

# Markden Swan Trust

**File Number: MST/F/02/01**

**Held by : Finance  
Secretary**

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## Markden Swan Trust Memorandum

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**From** ~ Board Secretary – Ken Glear

**Date** ~ 1 May 2002

**To** ~ Finance Secretary – M Lett

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### Current Issues

Welcome to Markden Swan Trust. I hope that you will settle quickly into your new position, but I thought that it might be useful to bring you quickly up to date on current Trust issues.

As you heard at your interview, the number of supported nursery places currently being financed by the Trust is insufficient to meet the demand. This shortage of supply is particularly acute in the Markden City Centre area where the Trust runs its own Osric Nursery. The Trust is attempting to address this shortage, at least in part, on two fronts.

- Discussions are ongoing with Markden City Council about grant funding so that additional private sector places can be supported by the Trust.
- The Trust commissioned consultants earlier this year to look at the options for extending or replacing the Osric Nursery with a view to increasing the number of places provided.

The former issue will determine how many places, in addition to the current 140, can be supported next year in the private sector nurseries. The selection of nurseries to provide these places is the subject of an annual tendering exercise and Julie Yett, the Operations Secretary, has already initiated this. It will be your responsibility to evaluate the submissions received and to recommend to the Trust Management Team an appropriate allocation for 2003.

The latter issue, however, is likely to require an even greater amount of input from you in terms of evaluating the options brought forward by the consultants, whose report is due any time now. Whichever option is selected, the plan is to have the new facilities operational from 1 January 2004. There is also a medium term need to replace the Trust's HQ and this too will require capital resources, but nursery provision is the priority at present.

For your general information, I attach a copy of the Trust's Forward Income and Expenditure Plans for the current year, 2002, and next year, 2003, at projected outturn prices. Both show overall deficit positions, implying that the Trust will be drawing upon its balances, but it is hoped that fund-raising can be increased to close this gap. Rose Encranz, the Support Secretary, has recently completed the closure of the 2001 accounts and she will be presenting these to the next Trust Board meeting.

Finally, you will be aware that the Trust has been through a major reorganisation recently. This involved a lot of staff uncertainty and resulted in new structures from 1 January 2002. Your own appointment was one of the outcomes of this process. However, a number of existing Trust staff, including Tim Pest, one of your Assistant Finance Managers, fared less well and were disappointed at the outcome of the restructuring. Morale generally is not good at present and needs urgent attention. I am particularly keen, therefore, to monitor progress in the new teams and I plan to review this towards the end of June 2002, once the new arrangements have had time to settle down.

Ken Glear

Board Secretary

# Markden Swan Trust

## FORWARD INCOME & EXPENDITURE PLANS - 2002

	<b>Total</b>	<b>Restricted Osric</b>	<b>Restricted Swan Trust</b>	<b>Unrestricted General</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Incoming Resources</b>				
Donations	30,000	0	0	30,000
Grants	11,000	11,000	0	0
Bank Interest	25,000	0	0	25,000
Investment Income	1,050,000	73,500	976,500	0
Nursery Income	28,500	28,500	0	0
	<b>1,144,500</b>	<b>113,000</b>	<b>976,500</b>	<b>55,000</b>
<b>Resources Expended</b>				
Direct – Osric Nursery	105,000	105,000	0	0
Direct – Fieldwork & Advice	130,000	0	130,000	0
Direct – Support & Grants	681,000	0	681,000	0
Publicity & Fundraising	15,700	0	0	15,700
Charity Administration	213,500	2,500	211,000	0
	<b>1,145,200</b>	<b>107,500</b>	<b>1,022,000</b>	<b>15,700</b>
<b>Net Incoming (Outgoing)</b>	<b>(700)</b>	<b>5,500</b>	<b>(45,500)</b>	<b>39,300</b>
<b>Transfers</b>				
Bank Interest	0	2,000	14,500	(16,500)
Capital Charges	0	(6,950)	(9,450)	16,400
<b>Net Movement in Funds</b>	<b>(700)</b>	<b>550</b>	<b>(40,450)</b>	<b>39,200</b>

