

WWCSC Cost analysis guidance

When is a cost evaluation required?

Cost evaluation should be undertaken for all WWCSC-funded evaluations (pilots and full scale RCTs as well as QEDs). Where a causal impact is estimated, evaluators should quantify and monetise the benefits and disbenefits of the intervention and compare these to the costs. Where evaluators are not estimating a causal impact (e.g. for pilot studies), we can be less confident in the estimate of the impact and so we don't ask evaluators to quantify or monetise benefits and disbenefits.

Definitions

- **Social Costs** are the costs to society, the total of which is the sum of costs accruing to society and any benefits accruing to the public sector. This include:
 - Cash costs i.e. resources expended on activities for the intervention
 - Monetisable costs
 - Quantifiable but unmonetisable costs
 - Qualitative unquantifiable costs
- **Social Benefits** are the benefits to society, the total of which is the sum of benefits accruing to society and any benefits accruing to the public sector. This includes consideration of disbenefits. This includes:
 - Cash releasing benefit e.g. reduction in the number of residential placements needed
 - Monetisable non-cash releasing benefits
 - Quantifiable but not monetisable benefits
 - Qualitative unquantifiable benefits
- **Social Disbenefits:** any negative value caused by the intervention. We use this term to distinguish negative outcomes from the resources expended on activities. The categories listed under Social Benefits have equivalents under Social Disbenefits.
- **Social Cost Benefit Analysis** quantifies in monetary terms the effects on the country's social welfare. Costs to society are given a negative value and benefits to society a positive value. Costs to the public sector are counted as a social welfare cost. It generates measure of social value. When combined with an appropriate public sector cost measure a Benefit Cost Ratio (BCR) is produced which provides a social unit cost measure.
- **Value for Money** – (VfM) is a balanced judgment based on the Benefit Cost Ratio (BCR) which brings together social costs and benefits including public sector costs over the

entire life of a proposal, together with decisively significant unquantified deliverables, and unmonetised risks and uncertainties, to deliver a proposal's objectives.

- **Net Present Value (NPV)** is a generic term for the sum of a stream of any future values that have been discounted to bring them to a present value.
- **Financial Analysis** is concerned with the net cost to children's services of the adoption of a proposal, taking into account all financial costs and benefits that result. It covers affordability, whereas the economic dimension assesses whether the proposal delivers the best social value.
- **Practice as Usual:** is the continuation of current arrangements as if the intervention under consideration were not to happen. This serves as a benchmark to compare alternative interventions.
- **Opportunity cost** is the value which reflects the best alternative use a good or service could be put to.
- **Sensitivity Analysis** involves exploring the sensitivity of expected outcomes of an intervention to potential changes in key input variables. It can be used to test the impact of changes in assumptions and should be clearly presented in the results of appraisal.

Aims of cost evaluations of WWCSF-funded interventions

The cost evaluation should be informative to Directors of Children's Services (DCSs) and other senior leaders within children's services, the Department for Education, HM Treasury, WWCSF and other funders when they are making a decision about whether to implement or fund a intervention evaluated by WWCSF. There are two aims for the cost evaluation of WWCSF-funded interventions:

- 1) The analysis should enable decision makers to estimate the impact of a intervention on the budget for their finance team. We call this the **financial analysis**.
- 2) The cost evaluation should enable decision-makers to build a business case for the intervention, contextualising the benefits observed (if any) in the impact evaluation taking into account the costs, benefits and disbenefits¹ to a broader range of stakeholders. We call this the **Value for Money** estimate.

Evaluators should carry out at least a financial analysis and where possible a Value for Money estimate. We outline our preferred standardised approach below to allow for easier comparability across interventions.

Whose costs, benefits and disbenefits should be included?

Financial analysis

Costs, benefits and disbenefits should be estimated from the perspective of children's services (or relevant originating organisation i.e. the benefits to other public services should not be factored in). This approach enables decision-makers to budget appropriately. We provide more detail on which costs to monetise below.

