

**EXPLANATORY MEMORANDUM: THE COLEG CEREDIGION FURTHER EDUCATION CORPORATION (DISSOLUTION) AND COLEG CEREDIGION (DESIGNATED INSTITUTION IN FURTHER EDUCATION) ORDER 2013.**

This Explanatory Memorandum has been prepared by The Department for Education and Skills and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

**MINISTER'S DECLARATION**

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of The Coleg Ceredigion Further Education Corporation (Dissolution) and Coleg Ceredigion (Designated Institution in Further Education) Order 2013. I am satisfied that the benefits outweigh any costs.

Huw Lewis AM  
Minister for Education and Skills

**3 December 2013**

## **1. DESCRIPTION**

This Order provides for the dissolution of Coleg Ceredigion Further Education Corporation and the transfer of its property, rights, and liabilities to Coleg Ceredigion Limited a wholly owned subsidiary of the University of Wales Trinity St David and the Designation of Coleg Ceredigion Limited as a FE Institute, with effect from 31 December 2013.

## **2. MATTERS OF SPECIAL INTEREST TO THE CONSTITUTIONAL AND LEGISLATIVE AFFAIRS COMMITTEE**

There are no matters of special interest which the Minister wishes to bring to the attention of the Committee.

## **3. LEGISLATIVE BACKGROUND**

This Order is made under Sections 27C and 28 of the Further and Higher Education Act 1992 (as amended by the Education Act 2011).

The functions of the Secretary of State under section 28 of the Further and Higher Education Act 1992 were transferred to the National Assembly for Wales by the National Assembly for Wales (Transfer of Functions) Order 1999 (S.I. 1999/672).

The functions of the National Assembly for Wales were transferred to the Welsh Ministers by virtue of section 162 of and paragraph 30(1) and 30(2) (a) of Schedule 11 to the Government of Wales Act 2006 (c.32).

This Order is subject to annulment (negative resolution procedure).

## **4. PURPOSE AND INTENDED EFFECT OF THE LEGISLATION**

The dissolution of Coleg Ceredigion Further Education Corporation and the transfer of its property, rights and liabilities to University of Wales Trinity St David is an innovative dual sector merger which is intended to strengthen and secure the provision of facilities for post-16 education and training to benefit the learners and employers of Ceredigion.

The Order implements a proposal received from the Coleg Ceredigion Corporate Board to merge functions. This approach enables Coleg Ceredigion Limited to retain its own brand. They will operate as distinct organisations with their own Principal and Board, business plan, staff and students. Along side, they will be able to confer benefits from being part of a larger organisation in terms of shared services and access to finance.

Coleg Ceredigion has been consulted and University of Wales Trinity St David is content with the transfer. The dissolution and transfer will come into effect on 31 December 2013. Both institutions are fully prepared for the merger.

## **5. CONSULTATION**

Coleg Ceredigion Corporation has been consulted in accordance with section 27C(6) of the Further and Higher Education Act 1992 and the transfer of property, rights and liabilities is made with the consent of Coleg Ceredigion Limited as required by section 27C(2) of the Further and Higher Education Act 1992.

The colleges have consulted widely with both internal and external stakeholders and the proposals to merge have been broadly welcomed. DfES officials have considered summaries of the consultation responses.

## **6. REGULATORY IMPACT ASSESSMENT**

This Order has no impact on the statutory duties (sections 77 – 79 Government of Wales Act 2006) and does not impose any additional burdens upon the statutory partners (sections 73 – 75 GOWA 2006).

### **Options**

Coleg Ceredigion Corporate Board conducted an options appraisal during the Summer Term of 2012. Discussions were held with potential partners and several options were considered. Following this the Corporate Board of Coleg Ceredigion resolved to develop a Strategic Outline Case (SOC) to determine if a merger between Coleg Ceredigion and University of Wales Trinity St David would bring the benefits to the learners that the Corporate Board sought.

DTZ consultants and Eversheds Solicitors were appointed by Coleg Ceredigion to undertake an independent assessment of the business case and legal options for the proposed merger.

The following options were considered as part of the process and an assessment made of the advantages and disadvantages that would occur for both the learners and the partner Colleges against each of the options:

1. Status Quo - remain as an independent FE institution
2. Integration with the local authority education department
3. Association/Merger with Coleg Sir Gar
4. Association/Merger with Coleg Powys
5. Association/Merger with Pembrokeshire College
6. Association/Merger with Aberystwyth University
7. Association/Merger with UWTSD

The report recommends that being one of the smallest remaining FE institutions in Wales is not a sustainable position for Coleg Ceredigion in the long term. It needs to generate a greater surplus to fund future investment and needs a partner to achieve the economies of scale to do this. A merger with UWTSD is the preferred option because this will deliver the greatest benefits for learners and employers in Ceredigion. On 4 July 2012 Coleg Ceredigion's Board of Governors made an 'in principle' decision to merge with UWTSD. A SOC for the merger was approved by Coleg Ceredigion's Board of Governors in September 2012. The SOC was subsequently approved by the Welsh Government in December 2012.

