



Letchworth
Garden City
Heritage Foundation

Report & Accounts

to 31 December 2021



“It was the best of times,
it was the worst of times”

The well-known introduction to Charles Dickens’ *A Tale of Two Cities* almost perfectly describes the beginning of 2021.

The welcome arrival of the first vaccines made us feel more optimistic. Until the emergence of the Delta variant, that is. It was much more ferocious and led to further lockdowns. And then, as the year was coming to an end, a new and highly transmissible variant appeared on the scene: Omicron.

Like other business operations in this country, we adjusted our activities in response to the rapid changes in the pandemic. We had to work enormously hard to achieve two key objectives: to maintain our income streams and support local businesses wherever we can; and to maintain our grant funding levels, to help those in most need because of the pandemic.

I am pleased and very proud to say that we have enjoyed great success against the odds in both of these objectives, as you will see in the detail of this report. These objectives were achieved thanks to many hours of planning and replanning different scenarios and financial forecasts – whatever happened on the pandemic front, we had a plan for it.

The year also saw us undertake the first significant review of governance since the Foundation was founded by Act of Parliament in 1995. Much has changed in terms of legal requirements and good governance over the past 27 years. We needed to bring the Foundation into line with the Nolan Principles and the Charity Code of Governance.

Welcome from our Chair

When we reduced our staff count in 2020, many of those remaining had to pick up additional duties. This situation continued in 2021, when large numbers of work meetings had to be undertaken remotely. All our teams excelled themselves in their efforts, despite added pressures such as having to isolate periodically, testing positive or close family members falling ill. For many staff, and several Trustees and Governors who stepped up to help, the past two years have been challenging, to say the least – a ‘once in a century’ event indeed.

This will be my last report as Chair. For reasons of age and health, I will be stepping down from my role and from the Foundation. There will be continuing challenges in the coming years and it is my firm belief that the Board and the Governorship will benefit from having a younger, more energetic and diverse cohort of members – their future is at stake and we must enable them to determine what that should be.

I am very proud to have been the first woman Chair and am hugely grateful to all the staff and volunteers who have supported

me and the Foundation without hesitation or complaint throughout this very tough time. I wish my successor, Gareth Hawkins, all the very best for his Chairmanship. Letchworth is so fortunate to have the Foundation and I have every confidence that under Gareth and Graham’s leadership it will go from strength to strength.

A handwritten signature in dark ink, appearing to read 'Pam Burn'.

Pam Burn
Chair

Reflections on 2021 from our Chief Executive

The past year was another complex one for the Foundation, with the pandemic continuing to dominate our focus and activity, as well as the work of our partners.

We felt this particularly strongly through our grants programme. In 2021 we couldn't award the expected level of funding because many local groups and organisations were unable to operate and apply for funding. Indeed, a number of those who were operating and had applied for funds were subsequently unable to accept them because their day-to-day capacity had changed. Our charitable impact had also been scaled back by our 2020 cuts programme. As a result we have reviewed our focus to ensure our grants programmes focus on regrowth, rebuilding and community support.

As the cost of living, interest rates and inflation continued to rise, the importance of the Foundation's role in providing significant funding to tackle poverty and offering support to local families and children was starkly highlighted. We are dedicated to building on our commitments to residents as much and as effectively as we are able.

Throughout the year we worked hard to initiate our financial recovery roadmap, which will ensure that we continue to maximise our operations across our charitable objectives. In addition to our property income improving and rent arrears falling, we brought in significant external funding for the gallery and collection. When combined with our own investment, this enabled us to develop our arts, culture and heritage offer.

We reported a healthy surplus in our 2021 accounts, thanks in part to some non-recurring land and asset sales, as well as the transfer of our subsidiary into the Foundation. We used the surplus to finance our capital maintenance and investment programme; repay our Coronavirus Business Interruption Loan in full; and reinvest funds focused on capital growth, which will also generate future income. It's very encouraging to see the green shoots of recovery and we are well placed for our operations in 2022 and beyond.

The progress we made with key stakeholders on the Local Plan will enable us to sharpen the focus of our development ambitions for the

coming years. Plans for our flagship development to the north of the Grange Estate (LG1) progressed during the year, paving the way for us to reach out for further community consultation in 2022. The development will offer much-needed affordable housing, a new primary school and a neighbourhood centre. It will also improve the recreational ground and introduce innovations that typify the style and spirit of Letchworth Garden City.

In 2022 we hope to be able to put the pandemic behind us. We are feeling positive about the future and are busy developing our new five-year strategy – a welcome opportunity for us to rethink how our work can maximise the benefits we provide to our town's residents and businesses.



Graham Fisher
Chief Executive



About this report

The purpose of this report is to give an update on our achievements against the objectives set out in our Strategic Plan and on our financial performance in 2021.

Who we are and what we do

Our vision is to make Letchworth
a great place for everyone who
lives and works here

We are here to improve the lives of everyone who lives, works and goes to school in Letchworth Garden City. This means not only looking after the physical aspects of our town but also supporting the social, economic and cultural wellbeing of our whole community.

We use the income from our residential and commercial property portfolio, all of which is in Letchworth, to fund the activities that we deliver.

This financial model is known as 'value capture'. It helps us deliver dozens of community projects and workstreams throughout our venues, services and grants programme.

Our purpose was defined by the Letchworth Garden City Heritage Foundation Act 1995, which transferred to us the assets, role and responsibilities of the former Letchworth Garden City Corporation, a public sector body. We are a registered society under the Co-operative and Community Benefit Societies Act 2014, with charitable status, registered number 28211R.

In a typical year our teams work across a broad range of areas covering the six charitable commitments ('objects') set out in our constitution:



Heritage and Environment



Recreation and Leisure



Education and Learning



Tackling Poverty and Improving Wellbeing



Grant Funding and Charitable Support

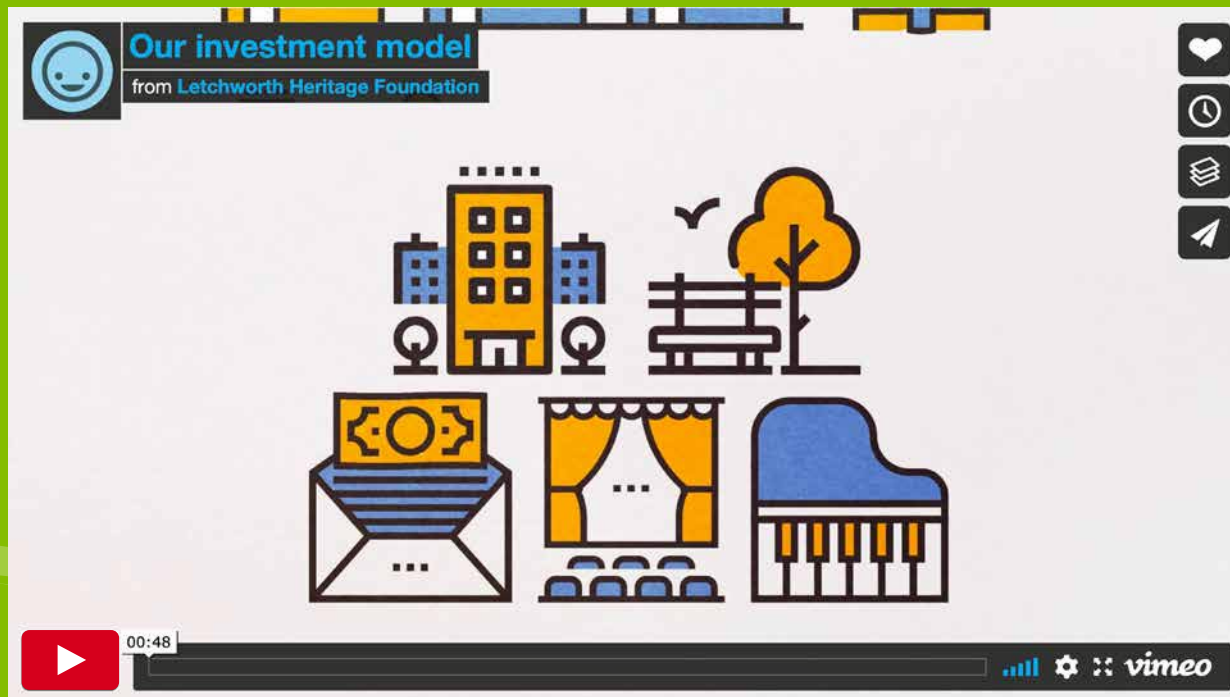


Community Support

Activities include:

- Working with families and schools to give children the best possible start in life
- Encouraging and supporting a new generation of entrepreneurs to develop businesses in Letchworth
- Enabling people from across our community to access arts, culture and heritage services and events
- Developing plans to create housing for people at different stages of their lives, including those who want to stay in their hometown
- Maintaining the Greenway and other open spaces, to make sure people can enjoy the outdoors.

Our strength lies in developing partnerships that offer the best opportunities to everyone who lives here. We want to enable everyone to get the most out of life, at every age and every stage of life. That's why we use data and insight to shape our decisions. Our focus is on understanding the people of Letchworth and adapting our services to the needs and in the interests of users and those who would like to use them.



Click to view www.letchworth.com

“ We use the income from our residential and commercial property portfolio, all of which is in Letchworth, to fund the activities that we deliver. This financial model is known as ‘value capture’. It helps us deliver dozens of community projects and workstreams through our venues, services and grants programme.

2021 strategic objectives and priorities

We aimed to achieve our vision by focusing on our revised strategic objectives and priorities.



Improving life chances for people in Letchworth

- Continue to address poverty and inclusion through our Families and Young People's Project
- Adapt our grants programme to support emerging areas of need, including financial and digital inclusion, and continue to provide grant funding to organisations impacted by COVID-19
- Pilot a neighbourhood social action project
- Commission projects and activities to help reduce poverty and hardship
- Support young unemployed people by taking part in the government's Kickstart scheme



Ensure Letchworth continues to be a great place to live

- Launch a Great Outdoors campaign to encourage people to use the Greenway and other green open spaces in Letchworth
- Create a cultural learning programme for schools, using the story of the Garden City to engage children in the story of their hometown and build civic pride
- Showcase local talent through the Letchworth Culture Project
- Improve our online Heritage Advice Service to make it easier for homeowners to apply to make improvements to their properties



Initiate a financial recovery roadmap

- Support town centre recovery by working with the BID to encourage more people to shop local
- Explore opportunities to adapt the spaces we own to create co-working spaces for start-ups, freelancers and the creative community
- Collaborate with the School for Social Entrepreneurs to support local entrepreneurs to scale up their businesses and explore opportunities to encourage enterprise development
- Work with partners to scope a town-wide loyalty scheme to encourage people from Letchworth and the surrounding area to shop, eat out and come to our cinema, gallery and museum
- Build capacity and income through external funding and work with partners to identify collaborative opportunities to attract funding into Letchworth
- Make our venues more commercially successful



Increase investment in Letchworth

- Launch our new fundraising strategy to support the future of our arts, culture and heritage venues and community programmes
- Take a leadership role to advocate for investment in Letchworth to address the needs in our town
- Research and map Letchworth's economic future, including local areas of bioscience and digital
- Work with our partners to explore whether Letchworth can become a 'smart town'
- Respond to the outcome of the Local Plan



Outcomes and impact

Our strategic objectives provide strong guidance for our teams. Alongside this, we are focused on delivering outcomes for the local community that will ultimately improve the quality of people's lives.

Beneath our strategic objectives lie eight specific outcomes, which are outlined in the framework shown on the right. This clear framework enables stakeholders and service users to understand what the Foundation aims to achieve. It also allows every colleague at the Foundation to recognise the difference that they are making.

We measured the case studies shown in the following pages against these outcomes.

The outcomes we aim to achieve



Letchworth **children** participate in a range of **cultural opportunities**



The town centre is **vibrant**



Isolation in Letchworth is reduced, particularly for **older people**



Letchworth is known for its **cultural** offer



A **high quality** of life in Letchworth for **all** residents



Supported families have improved **opportunities** and life chances



The **unique character** of the town is understood and **celebrated**



People's **health and wellbeing** are improved through increased levels of **physical activity** and **community** involvement

Measuring our Work

Much of our planned work for 2021 was cancelled, adapted or postponed due to the pandemic. However, the great number of lessons we learned in 2020 helped us deliver services our services in more agile ways and allowed us to make headway in new directions.

As you'll see from the following pages, despite ongoing challenges, the Foundation has much to be proud of.

Gathering evidence and analysing data remained central to our work

Fiona Grant, *Research and Evaluation Manager*



Having identified some areas of concern in 2020, in the wake of COVID-19 we prioritised tracking and analysing key data sets to understand whether things were improving.

For example, we ended 2020 with youth unemployment at 12.8 (3.7% above the England average). To address this, we took part in the government's Kickstart scheme, which supported 16- to 24-year-olds on Universal Credit. Five Kickstarters had placements with the Foundation in 2021 (see page 16), bringing a fresh perspective and energy to the work that we do.

Building on the strong partnerships developed with local charities and organisations to support the local community during the pandemic, partners were generous in sharing their expertise with us, including details of trends. This information enabled us to better understand

the challenges Letchworth residents faced in the wake of the pandemic. And our conversations with partners often resulted in creative responses to meeting the needs of the community.

Data was equally important in supporting our arts, culture and heritage venues. It allowed us to put forward compelling cases to funders to support our work with families at the Broadway Gallery, for example, and to develop new projects to meet the needs and interests of the community.

In 2022 the Office for National Statistics will publish the Census 2021 data. This will provide a more up-to-date view of our community, enabling us to keep making decisions that will have a positive impact locally.

Equality, diversity and inclusion (EDI)

In 2021, the VOICE EDI forum was officially formed. The Foundation is committed to making sure that EDI is part of the DNA of the organisation, both internally and through our work. VOICE enables us to examine our work, and make changes where necessary.

The group focused on the following.

Flexible working

Changes to working patterns were a necessary consequence of the pandemic. VOICE used lessons learned during this period to champion flexible working for the benefit of the Foundation and its staff. We hope these long-term changes will help existing colleagues, while also helping the Foundation to recruit from a wider pool talent by offering a modern approach to flexible working, to meet the needs of staff who have parental, caring or other life responsibilities.

Training

We need an ongoing training programme, to make sure EDI becomes embedded in our organisational culture. The core team and the wider team (including venues staff, trustees and governors) all received training in 2021.

Diversity survey

An initial survey across the organisation looked at how representative the Foundation is of the local community. VOICE will repeat the survey regularly and we will use the results to inform our recruitment policy.

Awareness calendar

VOICE identified opportunities for us to learn more about and celebrate diversity internally. Using a calendar approach added structure and regularity, to help people engage with and embed EDI in the Foundation's DNA.



VARIETY

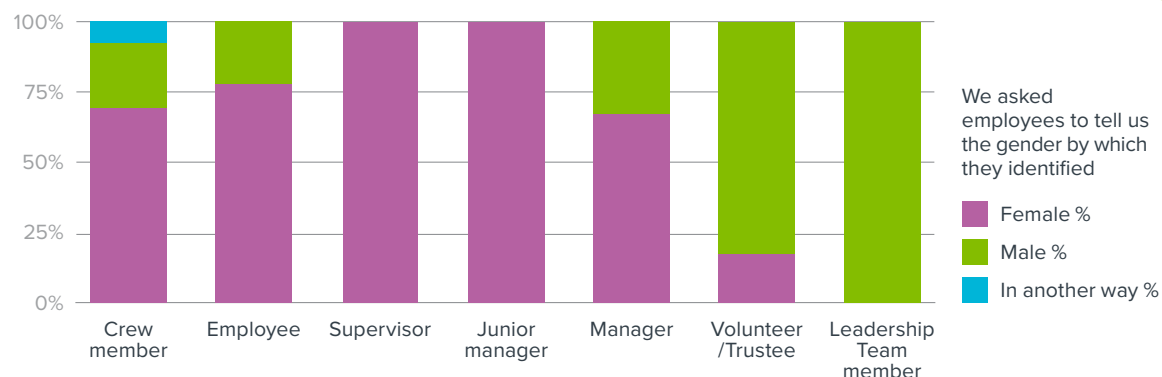
OPPORTUNITY

INCLUSION

CHANGE

EQUALITY

Gender identity split at different levels of the organisation





Improving life chances for people in Letchworth

Continue to address poverty and inclusion through our Families and Young People's Project



Letchworth **children** participate in a range of **cultural opportunities**



The **unique character** of the town is understood and **celebrated**



Supported families have improved **opportunities** and life chances



People's **health and wellbeing** are improved through increased levels of **physical activity** and **community** involvement

By the age of seven, most children's future will have been determined. That's an alarming thought.

It underlines why a good start in life is so important, whether through education, parenting or life experiences. Having a better understanding of Letchworth's children and young people is enabling us to deliver programmes and activities that are having a positive impact on their start in life and enhancing their life chances.

We want to make the town a great place to live for every child in Letchworth and we used a mix of channels to deliver on this pledge throughout 2021.



Some of the activities we delivered in 2021

This is a time to reflect on our great successes, but also to identify areas that have potential for further development.

Greenway 'Bug Out' half-term event

53 adults took part

41 children took part

Museum and Gallery

294 children visited the Outdoor Museum in 2021

269 people used the Kids Gallery

251 family arts club attendees

Acorn Activities, including collaboration with gallery and museum

2 Acorns community events with Outdoor Museum

4 family sessions in the community hosted by Acorn Activities and Broadway Gallery

47 families engaged with Acorn Activities



Grants

£86,488 grants awarded in total

Including

£11,500 to create a new classroom at the Apna Punjabi school for teaching young people Punjabi and as a space for wider community use

£9,102 to Herts Disability Sports to teach primary school children of all abilities to cycle safely

£2,000 to provide food and arts & crafts activities during the summer holidays



Happy programme – summer holiday places for Letchworth children

270 children were given the opportunity to take part in Happy Programme – a 4-week summer holiday programme

1080 activity days available for Letchworth children through the Happy Programme



Standalone Farm admissions

170,649 total admissions in 2021

25,698 child tickets redeemed



Standalone Farm events

3,954 event admissions in 2021



Improving life chances for people in Letchworth

Adapt our grants programme to support emerging areas of need, including financial and digital inclusion, and continue to provide grant funding to organisations impacted by COVID-19



A **high quality** of life in Letchworth for **all** residents



Supported families have improved **opportunities** and life chances

In early 2021 we adapted our grants programme. We awarded more than **£100,000** to groups and charities, and supported them by:

- Working in partnership with grant recipients to help them with resources that extended beyond financial support. We shifted our focus from emergency help to rebuilding. For example, sports clubs and community centres had been forced to close temporarily due to COVID-19 restrictions, leaving many with a financial shortfall, so we supported them to refurbish, adapt or buy new equipment
- Helping charities to expand their work in Letchworth whenever the needs of the community increased because of COVID-19.

