

THE TRUST GAZETTE

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Trust finances – a tale of decline and revival!

All in all, the Trust's financial position is sound and the prospects are that its strength will increase. The immediate future is expected to be one of consolidation together with the development of plans for the more effective pursuit of the Trust's goals.

Until recently the Trust's reserves were in decline causing some concern about the ability of the Trust to survive in the long run and anxieties about its strength in resisting attempts by developers to challenge its powers.

The Trust is the freeholder of about 600 houses and around 1000 flats on very long leases and of a number of private roads and open spaces. The Trust operates a Scheme of Management, approved by the High Court, by which it regulates the appearance of all former leasehold properties where owners have purchased the freehold. The Trust levies an annual management

charge on freeholders which finances the administration of the Scheme.

The Trust's own finances are distinct from those of the Scheme. The Trust may use its own assets and revenue according to its powers, but any unspent money levied under the Scheme of Management remains the property of the Management Charge payers and must be returned to them through a rebate.

Decline....

For many years the Trust failed to charge to the Scheme of Management the true costs of its administration. This meant that over an extended period the Trust spent about £1,000,000 in subsidising the charge.

Reserves fell so that the financial year 2004/5 was the last year in which it was possible to provide a subsidy. In 2006 the Trust raised a mortgage on its property in order to meet the

serious cash flow deficit that had arisen from its operation of the Scheme of Management.

The effect of this decline in reserves was to reduce the Trust's capacity ►►

The Hampstead Garden Suburb Trust Annual General Meeting

**8pm Wednesday 17 September
Free Church Hall, Northway**

The meeting is open to all residents, but to be eligible to vote you must be a member of the Trust. If you are unsure if you are already a member of the Trust please check with the Trust office. Contact details and information on how to join the Trust are on the back page of this Gazette.

Members and other residents are warmly invited to join the Trust Council members and staff for refreshments and conversation following the AGM.

ALL WELCOME. REFRESHMENTS



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Our well-attended 2007 AGM

Trust Finances (continued)

to maintain the physical infrastructure of the Suburb. Neither could its limited staff develop and apply adequate policies for improvement and enforcement.

The Trust's revenue is derived from the interest on its banked and/or invested assets, the rents from its remaining leaseholders (fixed in money terms but augmented by voluntary contributions), the sale of freeholds, and fees for the variation of covenants on properties.

It was long the practice to consider all these items as income and use them to finance the expenditures of the Trust, including the subsidy of the Management Charge; the consequent effect on reserves was not considered as a critical indicator of the financial health of the Trust until 2005.

....and revival

The Trust now considers only revenue from rents and its financial assets as current income. Revenue from the sale of freeholds or from fees for covenant variations is treated as transfers to its cash reserves.

In the current year this means that the Trust, on this notional "trading account", is expected to have a deficit of about £40,000.

However reserves have risen to over £500,000 between 2006/7 and 2007/8, as a result of the continued sale of freeholds and a more rigorous approach to the recovery of estate charges and owners' obligations under covenants. The Trust is expected to return to a surplus on its notional "trading account" within the next five years.

Once the Trust's current income exceeds its current expenditure it will be able to do more to restore the infrastructure and to encourage higher standards of maintenance and the repair of planning infringements. Further, it will enable the Trust to increase its educational work and to revive the charitable activities that are part of its purpose and to which, at the moment, it can only make a token contribution.

As things stand the Trust's reserves are adequate to meet any reasonably conceivable contingency and it is expected that it will eventually be possible to invest an increasing proportion of them for the long term.

The Management Charge – now and for the future

In recent years the Management Charge has seen considerable annual fluctuations. The difference each year

since 2005 between the Trust's annual estimates and the expenses actually incurred is shown in the table below.

Over the last four years the billed charge has varied from £50 to £110 and the charge actually paid in any one year from £50 to £149.50.

Increasingly accurate estimates and the setting and meeting of long-run expectations about the level of the charge will allow this performance to be improved.

The Trustees' estimate of the expenditures in operating the Scheme of Management for 2008/2009 gives rise to a Management Charge of £110. The calculations on which this year's charge is based have included two important items – a large provision for property litigation expenses and a lesser but still considerable provision for increased accommodation and a modest increase in staff.

Reluctant litigation

For a charity, the Trust's rights and obligation are unusually dependent on statutory law. The Leasehold Valuation Tribunal deals with estate charges and the High Court enforces obligations under the provisions of leases and the Scheme of Management.