Value for Money

For the Value for Money calculations, the costs, benefits and disbenefits are from the perspective of England's society² as a whole. This is to enable decision makers to consider holistically the impact of the intervention. Costs to different stakeholders should be presented separately:

- Direct public costs / benefits to children's services (or relevant originating organisation)
- Indirect public costs / benefits to other public sector organisations (e.g. early help, police, health, education, youth justice etc).
- Wider costs / benefits to England's society:
 - Children and families directly involved in the intervention
 - Others indirectly affected

By "children and families directly involved in the intervention", we do not include:

- If relevant, children and families in the control group (who are involved in the *evaluation* but not the *intervention*)
- Other children and families who may indirectly be affected by the intervention. For example, separate catchup sessions to improve the achievement of children with a social worker may indirectly benefit children who share a regular class with them but we do not include these children indirectly affected by the intervention.

These should be included in the "Others indirectly affected".

² HM Treasury's Green Book includes the perspective of the whole of the UK society. Here we restrict to England because children's social care is devolved.

What types of costs should be included?

Costs can be categorised in multiple ways.

Cashable and / or monetisable

Financial analysis

Only cash costs should be included.

Value for Money

All costs listed under 'Social Costs' in the Definitions section should be included.

Total or counterfactual

Financial analysis

The cost evaluation should include all the costs necessary for the delivery of the intervention.

Value for Money

The cost evaluation should include all the costs necessary for the delivery of the intervention beyond the counterfactual (i.e. costs that are incurred in the running of the intervention, which would not have been incurred had the intervention not been run). Evaluators should clearly specify the counterfactual. Normally, this would be practice-as-usual. In the extreme case that this is compared with no provision, all costs would be treated as additional. The counterfactual should be the same as the counterfactual in the impact evaluation, if one is conducted.

Line Items (both financial analysis and Value for Money)

Costs should be listed by line item. The level of granularity should be contingent on the relevance of the ingredient to the overall intervention. As most children's services interventions are labour-intensive, often involving training social workers to use a new approach in their day-to-day practice, staff costs should be particularly granular. As a comprehensive account of all the inputs to an intervention, the "activities" / "input" section of the logic model should provide a good framework.

Staff for the implementation of the intervention

This category of cost should include costs associated with staff necessary for the implementation of the intervention. This should include frontline staff as well as support staff and senior leaders. We can consider three sub-categories of cost:

- **Staff costs actually incurred:** Costs actually incurred should be included in the cost estimates. For example, the hiring of additional staff to coordinate or deliver the intervention or if children's services hired agency workers to cover social workers whilst they were on training for the intervention or to hire additional administrative support. This should include all costs (salary, national insurance, benefits, cost of recruitment, vacancy savings).
- **In-kind services:** For some interventions, children's services may have accessed services in kind. Where such in kind provision would not be available to another children's services if they were to implement the intervention, these costs should be estimated at market value and included in the cost estimates.
- **Time of existing staff:** Quite often, no staff costs are actually incurred because the training is short enough that frontline staff can fit it around their other day-to-day commitments. In this case, these costs should be presented separately as units of time but not monetised and not included in the financial analysis but monetised and included in the Value for Money estimates.

Facilities, equipment and materials

This category of cost should include all additional costs associated with facilities, equipment and materials necessary for the implementation of the intervention.

- **Facilities:** Most WWCSF-funded interventions will take place at the child's home or school or local authority buildings so the procurement of access to facilities is unnecessary. However, if additional facilities are needed e.g. to accommodate a new team, specialised facilities are needed or changes need to be made to existing facilities to accommodate the intervention, these should be included as a cost.
- **Equipment and materials needed for the intervention but which children's services already have access to:** these should be specified and valued but presented separately as prerequisites and not included in the cost estimates. Evaluators may wish to consider including these costs as sensitivity analysis where it is reasonable to think that other local authorities may not already have access to these equipment and materials.
- **Additional equipment and materials that need to be purchased for the intervention:** these should be included in the cost estimate of the intervention taking into account their overlapping uses and their life use (see "What adjustments should be made to raw costs and benefits?").

Other intervention costs

This category of cost should include all additional costs necessary for the implementation of the intervention beyond the categories already listed.

- **Licence costs:** for some interventions, there would be a licence fee to access the relevant training and resources and certify the children's services. If no actual cost was incurred (for example due to WWCSO subsidising the licence or the intervention being in an early enough stage not to have this worked out), the evaluators should work with the delivery partners to estimate what the cost of the licence would be at market value.
- **Any other costs not already included if these are expected to persist for future deliveries of the intervention:** for example unexpected costs for inputs not included in the logic model should also be included. (Costs due to extraordinary circumstances e.g. provision of laptops due to online delivery in a pandemic which are not expected to recur can be reported separately).
- **Costs that are excluded for pragmatic reasons:** whilst we encourage evaluators to include a comprehensive account of costs within the categories described, we recognise that there may be some circumstances where this is not pragmatic. If this is the case, this should be clearly stated and explored in sensitivity analysis.

