



heritage
foundation
Letchworth Garden City

REPORT AND ACCOUNTS

to 31 December 2017

A place-based foundation working to maintain and enhance the world's first Garden City for the enjoyment of everyone who lives, works and visits here.

MESSAGE FROM THE CHAIRMAN

2017 was a year of change for the Foundation as we welcomed our new Chief Executive, Graham Fisher, who joined us from London-based charity Toynbee Hall. Graham's arrival signalled a renewed drive to take a more in-depth look at the available data and information regarding Letchworth's communities to help shape our strategic priorities for the next three to five years. The findings highlighted the need for the Foundation to consider what our role should be in helping to improve the quality of life for Letchworth people, particularly families and young people.

But no matter how our priorities change, the principles that make Letchworth a unique and special place remain central to our work.

We are proud to be the only garden city in the world which operates the

original social model of capturing value created through our stewardship role and reinvesting it for the benefit of the community.

The Foundation's governance model is also unique. We are governed by 30 community representatives who have either been elected, nominated or appointed to represent the views of local people. Their role is key to providing insight and feedback about important issues that matter to people living in town, which is vital to shaping our work.

Over the last three years, we have been working to implement the objectives within our Five Year Plan. This included investment in the town's arts and culture offer, making it accessible to all and attracting more visitors to the town. We remain committed to supporting a vibrant arts and culture scene but based on our

recent research, our future focus will need to concentrate more on working with partners to improve the quality of life for future generations.

Our new strategic plan will outline how we plan to do this and I look forward to working with Graham and our Leadership Team, Trustees and Governors to ensure the Foundation continues to leverage its position to benefit everyone who lives, works and visits here.

Colin Chatfield

Colin Chatfield
Chairman



MESSAGE FROM THE CHIEF EXECUTIVE

My immediate impression joining the Foundation in April was how much Letchworth has to offer.

The quality of the built and natural environment is striking, and the diverse range of amenities and facilities and the rich fabric of clubs and groups that make an invaluable contribution to Letchworth life. All of this combined creates an asset-rich town.

One of my key priorities has been trying to understand more about peoples' lives and the opportunities and challenges they face. We have therefore pulled together evidence about people's needs in Letchworth, developing in-depth information to help us shape our future priorities and objectives. We will shortly publish a compendium of this statistical evidence, which presents a snapshot of life in Letchworth, covering themes such as education, housing, income, jobs and wellbeing, among other issues. Whilst the town's assets are strong, evidence indicates there are many people living here who are particularly struggling on low incomes.

The question is, what role the Foundation can play to contribute to tackling and alleviating these issues and how should that shape our investment and spending priorities? Finding answers to those questions will be core to our new strategic plan, which will be published shortly.

As this report demonstrates, the Foundation delivers a huge and diverse range of services to thousands of people in the town every year – achievements that are all the more remarkable during what has been a period of considerable change.

During my first year, I have enjoyed meeting different people from Letchworth's numerous clubs and societies as well as representatives from the local business community. This warm welcome has helped me gain greater insight into the challenges and opportunities for our Garden City. This is something myself and the team want to do more of and I look forward to continuing to build on this dialogue in 2018 and beyond.

Strengthening the involvement of the community in how we deliver services in the town is something we want to develop further across the Foundation. At the end of 2017, we set the wheels in motion to introduce a new service design approach as the basis for re-focusing our current local information and visitor services ahead of relocating to the town centre (see more on page 12).

Our relocation in 2018 will enable us to get closer to the communities that make up Letchworth Garden City. Having more of our services under one roof in the heart of the town centre will make us more accessible and give us a stronger presence at the heart of the community.

Graham Fisher

Graham Fisher
Chief Executive



OBJECTIVES AND ACTIVITIES

WHO WE ARE AND WHAT WE DO

We are a place-based foundation and custodians of the world's first Garden City.

We support, fund and promote activities and projects to deliver our charitable commitments for the benefit of our local communities.

We are able to do this by managing the assets under our stewardship to generate income. This means we are financially secure and can invest in the physical, economic and social environment of Letchworth Garden City. We don't have shareholders, which means any surplus we make goes back into our community.

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.



OUR GROUP STRUCTURE

Letchworth Garden City Heritage Foundation

Principal activity: defined by LGCHF Act 1995 to maintain and enhance the world's first Garden City for the enjoyment of everyone who lives, works and visits here

- Registered Society under Co-operative and Community Benefit Societies Act 2014
- Charitable Status
- Registered Number 28211R
- Turnover c.£12m
- Employer of 103 Full Time Equivalent (FTE) staff

Garden City Technologies Ltd

Principal activity: provision of telephony and ancillary services to businesses located in the Spirella building and the Nexus building in Letchworth Garden City

- Controlled by Letchworth Garden City Heritage Foundation
- Private limited company, non charitable, company number 03530307
- The company makes a qualifying donation of all taxable profits to its parent entity, Letchworth Garden City Heritage Foundation
- Turnover c.£125k
- No employees, pays LGCHF for use of staff and resources

Letchworth Cottages and Buildings Ltd

Principal activity: facilitating and encouraging housing and any associated amenities for persons in necessitous circumstances

- Controlled by Letchworth Garden City Heritage Foundation
- Charitable status
- Registered Number IP18705R
- Turnover c.£150k
- No employees, pays LGCHF for use of staff and resources

CHARITABLE ACTIVITIES

Our charitable commitments are fulfilled by a combination of charitable services, managed projects and grant funding to external organisations and individuals.

We own and manage a range of services and venues that support our charitable commitments, mainly Recreation and Leisure, Education and Learning, Environment and Heritage and Health and Wellbeing. These include:

Broadway Cinema & Theatre

A four-screen digital cinema and professional theatre space located in an Art Deco building in the heart of the town centre.

Broadway Studio & Gallery

The Studio is a flexible space supporting visual and performing arts while the Gallery is an exhibition space displaying art, crafts and design by internationally acclaimed practitioners as well as emerging local talent.

Standalone Farm

A working farm with recreational and educational events and activities aimed at young families, school groups and animal lovers.

The Spirella Ballroom

This historic ballroom is available for commercial, private and community hire.

Local and Tourist Information Centre

The Centre guides residents and visitors on how to make the most of the Garden City. Welcoming up to 30,000 visitors a year, the Centre also provides information on other UK destinations.

Heritage Advisory Centre

The Centre is home to our dedicated Heritage Advisory Team, who offer a free pre-application advice service to guide homeowners through our Scheme of Management if they wish to make alterations to their properties. The Scheme of Management and Leasehold Covenants help to preserve the special character of Letchworth Garden City's residential streets. This centre also provides a free community space for special projects and one-off meetings for groups, clubs and societies.



The Garden City Collection

One of the world's leading archives on Garden Cities with more than 300,000 items, which offers pre-booked visits and tours.

The Garden City Greenway

A 13.6 mile circular route that surrounds the Garden City estate, giving the community and visitors access to the countryside. Throughout the year, a variety of regional and national sporting events take place along the Greenway.

Community Museum

The Community Museum is a space to display temporary exhibitions from a variety of local clubs, groups, schools and organisations, as well as our own programme of professional exhibitions.

The International Garden Cities Institute & Exhibition

The Institute brings together partners from around the world to share knowledge and experience, and celebrate the heritage of Garden Cities, and places inspired by them. It is also home to an exhibition charting the influence of the Garden City movement across the world, which is often the starting point for monthly walking tours of the town.

Ernest Gardiner Treatment Centre

A treatment centre offering physiotherapy and nursing care for local residents. The centre receives no NHS funding, but is supported by the League of Friends, an independent charity (registered number 289018) which raises funds to purchase equipment.

Minibus Service

Provides free transport to local groups and individuals, connecting them to services and events in the community.

Shopmobility Service

Free use of motorised scooters or manual wheelchairs to those needing assistance to get around the town centre.

All these services offer benefits to the community across our six charitable commitments.



OUR INCOME

Property income

Without income from our investment property portfolio and other income-generating operations we would not be able to fund our charitable activities. The largest income contribution continues to come from our portfolio of commercial and residential property, which includes money generated by Letchworth Cottages and Buildings Ltd (LCB).

The property income is derived from the variety of uses: industrial (31.8%), offices (26.1%), retail and leisure (23.3%), residential (11.4%), agricultural (4.5%), and other miscellaneous uses including caravan storage, garages, allotments and parking (2.9%).

This means that as well as seeking to retain and secure long-term income we have also supported new, expanding or relocating businesses by offering flexible lease terms.

While retail remains a challenge, overall 2017 was a positive year for our portfolio. Occupation in our office premises remained stable with businesses generally keen to commit to new leases or to expand into larger premises. Our industrial portfolio also continues to perform well. During the year, the Foundation completed 28 new lettings and 33 lease renewals.

Other investment income

LCB continues to retain its investment in the Cazenove Charity Multi-Asset Fund. This generates investment income in line with expectations and a capital growth (see page 33).

Income from charitable activities

Our charitable activities generate income during the year, primarily from Broadway Cinema and Standalone Farm (see page 33).



OUR GRANTS PROGRAMME

We directly fund a number of projects and activities that offer community benefit via clubs, societies and other charitable organisations.

Our grants programme operates across all six commitments making awards which support a broad range of organisations and individual talent within the Garden City. We also offer heritage grants to support homeowners in heritage properties with improvements to doors, windows and the street scene.

These grants range from hundreds to tens of thousands of pounds addressing a broad range of needs and activities. This includes a grant to employ a Welfare Rights Worker and First Level Money Advice Administrator at North Herts Citizen Advice, to smaller awards to fund equipment, training and tuition for talented students, emerging sports stars and musicians. Details of grants awarded in the year can be seen on pages 36 and 37.



IMPACT OF OUR WORK

STATS AT A GLANCE

Our Heritage Advisory Team completed

792



applications for those wishing to carry out work on their homes and advised and supported a further

205



homeowners before submitting applications

233

people took part in walking, cycling and jogging for the 2017 Greenway Day



The team at the Ernest Gardiner Treatment Centre delivered more than

350

appointments every month



Our Transport Team carried

19,296

passengers on



2,399

journeys, covering

23,220

miles.



