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## North Ayrshire Fab Pad Project Impact Arts

## Social Return on Investment Report

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Series Report No. 4

November 2007



## Executive Summary

This is a Social Return on Investment report on the Fab Pad programme run in North Ayrshire by Impact Arts.

Impact Arts is a national community arts organisation. It has pioneered "the Fab Pad concept", which Impact Arts is now delivering across Scotland. The main aim of Impact Arts is to use the arts as a catalyst for positive lasting change in people's lives.

The Fab Pad concept was developed to work with vulnerable people at a vital stage in their progression out of a chaotic lifestyle - when they took on a tenancy. Fab Pad offers arts, design and practical skills training to people, to help them turn their house into a home. It then supports them to take up other opportunities in education, training and employment.

The analysis within this report is based upon the Social Return on Investment (SROI) model which attributes values to identifiable impacts, in order to calculate the value returned relative to the cost of service provision.

The period over which Social Return on Investment was measured was April 2006 to March 2007, and the methodology used followed the global framework for SROI as adapted for use in the UK.

### Stakeholders

This report presents an analysis of the social added value delivered through the funding investment made in North Ayrshire Fab Pad. It explores how the investment made in the establishment of the programme compares to the social value that has been created and the savings that have been experienced by stakeholders.

The stakeholders of Fab Pad range from internal ones - the participants, the staff and tutors involved in Fab Pad and the staff of Impact Arts - to external funders, landlords such as Cunninghame Housing Association, agencies that refer clients to Fab Pad for support, and to government and wider society.

The North Ayrshire Fab Pad project has been funded by Communities Scotland, North Ayrshire Council and North Ayrshire Community Planning Partnership, and has been actively supported by Cunninghame Housing Association.

### The impacts of Fab Pad

The impact map constructed for North Ayrshire Fab Pad showed that a range of impacts were being created, which included:

- Reductions in repeat homelessness
- Reduced tenancy support costs
- Improved health and well-being of participants and greater family stability
- Reduced agency support
- Increased training and employment opportunities
- Movement into the local labour market.

16 financial indicators were used in the study to measure these impacts:

1	Homelessness avoided
2	Social inclusions gains by participants
3	Value of volunteering to society
4	Health improvement of participants
5	Reduced dependence on drugs agencies
6	Welfare benefits savings to state
7	New tax income to the state
8	Increased income of employees
9	Increased employability
10	Value of taster session
11	Reduced support input from other agencies
12	Increased personal income and reduced risk from debt management
13	Reduced support needs of children
14	Future earned income from qualifications
15	Avoided criminal justice costs
16	Building entrepreneurial capacity

The study was unable to explore some aspects of value creation, such as the impact on Fab Pad participants' families, referral agents and those who attended sporadically, and did not include the impact on tutors. Thus, although the SROI analysis presented below has explored many impacts in detail, and has been able to derive a considerable amount of information about the impact on participants, it is still the case that this study will have under-represented the social value arising from Fab Pad.

## Results

The analysis estimates social added value arising from Fab Pad in 2006/07 was £711,788.

**Overall, the results suggest that for every £1 that has been invested in the North Ayrshire Fab Pad project, a social return on investment of £8.38 has been realised.**

The added value per participant was £19,238.

An analysis was also undertaken of the value created by the total investment in Fab Pad since 2004, and this demonstrates a social return over the three year period of 1 : 6.16.

This is a considerable achievement, given the nature of the client group Fab Pad works with, and the difficult economic and social circumstances of the area in which they live.

The analysis demonstrates notional savings to central government, social landlords, public sector bodies, individuals and wider society.

It proved possible to compare the social returns accrued by the three main investors in the project, which demonstrates individual returns of:

Communities Scotland	3.78
North Ayrshire Council	3.20
North Ayrshire Community Planning Partnership	2.58

## Recommendations

Recommendations for further work by Impact Arts would be:

- There is a strong business case for landlords to involve Fab Pad in supporting their tenants at the start of their tenancy, as it can now be demonstrated there would be benefits to landlords arising from reduced tenancy turnover and anti-social behaviour, and an increased ability of tenants to meet rental obligations. Impact Arts could now progress from grant funding for Fab Pad to a contracting / service level agreement with landlords, supported by a strong business case, where they pay for the service on an "invest to save" basis at the beginning in order to achieve the kinds of savings outlined here for Cunninghame Housing Association and other landlords.
- Include a longer-term follow up of participants, to establish the longer-term outcomes of participants, and determine a more accurate figure for the drop off in the value created.
- More mapping of the role other support agencies play in creating participant outcomes.
- Use the experience with this study to include ongoing in-depth interviews with participants and improve the questionnaire used in the light of feedback from this study.

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## Introduction

### Purpose

This report is part of a series produced by way of a joint project between the EU EQUAL programme and Communities Scotland's Social Economy Unit<sup>1</sup> to research, develop and test new approaches which could have the potential to strengthen the social economy sector. The SROI pilot has been managed by Forth Sector.

The purpose of the pilot was to ascertain the extent to which the Social Return on Investment (SROI) model could be used within Scotland to measure and communicate impact and value creation within the social economy sector.

### Approach

Social Return on Investment is a process and a method for understanding, measuring and reporting on the value that is created by an organisation. It examines the social, economic and environmental impacts arising from the organisation's work, and estimates a value for these in the same language, and using the same accounting and investment appraisal methods, as are used to determine financial value.

SROI analysis assigns a monetary value to the social and environmental benefit that has been created by an organisation by identifying indicators of value which can be financialised. Comparing this value to the investment required to achieve that impact produces an SROI ratio. It takes standard financial measures of economic return a step further by capturing social as well as financial value.

SROI was developed in the USA, but has been extended and adapted for a European and UK context.<sup>2</sup> By developing an understanding of the organisation, how it meets its objectives, and how it works with its stakeholders, an organisation can create its own impact map, or impact value chain, which links inputs and outputs through to outcomes and impacts.

The SROI analysis has been a collaborative effort between the researcher in the Equal pilot project and staff working within Impact Arts and Cunninghame Housing Association, as well as participants in the Fab Pad project.

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<sup>1</sup> The Unit is now part of the Scottish Government's Directorate General for Economy

<sup>2</sup> The researcher is a founder member of the European SROI Network, established in 2003.



## Background

Impact Arts was founded in 1994 by an individual with a community education background, and a strong interest in the visual arts, music and drama. The company combines three main aspects:

- responding to community groups and developing good projects that they want to be involved in
- creating support and work opportunities for freelance artists committed to working in a community setting
- offering value for money and quality for investors in community arts.

The vision of Impact Arts is that the arts will be a catalyst for positive, long lasting, change in people's lives. Impact Arts uses arts, music, drama, dance and technology to bring out individual creativity and potential. It uses the arts as a tool for change.

Their projects stand alone as arts activities, but always have the added benefit of addressing a wider community regeneration agenda. The core aims of the organisation are:

- to develop and deliver excellent arts projects tailored to clients' needs
- to contribute to the social and economic regeneration of the areas in which they work
- to create quality employment opportunities for artists across all art forms
- to combine social responsibility with sound and ethical business practice.

Impact Arts is a social enterprise, structured as a charity with a commercial trading subsidiary. The organisation has no core grant funding, but has both commissions from clients and grant funding to run its projects and their activities.

Examples of commissions and projects include running a summer art camp, a drama programme in school based on children's rights, therapeutic arts programmes for young people recovering from substance misuse and a new project 'Home', which recycles and creatively restores old furniture with people looking to get back into the labour market.

The company has bases in Glasgow and Edinburgh, and runs approx 150 projects across Scotland each year, 10 of which are Fab Pad programmes.



## Fab Pad

'What makes Fab Pad so great is that it gets people to take responsibility for their own lives. It opens them up to education and work so that they no longer see themselves as failures.'<sup>3</sup>

Fab Pad was conceived in 1998, as a way of helping vulnerable people with chaotic lifestyles settle into a new tenancy, and making sure that the risk of tenancy breakdown is reduced.

Fab Pad involves a workshop programme which is developed between participants, an interior designer and Impact Arts tutors. The aim is to provide a mixture of design input, creative ideas and practical skills training that will help the participant develop ideas for turning their house into a home, create a plan for decorating and remaking their flat and support them to do it themselves. The activities will therefore vary according to the ideas, needs and interests of the participant, but include:

- Developing a plan for a room (s)
- Use of colour
- Paint effects
- Basic wall preparation
- Basic papering, painting and tiling
- Creating soft furnishings
- Mosaic and ceramic painting
- Creating accessories
- Furniture renovation and transformation.

Participants are given up to £100 to spend on materials for their home projects.

The workshops are very individually tailored. Tutors work in a non-judgemental way which allows the young person time and space to adjust to commitments and accept the responsibilities of managing a new house, and often a new way of life. Through building up relationships in the project, tutors will help participants talk about issues, help build up new social networks, as well as giving practical advice about a range of other issues, such as training and work opportunities.

When asked to articulate the theory of change behind Fab Pad, Impact Arts would say that it does this because the activity and the end product is highly personal, and creates something real that people live with every day. They are developing new skills, and then applying them to their own home, and

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<sup>3</sup> Mike McCarron, Glasgow Drugs Action Team, Evening Times 17/3/04

these skills are therefore long-lasting. It encourages people who have had chaotic lives to make decisions and take control. They have a physical activity to do and a social network to engage with, which gives them different experiences from their previous ones of homelessness or drug dependency. They focus on the product, and not on their problems, and use a different part of their brain when engaged in arts-based activity, which helps people develop new skills and experience the world in different ways.

### Delivery in North Ayrshire

Fab Pad runs two workshops in North Ayrshire: one in Irvine and one in Saltcoats.

The programme runs on two days per week. One day is for home visits or shopping trips, which are one-to-one activities with the interior designer, a joiner or a tutor and a participant. On this day, there will also be taster workshops run with referral agents or prospective clients, or informal meetings with referral agents and young people.

On the other day, Fab Pad is open as a drop in centre in the morning and the afternoon, during which time staff are on hand. Participants can drop in at any time to work on their project on their own, or they can book time in advance with a designer or tutor, to get help with their projects. They can use a computer there for researching ideas, or doing their CV's or searching for opportunities. Staff will also help with access to information on a wide range of local information and services, but will also support people who have personal difficulties.

During recent home visits, clients have been given support to shampoo sofas, rugs, strip walls, hang wallpaper, emulsion walls, fit curtains/poles, hang curtains and paint doors, renovate bedroom furniture, tile a bathroom, and hang shelving and pieces of artwork on the walls. Regular visits are made to Kilmarnock furniture project to source furniture, and prices are discounted for Fab Pad clients.

North Ayrshire covers three divisions: the Irvine division, which comprises Irvine and Kilwinning; the Three Towns division, which encompasses the towns of Saltcoats, Stevenston and Ardrosson; and the Garnock Valley division, which includes Largs, Kilbirnie and Beith. The Fab Pad project mainly served the first two divisions, but towards the end of 2006, began to get referrals from the Garnock Valley area.

Childcare is available to support Fab Pad participants, through the Working for Families programme.

Fab Pad staff network well with statutory and voluntary sector agencies to gain referrals of young people who would benefit from the project. Most of their referrals are from agencies dealing with issues of homelessness and the problems associated with it, such as addictions, abuse, mental health, criminal justice and social isolation.

The programme is flexible and lasts on average a year for each participant. It is organised around a series of stages:

- Referral meeting with the young person and their key worker from the referring agency
- Taster sessions
- Home visit by the Fab Pad team and the key worker
- Development of an action plan
- Start workshop programme
- Allocation of a shopping budget
- Development of a personal action plan on employment and training issues
- Progression onto other opportunities.

### Referrals

Referrals are often made while the person is in hostel or temporary accommodation. They can engage in a taster session, and then move into the Fab Pad project as a participant once they have their own tenancy. Taster sessions can therefore often be lengthy in themselves - 6-8 weeks on average - and they have a role in creating value in itself.

Most of the referrals are from North Ayrshire Council's tenancy support and the homeless unit, from individual support workers in local agencies and from local Housing Associations. Around 40 agencies across North Ayrshire have made referrals to the project during the year under study.

### Partners

'Partnership working is the key to success of Fab Pad.'<sup>4</sup>

The project in North Ayrshire is a partnership with Cunninghame Housing Association (CHA).

CHA decided they wanted to develop a partnership with Impact Arts to deliver the Fab Pad programme as part of their Wider Role activities, and to this end applied to Communities Scotland and North Ayrshire Council to secure funds.

Cunninghame Housing Association has a Community Regeneration Unit, whose key priorities are:

- Creating local labour market opportunities for excluded individuals and communities
- Developing community infrastructure to address barriers

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<sup>4</sup> Anne Marie Wilson, Fab Pad Coordinator

- Develop the enterprise and employment creation potential of the local economy
- Increase capacity in communities to engage in regeneration and neighbourhood management activity.

The Fab Pad project was therefore a way of helping CHA to meet all of the above objectives, which was targeted on one of the most vulnerable groups of people, including CHA's own tenants.

North Ayrshire Council is also a funding partner in the project, through granting funds from their Homeless Strategy. In 2006, North Ayrshire Community Planning Partnership became a funding partner for the programme.

In addition, the project has set up local initiatives as a result of the Fab Pad project and its networking. An example of this was the makeover of the Fergushill Centre, a resource centre in Kilwinning for adults with severe learning disabilities and mental health issues. In partnership with the Volunteer Centre in North Ayrshire, 'Fab Padders' helped design and implement a makeover of the Centre. This involved splitting a large room in two, painting the walls, making storage cupboards, making window blinds and putting in aids to help the Centre users, e.g. visual stimuli.

This allowed the Fab Padders involved to gain the Millenium Volunteer Award while engaged in this activity, which was completed in January 2007.

Due to the success of this project, the Volunteer Centre in North Ayrshire has secured £64,608 from the young people's lottery to replicate the community centre makeover project with Fab Pad volunteers over the next 4 years. The second makeover project started in September 2007, with 9 current and past Fab Padders volunteering to make over the Fullerton Centre in Irvine.

### Funding and timescales

The original funding proposal was for three years, from 2004/05 to 2006/07. As noted above, the project has been extended with new funding offers.

The SROI analysis looked in detail at the added value created during the period April 2006 to March 2007. It also looked at investment and added value over the whole period from April 2004 to March 2007, based on the values found in the one year analysis. These values were adjusted for the slow lift off for the project initially, which is typical of all the Fab Pad programmes.

### Outputs

The tangible outputs expected of the Fab Pad project during the three year project were:

- 90 participants involved in the programme
- 72 (80%) sustaining a tenancy for 6 months or more
- 54 (60%) achieving a positive education, training or employment outcome, of which:
  - 23 (25%) into jobs
  - 23 (25%) into FE/vocational training
  - 8 (9%) taking up volunteering or personal and social development opportunities.<sup>5</sup>

### Outcomes

The project was also expected to create an impact on the following areas of people's lives:

- Stability in home life
- Renewed family contact
- Improved self-esteem
- Increased sense of home ownership
- Making new social contacts
- Creating a sense of completion and achievement
- Budgeting skills
- Improved concentration
- Keeping appointments and maintaining contacts.

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<sup>5</sup> From the original Wider Role funding application submitted by CHA to Communities Scotland



## Policy Context

The main policy areas that the Fab Pad project addresses are:

- Homelessness
- Employability and worklessness, particularly amongst the NEET group in disadvantaged areas<sup>6</sup>
- Health and well-being
- Drug misuse
- Early years support for vulnerable children
- Financial exclusion.