Longer-term projects benefited too, although we committed to fewer of them than would normally be the case. Citizens Advice North Herts manages the Letchworth Financial Health Project, which was created to improve the financial wellbeing of Letchworth residents. Research & Evaluation Manager Fiona Grant worked in partnership with Citizens Advice to create a full picture of how people in the area were coping during the pandemic. This helped us to gauge the Foundation's impact on the town and to identify needs that we could help meet.

Letchworth Financial Health Project

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Letchworth residents accessed individual advice



The top two debt issues were Council Tax and rent arrears



Individual advice helped users claim over £115,000 and write off over £33,000 in debt



72%

of clients who accessed individual advice identified themselves as disabled or with a long-term health condition



Financial Capability workshops were created



referral partnerships were developed and a further 6 community partnerships were established



**citizens
advice**

**North
Hertfordshire**



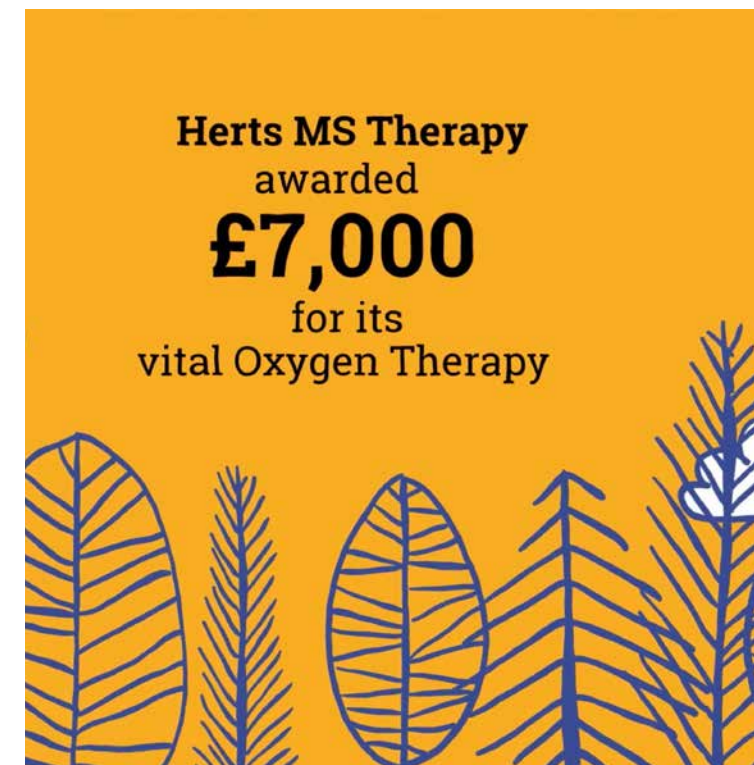
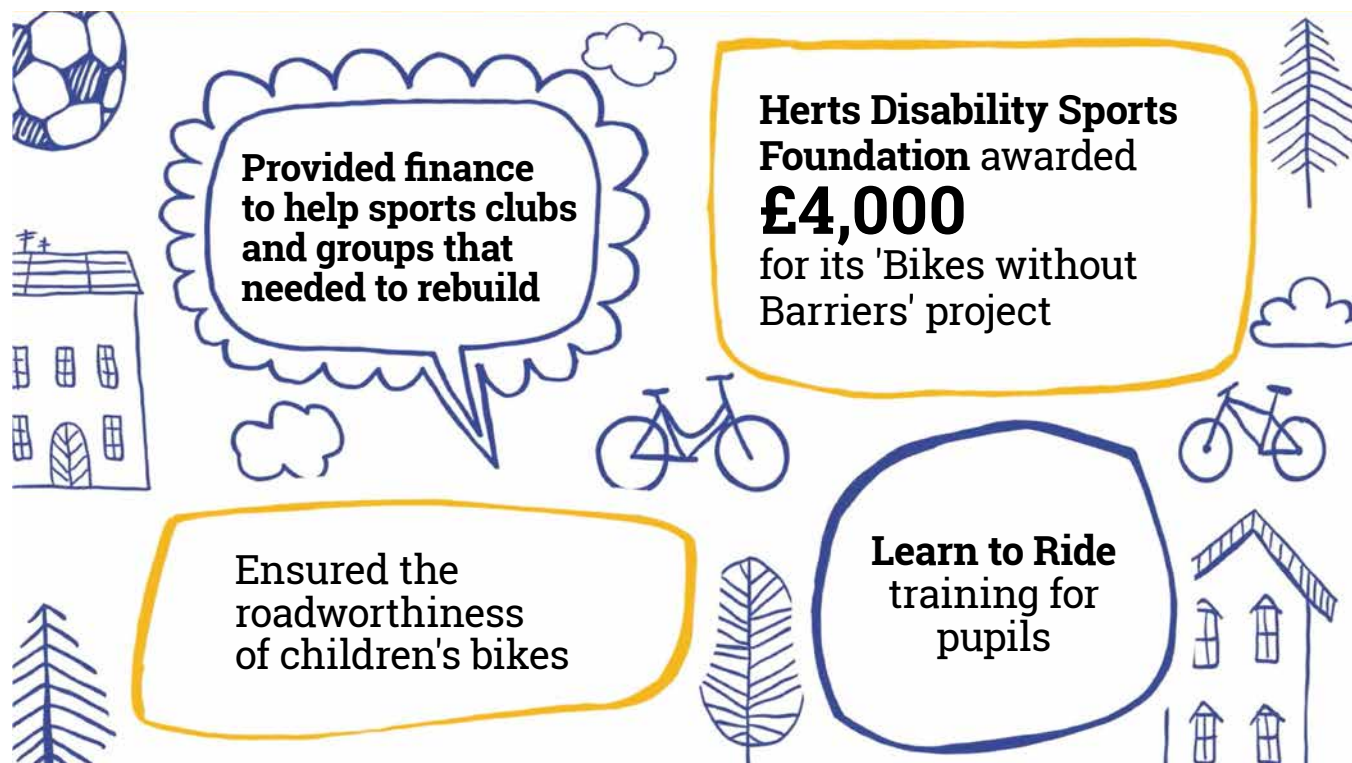
Improving life chances for people in Letchworth *continued*

In 2021 we paid out £414,000 in grant funding, which is around £160,000 less than the 2020 figure. This reduction is partly because we received fewer applications for support – most of the groups and charities we work with were affected by the pandemic and many were unable to operate. The total amount we awarded during the year was actually £464,000, but many groups were unable to accept their grant, having temporarily curtailed their operations.

As groups begin to return to normal operations, we expect to see our grants programme thrive and grow in 2022 – both in terms of our financial support and the number and diversity of applications we receive. Our strong focus on building data and partnerships will enable us to work closely with more organisations moving forward.

Objectives that remain high on our agenda include piloting a neighbourhood social action project; and commissioning projects and activities to help reduce poverty and hardship. We will continue to work towards these key outputs in 2022 and beyond.

How we supported the local community in 2021



“ *In early 2021 we adapted our grants programme to support emerging areas of need, including financial and digital inclusion, and to keep providing grant funding to organisations impacted by the pandemic.*



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Improving life chances for people in Letchworth

Support young unemployed people by taking part in the government's Kickstart Scheme



A **high quality** of life in Letchworth for **all** residents



Supported families have improved **opportunities** and life chances

The Kickstart Scheme provided employers with government funding to create new jobs for 16- to 24-year-olds on Universal Credit and at risk of long-term unemployment. It covered candidates' wages, National Insurance and pension contributions. The Foundation supported it in 2021 and saw great results.

Kickstarter Serina Lall started in the role of Digital Content Assistant in May. She worked with the Communications team, delivering content for planning and for social media. She learned about deadlines and how meetings are run, and she picked up new skills in first aid and Excel. The steep, seven-month learning curve has put Serina in a good position for future employment.

In October Kickstarter Joy Aina joined us as Marketing and Communications Assistant for Communities, Learning and Environment. Tasked with helping the Communications team promote the work of the Foundation in this area in more dynamic ways, Joy helped the team engage more effectively with younger people. She got involved in the Great Outdoors project and helped create the Foodbank video grants case study.

Kickstarter Claudia Brett-Hulse started her six-month placement in May 2021. As Event Coordinator, Claudia's role centred on promoting and encouraging the use of the Garden City Greenway, including helping to organise a successful 'Bug Out' event. She also launched a new project that will see local Scout groups taking to the Greenway later this year. All at the Foundation were so impressed with Claudia and her outstanding work that she was offered a position as Supervisor at Broadway Cinema & Theatre, where she will apply her skills in event management to develop and promote venue hire across our venues.





Ensure Letchworth continues to be a great place to live

Launch a Great Outdoors campaign



A **high quality** of life in Letchworth for **all** residents



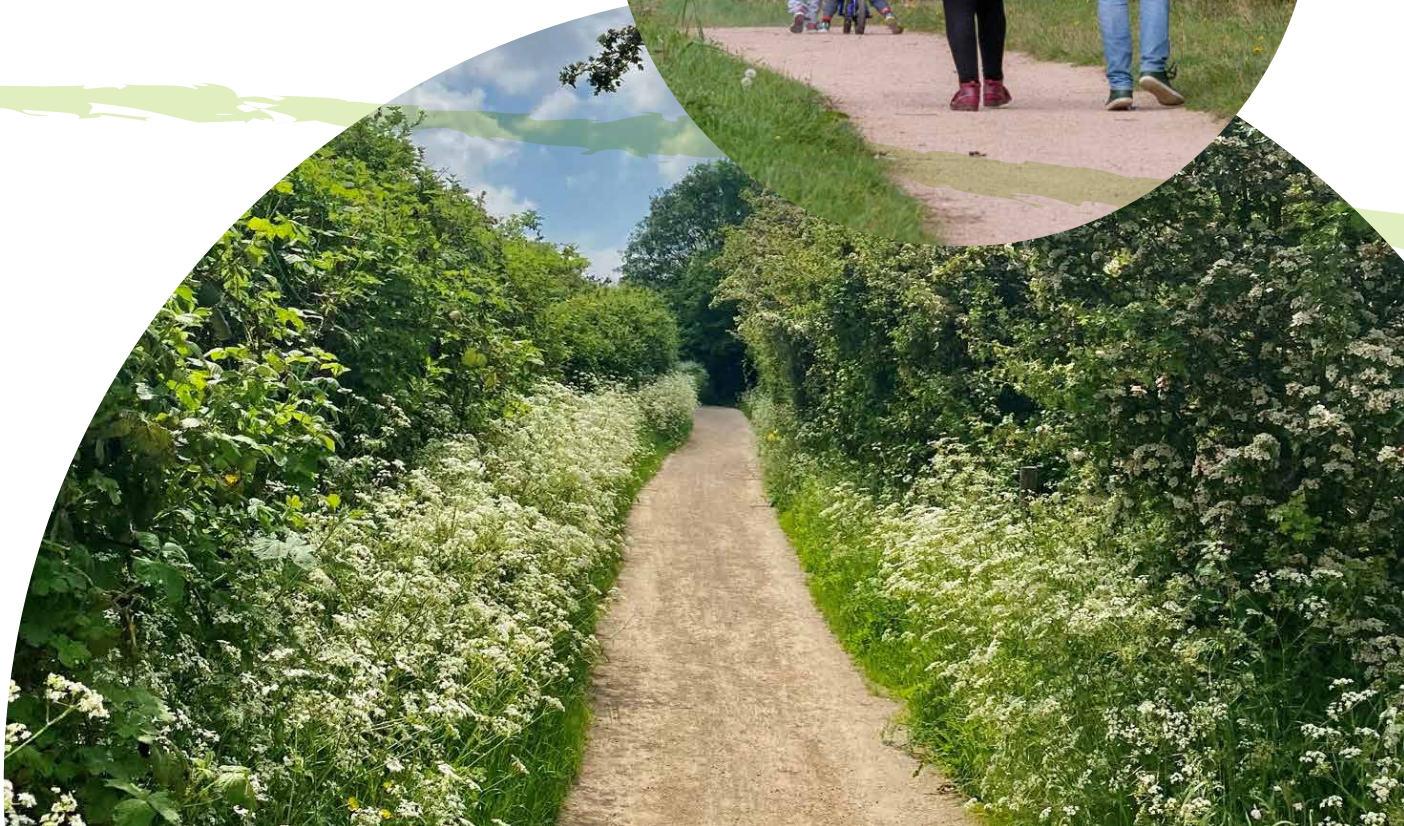
Supported families have improved **opportunities** and life chances



People's **health and wellbeing** are improved through increased levels of **physical activity** and **community** involvement

Our Great Outdoors campaign encouraged people to use the Greenway and other green open spaces in Letchworth.

We launched our first ever Greenway events programme in October 2021 to test the market for outdoor events. Despite poor weather, the programme was a significant success. We have established a partnership with the Scouts and others to develop a new Greenway badge, which will be launched in 2022 along with other scouting/uniformed youth engagement activity.





Ensure Letchworth continues to be a great place to live

Create a cultural learning programme for schools, using the story of the Garden City to engage children in the story of their home town and civic pride



Letchworth **children** participate in a range of **cultural opportunities**



The **unique character** of the town is understood and **celebrated**



The Culture team spent a great deal of 2021 preparing cultural learning programmes for our local schools.

Throughout the year, it was heartening that our schools were able to benefit from this work, despite the pressures of the pandemic.

Key Stage 1 pupils in three schools learned about the history and heritage of Letchworth Garden City and how this impacts their lives today.

We engaged with
150 pupils





Ensure Letchworth continues to be a great place to live

Showcase local talent through the Letchworth Culture Project



The **unique character** of the town is understood and **celebrated**



The town centre is **vibrant**



Letchworth is known for its **cultural** offer

The Letchworth Culture Project was a new initiative providing spaces to the local community to run arts, culture and heritage projects and learning activities.

Rooted in a belief in the power of culture to have a wide-ranging positive impact on the wellbeing of the community, The Letchworth Culture Project aimed to provide more opportunities for people to create and engage with culture in the town, as well as to help Letchworth become more widely known for its cultural offering.

In Our Garden

8 March – 11 April 2021

The exhibition was created by artists at Digs Well Arts Forge Studios and was originally intended to coincide with the Welwyn Garden City Centenary in 2020. Sadly it was cancelled due to COVID-19 restrictions.

However, thanks to the Letchworth Culture Project, the Digs Well Artists were offered space in the empty former Tourist Information Centre on Station Road. They displayed an edited version of the exhibition.

During lockdown, when 'Home' and our immediate environment were brought into sharp focus, the 'In Our Garden' exhibition paid homage to the ethos of the garden city movement and explored the ideals of a better environment to work and live in.

THE LETCWORTH CULTURE PROJECT





Ensure Letchworth continues to be a great place to live

Improve our online Heritage Advice Service to make it easier for homeowners to apply to make improvement to their properties



A high quality of life in Letchworth for all residents



The unique character of the town is understood and celebrated

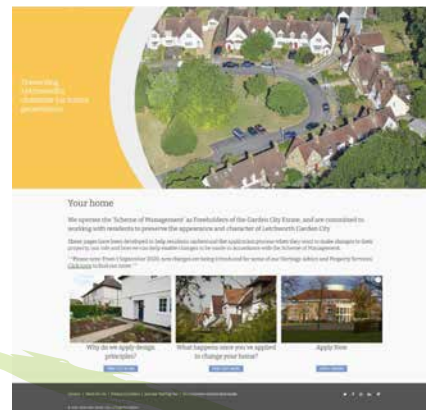
In 2021, the Heritage Advice Service (HAS) improved its digital presence in order to ensure a better user journey and clarify the main topics on their landing page.

The team created an explanatory video on the application process and pulled the main 'Your Home' page to the front of letchworth.com so that users could find the main page with ease. The team also added an FAQ page to help residents find their queries easily and give more background on how and why certain processes exist.

The HAS team worked with other departments to simplify the language used on their documents and webpages.

This work was undertaken using in-house research from user experience feedback and analytics data.

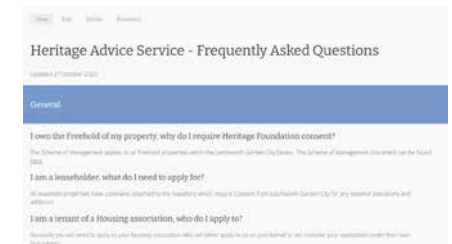
Previous HAS landing page:



Redesigned HAS landing page to explain why we have the HAS team:



Creation of FAQs page:



Simplified Application Process wording:



Added HAS to homepage – most clicked on here





Initiate a financial recovery roadmap

Support town centre recovery by working with the Bid to encourage people to shop local



A **high quality** of life in Letchworth for **all** residents



The town centre is **vibrant**

We worked with the Business Improvement District (BID), to help kickstart the town centre's recovery, with *Shop Local* campaigns that supported the re-opening of the high street, and significant town centre improvements designed to establish an outdoor café culture.

These initiatives were not as successful as we had hoped, due to further lockdown measures and work-from-home directives, but we learned valuable lessons. There's still a long way to go, so we will keep working in close partnership with the BID and other key stakeholders to support the town centre's recovery.

Our survey said...

Customers of the Broadway Cinema were surveyed ahead of its May reopening. When asked what they would be likely to do, before or after the film, the three top activities were:

- Visit a restaurant or café (71%)
- Do some shopping (38%)
- Visit a pub or bar (36%).

