KEY POINTS

- An Ipsos Mori survey of over 250 Scottish businesses published today found that almost three quarters (72%) of business leaders think that Scottish independence would have a negative impact on businesses in Scotland.

- Just one in ten felt that their business’ prospects would improve if Scotland were to become independent.

- This poll comes as an increasing number of businesses are beginning to speak out about the impact independence will have on their businesses and jobs. At the end of this briefing we list some of them.

- The UK is the oldest and most successful single market in the world. We sell more goods to England than we do to every other country in the world combined.

- We want to see businesses here in Scotland prospering, creating the jobs and growth we need. The best way to do that is to break down barriers to trade, not by building new ones.

- Businesses don’t like uncertainty, so it is understandable that businesses are concerned about the huge number of questions that remained unanswered about the SNP’s separation plans. Businesses want to know: what impact independence is going to have on their relationship with the European Union; the impact on the single market for UK services; financial regulation; the currency; the amount of tax they will have to pay and a whole range of other issues. We believe business deserve answers to these important questions.

- This poll should not come as a surprise to anyone, given how quick the anti-UK campaign is to shout down anybody that disagrees and dismisses reasonable questions as ‘scaremongering’. We are concerned that the debate about Scotland future is being deliberately stifled amidst what more and more people – including businesses – are describing as a culture of fear.

WHAT WE ARE SAYING ON TWITTER

@UK_Together: What do Scottish business leaders think of #indyref? Resounding response is that we are #bettertogether in the UK pic.twitter.com/3th15nku

For further information, contact Better Together’s Director of Research, Gordon Aikman, on 0141 225 6288 or gordon@bettertogether.net
On 2 December 2012, a leading pensions advice firm voiced concerns about what it calls the "havoc" that may be wreaked on clients' finances by Scottish independence. Punter Southall highlighted what it says are possible threats to the retirement plans of Scots. Gerry Devenney, head of Punter Southall's Edinburgh office, said:

"There has been a marked upturn in concerns raised by our clients over just what independence would mean for them and their members. As it stands, independence could wreak havoc on pensions in Scotland. There are too many imponderables and too many unanswered questions. The longer this remains the case, and the nearer we get to the vote, the deeper the concern will be for the future of pensions in Scotland."

Client worries are reported to include:

- Prominent Scotland-based employers re-locating south of the border, as suggested recently by RBS;
- The resulting corporate "brain-drain" leading to higher unemployment and a less 'pensioned' population;
- The loss of valuable cross-subsidies within UK-wide firms;
A regulatory black hole - Scottish pensions are currently regulated and protected by UK-wide bodies; and
The loss for major employers, such as Sainsbury's and Marks and Spencer, of Special Purpose Vehicles written under Scottish law.

THE WEIR GROUP

Writing in The Herald on 12 November 2012, chief executive of the leading Scottish engineering business the Weir Group Keith Cochrane urged that “as many businesses as possible” to speak out on the issue of independence and called for more information on what it would mean for his engineering business. He warned:

“The information and detail necessary to provide a rounded view on the implications [of independence] for my own business, and many others, are largely absent. There are a number of key areas where business needs to understand, as quickly as possible, post-independence policy intentions.”

From the perspective of the Weir Group, these are:

How a coherent UK single market for people, goods and services will be maintained; how consistent will tax policy be between Scotland and England and what proposals are there for harmonisation where difference may exist?

Regulation: Where might Scotland seek to develop its own regulatory regime and, from a UK listed company perspective, how might this impact on the existing obligations of Scottish headquartered businesses?

People and skills: How can Scotland continue to ensure there is widespread availability of quality people with the correct balance of expertise and skills?

Finally, what would a post-independence regulatory and taxation regime for private sector pension schemes look like?

He concluded:

“Ultimately, business is about the assessment of risk. That relies on a number of inputs, foremost of which is the quality of information necessary for robust decision-making. While there may be an unwritten political rule that policy detail should not be revealed too far in advance of the polls opening, for as long as business remains trapped in the realm of known unknowns, it will be difficult to assess adequately the implications for business of independence.”

SCOTTISH FINANCIAL ENTERPRISE

Scottish Financial Enterprise (SFE), which represents banks and financial bodies in Scotland have called for clarity over Alex Salmond’s plans for independence would mean in practice. On 19 November 2012, The Herald reported SFE chief executive Owen Kelly saying:
“There is a strong appetite for clarity about what independence would mean in practice and this runs strong in the financial services industry, where facts and evidence are always given preference over belief and sentiment.”

On 25 October 2012 Owen Kelly was reported in The Scotsman questioning the objectivity of the information presented by the Scottish Government.

“I’m not sure, as I said before, that we do think the Scottish Government will provide the authoritative voice on many of these [unanswered] questions [relating to the impact of independence on business].”

“The Scottish Government, it seems to me - and I venture this on a personal basis - are clearly wholly committed to winning a referendum. So whatever they say, one has to see it in that context - it’s aimed at persuading and I think they might agree with that.