### Homelessness

The Scottish Executive Homelessness Task Force's definition of homelessness includes people who are covered by the legislation:

- Without any accommodation in which they can live with their families.
- Who cannot gain access to their accommodation or would risk domestic violence by living there.
- Whose accommodation is "unreasonable", or is overcrowded and a danger to health

and those in the following situations, even though they who are not covered by the legislation:

- Roofless: those persons without shelter of any kind. This includes people who are sleeping rough, victims of fire and flood, and newly-arrived immigrants.

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<sup>6</sup> Not in Education, Employment or Training, now called 'young people who need more chances and choices'

- Houseless: those persons living in emergency and temporary accommodation provided for homeless people. Examples of such accommodation are night shelters, hostels and refuges.
- Households residing in accommodation, such as Bed & Breakfast premises, which is unsuitable as long-stay accommodation because they have no where else to stay.
- Those persons staying in institutions only because they have nowhere else to stay.
- Insecure accommodation: those persons in accommodation that is insecure in reality rather than simply, or necessarily, held on an impermanent tenure. This group includes:
  - Tenants or owner-occupiers likely to be evicted (whether lawfully or unlawfully).
  - Persons with no legal rights or permission to remain in accommodation, such as squatters or young people asked to leave the family home.
  - Persons with only a short-term permission to stay, such as those moving around friends' and relatives' houses with no stable base.
  - those persons who are involuntarily sharing accommodation with another household on a long-term basis in housing circumstances deemed to be unreasonable.

In the Fab Pad participant group, there are examples of all these situations of homelessness. Priority need is determined by a number of household criteria, including presence of children or vulnerable people, pregnancy, the householder is at risk, or there is the risk of abuse or drug misuse. The majority of Fab Padders come into one or more of these categories.

The Scottish Executive brought in new legislation in 2001 to require Local Authorities to provide a minimum of accommodation, advice and assistance to all applicants assessed as homeless. Since 2002, Local Authorities have been required to provide temporary accommodation to non-priority applicants who in the past would only have received advice and assistance. The Homelessness Scotland Act 2003 aims to ensure that by 2012 everyone assessed as being unintentionally homeless is guaranteed permanent accommodation. Under the legislation, the duties of Local Authorities also apply to Registered Social Landlords.

The aim of policy and legislation is that:

- No one need sleep rough
- Existing homelessness becomes more visible
- Sustainable resettlement is secured for people who have become homeless
- Fewer people become homeless in the first place
- The duration of homelessness is reduced.

Thus improving the stability of tenure of people who have been homeless is a key intervention in reducing homelessness.

In 2005/06, Local Authorities in Scotland received almost 60,000 applications for assistance under the Homeless Person's legislation, of these 40,000 were assessed as homeless and 30,000 were deemed to be in priority need.<sup>7</sup> North Ayrshire Council received 1,601 applications, which was down 7% on the year before, but over the period from 1996, applications had risen by 70%.<sup>8</sup>

In 2005/06, almost 70% of applications were from single people, and 18% were from households with children. 49% were from people aged 25 or younger.

The North Ayrshire Homeless Strategy highlights the 'structural' causes of homelessness, such as adverse housing and labour market trends, rising levels of poverty, cuts in social security entitlements and family re-structuring and 'individual' factors such as unemployment, sexual or physical abuse, family disputes and breakdown, a background of local authority care, experience of prison or the armed forces, drug or alcohol misuse, school exclusion and poor mental or physical health.<sup>9</sup>

There has been a shift in emphasis away from explaining homelessness as a 'housing problem', to more complex analyses of the wider aspects i.e. economic, social and individual factors (e.g. drug dependency, alcohol abuse, poor health etc). The findings from the North Ayrshire consultation on the Homeless Strategy could identify these as causes of homelessness in the area. The strategy went on to note that:

*'The individual risk factors and triggers associated with homelessness such as poorer physical and mental health, alcohol misuse, dependency of drugs etc are well understood and provide a strong information base for preventative work. However, what is not recognised is the impact of social and economic factors and the break down of social capital in causing homelessness. The level of unemployment across North Ayrshire affirms the correlation between socio-economic factors and homelessness.'*

The action plan in the North Ayrshire Strategy noted targets to reduce youth homelessness by 20%, reduce repeat homelessness by 20%, increase access to training and employment by 10% and reduce the number of failed tenancies within the first 6 months by 30%. These are all targets that Fab Pad is designed to meet.

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<sup>7</sup> 'Operation of the Homeless Person's legislation in Scotland', 2006, Statistical Bulletin Housing Series HSG/2006/6, Scottish Executive

<sup>8</sup> North Ayrshire Council Homeless Strategy 2003-2006

<sup>9</sup> S Fitzpatrick and S Klinker (2000). A Review of Single Homelessness Research in Britain in the 1990s.

## Employability and worklessness

North Ayrshire is an area with significant economic challenges. Since 1998, there has been a 4% drop in the numbers of people employed in the nine key sectors compared to a 10.6% increase in Scotland as a whole.<sup>10</sup>

Economic activity rates are therefore below the Scottish average. In 2004, the proportion of working age people in employment in North Ayrshire was 73.6%, compared to the Scottish average of 79.4%.<sup>11</sup>

Unemployment in the 6 areas designated as in the worst 15% of datazones, shows that there were 1293 unemployed claimants, which represented 8.7% of the working age population.<sup>12</sup> This compares to a Scottish rate of 2.6%. The claimant rate for North Ayrshire as a whole was 4.2%. In August 2007, North Ayrshire had the second highest residence based claimant count of any Local Authority area in Scotland.<sup>13</sup>

Average earnings in North Ayrshire are also below the average for Scotland - in 2006 earnings were some 3% below the average.<sup>14</sup>

18% of North Ayrshire's population live in areas identified as the 15% most deprived areas in Scotland, with almost a quarter living in the 20% most deprived areas.<sup>15</sup> These statistics examine the areas on 7 domains and 37 indicators, including health, income, employment, education and crime.

North Ayrshire as a whole, and specific communities in Irvine, Kilwinning, Dreghorn and Springside, reflect or exceed the Scottish average on a number of indicators including children in workless households, the number of lone parent households, and adults unable to work due to illness/disability.<sup>16</sup>

North Ayrshire is recognised by the Scottish Government as a 'NEET' hotspot, or now known as a 'More choices, More chances' hotspot. The proportion of young people between 16 and 19 who are not in education, employment or training in Scotland is the highest in Europe, at an estimated 36,000 young people, or 13.5% of all young people. This has not changed significantly in the last 10 years.<sup>17</sup>

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<sup>10</sup> Employment Trends 1998 - 2005, North Ayrshire Council [www.north-ayrshire.gov.uk](http://www.north-ayrshire.gov.uk)

<sup>11</sup> Key Trends for Scotland 2006,

<http://www.scottishexecutive.gov.uk/Publications/2006/06/20135022/4>

<sup>12</sup> Figures from April 2007, extract of ONS Claimant Council figures by North Ayrshire Council

<sup>13</sup> Figures from August 2007, extract of ONS Claimant Council figures by North Ayrshire Council

<sup>14</sup> Annual Survey of Hours and Earnings, NOMIS, reported by North Ayrshire Council

<sup>15</sup> Scottish Index of Multiple Deprivation, 2006, at

<http://www.scotland.gov.uk/Topics/Statistics/SIMD/Overview>

<sup>16</sup> 'North Ayrshire - a Community Health and Well-being Profile', 2004, Health Scotland

<sup>17</sup> 'More choices, More chances', 2007, Scottish Executive

Issues identified are youth offending, low educational attainment, physical and mental health problems and drug or alcohol misuse.

North Ayrshire was identified as a hotspot through analysis that examined numbers of NEET young people, school leavers' destinations, benefit claimant rates and school exclusion and attendance rates.

The strategy is being developed alongside the Workforce Plus strategy for adults, although North Ayrshire is not one of the 7 Workforce Plus target areas.

Thus achieving the aims and objectives of Fab Pad in North Ayrshire and delivering education, employment and training outcomes is set against a difficult economic and social context.

The Department for Work and Pensions (DWP) recently commissioned a report looking at the Welfare to Work system with a view to reducing the number of people most socially disadvantaged within the UK. This recognises the limitations of mainstream services in supporting those most disadvantaged within the labour market and stresses the value of user-centred local services. Such findings suggest that the approach adopted by Fab Pad is likely to be more successful than mainstream employment services in supporting people who face complex multiple problems which can compound the difficulties of getting into employment.<sup>18</sup>

### Health and well-being

Fab Pad attracts people who need support, and one of the main areas of difficulty experienced by participants and identified by Impact Arts is that many people have mental health issues. Some of these have been recognised by the mental health system, while others have not.

Mental illness is defined as 'clinically recognisable patterns of psychological symptoms or behaviour causing short-term or long-term ill health, personal distress or distress to others'.<sup>19</sup> Addressing poor mental health is one of Scotland's top clinical priorities at present.<sup>20</sup>

Recognising and diagnosing a mental health problem can be difficult, as poor mental health is characterised by a sizable and varied set of symptoms. These can include fatigue, sleep problems, forgetfulness, poor concentration, irritability, worry, panic, hopelessness, obsession and compulsions, which may prevent normal daily activities being carried out

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<sup>18</sup> Freud D; "Reducing dependency, increasing opportunity: options for the future of welfare to work" (2007)

<sup>19</sup> Samaritans The Mental Health Foundation 'Mental Illness The Fundamental Facts', Mental Health Foundation, London (1993)

<sup>20</sup> Chief Scientist Office; Scottish Executive; 'Research Strategy for Health and Healthcare (2003)

and cause distress to the individual.<sup>21</sup> Psychological distress can therefore appear and be presented as physical complaints.

Interventions to improve mental health have a role to play in preventing mental health problems but they also have a much wider range of health, social and economic benefits.<sup>22</sup>

Studies suggest that the relationship between unemployment and psychiatric disorder is causal.<sup>23</sup> There is evidence to support the claim that working is beneficial for people, both in a physical sense and in terms of mental well-being, and conversely that worklessness is associated with poorer physical and mental health.<sup>24</sup> Education and voluntary work are other means by which people might engage in activity to benefit their health. The Scottish Executive acknowledges that engaging in meaningful activities is fundamental to good mental health and well-being.<sup>25</sup>

Yet many people with mental health problems can find it difficult to sustain employment and just as difficult to gain new employment following a period of worklessness and poor health.<sup>26</sup>

This negatively reinforcing cycle of unemployment and economic inactivity not only has implications for the mental health and well-being of the individual but also has wider implications for society and the economy, e.g. the long-term impact of enduring poverty in workless households can last for generations.<sup>27</sup>

Physical health and 'lifestyle' issues are also a feature of the participants at Fab Pad. North Ayrshire has higher than the Scottish average statistics for:

- Admissions for alcohol-related problems
- Low rates of breast feeding
- Rates of teenage pregnancies
- Smoking
- Drug related deaths
- Prescriptions for anti-depressants.

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<sup>21</sup> Samaritans Singleton, N, Bumpstead, R, et al; 'Psychiatric morbidity among adults living in private households, 2000', The Stationery Office, London (2001)

<sup>22</sup> Department of Health 2001; Scottish Executive Health Department (2002)

<sup>23</sup> Warr P. Work, unemployment and mental health. Oxford: Clarendon (1987)

<sup>24</sup> G Waddell, AK Burton; The Stationery Office; 'Is work good for your health and well being?'

<sup>25</sup> Scottish Executive; "National Programme for Improving Mental Health and Well-Being: Action Plan 2003-2006" (2003)

<sup>26</sup> As above.

<sup>27</sup> ODPM; 'Breaking the Cycle: taking stock of progress and priorities for the future', Social Exclusion Unit (2004)

## Drug misuse

Policy in Scotland to tackle problem drug abuse has focused on a number of fronts, but is increasingly recognising the complexity of the issues involved.

There are strong links between poverty, inequalities and deprivation, but the picture is more complex, involving family breakdown, lack of community resources and mental health issues. Not all marginalised people will develop a drug problem, but those at the margins of society including homeless people and those in care, are most at risk.<sup>28</sup>

There is an acknowledged lack of community services which help people reduce their drug dependency and become involved in more constructive activity. In North Ayrshire, Fab Pad works closely with two centres which provide community support and rehabilitation for people with drug or alcohol dependencies.

## Early years support for vulnerable children

As we will see, many of the participants at Fab Pad have children, and many are lone parents.

There is a body of evidence that links investment in childcare, and early years support for families, with better outcomes in later life, particularly in learning and education.<sup>29</sup> Integrated services, which combine initiatives to address issues in education, care, family support and health, produce the best outcomes.

Providing services in early years can help tackle inequalities in health, education and social and economic circumstances. The current policy states that it is important to identify children who need help early on.<sup>30</sup> The longer family problems persist, the greater the potential for damage to a child's development. Evidence suggests that problems in early life do not go away without some remedial help. The earlier that problems become apparent, the greater the risk that those problems, if left alone, will become entrenched and bring about long-term damage and disadvantage.

In Scotland, the Working for Families initiative funded by the Scottish Executive is now addressing these issues with the most vulnerable families. In North Ayrshire, Fab Pad works closely with the local staff delivering Working for Families, through a WfF link advisor based at Cunninghame Housing Association. Working for Families helps with advice and support, personal development planning and access to childcare. The aim is to

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<sup>28</sup> Shaw A, Egan J & Gillespie M, 2007, Drugs and poverty: a literature review, Scottish Drugs Forum at <http://www.sdf.org.uk/sdf/files/Drugs%20and%20Poverty%20Literature%20Review%202006.03.07.pdf>

<sup>29</sup> EPPE Technical Paper 12: The Final Report, 2004, DfES

<sup>30</sup> Integrated Strategy for the Early Years, 2003, Scottish Executive consultation

improve employability, help parents move towards the labour market and reduce child poverty by increasing household incomes through work.

### Financial exclusion

Promoting financial inclusion by widening access to financial services is increasingly recognised as providing a route out of poverty. For people who are homeless, or at risk of homelessness, financial problems are a contributory factor in repeat homelessness.<sup>31</sup>

The problems of living on low incomes are exacerbated by difficulties in accessing benefits and services, by poor health, and the need to support drug and alcohol dependencies.

In response, the Scottish Executive has a financial inclusion programme, of which North Ayrshire is a beneficiary. Debt counselling, access to credit unions and assistance with budgeting are all offered.

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<sup>31</sup> Wallace A & Quilgars D, 2005, Homelessness and financial exclusion: a literature review, University of York



## The Fab Pad participants

In the three years from 2004 to March 2007, Fab Pad North Ayrshire attracted 228 referrals and 110 people went on to join the project. Impact Arts finds that for every 3 referrals made to Fab Pad programmes, 1 person goes on to engage with the programme.

73 people in the year under study (April 2006 to March 2007) were referred to the project, 68 attended taster days and 37 engaged fully in the project. Another 7 were recorded as engaging with the project sporadically during the year and attending some workshops, bringing the total number of participants to 44 on average for the year.

Referrals have built up so much since the start of the project that as of August 2007, Fab Pad had a waiting list of 29 people. Someone new will only be able to join when someone drops out. Fab Pad is considering setting up a third workshop in North Ayrshire to meet demand.

Taster sessions were run at:

- Ardeer Young Parents Group
- Fullerton Community Health House
- Womens Aid (Irvine)
- Victoria House
- Kilwinning Family support unit
- Ardrossan Short Stay Hostel.

