

Monitoring and evaluation of strategic projects

- This paper sets out for the Committee's information and assurance a summary of work undertaken during 2020-21 to approve, monitor and assess investments made using SFC's non-core programme funds for colleges and universities. It also sets out developing plans for a refreshed approach to evaluation of such investments.

Recommendations

- Consider the current position on approval, monitoring and assessment of non-core investments; and
- Note and comment on plans to explore options for future evaluation activities

Monitoring and evaluation of strategic projects

Purpose

1. This paper sets out for the Committee's information and assurance a summary of work undertaken during 2020-21 to approve, monitor and assess investments made using SFC's non-core programme funds for colleges and universities. It also sets out developing plans for a refreshed approach to evaluation of such investments.

Background

2. The Audit and Compliance Committee last considered a paper on monitoring and evaluation of strategic investments in March 2019 (ACC/19/06). An updated paper was to be provided to a later 2019 Committee meeting but, in order to allow this work to be integrated with internal audit work on strategic funds, this item was further postponed.

The internal audit report on Strategic Project Funding was delivered in March 2020 and considered by ACC in August 2020 (ACC/20/16). This noted that "SFC has well-designed and effective processes to ensure that projects approved for funding align with SFC strategic objectives and are appropriately monitored" However, it also noted that "we have identified that processes for reviewing and assessing project outcomes are not well adhered to, and that information collated through these processes does not inform subsequent funding decisions" with these issues graded as yellow or moderate risk.

3. The ACC "was reassured by the responses to the implementation of the actions in the Follow up paper" and "noted the Council's executive's view that the implementation deadlines were reasonable at present, but that the fast-changing environment could require them to be revisited." The COVID-19 pandemic, the Minister's commission to SFC to undertake a review of coherent provision and sustainability, and the SFC voluntary severance scheme have all had an impact on the resource available to design and implement the changes stimulated by the internal audit report so far. However, refocussing of work following the Review, restructuring of the SFC executive and increased recruitment all offer potential for improvement.

Management, monitoring and evaluation of strategic projects

Non-core programme funds

4. A portion of SFC's annual funding for colleges and universities is earmarked for strategic/non-core investments. In 2012, SFC's Board delegated consideration of proposals for strategic investment to an internal Group comprising SFC's Directors and Chaired by the Director of Finance. The Strategic Funding Group (renamed the Non-core Programme Funding Group (NPFPG) in 2020) has been considering proposals for strategic investment since June 2013.
5. Currently strategic/non-core funding awards are made throughout the year. NPFPG meets on a monthly basis to consider a range of proposals across SFC's responsibilities. The Group makes recommendations to the Chief Executive based on each proposal's fit to SFC's strategic objectives and priorities (including the Scottish Government's strategic priorities and national performance framework), and the availability of funds. If funds requested are in excess of £1 million, the recommendation must also be considered by the Council Board for its approval, and also by the Scottish Government in some instances. We also manage ring-fenced funds on behalf of the Government via this process.
6. New projects emerge, in the main, as part of the Outcome Agreement process. Outcome Agreement Managers/Lead Officers are responsible for the initial screening of a proposal from institutions, to ensure that there is no duplication with other projects, and that it meets the Scottish Government's and SFC's strategic priorities and objectives, as well as an institution's Outcome Agreement objectives.

What is considered strategic/non-core funding?

7. Anything that is not formula funding as announced in our annual main funding announcements must receive approval from SFC's Chief Executive following recommendation from NPFPG. To be clear that is:
 - HE – anything other than core teaching, research, capital maintenance and Financial Transactions
 - FE – anything other than core teaching, student support, and capital maintenance.
8. Strategic/non-core funds are used to deliver and support a variety of activities,

some of which are based on long-standing arrangements (some dating back to the 1990s and early 2000s). This includes:

- activity that supports the delivery of teaching and research but are not part of the formulaic awards, or services which are best procured on a sector-wide basis, such as APUC, JISC, QAA, CDN etc.
- projects where SFC can facilitate collaboration and leveraging of funds from other partners to support SFC's strategic objectives and Government priorities
- projects that support transformational projects, aligned to Scottish Government and SFC priorities, and drive strategic change
- financial sustainability requirements.