Despite its reliance on legal judgements, the Trust litigates reluctantly. Actions

THE MANAGEMENT CHARGE 2004/5 TO 2008/9

	2004/5	2005/6	2006/7	2007/8	2008/9
Billed Charge	47.00*	50.00*	110.00	99.00	110.00
Actual Expenditure	n/a	89.50	77.00	82.00	tbc
Surcharge/(Rebate)**	n/a	n/a	39.50	(33.00)	(17.00)
Actually paid	47.00	50.00	149.50	66.00	93.00

* Since 2005/6 the Trust has withdrawn its subsidy from the Management Charge

** The rebate or surcharge is the difference between the billed charge and actual expenditure in the previous year.

are expensive and time-consuming, and outcomes are often uncertain. Nonetheless, the Trust's only protection is in the courts and experience shows that the more the Trust hesitates in seeking legal redress, the more people take advantage by illegal behaviour. Therefore the costs of litigation must be balanced against the consequences to the Suburb of avoiding it.

All the Trustees' decisions are based on careful legal advice. In any one critical case, should the Trust lose, its ability to protect the Suburb would be seriously impaired. Success means that costs can be at least partly recovered, discourages future attempts to challenge the Trust, and minimises future legal costs.

Space for staff to work

An important element in the increase in actual expenditure estimated for 2008/9 is an increase in the costs of staff and accommodation.

The work load on the staff has increased to a level which now cannot be indefinitely sustained. The Trust proposes, therefore, to take on one more full time member of staff. This, along with the need to improve the quality and security of the storage for Trust records and provide a meeting room for residents to view plans, means more office space is needed. Such space can be found in the Trust offices by using space currently let as a flat. The Management Charge for 2008/9 includes the half year costs for the additional space and running costs. This will constitute a larger part of the Management Charge in 2009/10 and, at 2008 prices, represents an increase in the cost of the operation of the Management Charge of £11 in a full year.



Trust staff in their present office

Trustees are convinced that these changes are the minimum necessary for the efficient and adequate provision of services by the Trust.

The Management Charge in future

Since 2006/7 the billed charge has been based on an estimate of prospective expenditure, which is necessarily uncertain. A number of factors contribute to the difficulty of forecasting costs.

The Trust is a small organisation with expenditure for the Scheme of Management in 2007/8 of just over £400,000. This is only the third year in which the Trust has drawn up a budget; the Trust's estimating abilities, while much improved, can be expected to improve further.

Bearing these uncertainties in mind, the Trust Council's overall assessment must take into account the fact that the Trust deals with matters affecting about 5,000 premises and much other property. Further, the pursuit of the Trust Council's duty to do all things possible to preserve the Suburb's

character must be cost-effective; but frugality must not prevent achievement of its goals. A failure to provide the resources required will mean the decline of the Trust and the loss of the Suburb's character. In the light of these considerations the Council believes the long-run charge to be between £80 to £140 at 2008 prices.

Progressive or regressive?

There is an application before the courts to relate the Management Charge to the value of the individual premises on which it is levied. The Trust has adopted a position of neutrality to avoid opposing any one section of Charge payers in a matter that has no direct financial consequence for the Trust.

At the same time the Trust is concerned to ensure that it does not inhibit debate about the issue. Is a flat rate (regressive) charge fairer than a banded (progressive) charge? It may be that the present application will be inconclusive. If so, the Trust may consider applying to the LVT for a ruling as to which of the two ways of charging is more equitable.

Enhancement Plans for Central Square

Ideas for the enhancement of Central Square continue to develop following the successful Heritage Lottery Fund bid. The grant has enabled a firm of landscape consultants to be appointed to prepare a Project Development Plan, including designs for re-landscaping.

The Development Plan has involved widespread consultation with residents and visitors to find out what people think is right and wrong with the Square and what could be done to improve it. It is intended to produce the research and documentation to make up a second application to the Lottery Fund for a grant to implement the improvements on the ground.

Residents of all ages visited the exhibition during Proms Week



Many residents will have visited the exhibitions held in Central Square during Proms week and at the Henrietta Barnett School Fete. The exhibition artwork can still be viewed on the Trust website www.hgstrust.org. The purpose of the exhibition was to present a number of alternative approaches for the re-landscaping of the Square, ranging from an authentic restoration of the Lutyens planting to a more radical reinterpretation of the space. Visitors were asked to state their preference and suggest other ideas that could be included.

Many of you will have filled in questionnaires at the exhibitions to let the landscape designers know what you think. Over 200 were returned.

The results of these questionnaires have been analysed and the comments accommodated in the latest design.

Most respondents felt the Square is not well used, is poorly maintained and that the planting is dull. The space has become undervalued and is no longer seen as the symbolic heart of the Suburb. Introducing new features such as a children's play area were popular with some, to bring life to the area. Many felt the space should occasionally be used for events and celebrations as well as quiet recreation.