The workshop programme covered the following activities:

<ul style="list-style-type: none"> <li>• Developing design boards</li> <li>• Use of colour</li> <li>• Painting techniques</li> <li>• Mosaics</li> <li>• Creating accessories</li> <li>• Glass painting</li> <li>• Making cushions, curtains &amp; blinds</li> <li>• Decorative Mirror.</li> <li>• Stencil cuttings and technique</li> <li>• Fabric Headboards</li> <li>• Fabric painting.</li> <li>• Painted canvases</li> </ul>	<ul style="list-style-type: none"> <li>• Christmas cards and decorations</li> <li>• Wood relief using jigsaw</li> <li>• Painted wall panels</li> <li>• Making photo frames</li> <li>• Scaling up methods</li> <li>• Furniture renovation</li> <li>• Drawing skills</li> <li>• Gilding (gold &amp; silver leaf)</li> <li>• Clocks</li> <li>• Radiator covers</li> <li>• Silhouette painting</li> <li>• Basic woodworking skills</li> </ul>
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260 hours of home visits were provided to Fab Pad clients during the year, as well as the workshop programme.

Of the people referred to Fab Pad during the study year, 47% were aged between 16 and 25 and 33% were aged between 26 and 35. 78% were women.

An in-depth survey of 22 Fab Pad participants in December 2006 gave a clear picture of their issues and experiences. This represents 60% of the participants that fully engaged with the project during the year. Participants were followed up six months later.

The sample included 20 women and 2 men. The average age was 28, with a range between 18 and 49 years old.

Between them, they were looking after 34 children. Only 2 women did not have children, but another woman had two children who were in care that she was prevented from seeing. At the time of interview, all reported that they were living alone or alone with their kids.

Participants had generally left home at the age of 16 or 17, with one having reported that she left home at 13 to stay with another family member after experiencing abuse. The length of time since leaving home was 10.5 years on average.

In that time, between them they had had 78 tenancies, an average of 3.5 tenancies each. Of these, participants reported that 14 tenancies had 'failed', for a range of reasons including family breakdown and neighbour disputes.

The most common reason for moving though was to move to a bigger house when they became pregnant and had children. 8 moves were as a result of domestic violence. One woman who was fleeing from domestic violence had moved 12 times to various locations around the UK. Another 6 moves were

as a result of neighbour disputes, one was a result of assault within the house and the rest were due to relationship breakdowns.

14 people, or 64% of the sample, had been homeless, for an average of 1.5 times each. Only one of those who had been homeless had experienced just one period of homelessness, all the others had been repeatedly homeless.

None reported that they had had to sleep rough, but a number reported 'sofa surfing', as well as being placed in temporary accommodation. In total, those who had been homeless had spent a total of 116 months in temporary accommodation, an average of over 2 months per episode.

The length of their current tenancy was 22 months on average, which may account for the fact that only 6 people had another form of tenancy support apart from Fab Pad.

Having looked into this more closely, Impact Arts have found that that is because referral agencies are clearly using Fab Pad as a preventative tool for people at risk of homelessness, (i.e. when they see conditions which indicate that a tenant has problems coping) rather than solely as a support mechanism at the start of a new tenancy. During the latter half of 2007, more people have been referred to Fab Pad who are starting a new tenancy. The use of Fab Pad as a strategy for sustaining tenancies is wholly valid and consistent with homelessness strategies, and Fab Pad in most other areas does focus more on the starting point of a tenancy.

Level of social work support was reported to be low. The main other support agency reported was a drugs support agency.

The sample contained two active heroin users and one ex-user who was on the methadone programme. Another seven reported active use of other drugs, including cocaine, crack cocaine, cannabis and alcohol.

Only 6 of the people reported no health problems. 14 (64%) reported mental health issues of depression and anxiety. 4 reported asthma as a health condition.

All participants apart from one were in receipt of welfare benefits. Their average debt was £4,436 and they had been in debt for three years on average. Only a third were up to date with their payments. A wide range of creditors were reported, but only one had resorted to an illegal money lender.

Only two of the sample had any convictions, although between them they had 13 convictions for drugs, assault, theft, Breach of the Peace and being drunk in charge of a minor. Another two participants had received cautions for drugs possession.



A collage produced during one of the North Ayrshire Fab Pad workshops illustrating how participants felt about the changes they were experiencing

#### Angela's story

"I have never been homeless but have a history of moving from tenancy to tenancy. Over a period of 12 years, I had 5 tenancies. This was mainly due to the growth of my family. I have 5 children and began dabbling in drugs 13 years ago. I began taking hard drugs on a daily basis and missed out on my children growing up".

Her growing dependency on amphetamines and heroin meant that the children were in her care most days when she was under the influence and Angela says that at the time she did not realise the danger that her children were in. Angela's mother looked after the children and she says that if it had not been for her mother, the children would have been taken into care.

"Although I was trying to come off drugs just before starting Fab Pad, with their help and support, and also support from Vernon Centre (Addictions Team) I have managed to stop completely. I would probably still be at home taking drugs and maybe my children would be in care now. I would definitely be isolated in the house and the children would be too."

"I have learned

- to be patient, especially with the children
- To work hard and able to get results
- To socialise with people
- DIY skills e.g. measuring, scaling up, wallpapering, tiling, painting. Calculating amount of paint/ paper needed in a room, basic wall preparation, how to use power tools
- Making use of and renovating materials I already have in the house
- Budgeting and learning how to save money myself so that I can spend it on the shopping trips.
- The process of design/planning and organising."

"Through Fab Pad, I am

- Learning to do things for myself
- Gaining Independence

- Socialising
- Getting emotional support
- Getting educational / employment support/advice
- Becoming disciplined"

"I am now planning to go to James Watt College to study for an HNC Exercise, Sport & Fitness. If Fab Pad had not invited JWC into the workshop to speak to us about different courses at the college, I would not have gone and asked about it myself. I have been given a place on the course, filled all my forms in and had a reply that I will get a bursary. My childcare has also been secured."

The 5 main things that I have gained from Fab Pad are:

Social Skills: "I have so many friends now as before I started I didn't have any. We all sit as a group at lunch time and this gives us the chance to have a chat."

Identity: "Before coming to Fab Pad and with the drug use, I didn't really know who I was or where I was going with my life! I have also learned that I have the potential to be creative and imaginative."

Budgeting: "I have learned how to decorate my whole house on a very low budget."

Opportunities: "AnneMarie introduced me to a lady from James Watt College and after having a conversation with her and AnneMarie I completed an application form and I will start college in September."

Emotional Support: "I get support from staff and others at the Fab Pad if I have a problem. No matter what it is, I am not judged. If I am upset AnneMarie will do all she can to help."

## Methodology

The Social Return on Investment (SROI) model provides a method for understanding, measuring and reporting on the value that is created by an organisation. It examines the social, economic and environmental impacts arising from the organisation's work, and attributes a value based upon common accounting and investment appraisal methods, in order to determine its financial value.

The SROI project has received financial support from Communities Scotland (Social Economy Unit) and EU programme EQUAL. Through the EQUAL partnership, the Scottish DP has been able to participate in the European Social Return on Investment Network (ESROIN) - a peer group of academics and consultants working to test and develop a common model for use throughout Europe. It is important to stress that the model and method used to calculate the SROI for Impact Arts' Fab Pad project is part of a pilot and is likely to undergo further development. However, the experience of the Impact Arts Fab Pad analysis and the others undertaken in the SROI pilot are likely to inform the shape of a future SROI model for UK and European contexts.

## Model

The SROI model was first developed in the USA and has been adapted for a European and UK context to take account of differences in accounting practices.

The design and delivery of an SROI analysis involves a series of set stages and standards, which have been agreed at a European level, and informed by practice in the USA:

- |                       |                                           |
|-----------------------|-------------------------------------------|
| ▪ Boundaries          | Defining the scope of the work            |
| ▪ Stakeholders        | Identifying and mapping objectives        |
| ▪ Impact mapping      | Analysis of inputs, outputs and outcomes  |
| ▪ Indicators          | Identifying the evidence base for impacts |
| ▪ Data                | Collecting required information           |
| ▪ Model and calculate | Financial modelling of social return      |
| ▪ Present             | Results                                   |
| ▪ Verification        | Peer review                               |

## Outputs

- Stakeholder analysis
- Impact map
- Research to support proxies
- Calculations and results

## Terminology

There are a number of terms used within the report which are likely to require further explanation, namely:

### Impact

Impacts are outcomes achieved through activity, less any deadweight.

### Deadweight

Deadweight is an estimation of the social benefits that would have been created anyway, without the intervention. SROI analysis provides a method for estimating how much of the benefit would have happened anyway by making use of available baseline or benchmarking data, and subtracting this from the organisation's calculated value.

### Drop off

Drop off refers to the proportion of an outcome that is not sustained. It can be calculated using benchmarking information or research evidence but also can use the drop off from the project itself. For example in a project which moves people into employment, a proportion of people drop out of the programme, or drop out of their employment soon after leaving. In an SROI analysis, a proportion of the resulting outcomes have to be deducted from the calculated value, as outcomes not sustained.

### Attribution

In some situations the organisation will be sharing the returns with other agencies, who for example have all been involved in supporting individual participants. The value added has to be shared between those agencies, and only the proportion of the returns being generated by the organisation should be included in the calculation of SROI.

### Displacement

In some cases, the positive outcomes for stakeholders generated by an activity are offset by negative outcomes for other stakeholders. For example, an employment organisation may place individuals with employers at the expense of other individuals who are seeking work.

### Proxy

A proxy refers to a substitute value which is used within SROI to financialise an impact e.g. an improvement to mental health (which might be reflected in a measurable reduction in the frequency of hospital visits for an individual per year) could employ an estimation of the unit cost for a hospital visit within the relevant area in order to derive a financial value that represents the impact upon an individual's mental health.



## Exploration of Fab Pad

### Boundaries

This is the first step in an SROI analysis. Impact Arts runs many different projects, but as it has no core funding, central management and support costs are applied to each of its projects. The Fab Pad project in North Ayrshire is therefore a self-contained unit, with all costs attributed to it.

### Stakeholder Analysis

Table 1 below contains the stakeholder analysis for Fab Pad detailing the outcomes expected by each stakeholder, for the three year period. This table is capturing information obtained during the first two stages of the SROI analysis. It is used to identify the key stakeholders associated with the project and provides the starting point for the identification of indicators upon which to model impact.

The achievement of outputs regarding sustained tenancies and reduced housing management costs have been attributed to Cunninghame Housing Association as a main Registered Social Landlord partner, but other local Housing Associations will have experienced these changes as a result of the project, as a range of RSL's housed the Fab Pad participants. CHA is therefore taken as a representative of RSL's in general. North Ayrshire Council also house Fab Pad participants, and therefore these outcomes have been specifically included for them.

### Impact Map

Table 2 below contains the impact map for Fab Pad, which illustrates the relationship between stakeholders' aims and objectives and the indicators that were chosen to represent social added value.

## Value not included

Due to pressure on time and staff resources, impact on the family members and the longer-term impact on the children of Fab Pad participants were not included, although one interview was conducted with a family member, and a summary contained in Appendix 1.

It was also not possible to systematically survey referrals agents and assess staff time savings as a result of being able to signpost clients to Fab Pad. Two interviews however were conducted and are contained in Appendix 1, and they demonstrate that savings in staff time would be likely.

The specific outcomes on smoking were not explored, but the questionnaires revealed health and well-being improvements which could be expected to include the benefits of smoking cessation if this was an outcome from involvement in Fab Pad.

During the year, the volunteer project with Fergushill Centre was initiated. With more time available, one could have analysed the impact on the Centre and its users of this activity, which would not have arisen without the existence of Fab Pad.

The other area not quantified was the impact on self-employed artists of being involved as Fab Pad tutors. The piece in Appendix 1 however from one of the local tutors shows that employment in the arts in North Ayrshire is not easy to get and that artists would otherwise have to move away from the area, with a consequent loss to the local area and a possible financial or social strain placed on individuals.

The project during 2006/07 had 37 participants who were fully engaged with the programme, and another 7 people who participated in some workshops, but did not attend on a regular basis. The analysis and calculations were based on the 37 regular participants, but it is likely that the other 7 experienced some improvements as a result of their attendance. This value has not been taken into account.

Thus, although the SROI analysis presented below has explored many impacts in detail, and has been able to derive a considerable amount of information about the impact on participants, it is still the case that this study will have under-represented the social value arising from Fab Pad.

**Table 1 Stakeholder analysis**

Stakeholders	Inputs	Outputs	Outcomes (overall aims and objectives)
Cunninghame HA	<ol style="list-style-type: none"> <li>1. Project development and management time</li> <li>2. Staff time for partnership working</li> </ol>	<ol style="list-style-type: none"> <li>1. 30 participants per year, 90 over the three years</li> <li>2a) 72 participants sustaining their tenancy for over 6 months</li> <li>2b) Time and financial savings in void management</li> <li>3. 54 participants achieving positive education, training or employment outcomes: 23 into jobs, 23 into FE/vocational training, 8 into volunteering</li> <li>4. Sustainability after 2007</li> </ol>	<ol style="list-style-type: none"> <li>1. Reduced support to vulnerable tenants</li> <li>2. Reduce the financial costs of void management</li> <li>2. Reduced tenancy turnover</li> <li>3. Provide training and employment opportunities for local people</li> <li>4. Create new capacity and an infrastructure for new enterprising solutions to local issues</li> </ol>
Impact Arts	<ol style="list-style-type: none"> <li>1. Project management and development time</li> <li>2. Pre-existing procedures and operating policies</li> <li>3. Staff recruitment and training</li> <li>4. Arts expertise</li> <li>5. Staff time for partnership working</li> </ol>	<ol style="list-style-type: none"> <li>1. Secure funding support for programme after 2007</li> <li>2a. Improve confidence, self-esteem and life chances and measurable change in employability</li> <li>2b. Increased social networks</li> <li>3. 54 participants achieving positive education, training or employment outcomes: 23 into jobs, 23 into FE/vocational training, 8 into volunteering</li> <li>4. Satisfaction with outcome of home decoration and quality of decoration</li> <li>5. Reduced drug taking Reduced involvement in crime</li> </ol>	<ol style="list-style-type: none"> <li>1. Transfer the model to North Ayrshire</li> <li>2. Provide social support and personal development for young homeless people</li> <li>3. Support the progression of participants into the labour market</li> <li>4. Use the arts as a catalyst for positive lasting change in people's lives</li> </ol>
North Ayrshire Council, especially role on Homeless Partnership	<ol style="list-style-type: none"> <li>1. Funding over three years 2004/07 of £81,483</li> <li>2. Funding in 2006/07 of £36,869</li> <li>3. Staff time for partnership working</li> </ol>	<ol style="list-style-type: none"> <li>1a) 72 participants sustaining their tenancy for over 6 months</li> <li>1b) Time and financial savings in void management</li> </ol>	<p>Meeting objectives in the homelessness strategy for North Ayrshire:</p> <ol style="list-style-type: none"> <li>1. Reduction in repeat homelessness</li> <li>2. Reduced costs of homelessness</li> <li>3. Reduction in ASBO's issued to homeless people</li> </ol>
North Ayrshire Community Planning Partnership	<ol style="list-style-type: none"> <li>1. Funding in 2006/07 of £30,207</li> </ol>		<p>Achievement of specific outcomes in the Regeneration Outcomes Agreement on the key priority of Getting People into Work:</p> <ol style="list-style-type: none"> <li>1. Reduced gap in unemployment rates between the worst 15% areas and the Scottish average.</li> <li>2. Reduced proportion of workless people dependent on Department of Work and</li> </ol>