This included transporting

686

school children to activities,

127

older and disabled people to free screenings at Broadway Cinema and

48

to clubs



Our cultural heritage teams interacted with more than

4,280

people via talks, exhibitions, walking tours and tours of our archive



Broadway Cinema & Theatre recorded

219,726

admissions for the year



HIGHLIGHTS OF THE YEAR FROM OUR PEOPLE

“

Helen Newman

Active Letchworth Partnership Lead

For me, Greenway Day was a highlight of the year – it was great to see so many partners come together to put on a great family day. Several volunteers helped make it happen and we had great feedback from mums and dads out on their bikes exploring the Greenway.



“

Anne-Claire Calsocola

Senior Crew Member

There have been some brilliant events at Standon Farm this year. I really enjoyed the pumpkin carving weekend – it was wonderful to see children and adults really engaging with each other over something as simple as a pumpkin. The team worked really hard to make it a success and it was a very rewarding weekend.



“

Claire Pudney

Team Leader, Heritage Advisory Centre

The changes to the administration around our Scheme of Management have made a significant improvement to how our team works. This has helped us make decisions on applications more quickly and speed up the process.



“

Malcolm Arnold

Fleet Manager

There's nothing more rewarding than watching new passengers who have been socially isolated making new friends on our minibuses. I've seen this happen several times during the year, particularly at our free cinema events.



“

Heather McLaughlin

Manager of Letchworth Tourist & Information Centre

Taking part in the service design project has been a fascinating experience for me and the working group involved. We have learned how to include the community in shaping our services, which we hope will make a big difference to what the new information centre will offer when we move to our new building in 2018.



“

Clare Valentine

Portfolio Manager

2017 has been a good year for our office and industrial portfolios as more companies chose Letchworth as a place to do business. This is important not only in terms of rental income, which supports our charitable activities, but also the wider benefits around job creation and the positive impact on the local economy and community.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE IN 2017

A YEAR OF TRANSITION

With the arrival of our new Chief Executive, 2017 was a year of transition as we revisited what we do and how we can have a bigger impact in our community. While our focus has shifted slightly in preparation for a new strategic plan, our teams have been working hard to deliver the core themes within our Five Year Plan to make the world's first Garden City a vibrant place to live, work and visit as well as enhancing the social fabric of our community.

The big emphasis during the year was using data and insight to make better decisions about the work we do.

MEASURING OUR PROGRESS

We have a number of qualitative and quantitative measures to help us track our progress such as surveys and monitoring expenditure and operating costs. In 2017 we revised our **Key Performance Indicators (KPIs)** to measure how we are doing against our strategic objectives under the following headings:

1 OUR HERITAGE

We will ensure our approach to heritage conservation is fit for purpose and will continue to monitor the awareness and understanding of Letchworth's unique heritage locally, nationally and internationally.

WHAT WE DID IN 2017

The built environment

Following a consultation with the community in 2016, we rolled out improvements to the administration and delegated authority around our Scheme of Management. The aim was to make it easier for property owners to submit applications for a range of things, such as running a business from home and cutting down trees and hedges as well as extensions.

Alongside this, a new Householder Applications Committee was set up with Governors and Trustees making up the membership. Based on feedback from the consultation, this group has been given autonomy to make decisions on applications reducing the need to go to our full Board of Trustees and for them to carry out site visits, helping to speed up the process.

To ensure people who go through the correct application process are not penalised or delayed, we introduced a fee for those who submit retrospective applications for unauthorised work.

We also updated our Design Principles for new houses built on our land to ensure new developments provide well-designed efficient homes.

Cultural heritage

Telling the story of the first Garden City is at the core of what we do, and each year we welcome hundreds of people from around the world who come to learn about the town's history and our unique stewardship model. This is done through exhibitions, talks, lectures and tours at the International Garden Cities Institute & Exhibition and the Garden Cities Collection. Our continued partnership with the Town and Country Planning Association has also helped share Letchworth's unique history with a wider audience.

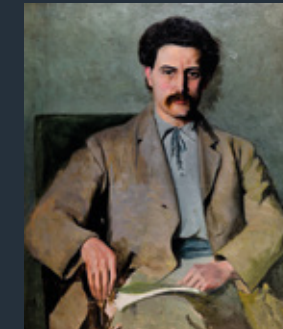
In April, the Collections team brought to life the story of Letchworth's early settlers, known for their bohemian lifestyles and radical political ideologies. The



Alternative Letchworth exhibition introduced some of the characters who shaped the early Garden City's progressive and pioneering spirit, attracting national media coverage and more than 1,500 visitors from around the country.

The summer months saw the opening of the *Shopping in Letchworth* exhibition which focused on Letchworth's retail past and the evolution of the town centre. The exhibition prompted local people to get in touch to share their memories of working in local shops, in some cases as far back as the 1940s, allowing the team to document untold stories and capture unseen images of old shop fronts and retail staff.

Our Community Museum played host to nine exhibitions from local groups and clubs as well as our own programme of exhibitions focusing on our Arts & Crafts heritage. We published a new series of walking trails which explore Letchworth's historic neighbourhoods and architecture as well as new leaflets celebrating garden cities around the world.



CONTINUING OUR WORK IN 2018

2018 will see the return of our Heritage Awards, where homeowners, builders and architects are recognised for architectural and design excellence when carrying out restorations, alterations or new building work. This will also include a public vote for the best entries and an awards evening.

In May commemorations will begin to mark the centenary of architect Barry Parker with a special book, exhibition and illustrated talks to honour this unsung hero of the Arts & Crafts Movement. Parker, along with his business partner Raymond Unwin, designed the original masterplan for the Garden City and Parker also designed interior fittings and furniture. A selection of his paintings, plans, photographs and furniture will go on display for two months, followed by a touring exhibition of other developments that he designed, including New Earswick in York.

Further work will be done to develop our education programme by forging stronger links with local schools and supporting their local history curriculum with talks, materials and tours. This will allow local schoolchildren to learn more about the unique history of their home town.

Working with partners across the town, we will participate in the 2018 Heritage Open Days, England's largest festival of history and culture. This will involve opening the doors of our heritage properties and inviting the community to come in to learn more about their fascinating past.

Further work will be done on our publications to showcase Letchworth's influence on garden cities around the world. A new historic cycling trail will be launched which will allow cyclists to experience the best of town and country.

2 TOWN AND COUNTRY

We will progress our commitments to maintain and enhance the natural look and feel of the Garden City.



WHAT WE DID IN 2017

The Greenway

We continued our programme of improvements around the Greenway – a 13.6 mile route around the Garden City enjoyed by walkers, cyclists, joggers and families. The work included upgrading signs to help users around the route, resurfacing pathways and car parks, adding picnic benches at nature spots and other locations and general woodland management.

The environment team joined with Active Letchworth to support a range of public events to encourage families and individuals to use this route to improve their wellbeing.

We gave our backing to a £1m Heritage Lottery Fund bid, led by the Chiltern Conservation Board and supported by other local partners, to carry out further exploration work at an Iron Age site in Letchworth. The site, which is located along the Greenway, is on Historic England's At Risk Register and will be excavated to learn more about life in Letchworth over 2,500 years ago. The project will involve local schools in a range of activities.

Natural environment

Our team continued working with ecologists and archaeologists to transform the appearance of Norton Pond to improve the habitat for local wildlife, including reptiles.

Good progress was made with our tree survey across Letchworth designed to provide base-line information to help manage disease, improve sustainability and identify where native species should be planted.

We invested in the long-term future of a local orchard by planting 115 new apple trees, 12 new native trees around the periphery, 100 metres of boundary hedging and a wild flower area to boost wildlife and encourage pollinating insects such as bees.

Building on our work with the Royal Horticultural Society (RHS), we hosted a dozen free gardening masterclasses to help the local community make the most of their gardens by growing their own produce. All the classes were fully booked and were led by a member of staff who is an RHS-accredited teacher.

Working in partnership with North Herts District Council, we set up mobile cameras to help reduce the number of fly-tipping instances along the Greenway, industrial estates and other sites across the town.



CONTINUING OUR WORK IN 2018

The final phase of work on Norton Pond will be completed in spring, bringing to a close this two-year project to transform its appearance.

2018 will be the final year of our stewardship grant from Natural England and we will be exploring how we can continue working with the organisation to develop our shared aspirations for the Garden City's natural environment.

To support the management of the Greenway, we will be setting up a Friends of the Greenway group, who will learn how to maintain this area, develop new skills and contribute to decisions on future plans.

Our popular gardening masterclasses will continue with a focus on attracting a wider variety of people from the community.

We will join forces with local Scout and Girl Guides' groups to take part in a national initiative to plant poppies around the Greenway to commemorate those who were injured or died in World War I.

A project will get underway to improve the Highfield area and encourage more wildlife and rare species, working with local residents to get them involved with the project.



3 21ST CENTURY MODEL

We will continue to have conversations with the community about reinvigorating Letchworth's pioneering spirit to deliver innovative housing and environment projects.

WHAT WE DID IN 2017

A vision for new homes

The focus for the year has been preparing for the Local Plan Public Examination, which includes land within our estate that could be used for new homes. As well as submitting comments relating to these possible housing sites, we made representations about employment, housing models, the town centre and protecting our heritage.

We have also set out our commitment to keeping control of the sites, building sustainable homes and involving the community in shaping future homes for Letchworth. For our largest site to the north of Letchworth, we have carried out research linked to ecology, archaeology and transport to better understand any issues should the site be approved for housing.

As part of our ongoing work to modernise and improve some of Letchworth's older properties, our property and landscaping teams worked on a joint project to transform a home on the historic Glebe Road. The house was renovated to improve its appearance and efficiency before renting it out to a local family.

Transport

We worked with transport advisers and the local community to look at how we can improve Letchworth's cycle network. This involved a cycling audit where the Foundation joined members of local cycling groups and the County Council to assess existing routes and see where improvements can be made for the future. This is part of a wider transport assessment linked to housing growth should the Local Plan be adopted.

Research and learning

During the year we welcomed visitors from China, Norway, Germany, Japan and South Korea to our Garden Cities Institute. The groups came to learn more about Letchworth's unique stewardship, governance and community engagement models and how they can apply the Garden City Principles to new Garden Cities in their countries. This has resulted in an ongoing knowledge exchange programme.

