

REPORT AND ACCOUNTS

to 31 December 2019



Letchworth
Garden City
Heritage Foundation



15,000

visitors welcomed to
Broadway Gallery



4,000+

appointments were made at
Ernest Gardiner Treatment Centre



18,058

brought to medical appointments,
leisure venues and social events
by our transport team

Welcome

from our new Chair Pam Burn



I am proud to be the first female chair of the Foundation in 120 years. I took on this role in March 2019, shortly after an even more exciting change in the life of the Foundation. In January 2019 we moved into our new offices at One Garden City in the heart of the town centre.

During my first months as Chair I was strongly reminded of the depth of commitment shown by our 30 trustees and governors, who are all volunteers. They give their time freely to offer strategic support and guidance to our hardworking Leadership Team and staff. In an organisation as diverse as the Foundation, there is a huge amount of information to take on board and lots of reading to do to support the delivery of our Strategic Plan. It is incredibly rewarding to see the progress that has been made with our plan in 2019 and the positive impact on children, families

and older people. Many volunteers at our services and venues have also played a part in delivering this work.

We want to make it easier for more of you to become a governor and perhaps later, a trustee. That is why in 2019 we reviewed the structure of the Board and 2020 will see some major changes being rolled out. For example, there will be fewer board meetings, with specialist sub committees. Meetings will move to late afternoons and evenings where possible to enable those who work to take part. We will expand the Board to 12, the maximum permitted by our constitution, to attract a broader range of people.

At the time of going to print, we have been met with the unprecedented impact of coronavirus. In a matter of days, our plans for 2020 were paused and our board and leadership team had

to make quick decisions about our role in supporting the community. Our staff, partner organisations and volunteers quickly mobilised to support the most isolated and vulnerable by setting up a community response team. We expect it will be many weeks before we return to anything approaching normal, and we will undoubtedly need to revise our priorities, but we remain committed to making our town a great place for everyone who lives and works here.

I am grateful to every volunteer who gives up their time to work with us to make our unique, community-led organisation the best it can be.

Pam Burn
The Chair

Reflections on 2019

from our Chief Executive Graham Fisher



I am astonished just how much the team here has managed to do this year. We started 2019 with an ambitious new Strategic Plan focussed on three key aims: Improving life chances, making Letchworth a great place to live now and in the future, and making Letchworth a great place to do business.

It is a real pleasure to highlight in this report the positive impact of some of the work is already having in our community. From our families' programme providing targeted support for children to get the best start in life, and our new frailty clinic at Ernest Gardiner Treatment Centre, to our cultural education programme offered to every child in the town, all have been developed with a strong network of local partners helping us reach the community and share their

skills, knowledge and experience. Alongside the growing popularity of our cultural and heritage venues, we are truly extending the Foundation's reach into all of Letchworth's communities.

Our work is not only focussed on today but also about shaping Letchworth of tomorrow. We were excited to initiate the first Letchworth design competition which attracted international attention. The winners have a bold vision for a 21st century Garden City and we are working with them to realise that vision in designing future and much needed housing development in the town.

All of this was only made possible through the income generated by our property team who have had a record year in maximising lettings and income

from our estate. However, the coming months are going to be tough for all of us. At the time of writing, we are assessing the financial impact of coronavirus on the Foundation and on the needs of our community, as every aspect of life is affected by this pandemic. We are with the community – families, businesses and the vulnerable – and we will get through this. We are reviewing our priorities and the needs of our local community to ensure we are best placed to provide the support and opportunities that will continue to make Letchworth a great place to live, work and visit.

Graham Fisher
Chief Executive



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 not only means looking after the physical aspects of our town, but 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.

To give you an idea of what we are doing right now: we are working with partners to make it easier for people to access health and wellbeing services in the town. We are beginning to help new generations of entrepreneurs to develop businesses in Letchworth. We hope to create housing for people for the different stages of their lives, including those who want to stay in their hometown. We are working closely with families and schools to give children the best possible start in life; and we are developing ways to offer more arts and culture for everyone. We're creating activities to help combat social isolation and increase mobility among older people. And we continue to maintain the Greenway and other areas of the town, so they look their best.

We can't deliver this work on our own, and we believe our strength is in developing partnerships to offer the best opportunities to everyone who lives here. We provide a link between a vast number of organisations and local groups and the people in Letchworth.

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.

Our Group structure is made up of Letchworth Garden City Heritage Foundation, Garden City Trading and Letchworth Cottages and Buildings Ltd.



£214,000

awarded via our grants programme to 64 individuals, clubs and groups



£240,000

of discounts were given to children, families, older people and those with additional needs across our venues



120

trees were planted and 3 miles of pathways were repaired around the Greenway



24,313

tickets bought for Kids Club at Broadway Cinema with 35 baby-friendly screenings

We support and promote six different aspects of life in Letchworth, which are set out in our constitution*. 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.

About this report

With such a broad range of activities being delivered, it is not possible to include updates on everything we have achieved in 2019 in this report. For more stories about our work by the people who make it happen, visit [Letchworth.com/impact](https://www.lethworth.com/impact)

Strategic aims and priorities

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

The strategic plan objectives are:

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



Outcomes and Impact

Our focus for 2019-2021

Our strategic objectives provide strong guidance for our teams. Through the existing services and those developed to meet the strategic objectives, we will deliver a range of outcomes to local residents.

By defining our desired outcomes, we will enable each service to deliver and develop their offer with a clear focus over the next three years. Monitoring and evaluation tools will allow us to measure and demonstrate our impact.

The outcomes we aim to achieve are:



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



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



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



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



The town centre is **vibrant**



Letchworth is known for its **cultural** offer



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



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

Progress with our plan

2019 was the second year of our three-year strategic plan. Our work has continued to focus on making the most of our assets to help us address some of the issues identified through our research and conversations with the community in 2018.

We have made good progress with the workstreams that sit within the aims of our strategic plan. The following pages includes case studies, written by our colleagues, that highlight the work delivered in 2019.

Setting the scene – taking an evidence-based approach

Fiona Grant, *Research and Evaluation Manager*

I've been working with colleagues across the organisation to use evidence to plan, evaluate and develop our venues and services.

We are continuing to use local data from sources such as the Office for National Statistics and government departments, to better understand some of the challenges facing our community. This is allowing us to work in partnership and develop programmes and projects to address some of these challenges.

I have also been supporting colleagues to develop our key performance indicators to ensure we can measure the effectiveness of our work and learn

what we can do better. This means developing our understanding of audiences. Who is visiting our venues and using our services? How we can improve them to meet the needs and interests of the local community? How we can attract people to Letchworth and contribute to the financial health of the organisation and the town centre?

We are grateful to those who responded to surveys and feedback forms in 2019 – this insight has helped us to better understand the needs and expectations of our visitors and users and feed into our future plans for our venues and services.

OUR PERFORMANCE IN 2019



Improving life chances
for people in Letchworth Garden City



Enhance people's wellbeing by increasing levels of physical activity and community engagement

Case study

Supporting families in Letchworth through our grants programme

Alastair Stewart

Head of Grant, Partnerships and Community Services

Every year, we award hundreds of thousands of pounds in grant funding to individuals, clubs and groups in Letchworth. In 2019, we were delighted to award a grant to Groundwork Trust East to work with North Herts Family Centre to deliver the Wellies in the Woods and Wildplay project. The project supports playful interactions in the natural environment between parents and their children aged 1-4 and 5-8 years respectively. The activities build confidence in both children and their parents with outdoor play. It also helps staff from the family centres to run the programme once the project has finished. This is just one of dozens of important local projects we have funded through our grants programme to support families and give children the best possible start in life.

The games and activities have been great – and so simple too. It is so peaceful sitting under the trees reading stories, but isn't something I have thought of doing before

Participant (parent)

£10,290

grant awarded

23

families took part in Wellies in the Woods

7

staff members took part in training to skill them up to run future programmes

173

families attended Wildplay sessions



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



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



Improving life chances
for people in Letchworth Garden City

Case study

Making Broadway Cinema & Theatre more accessible to our community

Jason Valentine
Venues Manager



Enable everyone to take advantage of our arts, culture, leisure and wellbeing services

2,233

children (and 329 adults) attended Letchworth schools film festival, exceeding our initial target of 1,000

297

older people attended Silver Sunday

This has been one of the most exciting years for Broadway Cinema & Theatre in terms of making a positive impact on the community. We were proud to run more free screenings for older people as part of the national Silver Sunday event, which attracted a capacity crowd. We also welcomed thousands of local schoolchildren through our doors for our first Broadway-led film festival for schools. We ran workshops in schools with the cast from our Christmas show, *Wind in the Willows*, as well as a theatre craft workshop. All of this was delivered working with our colleagues from across the Foundation, from the transport team who brought people to the cinema, to the people who work on our cultural learning programme.



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



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



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



Letchworth is known for its **cultural** offer

I have had a wonderful time. I can't wait until the next event.

Silver Sunday participant



Improving life chances
for people in Letchworth Garden City

Case study

Spring in your Step

Claire Kremer
Project Lead
Active Letchworth

Enable everyone to take advantage of our arts, culture, leisure and wellbeing services

Enhance people's wellbeing by increasing levels of physical activity and community engagement

You surprise yourself with how hard you work, and it makes me feel instantly more confident in my body when doing things like walking around the town.