			<p>Pensions (DWP) benefits to the Scottish average</p> <p>3. Reduced proportion of 16-19 year olds who are not in education, employment or training (NEET) to Scottish average</p> <p>4. Reduced proportion of working age people with low incomes and reduced financial exclusion.</p>
Communities Scotland	<p>1. Funding over two years of £73,243</p> <p>2. Staff time for partnership working</p>		<p>Achievement of specific social justice milestone as set out by the Scottish Executive as they apply to North Ayrshire:</p> <p>1. All young people leaving care will have access to appropriate housing options</p> <p>2. No one has to sleep rough</p> <p>3. Halving the proportion of NEET</p> <p>4. Increase employment rates of those most disadvantaged</p> <p>5. Reduce the incidence of drug misuse</p> <p>6. Reducing financial exclusion and low incomes through improved budgeting and reduced debt/arrears</p>
Referral agents	1. Staff time	1. Reduced time spent on individuals after referral	1. Reduced support needs
Staff - freelance tutors	1. Personal resources	1. Increased income	1. Improved career potential as a self-employed artist
Participants	<p>1. Time</p> <p>2. Personal work</p>	<p>1. Increased access to education, training and employment?</p> <p>2a) Increased earnings potential</p> <p>b) Reduced benefits dependency</p> <p>c) Reduced personal debt</p> <p>3a) Renewed contact with family</p> <p>b) more friends</p> <p>4a) Secure and sustainable tenancy</p> <p>b) Reduced drug taking</p> <p>c) Increased personal security</p> <p>d) Increased access to leisure and recreational opportunities</p> <p>5a) Increased physical activity</p> <p>b) Improved mental health and well-being</p> <p>c) Reduced health service needs</p>	<p>1. Improved life chances</p> <p>2. Increased personal income</p> <p>3. Increased social networks</p> <p>4. Stable home life and less chaotic lifestyle</p> <p>5. Improved health</p>
Participant's families	1. Time	1. Reduced stress	1. Renewed family contact
UK Government	n/a	1. Reduced benefit costs	1. Reduced benefit dependency and economic inactivity

**Table 2 Impact Map**

Stakeholder	Desired outcome	Indicator used	Financial Proxy used	Source of financial and monitoring information	Attribution	Benchmark for deadweight	Benchmark for displacement or drop off
CHA	<p>1. Reduced support for vulnerable tenants</p> <p>2. Reduce the financial costs of void management</p> <p>3. Provide training, employment and volunteering opportunities for local people</p> <p>4. Create new capacity and an infrastructure for new enterprising solutions to local issues</p>	<p>1. Reduced housing support worker time</p> <p>2a) Reduced cost of repairing, furnishing and equipping void properties</p> <p>b) Reduced staff costs in managing voids</p> <p>c) Reduced length of voids</p> <p>3a) Jobs secured</p> <p>b) Further training</p> <p>c) Volunteering</p> <p>4. Investment in project continuation after March 07</p>	<p>1. Salary costs per hour of reduced input</p> <p>2. CHA average costs per item over last year</p> <p>b) Salary costs per hour of reduced input</p> <p>c) Lost rental income</p> <p>3a) Increased earnings/wealth</p> <p>b) Unit costs of training accessed and hours undertaken</p> <p>c) Hours and unit costs saved by volunteer post</p> <p>4. Size of investment</p>	<p>1. CHA staff timesheets or case records and payroll</p> <p>2. CHA financial records</p> <p>b) CHA staff timesheets and payroll</p> <p>c) CHA rent accounts</p> <p>3a) Participant or project records</p> <p>b) Local vacancy information</p> <p>c) Local vacancy information</p> <p>4. CHA/IA</p>	<p>Shared with NAC and CS (30%)</p> <p>Shared with CS and NA CCP</p>	<p>1. Historical records of support time</p> <p>2. Historical rates of void length</p> <p>3. Local statistics for homeless people or NEET young people moving off benefits or into these options</p>	<p>3. Follow up monitoring of participants into jobs and training to measure drop off</p>
Impact Arts	<p>1. Transfer the model to North Ayrshire</p> <p>2. Provide social support and personal development for young homeless people</p>	<p>1. Future investment in project</p> <p>2a) Improvements in employability could be seen as 'wrapping' all</p>	<p>1. Scale of investment</p> <p>2a) Cost whole employment journey and use scoring method for</p>	<p>1. CS, CHA and NAC decisions</p> <p>2a) Participants and agreed cost guidelines for national</p>		<p>1. Success of exit strategies elsewhere</p>	

	<p>4. Support the progression of participants into the labour market</p> <p>5. Use the arts as a catalyst for positive lasting change in people's lives</p>	<p>these together</p> <p>3b) Increased social networks</p> <p>4 As CHA above</p> <p>5a) Reduced drug taking</p> <p>5b) Reduced involvement in crime</p>	<p>distance travelled</p> <p>3b) Social networks profiling</p> <p>4 As CHA above</p> <p>5a) Reduced personal expenditure on drugs</p> <p>5b) Reduced personal fines</p> <p>Reduced costs to criminal justice system</p>	<p>employment programmes</p> <p>3b) New project tool</p> <p>4 As CHA above</p> <p>5a) Participant expenditure</p> <p>5b) Participants pattern of criminal involvement, unit costs from Audit Scotland</p>	<p>Shared with participants and with IA</p> <p>Shared with CHA, CS and NA CCP</p>	<p>Ask participants</p> <p>4 As CHA above</p> <p>5. Self-rehabilitation away from drug misuse, patterns of repeat offending</p>	<p>4. As CHA above</p>
North Ayrshire Council	1. Meeting objectives in the homelessness strategy for North Ayrshire	1. Number of times and costs of repeat homelessness	1a. Unit costs of homelessness 1b. Unit costs of rough sleeping	1. Participants and Scottish Executive research or, CHA records as above	Shared with CHA and CS		
North Ayrshire Community Planning Partnership	Achievement of specific outcomes in the Regeneration Outcomes Agreement for North Ayrshire on the key priority of Getting People into Work	As CHA above	As CHA above	As CHA above	Shared with CHA, CS and NAC		
Communities Scotland	Achievement of specific social justice milestones as set out by the Scottish Executive as they apply to North Ayrshire	<p>1. Young people leaving care now in tenancies - no. of times and costs of repeat homelessness</p> <p>2. No one has to sleep rough</p> <p>3. Halving the proportion of NEET</p>	<p>1. Unit costs of homelessness</p> <p>2. Reduction in sleeping rough costs by participants</p> <p>3. This counted within project</p>	<p>1. Participants who have been in care and Scottish Executive research or, CHA records as above</p> <p>2. Scottish Executive costs of rough sleeping</p>	Shared with NAC	1. Proportion of kids leaving care who have no history of tenancy problems	

		4. Increase employment rates of those most disadvantaged 5. Reduce the incidence of drug misuse  6. Reducing financial exclusion and low incomes through improved budgeting and reduced debt	4. This counted within project  5. Unit costs of support for drug users and knock-on health costs saved 6. Reduced size of personal debt Reduced costs of advice and support to overcome money problems	5. Participant information, unit costs from Scottish Executive 6. Participant information. Unit costs of welfare rights and money advice agencies		5. Participant survey	
Referral agents	Improved support for vulnerable people	Reduced support staff time for individuals after referral	Costs of support staff time and reduction in hours support per participant	Referral agency records and staff hourly rates			
Staff	Increased career potential as a self-employed artist	Increased personal income	Increased personal income	Tutor interviews		Vacancies for artists in local area	
Participants	1. Increased disposable income 2. Increased social networks  3. Improved physical and mental health	1. Reduced personal debt 2. Increased hours in positive activity 3a. Reduced substance misuse  3b) Smoking cessation  3c) Depression alleviated	1. Costs of debt servicing 2. Annual income on benefits  3a. Reduced personal expenditure on drugs 3b) NHS unit costs for treating smokers 3c) GP visits for depression	1. Participants 2. Project tool  3a. Participants  3b) University of Stirling Quit and Save project 3c) NHS ISD Statistics Division	Shared with IA  Shared with IA	3. National rates for unsupported smoking cessation and depression	
Participants' Families	Renewed family contact	Reduction in stress	GP visits for stress-related issues	Family survey and NHS unit costs			

UK Government	Reduced benefit dependency and economic inactivity	Reduced welfare spending	Cost benefit analysis on participants who have moved off benefit, using current welfare costs	DWP		National statistics for homeless people or NEET young people moving off benefits	
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## Data collection

### Primary Research

In respect of primary research, the analysis employed the following methods:

- Interviews and meetings with stakeholders
- Progress meetings/discussions with Impacts Arts and Cunninghame Housing Association
- Focus group with Fab Pad participants
- Creation of collages by participants to represent their feelings about themselves and Fab Pad
- Interview with a tutor
- Interview with one family member
- Interviews with two referral agents
- In-depth questionnaire survey with a sample of 22 Fab Pad participants at two different points in time.

This research informed both the stakeholder and impact mapping processes and was used to identify and determine outcomes, indicators and proxies.

The time allocated to produce the SROI analysis did not prove sufficient to undertake interviews with all stakeholders, but all those that were conducted are included in Appendix 1.

Impact Arts collects monitoring information on participants, but until this study, had not recorded systematic in-depth information about participants and their prior circumstances. The organisation has robust monitoring and evaluation processes for participants when they are involved with Fab Pad, but in terms of their past experiences, information is collected on a "need to know" basis. This approach is intentional, in that Fab Pad focuses on positive change in the future, regardless of past history.

A focus group was held with participants in June 2006, the summary of which is contained in Appendix 1.

22 participants were interviewed in-depth, once in December 2006 and again in May 2007. A questionnaire had been drawn up between CHA, Impact Arts and the researcher, to form the basis of a discussion with participants about their background, experiences and issues. In addition, the interviewer used a spider diagram, to help participants explore how they used their time and the social networks they had or had developed.

The aim of the questionnaires and spider diagrams was to give the evidence for the level of impact that Fab Pad was making on the participants, and whether impacts could be attributed to Fab Pad.

Interviews were conducted by the Fab Pad Coordinator. She found this exercise time-consuming but extremely worthwhile.

### **Secondary Research**

A range of publications were used to establish reliable proxies (and in some cases to provide evidence upon which to base an assumption for indicators given the lack of primary data). The following main sources were employed:

#### NHS Costs Book 2006

The Costs Book provides detailed analysis of resources and spend in NHS Scotland. The information is primarily derived from financial/ activity data recorded by NHS Boards.

#### Nomis - official labour market statistics

Nomis is a web-based database of labour market statistics operated by the University of Durham on behalf of the Office for National Statistics. It provides an extensive range of statistical information on the UK labour market including Employment, Unemployment, Earnings, Labour Force Survey and Jobcentre Plus vacancies.

#### Office for National Statistics - Annual Survey of Hours and Earnings (ASHE)

The Annual Survey of Hours and Earnings (ASHE) provides information about earnings and hours worked for employees for all industries and occupations.

#### Audit Scotland

Many of the costs and benchmarking information used in calculating impacts, particularly on the criminal justice system, were taken from reports completed by Audit Scotland.

A range of other sources were used, which are referenced when used in the body of the text.



## Analysis

The achievements of Fab Pad over the three years show that the project broadly has met its three year targets, with the outcomes for training and volunteering and sustained tenancies having been exceeded.

**Table 3 Outcomes**

Output target	Actual output	Remarks
90 participants	110 people engaged with the project	228 referrals were made and there is now a waiting list
80% sustained tenancy for 6 months	Only 3 tenancies failed, 3%	Two of which were for reasons unconnected with social issues
60% positive outcomes	60 positive outcomes, or 55%	
Of which 25% into jobs	23% went into employment	Out of the 60 positive outcomes
25% into FE/vocational training	48% went into FE or further training	
9% into volunteering or personal and social development opportunities	27% took up volunteering opportunities	

The SROI analysis suggests that for every £1 invested in Fab Pad during the period April 2006 to March 2007, there was a social return on investment of £8.38.

The remainder of this section explains in greater detail the manner in which the SROI ratio above was determined.

### The areas of value creation explored

Based on the stakeholder analysis and the impact map presented above, the impacts investigated and financialised were:

Table 4	Impacts that have been financialised
1	Homelessness avoided
2	Social inclusions gains by participants
3	Value of volunteering to society
4	Health improvement of participants
5	Reduced dependence on drugs agencies
6	Welfare benefits savings to state
7	New tax income to the state
8	Increased income of employees
9	Increased employability
10	Value of taster session
11	Reduced support input from other agencies
12	Increased personal income and reduced risk from debt management
13	Reduced support needs of children
14	Future earned income from qualifications
15	Avoided criminal justice costs
16	Building entrepreneurial capacity

Each impact or set of impacts will now be discussed in detail, including the deadweight, drop off and benchmarking data used in financialisation, as these vary depending on the indicator or proxy used. The figure used for non-employment drop off however was common in a number of the analyses, and is best explained here.

Drop off is used to measure the impacts that are not sustained. With many intangible or soft outcomes, there is little data to give a figure derived from evidence. In these cases, the actual drop off in the sample and in the project itself has been estimated.

There are many ways in which this could be calculated, if no longer-term information is available for the outcomes sustained by participants, as is the case here. After some discussion, it was decided to take the drop off as the percentage of people who were referred to the project but who did not fully engage with it, on the assumption that they may not sustain the benefits that those fully engaged with the project would have achieved.

During the year, there were 37 people who completed the full year's programme, and another 7 who attended sporadically. This gives a figure for drop off of 16% in the year under study. This is consistent with the experience of Impact Arts in other Fab Pad projects.

## 1. Homelessness avoided

Locally and nationally there has been an increasing emphasis on tackling homelessness through prevention. This has had the effect in North Ayrshire of reducing the overall numbers of presentations. Reducing tenancy failures reduces homelessness and repeat homelessness but there are also important

reductions in avoided costs to landlords where tenancies do not end prematurely.<sup>32</sup>

Statutory and non statutory bodies seek to deliver sustainable resettlement for homeless households but this in turn has a positive financial impact on individual landlords and ultimately to the affected household who can be left with recharged costs. Prevention itself should therefore be seen as an integral part of the efficiency agenda. There can be a difficulty in assessing a positive outcome through what is frequently a negative output (for example; no eviction, no police involvement, etc). Where homelessness prevention work is a success, the result is a tenant who may otherwise have been evicted, being sustained in the tenancy, and arrears being reduced, or anti-social behaviour decreasing. There is not only an outcome for the individual and the association, but also for the Local Authority , with the prevention of a potential homeless presentation, and in some cases the avoidance of additional health, social care and police costs that can accompany homelessness. However there is no doubt that tenancy failures within vulnerable groups have a significant cost effect and the avoidance of this negative outcome can be quantified using average void turnover values and case study evidence in specific instances, which can demonstrate the high cost of tenancy failures in chaotic and extreme cases.

There have been a range of costs identified that are associated with homelessness episodes:

- The costs of a failed tenancy, including lost rent, re-letting costs, landlord administration costs
- The costs of temporary accommodation
- Support costs, including advice/support staff in temporary accommodation
- NHS costs of treatment
- Police and criminal justice costs
- Resettlement costs, including processing and interview costs and floating support
- Lost productivity output through unemployment.<sup>33</sup>

### Standard Void Costs

In determining the cost of a failed tenancy the following standard costs were calculated by Cunninghame Housing Association. The figures below are based on average values and cover the types of cost associated with a tenancy which ends prematurely.

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<sup>32</sup> Text and figures provided by Cunninghame Housing Association, 2007, 'The Financial Impact of Tenancy Failure'.

