



Letchworth  
Garden City  
Heritage Foundation

# REPORT AND ACCOUNTS

to 31 December 2018



## Welcome from our outgoing Chairman

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After nine and a half years, I am retiring as Chairman of the Foundation. After so many years, it's only natural for me to reflect on how the Foundation has evolved during that time, working alongside John Lewis for six years and Graham Fisher for the past two years.

The Foundation has changed in many ways: it has become more approachable and open; more consultative with the community; and most importantly, better informed about the town's needs. Governance has improved with well-informed Trustees bringing their knowledge and life experience to discussions and decision making.

Our decision to invest in the town's arts and culture was aimed at maintaining a vibrant town centre. Adding digital technology to the Broadway Cinema 'on screen' offer has brought live screenings of ballet, opera, theatre and music to the venue. Converting the main auditorium to host live performances further extended the appeal of the venue. Upgrading the Broadway Gallery brought high quality visual arts to the town featuring exhibitions from national and international artists.

Independent restaurants and coffee shops have opened, which has improved the night-time economy, attracting more people to the town and adding to the Letchworth experience.

Our new three-year Strategic Plan sets out how we will make Letchworth a great place for everyone who lives, works and visits the town under the themes of improving life chances for everyone; ensuring Letchworth is a great place to live and continuing to make Letchworth a great place to work and do business.

I am proud to have been one of the team who have developed a better understanding of the Foundation's purpose and applied this to our charitable work. Importantly, we have a knowledgeable Board of Trustees, talented Leadership Team members and a professional and dedicated workforce.

I would like to take this opportunity to thank all the Trustees, Governors, Leadership Team members and staff for their support over the past nine and a half years and for making my job far easier. I wish them every success in the future.

**Colin Chatfield**  
Chairman

## Welcome from our CEO

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2018 has been an incredibly busy year at the Foundation. Alongside delivering our wide range of services, support and grants that residents enjoy, we have also been developing our new three-year Strategic Plan and preparing to relocate to our new offices in the heart of the town centre.

I am continually struck by the ingeniousness of the Letchworth reinvestment model, which enables the Foundation to generate income from our local property assets to be re-invested in our local community. Making sure that we spend this income wisely for maximum benefit is paramount. A major focus of 2018 has been gathering evidence of local need to inform and shape our priorities for future development and investment. This is not a one-off exercise but is something that we want to continue to improve on in the coming years, from understanding who uses our cinema and theatre and who doesn't, to wider socio-economic changes affecting residents. This research, alongside input from our partners and local stakeholders, has shaped the vision and priorities that form our new Strategic Plan which we launched at the end 2018.

Our vision for the future is simple – we want to make Letchworth a great place for everyone. We believe we can make life in Letchworth better for everyone who lives, works and goes to school here by utilising the assets and resources we already have. From our collections and

community services to our grants programmes and venues, our new strategy is about making the most of all these resources for everyone: sharing and celebrating everything we take care of with every person in the town.

Bringing together a number of the Foundation's activities into a new town centre location is an important part of these changes. Our new premises at One Garden City present a great opportunity for us to be a more accessible, visible and better utilised resource for everyone in the town. Do come and visit us and find out what we do and help us make Letchworth a great place for everyone.

Alongside these organisational changes, 2019 marks significant changes to our governance as we say an enormous thank you to Colin Chatfield who retires as our Chair this year. We welcome Pam Burn who takes on the role.

**Graham Fisher**  
Chief Executive

# Our vision

Making Letchworth a great place for everyone.

# Our values

Our values underpin our culture, the way we do things and what we believe in.

We are collaborative, inclusive and supportive.



# 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 deliver activities and projects to meet our charitable commitments for the benefit of our local communities.

We do this by managing the assets under our stewardship to generate income. This means we 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 the 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.£11.6m
- Employer of 92 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, within nine months of its year end
- 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.£450k
- No employees; pays LGCHF for use of staff and resources

## CHARITABLE COMMITMENTS

### Environment and Heritage

Promoting the preservation of buildings and other environmental features of beauty or historic interest

### Education and Learning

Promoting the advancement of education and learning

### Charities

Supporting any charitable organisation having an office or branch in Letchworth Garden City

### Recreation and Leisure

Providing or assisting in the provision of facilities for the recreation or other leisure activity of the local community



1,727

individuals treated at the Ernest Gardiner Treatment Centre in 2018



£10,374

awarded in heritage grants during 2018



38,188km

travelled by our transport team during 2018



# What we do

Our commitments and strategic aims are met by a combination of services, managed projects and grant funding to external organisations and individuals.



## OUR GRANTS PROGRAMME

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

Our grants programme reflects our six charitable commitments providing funding to support a broad range of organisations and individual talents within the Garden City. 2018 was the final year of our heritage grants in their current form as we look at new ways of helping homeowners to preserve the heritage of their homes.

These grants range from hundreds to tens of thousands of pounds, addressing needs and activities as diverse as local charities tackling poverty, social inequality and isolation to talented students, emerging sports stars and musicians. Details of grants awarded in the year can be seen on pages 46-49.

Our Grants Committee met 10 times in 2018 to consider grant applications up to £50,000.



# £410,089

awarded in grants through grant programmes in 2018

## OUR VENUES AND SERVICES

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

### Broadway Cinema & Theatre

Our four-screen digital cinema and professional theatre space are located in an Art Deco building in the heart of the town centre offering film and live performances.

### Broadway Studio & Gallery

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

### Standalone Farm

Our working farm also runs 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 team provides information on other UK destinations. (See page 11 to find out more about changes to this service in 2019).

### Heritage Advisory Service

Our dedicated Heritage Advisory Team offers 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.

### The Garden City Collection

The Collection is one of the world's leading archives on Garden Cities with more than 250,000 items, which offers pre-booked visits and tours.

### The Greenway

This 13.6-mile circular route 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 the 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

The team offers physiotherapy and nursing care for residents from Letchworth and Baldock. 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.

### Transport Service

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

### Shopmobility Service

Offers free motorised scooters or manual wheelchairs to those needing assistance to get around the town centre.



# 2,000+

people engaged with us during our consultation on the future of Letchworth, via events and social media

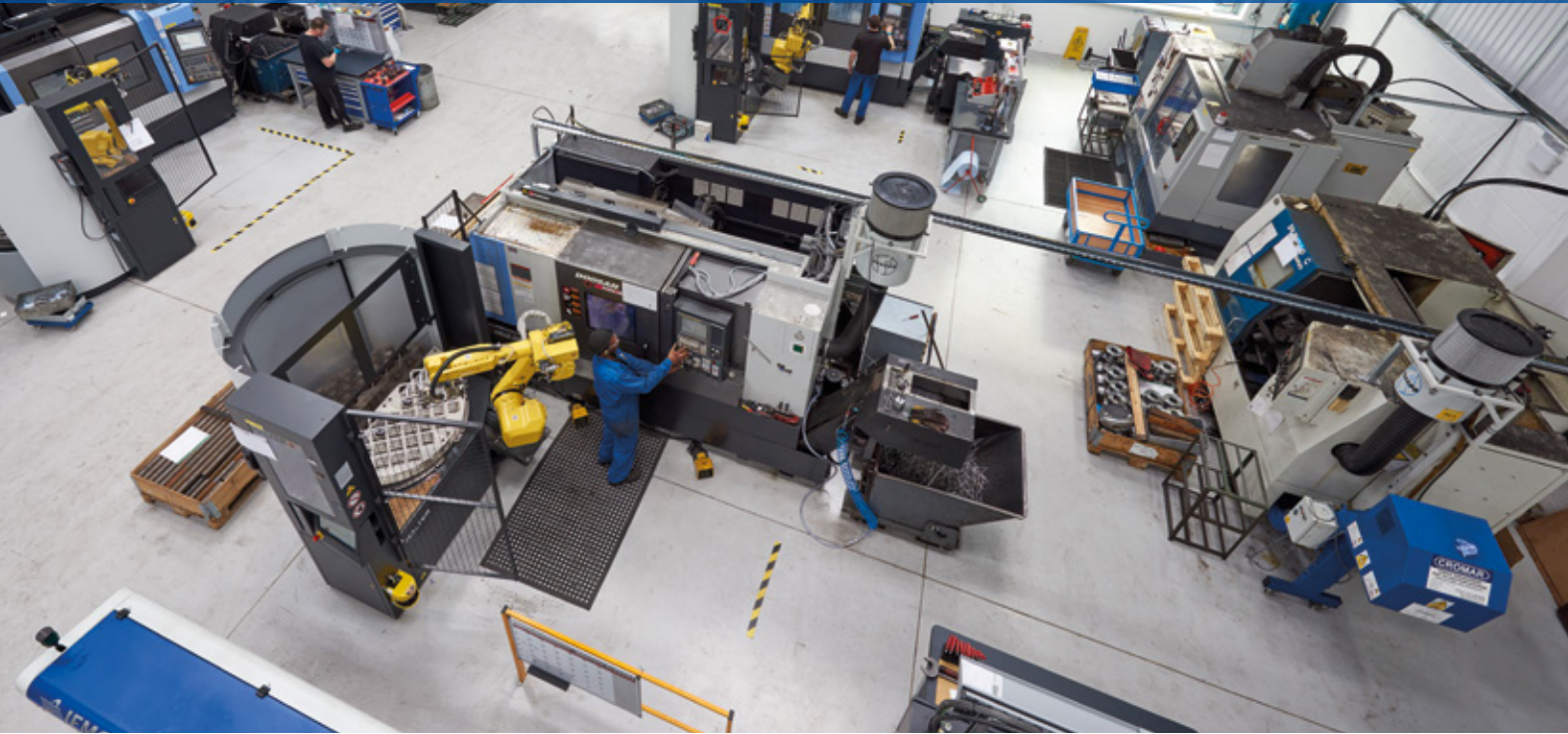


# 1,446

hours clocked up by volunteers at the Garden City Collection helping to catalogue items, scan images and conserve historic items



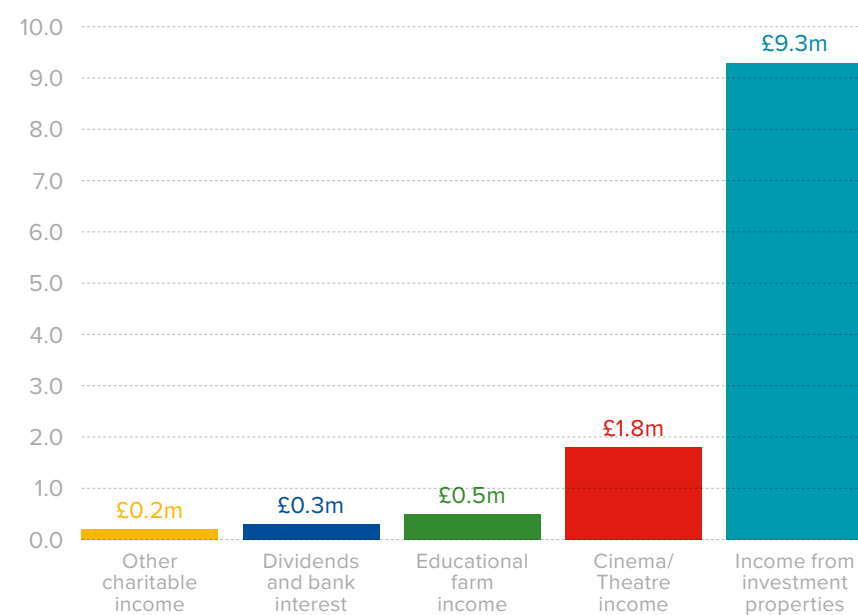
# Our income



Despite the challenges presented by an uncertain economic environment, 2018 represents another strong year for the Group.