What to do with the trees was a major issue that divided respondents. The original surviving lime trees had been clipped into box shapes until the late 1950's to give a formal feel and retain the scale of the planting. This pruning stopped and the limes have since grown very large, obscuring views of the buildings and making parts of the space rather dark.

Some respondents felt that it would be a shame to remove the existing trees, preferring them to be retained and augmented with new trees to the original layout. Others felt that they needed to be replaced to restore something like Lutyens' original intention. This is, after all, a man-made landscape and all such landscapes need management in order to retain their original appearance.

Whether the existing trees are retained or replaced will partly depend on the advice of a hydrologist and an arboriculturalist. The trees may need to be removed to allow the excavations necessary to improve the drainage. Presently the Square is unusable for much of the year because of water-logged ground. The poor drainage has caused many of the original trees to

die and has killed the replacements. Once this is resolved, it will be possible to use the Square in the Spring and Autumn, and even organise events and activities which could make it a much better used space.

In giving the project a grant, the Heritage Lottery Fund has recognised the importance of Central Square as a highly valuable historic environment. However, it does not expect a totally authentic restoration of the Lutyens landscape and planting. The plans will aim to enhance the space to make it more enjoyable for today's users, whilst recognising Lutyens' original intentions for the landscape design.

The Heritage Lottery Fund is keen that the re-design should include some interpretation to enable residents and visitors to understand the historical and architectural importance of the Suburb. The restored landscape would once again be an appropriate setting for the surrounding Grade I and II* Listed buildings.



Clipped trees and herbaceous planting in the 1930s

The plans will be taken forward to the next stage by the Steering Group, made up by the Hampstead Garden Suburb Trust, the Residents Association, the London Borough of Barnet, St Jude's Church and the Free Church, The Henrietta Barnett School and residents' representatives. Plans will be submitted to the Heritage Lottery Fund in September as part of the next application. Details have still

to be decided but in any scheme, lighting, paths and benches will be improved. A play area for young children has been suggested in the disused tennis court at the lower part of the site.

For the next application to be successful we will need to commit to raising matching funding and this will mean fundraising. Contributions may be necessary from residents, as well as the London Borough of Barnet, which owns Central Square, and the Trust. However, there is a very real possibility that we will not get a further grant from the HLF. Whatever the result of the bid, we will have a scheme that has the support of the Suburb and Barnet which can be carried out as funds can be found.

The final landscape design will be available from September on the Trust website, www.hgstrust.org.



Water standing in the flower beds and empty tree pits in Spring. The flooded pits show where trees have died due to poor drainage



Unkempt tarmac paths and overgrown, shapeless trees are not a proper setting for Lutyens' buildings. Poor lighting, signage and bins add visual clutter

What is the purpose of the Trust?

A brief explanation for new residents

The Suburb is a unique area which represents an ideal for living developed by social reformers as a reaction to the slums of nineteenth century cities. These ideals are manifest in similar developments like Port Sunlight, Bourneville, Letchworth and Welwyn Garden Cities but nowhere is their application as complete and so well conserved as in Hampstead Garden Suburb. The architects and planners of the Suburb were the best talents of the day; their pioneering work has mellowed and matured into one of the most desirable residential areas in London.

The object and principal activity of the Trust is to 'maintain and preserve the present character and amenities' – particularly the landscape and architecture – of the Suburb. The Trust was created in its current form principally to control alterations to properties once they became freehold under the Leasehold Reform Act 1967 and were released from the tight control of the original leases drawn up by the Suburb's founders. In 1974 the High Court approved the Scheme of Management for the freehold properties on the Suburb – which the Trust now operates. Since 1974 the great majority of the houses and many of the flats on the Suburb have become freehold and fall within the Scheme of Management; the numbers increase year by year. In 1988 the Trust acquired the freeholds of all the long leasehold properties on the Suburb (including most of the blocks of flats) from Ashdale Land and Property Company Ltd. Through these leases, the freehold ownership of 11 allotment sites, 27 un-adopted roads, some 50 other communal open spaces and the Scheme of Management

itself, the Trust can maintain a unified control over nearly all Suburb properties and the trees, hedges and many of the communal areas around them. (Control of the public highways and the larger open spaces rests with the London Borough of Barnet and Transport for London.)

The Trust is a company limited by guarantee and is also registered as a charity. The Trust's charitable purposes cover the advancement of the arts, culture and heritage, environmental protection and improvement. Hampstead Garden Suburb is internationally recognised as the finest and best realised example of English twentieth century domestic architecture, landscape and planning. The public benefit extends far beyond the 16,000 or so residents of the Suburb to the international community – lay and professional – with an interest in architecture, planning and social history. The lessons to be learnt from the ethos, history, landscape and architecture of the Suburb will benefit both present and future generations.