<sup>33</sup> Kenway P and Palmer G, 2003, 'How Many How Much?', New Policy Institute for CRISIS, at [www.crisis.org.uk](http://www.crisis.org.uk)

Rent Arrears	£1100
Void Security	£750
Void Clearance	£365
Void Repairs	£450
Void Cleaning	£115
Storage of Personal Belongings	£150
Void Rent Loss	£270
Court Costs (Eviction)	£500
Staff Costs	£500

The total landlord costs for a failed tenancy are therefore estimated at £4,200.

The use of the term premature in relation to the ending of the tenancy relates to eviction due to arrears or anti social behaviour, the abandonment of the property or a standard termination where the tenant feels unable to cope with continued occupancy.

### Case Study

The following cost breakdown is based on an actual tenancy failure and highlights the potential increase in costs in particularly problematic tenancies:

Rent Arrears	£800
Void Security	£1000
Void Clearance	£425
Void Repairs	£2700
Void Cleaning	£250
Repairs to Common Close/ door entry	£1500
Storage	£150
Void Rent Loss	£340
Court Costs	£500
Staff Costs	£1100

Many of the above costs will increase dependant on the length of time the tenancy is in place and the time taken to progress any court action. The actual repair element can be much higher than listed, particularly where the tenancy is abandoned and left insecure.

The total cost in this case study is £8,765. Since the Fab Pad participants show a mixture of reasons for tenancy failure, including fleeing domestic violence, financial reasons and issues with neighbour disputes and drugs, it would seem reasonable to assume that the average estimate for the avoided costs of homelessness of Fab Padders would be at the higher end.

An estimate for landlord costs associated with failed tenancies of £6,482 has been used, which is an average of the two figures produced by Cunninghame Housing Association.

It is also important to note that there are many less tangible costs in terms of the detrimental effect on the local area which in itself can lead to other properties being more difficult to let and consequently more expensive.

### Temporary accommodation

North Ayrshire Council provided unit costs for temporary accommodation for those who are classed as homeless.<sup>34</sup> The accommodation costs for furnished accommodation were £216 per week for 2006/07. Most families with children are housed in furnished accommodation. In addition, the cost of providing support was estimated at £20.87 per hour per client, with each client allocated 1.5 hours each, and an average length of stay in temporary accommodation of 10 weeks.

### Summary

The CRISIS report collated cost estimates from research evidence, and compiled a table of unit cost estimates for different costs associated with a homeless episode. As some of these avoided costs have been included elsewhere in the analysis (e.g. hospitalisation and medical care cost savings reported by participants), or have been counted in the figures from CHA or NAC, only those costs which are not counted elsewhere have been included in the table below. The Cunninghame Housing Association figures for landlord costs have been used instead of those in the report, as have North Ayrshire Council's costs for temporary accommodation. Where the report figures have been used, these have been updated to current (2006) prices using the Retail Price Index:

Table 5 Unit costs per homelessness episode

	Costs borne by	Unit costs
		Best estimate
<b>Failed tenancy</b>		
Void costs, lost rent arrears, court and staff costs	Landlord	£6,482 per episode
Court costs	Criminal Justice	£1589 per episode
<b>Temporary accommodation</b>		
Furnished accommodation	Local Authority	£216 per week
<b>Support services</b>		
Outreach worker	Various	£68.74 per week
Support staff	Local Authority	£31.30 per week
Advice session	Various	£33.86 per week
Administration	Various	£219.14 per episode
<b>Health Services</b>		
GP referral	NHS	£19.00 (see below)
<b>Potential resettlement</b>		
Application reprocessing	Local Authority	£712.20

<sup>34</sup> Email communication

## Fab Pad participants' experience of repeat homelessness

The questionnaire analysis showed that 64% of the sample, or 14 people, had been homeless more than once, and thus should be considered 'repeat homeless'. These 14 had been homeless for 34 episodes in all, and had spent a total of 116 months as homeless. The average length of time spent as homeless was 15 weeks.

The average period between episodes of homelessness for this group was 18 months. Thus, when assessing the avoided homelessness resulting from the support offered by Fab Pad, the assumption is that these 14 people would have been homeless again within 18 months, equating to 9 avoided homeless episodes saved during the year under study.

Thus, the above costs have been applied to the sample by assuming:

- An average length of stay in temporary accommodation of 15 weeks
- As well as Local Authority support staff, temporary homeless families have outreach workers and access to non-housing advice (debt, legal, domestic abuse etc.) over these 15 weeks
- Every person in temporary accommodation has to register afresh with a GP.

This analysis gave the following results:

**Table 6 Avoided costs of homelessness**

Value of avoided re-housing	£58,338
Value of avoided temporary accommodation	£31,977
Value of other costs	£36,703
Total value	£127,018
Deadweight	£11,432
Drop off	£11,432
<b>Net value of avoided homelessness</b>	<b>£104,155</b>

The figure used for both deadweight and drop off was 9%.

The figure for deadweight was difficult to determine, as there appears to be limited statistics for repeat homelessness. 27% of those applying for housing when homeless are classed as 'repeat presenters'.<sup>35</sup> The majority of these however are reported to be non-priority cases whose first application failed to result in an offer of a tenancy. In the absence of other statistics, it has therefore been assumed that one third of these repeat presenters are people who are repeat homeless.

The figure for drop off came from project records. The Coordinator reported that only 3 participants had ever had a failed tenancy while attending Fab

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<sup>35</sup> Pawson, H., Third, H., Dudleston, A., Littlewood, A. and Tate, J. , 2004, 'Repeat Homelessness in Scotland', reported in Warnes A, Crane M, Whitehead N and Fu R, 2003, Homelessness Factfile, Crisis

Pad, since it started. One woman who was pregnant moved to another area and a young mother experiencing neighbour trouble moved into a hostel. There was no information on the other person's circumstances. As a percentage of the participants on the project this is a drop off rate of 2.7%, but as some of those who did not engage fully with the project may have had a failed tenancy, a figure of three times, or 9%, was used.

## 2. Social inclusion gains by participants

The aims of Fab Pad as described above show that helping participants to become less isolated and more included in society is a primary aim of Impact Arts, and some of the other stakeholders, most notably the participants.

It therefore became necessary to develop a way of directly measuring and then financialising social inclusion, which has not been attempted before except in this SROI pilot programme.

The research into social inclusion measurement is in its early stages, and there are a number of key factors that makes a person feel socially included. The Social Exclusion Unit defined the main issues and a vision of how the social inclusion of disadvantaged and vulnerable people could be achieved:

- *Mental health problems can lead to a vicious cycle of social exclusion, including unemployment, debt, homelessness and worsening health. With the right support this cycle can be broken.*
- *Underlying causes of social exclusion include stigma and discrimination, unclear responsibilities and a lack of co-ordination between agencies, [...] and limited support to return to work.*
- *Breaking the cycle requires a focus on early intervention, and fulfilling people's aspirations and potential through work and social participation.*<sup>36</sup>

In addition, the importance of social networks and an emerging interest in measuring social capital, is apparent in the homelessness field.<sup>37</sup> The degeneration of social networks and relationships is often cited as a reason for homelessness, but access to strong networks can help people address the other problems that contribute to homelessness, such as mental health issues and drug and alcohol misuse. Having a positive and strong network of family and friends has been recognised as a preventative factor in avoiding repeat homelessness.

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<sup>36</sup> 'Mental Health and Social Exclusion', 2004, Social Exclusion Unit, Office of the Deputy Prime Minister

<sup>37</sup> 'The cup with no handle - social networks and homelessness in Glasgow', 2006, Glasgow Homelessness Network

The way it was decided that these changes could be financialised was to focus on changes in individual behaviour, which was attributed to the effect of attendance at Fab Pad.

As the spider diagram approach had been found to be easy to use in other organisations in the SROI pilot to measure mental health improvement, these were amended to explore how participants' use of their time had changed from before being involved with Fab Pad, backed up by the questionnaire responses.

A number of options were available for the 'positive' use of time (seeing family, meeting friends, volunteering, leisure time with others) as well as some options that might be seen as negative e.g. solitary leisure time, sleeping, watching TV. Participants were asked to estimate and quantify how much time each week was spent in doing these different activities.

The questionnaires and spider diagrams were administered six months apart. This allowed the researcher to calculate the increase in positive use of time, and a decrease in negative use of time, attributed to Fab Pad, as an indicator of how socially included participants had become.

Use of the spider diagrams gave the net change in time spent in activities that are recognised as being socially inclusive. This analysis, for the 22 participants interviewed, showed an increase per average participant of 5.16 hours positive activity each day, which is a very significant change.

Individuals reported a range of changes. Time spent with family and friends showed the greatest increase, but there were also increases in time spent on new volunteering activity, time spent with a partner, time spent on hobbies and in leisure activities. Some specifically noted that they were now involved in physical recreation, or going to the gym to get fit.

Interestingly, some viewed a decrease in time spent with their children as a positive change. In a number of cases in the first set of interviews, the only use of time outside of Fab Pad was spent looking after children, and a number made reference to the fact that they did not trust other people to look after their children. In view of the domestic circumstances people have experienced in the past, fears of this kind seemed understandable, but this appeared to have changed as a result of involvement in the project. This meant that participants were willing to allow family members to look after kids so they could go out or engage in activities, or the access to childcare support through the project allowed them to do this.

The financial value was chosen on the basis of 'willingness to pay', which is an approach used extensively in economic valuation theory. The assumption made was that participation in Fab Pad had created opportunities for individuals, and allowed them more choice of how they used their time. Their time can be given a financial value. One could choose a number of values of a person's time, but the one chosen here was the hourly disposable income received through the benefits system.

The average income on benefits of all 22 participants was obtained from the survey,<sup>38</sup> and translated into an hourly figure, based on an average daytime activity figure of 16 hours<sup>39</sup>. This gives an hourly income of £1.26, which was applied to the reported number of increased hours of positive activity:

Table 7 Value of social inclusion

Total increase in social inclusion value	£52,276
Deadweight	£5,228
Drop off	£8,364
<b>Net increase in social inclusion value</b>	<b>£38,684</b>

There is no benchmarking information to suggest an appropriate figure for deadweight. Some of the impact could be down to having a house in its own right, but since the average length of the current tenancy in the sample was 22 months, this effect may well have happened in the past, while the survey was measuring something real that happened in the space of six months. An estimate has therefore been used of 10% deadweight. Further research would be needed to establish if this is a suitable figure.

The drop off figure used was 16%, as described in section 1 above for all non-employment values.

### 3. Value of volunteering to society

11 people at Fab Pad during the period left for a positive exit into volunteering, and participants began volunteering during the project. This has been directly created by Fab Pad, through offering volunteering opportunities in a variety of projects.

Although the value of positive hours spent in volunteering has been counted in the social inclusion gains, these are experienced by participants. This indicator looks at the value created for society from volunteering and is consistent with the concept that SROI looks at value aligned to the aims and objectives of different stakeholders.

Calculating the value of volunteering to society is now a well established method.<sup>40</sup> The information from the questionnaires was used to calculate the hours of volunteering being offered by Fab Padders in the summer of 2007. Across the sample, this amounted to an annual figure of 6,570 hours of volunteer time.

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<sup>38</sup> This included JSA or Income Support, Child Benefit, Tax Credits, DLA and Incapacity Benefit

<sup>39</sup> People with mental health problems like the Fab Pad group tend to have problems sleeping, but it was assumed that individuals had no choice but to sleep for the average of 8 hours per day

<sup>40</sup> Information from Volunteering England at <http://www.volunteering.org.uk/WhatWeDo/Projects+and+initiatives/Employer+Supported+Volunteering/Brokers/A+toolkit+for+Volunteer+Centres/ESV+value.htm>

Volunteer England recommends using the Annual Survey of Hours and Earnings obtainable from the NOMIS website, to find an average hourly rate. In North Ayrshire, this would be a gross wage of £336.40 per 35 hour week, or £9.61 per hour. This does not include Employer's National Insurance, which would bring the average hourly rate to £10.90. Volunteer England's recommended rate is £12.25 per hour, but £10 has been used in this study.

Table 8 Value of volunteering

Total value of volunteering	£65,700
Deadweight	£5,256
Drop off	£10,512
<b>Net value of volunteering</b>	<b>£49,932</b>

The deadweight figure used here is 8%, which is the proportion of participants in the sample who expressed a desire to volunteer when first interviewed. Nationally, 38% of adults in Scotland volunteer,<sup>41</sup> however with this group, expectations would be much lower, and this has been reflected in the interviews.

Drop off is the 16% figure calculated for the project drop off as a whole.

#### 4. Health improvements experienced by participants

The questionnaire interviews with participants gave a pattern of consumption of health services that changed over the period of the project. Changes in hospitalisation or healthcare services connected with pregnancy or children were excluded, as they would have happened anyway.

As noted above, 14, or 64%, of participants reported mental health issues at first interview. At second interview, 8 reported that they no longer had a diagnosis of depression or anxiety and another 2 reported a decrease in the severity of their mental health issue. One person developed an issue with depression during the study period, which was taken account of in the calculation. Changes in mental health status were associated with reduced or no medication, reduced use of psychiatrists and Community Psychiatric Nurses (CPN's) and a reduction in GP attendance and hospitalisation in connection with mental health problems.

In addition, some individuals reported reduced hospitalisation and Accident and Emergency attendance arising from domestic violence or involvement in anti-social behaviour. Some of the reduction was associated with reductions in drug dependency, and where this has been the case, changes have been financialised in this section and not duplicated in the section below on reduced dependency on support from drugs agencies.

The finds showed the following reductions in service consumption by the group:<sup>42</sup>

<sup>41</sup> 'Research on Volunteering in Scotland', 2003, Research Findings No 2, Volunteer Development Scotland

<sup>42</sup> Dentistry has been included due to the known poor dental health of homeless people

**Table 9 Recorded health Improvements of participants**

Change in GP and health clinic usage	Change in dentist usage	Change in medical services usage	Remarks
Reduction of 4 GP visits and 2 health clinic visits	Reduction of 3 extractions	Reduced by 2 hospital admissions	
Reduction of 1 GP visit	No change	No change	
No change	No change	Reduced by 1 A&E visit	
Reduction of 8 GP visits	No change	No change	Depression had lasted many years
Reduction of 4 GP visits	No change	No change	
Increase of 1 GP visit	No change	No change	
Reduction of 6 GP visits	No change	Reduction of 6 psych visits	Anxiety/depression for 12 years No dental registration before joining
Reduction of 1 GP visit and 1 clinic visit	Increase of 4 visits	Reduced by 3 hospital admissions	
Reduction of 3 GP visits	Reduction of 1 visit	Reduction of 6 CPN visits	
No change	Reduction of 5 visits	Reduction of 1 A&E visit	
Reduction of 2 GP visits and frequent clinic visits (6 assumed)	No change	No change	
Reduction of 3 GP visits	Reduction of 2 visits	Reduction of 2 hospital admissions and 6 psych visits	
No change	Increase of 1 visit	No change	
No change	No change	No change	
Increase of 4 GP visits	Increase of 3 visits	Reduction of 1 hospital admission	
Reduction of 1 GP visit	No change	Reduction of 1 hospital admission	
No change	No change	No change	
No change	No change	No change	
Reduction of 14 GP visits	No change	Reduction of psychiatrist every 3 months and 10 hosp ad	
Reduction of 2 GP visits and frequent clinic visits (6 assumed)	None	None	History of hospitalisation for drugs misuse
Reduction of 1 GP visit	Reduction of 1 treatment	Reduction of 1 hospital admission, inc of 1 A&E visit	Broken wrist Impact of miscarriage excluded
No change	No change	No change	

As can be seen, in some areas frequency of visits for treatment increased, e.g. in dentistry, which is a positive sign that participants are taking more care of themselves, however, this results in an increase in service consumption which has been counted in the calculation. In the future, service costs might have been higher without intervention, as multiple extractions may have been the result of poor dental care, however this cannot be taken account of here.

