



realising
ambition

Show me the money

Full unit cost estimates of service delivery

Realising Ambition
Programme Insights: Issue 8

Programme Insights: This series of Programme Insights shares reflections, learning and practical implications from [Realising Ambition](#), a £25m Big Lottery Fund programme. Realising Ambition supports the replication of evidence-based and promising interventions designed to improve outcomes for children and young people and prevent them from entering the youth justice system.

Rather than writing a long evaluation report at the end of the programme, this series provides people with information about the programme while it is happening.

Our Findings pieces, including this one, describe data and learning from the evaluation activities undertaken by the Dartington Social Research Unit (DSRU), and our reflections upon the implications of these. Words highlighted in blue are defined in the glossary.

About us: The Realising Ambition programme is managed by a consortium committed to improving outcomes for children. It is led by [Catch22](#), alongside [DSRU](#), [Substance](#) and [The Young Foundation](#). This issue was written by DSRU alongside [Aldaba](#) - who led on unit costing data collection and analysis - with contributions from all partners in the consortium.



Realising Ambition Programme Insights: Issue 8

About this Programme Insight

This issue sheds some much needed light on the realistic **costs** of delivering high quality services for children and young people. It argues that a comprehensive estimation of the costs of service delivery is essential for both commissioners and service delivery organisations. In a context of reduced public expenditure alongside the need for commissioned services to demonstrate good **value for money**, this is now more important than ever.

Part 1 considers why realistic cost estimates are important and highlights the dangers of cost under-estimation. It then introduces the key concept of unit cost analysis – including direct and indirect costs – and presents our analysis of these across the Realising Ambition portfolio. Part 2 summarises key learning and implications for both delivery organisations and commissioners of children’s services. The final part explores the question of how useful consideration of cost is in the absence of analysis of impact, and vice-versa.

As such, this eighth Programme Insight should be considered the first of a double-part related to costs and benefits: the forthcoming issue nine focuses explicitly on impact and benefits in relation to cost.

Part I: Unit costs across the Realising Ambition portfolio

It was our experience in the early days of the Realising Ambition programme that often service delivery organisations did not have a firm grasp on how much their services cost to deliver: uncertainty or under-estimations were common. This is probably due, in part, to not having all necessary information, and sometimes a conscious or tacit effort to appear better **value for money** in the eyes of potential **commissioners** and competitors.

Under-estimating costs carries a number of risks. These include delivery organisations being unable to meet targets agreed with a commissioner within

the available resources, meaning that they either need to request additional resource or subsidise the actual costs of delivery. This may have a further consequence of increased waiting times for those in need of intervention, because under-estimates of cost equate to under-estimates of resource and capacity to deliver. Additionally, under-estimates of cost can undermine and distort assessments of **cost-benefit** or **value for money**.

Our approach to unit costing

As part of Realising Ambition, we worked with each delivery organisation in the portfolio to produce **unit cost** estimates for all 25 services delivered. We did this to help delivery organisations understand the costs of **replicating** and to inform the business development support we provided as part of the programme. The unit cost analysis was undertaken by DSRU in partnership with Aldaba.

The methods – described in more detail in a web-based appendix (<https://www.catch-22.org.uk/services/realising-ambition/programme-insights/unit-costing-methods/>) – included at least two rounds of telephone interviews with each service delivery organisation to gather data on resources required to set-up and deliver the service. Analyses were conducted to estimate direct and indirect costs and apportion these to the categories of set-up, management, face-to-face contact, or volunteer and beneficiary time (all terms we define in the next section). Sensitivity analysis was then performed to make any necessary adjustments in the light of identified biases or missing data.

What’s in a unit cost? How our analysis is presented

In this section we present a few different ways to consider estimates of cost. First is a realistic estimation of the range of **direct unit costs**: those costs directly related to the delivery of the service, typically borne by the lead organisation when setting up and running the service. In the context of Realising Ambition, unit costs are per beneficiary, per year estimates of service **replication** cost.¹ We explore the range of direct costs across the portfolio, and then tentatively explore the range of costs borne by different types of service delivery.

Next we consider an estimate of the range of **indirect unit costs**: those indirectly related to the service, typically because of the interactions between the service and other stakeholders, and borne by organisations other than the lead organisation. While this may not be of great concern to a **commissioner**, it is important for delivery organisations to understand, so that they can ensure these required resources or contributions are planned for and in place. This leads us to also consider **full unit costs**: the recommended best practice in presenting unit cost estimates, combining both direct and indirect costs.

We then break down this estimate of full unit costs to consider the proportion of costs (direct and indirect) that are used for: (i) **set-up**; (ii) **management**; (iii) **face-to-face contact** between paid delivery organisation staff and beneficiaries; and (iv) costs for those volunteering their time. We also explore differences in costs for **evidence-based services** vs **promising** services.