What not to include?

- **Development of intervention:** one of the main aims of cost evaluation is to enable decision-makers in other children's services to assess whether they would benefit from the intervention. Given that the initial development of the intervention is a one-off cost that would not be incurred by other children's services, this should not be included in the cost evaluation.
- **Evaluation costs:** all interventions funded by WWCSO are accompanied by an evaluation. Children's services staff are likely to be involved in coordinating the evaluation, for example, securing the appropriate sign-offs, working with the data team to secure access to data and facilitating data collection. However, again these activities would not be part of the intervention itself if it were to be taken up by another local authority and so should not be included in the cost evaluation, unless some component of it e.g. data gathering and monitoring would be part of standard practice if the intervention continued.
- **Transfer costs** (transfers of resources between people e.g. gifts, taxes, grants, subsidies or social security payments with the exception of payments of tax and national insurance made from an employee's gross earnings).

When the cost is incurred (both financial analysis and Value for Money)

Costs should be further categorised into prerequisites, start-up costs and recurring costs:

- **Prerequisites:** costs of resources required for the implementation of the intervention but which the children's services already had access to.
- **Start-up costs:** costs incurred to start the implementation of the intervention. For example, training of all staff involved in the intervention, the purchase of equipment.
- **Recurring costs:** costs incurred for each year of the implementation of the intervention regardless of when it started. For example, non-durable materials, durable materials that are lost or damaged, training for new staff and a licence fee to access the intervention.

Separating out the costs in this way allows decision-makers to adjust the estimates for their own service, for example, if they don't already have some of the prerequisites.

How should costs be valued?

Costs should be estimated for the intervention as it was implemented in the evaluation. This means estimating costs using local prices rather than national averages. Evaluators may wish to additionally present national averages in sensitivity analysis if there is reason to believe that the costs for another children's service would be substantially different. This might be especially likely for staff and facilities costs where these are included.

Given that the evaluation is usually after the intervention is complete, we expect that the costs as implemented in the study will represent the lifetime costs of the project. If there are costs which continue beyond the period of evaluation, please report these separately.

Depending on the input, costs can be estimated in the following ways:

- **Goods and services where relatively competitive markets exist:** costs should be estimated using the market price. (Local authorities may have considerable market power - if market prices are distorted please carefully consider alternative valuation methods).
- **Goods and services where relatively competitive markets don't exist or the market price is an inaccurate reflection of the true cost for some other reason:** costs should be estimated using shadow pricing / the cost of the opportunity cost.
 - **Cost of parents' time:** In line with the approach to estimating other types of costs in this guidance, only the *additional* time required for the intervention

should be included (attendance at additional sessions, travel, preparation etc). For interventions which are delivered in the regular visits with a social worker, the parents' time during this visit would not be included. The costs should be presented separately as units of time and not included in the financial analysis but should be monetised and included in the Value for Money estimate. Evaluators should value parents' time using a homogenous and relatively low wage (with the expectation that the opportunity cost is a combination of work time and leisure time).

- **Cost of children's time:** the costs should be presented separately as units of time and not included in the financial analysis. The children's time should not be monetised as they do not have a wage equivalent and included in the Value for Money estimate as the opportunity cost is not monetised.
- **Volunteers:** as for parents' time, evaluators should value volunteers' time using a homogenous and relatively low wage (with the expectation that the opportunity cost is a combination of work time and leisure time) and included in the Value for Money estimate.

How should costs and benefits be reported?

Costs

The following values should be reported:

- **Average cost per unit of analysis per year:** the unit of analysis should be the same as the unit of analysis for the primary outcome in the impact analysis. For example, this could be the child, child-parent dyad, the family or the social worker. This enables easier comparison of costs and benefits. For interventions which involve training / supporting the social worker but a unit of analysis other than the social worker for the primary outcome, then the number of units used to calculate the per unit value should be the number of units the social worker works with the duration of the intervention in the intervention sessions if the sessions are separate from their casework or in everyday practice if not. If the intervention duration is shorter than a year, the costs should be prorata-ed.
- **Total cost of the intervention for each children's service for each year of the intervention.**

Evaluators are encouraged to “show their working” for inputs where the unit is different from the unit of analysis (e.g. 5 tablets at £200). You can find a suggested structure for the reporting table [here](#).