The unit costs used to financialise the above were derived from the NHS Cost Book for 2006 and the Information and Statistics Division of the NHS:

**Table 10 Sources of financial information for health improvements**

	Assumptions (if any)	Source
Prescribed drugs costs	One tablet/dose per day, £0.42 per dose	www.isd.gov.uk
GP consultations		NHS Cost Book, NHS Ayrshire and Arran, Summary Health Board Specific C5
Health clinic consultations	Family Health Services costs	NHS Cost Book, NHS Ayrshire and Arran, TBUR390, E12
A&E admissions	Per attendance	NHS Cost Book, NHS Ayrshire and Arran, Reworked Board data, N4
Hospital admissions	Average stay per hospital admission is 4.9 days in North Ayrshire	2005 data from ISD website
Psychiatrist	Per attendance	NHS Cost Book, NHS Ayrshire and Arran, R340, I 11
Psychologist	Per attendance	NHS Cost Book, NHS Ayrshire and Arran, R340, I 11
CPN	Figure for Community Mental Health Team attendance	NHS Cost Book, NHS Ayrshire and Arran, R340, O 11
Dental treatment	Dental ancillary staff	NHS Cost Book, NHS Ayrshire and Arran, Summary Health Board Specific C14

This resulted in the following figures:

**Table 11 Unit costs for health improvements**

	Number of units saved in sample	Unit cost	Net Cost savings
Prescribed drugs costs	2920	£0.42	£1,226.40
GP consultations	90	£19.00	£1,710.00
Health clinic consultations	30	£131.18	£3,935.40
A&E admissions	6	£79.13	£474.79
Hospital admissions	196	£350.56	£68,709.28
Psychiatrist	8	£127.68	£1,021.46
Psychologist	24	£127.68	£3,064.39
CPN	12	£173.19	£2,078.26
Dental treatment	8	£51.05	£408.40

The summary findings are:

**Table 12 Health improvements of participants**

Total savings	£82,628
Deadweight	£8,263
Drop off	£13,221
Net savings	£61,145

Deadweight is health improvement that might have happened anyway, which in the case of these individuals is difficult to estimate. One indication of the general health improvement trends being experienced in Scotland is increased life expectancy. Life expectancy in Scotland showed an increase of 2.3% between 1993/95 to 2003/05 (2.5% increase over the same period in North Ayrshire).<sup>43</sup> Health inequalities in Scotland though appear to be widening, with the gap in male life expectancy between the most and least affluent areas calculated as 13.7 years in 2001.<sup>44</sup> Low incomes therefore will reduce the rate of health improvement experienced by the Fab Pad group.

Deadweight for healthy improvement therefore was estimated to be 10%, as a conservative assumption.

Drop off used was 16% as calculated for the project as a whole.

## 5. Reduced dependence on drugs agencies

Participants were asked to note the drugs agencies which were helping them to overcome their dependency issues. Two drug users had stopped using local services and were reported to be drug free from opiates.

The value of these savings was calculated by taking the frequency of visits before and after, and assuming one session lasted 1.5 hours. The unit cost of drugs counselling time in Scotland could not be found, and a proxy was used of £24 per hour.<sup>45</sup>

In the case of reduced drugs dependency, it cannot be assumed that Fab Pad is responsible for all of the impact, and that value has to be shared with the drugs agency. In the absence of any benchmarking data, it has been assumed that Fab Pad is responsible for 40% of the value, as participants had been receiving counselling for between 2-4 years. The interview in Appendix 1 suggests that the drug agency themselves recognise the impact that Fab Pad has made with their clients.

Whilst rehabilitation from drug misuse is a long journey, and the drug agencies are central to this, it is the view of Impact Arts that they come in towards the end of this rehabilitation journey and accelerate it. Participants clearly stabilise and progress to other things much more quickly because of the Fab Pad intervention than they would without it, and to better quality outcomes. Involvement in Fab Pad is often transformational. Thus the attribution of value to Impact Arts may be too low.

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<sup>43</sup> General Registers of Scotland table at <http://gro-scotland.gov.uk/files1/stats/0305le-t2-revised.xls>

<sup>44</sup> Health in Scotland 2004, Scottish Executive

<sup>45</sup> Cost per hour of a non-qualified alcohol worker from 'Health and Social Care Costs', 2006, PSSRU

The summary savings are:

Table 13 Reduced costs of drug support agencies

Total saving	£5,256
Deadweight	£95
Drop off	£0
Less attribution	£3,097
Net savings	£2,065

Deadweight used was 1.8%, based on a Scottish outcomes study for drug users.<sup>46</sup>

Drop off used was 0. All drug users had stopped using drugs at the 6 month follow up. Compared to this, between 19% and 83% of people on community detox programmes return to drug use before the end of the programme.<sup>47</sup>

## 6. Welfare benefits savings from employment outcomes

During the year under study, 5 individuals left to take up employment:

- 3 part-time
- 2 full-time
- 1 registered as self-employed.

Fab Pad had some information on their employment and their earnings, but some information has had to be estimated. Hourly rates for occupations were found through searching the Jobcentre Plus Job Finder site for similar jobs in North Ayrshire, and calculating an average hourly wage rate on offer in the area. The situation of two clients was unknown, although it was known if they were working part- or full-time. In these cases, the lowest assumptions were made, e.g. employment at the National Minimum Wage. It was assumed that the self-employed person was working part-time.

The occupational destination and the wage were found to be:

Table 14 Destination and employment earnings

Job	Assumed Hourly wage	Assumed Hours per week	Weekly wage	Annual wage
Admin	6.00	21.00	126.00	£6,552
Childminding	6.50	21.00	136.50	£7,098
Accounts	8.75	35.00	306.25	£15,925
Hairdressing	5.50	37.00	203.50	£10,582
Unknown	5.35	21.00	112.35	£5,842
Unknown	5.35	35.00	187.25	£9,737
Total gross earnings				£55,736

<sup>46</sup> Galbraith L and Knight P, 2001 'An Outcomes Pilot Study', ISD Scotland, which found that 1.8% of all drug users on a follow up after 6 months had stopped using drugs.

<sup>47</sup> 'The effectiveness of treatment for opiate dependent drug users: an international systematic review of the evidence', 2003, Effective Interventions Unit, ISD Scotland

The welfare benefits savings of those who left for employment was calculated. All participants had recorded which welfare benefits they were receiving at the first interview, and the weekly amounts. As all were entitled to Housing Benefit and Council Tax benefit but would not necessarily know how much that would be, an estimation of Housing Benefit and Council Tax Benefit was made.

The average rent for a registered Social Landlord/Local Authority 2 apartment house in North Ayrshire was used, and it was assumed that this would be the value of Housing Benefit for the individual.<sup>48</sup> Council Tax Benefit was based on the average cost of Council Tax in Band A and Band B, the banding having been found by entering the individual postcodes of participants.<sup>49</sup>

Entitlement to Housing Benefit, CTB and Working Tax Credit following employment was estimated using an online calculator.<sup>50</sup>

Working Tax Credit income after employment was netted off against Child Tax Credit income received prior to employment, which gives a minus saving. This is balanced by a corresponding increase in income to participants which is estimated below, but both calculations are shown for transparency.

This gave a summary of savings accrued to the UK government as a result of Fab Pad participants entering employment. Child Benefit was excluded, as this did not change with change in employment status.

Table 15 Reduction in Benefits Claimed for those entering employment

Benefits	Gain	Deadweight	Drop off	Net Savings
Housing Benefit	14,814	489	0	£14,326
Income Support	25,368	837	0	£24,531
Council Tax Benefit	731	24	0	£707
Child Tax Credits	-23,484	-775	0	£-22,709
Total	17,429	575	0	£16,854

Deadweight used was 3.3%. This was arrived at by inspecting the off flow from JSA for North Ayrshire for under and over 25's for the period of the study, and averaging the rate of movement off benefits.<sup>51</sup> The very low rate of movement off JSA reflects the difficult employment circumstances in North Ayrshire. The figure of 3.3% has been used as deadweight for all employment-related calculations.

<sup>48</sup> From Communities Scotland Regulation and Inspection Unit RSL Statistics 2005 -06 uprated to 2006/07 prices using the Retail Price Index

<sup>49</sup> Council Tax rates by postcodes in Scotland can be found at [www.saa.gov.uk](http://www.saa.gov.uk)

<sup>50</sup> <http://www.entitledto.co.uk/default.aspx?cid=9a8cbcd8-f4ff-4b13-a44a-b872e7a9462c>

<sup>51</sup> Figures can be found at <https://www.nomisweb.co.uk/Default.asp>

Drop off was assumed to be 0, as all were in employment at follow up. Impact Arts may wish to undertake a lengthier follow up of their clients who have left for employment.

## 7. New tax income from employment

Using PAYE and NIC tables for the period under study, and based on the wage levels in Table , the amount of additional tax collected by the UK government as a result of Fab Pad participants entering employment was calculated.

**Table 16 New tax collected from participants entering employment**

New tax collected	£16,983
Deadweight	£561
Drop off	£0
Net gains	£16,422

Drop off was assumed to be 0, as all were in employment at follow up.

## 8. Increased personal income of participants from employment

The clients who moved into employment benefit from earning a wage and increasing their personal income. In addition, employees are also entitled to claim Working Tax Credit.

Net pay was calculated, based on the wage levels in Table 7 and entitlement to Working Tax Credit was determined by the use of the online calculator:

**Table 17 Increased personal income of participants entering employment**

Increase in net pay	£42,124
Increase in WTC payments	£23,484
Total increase in net income	£65,608
Deadweight	£2,165
Drop off	0
Net gain	£63,443

Drop off was assumed to be 0, as all were in employment at follow up.

## 9. Increased employability

For those participants who do not enter employment, there may be improvements in employability, and distance is travelled towards the labour market even though a job outcome is not achieved.

Organisations in the SROI pilot have used different methods to measure the value of increases in employability. In the case of Fab Pad, the questionnaire that was used at two different points in time (six months apart) asked participants to report the number of barriers that they thought they had that would prevent them getting a job. The 23 choices that participants could judge themselves against were:

- Homelessness issues
- Racial discrimination
- Attitudinal barriers
- Lack of confidence
- Long-term illness
- Physically disabled
- HIV/Aids
- Lack of transport
- Issues linked to residential care
- Other discrimination
- Emotional/behavioural barriers
- Substance abuse (drugs or alcohol)
- Childcare/dependent care issues
- Lack of experience/skills
- Lack of education/training
- Criminal record
- Prostitution
- Mental Health
- Benefits issues
- Learning difficulties
- Literacy/numeracy
- Language
- Other (specify)

The questionnaire responses were analysed, and showed a 50% reduction in the number of barriers people reported that they faced. In total, 94 barriers had been identified by the sample, which had reduced to 47 six months later. Many of the barriers reported after six months were practical ones, such as lack of transport or childcare options, whereas personal barriers of attitude or lack of confidence had been removed.

Although this is a fairly crude measure, and one which relies on participants having a realistic perception of the barriers they face, it nonetheless suggests a significant improvement has been made by participants towards the labour market.

Placing a value on this improvement has again used the concept of 'willingness to pay', but this time, the willingness of government to fund the achievement of a transition from economic inactivity to a job. The hypothesis is that the whole of this journey has a value, and that steps along this journey will therefore have a value in proportion to the total value of the journey.

Thus if it was accepted that the Fab Padder's journey towards employment has 23 steps in it, and that only by eradicating all barriers can people move into employment, then a reduction achieved in each barrier is worth 1/23 of the entire journey. This is again a crude measure, and is only a proxy, but it at least is a starting point for valuing employability development.

This method may in fact underestimate the value of employability development. Not all barriers will have to be removed before people are employable. No one may enter Fab Pad experiencing all 23 barriers.

A number of costs for the whole journey can be found. A survey was made of published unit costs of job outcomes from different studies, which were uprated in accordance with the Retail Price Index since publication, and then averaged. Some studies quoted a cost per place, some a cost per job. Where a cost per place was quoted, this has been converted into a cost per job achieved, using the percentage of job outcomes generated by the project or programme.

This gave a current figure representing the 'value' of the employability journey as £7,900.

Table 18 Results of survey of unit costs per job outcome achieved uprated to current figures

Year of publication	LGA <sup>52</sup>	ILM <sup>53</sup>	LSE <sup>54</sup>	NAO <sup>55</sup>	Deal Me In <sup>56</sup>	TfW <sup>57</sup>	ND Task Force <sup>58</sup>
1997			6000				
1998	6000		6340				
1999	6150		6490				
2000	6450	13860	6790				
2001	6630	14040	6970		7285	5775	6250
2002	6800	14210	7140	6500	7455	5945	6420
2003	7090	14500	7430	6790	7745	6235	6710
2004	7390	14800	7730	7090	8045	6535	7010
2005	7670	15080	8010	7370	8325	6815	7290
2006	7990	15400	8330	7690	8645	7135	7610

It was decided not to include the figure from the Intermediate Labour Market study in the calculation as it was significantly higher than the other unit costs and Fab Pad does not provided waged employment.

When the results of the Fab Pad questionnaire replies were analysed, the estimated value of employability development of participants who do not exit for a job is:

<sup>52</sup> Local Government Association,

<http://www.lga.gov.uk/Briefing.asp?ISection=0&id=SXAF28-A77F7916>

<sup>53</sup> Marshall B and Macfarlane R, 2000, The Intermediate Labour Market, JRF, at

<http://www.jrf.org.uk/knowledge/findings/socialpolicy/970.asp>

<sup>54</sup> Gardiner K, 1997, Bridges from Benefit to Work, London School of Economics for the Joseph Rowntree Foundation, at

<http://www.jrf.org.uk/knowledge/findings/socialpolicy/sp130.asp#top>

<sup>55</sup> The New Deal for Young People, 2002, National Audit Office,

[http://www.nao.org.uk/publications/nao\\_reports/01-02/0102639.pdf](http://www.nao.org.uk/publications/nao_reports/01-02/0102639.pdf)

<sup>56</sup> Mackaskill S, 2001, 'Deal Me In Evaluation' at

[http://download.edinburgh.gov.uk/Deal\\_Me\\_In/05\\_DMI\\_Section4.pdf](http://download.edinburgh.gov.uk/Deal_Me_In/05_DMI_Section4.pdf)

<sup>57</sup> Reported in Macaskill op cit

<sup>58</sup> Reported in Macaskill op cit

Table 19 Estimated value of employability development

Value	£16,143
Deadweight	£533
Drop off	£2,583
Net value	£13,028

Deadweight has been assumed at 3.3%, the same as for employment outcomes, and 16% for drop off.

Thus the estimated value is small, but nevertheless illustrates that there is a value to achievement of 'soft outcomes' in terms of employability. The method above has been refined in two of the other SROI studies in this series.

## 10. Value of taster sessions

All people who are referred are offered a taster session. Impact Arts believes, because of the impact they have seen on participants, that the taster sessions create social added value in their own right. Taster sessions are also offered to referral agents, which allows staff and clients to share a different experience than just a meeting or counselling session, and there is evidence of the impact that this made on the referral agent (see Appendix 1).

In the year under study, 68 individual taster sessions were held, of 2.5 hours each. The method of financialisation used is to assume that the value of the taster hours is at least the equivalent of an FE course on personal and social development. The total taster hours equates to 4.25 college modules of 40 hours. The weighted unit average for a 40 hour module across the FE sector in Scotland is £207.<sup>59</sup>

Table 20 Value of taster sessions

Value	£4,400
Deadweight	0
Drop off	£301
Net value	£4,099

Deadweight is assumed to be 0, since the taster sessions would not have happened without Fab Pad, and drop off of 16% has been used as for the project as a whole.