Spring in your Step participant

We all need more movement in our lives and for older adults, it is even more important to be active. First developed in 2018, we extended our Spring in your Step programme in 2019. We wanted to inspire older people to take part in physical activity that would also help combat loneliness and social isolation. Working with local sports clubs and health organisations, we offered classes that were good for both physical and mental health. By the end of 2019, our older residents were enjoying classes all over Letchworth from walking football and neurobalance to Quigong and strength and stretch.

The feedback has been extremely positive, with many of the participants saying that they feel more flexible and energised and their balance has improved. People also tell us that their confidence has increased and that they really enjoy the social aspect: the coffee and chat after the classes.



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



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



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

11
classes

10
venues

337
sessions

3,488
participants



Improving life chances
for people in Letchworth Garden City

Case study

Sharing Memories Project

Aimee Flack
Collections Officer
Garden City Collection

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



18

sessions

5

venues

182

participants

78

individuals

In Letchworth, 25% of our residents are over 60, and the number of people living with dementia is higher than the national average. The Sharing Memories programme was set up in May 2019 to encourage positive experiences for older people and inspire a strong sense of personal worth and identity. Among other things, we used images and objects from the Garden City Collection to trigger memories and stimulate conversation.

Someone living with dementia may not be able to remember recent events but seeing the original seats from the Broadway Cinema or smelling the Wright's Coal Tar soap or pear drops in the 'drawers of evocative smells' in our museum can suddenly bring back memories and get people talking. We were delighted that the impact of this programme was recognised by our sector when we won the Wellbeing Award from the Hertfordshire Association of Museums in December 2019.



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It has made me more aware of how isolated older people can become. A chat about 'old times' can give them focus and involve them in their present 'community'.

Community Engagement Volunteer



Improving life chances
for people in Letchworth Garden City

Case study

Launching Museum at ONE Garden City

Josh Tidy
Museum Curator



Enable everyone to take advantage of our arts, culture, leisure and wellbeing services

Create a cultural education offer for every child to develop their skills and confidence by learning about the town's special heritage

Younger sister enjoyed the activities and games. Nana enjoyed the scrapbooks. I enjoyed the photos along the wall and interior design (and the squishy bread).

Museum visitor

In June 2019 we opened the doors to our Museum at ONE Garden City, right in the heart of Letchworth. The museum tells the story of Letchworth through the people who lived here. This is done through items from the Garden City Collection, which looks after over 250,000 objects from books and bicycles to corsets and cinema seats. We change the displays every few months to encourage people to come back. We have all sorts of things that will interest and delight our visitors: a writeable wall, drawers full of evocative aromas, and most importantly, stories about the people who made Letchworth the unique and special place it is.

We have designed the museum so that it's inspiring for all ages. We have also developed a cultural learning programme to help build civic pride among children. The icing on the cake was winning Hertfordshire Association of Museums' Object of the Year Award for a toilet roll manufactured in Letchworth in 1936. The story of this item was picked up in the media in the UK, Europe and around the world.

2,222
adults visited

372
children visited

15+
local, regional,
national and
international
media mentions



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



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



Letchworth is known for its **cultural** offer



Improving life chances
for people in Letchworth Garden City

Case study

Uncovering 'hidden histories' with our cultural learning programme

Vicky Axell

Learning and
Engagement Manager

Create a cultural education offer for every child to develop their skills and confidence by learning about the town's special heritage



9

Letchworth
schools took part

577

school children of
different age groups
visited

I work with children at local schools to bring Letchworth's history to life. Hidden Histories is one project that is part of our cultural learning programme, which launched in 2019. We engaged children with the story of their homes, in some cases being able to look at the original plans of their house. It was wonderful to see how children enjoyed learning about early Letchworth settlers who may have lived in their house – women and men who came to the town to help build our community. Understanding that Letchworth is unique makes children feel special. It's great way to nurture confidence while celebrating local history. The teachers seem to like it too as it supports their own learning objectives.



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



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



Letchworth is known for its **cultural offer**

The enthusiasm from Vicky was wonderful! She thoroughly enjoyed teaching the children and they learnt so much from her. The children loved creating their own garden city.

**Teacher from a
Letchworth school**



Improving life chances
for people in Letchworth Garden City

Case study

A holistic approach at the Ernest Gardiner Treatment Centre

Lorraine Florence
Clinical Services Manager

Enable everyone to take advantage of our arts, culture, leisure and wellbeing services

Enhance people's wellbeing by increasing levels of physical activity and community engagement

The centre is an oasis of calm, very friendly and caring. The staff go out of the way to address any concerns. A happy experience. I will miss coming.

Ernest Gardiner Treatment Centre patient

Our Treatment is a very special place. We are able to offer many different health and wellbeing services in one location, something that our patients appreciate. One of the highlights of 2019 has been the success of our Maple Clinic. The aim of this clinic is to offer local patients the support they need in one place, whether that's physiotherapy or occupational therapy. This helps build their confidence, improve their strength, reduce isolation and keep them out of hospital. We are delighted with the feedback from both the people who use the clinic and our partners at Hertfordshire Community Health Trust, who are looking to emulate this success in other parts of Hertfordshire. We are particularly proud of the fact that our nurses and physiotherapists are being recognised for listening and focusing on the individual needs of each patient.

1,251

individuals treated in 2019

3,978

attended appointments in 2019

100%

of patients satisfied with the overall quality of the service and treatment they received



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



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



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



Improving life chances

for people in
Letchworth Garden City



What we will do in 2020

- Develop a health and wellbeing vision of Letchworth that will encompass all aspects of keeping people healthy through the different stages of their lives. This will build the potential for setting up a new town-centre based health hub in 2021.
- Improve opportunities for our youngest residents. Work in partnership with local schools and voluntary organisations to invest in a range of support services for pre-school and early years children and their families.
- Develop our first-ever arts and culture strategy to draw together our cultural and heritage education programmes and audience development plans for our venues.
- Explore the possibility of introducing a Letchworth loyalty card that will include our venues and other local businesses.
- Create a development and improvement roadmap for Standalone Farm.
- Develop a community engagement plan.



Read more stories about the impact of our work linked to Improving Life Chances at **[Letchworth.com/impact](https://www.letheworth.com/impact)**

THE IMPACT OF OUR WORK IN 2019



A great place to live

Case study

Local Plan Community Consultation

David Ames

Executive Director

Stewardship & Development

I appreciate that you have come to the Grange to speak to us.

Public event participant

Create exemplary new homes built to Garden City principles that fulfil the opportunities of the Local Plan and strengthen community involvement

Phase two of our housing community consultation ran from May to July 2019. This gave us the opportunity to have conversations with the community about the sites owned by the Heritage Foundation that are allocated for new housing in North Hertfordshire District Council's Local Plan. It also allowed us to explore key topics raised during phase one of the consultation, including transport and ecology and environment. With under 18s often under-represented in planning consultations, we visited local primary and secondary schools to hear their thoughts and ideas. It was important to hear from them as they are the age group who will be affected the most by the opportunities and changes that any development will bring. We were pleased with the level of engagement and the ideas and suggestions that came forward.

12

pop-up events held across the town

192

formal responses

68

surveys for our largest site (LG1)



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



A great place to live

Case study

Reimagining the garden city – an international design competition

David Ames

Executive Director

Stewardship & Development



Offer more living opportunities for younger adults by increasing the levels of private rented homes in the town centre

Create exemplary new homes built to Garden City principles that fulfil the opportunities of the Local Plan and strengthen community involvement

95

competition entries and designs

250

people voted

In June 2019 we announced the winner of our Reimagining the Garden City design competition that we launched with the Royal Institute of British Architects (RIBA) in 2018. To find a winner we worked with an expert panel and we asked the community to take part in a public vote. All the shortlisted entries were exhibited at our offices in One Garden City and on our website. The site north of the Grange Estate, included in the North Hertfordshire Local Plan, was used as a case study for the competition and the brief was to make this site the best it could possibly be including a modern interpretation of Garden City Design Principles. EcoResponsive Environments won out of an amazing 95 entries from architecture practices from around the world. The public and the panel of judges felt they demonstrated a holistic and sustainable approach to modern garden city design.

I came to the pop-up event on 29 May and was interested to see the different designs for the LG1 land. I have been online and viewed the plans in depth and left my feedback.

Exhibition visitor



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



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



A great place to live

Case study

Surveying the Garden City Greenway

Paul McKenna
Estates Manager



Enhance people's wellbeing by increasing levels of physical activity and community engagement

Increase people's care, involvement and active use of the built and natural environment

Please keep maintaining the Greenway. We are so lucky to have it.
Greenway survey participant

Our environment team manages a range of open spaces including the Greenway, a 13.6-mile circular route around the garden city that is enjoyed by people of all ages from the community. In 2019, we set out to get a better understanding of who uses the Greenway, why they use it and how frequently, as well as finding out what people would like to see around the route. We ran a survey to capture this data and the results. We had a great response and were surprised that so many people use the Greenway every month. We also received useful feedback about how we can improve the route for users, such as better signage, interactive maps and widening paths. Many of these suggestions will feed into our plans for the year ahead.

704
people surveyed

The Greenway for Letchworth is a fantastic attraction, if marketed correctly could draw more local people to use it, improving lifestyles, health.
Greenway survey participant



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



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



**A great
place to
live**



What we will do in 2020

- Continue our conversations with the community about new homes in Letchworth and explore how we take forward the ideas from our design competition.
- Move forward with the next stage of redesigning our Heritage Advice Service using a service design approach.
- Launch Letchworth's Year of the Wildflower with a range of projects to increase wildflower planting and improve biodiversity across a number of sites in the town.
- Review our sustainability policy and launch a new sustainability strategy. As part of this, we will plant a new woodland and orchard following a successful grant application to the Woodland Trust.



