



Strategic Review: Quality Framework

1. Introduction

1.1. In November 2002 the Review of Funding process document was approved by council. This led to the establishment of the present council and committee roles and structures and also identified the three key areas in which we would monitor and evaluate the work of the council, these are:

- Core funded organisations [CFOs]
- Managed Funds
- Application led Project funds

1.2 The work following from the implementation of the review of funding has concentrated on the monitoring and evaluation of the work with CFOs and has led to the creation of the Planning and Communication directorate and an improvement of the internal processes surrounding the CFO funding agreement and the annual return. [Refs. Audit Committee papers 2004-5]

1.3 As was highlighted at the last council meeting in the planning guidance paper the majority of our work and our funding allocations are focused on CFOs. For this reason this paper concentrates on the processes developed for monitoring and evaluating CFOs, including the additions now required by the strategic review to align these with the corporate plan aims.

1.4 Further work will be presented to you in due course proposing an overall framework for the work of the council which will relate to our adoption of any formal quality frameworks and benchmarking ourselves against other sectors.

2. Background

2.1 Following the introduction of the of the review of funding in 2002 we conducted a CFO review which was based on an assessment of the then CFOs using the following criteria:

- Artistic
- Managerial
- Strategic significance

Strategic significance in this case was based on the then newly created art form strategies, as there was a period of two years where there was no formal corporate plan. [Appendix 1 for timeframe and process map]

This evaluation was based on the principal of relative rather than absolute measurement, where baseline evidence is established and updated regularly by a range of methods including self assessment by the CFOs.

2.2 The above process led to 50 out of 113 CFOs moving onto 3 year funding agreements, while 20 were funded for 2 years, 36 for 1 year and 7 were no longer funded as CFOs 2004-7 [Refs. Scottish Arts Council Budget 2003/4 Paper, January 2003]. Each CFO is managed through the process of the funding agreement, award letter and annual return and monitored using the following evidence:

- Artistic evaluations [where appropriate]
- Annual returns
- Board papers, management and annual accounts
- Regular review meetings between SAC and the organisation

Those placed on shorter or conditional funding agreements were monitored using the same evidence base with specific additions to the funding agreements based around critical success factors and areas for development which were outlined as targets in each funding agreement.

New CFOs were asked to provide a detailed business plan which acted as an initial baseline of evidence. Their targets, as with others, are clearly set out in their funding agreement.

2.3 Given the portfolio of evidence built up over the three years, which we have on each CFO and the supporting processes which update it annually, the additional evidence required for the strategic review is based around the need to assess their strategic fit in relation to our corporate aims within the artform 'ecosystems' prepared early this year.[Refs:Council and committee workshops Feb. and April 2005].

2.4 It is also important to note again that this 'ecosystems' approach is not exclusively focused on individual organisations. We will be asking that each organisation be placed within the overall scenarios that will be proposed by Department Heads. Within this wider context each will be asked to offer a balanced portfolio of activity as it relates to their departments contribution to our three corporate aims, within the context of a national sector overview.

2.5 Council will then be presented with an overview of all the arts infrastructure for Scotland linked to our aims and objectives, initially in October as an optimum vision and funding package linked to our response to the Cultural Commission and finally in December as a variety of planning scenarios for council's decision.

3. Proposal

3.1. That the key characteristics for considering the existing and potential CFOs in relation to the Strategic Review process are those related to their **strategic significance**, defined in the planning guidance paper approved by council in June in that 'we must apply our efforts to ensuring we develop quality art, by supporting and nurturing artists and ensuring the widest range of people have access to their work.'

4. What will be the outcomes of the review process

4.1. In the first instance Department Heads will outline their planning scenarios – optimum, standstill and reduced by 15%. This will apply to all of their activity. The

aspects of their scenarios which refer to the funding of core funded organisations will include a categorisation of their **strategic significance** and what will be presented to council as a series of options, which will be the organisations Scotland cannot do without.

Essential

Is an organisation which makes a nationally significant and evidenced based contribution to the Council's aims which can be seen to be unique and/or internationally significant. They are considered to be **essential** to the development of the art form [practice and distribution] and have an integrated and corporate commitment to serving audiences and offering opportunities for learning where appropriate.

Important

Is an organisation which makes a significant and demonstrable contribution to the Council's aims. They are considered to be **important** to the development of the art form [practice and distribution] and have an integrated and corporate commitment to serving audiences and offering opportunities for learning where appropriate.

Partial

Is an organisation which has a limited match to the Council's aims and priorities. They may be competent and effective in relation to their own stated aims and the interests of other stakeholders but they only partially contribute to our objectives [see appendix 2 evaluation template].

- 4.2. We have invited Department Heads to consider where there are gaps in their scenarios. For example if there is an emergent area of practice that is poorly represented in the art form portfolio, or addresses the interests of a new or under represented audience. These will be presented as gaps with potential solutions in the scenarios.
- 4.4. There will also be an evidence base developed from the CFOs' application for 2006-9 and on the historical data which we already have based on the **financial, managerial and governance** aspects of the organisation. However this will be of **secondary significance** in the decision making process, and be used more as a means of assessing risk and development needs. [See appendix 2 for the evaluation template]
- 4.5. We will also be discussing the emergent scenarios and their implications with the relevant local authorities before the December council meeting and integrating this evidence into the business cases presented to council.
5. **Recommendation**
 - 5.1 Council is asked to **approve** the three categories of strategic fit for the purposes of the strategic review.

Morag Arnot
Director of Planning and Communications

18 August 2005