

A Fresh Start with Independence



Foreword by the First Minister



Scotland is a wealthy country with enormous potential, yet too many people in Scotland today are finding it difficult to make ends meet.

That is because standards of living in the UK have barely improved in over 15 years due to decisions taken by Westminster, like the imposition of austerity and the disastrous decision to leave the European Union.

Scotland did not support austerity and it did not support Brexit.

The hard reality is that Westminster is not working for Scotland. But Scotland does well when we take our own decisions.

Since the Scottish Parliament was set up in 1999, we have achieved so much through self-government.

There has been an expansion of early learning and childcare, students don't have to pay for their university tuition, patients receive free NHS prescriptions, and we've introduced minimum unit pricing of alcohol to help tackle a deep-seated Scottish problem.

Child poverty has fallen in Scotland as a result of self-government—pioneering measures like the creation of the Scottish Child Payment have enabled Scotland to take a different course to the United Kingdom.

But progress of this type is happening against a backdrop of poor UK economic performance and the UK's long standing, deep inequalities.

Scotland needs to be able to improve the opportunities available to our people, our communities, and our businesses. Scotland needs to build a stronger, more inclusive economy that works for all. Scotland needs to be able to make the most of the immense natural resources of our country for the benefit of all our people.

Those possibilities are only available to Scotland with the fresh start of independence.

Independence—becoming a nation state—is about having confidence in each other and in Scotland's potential to succeed.

It is about ensuring decisions about Scotland are made in Scotland, and made by the people who care most and know best: the people who live and love and work and build their lives here.

We will all have our own ideas about how to make the most of the opportunities of independence: what matters is that we all get the opportunity to decide for ourselves, and that we get the means to build a new Scotland.

I believe independence is today urgent, necessary and possible.

It is **urgent** because of the path the UK is on: outside the EU, with your living standards stagnating, and with little prospect of change.

It is **necessary** because it is only with the full range of powers of independence that the sort of transformational change that we need to see—the sort of change that makes the economy work for everyone—can be achieved.

And it is **possible** because of the existing strong foundations Scotland has, and the opportunities that would come to grow our economy and deliver a fairer society.

Scotland has huge economic strengths for the future, including abundant renewable energy sources, formidable tech capability, outstanding food and drink industries, beautiful natural environment and our talented, cultured and skilled people.

We can see that comparable independent European countries, with fewer of our advantages, are thriving: they are fairer, more dynamic and more prosperous than the UK.

An independent Scotland would be just as capable of matching the success and living standards of those independent nations.

We all care for this stunningly beautiful country.

With love, hope and kindness, I believe we can transform the life chances of the people who live here and those who choose to live here.

That is the promise of independence.

Rt Hon John Swinney MSP, First Minister of Scotland

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What independence could mean for you

Independence could bring transformational change to the lives of the people of Scotland.

The Scottish Government's proposals for how Scotland could become independent, and what Scotland could do with the powers of independence, are designed to bring about real improvements in the lives of the people who live and work in Scotland.

The improvements include:

- a new model for the Scottish economy could see **your living standards begin to rise** to match those of other, comparable independent nations in Europe
 - **re-joining the European Union (EU) would help Scotland recover from the damage that has been done by Brexit, which has already cost UK households** perhaps as much as £7 billion in barriers on food imports, pushing up average household food costs by £250: re-joining the EU would give Scotland access to the world's largest single market, seven times the size of the UK
 - Scottish control of its own energy could see your **energy bills begin to fall**
 - evidence suggests that if Scotland's economic performance matched that of the comparable countries the Scottish Government has looked at, **Scottish households would be over £10,000 better off** each year
- you would **regain freedom of movement in Europe, and so would future generations** of people in Scotland
 - you and your family would regain their **right to live, work, study and travel** across the EU, as well as in Norway, Iceland, Liechtenstein and Switzerland
 - Scottish businesses would regain **the right to trade freely across the EU**
 - Scottish students would once again have a guaranteed right to participate in exchange programmes, like Erasmus+, **widening the educational opportunities** available to young people in Scotland
- coordinated action, across the range of government responsibilities, to **end child poverty** would be possible
 - measures such as the **Scottish Child Payment** and the **significant increase in free school meal provision** have already seen both absolute and relative child poverty rates fall in Scotland
 - the Scottish Child Payment alone is estimated to keep 40,000 children out of relative poverty in 2025-26
 - these are the choices that the people of Scotland, and their government, have made with limited powers over welfare and the economy: **much more would be possible with the full powers of a nation state**
- coordinated action, across the range of government responsibilities, to **boost our NHS and wider health and social care**
 - for better outcomes, the levers that need to be deployed cover matters within the Scottish Parliament's powers and other actions that would come within the Scottish Parliament's powers with independence
 - we could use the full range of **social security powers and drugs policy, and reform immigration policy** to ensure that our health and social care systems have the staff they need to protect our wellbeing

- your **communities would be strengthened**, through an immigration policy that was designed with Scotland's needs and its geography in mind
 - depopulation, particularly in rural and remote communities, could be addressed, and the vitality and resilience of our communities guaranteed in the long term
- and your **votes would mean more**
 - voters in Scotland would gain the ability to **choose the government at every single election**, including the ability to remove a government that they believed was not working in Scotland's interests
 - **Scotland's future would be in the hands of the people of Scotland**

What has changed

In 2014, the people of Scotland voted for Scotland to stay part of the United Kingdom.

The Scottish Government believes that we should have the opportunity now to consider our constitutional future.

Since the independence referendum in 2014, significant factors have changed about Scotland's place in the UK, and about the UK's place in the world.

Many of the changes do not reflect the predictions or promises made during the debate about Scottish independence, and many could not have been predicted at the time.

For example:

- **average real wages in the UK have flat-lined**, with effectively no change since the financial crisis of 2008
- **Scotland was removed from the EU** despite the people of Scotland voting overwhelmingly to stay in the EU
- leaving the EU has led to **higher prices and lower economic growth**
- people in Scotland are now paying **some of the highest energy bills in Europe** despite having some of Europe's biggest energy resources
- attempts to level up the UK, with less **economic focus on London and the South East of England**, have failed
- the direction taken by UK migration policy is growing further and further away from what Scotland needs as a society and as an economy: for example, for the year to June 2025 **the number of health and care worker visas issued by the UK Government in a caring personal service occupation fell by 88%**
- the Scottish Parliament's ability to pass laws within its devolved powers, on behalf of people in Scotland, has been **limited and undermined by the UK Parliament and UK Government after Brexit**
- **Scotland is more ready for independence** than it was in 2014, with new institutions delivering for the people of Scotland, like Revenue Scotland and Social Security Scotland

Summary

This summary sets out the Scottish Government's proposals in this publication for an independent Scotland.

It sets out why Scotland should become an independent country, and what an independent Scotland could look like.

The full publication provides details of these proposals, an analysis of the evidence that informs them, as well as references to sources. It provides answers to questions around currency, the public finances of an independent Scotland, how the constitution will work, and border arrangements.

Why Scotland should be independent

Scotland has many strengths and a great deal of potential.

The Scottish Parliament has shown that even with the limited level of self-government Scotland currently exercises, improvements in people's lives have been delivered based on Scottish voters' priorities and choices.

But decision-making at Westminster is causing people in Scotland real difficulties. The UK economic model is not delivering for Scotland. Living standards are not improving.

The current powers of the Scottish Parliament are not enough to deal with the challenges we face in the modern world.

The Scottish Government believes that the people who live in Scotland are best placed to make decisions about Scotland: and it is only with the full powers of independence and becoming a nation state that Scotland can make a fresh start and meet its full potential.

To build on Scotland's achievements

When Scotland has the ability to make its own choices, it takes actions that reflect the priorities and values of people in Scotland:

- improving health, like the introduction of minimum unit pricing to reduce the health harms caused by alcohol consumption, or making NHS prescriptions free
- delivering for families, like increasing funded early learning and childcare, or introducing the Scottish Child Payment
- recognising the massive contribution made by unpaid carers to the people they care for and our communities through the Carer Support Payment, Carer's Allowance Supplement, and the Young Carer Grant
- introducing reforms in education, like making university education free and widening access to higher education
- protecting the environment, including increasing renewable generation to the point that 70% of electricity generated in Scotland is from renewable sources, and halving CO₂ emissions
- boosting travel, including by building the Queensferry Crossing, expanding the rail network, and abolishing Scotrail peak rail fares
- introducing a right of responsible access to land and the countryside
- and helping business, so that at a time when overall investment in UK start-ups is declining, Scotland is bucking that trend, and since 2007 productivity has grown at more than twice the UK rate

To build on Scotland's potential

Scotland's resources and potential includes:

Natural resources

- **natural resources** – our natural resources make us an energy-rich nation and provide opportunities to tackle the climate and nature crises. Our renewable energy sectors and supply chain contributed £6.6 billion to the economy in 2022
- **seas** – an independent Scotland within the EU would have the fourth largest Exclusive Economic Zone of EU core waters. Our waters are rich in terms of fisheries, marine biodiversity, and offshore renewable energy potential

Business and industry

- **food and drink** – Scotch whisky was the UK's top drinks export in 2024, whilst Scottish salmon was the UK's number one food export
- **tourism** – our incredible scenery, lively cities, unique culture and welcoming people are a key strength. Tourism contributed £4.8 billion to the economy in 2022
- **financial services** – Scotland excels in finance and business, with these sectors employing 226,000 people in 2023
- **creative industries** – arts, music, film, architecture, fashion, video games and publishing contributed £5.7 billion to the economy in 2022
- **foreign investment** – for ten years running, Scotland has been the top UK destination for foreign direct investment outside London, outperforming all other regions

Skills and education

- **universities** – our universities rank among the world's best, with three in the top 200 of Times Higher Education World University Rankings 2025
- **people** – Scotland's population is highly educated and skilled, with a higher proportion of our population holding university or college qualifications than the UK overall and the second highest of any EU country

Because the UK economic model is not working

The Scottish Government believes the evidence shows that the UK's economic model is not working for Scotland.

Living standards are not rising, energy prices are high, and being outside the EU is hurting Scotland's economy.

Given the impact on individuals and families of the current UK economic model, the Scottish Government believes that it is more important than ever that the people of Scotland have the right to decide whether or not to become an independent country.

The UK economic model does not work for Scotland:

- the UK economy is too centred on London and the South East, and efforts to reduce regional inequalities have failed
- slow productivity growth—worse than the EU and Scotland since 2007—is damaging living standards
- living standards are stagnant: the poorest people in the UK are much worse off than in Germany and France
- UK energy prices are amongst the highest in Europe, despite Scotland's rich energy resources
- Brexit is damaging an already underperforming UK economy, creating barriers to trade and increasing food costs

All of these factors have contributed to the current economic difficulties people are facing in their own day-to-day lives.

Because an independent Scotland could be wealthier, happier and fairer than the UK

Independent countries comparable to Scotland are wealthier, happier and fairer than the UK.

The Scottish Government reviewed the evidence on 10 independent countries that can be compared to Scotland: Austria, Belgium, Denmark, Finland, Iceland, Ireland, the Netherlands, Norway, Sweden and Switzerland.

All 10 are healthier and have a higher life expectancy at birth than the UK. And all have lower overall poverty rates than the UK and are more productive.

If other similar countries can do better than the UK, an independent Scotland could too.

The Resolution Foundation says the UK's weak economy leaves typical households £8,300 per year worse off than comparable countries.

Using the same analysis for countries that are comparable to Scotland, the difference for Scottish households is even greater: £10,200. Those countries demonstrate what can be achieved with the powers of independence.

Although growth will not change overnight, the Scottish Government believes that Scotland has clear catch-up potential.

What an independent Scotland could look like

Independence would be a fresh start for Scotland.

Independence offers the potential of transformational change: a fresh start for Scotland's economy, making the most of our energy resources, and rejoining the EU.

The opportunities of independence set out in this prospectus include:



decision making – a Scottish nation state would put the power to decide Scotland's future in Scotland's hands, with decisions made by governments the people of Scotland have voted for



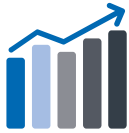
new partnerships – an independent Scotland, the UK and the EU would be able to forge new relationships, based on equality and mutual respect, that would bring social and economic benefits



a protected NHS – Scotland's NHS would be protected and strengthened through its inclusion in our interim constitution, giving people a guaranteed right to access a system of health care, free at the point of need



rejoining the EU – Scotland would be able to apply to rejoin the EU, giving Scottish businesses access to the world's largest single market, seven times the size of the UK, enabling the people of Scotland to reclaim their rights to live, work, study and travel throughout the EU



building a new economy to boost living standards – independence would allow future Scottish Governments to take action directly to improve living standards, using the full powers of a nation state. Independent European nation states comparable to Scotland tend to be happier, wealthier and fairer than the UK



a new Central Bank and a transition to a new currency – an independent Scotland would have its own independent Scottish Central Bank to oversee economic conditions in Scotland, with responsibility for financial stability. The Scottish Central Bank, drawing on independent advice and working with the Scottish Parliament, would determine when it would be best to adopt a Scottish pound



a constitution for Scotland – a new written constitution for Scotland, shaped by the people of Scotland and their elected Parliament, would clearly set out the key institutions, values, rights and equality protections—including new Scottish citizenship arrangements—necessary for an independent democratic nation state



a social security system delivered with dignity, fairness and respect – with independence, the Scottish Government would take full responsibility for social security. This would enable us to reform Universal Credit to make it fairer, protect pensioners, support disabled people, and do more to tackle child poverty



A migration system that meets Scotland's needs – independence would allow Scotland to shape its own migration system to meet our needs as a country. Inward migration boosts economic growth, helps address depopulation, and enriches our society and our communities



taking our place on the world stage – an independent Scotland would be able to build new partnerships with other countries and apply to join international organisations like the UN and NATO to help address global challenges

Conclusion

Scotland can be independent, rejoin the EU and strengthen its relationship with the rest of the UK, as well as the world.

We can become a wealthier and fairer nation, like other similar countries.

That is the fresh start for Scotland with independence.

Part One: Why Scotland should be independent



Credit: VisitScotland / Kenny Lam

Because the best decisions for Scotland are taken by the people who live here

The Scottish Government believes that the people who live and work in Scotland are best placed to make decisions about Scotland.

That is the fundamental democratic and practical argument that this publication makes.

Self-government works

With self-government, decisions about Scotland are taken by governments the people of Scotland vote for: governments that voters in Scotland can choose to remove or to re-elect.

The establishment of the Scottish Parliament in 1999 introduced self-government to Scotland, within the powers of the Scottish Parliament.

And within those powers, improvements in people's lives have been delivered based on Scottish voters' priorities and choices.

Free personal care was introduced in 2002 and expanded in 2019.¹ In 2006 Scotland became the first part of the UK to ban smoking in enclosed public spaces, including workplaces and bars.² A **minimum unit price for alcohol** has been introduced, to reduce the health harms caused by alcohol consumption. Introducing the HPV vaccination in 2008 is protecting women from cervical cancer,³ while Scotland was first in the UK and among the first countries internationally to implement a national PrEP programme, helping us stay on course to eliminate HIV transmission in Scotland by 2030.⁴

The number of **staff in our NHS** have increased and our Agenda for Change staff, which includes nurses, midwives and paramedics, have the best reward package in the UK.⁵ Scotland's core A&E departments have consistently outperformed those in England and Wales over the past decade.⁶ **NHS prescriptions have been free** in Scotland since 2011.⁷

Life is easier for young families because we were able to deliver a near-tripling of **funded early learning and childcare** for all three and four-year-olds since the parliament was created, including an increase from 475 hours to 1,140 hours under this government.⁸

We ensured that **university education is free**, at a time when fees for some students in England have risen above £10,000 per annum,⁹ and scrapped the Graduate Endowment.¹⁰ The number of people from the most deprived areas entering university in 2023-24 on full-time first degree courses is up 37% since the Commission on Widening Access was established.¹¹

There has been a profound shift in how we generate electricity, away from high-emission technologies to a predominance of **low-cost, clean, green renewables**. In 2000, coal was responsible for one-third of electricity generated in Scotland, while only 10% was from renewable sources (mostly hydro).¹² Today, there are no coal power stations in Scotland and, in 2023, 70% of electricity generated in Scotland was from renewable sources.¹³ We are a net exporter of electricity, with our net electricity exports worth around £1.5 billion in the most recent year.¹⁴

Our policies across a range of fronts including energy, housing, farming and transport have helped deliver a **halving of Scotland's CO₂ emissions** since our parliament was created.¹⁵

In transport, the Scottish Government has introduced **free bus travel** for under-22s, over 60s and eligible disabled people.¹⁶ The **Queensferry Crossing** opened to traffic on 30 August 2017 and is the tallest bridge in the UK.¹⁷ Our railways have benefited from an extensive electrification, which means now over 75% of passenger journeys are made on decarbonised rail contributing to emissions reduction.¹⁸ Our integration of planning and operating track and train has brought recognised value for money for the public purse and is minimising disruption for passengers.¹⁹

The **network has been expanded**, with new lines and new stations, including the opening of the Borders Railway and the Levenmouth extension.

ScotRail was taken into public ownership in April 2022 with Caledonian Sleeper services also coming under the control of the Scottish Government in June 2023 . And as of 1 September this year, **peak ScotRail rail fares have been removed for good.**²⁰



Credit: VisitScotland / Airborne Lens

Since 2007, **Scotland's economy has outperformed that of the UK** on a per head basis²¹ and productivity, the key driver of living standards, has grown at more than twice the UK rate.²²

While overall investment in UK start-ups is declining, Scotland is bucking that trend with **investment in Scottish firms** growing 24% since 2023-24.²³ There has also been a 12% increase in investors making their first investment in Scotland, showing growing international recognition of the strength of Scottish innovation²⁴.

While it was not possible to find time for land reform legislation in the House of Commons, a Bill to **abolish the feudal system** was passed in the Scottish Parliament's first term and a **right of responsible access introduced.**^{25 26} Land reform continues to be a priority for the Scottish Parliament.²⁷

We were also able to **abolish the ‘right to buy’ policy**, which had drastically reduced the availability of social-rented homes Scotland.²⁸ The number of local authority and housing association homes fell significantly throughout the 1980s and 1990s before stabilising in 2010 and now increasing after 2016.²⁹

That has allowed us to deliver **more than 136,000 affordable homes since 2007**. Up to March 2024, that is just over 45% more affordable homes delivered per head of population than in England, and over 70% more than in Wales.³⁰

We have been able to replace the UK’s high-cost Private Finance Initiative (PFI) with a Scottish model that delivers a better deal for Scottish taxpayers.³¹ That has enabled us to **build more new schools**, with over 1,000 built or substantially refurbished since 2007-08.³² This means that 92% of Scottish schools are in good or satisfactory condition, compared to 63% in 2007.³³

In those schools, the proportion of pupils achieving the expected level in **literacy and numeracy** across primary and secondary schools reached a new high in 2023-24.³⁴

And 2024-25 saw one of the **lowest levels of recorded crime** since 1974³⁵, while the number of police is over 1,500 higher than in the year 2000.³⁶

These achievements demonstrate the value of even some self-government.

They show what can be achieved when political decisions are taken closer to the people they serve.



Credit: VisitScotland / Kenny Lam

But Westminster is undermining self-government

The Scottish Government believes that the UK Government continuing to take the big decisions—on budget levels, on our relationship with the EU, on immigration, and on the economy—is limiting what Scotland can achieve.

At a UK general election, Scotland does not, on its own, have the ability to remove a UK Government, even if voters in Scotland believed that the government was acting against Scottish interests and causing damage to Scotland's economy or society.³⁷

This democratic deficit was a key argument for devolution and it is still, after a quarter of a century of the Scottish Parliament, one of the most powerful arguments for independence.

In decisions taken by the UK Government, the Scottish Government believes that Scotland is often an afterthought. Sometimes Scotland is not considered, as can be seen in the decision to delay this year's UK budget without any engagement on what that means for Scotland's own budget process, or the failure to consult the Scottish Government or Parliament during negotiations key to devolved Scottish industries, like the Sanitary and Phytosanitary (SPS) and fisheries agreements with the EU, or in trade agreements.

Sometimes Scotland's national interests are actively harmed, as can be seen in recent changes to immigration rules that threaten key Scottish sectors including our universities, colleges and the health and care sector.³⁸

Even the self-government that the people of Scotland voted for in 1997—the ability, within the Scottish Parliament's powers, to make different choices to reflect Scotland's different circumstances and people's different priorities—has been undermined by the UK Parliament and Government.

Until Brexit, the UK Parliament and Government respected the ability of the Scottish Parliament and Government to make different decisions, within that Parliament's powers, for Scotland. The convention that the UK Parliament would not normally legislate with regard to devolved matters without the consent of the Scottish Parliament was respected.