In response to the survey findings we created 'Film Thursdays', an initiative that aims to boost business, trade and footfall in Letchworth town centre. Broadway customers who purchase a ticket to see a movie on a Thursday can access special discounts and offers from retailers, restaurants and businesses in the town.

Seventeen retailers and restaurants signed up to the scheme in 2021, with a good uptake from cinemagoers. Digital footfall indicators are now in place throughout the town. These will provide an evidence base to support a strategic town-centre marketing strategy. We will be working closely with the BID to bring this to life in 2022 and beyond.





Initiate a financial recovery roadmap

Explore opportunities to adapt the spaces we own to create co-working spaces for start-ups, freelancers and the creative community

We ran a successful three-month co-working pilot with the BID to test the market and price point.

We have since partnered with WENTA to test the feasibility of a new co-work and incubation space in the Spirella Building. This is still under active discussion because of the need for ongoing subsidy for the pilot phase.

We also had discussions with Community Co-working Ltd. It's a social enterprise that facilitates new ways of working, enabling residents to swap commute for community to support the local economy and breathe life back into obsolete spaces on high streets in rural and urban settings.



A **high quality** of life in Letchworth for **all** residents



The town centre is **vibrant**





Initiate a financial recovery roadmap

Collaborate with the School for Social Entrepreneurs to help local entrepreneurs to scale up their business and explore opportunities to encourage enterprise development



A **high quality** of life in Letchworth for **all** residents



The town centre is **vibrant**

Two successful new enterprise trade-up partnerships are in place, supported by the School for Social Entrepreneurs, and there is good ongoing enterprise development.

These projects will all continue in 2022 and we will see some further development at Standalone Farm with an allotment for fruit, veg and flowers.





Initiate a financial recovery roadmap

Make our venues more commercially successful



Letchworth **children** participate in a range of **cultural opportunities**



Isolation in Letchworth is reduced, particularly for **older people**



A **high quality** of life in Letchworth for **all** residents



Letchworth is known for its **cultural** offer

Broadway Theatre & Gallery

A great deal of work went into establishing the Broadway Theatre, but the pandemic meant that operating within the theatre sector was not commercially viable.

We decided to close the theatre and focus instead on film and event cinema, which will continue throughout 2022.

Despite this decision, we were able to end the year with a very successful community-theatre booking: the SPADS pantomime. We will continue to consider community use of the venue until it

can profitably reopen fully. The theatre is an important anchor for the town and we are confident that it will reopen at some point.

We provide a subsidy of more than £500,000 a year to the Broadway venues because they are vital to the cultural and strategic development of Letchworth Garden City. They enable us to demonstrate some of our charitable and community objectives, and to deliver popular services to the town.





Initiate a financial recovery roadmap *continued*

Make our venues more commercially successful



A **high quality** of life in Letchworth for **all** residents



Supported families have improved **opportunities** and life chances



People's **health and wellbeing** are improved through increased levels of **physical activity** and **community** involvement

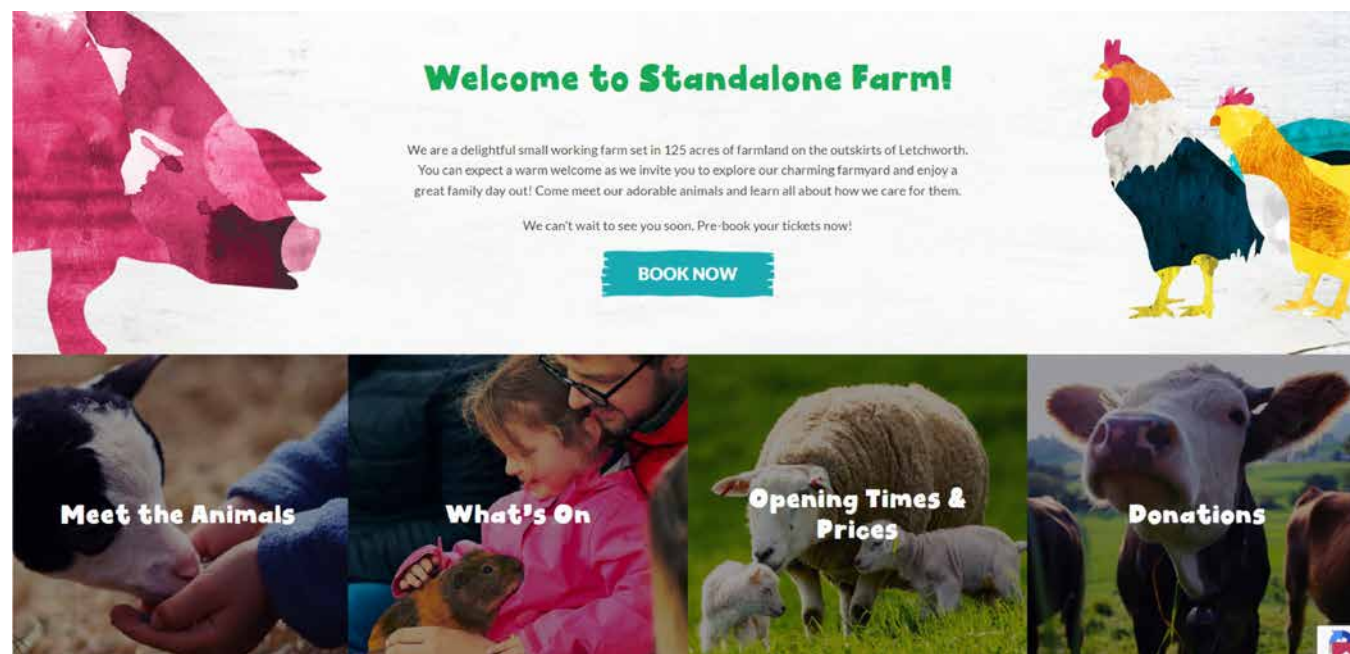
Standalone Farm

Our new development strategy for Standalone Farm creates an offer that delivers educational, social, play, leisure and wellbeing opportunities for children, young people and families from Letchworth and the surrounding area. Environmental and financial sustainability is also a key element of the strategy.

Work started on phase one of the venue development plan, which includes redeveloping the play barns and parking areas. The Marketing and Communications team promoted annual passes, to drive customer engagement and retention. We also launched a new Standalone Farm website, to help attract new families.

In 2022 we will:

- Focus on working with our partners to scope a town-wide loyalty scheme that will encourage people from Letchworth and the surrounding area to shop, eat out and come to our gallery, cinema and museum
- Continue to build capacity and income through external funding
- Work with partners to identify collaborative opportunities to attract funding into Letchworth.





Increase investment in Letchworth

Launch our new fundraising strategy



Letchworth **children** participate in a range of **cultural opportunities**



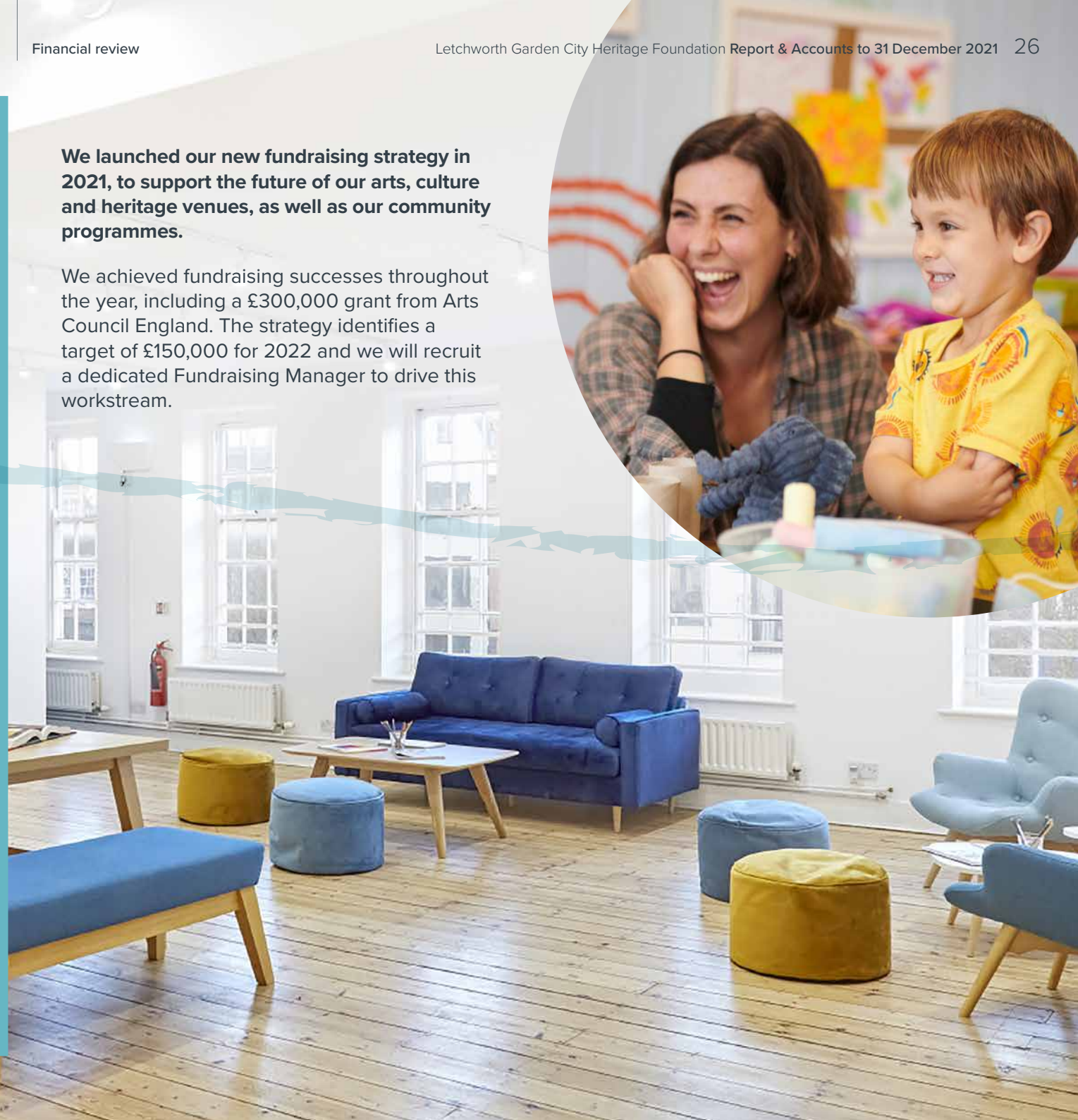
Supported families have improved **opportunities** and life chances



Letchworth is known for its **cultural** offer

We launched our new fundraising strategy in 2021, to support the future of our arts, culture and heritage venues, as well as our community programmes.

We achieved fundraising successes throughout the year, including a £300,000 grant from Arts Council England. The strategy identifies a target of £150,000 for 2022 and we will recruit a dedicated Fundraising Manager to drive this workstream.





Increase investment in Letchworth

Advocate for investment in Letchworth



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Supported families have improved **opportunities** and life chances



People's **health and wellbeing** are improved through increased levels of **physical activity** and **community** involvement

In 2021 we recruited a new Head of Marketing and Communications who is a specialist in Place Branding. We started our 'Brand Letchworth' project by mapping out key stakeholders and objectives.

The project will enable us to create and curate an overarching brand for Letchworth. This will help to spread the word about Letchworth and

will focus on a number of inward investment KPIs that will allow our teams to advocate confidently and successfully for investment in the town. This work will support our objective of making Letchworth a 'smart town'.



What do we want
Letchworth to be famous for?



Increase investment in Letchworth

Research and map out Letchworth's economic future



A **high quality** of life in Letchworth for **all** residents



The **unique character** of the town is understood and **celebrated**



The town centre is **vibrant**

We re-established our connections with the Hertfordshire Local Enterprise Partnership (LEP) and undertook further scoping work on the potential property growth of the cell and gene therapy sector and the med-tech sector.

Although we face challenges, including a lack of industrial regeneration areas, we are looking at the scale-up market.

Demand for industrial development is very strong. We are doing some further research to understand why this sector has developed locally and its potential for growth.

We plan to develop this further with the LEP and to play a key role in the LEP's sector property strategy.



LETCHWORTH'S
ECONOMIC
FUTURE



Increase investment in Letchworth

Respond to the outcome of the Local Plan



A **high quality** of life in Letchworth for **all** residents



The **unique character** of the town is understood and **celebrated**



The town centre is **vibrant**

We are a key stakeholder in North Herts District Council's proposed Local Plan, which includes a number of sites that are part of our estate.

Our role includes identifying key issues surrounding highways, access, transport and many more areas, as well as making representations on behalf of residents.

We gave evidence and provided written representations at the final stage of the public examination process. All our representations can be viewed at **letchworth.com**. The Local Plan will be adopted in 2022 and we await the inspectors' reports.

We also made progress in our two large-scale development projects:

LG1 – Land development north of the Grange Estate

We worked with Hertfordshire County Council and North Herts District Council to develop a strategic master-planning process. A newly formed Housing Development Committee researched development industry views on our project requirements

LG3 – Land development east of Talbot Way

We filed for outline planning in February 2021, then worked hard to overcome community concerns raised around highways, flooding and environmental issues. We aim to submit the final application in summer 2022 and to start promoting the new development by the end of the year.

Details about the Local Plan and the two major land developments can be found at **letchworth.com**



Our plans for 2022

2022 is the final year of the revised strategic plan, which currently underpins and directs our work. A core deliverable for 2022 will be the delivery of our new five-year strategic plan. This includes thorough stakeholder consultation

and will be an important strategic roadmap for the coming years. In the final year of the current strategic plan we remain focused on our core objectives, as shown below.



Improving life chances for people in Letchworth

- Continue to address poverty through our Families and Young People's Project and funding of our financial inclusion partnership with Citizens Advice
- Adapt our grants programme to support emerging areas of need, including financial and digital inclusion, and continue to provide grant funding to organisations affected by COVID-19
- Nurture and support local neighbourhood social action activity
- Commission projects and activities to help reduce social isolation of older people, tackle food poverty and hardship, and support household emergency needs
- Create new and increased opportunities for local volunteering



Ensure Letchworth continues to be a great place to live

- Launch our new Culture Strategy as part of the Letchworth Festival
- Pilot new ways of attracting younger people to use the Greenway and other green open spaces in Letchworth
- Create a cultural learning programme for schools, using the story of the Garden City to engage children in the story of their hometown and build civic pride
- Implement our new Standalone Farm strategy and capital improvement programme to improve the site and facilities
- Support and fund Jubilee 22 community celebrations
- Develop a baseline analysis of our carbon footprint. Develop and cost plans for enhancing our sustainability. Improve energy-efficiency advice for homeowners



Initiate a financial recovery roadmap

- Implement our financial recovery action plan to deliver our income targets and sustain our charity re-investment and funding
- Support town centre recovery by working with the BID to encourage more people to shop local
- Explore opportunities to adapt the spaces we own to create co-working spaces for start-ups, freelancers and the creative community
- Work with partners to scope a town-wide loyalty scheme to encourage people from Letchworth and the surrounding area to shop, eat out and come to our cinema, gallery and museum
- Build capacity and income through external funding and work with partners to identify collaborative opportunities to attract funding into Letchworth
- Make our venues more commercially successful



Increase investment in Letchworth

- Implement our fundraising strategy to support the future of our arts, culture and heritage venues and community programmes
- Take a leadership role to advocate for investment in Letchworth to address the needs of our town
- Re-establish our Town Centre Strategy Group to lead and implement a town centre recovery plan
- Respond to the outcome and opportunities of the Local Plan



GOVERNANCE STRUCTURE AND MANAGEMENT

The Foundation is a registered society under the Co-operative and Community Benefit Societies Act 2014, with charitable status (registered number 28211R). Our charitable aims are set out in the Letchworth Garden City Heritage Foundation Act 1995 and its governing document, *The Rules of Letchworth Garden City Heritage Foundation*. The 1995 Act transferred the assets, role and responsibilities of the Letchworth Garden City Corporation to us.

We have a community governance model in place, with 30 Governors – at least seven of these are elected by Governors to sit on our Board of Trustees. Most come from the Letchworth community and are appointed based on their field of expertise (such as finance, property management/development, IT, housing or town planning) meeting the needs of the Group.

This year the Trustees undertook a governance review using the Charity Code of Governance as a best-practice benchmark. Several changes to the governance model were proposed, consulted on with Governors and approved with their support. The most significant change was the introduction of a new Trustee category: up to five Appointed Trustees who are externally appointed by the Board based on their skills and experience, through an open and competitive recruitment process. We hope this will result in a more diverse group that is more representative of the Letchworth community and addresses key skills gaps that the Trustees have identified in the Board as a whole.

We have provided additional reference and administrative details on page 86.

The Board of Trustees

The Board of Trustees comprises charity trustees as defined by section 177 of the Charities Act 2011. Trustees qualify as members under the Co-operative and Community Benefit Societies Act 2014. All are volunteers who are not paid for their work as Trustees. They are appointed in one of three ways:

- **Election** – up to seven Trustees can be appointed in an election of the Governors
- **Recruitment** – up to five Trustees can be appointed by the Board through a competitive, external recruitment process undertaken by the Board
- **Nominated** – one Trustee is from Hertfordshire County Council and one from North Herts Council.

Nominated Trustees are appointed annually. All other Trustees hold office for four years but can then be re-elected for a further four years.

The Board of Trustees sets out our vision and agrees our strategy. It also monitors the performance of the Management team. Every year it elects a Chair and Vice Chair from its own members. Typically, there are six meetings a year. The Board formally delegates the management of the Foundation and its subsidiary to the Chief Executive. It makes strategic decisions based on reports and recommendations from the Management team.

Trustees and key management personnel complete an annual declaration to disclose any personal interests they may have in the Foundation, its subsidiary, partners or community. In this way we can make sure that decision-making and other processes are not affected by individual interests. Our Grants Committee also completes a similar declaration to make sure that any conflicts of interest are recognised and managed when awarding money to local clubs and organisations.