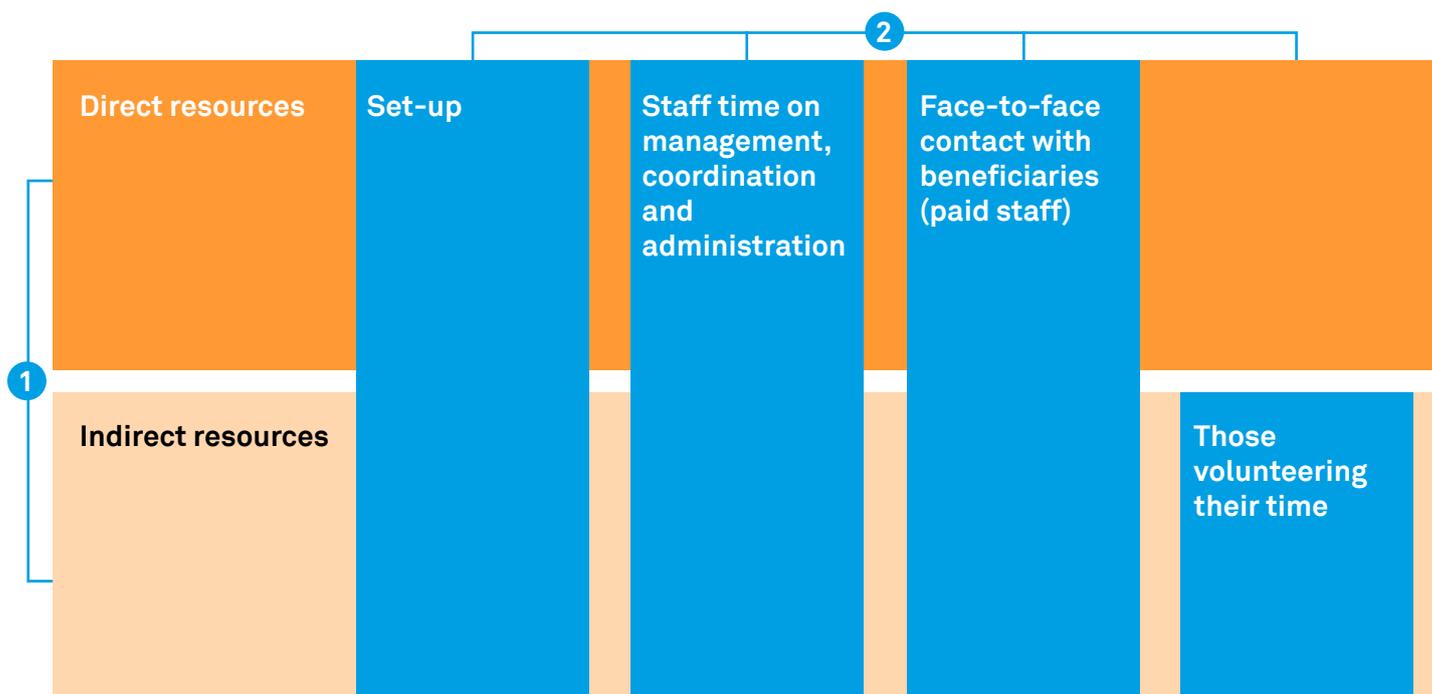
As such, we can think of unit costs as two overlapping panes – as illustrated in Figure 1.

Before presenting our analysis, it is important to note that there is no such thing as a true unit cost! As in many other areas, work with children and young people entails a great degree of unpredictability and variation which can translate into difficulties in estimating one single unit cost estimate.

This variation and unpredictability can stem from several sources. It may be due to variations in the numbers of beneficiaries served – which may be a function of group sizes, timing in a school term or year, or local variations in population size or density. It may occur due to changing need profiles of beneficiaries, via demographic shifts or changes in culture, norms or technology. Or variation may stem from changes in the capacity, skills or experience of staff within the delivery organisation, influencing in turn how many young people may be served.

To help account for this variation, we present both lower and higher estimates of **unit cost**. The higher estimates will relate to estimates of cost for the most ‘time consuming’ cases, whereas the lower estimates relate to those needing less time, support or attention.² We use the term **unit cost** in reference to our central (or typical) estimate of the resource required per beneficiary per year. Estimates were made in 2014, and we have adjusted these for the latest 2016 prices.³

Figure 1: Overlapping panes comprising a full unit cost



Variations in direct unit costs by type of service

We start with consideration of **direct unit cost** estimates: those directly related to the **service**, typically borne by the lead organisation when setting up and running the intervention.

The central estimates for **direct unit costs** across all **services** within the Realising Ambition portfolio range significantly from as low as £30 right up to £12,370, per beneficiary per year. This reflects the wide variation in the types and objectives of the services and the complexity of needs that they seek to address. If we remove the 20% of the services that are most expensive, and the 20% that are least expensive – considering them outliers, of sorts – we obtain an average direct unit cost of £1,550, which we believe provides a reliable reference point to continue our analysis (see column 2 of Table 1).

In order to drill-down and further explore some of the variations in cost, we group different services by type: **universal** school services; services **targeted** to groups of specific children in schools; **family-focused services** typically delivered in a school or community setting; **mentoring**; and **therapeutic treatment services**. These sub-group analyses must be treated with caution as there are small numbers of services within each category: this means that estimates can be heavily influenced by particularly high or low costs. Nonetheless, they do provide an interesting, albeit tentative, further exploration of the findings.

