

## **Explanatory Memorandum to the Coleg Menai Further Education Corporation (Dissolution) Order 2012**

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 Menai Further Education Corporation (Dissolution) Order 2012. I am satisfied that the benefits outweigh any costs.

*Leighton Andrews*

Minister for Education and Skills, one of the Welsh Ministers

29 February 2012

**(i) Description** – This Order provides for the dissolution of the Coleg Menai Further Education Corporation and the transfer of its property, rights and liabilities to Llandrillo College Further Education Corporation.

### **(ii) Matters of special interest to the Constitutional and Legislative Affairs Committee**

There are no matters of special interest.

### **(iii) Legislative Background** –

This Order is made under section 27 of the Further and Higher Education Act 1992 (“the 1992 Act”).

The functions of the Secretary of State under section 27 of the 1992 Act were transferred to the National Assembly for Wales by virtue of article 2 of and Schedule 1 to 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 paragraph 30 of Schedule 11 to the Government of Wales Act 2006 (c.32).

This Order follows the **negative** resolution procedure.

### **(iv). Purpose and intended effect of the legislation** –

The dissolution of Coleg Menai Further Education Corporation and the transfer of its property, rights and liabilities to Llandrillo College Further Education Corporation is intended to strengthen and secure the provision of facilities for post-16 education and training in the Menai catchment area. It will effect a unique merger of two high quality Colleges, which are financially viable and have strong corporate services. The two Colleges between them have a number of ‘centres of excellence’ namely in Renewable energy,

Nuclear energy, Catering, Healthcare, Construction and Agriculture. There is an opportunity to develop these further.

Merger with Llandrillo College which is also a Category A 'financially sound' institution is considered a prudent way forward. Merger of the two colleges will create an enlarged college with a combined turnover of circa £74m, circa 50,000 learners, circa 2,000 staff and a network of 16 main campuses covering some 75,000 sq metres of floorspace and provide an enhanced operational platform. It would be able to operate across the core catchment within North West Wales and in selected areas, most notably in Work Based Learning, beyond.

With a combined revenue of around £74m the proposed merged College will be a very significant organisation, and one of the largest in Wales. Operating across rural and coastal areas of North Wales, the College has the capacity to have a significant impact on learners and the economy of the region.

**(v). Implementation –**

The Coleg Menai Further Education Corporation (Dissolution) Order 2012 implements a proposal received from both Corporations to merge functions. Coleg Menai has been consulted and Llandrillo College is content with the transfer. The dissolution and transfer will come into effect on April 1<sup>st</sup> 2012. Both colleges are fully prepared for the merger.

**(vi). Consultation –**

Coleg Menai Further Education Corporation has been consulted in accordance with section 27(7) of the Further and Higher Education Act 1992 and the transfer of property, rights and liabilities is made with the consent of Llandrillo College Further Education Corporation as required by section 27(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.

**(vii) 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).

**a) Options (for achieving the policy objective – as set out in paragraph (iv) above) –**

Various options have been considered and rejected prior to the decision made by the parties to dissolve the Corporation of Coleg Menai and merge operations as set out in a Statement of Intent dated June 2011.

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.

- Option 1 - Status quo / continued informal collaboration
- Option 2 - A North Wales College
- Option 3 – A North West and Central North Wales Grŵp
- Option 4 – Federal structure between two NW Wales Colleges

Favouring Option 3, and following discussions with potential partners, Coleg Menai concluded that merger with Llandrillo College would provide the financial robustness, expertise and a strong track record of efficiency that would be most likely to guarantee that existing provision is safeguarded and extended.

The feasibility process highlighted a number of areas that would benefit from greater partnership between the two Colleges including, improved management and planning of provision, quality, finance and estates.

Both colleges are closely matched in terms of expertise with operating multiple sites and a merger would not necessitate further reduction in sites or staff.

Merger with Coleg Menai is considered financially viable by Llandrillo College and is to be regarded as 'a merger of equals'. Both institutions are deemed of sufficient scale to secure potential benefits by helping to strengthen the learning provision offer - particularly in meeting the 16-19 bilingual offering as further school collaborations are considered across the region, and allowing links to be strengthened with land-based and work based provision.

Reciprocal Financial and Legal due diligence exercises have been undertaken by both institutions which have identified where immediate efficiencies and savings can be made.

**b) Benefits –**

Both colleges have consistently been rated among the top FE colleges in Wales with regard to quality and financial viability and these systems will be applied to the merged institution. Comparison of the due diligence exercises carried out on both institutions has identified various areas where further efficiencies can be achieved. The curricula of the two colleges are complementary in nature, offering all members of the community an expanding choice of educational opportunities. Learners will be able to progress to a much wider range of programmes within the merged College, aided by common procedures, facilities and standards of service. The integration of the staff of the two colleges will bring together a greater variety of skills and experience for the benefit of the learners and the future development of the merged College.

**c) Costs –**

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

forward in a way that optimises the efficient and effective delivery of FE provision in North 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.

d) **Competition Assessment –**

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

e) **Consultation –** covered above in paragraph (vi).

f) **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.

g) **Summary –**

This Order is necessary to dissolve Coleg Menai Further Education Corporation and transfer its property, rights, and liabilities to Llandrillo College Further Education Corporation with effect from the 1<sup>st</sup> of April 2012. The wider North Wales Further Education sector will benefit from the action set out in this Order.