In partnership with the University of Hertfordshire, we appointed a new doctoral scholar to explore Letchworth Garden City's food economy. Over the next four years, the PhD student will be researching how Ebenezer Howard's ideas around localised food systems could be revived and adapted for the 21st century and how they can benefit Letchworth economically.

A series of academic papers were published looking at the relevance of Garden Cities within today's housing crisis, which were followed by a number of leaflets about global garden cities in Brazil, Argentina and Canada.

Conversations with the community

We continued our conversations with local people via consultations, meetings and surveys and by taking our Open Sessions out to community centres and public events. We also held our annual Garden City Meeting with a refreshed format to encourage more discussions between our staff and the community. More than 80 people came to the meeting to discover more about the work we do and our performance during the year.

CONTINUING OUR WORK IN 2018

The Local Plan Public Examination is expected to conclude in the early part of 2018. Should the plan be adopted, our community engagement programme will get underway looking at a vision for the town and how new housing will integrate into the Garden City.

Part of this engagement process will involve launching a design competition entitled 'Reimagining the Garden City', in partnership with the Royal Institute of British Architects (RIBA). The aim is to generate discussion around the design of new housing in a modern Garden City.

We will increase the number of open sessions that take place at community locations, bringing our leadership team and governors into neighbourhoods to meet local people and discuss the issues that matter to them.

As we seek to reduce car use in the town we will continue to develop our transport review exploring other modes of transport, in particular our cycling strategy.

Our research and learning programme will continue in partnership with schools and universities and we will provide updates on the early findings of the PhD research programme. We will look at other research opportunities with funding bodies to support international debate around Garden Cities and improve our knowledge base that will inform our strategies for Letchworth.

4 TOWN CENTRE

We will continue to improve and enhance the appearance of the town centre and seek to attract more visitors.

WHAT WE DID IN 2017

The high street

With high streets across the country changing due to shifts in social, demographic and technological trends, we have continued to adapt our activities and plans to ensure Letchworth can still attract people into the town centre.

The national growth in town centres being used for leisure purposes has been reflected in Letchworth's thriving café culture over the last 12-18 months. However, our Lettings Strategy aims to ensure that where possible, there is a balance of shops with zones for specific businesses.

The highlight of the year was the opening in February of the new multi-use theatre space bringing live theatre and more film and event screenings to Letchworth. This was part of our drive to encourage visitors into the town and boost the night time economy. Now in its fourth season, audience data shows that visitors are coming from more than 30 miles away to enjoy drama, comedy, family shows and live music.

Despite the challenging economic environment, a number of new retail units have opened including a new children's hairdressers; an independent clothes shop; a furniture upholsterer and a new hotel, the Premier Inn. Other businesses moved to larger premises to allow for expansion, including a clinic offering podiatry, chiropody and specialist footwear, which is now thriving.

Our financial support for the BID continued to help attract more visitors to the town centre with a varied programme of events.

More homes for the town centre

Our property team has been working closely with Garden Square Shopping Centre to look at creating more homes in the town centre. During the year, we worked with developers to agree designs for the plans for up to 48 units, which are expected to be delivered in 2019.

Maintaining our town centre properties

To enhance the street scene, we invested more than £100,000 in a refurbishment programme along Eastcheap, to replace windows and improve the exterior of the buildings.

We refurbished a number of our town centre flats, which have now been rented out, providing more homes within the private rented sector.

Increasing parking

To help ease commuter and tenant parking in the town centre, we reopened the car park at Da Vinci Hall following a small refurbishment with reduced parking rates for up to 58 cars.



Investing in the street scene

Supported by our Town Centre Wardens, we continued to maintain the centre with our enhanced street cleaning service, upkeep of the bronze beacons and iconic fountains and providing CCTV coverage. We also fund and manage the Christmas Lights Switch On organised by the Letchworth BID.

CONTINUING OUR WORK IN 2018

This year, the Foundation will move to new premises in the town centre, signalling a new era for our organisation. As well as transforming our culture, this move will bring more of our services under one roof, making it easier for the community to access them and allowing our teams to work more collaboratively. Having more of our staff in the town centre will add to the vibrancy of the area with local shops also set to benefit.

Following our original review of the town centre in 2012, we will take a look at progress and refocus our priorities around people and business, making Letchworth a great place to live, work and visit. This will be undertaken as part of a wider exploration of a future vision for Letchworth which will look at housing, employment and the environment, among other things.

We intend to continue our financial support for the Letchworth BID and support its events programme to drive footfall in the town centre.

Our Lettings Strategy will be adapted to ensure our town centre remains vibrant by having a balanced offer for shoppers and visitors.



5 A PLACE FOR BUSINESS

Over the next five years we will introduce a number of indicators to help measure our contribution to the local economy.

WHAT WE DID IN 2017

Understanding the local economy

During the year, we initiated conversations with a number of businesses in Letchworth, as well as the Local Enterprise Partnership (LEP), to discuss how Letchworth can benefit from future economic growth in the region.

These initial conversations have identified the need for a strategy to support growth and development, which will be progressed in the year ahead.

Industrial demand

Demand for industrial space remained strong in 2017 with 33 lease renewals and a number of new companies moving to Letchworth from neighbouring towns, including two high-end bespoke furniture designers. Other businesses moved to bigger premises or took on extra office space to allow for expansion.

We invested in our industrial portfolio by carrying our on-going maintenance work on our units. Larger scale work was carried out at the Ascot Industrial Estate, where new roofing was installed on a number of units to make them more energy efficient.

Building business awareness

Letchworth is home to a number of high-profile companies who employ large numbers of local people and generate wealth in our town. To raise the profile of these successful companies and highlight Letchworth as a great place to do business, we launched a series of business blogs that have been shared in our newsletters and on social media.

CONTINUING OUR WORK IN 2018

The theme for the year ahead will be around building partnerships for the benefit of the local economy. We will continue our conversations about the local economy with the business community and the LEP and facilitate wider discussions to bring key players who can influence change and find solutions to the challenges we face. This will be supported by our Governor-led Business & Economic Development Group who will look at supporting a forum to promote discussion and the exchange of ideas.

Our business blog series will continue and will be shared more widely to highlight the diversity of businesses in Letchworth and position it as a great town to do business.

To better understand the local employment market, we will carry out research into existing employment needs, emerging opportunities, and how our commercial stock can meet these needs.

We will launch our new property strategy that will look at how we manage our prime holdings, our asset plans for major estates and buildings, and how we can develop our portfolio to continue to generate income and provide premises for the business community.

5 A PLACE TO VISIT

We will support the development of new and existing attractions in the town to draw in visitors from the local area and the rest of the country.

WHAT WE DID IN 2017

Arts & culture

2017 was a turning point for Letchworth's arts and cultural development with the opening of the new Broadway theatre space within the newly-refurbished Broadway Cinema. In just 12 months it has already hit the national average for theatre ticket sales. Some big names helped position Broadway Theatre as an emerging regional theatre, with Ruby Wax, Gyles Brandreth, Michael Morpurgo and Andy Parsons attracting sell-out crowds.

Alongside this, Broadway Gallery went from strength to strength in its second year, bringing national and international artists to Letchworth, including Rebecca Louise Law, Dan Hays and a touring exhibition from the Arts Council featuring work by Grayson Perry. There was also a poignant exhibition by the late artist Gordon House who grew up in Letchworth. A series of paintings and prints from the 1960s were unveiled at a packed launch event attended by his wife and family.

Locally themed exhibitions held their own alongside shows by professional artists, with *Alternative Letchworth* and *The Garden City Postcard Project* attracting similar numbers of visitors to the Gallery. *Alternative Letchworth* achieved national media coverage about the town's bohemian past, and the *Postcard Project* featured twentieth century souvenir postcards from the Garden City Collection alongside a series of new postcards of Letchworth by local artists.

By the end of the year the gallery had reached its visitor target, with 13,800 people of all ages coming to events and exhibitions. This included more than 800 children who came to our Family Arts Studios: regular free art activities based on each exhibition.

Broadway Cinema attracted record numbers to its live screenings from the Royal Opera House, National Theatre and other major stages. This resulted in the venue being named one of the top independent cinemas in the country for several live screenings. The combined admissions figures for the cinema and theatre rose to more than 200,000.

Monitoring footfall at all our venues continued to help us build a more accurate picture of which shows, screenings and exhibitions were the most popular, helping us to shape our programmes for the years ahead.

Other venues

Standalone Farm had another successful year, attracting a record 73,000 visitors, up by 4,000 on the previous year. This was largely due to the team designing a more diverse events and activities programme for families, ranging from arts and crafts and pumpkin carving to equine displays and 'creepy critters' handling sessions.



Our Tourist and Information Centre (TIC) welcomed more than 19,000 visitors from around the world including America, Australia, Canada, Japan, Sweden and New Zealand.

Following the announcement that the TIC will be moving to the Foundation's new building in 2018, the team began working with service design specialists to examine the services provided by the TIC and how they can best meet users' changing needs. The aim is to use public feedback to improve services and create a well-designed and interactive space.

CONTINUING OUR WORK IN 2018

In the year ahead, we will carry out an assessment to look at the impact of our investment on our cultural portfolio. This will help us identify the potential for further development within the community and to attract visitors from across the region.

Audience insight will also be a key focus for 2018 and we will carry out more in-depth research to look at the preferences and design our programmes based on this feedback.

The team at Standalone Farm will be working to maintain visitor levels by opening earlier in the season and offering more special family activities during term-time.



6 TARGETING SUPPORT

We will do more to support the thriving local network of community groups, social clubs and sporting facilities in Letchworth.

WHAT WE DID IN 2017

Grants programme

During 2017 we awarded grants totalling £468,604 to support a range of clubs, organisations and societies across the Garden City as well as young people striving to reach their full potential in sport and the arts.

The breadth and diversity of the programme is reflected in our list of recipients which includes: a local counselling service which can now offer free sessions to young people in Letchworth; a local cricket club which invested in much-needed training nets, transforming their facilities and boosting membership; Letchworth's oldest church, a building of special interest, where urgent restoration work was carried out; a young badminton player, who is now the UK number 1 in under 14 singles and mixed doubles, and support for a talented roller hockey player who represents the region and plays for the England under-15 squad.