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This year the Trustees undertook a governance review using the Charity Code of Governance as a best-practice benchmark

Responsibilities of the Board of Trustees in respect of the financial statements of the Foundation

Our Board of Trustees prepares Financial Statements for each financial year in line with the Co-operative and Community Benefit Societies Act 2014, the Letchworth Garden City Heritage Foundation Act 1995 and the Statement of Recommended Practice, Accounting and Reporting by Charities (FRS 102).

In preparing these financial statements, the Board of Trustees:

- Selects suitable accounting policies and applies them consistently
- Observes the methods and principles in the Charities SORP 2019 (FRS 102)
- Makes judgements and estimates that are reasonable and prudent
- States whether relevant UK Accounting Standards have been followed and, if they haven't, explains why
- Prepares the financial statements on the going concern basis, unless it is not correct to presume that our activities will continue.

The Board of Trustees is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. It has general responsibility for taking reasonable steps to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

Financial statements are published on the Foundation's website in accordance with UK legislation governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

Board members are responsible for the maintenance and ongoing integrity of the Foundation's website, including the online financial statements.

Going concern

The Board has reviewed our financial position and financial forecasts, taking account of the levels of liquid resources, and the systems of financial control and risk management. As a result of this review, the Trustees have a reasonable expectation that the Foundation and its subsidiary have adequate resources to continue in operational existence for the foreseeable future. As a consequence, Trustees continue to support the going concern basis in accounting for preparing the annual accounts.

Disclosure of information to the auditors

In so far as the Trustees are aware:

- There is no relevant audit information of which the auditors are unaware
- They have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Letchworth Commissioner

In accordance with the Letchworth Garden City Heritage Foundation Act 1995, a Letchworth Commissioner is appointed by the President of the Law Society for the purpose of conducting independent investigations into complaints of alleged maladministration.

In his 2021 report to the Board, the Letchworth Commissioner confirmed that one complaint had been received. The current Letchworth Commissioner is Paul Barnes and his address is listed on page 86.

Grant-making policies

The Board supervises the Grants Committee in its day-to-day responsibilities for grants policies, procedures and awards. The Committee can award grants of up to £15,000 and the Board makes the final decision on grants above this sum.

The Grants Committee consists of three Trustees and three other Governors. It is chaired by a member of the Board of Trustees.

Public benefit

When reviewing our charitable commitments and planning future activities and grants, the Board refers to the Charity Commission guidance on public benefit. The Board believes that our commitments meet these guidelines and the relevant charitable purposes as defined by the Charities Act 2011.

Statement of policy on fundraising

Section 13 of the Charities Act 2016 requires us to make a statement regarding our fundraising activities. In 2021 we implemented a fundraising strategy and our Board committed to compliance with the Code Of Fundraising Practice. At present we deliver all fundraising activities internally and with the support of a small team of consultants who undertake fundraising activities as part of their role. All staff work to the Code Of Fundraising Practice and all activity is overseen and monitored by the Executive Director of Communities, Culture & Heritage, with responsibility through performance management processes. We have had no complaints or failures to comply with the code and we monitor all donations to ensure that vulnerable people are protected.

Setting pay and gender pay gap

Salaries are based on the level and responsibility of each role and we have committed to pay all roles no less than the Real Living Wage. From time to time we compare our salaries, including those of the CEO and senior management, with those of other organisations to make sure we are in keeping with the market.

In 2021, based on median pay for all staff, we operated with a 12% gender pay gap. Based on median pay, women earned 12% more per hour than men. Men are not paid less to perform the same role as their female counterparts; pay is set in relation to the role performed. Our Trustees approve pay levels and any annual inflationary increase.

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We have
committed to pay
all roles no less than
the Real Living Wage

Risks and uncertainties

Our Risk Management Policy sets out the process that we use to identify and manage risks in all our activities. The Board is responsible for setting up an effective risk-management framework across the Group. The Risk and Internal Audit Committee works on behalf of the Board to monitor and review the effectiveness of the framework. Risk management is supported by individual departmental risk registers and an overarching corporate risk register.

In addition to the Trustees' review of the corporate risk register, our Leadership team reports to the Risk and Internal Audit Committee every three months. Matters are escalated to the Board as necessary.

In 2021 the Board considered the following:

- Our significant risks
- The potential impact and probability of each risk occurring
- Existing internal controls and accountability for each risk
- Mitigating actions to reduce each risk to a level that the Board considers to be acceptable.

Because of the range and type of our operating activities, we need a strong focus on risk management across a broad range of areas, including:

- Risks to income and liquidity
- Protecting vulnerable people
- Landlord and employer health and safety
- Data protection and IT systems
- Risks that may affect property lettings.

We commission a rolling programme of internal audits to assess how we are managing risk and the effectiveness of our management controls. This service is outsourced to RSM UK in accordance with professional standards. The audit reports are reviewed by the Risk and Internal Audit Committee on behalf of the Board.

In 2021 we:

- Created a new full-time post of Health, Safety and Risk Business Partner and appointed a postholder. This role provides dedicated resource and expertise to drive health and safety improvements across the organisation
- Streamlined the group structure by transferring a charitable subsidiary – Letchworth Cottages and Buildings Limited – into the Foundation. This move strengthened our liquidity and overall financial resilience. It also simplified many of our existing processes and governance arrangements
- Commissioned independent audits on topics ranging from cybersecurity and safeguarding to landlord health and safety
- Appointed Savills as our new managing agent, to improve our commercial letting and property management services.

We identified and monitored key risks at various levels across the organisation, including the following.

COVID-19

The COVID-19 pandemic continues to create uncertainty across the UK. Following government guidance in December 2021, our community services (including our cinema, visitor farm attraction and art gallery) remain open, with controls in place to prevent the spread of the virus.

COVID-19 has prompted a rapid increase in home-working. This in turn has suppressed demand for office lettings, which typically account for around 20% of our income from investment properties. Our autumn 2020 cost and service reduction programme has enabled us to manage through this ongoing period of uncertainty. We have set a realistic operating budget for 2022, taking account of the prevailing risk of rent default and the likelihood that the office-letting sector will remain challenging.

In uncertain times, stress-testing our operating activities and finances is particularly important. This exercise provides the Leadership team and Board with an opportunity to rehearse and agree on actions to mitigate adverse operating scenarios. We are using our key performance indicators (KPIs) to keep a close eye on the impact of COVID-19 on our operations.

Health & Safety

The Board and the Risk and Internal Audit Committee receive regular updates on health and safety compliance. We recognise the vital importance of providing safe buildings, equipment and general working environments, together with effective systems for monitoring non-compliance. That's why health and safety is a central part of our day-to-day operations.

Safeguarding

The management of ongoing risk with respect to safeguarding is of paramount importance to the organisation and our customers. We continue to manage this risk proactively, to ensure that appropriate measures are in place.

An internal audit in 2022 identified further supportive measures to make sure we have high-quality safeguarding policies and procedures in place, including refreshing our training approach and implementing greater controls to manage risk. The Safeguarding Committee, which is chaired by a Trustee, will oversee the implementation of these developments during 2022.

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*In uncertain times,
stress-testing our
operating activities
and finances is
particularly important*

FINANCIAL REVIEW OF 2021

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*We believe
these changes
have made our
organisation
stronger and fit
for the future*”

Overview

The operations of the Foundation remained greatly affected by the COVID-19 pandemic during 2021. It made trading conditions difficult for many of our tenants, which affected the stability and certainty of our income. The significant cost-reduction programme that we completed in late 2020 was a difficult, but necessary, part of managing through the past two years.

In 2021, a subsidiary of the Foundation – Letchworth Cottages and Buildings Limited – formally transferred into the Foundation. Bringing our two charitable organisations together strengthened the Foundation’s liquidity and financial resilience, partly offsetting some of the financial pressures caused by the challenging operating environment.

We have taken important steps to mitigate our income-related risks, including prioritising planned asset sales, to strengthen cash reserves and diversify investments. We believe these changes have made our organisation stronger and fit for the future.

Financial results for 2021

Despite the challenging operating environment, our financial performance in 2021 was strong. Non-recurring land and building sales totalling £3,250k inflated headline results: the Group reported net income before gains on investments of £3,996k (2020: £1,110k). Underlying results, excluding surpluses from the sale of land and buildings, returned a £1,799k surplus at Group level (2020: £29k). The relatively high underlying surplus for 2021 was driven by an overachievement in arrears collection against forecast, tight control of expenditure and delays experienced on some projects.

Turnover increased by £2,756k to £15,608k (up 21.4%) year on year. Excluding non-recurring asset sales, the underlying increase in turnover is more modest at £606k (4.7%). A notable rise in income generated from charitable activities associated with the reopening of the Broadway Cinema and Standalone Farm were the main drivers of the year-on-year increase.

Income from investments, including the sale of land and buildings, rose to £13,690k (2020: £11,381k).

Charitable income continued to recover from the effects of lockdown and the forced closure of venues but remained significantly below pre-pandemic levels: we generated £1,918k (2020: £1,471k). Across all categories of charitable income, we received grants of £587k (2020: £769k).

Financial results for 2021

continued

Total expenditure in 2021 was £11,612k (2020: £11,742k). After eliminating the effect of fluctuating asset sales, which cost £1,034k more in 2021, our underlying year-on-year reduction in expenditure was £1,164k (9.9%).

In responding to the pandemic, our cost-reduction programme recognised the uncertainty surrounding rent collection and void properties. It also anticipated the temporary need to spend a greater proportion of our resources on managing and maintaining our commercial portfolio – in part as a result of rising voids and additional management of arrears. The 2021 results bear this out: expenditure on charitable activities fell to £4,986k (2020: £6,061k); whereas the cost of managing and maintaining investment properties, excluding the cost of land and building sales, reduced less markedly to £5,573k (2020: £5,662k).

Across all funds, we achieved net income before gains on investments of £3,996k. This figure reduces to £1,799k, excluding profits from land and building sales.

The cash generated from our operating activities, including land and building sales, provided important funding for our capital maintenance and investment programme. A successful asset disposal programme enabled us to repay our £1.5m Coronavirus Business Interruption Loan in full. We also reinvested £5m in listed ethical multi-asset investments that target a combination of income and capital growth.

Gains on investments amounted to £16,520k (2020: £3,315k) and were mainly driven by unrealised increases to the fair value of assets. Our ethical listed investments also reported an increase in value across 2021, as did the residential and industrial elements of our property portfolio.

Changes to financial assumptions underpinned the £5,350k actuarial gain on our pension revaluation. The positive valuation movement had been affected by an increase in the discount factor used to value fund liabilities, which in turn reduced the present value of scheme liabilities.

Taking account of net income for the year of £3,996k, the £5,350k actuarial gain on pension valuation and the £16,520k gain on investments, the Group reported an overall increase in funds of £25,866k (2020: reduction of £1,184k).

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The pandemic made trading conditions difficult for many of our tenants, which affected the stability and certainty of our income

Statement of financial activities – summary view

| | 2021 £'m | 2020 £'m | Notes re: 2021 |
|---|-------------|--------------|---|
| Income from: | | | |
| Investments | 10.4 | 10.4 | Rising voids leading to minimal movement from 2020 – figures based on contracted lease income |
| Property sales | 3.3 | 1.1 | Value of asset sales in 2021 |
| Charitable activities | 1.9 | 1.5 | Cinema and Farm open for more of 2021 |
| Total income | 15.6 | 13.0 | Total income up 21.5%, excluding property sales up by 4.7% |
| Expenditure on: | | | |
| Investment property management | 5.5 | 5.7 | Lower bad debts in 2021 helped offset other cost increases, including property repairs and maintenance |
| Cost of property sales | 1.1 | – | Cost of asset sold for £3.3m as noted above |
| Charitable activities | 5.0 | 6.1 | Fewer charitable services in operation |
| Total expenditure | 11.6 | 11.8 | Total expenditure down 1.1%, excluding cost of property sales down by 9.9% |
| Net income/ (expenditure) before gain on investments | 4.0 | 1.1 | Surplus on sale of property = £2.2m in 2021. The underlying £1.8m surplus for 2021 was linked to better arrears recovery. |
| Net gain on investments | 16.5 | 3.3 | Driven by increases to the fair value of investments (includes property and listed investments) |
| Actuarial gain/(loss) on pension scheme | 5.4 | (5.6) | Derived from the annual FRS 102 pension valuation carried out by independent actuaries. Driven by a reduction in present value of liabilities |
| Net Movement In Funds | 25.9 | (1.2) | |

How we funded £5m of expenditure on charitable activities



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The cash generated from operating activities, including land and building sales, provided important funding for our capital maintenance and investment programme

Investment performance

We spent £6,626k on managing, maintaining and selling investment properties. We funded these activities from our 2021 investment income, which totalled £13,690k. This resulted in a net return of £7,064k (2020: £5,700k). The year-on-year increase arose because the 2021 results include a higher surplus from selling land and buildings. Under our operating model, returns from investing activities (primarily, but not limited to excess income remaining after managing and maintaining our property portfolio) are available to invest in charitable community services.

A key focus for the organisation is the management of void properties and tenant arrears. Our operating model means we are materially affected by a downturn in demand for office lettings and, more generally, the local economy. Understandably, the impact of COVID-19 generated upward pressure on voids and arrears.

Our listed investments are becoming an increasingly important feature and proportion of our balance sheet. They are ethically screened, held for the long term and target average returns of based on the Consumer Price Index plus 4% (CPI+4%) a year. During 2021 we invested £5m in these investments and their end-of-year market value was £10,754k (2020: £5,106k).

The £7,064k net return from investment activities, together with charitable income of £1,918k, allowed us to spend £4,986k (2020: £6,061k) on furthering our charitable objectives. The year-on-year reduction in charitable expenditure reflects the narrower range of services provided directly by the Foundation.

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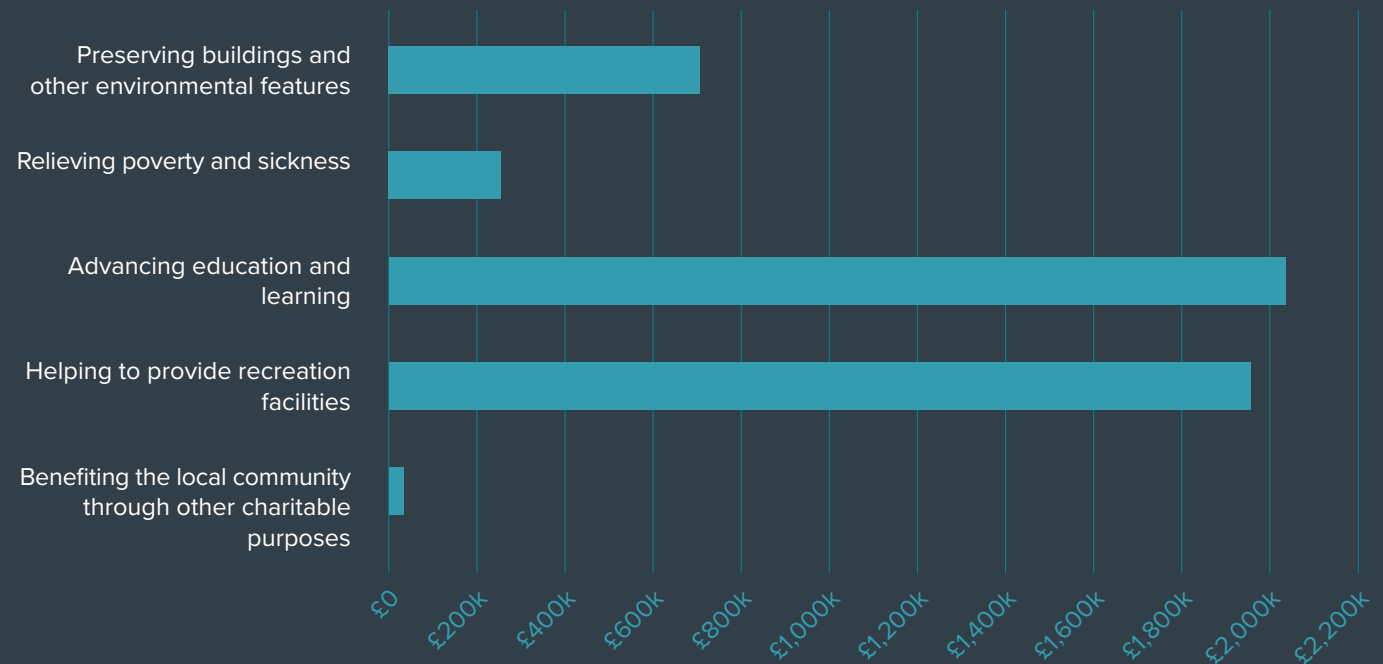
Based on the approved budget for 2022, we expect that from every £1 of income we'll be able to make 52p available for charitable purposes

How we spent our income

Investment in maintaining our income amounted to £6,626k, leaving £8,982k of our 2021 income available to advance our charitable objectives, fund capital improvements to our buildings and reinvest. We spent £4,986k operating charitable activities, leaving a balance of £3,996k for capital works and reinvestment.

Based on the approved budget for 2022, we expect that from every £1 of income we'll be able to make 52p available for charitable purposes.

How we spent £5m on charitable activities in 2021



Figures include an apportioned share of charitable support costs

“

We have taken important steps to mitigate our income-related risks, including prioritising planned asset sales, to strengthen cash reserves and diversify investments

Income – an overview

- Our total income was £15,608k (2020: £12,852k) – an increase of £2,756k, 21.4%.
- Our total investment income was £13,690k (2020: £11,381k):
 - £10,214k from investment properties (2020: £10,080k)
 - £3,250k arising from the sale of land and buildings (2020: £1,100k)
 - £226k from dividends and interest (2020: £201k).
- Income from our charitable activities included:
 - £851k from the Broadway Cinema (2020: £634k)
 - £616k from our Educational Farm (2020: £238k).

Both venues were able to remain open for longer in 2021 than the previous year because of the relaxation of some COVID-19 restrictions.

- Other charitable income amounted to £451k (2020: £599k).

Across all charitable income categories, we received grants totalling £587k (2020: £769k). The reduced income coincides with a reduction in the Coronavirus Job Retention Scheme (CJRS) grant.