<b>Expenditure Analysis</b>				
Staff Costs				
Central Administration	237,000	2,500	221,300	13,200
Nursery Administration	17,200	17,200	0	0
Nursery Nurses	45,150	45,150	0	0
Other Staff	38,950	5,650	33,300	0
Cover/Training	19,100	5,100	14,000	0
Early Retirement Costs	12,000	0	12,000	0
	<b>369,400</b>	<b>75,600</b>	<b>280,600</b>	<b>13,200</b>
Non-Staff Costs				
Repair & Maintenance	11,500	3,500	8,000	0
Fuel & Other Premises	37,200	7,000	30,200	0
Nursery Provisions	11,700	11,700	0	0
Other Running Costs	21,070	3,700	14,870	2,500
Supported Places Scheme	625,000	0	625,000	0
Grants & Contributions	56,000	0	56,000	0
	<b>762,470</b>	<b>25,900</b>	<b>734,070</b>	<b>2,500</b>
Depreciation	13,330	6,000	7,330	0
<b>Gross Resources Expended</b>	<b>1,145,200</b>	<b>107,500</b>	<b>1,022,000</b>	<b>15,700</b>

# Markden Swan Trust

## FORWARD INCOME & EXPENDITURE PLANS - 2003

	<b>Total</b>	<b>Restricted Osric</b>	<b>Restricted Swan Trust</b>	<b>Unrestricted General</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Incoming Resources</b>				
Donations	35,000	0	0	35,000
Grants	11,000	11,000	0	0
Bank Interest	26,000	0	0	26,000
Investment Income	1,050,000	73,500	976,500	0
Nursery Income	28,500	28,500	0	0
	<b>1,150,500</b>	<b>113,000</b>	<b>976,500</b>	<b>61,000</b>
<b>Resources Expended</b>				
Direct – Osric Nursery	107,400	107,400	0	0
Direct – Fieldwork & Advice	134,000	0	134,000	0
Direct – Support & Grants	691,000	0	691,000	0
Publicity & Fundraising	16,500	0	0	16,500
Charity Administration	209,600	2,600	207,000	0
	<b>1,158,500</b>	<b>110,000</b>	<b>1,032,000</b>	<b>16,500</b>
<b>Net Incoming (Outgoing)</b>	<b>(8,000)</b>	<b>3,000</b>	<b>(55,500)</b>	<b>44,500</b>
<b>Transfers</b>				
Bank Interest	0	2,000	13,000	(15,000)
Capital Charges	0	(6,650)	(9,080)	15,730
<b>Net Movement in Funds</b>	<b>(8,000)</b>	<b>(1,650)</b>	<b>(51,580)</b>	<b>45,230</b>

<b>Expenditure Analysis</b>				
Staff Costs				
Central Administration	246,500	2,600	230,400	13,500
Management/Administration	17,700	17,700	0	0
Nursery Nurses	46,500	46,500	0	0
Other Staff	40,300	5,800	34,500	0
Cover/ Staff Training	19,690	5,250	14,440	0
Early Retirement Costs	2,000	0	2,000	0
	<b>372,690</b>	<b>77,850</b>	<b>281,340</b>	<b>13,500</b>
Non-Staff Costs				
Repair & Maintenance	11,500	3,500	8,000	0
Fuel & Other Premises	36,400	7,000	29,400	0
Nursery Provisions	12,000	12,000	0	0
Other Running Costs	22,420	4,050	15,370	3,000
Supported Places Scheme	635,000	0	635,000	0
Grants & Contributions	56,000	0	56,000	0
	<b>773,320</b>	<b>26,550</b>	<b>743,770</b>	<b>3,000</b>
Depreciation	12,490	5,600	6,890	0
<b>Gross Resources Expended</b>	<b>1,158,500</b>	<b>110,000</b>	<b>1,032,000</b>	<b>16,500</b>

## Markden Swan Trust Memorandum

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**From** ~ Finance Manager – Corrie O'Lanus