Benefits and disbenefits

All benefits and disbenefits should be listed separately. The following values should be reported:

- **Average benefit / disbenefit per unit of analysis per year:** If the intervention duration is shorter than a year, the benefits should be prorata-ed³. Assumptions made about whether benefits persist, tail off or increase, and downstream effects (e.g. labour market outcomes for improved educational attainment) should be clearly stated and considered in sensitivity analysis.
- **Total benefit of the intervention for each children's service for each year of the intervention.**

Evaluators are again encouraged to “show their working” in their monetisation of the benefits (relevant for trials with a causal impact evaluation only).

What adjustments should be made to raw costs and benefits?

Overlapping use of equipment and materials

Children's services could buy some equipment and materials for the purpose of the intervention but also use it for other purposes. We might see this particularly often with IT equipment for example. In these cases, attributing 100% of the costs to the intervention would overestimate the costs. Only the time the equipment / materials are used in the intervention as a proportion of the total time they are used should be attributed to the intervention and included in the cost estimates.

Lifetime use of equipment

Equipment and materials may be expected to be useful for longer than the length of the intervention. In these cases, attributing 100% of the costs to the intervention would also overestimate the costs. In line with HMT's Green Book, for such equipment, the assets should

³ Schools have a 9-month year so educational interventions should be adjusted to 9 months instead of 12 months.

be 'depreciated' (which expresses the reduction in value of an asset over time due to wear and tear) for the financial analysis but not for the Value for Money calculation. A simple, commonly used method is the 'Straight-line depreciation method' which follows the following formula:

$$\text{Annual depreciation cost} = \frac{(\text{Cost of asset} - \text{Residual value of asset})}{\text{Life use of asset}}$$

Where the residual value of the asset is the value that could be expected to be obtained at the end of the life use of an asset. This may be zero or a positive value. For instance, in the case of IT equipment, it is not uncommon to trade-in old equipment when new equipment is acquired to obtain a discount. In this case, the discount received could be considered the residual value. The annual depreciation cost of the asset represents the cost of the asset that is 'used' in a given year and could be assigned to each year the intervention is implemented. In this case, the annual depreciation cost for each year of implementation would be the cost ascribed to the intervention.

An alternative is assigning the share of uses that could be attributed to the intervention (McEwan, 2012; Batura, et al., 2014; J-PAL, 2016). For example, if 20% of the uses of a tablet during its life use are on the implementation of the intervention, then this share of the costs should be ascribed to the intervention. Alternative methods to account for overlapping uses and depreciation may also be used by the evaluators with all assumptions clearly specified.

Adjusting for the value of money over time and inflation

A pound today is not the same as a pound in a year's time for two reasons: the value-of-money over time and inflation. Please adjust for social time preferences and inflation in the Value for Money calculations but not the financial analysis (the financial analysis reflects the budget that is actually required)⁴.

The value-of-money over time reflects society's preference for having resources in the present: having £10 today is preferable to having the same £10 in a year's time. As interventions are implemented over multiple years with streams of costs being incurred over time, it is important to consider society's preference for having available resources in the present. To account for the

⁴ HM Treasury. (3 December 2020). *The Green Book (2020)*, p.43 Please note that the Green Book states: "In appraisal, discounting should never be applied retrospectively to costs and benefits that have already occurred. Values do not increase simply because activities took place in the past (although of course the value of some assets may tend to increase over time)." Given that the Green Book focuses on prospective CBA for options analysis, it's mainly dealing with possible interventions in the future. Given that all of our evaluations are in the past, we wish to reflect the real value of money at the time of the intervention to enable comparability across time.

value-of-money over time, evaluators should use 3.5% as the discount rate⁵. The stream of costs for any intervention should be discounted to a Base Year, which will be the year implementation of the intervention started.

Inflation refers to changes in prices for goods and services over time. It is important to account for inflation in cost estimates because while a book would cost £10 in 2010, the same book could be expected to cost £12.72 (+27.2%) in 2019. As interventions are implemented in different years, it is important to account for the overall level of prices that each one faced. To account for inflation, evaluators should use the GDP Price Deflator Index⁶ which provides a broader measure of the prices of goods and services than the basket of consumer goods used for the Consumer Price Index (Dhaliwal, et al., 2014). The Analysis Year will be the year in which the draft report is first submitted to WWCS.

