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Paper

Treasury Chambers, Parliament Street, SW1P 3AG

D Barclay Esq
Private Secretary
10 Downing Street
Whitehall

21 February 1984

- 1) Mr Fletcher
- 2) Prime Minister ⁽²⁾

To note. The Report will criticise the Scottish Education Department for their "casual approach" to the sale of Hamilton College. The Opposition will probably try to use this to attack the Government on "education cuts" in general, and teacher training in particular.

Dear David

PAC NINTH REPORT - HAMILTON COLLEGE

The Financial Secretary thought you might like to be aware of a PAC Report on the Disposal of Hamilton College which is to be published tomorrow, Wednesday 22 February. There is considerable political concern in Scotland about the sale and this is likely to surface again with the appearance of the Report.

I attach (top copy only) an advance copy of the Report which is of course confidential until published at 12.00 on Wednesday 22 February and a copy of an internal submission to the Financial Secretary which sets the background to this.

yours sincerely

FPBogan

MISS F P BOGAN

FROM: C H A JUDD

DATE: 20 February 1984

FINANCIAL SECRETARY

cc Principal Private Secretary
PS/Chief Secretary
PS/Economic Secretary
PS/Minister of State
Sir P Middleton
Mr Bailey
Mr Anson
Miss Kelley
Mr Pestell
Mr M A Hall

Please do
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PAC NINTH REPORT: HAMILTON COLLEGE

The PAC plans to publish its 9th Report, 1983-84 on the sale of Hamilton College of Education on 22 February at Noon. You should receive your advance copy this afternoon. We will circulate other CFR copies in the usual way.

2. The PAC Chairman is holding a Press Conference to publicise the report. As you have already noted the report deals with a serious matter and care will need to be taken with the Government response. HE will be reporting to you on the proposed response in due course.
3. The substance of the report is strong criticism of the Scottish Education Department for failing to pursue the procedures the Scottish Office designed to maximise the selling price of property being sold effectively on behalf of the Exchequer. In the Treasury's view the procedural stricture on SED is deserved. At the same time it must be said that we have seen no evidence that better bids would have been forthcoming if the proper procedures had been observed.
4. The PAC urges the Scottish Office to reissue and clarify the procedures. The Treasury is urged to consider issuing appropriate instructions to all departments in England and Wales.
5. The relevant advice given to Scottish departments followed the recommendations of the Halliday Committee (1980) which was asked to examine the procedures for disposing of publicly-owned property following substantial profits obtained by developers from purchasing a former hospital site. We now discover that DOE (as the responsible department) agreed in 1981 to notify departments more widely about the lessons to be learnt from the Halliday Report. But it seems that this was never done. That will certainly have to be chased up.
6. As you will be aware there is some considerable political concern in Scotland about the sale and the circumstances which led to it.

This is likely to surface again when the report is published. There was also an attempt by one of the Opposition front bench spokesmen on Scottish affairs (Mr O'Neill) during Scottish Ministers' questions in the House last Wednesday (15 February) to attack the sale programme of the Forestry Commission (which was itself the subject of PAC questioning last Monday) by reference to Scottish Office's handling of this Hamilton College sale.

7. In the circumstances you may think it prudent to alert No.10 to the appearance of this report on Wednesday.

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C H A JUDD