**Date** ~ 3 May 2002

**To** ~ Assistant Finance Manager – Tim Pest

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### **Confidential**

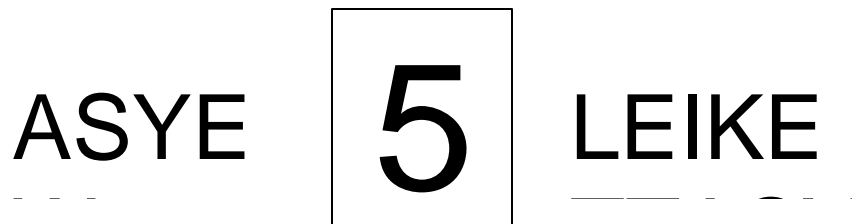
I refer to yesterday's informal Divisional meeting where staff had a chance to meet the new Finance Secretary and discuss any issues relevant to the team and its operation. You were comparatively outspoken in the meeting and later we discussed a number of issues outside the meeting to which you requested a written response.

I appreciate the reasons for your forthrightness in the meeting and I accept that being on a protected salary is far from ideal. However, we do all need to work together and support each other if the new arrangements are going to be made to work. As you saw, the staff generally displayed a positive attitude to this. Like the Finance Secretary, I am new to the Trust and will clearly need help until I can familiarise myself with the Trust's practices and procedures. You are the most experienced member of the team on specific Trust finance issues, and I would again ask that I receive your full support and assistance in the early months of the new Division.

I also noted your negative comments on professional training and the reasons for these. However, I have already requested professional accountancy training and I am determined to complete this as soon as possible. I would urge you to reconsider studying to complete your professional examinations. This could well provide the impetus needed for your future progression.

Corrie O'Lanus

**Finance Manager**



PROPERTY CONSULTANTS  
OLIVERS HOUSE ARDENFOREST ILLYRIA

Mr Ken Glear  
Hathaway House  
Markden  
MA5 TE8

13 May 2002

Dear Mr Glear,

Osrice Nursery - Development Options

I refer to your brief and our last progress meeting at which you asked for an early indication of the likely outcomes of our investigations. In order to allow plenty of time for the necessary planning and building regulation consents, as well as the appointment of contractors, the timescale proposed is to have the new facilities operational from 1 January 2004. You indicated that this was in line with your own forward plans. Your brief indicated that the schemes considered should be limited to development of the Osrice Nursery site or other sites in the City Centre. I can now confirm that we have been able to identify two main scheme options, each providing an increase in nursery place provision, but at different levels and with different financial implications.

Scheme	Details	Additional Places
A	Demolish the current Osrice Nursery and build a new larger nursery on the same site.	10
B	Purchase facilities on a new site as part of a City Centre development and dispose of the existing Osrice Nursery site.	15

The other scheme options looked at concerned less radical changes to the Osrice Nursery. The possibility of extending or adapting the current Osrice Nursery was investigated. Whilst there is some limited space on the site, the existing building is in a poor state of repair and major works on the current shell would be required. This option, therefore, would be costly and largely impractical. Conditions at Osrice Nursery are already cramped, as you know, and this proposal would do nothing to improve that situation. As you expressed little enthusiasm for it when we last met, I have not included it as a main scheme option for your consideration.

Attached are details of the two main schemes. As agreed, I will be attending the next Trust Board meeting to present my findings in more detail and to let Board members see the draft plans for both schemes.

I look forward to seeing you there, if not before.

Yours sincerely

**Ros Alind**

Ros Alind - Senior Consultant

**ASYEW LEIKETT**  
Property Consultants

## **OSRIC NURSERY**

### **DEVELOPMENT OPTIONS**

#### **SCHEME A - DEMOLISH AND BUILD**

- ◆ This scheme involves demolishing the existing Osric Nursery and building a larger replacement nursery on the same site.
- ◆ The new Osric Nursery would be 320 square metres compared with the current 200 square metres and would provide 30 places, an increase of 10 on the current number of places.
- ◆ Work would commence in mid 2003 and the new nursery would become operational from 1 January 2004, as required.
- ◆ The demolition/build costs are estimated at £340,000 with 95% of this falling to be paid in 2003 and the remaining 5% retention payable in 2004.
- ◆ As discussed, a formal bid for 50% of the demolition/build costs would be made to the Illyria Lottery Fund Commissioners, with every chance of success in view of the City Centre nature of the scheme and Markden City Council's support.
- ◆ Additional furniture and equipment would cost £20,000, payable in 2003.
- ◆ There would also be a need to rent premises for the existing Osric Nursery, whilst the demolish/building works are in progress.