Since Brexit, the UK Parliament has repeatedly proceeded with legislation which the Scottish Parliament refused to give its consent to.

The effective powers of the Scottish Parliament have been reduced without the Parliament, or the people of Scotland, agreeing to it.³⁹

The most significant example of this is the United Kingdom Internal Market Act 2020, which none of the devolved legislatures consented to, and which the new UK Government has refused to consider repealing, or to amend, despite the Act having been passed without the consent required.

The Internal Market Act allows UK Ministers to frustrate and impede the delivery of policies in devolved areas. It means that businesses selling into Scotland do not need to comply with laws passed by the Scottish Parliament if their product complies with the law of England, Wales or Northern Ireland.

The result is that self-government is undermined: decisions of the people of Scotland and their Scottish Parliament, even within that Parliament's powers, can only take effect if they align with decisions taken by other governments.

The Internal Market Act undermines the ability of the Scottish Parliament to use its powers to pursue devolved social and economic objectives in Scotland for the people to which it is accountable. It introduces significant uncertainty as to the effect of laws passed by the Scottish Parliament and effectively provides a veto to UK Ministers where "effective use of devolved competences is now in many cases subject to the willingness of UK ministers to agree exemptions."⁴⁰

In practice, this means that a party elected on a commitment to legislate on, for example, products harmful to people's health or the environment, could be prevented from introducing effective laws, despite having a democratic mandate to do so.

These new UK rules represent the most significant threat to devolution since the establishment of the Scottish Parliament a quarter of a century ago.

The Act has created a legislative limit on the powers of the Scottish Parliament, which goes well beyond the equivalent framework that existed in the context of the EU.⁴¹

Instead of recognising the role of Scotland's devolved democratic institutions and respecting their choices, the UK Government's approach increasingly asserts its authority over the Scottish Parliament and Government, something inconsistent with the principles of devolution.

These changes were implemented against the will of the democratic governments and parliaments of Scotland, Wales and Northern Ireland.⁴² Although the current UK Government launched a statutory review of the Internal Market Act, the review did not consider repeal of the Act or any of its provisions despite the concerns raised about the Act's impact on the devolution settlement and the requests of the Scottish Government to do so. The current UK Government chose simply to not engage with the detailed evidence as to the Act's impact on devolution, despite there being near unanimity on the damage it has caused among academic and legal experts and civil society groups.

If the Scottish Parliament can be undermined once, it can be again, under this UK Government or a future one.

Ultimately, the Scottish Government believes that devolution has not given Scotland the powers or protection that the people of Scotland need. Policies and decisions that the people of Scotland did not vote for are imposed on Scotland, and reforms and changes that current and future generations need are not possible under the current UK economic model and with devolved powers.

There is a ceiling on what the Scottish Parliament's current powers can achieve

If the fundamental benefit of self-government is that it allows decisions about Scotland to be taken by the people who care most about Scotland—the people who live here—then the Scottish Government believes that the fundamental problem for our country is having decisions taken about Scotland by a government for whom Scotland is not a priority.

One of the reasons Scotland is not matching the success of similar nations is that policies that do not suit Scotland, that do not take account of Scotland's distinctive opportunities and needs, are being introduced in Scotland.

In some cases, the Scottish Parliament and Government are even having to spend resources and energy to address problems created by UK Government choices.

Scottish success in expanding low-cost renewable generation is not delivering the results it should for Scottish households because UK Government policies ultimately determine the level of household bills. The Scottish Government believes that electricity bills for Scottish households and businesses could be significantly lower than they are.

In areas like child poverty, the Scottish Parliament and Government are taking action, but its effect is limited by UK policy choices.

Scottish action to reduce the number of children in poverty, including innovative policies like the Scottish Child Payment and the significant increase in free school meal provision, have seen both absolute and relative child poverty rates fall in Scotland.

Indeed, the Scottish Child Payment alone is estimated to keep 40,000 children out of relative poverty in 2025-26, with the relative child poverty rate four percentage points lower than it would be without the policy in place.⁴³

While child poverty rates in Scotland fell in 2023-24, down four percentage points to 22%, they increased in the UK, up one percentage point to 31%.⁴⁴

UK policy choices, like the two-child benefit cap, which Scotland has chosen to mitigate, push children into poverty.⁴⁵

This means the Scottish Government is spending money to protect children in Scotland from UK policy choices.

Instead of resources being used to deliver further ambitious policies to lift children out of poverty, they are being spent to stop them from falling into poverty as a result of UK Government policy choices.

On both energy and poverty—where some powers are in the Scottish Parliament's hands, but others are exercised by the UK Parliament—positive changes in Scotland are limited by policy choices taken by the UK Government.

The Scottish Government believes that without UK Government policy choices getting in the way, more children in Scotland could be free from poverty, and Scottish households and businesses could be enjoying lower electricity bills.

The establishment of the Scottish Parliament has been good for Scotland. But if we want Scotland to meet its full potential as a nation, the Scottish Government believes that all decisions about Scotland's society, economy and wellbeing should be in Scotland's hands.

Doing all we can for the NHS and social care

A key argument for full self-government rather than devolved government is that it allows coherent and more effective policy to be developed across the full range of levers available.

That can be seen in our NHS, which in day-to-day policy terms is wholly devolved. But Scotland's NHS, and the people of Scotland's health and wellbeing, is affected by wider UK Government decisions on budgets, immigration, social security, the economy, the EU and more.

Many of the decisions taken by the UK Government undermine the progress Scotland is making.

This can be seen most clearly with the effect UK Government control over migration is having on our health and social care services.

In December 2023 the UK Government announced a range of measures designed to reduce net migration to the UK, including banning migrant care workers from being able to bring their partners or children with them.⁴⁶ The number of care workers in the UK had fallen before the policy was introduced and coincided with a Home Office move to scrutinise applications more.⁴⁷

In July 2025, the new UK Government introduced further restrictive reforms to the UK immigration system, including the closure of the Social Care Worker visa route to new applications from abroad.⁴⁸

Home Office statistics for the year end to June 2025 show the number of Health and Care Worker visas overall issued fell by 77%, from over 89,000 to only 21,000.⁴⁹

The number of Health and Care Worker visas issued in a Caring Personal Service occupation fell by 88% to 7,400 over the same year.⁵⁰

This trend has continued through the change of UK administration last year.

Despite 95% of people in Scotland being registered to a dentist⁵¹ and 7 million dental treatments provided since payment reforms were introduced in 2023⁵², the UK Government's removal of key dental occupations from skilled worker sponsorship in July 2025 risks Scotland's ability to recruit and retain staff who are pivotal for keeping our dental surgeries running effectively.⁵³ In 2024, over one fifth of new additions to the Dental Care Professional Groups Register came from outside of the UK.⁵⁴ This change by the UK Government means occupations like dental technicians, dental hygienists and dental nurses can no longer come to the UK.

Scotland needs control over immigration to sustain the size of the health and social care workforce we need to rebuild from the Covid pandemic and ensure our ageing population is properly cared for.

While the Scottish Government has increased the NHS workforce by 26.2% since 2006⁵⁵ and continues to widen access to medicine, dentistry and nursing for Scottish students, overseas staff continue to make a vital contribution in our hospitals and care sector.⁵⁶

The UK Government's closure of key migration routes directly undermines Scotland's ability to provide the safe, dignified and compassionate care we want to see in our NHS and social care system. It reflects a very different set of political priorities and values.

With independence, Scotland would have the power to set its own migration policy, focused on bolstering our NHS and social care workforce. The Scottish Government could also ensure that any migration route meets the particular staffing needs of our rural and island communities.

Beyond migration policy, the decision to impose austerity on public finances has damaged the NHS and health and wellbeing in Scotland, just as the decision to leave the EU did.

Researchers have explored the health impacts of austerity, summarising evidence on how spending cuts affect health inequalities, drawing on extensive research from the UK and other countries during the 2010s austerity period. Their report concludes:

“Assessed collectively, the evidence reviewed here finds that austerity negatively impacts health outcomes and suggests that the health impacts may be worse in contexts where public services and support have already been weakened, and that the risks are greater for people who are already experiencing disadvantage”.⁵⁷

Scottish Health Equity Research Unit, 2025

Even if NHS budgets were increasing, as they did in Scotland, austerity cuts in other public services created new and unnecessary pressures for an NHS that was already dealing with the effects of an ageing population, and later also the impact of Covid.

In Scotland, money has been spent on measures to counter the UK Government's policies, for example reinstating winter fuel payments and lifting the two-child cap.⁵⁸

Leaving the EU created a range of pressures and problems for the NHS, beyond recruitment difficulties: estimates suggest that lower economic growth as a result of Brexit meant by 2024 a tax revenue shortfall of £40 billion in the UK, reducing the capacity to invest in public services including the NHS.⁵⁹

Our health is linked to our wealth, and economic decisions taken by the UK Government are harming Scottish families and businesses, and in turn harming our NHS and social care sector.

For example, the UK Government's decision to increase Employer National Insurance contributions is expected to cost Scotland's social care sector over £84 million, at a time when the sector already faces increasing financial burden as more people get older, live longer and require care.⁶⁰

Scotland's NHS is on the path to recovery after Covid, with staff numbers—including GP numbers—going up over the last 12 months⁶¹, and more operations⁶² and new outpatient appointments taking place.⁶³ Scotland is the only place in the UK where prescriptions are free, eye tests are free, and dental check-ups are universally free.

But dealing with Scotland's long term, structural health challenges, often rooted in poverty and inequality, requires a co-ordinated policy response that includes some areas of policy, including elements of drugs policy, which are currently reserved.

Full powers over alcohol labelling and drugs policy would allow us to treat addiction fully as a health issue, and with our own powers we could legislate on the control of drugs like harmful new synthetic opioids.⁶⁴

Beyond this, borrowing powers, for example, would enable the Scottish Government to build more homes for social rent; immigration powers would help us attract staff into the health and social care sector; being in charge of Scotland's energy resources would enable us to lower energy bills and more effectively tackle fuel poverty; and each of these steps, which independence would bring, would enable us to deliver a stronger and healthier population and a stronger, future-proofed NHS.

The Scottish Government believes that Scotland's NHS can only be at its strongest when Scotland's economy and Scottish society are at their strongest.

That is why the Scottish Government believes that independence is so important for our NHS, for our health and for our wellbeing.



Credit: VisitScotland / Luigi Di Pasquale

Scotland has what it takes to be a successful independent nation

Scotland has got the potential to be a flourishing, successful independent nation.

Scotland's resources and strengths include:



Our natural resources, which make us an energy rich nation and provide opportunities to tackle the climate and nature crises. Scotland's renewable energy sectors and supply chain supported more than 47,000 full time equivalent jobs and contributed £6.6 billion to the economy in 2022.⁶⁵



Our oil and gas sector. Although the North Sea is a mature basin, oil and gas will continue to be an important part of the Scottish economy for years to come and the skills of North Sea workers will be essential for the transition to a net zero economy.⁶⁶ Oil and gas currently account for around 77% of Scotland's total energy consumption.⁶⁷



Our food and drink industry is a massive asset for our country. In 2022, 118,000 people worked in jobs in this sector, contributing £7 billion to the economy.⁶⁸ In 2024, Scotch whisky accounted for 22% of all UK food and drink exports and was the UK's biggest drinks export, with turnover of £5.4 billion.⁶⁹ In the same year, Scottish salmon was the UK's largest food export, with an export value of £844 million.⁷⁰



Our tourism industry is a key strength for Scotland. We have a strong reputation for our incredible scenery, dynamic cities, strong rural and coastal communities, our unique culture, and friendly people. In 2022, tourism employed 229,000 people and contributed £4.8 billion to the economy.⁷¹



Our cities. Cities have higher economic growth than more rural areas,⁷² and we have the capacity to have a large urban region—even by European standards—that can help drive growth.



Our creative industries like visual and performing arts, film and TV, video games, music and publishing, make a significant contribution to our economy. Creative industries, including digital, employed 88,000 people in 2022, contributing £5.7 billion to the economy.⁷³



Our universities are among the best in the world, with three in the top 200 in the Times Higher Education World University Rankings 2025, and eleven in the top 200 based on international outlook.⁷⁴ In 2023-24, 73,915⁷⁵ students from over 160⁷⁶ countries came to study in Scotland. The contribution of international students in Scotland to the UK economy was estimated to be £4.21 billion in 2021-22.⁷⁷ Scotland also has a higher proportion of our population holding university or college qualifications than the UK overall, and the second highest of any EU country.⁷⁸



Our strong institutions. Scotland already has many of the institutions an independent country needs – from well-established institutions like our independent legal system and courts, and our education and health systems, to newer bodies like Social Security Scotland and the Scottish National Investment Bank.



Our seas. An independent Scotland within the EU would have the fourth largest Exclusive Economic Zone of EU core waters. These waters are rich in terms of fisheries, marine biodiversity, and offshore renewable energy potential. The growth and success of Scotland's offshore wind industry will create significant new jobs and economic opportunities.⁷⁹ Scottish Government analysis has estimated that the potential total global capital expenditure value of ScotWind, Innovation and Targeted Oil & Gas (INTOG), port and supply chain projects, assuming the full deployment of the potential pipeline and development of the relevant projects, could be around £100 billion.⁸⁰

The question for Scotland is a simple one: given all that we have—all our talent, resources and ingenuity—why are the people of Scotland not better off?

Because the UK's economic model leads to lower living standards

Scotland is tied to the UK economic model

One of the key reasons why the Scottish Government believes that people in Scotland should have a fresh choice over their future is because the Scottish Government does not believe that the UK's economic model can deliver sustainable rises in living standards any more.

Average UK real wages—that is wages after taking account of rising prices—have stagnated since the financial crisis of 2008 (see Figure 1).

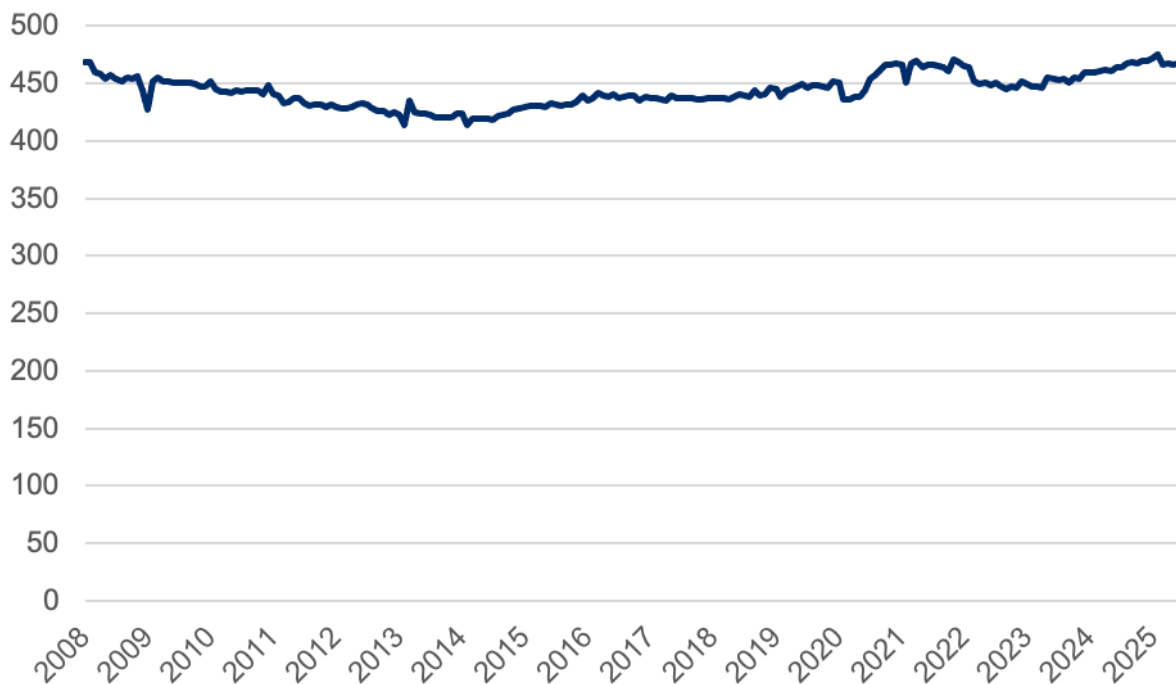
During the independence referendum in 2014, this trend of flat-lining living standards was not generally foreseen. But the trend looks set to continue.

The Resolution Foundation suggests that by the end of this decade typical UK family incomes will be no higher than now:

“[...] taking into account the cost of living crisis, the typical income in 2029-30 would remain essentially unchanged (0 per cent growth) compared to 2019-20. This would clearly make the 2020s the worst decade for living standards growth from the 1970s onwards”⁸¹

The Resolution Foundation

Figure 1 Real average weekly earnings in Great Britain, 2015 prices, February 2008 to July 2025



Source: Office for National Statistics (2025) [AWE: Whole Economy Level \(£\): Seasonally Adjusted Total Pay Excluding Arrears](#) (last accessed 26 September 2025) and Office for National Statistics (2025) [AWE: Whole Economy Level \(£\): Seasonally Adjusted Total Pay Excluding Arrears](#) (last accessed 26 September 2025) and Office for National Statistics (2025) [CPI Index](#) (last accessed 26 September 2025)

Notes: Real earnings are nominal earnings deflated by the Consumer Prices Index. Extends analysis presented in Institute for Fiscal Studies [The Conservatives and the Economy, 2010–24](#) figure 2.4

“Staggering but true: in 2024, the typical male worker was earning 7% less than their predecessor twenty years earlier, back in 2004.”^{82, 83}

Torsten Bell MP, UK Treasury Minister, 2025

And the impacts of stagnating living standards are not felt equally:

“There are particular concerns about what this stagnation of average living standards could be concealing for many vulnerable families at the bottom of the scale.”⁸⁴

The Resolution Foundation, 2024

Even the most innovative use of limited devolved powers would be insufficient to bring about the fresh start required to boost living standards.

The measures taken using the Scottish Parliament’s powers in the last 26 years have improved lives in Scotland, but they have all been implemented within the wider UK economic model.

Devolution cannot change that, because economic policy is decided by the UK Government.