Predictably the universal school-based services have the lowest central estimate for **direct unit cost** – on average £110 per child per year – because they serve high numbers of children, the services themselves are not overly intensive and teachers and schools bear a large proportion of delivery responsibilities, which count as indirect costs and are not included at this stage. **Targeted school-based services** – those that identify and provide support to specific sub-groups of children within a school – are over seven times the cost per child of their universal counterparts, at an average of £790 per child per year.

Family-focused services in schools or communities vary quite significantly in cost, with lower average direct cost estimates of £1,830 up to higher estimates of £3,690, with a central estimate at £2,350. Mentoring services range from £2,980 right up to £9,920, with an average central estimate of £4,960. Intensive therapeutic services range from £2,040 right up to £10,020, with a central estimate of £3,850. It may be assumed that more intensive therapeutic services would carry a higher cost than mentoring services, yet the slightly lower central estimate probably reflects the higher intensity yet shorter time-period of delivery (most good quality mentoring services span at least a year in duration, whereas therapeutic treatment services may span just weeks or months).

“Direct costs accounted for, on average, just under three quarters of full unit costs.”

Direct vs indirect costs

So far we have presented estimates related to **direct costs** - those borne by the lead delivery organisation when setting up and running the service. Yet most authoritative voices on estimating the costs of services – such as the HM Treasury Green Book and the National Institute for Clinical Excellence (NICE) – argue that cost estimates should be **full unit costs**.

Full unit costs include not only **direct costs** but also **indirect costs**: those indirectly related to the service, typically as a result of the interactions between the service and other stakeholders, and borne by organisations other than the lead organisation. These might include, for example, teachers delivering material in school time or volunteer mentors giving up their time to work with a young person. Critically, indirect costs also include the value of the time that beneficiaries, and indirect beneficiaries such as parents and carers, devote to participating in the service. Each of these carries a cost – not necessarily one that has to be paid for but one for which the value is central to the effective delivery of that service. If these resources were not in place, the service would likely be less effective. Indirect costs may appear to be of less relevance to commissioners – because they do not directly pay for them – but understanding them is important for service delivery organisations in knowing what other contributions or resources are required to effectively deliver their service. Importantly, monetising indirect costs helps quantify the additional contribution that the service delivery organisations help orchestrate, alongside the additional value that the commissioner

receives, over and above the direct costs that they purchase.

As such, we have estimated **indirect costs** across the Realising Ambition portfolio (see column 3 in Table 1). This allows us to create full unit cost estimates comprising both direct and indirect costs (see column 4).

Across all Realising Ambition services, on average indirect costs accounted for just over a quarter – 26% – of full unit costs (see Table 2 and Figure 2). This means that, on average, 74% of the average full unit costs are attributed to direct resources.

Again, notwithstanding the caution required when breaking down these figures for different types of services (due to the small numbers in each category), variation in the proportion of direct vs indirect costs is observed by type of service or by the replication model used (see Table 2 and Figure 2). For example, affiliation-based services, which are typically represented in Realising Ambition by universal school-based services, have the greatest proportion of indirect costs. Services based on a direct delivery model – such as therapeutic treatment services, where the lead delivery organisation provides an end-to-end service, managing and delivering the whole process from inputs to outcomes – tend to have the lowest proportion of indirect costs. (Replication models used within Realising Ambition were explored in Programme Insight 5, *Turning the Lens*.)

Figure 2: Direct vs indirect costs (overall and by type of service)

