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First Minister's press conference

First Minister Nicola Sturgeon
Bute House, Edinburgh
23 August, 2016

Thanks for coming along today.

As well as answering any questions you have, I wanted to give a brief update on the work the Scottish government has been doing in the wake of the EU referendum - with a reminder of why it matters to our economy - and how that work will progress in the weeks and months ahead.

Before I turn to that, though, let me take this opportunity - as they arrive home today - to formally congratulate Team GB on their record breaking performance at the Rio Olympics. The whole team deserves our thanks and congratulations for delivering such an outstanding spectacle of sporting success.

For Scotland, this was the best ever performance at an overseas Olympic Games, with Scottish athletes winning a fantastic 13 medals.

sportscotland will host an event to celebrate the success of our athletes at Heriot-Watt University at the end of September.

This is therefore a good moment to confirm that Oriam, the new National Sports Performance Centre located at Heriot-Watt - backed by £24m of Scottish Government funding and £9m from the other funding partners, sportscotland, Heriot-Watt University and Edinburgh City Council - will open to the public on time and on budget on 29 August.

This is another world class sporting facility for Scotland that will benefit both our elite athletes and grassroots competitors.

Another excellent example of encouraging people to get more active in their local clubs and communities is the development of Community Sports Hubs right across Scotland. I am therefore delighted that sportscotland have exceeded their original aim of creating 150 Community Sports Hubs and will now invest a further £6 million to create a total of 200 Hubs by 2020.

Let me turn now to the EU.

A few weeks ago, I set out the five key national interests that I consider to be at risk as a result of the UK wide referendum result - our democratic interest, our economic interest, our interest in social protection and in the solidarity of independent countries working together to address global challenges and our interest in continuing to influence EU decisions.

Today, we have published the first in a series of impact assessments by the Office of the Chief Economic Adviser. Based on projections by a number of external organisations, it estimates that, by 2030, the cost to the Scottish economy of leaving the EU could range from £1.7 billion to £11.2 billion per year. The estimated cost to our public finances ranges from £1.7 billion to £3.7 billion a year.

What today's publication illustrates is that, whatever the final form of Brexit - whatever 'Brexit means Brexit' turns out to mean - the old argument that the UK somehow delivers financial security for Scotland, no longer holds water. Brexit will be deeply damaging to Scotland's economy and finances.

This assessment therefore underlines the importance of doing everything we can to protect our place in Europe and, especially, our membership of the single market.

I said on the morning after the referendum that we would pursue all options - including independence - to achieve this and that remains the case.

In the first instance, that means playing a full and active part in the development of the UK position in advance of Article 50 being triggered. It is through that process, first of all, that we must make sure that Scotland's interests are recognised and protected,

We have a welcome commitment from the Prime Minister that the Scottish Government will be fully involved in that process; and that Article 50 will not be triggered until there is 'a UK approach and objectives for negotiations'.

Over recent weeks my officials have been working closely with the UK government and the other devolved administrations to develop detailed mechanisms to turn this commitment into reality.

The key priority for the SG has been to ensure that it is a meaningful process that involves us directly in shaping the UK position so that it reflects and protects Scotland's interests - including through outcomes that might differ from the position in the rest of the UK.

These discussions are making progress - we expect them to conclude soon and ministers to meet in the near future to finalise arrangements.

The Scottish Government will then work through these arrangements to seek ways to protect Scotland's interests.

Our approach will be as follows.

We will, firstly and obviously, use whatever influence we have in this process to seek the least worst outcome for the whole of the UK - that, in my opinion at this stage, should involve a very close ongoing relationship with the EU, including continued membership of the single market.

However, given the strong signals that the UK is heading for a hard Brexit - a future outside the single market as well as outside the EU - we should not underestimate the prospects of the U.K approach being at the most damaging end of the spectrum.

And as we show today, the option of hard Brexit in which the UK will fall back on WTO rules – the option that the UK Government appears to favour - would see Scotland's economy take a hit of up to £11.2 billion per year and reduce public finances by up to £3.7 billion a year.

That would be the worst possible outcome yet right now it appears to be the UK's favoured one.

It is therefore inevitable that our input into the development of the UK position will focus heavily on proposing distinctive arrangements designed to protect, as best we can, Scotland's relationship with the EU and the single market.

While it is not possible to be definitive until we have more clarity about precisely the relationship with the EU that the UK is seeking to achieve, our Standing Council of Experts is already working on a range of broad options and will meet again next week to discuss progress.

Of course, as I have said before, if it turns out not to be possible to protect Scotland's interests through the UK, it must be open to the Scottish people to consider afresh - and in this very different context - the question of independence.

However, I am clear that we will enter these UK discussions in good faith.

Indeed, the work to ensure that Scotland's interests are protected in the pre article 50 process and in the negotiations that follow will be intensive in the months ahead.

Given its vital importance, I intend to ensure that it has the priority it merits while also allowing ministers to focus fully on our other responsibilities.

Over the next few days, I will confirm details of two steps to equip the Scottish Government for the task ahead.

Firstly, I intend to seek Parliament's approval on our return from summer recess for the appointment of a new minister, reporting directly to me, who will lead for the Scottish Government in our engagement with the UK government in the pre Article 50 period and beyond. It will also be the job of the new minister to ensure that the voice of Scottish stakeholders is heard loudly and directly by the UK government as it develops its position.

Fiona Hyslop and Alasdair Allan will continue to be responsible for our engagement with EU institutions and member states and Derek McKay will remain responsible for overall policy on the constitution.

I will also convene a new Cabinet Sub Committee - bringing relevant ministers together - to oversee and direct all of our work on Brexit related matters.

Finally, while the job of finding the best way through the situation created by the EU referendum result will be a lengthy and challenging one, it is essential that action is taken now to support the economy.

I announced an economic stimulus package two weeks ago and we will set out more detail of this investment in the next couple of weeks.

So far, however, we have heard nothing from the UK government about supporting the economy.

As economic warnings mount - including news yesterday of a steep decline in capital investment - the deafening silence from the PM and the Chancellor is becoming increasingly negligent.

It is time for the UK government to wake up and get on with the job. There must be an economic stimulus plan - not months from now in the autumn statement - but immediately.

I'm now happy to take questions.