Read more stories about the impact of our work linked to A Great Place to Live at **Letchworth.com/impact**

THE HEADLINES FROM 2019



**A great place to work
and do business**

Update

**Improving the
performance of our
property portfolio**

Joseph Vallely

*Asset and Relationships
Manager*



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



Our team is always mindful that our venues, services and grants programme can only run effectively if our local property portfolio performs well. If rents are not paid on time, or leases are not renewed, this means we are unable to fund or subsidise places like Broadway Cinema & Theatre, Standalone Farm, our free transport service and our treatment centre.

The focus for 2019 was on reducing voids and arrears and we are delighted that our efforts resulted in a decrease in voids (see p.28). It has also been a good year for our industrial portfolio which has performed well, with a number of important leases.



The town centre is **vibrant**



A great place to work and do business

Developing Letchworth's economic future

Graham Fisher
Chief Executive



2019 was an important year for developing our relationships with the business community to ensure Letchworth has a vibrant and sustainable economic future. In partnership with the Local Enterprise Partnership (LEP), as part of its Local Industrial Strategy (LIS) for Hertfordshire, we published a Letchworth Economic narrative that sets out the challenges and opportunities for the town. This evidence has now fed into the LIS and supports our own ambitions set out in our strategic plan to ensure that Letchworth is also a great town to work and do business in – an often-overlooked principle of the Garden City.

The report highlights that there are difficult questions about how we nurture new generations of entrepreneurs, how to attract new businesses to Letchworth and how we adapt to the changing nature of work and the places where people want to work.

Building on Letchworth's vibrant arts and culture scene, we also began to assess the viability of a Centre for Creative Industries in the town centre. Early indications show that there is more work to do as we need to find a model that works in the long term for Letchworth, one that will allow such a centre to be financially sustainable.

Working in partnership to support a vibrant town centre

Town centres and high streets face unprecedented change as online shopping takes customers away from the traditional retail offer. Overall Letchworth's town centre continues to perform relatively well. To respond to these fundamental changes, town centres are diversifying with a greater focus on leisure, experiences, and local services as well as increasing residential opportunities to attract visitors alongside the shopping offer.

In 2019, the Letchworth Town Centre Strategy Group was set up to lead and help facilitate such change locally. Along with North Herts Council, the local Business improvement District, LEP and Garden Square Shopping Centre, we are working together to identify opportunities to support and develop the town centre. This has included discussions about the potential development of a new integrated health hub as well as supporting the existing programme of town centre events and improving town centre management.





**A great place
to work and
do business**

What we will do in 2020

- Continue to work in partnership with the LEP and other partners for the benefit of Letchworth.
- Review the potential and viability for town centre based co-working spaces as well as finding out more about what it is like to set up a business in Letchworth and how our local entrepreneurs can be better supported.
- Look at the long-term future of our industrial real estate and how it needs to evolve to meet 21st century business needs and the wider geo-economic opportunities of the area.
- Carry out a town centre health check to identify the strengths and weaknesses of the town centre.
- Develop a multi-agency town centre strategy.
- Work with the BID to support the 'greening' of the town centre.

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 67.

The Foundation has a community governance model made up of 30 Governors, from which nine 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 the needs of the Group, for example, finance, property management/development, IT, housing and town planning.

The Board of Trustees

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

The Board of Trustees sets our vision and agrees our strategy and monitors the performance of the management team. Nine of the governors also serve on the Board as trustees. They hold office as trustees for three years but can also stand again for re-election for another 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 nine places on the Board are permanently 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 met monthly during 2019. They make decisions on reports and recommendations drafted by the management team and direct our administration through that 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.

Every year, the trustees complete a declaration to make sure that any personal interests they have in our business, partners or community are made clear. In this way we can make sure that decision-making and other processes are not affected by the individual interests of our trustees. 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 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 explain why if they haven't; and
- 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; and
- 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. 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; and
- 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

Under the Letchworth Garden City Heritage Foundation Act 1995, a Letchworth Commissioner is appointed by the President of the Law Society to conduct independent investigations into complaints of alleged maladministration.

In his latest report to the Board, the Letchworth Commissioner stated that he received one complaint that was outside of his remit. The current Letchworth Commissioner is Paul Davies and his address is listed on page 67.

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 Act 2011 requires us to make a statement regarding fundraising activities. We do not carry out any fundraising activities, although we can accept offers from partners to contribute to work that we undertake. We do not use professional fundraisers or any third parties to ask for donations. We are therefore not subject to any regulatory scheme or relevant codes of practice, nor have we received any complaints in relation to fundraising activities. We do not consider it necessary to design specific procedures to monitor such activities.

Setting pay and gender pay gap

Our staff 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 average. In 2019, we operated with a 3.0% gender pay gap, based on median pay, for all staff. On average, women employed by the Foundation earn 3.0% less per hour than men. Pay is set in relation to the role performed. Women are not paid less to perform the same role as their male counterparts. A 3% gap compares 'favourably' to the Office for National Statistics data for the whole of England, which reported a gender pay gap of 17.3% for 2019. Our trustees approve pay levels and any yearly increases to match inflation.

Risks and uncertainties

Our Risk Management Policy sets out the process that we use to identify and manage risks in all our activities. We have two categories: strategic risk and operational risk. The Board is responsible for setting up an effective risk-management framework across the Group. The Risk and Internal Audit Committee work 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 internal audit and risk committee every three months. Serious matters are taken to the Board if necessary.

In the course of 2019, the Board has considered:

- our significant risks;
- the potential impact and probability of each risk occurring;
- existing internal controls and accountability for each risk; and
- 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:

- protecting vulnerable people;
- landlord and employer health and safety;
- data protection;
- information technology (IT) systems; and
- commercial risks which may affect demand for our properties.

We are committed to a significant programme of around 70 internal audit days each year. We have created a detailed programme for 2020, and an outline programme for 2021.

In 2019 we:

- expanded the role of Garden City Technologies Ltd (a trading subsidiary of the Foundation) to incorporate land development and sales on behalf of the group to manage risk. Garden City Technologies Ltd is now known as Letchworth Garden City Trading Ltd;
- acquired a new industrial unit to strengthen our annual finances through increased rental income; and
- transferred the listed investments of Letchworth cottages and buildings (LCB) to a responsible multi asset fund (RMAF). RMAF operates with explicit investment exclusions aligned to the Church of England ethical investment advisory group policies.

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

Coronavirus

As we enter 2020, the coronavirus outbreak (COVID-19) represents a significant and emerging risk in the U.K. This is an ever-changing situation and at the time of preparing this Annual Report the World Health Organisation has declared the virus as a global pandemic. Following a government directive in March 2020, our community services and many retail units have temporarily closed to prevent the spread of the virus. This includes our cinema and theatre, visitor farm and gallery.

Our plan of action to support the Letchworth community has been mobilised and includes:

- repurposing our health, wellbeing and transport services to support vulnerable and isolated Letchworth residents;
- flexible support for our most vulnerable commercial and residential tenants, including rent free periods for those in most need. An additional package of relief extending over six months has been offered to other tenants, which will include deferring a proportion of rent and releasing a percentage of deposits.

These are unprecedented times and there is no way of assessing the specific impact the Coronavirus will have on the Foundation and the town, or how long it will go on for. We sit at the very heart of the community and we believe we have an important role to play in this crisis while always acting to protect the long-term interests of the organisation.

As a matter of good practice, we stress test our operating activities and finances each year. This has allowed the Leadership Team and Board an opportunity to rehearse and agree actions to mitigate a wide range of adverse operating

scenarios. We did not have the foresight to predict the virus, however, we have modelled and considered mitigating actions to deal with rising costs and falling income. As such, we believe we are well-placed to manage through this period of exceptional uncertainty. For these reasons the Board consider that it continues to be appropriate to prepare these accounts on a going concern basis.

Health & Safety

The Board and 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, mean 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. A great deal of work has gone into increasing awareness, training key staff and embedding controls across teams during 2019. We continue to proactively manage this risk.

Property income and Britain's withdrawal from the European Union

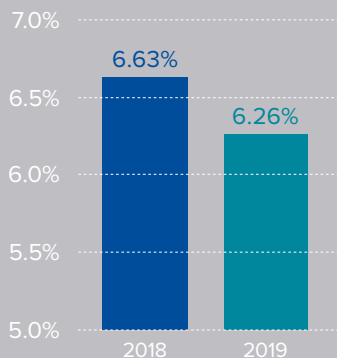
The Board has committed to hold available cash of at least £2 million. This should aid liquidity and manage risk associated with reduced demand for lettings. It also manages the risk of rising arrears. So far there have not been any major concerns and we continue to monitor the situation and take action if necessary.

FINANCIAL REVIEW OF 2019

OVERVIEW

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

Void loss as % of income
(available to let properties)



The financial performance of the Group improved during 2019.

Turnover increased by £761k (6.3%), while expenditure increased at a slower rate (up £487k, 4%) from levels reported in 2018. Across all funds, this led to net income before gains on investments of £234k. This is a step change and improvement on 2018 where net expenditure of £40k was reported. The cash generated from operating activities provides important funding for our capital maintenance and investment programme.