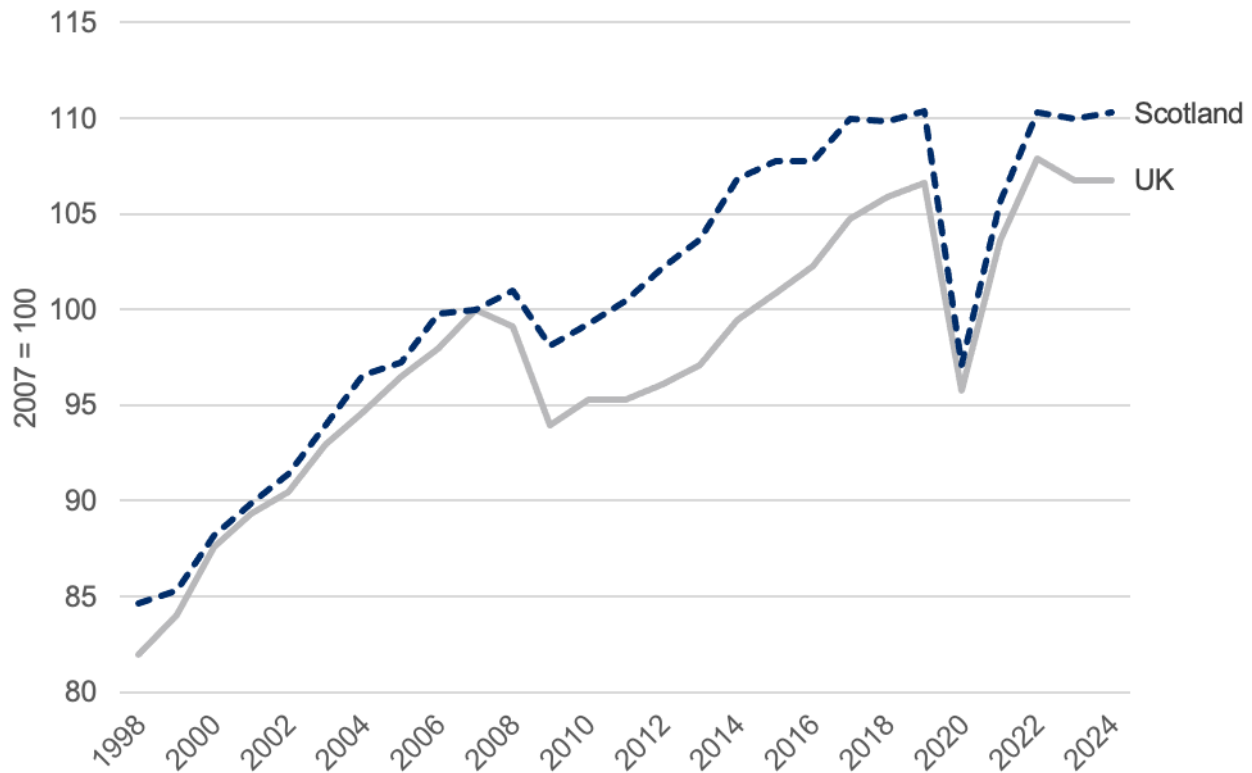
The UK Parliament and Government have control over:

- most tax policy, including National Insurance, corporation tax and capital gains tax.
- fiscal rules and significant borrowing powers
- monetary policy
- most aspects of energy policy, including pricing
- company law
- employment law, and industrial relations
- trade policy
- migration policy
- competition policy

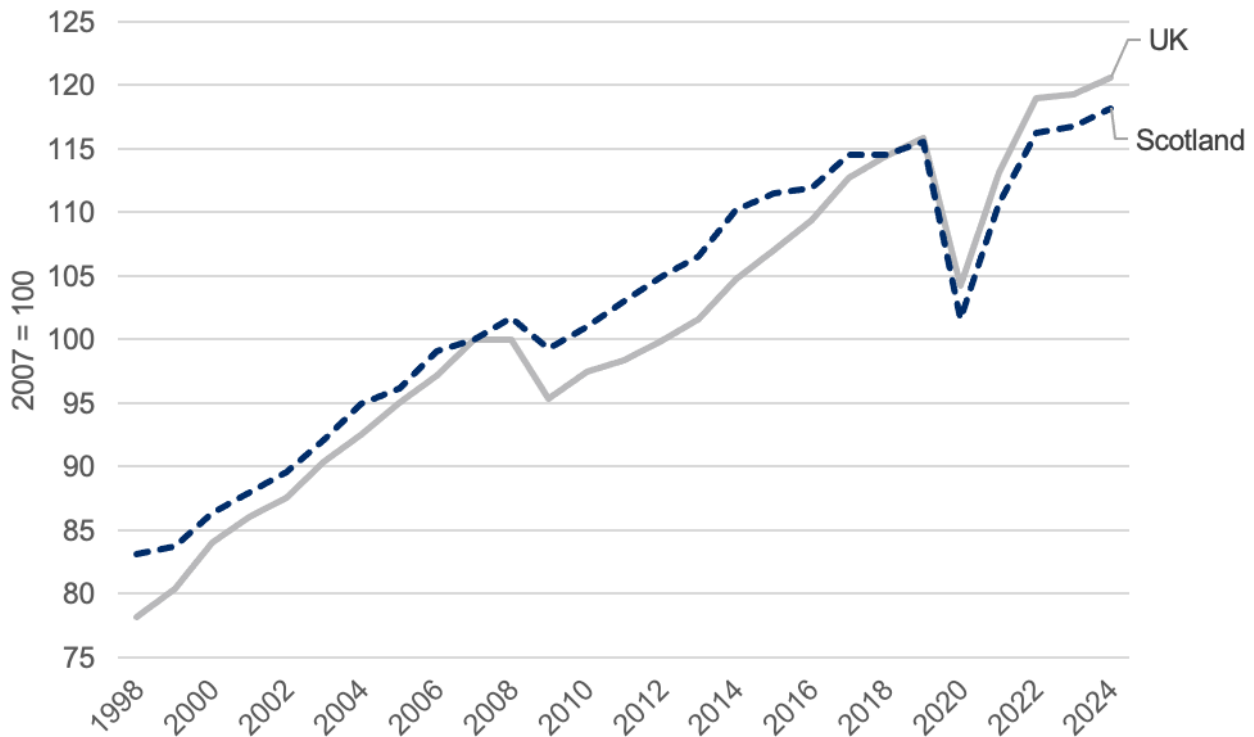
This means that Scotland is integrated into the UK economy. Our economy tends to follow its broad trends.

And the Scottish Government believes that being tied to the UK’s economic model is holding Scotland back.

Though there is a close relationship between Scottish and UK economic performance, on GDP per head—a more meaningful measure of economic performance—Scotland has outperformed the UK as a whole since 2007: GDP per person has grown by 10.3% in Scotland compared to just 6.8% in the UK (See Figures 2 and 3).

Figure 2 GDP, Scotland and the United Kingdom, 1998-2024, indexed to 2007

Source: Office for National Statistics, [GDP in chained volume measures – real-time database \(ABMI\)](#) (last accessed 30 September 2025); Scottish Government (2025) [GDP First Quarterly Estimate 2025 Q2 \(April to June\)](#) (last accessed 30 September 2025)

Figure 3 GDP per person, Scotland and the UK, 1998-2024, indexed to 2007

Source: Office for National Statistics, [Gross domestic product \(Average\) per head, CVM market prices \(reference year = 2023\) £](#) (last accessed 30 September 2025); Scottish Government (2025) [GDP First Quarterly Estimate 2025 Q2 \(April to June\)](#) (last accessed 30 September 2025)

Some of the difference in growth rates between overall GDP and GDP per person is due to Scotland's population growing more slowly than the rest of the UK's, suggesting a clear need for action to address Scotland's long-term population challenge.⁸⁵

The UK economy has strengths. It has been described as a 'services exporting superpower,' not just in financial and business services but in areas such as cultural and recreational services.⁸⁶ It also has strengths in manufacturing industries such as pharmaceuticals,⁸⁷ beverages⁸⁸ and aircraft.⁸⁹

The UK has long been a hub for business from all over the world as a result of advantages such as a high skilled workforce,⁹⁰ the English language and being home to some of the world's best universities.⁹¹

But the UK economy and its growth model also have had the following characteristics:

- it has been called a credit-driven and consumption-led model, rather than an investment-led one⁹²
- long-standing regional inequality with a heavy reliance on London and the South East of England
- reliance on net migration, which the UK Government now wants to cut
- relatively high energy costs for both people and businesses compared to other countries

In addition, the austerity programme of government cuts initiated after the financial crash and the decision to leave the EU have had, and continue to have, important economic and social impacts.

The UK economic model delivers regional inequality

A leading authority on regional economics examined whether the UK displays high levels of interregional inequality in the context of 28 different indicators and 30 different OECD countries, and concluded that:

"The result is clear. The UK is one of the most interregionally unbalanced countries in the industrialised world...and almost certainly the most interregionally unequal large high-income country."⁹³

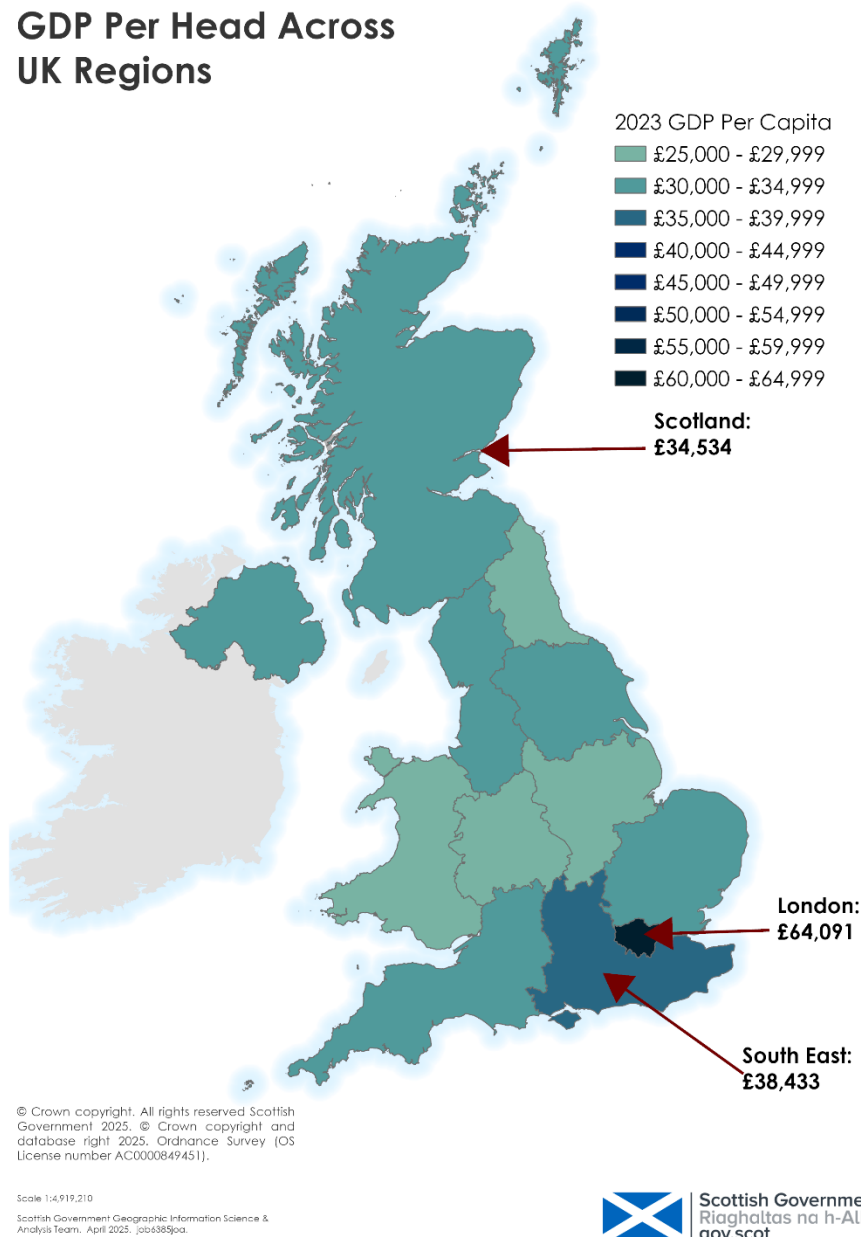
Professor Philip McCann, The Productivity Institute and Sir Terry Leahy Chair of Urban and Regional Economics at Alliance Manchester Business School

One of the key problems of the UK economy is that it has an unusually large concentration of activity in one part of the country: London and the South East of England.

Figure 4 shows GDP per head across regions of the UK in 2023 (the most recent year for which data are published). Darker shading corresponds with greater GDP per head. London's £64,091 per head is by far the greatest, the second greatest is the South East of England at £38,433. Scotland is the third highest at £34,534.

Figure 4 GDP per head for UK regions, 2023

GDP Per Head Across UK Regions



Source: Office for National Statistics – [Regional gross domestic product: all ITL regions](#), Gross domestic product (GDP) chained volume measures (CVM) in 2022 money value, per head, pounds, 2023 (last accessed 5 August 2025)

The UK economy's inequality and over-dependence on London and the South East of England have long been identified as a problem by successive UK Governments.

“While there are world-leading and enterprising businesses and innovators right across the UK, economic growth and the higher productivity which drives it has been over-concentrated in specific areas, particularly the South East of England. A long tail of low-productivity businesses and places explain why UK productivity growth is too low compared to competitors.”⁹⁴

UK Government, Levelling Up the United Kingdom, 2022

“Today our economy is heavily reliant on just a few industries and a few regions – particularly London and the South East. This really matters. An economy with such a narrow foundation for growth is fundamentally unstable and wasteful.”⁹⁵

David Cameron, Prime Minister, 2010

“This is no temporary or passing phenomenon. The vote to leave the European Union was fuelled by deep-seated public anger about the huge structural inequalities between the UK’s north and the south – inequalities that, as UK Chancellor of the Exchequer Philip Hammond acknowledged this week, are the worst in Europe.”⁹⁶

Gordon Brown, former UK Prime Minister, 2016

“Go back 100 years, probably: it’s always been the case that London has been significantly in advance.”⁹⁷

Tony Blair, former UK Prime Minister, 2022

Notional estimated budget deficits for areas outside London such as those set out in the Government Expenditure and Revenue Scotland (GERS) publication are entirely consistent with, and indeed driven and explained by, the unbalanced and unequal geographic nature of the UK.

In 2022-23, for example, the only net contributors to the UK Government—that is, areas contributing more in tax than they received in spending—were London and the South East of England (see Figure 5).

Figure 5 Net fiscal balance as % of GVA by region, 1999-00 and 2022-23



Sources: Office for National Statistics [Regional GVA](#) (last accessed 5 August 2025); Office for National Statistics [Country and Regional Public Sector Finances](#) (last accessed 5 August 2025)

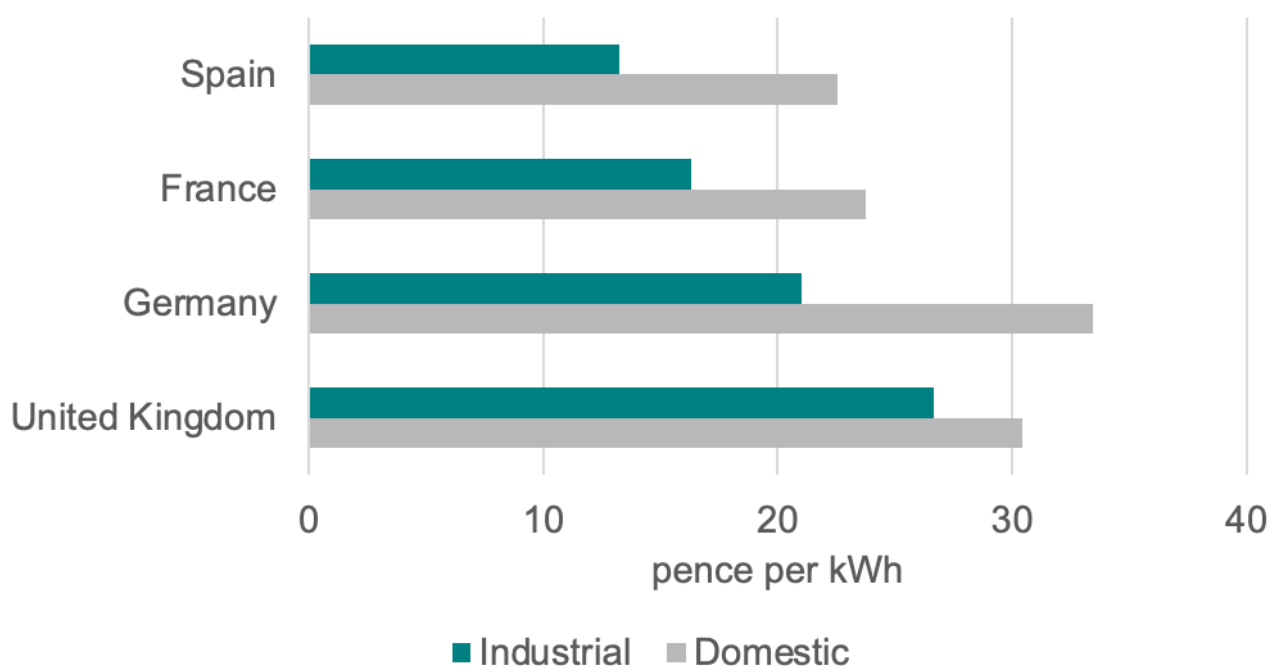
The UK economic model delivers high energy prices

“According to the International Energy Agency, which tracks end-user tariffs, in the rich world, British industry pays the most for its electricity, often by an astonishing margin”⁹⁸

The Economist, 2025

British businesses are faced with some of the highest electricity costs in Europe (see Figure 6).

Figure 6 Electricity prices (industrial and domestic), selected countries, 2024, pence per kWh



Source: Department for Energy Security & Net Zero international [domestic](#) and [industrial](#) energy prices (last accessed 1 October 2025)

Notes: includes taxes

For British industry:

UK “prices are 50-100% higher than in most of continental Europe and more than three times those in America.”⁹⁹

The Economist, 2025

The UK economic model and Brexit

The UK economy was already underperforming across a range of measures before the UK left the EU on 31 January 2020,¹⁰⁰ but leaving the EU has made that worse.

The evidence is that Brexit means a permanent loss of national income for the UK.¹⁰¹

Despite its attempt to reset relations with the EU, the current UK Government has made clear its opposition to the UK rejoining the EU,¹⁰² and has stated that the UK will not rejoin the European Single Market or the Customs Union.¹⁰³

The UK Government is also opposed to reinstating freedom of movement, despite its great benefit to Scotland’s economy, its people and its businesses.¹⁰⁴

The National Institute for Economic and Social Research suggests that, compared to EU membership, the UK economy was 2.5% smaller in 2023 and it expects that to get worse: it predicts an economy 5.7% smaller in a little more than 10 years’ time.¹⁰⁵

That would mean £69 billion wiped from national income in 2023, or around about £28 billion in tax revenue.¹⁰⁶

For Scotland, this would equate to a reduction in GDP of around £5 billion, and a loss to public revenues of £2.3 billion.¹⁰⁷

This has already started to have an impact on people's everyday lives.

Research by the London School of Economics Centre of Economic Performance suggests that UK households have already paid £7 billion to cover the cost of post-Brexit trade barriers on food imports from the EU.¹⁰⁸

This pushed up average household food costs by £250 between December 2019 and March 2023, disproportionately affecting low-income households who spend a greater proportion of their income on food.¹⁰⁹

In May 2025, the UK and EU announced that further negotiations would take place on issues including border checks on agriculture, food and drink products.¹¹⁰

But the UK Government's stated red lines for its relationship with the EU—on not rejoining the single market, not rejoining the customs union, and against free movement of people—mean that the scope of a deal, and its benefits, will be limited.¹¹¹

The Scottish Government welcomes any closer cooperation with the EU, and will continue to engage positively and ambitiously in EU-UK discussions, but as long as future agreements with the EU are constrained by these red lines, then the Scottish Government believes that they can only ever unpick a small part of the damage that Brexit continues to have on our economy and our living standards.

Indeed, the UK Government's own figures show that while the two main elements of the proposed deal—a Sanitary and Phytosanitary Agreement, and an Emissions Trading Systems linking measures—could add £9 billion to UK national income by 2040,¹¹² that represents just 0.2% of GDP,¹¹³ with the loss to GDP caused by Brexit is estimated to be 20 times that, at 4% of GDP.¹¹⁴

The loss of freedom of movement also damages Scotland's economy and society.¹¹⁵

All of Scotland's expected population increase is forecast to come from people moving to Scotland from elsewhere.¹¹⁶

European freedom of movement has played a substantial part in ensuring that Scotland's population did not decline.¹¹⁷ Now, the proportion of the population who are of working age is projected to be slightly smaller in mid-2047 than in mid-2022.¹¹⁸

Inward migration to Scotland plays a key role in ensuring we have sustainable communities, particularly in areas affected by the challenge of population decline. Independence would enable the development of an immigration system tailored to Scotland's needs, including place-based, targeted migration schemes to support labour markets and the demographic profile of these important communities.

A 2019 report from the Scottish Government's Expert Advisory Group on Migration and Population reported that Brexit had the potential to negatively impact rural areas in Scotland.¹¹⁹

The report indicated that Scotland's 'gradually declining and rapidly aging' working age population would most likely have the greatest impact on rural areas, which are already experiencing population pressures as a result of depopulation.

Increased immigration restrictions and the end of freedom of movement have already affected trade including, for many businesses, being unable to recruit the staff needed,^{120 121} with particular impacts on sectors like hospitality and agriculture.¹²²

Research for the Migration Advisory Committee found that all organisations studied experienced a shortage of labour after freedom of movement ended and that none was able to recruit entry-level staff via the skilled visa route introduced by the UK Government.¹²³

But even beyond the economic benefits, the Scottish Government believes that freedom of movement was a good thing for our citizens, and for the citizens of Europe, and that its loss is damaging us all.

The UK economic model has failed to tackle long standing issues

The results of the UK economic model have not generally been positive, with living standards remaining stagnant.

Indeed the perceived relative underperformance of the UK economy, as well as policy decisions taken by the UK Government, such as austerity and Brexit, have prompted a great deal of commentary at a UK level from academics, think tanks and politicians.

