Measuring and reporting social return on Investment: Knowledge transfer between a university and a social enterprise

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Introduction

This paper reflects on a Knowledge Transfer Partnership (KTP) at Construction Youth Trust (the Trust) with London South Bank University (LSBU) that aims to provide the Trust with a comprehensive and internal process that will result in Social Return on Investment (SROI) being embedded within the organisation. The aims of this paper are twofold, firstly to examine the development and growth of KTP’s. Secondly, some initial findings of the KTP will be discussed notably an initial evaluation of the Progress Web a tool used to measure beneficiaries progress towards a goal. The paper presents some initial and preliminary findings of the KTP and will conclude by answering two questions firstly is the KTP adding anything to implementing the SROI process at the Trust. Secondly, can intrinsic outcomes be fed into the SROI study at the Trust.

The key practice issue this paper addresses is the measurement of social value, specifically the measurement of the soft outcomes of beneficiaries of the Trust. Although, there has been a great deal of academic research there has been no universal approach developed to measure social impact (Arvidson et al 2013, Gibbon & Dey, 2011, Teasdale 2012). The commencement of the Public Services (Social Value) Act 2012, required “public authorities to have regard to economic, social and environmental well-being in connection with public service contracts” (HMG, 2012). This is a key issue for the charity the research was undertaken in because as government budgets are cut and social needs increase, charities and community groups making up the ‘voluntary’ sector are being asked to step into the gap” (Jardine & Hodgson, 2010:10). However, increasingly delivering government contracts has led to increasing pressure on voluntary sector organisations to demonstrate accountability for the money they have been entrusted with.

The Social Return on Investment (SROI) methodology was selected as the approach Construction Youth Trust would use to measure the potential social value the charity creates and a Knowledge Transfer Partnership (KTP) would be the mechanism for the research.

1 A similar version of this paper is to be presented at the EMES network conference (Helsinki 30 June-3 July 2015). The paper is currently under final revisions for publication so please regard this paper accordingly.
Once the KTP commenced, an initial literature review revealed a reluctance to measure soft outcomes in some SROI studies. In an SROI of a transport scheme Wright et al (2009: 463) explain that some outcomes and impacts such as increased self esteem cannot be easily monetised and therefore “are often overlooked”. The SROI of Tomorrows People’s Welfare to Work programmes only focuses on hard outcomes as softer outcomes and the positive life effects of employment are subjective and difficult to quantify (Dattani & Trussler, 2011: 11). Conversely, in the SROI analysis of Jamie Oliver’s apprenticeship scheme it was recommended that SROI analysis could be strengthened if soft outcomes were recorded. They continue by recommending a baseline data collection system similar to the outcomes star (Lawlor, 2011). The Trust had an existing tool to measure the distanced travelled by beneficiaries called the Progress Web. It was considered that the Progress Webs should be analysed and if necessary adapted to feed into the SROI study at the Trust.

Before, examining the KTP at the Trust the history and context of the Knowledge Transfer Partnerships will be discussed. KTP’s are briefly discussed simply to define the context of the research. Simply defined, Knowledge Transfer is the transfer or imparting of knowledge from one source to another that the recipient benefits (Burns and Paton, 2005: 50). Knowledge Transfer in the UK academic context began in 1975, taking the form of Teaching Company Schemes. The name changed to Knowledge Transfer Partnerships in 2003 (Brown and Chisholm, 2008). Though some operational details changed, the essence remained much the same. Thus it is a programme which not only survived but prospered following both major changes in Government and the demise of the original sponsoring department.

The business project nature of these programmes involve a three way partnership between government, universities and ‘business’. Over the years they have grown and prospered. The use of italics with business represents the growth of these schemes beyond their original concept of application simply to private enterprise. Now the KTP concept has become well established in public sector organisations and with further extension of the scheme, third sector organisations. However, the original focus of the scheme, namely a prime focus on a ‘business case’ proposition has been maintained. Therefore the KTP concept can be seen as a sustaining the principle inherent in business investment (a business case with a monetarised payback).

The success of these forms of Knowledge Transfer was summed up by Howlett in a paper where he identified both the extent and aspirations of the genre:

‘During the 2008-9 year there were 964 Partnerships and 1021 Associate places in the KTP portfolio with an aspiration to increase numbers further. Over the years and decades it has been in operation, the KTP model has gained an enviable reputation for delivering high-quality innovation to UK companies through its three-way knowledge-transfer interactions between firms, universities and skilled graduates’ (Howlett, 2010: 5).

