

This document sets out the cross-IC questions submitted to SFC in January 2023 in response to the Guidance on IC Infrastructure Investment. SFC answers are shown in purple and this version of the document was issued to IC CEOs in advance of joint SFC/IC discussion on Thursday 12 January 2023.

## Infrastructure Investment Submission: Questions as part of cross-IC submission to SFC - January 2023

### A. Governance-related

#### 1. Time scales:

- a. Submission date – originally we thought this was 31<sup>st</sup> March, now 13<sup>th</sup> March – can we extend to 31<sup>st</sup>?

Yes

- b. What assurances can be afforded in relation to time extension(s) should the Innovation Strategy not be published and/or accessible in advance of the submission date?

We will work with SG colleagues to ensure that a near final version can be shared (in confidence) with ICs for this purpose should there be any unforeseen delays in publication.

- c. Should assurances not be afforded, is there scope to issue amendments post submission should any material change be required in response to the Innovation Strategy?

Yes, there will be opportunity to provide further information to Assessment Panel ahead of and during 2 day workshop in May. The Panel will meet and discuss plans first and may have requests for clarity/further information ahead of workshop (16-18 May 2023, Edinburgh).

#### 2. Host universities:

- a. From whom does the SFC expect to receive business cases? (The IC or the host uni)?

As with Phase 2 plans we expect them to be submitted by IC Boards (which include host university). We would expect plans to set out clearly support from admin hub as SFC will ultimately be funding a university as the legal entity in receipt of funds. The Assessment Panel may wish to invite admin hub university to 2 day workshop or request information from them during the process.

- b. What is the approval process requirement of the host university?

SFC expect ICs and their hosts to be working closely on these submissions and will be guided by university processes and sign off.

#### 3. Will Innovation Centres be provided access to the completed evaluation reports in advance of the submission date?

Yes. We are working very hard to ensure we have the evaluation report published in good time for ICs to consider well ahead of submission (now 31 March).

#### 4. Who are the members of the ICBP?

ICBP is comprised of senior representatives of all funding partners (including specific parts of SG and SOSE) as well as Scottish Government colleagues in HE and Economy directorates.

The Infrastructure Funding Assessment Panel is still being confirmed and will comprise of senior representatives from Scottish Government, SE, HIE, SOSE, universities, colleges, SFC's RKEC and Board. The Panel will be Chaired by Prof Lesley Yellowlees (RKEC Chair and SFC Board member). We will share full membership and terms of reference etc. in coming weeks.

The Assessment Panel have been asked to hold 16, 17<sup>th</sup> and 18<sup>th</sup> of May in diaries for workshop in Edinburgh.

5. Are the interviews with ICs during the review process with CEOs only? – or chairs/others?

CEOs would be expected to lead, supported by key staff and Chair. The Panel will have a view on this and will inform ICs as soon as possible. It is likely that they will offer a timeslot for each IC which they can use to present case and then respond to panel questions.

**B. Compliance-related**

6. Are there specific governance costs that we should build into our model? i.e. need for external audit?

This is not a requirement of SFC funding to our universities which is set out in our Financial Memorandum (included in Offer of Grant). This sets out how an institution has the legal responsibility to ensure that public funds are spent in line with purpose. This is currently covered in admin hub role within Boards and SFC would expect a continuation of that assurance in future.

7. What is a data management plan as requested in project management and governance section (i.e. is it simply our existing GDPR compliance statement/protocol, or something additional – if additional is there a standard format to use)

This will be discussed in more detail post SFC Board decision in June to ensure we have right policies in place to support reporting and rolling evaluations before Infrastructure arrangement begins. For the submission we require what approach/mechanisms are in place to demonstrate data management, which includes GDPR, due diligence.

As an example see separate document SFC's 'Data Protection Impact Assessment'. You may wish to use host institution template.

8. Can we have a copy of the SFC EHRIA?

Yes. A copy of SFC's EHRIA template (renamed Equality Impact Assessment) is provided for reference as a separate document. You may wish to use host institution template.

9. Can you provide clarity on whether 'project management' is related to management of the Innovation Centre and/or management of project activity?

This is catch-all term for all IC activity which includes management of project activity.

**C. Involvement of the college and university sector in co-design**

10. What does SFC expect as **‘demonstrable evidence of institutional involvement’** in the co-design of our plans (e.g. does host university representation on our Board – and thus access to key IC planning and decision-making – count?)

A key aim of Infrastructure Investments is to ensure they are strategically closer to our institutions and that they exist to help our institutions maximise their value to Scotland. The Panel will be interested in seeing how this is developing and would expect references to key university and college partners in the development of long-term plans. This is not about admin hub relationship but rather about utilisation of academic base which must encompass other institutions beyond host.

- a. What wider university or college engagement is expected, and feasible, within the timeframe set out?

The Panel will expect to understand the continued and expanding key relationships and plans to utilise academic base building on 10 years of activity and collaboration. They will also be interested in how this effort is sustained and resourced within plans.

