

Innovation Centres – Monitoring and Evaluation Framework (MEF) Guidance

Introduction

Innovation Centres (ICs) are long term investments and it is likely that the full economic impacts of the Centres on the Scottish economy will not be known for several years. It is critical therefore, for each Innovation Centre to put in place performance monitoring mechanisms that capture, on an ongoing basis, the progress against a range of key indicators and that these are reported on a regular basis. The approach is designed to meet the following two objectives:

- To provide confidence that each Centre is on track (or not) to deliver value for money for the public purse and significant economic and wider impacts;
- To provide accurate information, captured on an ongoing basis, which can be used as important input into future evaluations of each Centre.

This guidance sets out the funding partners' (i.e. SFC, SE and HIE's)'s specification and requirements for a robust monitoring and evaluation framework (MEF) for IC programme-wide implementation. The approach should be integrated with IC reporting to their own Governance Boards to avoid duplication of effort – it should be recognised that IC Boards will have interest in progress in those areas which are of critical importance to the funding partners.

The MEF is designed to ensure a standardised and consistent approach is taken to quarterly reporting of ICs – both to their Boards and the programme partners. Professor Reid's 'Independent Review of Innovation Centres Programme' (September 2016) made clear recommendations on 'improving the MEF and the robustness of reporting' to 'help each IC demonstrate the basis for long term public support'.

Logic

The logic behind delivering economic impacts is that outcomes and impacts are the result of inputs (funding and time) leading to activities which in turn deliver outputs. If successful these outputs lead to outcomes (the benefits outputs deliver) and impacts. This logical sequence is important in monitoring progress.

Inputs → Activities → Outputs → Outcomes/Impacts

Standard approach to quarterly reporting

The programme partners require Performance Reports on a quarterly basis. However, funders require enhanced versions of these reports where the quarter coincides with year-end reporting and, end of project reporting (e.g. 5 year point). These enhanced reports should include the full collective progress of the year reported or the full duration of project support in each respective case.

Building on the recommendations of the Reid Review (2016) and the follow-on stakeholder consultation work (carried out by EKOS Ltd. under commission by the funding partners) a new KPI template has been developed and agreed between the funding partners and the ICs. This KPI template follows the logical sequence described above and requires reporting either on a quarterly basis or annual basis. Careful attention has been given to the need to minimise any unnecessary administrative burden on the ICs while ensuring robustness of monitoring is maintained in line with the levels of public funding applied to the IC programme.

The initial guidance to Innovation Centres contained a list of core key performance indicators (KPIs). These have been updated and arranged into KPIs for inputs; activities; outputs and outcomes.

Appendix 1 shows the agreed KPI monitoring template to be used by all ICs for monitoring and reporting progress throughout Phase 2 of the IC programme. This includes a definitions tab and FAQ with clear annotation of which KPIs are to be reported on a quarterly basis and annual basis.

Tracking and reporting these KPIs regularly over time should provide indicators that ICs are on track (or not), identify any remedial actions required, and will inform future evaluations to assess likely economic impacts. Where ICs have additional KPIs and/or non-quantifiable indicators they wish to track, for consistency across the programme, these must be discussed with programme partners before being added to the standard monitoring template.

As indicated above, the KPI template is one element of the quarterly reporting requirement.

The quarterly Performance Report must include:

- Narrative consisting of:
 - Executive Summary (1 page);
 - Key Achievements in Quarter (1 page);
 - Progress Report – Narrative (2-3 pages);
 - Short description of all projects commenced in quarter and all projects completed in quarter.
 - Financial Reporting (1 page narrative which references financial spreadsheet below);
 - Achievements Forecast for Next Quarter (1 page)
- Updated financial spreadsheets which present end-of-quarter financial position using a standard accountancy practice and which include tabs for income-expenditure, cash flow and balance sheet.
- Completed Performance Monitoring Template (as shown in appendix 1) which demonstrates actual progress compared with business plan.
- A tabulated project log which shows all projects started, underway or completed since commencement of phase 2.

Whilst this reporting is requirement of partner funding, it is important that the IC Board, through guidance from the IC Director, takes ownership of this level of monitoring. The Performance Monitoring Report should be incorporated into normal board processes and reported and signed off by the main Board prior to submission to partners by the IC Director, or equivalent, within one calendar months of the end of the quarter.

Each Board meeting should include time on agenda to discuss Performance Monitoring Reports and allow feedback to be considered and, if necessary, changes made before final submission to all partners. This discussion is an opportunity for Board to better understand progress against delivery targets and meet Professor Reid's recommendation of being a more effective management tool.

It is expected, as per partners' standard conditions of grant/contracts, that the IC will secure and retain evidence to support performance claims and this will be available for inspection, if required.

Evaluation

The methodology of the KPI template is that ICs seek business perspective on likely outcomes/impacts from projects both at the outset and on completion of the project. It will then be for independent economic evaluations to assess the extent to which these forecast impacts translate into actual impacts with assessment, too, of attribution and other factors.

Partners will commission independent economic evaluations of Innovation Centres - using MEF as key evidence base - at appropriate point ahead of next phase business planning.

Submitting Report

A single Performance Report will be submitted by each IC to all respective programme partners (SFC, SE and HIE). This will normally be submitted to a nominated individual for each organisation and will typically be the organisation's Board representative or Project Manager. This report will form basis of claim for SE and HIE quarterly payments in arrears and evidence of appropriate use of funds in quarter against SFC profile.

The quarterly performance report, including all of the narrative content and spreadsheets is to be submitted within one month of each quarter with dates aligned with the academic year) – see table one.

Table one – quarterly reporting schedule

Quarter	Period	Report to IC partners
Quarter one	August to October	By end November
Quarter two	November to January	By end February
Quarter three	February to April	By end May
Quarter four	May to July	By end August

Further information

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