During 2018, total income reached £12,158k, marginally (£42k) lower than 2017. Income for 2017 contained a number of non-recurring charges which account for the year-on-year reduction. £9,622k (79%) of income in 2018 was derived from investments, including our portfolio of commercial and residential property and money generated by Letchworth Cottages and Buildings Ltd (LCB). The remaining £2,536k was generated from charitable activities, 92% of which came from our cinema/theatre and educational farm attractions.

**Breakdown of income for 2018** (figures £m)



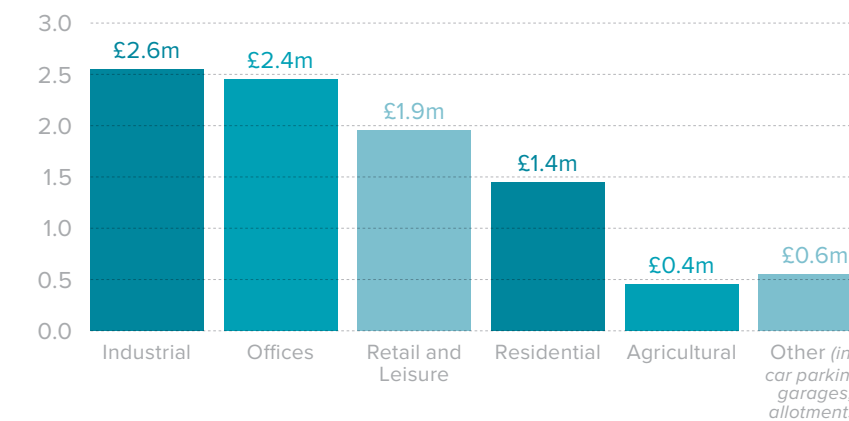
## PROPERTY INCOME

The successful management of our investments, primarily in the form of our diverse property portfolio, directly funds our charitable activities. At its simplest, all income allows us to continue to reinvest for the benefit of the local community. The property portfolio is located in Letchworth and operates across a diverse range of business streams.

Our commercial property portfolio consists of 385,000 sq ft office, 180,000 sq ft industrial and 147,000 sq ft of retail and leisure space. Customer demand varies across the portfolio and our industrial,

residential and smaller office buildings generally let quickly. Across Letchworth and within the Foundations portfolio, the industrial sector has shown to be the standout performer of 2018 and has inspired confidence with rental growth evident in both prime and secondary assets. Renting retail space remains challenging and we continue to take proactive steps to engage with our retailers. Securing strong returns from our investment portfolio remains a key area of focus for the organisation.

**Analysis of £9.3m Investment Property Income** (figures £m)



## OTHER INVESTMENT INCOME

LCB continues to retain its investment in the Cazenove Charity Multi-Asset Fund. This generates investment income from dividends and targets capital growth (see page 43).

## INCOME FROM CHARITABLE ACTIVITIES

Our charitable activities generate income during the year primarily from the Broadway Cinema and Theatre, together with income generated from Standalone Farm (see page 43).





# Highlights of the year from our people



**Lorraine Florence**  
Clinical Services Manager  
Ernest Gardiner Treatment Centre

I'm proud of what our dedicated team achieved in 2018. We have expanded our services by successfully implementing our new Frailty Clinic. This was delivered in partnership with the CCG and Hertfordshire Community Trust, with a doctor who specialises in the care of older people working alongside the team to deliver seamless care. I look forward to further developing our professional standing within the community in the year ahead.



**Joseph Vallely**  
Portfolio Manager  
Property Team

The Industrial sector was the standout performer of the year. We also welcomed 26 new tenants into our managed property portfolio, including a number of independent retailers in the town centre. With the diverse, wide-ranging qualities of our portfolio, we are confident that we are well placed to deal with the challenges we may face in 2019.



**Vanessa Sawyer**  
Visitor Experience Manager  
Standalone Farm

2018 was a fun-packed year. For the first time, we opened for the February half term, with hundreds of children getting out into the fresh air to learn some real science with Einstein Entertainers. In May, Standalone was taken over by students from North Herts College with their annual 'fun at the farm' event. Things didn't slow down during the summer heatwave with dozens of activities taking place. We launched our Gift Aid scheme, which will create additional income to invest in and improve our offer to customers.



**Claire Pudney**  
Heritage Advisory Service Manager

We've had a good year with the team working hard on the day-to-day applications. The return of our Heritage Awards was a highlight of our year. A wide range of entries were submitted, including individual homeowners and a large housing association, which was the ultimate winner. We also met up with our counterparts from Bournville Village Trust to share best practice, which resulted in them introducing their own online application process as well as our two-stage approval process.



**Aaron Raw**  
Visitor Services Manager

This year's programme was all about collaboration. We saw new works from Kate Terry, whose site specific thread installation was made in response to the architectural space of the gallery. We had two exhibitions created in partnership with the Garden City Collection and Crafts Council respectively. *Barry Parker: Architecture for all* revealed the global influence of Letchworth's chief architect, while *Great & Small: Animals in Craft* designed from the ground up for younger audiences, gave more than 700 local primary school students the opportunity to participate in half-day practical workshops that explored how animals are represented in craft.



## Strategic report

### EMBRACING THE PAST AND UNLOCKING THE FUTURE

2018 saw the roll-out of our new three-year strategic plan, with the vision of making Letchworth Garden City a great place for everyone.

Through this plan, we are challenging ourselves to bring about significant and sustainable change for everyone who lives, goes to school or works within the town, working with and inspiring others to do the same.

The plan is underpinned by research and data and in early 2018 we published a report *A View of life in Letchworth Today*. This document highlights that not everybody who

lives in Letchworth is benefitting from what the Foundation offers. Our new plan aims to make more of our assets and use them to address and start to solve some of the issues and needs the research has identified. We believe that everything we already look after in the town can work harder to make life better in Letchworth.

### OUR APPROACH

Our strategy is underpinned by three aims:

- 1 Improve life chances** – we will ensure that the people who call the world's first Garden City home are able to make the most of the opportunities that exist within it.
- 2 Be a great place to live** – we will showcase the best of Garden City living and inspire future developments.
- 3 Be a great place to work and do business** – we will contribute to long-term and sustainable economic growth in Letchworth.

In addition, we have a fourth aim regarding our employees and how we work:

- 4 Our people and our operational effectiveness** – we will ensure our staff are equipped to do their jobs efficiently and effectively.

A copy of our strategic plan can be found on our website [letchworth.com](http://letchworth.com)



### NEW COMMUNITIES, CULTURE AND HERITAGE DIRECTORATE

To help deliver our plan, a new Communities, Culture and Heritage directorate has been created, bringing together our arts, cultural and heritage services and venues into one area. The teams in the Directorate will also oversee a range of special projects linked to our strategic objectives relating to health and wellbeing, arts and cultural development and education. Central to this will be a comprehensive community engagement programme, led by the team at the new Discover Letchworth centre, which launches in 2019.

### MEASURING OUR PROGRESS

We have been working on a new set of key performance indicators, which we are using to assess our success in delivering our strategic aims. These will be checked on a monthly basis and reported to our Board at the end of each quarter.



# ACHIEVEMENT AND PERFORMANCE IN 2018



## 1 Improving life chances

### Engaging our younger generation

We believe that Letchworth is special. Its unique cultural heritage offers us a great opportunity to enhance the aspirations of our children. We know that if we can nurture a strong sense of place in our youngest children they will develop a sense of pride in their home town. This year has seen us develop and deepen our engagement with local schools and we will seek to build on this in the coming years for the benefit of all the people in the town.

### Teaming up with local communities and building new partnerships

Mutually rewarding partnerships offer much-valued support to the community and we're conscious that we can't deliver our strategy alone. In the year ahead, we will

build these relationships. A key part of this will see our Local Tourist and Information Centre redesigned, relocated and rebranded in 2019 to become a gateway to the town and everything it has to offer; becoming a central hub for residents and visitors alike.

### Health and wellbeing

Letchworth was planned to combine the best of town and country living, with plenty of green spaces to encourage a healthy lifestyle. It has a vibrant social community and many residents meet regularly to enjoy similar interests. However, our research carried out in 2018 showed there are many people living in isolation. Our aim is for living in Letchworth to be good for everyone's physical and mental

health and we are committed to improving the wellbeing of residents within the town.

### Arts, culture and leisure for all

We run a cinema, theatre, gallery and a farm. While some residents regularly take advantage of one or more of these spaces, there are many others who never visit. We want to change this. Having celebrated its first birthday in 2018, Broadway Theatre has established itself as a leading arts venue within the region. Broadway Cinema continues to top the attendance tables nationally for its event cinema screenings, bringing shows from the National Theatre, MET and Royal Opera House to local audiences.

## 1 Improving life chances

### GOALS AND PROGRESS

## Museum Services

### Goals:

Foster a sense of pride in the heritage of Letchworth Garden City. Develop a plan for future museum provision by engaging new and existing stakeholders.

### Progress during 2018:

- Welcomed 38 researchers and 92 visitors on tours at the Garden City Collection.
- Our schools' outreach programme engaged more than 500 school children with projects ranging from a Minecraft event to a schools' art exhibition.
- Hosted 13 free exhibitions at our Community Museum organised by different groups, including Letchworth Art Society; Letchworth Camera Club; Digswell Arts; The Settlement; St. Christopher School; Highfield and Fearnhill schools, and an exhibition by a collective of local artists curated by Broadway Gallery.
- Produced an exhibition, *Barry Parker: Architecture For All*, at Broadway Gallery, with additional displays and events at The International Garden Cities Exhibition (IGCE), attracting more than 3,000 visitors to the Gallery, and almost 1,000 visitors to IGCE.
- Participated in the Heritage Open Days, attracting more than 170 visitors across nine historic buildings in Letchworth.



### In the year ahead, we will:

- Open a new display space at our new office, which will focus on the social history of the town.
- Continue to develop the social media output across the Museum Service, including a flagship project with Culture24,
- *Digital Storytelling.* Launch a new reminiscence outreach service, *Sharing Memories*, aimed at evoking memories and stimulating conversations with older Letchworth residents.