11. **“Broadening the KE remit in order to reflect the diversity of our institutions”**: Can you give an example to illustrate the goal?

Terminology is often fluid and we recognise that ‘innovation’ perhaps does not capture full spectrum of good KE. Innovation is obviously a welcome product of good KE and we recognise in our Review and through plans to evolve University Innovation Fund to Knowledge Exchange & Innovation Fund that KE is not just about commercialisation. There is a broader value which can come from all our institutions including our small specialist institutions. Infrastructure ICs will have a responsibility to ensure we are exploring those opportunities taking a whole system approach which involves skills, brokerage, sharing knowledge, community building etc. as well as commercialisation.

12. **“We will expect ICs as long-term investments to have a broader & highly collaborative remit”**: Can you give an example.

For an IC to be supported over the long term it must be clear that they are playing/can play an integral role in delivery of national strategies and priorities. ICs must reflect this whilst being responsive and agile in order to be highly collaborative and add value to SFC’s KE&I system. ICs must challenge and inspire our academic base which may require breadth in order to bring industry problems to it. As with Innovation Strategy we recognise we can’t cover all opportunities and that would be when other parts of system such as Interface would be best utilised.

13. Collaborative project funding is critical to ensuring strong engagement between academia and business so will this be able to be funded through the Infrastructure route?

ICs are to articulate how they will contribute to delivery of outcomes and impact which may include academic buy out funding to help facilitate academic and industry collaboration. ICs

should describe how this funding will be used to develop opportunities of scale and to leverage in other sources of funding to Scotland.

**D. Involvement of industry or other key delivery partners in co-design**

14. What does SFC expect in terms of industry or other stakeholder demand for IC services?

As with Phase 1 and Phase 2, Infrastructure Phase will be industry demand-led and this must be articulated through plans. This could refer to IC role in strategies, policies related to industry as well as alignment with Scottish Government's Innovation Strategy and NSET.

15. All our work involves the NHS – we will need to be agile in light of the challenges and changing landscape (other pandemic or pandemic-like challenges) – are you happy for us to include a section on this?

Yes

**E. Strategic questions re duration of IC business plan**

16. Is there a clear definition of an infrastructure investment? E.g. how does SFC define this in relation to Interface? Does this equally to the IC programme, or is it some other definition? Please provide

There is no further definition of infrastructure beyond principles set out in guidance. SFC are designing a more cohesive KE&I system with the shared goal of building a net zero green economy and society. This system is underpinned by our support for university KE&I through UIF (soon to be KEIF) and our Infrastructure Investments will help our institutions to deliver impact through good KE&I. Infrastructure investments reflect both their long-term existence within this system as well as emphasising a broader, supportive and collaborative role in it compared to bespoke project funding on 3-5 cycles.

17. Time period that business plan is to be prepared, 1, 3, 5, 10 years or longer? We would prefer a minimum 10-year horizon to embed widespread applied R&D from Scottish universities commercialised and adopted.

We would encourage ICs to develop 10 year plans reflecting our aim for long term stability and greater impact. We recognise the challenges in that and would expect ICs to set out how they will remain agile and responsive to the needs of Scotland. SG have set 10 horizon through NSET and Innovation Strategy which ICs must align with.

18. We would welcome any guidance on duration and review points associated with infrastructure funding during the time period above.

SFC will build in necessary evaluation points (within this 10 years) to determine ongoing funding rather than fundamental reviews and funding cycles. This needs to be done in wider Innovation Strategy context (as well as NSET delivery programmes) but we would anticipate rolling reviews/evaluations which determine ongoing delivery/value to Scotland at 3-5 year intervals. We will ensure that we (SFC, ICs and wider system) retain and can access the necessary information and that the review can be as 'light touch' as possible in order to maintain deliver momentum.

**F. Finance related**

19. Does our annual ask have to be one of the three options (£1m/1.5m/2m) or can we work within bandings?

Yes - Total funding available for ICs is currently unknown and so figures are indicative of current SFC investment – guidance states (page one second paragraph) ‘Plans should be developed on basis of an SFC contribution of between £1-2m p.a.’.

20. **“How will the anticipated outcomes justify the investment”** - Is there a specific ROI or value for money methodology/calculation that the SFC would like us to complete within the finance section to demonstrate outcomes and impacts?

Justification of investment is to be demonstrated through alignment with national priorities (SFC Review/Strategic Framework, NSET, Innovation Strategy) and delivery of outcomes and impacts. There is no specific requirement to include ROI unless it is demonstrable of impact. The Assessment Panel will take a view on the value ICs can bring to the KE&I system and their likely contributions to Scotland’s economy, society and environmental impact.