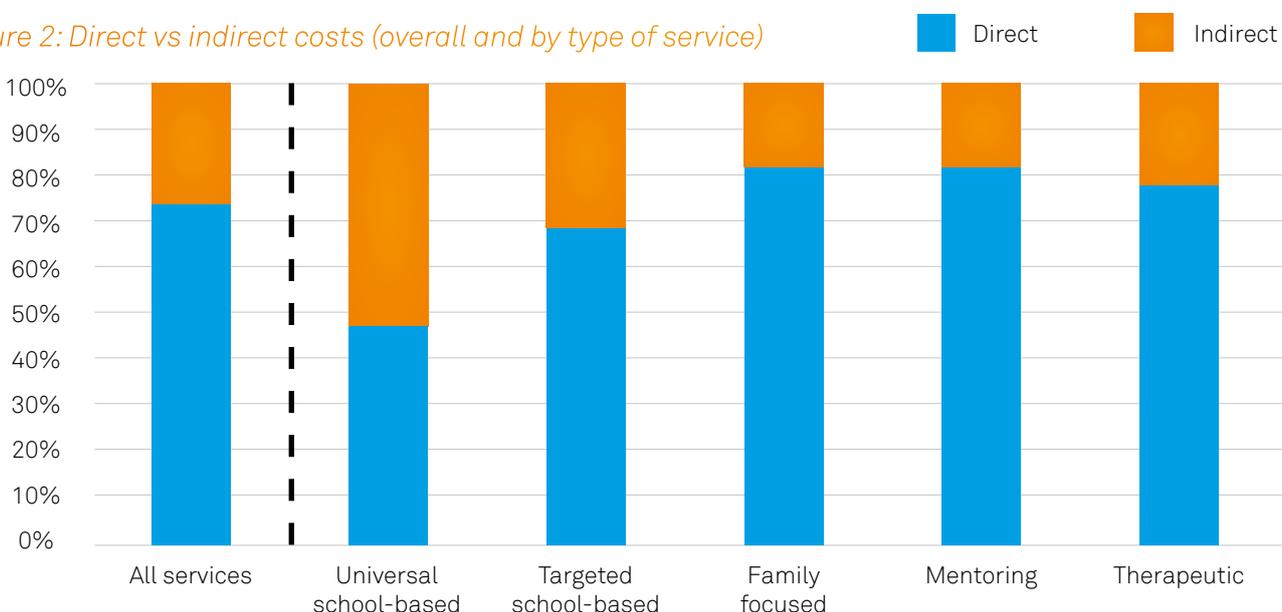


Table 1: Summary of full unit cost estimates across the Realising Ambition portfolio

	Direct unit cost estimates			Indirect cost estimates			Full unit cost estimates		
	Lower	Typical	Higher	Lower	Typical	Higher	Lower	Typical	Higher
All interventions*	£1,100	£1,550	£2,700	£300	£450	£800	£1,450	£2,000	£3,550
Universal school-based	£110	£110	£140	£90	£90	£110	£200	£200	£250
Targeted school-based	£650	£790	£1,170	£300	£360	£530	£950	£1,150	£1,700
Family-focused	£1,830	£2,350	£3,690	£420	£550	£860	£2,250	£2,900	£4,550
Mentoring	£2,980	£4,960	£9,920	£690	£1,150	£2,300	£3,700	£6,150	£12,300
Therapeutic	£2,040	£3,850	£10,020	£610	£1,150	£2,980	£2,650	£5,000	£13,000

* Figures presented in this row are 'trimmed' averages (adjusting for outliers by removing the top and bottom 20% of cases). However, figures in rows below are standard averages because there are too few services within each category to remove data. Direct and indirect costs may not add up to full unit costs due to rounding.

Table 2: Summary of full unit cost estimates broken down by type of cost

	Direct vs indirect		Type of cost			
	Direct	Indirect	Set-up	Management	Face-to-face	Volunteer costs
All interventions*	74%	26%	19%	47%	11%	19%
Universal school-based	57%	43%	21%	32%	14%	34%
Targeted school-based	69%	31%	15%	48%	14%	24%
Family-focused	81%	19%	27%	52%	8%	14%
Mentoring	81%	19%	26%	58%	1%	15%
Therapeutic	77%	23%	13%	52%	19%	17%

* Figures presented in this row are 'trimmed' averages (adjusting for outliers by removing the top and bottom 20% of cases). However, figures in rows below are standard averages because there are too few services within each category to remove data. Direct and indirect costs may not add up to full unit costs due to rounding.

Types of cost

In addition to the proportion of costs allocated to direct and indirect costs, Table 2 and Figure 3 present a breakdown of the types of cost using the four categories described earlier. Looking at full unit costs across the entire Realising Ambition portfolio, our estimate is that:

- on average 19% of full unit costs correspond to set-up costs, including both the planning work required to get the service up and running, and capital costs such as computers and telephones;
- 47% correspond to management and coordination time, for example supervision and team meetings (which mostly relates to that provided by the delivery organisation, but a part of which may also be provided indirectly by other stakeholders);
- 11% to face-to-face time between paid-for practitioners and participants;
- and 19% to the value of the time that volunteers and indirect beneficiaries (such as parents and carers) devote to delivering or participating in the service.⁴