As previously noted KTP’s have extended to the third sector, but it was considered interesting to capture the penetration and growth of KTP’s within the sector. A search of the literature on KTP’s revealed there was not a readily available breakdown of the number of KTP’s within the third sector. The KTP portal on the Knowledge Transfer Partnership (no
Website holds the details of current KTP partnerships. While it is not possible to search the portal to filter out how many KTP’s are in the third sector it was possible to carry out a search by looking at the industry classification of each KTP and if necessary undertaking an internet search to determine if they were a third sector organisation.

A search of current KTP’s was carried out on the KTP portal in October 2014 to determine how many KTP’s were in the third sector. The search revealed that, just under 4%, just 28 out of 714, partnerships were being undertaken in third sector organisations. This compares to a comparable search in 2012 that revealed around 8% of KTP’s were associated with charities or social enterprises (Murdock et al., 2013). This could be because one of the aims of KTP is “to support wealth creation and economic growth within the UK” (Knowledge Transfer Partnerships, 2012). This could create a challenge for third sector organisations that seek to improve and enrich society rather than simply make a profit. It may be difficult for third sector organisations to demonstrate they create wealth and that could be one of the reasons that the number of KTP’s have fallen in the third sector. There is another feature of the KTP programme that will be particularly challenging for third sector organisations and that is that a two year KTP usually requires support from an organisation of around £40,000 this will present a significant challenge for many organisations within the third sector. However, the Trust considered a KTP as the appropriate mechanism to introduce SROI measures within the organisation.

Social Return on Investment
The KTP was launched to provide the Trust with a comprehensive and internal SROI process being embedded within the organisation. While this report considers the preliminary findings of the KTP it seems necessary to briefly consider the SROI methodology. It is a framework for measuring and accounting for a broader concept of value. SROI is based on seven principles “involve stakeholders; understand what changes; value the things that matter; only include what is material; do not over-claim; be transparent and verify the result” (SROI Network, 2012: 9). It is an approach that describes the story of change through measuring social, environmental and economic outcomes and uses monetary value to represent them.

A distinctive feature of the SROI process is the SROI Ratio. Once stakeholders have selected the changes that have happened for them financial proxies are used to put a value on these changes. The net benefits of the proxies are divided by the projects inputs to determine the SROI ratio of the activity. However, Arvidson et al., (2013: 8) note that there are “obvious challenges in attributing monetary values to outcomes and impacts. Some within the third sector are uncomfortable with summing a range of social values into a single financial value”. Conversely they acknowledge that there are also external pressures and evaluation tools such as SROI “offer a means to exercise accountability for how money from taxpayers and donors has been spent” (Arvidson et al., 2013: 4).

If as part of the SROI study at the Trust the soft outcomes for beneficiaries was to be claimed we needed a framework to measure them. For example in the SROI study of Veterans Contact Point (VCP) a proxy was used to value the increased confidence of beneficiaries. Bates & Yentumi-Orofori, (2013: 1) use the cost of a confidence course priced
at £1195.00, to value this change. The Trust has existing mechanisms in place to measure change, notably a Progress Web to measure the distance travelled\(^2\) of beneficiaries as a result of engaging with the Trust. This is a bespoke tool that was developed in-house. The Progress Web consists of a grid where beneficiaries of the Trust measure the progress they make as a result of working with the Trust. Beneficiaries are asked to rate how they feel across eight measures of change on a grid of one to eight at the beginning and end of engagement. The Trust is a flexible and dynamic organisation that responds rapidly to change and is constantly innovating. While acknowledging the strengths of other tools such as the Outcomes Star, the Trust needed a tool that could be adapted quickly to reflect the changing needs of the organisation.

While recognising the need to develop a bespoke tool the reasons behind the development of the Progress Web and Outcomes Star were very similar. There were two key questions posed when the outcome star was being designed. Firstly, “how do you measure the achievements of a service when the process of change often takes longer than the funding period, and is often characterised by two steps forward, one step back?” (MacKeith, 2011: 98). Secondly, “how can complex human process of change be measured and be added up across a project?” (MacKeith, 2011: 98). These are the two key questions that need to be answered to feed into the SROI analysis at the Trust, especially as existing practitioner reports have shied away from measuring soft outcomes (see Dattani & Trussler, 2011, Wright et al. 2009, Oxford Economics, 2009 for examples).