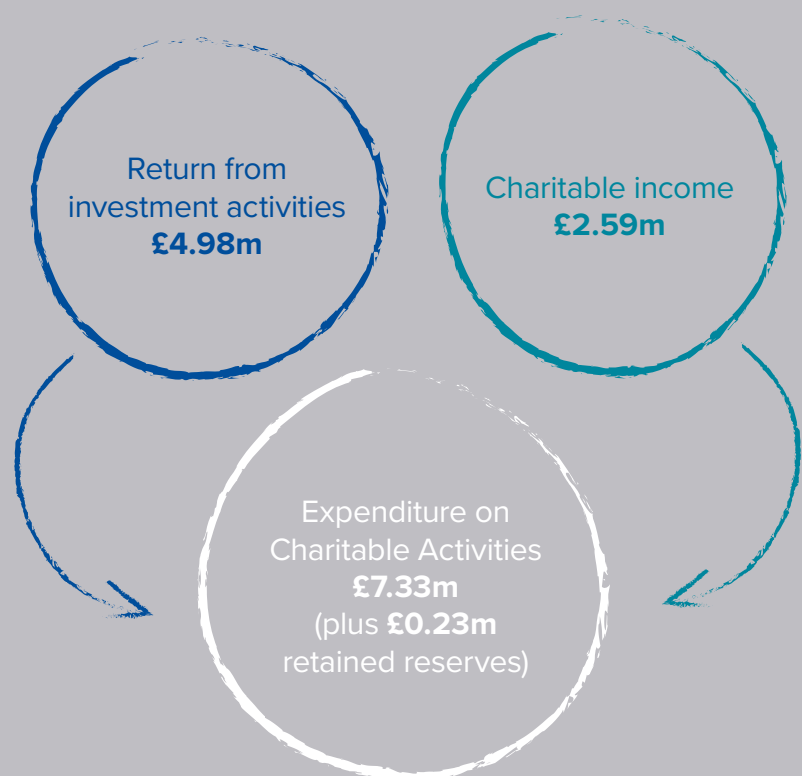
Turning to gains and losses from investments, these are mainly driven by increases to the fair value of assets. Total gains in the year amounted to £12,644k (2018: £7,690k). Particularly strong office and industrial lettings performance, which is reflected in the asset value, together with a surplus on disposal of investments of £850k, are the

key drivers to the overall gain from investments in 2019.

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.

Income from investments rose to £10,331k, representing a year-on-year increase of £709k (7.4%), while charitable income amounted to £2,588k, £52k (2.1%) higher than in 2018. Growth in income comes from significant in-year investment into new investment properties in both the office and industrial sectors, together with effective management of void properties.

How we funded £7.3m of expenditure on charitable activities



Statement of Financial Activities – summary view

	2018 £'m	2019 £'m	Notes re: 2019
Income from:			
Investments	9.6	10.3	Strong growth due to new investment in industrial and office properties, plus voids management
Charitable activities	2.5	2.6	Small increase in charitable income, mainly driven by Standalone Farm
Total income	12.2	12.9	Total income up 6.3%
Expenditure on:			
Investment property management	4.5	5.4	Increased investment in maintaining and improving investment properties
Charitable activities	7.7	7.3	Improved operating model across our charitable services
Total expenditure	12.2	12.7	Total expenditure up 4.0%
Net income/(expenditure) before gain on investments	(0.0)	0.2	Growth in turnover has led to net income of £0.2m for 2019
Net gain on investments	7.7	12.6	Driven by increases to the fair value of investments (property and listed investments)
Actuarial gain/(loss) on pension scheme	1.4	(0.4)	Derived from the annual FRS 102 pension valuation carried out by independent actuaries
Net Movement In Funds	9.1	12.4	

Investment performance

£5,355k was spent maintaining investments. Setting this expenditure against investment income of £10,331k results in a net return of £4,976k (2018 net return: £5,142k). The reduction in net return from investments is a result of investing more in maintenance and cyclical repairs. This helps protect and grow our income in future years.

A key focus for the organisation is the management of void properties and we are proud of our void performance in 2019. The percentage

of income lost from empty properties reduced to 6.26%, down from 6.63% in the previous year.

The £4,976k net return from investment activities, together with charitable income of £2,588k allowed us to spend £7,330k (2018: £7,718k) on furthering our broad and diverse charitable objectives. The year-on-year reduction in charitable expenditure reflects our strong focus on value for money and our commitment to make savings across a wide range of services.

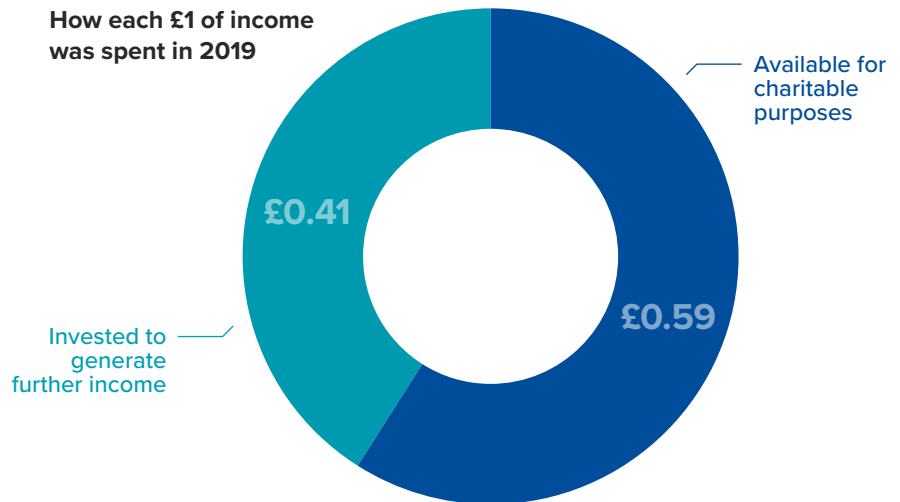
“As we don’t have shareholders, all income – plus any surplus that may be retained – is invested in the community”

How our income was spent in 2019

Investment in growing our income amounted to £5,355k, leaving £7,564k of our annual income in 2019 available to advance our charitable objectives.

The balance of expenditure in 2019 reflects the increased in-year investment in maintaining and improving our investment property portfolio. Looking ahead to 2020, we anticipate £64p of every £1 of income being made available for charitable purposes.

How each £1 of income was spent in 2019



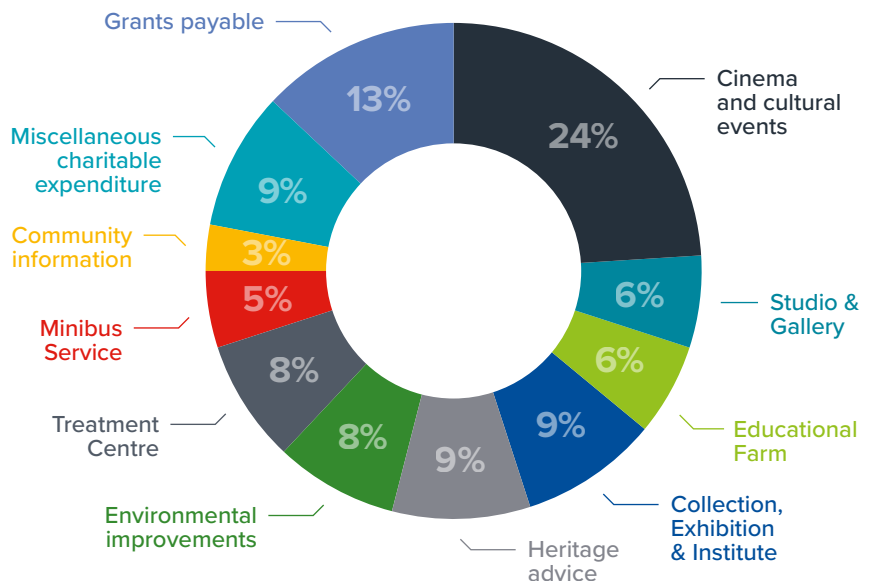
Breakdown of £4.7m net charitable expenditure in 2019 (£7.3m expenditure less £2.6m income generated)

Figures include an apportioned share of charitable support costs.

The financial return from investing activities (£4,976k in 2019) once again emphasises the vital role the property portfolio performs in terms of directly funding our charitable activities.

In 2019 we reviewed our operating models and staffing structures. We have made savings across a range of services, including Broadway Cinema & Theatre and Standalone Farm.

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



Total Income £12,919k (2017: £12,158k) – an increase of £761k

- Investment income totalled £10,331k for the year (2018: £9,622k) with £9,958k (2018: £9,317k) arising from investment properties and £373k (2018: £305k) from dividends and interest receivable.
- Income from charitable activities:
 - Income of £1,817k was generated from the Cinema and Theatre (2018: £1,805k).
 - Educational Farm income amounted to £576k (2018: £524k).
 - Other charitable income reduced marginally to £195k (2018: £207k).

Total Expenditure £12,685k (2018: £12,198k) – an increase of £487k

- Expenditure incurred on managing investments totalled £5,355k (2018: £4,480k), representing a year-on-year increase of £875k (20%). Increased expenditure to maintain and improve our investment property portfolio is the key driver to the year-on-year increase.
- Expenditure on charitable activities decreased by £388k to £7,330k (2018 £7,718k). The year-on-year decrease is despite committing £84k more by way of grant funding in 2019. The overall decrease is led by lower running costs associated with many of our venues and charitable services following a review.