Expenditure – an overview

- Our total expenditure was £11,612k (2020: £11,742k) – a decrease of £130k, 1.1%:
 - £5,573k – managing ongoing investments (2020: £5,662k). This represents a year-on-year decrease of £89k (1.6%), driven mainly by a lower provision for doubtful debts.
 - £1,053k – land and building sales (2020: £19k).
 - £4,986k – charitable activities (2020: £6,060k).

The reduced expenditure was mainly because we were operating with fewer charitable services and our charitable support costs were lower. We committed £414k to local beneficiaries through our grants programme (2020: £580k).

Net income before gains on investments was £3,996k (2020: £1,110k)

Net gains on investments came to £16,520k (2020: £3,315k)

- The gain on investments within Endowment Funds for 2021 was driven by valuation increases to the assets in our investment property portfolio which – collectively these assets reported an increase in value of £16,654k on 2020.
- Losses arising from the disposal of property investments, also reported with Endowment Funds, amounted to £818k (2020: £1,019k).
- Listed investments within the Cazenove Responsible Multi-Asset Charitable Fund and the CCLA-managed Ethical Investment Fund for Charities reported a revaluation gain of £648k (2020: £269k). This gain is reported with Unrestricted Funds.

Other recognised gains and losses

The £5,350k actuarial gain on the pension scheme was derived from the annual FRS 102 pension valuation carried out by independent actuaries on behalf of the scheme. The overall pension scheme deficit, reported in the balance sheet, has fallen to £3,858k.

Balance sheet

At the end of the financial year, we reported total net assets of £219,270k (2020: £193,404k). Total Unrestricted Funds were £19,952k (2020: £9,933k). Cash balances, including money held on behalf of tenants in the form of deposits and cash-backed sinking funds, stood at £11,267k (2020: £10,006k). The strong operating result for the year, together with proceeds of £2,050k from the disposal of investment properties, enabled us to repay

£1,500k of external loan finance and invest a further £5,000k in listed investments. The value of the Group's investment property portfolio rose to £198,138k (2020: £183,436k).

Subsidiary company results

As a society registered under the Co-operative and Community Benefit Societies Act 2014 and with charitable status, we cannot trade commercially for profit. Our subsidiary company, Letchworth Garden City Trading Limited (LGCT) makes qualifying charitable donations from its profits to the Foundation. In 2021 it reported an overall profit, before gift aid distributions, of £2,143k (2020: £1,044k).

Funds

Unrestricted Fund: this includes our statutory reserves (excluding the Endowment Fund) plus the amounts held by LGCT. It supports the day-to-day operations that help us meet our aims.

Where appropriate, Trustees approve a transfer from the Endowment Fund to the Unrestricted Fund, to ensure that the available funds element is adequate but not excessive. During 2021 no transfer from the Endowment Fund was needed (2020: £1m) and the end-of-year balance was £19,952k (2020: £9,933k). An £11k transfer (2020: zero) was needed in favour of the Restricted Fund to recognise the value of restricted grant money received in advance of 2022.

Endowment Fund: this comprises the funds given to us as expendable endowment on 1 October 1995. It consists of investment properties (including any properties being built) and amounts not yet reinvested that we have received from (or that are owed to us from) selling investment properties.

The Endowment Fund increases if our investment properties rise in value (based on an annual revaluation) and if we record surpluses on disposals. It decreases if properties fall in value and if we record deficits on disposals. If we sell an investment property from the Endowment Fund, we can either use the money to buy other investment properties or transfer it to our Unrestricted Fund, to spend on other charitable aims.

The end-of-year balance was £199,307k (2020: £183,471k). The figure includes unrealised gains arising from the revaluation of investment properties amounting to £124,525k (2020: £109,610k).

Restricted Fund: this represents reserves that are held for specific purposes, such as grant income that must be used to buy specific assets. The end-of year balance was £11k (2020: zero).

Reserves Policy

The Board of Trustees considers the key measure of sustainability for the Group to be current and future liquidity cover, rather than the surplus or deficit accounting position.

The Trustees have not set a particular policy around holding a set or minimum level of accounting reserves. Instead, they target a minimum of £3m to be held in available cash and £7m available in the form of listed investments. In the event of the Group facing difficult financial circumstances, the Reserves Policy provides for a period of managed adjustment to new circumstances.

Excluding cash held on behalf of tenants in the form of deposits and sinking funds, at the end of 2021 the Foundation held £8,074k in available cash and £10,754k in listed investments (2020: £6,850k available cash and £5,106k in listed investments).

Defined Benefit Pension Scheme

On 1 December 2018 the Foundation became a closed member of the Hertfordshire County Council Pension Fund. The scheme is closed to new entrants and its assets are held separately from those of the Foundation.

The most recent year-end valuation was carried out as at 31 March 2019 using the projected unit method. The scheme's assets were taken into account at their fair value on the valuation date. This valuation revealed a shortfall of assets compared to liabilities. The shortfall under FRS 102 at 31 December 2021 was £3,858k (2020: £9,077k).

Investment Policy

Our diverse property portfolio is the primary source of income that supports our charitable expenditure each year on behalf of the Letchworth community. The income comes from our freehold properties, long-leasehold properties and rack-rented properties in the industrial, commercial, retail and residential sectors.

Our Property team proactively manages the estate and proposes estate improvements that aim to maximise value. We base rents on local and regional market information and make realistic allowances for empty properties. We seek rental evidence through internal staff and property consultants.

All proposals are option tested, including detailed financial appraisals. They are then checked by our Leadership team to make sure they fit in with our aims, priorities and cash flow. Once the Leadership team is satisfied with the proposals, it discusses them with the Board of Trustees.

We invested a further £5m in 2021, taking the Foundation's ethical listed investments holding to £10,754k. We take care to ensure that listed investments do not have exposure to investments that may be considered ethically

sensitive and potentially inconsistent with our mission and objectives.

As the end of 2021 £7,598k was held within Cazenove Capital Management's Responsible Multi-Asset Fund, which targets net returns of CPI+4% over a five-year period and provides an annual income to the Foundation. The balance of £3,156k is held within the Ethical Investment Fund for Charities, which is managed by CCLA. This investment also targets net returns of CPI+4% over a five-year cycle and all returns are reinvested for capital growth. Its ultimate purpose is to provide the funds to meet the cessation debt associated with the Hertfordshire County Council Pension Scheme.

This report, incorporating the Strategic Report, was approved by the Board of Trustees on 3 May 2022 and signed on its behalf.

G Hawkins

G Hawkins
Chair

INDEPENDENT AUDITOR'S REPORT

to Letchworth Garden City Heritage Foundation

Opinion

We have audited the financial statements of Letchworth Garden City Heritage Foundation (the 'Society') and its subsidiary (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, the Balance Sheet of the Group and Society, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and of the Society's affairs as at 31 December 2021, and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- Have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014 and the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Society in accordance

with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board of Trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is

materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Society Act 2014 requires use to report to if, in our opinion:

- A satisfactory system of control over transactions has not been maintained or
- The Group and Society has not kept proper accounting records or
- The financial statements are not in agreement with the books of account or
- We have not received all the information and explanations we require for our audit.

Responsibilities of Trustees for the financial statements

As explained more fully in the Responsibilities of the Board of Trustees statement set out on page 32, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditors-responsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Group and Society, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Charities SORP, tax legislation, health and safety legislation, and employment legislation
- We enquired of the Trustees and reviewed correspondence and Trustee meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Trustees have in place, where necessary, to ensure compliance
- We gained an understanding of the controls that the Trustees have in place to prevent and detect fraud. We enquired of the Trustees about any incidences of fraud that had taken place during the accounting period
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above
- We enquired of the Trustees about actual and potential litigation and claims
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the Society, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society for our audit work, for this report, or for the opinions we have formed.



Beever and Struthers

Chartered Accountants and Statutory Auditor
15 Bunhill Row
London
EC1Y 8LP

10 June 2022

Consolidated Statement of Financial Activities

(Including an Income and Expenditure Account)

for the year ended 31 December 2021

| | Notes | Unrestricted Funds £'000 | Endowment Funds £'000 | Restricted Funds £'000 | 2021 £'000 | 2020 £'000 |
|--|-------|--------------------------------|-----------------------------|------------------------------|---------------|---------------|
| Income from: | | | | | | |
| Investments | | 13,690 | – | – | 13,690 | 11,381 |
| Charitable activities | | 1,699 | – | 219 | 1,918 | 1,471 |
| Total income | 3 | 15,389 | – | 219 | 15,608 | 12,852 |
| Expenditure on: | | | | | | |
| Investment property management | | 6,626 | – | – | 6,626 | 5,681 |
| Charitable activities | | 4,767 | – | 219 | 4,986 | 6,061 |
| Total expenditure | 4 | 11,393 | – | 219 | 11,612 | 11,742 |
| Net income/(expenditure) before gain on investments | | 3,996 | – | – | 3,996 | 1,110 |
| Net gain on investments | | 684 | 15,836 | – | 16,520 | 3,315 |
| Net income/(expenditure) before taxation | | 4,680 | 15,836 | – | 20,516 | 4,425 |
| Corporation tax | 7 | – | – | – | – | – |
| Transfers between funds | | (11) | – | 11 | – | – |
| Other recognised gains and losses | | | | | | |
| Actuarial (loss)/gain on pension scheme | 16 | 5,350 | – | – | 5,350 | (5,609) |
| Net movement in funds | | 10,019 | 15,836 | 11 | 25,866 | (1,184) |
| Fund balances brought forward at 1 January | 17 | 9,933 | 183,471 | – | 193,404 | 194,588 |
| Fund balances carried forward at 31 December | 17 | 19,952 | 199,307 | 11 | 219,270 | 193,404 |

All of the Group's activities relate to continuing operations.

The notes on pages 48 to 84 form part of these financial statements.

Balance Sheet

as at 31 December 2021

| | | Group | | Foundation | |
|---|-------|---------------|---------------|---------------|---------------|
| | Notes | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Fixed Assets | | | | | |
| Tangible assets: | | | | | |
| Investment properties | 9 | 198,138 | 183,436 | 198,138 | 182,436 |
| Operational assets | 10 | 4,316 | 6,367 | 4,316 | 5,456 |
| | | 202,454 | 189,803 | 202,454 | 187,892 |
| Other investments | 11 | 10,754 | 5,106 | 11,869 | 6,221 |
| | | 213,208 | 194,909 | 214,323 | 194,113 |
| Current Assets | | | | | |
| Stocks | 12 | 25 | 28 | 25 | 28 |
| Debtors | 13 | 5,590 | 4,768 | 5,788 | 5,908 |
| Loans due within one year | 14 | 2 | 2 | 2 | 2 |
| Loans due after one year | 14 | 172 | 203 | 172 | 203 |
| Cash at bank and in hand | | 11,267 | 10,006 | 9,909 | 8,743 |
| | | 17,056 | 15,007 | 15,896 | 14,884 |
| Creditors | | | | | |
| Amounts falling due within one year | 15 | (7,136) | (5,960) | (7,118) | (5,950) |
| Net Current Assets | | 9,920 | 9,047 | 8,778 | 8,934 |
| Total Assets Less Current Liabilities | | 223,128 | 203,956 | 223,101 | 203,047 |
| Creditors | | | | | |
| Amounts falling due after one year | 15 | – | (1,475) | – | (1,475) |
| Provisions for Liabilities and Charges | | | | | |
| Pension scheme deficit | 16 | (3,858) | (9,077) | (3,858) | (9,077) |
| Net Assets | | 219,270 | 193,404 | 219,243 | 192,495 |
| Capital Funds | | | | | |
| Unrestricted Fund | 17 | 19,952 | 9,933 | 19,927 | 10,026 |
| Endowment Fund | 17 | 199,307 | 183,471 | 199,305 | 182,469 |
| Restricted Fund | 17 | 11 | – | 11 | – |
| | 17 | 219,270 | 193,404 | 219,243 | 192,495 |

Letchworth Garden City Heritage Foundation is a registered society under the Co-operative and Community Benefit Societies Act 2014, with charitable status, registered number 28211R.

Surplus Attributable to Letchworth Garden City Heritage Foundation

The surplus for the year after surplus/deficit on disposal of properties and property revaluations but before actuarial gains and losses, dealt within the the accounts of the Foundation amounted to £18,373k (2020: surplus £3,354k). The total income for the Foundation for the year was £12,319k (2020: £11,690k).

The notes on pages 48 to 84 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 3 May 2022 and were signed on its behalf by:

G Hawkins
Chair

C Pattison
Vice Chair

G Fisher
CEO and Company Secretary

3 May 2022

Consolidated Cash Flow Statement

for the year ended 31 December 2021

Cash flows from Operating Activities:

Net Cash used in Operating Activities

Cash flows from Investing Activities:

Net income received on investment properties

Dividends received

Interest received

Proceeds from the sale of operational assets

Additions to operational assets

Proceeds from the sale of investment properties

Additions to investment properties

Purchase of listed investments

Cash received from sale of listed investments

Repayment of loan finance

Net Cash provided by Investing Activities

Change in cash and cash equivalents in the year

Cash and cash equivalents at the start of the year

Cash and cash equivalents at the end of the year

| Notes | 2021 £'000 | 2020 £'000 |
|-------|---------------|---------------|
| (a) | (880) | (3,198) |
| | 6,838 | 5,410 |
| | 162 | 190 |
| | 2 | 12 |
| | – | – |
| | (134) | (202) |
| | 2,048 | 502 |
| | (275) | (362) |
| | (5,000) | (500) |
| | – | – |
| | (1,500) | – |
| | 2,141 | 5,050 |
| | 1,261 | 1,852 |
| (b) | 10,006 | 8,154 |
| (b) | 11,267 | 10,006 |

Notes to the Cash Flow Statement

(a) Reconciliation of net income to net cash flow from operating activities

| | 2021 £'000 | 2020 £'000 |
|--|---------------|----------------|
| Net income after taxation | 20,516 | 4,425 |
| Gains on investments | (16,428) | (3,309) |
| Net income received on investment properties | (6,838) | (5,410) |
| Interest receivable and dividend income | (226) | (202) |
| Depreciation | 585 | 471 |
| Deficit/(surplus) on disposal of operational assets | 905 | – |
| (Increase)/decrease in stocks | 3 | 2 |
| (Increase)/decrease in debtors | (760) | (1,003) |
| Net decrease in loans to staff and local organisations | 31 | 13 |
| Increase/(decrease) in creditors | 1,201 | 1,642 |
| Pension Fund movements | 131 | 173 |
| Net Cash used in Operating Activities | (880) | (3,198) |

(b) Analysis of cash and cash equivalents

| | | |
|--|---------------|---------------|
| Cash at bank and in hand | 11,267 | 10,006 |
| Total cash and cash equivalents | 11,267 | 10,006 |

The notes on pages 48 to 84 form part of these financial statements.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

1 Accounting Policies

(a) Basis of preparation

The accounts have been prepared in accordance with the UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard FRS 102 (FRS 102), 'Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102)' – the Charities SORP (FRS 102) second edition, issued in October 2019. In addition, the accounts are prepared in accordance with the Letchworth Garden City Heritage Foundation Act 1995 and the Co-operative and Community Benefit Societies Act 2014.

The accounts are prepared on a going concern basis under the historical cost convention modified by the revaluation of investment properties and listed investments. In drawing this conclusion the Board have considered the current and forecast trading environment caused by COVID-19, including rising rent arrears and the potential for additional void properties. Consideration has also been taken account of existing and forecast cash and liquidity for each entity within the Group. The Board have not identified any material uncertainty relating to going concern. The accounting policies have been applied consistently throughout the current and previous accounting period.

Consolidated accounts of the Group incorporate the accounts of Letchworth Garden City Heritage Foundation, ("the Foundation") and its subsidiary undertakings all of which are made up to 31 December 2021. The results of the subsidiary, Letchworth Garden City Trading Limited ("LGCT"), are consolidated on a line-by-line basis. Letchworth Cottages and Buildings Limited ("LCB") has been deregistered with the FCA (as of 1 November 2021) and there has been an authorised transfer of engagements to LGCHF as of 19 August 2021.

No separate Statement of Financial Activities ("SOFA") for the Foundation itself is presented. No separate Cash Flow Statement for the Foundation itself is presented as permitted by FRS 102.

(b) Fund accounting

Assets and liabilities, and income and expenditure are allocated to the fund to which they relate.

Endowment Fund: represents the funds endowed to the Foundation on 1 October 1995. On that date investment properties were vested to the Foundation to be held as an expendable endowment. The fund increases due to valuation surpluses and decreases where properties fall in value or are impaired. Where an investment property is disposed of the Trustees have the authority to reinvest the proceeds in further investment properties to maintain the Endowment Fund or to expend them on the charitable objects in which case the proceeds are transferred to the Unrestricted Fund. The Endowment Fund is therefore represented by investment properties and bank balances relating to the proceeds of investment property disposals yet to be reinvested.

Restricted Fund: this fund formerly represented the statutory reserves of LCB, however following the transfer of engagements it solely exists in order to represent grants received by the Foundation for a specific, restricted purpose.

Unrestricted Fund: This represents the statutory reserves of the Foundation, a registered society under the Co-operative and Community Benefit Societies Act 2014 with charitable status, other than those designated as the Endowment Fund and those amounts designated for restricted use, plus the reserves of its wholly owned subsidiary LGCT. The fund is maintained for the day-to-day operating activities of the Foundation in order to meet the objectives of the organisation.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

1 Accounting Policies *(continued)*

(c) Accounting estimates and judgements

In the preparation of the accounts, accounting estimates and judgements are made that affect the reported amounts of assets and liabilities and of income and expenditure for the reporting period. The following areas are considered to involve the critical judgements and sources of estimation uncertainty when applying the Group's accounting policies.

Investment properties valuations

Properties are annually revalued at fair value. A sample of investment properties, comprising approximately 80% of the portfolio by value, was identified by Letchworth Garden City Heritage Foundation for valuation in 2021. These properties were valued on 31 December 2021 by Bidwells LLP acting as Independent External Valuer in accordance with the RICS Valuation – Global Standards (effective from 31 January 2020) and the UK National Supplement issued by the Royal Institution of Chartered Surveyors and FRS102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland. The valuations were carried out by Bidwells employees, all of whom are Members of the RICS and RICS Registered Valuers. Following an assessment the remaining properties (approximately 20% by value) were updated based on valuation movements from a relevant class of assets.