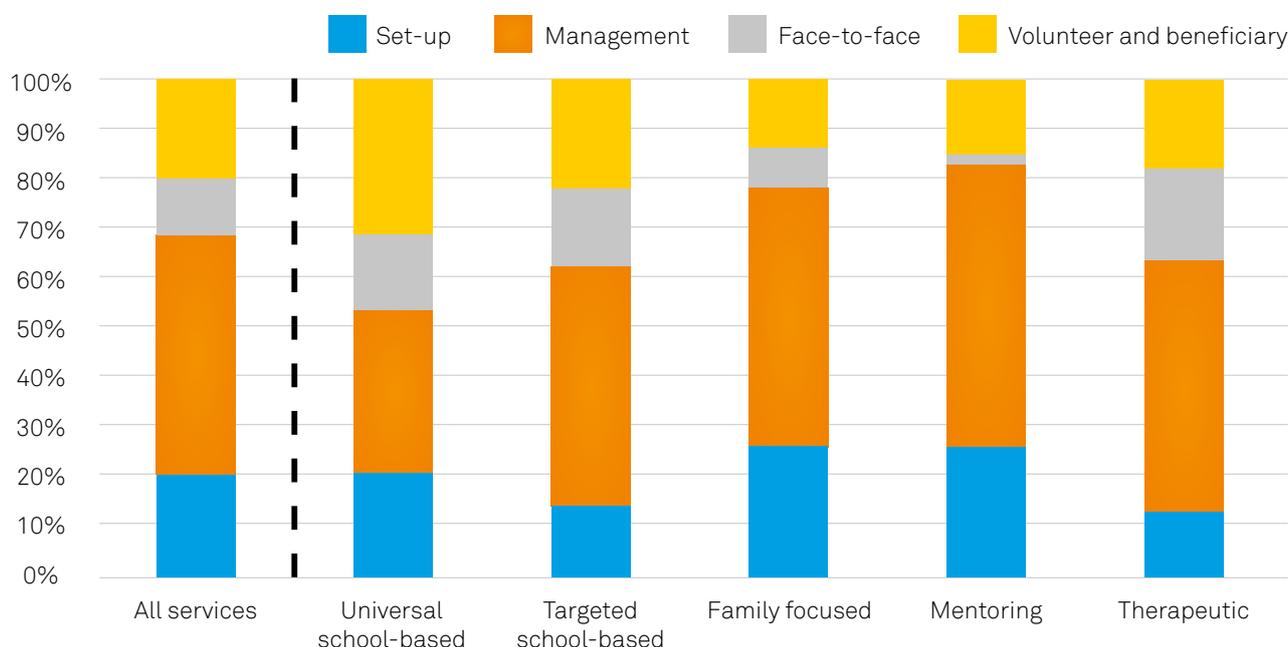
It is possible that set-up costs - and therefore total unit costs - for some projects within Realising Ambition are higher, due to the focus and resource that the programme placed on getting ready for replication. Yet in the absence of comparative data from other sources, we cannot be sure. Likewise it is possible that Realising Ambition has demanded more management and coordination time than would usually be assigned to services, as delivery organisations have contributed to the programme's

learning. This, however, has not been specifically measured.

The fact that a service devotes a relatively small proportion of the available resource to face-to-face support provided by paid for staff is not inherently good or bad. Examples of relatively low face-to-face time may include services that plan their direct work with participants carefully, design short but effective sessions with participants based on evidence, or provide mentoring in which the face-to-face contact is from volunteers and not the service delivery organisation themselves. Examples of relatively high face-to-face time may include services where initial engagement with participants is difficult given the needs of the participants and requires frequent interactions between practitioners and participants.

Table 2 and Figure 3 also present a breakdown of types of cost by different types of service. Again, this is subject to the same limitations described previously, in that numbers of services within each category are small meaning that it is easy for the figures to be skewed by outliers. Notwithstanding this, there are relatively low degrees of variation by service type. The greatest source of variation is that universal school-based services tend to have lower **management costs** and higher **volunteer and beneficiary costs**, reflecting that a lot of management and **indirect costs** sit with schools and teachers rather than with the provider organisation themselves. The inverse is true for the more intensive therapeutic services.

Figure 3: Breakdown of full unit costs



Higher costs for evidence-based programmes

The final way of considering these data on [full unit costs](#) is to examine the difference between the costs of [evidence-based programmes](#) and [promising](#) services within the Realising Ambition portfolio.

Within Realising Ambition we define an [evidence-based programme](#) as an organised package of practices or services – often accompanied by implementation manuals, training and technical support – that has been tested through rigorous [experimental evaluation](#), comparing the [outcomes](#) of participants receiving the service with those of participants who do not, and found to be effective. The rest of the services within the portfolio are deemed as [promising](#), in that they exhibit many features of effective practice yet at the outset of Realising Ambition had not been [experimentally evaluated](#) for their [impact](#) or developed the processes to ensure consistent delivery with [fidelity](#) to a model.

We have [disaggregated](#) the costing data of five types of service delivered in Realising Ambition. Three of these types of service permit like-for-like comparison of full unit costs – universal school, targeted school and therapeutic treatment services – as each of these types of service contained a

mixture of both evidence-based and promising practice. For these three service types, Table 3 summarises the average middle range full unit cost estimate for evidence-based and promising practice. The limitations of breaking down the results by service types, described previously, are accentuated further when breaking down findings in this way.

Notwithstanding these important limitations, for each service type the average middle range [full unit costs](#) are higher for [evidence-based services](#) than for [promising](#) services. Evidence-based [universal](#) school services are on average 33% higher than their promising counterparts; evidence-based [targeted](#) school services are 35% higher; and evidence-based [therapeutic treatment services](#) 78% more expensive than their promising counterparts.

We think that greater costs for evidence-based services tend to stem largely from: licensing and training costs; more focused attention on determining [eligible young people](#), often with greater needs; greater investment and availability of [client management and outcome reporting systems](#); higher levels of supervision; and attention related to monitoring [fidelity](#) of implementation, such as processes to monitor, record and check consistency of delivery.

