

EXECUTIVE SUMMARY

BACKGROUND

1. ATB-Landbase was formerly the Industry Training Organisation for the agriculture and commercial horticulture sector. On 1 April 1998, it was absorbed into a consortium which bid successfully to assume National Training Organisation (NTO) status for the whole land-based sector. This new organisation is called Lantra.
2. The Ministry of Agriculture, Fisheries and Food (MAFF) contributes to the core corporate costs of Lantra. The current contract is worth £1.5 million and runs for three years until 31 March 2000. Although the contract was awarded initially to ATB-Landbase (in April 1997), the bulk of the funding has been used to support Lantra (April 1998 onwards).
3. The purpose of the evaluation was to consider whether there continues to be a valid economic rationale for core funding Lantra and whether the current contract should be renewed when it expires on 31 March 2000. In addition, the evaluation was to consider the terms and conditions which should underpin any future contract with Lantra.

OBJECTIVES

4. The specific objectives of the evaluation, as defined in the study terms of reference, were to:
 - Consider the strengths of a continuing rationale underlying MAFF's contract funding of Lantra and the nature of appropriate policy objectives, taking into account any likely market failure in the provision of training to the agricultural and horticultural industry.
 - Assess the extent to which the current arrangements meet MAFF's policy objectives, to consider whether they represent value for money and to develop measurable, meaningful and cost-effective performance indicators.
 - Evaluate the impact of the MAFF contract in terms of Lantra's success in bidding for further project-orientated funds and the quality of training support and NTO services thereby provided.

- Assess the value placed by the agricultural industry on the services provided through the contract and investigate the scope for the industry taking a greater role in funding its training co-ordination.
- On the basis of the above, consider whether the contract with Lantra is the best way of delivering MAFF’s policy objectives in this area and to set out the arguments for, and against, the continuation of the current MAFF contract.

KEY FINDINGS

5. There is considered to be a strong case for continuing MAFF core contract Arguments for, and against, continuation of the contract are presented in Box 1.

BOX 1 THE CASE FOR CONTINUING THE CURRENT MAFF CORE CONTRACT	
ARGUMENTS FOR CONTINUATION	ARGUMENTS AGAINST CONTINUATION
<ul style="list-style-type: none"> • It is essential for the agriculture and horticulture sector to have a strong NTO to represent its interests. • It is essential for the agriculture and horticulture sector to have an organisation to co-ordinate its training infrastructure. Lantra is best placed to undertake this role. • Lantra has made reasonable progress in achieving MAFF’s education and training policy objectives over the period of the current contract and overall its strengths are considered to outweigh its weaknesses. • MAFF can achieve more by supporting Lantra than pursuing its own education and training initiatives. For example, in 98/99 Lantra generated £3.5m income from other public bodies made possible by MAFF’s £450,000 contribution to core costs. • The MAFF core contract has been essential to the effective operation of Lantra over the contract period. 	<ul style="list-style-type: none"> • Might force others to grant-aid Lantra core overheads i.e. DfEE, industry or trade associations. However, a risky course of action which could also bring down Lantra. • Would force Lantra to develop other sources of commercial income. However, this could lead to hasty action and conflicts of interest, undermining Lantra’s credibility with industry and Government.

<ul style="list-style-type: none">• There is no natural market for the strategic services provided by NTOs and hence, there is limited scope to generate more industry funding for Lantra (although some commercial opportunities exist).• If the contract were not continued Lantra would face a funding crisis. After March 2000, Lantra faces enormous uncertainty with the MAFF core contract due to end and the substantial Sector Challenge contract (which also contributes to overheads) and all its existing European contracts due to end in June 2000. MAFF core funding will be essential to provide some stability and basis for long term planning in the future.	
--	--

6. There is a strong case for negotiating any extension to the MAFF core contract after 31 March 1999 on an annual basis because:
 - There is an argument that in circumstances where NTOs have brought together many former sector training bodies, some recognition of the extra costs and burdens this imposes on NTOs should be made by DfEE in terms of provision of some core funding for these NTOs. This is an issue which MAFF should pursue with DfEE albeit that DfEE's budget for NTOs does not make this possible in the short term.
 - Major policy developments are planned for post-16 education and training provision in the next few years through which more funding may be available to strengthen the capabilities of NTOs, which might negate the need for MAFF core funding.
7. However, the above has to be balanced with Lantra needing some secure funding to provide a basis for planning in the future. What is valuable about the current core MAFF contract is not just funding it provides, but the fact that it is guaranteed for three years. Given that much of Lantra's funding is via short term contracts, it is important to have some regular income coming into the organisation.
8. On balance, therefore, MAFF's core contract with Lantra should continue to be negotiated on a three year basis. However, MAFF should keep funding policies for NTOs under review and there should be flexibility to vary the MAFF grant should more core funding for NTOs become available in the future.

9. The core contract should continue to provide funding for development services, communication services and corporate services. All three functions are vital to the operation of Lantra and MAFF core contract funding is essential to the effective delivery of these services.
10. There is a case for some re-distribution of funding from development services to communication services. There is a real need for investment in promoting Lantra and building confidence in this new organisation among the grass-roots agricultural and horticultural community. The need to promote the concept of staff development generally and NVQs specifically has also been stressed by industry representatives consulted for this study.
11. Any future MAFF contract with Lantra should be structured to ensure that funding is linked to performance. Suggestions on how this could be achieved are presented in the main report. Recommended levels of funding and performance targets for any future contracts with Lantra are contained in a separate confidential annex to the report.
12. The recommendations derived from the evaluation are as follows:
 - **Recommendation 1:** MAFF should extend its core contract with Lantra after the current contract ends on 31 March 2000.
 - **Recommendation 2:** The basis on which the core contract is extended will need to take account of Lantra's Sector Challenge contract expiring in July 2000.
 - **Recommendation 3:** The basis on which the core contract is extended should be discussed with other UK Agriculture Departments which also have contracts with Lantra due to expire in 2000. The scope for greater joint funding of core overhead costs should be explored.
 - **Recommendation 4:** The current core contract should be extended for a further three year period subject to no new core funding initiatives for NTOs being announced prior to 31 March 2000.
 - **Recommendation 5:** It is possible that new sources of funding to improve the capability of NTOs will become available over the next few years. Policy developments of this kind should be monitored through regular contact with DfEE and flexibility to vary MAFF funding accordingly should be built into the core contract.
 - **Recommendation 6:** The scope for DfEE contributing to the core costs of NTOs (like Lantra) which have brought together many former sector industry training bodies should be explored.

- **Recommendation 7:** The core contract should continue to provide funding for development services, communication services and corporate services. Some re-distribution of funding from development services to communication services should be considered.
 - **Recommendation 8:** The core contract should be structured to ensure that funding for each team supported within Lantra is linked to performance. Suggestions on how this could be achieved are presented in the main report.
13. Additional recommendations relating to funding/targets for any future contract with Lantra are contained in the separate confidential annex to the report.