## 11. Reduced support input from other agencies

The questionnaire asked participants to record additional support provided by other agencies not dealt with above or providing children and family support, which is dealt with below. The only agencies mentioned that did

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<sup>59</sup> Audit Scotland 2003 'Performance management of the further education sector in Scotland' which calculated a module cost of £189, which has been uprated by the Retail Price Index to current value

not feature above were other tenancy support organisations and adult social work services.

Additional support appeared to be overall very low, considering the vulnerability of the participants and the fact that all but 4 participants had children staying with them. Only 5 participants reported initially that they were receiving some form of social work support, which had reduced to 1 after six months. Only 6 had tenancy support apart from Fab Pad. It may be that individuals are underreporting the amount of additional support they receive, or that the questionnaire questions did not allow them to express this.

The questionnaires showed a reduction across the sample of 11 hours per month in the use of additional support.<sup>60</sup> This was costed using national UK figures, as Scottish specific ones could not be found.<sup>61</sup>

Table 21 Value of reduced agency input

Value	£3288
Deadweight	£164
Drop off	£526
Net value	£2,598

The deadweight figure used was 5%, as the overall amount of support provided to the sample was so low that more reductions in support would be less likely. Drop off used was 16%.

## 12. Increased personal income and reduced risk from debt management

Debt figures highly in the financial difficulties Fab Padders face.

16 of the sample were in debt, and had been in debt for 3 years on average. 1 person had been declared bankrupt. Creditors were mainly catalogues, credit cards and store cards. 4 people were in rent arrears or owed Council Tax and 2 were in debt with utilities. Average debt was £4,436, but one person owed £55,000. Only 5 people were keeping up their debt repayments.

At the six month follow up, most had managed to reduce their number of creditors and only two people were not managing to keep up with their repayments. The amount of overall debt had fallen only slightly, but it would appear that people were managing their debts more easily, and being more responsible about repayments. This may be a direct consequence of the budgeting input received at Fab Pad.

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<sup>60</sup> 10 hours from social work and 1 from a voluntary organisation

<sup>61</sup> £25 per hour, £24 per hour for the voluntary organisation from 'Health and Social Care Costs', 2006, PSSRU,

Only one person used another agency - she mentioned she was just about to seek help from the Citizen's Advice Bureaux to reduce her debt of £10,000.

The actual reduction in debt was used as a proxy for increased personal income, but was also used to infer the risk that non repayment and number of creditors represented to the participants. It is assumed that those not keeping up with repayments were at risk to the value of the debt, and that those who had managed to reduce the number of creditors had reduced their risk. This may be double counting, but the consequences of non repayment and poor management of debts would be far higher for the individuals in financial terms.

Table 22 Increased personal income and reduced risk from better debt management

Debt reductions	£475
Avoided risk due to repayments	£5,112
Reduced creditors	£3,112
Total value of reduced debt and risk	£8,699
Deadweight	£2,001
Drop off	£1,566
Net value	£5,133

5 individuals were already keeping up with their debt repayments, and they represent the deadweight for the sample, which is 23%. 4 increased their debt, which represents a drop off of 18%.

### 13. Reduced support needs of children

Given the importance of early years support for children in ensuring positive long-term outcomes, the fact that the participants were looking after 34 children and that they reported improvements in the relationships that they had with their children as a result of participation at Fab Pad, the analysis considered whether there was evidence of an impact on the supports provided specifically to the participant's children.

In the recent past, children of Fab Padders had been looked after for a total of 58 months, either in short term residential care, cared for by relatives or in foster care. 2 children had been in care for some time, but at the follow up, these were the only children still looked after by someone else.

The follow up at six months showed that some services had been reduced. A family of 2 children reported a decrease in the frequency of counselling for the children, one was no longer using Barnardo's support and another family of 3 children had been switched from specialist child mental health services to support from an Occupational Therapist. The mother of the two children in care was now being allowed supervised home visits.

This may be considered merely displacement rather than an impact that Fab Pad has created. When participants were first interviewed however, they were not just asked about the present or the immediate past, but recorded use of support agencies over a 2-3 year period. During the past therefore

outcomes had not been achieved, but the intervention of Fab Pad helped participants reduce their dependence on services within six months.

The costs of these service reductions or changes were based on the following assumptions and unit costs.

**Table 23 Assumptions and unit costs used to value children's support needs**

	Assumptions (if any)	Source
Reduced counselling	£64.02 per attendance at Community Mental Health Team	NHS Cost Book, NHS Ayrshire and Arran, R340, O12
Change from specialist child mental health services	No figures for specialist children's mental health services so used Community Mental Health Team costs of £64.02 per attendance and OT costs per attendance of £37.37	NHS Cost Book, NHS Ayrshire and Arran, R340, O12 for CMHT costs NHS Cost Book, NHS Ayrshire and Arran, Health Board Specific Costs C8
Reduction in voluntary organisation support	£24 per hour	'Health and Social Care Costs' PSSRU 2006
Value of access to children in care	Hours of access by mother are calculated using Local Authority costs of residential care £2285 per resident week divided by 24 hours divided by 7 days gives a unit cost per hour	'Health and Social Care Costs' PSSRU 2006

**Table 24 Value of reduced childrens' support**

Reduced counselling	£2561
Change from specialist services	£320
Reduction in Barnardos support	£1872
Value of mother's access to children	£707
Value	£5460
Deadweight	£546
Drop off	£0
Net value	£4914

There will be other positive impacts on children which are longer-term, such as improved educational attainment or avoided anti-social behaviour but this study has not considered the value of these.

The deadweight estimated was 10%, with no drop off, as none had re-engaged with other agencies.

#### **14. Future earned income from qualifications**

Many of the Fab Pad participants recognise the need to gain more qualifications, and the higher than expected outcomes for training showed this. None of the participants had qualifications above SVQ Level 2 or Standard Grades from school education when they joined.

As a result of gaining more confidence in themselves, having a more stable family life and overcoming drug dependency, some participants applied to take further education courses. Some clients were following a natural path of progression, from Personal and Social Development Courses to volunteer work, and had enrolled in college courses etc. It is likely that positive outcomes would increase for this group after April 2007, as many people who started engagement during the year intended to progress onto other educational opportunities when the new academic year started. In terms of positive outcomes from the project, 4 had gone on to full-time education, 4 to part-time education and 7 onto other forms of training.

The link between future earnings as a result of improved educational attainment has been studied.<sup>62</sup> Of the Fab Pad participants three were going to start an HNC course, and one was starting a degree course. These were all female and over 25.

The increases that have been reported in the average median hourly pay for SVQ Level 2 as opposed to SVQ Level 3 (HNC) was £1.00 per hour, and between SVQ Level 2 and SVQ Level 4 (degree level) was £13 per hour.

Assuming an eventual job at 30 hours per week, and discounting the values into the future, to take account of the fact that the earnings increases would not be secured until participants had qualified and got a job, the value of educational attainment was estimated at:

Table 25 Value of future earned income from qualifications

	Current	Discounted to 2010 values
Value	£24960	£22,512
Deadweight		£743
Drop off		£3,602
Net value		£18,167

Deadweight was assumed to be the one set for employment - 3.3%, and drop off was 16%.

The additional tax income that would accrue to the government as a result of higher earnings was not calculated.

## 15. Avoided criminal justice costs

Four participants had a criminal justice history before joining the project. None of the participants at the six month follow up had had any contact with police, either cautions or convictions. The change in participants' lifestyles, the different social networks that they now belonged to and the more positive outlook that they had developed as a result of the Fab Pad support all contributed to this lack of re-offending.

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<sup>62</sup> Lifelong Learning Statistics, 2005, Scottish Executive, based on analysis of the Labour Force Survey in the spring quarter of 2005

There is considerable benchmarking data to support the proposition that Fab Pad helped people stop re-offending. Nationally, 15% of those cautioned re-offend<sup>63</sup> and in the Ayrshire criminal justice area, 24% of those convicted of offences re-offend within six months.<sup>64</sup> 58% of those convicted re-offend within two years.<sup>65</sup>

There is also a reasonable amount of research into unit costs associated with crime and criminal proceedings, which have been uprated to current costs:

Table 26 Unit costs in the criminal justice system

	Costs	Cost year	Cost uprated to 2006
Arrest and caution	56	2000	65.07
Arrest and charge	125	2002	141.05
Procurator Fiscal's costs	193	2002	217.78
Social work reporting costs	175	2002	194.35
Court and hearing costs	900	2002	1015.57
Victim costs <sup>66</sup>	1324	2000	1547.71

By taking the reduction in reported cautions and convictions expressed in the questionnaires and applying these costs, the value of avoided crime can be financialised.

Table 27 Avoided criminal justice costs

Total value	£56,357
Deadweight for cautions	£166
Deadweight for convictions	£13,463
Drop off	£9,017
Net value	£33,710

The deadweight for cautions is the 15% figure quoted above, and for convictions is 24% as above. Drop off is the 16% figure used for non-employment drop off.

## 16. Building entrepreneurial capacity and infrastructure

Both Cunninghame Housing Association and Impact Arts saw the Fab Pad project not just as creating outcomes for a vulnerable group of people, but also as building the infrastructure in North Ayrshire for community and social regeneration.

CHA had already set up a social enterprise centre in Ardrossan, and like many Housing Associations were active participants in developing and

<sup>63</sup> Reported in 'Dealing with offending by young people', 2003, Audit Scotland

<sup>64</sup> 'Reconvictions of offenders released from custody or given non-custodial sentences in Scotland in 2002/03', Scottish Executive

<sup>65</sup> Audit Scotland op cit

<sup>66</sup> All unit costs have been taken the Audit Scotland report apart from the victim costs, which are taken from 'The economic and social costs of crime', 2000, Home Office Report 217 and its update on the report published in 2006

supporting more social enterprise activity, specifically in North Ayrshire. Social enterprise can provide employment solutions in disadvantaged areas where the market has failed, and North Ayrshire is one such area.

Thus the Fab Pad project was seen as creating an infrastructure for engagement in more enterprising activity in the area.

Both CHA and Impact Arts thought that achieving this outcome would be represented by securing continuation funding for the project beyond the end of the three year period. £51,710 of funding has been secured for Impact Arts for 2007/08 and £10,000 for CHA. This sum of £61,710 has been discounted by one year, and included in the calculation.

It has been assumed that there is no drop off or deadweight associated with this proxy.



## Results

The figures above are used to estimate the social added value created by Fab Pad and to evaluate the level of return this represents in connection with investment in the service.

The SROI analysis predicts the end value created by the investment in 2006 and calculates the returns over, in this case, 3 years. In the USA, SROI returns are calculated to infinity, which seems unreasonable. In Europe, SROI has generally been calculated over 5 years. In the Equal pilot, in order not to overclaim value, and to offer conservative estimates of social added value, the research team decided to calculate value over 3 years.

Values for the 12 months are discounted to Net Present Values, as would be the case when calculating the financial return on investment in a commercial setting.

The agreed convention for SROI is to use a discount rate of 3.5%, which is the HM Treasury social time preference discount rate. 'Social time preference' is the value society attaches to present as opposed to future consumption.

The real value of the impact created by Fab Pad will be less in future years, and current values are therefore discounted to allow for risk factors, and for the fact that investment in Fab Pad does not allow for investment elsewhere and the investor may therefore forgo interest on their capital by investing.

The resulting SROI ratio represents the rate of return in respect of any investment during that three year period.

The summary of assumptions made for deadweight and drop off are:

**Table 27 Summary of deadweight and drop off assumptions**

Item	Deadweight	Drop off
Homelessness avoided	9%	9%
Social inclusions gains by participants	10%	16%
Value of volunteering to society	8%	16%
Health improvement of participants	10%	16%
Reduced dependence on drugs agencies	1.8%	0
Welfare benefits savings to state	3.3%	0
New tax income to the state	3.3%	0
Increased income of employees	3.3%	0
Increased employability	3.3%	16%
Value of taster session	0	16%
Reduced support input from other agencies	5%	16%
Increased personal income and reduced risk from debt management	23%	18%
Reduced support needs of children	10%	0
Future earned income from qualifications	3.3%	16%
Avoided criminal justice costs	24%	16%
Building entrepreneurial capacity	0	0

The summary of the values calculated or estimated for Fab Pad is: <sup>67</sup>

**Table 28 Summary of values for 2006/07**

Item	Calculated value for 22 people	Calculated value for 37 people
Homelessness avoided	£104,155	£175,170
Social inclusions gains by participants	£38,684	£65,060
Value of volunteering to society	£49,932	£83,977
Health improvement of participants	£61,145	£102,835
Reduced dependence on drugs agencies	£2,065	£3,472
Welfare benefits savings to state	£16,854	£16,854
New tax income to the state	£16,422	£16,422
Increased income of employees	£63,443	£63,443
Increased employability	£13,028	£21,910
Value of taster session	£4,099	£6,895
Reduced support input from other agencies	£2,598	£4,369
Increased personal income and reduced risk from debt management	£5,133	£8,632
Reduced support needs of children	£4,914	£8,264
Future earned income from qualifications	£18,167	£18,167
Avoided criminal justice costs	£33,710	£56,695
Building entrepreneurial capacity	£59,623	£59,623
Totals	£493,972	£711,788

In calculating these values, the results for the sample of 22 participants have been scaled up to values for 37 people, the reported number of individuals who were fully engaged in the project during the year. This has only been done with those values which could be scaled up, e.g. homelessness avoided, social inclusion gains and health improvement, but not for those which were specific to the actual project outcomes achieved, e.g. employment income, tax and welfare savings, future value of qualifications.

<sup>67</sup> NB there will be small rounding errors in the total figures quoted

The values have then been discounted over three years, using a calculator of NPV's.

**Table 29 Summary of projected values and Net Present Values over three years**

	Year 1 2006/07	Year 2 2007/08	Year 3 2008/09	Three year end value
Total net value	£711,788	£711,788	£711,788	£2,135,364
NPV's of value	£687,718	£664,462	£641,992	£1,994,172

The social value created per participant has been:

**Table 30 Added Value per individual participant**

Homelessness avoided	£4,734
Social inclusions gains by participants	£1,758
Value of volunteering to society	£2,270
Health improvement of participants	£2,779
Reduced dependence on drugs agencies	£94
Welfare benefits savings to state	£456
New tax income to the state	£444
Increased income of employees	£1,715
Employability development	£592
Value of taster sessions	£186
Reduced support input	£118
Increased income due to reduced debt	£233
Reduced support for children	£223
Future earned income from qualifications	£491
Avoided criminal justice costs	£1,532
Building entrepreneurial capacity	£1,611
<b>Total</b>	<b>£19,238</b>

The investment in Fab Pad for 2006/07 and its discounted value in future years is:

**Table 31 Summary of investment in Fab Pad**

	Year 1 2006	Year 2 2007	Year 3 2008	Year 3 end value
Communities Scotland Wider Role funding from CHA and North Ayrshire Council <sup>68</sup>	£64,433			
Investment in additional childcare through Working for Families <sup>69</sup>	£11,440			
<b>Total investment</b>	<b>£75,873</b>	<b>£75,873</b>	<b>£75,873</b>	<b>£227,620</b>
<b>NPV's of investment</b>	<b>£73,307</b>	<b>£70,828</b>	<b>£68,433</b>	<b>£212,569</b>

<sup>68</sup> Figure is the actual expenditure on the project, net of VAT, including management and staff costs for Impact Arts and CHA

<sup>69</sup> 10 childcare places were filled by Fab Pad participants. Based on project records, the average was 4 hours childcare per participant, at an average cost of £22 per week, figure derived from 'Use of childcare by parents of young children in Scotland', Growing up in Scotland, 2007, Research Findings 2/2007

The social added value of the project - the value created less the cost of creating that value - is £1,781,603.

