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12. Planned work on independence and a further referendum has been paused for the duration of the current crisis, and staff have been redeployed onto other tasks. But the coronavirus crisis, and the imminence of an extreme form of Brexit very damaging to Scotland's interests, demonstrate the need, in addition to doing what we can do in the short term to minimise the damage to Scotland no matter how limited, for the Scottish Government to return to developing and furthering the case for independence, refined in the light of these experiences, as soon as possible.

13. In parallel we must redouble our efforts to engage positively with the EU and EU member states, promoting Scotland as fundamentally opposed to EU Exit and committed to returning to full membership, mindful of the fact that the EU is now focussed on COVID-19 recovery and the new Multi-annual Financial Framework and as a result has a diminishing interest in the UK and EU Exit. I will now be considering how and when to restart this work, consistent with progress on coronavirus and the UK Government's actions on EU Exit, and what the appropriate public messaging for restart and progress should be.

14. While the coronavirus crisis has demonstrated clearly the advantages of decision-making in Scotland and the ability to choose a different path for key areas such as health (as well presenting the UK Government as effectively the government of England only in many subject areas), it has also demonstrated the important powers that Scotland still lacks, and especially full fiscal powers and control of the crucial economic levers. These issues give important lessons to the country regarding the right choice for Scotland's future and we must now look to take a fresh approach to independence; one which focuses on setting out, with graphic examples drawn from recent experience, why independence is now necessary and outlining clearly the practical advantages of choosing our own future as soon as we can.

Proposal

15. I propose that, building on previous extensive planning for no deal, we should now refresh our plans to take into account the new reality of EU Exit in the context of COVID-19. This will embrace planning for no deal, and the range of 'low' deal outcomes, and keeping close to the negotiations on key issues of importance to Scotland.

16. A collective effort across Government will be required particularly as the impacts and demands of EU Exit will fall disproportionately on certain portfolios. Individual Cabinet Secretaries should maintain close engagement with the development and delivery of the plan, including consideration of whether required staff resources to engage effectively with this work will potentially require the reprioritisation of other work programmes. Cabinet Secretaries will be supported by regular collective Cabinet oversight, review and decision making.

17. Organisational Readiness will continue to act as the central coordination point for EU Exit readiness work and will develop an integrated EU Exit/COVID-19 plan over the coming weeks which will sit alongside ongoing COVID-19 work. Work around influencing UK-EU negotiations and planning for domestic readiness preparations will also be coordinated through this plan. This plan is complementary to, and does not replace the need for, planning at a Directorate and portfolio level.

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27. We can also expect a high level of parliamentary scrutiny and challenge. On EU Exit, the positions taken by the parties broadly mirror those taken in Westminster, although it has been possible to secure broad parliamentary support on certain aspects such as the position of EU citizens.

Decisions

28. Cabinet is invited to:

- (a) **Protect Scotland's interests to the extent possible in the closing stages of negotiations on the future EU/UK relationship;**
- (b) **Contribute to the integrated plan to be considered by Cabinet in August, building on earlier planning for no deal;**
- (c) **Agree that each portfolio should prepare for the combined effects of COVID-19 and a disruptive exit from the transition period including consideration of whether staff resources will require the reprioritisation of other work programmes;**
- (d) **Agree that any new resource-funded expenditure must be limited to absolutely essential responses to both COVID-19 and EU Exit, which will need to be funded through reductions in existing spending or outstanding commitments; and**
- (e) **Agree that consideration should be given to restarting work on independence and a referendum, with the arguments reflecting the experience of the coronavirus crisis and developments on EU Exit.**

MR
June 2020