year olds being admitted after assaults with a sharp object according to NHS data between 2012/13 and 2016/17.
6. The Government’s approach to tackling the increasing level of serious violence is set out in the Serious Violence Strategy (<https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/698009/serious-violence-strategy.pdf>). The Serious Violence Strategy sets out a new focus on early intervention and prevention work with young people and the Fund is a major part of our overall programme of work to achieve this objective. The Strategy also represents an important source of evidence and information setting out what is currently known about the drivers of serious violence, risk and protective factors and the success of different types of intervention in tackling it.

## The Nature of the Fund

1. We propose that the Fund should be set up and administered by an independent third party organisation.
2. Our expectation is that the Fund will primarily run processes to allocate and monitor funding for interventions, with these interventions then delivered by local and front-line organisations. However, in a minority of instances, the Fund could also take a role in the direct delivery of interventions.
3. The current expectation is that the Fund will be established in the current financial year with an upfront investment of £200m. We expect the Fund to operate for a minimum of ten years.
4. Our ambition is that the Fund should achieve a lasting legacy. Our expectation is that the organisation administering the Fund should achieve this by securing additional funding from other sources. This might include, for example, attracting additional contributions from suitable organisations and individuals; securing matched-funding from those delivering funded interventions or other local partners; and by generating revenue through investment of the Government’s original funding.
5. We are considering whether organisations could work in partnership for the purposes of investing the Fund’s funds.
6. In accordance with the Managing Public Money rulebook, we can (exceptionally) provide funding by way of an endowment to enable a recipient to set up a fund and draw down from that fund over several years. Grant arrangements allow for the recipient to use those funds without our support or control.
7. The Fund is to be outside the Government accounting system (GAS). Accordingly, no arms length body will be eligible to participate in the operation of the Fund, unless they can ensure that the Fund will be held outside the GAS, through a suitable consortium or other partnering arrangement; and, that the terms of such arrangement are acceptable to the Home Office.
8. We are proposing that once established, the Fund will operate independently of the Home Office, but in accordance with the conditions set out in the grant agreement.
9. We also propose that the Home Secretary’s representative will have a place on the successful organisation’s awarding panel, but will not have a casting vote or power of veto over funding decisions.
10. We propose that the Fund should keep administration costs to a minimum. Administration costs must be proportionate to the value of a Grant and costs are usually considered reasonable if they run up to, but do not exceed, 7% of the overall annual income from the grant.

## Interventions supported by the Fund

1. Our ambition is that the Fund should deliver transformative change in reducing young people’s involvement in crime and violence. The overarching objective for the Fund is that it should fund the delivery of interventions that will prevent a cohort of young people identified as at risk of involvement in crime and violence from going on to offend or re-offend.
2. We propose that funded interventions should provide positive outcomes for young people, focussed on addressing risk and building on protective factors associated with serious violence. We expect that the Fund could support interventions that the existing evidence base suggests are most effective as well as innovative new approaches with potential to achieve transformative change.
3. We are interested in views as to how young people can best be engaged in designing and commissioning interventions. Local partners and communities’ understanding of local need should also be taken into account. Interventions supported by the fund should not duplicate existing activity and instead add value to this wherever possible. We expect that funding decisions will also be informed by work undertaken by the Fund to synthesise existing evidence and identify key gaps that need addressing.
4. We expect the Fund to promote its work to potential bidders for funding for interventions, including local authorities, charities, public sector organisations, Police and Crime Commissioners, healthcare and education bodies, co-ops, mutuals, social enterprises and local partnerships.
5. We expect the Fund to receive and assess all bids for interventions supporting young people at risk of involvement in serious violence; and, if appropriate, work with applicants to further develop promising proposals.
6. We propose that interventions supported by the Fund will be based on the following principles:
7. Evidence-led: focusing on the highest risk groups, as set out in the Serious Violence Strategy, and investing in promising interventions that are then robustly tested, or where the evidence is strongest for impact, e.g. skills-based training, addressing complex needs and school engagement;
8. Targeted: based on a combination of area-based factors (hotspots) and individual-level factors (like exclusion/truancy, experience of domestic violence in the home etc) to ensure the money reaches those who need the most support, including those at risk of criminal exploitation. The focus on violent crime hotspot areas is not intended to be exclusive as it should also be used in areas where there is an emerging crime threat;
9. Designed around the lives and experiences of young people: including a recognition that the most at risk individuals will have the most complex needs and the need for building resilience to the temptations of criminal networks;
10. Focused on leaving a legacy – both in terms of improving the evidence base via evaluation and by building capacity and capability incommunities.
11. We are considering whether any restrictions should be placed on the number of interventions that might be funded in each year and whether minimum or maximum funding levels for any single intervention should be applied.