# 500+

children engaged through our schools' outreach programme on projects ranging from shopping in the town, to developing bespoke town centre trails



# 4,000+

visitors came to an exhibition celebrating the life of visionary architect Barry Parker, which ran at Broadway Gallery and the International Garden Cities Exhibition



# 1 Improving life chances

## Grants Programme

### Goals:

Enable voluntary, community and charitable organisations to apply for funding to meet their goals and in doing so complement our strategic objectives.

### Progress during 2018:

- Reviewed our grants programme to ensure it continued to focus on our charitable objects and support our strategic objectives. The new programmes are now structured around the theme of 'Be Supportive'.
- Awarded grants totalling £410k to 74 groups and individuals across the town. This included summer activity sessions for

children; piloting a weekly session for dementia sufferers and their carers; funding for a support group for children with autism, and co-funding with North Herts District Council (NHDC) for the Best Before Café.

- Awarded a grant of £64,966 to local charity Learn IT to work with eight Letchworth schools supporting 268 children develop their emotional wellbeing, communication skills and self-confidence.

### In the year ahead, we will:

- Roll out the new themes within the grants programme, supporting:
  - clubs and organisations
  - skills and talents
  - education and learning
  - recreation and leisure
  - health and wellbeing
  - community spaces
- Increase the grants budget by £100k to support the increase.
- Implement a communications programme to highlight the impact of our community grants.



# 76

community grants awarded through Be the Best, Club Together and general grants



# £100k

Group's grant budget increase for 2019

## Active Letchworth

### Goals:

Encourage wider participation in any form of activity across the community, particularly with older residents.

### Progress during 2018:

- More than 80 groups, clubs and organisations are now associated with Active Letchworth.
- Successfully launched the paddle sport Pickle Ball, which quickly grew into a dedicated club at Letchworth Sports and Tennis Club. Its popularity has resulted in Pickle Ball courts being created at Norton Common.
- Attracted more than 275 residents to our annual Greenway Day, who cycled, ran and walked around the Greenway route. This was delivered in partnership with the local Leisure Centre, the Active Communities Team at NHDC and colleagues at Standalone Farm.
- Funded 11 Spring in Your Step activity sessions for mainly older residents to help them keep active and socially engaged. This was delivered in partnership with Howard Cottage Housing Association, Stevenage Leisure Services and NHDC.



### In the year ahead, we will:

- Build on the existing Spring in Your Step Programme by working with partners and organisations to reduce loneliness and isolation in the community.
- Identify how Active Letchworth can support and promote the Ernest Gardiner Treatment Centre.
- Continue to develop links with clubs and organisations in the town to grow membership and promote their activities through a variety of channels.



# 1,322

people participated in Active Letchworth classes



## 1 Improving life chances

### Transport Service

#### Goals:

Provide a high quality, friendly and accessible community transport service for residents to reduce loneliness and isolation in the community.

#### Progress during 2018:

- Maintained this vital lifeline for many people across the community, by taking them to weekly and monthly clubs, societies, events, appointments and on social trips. Across the year there were 19,440 passenger journeys.
- Increased the number of school runs, taking local children to sports events and cultural visits.



#### In the year ahead, we will:

- Review our service and adapt our offer to encourage more residents to access the rich variety of groups and clubs in Letchworth.
- Launch two new shopping clubs as well as increasing the number of trips to our cultural and heritage venues.
- Improve the service by adding a new 16-seater Treka minibus to the fleet.

### Ernest Gardiner Treatment Centre

#### Goals:

Deliver high quality nursing, physiotherapy and occupational therapy to maintain the health and wellbeing of the people of Letchworth and Baldock.

#### Progress during 2018:

- Delivered an average of 365 appointments each month.
- Launched a new Frailty Clinic aimed at older people who are at a higher risk of a fall. This was delivered in partnership with the Clinical Commissioning Group, Hertfordshire Community Trust and community doctors.
- Commissioned a health review to help us understand health priorities in the town. This was carried out with the help of Public Health England and Social Action for Health.



#### In the year ahead, we will:

- Review the Frailty Clinic with our partners and use the outcomes to build on the success of the current scheme.
- Incorporate mindfulness sessions into our treatments to support patients deal with stressful situations.

## SPECIAL PROJECTS

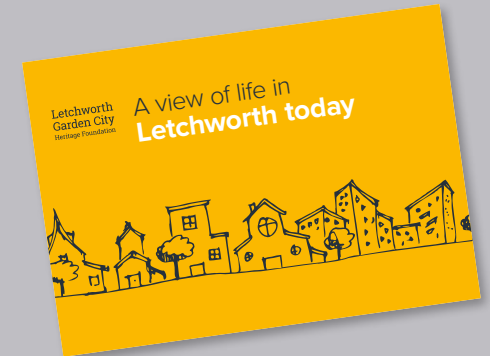
### Letchworth Children and Families Partnership

Following research and discussions with statutory health and education partners, community-based organisations and Letchworth residents, we launched a project to look at how we could all work together to support families with young children in Letchworth.

#### Progress during 2018:

- Undertook a Community Research project led by Collaborate, a leading social change organisation, which tackles complex social challenges. This project involved statutory, voluntary and community groups and families to begin to enable those involved in the project to understand more about the key challenges faced by families in the town and the groups and organisations delivering services that support families in a time of need. From this a 'health hub' working group was established to facilitate the development of better primary care facilities for Letchworth residents.

- Published *A view of life in Letchworth today*, drawing upon research which highlighted the other side of life in Letchworth. One in four children in the town experiencing poverty; only 52.9% of children aged five developing well; and only one in three children achieving grade five and above in English and Maths GCSEs. This evidence underpins our entire three-year strategic plan.
- Formalised a knowledge-sharing approach, with our research and outcomes being shared with partners to help them shape their work.



#### In the year ahead, we will:

- Work closely with health, education and community partners, initially focusing on one neighbourhood, to understand the factors that help young children to be school ready. Working with families, a long-term partnership plan will be created to improve levels of school readiness.
- Work with our NHS and other public and private sector partners to support phase one of the development of a new health hub for Letchworth.
- Develop more partnership working across different sectors in Letchworth to enable greater awareness of the everyday support available for more vulnerable residents.
- Work with the Discover Letchworth team to explore how the new centre can become a hub for the Letchworth community.

### Creative Learning Programme

In 2018, we set out our vision for a new Creative Learning programme to inspire children to get involved with creative arts projects, such as poetry, drama and letter writing. Over the coming three years, we will be collaborating with partners to set up the Letchworth Creative Learning Programme.

#### In the year ahead, we will:

- Publish our Creative Learning Strategy and pilot a range of programmes with schools, young people and families.
- Explore how we can use the Garden City Collection to develop two curriculum-based creative learning programmes for children aged 5-11 and 11-16.
- Work with colleagues at our cultural venues to see how we can support creative learning with local schools.



# 1 Improving life chances

## Broadway Cinema and Theatre

### Goals:

Be a leading space for arts and entertainment in Hertfordshire, driving more visitors to the town and boosting night-time economy. Offer a broad range of theatre and cinema programming to appeal to a diverse audience.

### Progress during 2018:

- Hosted 40 touring theatre companies and showcased a variety of live performances ranging from stage productions, comedians and music acts. Highlights included Horrible Histories, Griff Rhys Jones, Rich Hall, Rory Bremner and Jan Ravens, all playing to sell-out crowds.
- Raised the profile of Letchworth as a leading centre for culture and the arts by hosting the 2018 Herts Jazz Festival; the first time the festival has ever been held outside Welwyn Garden City. The event saw some of the UK's finest jazz musicians perform across the weekend, with 1,721 visitors attending.
- Attracted record numbers to its live screenings from the Royal Opera House, National Theatre and other major stages, maintaining its position as one of the top cinemas in the UK for live screenings.
- To widen participation and attract more families and young people, we hosted 104 Kids Club performances at a reduced ticket price of just £1; screened 104 accessible subtitled performances; ran 41 parent/carers and baby screenings as well as a dedicated Silver Screen performance for older residents from sheltered housing.



### In the year ahead, we will:

- Make better use of our data and audience insight to look at who is and isn't using our venues and adapt our offer accordingly.
- Create a more relevant theatre programme for all of Letchworth's residents.
- Offer more screenings to young people to widen participation in film and theatre.



40

touring theatre companies hosted during 2018



1,721

visitors to the 2018 Herts Jazz Festival held in Letchworth

## Broadway Gallery

### Goals:

Display exhibitions of arts, craft and design, with work by internationally acclaimed artists alongside local and emerging talent. Offer a creative space and community focal point to encourage arts for all.

### Progress during 2018:

- Delivered four exhibitions including: *Kate Terry: A System of Parallels*; *Barry Parker: Architecture for All*; *Great & Small: Animals in Craft*; *Eduardo Paolozzi: General Dynamic F.U.N.*
- Ran free monthly *Family Arts Studio* sessions at capacity, with an average of 100 people per session.
- Hosted monthly *Meet Critique* sessions which brought together more than 20 local artists who received career guidance and support from professional artists.



### In the year ahead, we will:

- Increase the number of practical workshops including free family events and ticketed adult workshops.
- Build on the success of *Meet Critique* to enable more group/collaborative exhibitions and continue to provide guidance and support for local artists.
- Establish a format for outdoor exhibitions and installations, such as parks, schools and vacant shops.
- Provide more opportunities for schools to visit Broadway Gallery.
- Work with the Museum Services on public displays around the town, opening up our arts and heritage programme to a wider audience.

## Standalone Farm

### Goals:

Increase visitor levels especially from young families from Letchworth. Develop our events programme and educational offer.

### Progress during 2018:

- Based on customer feedback, the farm opened earlier in the season to coincide with the February half-term.
- Hosted a diverse range of events and activities throughout the year, ranging from arts and crafts and pumpkin carving, to equine displays and creepy critter handling sessions.
- Made full use of our charitable status by introducing Gift Aid as part of our admissions pricing structure.



### In the year ahead, we will:

- Make better use of our audience data and learn more about who is and who isn't visiting the Farm to adapt our offer.
- Continue to expand our popular events programme during school holidays to attract visitors from Hertfordshire and Bedfordshire.





## 2 Be a great place to live

We are proud to be responsible for looking after our built and natural environment. We are also keen to inspire everyone who lives in Letchworth Garden City to share our enthusiasm for caring for our heritage homes and town.

**Maintaining our Garden City**

We continue to ensure that our approach to heritage conservation is fit for purpose and our Heritage Advisory Team works hard with residents to preserve the appearance and character of Letchworth. In 2018, officers from Bournville Village Trust visited the team to see how we worked and to exchange best practice. Supported by our Town Centre Wardens, we continued to maintain the town centre. We also funded and managed the Christmas Lights Switch On organised by the Letchworth BID.

**New homes for a new generation**

With the adoption of the Local Plan expected, we have been developing our ideas for the sites we own that are included in the Plan. We have been looking at how we can deliver exemplary homes for the future while being true to the original garden city principles. This includes a 100-acre site to the north of Letchworth, which will see 900 new homes being built, 40% of which will be affordable housing and 60% private. There will also be the opportunity for self-builds and community-owned housing.

