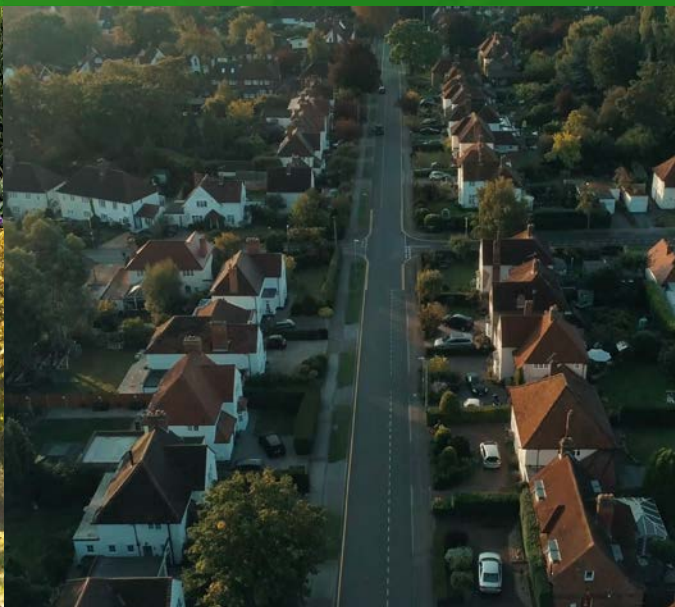


Report & Accounts

to 31 December 2020



Welcome from our Chairman



A year of uncertainty, tough decisions and change

Usually when I sit down to write my Chairman's report, the words flow easily and quickly. Not so this year. At the end of 2019, we were looking at a good set of accounts and some very ambitious plans for 2020. All that changed with the outbreak of the COVID-19 pandemic.

Since then, the part-time volunteer roles which I and fellow Trustees originally signed up for have developed into much bigger commitments due to the serious challenges we faced. There has rarely been a day since March when I have not spent several hours

answering emails and talking to colleagues and others outside the organisation via video. And then there's the time spent researching and thinking about how best to tackle the latest issue and what we need to prepare for.

The first difficult decisions were focused on our tenants and what we could do to help them and their businesses. At the same time, we knew that many people in the town faced significant challenges under lockdown. Stuart Sapsford and Alastair Stewart led a brilliant team of staff volunteers to begin the Community Response initiative, which saw dozens of staff and volunteers from organisations in the town coming together to provide direct support, advice, information and funding to assist those in need.

Then came difficult decisions about our own services which could no longer be sustained, and how many staff we would therefore have to lose. Every one of those losses was a personal heartbreak to me.

Throughout the year we have been preparing and revising strategic

plans alongside the business of survival, which has been very much a stop-start affair. However, all the time and energy which has been spent on this difficult planning process (in the absence of any real certainties) has ensured that the Board and Leadership Team are as prepared as they can be, operationally, for the next few difficult years.

What it has also shown us is how much our governance model needs to change. We now have a stripped-down operational staff structure, but our governance model remains largely as it was more than 25 years ago. For reasons of best practice, this clearly cannot continue, especially given the uncertainties of the coming months and years and how drastically the world has changed. That's why we began a review in 2020, continuing into 2021, which will allow us to bring our governance model up to date.

The past year has demonstrated the essential role of volunteers in this country. There are thought to be nearly a million volunteer trustees in the UK, managing organisations

big and small which contribute to the widest aspects of our society. In many instances, they fulfil roles and provide services which otherwise would not exist.

Here at the Foundation are some of the most committed individuals I have ever worked with. I thank and applaud them all for their contributions during these past very challenging months.

At the time of writing this, a roadmap back to a more familiar life has been published. Whatever happens during 2021, we will continue to adapt to ensure we meet the needs of our community.

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

Pam Burn
Chairman

Reflections on 2020 from our Chief Executive



2020 has been a terrible year in many ways but it truly inspired the very best in social action and community spirit. Despite lockdowns, uncertain income, rising unemployment and increased social isolation, the things that really stand out for me are the numerous examples of practical help and support that many people in the town, including the Foundation's staff, got involved with.

A stand-out in this regard was the Letchworth Community Response Team. Despite many of our staff facing the prospect of losing their jobs due to the very significant fall in our rental income, they initiated and mobilised with our partners to

set up within a matter of weeks to run an exemplary community support network. This provided the most vulnerable people in our community with access to shopping and medication as well as friendly faces making safe drop-offs. The dedication of our team to pull this together and sustain it over many months made us all feel very proud of what the Foundation can do. Coupled with our commitment to maintain our £600k grant funding for local support services, the team did a remarkable job of staying true to the spirit of what the Foundation's role is.

It was a very painful year though. Our rental income, which we rely on to reinvest millions back into the Letchworth community, immediately became unpredictable and tenant arrears rose sharply. That inevitably triggered a programme of cuts, which resulted in the closure of many of our services and the loss of many valued colleagues through redundancy, who we miss deeply. All those who remained played their part by taking a 5% pay cut across the board. Times were very tough for our commercial tenants

too, and we have supported many to adapt and respond and even expand. In doing so, we built stronger relationships with them to face the challenges that will inevitably characterise the next few years.

Following the approval of an emergency budget in April 2020, financial performance across the year remained strong and, excluding surpluses from the sale of land and buildings, a £29k surplus at Group level is reported.

Despite all this we are resolute about looking forward. At a time of growing social need, nurturing more grassroots action is critical in supporting people and helping them return to a new normality. Our funding to support local

families and children, for debt advice and improving wellbeing, has never been needed more. We also need to find ways to nurture and support our local economy. We must build on and make more of the increasing 'localness' that has developed. We will build on the qualities that make Letchworth a great place to live and do business, and on the collaboration this crisis has triggered, so that together our futures are stronger and more resilient.

A handwritten signature in black ink that reads "Graham Fisher".

Graham Fisher
Chief Executive

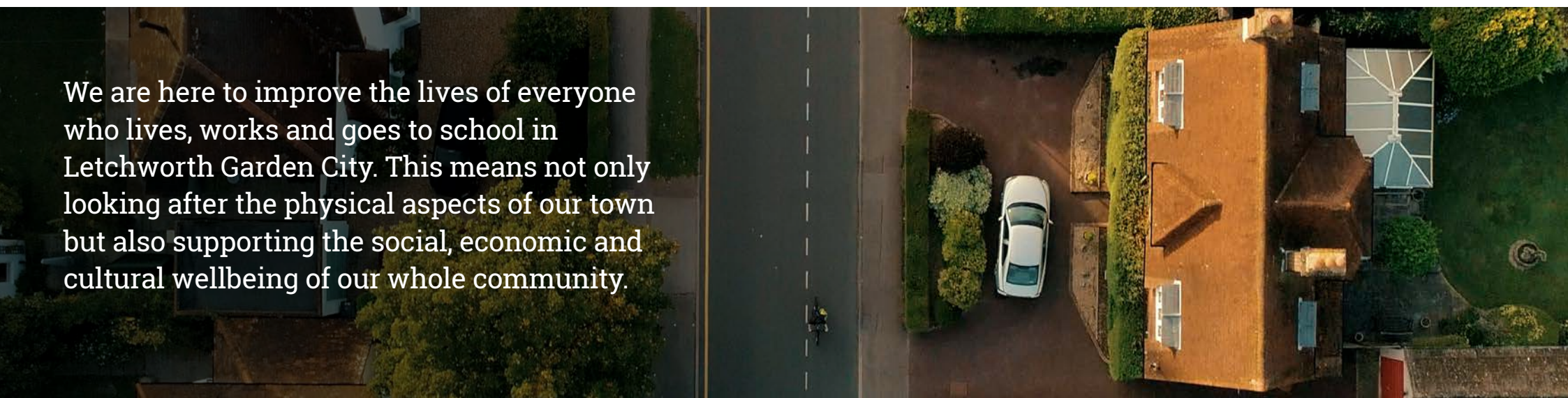
ABOUT THIS REPORT

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 2020.

1 WHO WE ARE AND WHAT WE DO

Our vision is to make Letchworth a great place **for everyone**





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’ and helps us deliver dozens of community projects and workstreams through our venues, services and grants programme.

In a typical year, our teams work across a broad range of areas covering the six different aspects of life in Letchworth that are set out in our constitution*. This includes:

- 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 for the different stages of their lives, including those who want to stay in their hometown
- Maintaining the Greenway and other open spaces to ensure people can enjoy the outdoors.

The past year has demonstrated that we cannot deliver this work on our own, and we believe our strength lies in developing partnerships to 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 at every stage of life, and 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 interest of those who use or would like to use them.

***Environment and heritage; education and learning; recreation and leisure; health and wellbeing; charities with an office or branch in Letchworth Garden City; charitable activities which benefit the local community. These strands form the basis of our Strategic Plan.**

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.

“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’ and helps us deliver dozens of community projects and workstreams through our venues, services and grants programme.”



Click to view www.letchworth.com

2 STRATEGIC AIMS AND PRIORITIES

While our charitable objectives give a broad sense of purpose, our strategic objectives, created in 2018, give greater focus for our work over the next three years and beyond.

Our Strategic Plan objectives are:

- 1 Improving life chances
- 2 A great place to live
- 3 A great place to work and do business.



IMPROVING LIFE CHANCES

- Create a cultural education offer for every child to develop their skills and confidence by learning about the town's special heritage
- Enhance people's wellbeing by increasing levels of physical activity and community engagement
- Enable everyone to take advantage of our arts, culture, leisure and wellbeing services
- Develop and implement a Letchworth families programme to enhance levels of development amongst children and young people



A GREAT PLACE TO LIVE

- Increase people's care, involvement and active use of the built and natural environment
- Create exemplary new homes built to Garden City principles that fulfil the opportunities of the Local Plan and strengthen community involvement
- Offer more living opportunities for younger adults by increasing the levels of private rented homes in the town centre



A GREAT PLACE TO WORK AND DO BUSINESS

- Initiate opportunities in partnership with businesses to deliver long-term sustainable economic growth in Letchworth Garden City

Outcomes and impact

Our focus for 2019-2021

Our strategic objectives provide strong guidance for our teams. Alongside this, we are focused on delivering a number of outcomes for the local community that will ultimately improve their quality of life.

Having a clear set of desired outcomes allows every colleague at the Foundation to understand what they are working towards and the role they play in delivering our Strategic Plan. Our evaluation tools allow us to measure the impact of what we do, linking all our work back to these outcomes. This data helps articulate our impact to partners, funders, the community and other stakeholders.

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

2020: a year like no other

We started 2020 in a strong position after a successful 2019. However, in March our work came to a halt due to the pandemic and the first national lockdown. Overnight, our arts, culture and heritage venues closed and our community transport service stopped, as did our learning programmes with schools.

In a matter of days our teams came together to help our retail tenants, who had been plunged into uncertainty overnight. We contacted our partners across the community to see how our staff and some of our services could be redeployed to help the most vulnerable and isolated in our community.

Many of our planned activities for 2020 were postponed, adapted or permanently cancelled. By the end of July, we permanently closed the doors to our Discover Letchworth community and visitor centre, our Ernest Gardiner Treatment Centre and our historic Spirella Ballroom. The delay with the North Hertfordshire Local Plan hearing meant that our housing strategy could not move forward.

Despite the challenges, there is much to be proud of, in terms of the impact of our work over the last 12 months. The following pages tell the story of the work carried out by our teams to support the Letchworth community through COVID-19 and set out how we are adapting our priorities to meet the needs of the Letchworth community in the year ahead.

THE POWER OF EVIDENCE AND MEASURING IMPACT

Using evidence to support the local community during the pandemic and beyond

Fiona Grant, *Research and Evaluation Manager*



During 2020, people got used to reading charts and hearing the term 'data' on a daily basis. Taking an evidence-based approach was even more critical as we considered how best to respond to the pandemic, in the short and long term. This included identifying and meeting the needs of our local community through the Community Response Team and trying to understand the likely impact of the pandemic on the town and its residents in the future.

By monitoring data from a wide variety of sources, including the Office for National Statistics, Department for Work and Pensions, the Covid Social Study, data from local partners and information held by the Foundation, we were able to see if national trends were playing out locally. We then used that information to help us make short-term decisions, such as where to allocate COVID-19 grant funding, or to look at the possible longer-term impact and feed that into the development of a revised Strategic Plan.

Reaching out to our customers and service users locally has helped us work out how best to respond during the pandemic. We are grateful to those who shared their views after the first lockdown to enable us to reopen some of our much-loved venues safely.