Net Income before gains on investments was £234k compared to net expenditure of £40k for 2018.

Net Gains on Investments totalled £12,644k compared with £7,690k for 2018.

- The increase for 2019 is driven by increases to the assets within the investment property portfolio which, collectively reported an increase of £11,652k (7.1%) on the prior year. Valuations increased across the portfolio with particularly strong increases

reported in our industrial, office and leasehold sectors.

- Other investments (in the form of LCB's listed investments with the Responsible Multi-Asset Charitable fund) were valued at £4,343k as at 31 December 2019. During the year, the LCB committee of management approved the transfer of all listed investments into a Responsible Multi-Asset Fund. This resulted in £4,201k being invested in the fund during December 2019. The fund is ethically screened and is held to generate long term income and growth.
- Surpluses arising from the disposal of investments amounted to £850k (2018: £428k).

Other Recognised Gains and Losses

- The actuarial loss on the pension scheme of £387k was derived from the annual FRS 102 pension valuation carried out by independent actuaries on behalf of the scheme. The overall pension scheme deficit, reported in the balance sheet, has increased to £3,295k.

Balance sheet

At the end of the financial year, we report total net assets of £194,588k compared to a £182,097k last year. Total unrestricted funds are £3,929k (2018: £4,141k). Cash balances, including tenant deposits and cash-backed sinking funds stood at £8,154k, down from £8,901k in 2018. The value of the Group's investment property portfolio increased from £163,583k to £180,558k.

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), formerly Letchworth Garden City Technologies Ltd, which makes qualifying charitable donations from its profits to the Foundation. LGCT reported an overall loss for the year of £22k (2018: £6k profit).

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 £189k (2018: £120k).

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 and if we record deficits on disposals. If we sell an investment property from within the endowment fund, we may use the money 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 2019 the balance on the fund was £171,343k compared to £159,529k as at 31 December 2018. At 31 December 2019 the balance on the fund included £96,629k (2018: £87,071k) 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 receive for specific purposes – for example, government grants to buy assets. We use this fund for new developments in Letchworth which meet current and future social housing needs, and to support local organisations providing services to reduce poverty.

The LCB management committee has considered the level of funds available and does not see any reason why its services should be disrupted in the future. It has not set a target figure for the balance in view of the other sources of support that are available.

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 2019 the balance was £19,318k representing an increase of £889k from the 31 December 2018 value of £18,427k.

This balance includes £10,219k (2018: £10,209k) 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 (formerly Letchworth Garden City Technologies Ltd). We use the fund for the day-to-day operations which 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. In assessing the 'available funds' element we exclude assets and liabilities which are held for the long-term namely, operational properties, any investment property and the pension fund deficit. 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 2019 a transfer was not required (2018: nil). At 31 December 2019 the balance on the fund was £3,928k (2018: £4,141k). At 31 December 2019 the balance on the fund included £409k (2018: £280k) 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. As a consequence, trustees have not set a particular policy around holding a set or minimum level of accounting reserves. Instead, trustees require a

minimum of £2m to be held in cash by the Foundation. Excluding cash held on behalf of tenants (deposits and sinking funds) the Foundation held cash amounting to £4,823k as at 31 December 2019 (2018: £5,444k). 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 2016 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 the past service liabilities. This shortfall under FRS 102 at 31 December 2019 was £3,295k, up from the £2,639k at 31 December 2018.

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. It also provides funding for properties to attract new residents and businesses to the area. The income comes from our freehold properties, estate, from 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 sent to the Board of Trustees.

Letchworth Cottages and Buildings (LCB), subsidiary of the Foundation, holds c.£4 million 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, which:

- exclude companies deriving more than 5% of their revenue from alcoholic drinks unless they meet EIAG standards for responsible marketing and retailing;
- exclude any company that derives more than 3% of their revenue from the production or distribution of pornography, or in any company whose focus (defined as more than 10% of group revenues) is tobacco, gambling, climate change, non-military firearms, high interest rate lending or human embryonic cloning; and
- exclude any company involved in indiscriminate weaponry. We do not invest in companies involved in conventional weapons if their strategic military supplies exceed 10% of turnover.

We feel that screening in this manner (i.e. using the ethical investment advisory group guidelines) is useful in helping to exclude, or significantly limit, investment exposure to ethically sensitive areas.

This report, incorporating the Strategic Report was approved by the Board of Trustees on 7 April 2020 and signed on its behalf.



P Burn
Chair

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF LETCHWORTH GARDEN CITY HERITAGE FOUNDATION

Opinion

We have audited the financial statements of Letchworth Garden City Heritage Foundation ("the Foundation") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise the consolidated statement of financial activities, the consolidated and Foundation 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Foundation's affairs as at 31 December 2019 and of the Group's and the Foundation's net income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014 and the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Foundation's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information including Objectives and Activities and the Strategic Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative and Community Benefit Societies Act 2014 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the Foundation; or
- a satisfactory system of control has not been maintained over transactions; or
- the Foundation financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board members responsibilities statement set out on page 24, the Board is 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 Board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the Group's and the Foundation'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 Board either intend to liquidate the Group or the Foundation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

BDO LLP

14 April 2020

Fiona Condron
(Senior statutory Auditor)
For and on behalf of BDO LLP
Gatwick

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 2019

	Notes	Unrestricted funds £'000	Endowment funds £'000	Restricted funds £'000	2019 £'000	2018 £'000
Income from:						
Investments		9,814	–	517	10,331	9,622
Charitable activities		2,588	–	–	2,588	2,536
Total income	3	12,402	–	517	12,919	12,158
Expenditure on:						
Investment property management		5,235	–	120	5,355	4,480
Charitable activities		7,122	–	208	7,330	7,718
Total expenditure	4	12,357	–	328	12,685	12,198
Net income/(expenditure) before gain on investments		45	–	189	234	(40)
Net gain on investments		129	11,813	702	12,644	7,690
Net income/(expenditure) before taxation		174	11,813	891	12,878	7,650
Corporation tax	7	–	–	–	–	12
Transfers between funds		–	–	–	–	–
Other recognised gains and losses						
Actuarial (loss)/gain on pension scheme	16	(387)	–	–	(387)	1,361
Net movement in funds		(213)	11,813	891	12,491	9,023
Fund balances brought forward at 1 January	17	4,141	159,529	18,427	182,097	173,074
Fund balances carried forward at 31 December	17	3,928	171,342	19,318	194,588	182,097

The notes on pages 37 to 65 form part of these financial statements.

Balance Sheet

as at 31 December 2019

	Notes	Group		Foundation	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fixed Assets					
Tangible assets:					
Investment properties	9	180,558	163,583	168,537	152,899
Operational assets	10	6,636	7,124	5,726	7,124
		187,194	170,707	174,263	160,023
Other investments	11	4,343	6,676	1,115	815
		191,537	177,383	175,378	160,838
Current Assets					
Stocks	12	30	31	30	31
Debtors	13	3,765	3,811	3,755	3,788
Loans due within one year	14	3	9	3	9
Loans due after one year	14	215	234	215	234
Cash at bank and in hand		8,154	8,901	6,550	7,010
		12,167	12,986	10,553	11,072
Creditors					
Amounts falling due within one year	15	(5,821)	(5,633)	(5,774)	(5,621)
Net Current Assets		6,346	7,353	4,779	5,451
Total Assets Less Current Liabilities		197,883	184,736	180,157	166,289
Creditors					
Amounts falling due after one year	15	–	–	(2,500)	–
Provisions for Liabilities and Charges					
Pension scheme deficit	16	(3,295)	(2,639)	(3,295)	(2,639)
Net Assets		194,588	182,097	174,362	163,650
Capital Funds					
Unrestricted fund	17	3,928	4,141	4,020	4,121
Endowment fund	17	171,342	159,529	170,342	159,529
Restricted fund	17	19,318	18,427	–	–
	17	194,588	182,097	174,362	163,650

Deficit/Surplus Attributable to Letchworth Garden City Heritage Foundation

The surplus for the year after surplus on sale of properties and property revaluations but before actuarial gains and losses, dealt within the accounts of the Foundation amounted to £12,009k (2018: surplus £7,744k). The total income for the Foundation for the year was £12,321k (2018: £11,598k).

The notes on pages 37 to 65 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 7 April 2020 and were signed on its behalf by:



P Burn
Chair



T Saunders
Vice Chairman



G Fisher
CEO and Interim Company Secretary

7 April 2020

Consolidated Cash Flow Statement

for the year ended 31 December 2019

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

Investment in 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	2019 £'000	2018 £'000
(a)	(3,537)	(4,796)
	4,775	4,837
	209	283
	22	19
	5	2
	(1,114)	(1,999)
	1,612	1,565
	(5,519)	–
	(4,201)	–
	7,001	–
	2,790	4,707
	(747)	(89)
(b)	8,901	8,990
(b)	8,154	8,901

Notes to the Cash Flow Statement

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

Net income after taxation

Gains on investments

Net income received on investment properties

Interest receivable and dividends income

Depreciation

Deficit/(surplus) on disposal of operational assets

(Increase)/decrease in stocks

(Increase)/decrease in debtors

Net decrease in loans to staff and local organisations

Increase/(decrease) in creditors

Pension fund movements

Net Cash used in Operating Activities

(b) Analysis of cash and cash equivalents

Cash at bank and in hand

Total cash and cash equivalents

	2019 £'000	2018 £'000
	12,878	7,662
	(12,644)	(7,689)
	(4,775)	(4,837)
	(201)	(305)
	500	449
	18	(2)
	1	–
	17	(258)
	25	33
	375	(272)
	269	423
	(3,537)	(4,796)
	8,154	8,901
	8,154	8,901

The notes on pages 37 to 65 form part of these financial statements.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

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 have considered a number of factors arising from the Coronavirus outbreak as set out on page 26 and in Note 23. In particular, the Board have considered levels of liquidity held by all entities within the Group and assessed the impact of a range of scenarios and multiple stress tests arising from the coronavirus pandemic. Measures to mitigate the effects of the have been identified and rehearsed which include temporary loan finance, deferring discretionary projects, and seeking government support for 'furloughed' staff. 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 and, in any event, for a period of no less than 12 months.