**Working with local communities**

We want to deepen local engagement; from the large-scale redevelopment to the north of Letchworth, to the smaller projects such as our community garden. As part of our work on the expansion of Letchworth Garden City we held six local stakeholder engagement sessions, so that residents, visitors and businesses could find out more about the project from the team and give us valuable comments. This consultation will continue during 2019 and beyond.

## 2 Be a great place to live

### GOALS AND PROGRESS

## Reimagining the Garden City

**Goals:**

Develop our sites according to garden city principles with strong community involvement, fulfilling the opportunities of the District Council's Local Plan.

**Progress during 2018:**

- Launched a design competition *Reimagining the Garden City* in partnership with the Royal Institute of British Architects (RIBA), inviting RIBA members from across the world to submit their ideas about how modern garden cities should be designed. In total, 95 entries were received.
- Launched a Young Designer competition, open to those aged 15-18. Entrants were asked to design, create or curate an image which captured the spirit of a modern garden city for the consultation's branding.
- Ran a community consultation programme where residents were asked what they liked and didn't like about the town. This included a series of consultation events, a newsletter, online forum and a social media campaign to encourage people to have their say.
- Working with Lichfields, NHDC, settle (housing association) and Howard Cottage Housing Association, we ran a housing survey to help inform our approach to new housing sites included in the new Local Plan, as well as how current homes may become more comfortable to live in. A key element of this strategy is to gain a better understanding of local housing requirements across different tenures.
- Began discussions with the County Council about transport and access to serve our largest sites.
- Launched a cycling strategy consultation, working with transport advisors and *Letchworth Cyclists* to explore where improvements could be made to the cycle routes and streets within the town.



**In the year ahead, we will:**

- Announce the winner of our design competition which will help inform the design approach for the development north of Letchworth.
- Launch the second phase of the community consultation regarding the expansion of Letchworth Garden City. This will be more site-specific and we will work closely with those residents living and working close to the sites.
- Undertake detailed modelling and analysis of potential access options to enable further discussions to take place.



1,500+

unique visitors to our community consultation programme website



## 2 Be a great place to live

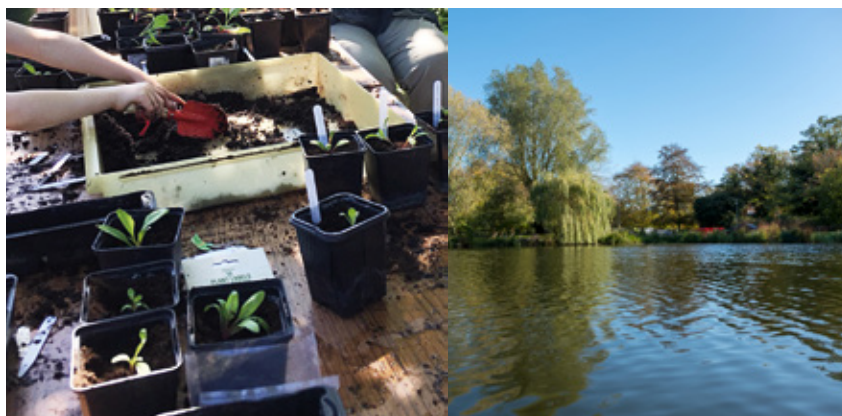
### Our natural environment

#### Goals:

Maintain and enhance the natural look and feel of the Garden City.

#### Progress during 2018:

- Hosted 12 gardening masterclasses to help the local community make the most of their gardens and learn more about growing their own produce. All classes were fully booked and led by a member of staff who is an RHS-accredited teacher.
- Worked closely with Natural England to help develop potential new stewardship programmes.
- With help from the local community, we continued our improvement works in the Highfield area, with the creation of a wildflower meadow, hedge planting and the installation of a pond to enhance the wildlife potential of the site.
- Carried out extensive maintenance and development work along the Greenway, including resurfacing pathways, repairs to fencing and furniture, upgrading signage, building a new pond for North Herts Bee Association, planting 150 trees at Norton Orchard, as well as clearing fly tipping with NHDC.



#### In the year ahead, we will:

- Continue our work at the Highfield site, with planting around the pond and monitoring which species colonise it.
- Gather data on who is using the Greenway and how they use it with the aim of improving the route to attract more people of all ages.
- Install a sculpture trail along the Greenway, with willow sculptures of the characters from *The Wind and the Willows*, which will be performed at Broadway Theatre in December.
- Agree and implement a new countryside stewardship programme with Natural England.
- Continue our gardening masterclasses with the aim of attracting more people.

### Heritage Advisory Service

#### Goals:

Work with residents to preserve the appearance and character of Letchworth Garden City; provide an efficient and friendly service.

#### Progress during 2018:

- Received 703 residential applications and 228 pre-application advice requests.
- Ran our popular Heritage Awards, where homeowners, builders and architects are recognised for architectural and design excellence when carrying out restorations, alterations or new building work.



#### In the year ahead, we will:

- Use a service design approach to understand how we can create a more proactive service with processing applications that comply with the Design Principles.
- Complete a review of design principles and a series of guides to help homeowners.
- Transfer our Heritage Advisory Centre to a dedicated space within Discover Letchworth.
- Help homeowners make their homes more efficient and sustainable, while preserving the heritage and character of their property.

## 3 A great place to work and do business



Letchworth was designed and built for a harmonious work-life balance, a strong principle of the Garden City Movement. We have great transport links, plentiful office and industrial accommodation that is relatively affordable, as well as good public transport. A dynamic local economy is essential to keeping Letchworth vibrant, helping residents to have a good quality of life and provide a bright future for our young people.

### GOALS AND PROGRESS

### Maintaining and developing partnerships

#### Goals:

We are committed to developing more business partnership opportunities that will help to create long-term and sustainable economic growth in the town.

#### Progress during 2018:

- Continued to provide funding to the Letchworth BID to support their work to raise the profile of the town and to attract a wider and more diverse groups of shoppers and visitors into Letchworth.
- Supported the BID's re-ballot, resulting in businesses voting for another five years.
- Worked in partnership with Hertfordshire Local Enterprise Partnership (LEP) on research to understand the strengths and weaknesses of Letchworth's economy. This will form the basis

for developing its future economic strategy for the town and its wider Hertfordshire Industrial Strategy.

- Commissioned research through Broadway Gallery to gauge the size of the creative sector in the town and wider area, with the aim

of growing creative workspaces in the town, as well as exploring how to support the growth of the sector through improved networking, marketing and business support.

#### In the year ahead, we will:

- Work with the BID team to finalise the priorities and their business plan for 2019. We expect the current successful programme of festivals and events to continue in the future with opportunities to pilot new approaches.
- Finalise the new economic strategy with Hertfordshire LEP and create an action plan to sit alongside our housing strategy and the wider changes of the Local Plan.
- Support the growing network of makers and galleries in the town by nurturing local talent. Develop benefits for the town centre, retail and wider economy, as well as for the individual makers and artists themselves.



### 3 A great place to work and do business

## Commercial property

### Goals:

Promote other experience-based uses and services to maintain the vibrancy of the Town Centre. Provide good quality premises for businesses to allow them to grow and to attract new businesses and investment in Letchworth.

### Progress during 2018:

- Worked with Garden Square Shopping Centre to shape a development plan for new housing in the town centre, with work starting on 46 new apartments and two large retail units.
- Completed 26 new lettings and 24 lease renewals across the commercial portfolio. Welcomed new independent retail and commercial businesses to the town, including:
  - Barton Jones Packaging
  - Konzept Productions
  - Holiday Directions
  - Vutie Beets (vegan café)
  - Bamboo Turtle (zero waste retailer)
  - Isabelle Estates
  - SEAT Dealership
- Facilitated the growth of existing smaller businesses by helping them relocate to larger premises.

### In the year ahead, we will:

- Continue with our investment in our portfolio to ensure our estate is fit for purpose.
- Work with our commercial property experts to actively market Letchworth as a great place to do business for small, medium and large companies.



## Building business awareness

### Goals:

Drive forward opportunities to improve customers' experience of the town centre as well as the vibrancy of the retail economy. Take a partnership approach to enable us to respond to the changing uses of town centres.

### Progress during 2018:

- Established a new Town Centre Strategy Group with our key partners from Garden Square, NHDC and Letchworth BID.
- Continued with our popular business blog series, highlighting new and established tenants and showing Letchworth as a great place to work and do business.

### In the year ahead, we will:

- Identify and drive forward opportunities to improve customers' experience of the town centre as well as the vibrancy of the retail economy.
- Monitor national trends relating to the uses of town centres and high streets and see how these changes will impact on Letchworth.





# 2018 Financial Review

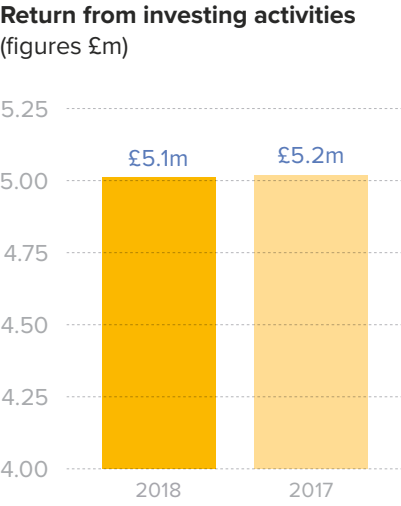
## OVERVIEW

**Our income, along with any surplus that may be retained, is invested back into the community.**

The financial performance and standing of the Group remained strong during 2018 and we remain committed to make the most of our resources and carefully plan, monitor and evaluate all forms of resource allocation.

