

EXPLANATORY MEMORANDUM TO
THE FIRE SERVICE COLLEGE TRADING FUND (REVOCATION) ORDER 2013

2013 No. 490

1. This explanatory memorandum has been prepared by the Department for Communities and Local Government (“the Department”) and is laid before the House of Commons by Command of Her Majesty.

2. Purpose of the instrument

2.1 This instrument revokes the Fire Service College Trading Fund Order 1992 (S.I. 1992 No. 640) (“the 1992 Order”) which established a trading fund under the Government Trading Funds Act 1973 (“the 1973 Act”), for the operations of the Fire Service College (“the College”).

3. Matters of special interest to the Select Committee on Statutory Instruments

3.1 None.

4. Legislative Context

4.1. The 1992 Order established a trading fund for the operations of the College, which were first established in 1966 under section 23 of the Fire Services Act 1947, on 1 April 1992 under the 1973 Act, to be so managed that the revenue would consist principally of receipts in respect of goods or services provided through the College’s operations.

4.2. The 1992 Order provided that the operations of the College would be financed by means of the fund and designated the Secretary of State for the Home Department as the source of issues to the fund by way of loan. It further provided that the Crown assets and liabilities set out in the schedule to the Order were appropriated as assets and liabilities of the fund.

4.3. Machinery of government changes in 2001 resulted in responsibility for the College being moved from the Home Secretary to the Secretary of State of the Department for Transport, Local Government and the Regions which, following further machinery of government changes, became the Department in 2006.

4.4 This instrument revokes the 1992 Order. As a result of the revocation, the trading fund for the operations of the College ceases to exist.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 The College was established in 1966 and has become one of the world's largest operational fire and rescue training facilities. The College specialises in providing dedicated training and education for Fire and Rescue Services, emergency responders and a wide spectrum of commercial and public sector clients globally.

7.2 However, the College's ownership and governance arrangements as a trading fund have not provided the flexibility necessary for the College to operate with sufficient commercial success to achieve its full potential. The Government's response to the sector-led Fire Futures Report on 12 April 2011 stated that the College could achieve its potential only with greater involvement from other sectors (whether private, public or voluntary) in its ownership, operation and governance.

7.3 The Department undertook an extensive review and pre-market engagement in late 2011 which showed that commercial disposal of the business as a going concern was the option which met Government's objectives and gave the College the required flexibility and investment to enable a better chance of commercial success.

7.4 Following a competitive sales process, on 28 February 2013, the College's business, comprising its assets and liabilities as well as other property rights and assets used in connection with the operations of the business, were transferred to Fire Service College Limited ("FSCL"), a company established by the Department, and upon receipt of the agreed consideration, the shares in that company were immediately sold to Capita Business Services Ltd, a subsidiary of Capita plc.

7.5 To safeguard the availability of the unique types of training and education offered by the College, the Government has imposed a number of conditions on FSCL, including commitments not only that the business will continue in use as a national training college for fire and rescue authorities, but also that it will continue to offer wider national resilience and emergency services exercises. Clawback provisions have also been imposed in order to guard against any windfall planning gains made by the purchaser at the expense of the Government.

7.6 The sale proceeds were paid to the College and, along with any remaining cash in the College's bank account, transferred to the Department.

7.7 Now that the sale has completed, this instrument is being made as soon as possible so as to dissolve the trading fund.

- Consolidation

7.8 None.

8. Consultation outcome

8.1 In addition to the pre-market engagement referred to, the Department has regularly engaged with the fire sector, private industry, representative bodies, the local Member of Parliament and other Government Departments both prior to and during the competitive bidding process leading to the sale of the business of the College. Key representatives of the fire sector such as the Chief Fire Officers Association and the Local Government Association have expressed their full support for the new ownership arrangements.

8.2 The Department and HM Treasury have agreed jointly to bring the trading fund to an end.

9. Guidance

9.1 As the instrument is a revocation order there will be no guidance issued.

10. Impact

10.1 An impact assessment has not been prepared for this instrument as it has no regulatory measures, and imposes no burden on business, charities, voluntary bodies or citizens.

10.2 The instrument has little impact upon the public sector.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 The instrument will not be subject to review. However, the future governance arrangements for the College are likely to involve the Department where contractual matters agreed as part of the sale require its involvement.

13. Contact

Andy Ormerod-Cloke at the Department for Communities and Local Government Tel: 0303 444 1453 or email: andy.ormerod-cloke@communities.gsi.gov.uk will be able to answer any queries regarding the instrument.