Table 3: Cost differences for promising vs evidence-based services

	Promising services	Evidence-based programmes (EBPs)	Cost-differential for EBPs
Universal school-based services	£150	£200	+33%
Targeted school-based services	£1,000	£1,350	+35%
Intensive therapeutic services	£2,750	£4,900	+78%

Part 2: So what? Lessons for delivery organisations and commissioners

Up to this point, we have described some key concepts of unit costing, alongside some analysis of [direct](#), [indirect](#) and [full unit costs](#) across the Realising Ambition portfolio. What are some of the key messages that emerge from this, for both delivery organisations and commissioners?

For service delivery providers, a thorough approach to costing is important for assessing the [business case](#) for a service and for forward planning. A good handle on costs helps ensure that the service is viable and sustainable. It reduces the likelihood that costs escalate beyond the means of the organisation and allows sufficient room for investment in the team and organisation for development, growth and innovation. Realistic cost estimates and routine monitoring also help ensure that projections about income and expenditure are realistic.

A firm grasp on the cost of a service is also central to informing the preparation of competitive yet realistic tenders for potential commissioners. In the context of reducing expenditure, often service providers are asked to deliver more activity for less money. Under-estimates of cost, intentionally or through poor estimation, may have some short-term benefits of increasing the likelihood of being commissioned but can cause serious problems in the medium to long-term. A firm grasp on costs allows providers to be as competitive as possible, yet ensure that they can deliver. It also helps [commissioners](#) know what is realistic within the resources available.

Lastly, accurate cost estimation supports delivery organisations with their team and case management. It helps ensure that sufficient resources are in place to provide a high quality service to those who need it, and, if done well, make allowances for more complex cases – be they individual users of a service, or organisations such as schools purchasing a service – that require more resource and investment, balanced against those that need less. As we have demonstrated, services that work with children and young people can face a great deal of unpredictability and variation, which then translate into difficulties in producing a one-size-fits-all unit cost estimate. Nonetheless, understanding costs, as fully and realistically as possible, is important for service refinement in the context of replication and continuous quality improvement.

From the [commissioning](#) perspective, it is important for commissioners to understand and ask questions about the split between [direct](#) and [indirect costs](#), and to what type of activity these costs relate, such as set-up, management, face-to-face delivery and volunteer and beneficiary costs. The unit cost data from the Realising Ambition programme offers an indication of the range of costs and how they may vary by different types of activities.

Furthermore, if a commissioner asks for this type of information on costs, and a service delivery organisation is able to provide this, then the commissioner will more likely trust that the [core components](#) of the service has been well defined and that delivery targets are likely to be met. They should also have confidence that the delivery organisation has a compelling [business case](#) for [replication](#) and that delivery of the service is sustainable. Yet as we will consider in the next section, information about costs alone are not sufficient to make judgements about [value for money](#).

“A good handle on costs helps ensure that the service is viable and sustainable... and is central to informing the preparation of competitive yet realistic tenders for potential commissioners.”

Part 3: Do higher costs mean greater value?

This issue in the Realising Ambition Programme Insight series has cast a much-needed light on the realistic costs of replicating **evidence-based** and **promising** practice. It has considered: the range of unit cost estimates for different types and intensities of service; the proportion of costs borne by the delivery organisations as well as the **indirect costs** that are often carried by those otherwise involved in delivery; and where the balance of investment lies in relation to **set-up, management, face-to-face**, and volunteer and beneficiary aspects of delivery.

Yet data on costs alone are of limited value. It is unhelpful to describe something as expensive or inexpensive on the basis of costs alone, without knowing something about what you get for your money and importantly, what this achieves. A similar observation stands for assessments of **impact**, undertaken in the absence of information on costs.

The fourth issue of this Programme Insight series considered data on **routinely monitored beneficiary outcomes** from those projects that had completed their planned delivery at the time of writing. Some types of service showed a greater improvement than others. Does this mean they are more

effective? The answer is we don't know. Assessing the impact of a service without data on costs is of limited value, and the same goes for assessing costs without an assessment of impact. There are numerous examples of intensive services with a significant **impact** on child **outcomes** but which are not sustainable or replicable due to their high costs (take by way of example the Abecedarian Project (<http://abc.fpg.unc.edu/>) – a wrap-around service promoting children's early health and development, or the Harlem Children's Zone (<http://hcz.org/>) an intensive place based approach). Similarly, there are numerous examples of low impact interventions – but with low cost and thus wide reach – that deliver significant population-wide benefits, like Aspirin to prevent heart attacks, or **social-emotional programmes** in schools to improve children's mental health and in turn their academic attainment.

Without some analysis of whether resources committed to delivering a service are justified by the value of the outcomes for children and young people that the service delivers, then estimation of costs or benefits alone are of little value. The next issue in this series will bring together data on routinely monitored outcomes from across the Realising Ambition portfolio and previously conducted experimental evaluations of its evidence-based programmes alongside the full unit costing data presented within this issue. This will allow us to consider costs in relation to impact.

“Data about costs or impact alone are of limited value. It is unhelpful to describe something as expensive or inexpensive on the basis of costs alone, without knowing something about what you get for your money and, importantly, what this achieves.”