**The Progress Web**

<table>
<thead>
<tr>
<th>Scoring:</th>
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<tbody>
<tr>
<td>1 – Not at all</td>
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<tr>
<td>To</td>
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<tr>
<td>8 – Absolutely</td>
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<tr>
<td>100%</td>
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Circle the number that best says how you feel about each of the questions and then join the circles up

1. How good is your knowledge of construction?
2. How much do you want a job?

\(^2\) In this context the distance travelled is the progress a beneficiary makes towards an outcome.
3. How confident are you that you have the skills employers are looking for?
4. How confident would you feel in an interview?
5. How interested are you in studying construction at college?
6. How confident do you feel about applying to college?
7. How important do you think work experience is?
8. How good are your literacy and numeracy skills?

Figure 1: The Trust’s Progress Web

The Progress Web is a practical and useful tool that works well and is easy to understand. However, in order to feed into the SROI process the Progress Web was modified to improve the collection of data on intrinsic outcomes. McNeil et al (2012: 10) explain “outcomes which are valued by and relate primarily to individuals, such as happiness, self esteem and confidence are referred to as intrinsic outcomes”. These are more difficult to measure than extrinsic outcomes which can be measured and valued by other people. They can include educational achievement, literacy and numeracy or good health (McNeil et al 2012). “Young people and Trust staff were consulted about Progress Webs and observed filling in Progress Webs in the different regions of the Trust in England and in Wales. Both beneficiaries and staff were positive about Progress Webs one young person commented “with the Progress Web you can physically see yourself moving along the scale”. However, staff felt there was room for improvement.

The Progress Web discussed in this paper is for the Trust’s Budding Builders programme. Question one on the existing Progress Web ‘how good is your knowledge of construction?’ was considered helpful for the Budding Brunels programme where students learn about construction professions. Budding Builders are practical courses where young people learn hand skills with the eventual aim of employment in the construction trades. It was considered that for Budding Builders at least the question could be changed to ‘how confident do you feel using tools?’

The question ‘how much do you want a job?’ was not changed as it determined if young people felt motivated to secure employment. Copps & Plimmer (2013: 10) cite Gutman & Ackerman (2008) stating that aspirations are important to motivate young people and provide them with a sense of purpose during their journey to employment’. This question ‘how confident are you that you have the skills employers are looking for?’ was in the original Progress Web. Employability skills are important in securing a job, Copps & Plimmer (2013: 11) note they are also a factor on “success in the workplace, including future earnings. These skills, such as team working, communication, problem solving and self-management, are highly valued by employers, often more than educational qualifications”. The question ‘how confident do you feel being interviewed?’ was also kept because this is an element of employability that the Trust help beneficiaries with. The ability to make career choices and

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3 Young people in Dudley, Swansea and Manchester were observed filling in Progress Webs & consulted about them.
set realistic goals has been noted as an important factor in a young person’s readiness for work.

Question 5 was kept ‘how interested would you be in studying construction in college?’ and question 6 was discarded ‘how confident do you feel about applying to college?’ It was considered that if a beneficiary was not interested in studying construction in college then two measures of change are lost. This question is about attitudes to work and education as noted earlier young people with higher aspirations are more motivated to achieve and are more likely to be successful.

There is a question about work experience on the Progress Web ‘how important do you think work experience is?’ Copps & Plimmer (2013: 13) note that “employers identify experience of work as one of the areas most lacking among education leavers”. Discussions with staff at the Trust and beneficiaries revealed that young people do not always value their work experience or volunteering. The question was not changed as staff at the Trust said the existing question worked.

The original Progress Web question ‘how good are your literacy and numeracy skills?’ was adjusted slightly. Staff members at the Trust felt that while acknowledging that literacy and numeracy skills are fundamental basic skills, they are also different skill sets. This question was originally included in Progress Webs to demonstrate the importance of literacy and numeracy for a career in the construction trades. The question was changed to question 7 ‘how good do you feel your maths skills are?’ and question 8 ‘how good do you feel your writing skills are?’ Again the change in language was based on feedback from trainers that questions needed to be in plain English.

**Trialling the Adapted Progress Webs**

The adapted Progress Webs were piloted at a course in Manchester. The course ran for two days a week for four weeks. The practical construction skills course covered joinery, plastering, tiling, wallpapering, plumbing, wiring up a light fitting, health and safety and employability. Four trainees completed the course and filled in the Progress Webs. The Progress Webs indicated a growth in confidence and knowledge of young people as a result of attending the construction course.