We will continue to use evidence to respond to the challenges of the pandemic and to decide where best to allocate our resources, to maximise the benefit to the local community.

3 IMPROVING LIFE CHANCES



Our response during lockdown to help Letchworth's most vulnerable

Alastair Stewart

Head of Grants, Communities and Partnerships

When the first lockdown was announced, the impact was immediate. Businesses closed their doors, jobs were lost and salaries reduced. On top of this, many people in Letchworth felt isolated and were unable to leave their homes for food and other vital supplies.

We responded to this crisis by setting up a town-wide community response, bringing together organisations, charities and community groups to see how we could work together to support the most vulnerable. As part of this, we set up a dedicated Community Response Team (CRT) made up of local volunteers and redeployed staff

from the Foundation and the community. From April to August, the CRT helped people access food and medical supplies, as well as arranging shopping deliveries and referring residents to local befriending services.

The response from all our partners and colleagues was immense and highlighted what can be achieved through collaboration. The success of this project has changed how we will work in the coming years – we are building on these relationships and the expertise in our town to address directly the needs of our community.



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



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



“The Community Response Team was carefully managed with the needs and privacy of the service user at the forefront of everything we did. I feel very privileged to have been able to play a part in helping our local community during these unprecedented times.”



Click to view www.letchworth.com

“ Thank you so much for this service, it is invaluable. It was impossible to get online shopping. This is a lifeline.

CRT SERVICE USER



1,131

enquiries received by the CRT



1,223

volunteer hours on the CRT phonenumber



598

shopping deliveries



134

prescription deliveries



IMPROVING LIFE CHANCES

Staycation Letchworth – a summer home-learning programme for children

Vicky Axell

Learning Engagement Manager

Our cultural learning programme supports Letchworth schools and families to promote happiness, confidence and a greater sense of place. Thanks to a £5,000 grant from Groundwork East, we were able to run the Staycation Letchworth learning programme. This four-week home learning programme was made available to Letchworth children aged six to nine during the summer holidays. The content was focused on Letchworth's special heritage to help build participants' pride in their hometown and, in turn, boost their confidence.

The project aimed to help families who had limited resources (such as a printer), as well as those who were keen to engage their children in home learning during

the school holiday. Children accessed a wide range of fun and interesting materials and activities that were available as printed documents and online. Each week had a different theme, enabling them to learn about Letchworth's built and natural environment, its transport and some of its most influential and interesting people.

These resources have helped us build an online learning area featuring seasonal videos, learning guides and arts and crafts activities that are available to schools and families across Letchworth. In a year when many families have had to stay at home, these resources were greatly appreciated by those who have taken part.



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



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



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



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



This is a group of women raising money for charity. We know that two of them are Kate and Margaret Sloan. When they lived in Letchworth over a hundred years ago women were not allowed to work and weren't seen as important as men. However, both women were very clever and spoke lots of foreign languages. They ended up being important members of the town. They helped raise money for lots of charities - particularly a hospital in the town.

A postcard from...
Sometimes we still send postcards to people when we go on holiday. They are little picture cards onto which we write on the back. The postcard is a way of showing your friends and families where you are. They were the Facebook of their day!



The were postcards made of Letchworth.

Letchworth was very famous as the first ever Garden City. People still visit our town from all over the world.

These places all still exist today.
Perhaps you recognise them?



**376**

activity booklets
delivered to children

**94**

arts and crafts packs
delivered to children

**228**

online views of
activity booklets

**67%**

of those surveyed said the packs
were useful or very useful



“ The craft packs
were an excellent
resource.

STAYCATION LETCHWORTH
PARENT

“ The art bag was
really good and filled
with great stuff.

STAYCATION LETCHWORTH
PARTICIPANT





IMPROVING LIFE CHANCES

Securing funding for our arts, heritage and culture services and venues

Stuart Sapsford

Executive Director Communities, Culture and Heritage

The financial impact of the pandemic on the Foundation was immediate, forcing us to close our arts and heritage venues and services. This was devastating for our teams who had contributed so much to increase participation in these services across the community during 2019.

With the prospect of these venues not opening again, we looked for external funding opportunities that could offer us a lifeline until we had more clarity and certainty about the future. We applied to the Arts Council's Culture Recovery Fund and in October were awarded more than £200k. This enabled us to build capacity, get our services up and running and develop strong partnerships to support our thriving arts and cultural community.

When a second lockdown was announced, the funding enabled us to start planning for our delayed summer art exhibition at Broadway Gallery to be moved online and to invest in 3D technology to bring it to life. The Letchworth Open was an open call for local artists and makers to submit their work. We received more than 300 entries from people of all ages and abilities, many of whom had turned to art to get them through the lockdown.

We also launched the Letchworth Culture Project, which uses empty retail units and open spaces to give people across the community the opportunity to engage with art, culture and heritage displays and exhibitions. We aim to use our strong arts and heritage offer to elevate the town centre offer, particularly as Letchworth begins its recovery following the pandemic.



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

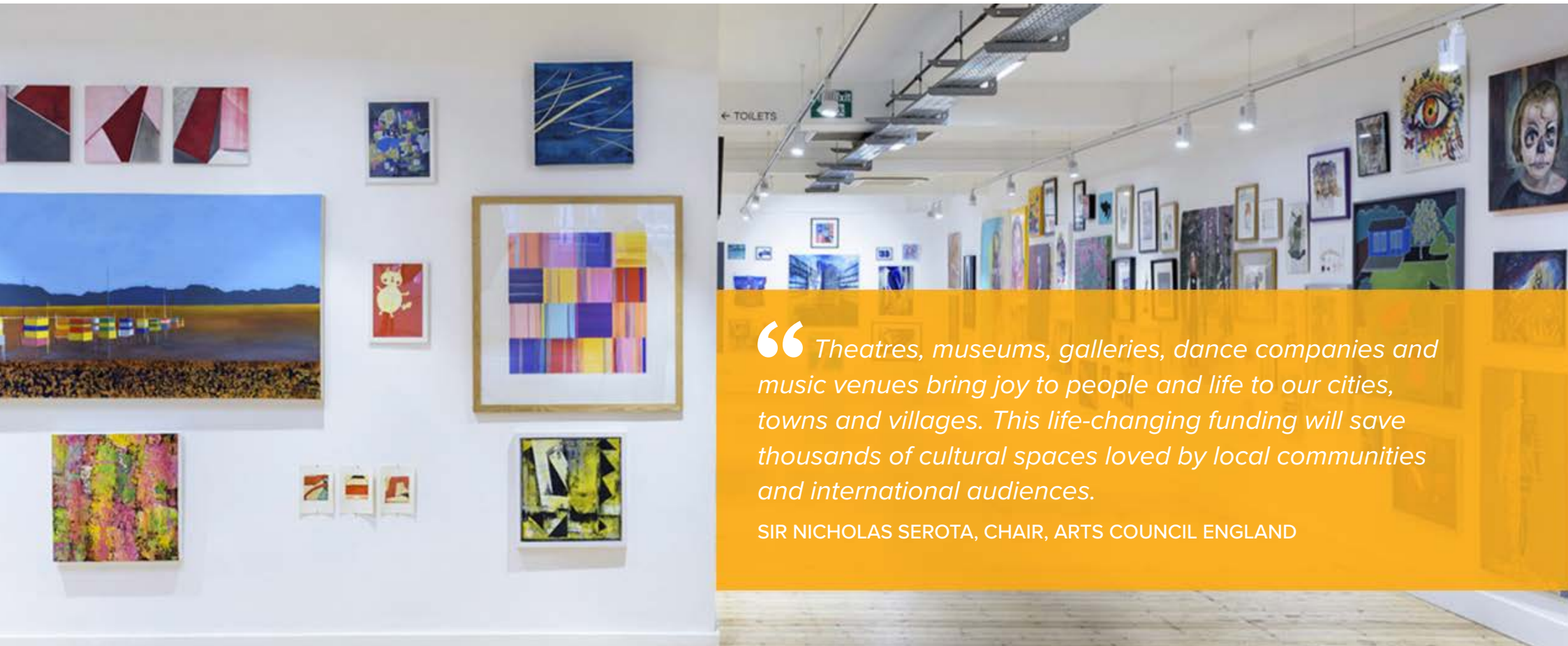


The town centre is **vibrant**



Letchworth is known for its **cultural** offer





“Theatres, museums, galleries, dance companies and music venues bring joy to people and life to our cities, towns and villages. This life-changing funding will save thousands of cultural spaces loved by local communities and international audiences.

SIR NICHOLAS SEROTA, CHAIR, ARTS COUNCIL ENGLAND



£224,228

of funding secured



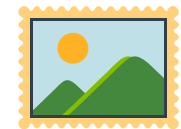
3

arts and heritage
venues reopened



4

funded posts created to
support reopening services



300

entries for our first virtual
'open call' exhibition



IMPROVING LIFE CHANCES

Launching the COVID Catalyst Grant to address community need

Alastair Stewart

Head of Charitable Projects and Partnerships

Just a few weeks into the pandemic, it became clear from our data, as well as feedback from community partners, that demand for certain groups, clubs and charities in Letchworth had increased significantly. What also became apparent early on was the significant financial losses they faced as donations fizzled out, membership income stopped, sponsorship offers were withdrawn and grant money was redirected to deal with the pandemic.

In April we launched the COVID-19 Catalyst Grant programme. It offered grants from £200 to £8,000 to fund registered charities, local churches, schools and social enterprises to support people in crisis, reduce isolation, provide financial advice and deliver health projects.

We also made a second, larger strand of funding available to organisations and charities that had lost their traditional and planned fundraising income.

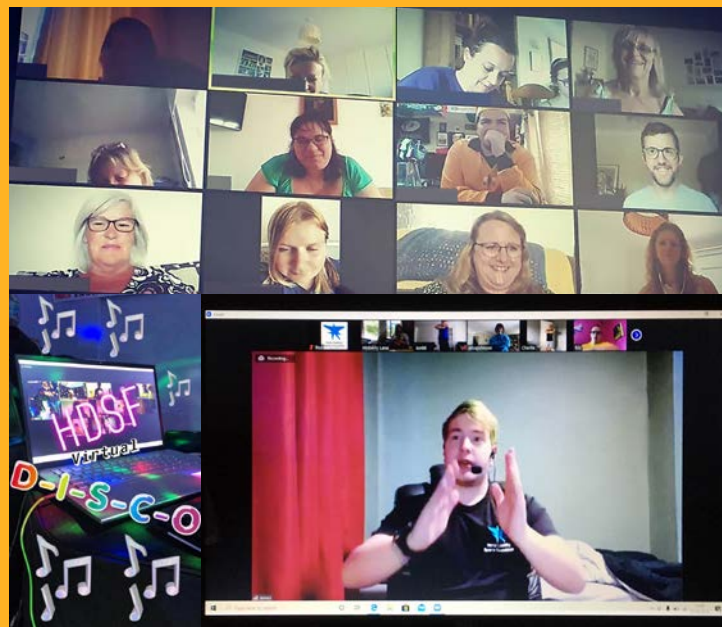
Some charities and community groups needed help with buying digital equipment for their clients. For example, we awarded £3,900 to Herts Disability Sports Foundation to buy reconditioned iPads to ensure their clients did not feel isolated.

SADA (Stevenage Against Domestic Abuse) needed to increase capacity in Letchworth due to an increase in queries. We awarded it £5,616 to expand its work and offer potentially life-saving advice and help.

The impact of the pandemic on mental health has been significant, so we awarded Tilehouse Counselling £13,904 for online teenage counselling services to increase its

workforce and aid. Stevenage and North Herts Talking News received £610 to expand its work to help those who cannot easily read the local paper by turning it into an audio file – a simple way of keeping people connected.

Being a relatively small charitable foundation meant that we could act quickly and decisively. Using quality data, we were able to provide a safety net at speed for these established charities and groups to respond to the needs of their clients and service users at a time of great stress for many people.



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



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

“ The pandemic intensified the problems that some people were already facing as they spent more time together during lockdown. The COVID Catalyst Grant enabled us to expand our work and appoint a support worker for the Letchworth area.

SARAH PATEMAN, COMMUNITY SAFETY MANAGER, SADA



IMPROVING LIFE CHANCES

COVID Catalyst Grant highlights



£224,228

of funding secured



23

new grants awarded to charities,
groups and social enterprises



£125,102

for three additional community
and family grant programmes



£9,000⁺

awarded for emergency food
assistance and delivery



£26,475

for mental health and
victim support



IMPROVING LIFE CHANCES

Delivering family activities for the summer holidays

Jason Valentine
Venues Manager

Last summer many families were unable to go on holiday due to the pandemic. After months of lockdown and living with restrictions, we decided to reopen Standalone Farm for a four-week period so that families could relax and have fun in a safe space. To make it more affordable and to reflect some of the restrictions, we halved our ticket price. As a thank you to our Annual Pass holders for their support, we extended their passes to ensure they hadn't lost out while the farm had been closed.