To ensure all estimates of costs are comparable, evaluators should follow the next steps:

1. Gather cost data for each year of implementation of the intervention.
2. Deflate nominal cost in each year to the value in Base Year using the GDP price deflator by dividing the costs by the price index.

$$Cost_{Base\ Year} = \frac{Cost_{Year\ i}}{GDP\ Deflator_{Year\ i} / GDP\ Deflator_{Base\ Year}}$$

3. Take the present value of this cost using a 3.5% discount rate by dividing each cost.

$$Present\ Value_{Base\ Year} = \frac{Cost_{Base\ Year}}{(1+0.035)^{Year\ i - Base\ Year}}$$

⁵ HM Treasury. (3 December 2020). *The Green Book (2020)*, p.46 <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020>

⁶ The GDP price deflator can be estimated by dividing the Nominal GDP by the Real GDP and multiplying by 100. This may be obtained from the Office for National Statistics time series. Note that this dataset presents the year-on-year percentage growth in prices which needs to be transformed into the GDP deflator index for each year, to then estimate the growth in prices between any two years as expressed in the equation above. The GDP deflator index for a base year can be estimated with this time series as $100 \times (1 + (\%growth/100))$, for each subsequent year, the GDP deflator index is $Previous\ Deflator\ Index \times (1 + (\%growth/100))$. At the time of writing, the time series are available on: <https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/mnf3/qna>

4. Inflate this cost forward to the Analysis Year using the GDP price deflator by multiplying the costs by the price index.⁷⁸

$$Cost_{Analysis\ Year} = Present\ Value * \frac{GDP\ Deflator_{Analysis\ Year}}{GDP\ Deflator_{Base\ Year}}$$

Cost estimates for any two projects will not be directly comparable if the analysis year differs. An interested reader could compare any cost estimates in a common year, by inflating the costs forward to the Comparative Analysis Year.

5. Inflate cost forward to the Comparative Analysis Year using the GDP price deflator by multiplying the costs by the price index.

$$Cost_{Comparative\ Analysis\ Year} = Cost_{Analysis\ Year} * \frac{GDP\ Deflator_{Comparative\ Analysis\ Year}}{GDP\ Deflator_{Analysis\ Year}}$$

The equivalent adjustments should be made for the benefits and disbenefits. Where costs, benefits and disbenefits are realised in the same year, such adjustments won't change the ratio but the net present value will change.

Adjusting for optimism bias

Given that the evaluation is usually after the intervention is complete, we expect that the costs as implemented in the study will represent the lifetime costs of the project. If there are costs which continue beyond the period of study, please adjust for optimism bias. The amount of adjustment may be reduced as more reliable estimates of specific risks are made. Adjustments will be minimal when the estimates of future costs are grounded in costs already incurred.

What types of benefits and disbenefits should be included?

Cashable and / or monetisable

Financial analysis

⁷ The price index is constructed by dividing the value of the GDP price deflator in the year the cost is incurred by the value of the GDP price deflator in the Base Year.

⁸ The price index is constructed by dividing the value of the GDP price deflator in the Analysis Year by the value of the GDP price deflator in the Base Year.

Only cash releasing benefits and cash consuming disbenefits should be included.

Value for Money

All benefits listed under 'Social Benefits' and all disbenefits listed under 'Social Disbenefits' in the Definitions section should be included.

Line Items (both financial analysis and Value for Money)

The following benefits and disbenefits should be included:

- Primary and secondary outcomes should be included as benefits (or disbenefits if the impact is negative).
- Negative outcomes identified as unintended negative consequences in the logic model should be included as disbenefits.
- Negative outcomes identified during the implementation and process evaluation may be included as disbenefits to allow for the inclusion of unexpected negative consequences.
- The cost of the alternative outcome for participants experiencing a benefit should be included as a disbenefit. For example, the impact evaluation may identify reduced entry to care as a benefit of the intervention. The children who are not entering care as a result of the intervention are likely still interacting with children's services, for example, they may be subject to a child protection plan and be receiving support from services beyond children's social care. Counting the cost reduction of having fewer children in care as a benefit without accounting for the cost of supporting them on a child protection plan would overestimate the benefit.