“For many years, the UK economy has been marred by low growth and flatlining productivity, both by historical and international standards. We’ve been lagging behind other developed economies, and it is making it difficult for everyone to make ends meet.”¹²⁴

National Institute of Economic and Social Research, 2024

“While everyone suffered [from global shocks] – in lost jobs, incomes, lives and wellbeing – those losses have tended to be larger in the UK than elsewhere: more jobs and lives lost, greater hits to incomes and wellbeing. ‘Why is it always us?’”¹²⁵

Andy Haldane, 2022

“Why doesn’t the British economy grow anymore? That’s not just a question about the recent recession, it’s been the fundamental debate ever since the financial crisis, and—unlike the recession—it’s not going away any time soon.”¹²⁶

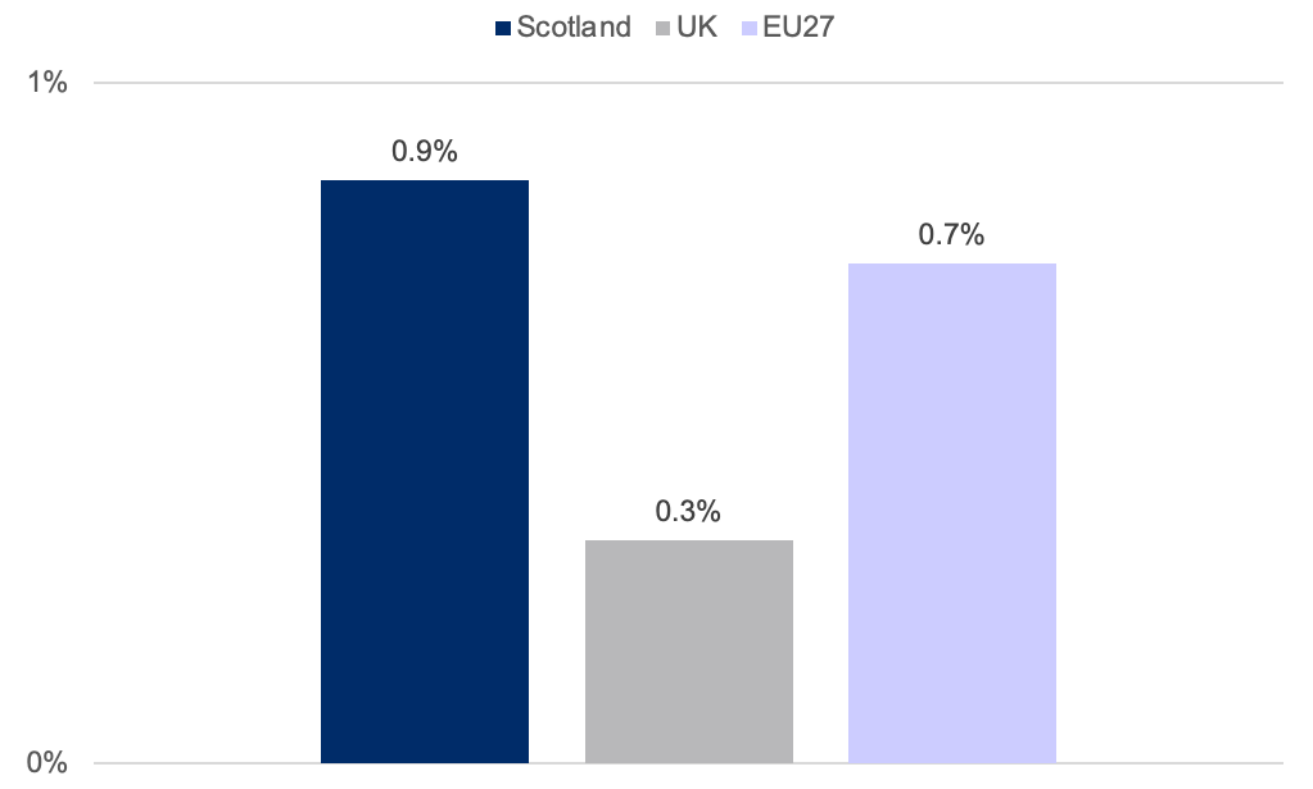
Mossavar-Rahmani Centre for Business and Government, Harvard University, 2024

“The twin challenges that Britain faces – low growth and high inequality – are substantial issues on their own, but together they create a toxic combination.”¹²⁷

Resolution Foundation, 2023

Flatlining living standards can largely be explained by low productivity—the amount of output produced per hour worked—which has been a particular issue in the UK since the financial crisis. This has led to a productivity puzzle – the reasons why productivity growth in the UK has been so low are contested.¹²⁸

Since 2007, the UK’s productivity growth rate has been half that of the EU27 (see Figure 7).

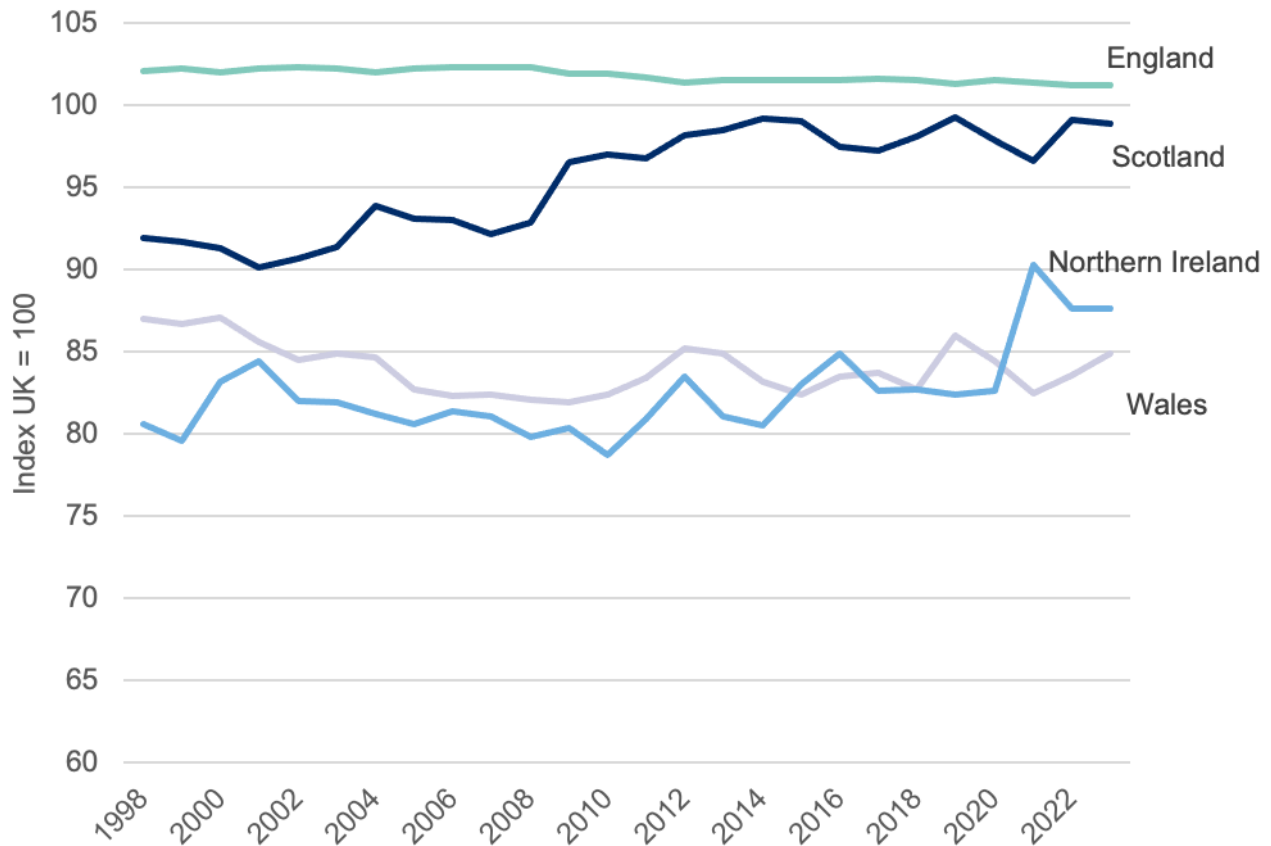
Figure 7 Average annual growth rate in productivity, Scotland, UK, EU27, 2007 to 2024

Source: Scottish Government (2025) [Labour productivity statistics for Scotland 2024](#), Table 5 (last accessed 30 September 2025)

Within the UK itself, Scotland, Wales and Northern Ireland have a long-term productivity gap compared with the UK as a whole.

Since 2007, however, Scotland's productivity has grown at an average rate of 0.9% per year compared to the UK average of 0.3%, and since 2009 Scotland has partly closed the productivity gap (see Figure 8).

Figure 8 Productivity measured as GVA per unit of labour input in UK nations, 1998-2023 (UK = 100)



Source: Office for National Statistics [Regional Labour Productivity, Output per hour](#) (last accessed 5 August 2025)

Stagnating living standards caused by poor productivity growth are clearly more damaging for people on middle and low incomes, and make it more difficult to tackle poverty.

Analysis by the Joseph Rowntree Foundation suggests that child poverty rates in the UK as a whole will increase over the next five years. Only in Scotland—because of Scottish Government policies like the Scottish Child Payment and the plan to mitigate the two-child limit policy—is child poverty projected to fall.¹²⁹

UK living standards are also falling further behind our neighbours in Europe, a particular issue for those on low incomes:

- a 2025 Review of Living Standards by the National Institute of Economic and Social Research found that this is particularly the case for the poorest in our society¹³⁰
- the UK's lowest 10% of earners are more than £3,000 a year worse off than the poorest households in Germany and £1,500 a year worse off than the lowest earners in France¹³¹
- the poorest households in Slovenia and Malta are now better off than the poorest households in the UK¹³²



Because comparable independent countries are successful countries

If Scotland became independent, it would re-join the family of European nations.

These countries are successful, dynamic economies and societies, and Scotland, rich in resources and talent, could be just as successful. Our potential as a nation to catch up with our neighbours is there: the Scottish Government believes we just need the powers to do it.

Many of Scotland's near neighbours in Europe have thrived in the globalised economy of the 21st century, outperforming the UK on a range of metrics.

These countries have benefitted from effective monetary and fiscal management by credible institutions which has created the stability on which they have built and sustained economic dynamism and social solidarity.

The success of our European neighbours

Scotland would not be a small EU member state. Twelve of the EU's 27 member states have a population similar to, or less than, Scotland's.¹³³

The Scottish Government has looked at 10 countries in detail: Austria, Belgium, Denmark, Finland, Iceland, Ireland, the Netherlands, Norway, Sweden and Switzerland. These comparable, independent, European countries—the 'comparator countries'—and they are all wealthier, happier and fairer than the UK.¹³⁴

They all do better than the UK on the issues that are key to having a successful economy and society.

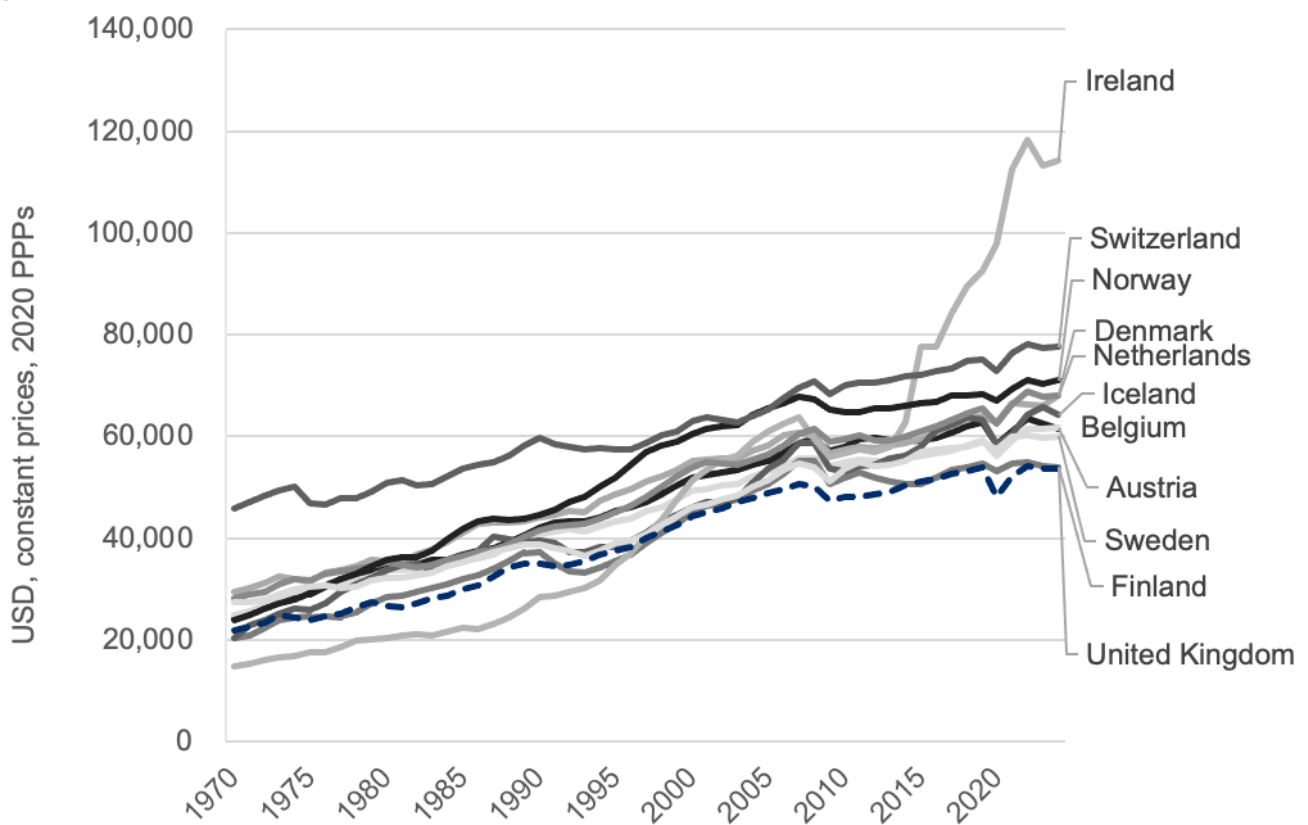
For example:

All 10 countries are healthier than the UK. All 10 have higher life expectancy at birth than the UK's 81 years.¹³⁵

All 10 countries are happier than the UK too.¹³⁶

The comparator countries are wealthier than the UK. Except for Finland in 2015, GDP per head of population has been higher than the UK in all 10 countries in every year since 2000.¹³⁷

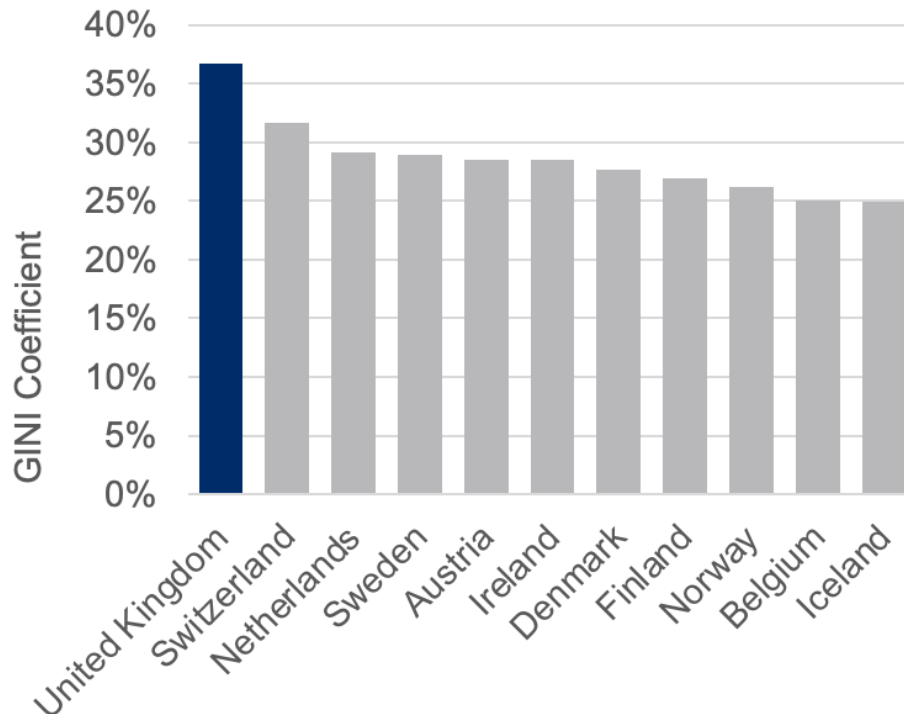
Figure 9 GDP per head of population over time, 1970 to 2024



Source: OECD [GDP per capita US \\$, volume, constant PPPs, reference year 2020](#) (last accessed 1 October 2025). Calculations based on constant prices.

All 10 countries are **fairer than the UK**. They have much lower income inequality than the UK.¹³⁸

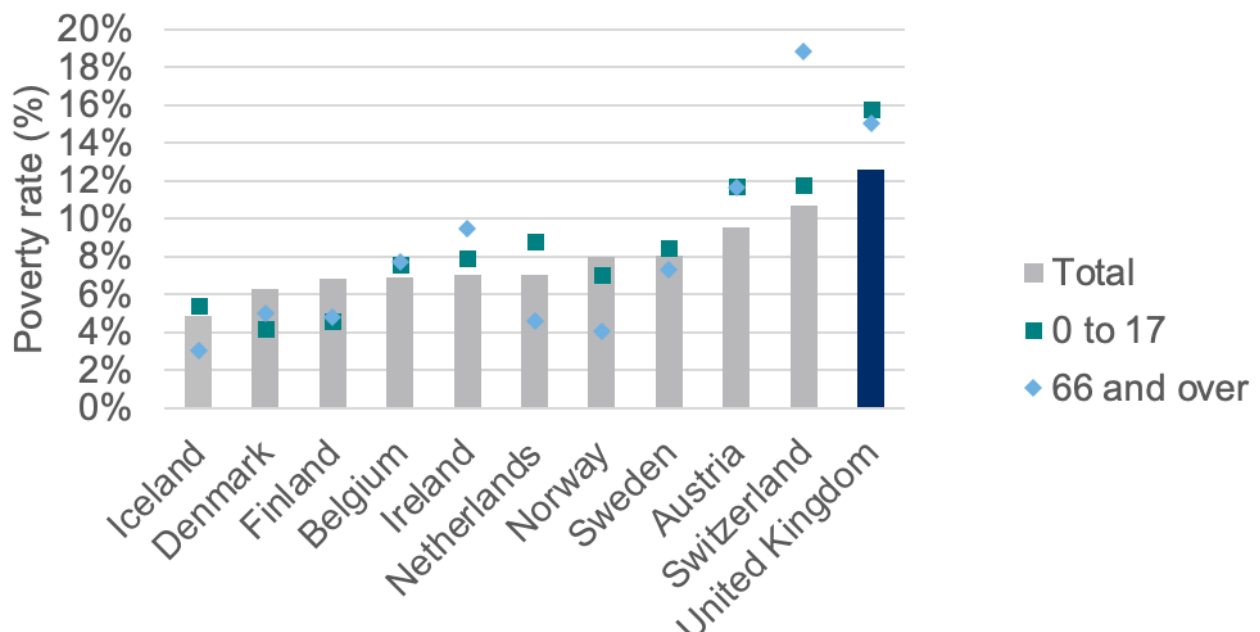
Figure 10 Income inequality (Gini coefficient, 0% = complete equality; 100% = complete inequality), 2023 or latest available



Source: OECD [Income Inequality](#), 0–1 scale all ages (last accessed 1 October 2025)

All 10 countries **have lower overall poverty rates**. Poverty rates for children (under 18) and pensioners (aged over 65 years) were also lower in all 10 countries than in the UK, except for pensioners in Switzerland.¹³⁹