Tree of Heaven in Meadway

Beech hedges in Hampstead Way



Suburb Character – hedges

Most residents are aware of the importance of Suburb architecture; many also know that the street trees are an important part of the street scene, but how many residents look at the hedges?

Hedges are a very important ingredient in what makes the Suburb so special. The beautiful uninterrupted lines of green along almost every road are very unusual in an urban setting and create a sense of unity for the eye.

Early planting schemes were chosen by a committee of residents. Determined to make the Suburb different they chose to plant Privet in Asmunds Hill; Beech in Hampstead Way; Privet again in Asmunds Hill; and then from the corner of Asmunds Hill along past the Orchard into Temple Fortune Hill, Box. From the corner of Temple Fortune Hill for a short stretch opposite Queen's Court, Hampstead Way has very unusual Maple hedges.

As with the street trees a variety of species were planted. Edmunds Walk, The Leys and South Square were *Lonicera nitida*; parts of Corringham Road, Meadway and Willifield Way were Wild Plum; and Eastholm, and parts of Erskine Hill and Hampstead

Privet in Hampstead Way



Way were Golden Privet. Ingram Avenue and Wildwood Road were planted with Holly: some of the original leases even specify the hedge species. Many of the leases specify the height: front boundary hedges should be no higher than 3' 6" (1.07 m). Just as importantly, the leases stipulate that hedges should be kept clipped back to the boundary line.

Many of the roads were planted up with Privet, and over the years other hedges across the Suburb have been wrongly replaced with Privet. More recently Leyland Cypress was a popular choice and currently large leaved shrubs such as Laurel or Photinia are in vogue.

As part of the Area Character Appraisal (see Gazette issues 4 & 5) Suburb hedges are being surveyed by members of the RA's Trees & Open Spaces Committee. A list will be available to assist residents who need to replant and the Trust will be asking that any new hedges should, if possible, follow the original planting scheme. However, the hedge police will not be out to get you. One of the prettiest hedges in the Suburb is a mix of Privet and pink Roses. It is in Oakwood Road and should be Cotoneaster. The owners should not worry: the Trust will not be insisting that a new Cotoneaster hedge be planted at once.

Privet in Falloden Way



Yew in Willifield Way



Privet in Hill Top



Lonicera nitida in Edmunds Walk



Yew in Erskine Hill

INTERESTED IN THE WORK OF THE TRUST? KEEN TO BE INVOLVED AND INFORMED?

Become a member of the Suburb Trust

The Trust strives to conserve and maintain the unique architecture and planning of the Suburb which makes it an outstanding Conservation Area, and its members should include all of the residents who believe that this conservation is worthwhile.

Membership offers several benefits:

- Receipt of the Annual Report and Accounts of the Company;
- Voting rights in Trust Council elections;

- Participation in Suburb management through the Annual General Meeting.

The membership requirement is that you are an adult who has lived on the Suburb for more than 3 years. There are no restrictions regarding members per household.

The Trust differs from most companies in that while fulfilling its objective to conserve and maintain the character and amenities of the Suburb it produces no profits or dividends. The Trust

does not have shareholders but members; who have no financial commitment and a limited liquidation liability of £1.

The eight company directors (known as the Trust Council) are volunteers. Four of the directors are appointed by outside organisations (Law Society, Royal Institute of British Architects, Royal Town Planning Institute and Victorian Society), the other four are residents elected by Trust members.

APPLICATION FOR MEMBERSHIP

**Please send completed forms to: The Secretary, The Hampstead Garden Suburb Trust,
862 Finchley Road, London, NW11 6AB**

I (Mr/Mrs/Miss/Ms) _____
(FULL NAME IN BLOCK CAPITALS)

of _____
(FULL ADDRESS IN BLOCK CAPITALS)

hereby apply for membership of The Hampstead Garden Suburb Trust Limited subject to the provisions of the Memorandum of Articles of Association thereof. I declare that I am a resident* in the Hampstead Garden Suburb and that I have been continuously since _____ (at least 3 years before application) and am over 18 years of age.

Date _____ Signature _____

** 'resident' in the case of a corporation means entitled in the opinion of the Council of the Hampstead Garden Suburb Trust Limited to be treated as a resident of the Hampstead Garden Suburb.*

Contacting The Trust

The Trust's two full-time senior members of staff are:
Jane Blackburn BA(Arch), Dip Arch, RIBA Trust Manager
David Davidson BA(Arch), MA Arch Cons IHBC Architectural Adviser

The Trust can be contacted at:
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