9. NPMG also considers projects that:

- have a procurement need, e.g. a review or a piece of consultancy work that is of benefit to colleges and/or universities
- have support from one of SFC's Committees – SFC's Committees don't have the authority to award funding
- require funds to be re-profiled due to delays in spending or assessing requests for activity to go beyond their original period of funding
- have an underspend at the end of the award period but the university/college/organisation proposes to use the underspend for additional activities – the default position is to recover unspent funds
- projects where SFC has been asked to administer ring-fenced funding for the Scottish Government
- projects that we contribute to along with other UK-wide funders for institutions – Office for Students (OfS), DELNI, and HEFCW

10. The amount of strategic/non-core funds has been decreasing in recent years as the main driver has been to protect core teaching and research.

Monitoring of strategic investments

11. The ROSI (Reporting on Strategic Investments) process for AY 2020-21 is underway. Following staffing changes associated with the voluntary severance scheme, the process of gathering returns is being run by a temporary colleague.

12. Institutional contacts and award holders were reminded at the end of August 2021 that returns were due by the end of September. Reminders were sent to awards which had not made returns, on 21 October. Colleagues who manage

awards have been engaged throughout the notification process. Incoming award reports have been saved in the appropriate parts of our document management system, with locations being noted in the Strategic Investment Reporting Log (SIRL). Colleagues were notified of the arrival of returns from awards for which they are responsible as they were processed and encouraged to begin assessing these.

13. Assessment of the ROSI returns by colleagues provides assurance on compliance with the terms of the award, progress towards agreed objectives and use of funds. Where progress on the funded work or on spend is identified as differing from what has been agreed, action (e.g. re-profiling or recovery of funds) will be proposed to NPFPG.
14. 112 returns were requested at the end of August. Figures at 25 November are below:
 - After some renegotiation of due dates, the current number due by 30 September stands at 72. Of these: 62 have been received; 22 have been assessed by colleagues.
 - After some renegotiation of due dates, the current number due by 25 November stands at 94. Of these: 76 have been received; 24 have been assessed by colleagues.
15. We are not currently resourced to collate impacts and lessons learned from across the returns received. The pilot process whereby responsible staff summarise progress on awards for NCPFG was suspended during COVID-19. It is anticipated that the role of monitoring in providing evidence for evaluation will mean that recommendations for adjusted processes will emerge from the work described below.

Plans for evaluation

16. Within our SFC Review, we noted SFC's plans to: "Develop our approach to evaluation, data and enhanced analytics to help shape policy and practice and to get better information into the hands of decision-makers across Scotland". With regard to research, we noted: "we will change our approach to evaluation and gather better evidence of how universities are using our core funds for research, and how we account for spill-over benefits".
17. The Policy, Insight and Analytics (PIA) Directorate has been tasked with considering how SFC might shape the future of its evaluation activities

organisation-wide and developing, by mid-2022, possible options for resourcing future evaluation activities that will be integral to SFC. Planned activities include review of current practice within SFC, identification of good practice and exploration of peer approaches within the UK and internationally. It is expected that this work will run closely with the development of a future National Impact Framework.

Risk assessment

18. Moderate risk – as identified by the internal auditors, processes for aligning proposals for non-core programme funding with SFC objectives and for making decisions on support are adequate and effective; monitoring processes show scope for improvement. Failure of these processes would risk inappropriate and unmonitored investments by SFC. Proposals to refresh and re-establish SFC’s approach to post-hoc evaluations offer opportunities for greater learning and impact from these investments.

Equality and diversity assessment

19. Non-core programme fund investments are individually subject to equality impact assessments.
20. There may be scope within the evaluation work to be developed by PIA for a periodic assessment of the population of key actors within the supported awards, and any equalities issues raised. Awards are formally made to the colleges, universities and other bodies as appropriate, rather than to individuals.

Financial implications

21. Current investment in non-core programme funds for FY 2021-22 is £66.8M. (This includes live projects and anticipated investments for both college and university sectors, but excludes ring-fenced funds from the Scottish Government.)

Recommendations

22. The Committee is invited to:
 - Consider the current position on approval, monitoring and assessment of non-core investments; and

- Note and comment on plans to explore options for future evaluation activities.

Publication

23. This paper will be published on the Council website.

Further information

24. Contact: Dr Stuart Fancey, Director of Research and Innovation, Tel: 0131 313 6559, email: sfancey@sfc.ac.uk .