#### **SCHEME B - CITY CENTRE DEVELOPMENT**

- ◆ MacDuff Construction has offered to build a new nursery within its new City Centre development.
- ◆ The development as a whole, which is being built on land leased from Markden City Council, will benefit from Government inner city regeneration capital funding. This will be payable to MacDuff Construction as the developer, but will reduce the costs for all parts of the development.
- ◆ The timing would be the same as for Scheme A, with the new nursery operational from 1 January 2004.
- ◆ MacDuff Construction is also extremely interested in acquiring the site of the current Osric Nursery for a separate commercial development and has provisional Markden City Council backing for this.



- ◆ As you are aware, prolonged discussions have taken place with MacDuff Construction. I have explained your preference for purchase of the nursery once completed and have negotiated on this basis. The current Osric site proved a very useful lever in these negotiations.
- ◆ The agreed deal would be as follows—
  - MacDuff Construction would build a nursery to your agreed specification as part of the new City Centre development (450 square metres and providing 35 nursery places);
  - MacDuff Construction would purchase the current Osric Nursery premises for £100,000, payable in 2004;
  - MacDuff Construction would receive £380,000 from Markden Swan Trust for the new nursery premises, but would agree a deferred payment scheme whereby £240,000 is payable in 2004 and £140,000 in 2005;
  - As part of the development's facilities management arrangements, Markden Swan Trust would pay £25,000 per annum to MacDuff Property Management to cover cleaning, repair and maintenance, heating, lighting and all other premises costs. Such payments would commence from 1 January 2004.
- ◆ Additional furniture and equipment would cost £35,000, payable in 2003, and this would fall to be met directly by Markden Swan Trust.

## **Markden Swan Trust Memorandum**

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**From** ~ Support Secretary – Rose Encranz

**Date** ~ 20 May 2002

**To** ~ Finance Secretary – M Lett

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### **Markden City Council - Funding**

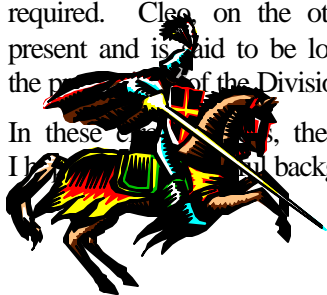
As you may be aware, there have been ongoing discussions in recent months with Markden City Council about various forms of grant aid for the Trust. The Council, as part of its social and development programme, and particularly its city centre regeneration plan, is now very eager to work with voluntary sector providers in the search for best value.

I attach a letter from Henry Forth, the Council's Commissioning Manager, which sounds quite positive as regards a financial contribution to the Trust's supported places scheme in 2003 and future years. It also raises the possibility of some revenue funding towards additional places in the Trust's own nursery in 2004 and future years, if a scheme for developing this proves feasible.

On a more personal level, you will notice the adverse comments in Henry Forth's letter about one of your new staff, Troy Yillus. Troy has been with the Trust for about four years now and has always produced excellent work in the office. He is an extremely confident young man and shows a lot of initiative. Sadly, however, these talents are not matched by the quality of his inter-personal skills, and this is not the first such complaint received.

More generally, the Board Secretary did ask me to monitor your Division prior to your taking up post at the beginning of this month, and I have to say that the initial signs are very mixed. My first impressions of Corrie are good. She has good inter-personal skills and is already popular with staff. She also produces high quality work and appears to have a lot of potential, but, as someone new to the Trust like yourself, she will need a lot of support in the early stages, particularly from Tim Pest. Tim, of course, applied for and expected to get Corrie's post, and it remains to be seen whether his support is forthcoming to the extent

required. Also, on the other hand,  
present and is said to be looking for  
the presence of the Division also not  
In these cases, there are clear  
I have a good background for



# Markden City Council

ROSE ENCRAZ Council offices markden ma5 6ot

Support Secretary

Ms Rose Encranz  
Support Secretary  
Markden Swan Trust  
Hathaway House  
Markden  
MA5 TE8

16 May 2002

Dear Rose,

## Supported Nursery Places

Further to our recent discussions about expanding the Trust's supported places nursery provision, I now have agreement in principle for a revenue contribution (grant) to be made to the Trust in 2003 and future years. The exact details and any related conditions are still to be determined. I will be putting a report to Members early in June 2002.