Visitors could book a morning or afternoon slot with a maximum capacity of 300 per session to ensure

everyone's safety and comfort. This meant that there was plenty of space for everyone and it allowed our team to clean facilities in between the sessions. While some restrictions were in place, there was still the opportunity to see some of our animals, enjoy the play area, relax in the garden and order takeaway drinks and snacks.

The feedback from our customers was overwhelming – they really appreciated us opening the farm for them. It was a great team effort by everyone involved to get the farm reopened and COVID-secure.



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



“ We had a beautiful visit this morning. Thank you to everyone who has worked so hard to give us a little piece of normal.

FARM VISITOR

“ We were so impressed by the kindness and care to make our visit safe and fun.

FARM VISITOR



13,098

people visited Standalone Farm during August



70

sessions ran over four weeks



8%

increase in audience engagement on Facebook from June to September

4 A GREAT PLACE TO LIVE



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

Supporting the delivery of town centre living

David Ames

Executive Director, Stewardship & Development

Providing homes remains a national and local priority. Our housing strategy sets out our commitment to supporting the development of a range of high-quality homes to help support the local economy and meet local need. While our current housing portfolio is modest, the North Hertfordshire Local Plan has given us the opportunity to help make a significant contribution to the provision of housing in Letchworth. We have been able to do this by bringing forward land under our ownership and supporting opportunities on land that we control.

In 2020 we facilitated the creation of more homes with our partners by helping to bring forward brownfield sites, mainly in the town centre, for planning and development offering a mix of housing tenures. These were sites that are owned by the Foundation or have covenants in place requiring our approval.

The provision of additional homes in the town centre is part of our strategy to help support its vibrancy and vitality. Homes in the town centre use brownfield sites and support local businesses and services. They also promote the use of sustainable travel by having easy access to public transport links and many employment opportunities.

We were also delighted to work with First Garden Cities Homes on a joint planning application for the redevelopment of our former offices at Foundation House on Icknield Way, to create predominantly affordable and shared ownership housing.

This incorporated the evolution of the design of the scheme, including discussions with the District Council and reflecting feedback from the local community. A great deal of time was given to getting the design elements right and working these through with the District Council, taking on board feedback from the community.

The District Council's Local Plan has made progress, despite the pandemic causing delays to the Public Examination sessions, and is likely to be adopted in 2021. Should this be the case, we will develop our ideas further and formulate planning proposals, which will lead to the delivery of new homes.



The town centre is **vibrant**





68

apartments under way or completed
across three town centre sites



57

mixed tenure apartments
submitted for planning approval



45

houses submitted
for planning approval

“Through our long-standing partnership, we aim to make sure that local people in housing need can access these stylish new apartments, including a high proportion of homes for affordable rent and shared ownership.”

JOHN WELCH, CHIEF EXECUTIVE, FIRST GARDEN CITIES HOMES





A GREAT PLACE TO LIVE



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

Helping Letchworth residents enhance their homes

Claire Pudney

Heritage Advice Service Manager

2020 was a record year for applications to the Heritage Advice Service. We saw a significant increase in submissions from Letchworth residents looking to make alterations to their homes. The number of pre-applications also rose sharply.

During the year we carried out a comprehensive update of our online guides and FAQs, including our design principles and guidance leaflets, to make them easier to understand. To improve the application process, we started a new project to develop a new IT system for applying for consent.

Although our team was affected by redundancies due to the pandemic, we pulled together to respond to the increased demand. We continued to focus on improving our processes, as well as the information and guidance on our website, which became even more important during the pandemic. Despite restrictions on our activities, particularly during lockdowns, we worked hard to process applications as quickly as possible.



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



“ Thank you very much for letting me know so swiftly that my application has been approved... I am so grateful to receive such an efficient and professional service from yourselves.

LETCHWORTH RESIDENT



8%

increase in applications to the Heritage Advice Service compared to 2019



67%

increase in pre-applications



15%

increase in web traffic

5 A GREAT PLACE TO WORK AND DO BUSINESS



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



The town centre is **vibrant**

Supporting our tenants during the pandemic

Mark Coles

Executive Director, Property

Our brilliant local businesses are the beating heart of our Garden City. During the first lockdown, many had no option but to close their doors, while others had to adapt their business model in a matter of days to survive.

We knew that many of our tenants were going to be hit hard by the lockdown, especially shops, cafés, bars, restaurants, hairdressers, beauty salons, travel agents and gyms. We wanted to help them increase their chances of bouncing back once the lockdown restrictions had been lifted. On 20 March we announced a tenant support package offering a three-month rent-free period for these vulnerable businesses. For many, this took the pressure off and gave them an opportunity to adapt to a new way of doing business.

For other tenants, we offered support by allowing them to draw down money from rent deposits. We paused service charges, gave the option to defer rent and agreed monthly rental payments rather than quarterly rent in advance.

We regularly signposted all our tenants to financial support from the government that was available via North Herts District Council and the Local Enterprise Partnership. To support them further, we ran a business blog series to promote our tenants' businesses and highlighted how they had adapted to stay open. These were shared on social media and had a great response from the community.

The early signs were worrying, but through hard work and collaboration, our Property Team and tenants worked together to find solutions to get them through 2020. These arrangements, alongside the funding and loans offered by the government, allowed our tenants much-needed breathing space to adapt and respond as needed.

For some businesses, this support elevated them to the next level by enabling them to grow their business, which may not have otherwise happened. Another positive outcome was the opportunity to improve relationships with our tenants. Our property managers made communication a priority, making hundreds of phone calls to speak to people about their circumstances. These conversations helped us gain an insight into how business owners were managing and work with them to find a way forward. We want to build on these relationships and insights so that we can continue to support our tenants as they face the longer-term impact of COVID-19.



“Allowing us a three-month rent holiday took some of the weight from our shoulders. It allowed us to experiment with our business and look at doing other things. COVID prompted us to change our entire business model.

HARRY WILLIAMS, CO-OWNER, VUTIE BEETS



90

retail and leisure tenants received
a three-month rent-free period



44

tenants benefited from
new financial arrangements



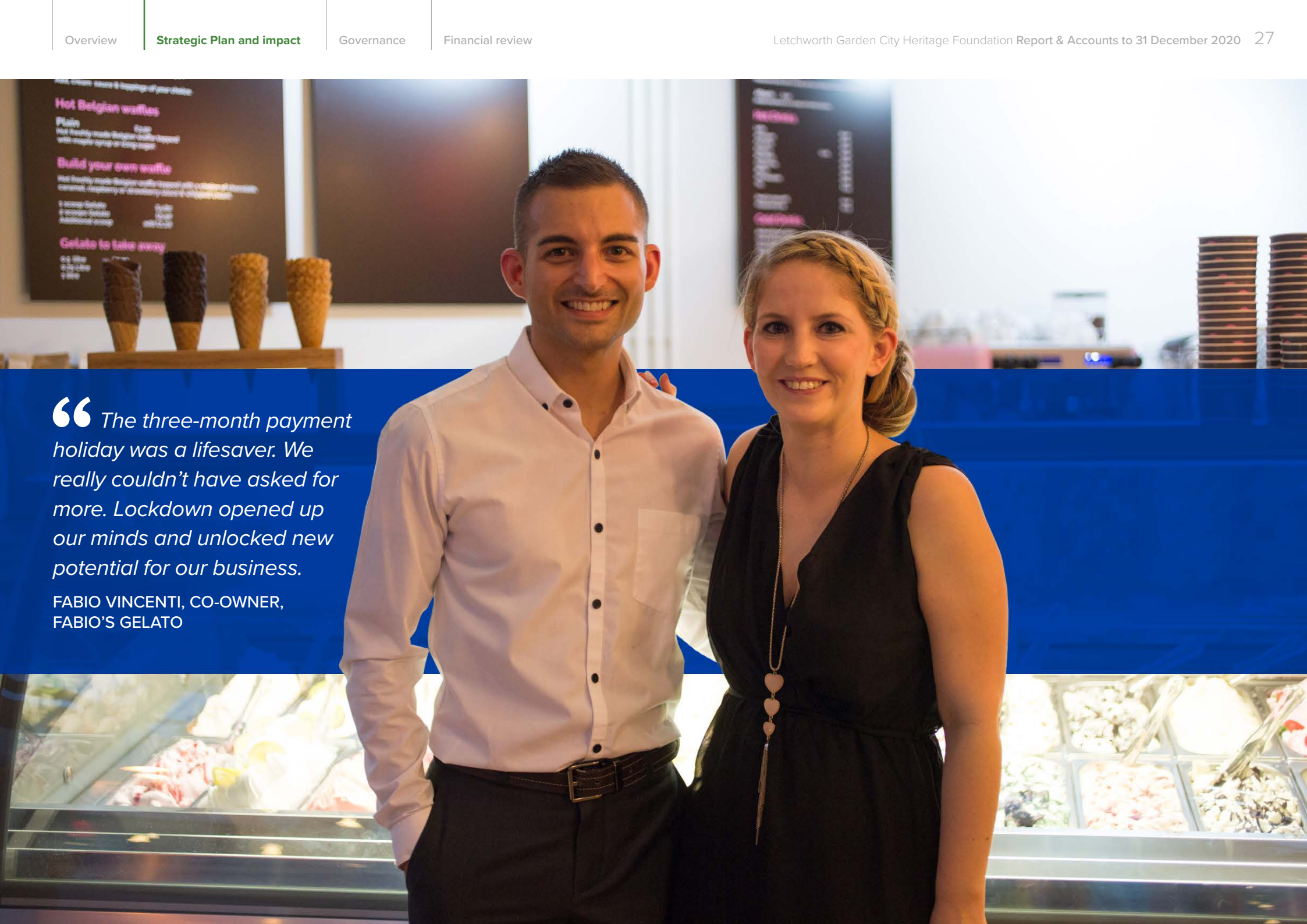
80%

of tenants contacted
by the end of April

“ We started doing deliveries the day after lockdown was introduced. We're hugely grateful for the support we received, including a three-month rent payment holiday and ideas and assistance from our resourceful Town Centre Manager, Chris Wilson.

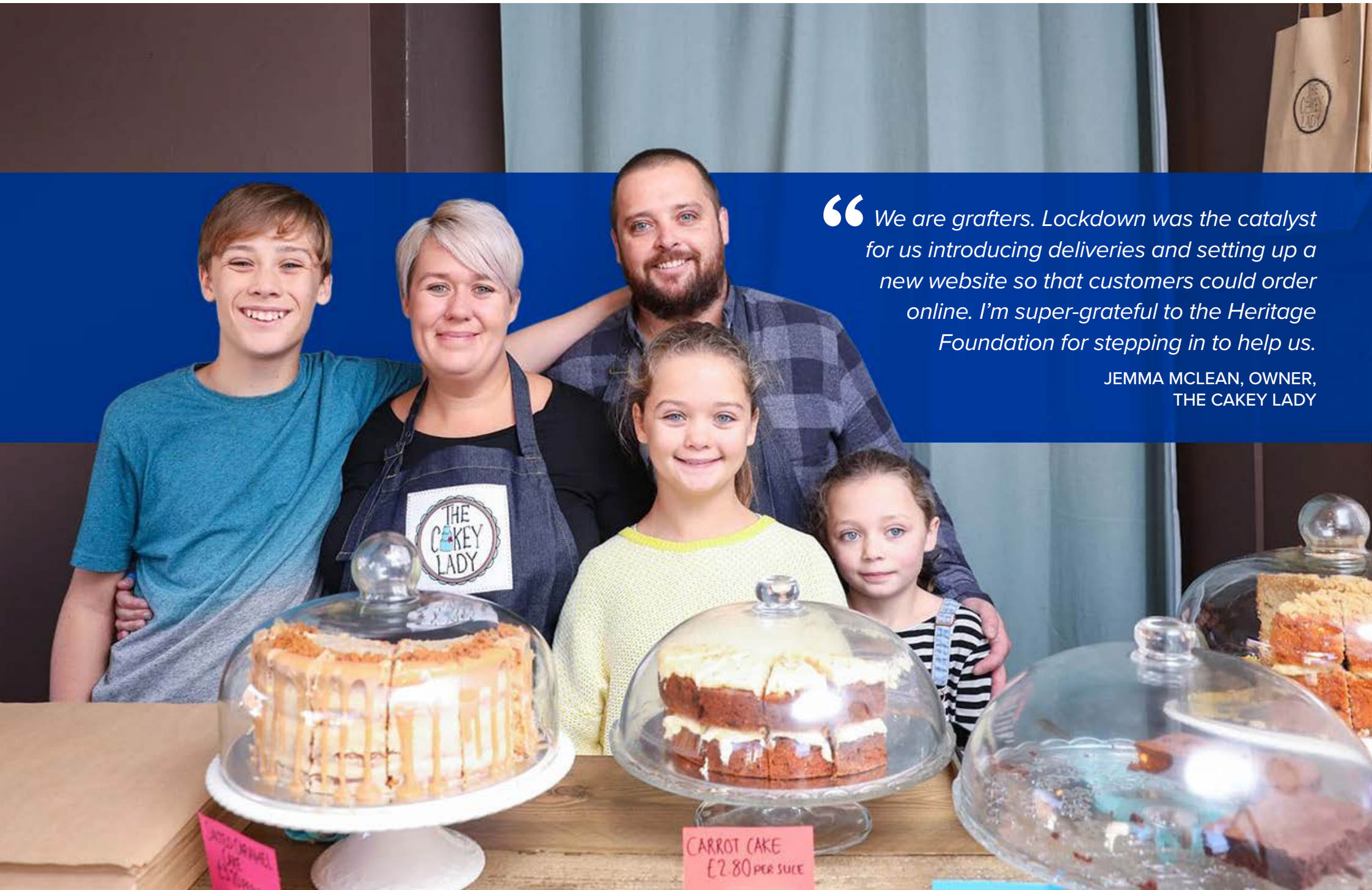
HERBIE NYATHI, OWNER, KHOI KHOI BAR AND VINO