Total income reached £12,158k, decreasing slightly, £42k, (0.3%) from 2017. Income from investments rose to £9,622k, representing a year-on-year increase of £47k (0.5%), while charitable income amounted

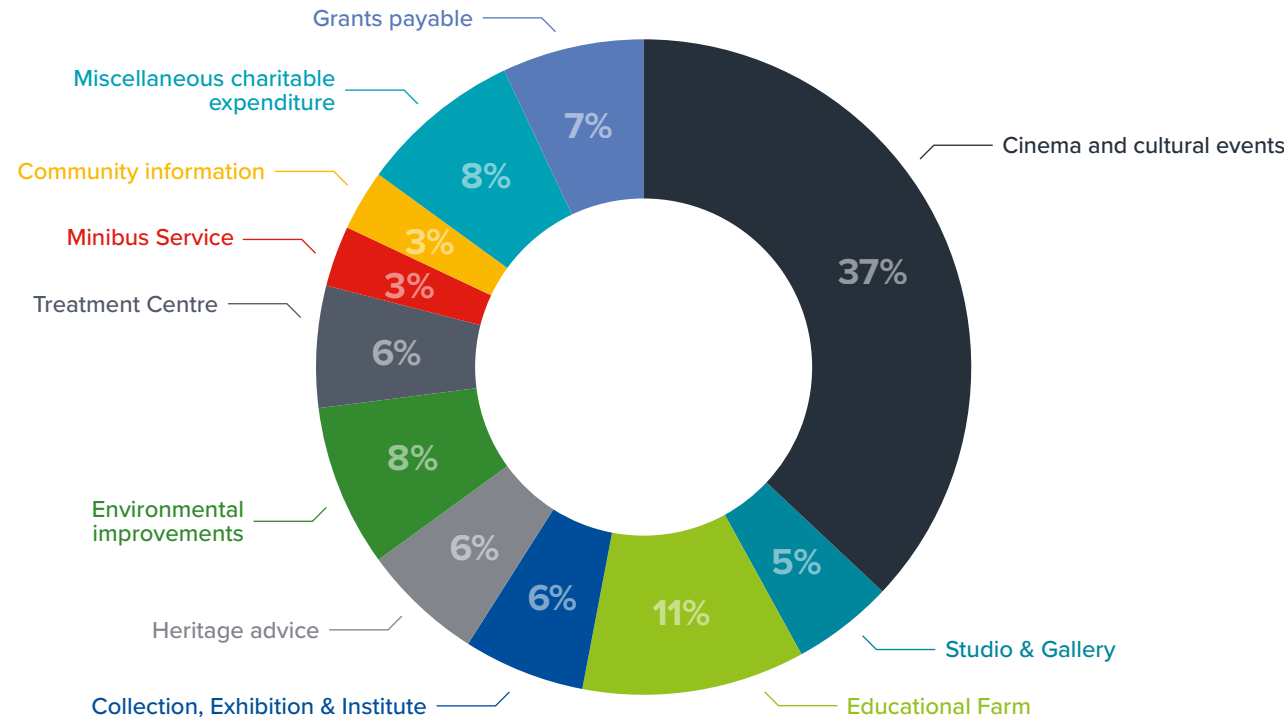
to £2,536k, £89k (3.4%) lower than in 2017. Our business model is such that returns from investing activities (primarily, but not limited to the excess of income left over after we have managed and maintained the property portfolio) are available to invest in charitable community services. In 2018, £4,480k was spent maintaining investments, resulting in a net return of £5,142k (2017 net return: £5,185k). The net return for 2018 exceeded budgeted expectations.



The £5,142k net return from investment activities, together with charitable income of £2,536k allowed the Group to spend £7,718k (2017: £7,812k) on furthering our broad and diverse charitable objectives.



**Breakdown of charitable expenditure in 2018** (excluding charitable support costs)



The financial return from investing activities (£5,142k in 2018) once again emphasises the vital role the property portfolio performs in terms of directly funding our charitable activities.

**Total Income £12,158k (2017: £12,200k) – a decrease of £42k**

- Investment income totalled £9,622k for the year (2017: £9,575k) with £9,317k (2017: £9,289k) arising from investment properties and £305k (2017: £286k) from dividends and interest receivable.
- Income from charitable activities:
  - Income of £1,805k was generated from the Cinema and Theatre (2017: £1,783k).
  - Educational Farm income amounted to £524k (2017: £547k).
  - Other charitable income reduced to £207k (2017: £295k). Results for 2017 contained an element of non-recurring charges.

**Total Expenditure £12,198k (2017: £12,202k) – a decrease of £4k.**

- Expenditure incurred on managing investments totalled £4,480k

(2017: £4,390k), representing a year-on-year increase of £90k (2%).

- Expenditure on charitable activities decreased by £94k to £7,718k (2017 £7,812k). The year-on-year decrease is led by lower running costs associated with our cinema/theatre venue following a review.

**Net Expenditure before gains on investments was £40k compared to Net Expenditure of £2k for 2017.**

**Net Gains on Investments totalled £7,690k compared with £14,826k for 2017.**

- The increase for 2018 is driven by increases to the assets within the investment property portfolio which, collectively report an increase of £7,877k (5.0%) on the prior year.
- Other investments (in the form of LCB's listed investments with the Multi-Asset Charitable fund) were revalued at £6,676k as at 31 December 2018 (2017: £7,292k). This represents a year-on-year decrease of £616k, or 8.4%. The fund is held for the long-term.
- Surpluses on property disposals across the Group amounted to £428k (2017: £173k).

### Other Recognised Gains and Losses

- The actuarial gain on the pension scheme of £1,361k 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 £2,639k.

### Property Portfolio

The value of the Group's investment property portfolio increased from £156,843k to £163,583k across the year.

### 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 profit for the year prior to any qualifying charitable donation of £8k (2017: £5k). 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 £120k (2017: £85k).



OVERVIEW

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 2018 the balance on the fund was £159,529k compared to £151,605k as at 31 December 2017. At 31 December 2018 the balance on the fund included £86,950k (2017: £80,455k) of unrealised gains arising on the revaluation of investment properties. Trustees believe that it is appropriate to hold these funds as an endowment to maintain its long terms 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 target figure for the balance in view of the other sources of support that are available. At 31 December 2018 the balance was £18,427k representing a decrease of £101k from the 31 December 2017 value of £18,528k.

This balance includes £10,210k (2017: £10,552k) 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 to meet the objectives of the organisation. At least annually, 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, 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 2018 a transfer was not required (2017: nil). At 31 December 2018 the balance on the fund was £4,141k (2017: £2,941k). At 31 December 2018 the balance on the fund included £280k (2017: £280k) of unrealised gains arising on the revaluation of the investment property.

Defined Benefit Pension Scheme

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

Foundation. The most recent valuation at the year-end was carried out as at 31 March 2016 using the projected unit method. The scheme’s assets were taken into account at their fair value at the valuation date. This valuation revealed a shortfall of assets compared to the past service liabilities. This shortfall under FRS 102 at 31 December 2018 was £2,639k, down from the £3,577k at 31 December 2017.

Investment Policy

The Foundation’s balanced, closely managed and diverse property portfolio is the primary source of income that facilitates the charitable spend each year benefiting existing residents and tenants. It also provides funding to support 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 to maximise value. 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 and are appointed based on their expertise to the needs of the Group, for example, finance, property management/development, IT, housing and town planning.

The Board of Trustees

The Board of Trustees is a charity as defined by section 177 of the Charities Act 2011. The Board of Trustees set the vision and agree the strategy for the Foundation and hold the Executive to account for performance. 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. Trustees take decisions on reports and recommendations drafted by the Executive and direct the administration of the Foundation through the Executive. Trustees are not paid.

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 of interest, ensuring all related party contacts are identified and disclosed. This allows suitable adjustments to processes, or decision making, to be put in place where necessary. 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 managing risk, safeguarding the assets of the Foundation and taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### 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 auditors, each member of the Board of Trustees has taken all the steps that he or she is obliged to take 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 received one property related complaint during 2018 which was outside his remit. The current Letchworth Commissioner is Paul Davies and his address is listed on page 67.

#### 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.

In 2018, the Committee reviewed the grants programme to ensure it met the objectives within our new Corporate Strategy as well as the needs of those in our community who most need support. See page 14 for more information.

#### Public Benefit

The Board of Trustees refers to the guidance of Public Benefit produced by the Charity Commission as updated in 2014, 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.

#### Statement of policy on fundraising

Section 162a of the Charities Act 2011 requires us to make a statement regarding fundraising activities. We do not undertake any fundraising activities, although we can accept offers from partners to contribute to work that we undertake. We do not use professional fundraisers or 'commercial participators' or indeed any third parties to solicit donations. This means we are not subject to any regulatory scheme or relevant codes of practice, nor have we received any complaints in relation to fundraising activities. We do not

consider it necessary to design specific procedures to monitor such activities.

#### Setting pay

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

#### Risks and Uncertainties

Risk management is part of the corporate planning and decision-making processes of the organisation and during 2018 a revised risk management policy was approved by the Board.

The policy defines that the Board holds responsibility for establishing an effective risk management framework across the Group. The Risk and Internal Audit Committee works on behalf of the Board to monitor and review the effectiveness of the Foundation's risk management framework. The nature of our operating activities requires the organisation to have a strong focus on risk management across a range of areas, including: safeguarding, landlord and employer health and safety, data protection, IT systems and commercial risks affecting demand across our property portfolio.

During 2018, the organisation appointed RSM to provide internal audit services and committed to a significant programme of c.70 audit days per annum. The Risk and Internal Audit Committee meet quarterly to review the Corporate Risk Register and to track progress and the delivery of actions against the internal audit programme. Relevant actions are taken and matters elevated to the Board as required.

The Board took the decision during the year to close the defined contribution pension scheme (LGPS) to new entrants to manage financial risk.

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

#### Safeguarding

The management of ongoing risk with respect to safeguarding is of paramount importance to the organisation. During the year a revised policy was agreed and our internal auditors undertook an independent review of our processes and controls. While a great deal of work has gone into increasing awareness and embedding controls across teams, we recognise that this risk will remain and we will not become complacent.

#### IT and Data

In 2018, the organisation took the decision to outsource its IT services. This is part of a strategy to strengthen the resilience of our IT platforms and to acquire the expertise to implement a number of new projects to improve how we use IT both within and outside the organisation. We recognise that historically this has been an area of underinvestment and accordingly an increased budget has been approved for 2019. This year also saw the introduction of new responsibilities across the organisation under the new General Data Protection Regulations (GDPR).

#### Health & Safety

As a landlord and employer, our health and safety responsibilities are wide ranging. The importance of providing safe buildings, equipment and general working environments, together with effective systems for monitoring compliance mean that health and safety is a theme that runs through the day-to-day management of the organisation.

Rapleys LLP are our experienced provider of property management services, including upholding compliance with health and safety law. The Board and Risk and Internal Audit Committee receive regular updates on health and safety compliance.

#### Property income and political and economic environment

Our property team ensures that we monitor and capture the best value for our property portfolio.

The current political and economic uncertainty has translated into more cautious demand for lettings within our property portfolio. We have seen a trend emerge for more flexible and shorter leases to counter the uncertainties faced by businesses. As part of our own strategy, the Board has committed to hold available cash of at least £2m to aid liquidity and manage risk. To date, there has been no significant financial, liquidity or other concerns that have materialised. We will continue to monitor the situation and implications for us and take appropriate action if and when necessary.