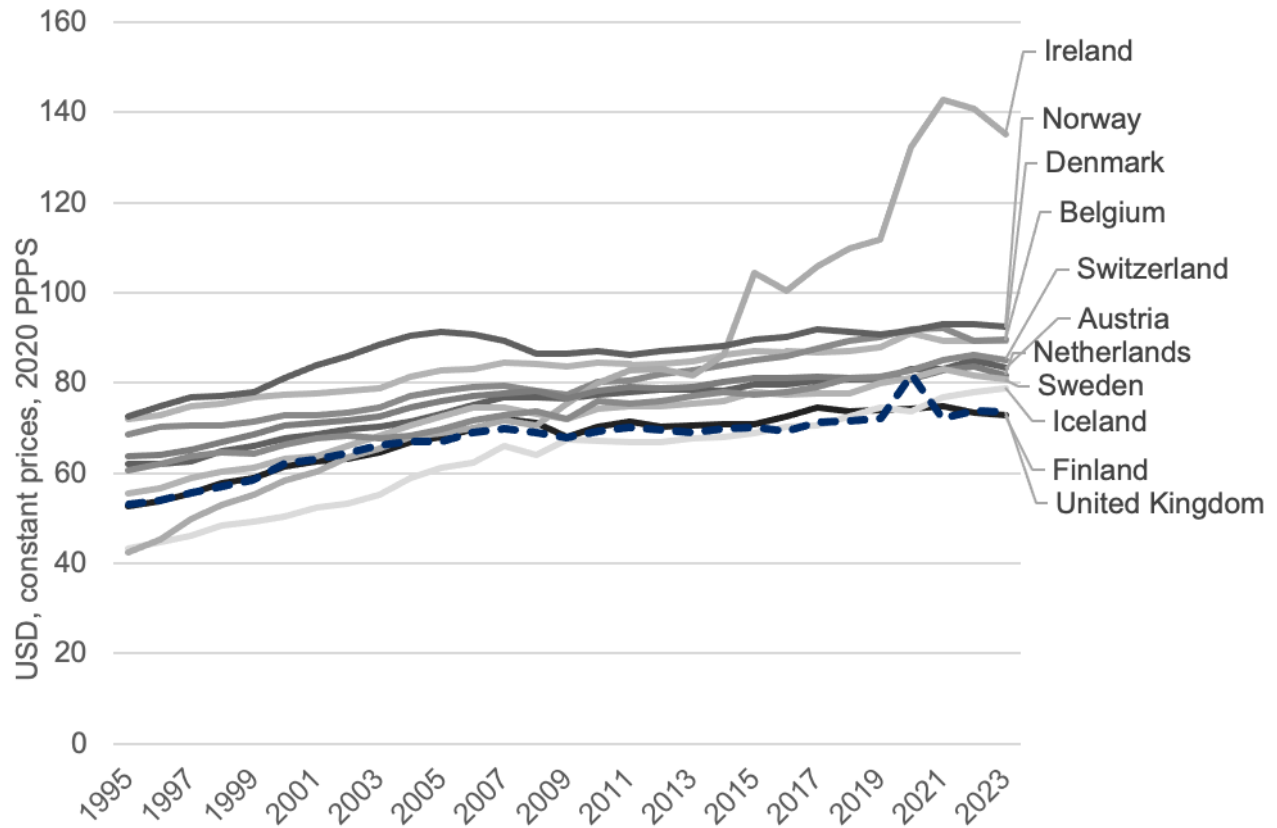
Figure 11 Poverty rates, 2023 or latest available



Source: OECD [Income distribution](#), Poverty rate based on disposable income, 50% of the national median (last accessed 1 October 2025)

The comparator countries outperform the UK on productivity and, leaving aside the year of the Covid pandemic, they maintain better performance over time.¹⁴⁰

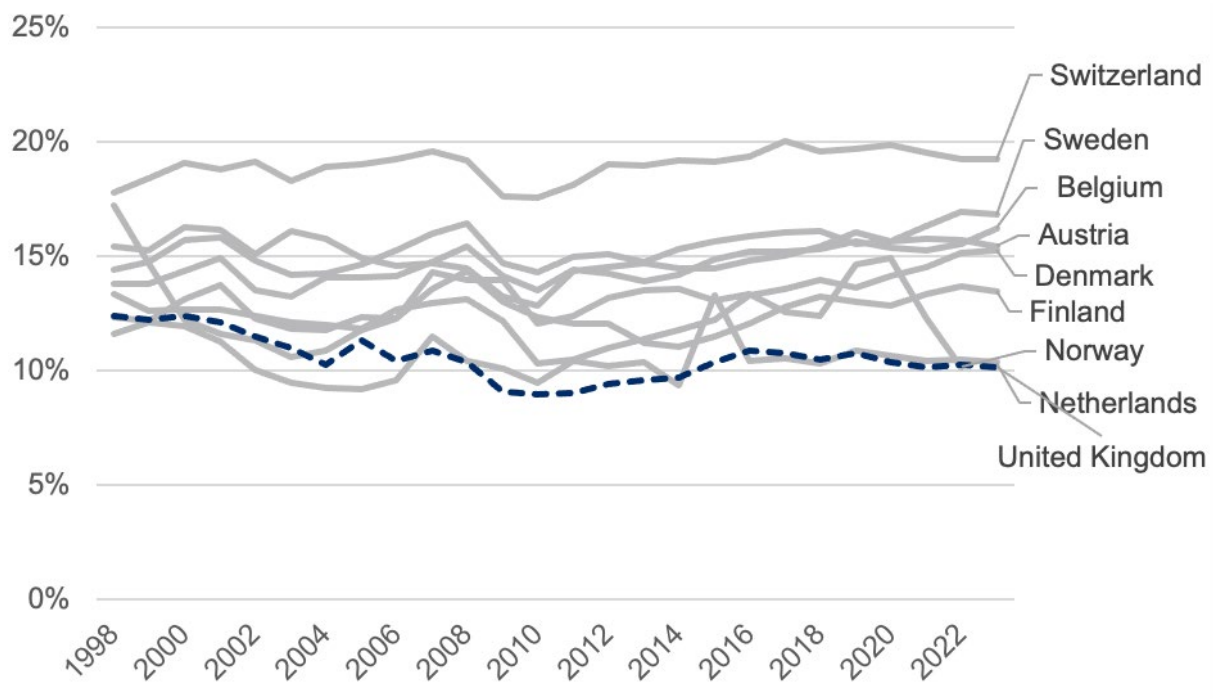
Figure 12 GDP per hour worked over time, 1995 to 2024



Source: OECD [Productivity levels](#) – GDP per hour worked (last accessed 1 October 2025). Calculations based on constant prices.

Business investment is higher in all the comparator countries for which we have data, in most years.¹⁴¹

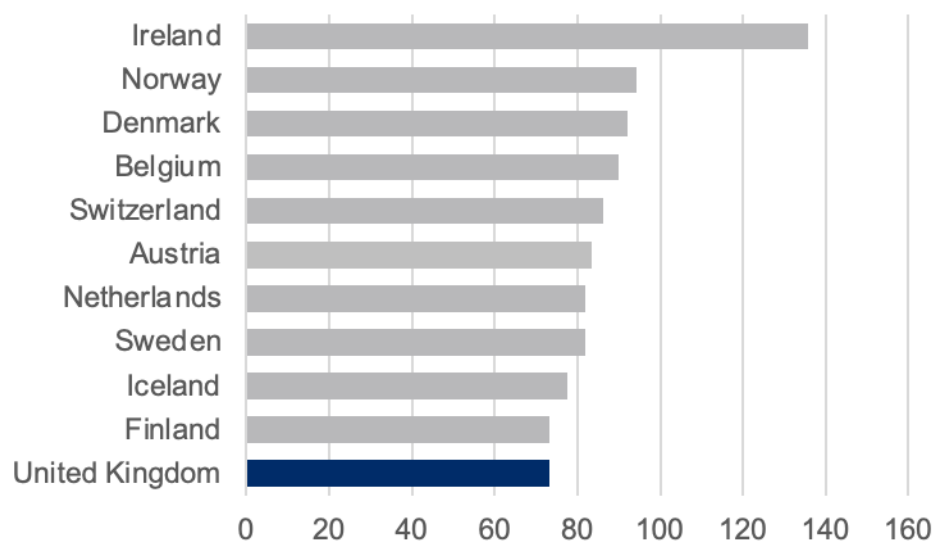
Figure 13 Business investment as a share of GDP, 1998-2023



Source: OECD [Investment by Sector](#) (data for United Kingdom in 2024 not yet available); World Bank [Gross Fixed Capital Formation by Sector](#) (both last accessed 1 October 2025) Notes: Ireland is an outlier with respect to this indicator and has been excluded from the chart for presentational reasons. Comparable data are not available for Iceland for this indicator. Business investment as a share of GDP has been calculated by multiplying Gross Fixed Capital Formation (GFCF) expressed as a percentage of GDP by the proportion of corporate investment in total GFCF for each country.

Countries that are comparable to Scotland have **noticeably higher productivity** than the UK, and often significantly higher.¹⁴²

Figure 14 Productivity (GDP per hour worked, USD, constant prices, 2020 PPPs), UK and comparator countries, 2024



Source: OECD (2025) [Productivity levels \(GDP per hour worked\)](#) (last accessed 1 October 2025)

Scotland's potential to catch up

Independent European nation states comparable to Scotland have managed to balance excellent economic outcomes over the long term with consistently strong performance across a range of social indicators.

If these countries perform much better than the UK, why couldn't an independent Scotland, with all its in-built advantages, do the same?

While it would not be possible for a newly-independent country like Scotland to transform growth rates overnight, there is clear catch up potential.

The Resolution Foundation has argued that the UK's economic performance is not normal for countries like it. If the UK had the average income and inequality of similar countries, the typical household would be £8,300 better off each year.¹⁴³

Using the same analysis for countries that are similar to Scotland, the difference for Scottish households is even greater over time: they could be £10,200 better off each year.¹⁴⁴

That does not mean Scottish households would instantly be more than £10,000 richer each year if Scotland was a nation state, or even that we would be as successful just by being independent.

Instead it shows how much better those comparable nation states do than the UK, and what we might be able to do if we were able to make our own choices about the shape and direction of our economy.

The prize of independence, the Scottish Government believes, is not matching the performance of these independent countries straight away, but the opportunity to start catching up.

Part Two:

What an independent Scotland could look like



Independence would be a fresh start for Scotland

A fresh start for Scotland's economy

On independence, the Scottish Government would not simply make adjustments to the UK economic model to suit Scotland's circumstances better.

Instead, independence would be about transformational change, and a fresh start for Scotland's economy: the opportunity to establish a new Scottish economic model rather than being part of a UK model that does not work for Scotland.

A new Scottish economic model could take advantage of Scotland's particular size, institutions, resources and strengths.

On becoming an independent nation state, all the economic powers currently under the control of the UK Parliament and UK Government would be transferred to Scotland.

Economic policy, particularly for a country of Scotland's size, is not just a series of individual economic levers which can be pulled as appropriate, independent of each other.

Instead, independence would give Scotland the opportunity to establish an economic policy that was coherent, and focused on realising an overall vision for the kind of economy and society Scotland's citizens wish to see.

We can see that Ireland and Denmark have pursued different models but both have been successful taking into account those countries' particular economic, cultural, historic and social circumstances.

Scotland can do the same.

The Scottish Government believes that in a country of Scotland's size, and with the strengths that Scotland has, a more consensual and dynamic approach to the economy is possible, where government, industry and workers come together to drive and steer the economy of the nation.



What Scotland could learn from Ireland

Ireland is in many ways a country like Scotland.

Looking at its recent economic success shows us how a nation can embrace its independence within the EU, and its ability to make the choices that serve its citizens best.

Professor Kevin O'Rourke, in his analysis of Ireland's economic development as an independent country, argues that 'a plausible candidate' for Ireland's economic underperformance in the period between 1954 and 1973—when Ireland joined the European Economic Community, the precursor to the EU—was “excessive reliance on the sluggish British economy”.

Ireland's improved economic performance after 1973, even before the creation of the Single Market, coincided with its rapidly decreasing dependence on the UK for trade: “EEC membership led to a far more diversified Irish economy, less dependent on its immediate neighbour, and healthier as a result.”¹⁴⁵

This reduction in dependence can be seen in Table 1, where Irish imports from and exports to the UK fall considerably, while imports from and exports to the EU expand. Ireland's success can be seen in its overtaking the UK in both GDP and National Income by the year 2000, with the gap in performance continuing to grow.

Table 1 Ireland's population, Ireland and the UK's GDP and net national income per head, and Ireland's trade patterns with the UK and EU, 1973-2023¹⁴⁶

	1973	1979	2000	2019	2023
Population of Ireland (millions)	3.09	3.37	3.81	4.93	5.31
GDP¹⁴⁷ per head Ireland (USD, constant prices, 2020 PPPs)	16,521	20,128	51,559	92,595	111,026
GDP per head UK (USD, constant prices, 2020 PPPs)	24,965	27,333	44,248	53,858	53,882
Net National Income per head Ireland (USD, constant prices, 2020 PPPs)	NA	NA	37,836	46,799	54,385
Net National Income per head UK (USD, (USD, constant prices, 2020 PPPs)	NA	NA	37,165	45,601	44,973
UK share of Ireland's good exports (%)	55	46	22	10	11
UK share of Ireland's goods imports (%)	51	50	31	23	19
EU share of Ireland's goods exports (%)	24	35	40	35	41
EU share of Ireland's goods imports (%)	26	26	22	33	34

Ireland's rapid growth in the 1990s and 2000s was due to a number of interlinked factors:

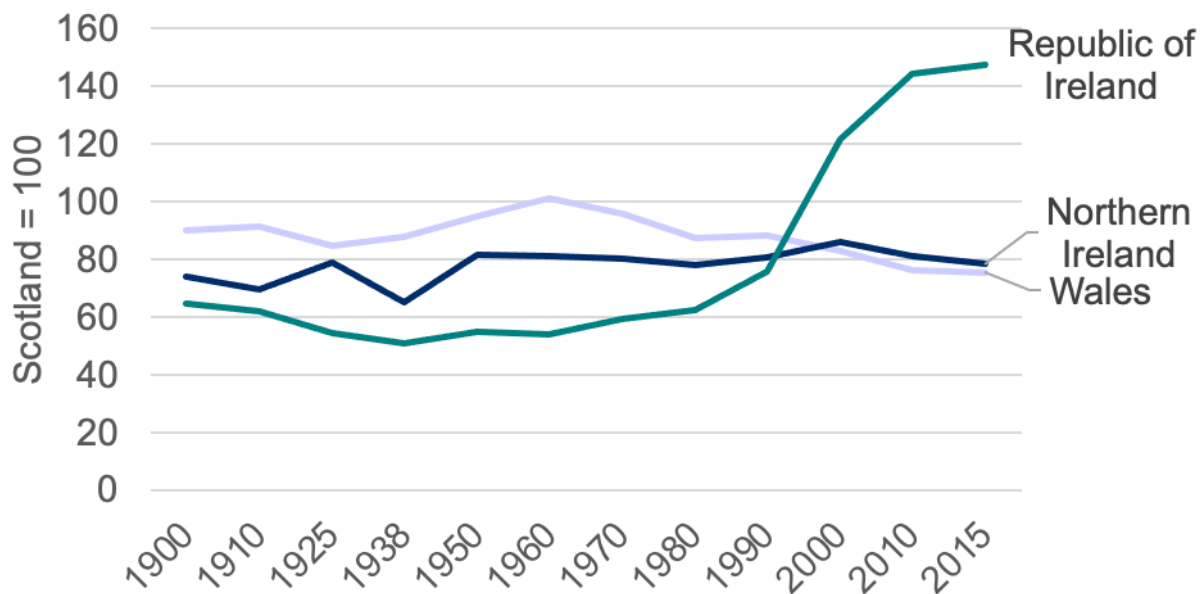
- EU membership
- the creation of the single market
- low corporation tax and other incentives for inward investment
- effective institutions, especially the Industrial Development Authority (IDA) which is responsible for inward investment
- the export pattern of newly established foreign firms in Ireland
- a large pool of English-speaking, underemployed but well-educated labour
- a time zone convenient for US multinationals

- the absorption and wise spending of large amounts of EU structural funds used to boost skills and infrastructure
- social partnership agreements that moderated wage demands and helped create macroeconomic stability

It is useful to compare Ireland's economic performance post-EU accession with that of Scotland, Northern Ireland and Wales (see Figure 15).

Over this period, Scotland, Wales and Northern Ireland have remained reliant on the relatively poorly performing UK economy, while Ireland has thrived.

Figure 15 Regional GDP relative to Scotland (Scotland = 100), 1900 to 2015



Source: [CEPR \(2020\) Rosés-Wolf database on regional GDP](#) (version 6, 2020)

Ireland had the flexibility to determine its own economic policy alongside membership of the EU, which played an important role in its success. It has been suggested:

“...not only that the European Union was fundamental in transforming the Irish economy, but that Irish independence was essential in exploiting the opportunities which the European Union afforded...[Ireland] would never have done anywhere near as well as we in fact did, had we remained a mere region of the UK. Policy flexibility at a time of rapid change was essential, and that is what independence gave us.”¹⁴⁸

Professor Kevin O'Rourke, 2017

Ireland's recovery from the serious fiscal challenges it experienced in 2008-2013 was not driven by the structural reforms proposed by its creditors but by the effectiveness of its inward investment strategy, especially its ability to target and attract parts of important global supply chains in technology, pharmaceuticals and finance. Ireland had to implement some tough decisions, but had the flexibility and capability to respond rapidly in response to crisis.¹⁴⁹

Ireland's experience proves that independence can enable a country to fulfil its catch-up potential if it makes the right choices.

The Scottish Government believes that Scotland can learn from Ireland's experiences: not by copying Ireland's policy choices on, for example, low corporation tax, but through making the most of the powerful combination of independence and EU membership.

What Scotland could learn from Denmark

The Scottish Government believes that Denmark offers insights into the structures and behaviours that can help a nation that is in many ways comparable to Scotland drive economic growth.

In particular, the Scottish Government believes that Denmark demonstrates that in a country of similar size to Scotland, a more consensus-based, collaborative approach to setting the economic direction of a nation is not just possible, it is an opportunity to build an economy that delivers greater dynamism, productivity and wellbeing.

Denmark has a trade surplus,¹⁵⁰ diverse sectoral activity, and high levels of business investment and research and development.

For a relatively small economy, it has a disproportionate number of international, large companies¹⁵¹ which remain headquartered all over Denmark, and has very successfully made the shift into digitalisation¹⁵² and the green transition.¹⁵³

Denmark joined the EU in 1973 alongside the UK and Ireland.

Free trading arrangements with the EU benefitted Denmark's economy, but Denmark was also already in a good position to take advantage of it. Its underlying structures—stable and consensus-based politics, long-running formalised relationships with industry and labour, and strong local governance—led it to a strong position even before the establishment of the single market.

The greater the diversification, the stronger the Danish economy has become (see Table 2)

Table 2 Denmark's population, Denmark and the UK's GDP and net national income per head, and Denmark's trade patterns with the UK and EU, 1973-2023¹⁵⁴

	1973	1979	2000	2019	2023
Population of Denmark (millions)	5.02	5.12	5.34	5.81	5.95
GDP per head Denmark (USD, constant prices, 2020 PPPs)	32,510	35,882	55,222	63,977	68,679
GDP per head UK (USD, constant prices, 2020 PPPs)	24,965	27,333	44,248	53,858	53,882
Net National Income per head Denmark (USD, constant prices, 2020 PPPs)	26,983	28,987	42,824	54,215	55,552
Net National Income per head UK (USD, constant prices, 2020 PPPs)	NA	NA	37,165	45,601	44,973
UK share of Denmark's good exports (%)	19	15	9	6	4
UK share of Denmark's goods imports (%)	11	12	9	4	2
EU share of Denmark's goods exports (%)	49	54	55	46	46
EU share of Denmark's goods imports (%)	60	59	64	66	64

Case study: the Danish model

As well as EU membership, the Scottish Government believes that an independent Scotland could learn from three key features of the Danish economic system.

1. Consensus-building institutions

Denmark has given a formal, legal role to both industry and labour unions in setting the direction of its economy.¹⁵⁵

This tripartite dialogue was established as a way to break strike action as far back as 1899 and has developed into a powerful structure for liaison and agreements which protect macro-economic stability and investability, alongside relatively high wages.¹⁵⁶

A bi- or tri-annual settlement sets the frameworks for sectoral pay across a workforce which remains unionised, but also sets shared ambitions for investment in research and development and infrastructure, and for government efforts to strengthen labour market supply through, for example, increased education and training provision.¹⁵⁷

2. Localism

Denmark actively supports the clustering of skills, innovation and employment in sectors at a regional level through its 'Lighthouse' funding. This ensures that skills provision is funded and matched to specific regional strengths, providing a steady supply of apprentices and graduates for growing and globalising sectors.¹⁵⁸

The Port of Esbjerg on the western coast of Denmark has built up expertise in the energy sector, and has become the deployment port for 80% of all wind turbines currently installed in the North Sea.¹⁵⁹

The neighbouring region in North Jutland has built up manufacturing expertise in related sectors: for example, towers and cabling and renewable and water technology.¹⁶⁰

Life sciences is heavily concentrated in the Copenhagen region, not least because of the globally dominant force that is Novo Nordisk.¹⁶¹

And a huge food and drink sector supports rural areas and benefits from the innovations of Denmark's life sciences industries.¹⁶²

3. Innovative business structures

Denmark's business model of Enterprise Foundations provides an innovative way of developing strong, socially responsible and productive economic activity.

In this model, a company is owned by a Foundation whose purpose is to own that company and to shepherd it to long-term success. In addition, the foundation may have a social purpose, to which it donates excess profits.¹⁶³

The model started as a response to a succession crisis in Carlsberg and has become a main underpinning for the success of the entire Danish economy. Foundation-owned companies include household names such as LEGO (toy bricks), Velux (windows), Novo Nordisk (pharmaceuticals), Maersk (shipping and logistics) and Carlsberg (beer).

Although they comprise just 0.3% of the business base, they have an outsized direct economic impact, representing 9% of private sector employment, 26% of exports and 39% of R&D.¹⁶⁴

The Scottish Government believes that these are the sort of ideas that we could learn from to make the transformational change that an independent Scotland's economy needs.