A man and a woman are standing in front of a gelato shop counter. The man is wearing a white button-down shirt and dark trousers, and the woman is wearing a black sleeveless dress. They are both smiling. In the background, there are menu boards and a display of gelato cones.

“ *The three-month payment holiday was a lifesaver. We really couldn't have asked for more. Lockdown opened up our minds and unlocked new potential for our business.*

FABIO VINCENTI, CO-OWNER,
FABIO'S GELATO



“ We are grafters. Lockdown was the catalyst for us introducing deliveries and setting up a new website so that customers could order online. I'm super-grateful to the Heritage Foundation for stepping in to help us.

JEMMA MCLEAN, OWNER,
THE CAKEY LADY



A GREAT PLACE TO WORK AND DO BUSINESS



The town centre
is **vibrant**

Working with Letchworth BID to support our town centre economy

Joseph Vallely

Asset and Relationship Manager

We have always enjoyed a good working relationship with the Letchworth Business Improvement District (BID), but the pandemic allowed us to work together in a more dynamic and proactive way to support our retail tenants and the town centre more generally.

We shared regular updates about how the Foundation and other organisations could support tenants and how they could get the help they needed during lockdown. This was cascaded to all BID members via social media, email and phone calls, with the BID Manager answering questions and fielding enquires back to the Foundation.

We worked together to help retailers become COVID-safe, so that they could continue operating. And we got on board with a new Shop Local campaign to encourage the community to support our town centre, especially our independent retailers.

This collaborative approach has resulted in us working on a joint ambition to aid the recovery of our town centre and raise awareness of the fantastic range of independent retailers in Letchworth. We have seen a deeper appreciation for these retailers, many of whom are doing better than ever, and we are working to keep the momentum going into 2021.



“ *The Coronavirus outbreak brought many challenges for our local businesses and organisations. But it also showed us what good work means: not only to provide support and guidance but also a sense of purpose and belonging. Working in partnership with the Foundation has been both important and rewarding. The crisis has changed how we work and improved how we understand and support our town in its recovery.* ”

**CHRIS WILSON, MANAGING DIRECTOR,
LETCHWORTH BID**

6 OUR PLANS FOR 2021

How the pandemic has reshaped our Strategic Plan

2020 has reaffirmed the need for the work we are doing to improve the quality of life for everyone in Letchworth. It has reminded us of the value of strong community partnerships, the power of quality data, the importance of supporting local businesses, and the effectiveness of social action in neighbourhoods. We have learned a lot too: we are operating in a very different world and we know we can no longer deliver the number of services and workstreams that we once did. Our financial situation is very different and we now need to embark on a recovery plan to secure our future and support Letchworth's economic recovery.

Based on this, we have revised our Strategic Plan, which is underpinned by seven guiding principles.

THE SEVEN GUIDING PRINCIPLES OF OUR REVISED STRATEGY

- | | | |
|---|------------------------------------|---|
| 1 | Strategic and collaborative | Lead and develop partnership-based social and economic strategy |
| 2 | Evidence-based | Share knowledge and evidence, and become advocates for Letchworth |
| 3 | Entrepreneurial | Trade commercially for social and economic goals, encourage local spending, commit to employing and training local people |
| 4 | Commission | Enable external experts to deliver services and projects that meet strategic priorities |
| 5 | Investment and resources | Nurture local investment and resource infrastructure |
| 6 | Social action | Build civic capacity and social action where there are opportunities |
| 7 | Leadership | Nurture local talent by supporting and mentoring activists |

OUR PLANS FOR 2021

What we will do in the year ahead



INITIATE 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



IMPROVE LIFE CHANCES

- Continue to address poverty and inclusion through our Families and Young Peoples 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 Kick Start scheme



MAKE LETCHWORTH 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



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
- Work with Cranfield University to 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

GOVERNANCE STRUCTURE AND MANAGEMENT

The Letchworth Garden City Heritage Foundation Act 1995 transferred the assets, role and responsibilities of the Letchworth Garden City Corporation to us.

We are 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 1995 act and its governing document, *The Rules of Letchworth Garden City Heritage Foundation*.

Other reference and administrative details are set out on page 84.

The Foundation has a community governance model made up of 30 Governors, from which ten are elected to sit on our Board of Trustees. The majority are drawn from the Letchworth community and are appointed based on their expertise to advise on the needs of the Group, for example, finance, property management/development, IT, housing and town planning.

The Board of Trustees

The Board of Trustees comprises charity trustees as defined by section 177 of the Charities Act 2011. All are elected and are not paid for their work as Trustees.

The Board of Trustees sets our vision, agrees our strategy and monitors the performance of the Management Team. Ten of the Governors also serve on the Board as Trustees. They hold office as Trustees for three years but can also stand for re-election for a further three years. At the registration of the rules, all Governors are provided with terms of five years and are eligible to seek election to the Board. They are all entitled to vote for Trustees. Two of the 10 places on the Board are reserved for the nominees of North Hertfordshire District Council and Hertfordshire County Council. The Board elects our Chairman and the Vice Chairman each year from its own members. Trustees typically meet six times a year, although meetings were more

frequent in 2020. They make decisions on reports and recommendations drafted by the Management Team. The Board formally delegates the management of the Foundation and its subsidiaries to the Chief Executive. Policies and procedures are prepared and maintained by the Chief Executive.

Trustees and key management personnel complete an annual declaration to disclose any personal interests they may have in our business, 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 be sure there are no conflicts of interest when they are awarding money to local people, clubs and organisations.

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
- Makes judgements and estimates that are reasonable and prudent
- States whether relevant UK Accounting Standards have been followed, and explains why if they haven't
- Prepares the financial statements on the going concern basis, unless it is not correct to presume that our activities will continue.

The Board is also responsible for:

- Managing risk
- Keeping adequate accounting records
- Protecting our assets
- Taking reasonable steps to prevent and detect fraud and other illegal activities.

Financial statements are published on the Foundation's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Foundation's website is the responsibility of the Board members. The Board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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. We also stress-test our operating activities and finances, particularly around the risk of increasing void units. This gives the Leadership Team and Board an opportunity to rehearse and agree actions to mitigate a wide range of adverse operating scenarios. As a result of this review, the Trustees have a reasonable expectation that the Foundation and its subsidiaries 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 report to the Board covering 2020, the Letchworth Commissioner confirmed that no complaints had been received. The current Letchworth Commissioner is Paul Barnes and his address is listed on page 84.

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. The final decision on grants over £15,000 is made by the Board.

The Grants Committee consists of three Trustees and three other Governors. A member of the Board of Trustees acts as chairperson.

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 162A of The Charities (Protection and Social Investment) Act 2016 requires us to make a statement regarding our fundraising activities. In 2020 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 roles. All staff work towards the code of fundraising practice and all activity is overseen and monitored by the Executive Director, 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. From time to time we compare our salaries, including the CEO and senior management, with those of other organisations to make sure we are in keeping with the market. In 2020, we operated with a 25% gender pay gap, based on median pay, for all staff. Based on median pay per hour, women employed by the Foundation earn 25% more per hour than men. Men are not paid less to perform the same role as their female counterparts and pay is set in relation to the role performed. Our Trustees approve pay levels and any annual inflationary increase.

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 our risk-management 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. Serious matters are escalated to the Board as necessary.

During 2020 the Board has considered:

- 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 information technology (IT) systems
- Risks that may affect demand for our properties.

To aid our management of risks we have committed to a programme of internal audits for 2021 and an outline programme for 2022.

In 2020 we:

- Proactively responded to the significant threat that COVID-19 poses to our operating model by implementing an emergency budget in April and concluding a significant cost and service reduction programme by the autumn
- Agreed a new set of key performance indicators with the Board of Trustees, taking account of the change in operating environment caused by COVID-19
- Documented and agreed a risk appetite with our Board of Trustees, including agreement to increase the minimum level of liquidity held by the Foundation during the COVID-19 pandemic
- Embarked on a project to evaluate the benefits of consolidating the group structure.

The key risks identified and monitored at various levels across the organisation include the following.

COVID-19

As we enter 2021, the Coronavirus outbreak (COVID-19) continues to create uncertainty across the UK. Following a

government directive in January 2021, our community services and all non-essential retail units have temporarily closed, to prevent the spread of the virus. This includes our cinema and theatre, visitor farm attraction and art gallery.

Having strengthened our liquidity in 2020 (in part by securing a Coronavirus Business Interruption Loan (CBIL) and completing a significant cost and service reduction programme in the autumn of 2020), we believe we are well-placed to manage through this ongoing period of uncertainty. We continue to stress test our operating activities and finances. This affords the Leadership Team and Board an opportunity to rehearse and agree actions to mitigate a wide range of adverse operating scenarios. We have set a realistic operating budget for 2021, taking account of the prevailing risk of rent default and the potential for rising voids. The ongoing impact of COVID-19 on our operations remains a key area of focus and is closely monitored.

During 2020 the Board committed to a target of holding operating cash, including immediately available loans, of at least £5.5 million. This represents approximately six months' operating expenditure. This policy is specifically designed to manage risk arising from the effects that COVID-19 continues to have on our operating environment and that of our tenants. This policy is kept under regular review and will respond accordingly to further changes in the operating environment. For these reasons the Board considers

that it continues to be appropriate to prepare these accounts on a going concern basis.

Health and safety

The Board and the Risk and Internal Audit Committee receive regular updates on health and safety compliance. During the final quarter of 2019, we started a fundamental review of our approach to health and safety with a view to strengthening our oversight and controls in 2020. The importance of providing safe buildings, equipment and general working environments, together with effective systems for monitoring non-compliance, means that 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. We have a Board-approved policy, we delivered a staff and Trustee training programme and we implemented processes that give us confidence that we are managing this risk appropriately. It requires ongoing monitoring and development, which is overseen by the Safeguarding Committee, chaired by a Trustee. In 2021 we will continue to develop our working practices and invite our internal auditors to complete a review of controls in this area.

FINANCIAL REVIEW OF 2020

Overview

“We remain conscious of the need to spend every penny wisely, while continuing to invest to grow our income for the benefit of future generations.”

The operations of the Group were significantly affected by the COVID-19 pandemic during 2020. The Board approved an emergency budget in April 2020 and a significant cost-reduction programme was completed in the autumn to address the impact COVID-19 may have on the Group in the coming years. To strengthen liquidity during the pandemic, a new £1.5m Coronavirus Business Interruption Loan (CBIL) was arranged and drawn in the year.

Despite the challenging operating environment, financial performance in 2020 remained strong. Land and building sales totalling £1,100k significantly influenced headline results and the Group reported net income before gains on investments of £1,110k, up from £234k in 2019. Underlying results (i.e. excluding surpluses from the sale of land and buildings) returned a £29k surplus at Group level.