I am also pleased to report that the Council Cabinet is extremely interested in your project to review direct nursery provision and possibly redevelop the current Osric Nursery. Regeneration of the City Centre is one of the Council's key objectives and, as we both know, nursery provision is at a premium there. Whilst the Council has no powers to offer a capital contribution towards redevelopment costs, an ongoing

revenue grant towards additional running costs is a distinct possibility. Please keep me informed of progress.

Finally, on a less pleasant note, you should know that one of your staff, Mr Troy Yillus, was less than helpful when my assistant contacted him, as you suggested, for some background information on the costs of the current supported places scheme. Whilst I accept that most of the information sought had probably already been provided to other Council officers, he was blunt in the extreme and displayed a degree of sarcasm in his responses to the simple requests made which hardly furthered the Trust's cause. Please do not take the matter any further, but I felt that you should know.

I will contact you again once I have more definite news to report on the two funding possibilities.

Yours sincerely

Henry Forth

Commissioning Manager

## Markden Swan Trust Memorandum

**From** ~ Operations Secretary – Julie Yett

**Date** ~ 24 May 2002

**To** ~ Finance Secretary – M Lett

### Supported Places Scheme - Tenders

Further to our telephone conversation, I am writing to update you on the above tender exercise. As you know, the budget is currently being used to support 140 places as follows.

City Area	Nursery	Places
City Centre	Titania	30
East	Peasblossom	40
South West	Oberon	30
North West	Pyramus	40
		<u>140</u>

The Trust maintains a database of private nurseries in Markden and all were invited to submit expressions of interest with supporting papers in March 2002. These were vetted and a select list of nurseries, all meeting the Trust's minimum standards, has been asked to tender.

As you know, the four areas of the City are very different and the demand for places varies accordingly. The Trust's policy and practice is therefore based upon :-

- ❑ ascertaining demand in each area through valid applications for supported places received directly from individuals, through nurseries themselves or from contacts within the City Council's Social Welfare Department;
- ❑ allocating the number of supported places able to be funded between the four areas on the basis of these demand indicators and any supply restrictions;
- ❑ identifying providers within each area through the tendering exercise;
- ❑ allocating the area places to the selected nurseries.

Throughout the process, the Trust is very mindful of its own objectives and, in allocating places to providers, takes account of both cost and non-financial factors related both to its objectives and to the actual operation of the nurseries.

My Division has responsibility for managing the supported places scheme arrangements once they are finalised and my staff, consequently, have close working relationships with the nurseries used. As a result, the Board Secretary has decided that you should take on the allocation process and the selection of specific nurseries, albeit with input from myself.

A list of those nurseries invited to tender, together with brief notes on each, prepared by my Operations Manager, Ann Dronicus, is attached for information. I will get Ann to summarise the tenders from the nurseries once they are received.

Julie Yett

Operations Secretary

## Markden Swan Trust

### SUPPORTED PLACES SCHEME

#### Select List of Nurseries

<b>City Centre</b>	
Titania Nursery	This nursery is the only City Centre nursery, apart from the Trust's own Osric Nursery, and the current provider of 30 supported places. It is very well thought of.

<b>East</b>	
Peasblossom Nursery	This nursery is the current provider of the 40 supported places in this area and continues to meet minimum standards. It was the only nursery to tender in this area for 2002.
Cobweb Nursery	This is a well thought of nursery with a strong private clientele and in an ideal location. It has recently extended its premises and is now eager to be part of the supported places scheme.
Mustardseed	This is a new nursery, but run by the same organisation as the Oberon Nursery in the South West area and already establishing a very good reputation.

<b>South West</b>	
Oberon Nursery	This nursery is the current provider of the 30 supported places in this area. This is a long established and very well thought of nursery.
Moonshine Nursery	This is a new nursery which only opened in September 2001 and would use a supported places allocation to expand its current operation.

