



Scottish Funding Council

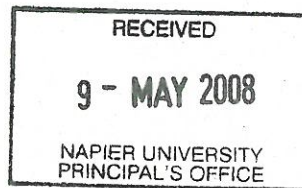
Promoting further and higher education

Comhairle Maoineachaidh na h-Alba

A' brosnachadh foghlam adhartach agus àrd-ìre

8 May 2008

Professor Joan K Stringer CBE
Principal and Vice-Chancellor
Napier University
New Craig, Craighouse Campus
Edinburgh EH10 5LG



Dear Joan

Craighouse Campus disposal

Thank you for your letter dated 7 May. I believe this matter can be resolved if I explain the context behind the letter of 24 April to which you refer.

Craighouse Campus is, firstly, an Exchequer-funded asset (EFA), having been acquired by the University with part finance from a SHEFC grant of £5.5 million. The Council's obligations in respect of the acquisition and disposal of EFA's are set out in section 10.5 of its Financial Memorandum with the Scottish Government. Specifically, under paragraph 10.5.3, it states that:

'The Council shall also ensure that if Exchequer-funded assets are disposed of by a fundable body, an appropriate proportion of the value of the asset shall be repayable to the Council. However, the Council shall devise its own arrangements for the reinvestment by fundable bodies in whole or in part of proceeds resulting from a disposal, including specification of the purposes or activities to which reinvestment proceeds may be applied.'

In reality the latter requirement is done through the Council's Revised Procedure Notes for the Disposal of Exchequer-funded Assets and the Retention of Proceeds, whereby the Council has set a threshold of £3 million at or above which prior Council approval is required. This clearly will apply to the disposal of Craighouse Campus which is currently valued at £18 million and so Annex 1 of these notes, to which point 6 of your letter refers, does not apply.

In considering a major disposal of an EFA, therefore, the Council is obliged to protect Scottish ministers' interests as set out in our Financial Memorandum with the Scottish Government. The Council has never sought to penalise any university or college seeking to dispose of such an asset and in the vast majority of cases disposal proceeds are reinvested in line with universities' or colleges' estate strategies.

Where a university or college benefits from a windfall in terms of the disposal proceeds, however, we are required to consider whether there is a case for the Council recovering some or all of the windfall for the purpose of redistributing for the benefit of the sectors as a whole. It is within this context that the Capital Investment Committee considered the Craighouse disposal and recommended to Council that the position should be re-assessed once the actual proceeds from the disposal are known.

This process is in fact a normal part of our business and in the last few years has been applied to disposals at University of Edinburgh, University of Aberdeen, University of Dundee, University of Strathclyde and Robert Gordon University. In all these cases the institution received approval to retain and reinvest the full disposal proceeds in its estate strategy. The same procedure will apply in the case of the disposal of Craighouse; however until the sale proceeds are known the Council must reserve its position.

I hope this clarifies matters to your satisfaction.

Kind regards

A handwritten signature in dark ink, appearing to read 'Laure Howells', with a stylized, cursive script.

Laurence Howells
Interim Chief Executive

cc: John McClelland, Chair, SFC