A key theme for the year was telling the stories behind our grants and the positive impact they are having in our community. This was part of a new communications drive aimed at bringing to life these case studies while reaching more people across Letchworth. During the year we met with 17 groups and individuals to see first-hand the difference funding has made.

Supporting families and tackling deprivation

During the year we took a closer look at government data alongside our own research which revealed that families in some of Letchworth's most deprived neighbourhoods are not always getting the support they need. For example, data from the Department of Education showed that only 52.3% of Letchworth children achieve a 'good level of development' at age five. This is significantly worse than the national average (60.4%), North Herts (65.4%) and Herts (65.9%).

As a result of these findings, we forged a new partnership with Hertfordshire County Council's Families Team and other agencies to begin to understand more about how we can support and add value to all the organisations working with families in the town. This led to us working with local schools to provide a team of additional family support workers in the town with a range of skills and expertise to support existing statutory and voluntary agencies.

This exploratory work has highlighted how the Foundation can facilitate discussions and encourage collaborative working between the different agencies responsible for supporting local families.

We launched a pilot project on the Jackmans Estate to capture residents' thoughts on what it's like to raise children in their neighbourhood. We heard about what's good, what's not and what parents would like to see in the future. This insight helped us understand how we can better support this neighbourhood, making it easier for people to raise their families.



Supporting local charities

To raise the profile of the different charities in the Garden City, we ran articles with charity leaders and staff in our newsletter and on social media, helping to increase interest in their work. Alongside this, our staff voted Herts Mind Network as our charity of the year. During the year, they baked cakes, held raffles, organised an auction, sang Christmas carols and took part in quizzes, raising more than £3,662. This was then match funded by our Board of Trustees, bringing the total to £5,662.

Working with schools

Once again, we opened the doors of Broadway Cinema for the annual Into Film Festival which promotes learning through film. More than 2,500 teachers and pupils came through the door for 10 screenings.

We also staged the annual sixth form art show at the Community Museum, hosted by two local secondary schools, giving art students the chance to showcase their talent to the local community over a four-week period.

Active Letchworth

Now in its second year, our Active Letchworth partnership signed up 58 groups and clubs as members of its forum and delivered another dynamic events programme for all ages.

The Annual Greenway Day was back for another year with more than 230 people turning out to cycle, run and walk around the Greenway route. This was delivered in partnership with the local Leisure Centre, the Active Communities Team at North Herts District Council and colleagues at Standalone Farm. Following this, free classes were held in Letchworth's parks as part of the Active Parks programme, which included yoga, Zumba and boxercise.

Our Active Letchworth lead teamed up with colleagues and partners to give free training in safeguarding, social media and accessing funding, to those working in sport and healthcare professions.

Transporting our community

Our transport team provides a vital lifeline for many people across the community, taking them to events, appointments and on social trips. In February, a new minibus was presented to the team courtesy of the Community Transport Trust, following a successful grant application. This new vehicle has been added to the fleet, allowing more people to access the service.

CONTINUING OUR WORK IN 2018

During the second half of 2018, we will review our grants programme to ensure it is being accessed by a broader range of people in the community and that it is having a positive impact. Following this we will relaunch the programme taking a more targeted approach to reach those most in need.

Work on our families project will continue and we will explore how we can strengthen partnerships with councils and agencies to benefit our community. This will be underpinned by a research report on Letchworth that will be published in 2018, taking a closer look at the issues affecting the town, from shifting demographics and housing need, to health and deprivation.

This data will also help shape the health services offered at the Ernest Gardiner Treatment Centre, ensuring we are delivering what the community needs.

Building on the success of its programme in 2017, Active Letchworth will focus on getting older people in the town more active, supporting their health and wellbeing with a programme of sports and activities.

OUR INCOME 2017

Property income

Our operating model is a simple one: the successful management of our investment property portfolio allows us to fund our charitable activities.

During 2017, the Group generated total income of £12,200k, with £9,575k (78%) coming from investments, including in the form of our portfolio of commercial and residential property and money generated by Letchworth Cottages and Buildings Ltd (LCB). The remaining £2,625k was generated from charitable activities, 89% of which came from our cinema/theatre and educational farm attractions. The property portfolio is varied and accordingly risk is diversified.

Income is derived from the variety of uses: industrial (32%), offices (24%), retail and leisure (20%), residential (15%), agricultural (4%), and other miscellaneous uses, including caravan storage, garages, allotments and parking (5%).

Customer demand remains strong, particularly for the industrial, residential and office sectors. Retail space, as is the case across many other parts of the country, has proved more challenging to let quickly, often requiring more flexible lease terms to support the needs of local businesses.

Our industrial portfolio also continues to perform well. During the year, the Foundation completed 28 new lettings and 33 lease renewals.

Other investment income

LCB continues to retain its investment in the Cazenove Charity Multi-Asset Fund. This generates investment income in line with expectations and a capital growth (see page 33 and 45).

Income from charitable activities

Our charitable activities generate income during the year primarily from the Broadway Cinema and our newly opened Theatre, together with income generated from Standalone Farm (see page 33).

2017 FINANCIAL REVIEW

Overview

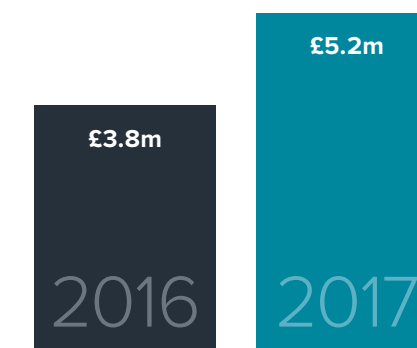
We are committed to making the most of our resources through careful planning, monitoring and scrutiny of all forms of resource allocation.

During 2017 Group income increased to £12,200k, up £1,562k (15%) from a year ago. Income from investments reached £9,575k, representing a year-on-year increase of £743k (8%). Our combined cinema/theatre redevelopment completed during the year and total charitable income amounted to £2,625k, £819k (45%) higher than in 2016.

£4,390k was spent in the year maintaining investments, resulting in a net return of £5,185k (2016 net return: £3,833k). The net return for 2017 exceeded budgeted expectations.

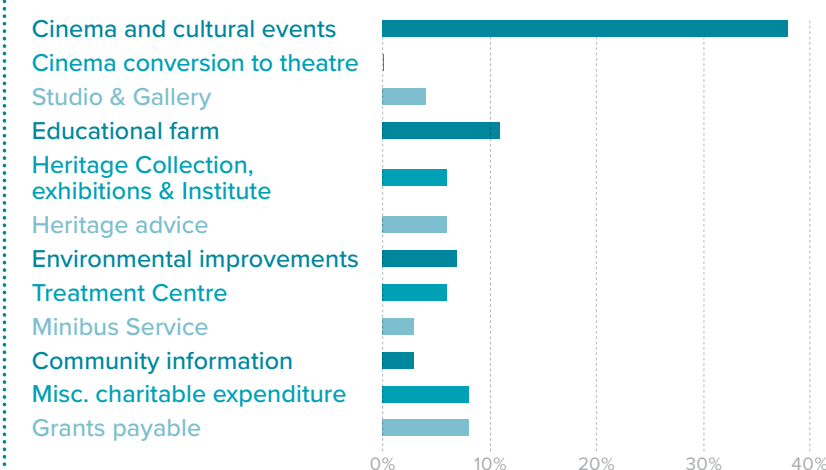
The £5,185k net return from investment activities, together with charitable income of £2,625k, allowed the Group to spend £7,812k (2016: £8,223k) on furthering our broad and diverse charitable objectives.

Project costs associated with the cinema/theatre redevelopment were significantly lower in 2017, and, consistent with our aim of maximising investment in front-line resources, we spent £117k less on charitable Support Costs (see note 4 on page 34).



Return from investment activities, £m

Breakdown of Charitable Expenditure in 2017*



* Excluding Charitable Support Costs

The financial return from investing activities (£5,185k in 2017) once again emphasises the vital role the property portfolio performs in terms of directly funding our charitable activities.

Total Income £12,200k (2016: £10,638k) – an increase of £1,562k

- Investment income totalled £9,575k for the year (2016: £8,832k) with £9,289k (2016: £8,535k) arising from investment properties and £286k (2016: £297k) from dividends and interest receivable.
- Income from charitable activities:
 - Income of £1,783k was generated from the Cinema and Theatre (2016: £1,013k). The increase of £770k was led by the opening of our new Theatre complex in February 2017.
 - Educational farm income increased to £547k, up from £526k in 2016. Over 73,000 people visited our educational farm during 2017, approximately 4,000 more than the previous year.
 - Other charitable income increased to £295k (2016: £267k).

Total Expenditure £12,202k (2016: £13,222k) – a decrease of £1,020k.

- Expenditure incurred on managing investments totalled £4,390k, representing a year-on-year decrease of £609k. The year-on-year decrease represents a lower programme of planned maintenance during 2017.
- Charitable activities costs decreased by £411k to £7,812k (2016 £8,223k). The year-on-year decrease reflects the conclusion of the Cinema/Theatre project in 2017.

Net Expenditure before gains on investments was £2k compared to £2,584k for 2016.



Net Gains on Investments totalled £14,862k compared with £16,344k for 2016.

- This reflects improvements in the values of the investment property portfolio which increased £14,417k (10.0%) on the prior year.
- Other investments were revalued at £7,292k as at 31 December 2017. This represents an increase of £274k, or 3.9%.
- Surpluses on property disposals amounted to £173k (2016: £1,960k).

Other Recognised Gains and Losses

- The actuarial gain on the pension scheme of £2,733k was derived from the annual FRS 102 pension valuation carried out by independent actuaries on behalf of the scheme. The overall pension scheme deficit has reduced to £3,577k.

Property Portfolio

The value of the Group's investment property portfolio increased from £144,029k to £156,843k.



Subsidiary company results

As a registered society under the Co-operative and Community Benefit Societies Act 2014, with charitable status, the Foundation cannot trade commercially for profit. Accordingly, it operates a subsidiary company, Garden City Technologies Limited ("GCT"), which can make qualifying charitable donations from its relevant profits to the Foundation. GCT reported a break even result for the year after making a qualifying charitable donation to the Foundation of £5k (2016: £2k). 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 £85k (2016: £149k).