From the list above, for evaluations where evaluators are estimating a causal impact only benefits and disbenefit which are statistically significant at the level specified in the trial protocol of the impact evaluation should be included. For evaluations where evaluators are not estimating a causal impact, only benefits and disbenefits which meet the threshold required for a scale-up specified in the trial protocol should be included.

Note that estimating the disbenefits may require additional analysis to that specified as part of the impact evaluation.

How should benefits and disbenefits be valued?

This section is only relevant for full RCTs. The benefits and disbenefits do not need to be monetised for pilots.

The causal estimate identified in the impact evaluation (or additional analysis) should be used as the starting point for the calculation of the monetised benefits and disbenefits. The exact translation of the causal estimate to the monetised benefit per unit of analysis per year and total benefit will depend on the research design and the analysis but we outline a common example.

Let's say a intervention with a binary outcome variable, y_i e.g. entry to care, and a binary treatment, x_i , is analysed using the following regression:

$$y_i = \beta_0 + \beta_1 x_i + \varepsilon_i$$

The impact of the intervention is a $100 \times \beta_1$ percentage point change in the probability that y_i occurs. The benefit per unit of analysis per year is $100 \times \beta_1 \times$ the cost avoided per individual. Evaluators may find the Greater Manchester Combined Authority unit cost database useful for estimating the cost avoided per individual⁹.

The analysis is at an individual level but in expectation, we'd anticipate a $100 \times \beta_1$ percentage point change in the rate of the outcome of all units of analysis in the treatment group. The total benefit derived from this outcome for children's services is thus $100 \times \beta_1 \times$ the cost avoided per individual * number in the treatment group.

Sensitivity analysis

The aim of sensitivity analysis is to gauge how robust the cost evaluation is to heterogeneity and the assumptions made to inform decision-making.

- **Heterogeneity:** how costs and resources will vary between children's services facing different restrictions and conditions.
- **Parameter uncertainty:** the value of some resources may be unknown, for instance because they do not have a clear market price. In such cases, Evaluators may need to make assumptions and judgments of the value of these resources. There is also uncertainty around parameters estimated in the impact evaluation. Evaluators should

⁹ Greater Manchester Combined Authority. (April 2019). Unit Cost Database
<https://www.greatermanchester-ca.gov.uk/what-we-do/research/research-cost-benefit-analysis/>

use the lower and upper confidence intervals of parameter estimates to present ranges of net present value and benefit cost ratios.

In the case of heterogeneity, evaluators may identify different 'costing models' which could be considered separately. For instance, a sizable group of resource-constrained children's services might decide to accommodate cover within existing teams instead of hiring agency staff and to avoid buying new materials while the group of more affluent children's services could hire external agency staff and invest in additional materials. Two separate analyses could be presented for those cases discussing how the overall costs vary depending on these 'costing models'.

Alternatively, evaluators could consider heterogeneity by using extreme values for ingredients to create best/worst case scenarios. Another alternative is to identify the switching value of key inputs - the value a key input variable would need to take for the intervention to switch from the sign of the net present value.

Parameter uncertainty could be explored in a similar fashion considering other plausible values for relevant ingredients as separate analyses and discussing how overall costs vary depending on the assumptions made.

Choosing which sources of variability should be tested could be guided by criteria such as how relevant an ingredient is in the overall costs, how large is its variance, and how uncertain is its value.

How should costs, benefits and disbenefits be compared?

This section is only relevant for evaluations with causal impact evaluations.

Given that WWCS's mandate is restricted by the cohort (to children with a social worker) rather than outcome, WWCS-funded interventions seek to impact quite a wide range of outcomes and there is no common outcome that we can use to compare the cost effectiveness of different interventions. For this reason, cost effectiveness analysis is less useful for our purposes as comparing cost effectiveness across interventions requires a common metric.

Equally, as noted above, there are challenges in monetising the outcomes of interventions we fund also. We recognise that cost benefit analysis is also likely to be limited. For this reason, we request that evaluators conduct a cost benefit analysis using the monetised costs, benefits and

disbenefits outlined in this guidance as well as present separately a list of non-monetised costs, benefits and disbenefits. Please report the net present value and a benefit cost ratio.

Costs, benefits and disbenefits should also be reported separately in the way outlined in “How should costs be reported?”.