The valuation of the investment property is on the basis of Fair Value as defined in FRS 102 assuming that the property would be sold subject to any existing leases. Property held for development is valued to Fair Value assuming the property would be sold with vacant possession in its existing condition. The opinion of value was primarily derived using comparable recent market transactions on arm's length terms.

In reaching the final valuation figures, Bidwells has departed from the RICS Valuation – Professional Standards in that they have not been instructed to inspect all the properties or read all the leases. Bidwells has relied on its previous inspections of the properties and information provided by the Heritage Foundation; the accuracy of the valuation depends on the accuracy of the information provided. For residential properties valued this year, the movements in vacant possession values have been calculated by reference to the Land Registry House Price Index.

In accordance with the Valuation Standards, Bidwells confirms that it last valued the properties in 2020 and has acted as valuer for Letchworth Garden City Heritage Foundation since September 2005. In relation to the firm's preceding financial year, the total fees paid by Letchworth Garden City Heritage Foundation as a percentage of turnover was less than 5% and it is not anticipated there will be a material increase this year. Bidwells has a policy of rotating personnel undertaking this valuation so that no single valuer values the portfolio for more than seven consecutive years. This rotation is undertaken in accordance with our Management System under ISO 9001:2000.

Pension scheme liability

Estimates of the net pension liability depend on a number of complex judgements relating to the discount rate used, changes in retirement ages and mortality rates. As a closed member of the Hertfordshire County Council scheme, these assumptions are made by the Group in conjunction with the scheme's actuaries, who provide expert advice on the assumptions and the effect on the pension liability of changes in assumptions. The details are set out in note 16.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

| Change in assumptions at 31 December 2021 | Approximate % increase to defined benefit obligation | Approximate monetary amount £'000 |
|--|--|-----------------------------------|
| 0.1% decrease in Real Discount Rate | 2% | 926 |
| 1 year increase in member life expectancy | 4% | 1,750 |
| 0.1% increase in the Salary Increase Rate | 0% | 36 |
| 0.1% increase in the Pension Increase Rate (CPI) | 2% | 879 |

Provision for doubtful debts

Judgement is required in measuring debtors at their recoverable amounts (the amount expected to be received from a debt). This judgement is made after a detailed review of outstanding balances in conjunction with our managing agent.

As at the date of the Statement of Financial position, a provision has been decided upon following a detailed review of balances and discussions with the Foundation's managing agent.

The provision as at 31 December 2021 constitutes 10% of the annual rent roll.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

1 Accounting Policies *(continued)*

(c) Accounting estimates and judgements *(continued)*

Support cost allocation

The cost allocation methodology requires a judgement as to what are the most appropriate bases to use to apportion support costs and these are reviewed annually for reasonableness. The bases used are outlined in note 6.

Additions to investment properties

Items that represent development expenditure (as opposed to research) qualify as additions to investment properties. Major works that enhance investment properties are also capitalised when the net present value of the investment is positive. Judgement is required to assess the net present value of enhancements/major works and to classify expenditure between development and research related items.

Merger accounting

Following the Transfer of Engagements of Letchworth Cottages and Buildings Limited to Letchworth Garden City Heritage Foundation in accordance with Section 110 of the Cooperative and Community Benefit Societies Act 2014 on 19 August 2021, the assets, liabilities, operations and future obligations of Letchworth Cottages and Buildings Limited transferred to Letchworth Garden City Heritage Foundation. The activities of Letchworth Cottages and Buildings Limited and Letchworth Garden City Heritage Foundation has operated as Letchworth Garden City Heritage Foundation since 19 August 2021. The Board have made enquiries and considered the business plan of Letchworth Garden City Heritage Foundation in this respect.

These financial statements have been prepared under merger accounting principles as the spirit and intent of the merger. The Trustees are satisfied that the criteria for merger accounting was met on the following basis:

- Neither party to the combination was portrayed as either acquirer or acquiree, either by its own board or management or by that of another party to the combination
- Parties to the combination, as represented by the members of the board, participated in establishing the management structure of the combined entity and in selecting the management personnel.

These decisions were made on the basis of a consensus between the parties to the combination.

Merger accounting involves combining all of the results and cash flows of the amalgamating parties from the beginning of the financial period in which the merger occurs. The comparative amounts are restated by including the results for all the combining entities for the previous accounting period and by combining their statement of financial positions as at the previous reporting date. This methodology has been applied in these financial statements.

(d) Income

Income is recognised when the Group is entitled to the income, any performance conditions attached to the income have been met, it is probable that the income will be received and the amount can be measured reliably.

The following specific policies apply to categories of income.

Investment income from properties

Primarily rent receivable on investment properties, income is recognised for the period to which it relates when the property is available to let, net of voids. Lease incentives such rent-free or stepped-rent arrangements are spread over the period up to the lease end date. Income from property sales is recognised on legal completion.

Investment income dividends

Arising on the Cazenove Responsible Multi-Asset Fund, dividends are received in arrears but are recognised for the period to which they relate.

Income from charitable activities

Admissions income for venues is recognised for the day of the admission, with advance ticket sales taken to deferred income and released to income to match the date of attendance. Annual passes are held in the balance sheet as deferred income and released to income to match the period for which they are valid. Income from café sales and souvenir sales is recognised on sale. Ballroom lettings income is recognised in the period when the letting occurs. Where applicable, income is recognised net of VAT.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

1 Accounting Policies *(continued)*

(d) Income *(continued)*

Grant income

Income from government grants, including Job Retention Scheme (Furlough) grants, is credited to income when received or receivable, whichever is earlier, unless the grant relates to a specific future period. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as Turnover.

(e) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is inclusive of irrecoverable VAT where applicable.

Expenditure is allocated to the particular activity to which the costs relates and classified into the following categories.

Expenditure on investment management

Costs incurred in managing the investment property portfolio including repairs and maintenance costs, property void costs, leasehold property rents, professional and advisory fees, and provision for property-related income considered irrecoverable.

Expenditure on charitable activities

Includes the costs of running each of the charitable services directly managed by the Foundation in the furtherance of its charitable objectives. It also includes grants payable which are made to third parties and are recognised once the Board has agreed to the grant without condition.

Support costs

The Foundation operates a number of centralised functions that support all of its activities and these costs are categorised as Support Costs. These are allocated across the two primary expenditure categories above in line with Charities SORP (FRS 102) requirements as set out in note 6.

Governance costs

Costs associated with constitutional and statutory requirements and the strategic management of the Group's activities. They include the costs of company secretarial, internal audit, external audit and statutory accounts preparation as shown in note 4.

(f) Investment properties

Investment properties include interests in land and buildings in respect of which construction work and development have been completed and which is held for its investment potential, any rental income being negotiated at arms length. Properties under construction are transferred to investment properties on completion. These are held for long-term investment and are stated in the balance sheet at their fair value at the balance sheet date. Other properties classified as operational properties are held at the lower of cost and net realisable value as permitted by FRS 102.

Items that represent development expenditure (as opposed to research) qualify as additions to investment properties. Major works that enhance investment properties are only capitalised when the net present value of the investment is positive, typically involving an assessment of the incremental rental income against the initial investment. Routine maintenance costs are expensed through the SOFA in the year in which they occurred. Changes in the market value of investment properties and gains/losses arising on disposal are taken to the SOFA as a separate line item before arriving at 'net income'. The cumulative unrealised gains are disclosed in the notes to the accounts.

Any disposals that include contingent consideration are only recognised when it is considered probable that such proceeds will be received and this is reassessed at each accounting period end until the development is complete. Such consideration is included at the best estimate at the balance sheet date and included within 'net gain on investments' for the period and other debtors in the balance sheet.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

1 Accounting Policies *(continued)*

(g) Depreciation of tangible fixed assets

Depreciation is not provided in respect of land and investment properties other than leasehold properties with less than 25 years to run. Heavy farm equipment is depreciated at 20% per annum using the reducing balance method. The cost of other tangible fixed assets is written off by equal annual instalments over their useful life as follows:

| | |
|--|-------------------------------------|
| Operational buildings – structure | 50 years |
| Operational buildings – components | 20 to 25 years |
| Venue redevelopment: provision of theatre facility | 10 years |
| Short leasehold properties | Remaining length of lease |
| Plant, vehicles, machinery and equipment | 3 to 10 years |
| Leased equipment | Life of the lease or asset category |

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where assets are no longer intended for use on a continuing basis in the operation's activities, they are transferred to current assets, and classified as assets held for resale within stock.

(h) Impairment

The Group considers whether indicators of impairment exist in relation to tangible assets. Indicators considered include external sources of information such as market value, market interest rates and returns on investment, actual or proposed changes to the technological, economic or legal environment, obsolescence or damage to the asset, operational changes or internal reporting which indicates that the asset is performing worse than expected. The Group also considers expected future performance of the asset. Any impairment loss is charged to the Statement of Comprehensive Income.

(i) Financial Investments

Investments are initially recorded at cost. The carrying value of investments is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Investments held in subsidiary companies are reflected at the par value of the shares. Investments held in stocks and shares are valued at market value at the financial year end. The net gains and losses arising from revaluations and disposals during the year are included within 'net gain on investments' in the Statement of Financial Activities (SOFA).

(j) Stocks

Retail stocks are included at the lower of cost and net realisable value with due allowance made for all obsolete and slow moving items. Cost of materials is based on the cost of purchase on an average costing basis. Net realisable value is the estimated selling price less costs to complete and sell.

(k) Financial instruments

The Group only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Financial instruments held by the Group are classified as follows:

- Cash is held at cost
- Financial assets such as tenant arrears are reported within trade debtors falling due within one year. The balance of debt due to the Foundation is reported after allowing for doubtful debts.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Foundation's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(m) Leases

Tangible fixed assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the Foundation are identified as a specific class of asset. Such assets are subject to depreciation over the shorter of the lease term and the estimated useful life of the assets. The finance charges are charged to the SOFA over the periods of the agreements and represent a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to the SOFA on a straight line basis over the term of the lease.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

1 Accounting Policies *(continued)*

(n) Defined benefit pension scheme

The Foundation is a closed member of the Hertfordshire Local Government Pension Scheme, which provides benefits based on pensionable earnings near retirement. The amounts charged in expenditure are the costs arising from employees' services rendered during the period and the cost of benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to the SOFA in accordance with the requirements of FRS 102. Remeasurements comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in 'actuarial gain/loss on pension scheme'.

The defined benefit scheme is funded with the assets of the scheme held separately from those of the Group in the separate trustee-administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability is presented separately on the face of the balance sheet.

(o) Taxation

Letchworth Garden City Heritage Foundation is a charity within the meaning of Paragraph 1 Schedule 6 Finance Act 2010. Accordingly the Foundation is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The subsidiary Letchworth Garden City Trading Limited makes qualifying donations of all taxable profit to Letchworth Garden City Heritage Foundation.

In view of the nature of the VAT Partial Exemption special method agreed with HMRC, the Foundation incurs irrecoverable VAT which is charged to the SOFA when the expenditure to which it relates is incurred. The unrecoverable VAT is allocated to the expenditure to which it relates.

(p) Gift Aid

Letchworth Garden City Trading Limited has a deed of covenant for the payment of gift aid to Letchworth Garden City Heritage Foundation. The subsidiaries sometimes elect to gift aid to the charitable parent and when that happens gift is not accrued in the financial year but in the year when the cash is actually paid to the parent; however the corporation tax implications are recognised in the year the subsidiary elects to gift aid, in line with the FRC's amendment to FRS 102, when it is probable that the gift aid payment will be made within nine months of the reporting date.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

2 Trading Results of Subsidiaries

On 19 August 2021, Letchworth Cottages and Buildings Limited (LCB) completed a Transfer of Engagements into Letchworth Garden City Heritage Foundation. The transfer was completed in accordance with Section 110 of the Cooperative and Community Benefit Societies Act 2014 and on this date the assets, liabilities, operations and future obligations of Letchworth Cottages and Buildings Limited transferred to Letchworth Garden City Heritage Foundation.

The Foundation has one wholly owned trading subsidiary, Letchworth Garden City Trading Limited (company number 03530307), which is incorporated in England and Wales and provides telephony and land development services. Where appropriate, the trading subsidiary makes qualifying charitable donations to the Foundation.

A summary of the results and net assets of the subsidiary is reported below:

| | Letchworth Garden City Trading Ltd | |
|---|------------------------------------|---------------|
| | 2021 £'000 | 2020 £'000 |
| Turnover | 3,289 | 1,161 |
| Profit/(loss) before qualifying charitable donation and tax | 2,143 | 1,044 |
| Qualifying charitable donation | (2,117) | (1,044) |
| Net income/(expenditure) | 26 | – |
| Gross assets | 1,501 | 2,512 |
| Gross liabilities | (360) | (1,397) |
| Net assets | 1,141 | 1,115 |

Letchworth Garden City Trading Limited has no recognised gains or losses other than the surplus before tax.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

3 Analysis of Income

Investment income:

Income from investment properties
Sale of land and buildings
Dividends
Bank interest

| Unrestricted £'000 | Restricted £'000 | 2021 Total £'000 | 2020 Total £'000 |
|-----------------------|---------------------|------------------------|------------------------|
| 10,214 | – | 10,214 | 10,080 |
| 3,250 | – | 3,250 | 1,100 |
| 224 | – | 224 | 190 |
| 2 | – | 2 | 11 |
| 13,690 | – | 13,690 | 11,381 |

Income from charitable activities:

Cinema income
Educational farm income
Other charitable income

| Unrestricted £'000 | Restricted £'000 | 2021 Total £'000 | 2020 Total £'000 |
|-----------------------|---------------------|------------------------|------------------------|
| 849 | 2 | 851 | 634 |
| 612 | 4 | 616 | 238 |
| 238 | 213 | 451 | 599 |
| 1,699 | 219 | 1,918 | 1,471 |

Grants of £587k was receivable for the year (2020: £769k) and is included within charitable income in the Unrestricted Fund.

Grants in 2021 comprised; £143k (2020: £521k) for the Government's Job Retention Scheme, £37k (2020: £0k) for the Government's Kickstart scheme, £136k (2020: £100k) for North Herts District Council Leisure Grants, £219k (2020: £96k) for other Cinema and Cultural Grants and £52k (2020: £52k) from Natural England for environmental improvements.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

4 Analysis of Expenditure

Expenditure on investment property management:

Property and related costs

Cost of sales – land and buildings

| Direct costs £'000 | Support costs £'000 | 2021 £'000 | 2020 £'000 |
|-----------------------|------------------------|---------------|---------------|
| 4,255 | 1,318 | 5,573 | 5,662 |
| 1,053 | – | 1,053 | 19 |
| 5,308 | 1,318 | 6,626 | 5,681 |

Expenditure on charitable activities:

Provision of cinema and cultural events

Provision of studio and gallery

Provision of educational farm

Provision of heritage collection, exhibitions and Institute

Provision of heritage advice

Provision of environmental improvements and town support

Provision of treatment centre

Provision of minibus service

Provision of community information

Miscellaneous charitable expenditure

Grants payable

Support costs

| 2021 £'000 | 2020 £'000 |
|---------------|---------------|
| 1,295 | 1,284 |
| 219 | 158 |
| 669 | 510 |
| 290 | 252 |
| 284 | 404 |
| 194 | 378 |
| 25 | 296 |
| (7) | 254 |
| 20 | 132 |
| 285 | 265 |
| 414 | 580 |
| 1,298 | 1,547 |
| 4,986 | 6,060 |

Miscellaneous charitable expenditure includes various town centre support and the provision of ballroom services.

Analysis of governance costs:

Legal and company secretarial

Internal audit

Publication of Foundation's annual report and accounts

External audit for the Group

Other governance costs

| | |
|-----|-----|
| 2 | 2 |
| 20 | 14 |
| 2 | 2 |
| 37 | 46 |
| 58 | 60 |
| 119 | 124 |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

4 Analysis of Expenditure *(continued)*

Net Income for the year is stated after charging:

Group auditors' remuneration and expenses:

Audit of the Foundation's financial statements

Audit of the subsidiary financial statements

Tax compliance

Advisory

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| | 35 | 49 |
| | 3 | 6 |
| | 2 | 6 |
| | – | 3 |
| | 40 | 64 |

Depreciation of tangible fixed assets – owned assets

Operating lease rentals – land and buildings

| | | |
|--|-----|-----|
| | 585 | 471 |
| | 91 | 91 |

During the year the following exceptional expenditure was incurred:

Bad debts

Employee redundancy costs

| | | |
|--|-----|-----|
| | 181 | 725 |
| | – | 198 |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

5 Grants Payable

The commitments made in the period comprise:

Institutional grants:

Grants of £1,000 or more: 37 (2020: 37)

Smaller grants

Total institutional grants

Total commitments made in the year

Grants cancelled or recovered

Total grants payable

Reconciliation of grants payable:

Commitments at 1 January

Total grants payable

Grants payable

Grants paid during the year

Commitments at 31 December

| | 2021 £ | 2020 £ |
|-----------------------------------|----------------|----------------|
| | 461,544 | 577,455 |
| | 2,005 | 2,644 |
| Total institutional grants | 463,549 | 580,099 |
| | | |
| | 463,549 | 580,099 |
| | (49,933) | – |
| Total grants payable | 413,616 | 580,099 |
| | | |
| | 62,024 | 110,001 |
| | 413,616 | 580,099 |
| | | |
| | 475,640 | 690,100 |
| | (315,550) | (628,076) |
| Commitments at 31 December | 160,090 | 62,024 |

Commitments at 31 December 2021 and 31 December 2020 are payable within one year and included in creditors (note 15).

Grant applications are considered by the Grants Committee by reference to the objects of the charity. Each application is supported by a detailed application form setting out details of how the funds will be used and the planned benefits so that the committee can evaluate each case.