Funds

Endowment Fund: This represents the funds endowed to the Foundation on 1 October 1995. On that date investment properties were vested to the Foundation as an expendable endowment. The fund increases due to valuation surpluses and surpluses on disposals, and decreases where properties fall in value or are impaired and for deficits on disposals. Where an investment property is disposed of the Trustees may retain the proceeds for reinvestment in other investment properties to maintain the endowment fund or may decide to transfer them to the Unrestricted Fund to spend on other charitable objects. The Endowment Fund is represented by investment properties including assets under construction, and other debtors and bank balances relating to the proceeds of investment property disposals yet to be reinvested. At 31 December 2017 the balance on the fund was £151,605k compared to £137,719k as at 31 December 2016. At 31 December 2017 the balance on the fund included £80,455k (2016: £67,185k) of unrealised gains arising on the revaluation of investment properties. The Trustees believe that it is appropriate to hold these funds as an endowment to maintain its long term funding to generate sustainable future income.

Restricted Fund: This fund represents the reserves of LCB, a registered charity with restrictions on its ability to utilise its reserves, plus any amounts received by the Foundation for restricted purposes such as government grants funding the purchase of assets. The fund exists to undertake new developments in Letchworth which meet current and future social housing needs and to support local organisations to deliver services to alleviate poverty. 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 particular target figure for the balance in view of the other sources of support that are available. At 31 December 2017 the balance was £18,528k representing an increase of £930k from the 31 December 2016 value of £17,598k.

This balance included £10,552k (2016: £9,669k) of unrealised gains arising from the revaluation of the investment properties and other investments.

Unrestricted Fund: This represents the statutory reserves of the Foundation other than the Endowment Fund plus the reserves of its wholly owned subsidiary GCT. The Fund is maintained for the day to day operating activities of the Foundation in order to meet the objectives of the organisation. At least annually the trustees review the level of the fund to ensure that it is sufficient for the anticipated net result for the year ahead. The 'available funds' element is assessed by excluding those assets and liabilities which are held for the long term namely operational properties, an investment property and the pension fund deficit. After that review, 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 2017 a transfer was not required (2016: £4,600k). At 31 December 2017 the balance on the fund was £2,941k (2016: £164k). At 31 December 2017 the balance on the fund included £280k (2016: £325k) of unrealised gains arising on the revaluation of the investment property.

Defined Benefit Pension Scheme

The Foundation is a member of the Small Admitted Bodies pool of the Hertfordshire County Council Pension Fund. This scheme provides benefits based on pensionable earnings near retirement. 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 2017 was £3,577k, down from the £5,983km at 31 December 2016.

Investment Policy

The Foundation's balanced, well managed and diverse property portfolio is the primary source of income that facilitates the charitable spend each year benefiting existing residents and tenants, but also providing the appropriate property offerings to attract new residents and commercial businesses to the area. The income being received is derived from its freehold property estate, from long leasehold interests, and rack-rented properties in the industrial, commercial, retail and residential sectors.

The property team proactively manages the estate, bringing forward proposals for estate improvements in order to maximise income and minimise costs. In terms of new developments, rental assumptions are benchmarked against local and regional marketplaces and realistic void assumptions included. For rack-rented properties, rental evidence is sought, through both internal staff and property consultants. This is also the case when rent reviews are undertaken under provisions in leases.

All proposals are option tested, including robust financial appraisals, and are then scrutinised by the Leadership Team in terms of consistency with the Foundation's objectives, priorities and cash flow implications. Only when the Leadership Team is satisfied with the proposals are they submitted to the Board of Trustees.

GOVERNANCE STRUCTURE AND MANAGEMENT

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 with some selected based on their expertise in key areas such as finance, auditing, IT 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 Board of Trustees is the Foundation's main decision-making body. Nine Governors serve on the Board as Trustees who hold office for a term of three years from the date of their election. They can stand again for re-election for a second term of three years. At the registration of the rules, all Governors were provided with terms of five years and are eligible to seek election to the Board and all are 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 the Chairman and the Vice Chairman of the Foundation annually from its own number. The Board's role is to establish policy and strategy, take decisions on reports and recommendations drafted by the Executive and to direct the administration of the Foundation through the Executive. Trustees are not paid.

At the strategic level, the Board of Trustees considers and approves policy matters, which enable the Foundation to expedite its mission, vision and objectives.

The Board formally delegates the management of the Foundation and its subsidiary businesses to

the Chief Executive. Policies and procedures are prepared and maintained by the Chief Executive.

Every year, Trustees complete a declaration setting out their interests in organisations, clubs and societies ensuring all related party contacts are identified and disclosed. Similar disclosures are required by our grants committee to ensure there are no conflicts of interest where money is being awarded to local individuals, clubs and organisations.

Responsibilities of the Board of Trustees in respect of the Accounts of the Foundation

The Board of Trustees of the Foundation is required to prepare accounts for each financial year which comply 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 accounts the Board of Trustees:

- Selects suitable accounting policies and then applies them consistently;
- Makes judgements and estimates that are reasonable and prudent;
- States whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepares the accounts on the going concern basis unless it is inappropriate to presume that the activities of the Foundation will continue.

The Board of Trustees is responsible for keeping proper accounting records, which disclose, with reasonable accuracy at any time, the financial position of the Foundation and enable it to ensure that the accounts comply with appropriate legislation and recommendations.

The Board of Trustees is also responsible for safeguarding the assets of the Foundation and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors' Report has been prepared in line with company law and has been included within the Trustees' Report.

Disclosure of information to the auditors

As far as each person who was a member of the Board of Trustees at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Board of Trustees members and the Foundation's auditor, each member of the Board of Trustees has taken all the steps that he or she is obliged to take in order to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information.

The Letchworth Commissioner

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

In his latest report to the Board, the Letchworth Commissioner stated that he had received two property related complaints which were outside his remit.

The current Letchworth Commissioner is Paul Davies and his address is listed on page 55.

Grant Making Policies

While retaining overall authority, the Board of Trustees has delegated to the Grants Committee the day-to-day responsibilities relating to the grants policies, procedures and awarding of grants. The Grants Committee can award grants of up to £15,000 and the final decision to award grants over £15,000 is taken by the Board. The Grants Committee consists of six Governors (three Trustees and three Governors) with a member of the Board appointed to chair the committee.

Public Benefit

The Board of Trustees refers to the guidance of Public Benefit produced by the Charity Commission as updated in 2013, when reviewing our charitable commitments and when planning future activities and grant making, and are satisfied that these commitments meet the appropriate charitable purposes as defined by the Charities Act 2011.

Setting pay

To maintain a fair pay structure, salaries for all staff and the Leadership Team are based on the level and responsibility of each role. Alongside this, benchmarking is carried out to ensure our pay levels are in keeping with similar organisations based in the region and the market median. The Board of Trustees approves pay levels and any annual inflationary increase.

Risks and Uncertainties

The Foundation undertakes risk management analysis covering interrelated areas such as governance, financial reporting, cash, IT, property, health and safety, environmental, human resources and reputation.

During 2017, we commissioned an external company to review our policies, register and management systems to ensure that we are

compliant and implementing best practice. This work will conclude with a new risk management strategy for the Foundation, after which regular updates will be presented to the Board of Management in the form of an analysis table.

Ahead of this work being completed in 2018, our Audit Committee agreed that the Foundation should appoint an external provider of internal audit services. This will be finalised in the year ahead.

The current risks identified and monitored by our Board include:

• IT

In 2017, a new IT Working Group was set up to review our IT provision and security. Members include a Trustee, Chief Executive, Head of IT Services and other key members of staff. As a result of this work, a number of new projects were commissioned to improve how we work and the services we offer to the community. We will continue to monitor our IT service to ensure it meets the needs of our organisation, is secure and meets the required standard.

This group has also been working with external specialists to see how we will be affected by the new General Data Protection Regulation (GDPR) when it comes into effect in May 2018. A plan of action is being finalised to identify the support we need to be compliant with this new legislation.

• Health & Safety

Our internal Health & Safety Advisor supports us with managing the diverse work we do by assessing all our activities to ensure they are delivered in a safe way for staff and the community. This is further supported by our Health & Safety Committee with full representation from the Leadership Team.

• Property Income

Our property team ensures that we monitor and capture the best value for our property portfolio. This is regularly checked by the Chief Executive and the Board.

These risks are regularly reviewed against our corporate objectives. Risk management is part of the corporate planning and decision making processes of the organisation.

The Chief Executive reviews the risk analysis table and risk register on a quarterly basis along with the Leadership Team and relevant actions are taken where necessary. This review ensures there are effective processes and controls in place.

Reference and Administrative Details

The Letchworth Garden City Heritage Foundation Act 1995, which transferred the assets, role and responsibilities of the former Letchworth Garden City Corporation, a public sector body, defines the purpose of the Heritage Foundation. We are a registered society under the Co-operative and Community Benefit Societies Act 2014, with charitable status, registered number 28211R. The charitable objects are set out in the 1995 Act and its governing document, the 'Rules of Letchworth Garden City Heritage Foundation' which are updated from time to time.

Other reference and administrative details are set out on page 55.



C Chatfield
Chairman

Approval of the Trustees' Report, incorporating the Strategic Report, by order of the Board of Trustees 8 May 2018

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 2017 which comprise the consolidated statement of financial activities, the Group and Foundation Balance Sheets, 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 2017 and of the Group's and the Foundation's surplus 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, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

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 is 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 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 Reflections on 2017, 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 or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 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 parent Foundation; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent 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 20, 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 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

This report is made solely to the members of the Foundation, as a body, in accordance with the Housing and Regeneration Act 2008 and 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.

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/auditorsresponsibilities. This description forms part of our auditor's report.



