

Lantra (a company limited by guarantee)
Trustees' Annual Report and Consolidated Financial Statements
For the year ended 31 March 2018

Charity no 1022991
Scottish Charity no SC039039
Company no 2823181

Index

Chair's Report	1 – 2
Trustees' annual report	3 – 11
Independent auditor's report	12 – 15
Principal accounting policies	16 – 19
Group statement of financial activities	20 – 21
Balance sheet	22
Group cash flow statement	23
Notes to the financial statements	24 – 37
Trustees, Senior Staff, Governance Committees and Professional Advisors	38 – 39

Chair's Report

Having taken over the Chair in November 2017, I am very pleased to introduce Lantra's Annual Report for the first time. However, it is with great pleasure that I first pay tribute to the outgoing Chair, Valerie Owen, and thank her for all her hard work for the Charity since January 2011.

During the past year we have been closely focussed on our charitable objective of promoting education and training. A significant part of this is delivered through our Awarding Organisation activity for which we are regulated by the respective bodies in England, Scotland, Northern Ireland and Wales.

As we are all too well aware, we live in exciting times. The publication of Mr Gove's consultation paper in February gave us some clues as to the Westminster government's preferred direction of travel; but much else is unknown. So much depends on the outcome of the discussions in Brussels and perhaps even more on wider trade negotiations that certainty of anything is hard to come by. However, I believe we can depend, with reasonable confidence, on having to face major and rapid change – far more rapid than has been our experience under the juggernaut of the Common Agricultural Policy. In this environment, inevitably some businesses will flourish and others will suffer.

Our core belief is that skills development benefits individuals, businesses, communities and society at large, by improving productivity and safety, and reducing risk. This is true in good times and hard, in times of change even more than in times of stability, and we believe we have a responsibility to do everything we can to support our clients to embrace change and become more resilient.

In line with our founding principles our work has been and will continue to be employer-led and we continue to foster close links with the land-based industries to ensure that we identify and respond to skills needs. We recognise that if things change rapidly for you, then we also need to be capable of rapid change, to provide the training and qualifications you need, when you need them. Therefore, we too aim to be more resilient and flexible in the provision of the skills training that these sectors will need.

The number of people upskilled as a result of Lantra's activities remains an important measure of the charity's success, this year 82,488 (2016/17; 83,853) individuals benefitted directly from Lantra' activity.

In addition to our Awarding Organisation work Lantra delivered a further programme of "Safety and Health Awareness Days" for farmers, on behalf of Health and Safety Executive (HSE). Our work programme on behalf of the Scottish Government is well-regarded and has attracted an increased offer of funding for next year. In Wales delivery of the "Farming Connect" programme remains on track and successful supply chain co-operation projects have led to a further significant offer of funding for the Food Skills Cymru project. Slow uptake of new apprenticeship standards meant that apprenticeship certification did not decline as we expected, Lantra has issued more than 5,000 apprenticeship certificates and maintained its "Grade 1" status for the quality of this process.

Chair's Report

Lantra participates in the "Times Best Companies" survey as a measure of "staff engagement" this also enables benchmarking against c. 900 not-for-profit organisations. We are delighted to have been recognised as "One to Watch" in 2017 and hope to progress to a star rating next year.

My thanks go to the Board for their welcome, their advice and their commitment. I would also like to pay tribute to our staff for both their hard work and their willingness to embrace change.

A handwritten signature in black ink, appearing to read 'H. Peck', with a horizontal line extending to the left.

Heather Peck BSc FCIPD ARAgS
Chair

Trustees' annual report

The Trustees present their annual report, which incorporates the strategic report, with the audited financial statements for the year ended 31 March 2018.

Trustees and advisors

Details of Trustees and advisors are included on pages 38 and 39.

Charity Registration Details

Lantra is a registered charity in both England and Wales, and Scotland. Its registration details are as follows:

Charity registration number: 1022991
Scottish Charity number: SC039039

Principal Office

Lantra House
Stoneleigh Park
Coventry
Warwickshire
CV8 2LG

Raising Skills, Backing Business

Lantra is a charity, and the Sector Skills Council for the land-based and environmental sector.