But Scotland would need independence to deliver it.

Scotland's size, pro-European attitude¹⁶⁵ and social democratic outlook makes it well suited to building a new consensus-based approach to economic management.

But without powers over company law, employment law and the full range of business and personal taxes, the Scottish Government could not deliver the institutions or regulatory framework required to give practical effect to that sense of collective endeavour.

The Scottish Government believes that if an independent Scotland had the opportunity to learn from the Danish approach, it could raise productivity and boost living standards.

The opportunity to raise productivity and living standards

The UK economy has delivered low productivity growth and therefore flatlining living standards. Independent countries comparable to Scotland have higher productivity than the UK.

Independence is the opportunity to move from the current low productivity UK model and seek to emulate the success of those high productivity, independent countries, in order to raise living standards.

The Scottish Government believes that the bedrock of economic policy in an independent Scotland could be some form of social partnership—or what is sometimes called a social dialogue approach—backed up by new institutions and a new way of working, and designed to make the most of Scotland's size and strengths.

This could bring long-term stability, continuity and agreement on an economic framework, even one capable of withstanding changes of government, to encourage investment and business confidence.

That stability, continuity and agreement is possible: the Scottish Government believes that there is a broad consensus, demonstrated by successive elections results, that Scotland is largely a pro-European,¹⁶⁶ social democratic country. This makes agreement on long-term economic priorities and frameworks—ones capable of surviving changes of government—possible.

In other words, the Scottish Government believes that it should be possible to agree on the type of Scottish economy that can be built with independence.

Given our strengths, that economy can be a knowledge-based, services, and energy specialist power, with strengths in manufacturing and food and drink—a national, not a regional economy: more Scottish, more European and more international.

It could be a more equal, well-being economy, capable of delivering higher living standards based on long-term consensus.

The One Scotland Forum

One way in which a social partnership model could be established in an independent Scotland is through the setting up of new institutions, designed to support dialogue and consensus-building.

For example, the Scottish Government could establish a One Scotland Forum, bringing together government, employers' representatives and the trade unions to collectively and regularly discuss and set the direction for the economy, and to come to a shared position, where possible, on the trade-offs, risks and advantages of the direction chosen.

This might, for instance, include some form of mandatory business membership body to represent business in the One Scotland Forum, as exists in other European countries. This would provide analytical resources to gather information from local and sectoral branches on the business operating environment, for example around growth, investment and access to finance,

At the same time, trade union representatives would collect similar information. At present unions in Scotland are unlikely to have the capacity for this function and therefore there is a case for government support to establish an appropriate trade union research organisation.

The Scottish Government would also have its own research capability. To aid all three parties—government, business and unions—an independent economic and social research body could be established to help underpin new policy development and implementation with impartial advice and guidance.

This means that all three groups could seek to agree on the economic situation and conditions and then begin negotiations to agree the substance of policy.

These discussions would aim to:

- reach consensus on how to achieve **overall macroeconomic stability**
- boost skills and jobs**, with the government committing to increasing labour supply where needed through, for example, training incentives
- establish structures for **reaching pay agreements**
- improve **productivity and facilitate investment**

The idea of a One Scotland Forum would be to unite the three parties in a national project: growth, skills, jobs productivity and, ultimately, higher living standards.

In order to work effectively in Scotland, both trade unions' and employers' organisations' capacity and capability would need to be strengthened.

In 2024 (or the latest year for which statistics are available in each country), only 40% of UK employees were covered by a collective agreement. This compares to 98% in Austria; 100% in Belgium; 90% in Iceland; 89% in Finland; 88% in Sweden and 82% in Denmark.¹⁶⁷ In the same year, only 22% of UK workers were in a union, compared to 52% in Norway, 51% in Finland, 66% in Sweden, 60% in Denmark and 91% in Iceland.¹⁶⁸

Many countries continue to reconcile higher trade union membership and collective bargaining coverage with high employment rates and highly productive and innovative economies.¹⁶⁹

The 2018 OECD jobs strategy argued that collective bargaining can help to reduce inequality by promoting 'a broad sharing of productivity gains, including with those at the bottom of the job ladder'¹⁷⁰ and through providing a voice to workers and endowing "employers and employees with a tool for addressing common challenges."¹⁷¹

It also argues that collective bargaining can support productivity growth by, for example, fostering “skills development and skills use in the workplace”. It also finds that collective bargaining enables the “effective dissemination of good working practices”; an essential process in driving productivity growth.¹⁷²

Crucially, given the challenges posed by economic change and disruption, the OECD also found that collective bargaining can play a role in managing industrial change, sharing benefits of productivity growth and improving labour market resilience.¹⁷³

The EU is also encouraging greater collective bargaining by member states.¹⁷⁴

The Scottish Government could, with the powers of independence, develop a national action plan to extend collective bargaining coverage, working with both unions and employers.

The Scottish Government believes this ambitious, consensus-driven approach should be applied as widely as possible across the economy of an independent Scotland.

Other ways in which a consensus-based model could be implemented in an independent Scotland include new institutions and new types of business association. For example:

A Scottish Fair Pay Commission

The Scottish Government could set up a body with responsibility for determining future increases in the National Minimum Wage. The Commission could lead a new approach which would include a role for employers, trade unions and government.

An Industrial Policy Council

This body could provide independent advice, direction, monitoring and evaluation of industrial policy for an independent Scotland.

It would help to build buy-in and consensus on strategy design and, crucially, contribute to identifying what is working and what is not. The Council would also have an important role in promoting innovation and maximising new economic opportunities.

A Scottish version of the Italian ‘Marcora law’

This would give employees the ability to organise a co-operative or worker-led buy-out or rescue when a business is up for sale or under threat, boosting worker co-operatives and other forms of worker-recovered enterprises.

Evidence from Italy, Spain and France shows that, with the right support, cooperative buyouts and rescues can result in resilient and successful businesses.¹⁷⁵ And co-operatives have the benefit of sharing wealth and power with their workers.¹⁷⁶

The Scottish Government believes that cooperatives and other forms of employee-owned firms can support the retention of company headquarters in Scotland, and support a long-term approach to business. The UK’s approach to corporate governance (including lack of worker representation on boards) encourages short-termism and plays into the lack of business investment in the UK model.¹⁷⁷

Enterprise Foundations

As an independent country, Scotland could use new powers over company law and corporation tax to, acting within the relevant subsidy control requirements, encourage the Scottish equivalent of Danish-style Enterprise Foundations so that companies can both grow in size and remain Scottish owned.

The model is relatively simple: a company is owned by a Foundation whose purpose is to own that company and to shepherd it to long-term success. In addition, the foundation may have a social purpose, to which it donates excess profits. In Scotland today one of our leading drinks companies, Edrington, is run along similar lines.

As the Foundations which own the companies are specifically mandated to protect the company or companies' long-term sustainability and wellbeing, they will direct the firms towards investment in their own capacity. This might be modernisation of equipment or R&D, but can also be human factors like skills and lifelong learning, or investing in smaller companies within their industries and taking these on as partners, creating regional and cluster growth. Their philanthropic plans are often delivered over a five year cycle, and have counter-cyclical impacts in the economy by providing stability and high throughput during times when government might have to limit resources.

Similar to the Danish foundations, company law could be used to enable a share structure in which there were A-class shares owned by the foundation and which would have the deciding vote on how profit is distributed.

This would help long-term development to be prioritised over short-term dividends.

The Scottish Parliament could also pass a law to ensure the foundations must remain headquartered in Scotland. This would mean they would be safe from enforced movement to another jurisdiction by an outside investor. The factors combine to dictate that as the company grows, it would do so in Scotland.

The aim of a large-scale enterprise foundation sector would be a long-term goal but the potential prize would be transformative.

These steps would represent concrete examples of the consensus-based model that an independent Scotland could build to create an economy that delivers higher living standards

Investment in an independent Scotland's economy

An independent Scotland would seek to build on our current strong track-record on inward investment.

For 10 years running, Scotland has been the top UK destination for foreign direct investment outside London, outperforming all other regions.¹⁷⁸

The Scottish Government believes that inward investment prospects would be enhanced by membership of the EU, and the prospect of selling into the Single Market.

But a longer-term goal would be to build Scottish-owned and headquartered global multinational companies here in Scotland.

Nordic countries have produced a range of such companies which have been dubbed Nordic giants, such as Atlas Copco, Ericsson and Spotify:

“Nordic countries have long been considered exemplars of good public policy. Politicians around the world admire Denmark’s social safety-net, Finland’s hospitals, Sweden’s system of parental leave and Norway’s prisons. What gets less attention is that these countries also excel at nurturing world-beating businesses. They have only 0.3% of the world’s population and generate about 1% of global GDP, but produce plenty of corporate giants, from IKEA, the world’s biggest furniture-seller, to Lego, its largest toymaker, and Novo Nordisk, Europe’s most valuable company.”¹⁷⁹

The Economist, 2025

The Scottish Government wants to see Scotland build its own Scottish giants.

There are many reasons why the Nordic giants perform so well, including size and a focus on international exports, a strong commitment to digital, and a mix of innovation, resilience, strong governance, and societal trust.¹⁸⁰

Crucially, four-fifths of large Nordic companies benefit from long-term ownership, a higher proportion than in Europe as a whole or the US.^{181,182, 183}

Denmark’s top 10 companies by market valuation include a wide range of home-grown enterprises that have benefitted from Denmark’s long-term, protective approach and consensus-building economic institutions.

Table 3 Denmark’s top 10 companies by market valuation 2024¹⁸⁴

Rank	Company	Sector	Market Capital (USD)
1	Novo Nordisk A/S	Healthcare	\$364 billion
2	DSV A/S	Transport and logistics	\$49.36 billion
3	Novonesis A/S	Biosolutions	\$26.26 billion
4	Coloplast A/S	Manufacturing	\$25.06 billion
5	AP Moller Maersk	Transport and logistics	\$24.64 billion
6	Danske Bank A/S	Banking	\$22.83 billion
7	Orsted A/S	Energy	\$19.51 billion
8	Pandora A/S	Retail	\$14.08 billion
9	Vestas Wind Systems A/S	Energy	\$13.3 billion
10	Carlsberg A/S	Food and drink	\$13.27 billion

This demonstrates the variety and strength of the Danish business sector.

The Scottish Government believes that Scotland has the potential, over time, to start to build businesses like this, acting within the relevant subsidy control requirements, by taking steps like the ones set out in this publication, to build new types of consensus-based business association that would deliver long-term benefits for the Scottish economy.

The Scottish Government believes that the new economic approach proposed and the ideas set out in this publication could increase productivity in a range of interconnected ways:

(1) Increasing trade: higher trade intensity means higher productivity.¹⁸⁵ An independent Scotland as a member state of the EU would be part of a market roughly seven times the size of the UK. A key goal would be to increase and diversify trade, as countries like Ireland and Denmark have done, as part of the world's largest single market.

Brexit has hit UK trade: “Against the EU27 average the overall exports gap is ... an astonishing 17 percentage points on average. The UK stands out as a real outlier when it comes to post-pandemic trade.”¹⁸⁶

(2) A welcoming migration policy that works for Scotland: researchers found that a one percentage point increase in the share of immigrants within a UK local authority is associated with an almost three percentage point increase in productivity.¹⁸⁷

(3) Encouraging Scottish giants: large companies tend to be more productive.¹⁸⁸ Scotland could follow the Danish model and use new powers to encourage the growth of large, locally-owned and headquartered firms.

(4) Increasing investment: “the main drivers of productivity are technological progress and innovation, which are embodied in new investment and are fostered by investment in research and development.” The UK has a very poor record of such investment, it has been argued, because of factors such as policy uncertainty, short-termism, austerity and Brexit.¹⁸⁹

In place of UK policy churn, the proposed One Scotland Forum, built on Scotland's social democratic, pro-European ethos, could provide stability, agreement and continuity for investment for the long-term.

(5) Modern skills: government, unions and employers could work together in the One Scotland Forum to agree the optimal mix of policies with regard to skills to boost productivity.¹⁹⁰

(6) Building on current economic development structures in Scotland, which it has been argued have “yielded proven productivity gains.”¹⁹¹

More direct benefits from Scotland's energy wealth

With independence, Scotland would decide its own energy market arrangements and how it interacts with neighbouring markets. The Scottish Government could prioritise making our domestically generated green electricity the most attractive heating option for households and businesses, which the UK has so far failed to do.¹⁹²

The Scottish Parliament and Government would decide how electricity is traded between markets, how security of supply is maintained and delivered, how subsidy is provided to technologies, within all relevant subsidy control requirements, and how the transmission and distribution grids are built and charged for in the short, medium and long term.

The establishment of a Scottish electricity and gas market would be required by EU membership.

An independent Scotland would have the option of remaining in the GB markets for electricity and gas for a period of transition prior to joining the EU or of establishing separate Scottish markets more rapidly. In both cases, Scotland would continue to make surplus energy available for export to meet demand elsewhere in the UK, providing substantial revenue to Scotland.

In an independent Scotland, the Scottish Government would maximise home-grown, renewable power generation, in combination with other technologies like grid scale storage and pump storage hydro, to develop greater energy self-reliance and reduce our exposure to the volatility of global gas prices. This, in turn, could make Scotland the natural home for the energy intensive industries of the future, including the green datacentres that are critical to the future development of artificial intelligence.



Credit: VisitScotland / Airborne Lens

Our abundant wind, tidal and wave resources, strategic location, and our offshore engineering heritage and expertise place Scotland at the forefront of offshore energy development globally.¹⁹³

Scotland's offshore wind market, in particular, offers enormous potential in terms of maximising home-grown renewable power, with a significant pipeline of projects ensuring a strong, steady market for investment.¹⁹⁴ Scotland's natural resources and experience in marine renewables also means that we are leading the way in terms of the development and deployment of tidal stream and wave energy.

The Scottish Government would work to ensure any lower cost of renewables is passed through to customers, with the price of electricity more accurately reflecting our abundant, low-cost renewable resources. This could tackle fuel poverty in Scotland and bring the cost of living down for all households.

Like many countries now across Europe, we would work to break the link between the price of electricity and the price of gas, a key factor which has driven the high electricity prices for Scottish households and businesses.

This would help ensure that consumers in Scotland benefit from renewable energy produced in Scotland through affordable electricity.

The EU has agreed an electricity market reform package¹⁹⁵ to reduce the impact of gas prices on the price of electricity. The aim of the reforms is to help the EU build a renewables-based energy system, lower energy bills and better protect consumers from price spikes, with the potential to benefit and nurture the growth of new clean industry, powered by renewable energy.

Independence would give Scotland the opportunity to improve the long-term affordability of electricity, as offshore and onshore wind farms can currently provide electricity at a lower cost than gas power plants.

As an EU member state, an independent Scotland would play its part in influencing the development of a North Seas Transmission Grid, cooperating with and seeking membership of the European North Seas Energy Cooperation group.¹⁹⁶ The group supports and facilitates the development of the offshore grid and the large renewable energy potential in the region. This is a long-standing energy priority for the EU. We would also be able to influence and join EU hydrogen pipeline infrastructure programmes which would provide a route to the European market for the green hydrogen we produce from excess wind generated electricity.

Building a new Scotland

The Scottish Government believes that independence could achieve a transformational change in how Scotland works and who it works for, delivering higher living standards and better public services.

The Scottish Government sets out here what we believe the opportunities are, and how we would intend to realise them with the full powers of independence.

But the shape of a future independent Scotland would ultimately be determined by the Scottish Parliament and the Scottish Government of the day, elected by the people who have the greatest stake in the country's future success: the people who live here in Scotland.

The Scottish Government believes the ideas and plans set out in this publication are credible and deliverable, and that they are urgent and necessary if a more dynamic and fairer Scotland, with higher living standards, is to be built.

Other people and institutions will have their own ideas about how the benefits of independence can be seized. The prize of independence will be that the people of Scotland gain the right to decide: not just to decide to be independent, but to decide what sort of country an independent Scotland should be.



Credit: VisitScotland / Kenny Lam

How would Scotland become independent?

The people of Scotland have the right to decide their future.¹⁹⁷

The Scottish Government believes that in circumstances where a clear decision has been made by the people of Scotland to hold a referendum, it is for both the Scottish Government and the UK Government to acknowledge and respect that decision by beginning inter-governmental discussions intended to provide a constitutional, lawful way to fulfil the instruction of the people.

And if the people of Scotland vote to become independent, then Scotland will become an independent country.

Following a vote for independence, a period of negotiations and a range of agreements will be required to set out the terms on which Scotland would become an independent nation state. That negotiation would include agreeing the division of assets and liabilities, and the terms of the future relationship with the UK. The Scottish Government would lead negotiations on behalf of Scotland, and the UK Government would lead them on behalf of the rest of the United Kingdom.

It would be in the interests of all parties for negotiations to be conducted in good faith, for the benefit of everyone on these islands, with effective delivery of transitional requirements to ensure continuity of services, maintain stability and build a new relationship of equals.

To read more about the Scottish Government's position on holding a lawful referendum, please see: [Your Right to Decide](#).¹⁹⁸

What would the public finances of an independent Scotland look like?

All governments have to prioritise and make tough choices, including about how they raise and spend public finances. No government is immune to global shocks.

With a credible growth model, the record of comparable independent countries, and free from UK economic policy decisions, there is every reason to believe an independent Scotland can have strong public finances.

Fiscal rules appropriate for a newly independent state would be drawn up, informed by international best practice.

As the Scottish Government set out in [Building a New Scotland: a Stronger Economy with Independence](#):

“Setting credible and responsible fiscal rules, and demonstrating that there is a plan in place to meet them, is essential to ensuring market confidence in a newly independent Scotland. ...The decision on fiscal rules, and on the strategy for meeting them, would be for a future Scottish Government. We would set fiscal rules designed to put public finances on a sustainable path.”¹⁹⁹

Given the Scottish Government's aspiration for an independent Scotland to join the EU, we would propose that fiscal rules that were, as far as practical, aligned with the principles and the approach of any future EU Stability and Growth Pact.

The requirements in the Treaty on European Union are that public deficits should not exceed 3% of GDP and Eurozone countries' debt not exceed 60% of GDP, or alternatively move towards 60% of GDP at an appropriate pace.²⁰⁰

In its 2025 document 'Bringing the new economic governance framework to life' the EU, however, recognises each country will have different circumstances and different individual fiscal situations.²⁰¹

As well as sustained and gradual debt reduction, the EU supports policies that ensure sustainable and inclusive growth, with countries setting out reforms and investment plans.

The Scottish Government supports an independent Scotland having a fiscal plan built around growth, investment and sustainable levels of debt and borrowing taking into account Scotland's particular circumstances.

The Scottish Government would establish a growth fund for Scotland, the Building a New Scotland Fund.

The Building a New Scotland Fund

The Scottish Government has set out plans for a Building a New Scotland Fund to help kick-start growth in the new Scottish economy.²⁰²

The fund would reinvest oil and gas revenues, alongside other windfall income, in the productive potential of the Scottish economy. Over the last five years, North Sea revenue has averaged around £4 billion a year,²⁰³ although receipts have been variable. Given the uncertainty surrounding North Sea revenue, in an independent Scotland the Scottish Government would, if necessary, borrow to invest, as countries across the world are now doing.

It will be important for future governments of an independent Scotland to work in partnership with private investors to seek to address sustained underinvestment. A new investment agency could also be established to advise on which investments the new Scottish nation state should make immediately to stimulate economic growth.

Maintaining a strong credit rating will be part of a fiscally responsible future.

As the UK Treasury acknowledged during the 2014 referendum campaign, the UK will be responsible for paying back all UK Government debt up until the point of independence.²⁰⁴

The policy of the Scottish Government is to reach agreement with the UK Government on the division of liabilities and assets in the event of independence.

Part of this negotiation would involve agreeing a reasonable share of the servicing of the net balance of UK debt and assets, to demonstrate our creditworthiness, in order to minimise any new country premium on debt and borrowing, relative to other countries.

The negotiation would cover a range of matters, including Scotland's share of national assets, and any continuing shared institutions or processes, and could mean the Scottish Government voluntarily making a payment to the UK with respect to servicing the UK debt, the size of which will depend on a range of factors, including the value of those shared national assets.²⁰⁵

The price that Scotland pays to borrow would be determined in financial markets, and financial investors would value Scottish debt according to how much they trust Scotland to repay it.

An independent Debt Management Office would be established and tasked with meeting the financing requirements for government and minimising borrowing costs. It would also manage the debt stock, the issuance of debt, local government debt, and contingent liabilities.