BDO LLP
Statutory Auditor
Gatwick
United Kingdom

8 May 2018

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 2017

	Notes	Unrestricted funds £'000	Endowment funds £'000	Restricted funds £'000	2017 £'000	Restated 2016 £'000
Income from:						
Investments		9,151	–	424	9,575	8,832
Charitable activities		2,625	–	–	2,625	1,806
Total income	3	11,776	–	424	12,200	10,638
Expenditure on:						
Investment property management		4,152	138	100	4,390	4,999
Charitable activities		7,574	–	238	7,812	8,223
Total expenditure	4	11,726	138	338	12,202	13,222
Net income/(expenditure) before gain on investments		50	(138)	86	(2)	(2,584)
Net gain on investments		(45)	14,024	883	14,862	16,344
Net income/(expenditure) before taxation		5	13,886	969	14,860	13,760
Corporation tax	7					(321)
Transfers between funds		39	–	(39)	–	–
Other recognised gains and losses						
Actuarial (loss)/gain on pension scheme	16	2,733	–	–	2,733	(2,424)
Net movement in funds		2,777	13,886	930	17,593	11,015
Fund balances brought forward at 1 January	17	164	137,719	17,598	155,481	144,466
Fund balances carried forward at 31 December	17	2,941	151,605	18,528	173,074	155,481

The notes on pages 27 to 53 form part of these financial statements.

BALANCE SHEETS

as at 31 December 2017

Fixed Assets

Tangible assets:

Investment properties

Operational assets

Other investments

Current Assets

Stocks

Debtors

Loans due within one year

Loans due after one year

Cash at bank and in hand

Creditors

Amounts falling due within one year

Net Current Assets

Total Assets Less Current Liabilities

Provisions for Liabilities and Charges

Pension scheme deficit

Net Assets

Capital Funds

Unrestricted fund

Endowment fund

Restricted fund

	Notes	Group 2017 £'000	Restated 2016 £'000	Foundation 2017 £'000	Restated 2016 £'000
9		156,843	144,029	146,431	134,227
10		5,358	5,530	5,358	5,530
		162,201	149,559	151,789	139,757
11		7,292	7,018	815	815
		169,493	156,577	152,604	140,572
12		31	28	31	28
13		3,551	4,779	3,548	4,702
14		19	24	19	24
14		257	265	257	265
		8,990	4,974	7,312	3,472
		12,848	10,070	11,167	8,491
15		(5,690)	(5,183)	(5,663)	(5,173)
		7,158	4,887	5,504	3,318
		176,651	161,464	158,108	143,890
16		(3,577)	(5,983)	(3,577)	(5,983)
		173,074	155,481	154,531	137,907
17		2,941	164	2,926	149
17		151,605	137,719	151,605	137,719
17		18,528	17,598	–	39
17		173,074	155,481	154,531	137,907

The notes on pages 27 to 53 form part of these financial statements.

The financial statements were approved and authorised for issue by the board on 8 May 2018 and were signed on its behalf by:

C Chatfield
Chairman

I C Cotterill
Vice Chairman

J Kaur
Company Secretary

8 May 2018

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2017

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

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	2017 £'000	2016 £'000
(a)	(4,035)	(6,156)
	4,899	3,536
	278	267
	8	26
	36	17
	(407)	(2,238)
	3,399	1,301
	(161)	(2,374)
	8,052	535
	4,017	(5,621)
(b)	4,974	10,595
(b)	8,991	4,974

NOTES TO THE CASH FLOW STATEMENT

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

Net income
Gains on investments
Net income received on investment properties
Interest receivable and dividends income
Depreciation
(Profit) on disposal of operational assets
Impairment losses on assets under construction
(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

	2017 £'000	2016 £'000
	14,860	13,760
	(14,863)	(16,344)
	(4,899)	(3,536)
	(286)	(297)
	547	455
	(4)	(17)
	138	11
	(3)	(4)
	(372)	(337)
	13	62
	507	141
	327	(50)
	(4,035)	(6,156)
	8,990	4,974
	8,990	4,974

The notes on pages 27 to 53 form part of these financial statements.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2017

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)" issued in January 2015. 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. 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. The results of the subsidiaries, Garden City Technologies Ltd ("GCT") 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. In addition a small element of the Restricted Fund relates to grants received by the Foundation for a specific, restricted purpose.

Unrestricted Fund: 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 GCT. 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 2017

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 part 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.
Theatre development	The cost allocation during the year required judgement as to what proportion of the total costs incurred on the development that relate to the development of the new theatre as opposed to the refurbishment of the Cinema building and existing facilities.
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 2017

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 relate 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	Costs of running each of the charitable services directly managed by the Foundation in the furtherance of its charitable objectives. It also includes grants payable which are made to third parties and are recognised once the Board has agreed to the grant without condition.
Support costs	The Foundation operates a number of centralised functions that support all of its activities and these costs are categorised as Support Costs. These are allocated across the two primary expenditure categories above in line with Charities SORP (FRS 102) requirements as set out in note 6.
Governance costs	Costs associated with constitutional and statutory requirements and the strategic management of the Group's activities. They include the costs of company secretarial, internal audit, external audit and statutory accounts preparation as shown in note 4.

(f) Investment properties

Investment properties include interests in land and buildings in respect of which construction work and development have been completed and which is held for its investment potential, any rental income being negotiated at 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.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2017

1 ACCOUNTING POLICIES (continued)

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'. If a deficit on an individual investment property is expected to be permanent it is charged as an impairment within investment management expenditure in the SOFA. The cumulative unrealised gains are disclosed in the notes to the accounts.

Occasionally an investment property is disposed of under an arrangement which includes contingent consideration such as an 'overage' where the Foundation will share in part of the future development value. The contingent consideration is only recognised when it is considered probable that it 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	50 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.

(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.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2017

1 ACCOUNTING POLICIES (continued)

(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 participates in 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 2017

2 TRADING RESULTS OF SUBSIDIARIES

The Foundation has one wholly owned trading subsidiary, 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:

	Garden City Technologies Ltd		Letchworth Cottages & Buildings Ltd	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Turnover	127	131	146	131
Profit before qualifying charitable donation and tax	5	2	85	149
Qualifying charitable donation (calculated based on taxable profits)	(5)	(2)	–	–
Net income	–	–	85	149
Gross assets	915	843	18,554	17,565
Gross liabilities	(86)	(13)	(26)	(6)
Net assets	829	830	18,528	17,559

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 £884k (2016: £1,930k).

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 £14,449k (2016: surplus £11,537k). The total income for the Foundation for the year was £11,668k (2016: £10,122k).

NOTES TO THE ACCOUNTS
for the year ended 31 December 2017

3 ANALYSIS OF INCOME

Investment income:

Income from investment properties
Dividends
Bank interest

Unrestricted £'000	Restricted £'000	2017 Total £'000	2016 Total £'000
9,143	146	9,289	8,535
–	278	278	271
8	–	8	26
9,151	424	9,575	8,832

Income from charitable activities:

Cinema income
Educational farm income
Other charitable income

Unrestricted £'000	Restricted £'000	2017 Total £'000	2016 Total £'000
1,783	–	1,783	1,013
547	–	547	526
295	–	295	267
2,625	–	2,625	1,806

Government grants income of £85k were receivable for the year (2016: £87k) 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. During the year, no Government grants were received from the Department for Transport (2016: £39k).

NOTES TO THE ACCOUNTS
for the year ended 31 December 2017

4 ANALYSIS OF EXPENDITURE

	Direct Costs £'000	Support Costs £'000	2017 £'000	2016 £'000
Expenditure on investment property management:				
Property and related costs	3,193	1,059	4,252	4,988
Impairment losses	138	–	138	11
	3,331	1,059	4,390	4,999

Following a review of investment properties, an impairment charge of £138k was considered necessary in 2017 (2016: £11k).

	2017 £'000	2016 £'000
Expenditure on charitable activities:		
Provision of cinema and cultural events	2,191	1,295
Provision of cinema refurbishment	8	1,068
Provision of studio & gallery	257	419
Provision of educational farm	606	616
Provision of heritage collection, exhibitions and Institute	348	407
Provision of heritage advice	370	307
Provision of environmental improvements and town support	429	564
Provision of treatment centre	332	307
Provision of minibus service	194	188
Provision of community information	144	139
Miscellaneous charitable expenditure	447	421
Grants payable	469	358
Support costs	2,017	2,134
	7,812	8,223

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

Analysis of governance costs:		
Legal and company secretarial	30	18
Internal audit	–	17
Publication of Foundation's annual report and accounts	3	2
External audit for the Group	52	53
Other governance costs	38	35
	123	125

NOTES TO THE ACCOUNTS
for the year ended 31 December 2017

4 ANALYSIS OF EXPENDITURE *(continued)*

	2017 £'000	2016 £'000
Net Income for the year is stated after charging:		
Group auditors' remuneration and expenses:		
audit of the Foundation's financial statements	43	43
audit of the subsidiary financial statements	9	10
VAT	–	2
tax compliance	2	2
advisory	–	2
	54	59
Depreciation of tangible fixed assets – owned assets	547	455
Operating lease rentals – land and buildings	127	129
During the year the following exceptional expenditure was incurred:		
Costs of refurbishing Broadway Cinema	8	1,068

The project to convert the cinema to the Broadway Cinema & Theatre concluded during 2017. The project involved both the creation of theatre facilities and refurbishment works to the existing cinema building. Costs relating to the Theatre development £219k (2016: £2,101k) have been included in the cost of freehold property (note 9) whereas those associated with the refurbishment works (£8k, 2016: £1,068k) have been expensed to the SOFA, within the expenditure on charitable activities (note 4).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2017

5 GRANTS PAYABLE

The commitments made in the period comprise:

Institutional grants:

Grants of £1000 or more: 35 (2016: 34)

Smaller grants

Total institutional grants

Individual grants:

Community grants – grants of £1,000 or more to 5* individuals (2016: 28 individuals)

Smaller community grants to individuals

Total individual grants

*4 (2016: 22) paid under object (i) and 1 (2016: 6) 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

	2017 £	2016 £
	437,034	283,875
	17,277	18,032
Total institutional grants	454,311	301,907
	5,000	52,541
	9,363	10,788
Total individual grants	14,363	63,329
	468,674	365,236
	(70)	(7,493)
Total grants payable	468,604	357,743
	28,155	30,365
	468,604	357,743
	496,759	388,108
	(427,666)	(359,953)
Commitments at 31 December	69,093	28,155

Commitments at 31 December 2017 and 31 December 2016 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 2017

5 GRANTS PAYABLE *(continued)*

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

Object

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

	2017		2016	
	Number	Total Value of Grants (£)	Number	Total Value of Grants (£)
	12	236,600	10	147,800
	1	5,000	–	–
	8	44,700	2	2,000
	8	92,179	11	97,107
	6	58,555	11	36,968
	35	437,034	34	283,875

Grants made under object (a) are made by Letchworth Cottages and Buildings Limited under its own objects.