#### Reference and Administrative Details

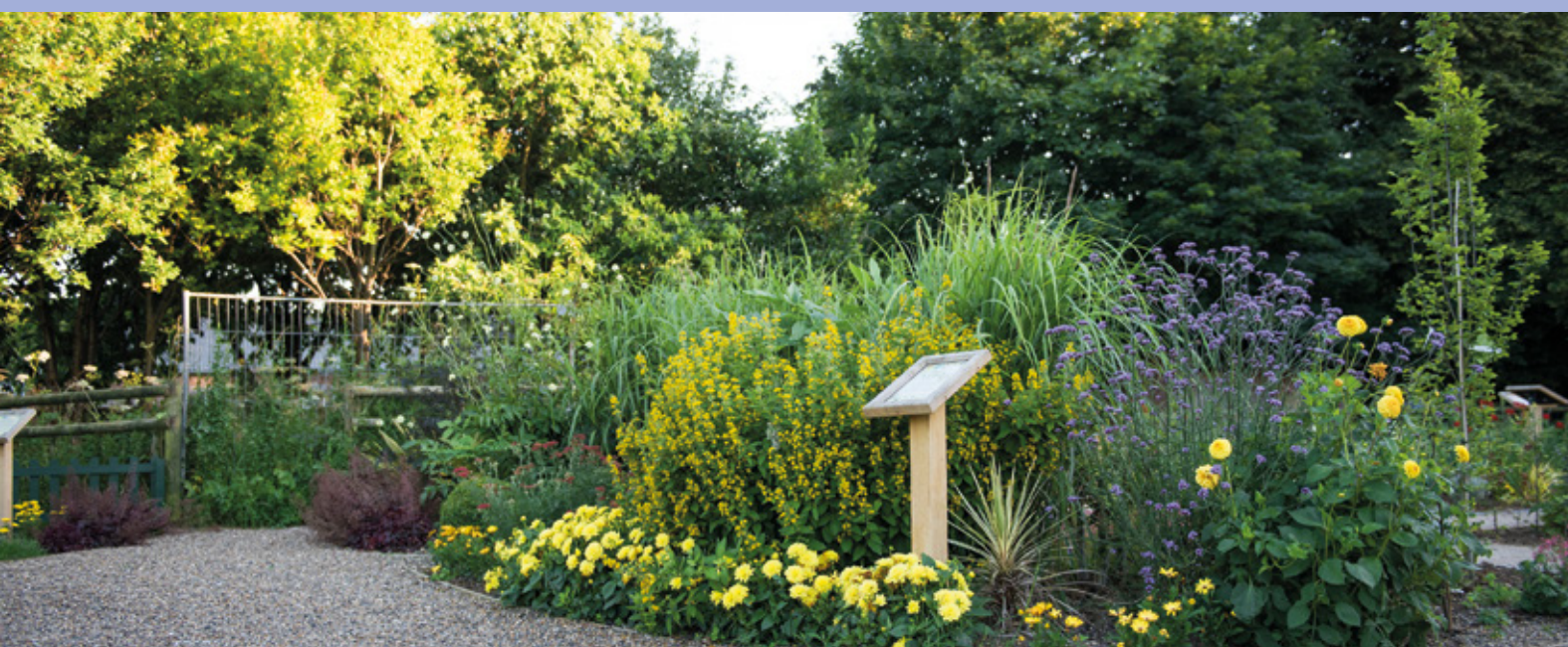
The Letchworth Garden City Heritage Foundation Act 1995, which transferred the assets, role and responsibilities of the former Letchworth Garden City Corporation, a public sector body, defines the purpose of the Heritage Foundation.

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 67.

#### Pam Burn Chairman

Approval of the Trustees' Report, incorporating the Strategic Report, by order of the Board of Trustees  
14 May 2019





# 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 2018 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 2018 and of the Group's incoming resources and application of resources and the Foundation's incoming resources and application of resources for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014 and the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969.

### Basis for opinion

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

### Conclusions 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 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 other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### Matters on which we are required to report by exception

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

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

### Responsibilities of the Board

As explained more fully in the Board members' responsibilities statement set out on page 29, 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 is responsible for assessing the Group's and the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Group or the Foundation or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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

### Fiona Condron

(Senior Statutory Auditor)  
For and on behalf of BDO LLP  
statutory auditor  
Gatwick

14 May 2019

*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 2018

	Notes	Unrestricted funds £'000	Endowment funds £'000	Restricted funds £'000	2018 £'000	2017 £'000
<b>Income from:</b>						
Investments		9,166	–	456	9,622	9,575
Charitable activities		2,536	–	–	2,536	2,625
<b>Total income</b>	3	11,702	–	456	12,158	12,200
<b>Expenditure on:</b>						
Investment property management		4,320	–	160	4,480	4,390
Charitable activities		7,543	–	175	7,718	7,812
<b>Total expenditure</b>	4	11,863	–	335	12,198	12,202
<b>Net income/(expenditure) before gain on investments</b>		<b>(161)</b>	<b>–</b>	<b>121</b>	<b>(40)</b>	<b>(2)</b>
<b>Net gain on investments</b>		–	7,912	(222)	7,690	14,862
<b>Net income/(expenditure) before taxation</b>		(161)	7,912	(101)	7,650	14,860
<b>Corporation tax</b>	7	–	12	–	12	–
<b>Transfers between funds</b>		–	–	–	–	–
<b>Other recognised gains and losses</b>						
Actuarial (loss)/gain on pension scheme	16	1,361	–	–	1,361	2,733
<b>Net movement in funds</b>		1,200	7,924	(101)	9,023	17,593
<b>Fund balances brought forward at 1 January</b>	17	2,941	151,605	18,528	173,074	155,481
<b>Fund balances carried forward at 31 December</b>	17	4,141	159,529	18,427	182,097	173,074

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

## Balance Sheet

as at 31 December 2018

	Notes	Group		Foundation	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
<b>Fixed Assets</b>					
Tangible assets:					
Investment properties	9	163,583	156,843	152,899	146,431
Operational assets	10	7,124	5,358	7,124	5,358
		170,707	162,201	160,023	151,789
Other investments	11	6,676	7,292	815	815
		177,383	169,493	160,838	152,604
<b>Current Assets</b>					
Stocks	12	31	31	31	31
Debtors	13	3,811	3,551	3,788	3,548
Loans due within one year	14	9	19	9	19
Loans due after one year	14	234	257	234	257
Cash at bank and in hand		8,901	8,990	7,010	7,312
		12,986	12,848	11,072	11,167
<b>Creditors</b>					
Amounts falling due within one year	15	(5,633)	(5,690)	(5,621)	(5,663)
<b>Net Current Assets</b>		7,353	7,158	5,451	5,504
<b>Total Assets Less Current Liabilities</b>		184,736	176,651	166,289	158,108
<b>Provisions for Liabilities and Charges</b>					
Pension scheme deficit	16	(2,639)	(3,577)	(2,639)	(3,577)
<b>Net Assets</b>		182,097	173,074	163,650	154,531
<b>Capital Funds</b>					
Unrestricted fund	17	4,141	2,941	4,121	2,926
Endowment fund	17	159,529	151,605	159,529	151,605
Restricted fund	17	18,427	18,528	–	–
	17	182,097	173,074	163,650	154,531

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

The financial statements were approved and authorised for issue by the Board on 14 May 2019 and were signed on its behalf by:

**P Burn**  
Chairman

**T Saunders**  
Vice Chairman

**J Kaur**  
Company Secretary

14 May 2019



Consolidated Cash Flow Statement

for the year ended 31 December 2018

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	2018 £'000	2017 £'000
(a)	(4,796)	(4,035)
	4,837	4,899
	283	278
	19	8
	2	36
	(1,999)	(407)
	1,565	3,399
	–	(161)
	4,707	8,052
	(89)	4,017
(b)	8,990	4,974
(b)	8,901	8,991

Notes to the Cash Flow Statement

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

Net income after taxation

Gains on investments

Net income received on investment properties

Interest receivable and dividends income

Depreciation

(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

	2018 £'000	2017 £'000
	7,662	14,860
	(7,689)	(14,863)
	(4,837)	(4,899)
	(305)	(286)
	449	547
	(2)	(4)
	–	138
	–	(3)
	(258)	(372)
	33	13
	(272)	507
	423	327
	(4,796)	(4,035)
	8,901	8,990
	8,901	8,990

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

NOTES TO THE ACCOUNTS

for the year ended 31 December 2018

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 2018. 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 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 2018

1 Accounting Policies *(continued)*

(c) Accounting estimates and judgements

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

Investment properties valuations	Annual valuations of the investment properties require a knowledge of the property portfolio, leases in place and market conditions. The valuations are carried out by independent valuers as set out in note 9.
Pension scheme liability	Estimates of the net pension liability depend on a number of complex judgements relating to the discount rate used, changes in retirement ages and mortality rates. As a closed member of the Hertfordshire County Council scheme, these assumptions are made by the Group in conjunction with the scheme's actuaries who provide expert advice on the assumptions and the effect on the pension liability of changes in assumptions. The details are set out in note 16.
Support cost allocation	The cost allocation methodology requires a judgement as to what are the most appropriate bases to use to apportion support costs and these are reviewed annually for reasonableness. The bases used are outlined in note 6.
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 2018

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.



NOTES TO THE ACCOUNTS

for the year ended 31 December 2018

1 Accounting Policies (continued)

(f) Investment properties

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

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.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2018

1 Accounting Policies (continued)

(i) Stocks

Retail stocks are included at the lower of cost and net realisable value with due allowance made for all obsolete and slow moving items.

(j) Financial instruments

The group only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

(k) Leases

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

(l) Defined benefit pension scheme

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

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

(m) Taxation

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

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



NOTES TO THE ACCOUNTS  
for the year ended 31 December 2018

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	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Turnover	121	127	169	146
Profit before qualifying charitable donation and tax	6	5	120	85
Qualifying charitable donation	–	(5)	–	–
Net income	6	–	120	85
Gross assets	862	915	18,481	18,554
Gross liabilities	(25)	(86)	(56)	(26)
Net assets	837	829	18,425	18,528

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 net losses on investments arising in the year of £223k (2017: £884k surplus).

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 £7,744k (2017: surplus £14,449k). The total income for the Foundation for the year was £11,598k (2017: £11,668k).

NOTES TO THE ACCOUNTS  
for the year ended 31 December 2018

3 Analysis of Income

Investment income:

Income from investment properties  
Dividends  
Bank interest

Unrestricted £'000	Restricted £'000	2018 Total £'000	2017 Total £'000
9,148	169	9,317	9,289
–	286	286	278
18	1	19	8
9,166	456	9,622	9,575

Income from charitable activities:

Cinema income  
Educational farm income  
Other charitable income

Unrestricted £'000	Restricted £'000	2018 Total £'000	2017 Total £'000
1,805	–	1,805	1,783
524	–	524	547
207	–	207	295
2,536	–	2,536	2,625

Government grants income of £71k were receivable for the year (2017: £85k) from the Department for Environment Food & Rural Affairs in respect of support for agricultural environmental works and is included within other charitable income in the unrestricted fund.



NOTES TO THE ACCOUNTS  
for the year ended 31 December 2018

4 Analysis of Expenditure

	Direct Costs £'000	Support Costs £'000	2018 £'000	2017 £'000
<b>Expenditure on investment property management:</b>				
Property and related costs	3,272	1,208	4,480	4,252
Impairment losses	–	–	–	138
	3,272	1,208	4,480	4,390

Following a review of investment properties, no impairment charge was considered necessary in 2018 (2017: £138k).