Key Learning Points

- **There is no such thing as a true unit cost!** As in many other areas, work with children and young people entails a great degree of unpredictability and variation which can translate into difficulties in estimating one single unit cost. Ranges around estimates are really important.
- **Direct costs accounted for, on average, just under three quarters of full unit costs.** Put another way, across the Realising Ambition portfolio, indirect costs accounted for, on average, about a quarter of the full cost.
- **Work with children and young people requires careful planning and management, which carries a cost:** on average, 47% of full unit costs were attributed to this, with 19% to set-up, 11% to face-to-face time with paid practitioners and 19% volunteer or non-paid staff time.
- **Evidence-based services are more expensive than those without a robust evidence-base.** The costs of evidence-based school services are approximately one third higher and the costs of evidence-based therapeutic treatment services are 78% higher than their promising counterparts.
- **A good handle on costs helps ensure that the service is viable and sustainable.** It reduces the likelihood that costs escalate beyond the means of the organisation and allows sufficient room for investment in the team and organisation for development, growth and innovation.
- **A firm grasp on costs is central to informing the preparation of competitive yet realistic tenders for potential commissioners.** It also helps commissioners know what is realistic within the resources available.
- **Data about costs or impact alone are of limited value.** It is unhelpful to describe something as expensive or inexpensive on the basis of costs alone, without knowing something about what you get for your money and, importantly, what this achieves.

Glossary of Terms

■ **Business case**

A business case provides justification for a proposed project or programme. Ideally it includes an analysis of costs and likely benefits, as well as a detailed budget, and also evidence of the need and demand for the service.

■ **Client management information system**

A database that allows projects to view their real time data on outcomes, fidelity monitoring, quality assurance processes and other delivery data such as costs and staffing. High quality systems will typically allow users to view data in a visual format (graphs, charts etc) and enable data to be analysed and presented in a variety of ways (by delivery year, project type, outcome etc). These systems are useful for monitoring children's outcomes as they progress through a programme, monitoring the quality of delivery across multiple sites, and testing the results of adaptations to programme components.

■ **Commissioner**

Responsible for the strategic allocation of public funds to projects, programmes or services that best address the needs of children, young people and families in their geographical and service area (for example children's services, health, education, youth justice etc). The priorities of commissioners are to engage services that represent good value for money as well as quality delivery and increasing the likelihood of positive impact.

■ **Core components**

The key activities that make the service work. Put another way, the specific aspects or mechanisms of a service that lead to the desired change in outcomes. For a service to be replicated successfully, providers need to be clear about what can and cannot be changed.

■ **Cost-benefit analysis**

The estimation of financial returns on an investment or service. Returns are typically estimated for individual recipients of service, agencies providing the service and the state. Cost-benefit analyses rely upon accurate cost information and robust evidence of impact (ideally from experimental evaluations). Cost-benefit analysis may produce a calculation of net cost (benefits minus cost) or the ratio of costs and benefits.

■ **Direct unit cost**

Those financial costs directly related to a service, typically borne by the lead organisation when setting up and running the intervention (including, for example, staff time, training costs, materials and capital costs, overheads).

■ **Disaggregate**

To separate costing data into its component parts to produce separate figures for the set-up, management, face-to-face, and volunteer and beneficiary aspects of delivery.

■ **Eligible young people**

Those young people who fit the target criteria for a specific service or programme. This could be based upon factors such as their age or gender, or relate to the difficulties they may be experiencing such as homelessness, conduct disorder, or educational problems. Those young people who are eligible for a service or programme should be the same young people who are likely to benefit most from receiving it.

■ **Evidence-based programme**

A discrete, organised package of practices or services – often accompanied by implementation manuals, training and technical support – that has been tested through rigorous experimental evaluation, comparing the outcomes of those receiving the service with those who do not, and found to be effective, ie it has a clear positive effect on child outcomes. In the Standards of Evidence developed by DSRU, used by Project Oracle, NESTA and others, this relates to 'at least Level 3' on the Standards.

Glossary of Terms

■ **Experimental evaluation / Robust evidence of impact**

An evaluation that compares the outcomes of children and young people who receive a service to those of a control group of similar children and young people who do not. The control group may be identified by randomly allocating children and young people who meet the target group criteria – a randomised controlled trial or RCT – or by identifying a comparable group of children and young people in receipt of similar service – a quasi-experimental design or QED.

■ **Impact**

The impact (positive or negative) of a programme or service on relevant outcomes (ideally according to one or more robust impact evaluations).

■ **Indirect unit cost**

Costs indirectly related to the service, typically as a result of the interactions between the service and external stakeholders, and borne by organisations other than the lead organisation, for example schools, including the value of the volunteers and beneficiaries' time.

■ **Face-to-face costs**

Costs related to the time of practitioners working directly with beneficiaries, from both lead and other organisations.

■ **Family-focused service**

A service or activity that is provided either to a whole family (children and one or more of their primary care-givers) or just to their primary care-givers (eg parenting groups). These types of services are often delivered in school or community settings.

■ **Fidelity / Faithful delivery**

The faithfulness to the original design and core components of a service. This can be assessed by fidelity monitoring tools, checklists or observations.