The Scottish Government believes that there are good reasons for the markets to be reassured about lending to Scotland:

- an independent fiscal commission would assess Scotland's public finance position
- consensus-based, long-term decision-making institutions would be established and they will base decisions on information from the fiscal commission
- there would be a commitment to fiscal sustainability
- a new economic framework to boost growth and living standards would be put in place
- Scotland already has strong economic foundations with a commitment to stability and the rule of law
- Scotland's economy starts in a strong position: it has the people, resources and many of the institutions in place

Given the uncertainty over the outlook for the global, UK, and Scottish economies, and future fiscal and economic policy decisions by the UK and Scottish governments prior to independence, this publication does not present an estimate of the starting fiscal position of an independent Scotland.

To read more about the Scottish Government's proposals for the economy and finances of an independent Scotland, please see: [Building a New Scotland: a Stronger Economy with Independence](#).²⁰⁶

What would Scotland's currency be?

On independence, Scotland would continue to use the pound sterling for a period, before moving to the Scottish pound.

Using the pound sterling from the point of independence would not require any formal agreement with the UK Government. Its use would ensure continuity for citizens and businesses immediately after independence.

Continuing to use the pound sterling is the natural starting point. Scottish households and businesses already use and hold sterling and they would continue to do so during this period.

During this period the Scottish Government would build strong new institutions, including a new, independent Scottish Central Bank, that would build the capacity and credibility needed for Scotland to move to the Scottish pound.

The change to the Scottish pound would take place as soon as practicable. The decision when to move to the new currency would be guided by:

- economic conditions, including criteria published by the Scottish Government
- the advice and reports of the new, independent Scottish Central Bank
- discussion and liaison with the EU, in the context of negotiations for Scotland to become an EU member state

On the day that the Scottish pound became an independent Scotland's currency, Scotland's households and businesses would hold deposits, investments and assets denominated in pounds sterling, worth billions of pounds.

If these households and businesses chose to exchange pounds sterling for the Scottish pound when introduced, this would automatically build up sterling reserves at the independent Scottish Central Bank. This would be in addition to the share of current Bank of England reserves that Scotland would be entitled to on independence.

Over time, the balance of use between pound sterling and the Scottish pound would change as citizens and businesses used the new currency.

The pace of uptake of the Scottish pound would also depend upon when and how the Scottish Government might require the Scottish pound to be used. The Scottish Government and the Scottish Central Bank could drive this change through, for example, requiring spending, benefits, public sector pay, and taxes to be denominated and paid in the Scottish pound. The banking sector could also be licensed to operate and regulated on that basis.

The Scottish pound would be the general trading currency of the economy and of the banking system. The process of exchange would happen over time and would be voluntary, reflecting the choices of individuals and businesses, as well as the products available through the banking and financial services sector in Scotland.

Over time, the Scottish Government would expect the bulk of transactions through the banking system in an independent Scotland to be in the Scottish pound.

To read more about the Scottish Government's proposals for the currency of an independent Scotland, please see: [Building a New Scotland: A stronger economy with independence](#).²⁰⁷

Would Scotland re-join the European Union?

The Scottish Government believes that Scotland should be an independent country and a Member State of the European Union, and that Scotland should seek to re-join the EU as soon as possible after independence.

Scotland already has the required knowledge and networks to underpin successful application for EU membership, and Scotland's laws have remained highly aligned with EU laws.

Given the merit-based nature of the EU accession process, the Scottish Government believes that Scotland would be well placed to fulfil the requirements under Article 49 of the Treaty of the European Union smoothly and quickly. In order to ensure continuity of rights and obligations as well as legal certainty during the EU accession process, the Scottish Government would seek to agree transitional arrangements to provide certainty and facilitate the continuation of trading arrangements—in a broadly similar manner to those in place before independence—until Scotland joins the EU.

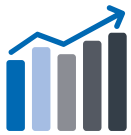
The Scottish Government believes that membership of the EU is fundamental to Scotland's economic, social and political future.

The EU provides a framework for peace, cooperation and prosperity. It enables states of different sizes to collaborate as equals in relationships governed by values, cooperation and law. In contrast to the limitations faced by Scotland, with a devolved government operating within the UK, each member of the EU has a formal role in shaping the direction and making decisions.

The benefits to Scotland of EU membership include:



All Scottish citizens in Scotland would regain the right to live, work, study and travel across the EU, as well as in Norway, Iceland, Liechtenstein and Switzerland.



Scottish businesses would regain the right to trade freely in the EU, barriers to trade with the EU would be lifted and the bureaucracy and costs of doing business abroad would be reduced.



Our economy would regain access to the world's largest market: by population the EU single market is seven times the size of the UK.



All of us would benefit from the EU's negotiating strength that comes from being part of the world's wealthiest trading bloc. The EU currently has over 40 trade agreements with over 70 countries and regions.²⁰⁸



Scotland would have a seat at the top table of Europe, influencing the future of the continent and being part of Europe's collective voice in international affairs.



Scottish students would once again have the guaranteed right to be able to participate in exchange programmes through the Erasmus+ programme, widening educational opportunities.



Rejoining the EU would allow artists and other creative professionals to move freely without barriers like visa and customs requirements when working in other EU countries.



Rejoining the EU would reduce or eliminate the problems that people travelling abroad can now face, including long delays on arrival that were not a problem before.

The Scottish Government also believes that the EU would benefit from what Scotland can offer. The EU's core values of human dignity, equality, rule of law, freedom, democracy and human rights are ones that Scotland shares.

EU membership is in the interests of our businesses and economy. It supports our security—where the EU works closely with NATO partners—and it supports our ambitions in challenges like climate action where the only long-term solutions are collective ones.

To read more about the Scottish Government's proposals for re-joining the European Union please see: [Building a New Scotland: an independent Scotland in the EU](#).²⁰⁹

Would re-joining the EU mean a border with England?

There is currently a border between Scotland and England. They are separate legal jurisdictions, with different laws and court systems applying each side of the border, and have been since the Union was formed.

An independent Scotland would seek to re-join the EU as soon as practicable.

All EU member states share responsibility to monitor and control access to the EU by land, sea or air from non-EU countries. Meeting the requirements of the Single Market would require putting in place normal border arrangements, just like any other country.

Checks on goods between Scotland and the EU would be removed, but some checks would be required on some goods going between Scotland, as an EU member state, and the rest of the UK, outwith the EU, depending on the particular arrangements in place between the UK and EU at the time.

The rest of the UK would remain an important trading partner for Scotland, as it currently is.

The present movement of food, drink and farming goods is likely to be aided by current negotiations on a comprehensive Sanitary and Phytosanitary (SPS) and Veterinary Agreement with the EU. Such an agreement could remove the need for many of the post-Brexit checks on good moving between the EU and the UK, providing a benefit to businesses and consumers.

Following a vote for independence, the Scottish Government would establish a new government service to manage the operation of trading relationships between Scotland and the UK, from the point of independence through the period of Scotland's application to join the EU, and as a member of the EU.

The new government service would support traders in the period after independence to gain the most from our new relationship as members of the EU, including free trade with 30 countries (i.e., the EU 27 plus Iceland, Norway and Lichtenstein) plus Northern Ireland.

This service would have ultimate responsibility for the design and delivery of all aspects of border management, including the smooth running and transporting of goods, movement of people and maintenance of security. The new service would have responsibility for the preparatory work needed to ensure an independent Scotland is ready to re-join the EU at the most appropriate time, as well as ensuring continued participation in the Common Travel Arrangement.

The Northern Ireland Trader Support Service provides an example of the types of support that could be made available to Scottish businesses in the early years of independence.

Case study: the Northern Ireland Trader Support Service

The Northern Ireland Trader Support Service is a free-to-use service funded by the UK Government to help businesses navigate the changes to the way goods move between Great Britain to Northern Ireland. It acts like a customs agent or information provider for GB to NI trading arrangements.²¹⁰

Initially established on a short-term basis for a few years when the Northern Ireland Protocol was first announced in 2021, its services have since been extended due to issues around the protocol and not all trading arrangements being rolled out. A new competitive procurement exercise for this service is expected to begin in 2025 and it is likely the service will be ongoing in some form from 2026.²¹¹

The Trader Support Service enables businesses to:

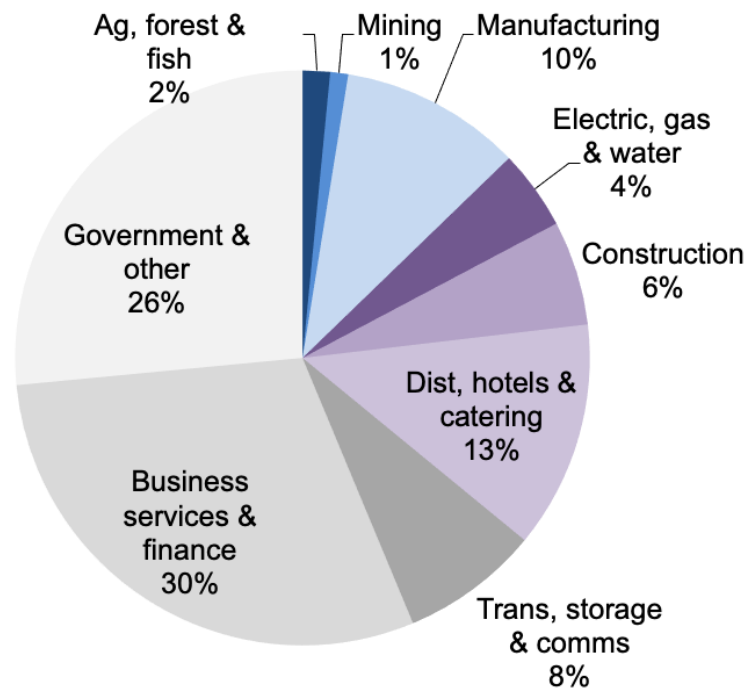
- complete declarations without the need for specialist advice or software
- get information and advice about moving goods between Great Britain and Northern Ireland through free online courses and training materials
- access help and support through a dedicated contact centre

The service uses the information businesses provide to submit customs and safety and security declarations on their behalf.

The Northern Ireland Custom & Trade Academy (NICTA) is also part of the Trader Support Service. As their website explains, NICTA is a digital learning platform designed to support and educate businesses who move goods under the Windsor Framework between Great Britain and Northern Ireland. Providing comprehensive information and support to facilitate trade, NICTA hosts guidance on how to move goods into and out of Northern Ireland when using the Trader Support Service.²¹²

Scotland is now largely a service-based economy (see Figure 16) which depends on a highly skilled workforce and access to a wide range of talent.

As a nation state within the EU, Scotland could have freedom of movement both within the EU and the UK through the Common Travel Area, allowing service companies to draw from a combined population of over 500 million people.

Figure 16 Structure of the Scottish Economy, 2019

Source: Scottish Government (2024) [Supply, Use and Input-Output Tables 1998-2021](#), GVA Weight per 1000

The Common Travel Area (CTA) is a long-standing arrangement that provides a special travel zone covering the Republic of Ireland and the United Kingdom, as well as the Isle of Man and Channel Islands.²¹³

Current participation in the CTA gives reciprocal rights for British citizens in Ireland, and Irish citizens in the UK. It includes free movement within the CTA reflecting the longstanding social, cultural, family and economic ties with other parts of the UK and Ireland.

By remaining in the CTA there would be no new passport or immigration checks at any of an independent Scotland's land, sea or air border points with the UK and Ireland for those travelling between Scotland, the UK and Ireland.

Economic links between Scotland and the rest of the UK would go beyond free movement. The opportunities that arise from effective cooperation between neighbouring states are demonstrated by the institutions established by the Nordic and Baltic countries. They have established the Nordic Investment Bank to create a financial institution that "works towards a prosperous and sustainable Nordic-Baltic region" with a mission to "finance projects that improve productivity and benefit the environment of the Nordic and Baltic countries."²¹⁴

As an independent country, Scotland could follow a similar path with neighbouring countries.

Independence would enable Scotland and the UK, as well as other neighbouring countries, to share functions where it makes sense to do so, while retaining distinct approaches where that is in each country's interests.

The Scottish Government believes that in the event of independence, the governments of Scotland and the UK would commit to working together constructively to negotiate the terms of independence, and a partnership agreement in the best interests of all citizens.

To read more about the Scottish Government's proposals for borders and trade in an independent Scotland, please see: [Building a New Scotland: a Stronger Economy with Independence](#) and [Building a New Scotland: an independent Scotland in the EU](#).²¹⁵

Can a smaller nation have an international presence?

The Scottish Government believes that smaller nations can have a disproportionate international impact and presence, working internationally to deliver not just for their own citizens but to common global endeavours.

Foreign policy is currently reserved to the UK Parliament and Government: decisions are made for Scotland by the UK, regardless of whether they reflect the views of the people of Scotland.

As an independent country, Scotland would be able to develop its own foreign policy and choose how best to work with allies, responding to world events and our changing world in ways that reflect Scotland's interests.

As a member of multilateral institutions such as NATO and United Nations, as well as the EU, Scotland would have a role in influencing global change as well as simply responding to it.

The Scottish Government would seek to use the new powers and responsibilities to make timely, well informed decisions that serve Scotland's interests. The Scottish Government would seek to build strong partnerships, contributing constructively to international efforts that promote stability, prosperity, and shared values among allies.

Independence would also mean that Scotland gets to determine the type of state it wants to be: one that acts based on its values and principles.

An independent Scotland would also be able to deepen and strengthen the partnerships we already have and build new partnerships with other countries and international organisations to address global challenges, such as climate change, global poverty, and violence against women and girls.

Countries similar to Scotland in size and population can have an impact on international affairs. Ireland is a strong example of this, through United Nations membership and through sustained, principled funding of UN development programmes, it has demonstrated that it is possible to influence at the highest levels.

Scotland could share expertise in areas such as health, innovation, renewable energy, research and human rights. And, with an emphasis on equitable partnerships, we would learn from partner countries in return, as the Scottish Government has sought to do through our development partnership with Malawi.

An independent Scotland would commit to meet the UN target of 0.7% of Gross National Income on official development assistance and play our part in tackling global poverty.

Following a vote for independence, the Scottish Government would create an overseas consular and diplomatic network. This would provide the necessary consular support for Scottish citizens overseas and advocate for Scotland's interests and as a hub for innovation, trade and investment.

Scotland's diplomatic network would work with other governments to strengthen relationships, ensure our voice is heard and our interests are represented.

To read more about the Scottish Government's proposals for an independent Scotland's international relations and approach to international development, please see: [Building a new Scotland: an independent Scotland's place in the World](#).²¹⁶

How would Scotland defend herself?

The defence and security of its people is the first duty of every independent country's government.

In the event of independence, the Scottish Government believes Scotland's defence and security priorities would rest on three pillars:

- joining NATO
- committing to the EU's Common Security and Defence Policy, including joining the EU's Security Action for Europe (SAFE) fund
- building a collaborative, mutually beneficial defence and security relationship with the UK as well as other strategic partners

Pillar one: joining NATO

An independent Scotland would seek discussions with NATO leaders with a view to Scotland joining as soon as possible.

An independent Scotland would:

- align with NATO's defence principles, contributing to the global alliance as an active partner
- work with neighbouring members in defence of the North Atlantic and High North region, with a likely focus on the strategically important Greenland–Iceland–UK Gap
- provide conventional forces to NATO operations in support of Treaty objectives and participate in joint exercises conducted by NATO and by neighbouring countries
- contribute forces to NATO and UN-led international humanitarian and peacekeeping missions
- work with NATO allies towards worldwide nuclear non-proliferation and disarmament

An independent Scotland would fulfil its full role in European and North Atlantic security through membership of NATO.

Pillar two: EU Common Security and Defence Policy

Membership of the EU would be the second pillar of the defence strategy of an independent Scotland.

The Scottish Government proposes that an independent Scotland would participate fully in the EU's Common Security and Defence Policy (CSDP). The CSDP sits within the EU's wider Common Foreign and Security Policy, which in the words of the EU itself allows "Member States to tackle challenges they cannot solve alone and ensuring the security and prosperity of EU citizens."²¹⁷

The EU's approach to security and defence policy involves deploying a combination of civilian and military activity and assets. It plays an important role in peace-keeping operations, conflict prevention and the strengthening of international security. For example, the EU Military Assistance Mission Ukraine has, with international partners, given "substantial political, military, financial and humanitarian support to Ukraine".²¹⁸

As an independent country in the EU, Scotland would contribute to missions that support global peace and security, and in doing so, join the family of nations fully committed to the international rules-based system and multilateralism.

Pillar three: relationships with key strategic partners

An independent Scotland would build collaborative, mutually beneficial defence and security relationships with the UK, as well as other strategic partners in our region.

An independent Scotland's geographic position, sharing a landmass with the rest of the UK and proximity to Ireland, means that cooperation on issues of defence and security with our nearest neighbours makes sense. It is already happening now between the UK and Ireland.²¹⁹

An independent Scotland's most enduring defence and security partnership would be with the UK and Ireland, and would require our respective independent countries to work collaboratively to ensure our mutual safety.

An early aim, following a vote for independence, would be to establish the joint readiness, capability and intelligence-sharing mechanisms to support the security of these islands and our wider alliances, as well as arrangements for the transition to independent Scottish military capability.

An independent Scotland would have its own armed forces, supported by a modern contract for personnel and strong support for veterans. It would comprise land, sea and air components overseen by a Joint Forces Headquarters.

Decisions on future forces capability would be informed by a comprehensive, expert-led Defence and Security Review. This would be complete before independence, ensuring that Scotland develops the capabilities needed to protect and defend our borders, citizens and democracy. The Review would make recommendations on the size, shape and specific capabilities of an independent Scotland's armed forces and inform the establishment of our own Scottish Security and Intelligence Agency.

The new Scottish Security and Intelligence Agency would undertake risk and threat assessments and gather intelligence and investigate threats. It would liaise with Police Scotland and other defence and security actors—including UK and international intelligence agencies—to protect our citizens and key national infrastructure. It would also be responsible for cyber security.

To read more about the Scottish Government's proposals for defence, peace and security in an independent Scotland, please see: [Building a New Scotland: an independent Scotland's place in the world](#).²²⁰

Would Scotland have nuclear weapons?

The Scottish Government has been clear that nuclear weapons would have no place in an independent Scotland.²²¹

The Scottish Government has proposed that the interim constitution of an independent Scotland should place a duty on the post-independence Scottish Government to pursue nuclear disarmament.²²² This would mean that, immediately upon securing a vote for independence, the Scottish Government would pursue negotiations with a view to securing the safe and expeditious removal from Scotland of the nuclear weapons based here.

The Scottish Government believes that the removal of nuclear weapons from Scottish soil would not prove an obstacle to an independent Scotland's aims of joining NATO. Only a minority of NATO members host nuclear weapons,²²³ and Finland's accession to NATO in April 2023 shows that hosting nuclear weapons is not a precondition for membership.²²⁴

To read more about the Scottish Government's proposals for defence, peace and security in an independent Scotland, please see: [Building a New Scotland: an independent Scotland's place in the world](#).²²⁵

What would be in the Scottish constitution?

With independence, it will be for the people of Scotland to determine what the Scottish constitution would be.

The Scottish constitutional tradition holds that in Scotland the people are sovereign.²²⁶ This means that the people and institutions that exercise political power do so on behalf of and with the consent of the people. This contrasts with the UK's constitution, which is based on the idea of parliamentary sovereignty, that the Crown-in-Parliament can make or unmake any law.

The Scottish Government proposes that an independent Scotland should have a modern written constitution. On independence there would be an interim written constitution that would remain in place until a permanent constitution has been agreed by the people.

One of the first acts of an independent Scotland's Parliament would then be to establish a Constitutional Convention, to draft that permanent written constitution.

That Convention would lead people in Scotland in a shared national endeavour to create a constitution that reflects the ambitions and values of the people of Scotland.

The process would enable people in Scotland to engage in an open debate about the sort of country an independent Scotland wants to be. This process would include representation from all areas of Scotland and all parts of Scottish society.

The people of Scotland would then, in an exercise of their popular sovereignty, vote on whether to adopt that permanent written constitution in a referendum.

The content of a permanent written constitution would be a matter for the Constitutional Convention and for the people of Scotland. But the Scottish Government believes that it should include provisions that, for example:

- enshrine the range of international human rights and equalities obligations, including children's rights
- recognise and protect the place of the NHS in Scotland, ensuring a right to access a system of health care free at the point of need
- provide constitutional protection to the right to strike
- enshrine a policy on free university tuition
- set out the key features of Scotland's democratic system, including the make-up of the Scottish Parliament, and the role and powers of the courts, the government and other bodies, like the Scottish Human Rights Commission

It is the Scottish Government's policy that the King would continue to be the Head of State of an independent Scotland, and that Scotland would remain a constitutional monarchy. This would be the case for as long as the people of Scotland wish to retain the monarchy.

