

SUMMARY RISK REGISTER FOR ESI FUNDS

Fund	Risk Description	JPMC	Risk rating	Controls in place	Risk mvt	Update	Target Rating
ERDF ESF	Errors and behaviours found in 2007-2013 Programme may continue into new Operations impacting on programme delivery or quality	Nov 2016	Amber	<p>New MCS published and made available to all staff, training in the procedures and behaviours expected provided to all staff and lead partners. System Audits carried out in September - November 2016 and findings in discussion with AA. Findings to be used to inform staff training.</p> <p>Regular monitoring of progress and relationships by weekly senior management meeting (joint MA and AA), oversight by Joint Programme Board and training/ sharing of knowledge between AA and MA</p>	Static	<p>MA system audits reports being finalised. Themes included strict adherence to desk instructions. Weekly monitoring meetings continued along with monthly Joint Programme Board</p> <p>Early indications from system audits of lead partners are that they are welcomed since they check that systems are in place to ensure compliance throughout the operation. Updated guidance provided on ESF website, including participant guidance and National Rules Lessons learned workstream commissioned with support from People Directorate to embed changes in MA, CA and AA. Joint presentations by MA/AA to lead partners being rolled out.</p>	Amber
All Funds	Pace of delivery of Programme outcomes not maintained due to operations not being approved, contracted or delivered, including affecting N+3	Nov 2016	Amber	<p>ERDF and ESF MAAP scheduled for December 2016 to meet known SI and Operations. Further activity likely but subject to review following HMT guarantee up until point of Brexit. EAFRD maintaining rolling application cycles (annually), EMFF deliberately adding pace with a quarter of programme now committed.</p> <p>Regular monitoring of progress of Operations against claims schedules agreed for each operation and project.</p>	Static	<p>Committed operations exceed £365m in line with planning for phase 1. Regular portfolio management meetings continue with lead partners to challenge progress Work on early Review concluding including Operational Programme changes to be agreed with EC. Extending of some SI agreed by JPMC and included within financial tables for early Review. Planned to begin committing phase 2 operations following agreement with EC (anticipated end-2017)</p>	Amber

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All Funds	Pressure on public spending and exchange rates may lead to decrease in available match funding and co-financing, putting at risk the delivery of programme and national outcome targets over the long term	Nov 2016	Amber	Monitoring of all programmes both annually for official reporting and ongoing with scheme, delivery and financial colleagues. Ongoing monitoring will lead to modifications of the Programmes where required, including to co-financing and match funding rates.	Static	Earl Review has taken evidence of areas where match funding is challenging and changes to Operational Programmes include those to address this. Continued monitoring to ensure committed funding spends and any underspends arising as a result of match shortfalls are recycled	Amber
ESF	Lack of participation from smaller organisations might hollow out delivery capacity in Scotland, particularly for social inclusion and employability measures	Nov 2016	Amber	Monitoring at an operational level. A number of Lead Partners actively engaging smaller community and voluntary organisations and supporting applications and tenders. Evidence is currently mixed. Consideration of whether additional support is required for community and third sector organisations.	Down	Level of application for third sector funding calls heavily oversubscribed indicating limited evidence of problem. Issue to be kept under review	Green
ERDF ESF	Review of programmes might impact negatively on delivery momentum, particularly where private sector investment is involved or delivery stability is required to deliver long-term outcomes.	Nov 2016	Green	Discussion of scope of review of ERDF and ESF with JPMC. Scope does not re-open programme architecture, an area which would be likely to cause delays. Steering group to be established to help lead review, specific role in ensuring funding is committed and secured for Scotland.	Static	Review taken evidence in early 2017, held wide discussions with stakeholders and benefitted from Steering Group drawn from relevant sectors. Report recommendations presented to JPMC June 2017. Discussions held with EC on programme changes and planning for these to be agreed by end-2017	Green

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EDRF ESF	Changes to process or miscommunication among partners which could lead to delays in implementation or lack of interest in applying from stakeholders.	Nov 2016	Green	Discussion of scope of review of ERDF and ESF with JPMC. Scope does not re-open programme architecture, an area which would be likely to cause delays. Steering group to be established to help lead review, specific role in ensuring funding is committed and secured for Scotland.	Static	Updated ESF elements of SG website published (alongside move to new SG corporate style platform). Steering group met regularly through the review process and updates to stakeholders issued through course of Review	Green
All Funds	IT systems do not have full functionality, affecting reporting, payments and monitoring	Nov 2016	Amber	Extensive oversight arrangements for CAP IT, and delivery of components ongoing. EUMIS is undergoing testing and its progress is being monitored by a dedicated IT Project Board. A contract is in place for "post-release" system support. AA has provided a category 1 level of assurance on EUMIS, which is now operational and meets eCohesion requirements.	Down	EUMIS fully functional, and additional function of CSV upload for claims planned to roll-out by end-June 2017. Fieldwork for system audit of EUMIS by AA complete, findings awaited	Green
YEI	YEI performance is under pressure, with only 2/3 of funding committed, and significant changes in labour market. Failure to adapt programmes to such changes, in YEI and in the rest of the programmes, could undermine long-term performance.	Nov 2016	Amber	JPMC monitoring already includes assessing performance against macro-economic and environmental changes, as well as assessing results on an ongoing rather than ex post basis. YEI Territorial Committee should be convened urgently to assess what more can be done to improve and shore up performance of existing operations. COM has clarified that further operations can be committed, although these must still complete activity by end 2018.	Static	No further commitments made and dialogue with lead partners confirms this unlikely to change. Investigating ways of reusing uncommitted funds within the programmes as part of the early Review	Amber

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All Funds	<p>Brexit has raised a number of uncertainties around timescales, match funding availability, and resource commitments and stability (staffing), both for SG and lead partners.</p> <p>Currency fluctuation means there is limited certainty around the value of programmes and commitments, although this now appears to be stabilising.</p>	Nov 2016	Red	<p>The current HM Treasury's guarantees cover all payments of contracts for EU structural funds, /Scottish Rural Development Programme, European Maritime Fisheries Fund and projects funded directly by the EU (e.g. Horizon 2020 and European Territorial Co-operation programmes) that are entered into before the UK leaves the EU – even if the payments extend beyond the date of Brexit.</p> <p>Close working between Governance and Policy team and remainder of SG / BEIS and stakeholders to mitigate impacts of lack of clarity.</p> <p>Scottish ministers committed to negotiations with UKG on future policy and funding on areas currently supported.</p> <p>Currency fluctuations and value of commitments and programme subject to monthly review in MA.</p> <p>No guarantees for projects or proposals that might come forward after the UK leaves the EU. SG will continue to engage with HM Treasury and UK Ministers to get clarity on longer term funding arrangements</p>	Static	Limited progress on detail	Red