Grants made under the other objects are made by the Foundation.

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

St Thomas' Church	–	–	1	1,300
Herts Young Homeless	2	44,500	2	44,500
Home-Start North Hertfordshire	2	17,000	2	17,000
Howard Cottage Housing Association	1	5,000	2	31,000
Letchworth and Baldock Children's Centre	1	1,000	1	1,000
North Herts Citizen's Advice	2	48,000	1	48,000
North Herts Homes Ltd.	1	5,000	1	5,000
Howard Cottage Home Support Worker	2	26,000	–	–
Letchworth District Schools Partnership	2	60,000	–	–
Family First Research Project	2	30,100	–	–
	15	236,600	10	147,800

(i) Preservation of buildings and other environmental features

Liberal Catholic Church	1	5,000	–	–
	1	5,000	–	–

NOTES TO THE ACCOUNTS

for the year ended 31 December 2017

5 GRANTS PAYABLE *(continued)*

	2017		2016	
	Number	Total Value of Grants (£)	Number	Total Value of Grants (£)
(ii) Assisting in the provision of facilities for recreation				
Jackmans Community Association	1	15,000	–	–
K and Y Activities	–	–	–	–
Letchworth Arcadians	–	–	1	1,000
Letchworth Garden City Eagles Football Club	1	5,000	1	1,000
Stevenage & NH Athletics Club	1	1,000	–	–
Letchworth Cricket Club	1	12,000	–	–
Howard Garden S&DCC	1	5,000	–	–
Khalsa Futsal Academy	1	4,600	–	–
Letchworth Festival	1	1,000	–	–
Letchworth Baptist Church	1	1,100	–	–
	8	44,700	2	2,000
(iii) Advancement of education and learning				
Fearnhill School	–	–	1	2,000
Garden City Academy	–	–	1	10,594
Khalsa Football Academy	–	–	1	9,200
Learn IT	1	61,140	1	31,152
Letchworth Baptist Church	–	–	1	1,170
Letchworth Civic Trust	1	15,000	2	30,000
Letchworth Garden City Festival Steering Committee	–	–	1	3,716
Local History Group	–	–	1	1,575
Norton Methodist Community Centre	–	–	1	4,600
Street Dance Productions	–	–	1	3,100
Early Bird Pre-school	1	1,589	–	–
Letchworth & Baldock District Scouts	1	2,000	–	–
Hillshott School	1	3,750	–	–
Street Dance Productions	1	3,700	–	–
Apna Punjabi School	1	1,400	–	–
Camera Club – LGC	1	3,600	–	–
	8	92,179	11	94,107

NOTES TO THE ACCOUNTS

for the year ended 31 December 2017

5 GRANTS PAYABLE *(continued)*

	2017		2016	
	Number	Total Value of Grants (£)	Number	Total Value of Grants (£)
(iv) Relief of poverty and sickness				
Centre for Healthy Living	–	–	1	7,000
Cheap as Chips	–	–	1	1,000
Garden City Academy	–	–	1	1,406
Headway Hertfordshire	–	–	1	8,062
Hertfordshire Fire & Rescue Services	–	–	1	1,500
Kingfisher Club	–	–	1	1,000
KLM Table Tennis	–	–	1	1,000
Letchworth & Baldock Lions	–	–	1	1,000
Herts Sports Partnership	–	–	1	6,500
Wednesday Drop In Club	–	–	1	1,000
The Wheelchair Dance Sport Association	–	–	1	7,500
Stand By Me	1	2,000	–	–
Howard Garden Bowls Club	1	7,190	–	–
Growing People	1	3,250	–	–
Tilehouse Counselling	1	7,876	–	–
Herts Mind	1	30,269	–	–
Garden House Hospice Care	1	7,970	–	–
	6	58,555	11	36,968
(v) Supporting Garden City charitable organisations	–	–	–	–
(vi) Supporting other charitable purposes	–	–	–	–

NOTES TO THE ACCOUNTS
for the year ended 31 December 2017

6 SUPPORT COSTS

	Investment Management £'000	Charitable Activities £'000	2017 Total £'000	2016 Total £'000
Communications & Marketing	58	355	413	380
Finance	231	400	631	583
Strategic Planning	103	177	280	204
Executive	133	231	364	481
Human Resources	25	187	212	275
Information Technology	258	440	698	854
Support Centre	208	147	355	445
Governance	43	80	123	125
Total for year ended 31 December 2017	1,059	2,017	3,076	3,347
Total for year ended 31 December 2016	1,213	2,134	3,347	

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

A prior year adjustment has been entered for 2016 in respect of an estimated corporation tax liability of £321k following an overage receipt of £1,600k in 2017.

This receipt was recognised as income in the 2016 financial statements.

8 STAFF COSTS

Staff costs for the Group during the year amounted to:

	2017 £'000	2016 £'000
Wages and salaries	2,823	2,966
Social security costs	259	271
Other pension costs	588	384
Agency staff costs	315	140
Redundancy costs	–	48
	3,985	3,809

NOTES TO THE ACCOUNTS
for the year ended 31 December 2017

8 STAFF COSTS (continued)

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

The redundancy costs relate to payments made during the year to staff whose role became redundant. They are included within support costs which are allocated across charitable activities.

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

2017 Number	2016 Number
73	66
9	10
21	26
103	102

The average head count (number of staff employed) during 2017 was 147 (2016: 139).

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	3	2
£70,001 - £80,000	1	1
£80,001 - £90,000	–	–
£90,001 - £100,000	–	1
£100,001 - £110,000	1	–
£110,001 - £120,000	1	1
£130,001 - £140,000	–	1
	6	6

In 2017, employer contributions of £135k (2016: £99k) were made to the defined benefit pension scheme in respect of the above employees.

Key management personnel

Total employee benefits (including pension contributions) received by the Leadership Team employees for their services during the year totalled £733k (2016: £742k). The Leadership Team during the year comprised the Chief Executive Officer, Finance Director, Senior Communications Manager, Company Secretary and Heads of Property, Heritage & Strategic Development, Marketing & Leisure Development and Charitable Services Development.

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 (2016: £nil). One other Trustee was reimbursed for out of pocket expenses of £65.

Following the departure of the Chief Executive Officer, the Chairman stood down as a Trustee and took on the role of Interim Chief Executive from June 2016 on a consultancy basis. The cost of this post is reported within Support Costs (see note 6). Following recruitment of a new Chief Executive Officer, who joined the Foundation in April 2017, the Interim Chief Executive returned to being a Trustee and the Chairman. During this period, the Deputy Chairman took on the role of Chairman.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2017

9 TANGIBLE ASSETS – INVESTMENT PROPERTIES

	Freehold property £'000	Long Leasehold property £'000	Assets under construction £'000	Total £'000
Group				
At 31 December 2016 – at valuation	141,987	1,685	357	144,029
Additions	50	–	111	161
Disposals	(1,626)	–	–	(1,626)
Transfers	468	–	(468)	–
Revaluation	14,192	225	–	14,417
Impairment	(138)	–	–	(138)
Net book value: At 31 December 2017	154,933	1,910	–	156,843
At 31 December 2016	141,987	1,685	357	144,029
Foundation				
At 31 December 2016 – at valuation	132,185	1,685	357	134,227
Additions	50	–	111	161
Disposals	(1,626)	–	–	(1,626)
Transfers	468	–	(468)	–
Revaluation	13,582	225	–	13,807
Impairment	(138)	–	–	(138)
Net book value: At 31 December 2017	144,521	1,910	–	146,431
At 31 December 2016	132,185	1,685	357	134,227

Assets under construction relate to costs of ongoing property projects. Impairments are recognised on developments where the total costs of development exceed the anticipated market value at the completion of the construction.

The investment properties were valued at 31 December 2017 by Bidwells LLP acting as an Independent External Valuer in accordance with the RICS Valuation – Global Standards 2017, the RICS Valuation – Professional Standards UK January 2014 (amended April 2015) 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 Bidwell 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 value was primarily derived using comparable recent market transactions on arm's length terms.

In reaching the 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 2016 and has acted as valuer for Letchworth Garden City Heritage Foundation since September 2005. In relation to the firm's preceding financial year, the total fees paid by Letchworth Garden City Heritage Foundation as a percentage of turnover was less than 5% and it is not anticipated there will be a material increase this year. Bidwells has a policy of rotating personnel undertaking this valuation so that no single valuer values the portfolio for more than seven consecutive years. This rotation is undertaken in accordance with our Management System under ISO 9001:2000.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2017

9 TANGIBLE ASSETS – INVESTMENT PROPERTIES *(continued)*

The valuation of these properties amounted to: Group £156,843k and Foundation £146,431k (31 December 2016: Group £144,029k and Foundation £134,227k).

The revaluation surplus for the Group of £14,417k and Foundation of £13,807k (2016: Group £13,757k and Foundation £12,294k) includes downward revaluations of £160k in both cases and all related to freehold property (2016: £1,540k).

The Foundation recognises that there are mixed motive properties to the value of £39,008k (31 December 2016: £34,447k) 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 £3,870k (31 December 2016: £3,920k).

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 2017 was Group £66,416k and Foundation £65,575k (31 December 2016: Group £66,768k and Foundation £65,927k).

10 TANGIBLE ASSETS – OPERATIONAL ASSETS

	Freehold property £'000	Plant and equipment £'000	Assets under construction £'000	Total £'000
Group and Foundation				
Cost:				
At 31 December 2016	5,216	5,223	2,101	12,540
Additions	–	181	226	407
Transfers to completed assets	2,269	51	(2,320)	–
Disposals	(1,925)	(678)	–	(2,603)
At 31 December 2017	5,560	4,777	7	10,344
Depreciation:				
At 31 December 2016	2,329	4,681	–	7,010
Charge for the year	245	302	–	547
Disposals	(1,895)	(676)	–	(2,571)
At 31 December 2017	679	4,307	–	4,986
Net book value:				
At 31 December 2017	4,881	470	7	5,358
At 31 December 2016	2,887	542	2,101	5,530

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

Assets under construction relate to costs of ongoing property projects. Impairments are recognised on developments where the total costs of development exceed the anticipated market value at the completion of the construction.