Summary of reporting requirements

	Financial analysis	Value for Money analysis
Pilot	<p>Cost estimate (broken down by prerequisites, startup costs and recurring costs) to include:</p> <ul style="list-style-type: none"> • Cash costs to children’s services <p>Costs to be presented separately (broken down by prerequisites, startup costs and recurring costs):</p> <ul style="list-style-type: none"> • Costs to children’s services (monetisable, quantifiable but unmonetisable; qualitative unquantifiable) • <p>No estimate of benefits.</p> <p>Report total costs and costs per unit of analysis per year.</p>	<p>Cost estimate (broken down by prerequisites, startup costs and recurring costs) to include:</p> <ul style="list-style-type: none"> • Monetisable including cash costs to children’s services • Monetisable including cash costs to other public services • Monetisable including cash costs to wider England’s society <p>Present costs separately (broken down by prerequisites, startup costs and recurring costs):</p> <ul style="list-style-type: none"> • Costs to children’s services (quantifiable but unmonetisable; qualitative unquantifiable) • Costs to other public services (quantifiable but unmonetisable; qualitative unquantifiable)



		<ul style="list-style-type: none">• Costs to wider England's society (quantifiable but unmonetisable; qualitative unquantifiable) <p>No estimate of benefits.</p> <p>Report total costs and costs per unit of analysis per year.</p>
Full RCT	<p>Cost estimate (broken down by prerequisites, startup costs and recurring costs) to include:</p> <ul style="list-style-type: none">• Cash costs to children's services <p>Costs to be presented separately (broken down by prerequisites, startup costs and recurring costs):</p> <ul style="list-style-type: none">• Costs to children's services (monetisable, quantifiable but unmonetisable; qualitative unquantifiable)• <p>Benefits estimate to include:</p> <ul style="list-style-type: none">• Cash releasing benefits to children's services• Cash consuming	<p>Cost estimate (broken down by prerequisites, startup costs and recurring costs) to include:</p> <ul style="list-style-type: none">• Monetisable including cash cCosts to children's services• Monetisable including cash cCosts to other public services• Monetisable including cash cCosts to wider England's society <p>Costs to be presented separately (broken down by prerequisites, startup costs and recurring costs):</p> <ul style="list-style-type: none">• Costs to children's services (quantifiable but unmonetisable; qualitative unquantifiable)• Costs to other public services (quantifiable but unmonetisable; qualitative unquantifiable)•• Costs to wider



	<p>disbenefits to children's services</p> <p>Benefits to be presented separately:</p> <ul style="list-style-type: none">• Benefits to children's services (monetisable but non-cash releasing, quantifiable but not monetisable benefits and qualitative unquantifiable benefits)• Disbenefits to children's services (monetisable but non-cash releasing, quantifiable but not monetisable benefits and qualitative unquantifiable benefits)• <p>Report total costs and costs per unit per year, total benefits and benefits per unit per year, total disbenefits and disbenefits per unit per year, benefit / cost ratio, net</p>	<p>England's society (quantifiable but unmonetisable; qualitative unquantifiable)</p> <p>Benefits estimate to include:</p> <ul style="list-style-type: none">• Cash releasing and monetisable benefits to children's services• Cash consuming and monetisable disbenefits to children's services• Cash releasing and monetisable to other public services• Cash releasing and monetisable to wider England's society• Cash consuming and monetisable disbenefits to other public services• Cash consuming and monetisable disbenefits to wider England's society <p>Benefits to be presented separately:</p> <ul style="list-style-type: none">• Benefits to children's services (quantifiable but not monetisable benefits and qualitative unquantifiable benefits)• Disbenefits to children's services (quantifiable but not monetisable benefits)
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	present value.	<p>and qualitative unquantifiable benefits)</p> <ul style="list-style-type: none">• Benefits to other public services (quantifiable but not monetisable benefits and qualitative unquantifiable benefits)• Disbenefits to other public services (quantifiable but not monetisable benefits and qualitative unquantifiable benefits)• Benefits to wider England's society (quantifiable but not monetisable benefits and qualitative unquantifiable benefits)• Disbenefits to wider England's society (quantifiable but not monetisable benefits and qualitative unquantifiable benefits) <p>Report total costs and costs per unit per year, total benefits and benefits per unit per year, total disbenefits and disbenefits per unit per year, benefit / cost ratio, net present value.</p>
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