Of the total awarded grants in the year, £49,933 were not taken up or subsequently cancelled (2020: nil).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

5 Grants Payable *(continued)*

Grants awarded of £1,000 or more:

Object

- (i) Preservation of buildings and other environmental features
- (ii) Assisting in the provision of facilities for recreation
- (iii) Advancement of education and learning
- (iv) Relief of poverty and sickness
- (v) Supporting Garden City charitable organisations
- (vi) Supporting other charitable purposes

| 2021 | | 2020 | |
|--------|---------------------------|--------|---------------------------|
| Number | Total value of grants (£) | Number | Total value of grants (£) |
| – | – | – | – |
| 4 | 36,000 | 1 | 3,900 |
| 18 | 255,254 | 13 | 310,800 |
| 15 | 170,290 | 23 | 262,755 |
| – | – | – | – |
| – | – | – | – |
| 37 | 461,544 | 37 | 577,455 |

(ii) Assisting in the provision of facilities for recreation

- Grange Community Centre
- Friends of Norton Common
- Letchworth Corner Sports Club
- Letchworth Garden City Eagles
- Disability Sports

| | | | |
|---|--------|---|-------|
| 1 | 15,000 | – | – |
| 1 | 1,000 | – | – |
| 1 | 15,000 | – | – |
| 1 | 5,000 | – | – |
| – | – | 1 | 3,900 |
| 4 | 36,000 | 1 | 3,900 |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

5 Grants Payable *(continued)*

(iii) Advancement of education and learning

| | 2021 | | 2020 | |
|------------------------------------|--------|---------------------------|--------|---------------------------|
| | Number | Total value of grants (£) | Number | Total value of grants (£) |
| Apna Punjabi School | 1 | 11,500 | – | – |
| Letchworth Swimming Club | 1 | 2,678 | – | – |
| Wispa | 1 | 2,000 | – | – |
| Young Arcadians | 1 | 3,000 | – | – |
| Herts Disability Sports Foundation | 2 | 9,102 | – | – |
| Salvation Army | 1 | 4,719 | – | – |
| Angels Support Group | 1 | 6,008 | – | – |
| First Garden Cities Homes | 1 | 15,100 | – | – |
| Herts Young Homeless | 2 | 26,583 | 2 | 44,500 |
| Home-Start Hertfordshire | 2 | 16,300 | 2 | 17,500 |
| Letchworth Family Support team | 2 | 90,000 | 1 | 90,000 |
| Barnardo's (Family Project) | 1 | 50,000 | 1 | 50,000 |
| Made with Clay | 1 | 3,264 | 1 | 12,000 |
| Letchworth Civic Trust | 1 | 15,000 | 1 | 15,000 |
| Letchworth Garden City Samba | – | – | 1 | 1,800 |
| Learn IT | – | – | 1 | 60,000 |
| Imajica Theatre Company | – | – | 1 | 4,000 |
| Letchworth Educational Settlement | – | – | 1 | 15,000 |
| Wilbury Junior School | – | – | 1 | 1,000 |
| | 18 | 255,254 | 13 | 310,800 |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

5 Grants Payable *(continued)*

(iv) Relief of poverty and sickness

| | 2021 | | 2020 | |
|--|--------|---------------------------|--------|---------------------------|
| | Number | Total value of grants (£) | Number | Total value of grants (£) |
| MS Therapy Centre | 2 | 8,000 | – | – |
| Kings Community Church | 1 | 2,250 | – | – |
| Let's Make Lunch | 1 | 2,000 | – | – |
| Red Kite | 1 | 2,000 | – | – |
| Open Art Box CiC | 1 | 6,480 | – | – |
| Growing People | 1 | 10,000 | – | – |
| First Garden Cities Homes | 2 | 5,000 | – | – |
| Barnardo's | 1 | 1,000 | – | – |
| Letchworth Foodbank | 2 | 28,560 | – | – |
| Citizens Advice North Hertfordshire | 2 | 100,000 | 3 | 140,000 |
| Settle | 1 | 5,000 | 1 | 5,000 |
| Garden House Hospice | – | – | 1 | 20,000 |
| Kings Community Church | – | – | 1 | 2,000 |
| SADA | – | – | 1 | 5,616 |
| Salvation Army | – | – | 1 | 2,000 |
| Howard Garden Day and Social Care Centre | – | – | 3 | 11,680 |
| Best Before Café | – | – | 1 | 5,000 |
| Carers in Herts | – | – | 1 | 1,200 |
| Headway Herts | – | – | 1 | 1,000 |
| Create Network | – | – | 1 | 4,555 |
| Letchworth Centre for Healthy Living | – | – | 1 | 14,800 |
| Norton Methodist Church | – | – | 2 | 3,000 |
| Tilehouse Counselling | – | – | 1 | 13,904 |
| Howard Cottage Housing Association | – | – | 2 | 31,000 |
| Stevenage and North Herts Family Centres | – | – | 1 | 1,000 |
| Extra Smile Project | – | – | 1 | 1,000 |
| | 15 | 170,290 | 23 | 262,755 |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

6 Support Costs

| | Investment management £'000 | Charitable activities £'000 | 2021 Total £'000 | 2020 Total £'000 |
|---------------------------------------|-----------------------------------|-----------------------------------|------------------------|------------------------|
| Communications & Marketing | 57 | 228 | 285 | 288 |
| Finance | 275 | 211 | 486 | 481 |
| Strategic Planning | 44 | 34 | 78 | 12 |
| Executive | 423 | 326 | 749 | 798 |
| Human Resources | 33 | 126 | 159 | 150 |
| Information Technology | 287 | 221 | 508 | 553 |
| Support Centre | 161 | 82 | 243 | 482 |
| Governance | 38 | 70 | 108 | 125 |
| Total for year ended 31 December 2021 | 1,318 | 1,298 | 2,616 | 2,889 |
| Total for year ended 31 December 2020 | 1,340 | 1,548 | 2,889 | |

The support costs of the Foundation consisted of the eight cost elements listed in the table. These costs are allocated to the activity cost categories on a basis consistent with the use of resources as follows:

| | |
|---|--------------------------|
| Communications & Marketing and Governance | Percentage of time spent |
| Finance, Strategic Planning, Executive and Information Technology | Work done |
| Human Resources and Support Centre | Headcount |

Support Centre costs are those costs incurred in running the Foundation's Support Centre building.

7 Taxation

The Foundation is exempt from corporation tax in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Letchworth Garden City Trading Limited makes qualifying donations of all taxable profit to Letchworth Garden City Heritage Foundation.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

8 Staff costs

Staff costs for the Group during the year amounted to:

Wages and salaries
Social security costs
Other pension costs
Agency staff costs
Redundancy costs

| 2021 £'000 | 2020 £'000 |
|---------------|---------------|
| 2,337 | 2,917 |
| 225 | 276 |
| 446 | 717 |
| 136 | 119 |
| – | 198 |
| 3,144 | 4,227 |

There were no costs incurred in 2021 in relation to employee settlement agreements (2020: £70k reported as part of Wages and Salaries).

The monthly average number of employees of the Group during the year, calculated on a full-time equivalent basis, is analysed as follows:

Charitable activities
Property management and maintenance
Administration and support

| 2021 Number | 2020 Number |
|----------------|----------------|
| 40 | 56 |
| 10 | 9 |
| 18 | 19 |
| 68 | 84 |

The average head count (number of staff employed) during 2021 was 108 (2020: 135).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

8 Staff costs *(continued)*

The number of employees whose emoluments (including benefits in kind but excluding employer pension contributions) amounted to over £60,000 in the year/period was as follows:

£60,001 – £70,000
 £70,001 – £80,000
 £80,001 – £90,000
 £90,001 – £100,000
 £100,001 – £110,000
 £110,001 – £120,000
 £120,001 – £130,000
 £130,001 – £140,000
 £140,001 – £150,000

| 2021 Number | 2020 Number |
|----------------|----------------|
| 1 | 1 |
| – | 2 |
| 2 | – |
| – | – |
| 1 | 1 |
| – | – |
| 1 | 1 |
| – | 1 |
| 1 | – |
| 6 | 6 |

In 2021, employer contributions of £158k (2020: £156k) were made to pension schemes in respect of the above employees.

Key management personnel

During 2021 the Leadership team comprised the Chief Executive Officer, Executive Director of Finance, Executive Director of Property, Executive Director of Stewardship and Development and Executive Director of Communities, Culture and Heritage. Total employee costs (including employer national insurance, pension contributions and benefits in kind) for key management personnel during the year totalled £747k (2020: £739k).

Board of Trustees

Members of the Board of Trustees, who are the Trustees of the charity, neither received nor waived any emoluments during the year (2020: £nil).

No Trustees claimed expenses for travel and subsistence, or had costs met directly by the Foundation in 2021 (2020: nil).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

9 Tangible Assets – Investment Properties

| | Freehold property £'000 | Long leasehold property £'000 | Total £'000 |
|--|-------------------------------|--|----------------|
| Group | | | |
| At 31 December 2020 – at valuation | 173,776 | 9,660 | 183,436 |
| Additions | 275 | – | 275 |
| Disposals | (2,868) | – | (2,868) |
| Transfers from operational properties | 696 | – | 696 |
| Revaluation | 15,054 | 1,545 | 16,599 |
| Net book value: At 31 December 2021 | 186,933 | 11,205 | 198,138 |
| At 31 December 2020 | 173,776 | 9,660 | 183,436 |
| Foundation | | | |
| At 31 December 2020 – at valuation | 172,776 | 9,660 | 182,436 |
| Additions | 275 | – | 275 |
| Disposals | (1,868) | – | (1,868) |
| Transfers from operational properties | 696 | – | 696 |
| Revaluation | 15,054 | 1,545 | 16,599 |
| Net book value: At 31 December 2021 | 186,933 | 11,205 | 198,138 |
| At 31 December 2020 | 172,776 | 9,660 | 182,436 |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

10 Tangible Assets – Operational Assets

Foundation

Cost:

At 31 December 2020

Additions

Transfers

Disposals

At 31 December 2021

Depreciation:

At 31 December 2020

Charge for the year

Transfers

Disposals

At 31 December 2021

Net book value:

At 31 December 2021

At 31 December 2020

| | Freehold property £'000 | Plant and equipment £'000 | Total £'000 |
|---------------------|-------------------------------|---------------------------------|----------------|
| At 31 December 2020 | 6,049 | 3,966 | 10,015 |
| Additions | 12 | 138 | 150 |
| Transfers | (984) | – | (984) |
| Disposals | – | (65) | (65) |
| At 31 December 2021 | 5,077 | 4,039 | 9,116 |
| At 31 December 2020 | 1,265 | 3,294 | 4,559 |
| Charge for the year | 404 | 181 | 585 |
| Transfers | (288) | – | (288) |
| Disposals | – | (56) | (56) |
| At 31 December 2021 | 1,381 | 3,419 | 4,800 |
| At 31 December 2021 | 3,696 | 620 | 4,316 |
| At 31 December 2020 | 4,784 | 672 | 5,456 |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

10 Tangible Assets – Operational Assets *(continued)*

| Group | Freehold property £'000 | Plant and equipment £'000 | Total £'000 |
|---------------------|----------------------------|------------------------------|----------------|
| Cost: | | | |
| At 31 December 2020 | 7,080 | 3,966 | 11,046 |
| Additions | 12 | 138 | 150 |
| Transfers | (984) | – | (984) |
| Disposals | (1,031) | (65) | (1,096) |
| At 31 December 2021 | 5,077 | 4,039 | 9,116 |
| Depreciation: | | | |
| At 31 December 2020 | 1,387 | 3,294 | 4,681 |
| Charge for the year | 404 | 181 | 585 |
| Transfers | (288) | – | (288) |
| Disposals | (122) | (56) | (178) |
| At 31 December 2021 | 1,381 | 3,419 | 4,800 |
| Net book value: | | | |
| At 31 December 2021 | 3,696 | 620 | 4,316 |
| At 31 December 2020 | 5,694 | 673 | 6,367 |

The category 'plant and equipment' comprises plant, equipment, machinery, vehicles and furniture.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

11 Other Investments

Group and Foundation

| | Listed investments £'000 |
|-------------------------------------|--------------------------------|
| Market value at 1 January 2021 | 5,106 |
| Additions/(Disposals) | 5,000 |
| Surplus/(deficit) on disposal | – |
| Surplus / (deficit) on revaluation | 648 |
| Unit trust equalisation | – |
| Market value at 31 December 2021 | 10,754 |
| Historical cost at 31 December 2021 | 9,701 |

The investments comprise 12,796,722 units held in Cazenove Capital Management's Responsible Multi-Asset Fund (31 December 2020 – 9,473,359 units) and 635,342 units in the CCLA-managed Ethical Investment Fund for Charities (31 December 2020 – nil).

Shares held by the Foundation in subsidiary undertakings

Foundation

Cost and net book value:

| | Subsidiary undertakings £'000 |
|-------------------------|-------------------------------------|
| At 1 January 2021 | 1,115 |
| Shares redeemed in 2021 | – |
| Shares acquired in 2021 | – |
| At 31 December 2021 | 1,115 |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

11 Other Investments *(continued)*

Details of the principal investments in which the Foundation holds more than 10% of the nominal value in any class of share capital are as follows:

Subsidiary undertakings

| | Holding | Proportion of shares held | Voting rights | Nature of business |
|--|-----------------|---------------------------|---------------|---|
| Letchworth Garden City Trading Limited | Ordinary shares | 100% | 100% | Land development and telephony services |

12 Stocks

| | Group | | Foundation | |
|---------------|---------------|---------------|---------------|---------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Retail stocks | 25 | 28 | 25 | 28 |

Retail stocks include inventory held by the Farm, Cinema, Gallery and Tourist Information Centre (TIC).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

13 Debtors

| | Group | | Foundation | |
|---|---------------|---------------|---------------|---------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Trade debtors | 2,867 | 2,422 | 2,726 | 2,177 |
| Amounts owed by subsidiary undertakings | – | – | 341 | 1,387 |
| Deposits with Herts County Council | 500 | 500 | 500 | 500 |
| Other debtors | 362 | 212 | 362 | 212 |
| Prepayments and accrued income | 1,861 | 1,634 | 1,859 | 1,632 |
| | 5,590 | 4,768 | 5,788 | 5,908 |

Amounts deposited with Herts County Council relate to the Street Scene development and are repayable between 2022 and 2031.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

14 Loans

| | Group | | Foundation | |
|--|---------------|---------------|---------------|---------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Due within one year: | | | | |
| Loans to staff | – | – | – | – |
| Loans to individuals and local organisations | 2 | 2 | 2 | 2 |
| | 2 | 2 | 2 | 2 |
| Due after one year: | | | | |
| Loans to staff | 17 | 17 | 17 | 17 |
| Loans to individuals and local organisations | – | 1 | – | 1 |
| Loans relating to leasehold enfranchisement | 155 | 185 | 155 | 185 |
| | 172 | 203 | 172 | 203 |

The loans relating to leasehold enfranchisement were granted in accordance with a scheme to assist qualifying residential lessees to acquire the freehold interest in their property. The amounts outstanding include accrued interest and are secured by mortgage on the freehold interest concerned.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

15 Creditors

Amounts falling due within one year:

Trade creditors

Taxes and social security

Other creditors

Accruals and deferred income

Grants payable

Coronavirus Business Interruption Loan (CBIL)

| Group | | Foundation | |
|---------------|---------------|---------------|---------------|
| 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| 548 | 457 | 548 | 457 |
| 299 | 379 | 299 | 379 |
| 1,527 | 1,261 | 1,527 | 1,261 |
| 4,602 | 3,776 | 4,584 | 3,766 |
| 160 | 62 | 160 | 62 |
| – | 25 | – | 25 |
| 7,136 | 5,960 | 7,118 | 5,950 |

Deferred Income

Deferred income balances reflect income received during the accounting period for which the Group has not supplied the service as at the end of the period and therefore cannot be recognised as income in the year.

Deferred income at the start of the year

Net transferred from/(to) the SOFA

Deferred income at the end of the year

| Group | | Foundation | |
|---------------|---------------|---------------|---------------|
| 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| 1,746 | 1,538 | 1,746 | 1,538 |
| 56 | 208 | 56 | 208 |
| 1,802 | 1,746 | 1,802 | 1,746 |

Creditors: Amounts falling due after more than one year:

Coronavirus Business Interruption Loan (CBIL)

| Group | | Foundation | |
|---------------|---------------|---------------|---------------|
| 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| – | 1,475 | – | 1,475 |
| – | 1,475 | – | 1,475 |

During 2021 the Foundation fully repaid a Coronavirus Business Interruption Loan of £1.5m.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

16 Defined Benefit Pension

The Foundation is a closed member of the Small Admitted Bodies pool of the Hertfordshire County Council Pension Fund. From 1 December 2018, the scheme has been closed to new entrants. This scheme provides benefits based on pensionable earnings near retirement. The assets of the scheme are held separately from those of the Foundation. The pension cost for the scheme is determined by a qualified actuary on the basis of periodical valuations. The cost is charged to the Consolidated Statement of Financial Activities.

The full valuation of the scheme was undertaken as at 31 March 2019 and updated by a qualified independent actuary to 31 December 2021 on a basis appropriate to FRS 102.

The Foundation's contributions to the scheme increased to 29.8% of pensionable pay from April 2020 for the three years to 31 March 2023. Estimated contributions for the year ended 31 December 2021 are £645k.

The major assumptions used by the actuary for the FRS 102 calculations were:

| | 2021 % | 2020 % |
|---|-----------|-----------|
| Salary increase rate | 3.3 | 2.9 |
| Pension increase rate | 2.9 | 2.5 |
| Discount rate (used to discount scheme liabilities) | 1.9 | 1.3 |

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

| | Current pensioners | | Future pensioners | |
|---------|--------------------|---------------|-------------------|---------------|
| | 2021 Years | 2020 Years | 2021 Years | 2020 Years |
| Males | 22.1 | 21.9 | 23.2 | 22.8 |
| Females | 24.5 | 24.1 | 26.2 | 25.5 |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

16 Defined Benefit Pension *(continued)*

The assets of the whole of the Hertfordshire County Council Pension Fund are invested with a number of fund managers.