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 2019. The results of the subsidiaries, Letchworth Garden City Trading Ltd ("LGCT"), formerly Letchworth Garden City Technologies Ltd 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, assets under construction 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 developments 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 2019

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 as set out in note 9.
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.
Support cost allocation	The cost allocation methodology requires a judgement as to what are the most appropriate bases to use to apportion support costs and these are reviewed annually for reasonableness. The bases used are outlined in note 6.
Additions to investment properties	Items that represent development expenditure (as opposed to research) qualify as additions to investment properties. Major works that enhance investment properties are also capitalised when the net present value of the investment is positive. Judgement is required to assess the net present value of enhancements/major works and to classify expenditure between development and research related items.
Provision for doubtful debts	Judgement is required in measuring debtors at their recoverable amounts (the amount expected to be received from a debt). This judgement is made after a detailed review of outstanding balances in conjunction with our managing agent.

(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 Charity Multi-Asset Fund held by subsidiary undertaking LCB, dividends are received in arrears but are recognised for the period to which they relate.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

1 Accounting Policies *(continued)*

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 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 2019

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. We typically assess 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) Investments

Investments are initially recorded at cost. The carrying value of investments are 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.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

1 Accounting Policies *(continued)*

(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.

(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

The entity is a charity within the meaning of Paragraph 1 Schedule 6 Finance Act 2010. Accordingly the entity is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The subsidiary Garden City Technologies 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 irrecoverable VAT which is charged to the SOFA when the expenditure to which it relates is incurred. The unrecoverable VAT is allocated to the expenditure to which it relates.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

2 Trading Results of Subsidiaries

The Foundation has one wholly owned trading subsidiary, Letchworth Garden City Trading Limited (formerly Garden City Technologies Ltd), company number 03530307, which is incorporated in England and Wales and provides telephony services. Where appropriate, the trading subsidiary makes qualifying charitable donations to the Foundation. In addition, Letchworth Cottages and Buildings Ltd (registered number IP18705), 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 (formerly Garden City Technologies Ltd)		Letchworth Cottages & Buildings Ltd	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Turnover	97	121	517	456
Profit/(loss) before qualifying charitable donation and tax	(14)	6	189	120
Qualifying charitable donation	(8)	–	–	–
Net income/(expenditure)	(22)	6	189	120
Gross assets	1,149	862	19,376	18,481
Gross liabilities	(33)	(25)	(60)	(56)
Net assets	1,116	837	19,316	18,425

Letchworth Garden City Trading Ltd (formerly Garden City Technologies Ltd) has no recognised gains or losses other than the surplus before tax. In addition to the net income shown above, Letchworth Cottages and Buildings Ltd has a revaluation surplus arising in the year of £702k (2018: £223k deficit).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

3 Analysis of Income

Investment income:

Income from investment properties
Dividends
Bank interest

Unrestricted £'000	Restricted £'000	2019 Total £'000	2018 Total £'000
9,794	164	9,958	9,317
–	179	179	286
20	174	194	19
9,814	517	10,331	9,622

Income from charitable activities:

Cinema income
Educational farm income
Other charitable income

Unrestricted £'000	Restricted £'000	2019 Total £'000	2018 Total £'000
1,817	–	1,817	1,805
576	–	576	524
195	–	195	207
2,588	–	2,588	2,536

Government grants income of £77k was receivable for the year (2018: £71k) from the Department for Environment Food & Rural Affairs in respect of support for agricultural environmental works and is included within other charitable income in the unrestricted fund.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

4 Analysis of Expenditure

Expenditure on investment property management:

Property and related costs

Direct Costs £'000	Support Costs £'000	2019 £'000	2018 £'000
3,981	1,374	5,355	4,480
3,981	1,374	5,355	4,480

Expenditure on charitable activities:

Provision of cinema and cultural events
 Provision of studio & 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 minibuss service
 Provision of community information
 Miscellaneous charitable expenditure
 Grants payable
 Support costs

2019 £'000	2018 £'000
2,018	2,056
228	259
589	630
333	329
357	320
357	440
313	309
195	198
120	150
373	432
494	410
1,953	2,185
7,330	7,718

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

18	19
29	14
3	3
60	51
50	36
160	123

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

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

2019 £'000	2018 £'000
50	42
10	9
5	2
10	–
75	53

Depreciation of tangible fixed assets – owned assets

Operating lease rentals – land and buildings

500	449
91	93

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

5 Grants Payable

The commitments made in the period comprise:

Institutional grants:

Grants of £1000 or more: 35 (2018: 35)

Smaller grants

Total institutional grants

Individual grants:

Community grants – grants of £1,000 or more to 0* individuals (2018: 5 individuals)

Smaller community grants to individuals

Total individual grants

*0 (2018: 4) paid under object (i) and 0 (2018: 1) paid under object (iii)

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

	2019 £	2018 £
	476,577	374,080
	14,823	21,663
	491,400	395,743
	–	9,000
	4,412	6,623
	4,412	15,623
	495,812	411,366
	(2,000)	(1,277)
	493,812	410,089
	46,540	69,093
	493,812	410,089
	540,352	479,182
	(430,351)	(432,642)
	110,001	46,540

Commitments at 31 December 2019 and 31 December 2018 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 2019

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

2019		2018	
Number	Total Value of Grants (£)	Number	Total Value of Grants (£)
11	207,500	13	172,500
6	23,630	4	21,000
11	157,457	5	101,257
7	87,990	10	79,323
35	476,577	32	374,080

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
- Settle Group (previously North Herts Homes Ltd)
- Herts Young Homeless
- North Herts Citizens Advice
- Howard Cottage Housing Association
- Home-Start Hertfordshire
- Letchworth District Schools Partnership
- Kids Cook
- Stevenage and North Herts Family Centres

1	5,000	1	5,000
1	5,000	1	5,000
2	44,500	3	33,750
1	48,000	2	36,000
1	26,000	2	19,500
2	17,000	3	13,250
1	60,000	1	60,000
1	1,000	–	–
1	1,000	–	–
12	207,500	13	172,500

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

5 Grants Payable *(continued)*

(ii) Assisting in the provision of facilities for recreation

	2019		2018	
	Number	Total Value of Grants (£)	Number	Total Value of Grants (£)
Wag N Woof	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	—	—
Whitethorn Lane Bowls Club	—	—	1	7,500
Letchworth Arts and Leisure Group	—	—	1	10,000
Letchworth Garden City Eagles Football Club	—	—	1	1,500
Letchworth Festival	—	—	1	2,000
	6	23,630	4	21,000

(iii) Advancement of education and learning

Garden City Academy	1	2,000	—	—
Barnardo's	1	48,000	—	—
Made with Clay	2	8,000	—	—
Imajica Theatre Company	1	5,000	—	—
St Christopher School	1	12,750	—	—
Letchworth Civic Trust	1	15,000	1	15,000
Groundwork East	1	7,831	1	10,290
Learn IT	3	58,876	1	64,967
HertsCam Network	—	—	1	7,500
Pixmore Junior School	—	—	1	3,500
	11	157,457	5	101,257

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

5 Grants Payable *(continued)*

(iv) Relief of poverty and sickness

New Life Church
 Letchworth Garden City Church
 Letchworth Centre for Healthy Living
 Resolve
 Garden House Hospice Care
 Sporting Memories
 Letchworth Foodbank
 Headway
 Street Dance Productions
 Hillshott Infant School
 Best Before Café
 Angels Support Group
 Stevenage Against Domestic Abuse
 Stevenage & NH Child Contact Centres
 Small Acts of Kindness
 Growing People
 Garden House Hospice Care

2019		2018	
Number	Total Value of Grants (£)	Number	Total Value of Grants (£)
1	3,520	–	–
1	3,500	–	–
1	13,690	–	–
1	25,000	–	–
1	25,000	–	–
1	3,000	–	–
1	14,280	–	–
–	–	1	8,000
–	–	1	4,480
–	–	1	2,177
–	–	1	1,124
–	–	1	7,542
–	–	1	20,000
–	–	1	10,500
–	–	1	3,500
–	–	1	12,000
–	–	1	10,000
7	87,990	10	79,323

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

6 Support Costs

	Investment Management £'000	Charitable Activities £'000	2019 Total £'000	2018 Total £'000
Communications & Marketing	31	280	311	347
Finance	227	287	514	629
Strategic Planning	68	86	154	447
Executive	388	490	878	392
Human Resources	22	154	176	362
Information Technology	290	367	657	693
Support Centre	291	186	477	402
Governance	56	105	161	123
Total for year ended 31 December 2019	1,373	1,955	3,328	3,395
Total for year ended 31 December 2018	1,209	2,186	3,395	

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 (formerly Letchworth Garden City Technologies Ltd) makes qualifying donations of all taxable profit to Letchworth Garden City Heritage Foundation.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

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

2019 £'000	2018 £'000
2,978	2,855
282	277
661	708
242	464
–	–
4,163	4,304

No settlement agreements were incurred in 2019 (2018: £138k)

Areas within the organisation employed agency staff during the year to cater for specific projects and staff absence.

