

Matters arising

Purpose

1. To update the Finance Committee on matters arising from the minutes of the previous meetings not addressed elsewhere on the agenda.

Publication

2. This paper will be published on the Council website in edited format, as it contains information which will be withheld under the Freedom of information (Scotland) Act 2002, Section 30: Prejudicial to the effective conduct of public affairs.

Recommendation

3. The Finance Committee is invited to note the matters arising reported.

Further information

4. Contact: Lorna MacDonald, tel: 0131 313 6690, email: lornamacdonald@sfc.ac.uk.

Agenda item	Matter raised	Update	Owner
Finance Risk Register 20/37	The Committee agreed that the risk of a cybersecurity, which is included on the SFC Risk Register, would also be added to the Finance Risk Register.	This will be captured in the Finance Risk Register paper considered by the Committee in April 2021.	L MacD
European Social Funds 20/72	The Committee agreed that an update would be provided at the earliest opportunity.	<p>Progress update on SFC claims</p> <p>2017-18 claims</p> <p>5. There is no change to the status of 2017-18 claims. At the last two Committee meetings we have reported that SFC had submitted its first claims for AY 2017-18 activity (credits) and costs (student support) under DSW and YEI respectively. Neither claim has yet been approved by the Scottish Government Managing Authority (MA). The claim amounts (in terms of what SFC expects to receive) total £11.6 million.</p> <p>6. Based on our assessment of correspondence with the MA, we no longer expect to receive any funding in the current FY 2020-21. That is despite the DSW claim for £2.6 million, which was submitted in May 2020, being initially expected to be paid to SFC well in advance</p>	G Bruce

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		<p>of the end of the FY. SFC understands that the claim has been checked by two different MA staff members but requires a third check that has been delayed by a staff member absence. We also understand it has been delayed by guidance/audit issues (see below).</p> <p>Scottish Government guidance change</p> <p>7. In October 2020 the Scottish Government advised of a retrospective change to their ESF Participant Guidance with regards to the use of driving licences as evidence of a student participant’s right to work in the UK. Full details of the guidance change, its significance for SFC and our subsequent correspondence with the MA was set out in FC/20/47.</p> <p>8. We advised in December that the MA do not consider these guidance changes apply to SFC’s operations. We reported the significant risks involved and that the first ‘test’ of that view would come from the current Article 127 Audit on our DSW Highlands & Islands (H&I) 2015-16 Operation.</p> <p>9. SFC attended an ‘exit’ meeting of that audit on 1 December where the Scottish Government Audit Authority (AA) advised that the guidance change was indeed applicable to SFC’s operation and had deemed all student participants in the audit sample using a driving</p>	

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		<p>licence as ineligible.</p> <p>10. SFC contacted the MA the following week to request an urgent meeting to discuss the impact of the AA’s findings. The MA acknowledged our concerns but didn’t see any value in meeting until the MA sought further clarification from the AA and would be in touch once the AA’s draft report had been issued.</p> <p>11. SFC contacted the MA again both at the start and at the end of January asking for an update on the position and raising (again) the significance and urgency of the issue for SFC and its continued participation in the programme. A further contact was made a week later.</p> <p>12. The MA responded on 4 February advising that they had not been able to have a detailed discussion yet with the AA on this issue. However they advised that they had a meeting scheduled for 18 February, following which they hoped to be able to provide SFC with some clarification. The MA apologised for the delay in providing clarification but claimed this has been unavoidable due to other competing priorities.</p> <p>13. An oral update will be provided at the meeting.</p>	

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