Standard Life boss set to warn over independence

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Francesco Guidicini/The Times

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One of Scotland's biggest and most successful companies is expected to warn next week of the dangers of independence.

In what would be a blow to Alex Salmond's hopes of winning over the sceptical business community, senior figures at Standard Life have revealed they are preparing to speak out against independence.

It is understood that Gerry Grimstone, the company's chairman, is prepared to indicate his opposition to independence after Standard Life's annual results are published next Thursday.

In a further setback for the independence cause, a report by a banking expert was published yesterday saying that an independent Scotland would have to cut public spending to meet its debt commitments.

Both sides in the independence debate are desperate to win the backing of the business community. Business for Scotland, the pro-independence group, has about 1,300 members and has been vocal in its support for separation.

However, there are more than 343,000 businesses in Scotland and, so far, the biggest players in the sector — from inside Scotland and outside — have tended to side with the "no" camp.

Earlier this month, Bob Dudley, the chief executive of BP, said he wanted the UK to stay together.

He was followed by other senior business figures, including Justin King, the chief executive of Sainsbury's, who said that independence could lead to higher food prices.

Alan Savage, the chairman of the Orion Group, said his recruitment business might have to move out of Scotland after independence because of "uncertainty" over currency, trade and tax.

This week, the Lloyds Banking Group announced it had decided to base TSB in England rather than Scotland before the bank's flotation. The move was interpreted last night as a clear warning about the potential dangers of independence to the bank.

With 9,000 staff and six million customers, Standard Life is one of Scotland's global companies.

The financial services giant, which is based in Edinburgh, has £240 billion of assets under management and it is the potential threat to its pensions business that concerns the company most.

Insiders have said that senior figures in the company were worried that independence could mean the loss of its UK tax exemption rights.

If Standard Life was to lose those exemptions, its pensions business could be destroyed leaving the company with a choice of staying with a damaged business or leaving and setting up again south of the border.

A spokesman for Standard Life refused to speculate last night on what Mr Grimstone might say next week. He said: "We continue to monitor the Scottish independence debate very closely."

Last year Mr Grimstone said not only that Standard Life was strongly in favour of the UK, but also that he would be prepared to speak out more forcefully in the future.

In another development yesterday, Robert Lyddon, a banking expert, claimed that Scotland would need to issue its own debt, backed by its own currency, on independence, and that it would need to secure a credit rating and would have to conform to the EU Fiscal Stability Pact.

The effects of these strictures would be felt inside Scotland, Mr Lyddon claimed, warning that it would start independent life with debts equal to 71 per cent of GDP and public spending would have to be cut to service these debts.