Turnover increased by £83k (up 0.6%) year on year. Lower income from charitable activities, associated with the temporary closure of the Broadway Cinema & Theatre and

Standalone Farm, was offset by additional revenue from the sale of land and buildings and government grants.

Income from investments (including the sale of land and buildings) rose to £11,531k, representing a year-on-year increase of £1,200k (11.6%). Charitable income reduced to £1,471k, being £1,117k (43.2%) lower than in 2019. The unprecedented operating environment resulted in temporary closures of our charitable venues for the majority of the year. Across all categories of charitable income, grants of £769k were receivable for the year (2019: £77k).

Expenditure was tightly controlled following approval of an emergency budget at the start of the pandemic. Total expenditure decreased from levels reported in 2019, down by £793k (a reduction of 6.3%).

Across all funds, net income before gains on investments of £1,110k was achieved (the figure reduces to £29k excluding profits from land and building sales). The cash generated from operating activities, including land and building sales,

provides important funding for our capital maintenance and investment programme.

Gains on investments amounted to £3,315k (2019: £12,644k) and were mainly driven by increases to the fair value of assets. Our ethical financial investments rose in value across 2020, as did the residential and industrial elements of our property portfolio. These increases outweighed reductions to many of our office, retail and leisure investment properties.

Changes to financial assumptions underpinned the £5,609k loss on pension revaluation in the year. Notable changes included a downward revision to the discount factor (used to value fund liabilities) and an increase in the assumed rate of Consumer Price Index (CPI) inflation (which in turn has affected forecast increases to pensions).

Taking account of the £5,609k actuarial loss on pension valuation, the Group reported a reduction in funds of £1,184k for the year (2020: increase of £12,491k).

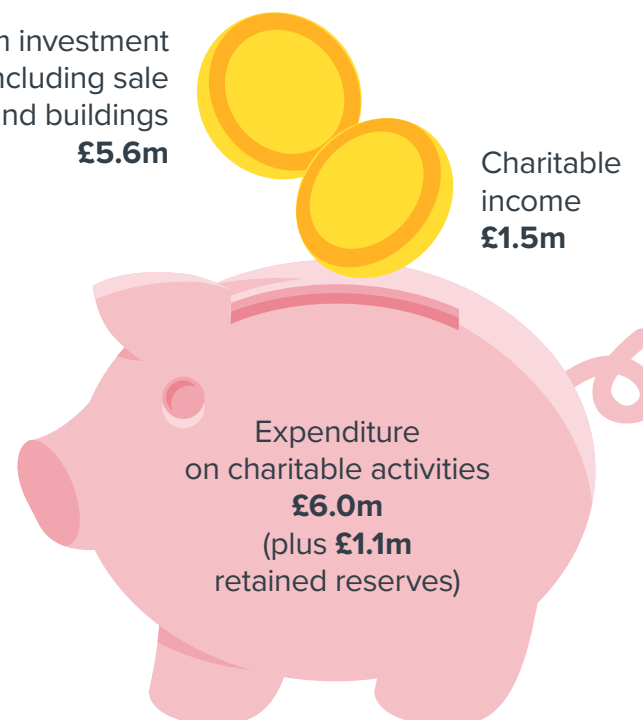
Statement of financial activities – summary view

	2020 £'m	2019 £'m	Notes re: 2020
Income from:			
Investments	10.4	10.3	Minimal movement from 2019 – based on contracted lease income
Property sales	1.1	–	Sale of asset in 2020
Charitable activities	1.5	2.6	Reflects partly closed venues in 2020, offset by government support
Total income	13.0	12.9	Total income up 1%, excluding property sales down 8%
Expenditure on:			
Investment property management	5.9	5.4	Costs increased in 2020 as property portfolio more challenging to manage and maintain
Charitable activities	6.0	7.3	Reflects partly closed venues in 2020
Total expenditure	11.9	12.7	Total expenditure down 6.0%
Net income/ (expenditure) before gain on investments	1.1	0.2	Essentially underlying break-even result for 2020 – the surplus on sale of property equates to £1.1m
Net gain on investments	3.3	12.6	Driven by increases to the fair value of investments (property and listed investments)
Actuarial gain/(loss) on pension scheme	(5.6)	(0.4)	Derived from the annual FRS 102 pension valuation carried out by independent actuaries. Overall increase caused by present value of liabilities going up
Net Movement In Funds	(1.2)	12.4	

How we funded £6m of expenditure on charitable activities

Return from investment activities including sale of land and buildings
£5.6m

Charitable income
£1.5m



“As we don’t have traditional shareholders, all income – plus any surplus that may be retained – is invested in the community.”

Investment performance

We spent £5,919k on maintaining investments, from investment income of £11,531k. This resulted in a net return of £5,612k (2019 net return: £4,976k). The year-on-year increase arose because results in 2020 included a £1,183k surplus from selling land and buildings. Our operating model is such that returns from investing activities (primarily, but not limited to the excess of income left over after we have managed and maintained the 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. The nature of our operating model means the organisation

is materially affected by a downturn in the local economy. Understandably, there is upward pressure on both voids and arrears as a result of COVID-19. As a responsible landlord, we remain committed to work with our tenants to agree honest rental payment plans, where both parties act in good faith and reasonably.

The £5,612k net return from investment activities, together with charitable income of £1,471k, allowed us to spend £5,973k (2019: £7,330k) on furthering our broad and diverse charitable objectives. The year-on-year reduction in charitable expenditure reflects the closure of many of our venues in the year.

“Based on the approved budget for 2021, we continue to expect to make 54p from every £1 of income available for charitable purposes.”

How we spent our income in 2020

Investment in maintaining our income amounted to £5,919k, leaving £7,083k of our annual income in 2020 available to advance our charitable objectives. We spent £5,973k on charitable activities, leaving a balance of £1,110k retained as reserves.

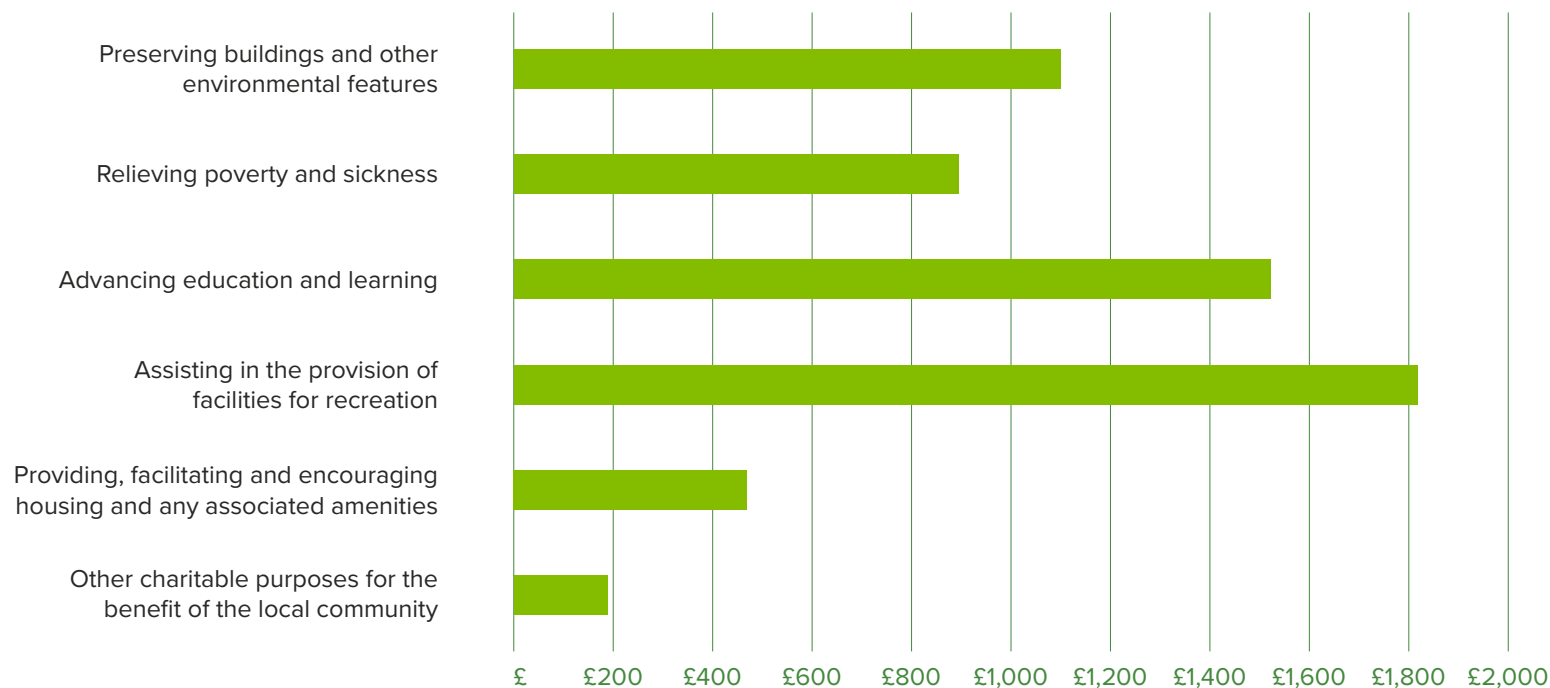
Based on the approved budget for 2021, we continue to expect to make 54p from every £1 of income available for charitable purposes.

How each £1 of income was spent in 2020



Breakdown of £6m charitable expenditure in 2020 by charitable object

How we spent £6m on charitable activities in 2020 (£000s)



Figures include an apportioned share of charitable support costs

The financial return from investing activities (£5,612k in 2020) once again emphasises the vital role the property portfolio performs in terms of directly funding our charitable activities.

“At its simplest, all income allows us to continue to reinvest for the benefit of the local community.”

Total income £13,002k (2019: £12,919k) – an increase of £83k, 0.6%

- Investment income totalled £11,531k for the year (2019: £10,331k) with £1,100k (2019: nil) arising from the sale of land and buildings. Income from investment properties amounted to £10,079k (2019: £9,958k) and £352k (2019: £373k) arising from dividends and interest.
- Income from charitable activities:
 - Income of £634k was generated from the Cinema and Theatre (2019: £1,817k)
 - Educational Farm income reduced to £238k (2019: £524k)
 - Other charitable income increased significantly to £599k (up from £195k in 2019) due to an increase in government grants, including £521k for the Job Retention Scheme (JRS).

Across all categories of charitable income, grants of £769k were receivable for the year (2019: £77k).

Total expenditure £11,892k (2019: £12,685k) – a decrease of £793k, 6.3%

- Expenditure incurred on managing investments totalled £5,919k (2019: £5,355k), representing a year-on-year increase of £564k (10.5%). An increase in the provision for bad debts is the key driver to the year-on-year increase.
- Expenditure on charitable activities decreased by £1,357k to £5,973k

(2019: £7,330k). The overall reduction is a result of venues remaining closed for large parts of 2020 due to the COVID-19 pandemic. A total of £580k was committed to local beneficiaries via our grants programme, an increase of £86k, 17%, from 2019.

Net income before gains on investments was £1,110k compared to £234k for 2019.

Net gains on investments totalled £3,315k compared to £12,644k reported for 2019.

- The overall increase for 2020 was driven by increases to the assets within the investment property portfolio which, collectively reported an increase of £4,065k on the prior year. The residential and industrial elements of our property portfolio reported revaluation gains, outweighing reductions to many of our office, retail and leisure investment properties.
- Investments in the form of Letchworth Cottages and Buildings Ltd (LCB's) listed investments within the Responsible Multi-Asset Charitable fund report a gain on revaluation of £269k in the year. The fund is ethically screened and is held to generate long term income and growth. These investments were valued at £5,106k as at 31 December 2020.
- Losses arising from the disposal of property investments amounted to £1,019k (2019: surplus £850k).

Other recognised gains and losses

- The actuarial loss on the pension scheme of £5,609k 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, increased to £9,077k.

Balance sheet

At the end of the financial year, we reported total net assets of £193,404k compared to £194,588k last year. Total unrestricted funds were £357k (2019: £3,928k). Cash balances, including money held on behalf of tenants in the form of deposits and cash-backed sinking funds stood at £10,006k, up from £8,154k in 2019. Linked to a strategy to strengthen liquidity during the COVID-19 pandemic, external loan finance of £1.5m was introduced in 2020 (2019 nil). The value of the Group's investment property portfolio increased from £180,558k to £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. We have a subsidiary company, Letchworth Garden City Trading Limited (LGCT), which makes qualifying charitable donations from its profits to the Foundation. LGCT reported an overall profit for the year of £1,044k (2019: £22k loss).

