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Dear Andy

Derogation of Business Insurance until 31 July 2027

Thank you for your correspondence with Scottish Government and colleagues in the Scottish Funding Council (SFC). We met on 6 March 2024 and subsequently received further information to support the continuation of the derogation that allows colleges to purchase non-statutory insurance. There was also the request to the Scottish Government to agree to an on-going derogation.

Having taken consideration of the business case provided and that colleges are currently in the position that provision of business insurance is accounted for in current budgets, the Scottish Government is content for the derogation of business insurance to continue until July 2027.

The Scottish Public Finance Manual (SPFM) advises insurance arrangements should be reviewed from time to time in the context of Risk Management. Therefore, an on-going derogation would not be appropriate.

Looking to the future, we would be happy to work with Colleges Scotland and SFC with a view to establishing whether derogation continues to be the best value for public funds in accordance with the SPFM and consider whether a longer time frame for derogation would be appropriate. Please let me know if you would like to meet and consider how we can take this forward.

I have copied this letter to the Scottish Funding Council.

Yours sincerely,

Luise Siekman
Financial Assurance and Direction Unit