## Building the Evidence Base

1. The Fund will have a key role in establishing an evidence base in respect of interventions with young people at risk of involvement in crime and violence to tackle potential offending and re-offending. We expect interventions supported by the Fund to be robustly evaluated so we can determine their effectiveness, and our expectation is that this will involve use of quantitative data. We are interested in hearing views on appropriate evaluation techniques for achieving this robust evaluation, and welcome views on how data access arrangements could be structured so as to enable rapid and low-cost evaluation.
2. Evaluation findings would be used to build the evidence base around interventions that are effective in reducing youth involvement in serious violence and other crime types with similar risk and protective factors. Our expectation is that the evaluation function could be provided from within the organisation or by another entity working in partnership with the organisation.
3. We expect the Fund to mobilise findings from funded activities by working with frontline services/ the sector to foster evidence-informed practice. We also expect the Fund to provide regular reports to the Home Office on issues of take up, the quality of evidence produced and effective financial management.

## Proposed Key Fund Requirements

1. Proposed key requirements for the Fund are described below:
* **The Fund should be set up by 31 March 2019.**
* **The Fund should operate in a way that supports delivery of key policy aims and the Serious Violence Strategy, particularly in relation to outcomes relating to early intervention and prevention.** For further information, please see this document and the Serious Violence Strategy.
* **Intervention Outcomes.** The overarching objective for the Fund is that it will deliver interventions to prevent a cohort of young people identified as at risk of involvement in crime and violence from going on to offend or re-offend. We want interventions supported by the Fund to deliver positive outcomes for the cohort supported, reducing risk factors and strengthening protective factors associated with youth violence. Our expectation is that the Fund will primarily run processes to allocate and monitor funding for interventions, with these interventions then delivered by local and front-line organisations. However, in a minority of instances, the Fund could also take a role in the direct delivery of interventions. Interventions should be based on the principles set out in paragraph 36.
* **Operating in partnership with young people and local partners.** We are interested in views as to how young people can best be engaged in designing and commissioning interventions. Local partners and communities’ understanding of local need should also be taken into account. Interventions supported by the fund should not duplicate existing activity and instead add value to this wherever possible.
* **Creating a lasting legacy.** Our expectation is that the organisation administering the Fund should achieve this by securing additional funding from other sources. This might include, for example, attracting additional contributions from suitable organisations and individuals; securing matched-funding from those delivering funded interventions or other local partners; and by generating revenue through investment of the Government’s original funding.
* **Rigorous evaluation of interventions and building the knowledge base.** We want the Fund to evaluate interventions effectively to improve our understanding of what approaches are most successful in reducing serious youth violence. We also want the Fund to act as a repository of best evidence on successful interventions that should generate further academic research into the sector; support policy making on young people and serious violence and work with front-line services/ the sector to support the take up of high-quality evidence.

## Deadline for receipt of Market Engagement Responses

1. Market engagement responses should address the questions specified in paragraphs 8-12 of this document and should not exceed five pages (that is, five sides of A4).
2. Market engagement responses should be returned by 12 noon on 5 November, emailed to YEFenquiries@homeoffice.gov.uk.

## Queries

1. For queries about submitting a market engagement response, please contact YEFenquiries@homeoffice.gov.uk