Letchworth Cottages and Buildings Limited (LCB), a registered society under the Co-operative and Community Benefit Societies Act 2014, with charitable status, reported a surplus of £72k (2019: £189k).

Funds

Endowment Fund: These are the funds given to us as expendable endowment on 1 October 1995. The fund is made up of investment properties (including any properties being built) and amounts not yet reinvested which we have received from, or are owed to us from, selling investment properties.

The fund increases due to valuation increases and surpluses on disposals. It decreases if properties fall in value and if we record deficits on disposals. If we sell an investment property from within the Endowment Fund, we may use the fund to buy other investment properties or we can decide to transfer the money to our Unrestricted Fund to spend on other charitable aims.

At 31 December 2020 the balance on the fund was £172,658k compared to £171,344k as at 31 December 2019. At 31 December 2020 the balance on the fund included £98,863k (2019: £96,629k) of unrealised gains arising on the revaluation of investment properties.

Restricted Fund: This fund represents the reserves of LCB (a charitable subsidiary of the Foundation which has restrictions on how it can use its money) and any amounts we hold for specific purposes – for example, government grants to buy assets. We use this fund to further the objects of LCB.

The Committee of Management of LCB, having considered the level of funds available, does not envisage any disruption in the foreseeable future to the services provided by LCB and has not established a target figure for the balance in view of the other sources of support that are available. At 31 December 2020 the balance was £20,389k (2019: £19,316k). This balance included £10,809k (2019: £10,077k) of unrealised gains arising from the revaluation of the investment properties and other investments.

Unrestricted Fund: This fund includes our statutory reserves other than the endowment fund, plus the amounts held by our subsidiary, Letchworth Garden City Trading Limited. The fund is used to support the day-to-day operations that help us meet our aims.

The Trustees review the level of the fund at least once a year to make sure there is enough in it to cover the net result expected for the year ahead. Where appropriate, a transfer to the Unrestricted Fund is made from the Endowment Fund to ensure that the available funds element is adequate but not excessive. During 2020 a transfer of £1m was required

(2019: nil). At 31 December 2020 the balance on the fund was £357k (2019: £3,928k). At 31 December 2020 the balance on the fund included £409k (2019: £409k) of unrealised gains arising on the revaluation of investment property.

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. Trustees have not set a particular policy around holding a set or minimum level of accounting reserves. Instead, Trustees target a minimum of £5.5m to be held in cash, or available loans, by the Foundation. This broadly equates to six months' worth of operating expenditure. Excluding cash held on behalf of tenants (deposits and sinking funds) but including drawn loan finance, the Foundation held cash amounting to £5,854k as at 31 December 2020 (2019: £4,823k). In the event of the Group facing difficult financial circumstances, this policy provides for a period of managed adjustment to these new circumstances.

Defined Benefit Pension Scheme

On 1 December 2018, the Foundation became a closed member of the Hertfordshire County Council Pension Fund. This means that the scheme is closed to new entrants. The assets of the scheme are held separately from those of the Foundation. The most recent

valuation at the year-end 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 at the valuation date. This valuation revealed a shortfall of assets compared to liabilities. This shortfall under FRS 102 at 31 December 2020 was £9,077k, up from £3,295k at 31 December 2019.

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, bringing forward proposals for estate improvements in order to maximise value. We base rents on local and regional market information and make realistic allowances for empty properties. Rental evidence is sought, through both 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 is satisfied with the proposals, they are discussed with the Board of Trustees.

Letchworth Cottages and Buildings Ltd (LCB), a subsidiary of the Foundation,

holds c.£5m in listed investments. 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. We screen the underlying holdings of the funds held (excluding property, infrastructure and cash) using the Church of England ethical investment advisory group (EIAG) guidelines.

This report, incorporating the Strategic Report, was approved by the Board of Trustees on 27 May 2021 and signed on its behalf.



P Burn
Chairman

INDEPENDENT AUDITOR'S REPORT

TO MEMBERS OF LETCHWORTH GARDEN CITY HERITAGE FOUNDATION

Opinion on the financial statements

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 2020 and of the Group's incoming resources and application of resources 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.

We have audited the financial statements of Letchworth Garden City Heritage Foundation ("the Society") and its subsidiaries ("the Group") for the year ended 31 December 2020, which comprise the consolidated statement of financial activities, the balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. 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).

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 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 related 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 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 Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the 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 other information comprises the Report of the Board. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Co-operative and Community Benefit Societies Act 2014 reporting

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the report of the Board, which includes the objectives and activities and the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The strategic report, which is included in the report of the Board, has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Society and its environment obtained in the course of the audit, we have not identified material misstatement in the Report of the Board.

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the Society, or returns adequate for our audit have not been received from branches not visited by us; or
- The Society financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Responsibilities of the Board of Trustees statement, the Trustees (who are also the directors of the Society for the purposes of company law) 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 determines 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

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Society and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be relevant. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition the Society is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law, data protection and health and safety legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence if any.

Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading minutes of meeting of those charged with governance, reviewing correspondence with HMRC and the other regulators;
- Reviewing items included in the fraud and theft database;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the valuation of investment property; and
- In addressing the risk of fraud through management override of controls; testing the appropriateness of journal entries and other adjustments, in particular any journals posted by senior management or with unusual account combinations
- We also performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the member of the Society, as a body, in accordance with Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society's members 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 and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Fiona Condron (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
Gatwick, UK

27 May 2021

*BDO LLP is a limited liability
partnership registered in England
and Wales (with registered number
OC305127).*

Consolidated Statement of Financial Activities

(Including an Income and Expenditure Account)

for the year ended 31 December 2020

	Notes	Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	2020 £'000	2019 £'000
Income from:						
Investments		11,004	–	527	11,531	10,331
Charitable activities		1,471	–	–	1,471	2,588
Total income	3	12,475	–	527	13,002	12,919
Expenditure on:						
Investment property management		5,794	–	125	5,919	5,355
Charitable activities		5,643	–	330	5,973	7,330
Total expenditure	4	11,437	–	455	11,892	12,685
Net income/(expenditure) before gain on investments		1,038	–	72	1,110	234
Net gain on investments		–	2,316	999	3,315	12,644
Net income/(expenditure) before taxation		1,038	2,316	1,071	4,425	12,878
Corporation tax	7	–	–	–	–	–
Transfers between funds		1,000	(1,000)	–	–	–
Other recognised gains and losses						
Actuarial (loss)/gain on pension scheme	16	(5,609)	–	–	(5,609)	(387)
Net movement in funds		(3,571)	1,316	1,071	(1,184)	12,491
Fund balances brought forward at 1 January	17	3,928	171,342	19,318	194,588	182,097
Fund balances carried forward at 31 December	17	357	172,658	20,389	193,404	194,588

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

The notes on pages 48 to 82 form part of these financial statements.

Balance Sheet

as at 31 December 2020

	Notes	Group		Foundation	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Fixed Assets					
Tangible assets:					
Investment properties	9	183,436	180,558	170,683	168,537
Operational assets	10	6,367	6,636	5,457	5,726
		189,803	187,194	176,140	174,263
Other investments	11	5,106	4,343	1,115	1,115
		194,909	191,537	177,255	175,378
Current Assets					
Stocks	12	28	30	28	30
Debtors	13	4,768	3,765	5,949	3,755
Loans due within one year	14	2	3	2	3
Loans due after one year	14	203	215	203	215
Cash at bank and in hand		10,006	8,154	7,658	6,550
		15,007	12,167	13,840	10,553
Creditors					
Amounts falling due within one year	15	(5,960)	(5,821)	(5,937)	(5,774)
Net Current Assets		9,047	6,346	7,903	4,779
Total Assets Less Current Liabilities		203,956	197,883	185,158	180,157
Creditors					
Amounts falling due after one year	15	(1,475)	–	(3,975)	(2,500)
Provisions for Liabilities and Charges					
Pension scheme deficit	16	(9,077)	(3,295)	(9,077)	(3,295)
Net Assets		193,404	194,588	172,106	174,362
Capital Funds					
Unrestricted fund	17	357	3,928	447	4,020
Endowment fund	17	172,658	171,344	171,659	170,342
Restricted fund	17	20,389	19,316	–	–
	17	193,404	194,588	172,106	174,362

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 sale of properties and property revaluations but before actuarial gains and losses, dealt within the accounts of the Foundation amounted to £3,354k (2019: surplus £12,009k). The total income for the Foundation for the year was £11,332k (2019: £12,321k).

The notes on pages 48 to 82 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 27 May 2021 and were signed on its behalf by:



P Burn
Chairman



T Saunders
Vice Chairman



G Fisher
CEO and Company Secretary

27 May 2021

Consolidated Cash Flow Statement

for the year ended 31 December 2020

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

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	2020 £'000	2019 £'000
(a)	(3,198)	(3,537)
	5,410	4,775
	190	209
	12	22
	–	5
	(202)	(1,114)
	502	1,612
	(362)	(5,519)
	(500)	(4,201)
	–	7,001
	5,050	2,790
	1,852	(747)
(b)	8,154	8,901
(b)	10,006	8,154

Notes to the Cash Flow Statement

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

Net income after taxation	4,425	12,878
Gains on investments	(3,309)	(12,644)
Net income received on investment properties	(5,410)	(4,775)
Interest receivable and dividend income	(202)	(201)
Depreciation	471	500
Deficit/(surplus) on disposal of operational assets	–	18
(Increase)/decrease in stocks	2	1
(Increase)/decrease in debtors	(1,003)	17
Net decrease in loans to staff and local organisations	13	25
Increase/(decrease) in creditors	1,642	375
Pension fund movements	173	269

Net Cash used in Operating Activities

2020 £'000	2019 £'000
4,425	12,878
(3,309)	(12,644)
(5,410)	(4,775)
(202)	(201)
471	500
–	18
2	1
(1,003)	17
13	25
1,642	375
173	269
(3,198)	(3,537)

(b) Analysis of cash and cash equivalents

Cash at bank and in hand

Total cash and cash equivalents

10,006	8,154
10,006	8,154

The notes on pages 48 to 82 form part of these financial statements.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

1 Accounting Policies

(a) Basis of preparation

The accounts have been prepared in accordance with the 'Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102)' – "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 has 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. We also stress test our operating activities and finances, particularly around the risk of increasing void units. This allows the Leadership Team and Board an opportunity to rehearse and agree actions to mitigate a wide range of adverse operating scenarios. The Board has 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 2020. The results of the subsidiaries, Letchworth Garden City Trading Ltd ("LGCT") and Letchworth Cottages and Buildings Ltd ("LCB"), are consolidated on a line-by-line basis. No separate Statement of Financial Activities ("SOFA") for the Foundation itself is presented as permitted by section 408 of the Companies Act 2006. 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: represents the statutory reserves of LCB, a registered society under the Co-operative and Community Benefit Societies Act 2014, with charitable status. The fund exists in order to provide LCB with the ability to undertake new projects in Letchworth which meet current and future identifiable social housing needs as well as providing assistance to organisations providing support to local people in poverty. A small element of the Restricted Fund relates may relate to 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 2020

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

Annual valuations of the investment properties require a knowledge of the property portfolio, leases in place and market conditions. The valuations are carried out by independent valuers.

The valuation of 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. Surplus property and 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 the valuer 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 information provided by the Heritage Foundation and the accuracy of the valuation depends on the accuracy of the information provided.

In accordance with the Valuation Standards, Bidwells confirms that it last valued the properties for the 2019 financial statements 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 that 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 Bidwells 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 2020	Approximate % increase to defined benefit obligation	Approximate monetary amount £'000
0.5% decrease in Real Discount Rate	11%	5,005
0.5% increase in the Salary Increase Rate	0%	192
0.5% increase in the Pension Increase Rate (CPI)	10%	4,712

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 individual tenant outstanding balances in conjunction with our managing agent. A 10% under/over provision equates to an increase/decrease in provision for doubtful debts of £81k.

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.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

1 Accounting Policies *(continued)*

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.

(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. Lease incentives such as rent-free or stepped-rent arrangements are spread over the period up to the lease end date.
Investment income dividends	Arising on the Cazenove Responsible Multi-Asset Fund held by subsidiary undertaking LCB, 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.
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.

(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.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

1 Accounting Policies *(continued)*

(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 arm's 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.

(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) 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 SOFA.

(i) 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.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

1 Accounting Policies *(continued)*

(j) 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.