Our objective is to work closely with employers and stakeholders to ensure that businesses can attract new entrants and develop their skills to reduce risk and improve productivity.

Public benefit

The Trustees have considered the Charities Commission's requirement in respect of Public Benefit. In their view the charity meets, in full, the criteria to satisfy the test.

Financial Review

The financial statements show Lantra making a surplus of £209,178 (2017: £131,163). Upskill UK Limited made a profit of £8,862 (2017: £6,794). Lantra Awards Limited did not trade in the 12 months to 31 March 2018.

The Group has sufficient assets at the end of the year to meet its commitments and to support its future plans.

Trustees' annual report

Income

Total income for the year was £5,935,670 (2017: £5,425,229). This was generated from the provision of education and training services to employers £3,370,609 (2017: £3,319,754), from grants and contracts secured from Government departments and agencies £1,987,189 (2017: £1,435,281), and from other trading activities £574,553 (2017: £659,647). Lantra does not undertake any fundraising activity.

All funds have been allocated to support charitable activities including costs associated with awarding and learner support, and general administrative expenditure.

Expenditure and net income

The Group incurred total expenditure for the year of £5,708,039 (2017: £5,294,066). Payroll costs continue to be Lantra's largest expenditure.

Reserves policy

During the year the Trustees reviewed the level of reserves which are held in order to:

- Underwrite funding of the Charity's activities against periods of deficit
- Provide initial funding for the development of new services
- Provide confidence to external funding agencies that the Charity is prudently controlled
- Discharge all the Charity's obligations should it cease operations.

The recent ITB Pension Funds figures indicate that Lantra has a buyout debt of £16.9 million. However, the Trustees consider that the likelihood of this being triggered is relatively small. In consideration of the above the Trustees have set a target to achieve a level of reserves which can cope with the worst-case pension fund deficit which may arise in a five-year period. This has been calculated as £3.6m. In addition, there are wind up costs to provide for which total £1.4m. The Trustees have therefore set a medium-term reserves target of £5.0m.

The level of unrestricted reserves held at 31 March 2018 for the Group was £2,720,503 (2017: £2,510,928) and for Lantra £2,704,544 (2017: £2,503,831) as shown in Note 15. There are no reserves which are in deficit at 31 March 2018.

Investment policy

During the year the Trustees decided to make a long-term investment in a total return fund with the aim of securing the real value of assets. There are no other material investments beyond bank deposits and its investments in group companies.

The investment policy is reviewed annually taking account of the Charity's assets and future cash requirements.

Lantra does not make any social investments.

Trustees' annual report

Financial risk management

The policies for managing risk are summarised below and remain unchanged from the previous year.

Interest rate risk

The Charity considers movements in interest rates to be the main financial risk. The Trustees have considered this risk and decided to amend their approach by investing in a total return fund.

Outlook

The plan agreed by Trustees in 2016/17 focused on building sustainable income from training and qualifications while maintaining capability to deliver other skills-related projects where funding is available. Both activities contribute to delivering our charitable objectives. Having reviewed the plan in 2017/18 Trustees believe that it remains viable and appropriate.

Taxation status

Lantra and its subsidiary, Lantra Awards Limited, are exempt from corporation tax on their charitable activities. Upskill UK Limited will pay tax on profits generated in the future.

Third party indemnity provision for Trustees

Qualifying third party indemnity provision is in place for the benefit of all Trustees of the Charity.

Achievements and Performance

Increasing access to learning and qualifications

Maintaining a portfolio of courses and qualifications that reflect modern work practices is a critical part of Lantra's role. During the year 56 new products were delivered. To support delivery of our products we added 110 instructors to our accredited network.

Developing Standards

Despite the demise of UKCES, Lantra has continued to be active in development of National Occupational Standards (NOS), qualifications and frameworks, now commissioned by Skills Development Scotland. This year Lantra delivered over £200,000 worth of outputs relating to NOS, apprenticeship frameworks in Wales and Modern Apprenticeships in Scotland. It is pleasing to note that Lantra's strong reputation in this area led to the award of work on standards in the Logistics sector following the failure of the previous provider.

