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SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

5 July 1984

COMMERCIAL - IN CONFIDENCE

The Rt Hon Peter Walker MBE MP
Secretary of State for Energy
Thames House South
Millbank
London SW1P 4QJ

Dear Peter,

will request rapid.
We agreed in April 1982 that the Portavadie oil platform construction yard which was developed by your Department at a cost of around £14m on land appropriated by my Department from the Forestry Commission at a cost of £362,000 was no longer required for purposes connected with offshore petroleum development, and I subsequently decided that it should be reinstated in fulfilment of my obligations under the Offshore Petroleum Development (Scotland) Act 1975 and sold. The reinstatement programme costing some £900,000 is nearing completion and I am now in a position to dispose of the site.

My Department have engaged estate agents, Bernard Thorpe and Partners, who advertised the site extensively and pursued enquiries energetically. In the event we have received only 3 offers for the entire property, the highest of which is £50,000 from an electronics company, Linn Products Limited, who appear to be interested in the site for purely speculative purposes.

I should make it clear that in the wake of the PAC report on the disposal of Hamilton College of Education my Departments have revised the procedure for the disposal of property, and I am satisfied that in this case the new procedure has been fully complied with. In particular, the Chief Valuer is satisfied that the site has been marketed properly and neither he nor our estate agents can see any circumstances which suggest that any better offer will be received in the near future. Nevertheless, the offer is disappointing, and comparisons will inevitably be drawn between this figure and the cost of developing the site (which was of course undertaken under the previous administration).

I have considered in these circumstances whether it would be better to retain the site, given that a contribution towards the costs of doing so might be obtained by leasing the site to fish farming interests. There are, however, obvious objections to this course, principally that to do so would run counter to our policy

for the disposal of unwanted assets and that there is at present no particular reason to think that the prospects of obtaining a higher price for the site would be improved in, say 5 or 10 years' time. In the interval, there would be some continuing costs in maintenance and administration, and the possibility of more substantial unforeseen expenditure arising from our continuing occupation of the site could not be ruled out.

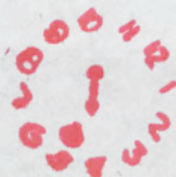
Therefore I conclude that, notwithstanding the comment that will be made, I should conclude the sale. I cannot assume that even the present offer of £50,000 will remain on the table indefinitely and if I am to accept it early action is desirable. For this reason I will assume concurrence unless I hear from you or other recipients of this letter to the contrary by Monday 9 July.

I am copying this letter to the Prime Minister, Peter Rees, Norman Tebbit and Sir Robert Armstrong.

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Yours
wer.

George



6 JUL 1984

cc N.O.



NBM

AT 1317

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon George Younger TD MP
Secretary of State for Scotland
Scottish Office
Dover House
Whitehall
LONDON
SW1A 2AU

13 July 1984

Stan Gray

You wrote to the Secretary of State for Energy on 5 July about the proposed sale of the Portavadie oil platform construction yard to Linn Products Limited.

Provided you are fully satisfied that the offer of £50,000 is the highest obtainable I am content for the sale to go ahead.

I am copying this letter to the Prime Minister, Norman Tebbit, Peter Walker and Sir Robert Armstrong.

Norman Tebbit

Peter Rees

PETER REES

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