

From: Anderson D (David)
Sent: 05 February 2017 16:36
To: Cabinet Secretary for Economy, Jobs and Fair Work
Subject: RE: Morag Keith

(redacted)

I spoke with Morag Keith at the beginning of December where she pressed her point around should Scotland choose to seek an additional Thematic Objective be added to the Operational Programme, the EC would have to agree. She was then offering to be available to be seconded/ paid as a consultant to the SG (in my team I guess) to work on both the development of this as an option and thereafter on the capacity building more broadly.

I made my point that I understood the scope of the Operational Programmes was set within the scope of the UK Partnership Agreement and we are focused on delivering against that. I noted that we were commissioning an early Review (I sent Mr Brown a note on this last week) to look at the focus for committing the funds through the remainder of the programme. I repeated my understanding that the EC would push back on the inclusion of a new Thematic Objective for two reasons – firstly, we have a fully agreed programme and need to deliver it, and secondly, the institutional capacity of Scotland is reasonably argued as good.

Attached is the note I received from Ms Keith along with the slides she sent after we spoke (don't recall my saying I would be in Brussels – maybe she misunderstood that EC officials would be in Scotland the following week). My earlier note following the paper she sent Mr Brown where we doubted whether the EC would agree to such a change or even if the approach would be ruled as eligible expenditure still applies.



Hope this helps

David

From: (redacted) **On Behalf Of** Cabinet Secretary for Economy, Jobs and Fair Work
Sent: 19 January 2017 11:18
To: Anderson D (David); Cabinet Secretary for Economy, Jobs and Fair Work
Subject: RE: Morag Keith

David,

Mr Brown has asked for a bit of feedback on your meeting/call with Morag in December.

Thanks

(Redacted)

From: Anderson D (David)
Sent: 19 January 2017 09:27
To: Cabinet Secretary for Economy, Jobs and Fair Work
Subject: Morag Keith

(Redacted)

Tried calling – you're having a busy day

I wanted to check what the expectations are in respect of Morag Keith – you mentioned a possible meeting between her and Mr Brown. Has that crystallised?

Thanks

David

From: Morag Keith
Sent: 03 December 2016 19:13
To: Anderson D (David)
Subject: RE: European Structural Funding

Hi David,

It was good to chat with you yesterday. You mentioned the fact that you would be in Brussels next week – now, I'm sure that you have a well-planned and already full programme for that, but it struck me that if you were intending to initiate a conversation about introducing TO-11, it might be useful to provide you with some further detail of what I think is possible with TO-11, so I have thrown together some slides setting out the key points. I hope that you will find it useful.

I would expect the EC to welcome the idea – but it would be much easier if we had Ireland on board. Introducing TO-11 to the Interreg V Cross Border Programme would allow Ireland, Northern Ireland and Scotland to create a new unit/team to look specifically at the challenges of Brexit on the 3 jurisdictions and examine the potential options for the future. It will be important for the EC to consider the impact on the rest of the EU of Ireland's position and by doing it this way, using TO-11, it would allow short-term EU experts to support specific issues, which I suspect Ireland will need as a matter of urgency.

The Brexit decision will have introduced a considerable additional burden on Ireland and I'm sure that they would welcome this idea. I suspect that if they like it, it would smooth any potential concerns that the EC might have about Scotland introducing it.

I have also included a slide about the potential for enhancing the programme by using TA (within the rules for TA). Keith had mentioned that agencies in receipt of funds might regard this initiative as redirecting funds away from them. I propose that the way to bring them on board is to recognise the contribution that they can make to the successful delivery of the Programmes and to harness their expertise for ESIF for the wider benefit of the programmes. I think it's worth considering.....

Anyway....I just thought that it would be useful for you to have a bit more flesh on the bones of the idea.

Kind regards
Morag

From: redacted@gov.scot
Sent: 01 December 2016 14:46
To: [\(redacted\)](#)
Subject: European Structural Funding

Morag,

I tried calling earlier to discuss a paper I understand you wrote on an idea for accessing European funding and which you had discussed with Keith Brown MSP. I would value a conversation to understand your thinking behind the paper, which I have read.