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4 Karen Laheen, London & South East Project Coordinator and Rob Wright London & South East Trainer provided advice on the existing Progress Web questions.
The North West Trainer\(^5\) felt that simplifying the language in the Progress Webs could be patronising adding trainees understand what numeracy and literacy mean, asking “should the paperwork be different for a 14 year old and 30 year old?” The Trust runs courses with young people aged 14-30 and further discussion revealed that the North West tends to train older people than the London team. Therefore, it might be appropriate to develop age appropriate Progress Webs for different courses. However, the learners in Manchester completed the revised Progress Webs without complaint.

Interestingly, there was a decrease for some learners in how important they felt work experience was. This is especially interesting as staff felt this question should be kept as it stimulated debate about work experience. However, this decrease was coupled with an increased interest in studying construction in college this could indicate that trainees were more interested in studying construction following the course. This could also indicate that trainees realised there would be more opportunities available to them if they studied construction.

Perhaps unsurprisingly being able to record numeracy and literacy separately was simpler for trainees. One trainee filling in the original Progress Web commented. “I am a 6 for English and a 1 for maths” this led to confusion about where they should rate themselves on

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\(^5\) Staff in the North West felt that simplifying the Progress Webs could be patronising for older learners but there were no complaints from learners completing the pilot Progress Web.
the question ‘how good are your literacy and numeracy skills?’ This was fairly typical when trainees filled in the original Progress Web however trainees filled in the revised version without complaint.

The research concluded that the Progress Web did have the potential to feed into soft outcomes in the SROI study at the Trust. However, reluctance by staff to change existing questions such as on the value of work experience meant that it was not possible to use the tool just to measure soft outcomes. The KTP project necessitated a culture change within the organisation and staff at the Trust initially had reservations about changing a tool that they felt was working. However, going forward this is changing and an adapted Progress Web that just measures soft outcomes will be piloted in a Construction Youth Trust Swansea Apprenticeship Course. This is largely because the KTP enabled the KTP Associate to work in the organisation and develop expertise in how the organisation actually works and introduce incremental change from the bottom up in consultation with beneficiaries and staff. It is planned that following extensive consultation of young people to feed into the SROI analysis the Progress Web will be adapted to measure the changes that young people across the country identify.

KTP’s and specifically KTP’s in the third sector were briefly examined as a delivery mechanism for voluntary sector organisations to describe the added value they create. The KTP at the Trust examines using SROI as a way to describe its impact. However, it is also important to unpick what the KTP brings to SROI processes at the Trust. Ternouth et al., (2012) note that the business outcomes in successful KTP partnerships “should demonstrate long term results for the business partner in the form of “a sea change” in development such as an embedded approach to innovation which could not have been obtained by consultancy or contract R&D. If the results could be obtained by such means it would not qualify for support through KTP”.

Therefore, embedding knowledge transfer gained through the KTP is the distinct and key differentiator of the KTP process. The KTP Associate although employed by the knowledge partner is based at the company this enables them to become knowledgeable about the company as well as developing expertise in an innovative project that involves the development of new products, processes or systems. This research reports on the interim findings of the KTP at the Trust and therefore it is difficult to say whether the research has been embedded. There is not currently a standard approach to SROI it is important that it is underpinned by a strong evidence base and through links with a university a KTP can look at theory development. However, where the KTP might be interesting is that theory development has been linked in with the practical application of the SROI methodology within a third sector organisation.

Conclusions
In conclusion the research examines the measurement of social value but specifically how soft outcomes can be fed into the SROI framework. Measuring social value is particularly important in the context of the Social Value Act requiring “public authorities to have regard to economic, social and environmental well-being in connection with public service contracts”
This is a key practice issue for the voluntary sector as they are increasingly delivering public services and this is coupled with the need to demonstrate they create social value. However, there is not currently a universal way to measure social value (Arvidson et al 2013, Gibbon & Dey 2011 & Teasdale 2012) and therefore a KTP was selected as the mechanism to measure social value at Construction Youth Trust.

The KTP is currently ongoing at the Trust and measures are being put into place to develop and embed the SROI methodology within the organisation. It is hoped that adapting existing tools, such as the Progress Web, will both enhance SROI reports and facilitate the embedding of the SROI methodology. The Progress Web will be used to describe the barriers that some young people who are NEET (not in employment education or training) will overcome on their journey to employment. The Progress Webs trialled at the course in Manchester indicated a growth in confidence, knowledge and experience of young people on the course this change will be fed into SROI studies at the Trust to capture some of the story of change for beneficiaries.

REFERENCES


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