The SROI index is calculated by dividing the added value by the value of the investment.

This provides a ratio of 1 : 8.38. That is to say, for every £1 invested in Fab Pad, £8.38 is returned in social added value, to stakeholders and wider society.

In terms of payback, another common method for appraising investments, Fab Pad will repay its investment in 2006 in just under 4 months. In accounting and commercial investment terms, this would be considered a highly attractive investment.

The stakeholders were interested in how the social return had built up over the three year period of funding. It is also possible to estimate the individual return by investor, both for 2006/07, and for the three year period.

The results show the following returns:

Table 32 SROI indices for three years

SROI year 1	3.63
SROI year 2	6.23
SROI year 3	8.38
SROI 2004-2007	6.16

The three funding investors in Fab Pad in North Ayrshire have been Communities Scotland (between 2004/05 and 2005/06); North Ayrshire Council (for the whole 3 years between 2004/05 and 2006/07) and the North Ayrshire Community Planning Partnership (2006/07).

In calculating the individual investor returns, it has been assumed that the returns accrue to the investors in line with their objectives as described in the stakeholder analysis and impact map, namely:

- The employment, training and volunteering outcomes are shared between the 3 investors equally
- The homelessness outcomes are shared between the 3 investors equally
- Communities Scotland accrues all the outcomes on debt and drugs
- The criminal justice outcomes are shared equally between Communities Scotland and North Ayrshire Council

This gives individual indexes of social return for the three years of:

Communities Scotland	3.78
North Ayrshire Council	3.20
North Ayrshire Community Planning Partnership	2.58

## Sensitivity analysis

The analysis rests on a range of assumptions. The aim has been to be conservative in the assumptions, and base them on research evidence and benchmarking data where possible. The assumptions made however may not be accurate, and the point of a sensitivity analysis is to test these out through varying assumptions and see what happens to the SROI index.

The least robust assumption is attribution. Fab Pad works with people who need support, and this support may be provided by a range of agencies whether the participants recognise it or not. Attribution has been taken into account with drug support costs but not with others.

Despite the histories presented by participants, the low levels of support reported, and their own clear attribution of benefits to Fab Pad, it is still prudent to examine a reduction in Fab Pad's value as a result of other agency input.

Attributing 25% of Fab Pad's value to other agencies results in an SROI index of 1: 6.11

Attributing 50% of Fab Pad's value to other agencies results in an SROI index of 1: 3.74.

Thus even with extremely low attribution of value to Fab Pad, the index does not drop below £3 returned for £1 invested.

The other assumption to test is drop off. The figure used here was 16%, but this is an estimate, as Impact Arts has been unable due to restricted resources to follow up individuals over a long period of time.

If however more outcomes were not sustained than has been assumed here, and drop off was to increase to 30% over time, the SROI index would be in the region of 1: 7. Drop off would have to increase to 90% before the SROI index dropped to 1, which is extremely unlikely to be the case.

There is an argument that the childcare support to participants, offered through Working for Families, would have been provided anyway and therefore should not be seen as part of the investment in Fab Pad. If this amount is taken out of the figure for investment in Fab Pad, then the SROI index increases to 1 : 10.05.



## Conclusions and recommendations

Any SROI result of over £1 of social return for £1 of investment is regarded as positive.<sup>70</sup>

This analysis of Fab Pad suggests that for every £1 invested in the service a Social Return on Investment (SROI) of £8.38 is realised.

This is a considerable achievement, given the nature of the client group Fab Pad works with, and the difficult economic and social circumstances of the area in which they live.

In view of the findings, recommendations for further work by Impact Arts would be:

- There is a strong business case for landlords to involve Fab Pad in supporting their tenants at the start of their tenancy, as it can now be demonstrated there would be benefits to landlords arising from reduced tenancy turnover and anti-social behaviour, and an increased ability of tenants to meet rental obligations. Impact Arts could now progress from grant funding for Fab Pad to a contracting / service level agreement with landlords, supported by a strong business case, where they pay for the service on an “invest to save” basis at the beginning in order to achieve the kinds of savings outlined here Cunningham Housing Association and other landlords.
- Include a longer-term follow up of participants, to establish the longer-term outcomes of participants

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<sup>70</sup> From D. Aeron-Thomas, 2004 ‘Social Return On Investment - valuing what matters’, new economics foundation

- More mapping of the role other support agencies play in creating participant outcomes
- Use the experience with this study to include ongoing in-depth interviews with participants and improve the questionnaire used in the light of feedback from this study.

## Disclaimer

The information herein has been provided for general information only and measures have been taken to ensure that the information is accurate and up to date. However, none of the organisations or members of the aforementioned organisations is liable for any use that may be made of the information here or nor can they be held responsible for any errors resulting from the use of this information.

The analysis is essentially a modelling exercise and should not be used for formal accounting purposes.

## Acknowledgements

**Commissioned by:** Social Economy Scotland Development Partnership  
(Equal Round 2)

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The author would like to sincerely thank Impact Arts staff for their time and energy in getting the information on which this report is based, and to Cunninghame Housing Association for their input.

The input from Impact Arts staff was the highest of any organisation involved in the SROI pilot, and the strength and depth of the primary research, and the results obtained in terms of the range of social added value described and calculated for Fab Pad, demonstrate this.

## Appendix 1 Stakeholder Interviews

### 1. Fab Pad North Ayrshire meeting - 5<sup>th</sup> June 2006

#### 1. What brought you to Fab Pad?

- I came to FP to learn basic skills to do up the house and to meet people
- I came for help

#### 2. Who are the agencies who refer you?

- I was referred by Barnardos as I have 4 kids and I have a house that needs decorating. I think that Fab Pad is great as you get ideas and you get to go on shopping trips to buy stuff for your house.

#### 3. What do you think about the shopping trips?

- I found the last shopping trip stressful as there were too many people. If the numbers were cut it would be less stressful - **AM pointed out that the 2 services will shop separately in future.**
- The shopping trips are good as you are given a free rein and you are taken to places that you wouldn't normally be able to get to such as Ikea. The childcare offered whilst on the shopping trips is also good as it means you don't miss out.
- The budget is a great idea as it helps you to spend wisely.

#### 4. What skills have you learnt? Do you want to learn?

- The skills I've learnt include masking areas for painting, sewing using a sewing machine and measuring up for curtains etc.
- It has improved my concentration. I enjoy art.
- I have learnt new skills

#### 5. Are you happier now?

- I previously didn't have any help to sort my house but now I have help and I felt much better about moving into my house.
- You feel motivated to get your house done
- It feels good to see the difference
- It's nice to say, "I've done that myself"
- I have learnt new things and have more confidence and am motivated.
- Doing Fab Pad has brought me out of my shell and it gives me a break from the house
- I now have the confidence to do something else
- I like to meet people
- It's the only time I come out of the house
- It's good, opened up my eyes. I feel relaxed and I find I can concentrate more. I have a sense of achievement. I'm discovering strengths and recognising skills.
- It has been good to meet people and I am keen to get my hall started
- One client wasn't very confident in the beginning but after the home visit where she was given constructive ideas she was motivated and has now made a start and has continued to engage.

#### 6. Where do you see yourself in 5 years?

- I am starting college in August. I am doing a beauty therapy course. I also hope to start driving
- I want to be an interior designer. I want to get my child into school and get a job.
- I want a job and want my sons to go to school

- I want to earn money and get a job although I have a child with Special Educational Needs so that may prove difficult. I just want to have fun again and get my bubbly personality again.
- My priority is to get my house done and then I want a job. I want stability first.
- I have been nominated for a volunteer's award.
- I want a job and to be settled.
- I find relationships difficult but I'd like to settle and to get married
- Fab Pad offers the whole package. You feel good about yourself and you feel motivated.
- I'm going to start a course at James Watt college

**7. Are you ready to train for work?**

- I'm going to start a course at James Watt college
- I am starting college in August. I am doing a beauty therapy course. I also hope to start driving

**8. What has been good?**

- If it wasn't for the childcare I wouldn't be able to make it. It's good to know that the kids are safe as well. They are not far away so I can get to them if I need to.
- The before and after photos help you see the transformation
- The advice we get is spot on. It's easy to talk to the tutor
- Health and safety advice is given e.g. told not to sand a suspected asbestos area. The council must be called for repairs to be done.

**9. Can we make any improvements?**

- I would like to meet more than once a week as we don't have enough time to get things done.
- It would be better if we met twice a week.

## **2. Discussion with Mrs A (Clients Mother)**

### **What was your relationship with your daughter like in the past?**

"AnneMarie was a spoilt child, A daddy's girl and champion Irish Dancer. She had been shielded from the problems that existed between myself and her father". Her father was violent and found it hard to show any affection to me throughout our marriage, He became violent and I started to drink heavily. We finally separated and the girls were inconsolable. I felt they blamed me for the separation and things at home went from bad to worse. We've never really been close."

AM met her boyfriend when she was 16 and became pregnant at 17. I had met a new man who the girls "put up with" but they made no attempt to get to know him really. On top of this I was diagnosed with cancer and I felt that AM didn't really care if I lived or died. It was at this point I realised I had let my girls down. Treatment was successful and the cancer went into remission.

AM had two other children. Her home life seemed to be OK at first and then her partner lost his job. They were both in a rut and AM soon realised he was using heroin. She asked him to leave just before Christmas. He is now serving 3 years in prison for attempted murder. This put an enormous strain on her as a person and as a mother, and the children were affected badly. AM was referred to Fab Pad two weeks later.

The cancer has returned and I have been having radiotherapy. I suffer from depression and have started drinking heavily again. Sometimes it's hard for me to go outside. We don't really talk about the cancer.

**How has being part of the Fab Pad Project helped AM? And how has she changed as a result of this?**

AM had tried her best to get the house in order but there always seemed to be one setback or another. Separating from her partner has made her determined to decorate the house and get her life in order. She had gone through a bad spell of depression and everything had got on top of her before she got the chance to come to Fab Pad. Now she is

- Less depressed
- More approachable and has more consideration for the rest of the family
- More motivated in the house
- Happy to meet new people and make new friends
- Totally self sufficient and has better self esteem
- A better mother, more patient with the kids

AM's sister feels that before, AM had got "really hard" now she is easier to talk to and does not take offence when given advice. Although AM is more confident, she still cannot show affection for her mother or sister. She is great with her own kids though.

AM's mum said "She is a great natural mother". Things are getting better and better as time goes on. I think she realises now its not easy being a mother and living in a bad relationship. It has made her appreciate what I went through. She is now talking about volunteering with Fab Pad and has enrolled in an interior design course at James Watt College. The childcare is fantastic and has allowed AM to get to the workshops as I am not fit to take care of the children just now.

### **3. Discussion with Project Manager - Townhead Addiction Services**

**How have your clients progressed since joining Fab Pad?**

All our clients are progressing really well, and are encouraging other service users to join up for Fab Pad workshops. Fab Pad has allowed them to tap into skills that have been dormant due to their lifestyles. All have increased confidence and motivation and are more open to trying new things. Fab Pad has "kickstarted" them, allowing our clients to build new relationships with family members and staff members. This has also helped them to integrate into other groups.

**Do you see any obvious changes to your clients` motivation, confidence and self esteem?**

There have been massive changes to confidence and self esteem in particular especially.....EC then named 4 separate clients.

One client wasn't coping too well with problems brought about by her drug addiction. She had too much free time and suffered mood swings. She joined Fab Pad and the change was gradual. After a few months she began taking part in other activities run by other groups within the Townhead Centre. She is now very keen and eager to participate.

Another client was in a similar situation his confidence and self esteem has grown, he has enrolled in a Spanish course at James Watt College and he has asked about volunteering in Fab Pad workshops. "His progression has been like a flower opening and allowing the bud to grow"

**Has Fab Pads involvement with your clients enabled your organisation/staff to allocate time to other service users and if so how much in terms of time/finance has this saved your organisation?**

Due to our clients attending Fab Pad workshops and benefiting from Home Visits from Fab Pad staff, this has allowed my organisation / staff to free up time that has been channelled into other areas . It is "freeing up" lots of time that permits our staff to allocate more time to the newer clients who are at the start of the progression route. Our staff are spending less time on a one-to-one basis with clients who have engaged with Fab Pad and the financial implications speak for themselves really. It's impossible to say an exact amount at this point but the benefits have been invaluable.

**How did you rate Taster sessions and how did those clients who took part progress at this time?**

The provision of Taster Sessions has been fantastic. Again this has benefited the Townhead Centre as the free sessions allow us to allocate these costs to other areas enabling more clients that use the Centre to get the benefit. All those who participate are enjoying the experience. It has motivated each client to get out of the house and attend the sessions. It also allows them to relax and take part in an activity that has proved to be very therapeutic. Can we have some more please?

#### **4. Discussion with Community Employment Initiative**

**How has your client progressed since joining Fab Pad? (As individuals and as members of the community)**

When our client joined Fab Pad she was very introverted and was had very low self esteem. She spent all of her time with her partner and young child and would be unwilling to leave the confines of her own home. Her feeling of insecurity led her to believe that she was not capable of doing things outside the home on her own. She was not motivated to do anything around the home, leaving the house in a chaotic state. This did not appear to bother our client at all. When she first started with Fab Pad she would not have been able to hold a conversation or speak out in company.

**Do you see any obvious change to their confidence, self-esteem and motivation?**

Since joining Fab Pad her confidence and self-esteem have grown and she is no longer afraid to venture outside of her own home. With the support and assistance of Fab Pad staff she has become motivated, resulting in her now taking pride in her home and also joining the Equip project. This she would not have been able to sustain without the involvement of the Fab Pad staff. After she had been with the project for a few months she was able to stand up in front of an audience of partner agencies and prospective clients and give a short talk on her time with the project.

**Has Fab Pad's involvement enabled your staff/organisation to free up time normally used with this client enabling staff to devote more time to other clients?**

A lot of time was spent with this client identifying and addressing the various issues as mentioned above. With the involvement of Fab Pad it enabled us to step back and although we were on hand should it be required this enabled us to work with other clients.

**If so how much in terms of Finance/Staff Time has this saved your organisation?**

N/A

#### **5. Fab Pad North Ayrshire - Tutor**

As an Ayrshire resident and single mother, the prospect of either commuting long distances or choosing to move to some city to find employment seemed rather daunting. When the opportunity arose to work with Impact Arts on the Fab Pad project in North Ayrshire, I jumped at the chance. I couldn't believe my luck in gaining employment in the arts shortly after graduation, especially in Ayrshire. I have now been working on the project for seven months, and feel deeply satisfied with my employment situation. I have developed lots of new and existing experiences practically and personally. Through ongoing training from the Coordinator and tutor in the workshops I now obtain skills in working with textiles, decorators paint effects, tiling and mosaics as well as general principles on delivering effective and efficient tuition. I'm very pleased to say that the company also provide special training days offering employees the opportunity to develop their skills further. Operating with Fab Pad's particular client group, many of whom are dealing with differing personal issues comes is a highly rewarding task. It's such a privilege to be making a

significant and positive change to people's lives, however big or small. In the short time I have been working with the group I have recognised the impact Fab Pad has for the clients involved in the project. Self esteem and confidence are improved through learning new skills, discovering personal interests and developing social interaction. I believe that Fab Pad has great benefits to all those involved. It is an exciting, enjoyable and worthwhile project.