“It’s aimed at persuading, rather than providing a conclusive, authoritative conclusion. That can only come, it seems to me, from the EU and, on some issues, the United Kingdom.

“I would probably reject the thought that we’re waiting on the Scottish Government to tell us anything - because I struggle to see how they have the authority to tell us anything.”

On 21 October he told The Herald:

“It is simply not possible, given the dearth of uncontested facts about how independence would work in practice, to predict how companies would respond to changes in the regulatory, fiscal or other frameworks that influence business planning.”

As far back as January 2012, Owen Kelly was calling for answers to some of the key areas of uncertainties.

AGGREKO

Aggreko, one of Scotland’s biggest companies has warned that independence would not be good for business, insisting the disadvantages are “large, serious and likely to arise”. Rupert Soames, chief executive of Glasgow-based power firm, also said that business leaders fear speaking out as it may attract “rains of bile and ire” from angry Nationalists. Aggreko provides mobile generators for events around the world, including this year’s London Olympics. The firm employs 650 people in Scotland and thousands more globally.

On 20 November 2012, Rupert Soames said:

“Over the past couple of years, anyone who has dared open their mouths on the subject with views contrary to the SNP have brought down on themselves rains of bile and ire ... a lot of the language is very intemperate.”

He said his FTSE 100 company would face “enormous additional complexity” from independence in the short term, and there was likely to be a permanent burden.

“The advantages [of independence for Aggreko] would be small, tenuous and unlikely to arise, and the disadvantages would be large, serious and likely to arise.
“It would in the short term undoubtedly produce a great deal of business disruption.”

“Broadly speaking, we would think that for our business, Scottish independence would be unlikely to be a positive move.”

THE ROYAL BANK OF SCOTLAND

The Royal Bank of Scotland has warned that it could consider moving from its Edinburgh headquarters if Scottish independence brought "extra difficulties". Asked whether the bank would consider moving it headquarters, RBS chairman Sir Philip Hampton told the House of Lords committee on 13 November 2012:

"The overriding requirement is to serve our customers and through that to produce the best value we can for shareholders.”

“If, as a result of a vote for independence, we found extra difficulties or cost pressures or whatever arising from that, then we would have to think about alternatives.”

RBS is currently headquartered in Edinburgh, with 90,000 employees across the UK and 26m customers.

ENTANET

Broadband provider Entanet has warned that Scottish independence could see broadband prices increase for households in Scotland. They have said that rural Scotland's rough terrain and sparsely distributed population make it difficult to supply affordable internet services.

Darren Farnden, Entanet Head of Marketing said:

“Another point for consideration is the cost of broadband. We have already stated that Scotland’s hard to reach areas have resulted in slow speeds or a lack of service altogether. This often means that technologies such as satellite broadband have to be used as fixed line services simply aren’t viable. However, satellite services are usually more expensive for the end user. Add to this the fact that our experience shows Scottish based urban users tend to consume more bandwidth than English users and such services could be very costly.

“Will such factors mean that English based providers will increase the cost of supplying broadband services in Scotland, pushing up the price for Scottish residents? Will this then have a knock on effect for customers in Northern Ireland as many of the key undersea fibre is connected via Scotland? On the other hand will Scottish based ISPs and resellers benefit from an opportunity to compete against their English counter parts?”

THE CBI

The CBI set out its opposition to Scottish independence, warning that Scottish, English, British - would lose out from the fragmentation of our single market. The head of CBI has warned that you tear a fifty pound note in two, "each half is not worth £25."
Speaking in September 2012, John Cridland, CBI Director-General said:

“The CBI has a collective view on independence and, I believe, a duty to express it.

“CBI Scotland council is not convinced of the business and economic case for Scotland seceding from the Union and judges that businesses - Scottish, English, British - would lose out from the fragmentation of our single market.

“We have two years to get this right, and get it right we must.

“The immediate effects [of an independent Scotland] would be profound and, in the short term, costly.

“When Slovakia separated from the Czech Republic, it cost the country 4% of its GDP in the following year.”

ERNST & YOUNG

On 17 September 2012, Ernst & young released a survey of Scottish business leaders warning about the costs of post-independence red tape and urging the Scottish Government to set out a clear vision on a future tax system.

Jim Bishop, the firm’s Scotland senior partner, said:

“Looking to the future, there are concerns that the cost of reconfiguring systems and adapting to a new regulatory environment could be enormous, given that business is run on a UK-wide basis in many cases.”

“We hope that the report provides an interesting steer to the Scottish Government as it considers future policy, as it is clear that businesses are in favour of a simplified and sustainable tax system, irrespective of the result of any referendum.”

Colin Pearson, tax partner at Ernst and Young in Scotland, added:

“Creating an efficient and relatively simple system would greatly enhance the credibility of the Scottish Government, boosting its efforts to secure the desired economic dividend from gaining control of taxes.”