(k) 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.

(l) 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.

(m) Taxation

Letchworth Garden City Heritage Foundation and Letchworth Cottages and Buildings are charities within the meaning of Paragraph 1 Schedule 6 Finance Act 2010. Accordingly these entities are 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 Ltd 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 unrecoverable 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.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

2 Trading Results of Subsidiaries

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. In addition, Letchworth Cottages and Buildings Ltd (registered number IP18705R), which is a registered society under the Co-operative and Community Benefit Societies Act 2014, is also considered to be a subsidiary by virtue of the Foundation's control over its activities. It retains its own surplus and constitutes a restricted fund within the Group accounts of the Foundation.

A summary of the results and net assets of each subsidiary:

	Letchworth Garden City Trading Ltd		Letchworth Cottages and Buildings Ltd	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Turnover	1,161	97	527	517
Profit/(loss) before qualifying charitable donation and tax	1,044	(14)	71	189
Qualifying charitable donation	(1,044)	(8)	–	–
Net income/(expenditure)	–	(22)	71	189
Gross assets	2,512	1,149	20,494	19,376
Gross liabilities	(1,397)	(33)	(104)	(60)
Net assets	1,115	1,116	20,390	19,316

Letchworth Garden City Trading Ltd has no recognised gains or losses other than the net income/(expenditure) before tax. In addition to the net income shown above, Letchworth Cottages and Buildings Ltd has a revaluation surplus arising in the year of £1,001k (2019: £702k surplus).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

3 Analysis of Income

Investment income:

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

Unrestricted £'000	Restricted £'000	2020 Total £'000	2019 Total £'000
9,894	185	10,079	9,958
1,100	–	1,100	–
–	190	190	179
10	152	162	194
11,004	527	11,531	10,331

Income from charitable activities:

Cinema income
Educational farm income
Other charitable income

Unrestricted £'000	Restricted £'000	2020 Total £'000	2019 Total £'000
634	–	634	1,817
238	–	238	576
599	–	599	195
1,471	–	1,471	2,588

Grants of £769k were receivable for the year (2019: £77k) and are included within charitable income in the unrestricted fund. Grants in 2020 comprised £521k (2019: nil) for the government's Job Retention Scheme; £100k (2019: nil) for North Herts District Council Leisure Grants; £96k (2019: nil) for other Cinema and Cultural Grants; and £52k (2019: £77k) from Natural England for environmental improvements.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

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	2020 £'000	2019 £'000
4,534	1,366	5,900	5,355
19	–	19	–
4,553	1,366	5,919	5,355

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

2020 £'000	2019 £'000
1,284	2,018
158	228
510	589
252	333
404	357
378	357
296	313
254	195
132	120
265	373
580	494
1,460	1,953
5,973	7,330

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	18
14	29
2	3
56	60
58	50
132	160

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

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

Depreciation of tangible fixed assets – owned assets

Operating lease rentals – land and buildings

During the year the following exceptional expenditure was incurred:

Bad debts

Employee redundancy costs

	2020 £'000	2019 £'000
	45	50
	11	10
	6	5
	3	10
	65	75
	471	500
	91	91
	725	15
	198	–

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

5 Grants Payable

The commitments made in the period comprise:

Institutional grants:

Grants of £1,000 or more: 37 (2019: 35)

Smaller grants

Total institutional grants

Individual grants:

Smaller community grants to individuals

Total individual 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

	2020 £	2019 £
	577,455	476,577
	2,644	14,823
Total institutional grants	580,099	491,400
	–	4,412
Total individual grants	–	4,412
	580,099	495,812
	–	(2,000)
Total grants payable	580,099	493,812
	110,001	46,540
	580,099	493,812
	690,100	540,352
	(628,076)	(430,351)
Commitments at 31 December	62,024	110,001

Commitments at 31 December 2020 and 31 December 2019 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.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

5 Grants Payable *(continued)*

Institutional grants: Grants awarded of £1,000 or more:

Object

- (a) Providing, facilitating and encouraging housing and any associated amenities
- (ii) Assisting in the provision of facilities for recreation
- (iii) Advancement of education and learning
- (iv) Relief of poverty and sickness

2020		2019	
Number	Total value of grants (£)	Number	Total value of grants (£)
13	330,000	11	207,500
1	3,900	6	23,630
8	158,800	11	157,457
15	84,755	7	87,990
37	577,455	35	476,577

Letchworth Cottages and Buildings Limited awards grants under the object, providing, facilitating and encouraging housing and any associated amenities.

(a) Providing, facilitating and encouraging housing and any associated amenities

Howard Cottage Housing Association	1	5,000	1	5,000
Settle	1	5,000	1	5,000
Herts Young Homeless	2	44,500	2	44,500
North Herts Citizens Advice	3	140,000	1	48,000
Howard Cottage Home Support Worker	1	26,000	1	26,000
Home-Start Hertfordshire	2	17,500	2	17,000
Stevenage and North Herts Family Centres	1	1,000	1	1,000
Letchworth Family Support Team	1	90,000	–	–
Extra Smile Project	1	1,000	–	–
Letchworth District Schools Partnership	–	–	1	60,000
Kids Cook	–	–	1	1,000
	13	330,000	11	207,500

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

5 Grants Payable *(continued)*

(ii) Assisting in the provision of facilities for recreation

	2020		2019	
	Number	Total value of grants (£)	Number	Total value of grants (£)
Disability Sports	1	3,900	–	–
Woof N Wag	–	–	1	10,000
Free Church	–	–	1	2,200
Made with Clay	–	–	1	1,000
Norton Methodist Community Centre	–	–	1	4,730
Street Dance Productions	–	–	1	4,500
Letchworth Caribbean Harmony Group	–	–	1	1,200
	1	3,900	6	23,630

(iii) Advancement of education and learning

Letchworth Garden City Samba	1	1,800	–	–
Barnardo's	1	50,000	1	48,000
Made with Clay	1	12,000	2	8,000
Learn IT	1	60,000	3	58,876
Imajica Theatre Company	1	4,000	1	5,000
Letchworth Educational Settlement	1	15,000	–	–
Letchworth Civic Trust	1	15,000	1	15,000
Wilbury Junior School	1	1,000	–	–
Garden City Academy	–	–	1	2,000
St Christopher School	–	–	1	12,750
Wellies in the Woods	–	–	1	7,831
	8	158,800	5	157,457

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

5 Grants Payable *(continued)*

(iv) Relief of poverty and sickness

	2020		2019	
	Number	Total value of grants (£)	Number	Total value of grants (£)
Garden House Hospice	1	20,000	1	25,000
Letchworth Centre for Healthy Living	1	14,800	1	13,690
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	–	–
Norton Methodist Church	2	3,000	–	–
Tilehouse Counselling	1	13,904	–	–
New Life Church	–	–	1	3,520
Letchworth Garden City Church	–	–	1	3,500
Resolve	–	–	1	25,000
Sporting Memories	–	–	1	3,000
Letchworth Foodbank	–	–	1	14,280
	15	84,755	7	87,990

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

6 Support Costs

	Investment management £'000	Charitable activities £'000	2020 Total £'000	2019 Total £'000
Communications & Marketing	58	230	288	311
Finance	222	198	420	514
Strategic Planning	6	5	11	154
Executive	422	376	798	878
Human Resources	20	130	150	176
Information Technology	292	260	552	657
Support Centre	302	180	482	477
Governance	44	81	125	161
Total for year ended 31 December 2020	1,366	1,460	2,826	3,328
Total for year ended 31 December 2019	1,373	1,955	3,328	

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 and its wholly owned subsidiary, LCB, are 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 Ltd makes qualifying donations of all taxable profit to Letchworth Garden City Heritage Foundation.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

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

2020 £'000	2019 £'000
2,917	2,978
276	282
717	661
119	242
198	–
4,227	4,163

A total of £70k was incurred in relation to employee settlement agreements in 2020 and is reported as part of Wages and Salaries (2019: nil).

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

2020 Number	2019 Number
56	64
9	9
19	21
84	94

The average head count (number of staff employed) during 2020 was 135 (2019: 140).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

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
 £150,001 +

2020 Number	2019 Number
1	2
2	1
–	–
–	1
1	1
–	–
1	1
1	–
–	1
6	7

In 2020, employer contributions of £156k (2019: £170k) were made to pension schemes in respect of the above employees.

Key management personnel

During 2020 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 £739k (2019: £852k).

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 (2019: £nil).

No Trustees claimed expenses for travel and subsistence, or had costs met directly by the Foundation in 2020 (2019: 5 Trustees totalling £507).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

9 Tangible Assets – Investment Properties

Group

At 31 December 2019 – at valuation

Additions

Disposals

Revaluation

Net book value:

At 31 December 2020

At 31 December 2019

Foundation

At 31 December 2019 – at valuation

Additions

Disposals

Revaluation

Net book value:

At 31 December 2020

At 31 December 2019

	Freehold property £'000	Long leasehold property £'000	Total £'000
At 31 December 2019 – at valuation	171,248	9,310	180,558
Additions	334	–	334
Disposals	(1,521)	–	(1,521)
Revaluation	3,715	350	4,065
Net book value: At 31 December 2020	173,776	9,660	183,436
At 31 December 2019	171,248	9,310	180,558
At 31 December 2019 – at valuation	159,227	9,310	168,537
Additions	334	–	334
Disposals	(1,521)	–	(1,521)
Revaluation	2,983	350	3,333
Net book value: At 31 December 2020	161,023	9,660	170,683
At 31 December 2019	159,227	9,310	168,537

The investment properties were valued on 31 December 2020 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.

The valuation of these properties amounted to: Group £183,436k and Foundation £170,683k (31 December 2019: Group £180,558k and Foundation £168,537k). The revaluation surplus for the Group of £4,065k and Foundation of £3,333k (2019: Group £11,652k and Foundation £11,417k) includes downward revaluations of £4,501k for the Group and £4,385k for the Foundation (2019: £1,915k Group and £1,743k Foundation).

The original 'cost' of investment properties held at valuation comprises the value at which those properties were vested to the Foundation on 1 October 1995 together with additions to those properties and the cost of properties acquired since that date. The cost of these properties at 31 December 2020 was: Group £72,354k and Foundation £71,412k (31 December 2019: Group £72,442k and Foundation £71,500k).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

10 Tangible Assets – Operational Assets

Group	Freehold property £'000	Plant and equipment £'000	Total £'000
Cost:			
At 31 December 2019	7,051	3,832	10,883
Additions	31	171	202
Disposals	–	(37)	(37)
At 31 December 2020	7,082	3,966	11,048
Depreciation:			
At 31 December 2019	1,096	3,151	4,247
Charge for the year	292	179	471
Disposals	–	(37)	(37)
At 31 December 2020	1,388	3,293	4,681
Net book value:			
At 31 December 2020	5,694	673	6,367
At 31 December 2019	5,955	681	6,636

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

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

10 Tangible Assets – Operational Assets *(continued)*

Foundation

Cost:

At 31 December 2019

Additions

Disposals

At 31 December 2020

Depreciation:

At 31 December 2019

Charge for the year

Disposals

At 31 December 2020

Net book value:

At 31 December 2020

At 31 December 2019

Freehold property £'000	Plant and equipment £'000	Total £'000
6,020	3,832	9,852
31	171	202
–	(37)	(37)
6,051	3,966	10,017
974	3,152	4,126
292	179	471
–	(37)	(37)
1,266	3,294	4,560
4,785	672	5,457
5,046	680	5,726

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

11 Other Investments

Group

	Listed investments £'000
Market value at 1 January 2020	4,343
Additions/(Disposals)	500
Surplus/(deficit) on revaluation	269
Unit trust equalisation	(6)
Market value at 31 December 2020	5,106
Historical cost at 31 December 2020	4,701

The investments comprise 9,473,359 units held by LCB in Global equities in Cazenove Capital Management's Responsible Multi-Asset Fund (31 December 2019 – 8,423,601 units in Cazenove Capital Management's Responsible Multi-Asset Fund). Cazenove has been instructed to pay dividends received on the units to LCB so that the income is available for the grant programme.

Shares held by the Foundation in subsidiary undertakings

Foundation

	Subsidiary undertakings £'000
Cost and net book value:	
At 1 January 2020	1,115
At 31 December 2020	1,115

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

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 Cottages and Buildings Ltd	Ordinary shares	10%	100%	Charitable housing society
Garden City Technologies Ltd	Ordinary shares	100%	100%	Land development and telephony services

Letchworth Cottages and Buildings Ltd has charitable status and is registered under the Co-operative and Community Benefit Societies Act 2014.