	2018 £'000	2017 £'000
<b>Expenditure on charitable activities:</b>		
Provision of cinema and cultural events	2,056	2,191
Provision of cinema refurbishment	–	8
Provision of studio & gallery	259	257
Provision of educational farm	630	606
Provision of heritage collection, exhibitions and Institute	329	348
Provision of heritage advice	320	370
Provision of environmental improvements and town support	440	429
Provision of treatment centre	309	332
Provision of minibus service	198	194
Provision of community information	150	144
Miscellaneous charitable expenditure	432	447
Grants payable	410	469
Support costs	2,185	2,017
	7,718	7,812

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

<b>Analysis of governance costs:</b>		
Legal and company secretarial	19	30
Internal audit	14	–
Publication of Foundation's annual report and accounts	3	3
External audit for the Group	51	52
Other governance costs	36	38
	123	123

NOTES TO THE ACCOUNTS  
for the year ended 31 December 2018

4 Analysis of Expenditure *(continued)*

	2018 £'000	2017 £'000
<b>Net Income for the year is stated after charging:</b>		
Group auditors' remuneration and expenses:		
audit of the Foundation's financial statements	42	43
audit of the subsidiary financial statements	9	9
tax compliance	2	2
	53	54
Depreciation of tangible fixed assets – owned assets	449	547
Operating lease rentals – land and buildings	93	127
During the year the following exceptional expenditure was incurred:		
Costs of refurbishing Broadway Cinema	–	8

The project to refurbish the Broadway Cinema concluded during 2017.



NOTES TO THE ACCOUNTS  
for the year ended 31 December 2018

5 Grants Payable

	2018 £	2017 £
The commitments made in the period comprise:		
Institutional grants:		
Grants of £1000 or more: 35 (2017: 35)	374,080	437,034
Smaller grants	21,663	17,277
<b>Total institutional grants</b>	<b>395,743</b>	<b>454,311</b>
Individual grants:		
Community grants – grants of £1,000 or more to 5* individuals (2017: 5 individuals)	9,000	5,000
Smaller community grants to individuals	6,623	9,363
<b>Total individual grants</b>	<b>15,623</b>	<b>14,363</b>
*4 (2017: 4) paid under object (i) and 1 (2017: 1) paid under object (iii)		
Total commitments made in the year	411,366	468,674
Grants cancelled or recovered	(1,277)	(70)
<b>Total grants payable</b>	<b>410,089</b>	<b>468,604</b>
<b>Reconciliation of grants payable:</b>		
Commitments at 1 January	69,093	28,155
Total grants payable	410,089	468,604
Grants payable	479,182	496,759
Grants paid during the year	(432,642)	(427,666)
<b>Commitments at 31 December</b>	<b>46,540</b>	<b>69,093</b>

Commitments at 31 December 2018 and 31 December 2017 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 2018

5 Grants Payable (continued)

Institutional grants: Grants awarded of £1,000 or more:		2018		2017	
		Number	Total Value of Grants (£)	Number	Total Value of Grants (£)
<b>Object</b>					
(a) Providing, facilitating and encouraging housing and any associated amenities		13	172,500	12	236,600
(i) Preservation of buildings and other environmental features		–	–	1	5,000
(ii) Assisting in the provision of facilities for recreation		4	21,000	8	44,700
(iii) Advancement of education and learning		5	101,257	8	92,179
(iv) Relief of poverty and sickness		10	79,323	6	58,555
		32	374,080	35	437,034
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.					
<b>(a) Providing, facilitating and encouraging housing and any associated amenities</b>					
Herts Young Homeless		3	33,750	2	44,500
Home-Start North Hertfordshire		3	13,250	2	17,000
North Herts Citizens Advice		2	36,000	2	48,000
Howard Cottage Home Support Worker		2	19,500	2	26,000
Howard Cottage Housing Association		1	5,000	1	5,000
North Herts Homes Ltd.		1	5,000	1	5,000
Letchworth District Schools Partnership		1	60,000	2	60,000
Letchworth and Baldock Children's Centre		–	–	1	1,000
Family First Research Project		–	–	2	30,100
		13	172,500	15	236,600
<b>(i) Preservation of buildings and other environmental features</b>					
Liberal Catholic Church		–	–	1	5,000
		–	–	1	5,000



## NOTES TO THE ACCOUNTS

for the year ended 31 December 2018

### 5 Grants Payable (continued)

	2018		2017	
	Number	Total Value of Grants (£)	Number	Total Value of Grants (£)
<b>(ii) Assisting in the provision of facilities for recreation</b>				
Whitethorn Lane Bowls Club	1	7,500	–	–
Letchworth Arts and Leisure Group	1	10,000	–	–
Letchworth Garden City Eagles Football Club	1	1,500	1	5,000
Letchworth Festival	1	2,000	1	1,000
Jackmans Community Association	–	–	1	15,000
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 Baptist Church	–	–	1	1,100
	4	21,000	8	44,700
<b>(iii) Advancement of education and learning</b>				
HertsCam Network	1	7,500	–	–
Groundwork East	1	10,290	–	–
Pixmore Junior School	1	3,500	–	–
Learn IT	1	64,967	1	61,140
Letchworth Civic Trust	1	15,000	1	15,000
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 – Letchworth Garden City	–	–	1	3,600
	5	101,257	8	92,179

## NOTES TO THE ACCOUNTS

for the year ended 31 December 2018

### 5 Grants Payable (continued)

	2018		2017	
	Number	Total Value of Grants (£)	Number	Total Value of Grants (£)
<b>(iv) Relief of poverty and sickness</b>				
Headway	1	8,000	–	–
Street Dance Productions	1	4,480	–	–
Hillshott Infant School	1	2,177	–	–
Best Before Café	1	1,124	–	–
Angels Support Group	1	7,542	–	–
Stevenage Against Domestic Abuse	1	20,000	–	–
Stevenage & NH Child Contact Centres	1	10,500	–	–
Small Acts of Kindness	1	3,500	–	–
Growing People	1	12,000	1	3,250
Garden House Hospice Care	1	10,000	1	7,970
Stand By Me	–	–	1	2,000
Howard Garden Bowls Club	–	–	1	7,190
Tilehouse Counselling	–	–	1	7,876
Herts Mind Payment	–	–	1	30,269
	10	79,323	6	58,555
<b>(v) Supporting Garden City charitable organisations</b>	–	–	–	–
<b>(vi) Supporting other charitable purposes</b>	–	–	–	–

NOTES TO THE ACCOUNTS

for the year ended 31 December 2018

6 Support Costs

	Investment Management £'000	Charitable Activities £'000	2018 Total £'000	2017 Total £'000
Communications & Marketing	42	305	347	413
Finance	238	391	629	631
Strategic Planning	169	278	447	280
Executive	148	244	392	364
Human Resources	52	310	362	212
Information Technology	262	431	693	698
Support Centre	255	147	402	355
Governance	43	80	123	123
Total for year ended 31 December 2018	1,209	2,186	3,395	3,076
Total for year ended 31 December 2017	1,058	2,020	3,078	

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 £12k credit is reported in 2018 in respect of the difference between estimated and actual corporation tax liability. The actual Corporation Tax liability arose following an overage receipt of £1,600k in 2017.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2018

8 Staff Costs

	2018 £'000	2017 £'000
Staff costs for the Group during the year amounted to:		
Wages and salaries	2,855	2,823
Social security costs	277	259
Other pension costs	708	588
Agency staff costs	464	315
Redundancy costs	–	–
	4,304	3,985

Employee settlement agreements, including employer’s national insurance and pension contributions, totaling £138k were incurred in 2018 (2017: Nil)

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

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

	2018 Number	2017 Number
Charitable activities	63	73
Property management and maintenance	10	9
Administration and support	19	21
	92	103

The average head count (number of staff employed) during 2018 was 133 (2017: 147).

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	3
£70,001 – £80,000	1	1
£90,001 – £100,000	1	–
£100,001 – £110,000	1	1
£110,001 – £120,000	–	1
£120,001 – £130,000	1	–
£150,001 +	1	–
	8	6



NOTES TO THE ACCOUNTS  
for the year ended 31 December 2018

8 Staff Costs (continued)

In 2018, employer contributions of £171k (2017: £135k) were made to the defined benefit pension scheme in respect of the above employees.

Key management personnel

Total employee benefits (including employer national insurance and pension contributions) received by the Leadership Team employees for their services during the year totalled £753k (2017: £733k). The Leadership Team during the year comprised the Chief Executive Officer, Executive Director of Finance, Executive Director of Property, Executive Director of Stewardship and Development and Head of Governance/Company Secretary.

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 (2017: £nil). One other Trustee was reimbursed for out of pocket expenses of £32 (2017: £65).

9 Tangible Assets – Investment Properties

	Freehold property £'000	Long Leasehold property £'000	Assets under construction £'000	Total £'000
<b>Group</b>				
At 31 December 2017 – at valuation	154,933	1,910	–	156,843
Additions	–	–	–	–
Disposals	(952)	(185)	–	(1,137)
Transfers	–	–	–	–
Revaluation	7,277	600	–	7,877
Impairment	–	–	–	–
Net book value:				
At 31 December 2018	161,258	2,325	–	163,583
At 31 December 2017	154,933	1,910	–	156,843
<b>Foundation</b>				
At 31 December 2017 – at valuation	144,521	1,910	–	146,431
Additions	–	–	–	–
Disposals	(852)	(185)	–	(1,037)
Transfers	–	–	–	–
Revaluation	6,905	600	–	7,505
Impairment	–	–	–	–
Net book value:				
At 31 December 2018	150,574	2,325	–	152,899
At 31 December 2017	144,521	1,910	–	146,431

NOTES TO THE ACCOUNTS  
for the year ended 31 December 2018

9 Tangible Assets – Investment Properties (continued)

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 2018 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 Bidwells employees, all of whom are Members of the RICS and RICS Registered Valuers.

The valuation of investment property is on the basis of Fair Value as defined in FRS 102 assuming that the property would be sold subject to any existing leases. Surplus property and property held for development is valued to Fair Value assuming the property would be sold with vacant possession in its existing condition. The opinion of 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 2017 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.

The valuation of these properties amounted to: Group £163,583k and Foundation £152,899k (31 December 2017: Group £156,843k and Foundation £146,431k).

The revaluation surplus for the Group of £7,877k and Foundation of £7,505k (2017: Group £14,417k and Foundation £13,807k) includes downward revaluations of £1,146k for the Group and £1,144k for the Foundation (2017: £160k Group and Foundation).

The Foundation recognises that there are mixed motive properties to the value of £39,763k (31 December 2017: £39,008k) 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 £5,960k (31 December 2017: £3,870k).

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 2018 was Group £66,389k and Foundation £65,549k (31 December 2017: Group £66,416k and Foundation £65,575k).