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

2019 Number	2018 Number
64	63
9	10
21	19
94	92

The average head count (number of staff employed) during 2019 was 140 (2018: 133).

The number of employees whose emoluments (including benefits in kind but excluding employer pension contributions) amounted to over £60,000 in the year/period were 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
£150,001 +

2	3
1	1
–	–
1	1
1	1
–	–
1	1
1	1
7	8

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

8 Staff Costs *(continued)*

In 2019, employer contributions of £170k (2018: £171k) were made to pension schemes in respect of the above employees.

Key management personnel

The Leadership Team was increased during 2019 and comprised the Chief Executive Officer, Executive Director of Finance, Executive Director of Property, Executive Director of Stewardship and Development, Executive Director of Communities, Culture and Heritage and Head of Governance/Company Secretary. Total employee costs (including employer national insurance, pension contributions and benefits in kind) for key management personnel during the year totalled £852k (2018: £753k).

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 (2018: £nil).

A total of 5 Trustees have claimed expenses for travel and subsistence, or had costs met directly by the Foundation, totalling £507 (2018: 1 Trustee, £32).

9 Tangible Assets – Investment Properties

	Freehold property £'000	Long Leasehold property £'000	Total £'000
Group			
At 31 December 2018 – at valuation	161,258	2,325	163,583
Additions	530	5,017	5,547
Disposals	(1,087)	–	(1,087)
Transfers from operational properties	863	–	863
Revaluation	9,684	1,968	11,652
Net book value:			
At 31 December 2019	171,248	9,310	180,558
At 31 December 2018	161,258	2,325	163,583
Foundation			
At 31 December 2018 – at valuation	150,574	2,325	152,899
Additions	428	5,017	5,445
Disposals	(2,087)	–	(2,087)
Transfers from operational properties	863	–	863
Revaluation	9,449	1,968	11,417
Net book value:			
At 31 December 2019	159,227	9,310	168,537
At 31 December 2018	150,574	2,325	152,899

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

9 Tangible Assets – Investment Properties *(continued)*

The investment properties were valued at 31 December 2018 by Bidwells LLP acting as an Independent External Valuer in accordance with the RICS Valuation – Global Standards 2017, the RICS Valuation Global Standards 2017 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 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 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 inspected a sample of the portfolio (approximately 20% of the rack-rented properties each year) and read a sample of the lease documents only. For all other properties they have 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 in 2018 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 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.

The valuation of these properties amounted to: Group £180,558k and Foundation £168,537k (31 December 2018: Group £163,583k and Foundation £152,889k).

The revaluation surplus for the Group of £11,652k and Foundation of £11,417k (2018: Group £7,877k and Foundation £7,505k) includes downward revaluations of £1,915k for the Group and £1,743k for the Foundation (2018: £1,146k Group and £1,144 Foundation).

The Foundation recognises that there are mixed motive properties to the value of £41,253k (31 December 2018: £39,763k) held within the total investment property portfolio. Mixed motive properties are investments that are held partly for their investment potential and partly for furthering the aims of the Foundation.

The total value of investment properties whose valuation is primarily based on the development value of land is £6,045k (31 December 2018: £5,960k).

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 2019 was Group £72,442k and Foundation £71,500k (31 December 2018: Group £66,389k and Foundation £65,549k).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

10 Tangible Assets – Operational Assets

Foundation

Cost:

	Freehold property £'000	Plant and equipment £'000	Assets under construction £'000	Total £'000
At 31 December 2018	5,560	4,838	2,160	12,558
Additions	–	243	647	890
Transfers	1,506	299	(2,807)	(1,002)
Disposals	(1,046)	(1,548)	–	(2,594)
At 31 December 2019	6,020	3,832	(0)	9,852
Depreciation:				
At 31 December 2018	943	4,491	–	5,434
Charge for the year	305	195	–	500
Transfers	(139)	–	–	(139)
Disposals	(135)	(1,534)	–	(1,669)
At 31 December 2019	974	3,152	–	4,126
Net book value:				
At 31 December 2019	5,046	680	(0)	5,726
At 31 December 2018	4,617	347	2,160	7,124

Disposals by the Foundation include the sale of an operational building to Letchworth Garden City Trading Ltd in exchange for £1m additional shares in the subsidiary.

Group

Cost:

	Freehold property £'000	Plant and equipment £'000	Assets under construction £'000	Total £'000
At 31 December 2018	5,560	4,838	2,160	12,558
Additions	–	243	647	890
Transfers	1,506	299	(2,807)	(1,002)
Disposals	(15)	(1,548)	–	(1,563)
At 31 December 2019	7,051	3,832	(0)	10,883
Depreciation:				
At 31 December 2018	943	4,490	–	5,433
Charge for the year	305	195	–	500
Transfers	(139)	–	–	(139)
Disposals	(13)	(1,534)	–	(1,547)
At 31 December 2019	1,096	3,151	–	4,247
Net book value:				
At 31 December 2019	5,955	681	(0)	6,636
At 31 December 2018	4,617	347	2,160	7,124

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

Assets under construction relate to costs of ongoing property projects.

Transfers refer to assets being transferred to completed operational assets or where reassigned to investment properties (note 9).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

11 Other Investments

Group

	Listed Investments £'000
Market value at 1 January 2019	6,676
Additions/(Disposals)	(2,800)
Surplus/(deficit) on disposal	325
Surplus/(deficit) on revaluation	142
Market value at 31 December 2019	4,343
Historical cost at 31 December 2019	4,201

The investments comprise 8,423,601 units held by LCB in Global equities in Cazenove Capital Management's Responsible Multi-Asset Fund (31 December 2018 – 12,897,651 units in Cazenove Capital Management's Charity Multi-Asset Fund). Cazenove have 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 31 December 2018	815
Shares redeemed in 2019	(700)
Shares acquired in 2019	1,000
At 31 December 2019	1,115

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	A Ordinary shares	100%	100%	Land development and telephony services

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

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

12 Stocks

	Group		Foundation	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Retail stocks	30	31	30	31

13 Debtors

	Group		Foundation	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade debtors	1,325	1,231	1,317	1,216
Amounts owed by subsidiary undertakings	–	–	47	69
Deposits with Herts County Council	500	500	500	500
Other debtors	253	357	253	357
Prepayments and accrued income	1,687	1,723	1,638	1,646
	3,765	3,811	3,755	3,788

Amounts deposited with Herts County Council relate to the Street Scene development and are repayable between 2020 and 2031.

14 Loans

	Group		Foundation	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Due within one year:				
Loans to staff	2	5	2	5
Loans to individuals and local organisations	1	4	1	4
	3	9	3	9
Due after one year:				
Loans to staff	17	19	17	19
Loans to individuals and local organisations	2	3	2	3
Loans relating to leasehold enfranchisement	196	212	196	212
	215	234	215	234

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 2019

15 Creditors

Amounts falling due within one year:

Trade creditors

Taxes and social security

Other creditors

Accruals and deferred income

Grants payable

Group		Foundation	
2019 £'000	2018 £'000	2019 £'000	2018 £'000
609	788	610	788
325	176	325	176
1,144	1,058	1,144	1,058
3,633	3,564	3,615	3,552
110	47	80	47
5,821	5,633	5,774	5,621

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 period.

Deferred income at the start of the year

Net transferred from/(to) the SOFA

Deferred income at the end of the year

Group		Foundation	
2019 £'000	2018 £'000	2019 £'000	2018 £'000
1,538	1,525	1,538	1,525
208	13	208	13
1,746	1,538	1,746	1,538

Creditors: Amounts falling due after more than one year:

Amounts owed to subsidiary undertakings

Group		Foundation	
2019 £'000	2018 £'000	2019 £'000	2018 £'000
–	–	2,500	–
–	–	2,500	–

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 2016 and updated by a qualified independent actuary to 31 December 2019 on a basis appropriate to FRS 102.