The fair value of the assets held by the Hertfordshire County Council Pension Fund in respect of the Foundation:

| | 2021 £'000 | 2020 £'000 |
|----------------------------|---------------|---------------|
| Equities | 21,546 | 19,976 |
| Bonds | 11,172 | 12,349 |
| Property | 4,788 | 2,906 |
| Cash | 2,394 | 1,090 |
| Total fair value of assets | 39,900 | 36,321 |

The amounts recognised in the balance sheet as at 31 December 2021 and 31 December 2020:

| | 2021 £'000 | 2020 £'000 |
|-------------------------------------|---------------|---------------|
| Fair value of scheme assets | 39,900 | 36,321 |
| Present value of scheme liabilities | (43,758) | (45,398) |
| Net deficit in the scheme | (3,858) | (9,077) |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

16 Defined Benefit Pension *(continued)*

Reconciliation of opening and closing balances of the scheme assets and liabilities:

| | Fair value of scheme assets £'000 | Present value of scheme liabilities £'000 | Scheme assets less scheme liabilities £'000 |
|--|--|--|--|
| Scheme assets/(liabilities) at the start of the year | 36,321 | (45,398) | (9,077) |
| Current service cost | – | (755) | (755) |
| Interest income/(cost) | 472 | (590) | (118) |
| Actuarial gains/(losses) | 3,152 | 2,198 | 5,350 |
| Contributions paid by the Foundation | 742 | – | 742 |
| Contributions paid by employees | 107 | (107) | – |
| Benefits paid | (894) | 894 | – |
| Scheme assets/(liabilities) at the end of the year | 39,900 | (43,758) | (3,858) |

The amounts recognised in net income for the year to 31 December 2021 and year to 31 December 2020:

| | 2021 £'000 | 2020 £'000 |
|------------------------|---------------|---------------|
| Current service cost | 750 | 820 |
| Losses on curtailments | 5 | 30 |
| Net interest cost | 118 | 67 |
| | 873 | 917 |

The actual return on scheme assets for the year to 31 December 2021 and 31 December 2020:

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Interest income on scheme assets | 472 | 624 |
| Actuarial gains (losses) on scheme assets | 3,152 | 4,568 |
| Actual return on scheme assets | 3,624 | 5,192 |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

16 Defined Benefit Pension *(continued)*

The amounts recognised as other recognised gains and losses in the SOFA for the year to 31 December 2021 and 31 December 2020:

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Actuarial gains on scheme assets | 3,152 | 4,568 |
| Changes in assumptions underlying present value of scheme liabilities | 2,198 | (10,177) |
| Actuarial gains/(losses) recognised in statement of recognised gains and losses | 5,350 | (5,609) |

Cumulative amount of actuarial gains and losses recognised in the SOFA for the year to 31 December 2021 and 31 December 2020:

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Cumulative actuarial loss at start of the year | (11,239) | (5,630) |
| Recognised gain/(loss) during the year | 5,350 | (5,609) |
| Cumulative actuarial loss at end of the year | (5,889) | (11,239) |

History of asset values, present value of liabilities and deficit in the scheme:

| | 2021 £'000 | 2020 £'000 | 2019 £'000 | 2018 £'000 | 2017 £'000 |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Fair value of scheme assets | 39,900 | 36,321 | 31,136 | 27,684 | 27,929 |
| Present value of scheme liabilities | (43,758) | (45,398) | (34,431) | (30,323) | (31,506) |
| Deficit in the scheme | (3,858) | (9,077) | (3,295) | (2,639) | (3,577) |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

17 Funds

Group

| | Unrestricted Funds £'000 | Endowment Funds £'000 | Restricted Funds £'000 | Total £'000 |
|---|--------------------------------|-----------------------------|------------------------------|----------------|
| At 1 January 2021 | 9,933 | 183,471 | – | 193,404 |
| Retained surplus/(deficit) for the year | 3,996 | – | – | 3,996 |
| Surplus (deficit) on revaluation and disposal | 684 | 15,836 | – | 16,520 |
| Transfers between funds | (11) | – | 11 | – |
| Actuarial gain on pension scheme | 5,350 | – | – | 5,350 |
| Balance at 31 December 2021 | 19,952 | 199,307 | 11 | 219,270 |

Foundation

| | | | | |
|---|--------|---------|----|---------|
| At 1 January 2021 | 10,026 | 182,469 | – | 192,495 |
| Retained surplus/(deficit) for the year | 3,878 | – | – | 3,878 |
| Surplus on revaluation and disposal | 684 | 16,836 | – | 17,520 |
| Transfers between funds | (11) | – | 11 | – |
| Actuarial gain on pension scheme | 5,350 | – | – | 5,350 |
| Balance at 31 December 2021 | 19,927 | 199,305 | 11 | 219,243 |

On appointment, Governors are required to subscribe for a £1 Ordinary Share in the Foundation which is forfeited on their retirement and the subscription is taken to income. At 31 December 2021 there were 30 (31 December 2020: 30) shares in issue.

The Restricted Fund relates to grant received for the purpose of re-opening cultural assets including the Broadway Studio and Gallery and the Garden City Collection Museum through a new exhibition programme, the creation of a new cultural programme and the piloting of new activities to engage groups disproportionately affected by COVID-19.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

18 Analysis Of Group Net Assets Between Funds

Fund balances at 31 December 2021 are represented by:

| | Unrestricted Funds £'000 | Endowment Funds £'000 | Restricted Funds £'000 | Total £'000 |
|------------------------|--------------------------------|-----------------------------|------------------------------|----------------|
| Investment properties | 475 | 197,663 | – | 198,138 |
| Operational properties | 4,316 | – | – | 4,316 |
| Other investments | 10,754 | – | – | 10,754 |
| Pension scheme deficit | (3,858) | – | – | (3,858) |
| | 11,687 | 197,663 | – | 209,350 |
| Net current assets | 8,265 | 1,644 | 11 | 9,920 |
| | 19,952 | 199,307 | 11 | 219,270 |

The above figures include unrealised gains on investment properties as follows:

| | | | | |
|--------------------------------------|------|---------|---|---------|
| Unrealised gains at 31 December 2020 | 409 | 109,609 | – | 110,018 |
| Surplus (deficit) on revaluation | (55) | 16,654 | – | 16,599 |
| Realised on disposals | – | (1,739) | – | (1,739) |
| Unrealised gains at 31 December 2021 | 354 | 124,524 | – | 124,878 |

The above figures include unrealised gains on other investments as follows:

| | | | | |
|--------------------------------------|-------|---|---|-------|
| Unrealised gains at 31 December 2020 | 411 | – | – | 411 |
| Surplus (deficit) on revaluation | 648 | – | – | 648 |
| Unrealised gains at 31 December 2021 | 1,059 | – | – | 1,059 |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

18 Analysis Of Group Net Assets Between Funds *(continued)*

The prior year (2020) comparatives of the Group Net Assets Between Funds are provided below.

| | Unrestricted Funds £'000 | Endowment Funds £'000 | Restricted Funds £'000 | Total £'000 |
|---|--------------------------------|-----------------------------|------------------------------|----------------|
| Fund balances at 31 December 2020 are represented by: | | | | |
| Investment properties | 530 | 182,906 | – | 183,436 |
| Operational properties | 6,367 | – | – | 6,367 |
| Other investments | 5,106 | – | – | 5,106 |
| Pension scheme deficit | (9,077) | – | – | (9,077) |
| | 2,926 | 182,906 | – | 185,832 |
| Net current assets | 7,007 | 565 | – | 7,572 |
| | 9,933 | 183,471 | – | 193,404 |

The above figures include unrealised gains on investment properties as follows:

| | | | | |
|--------------------------------------|-----|---------|---|---------|
| Unrealised gains at 31 December 2019 | 409 | 106,705 | – | 107,114 |
| Surplus on revaluation | – | 4,065 | – | 4,065 |
| Realised on disposals | – | (1,099) | – | (1,099) |
| Unrealised gains at 31 December 2020 | 409 | 109,671 | – | 110,080 |

The above figures include unrealised gains on other investments as follows:

| | | | | |
|--------------------------------------|-----|---|---|-----|
| Unrealised gains at 31 December 2019 | 142 | – | – | 142 |
| Realised on disposal | – | – | – | – |
| Surplus (deficit) on revaluation | 269 | – | – | 269 |
| Unrealised gains at 31 December 2020 | 411 | – | – | 411 |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

19 Financial Commitments

Authorised capital expenditure not provided for in these accounts for which contracts have been placed is as follows:

Erection, purchase and redevelopment of premises

Group and Foundation

| 2021 £'000 | 2020 £'000 |
|---------------|---------------|
|---------------|---------------|

| | |
|----|---|
| 21 | – |
|----|---|

The total future minimum lease payments under non-cancellable operating leases for each of the following periods.

Group and Foundation

| 2021 £'000 | 2020 £'000 |
|---------------|---------------|
|---------------|---------------|

Payments due:

Not later than one year

| | |
|----|----|
| 91 | 91 |
|----|----|

Later than one year and not later than five years

| | |
|-----|-----|
| 364 | 364 |
|-----|-----|

Later than five years

| | |
|--------|--------|
| 32,080 | 32,169 |
|--------|--------|

| | |
|--------|--------|
| 32,535 | 32,624 |
|--------|--------|

Total future rental income commitments from leases with tenants at the year end for each of the following periods.

Group and Foundation

| 2021 £'000 | 2020 £'000 |
|---------------|---------------|
|---------------|---------------|

Receipts due:

Not later than one year

| | |
|-------|-------|
| 6,983 | 7,875 |
|-------|-------|

Later than one year and not later than five years

| | |
|--------|--------|
| 17,772 | 24,000 |
|--------|--------|

Later than five years

| | |
|---------|---------|
| 530,663 | 651,801 |
|---------|---------|

| | |
|---------|---------|
| 555,418 | 683,676 |
|---------|---------|

These commitments are expected to be financed with available cash reserves.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

20 Related Parties Transactions

The following Trustees and Governors on the Grants Committee held positions in organisations, or where marked #, held an indirect interest in grants made by the Foundation:

| Organisation | Position held | Name | No. | 2021 Total value of grants (£) | No. | 2020 Total value of grants (£) |
|---------------------------------|---|----------------------------------|-----|--------------------------------|-----|--------------------------------|
| Letchworth Civic Trust | Trustee | Kevin Jones | 1 | 15,000 | 1 | 15,000 |
| Letchworth Education Settlement | Previous Chair of The Settlement Examiner | Pam Burn Roger McIntyre-Brown | – | – | 1 | 15,000 |
| Garden House Hospice Care | Employee of Hospice | Richard Harbon | – | – | 1 | 20,000 |
| Barnardo's | Resident of Jackmans | Gary Mallet # | 1 | 50,000 | 1 | 50,000 |

Intercompany Transactions

- The Foundation provided management services to Letchworth Garden City Trading for a total fee of £60,000 (2020: £60,000).
- Letchworth Garden City Trading supplied services to the Foundation totalling £16,468 (2020: £16,752).
- At the balance sheet date, the Foundation held intercompany debtor balances of £341,367 with LGCT (2020: £1,386,744).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

21 Consolidated Statement Of Financial Activities

for the 12 months ended 31 December 2020

As required by the Charities SORP (FRS 102), the SOFA comparatives are split by funds:

| | Unrestricted Funds £'000 | Endowment Funds £'000 | Restricted Funds £'000 | 2020 £'000 |
|---|--------------------------------|-----------------------------|------------------------------|---------------|
| Income from: | | | | |
| Investments | 11,531 | – | – | 11,531 |
| Charitable activities | 1,471 | – | – | 1,471 |
| Total income | 13,002 | – | – | 13,002 |
| Expenditure on: | | | | |
| Investment property management | 5,919 | – | – | 5,919 |
| Charitable activities | 5,973 | – | – | 5,973 |
| Total expenditure | 11,892 | – | – | 11,892 |
| Net income/(expenditure) before gains on investments | 1,110 | – | – | 1,110 |
| Net gain on investments | 267 | 3,048 | – | 3,315 |
| Net income/(expenditure) before taxation | 1,377 | 3,048 | – | 4,425 |
| Transfers Between Funds | 1,000 | (1,000) | – | – |
| Other recognised gains and losses | | | | |
| Actuarial gain on pension scheme | (5,609) | – | – | (5,609) |
| Net movement in funds | (3,232) | 2,048 | – | (1,184) |
| Fund balances brought forward at 1 January 2020 | 13,165 | 181,423 | – | 194,588 |
| Fund balances carried forward at 31 December 2020 | 9,933 | 183,471 | – | 193,404 |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

22 Net debt reconciliation

Cash at bank and in hand
Bank loans

Net debt

| | Group | | |
|--------------------------|----------------------------|---------------------|------------------------------|
| | 1 January 2021 £'000 | Cash flows £'000 | 31 December 2021 £'000 |
| Cash at bank and in hand | 10,006 | 1,261 | 11,267 |
| Bank loans | (1,500) | 1,500 | – |
| Net debt | 8,506 | 2,761 | 11,267 |

Cash at bank and in hand
Loans

Net debt

| | Foundation | | |
|--------------------------|----------------------------|---------------------|------------------------------|
| | 1 January 2021 £'000 | Cash flows £'000 | 31 December 2021 £'000 |
| Cash at bank and in hand | 8,743 | 1,166 | 9,909 |
| Loans | (1,500) | 1,500 | – |
| Net debt | 7,243 | 2,666 | 9,909 |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2021

23 Merger

On 19 August 2021, Letchworth Garden City Heritage Foundation and Letchworth Cottages and Buildings Limited amalgamated to form Letchworth Garden City Heritage Foundation in accordance with the Co-operative and Community Benefit Society Act 2014. On 1 November 2021 LCB ceased to exist as a separate legal entity.

The amalgamation has been accounted for under merger accounting in the financial statements. Therefore, these financial statements have been presented as if Letchworth Garden City Heritage Foundation had existed in its current form since the beginning of the previous reporting period.

As part of this, the accounting policies of the two merging parties have been aligned and any costs relating to the merger have been expensed. Any transactions between the two parties prior to the merger are now required to be eliminated as part of the consolidation.

The following disclosures provided an analysis of the numbers reported in these financial statements between these two parties prior to the merger and of the combined party post-merger.

| | Pre-amalgamation as at 19 August 2021 | | | Post amalgamation | |
|------------------------------------|---|--|---------------------------|--|---|
| | Letchworth Garden City Heritage Foundation £'000 | Letchworth Cottages and Buildings Limited £'000 | Foundation Total £'000 | 20 August to 31 December 2021 £'000 | Foundation Total year ended 31 December 2021 £'000 |
| Year ended 31 December 2021 | | | | | |
| Turnover | 7,408 | 329 | 7,737 | 4,582 | 12,319 |
| Net income/(expenditure) | 1,552 | 29 | 1,581 | 2,389 | 3,970 |
| Net movement in funds | 15,700 | 952 | 16,652 | 9,188 | 25,840 |
| Net assets | 189,641 | 21,745 | 211,386 | 7,857 | 219,243 |
| Year ended 31 December 2020 | | | | | |
| | Letchworth Garden City Heritage Foundation £'000 | Letchworth Cottages and Buildings Limited £'000 | Adjustments £'000 | Foundation Total year £'000 | |
| Turnover | 11,314 | 527 | (151) | 11,690 | |
| Net income/(expenditure) | 1,038 | 71 | – | 1,109 | |
| Net movement in funds | (1,254) | 71 | – | (1,183) | |

The following changes have been made as a result of the merger:

A £2.5m long-term, interest-bearing, loan provided by LCB to the Foundation has been consolidated upon merger.

Board of Trustees



Pam Burn
Chair 2021
(retired 31 January 2022)



Gareth Hawkins
Chair 2022



Trevor Saunders
Vice-Chair
(retired 21 December 2021)



Chris Pattison
Vice-Chair



Simon Franklin



Terry Hone*



Kevin Jones



Gary Mallett
(retired 9 March 2021)



Ian Mantle**
(appointed 5 October 2021)



Roger McIntyre-Brown



Robert Riggall
(retired 21 December 2021)



Helen Oliver**
(retired 22 May 2021)

* Deputy for Hertfordshire County Council

** Deputy for North Hertfordshire District Council

Full details of our Board of Trustees and Governors are available at
letchworth.com/who-we-are/board-of-trustees

Officers and registered office

Chief Executive

Graham Fisher

Leadership team

David Ames

Executive Director – Stewardship and Development

Stuart Sapsford

Executive Director – Communities, Culture and Heritage

Mark Coles

Executive Director – Property

Matthew Peak

Executive Director – Finance

Secretary

Graham Fisher

One Garden City
Broadway
Letchworth Garden City
SG6 3BF

Registered Office and Principal Office

Letchworth Garden City Heritage Foundation
One Garden City
Broadway
Letchworth Garden City
SG6 3BF

Registered number 28211R

t **01462 530350**

e response@letchworth.com

w letchworth.com

Advisers

Auditors

Beever and Struthers

15 Bunhill Row
London
EC1Y 8LP

Bankers

National Westminster Bank

Station Place
Letchworth Garden City
SG6 3AL

Investment Managers

Cazenove Capital Management

1 London Wall Place
London
EC2Y 5AU

Commercial Property Managers

Savills

Unex House
132-134 Hills Road
Cambridge
CB2 8PA

Property Valuers

Bidwells LLP

Trumpington Road
Cambridge
CB2 2LD

Solicitors

Tollers Solicitors

Arlington Business Park
6 Arlington Court,
Whittle Way
Stevenage
SG1 2FS

Mills & Reeve

Francis House
112 Hills Road
Cambridge
CB2 1PH

Hempsons Solicitors

100 Wood Street
London
EC2V 7AN

Letchworth Commissioner

Paul Barnes

Letchworth Garden City Heritage Foundation Commissioner
Bishop & Sewell LLP
59-60 Russell Square
London
WC1B 4HP



Letchworth Garden City

Heritage Foundation

One Garden City
Broadway
Letchworth Garden City
SG6 3BF
 letchworth.com

Stand-alone
Farm

Heritage
Foundation
Garden City