NOTES TO THE ACCOUNTS  
for the year ended 31 December 2018

10 Tangible Assets – Operational Assets

	Freehold property £'000	Plant and equipment £'000	Assets under construction £'000	Total £'000
<b>Group and Foundation</b>				
Cost:				
At 31 December 2017	5,560	4,777	7	10,344
Additions	–	61	2,153	2,214
Transfers to completed assets	–	–	–	–
Disposals	–	–	–	–
At 31 December 2018	5,560	4,838	2,160	12,558
Depreciation:				
At 31 December 2017	679	4,307	–	4,985
Charge for the year	264	185	–	449
Disposals	–	–	–	–
At 31 December 2018	943	4,491	–	5,434
Net book value:				
At 31 December 2018	4,617	347	2,160	7,124
At 31 December 2017	4,881	470	7	5,358

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 to establish our new head office facility and include £1.45m to acquire the building.

The work is scheduled to complete in January 2019.

NOTES TO THE ACCOUNTS  
for the year ended 31 December 2018

11 Other Investments

	Listed Investments £'000
<b>Group</b>	
Market value at 1 January 2018	7,292
Surplus/(deficit) on revaluation	(616)
Market value at 31 December 2018	6,676
Historical cost at 31 December 2018	6,309
The investments comprise 12,897,651 units (31 December 2017 – 12,897,651 units) held by LCB in global equities in Cazenove Capital Management's Charity Multi-Asset Fund. Up to May 2015 dividends receivable were reinvested in further units in the fund. From June 2015 Cazenove have been instructed to pay dividends received on the units to the Association so that the income is available for the grant programme.	
<b>Foundation</b>	
Cost and net book value:	
At 31 December 2017 and 31 December 2018	815

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

	Holding	Proportion of shares held	Voting rights	Nature of business
Letchworth Cottages and Buildings Ltd	Ordinary shares	10%	100%	Charitable housing association
Garden City Technologies Ltd	A Ordinary shares	100%	100%	Telephony services
	B Ordinary shares	100%	None	

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



NOTES TO THE ACCOUNTS  
for the year ended 31 December 2018

12 Stocks

	Group		Foundation	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Retail stocks	31	31	31	31

13 Debtors

	Group		Foundation	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Deposits with Herts County Council	500	500	500	500
Trade debtors	1,231	1,079	1,216	1,065
Amounts owed by subsidiary undertakings	–	–	69	85
Taxes and social security	–	–	–	–
Other debtors	357	345	357	345
Prepayments and accrued income	1,723	1,627	1,646	1,553
	3,811	3,551	3,788	3,548

Amounts deposited with Herts County Council relate to the Street Scene development and are repayable between 2019 and 2031.

14 Loans

	Group		Foundation	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Due within one year:				
Loans to staff	5	10	5	10
Loans to individuals and local organisations	4	9	4	9
	9	19	9	19
Due after one year:				
Loans to staff	19	26	19	26
Loans to individuals and local organisations	3	6	3	6
Loans relating to leasehold enfranchisement	212	225	212	225
	234	257	234	257

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

NOTES TO THE ACCOUNTS  
for the year ended 31 December 2018

15 Creditors

	Group		Foundation	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Amounts falling due within one year:				
Trade creditors	788	594	788	594
Taxes and social security	176	700	176	700
Other creditors	1,058	991	1,058	991
Accruals and deferred income	3,564	3,336	3,552	3,309
Grants payable	47	69	47	69
	5,633	5,690	5,621	5,663

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	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Deferred income at the start of the year	1,525	1,321	1,525	1,321
Net transferred from/(to) the SOFA	13	204	13	204
Deferred income at the end of the year	1,538	1,525	1,538	1,525

16 Defined Benefit Pension

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

The full valuation of the scheme was undertaken as at 31 March 2016 and updated by a qualified independent actuary to 31 December 2018 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 2019 are £660k.

## NOTES TO THE ACCOUNTS

for the year ended 31 December 2018

### 16 Defined Benefit Pension *(continued)*

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

	2018 %	2017 %
Salary increase rate	2.5	2.5
Pension increase rate	2.4	2.4
Rate used to discount scheme liabilities	2.9	2.5

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	
	2018 Years	2017 Years	2018 Years	2017 Years
Males	22.5	22.5	24.1	24.1
Females	24.9	24.9	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:

	2018 £'000	2017 £'000
Equities	13,842	17,037
Bonds	10,520	7,541
Property	2,215	1,955
Cash	1,107	1,396
Total fair value of assets	27,684	27,929

The amounts recognised in the balance sheet as at 31 December 2018 and 31 December 2017:

	2018 £'000	2017 £'000
Fair value of scheme assets	27,684	27,929
Present value of scheme liabilities	(30,323)	(31,506)
Net deficit in the scheme	(2,639)	(3,577)

## NOTES TO THE ACCOUNTS

for the year ended 31 December 2018

### 16 Defined Benefit Pension *(continued)*

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

	Fair value of scheme assets £'000	Present value of scheme liabilities £'000	Scheme assets less scheme liabilities £'000
Scheme assets/(liabilities) at the start of the year	27,929	(31,506)	(3,577)
Current service cost	–	(1,027)	(1,027)
Interest income/(cost)	699	(792)	(93)
Actuarial gains/(losses)	(1,015)	2,376	1,361
Contributions paid by the Foundation	697	–	697
Contributions paid by employees	193	(193)	–
Benefits paid	(819)	819	–
Scheme assets/(liabilities) at the end of the year	27,684	(30,323)	(2,639)

The amounts recognised in net income for the year to 31 December 2018 and year to 31 December 2017:

	2018 £'000	2017 £'000
Current service cost	1,027	828
Losses on curtailments	–	–
Net interest cost	93	163
	1,120	991

The actual return on scheme assets for the year to 31 December 2018 and 31 December 2017:

	2018 £'000	2017 £'000
Interest income on scheme assets	699	679
Actuarial gains on scheme assets	(1,015)	2,083
Actual return on scheme assets	(316)	2,762

The amounts recognised as other recognised gains and losses in the SOFA for the year to 31 December 2018 and 31 December 2017:

	2018 £'000	2017 £'000
Actuarial gains on scheme assets	(1,015)	2,083
Changes in assumptions underlying present value of scheme liabilities	(2,376)	650
Actuarial gains/(losses) recognised in statement of recognised gains and losses	(3,391)	2,733



NOTES TO THE ACCOUNTS  
for the year ended 31 December 2018

16 Defined Benefit Pension (continued)

Cumulative amount of actuarial gains and losses recognised in the SOFA for the year to 31 December 2018 and 31 December 2017:

	2018 £'000	2017 £'000
Cumulative actuarial loss at start of the year/period	(1,852)	(4,585)
Recognised gain/(loss) during the year/period	(3,391)	2,733
Cumulative actuarial loss at end of the year/period	(5,243)	(1,852)

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

	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000
Fair value of scheme assets	27,684	27,929	25,147	21,840	20,070
Present value of scheme liabilities	(30,323)	(31,506)	(31,130)	(25,449)	(26,364)
Deficit in the scheme	(2,639)	(3,577)	(5,983)	(3,609)	(6,294)

17 Funds

	Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	Total £'000
<b>Group</b>				
At 1 January 2018	2,941	151,605	18,528	173,074
Retained surplus/(deficit) for the year	(161)	–	121	(40)
Surplus (deficit) on revaluation and disposal	–	7,924	(222)	7,702
Transfers between funds	–	–	–	–
Actuarial gain on pension scheme	1,361	–	–	1,361
Balance at 31 December 2018	4,141	159,529	18,427	182,097
<b>Foundation</b>				
At 1 January 2018	2,926	151,605	–	154,531
Retained surplus/(deficit) for the year	(166)	–	–	(166)
Surplus on revaluation	–	7,924	–	7,924
Transfers between funds	–	–	–	–
Actuarial gain on pension scheme	1,361	–	–	1,361
Balance at 31 December 2018	4,121	159,529	–	163,650

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 2018 there were 30 (31 December 2017: 30) shares in issue.

NOTES TO THE ACCOUNTS  
for the year ended 31 December 2018

18 Analysis Of Group Net Assets Between Funds

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

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

Unrealised gains at 31 December 2017	280	80,455	9,570	90,305
Surplus on revaluation	–	7,505	372	7,877
Realised on disposals	–	(1,010)	(100)	(1,110)
Unrealised gains at 31 December 2018	280	86,950	9,842	97,072

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

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

NOTES TO THE ACCOUNTS  
for the year ended 31 December 2018

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

As required by the Charities SORP (FRS102), the prior year (2017) comparatives of the Group Net Assets Between Funds are provided below.

	Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	Total £'000
Fund balances at 31 December 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 2018

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	
	2018 £'000	2017 £'000
Erection, purchase and redevelopment of premises	411	–
The total future minimum lease payments under non-cancellable operating leases for each of the following periods:		
Payments due:		
Not later than one year	91	126
Later than one year and not later than five years	364	506
Later than five years	32,351	34,067
	32,806	34,699
Total future rental income commitments under non-cancellable leases with tenants at the year end are:		
Receipts due:		
Not later than one year	7,114	6,998
Later than one year and not later than five years	19,594	16,820
Later than five years	341,004	277,087
	367,712	300,905



NOTES TO THE ACCOUNTS

for the year ended 31 December 2018

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.	2018 Total Value of Grants (£)	No.	2017 Total Value of Grants (£)
Letchworth Civic Trust	Trustee	Lynda Needham	1	15,000	1	15,000
Letchworth Festival Steering Group	Committee Member	William Armitage	1	2,000	1	1,000
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	1	500
Natural History Society	Chair of The Settlement #	Pam Burn	–	–	1	305
Street Dance Productions	Chair of Residents Association for Howard Cottages #	Mike Durrant ^	1	4,480	1	3,700
District Scouts (Letchworth & Baldock)	Member	Mike Durrant ^	–	–	1	2,000
MacFadyen Webb House	Chair of Residents Association for Howard Cottages #	Mike Durrant ^	1	400	1	500
ASU Active Scout Unit	Member	Mike Durrant ^	1	200	1	250
Kingfisher Court	Chair of Residents Association for Howard Cottages #	Mike Durrant ^	1	500	1	250
The Settlement Players	Chair of The Settlement	Pam Burn	1	375	–	–
Garden House Hospice Care	Employee of Hospice	Richard Harbon	1	10,000	–	–

^ Term as a Governor came to an end in October 2017

NOTES TO THE ACCOUNTS

for the year ended 31 December 2018

21 Consolidated Statement Of Financial Activities

for the 12 months ended 31 December 2017

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

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

Board of Trustees



**Colin Chatfield**  
Chairman



**Ian Cotterill**  
*(retired Vice Chairman  
7 April 2018)*



**William Armitage**  
MBE



**Pam Burn**  
*(appointed Vice Chairman  
8 April 2018)*



**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](http://letchworth.com/who-we-are/board-of-trustees)

Officers and registered office

Chief Executive

**Graham Fisher**

Leadership Team

**D Ames**

Executive Director – Stewardship and Development

**S Sapsford**

Executive Director – Communities, Culture and Heritage

**J Kaur**

Head of Governance

**M Coles**

Executive Director – Property

**M Peak**

Executive Director – Finance

Secretary

**J Kaur**

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