SCOTTISH ENGINEERING

On 11 January 2012, it was reported in Business 7 that Dr Peter Hughes, chief executive of Scottish Engineering, the manufacturing employers’ association, said although none of its members have raised concerns publicly, there was a real about uncertainty.

He said:

“None of our members are sticking the head above the parapet, but there is an underlying concern regarding the uncertainty.”
"The one thing businesses don’t like is uncertainty and, in all honesty, I think a lot of business leaders are just a bit fed up with all the talk about a referendum. They just want to get it out the road, one way or another, and get on with their business.

"Our members would obviously be happy to get a referendum out of the way, but they aren’t jumping up and down in frustration about it, for a whole host of reasons."

TUNNOCKS

On January 2012, Boyd Tunnock, Managing Director of Tunnock’s, said:

"It goes without saying that uncertainty about a country’s constitution and its currency is bound to affect business confidence. Scotland and Scottish business needs certainty and clarity.

"We need the independence referendum to be held as soon as is reasonable so that investors know where they stand. The rest of the UK is a vital market for us and I would prefer to grow my business, confident about Scotland’s place in the UK."

TULLOCH HOMES

Speaking in January 2012, David Sutherland, former Chief Executive of Tulloch Homes said:

“Any mention of referendums at this stage in our economic cycle is not helpful. It is bad for business and it is bad for people in the street. I have seen no evidence of the supposed benefits of independence. At a time when the world is in turmoil, and we’ve seen what happened in the Baltic States, I don’t think that an independent infrastructure can sustain us.”

ORION GROUP

On 16 January 2012, Alan Savage, Chairman of Orion Group, said:

“The referendum will be unsettling for Scottish-based business because it is difficult to predict how the country will fare in the global economy.”

HIGHLAND SPRING

Les Montgomery, Chief Executive of Highland Spring Group, told the Daily Mail on 16 January 2012:

“Independence will be harmful for businesses in the long term. Holyrood should focus on encouraging Scottish growth. We don’t have the scale to operate as a lone state and there is a risk of alienating our English neighbours when the UK should be pulling together to ensure we move into growth.”
SCOTTISH WIDOWS

Malcolm Naish, head of real estate at Scottish Widows, told the Daily Mail:

“To the extent there is no clarity around what question might be asked or what the outcome of any decision might be, then I think we would see investors being more cautious because it’s very difficult for them to accurately price the risk into the investment.”

MACKIES

On 16 January 2012, Maitland Mackie, of Aberdeen-based Mackie’s ice cream, said:

“Ten years ago it was a bonus to be Scottish but now it’s either neutral or negative – when we go to buyers they say “no, we will have English products, not Scottish products” – that’s already beginning to happen. It’s going to affect many other businesses”.

COLLABRO

In January 2012, Janice Grant-Shaw, MD of Collabro the specialist information systems company, said:

“Let’s concentrate on the economy, not on a referendum. Any expenditure in Scotland will now be in doubt ... carrying on the way things are creates problems because we don’t know if we will have a stable tax regime ... Alex Salmond’s objective of total separation creates problems – even the thought of it, whether it happens or not. It is especially problematic for small businesses, because larger businesses are least able to adapt. It is difficult enough getting a bank loan for small businesses at the moment, let alone given fiscal uncertainty. Uncertainty over our political future could put us into terminal decline. We are in competition with countries such as India and China but for Scotland alone to keep competing with these growing economies is impossible. We can’t do growth on that basis. It is better to be part of a greater whole. Europe has to unite and the UK has to unite. The discussions about a Scottish referendum create an uncertain business climate which can only be harmful for companies that have aspirations for growth domestically and overseas.”

CITIGROUP

A report by analysts for Citigroup published on 1 November 2011 warned investors in renewables to “exercise extreme caution in committing further capital to Scotland” because the SNP’s twin policies of separation and an increase in renewable infrastructure are not “compatible”. The report also warns that the “referendum itself [is] likely deter investment”. The report states:

“the SNP has two flagship policies; first to hold a referendum on Scotland seceding from the UK; and second for Scotland to aggressively develop renewable energy to drive an industrial renaissance and deliver 130,000 jobs.... But are these policies compatible? — we think not. First the referendum process will naturally create huge uncertainty at precisely the time when major investment decisions are due to be made. More importantly that amount of renewable power would require annual subsidy of around £4bn. Scotland’s consumer base is far too small to support this level of subsidy, in our view.... utilities and other investors should
exercise extreme caution in committing further capital to Scotland. This particularly applies to SSE and ScottishPower (Iberdrola) who may already be over exposed to these risks.

“the ROC scheme is UK wide and payments to renewable power stations located in Scotland are funded by payments from all of the UK’s 27m households and 4.5m business consumer base. By contrast Scotland has 2.3m households and 300k enterprises, some 8% and 5% of the UK total... However should Scotland secede then we believe the UK wide subsidy regime must be at grave risk. After all, why would consumers in England and Wales pay subsidy for renewable power produced in what would then be a foreign country?”