To read more about the Scottish Government's plans for a written constitution in an independent Scotland, please see: [Building a New Scotland: Creating a modern constitution for an independent Scotland](#)



Source: VisitAberdeenshire

Who would be a citizen of Scotland?

On independence, there would be a new nationality in domestic and international law: the nationality of a citizen of Scotland.

The Scottish Government proposes that the following groups of people would automatically become citizens of Scotland at the point of independence:

- British citizens habitually resident in Scotland
- British citizens born in Scotland but living elsewhere
- British citizens living elsewhere but with a parent who was a British citizen born in Scotland
- British citizens living elsewhere who previously lived in Scotland for at least ten years, or five years as a child, with a pro rata calculation for young adults

The Scottish Government proposes that the following two groups of people would be entitled to register as citizens of Scotland at the point of independence:

- British and Irish citizens living in Scotland
- children of any nationality living in Scotland who have been brought up here

Anyone else who wants to become a citizen of Scotland would be able to apply to become one.

Having British citizenship, or any other citizenship, would not prevent a person from becoming a citizen of Scotland.



Credit: Visit Falkirk

Our approach to Scottish citizenship would be generous and welcoming, encouraging people to live, work and settle here, contributing to our communities.

Having Scottish citizenship would mean that you could apply for a Scottish passport and benefit from consular support when you are abroad.

And should Scotland re-join the European Union, Scottish citizens would once again become EU citizens, allowing them and their families to live, work and study freely throughout the EU.

But being a citizen of Scotland would not be the only way to contribute to and benefit from Scottish society. A person who lived in Scotland but was not a citizen would still benefit from a wide range of rights and services, available to every lawful resident.

To read more about the Scottish Government's plans for citizenship in an independent Scotland, please see: [Building a New Scotland: citizenship in an independent Scotland.](#)

What would Scotland's migration policy look like?

The UK has on average over recent decades experienced broadly similar levels of migration to other developed countries such as the United States, France, and the Netherlands.²²⁷

Scotland's economy and society benefits from inward migration.

People who have chosen to live and work in Scotland are helping to grow our economy.²²⁸ They help us address skills shortages in key sectors and make an important contribution to our population growth. Inward migration can contribute to higher economic growth, increased productivity and innovation, and increases in trade.²²⁹ This has been demonstrated recently by the experience in Spain, which has a more open and welcoming approach to migration and high growth.^{230 231}

At the moment though, Scottish employers—including in key industries like healthcare²³², hospitality²³³ and tourism²³⁴—can struggle to find the workers they need. A flexible visa system would help Scottish businesses and employers to attract and retain the international talent they need to thrive.

Migration could also help island and rural communities to grow, address depopulation challenges and keep vital public services working.

Nevertheless, the current UK Government, like its immediate predecessors, is committed to seeing net migration fall.²³⁵

The Scottish Government believes that decisions around immigration should be made in Scotland. The Scottish Government put forward proposals to the UK Government for a more pragmatic approach to migration which recognises our distinct demographic and economic needs.²³⁶

Actions being taken by the UK Government will damage Scotland's economy and society:

- it has put in place plans to end international recruitment of care workers, which will further exacerbate shortages in the care sector. This is on top of the existing decision to stop care workers bringing partners and children with them into the UK.²³⁷
- the current UK Government also intends to reduce the duration of the existing UK-wide Graduate Visa from 24 months to 18 months

These actions and others will hit Scotland twice: by reducing immigration and by damaging public service staffing.

The Scottish Government would offer a range of visa routes in an independent Scotland. These would support people to live, work or study in Scotland, or to visit or invest here.

The Live in Scotland route

This would be a new type of visa, allowing people to live and work in Scotland with their families without employer sponsorship, if they meet criteria set out in the Scottish immigration rules.

This visa would give credit for a broad range of characteristics including age, education, skills and work experience, earning potential and language ability—and could include the opportunity to be credited for Gaelic as well as English.

The Live in Scotland route would also incorporate a place-based element, supporting migration to rural and island communities within Scotland, therefore helping to address depopulation.

The Work in Scotland route

An independent Scotland would retain an employer-sponsored visa route, with simplified rules to allow more employers to interact with the immigration system and allow them to recruit internationally.

We would also continue with and expand a seasonal worker visa route, removing the need for workers to be tied to a single employer, reducing the likelihood of exploitation.

The Scottish Connections route

This new type of visa would provide an immediate route post-independence for people with a connection to Scotland to return or remain here. This includes:

- people with previous lawful residence in Scotland of at least five years
- people with an ancestral connection through a parent or grandparent, adapting the UK Ancestry visa route, currently open only to Commonwealth citizens
- graduates who studied in Scotland for their degree, adapting and significantly expanding the UK Graduate visa route
- British nationals who are not British citizens, adapting and slightly expanding the UK British National (Overseas) visa for Hong Kong to also include the much smaller number of nationals of UK overseas territories

This would be a five-year visa route, leading to settlement and citizenship if desired

The Scottish Connections visa would also replace the two-year post-study work visa—set to become 18 months under UK Government plans—currently offered by the UK Government to attract international students.²³⁸ This means international graduates of Scottish universities could apply straight after their studies to stay in Scotland to live and work for a further five years.

The Scottish Government would remove the minimum income requirement for family migration, introduced as part of the last UK Government's approach. This would make it easier for families to choose Scotland as a place to live and would support family reunification.

The costs and complexity of the immigration system are another barrier that independence would allow the Scottish Government to address.²³⁹ For example, costs would be reduced for applicants, with visa fees being set at a level that ensures full cost recovery but does not seek to generate revenue.

An independent Scotland could also have an asylum and refugee policy rooted in human rights, equality principles and the rule of law. We would focus on making sure people in need were given support and helped to integrate from day one of arrival.

We would give people seeking asylum the right to work and to get support with employability and social security, reducing the risk of destitution. We would also give refugees settlement status in Scotland to support their longer-term integration.

For more on the Scottish Government's proposals for an independent Scotland's migration system, please see: [Building a New Scotland: Migration to Scotland after independence](#)

How would social security work?

An effective social security system—one that provides a strong social safety net—is a foundation of a dynamic and innovative economy.

The Scottish Government has already established Social Security Scotland and delivered a radically different system to tackle the worst impacts of UK Government cuts and to tackle inequality and child poverty. With independence, the Scottish Government would take full responsibility for social security. This would enable reform of Universal Credit to make it fairer, the ability to protect pensioners, the ability to do more to support disabled people and unpaid carers, and to tackle child poverty.

Independence would give the Scottish Government the opportunity to move to a full Scottish social security system that builds on the values and principles of the current approach in Scotland.

In the initial phase of independence, the Scottish Government would work with the Department for Work and Pensions and His Majesty's Revenue and Customs to transfer benefits and service provision safely and securely, to ensure that everyone continues to receive their benefits, on time and in full. Over time we would develop existing systems to support delivery of a full social security system in an independent Scotland.

As a priority, the Scottish Government would scrap the young parent penalty and the benefit cap, which unfairly restrict the living standards of low-income families. We would also reduce the debt burden on families, replacing budgeting loans with grants.

The Scottish Government would also end work conditionality and the sanctions regime, because the UK Government's own evidence has shown that it doesn't work.²⁴⁰ Instead, the focus would be to ensure that people are supported into fairer, sustainable employment, similar to the approach here in Scotland where our employability support is voluntary and people are not driven to take part by the fear of benefit sanctions.

Without the limitations and complexities of delivering Scottish benefits as part of a wider UK system, independence would allow the Scottish Government to develop a system which provides an integrated, person-centred model of social security support for carers and disabled people. We would be able to prevent or roll back the current round of UK Government benefit reforms to protect the incomes of the people who rely on this support.

In the longer term, the Scottish Government would commit to developing the right approach to social security for Scotland – an approach that goes beyond providing the very minimum which allows people to survive to one that addresses fundamental structural inequalities and supports a dynamic economy. With independence, we could build a more robust social security system for everyone that would build on our existing principles of dignity, fairness and respect.

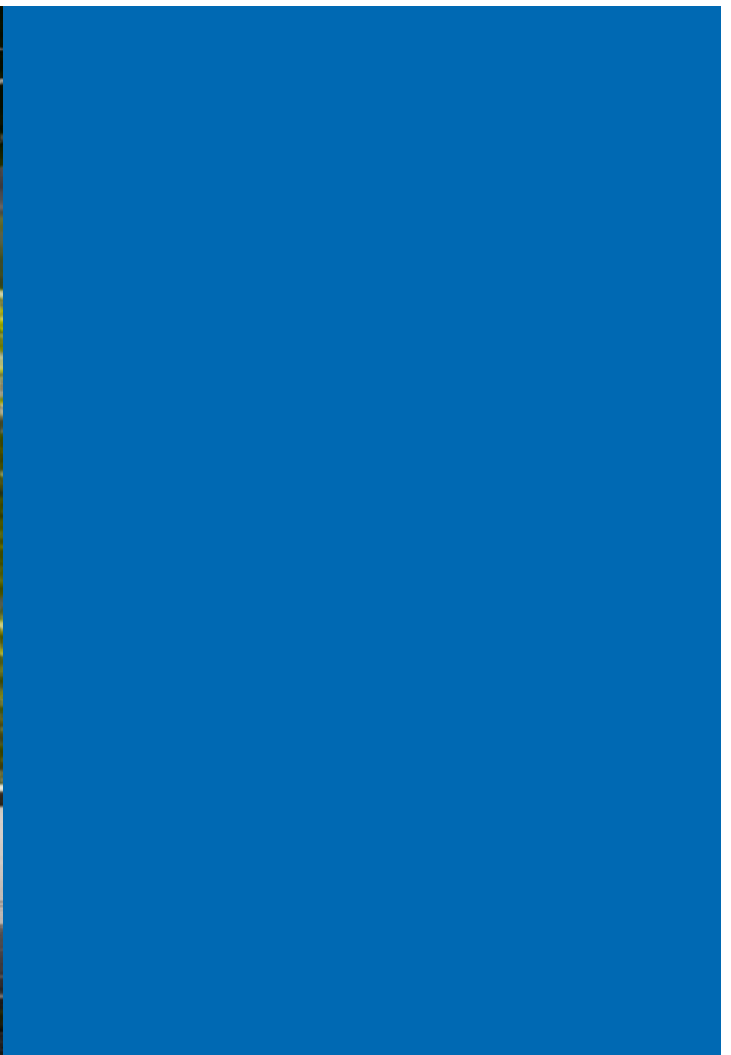
To read more about the Scottish Government's plans for social security in an independent Scotland, please see [Building a New Scotland: Social Security in an independent Scotland](#).

How would pensions work?

Independence would allow the Scottish Government to improve the pensions system, helping older people thrive in retirement.

There are many problems with the UK pensions system at present.²⁴¹ Around 160,000 older people in Scotland currently live in poverty.²⁴² Pensions inequalities mean that women, people with multiple low pay jobs, disabled people, minority ethnic communities and people who are self-employed all face lower pension incomes in retirement.²⁴³

The current UK Government recently announced a new Pensions Commission to consider the long-term future of the UK pensions system. This will be accompanied by an independent review of UK State Pension age and is expected to report in 2027.²⁴⁴ The starting point for delivering pensions in an independent Scotland will depend up on the outcome and implementation of the reviews' recommendations.



The Scottish Government is therefore setting out four key principles for pensions policy which would guide planning for independence. It would be for future governments and a future Scottish Parliament to take these forward, following a process of negotiation and transition.

1. Safe and secure delivery of pensions

Before and after independence day, the UK and Scottish governments would work together to ensure that the State Pension continues to be paid on time and in full across both countries. It is the Scottish Government's intention that, in the early years of independence, the Scottish State Pension would be governed by the same rules as the UK State Pension.

The costs of the Scottish State Pension would, however, be the responsibility of the Scottish Government from the point of independence.

The 2024-25 Government Expenditure & Revenue Scotland statistics show Scotland's £91.4 billion revenue was enough to cover all day-to-day devolved spending and all reserved social security, including the State Pension, which amounts to £84.9 billion.²⁴⁵

After a transition period, the Scottish Government would assume full responsibility for the State Pension. Existing pensioners would not have to reapply and rights and entitlements to the State Pension would be fully protected.

At the point of independence, the value of the State Pension would be the same as in the rest of the UK. As now, the State Pension would increase every year. Following the transition period, the Scottish Government would be able to introduce its own uprating mechanism.

The Scottish Government is committed to the triple lock, which offers a minimum annual increase based on the level of average earnings, CPI inflation or 2.5%, whichever is highest. The Scottish Government believes that this should be the method for uprating the State Pension in Scotland.

For those of working age in Scotland at the time of independence, the qualifying years they have already built up towards their UK State Pension entitlement would be included in the final calculation of their Scottish State Pension entitlement. Any qualifying years accrued in Scotland after independence would also form part of that entitlement. Once people in Scotland reach State Pension age, the Scottish Government would be responsible for paying any Scottish State Pension for which they are eligible.

Entitlements accrued in public sector pensions would be fully protected including those that are currently reserved to the UK Government, like the armed forces and civil service schemes.

Private pensions would be protected under the Scottish Government's approach to regulation in an independent Scotland. In the early years of independence, the Scottish Government would emulate the current regulatory regime, recognising that it is trusted and respected by individuals, employers and pension schemes.²⁴⁶

As Scotland transitions to independence, the Scottish Government and the new Scottish Central Bank would work together to examine a range of models, including examples from European countries comparable to Scotland, to determine which model would work best for Scotland in the longer term.

2. Pensioner poverty levels must be reduced.

The Scottish Government's commitment to the triple lock would mean the State Pension in an independent Scotland would keep pace with earnings and inflation. In the longer term, however, the Government's ambitions to develop a more robust social security system could protect all older people living on low incomes.

Steps would be taken in the early years of independence so more older people receive Pension Credit—topping up older people's incomes in retirement where needed and passporting them to a range of other benefits.²⁴⁷ Early actions could include issuing an invitation to apply for Pension Credit to everyone as they approach State Pension age, providing information and access to applications annually and including Pension Credit in the Scottish Government's benefit take-up strategy.

3. More must be done to help people save into a workplace pension.

In an independent Scotland, the Scottish Government would work with employers to improve automatic enrolment into workplace pensions, reducing or removing age and income restrictions that limit who can get enrolled into workplace pension schemes.

Evidence also suggests that the current minimum contribution level into workplace pensions, from employers and employees, is too low to deliver an adequate retirement income.²⁴⁸

In an independent Scotland, future governments could work with employers to address under-saving. Options for consideration could include:

- working with employers on a voluntary basis so that more employees are offered better workplace pensions as standard, reflecting the focus of the 'Living Pension Standard' campaign that builds on the success of Living Wage accreditation.²⁴⁹
- requiring employers to contribute more into employee pensions over time, adapting the model from Australia.²⁵⁰

4. The State Pension age must take account of Scottish circumstances,

In an independent Scotland, the Scottish Government would establish a new independent Pensions and Savings Commission to make recommendations to Ministers on a Scottish State Pension age based only on Scottish circumstances, including Scottish life expectancy, and the long-term sustainability of pensions. No changes would be made to State Pension age in an independent Scotland until the Pensions and Savings Commission has provided recommendations.

How could independence help protect the environment?

Independence would enable future Scottish Governments and the Scottish Parliament to use every available lever to protect Scotland's terrestrial, marine, coastal and freshwater environments and support the industries and communities that they sustain.

Scotland is already committed to tackling climate change, nature loss and pollution. We have a legally binding target to become a net zero nation by 2045, have proposed a framework for statutory nature targets in the Natural Environment Bill under consideration by the Scottish Parliament, and are developing a strategic approach to supporting an environment that is healthy and robust and benefits everyone in Scotland.²⁵¹

Scotland has a strong reputation for its commitment to tackling the climate and nature emergencies²⁵² through an approach based on fairness and equality.²⁵³ An independent Scotland would be able to do more and have greater influence, for example, by having its own, distinct voice at, and working with our international partners at, climate change and biodiversity summits such as COP.

Independence would also mean that Scotland could embed the right to healthy environment in its constitution, reflecting Scotland's role as a leading nation in developing a wellbeing economy, and ensuring our economy is in the service of our people and our planet. The permanent constitution of independent Scotland could also address the sustainable use of natural resources, our commitment to sustainable development and tackling climate change and the protection of the natural environment.

To read more about the Scottish Government's proposals on the environment, please see: [Building a New Scotland: Our marine sector in an independent Scotland](#); [Building a New Scotland: Creating a modern constitution for an independent Scotland](#); and [Building a New Scotland: an independent Scotland's place in the world](#).²⁵⁴



Credit: VisitScotland / Kenny Lam

How could independence boost our cultural and creative industries?

Scotland's culture is celebrated around the world and loved and treasured here at home. We are home to world-famous musicians, poets, authors, actors, designers, and innovators.

Strong, thriving and diverse culture and creative industries are important to our health and wellbeing, and also make a significant contribution to Scotland's economy, creating jobs and supporting the growth of other sectors.



Credit: VisitScotland / Luigi Di Pasquale

With independence, Scotland would have greater opportunities to help everyone benefit from the transformative potential of culture.

Independence would give Scotland the powers it needs to make important decisions on how best to provide support for the culture sector and creative industries like the video games and screen sectors, helping to ensure that they have the support and stability that they need.

In an independent Scotland, the Scottish Government proposes that a new Scottish public service broadcaster would provide TV, radio and online services. The new broadcaster would reflect what Scottish audiences want, including local and national news, and offer a Scottish perspective on current and global affairs. It would make sure audiences have continued access to programming we know and love.

Following a vote for independence, the Scottish Government would be committed to matching UK tax relief for qualifying film and high-end TV production, to ensure we remain attractive to inward investment.²⁵⁵

And with independence and EU membership would come other benefits. Scottish musicians would once again be able to tour in Europe without expensive visas and permits. And Scotland would be able to attract more touring artists from overseas, helping our economy and making it easier for audiences here to see some of the best acts in the world.

For more on the Scottish Government's proposals for culture, broadcasting and the creative industries in an independent Scotland, see [Building a New Scotland: Culture in an independent Scotland](#).²⁵⁶

What would independence mean for education in Scotland?

Scotland already has its own distinct and independent education system.

The strengths of Scotland's school system has been recognised by the OECD and the International Council of Education Advisers.²⁵⁷

Scotland's tertiary education and research sectors are amongst the best in the world. The percentage of Scots holding post-secondary school qualifications continues to be one of the highest in Europe. The universities and colleges that make up our further and higher education sector continue to provide a range of opportunities for our young people.

Scotland's colleges and universities are national assets that contribute to a range of social, economic and cultural outcomes. They also deliver a significant economic benefit from international students choosing to live and study in Scotland. The net contribution in 2021-22 of international students in Scotland to the UK economy was estimated to be £4.21 billion.²⁵⁸ Those who choose to stay can contribute valuable skills to our workforce, support the sustainable growth of our economy, and enrich society.

However, the higher education sector in Scotland is currently facing significant pressures as a direct result of UK Government policy. Recent changes to the immigration system, including restrictions on dependent visas for most international students and the significant increase to the Skilled Worker visa salary threshold, have hampered the ability of Scottish universities to welcome the brightest and best talent from across the world and for prospective international students to see a route for progression from a Graduate Visa to a Skilled Worker Visa. This has clear implications for Scottish universities to retain and attract talented individuals from outside the UK who choose to study and make Scotland their home.

Independence would mean the ability to make choices not currently available under the devolution settlement. It would allow for a joined up migration system that meets Scotland's needs. And make the conditions and foundations for learning even stronger, so that every young person has the best chance possible of succeeding at school and in post-school education.

For more on the Scottish Government's proposals for education in an independent Scotland, see [Building a New Scotland: Education and Lifelong Learning in an independent Scotland](#).²⁵⁹

What would Scotland's relationship with the UK look like?

With independence, Scotland will leave the United Kingdom and become a new sovereign state. As soon as possible after independence, Scotland would apply to re-join the EU.

Scotland's new status will mean changes to the relationship between the government of an independent Scotland and the governments of the other nations on these islands, as well as with governments and institutions around the world.

Following a vote for independence, and becoming an independent state, it is reasonable to expect the UK and Scottish Governments to work together where that is in our mutual interest. A cooperation agreement on the terms of the future relationship between an independent Scotland and the UK would establish the terms on which Scottish institutions would work with their counterparts across the border. These shared arrangements would be governed by an approach grounded in mutual respect and parity of esteem.

Independence would mean that the Scottish Government and the people who live here in Scotland would continue to interact and work closely with our nearest neighbours. And with independence, people in Scotland would still be able to live, work and travel freely across these islands as we do now.

The Scottish Government would work with other governments to strengthen the existing structures for dialogue and cooperation between the governments of these islands.

Scotland would be a good neighbour, as a new nation, to its nearest and closest allies.

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