Trustees' annual report

Promoting the sector to new entrants

Careers activity remains constrained by limited funding but is central to Lantra's role in Scotland and Wales. In addition to providing information our "...Learner of the Year Awards" in both countries showcase achievements and promote opportunities in the sector. In Northern Ireland, where a standalone awards event is not viable, Lantra has continued its involvement in the Farming Life Danske Bank Awards, by sponsoring "Commitment to Training Award".

Plans for future

Working closely with industry to develop high quality workplace-relevant training and qualifications is our core purpose. In addition to our traditional face-to-face products we see a growing role for eLearning and online; having successfully launched our eLearning offer in 2017 we plan to expand this portfolio including some blended courses.

Research conducted in 2017 has highlighted availability of accredited instructors as a potential threat, having reviewed approval processes in 2017 we will actively grow the instructor network in 2018.

The two other areas where we see opportunity to significantly increase business are through improving the resilience and efficiency of booking and certification processes and through more effective marketing. The latter will place greater emphasis on digital channels including a new website and complimentary social media strategy.

In response to the changes to English apprenticeships, Lantra is working with a group of land-based colleges to provide a new End-point Assessment service for new land-based apprenticeship standards.

We measure our success through a range of performance indicators including the number of quality assured providers and instructors, the number of individuals and businesses who benefit directly from Lantra's support.

Governance and management

Governing document

The Charity (Lantra) is a company, limited by guarantee and incorporated on 2 June 1993, it has no share capital. Its Memorandum and Articles of Association were last updated on 30 July 2015. The Charity has two wholly owned subsidiaries, each governed by their own Memorandum and Articles of Association.

- Lantra Awards Limited; a charity whose business was transferred into Lantra on 1 July 2011 and is now dormant
- Upskill UK Limited; a company incorporated on 28 August 2007, to take forward the commercial opportunities.

The term 'Group' refers to the combined activity of Lantra and its subsidiaries.

Trustees' annual report

Appointment of Trustees

Trustees are appointed independently with recruitment and selection based on an assessment of the skills and experience needed. This assessment is updated regularly. Recruitment is planned to replace Trustees as their term of office expires and to fill casual vacancies as they arise.

Trustee induction and training

Incoming Trustees receive induction to ensure that they understand the charitable aims and strategic objectives of the Charity as well as the operation of the business and the duties and responsibilities of a Trustee. Performance of the Board and of individual Trustees is reviewed on an annual basis. Training and development is undertaken to ensure that knowledge and skills are appropriately maintained.

Organisational structure

The organisation structure consists of the main Board supported by the Audit and Quality Committee and the Remuneration Committee.

The Board of Trustees is comprised of not less than nine nor more than thirteen competent individuals; Trustees who served during the year were:

Valerie Owen OBE (Chair) (Resigned 2 November 2017)
Heather Peck (Chair) (Appointed 2 November 2017)

William Lyle Andrew (Appointed 6 February 2018)
Richard Capewell
Richard Clarke
Jane Craigie (Appointed 1 January 2018)
Henry Graham
John Henning (Appointed 2 August 2018)
Richard Longthorp OBE (Resigned 14 December 2017)
Dr Geoff Mackey
Ian Marshall (Resigned 26 July 2018)
Dr Geraldine Newton-Cross (Resigned 20 June 2017)
Peter Rees
Nigel Titchen
Stephen Vickers (Resigned 4 May 2018)

The Board of Trustees meets at least on a quarterly basis to ensure that the Charity is meeting its charitable objectives and remains financially sound. Trustees provide the strategic direction for the Charity and agree operational plans which are implemented by the Executive Team. Trustees regularly monitor strategic and operational performance through regular reports against agreed metrics and targets.

Related parties

Lantra as a Sector Skills Council (SSC) is part of a wider network of Sector Skills Councils licensed by Government. All these organisations share common goals and objectives but are entirely independent of each other.