■ **Full unit cost**

Full unit costs include not only direct costs but also indirect costs: those indirectly related to the service, typically as a result of the interactions between the service and other stakeholders, and borne by organisations other than the lead organisation.

■ **Management costs**

Costs of staff time required to run the intervention, including, from both lead and other organisations (including senior and middle management time).

■ **Mentoring service**

A service or activity in which young people who need or want a caring, responsible adult in their lives are matched with someone who seeks to provide this. Mentors are usually unrelated to the child. The goals, structures and settings within a mentoring program can vary significantly.

■ **Outcomes**

Outcomes refer to the impact or change that is brought about, such as a change in behaviour or physical or mental health. In Realising Ambition, all services seek to improve outcomes associated with a reduced likelihood of involvement in the criminal justice system.

Glossary of Terms

■ **Promising service / intervention**

A tightly defined service, underpinned by a strong logic model, that has some indicative – though not experimental – evidence of impact. In the Standards of Evidence developed by DSRU, used by Project Oracle, NESTA and others, this relates to ‘Level 2’ on the Standards.

■ **Replication**

Delivering a service into new geographical areas or to new or different audiences. Replication is distinct from scaling-up in that replication is just one way of scaling ‘wide’ – ie reaching a greater number of beneficiaries in new places.

■ **Routine outcome monitoring**

The routine measurement of all (or a sample) of beneficiary outcomes in order to: (i) test whether outcomes move in line with expectations; (ii) inform where adaptations may be required in order to maximise impact and fit the local delivery context; and (iii) form a baseline against which to test such adaptations.

■ **Set-up costs**

Resources required to set up the intervention, like laptops, telephones and staff time for planning before direct work with beneficiaries starts.

■ **Targeted service**

A service or activity that is provided to a specific group of beneficiaries from a wider population. Often there are specific inclusion and exclusion criteria, based on an assessment of needs or risk factors of beneficiaries.

■ **Therapeutic treatment service**

A targeted service or activity designed to address established difficulties (rather than prevent or intervene early). Often there are specific inclusion and exclusion criteria, based on an assessment of needs or risk factors of beneficiaries.

■ **Unit costs**

Costs per beneficiary (child), per year, as estimated at steady stream (that is, in a modelled year, representative of the running phase of the service, once all the set-up is complete, and all allocated resources (mainly staff) are fully utilised as intended in the original design). The unit cost is a typical or central estimate, within a broader lower and higher estimate range.

■ **Universal service**

A service or activity that is provided to all within a given population or location. There are no inclusion or exclusion criteria.

■ **Value for money**

The optimal use of resources to achieve intended outcomes. The National Audit Office typically use three criteria to judge value for money: ‘economy’ (minimising the cost of resources used or required – spending less); ‘Efficiency’ (the relationship between the output from goods or services and the resources to produce them – spending well); and ‘effectiveness’ (the relationship between the intended and actual results of public spending – spending wisely).

■ **Volunteer costs**

The value of the time that volunteers and indirect beneficiaries (such as parents and carers) devote to delivering or participating in the service.

Further Reading

We have drawn on many sources in the production of this Programme Insight. Our top picks for further reading on the themes discussed are listed below.

- <http://aldaba.co.uk/resources/costing-interventions/>
- Boardman, A., Greenberg, D., Vining, A., and Weimer, D. (1996). *Cost-Benefit Analysis: Concepts and Practice*. Upper Saddle River, N.J: Prentice Hall.
- Drummond, M., Weatherly, H., & Ferguson, B. (2008). Economic evaluation of health interventions: a broader perspective should include costs and benefits for all stakeholders. *British Medical Journal*, 337, a1204.
- HM Treasury. (2014). *The Green Book: Appraisal and Evaluation in Central Government*. London: TSO.
- National Institute for Health and Care Excellence (NICE). (2013). How NICE measures value for money in relation to public health interventions. Nice.org.uk/guidance/lgb10

You can find a full list of additional resources we have drawn on at the Realising Ambition website: catch-22.org.uk/realising-ambition. This will grow as the series of Programme Insights develops.

Endnotes

¹To be precise, our unit costs are per beneficiary (child) per year as estimated at steady stream, this is, in a modelled year that is representative of the running phase of the service, once all the set up is complete, and all allocated resources (mainly staff) are fully utilised as intended in the original design. As a result, our unit costs are representative of a typical year once the service is up and running, but not of an early year when the service is still being set up, or a year when the operational model is exposed to unusual circumstances like staff being significantly over-, or under-utilised. Please note that most of the services in scope were designed to support beneficiaries for one year, or less. In the case of a minority of services designed to last longer than a year, our unit cost estimate still refers just to one year at steady stream, and therefore the yearly estimate should be multiplied by the number of years that each beneficiary is expected to participate in the service in order to obtain an estimate of cost per beneficiary (child).

²In addition to the types of needs, the higher and lower estimates are also a reflection of the quality of the data used as a basis for the estimates, with ranges between higher and lower estimates being wider where the data were poorer quality.

³Source: <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-december-2016-quarterly-national-accounts>

⁴These percentages do not add up to 100 due to rounding.

Find out more

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