The SOC identified a group structure as the best option for merger. This would involve the dissolution of the corporation of Coleg Ceredigion with its assets, liabilities and property being transferred to a subsidiary company of University of Wales Trinity St David with the Coleg Ceredigion brand being retained. The particular legal structure proposed involves the creation (by University of Wales Trinity St David) of a subsidiary company operating with a board of directors.

When developing the Merger Business Case (MBC), the College undertook an extensive public consultation exercise during February 2013. Overall, staff and students at Coleg Ceredigion are supportive of the merger proposal and documents to this effect are referenced and included in the MBC. No issues were raised by members of the local community or other organisations that were consulted during the exercise which would constitute a concern for the merger.

WG officials have received a copy of the minute from the Coleg Ceredigion board meeting confirming agreement of the dissolution.

On 25 June 2013 Welsh Government Officials undertook an analysis of the MBC and are satisfied that the case for change has been met and support the merger request.

Payment of FE monies will, under the proposal in the MBC, be made directly to the subsidiary company with University of Wales Trinity St David only receiving HE funding, accordingly there is no suggestion of FE monies being paid to a university.

Merger of Coleg Ceredigion with University of Wales Trinity St David will augment the merger of Coleg Sir Gar with UWTSD. This group structure will enable the continued monitoring and accountability arrangements involving DfES and the financial support for FE to flow through the subsidiary company.

## Benefits

The key objectives / benefits that Coleg Ceredigion and University of Wales Trinity St David are seeking to achieve:

<b>Key Objectives / Benefits</b>	
Strategic	<ol style="list-style-type: none"> <li>1. Improve the breadth and quality of curriculum for FE learners in Ceredigion</li> <li>2. Facilitate HE progression and provide more local HE opportunities for Ceredigion learners in niche subjects that link to self employment and micro businesses</li> <li>3. Step change in Welsh medium provision for FE learners</li> <li>4. A greater level of joint curriculum planning and delivery with schools so learners get the best range and quality of education possible</li> <li>5. Make FE more accessible so as to increase the FE participation rate in Ceredigion towards the average for Wales</li> </ol>
Economic	<ol style="list-style-type: none"> <li>6. A more strategic relationship with key local employers</li> <li>7. More engagement in transformative education and training projects that have significant impact on the local economy</li> <li>8. Greater operational resilience and efficiency savings for CC</li> </ol>
Commercial	<ol style="list-style-type: none"> <li>9. Investment in CC campuses</li> <li>10. Income growth and diversification for CC</li> </ol>
Financial	11. Securing the long term financial sustainability of CC
Management	12. An assured future for the FE mission of CC within UWTSD

## Costs

Funding amounting to £469,000 had been identified to fund activity to support the merger, and preliminary infrastructure and systems. This supports the SF decision that merger costs be restricted to £550,000.

The Purpose of the Funding is to enable the creation of a strong and innovative educational group structure for South West Wales, incorporating both further and higher education. The focus of the activity is to ensure both institutions successfully merge and achieve the proposed benefits identified in the MBC.

The funding support is a contribution only of up to a maximum of 50%. It includes support for the preparation of the Business Cases, project management, update of management information systems, update of ICT infrastructure, update of finance systems, HR, application software infrastructure and systems, legal and other consultancy costs, branding and marketing costs relating to merger and facilities and infrastructure investment.

The dissolution will bring the process to date to a satisfactory conclusion and provide a sound basis upon which to take the merged Institution forward in a

way that optimises the efficient and effective delivery of FE provision in south west Wales.

The action will serve to safeguard public funds by the application of robust, proven systems, and provide a mechanism to amalgamate best practice in current governance and management systems.

### **Competition Assessment**

This Order will have no impact on the costs of business, charities or the voluntary sector.

### **Consultation**

Covered above in paragraph 5.

### **Post implementation review**

The merger process is subject to ongoing review procedures which will be monitored and followed with a comprehensive report 18 months after the date of dissolution order.

### **Summary**

This Order is necessary to dissolve Coleg Ceredigion Further Education Corporation and transfer its property, rights, and liabilities to Coleg Ceredigion Limited with effect from the 31 December 2013. The action set out in this Order will benefit the learners, communities and businesses of the south west Wales area.