21. What information does SFC wish to see around leveraging additional R&D support – in-kind/expertise/cash?

A key role for ICs (since Phase 2) has been on building opportunities of scale and leveraging further funding into Scottish R&D system. This is even more important for an Infrastructure Investment which must operate in and for our system, bringing it together (industry and academia), ensuring no competing bids and playing an enabling role to significant collaborative projects. ICs do not need to be the project lead but can play key role in leveraging support. We would expect ICs to articulate this type of activity and effort on a trajectory of previous phases and how resource will be organised to increase that effort and hopefully success.

22. Within the financial case would you like us to present full income statements, balance sheets and cashflows.

- a. If so, what period should they cover?
- b. Are we just costing an ‘average year’ for the amount of ask i.e. £1m / £1.5m / £2m or a year by year breakdown for initial years and flexibility for future years.
- c. Is there a specific format & granularity required for the budgets?

At this stage we require costing for an average year broken down based on running costs (overheads, staff, project funding, etc.). We need to understand the specific SFC amounts, the percentage of costs covered by them and how they will deliver outcomes. We (and the Assessment Panel) would separately wish to understand any further/additional projections of income which may also contribute to core/running costs.

SFC will work with ICs post SFC Board decision in more detail on costs and profiles in line with our financial memorandum principles and ensuring we do not fund ahead of need.

23. We would welcome any guidance on how other longer-term infrastructure projects are managing cost escalation / inflation and if there are standard assumptions to apply here.

We are seeking further advice internally on this point. We recognise the issue and the challenge in accurately reflecting costs. It is assumed (at this stage) that we will agree an overall annual profile (between £1-2m) which we would then expect IC Boards alongside admin hub institutions to manage and respond to external factors. It would be useful for ICs to discuss with their admin hosts how they are projected staffing costs in medium to long term.

24. Can we carry any excess income from Phase 2 into Innovation Infrastructure? - also we assume all allocated Ph2 budget needs to spent/officially committed by end of Phase 2.

Income that has been generated from Phase 2 activities can be carried over into new funding arrangement. However, any SFC budgets that are unspent or uncommitted by end of Phase 2 will be treated as underspend and will be returned as is normal practice.

#### **G. Technical/operational questions re budgets etc**

25. Are there limitations on what SFC funding can be used for? i.e., can SFC funds still just be used to fund core overheads and initiatives? Can we use an element to fund collaborative research with academics? Would we be able to use SFC funding to fund industry initiatives?

SFC infrastructure investment to ICs is provided to support activities that directly contribute to their capacity and capability to build connections across the knowledge exchange and innovation ecosystem to address and respond to industry needs, challenges and priorities by drawing on the academic base to support the development of creative collaborative solutions in partnership with colleges and universities. Activities and initiatives aligned with this overall purpose are eligible for funding.

SFC funding needs to help our universities and colleges maximise their value to Scotland. This may cover core overheads and academic to industry initiatives and collaborations, but it must not be used to fund industry initiatives where purpose is not to ensure utilisation of academic base. Business to business projects and initiatives as well as core functions in support of them may be funded through other parts of public sector.

26. Is this funding expected to cover MSc funding or will that be separately provided? (20.12.22 HAJ understands MSc funding is additional not included in this base number)

SFC funding for Taught Post Graduate places is currently provided to ICs via a separate funding stream and should not be included as part of costings (i.e. the £1-2m p.a.). However, we would expect this element to be articulated as part of skills programme if relevant.

27. Would we still be able to use this funding to fund further learning via PhD places?

Yes. We would expect this element to be articulated as part of skills programme if relevant.

28. Can you provide clarity on whether the reference to skills development in section five is limited to 'research and innovation' and/or whether it can be positioned to reflect a more holistic view of skills development?

Yes, we understand skills development to be broader than 'research and innovation' and a holistic view should be adopted.

#### **H. Monitoring, Reporting and Evaluation**

29. One of the Annex A principals is "Moving from KPIs to agreed outcomes" - What KPIs or other outcome and impact measures does the SFC wish to see to support the business case?

This guidance sets the direction and priorities alongside SG strategies. SFC recognise the diversity of models and outcomes/impacts possible and the guidance reflects this flexibility. SFC expects ICs to describe value and outcomes from their SFC supported activities which will help deliver on the top priorities of a green recovery, a wellbeing economy and a just transition to net zero carbon society. SFC will not be prescriptive in these outcomes but they must clearly show the role that our academic base has had in delivery of them with IC support. ICs should, where possible, set out how these outcomes will lead to economic, societal and environment impact.

30. Is the existing Monitoring and Evaluation Framework being replaced, and if so with what?

It is anticipated that monitoring and evaluation will move away from outputs and traditional economic impact measures to outcomes and impact so to better reflected the value ICs add to the KE&I system. Details will be developed to be in line with SG Innovation Strategy requirements. This will be at a later stage, post SFC Board decision in June.

31. If an IC is confident in our current Governance structure, is there a need to modify this based on funding as Infrastructure.

No, it is not necessary to change this based on funding as infrastructure. As part of the submission, we do expect ICs to describe what their governance arrangements will be and again, the admin hub institution (as IC's legal entity) will need to be in agreement.