The Foundation's contributions to the scheme increased to 27.5% of pensionable pay from April 2017 for the three years to 31 March 2020. Estimated contributions for the year ended 31 December 2020 are £640k.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

16 Defined Benefit Pension *(continued)*

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

	2019 %	2018 %
Salary increase rate	2.3	2.5
Pension increase rate	2.2	2.4
Discount rate (used to discount scheme liabilities)	2.0	2.9

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	
	2019 Years	2018 Years	2019 Years	2018 Years
Males	21.5	22.5	22.3	24.1
Females	23.7	24.9	25.0	26.7

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:

	2019 £'000	2018 £'000
Equities	16,502	13,842
Bonds	11,209	10,520
Property	2,491	2,215
Cash	934	1,107
Total fair value of assets	31,136	27,684

The amounts recognised in the balance sheet as at 31 December 2019 and 31 December 2018:

	2019 £'000	2018 £'000
Fair value of scheme assets	31,136	27,684
Present value of scheme liabilities	(34,431)	(30,323)
Net deficit in the scheme	(3,295)	(2,639)

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

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	27,684	(30,323)	(2,639)
Current service cost	–	(830)	(830)
Interest income/(cost)	802	(881)	(79)
Actuarial gains/(losses)	2,641	(3,028)	(387)
Contributions paid by the Foundation	604	–	604
Contributions paid by employees	178	(178)	–
Benefits paid	(809)	809	–
Scheme assets/(liabilities) at the end of the year	31,136	(34,431)	(3,295)

The amounts recognised in net income for the year to 31 December 2019 and year to 31 December 2018:

	2019 £'000	2018 £'000
Current service cost	817	1,027
Losses on curtailments	13	–
Net interest cost	79	93
	909	1,120

The actual return on scheme assets for the year to 31 December 2019 and 31 December 2018:

	2019 £'000	2018 £'000
Interest income on scheme assets	802	699
Actuarial gains (losses) on scheme assets	2,641	(1,015)
Actual return on scheme assets	3,443	(316)

The amounts recognised as other recognised gains and losses in the SOFA for the year to 31 December 2019 and 31 December 2018:

	2019 £'000	2018 £'000
Actuarial gains on scheme assets	2,641	(1,015)
Changes in assumptions underlying present value of scheme liabilities	(3,028)	2,376
Actuarial gains/(losses) recognised in statement of recognised gains and losses	(387)	(1,361)

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

16 Defined Benefit Pension *(continued)*

Cumulative amount of actuarial gains and losses recognised in the SOFA for the year to 31 December 2019 and 31 December 2018:

	2019 £'000	2018 £'000
Cumulative actuarial loss at start of the year/period	(5,243)	(1,852)
Recognised gain/(loss) during the year/period	(387)	(3,391)
Cumulative actuarial loss at end of the year/period	(5,630)	(5,243)

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

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Fair value of scheme assets	31,136	27,684	27,929	25,147	21,840
Present value of scheme liabilities	(34,431)	(30,323)	(31,506)	(31,130)	(25,449)
Deficit in the scheme	(3,295)	(2,639)	(3,577)	(5,983)	(3,609)

17 Funds

	Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	Total £'000
Group				
At 1 January 2019	4,141	159,529	18,427	182,097
Retained surplus/(deficit) for the year	45	–	189	234
Surplus (deficit) on revaluation and disposal	129	11,813	702	12,644
Transfers between funds	–	–	–	–
Actuarial loss on pension scheme	(387)	–	–	(387)
Balance at 31 December 2019	3,928	171,342	19,318	194,588
Foundation				
At 1 January 2019	4,121	159,529	–	163,650
Retained surplus/(deficit) for the year	157	–	–	157
Surplus on revaluation and disposal	129	10,813	–	10,942
Transfers between funds	–	–	–	–
Actuarial gain on pension scheme	(387)	–	–	(387)
Balance at 31 December 2019	4,020	170,342	–	174,362

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 2019 there were 30 (31 December 2018: 30) shares in issue.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

18 Analysis Of Group Net Assets Between Funds

Fund balances at 31 December 2018 are represented by:

	Unrestricted Funds £'000	Restated Endowment Funds £'000	Restricted Funds £'000	Total £'000
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

Brought forward unrealised gains at 31 December 2018 are restated to £87,071k, from £86,950k.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

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

As required by the Charities SORP (FRS102), the prior year (2018) comparatives of the Group Net Assets Between Funds are provided below.

	Unrestricted Funds £'000	Restated Endowment Funds £'000	Restricted Funds £'000	Total £'000
Fund balances at 31 December 2018 are represented by:				
Investment properties	530	152,369	10,684	163,583
Operational properties	7,124	–	–	7,124
Other investments	–	–	6,676	6,676
Pension scheme deficit	(2,639)	–	–	(2,639)
	5,015	152,369	17,360	174,744
Net current assets	(874)	7,160	1,067	7,353
	4,141	159,529	18,427	182,097

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

Unrealised gains at 31 December 2017	280	80,576	9,570	90,426
Surplus on revaluation	–	7,505	372	7,877
Realised on disposals	–	(1,010)	(100)	(1,110)
Unrealised gains at 31 December 2018	280	87,071	9,842	97,193

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

Unrealised gains at 31 December 2017	–	–	982	982
Surplus (deficit) on revaluation	–	–	(615)	(615)
Unrealised gains at 31 December 2018	–	–	367	367

Brought forward unrealised endowment gains at 31 December 2017 are restated to £80,576k, from £80,455k.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

19 Financial Commitments

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

	Foundation	
	2019 £'000	2018 £'000
Erection, purchase and redevelopment of premises	17	411

	Group	
	2019 £'000	2018 £'000
Erection, purchase and redevelopment of premises	29	411

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

Payments due:		
Not later than one year	91	91
Later than one year and not later than five years	364	364
Later than five years	32,260	32,351
	32,715	32,806

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	7,990	7,114
Later than one year and not later than five years	23,768	19,594
Later than five years	506,822	341,004
	538,580	367,712

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

20 Related Parties Transactions

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

Organisation	Position Held	Name	No.	2019 Total Value of Grants (£)	No.	2018 Total Value of Grants (£)
Letchworth Civic Trust	Trustee	Lynda Needham ^	1	15,000	1	15,000
	Trustee	Kevin Jones	–	–	–	–
Letchworth Festival Steering Group	Committee Member	William Armitage	–	–	1	2,000
Arts Society, Letchworth	Chair of The Settlement #	Pam Burn	–	–	1	500
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	25,000	1	10,000
Free Church	Links with the Free Church	Richard Harbon	1	2,200	–	–
Family Project	Resident of Jackmans	Gary Mallet	1	50,000	–	–

^ Term as Trustee came to an end on 21.5.2019

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 (2018: £60,849) and £68,630 respectively (2018: £70,000).
- Letchworth Garden City Trading supplied services to the Foundation totaling £17,409 (2018: £19,226).
- A £3.5m secured, interest bearing long-term loan was entered into by the Foundation with Letchworth Cottages and Buildings. £1m was repaid before the end of the year. The remaining £2.5m was repayable no later than 2029. Interest on the loan amounted to £171,904 in 2019 (2018: nil).
- The Foundation sold one investment property and one operational asset to Letchworth Garden City Trading Ltd in exchange for £1m in share capital.
- At the balance sheet date, the Foundation held intercompany debtor balances of £22,388 with LCB (£2018: £52,326) and £25,038 with LGCT (2018: £16,776).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2019

21 Consolidated Statement Of Financial Activities

for the 12 months ended 31 December 2018

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

	Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	2018 £'000
Income from:				
Investments	9,166	–	456	9,622
Charitable activities	2,536	–	–	2,536
Total income	11,702	–	456	12,158
Expenditure on:				
Investment property management	4,320	–	160	4,480
Charitable activities	7,543	–	175	7,718
Total expenditure	11,863	–	335	12,198
Net income/(expenditure) before gains on investments	(161)	–	121	(40)
Net gain on investments	–	7,912	(222)	7,690
Net income/(expenditure) before taxation	(161)	7,912	(101)	7,650
Corporation Tax	–	12	–	12
Transfers between funds	–	–	–	–
Other recognised gains and losses				
Actuarial gain on pension scheme	1,361	–	–	1,361
Net movement in funds	1,200	7,924	(101)	9,023
Fund balances brought forward at 1 January 2018	2,941	151,605	18,528	173,074
Fund balances carried forward at 31 December 2018	4,141	159,529	18,427	182,097

22 Post Balance Sheet Events

As we enter 2020, the coronavirus outbreak (COVID-19) represents a significant and emerging risk in the U.K. At the time of preparing this Annual Report the World Health Organisation has declared the virus as a global pandemic. Following a government directive in March 2020, our community services and many retail units have temporarily closed to prevent the spread of the virus. This includes our cinema and theatre, visitor farm and gallery.

We have launched a package of support for our most vulnerable commercial and residential tenants, including rent free periods for those in most need. Additional relief, extending over six months, has been offered to other tenants, including potentially deferring a proportion of rent and releasing a percentage of deposits.

Our valuers stand by the fair value valuation for investment properties as at 31 December 2019 and we acknowledge the likelihood of downward pressure on valuations in 2020.

The Board consider this a non-adjusting balance sheet event as these conditions did not exist at the balance sheet date. We enter into this uncertain period on a strong financial footing and with significant assets and strong liquidity, however, we anticipate that, in comparison with our original budget for 2020, our likely financial results for 2020 and potentially beyond will be affected as a direct consequence of the Coronavirus outbreak.

Board of Trustees



Pam Burn
Chair
(from March 2019)



Trevor Saunders
Vice Chair
(from March 2019)



William Armitage
MBE
(retiring March 2020)



Terry Hone*



Kevin Jones



Robert Riggall



Simon Franklin
(appointed 23
March 2019)



Gary Mallett
(appointed 23
March 2019)



Helen Oliver**
(appointed July
2019)

* 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

D Ames

Executive Director – Stewardship and Development

S Sapsford

Executive Director – Communities, Culture and Heritage

J Kaur

Head of Governance
(resigned January 2020)

M Coles

Executive Director – Property

M Peak

Executive Director – Finance

Secretary

J Kaur

(resigned January 2020)

G Fisher

(interim, February 2020)

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Letchworth Garden City
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Registered Office and Principal Office

Letchworth Garden City Heritage
Foundation
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Mills & Reeve

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Letchworth Commissioner

Paul Davies

The Letchworth Commissioner
Hamilton Davies
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Photo: Letchworth Foodbank

**Letchworth
Garden City**
Heritage Foundation

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