I look forward to hearing from you

David

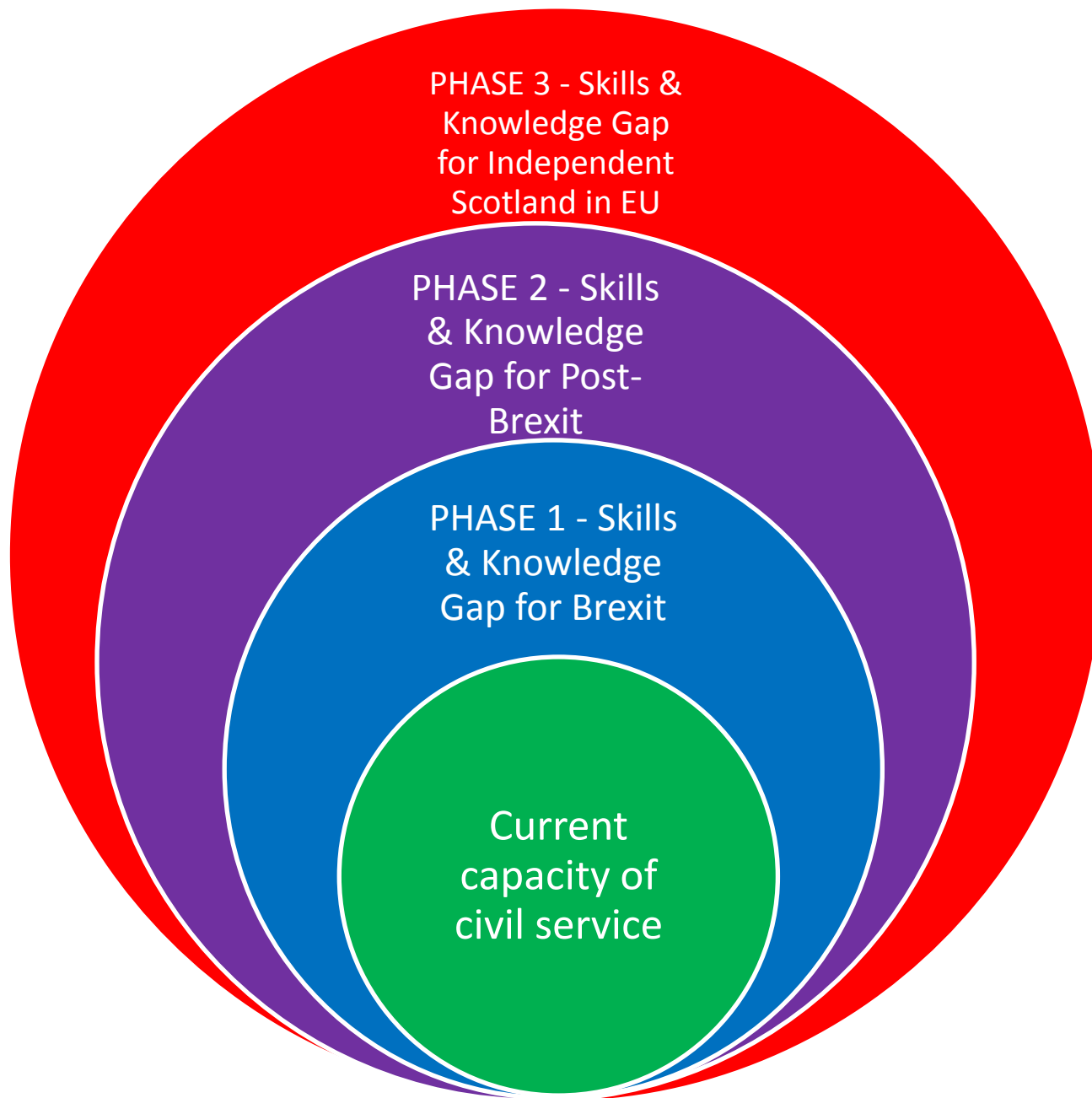
David Anderson

Head of Operations | European Structural Funds | Scottish Government | 5 Atlantic Quay | 150
Broomielaw | Glasgow G2 8LU | [\(redacted\)](#)

Building Administrative Capacity using TO-11

Why?