12 Stocks

	Group		Foundation	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Retail stocks	28	30	28	30

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

13 Debtors

	Group		Foundation	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade debtors	2,422	1,325	2,176	1,317
Amounts owed by subsidiary undertakings	–	–	1,479	47
Deposits with Herts County Council	500	500	500	500
Other debtors	212	253	212	253
Prepayments and accrued income	1,634	1,687	1,582	1,638
	4,768	3,765	5,949	3,755

Amounts deposited with Herts County Council relate to the Street Scene development and are repayable between 2021 and 2031.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

14 Loans

	Group		Foundation	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Due within one year:				
Loans to staff	–	2	–	2
Loans to individuals and local organisations	2	1	2	1
	2	3	2	3
Due after one year:				
Loans to staff	17	17	17	17
Loans to individuals and local organisations	1	2	1	2
Loans relating to leasehold enfranchisement	185	196	185	196
	203	215	203	215

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 2020

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	
2020	2019	2020	2019
£'000	£'000	£'000	£'000
457	609	457	610
379	325	379	325
1,261	1,144	1,261	1,144
3,776	3,633	3,761	3,615
62	110	54	80
25	–	25	–
5,960	5,821	5,937	5,774

During 2020 the Foundation arranged a new Coronavirus Business Interruption Loan of £1.5m. The loan carries a fixed interest rate of 2.4% and will be subject to security within 12 months of drawdown.

The loan is repayable over 6 years, with annual capital repayments of £300k per annum due in years 2-6 inclusive.

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	
2020	2019	2020	2019
£'000	£'000	£'000	£'000
1,746	1,538	1,746	1,538
67	208	67	208
1,813	1,746	1,813	1,746

Creditors: Amounts falling due after more than one year:

Amounts owed to subsidiary undertakings

Coronavirus Business Interruption Loan (CBIL)

Group		Foundation	
2020	2019	2020	2019
£'000	£'000	£'000	£'000
–	–	2,500	2,500
1,475	–	1,475	–
1,475	–	3,975	2,500

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

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 is 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 2020 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 £571k.

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

	2020 %	2019 %
Salary increase rate	2.9	2.3
Pension increase rate	2.5	2.2
Discount rate (used to discount scheme liabilities)	1.3	2.0

The underlying life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2013 model assuming current rates of improvement have peaked and will converge to a long-term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Current pensioners		Future pensioners	
	2020 Years	2019 Years	2020 Years	2019 Years
Males	21.9	21.5	22.8	22.3
Females	24.1	23.7	25.5	25.0

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

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:

	2020 £'000	2019 £'000
Equities	19,976	16,502
Bonds	12,349	11,209
Property	2,906	2,491
Cash	1,090	934
Total fair value of assets	36,321	31,136

The amounts recognised in the balance sheet as at 31 December 2020 and 31 December 2019:

	2020 £'000	2019 £'000
Fair value of scheme assets	36,321	31,136
Present value of scheme liabilities	(45,398)	(34,431)
Net deficit in the scheme	(9,077)	(3,295)

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

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	31,136	(34,431)	(3,295)
Current service cost	–	(850)	(850)
Interest income/(cost)	624	(691)	(67)
Actuarial gains/(losses)	4,568	(10,177)	(5,609)
Contributions paid by the Foundation	744	–	744
Contributions paid by employees	148	(148)	–
Benefits paid	(899)	899	–
Scheme assets/(liabilities) at the end of the year	36,321	(45,398)	(9,077)

The amounts recognised in net income for the year to 31 December 2020 and year to 31 December 2019:

	2020 £'000	2019 £'000
Current service cost	820	817
Losses on curtailments	30	13
Net interest cost	67	79
	917	909

The actual return on scheme assets for the year to 31 December 2020 and 31 December 2019:

	2020 £'000	2019 £'000
Interest income on scheme assets	624	802
Actuarial gains (losses) on scheme assets	4,568	2,641
Actual return on scheme assets	5,192	3,443

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

16 Defined Benefit Pension *(continued)*

The amounts recognised as other recognised gains and losses in the SOFA for the year to 31 December 2020 and 31 December 2019:

	2020 £'000	2019 £'000
Actuarial gains on scheme assets	4,568	2,641
Changes in assumptions underlying present value of scheme liabilities	(10,177)	(3,028)
Actuarial gains/(losses) recognised in statement of recognised gains and losses	(5,609)	(387)

Cumulative amount of actuarial losses recognised in the SOFA for the year to 31 December 2020 and 31 December 2019:

	2020 £'000	2019 £'000
Cumulative actuarial loss at start of the year	(5,630)	(5,243)
Recognised gain/(loss) during the year	(5,609)	(387)
Cumulative actuarial loss at end of the year	(11,239)	(5,630)

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

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Fair value of scheme assets	36,321	31,136	27,684	27,929	25,147
Present value of scheme liabilities	(45,398)	(34,431)	(30,323)	(31,506)	(31,130)
Deficit in the scheme	(9,077)	(3,295)	(2,639)	(3,577)	(5,983)

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

17 Funds

Group

	Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	Total £'000
At 1 January 2020	3,928	171,342	19,318	194,588
Retained surplus/(deficit) for the year	1,038	–	72	1,110
Surplus (deficit) on revaluation and disposal	–	2,316	999	3,315
Transfers between funds	1,000	(1,000)	–	–
Actuarial loss on pension scheme	(5,609)	–	–	(5,609)
Balance at 31 December 2020	357	172,658	20,389	193,404

Foundation

At 1 January 2020	4,020	170,342	–	174,362
Retained surplus/(deficit) for the year	1,036	–	–	1,036
Surplus on revaluation and disposal	–	2,317	–	2,317
Transfers between funds	1,000	(1,000)	–	–
Actuarial loss on pension scheme	(5,609)	–	–	(5,609)
Balance at 31 December 2020	447	171,659	–	172,106

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 2020 there were 30 (31 December 2019: 30) shares in issue.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

18 Analysis Of Group Net Assets Between Funds

Fund balances at 31 December 2020 are represented by:

	Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	Total £'000
Investment properties	530	171,153	11,753	183,436
Operational properties	5,456	–	–	5,456
Other investments	–	–	7,606	7,606
Pension scheme deficit	(9,077)	–	–	(9,077)
	(3,091)	171,153	19,359	187,421
Net current assets	3,448	1,505	1,030	5,983
	357	172,658	20,389	193,404

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

Unrealised gains at 31 December 2019	409	96,628	10,077	107,114
Surplus on revaluation	–	3,333	732	4,065
Realised on disposals	–	(1,099)	–	(1,099)
Unrealised gains at 31 December 2020	409	98,862	10,809	110,080

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

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

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

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

The prior year (2019) 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 2019 are represented by:				
Investment properties	530	169,007	11,021	180,558
Operational properties	6,636	–	–	6,636
Other investments	–	–	6,843	6,843
Pension scheme deficit	(3,295)	–	–	(3,295)
	3,871	169,007	17,864	190,742
Net current assets	57	2,335	1,454	3,846
	3,928	171,342	19,318	194,588

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

Unrealised gains at 31 December 2018	280	87,071	9,842	97,193
Surplus on revaluation	129	11,288	235	11,652
Realised on disposals	–	(1,731)	–	(1,731)
Unrealised gains at 31 December 2019	409	96,628	10,077	107,114

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

Unrealised gains at 31 December 2018	–	–	367	367
Realised on disposal	–	–	(367)	(367)
Surplus (deficit) on revaluation	–	–	142	142
Unrealised gains at 31 December 2019	–	–	142	142

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

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

Erection, purchase and redevelopment of premises

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

Payments due:

Not later than one year

Later than one year and not later than five years

Later than five years

Total future rental income commitments under non-cancellable leases with tenants at the year end for each of the following periods:

Receipts due:

Not later than one year

Later than one year and not later than five years

Later than five years

Group	
2020 £'000	2019 £'000
—	29

Foundation	
2020 £'000	2019 £'000
—	17

Group and Foundation	
2020 £'000	2019 £'000
91	91
364	364
32,169	32,260
32,624	32,715

Group and Foundation	
2020 £'000	2019 £'000
7,875	7,990
24,000	23,768
651,801	506,822
683,676	538,580

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

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 received from the Foundation:

Organisation	Position held	Name	No.	2020 Total value of grants (£)	No.	2019 Total value of grants (£)
Letchworth Civic Trust	Trustee	Lynda Needham ^ 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	–	–
Transition Town Letchworth	Member	Kevin Jones	–	–	1	600
The Settlement Players	Chair of The Settlement	Pam Burn	–	–	1	375
Garden House Hospice Care	Employee of Hospice	Richard Harbon	1	20,000	1	25,000
Free Church	Links with the Free Church	Richard Harbon #	–	–	1	2,200
Family Project	Resident of Jackmans	Gary Mallet #	1	50,000	1	50,000

^ Term as Trustee came to an end on 21 May 2019

Intercompany Transactions

- The Foundation provided management services to Letchworth Cottages and Buildings and Letchworth Garden City Trading for a total fee of £60,849 (2019: £60,849) and £60,000 respectively (2019: £68,630).
- Letchworth Garden City Trading supplied services to the Foundation totaling £16,752 (2019: £17,409).
- A £2.5m secured, interest bearing long-term loan remained in place between the Foundation (borrower) with Letchworth Cottages and Buildings (lender). The £2.5m loan is repayable no later than 2029. Interest on the loan (of 6%) amounted to £150,411 in 2020 (2019: £171,904).
- The Foundation sold one investment property to Letchworth Garden City Trading Ltd for £1.
- At the balance sheet date, the Foundation held intercompany debtor balances of £92,132 with LCB (2019: £22,388) and £1,386,744 with LGCT (2019: £25,038).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

21 Consolidated Statement Of Financial Activities

for the 12 months ended 31 December 2019

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

	Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	2019 £'000
Income from:				
Investments	9,814	–	517	10,331
Charitable activities	2,588	–	–	2,588
Total income	12,402	–	517	12,919
Expenditure on:				
Investment property management	5,235	–	120	5,355
Charitable activities	7,122	–	208	7,330
Total expenditure	12,357	–	328	12,685
Net income/(expenditure) before gains on investments	45	–	189	234
Net gain on investments	129	11,813	702	12,644
Net income/(expenditure) before taxation	174	11,813	891	12,878
Other recognised gains and losses				
Actuarial loss on pension scheme	(387)	–	–	(387)
Net movement in funds	(213)	11,813	891	12,491
Fund balances brought forward at 1 January 2019	4,141	159,529	18,427	182,097
Fund balances carried forward at 31 December 2019	3,928	171,342	19,318	194,588

NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

22 Net debt reconciliation

Cash at bank and in hand
Bank loans

Net debt

	Group		
	1 January 2020 £'000	Cash flows £'000	31 December 2020 £'000
Cash at bank and in hand	8,154	1,852	10,006
Bank loans	–	(1,500)	(1,500)
Net debt	8,154	352	8,506

Cash at bank and in hand
Loans

Net debt

	Foundation		
	1 January 2020 £'000	Cash flows £'000	31 December 2020 £'000
Cash at bank and in hand	6,550	1,108	7,658
Loans	(2,500)	(1,500)	(4,000)
Net debt	4,050	(392)	3,658

23 Post Balance Sheet Events

At the balance sheet date, the Board of Trustees is undertaking a project to conclude a Transfer of Engagements (ToE) of Letchworth Cottages and Buildings (LCB) into the parent entity Letchworth Garden City Heritage Foundation. The Board of the Foundation and LCB's committee of management have agreed that this is in the best interests of both organisations. The Transfer of Engagements is expected to complete in 2021.

Board of Trustees



Pam Burn
Chairman



Trevor Saunders
Vice Chairman



William Armitage MBE
(retired March 2020)



Simon Franklin



Terry Hone*



Kevin Jones



Gary Mallett



Helen Oliver**



Robert Riggall



Chris Pattison
(appointed 23 March 2020)



Roger McIntyre-Brown
(appointed 23 March 2020)

* 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

Jas Kaur

Head of Governance
(resigned January 2020)

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
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Registered number 28211R

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Bankers

National Westminster Bank

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EC2Y 5AU

Commercial Property Managers

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Huntingdon
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Property Valuers

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Solicitors

Brignalls Balderston Warren

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Mills & Reeve

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Cambridge
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Hempsons Solicitors

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EC2V 7AN


Letchworth Commissioner

Paul Barnes

Letchworth Garden City Heritage Foundation Commissioner
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**Community
Champion**