The additions relate to the expenditure during the year on the Cinema to convert it to provide Theatre facilities. The development completed in 2017 and these costs have been transferred to freehold property and depreciated over the period estimated to provide community benefit (10 years). The element relating to the Cinema refurbishment is included within property costs (note 4).

NOTES TO THE ACCOUNTS
for the year ended 31 December 2017

15 CREDITORS

Amounts falling due within one year:

Trade creditors
Taxes and social security
Other creditors
Accruals and deferred income
Grants payable

Group		Foundation	
2017 £'000	Restated 2016 £'000	2017 £'000	Restated 2016 £'000
594	517	594	517
700	428	700	428
991	908	991	908
3,336	3,302	3,309	3,292
69	28	69	28
5,690	5,183	5,663	5,173

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.

Group		Foundation	
2017 £'000	2016 £'000	2017 £'000	2016 £'000
1,321	1,203	1,321	1,203
204	118	204	118
1,525	1,321	1,525	1,321

Deferred income at 31 December 2016
Net transferred from/(to) the SOFA
Deferred income at 31 December 2017

16 DEFINED BENEFIT PENSION

The Foundation is a member of the Small Admitted Bodies pool of the Hertfordshire County Council Pension Fund. 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 2017 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 2018 are £700k.

NOTES TO THE ACCOUNTS
for the year ended 31 December 2017

16 DEFINED BENEFIT PENSION (continued)

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

	2017 %	2016 %
Salary increase rate	2.5	2.6
Pension increase rate	2.4	2.5
Rate used to discount scheme liabilities	2.5	2.7

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 assumed are summarised below:

	Current Pensioners		Future Pensioners	
	2017 Years	2016 Years	2017 Years	2016 Years
Males	22.5	22.3	24.1	24.3
Females	24.9	24.5	26.7	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:

	2017 £'000	2016 £'000
Equities	17,037	16,597
Bonds	7,541	6,287
Property	1,955	1,760
Cash	1,396	503
Total fair value of assets	27,929	25,147

The amounts recognised in the balance sheet as at 31 December 2017 and 31 December 2016:

	2017 £'000	2016 £'000
Fair value of scheme assets	27,929	25,147
Present value of scheme liabilities	(31,506)	(31,130)
Net deficit in the scheme	(3,577)	(5,983)

NOTES TO THE ACCOUNTS

for the year ended 31 December 2017

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	25,147	(31,130)	(5,983)
Current service cost	–	(828)	(828)
Interest income/(cost)	679	(842)	(163)
Actuarial gains/(losses)	2,083	650	2,733
Contributions paid by the Foundation	664	–	664
Contributions paid by employees	172	(172)	–
Benefits paid	(816)	816	–
Scheme assets/(liabilities) at the end of the year	27,929	(31,506)	(3,577)

The amounts recognised in net income for the year to 31 December 2017 and year to 31 December 2016:

	2017 £'000	2016 £'000
Current service cost	828	512
Losses on curtailments	–	–
Net interest cost	163	137
	991	649

The actual return on scheme assets for the year to 31 December 2017 and 31 December 2016:

	2017 £'000	2016 £'000
Interest income on scheme assets	679	854
Actuarial gains on scheme assets	2,083	2,347
Actual return on scheme assets	2,762	3,201

The amounts recognised as other recognised gains and losses in the SOFA for the year to 31 December 2017 and 31 December 2016:

	2017 £'000	2016 £'000
Actuarial gains on scheme assets	2,083	2,347
Changes in assumptions underlying present value of scheme liabilities	650	(4,771)
Actuarial gains/(losses) recognised in statement of recognised gains and losses	2,733	(2,424)

NOTES TO THE ACCOUNTS

for the year ended 31 December 2017

16 DEFINED BENEFIT PENSION *(continued)*

Cumulative amount of actuarial gains and losses recognised in the SOFA for the year to 31 December 2017 and 31 December 2016:

	2017 £'000	2016 £'000
Cumulative actuarial loss at start of the year/period	(4,585)	(2,161)
Recognised gain/(loss) during the year/period	2,733	(2,424)
Cumulative actuarial loss at end of the year/period	(1,852)	(4,585)

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

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Fair value of scheme assets	27,929	25,147	21,840	20,070	17,699
Present value of scheme liabilities	(31,506)	(31,130)	(25,449)	(26,364)	(22,530)
Deficit in the scheme	(3,577)	(5,983)	(3,609)	(6,294)	(4,831)

17 FUNDS

Group

	Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	Total £'000
At 1 January 2017 – restated	164	137,719	17,598	155,481
Retained surplus/(deficit) for the year	50	(138)	86	(2)
Surplus on revaluation	(45)	14,024	883	14,862
Transfers between funds	39	–	(39)	–
Actuarial gain on pension scheme	2,733	–	–	2,733
Balance at 31 December 2017	2,941	151,605	18,528	173,074

Foundation

	Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	Total £'000
At 1 January 2017 – restated	149	137,719	39	137,907
Retained surplus/(deficit) for the year	50	(138)	–	(88)
Surplus on revaluation	(45)	14,024	–	13,979
Transfers between funds	39	–	(39)	–
Actuarial gain on pension scheme	2,733	–	–	2,733
Balance at 31 December 2017	2,926	151,605	–	154,531

The £39k transfer between funds during the year reflects the release of a Department for Transport grant that was used to fund the purchase of a community minibus.

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 2017 there were 30 (31 December 2016: 29) shares in issue.

NOTES TO THE ACCOUNTS
for the year ended 31 December 2017

18 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	Total £'000
Fund balances at 31 December 2017 are represented by:				
Investment properties	530	145,901	10,412	156,843
Operational properties	5,358	–	–	5,358
Other investments	–	–	7,291	7,291
Pension scheme deficit	(3,577)	–	–	(3,577)
	2,311	145,901	17,703	165,915
Net current assets	630	5,704	825	7,159
	2,941	151,605	18,528	173,074
The above figures include unrealised gains on investment properties as follows:				
Unrealised gains at 31 December 2016	325	67,185	8,960	76,470
Surplus on revaluation	(45)	13,852	610	14,417
Realised on disposals	–	(582)	–	(582)
Unrealised gains at 31 December 2017	280	80,455	9,570	90,305
The above figures include unrealised gains on other investments as follows:				
Unrealised gains at 31 December 2016	–	–	709	709
Surplus on revaluation	–	–	273	273
Unrealised gains at 31 December 2017	–	–	982	982

NOTES TO THE ACCOUNTS
for the year ended 31 December 2017

19 FINANCIAL COMMITMENTS

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

	Group and Foundation	
	2017 £'000	2016 £'000
Erection, purchase and redevelopment of premises	–	281

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

Payments due:		
Not later than one year	126	126
Later than one year and not later than five years	506	506
Later than five years	34,067	34,291
	34,699	34,923

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	6,998	6,096
Later than one year and not later than five years	16,820	16,179
Later than five years	277,087	225,939
	300,905	248,214

NOTES TO THE ACCOUNTS
for the year ended 31 December 2017

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.	2017 Total Value of Grants (£)	No.	2016 Total Value of Grants (£)
Letchworth Civic Trust	Trustee Governor Governor	Lynda Needham Charmaine Rogers Ian Mantle	1	15,000	2	30,000
Letchworth Festival Steering Group	Committee Member	William Armitage	1	1,000	1	3,716
Letchworth Cricket Club	Chair of Letchworth Corner Sports Club	Colin Chatfield	1	12,000	–	–
Camera Club – LGC	Chair of The Settlement #	Pam Burn	1	3,600	–	–
Arts Society, Letchworth	Chair of The Settlement #	Pam Burn	1	500	–	–
Natural History Society	Chair of The Settlement #	Pam Burn	1	305	–	–
Street Dance Productions	Chair of Tenants' Association for Howard Cottages	Mike Durrant	1	3,700	–	–
District Scouts (Letchworth & Baldock)	Member	Mike Durrant	1	2,000	–	–
MacFadyen Webb House	Chair of Tenants' Association for Howard Cottages #	Mike Durrant	1	500	–	–
ASU Active Scout Unit	Member	Mike Durrant	1	250	–	–
Kingfisher Court	Chair of Tenants' Association for Howard Cottages #	Mike Durrant	1	250	–	–

NOTES TO THE ACCOUNTS
for the year ended 31 December 2017

21 CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the 12 months ended 31 December 2016 – restated

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

	Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	Restated 2016 £'000
Income from:				
Investments	8,429	–	403	8,832
Charitable activities	1,767	–	39	1,806
Total income	10,196	–	442	10,638
Expenditure on:				
Investment property management	4,882	11	106	4,999
Charitable activities	8,075	–	148	8,223
Total expenditure	12,957	11	254	13,222
Net income/(expenditure) before gains on investments	(2,761)	(11)	188	(2,584)
Net gain on investments	–	14,271	2,073	16,344
Net income/(expenditure) before taxation	(2,761)	14,260	2,261	13,760
Taxation	–	(321)		(321)
Transfers between funds	4,600	(4,600)	–	–
Other recognised gains and losses				
Actuarial gain on pension scheme	(2,424)	–	–	(2,424)
Net movement in funds	(585)	9,339	2,261	11,015
Fund balances brought forward at 1 January 2016	749	128,380	15,337	144,466
Fund balances carried forward at 31 December 2016	164	137,719	17,598	155,481

BOARD OF TRUSTEES



Colin Chatfield
Chairman



Ian Cotterill
Vice Chairman



William Armitage
MBE



Pam Burn
(appointed 1
September 2017)



Camilla Hamilton
(retired 30 June
2017)



Terry Hone*



Kevin Jones
(appointed 23
March 2018)



Lynda Needham**



Robert Riggall



Trevor Saunders



Michael Underwood
(retired 22 March 2018)

* 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

C Chatfield
Interim Chief Executive
(to 31 March 2017)

G Fisher
(from 3 April 2017)

Leadership Team

D Ames
Head of Strategic Planning
and Development

G Dawson
Head of Marketing and Leisure
Development
(resigned 31 March 2018)

A Stewart
Head of Charitable Services
Development

J Kaur

Company Secretary and
Executive Team Manager

J Flaherty

Senior Communications Manager

M Coles

Head of Property
(from 1 July 2017)

M Peak

Finance Director
(from 30 October 2017)

Secretary

J Kaur

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