- Intervention logic for 2014-20 Programmes has fundamentally changed.
- Urgent need to restore public confidence in public administration (national & EU)
- Urgent need to build stronger, more resilient and agile public administration to respond to Brexit.
- Allows all effort to be seen to be working within EU
- Provides opportunity to create programme of capacity building that could segue into new programme period (if required)



Phase 3 would become eligible for support only after a successful vote for Independence. Continues into 2021-27

TO-11 will support Phase 1 & 2

Phases:

- Phase 1 – what capacity building do we need to have to respond to Brexit – during the interim phase between Referendum and end of Article 50 period?
- Phase 2 – what capacity building do we need to consider for the post-Brexit future? (will departments assume additional responsibilities? Will there be new departments?)
- Phase 3 – if we eventually reach a successful Independence decision – what new roles and responsibilities would be required?

TO-11

ERDF

Will allow new 'units' or 'services' – staffing, on-costs.

Specific consultancy for new functions
(example – new SDI offices in other EU countries)

ESF

Will allow for general upskilling across departments; additional staff to expand capacity within existing teams; external research to inform decision making.

INTERREG V

Will allow establishment of Specific Unit to examine impact on Ireland/NI/Scotland impact and options. Staffing & external consultancy to support.

Parallel TA Project

- Look again at TA strategy.
- Urgent need to involve partners in planning for future
 - Re-introduce a Programme Management Committee – to minimise errors; to engage in mid-term review; to prepare for programme end.
 - To make the case for continued allocation post ESIF.
- Increase promotional activities for projects & impacts
- Increase positive message about EU

Meeting between Cabinet Secretary for Economy, Jobs & Fair Work and Morag Keith

Minister's office, Parliament, 31 March 2017

Attendees: Cabinet Secretary
Morag Keith
David Anderson
Simon Forrest

Notes:

- Reference made to submission provided by MK, including reference to Ireland having secured 300 staff using TO11
- Argument made of a fully committed ESF programme and that any use of TO11 would have to displace priorities already agreed as part of Partnership Agreement
- MK strongly believes the use of EC funding to secure staff to negotiate Brexit is of higher priority than other things in programme
- Noted that funding could only be applied for in a Priority 1 area – currently Wales is only part of UK that this applies to. Therefore would need agreement of EC that Scotland could apply
- Point made about powerpoint slide showing four circles – MK believes her proposal supports Phases 1 & 2.
- DA to discuss internally on scale of resource needed by Scottish civil service for negotiating Brexit
- Tactics for applying for TO11 support set out by MK
 - Assume 100 staff required
 - Case to be made that profile of EC enhanced
 - Tap into European level skills for TO11 work
 - Specifically badge for Scotland
- Requested that MK and DA work together to provide a proposal for Cab Sec to then take to Cab Sec Finance.
- Noted that slack and slippage always occurs in such programmes and this may represent an opportunity.

David Anderson

From: (Redacted)@ec.europa.eu
Sent: 31 March 2017 12:27
To: Anderson D (David)
Subject: RE: TO11

David,

I've added some comments to the points in the PPT.

As mentioned before, I cannot see the justification for introducing TO11 into the ERDF OP.

Intervention logic for 2014-20 Programmes has fundamentally changed. The intervention logic actually hasn't changed. The UK is still a MS with all its rights and obligations – nothing has changed yet on paper. And our dealings with Scotland are as a region of the UK.

Urgent need to restore public confidence in public administration (national & EU) Public confidence in public administration is the affair of the MS.

Urgent need to build stronger, more resilient and agile public administration to respond to Brexit. Building capacity to respond to Brexit has no place for the ERDF OP.

Allows all effort to be seen to be working within EU Showing (and not just being seen) how the MA is working with the EU (REGIO in our case) can be done through the (optimal) implementation of the OP. Same goes for a lead (if any!) into a new programming period.

Provides opportunity to create programme of capacity building that could segue into new programme period (if required)

Ruth

From: (Redacted)@gov.scot
Sent: Friday, March 31, 2017 12:36 PM
To: (Redacted) (REGIO)
Subject: RE: TO11

Ruth,

Thank you – that's really helpful.

Attached is the email and few slides I received in respect of this proposition. If you have time to give me a view on it, that will be much appreciated.

David

David Anderson
European Structural Funds
(Redacted)

From: (Redacted)@ec.europa.eu
Sent: 31 March 2017 10:14
To: Anderson D (David)
Subject: TO11

David,

Just spoke with my colleague coordinating Ireland: There is no TO11 in either of the Ireland OPs (and there won't be in the future!).

(Redacted)



European Commission
Directorate General for Regional and Urban Policy



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