<b>North West</b>	
Pyramus Nursery	This nursery is the current provider of the 40 supported places in this area, with a good reputation for child care.
Thisbe Nursery	This is a well established nursery with large premises which would use the allocation of supported places to extend its current operation.

## **Markden Swan Trust Board**

### **MINUTES OF MEETING – 28 MAY 2002**

#### **Welcome**

The Chairman welcomed Mr Robin Goodfellow, as a new trustee, and M Lett, the new Finance Secretary, to their first Board meeting.

#### **Minutes of the meeting 26 February 2002**

Agreed : No matters arising.

#### **Restructuring**

The Board Secretary presented an update on the restructuring of the Trust's management arrangements, noting that the proposals agreed had been fully implemented from 1 January 2002 and that all new staff were now in post. He commented briefly on how the restructuring exercise had affected staff morale, and explained his intention to review this more formally once staff had had six months to settle into their roles and adjust to the new structure.

**Agreed** : To note the report and endorse the Board Secretary's approach.

#### **Final Accounts 2001**

The Support Secretary presented a set of summary final accounts for the year ended 31 December 2001 (copy attached). She commented that actual outturn had been about £21,000 worse than budgeted largely as a result of higher than expected pay inflation, additional training costs, and a significant increase in repair and maintenance expenditure. The end result for 2001 was a reduction rather than an increase on Restricted Funds for the first time in the Trust's history. The Board Secretary expressed concern at this, and particularly the position on the Swan Trust Fund going forward.

**Agreed** : To note the position and receive the accounts.

#### **Supported Places - Tendering Exercise**

The Operations Secretary updated Board members on progress with this exercise, noting that the select list had been agreed with the Board Chairman in April 2002. Formal tenders had now been invited and these were due back by 8 June 2002.

**Agreed :** To confirm the select list and note the progress report.

#### **Markden City Council - Financial Support**

The Board Secretary reported there were now encouraging signs about the Council providing some financial support towards the Trust's nursery place expansion plans. The Board Secretary noted that he would continue to keep the Board informed of progress.

**Agreed :** To receive the report.

#### **Osrice Nursery - Development Options**

The Board Secretary introduced Ms Ros Alind of Asyew Leikett, the property consultants commissioned to consider development options for the Trust's own Osrice Nursery. Ms Alind gave a presentation, outlining the two scheme options available, their respective merits and the costs associated with each. After a lengthy debate, it was -

**Agreed :** That the two scheme options (A and B) should be examined further;  
That all financial and non-financial factors should be analysed with a view to bringing a firm recommendation to the next Board meeting;  
That no capital expenditure be incurred pending the outcome of this exercise.

Duration 2 hours 35 minutes

## **Markden Swan Trust**

### **STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2001**

<b>Total 2000 £</b>		<b>Total 2001 £</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>Endowment £</b>
	<b>Incoming Resources</b>				
33,818	Donations	35,007	35,007	0	0
10,500	Grants	11,000	0	11,000	0
24,063	Bank Interest	24,809	24,809	0	0
1,044,569	Investment Income	1,041,245	0	1,041,245	0
26,467	Nursery Income	27,645	0	27,645	0
<b>1,139,417</b>		<b>1,139,706</b>	<b>59,816</b>	<b>1,079,890</b>	<b>0</b>
	<b>Resources Expended</b>				
	Direct				
100,348	Osrice Nursery	104,385	0	104,385	0
121,679	Fieldwork & Advice	125,816	0	125,816	0
678,136	Support & Grants	693,241	0	693,241	0
900,163		923,442	0	923,442	0
	Other Expenditure				
13,760	Publicity & Fundraising	14,401	14,401	0	0
173,223	Charity Administration	180,886	0	180,886	0
186,983		195,287	14,401	180,886	0

<b>1,087,146</b>	<b>Total Expended</b>	<b>1,118,729</b>	<b>14,401</b>	<b>1,104,328</b>	<b>0</b>
<b>52,271</b>	<b>Net Incoming (Outgoing)</b>	<b>20,977</b>	<b>45,415</b>	<b>(24,438)</b>	<b>0</b>
	<b>Transfers</b>				
0	Bank Interest	0	(17,825)	17,825	0
0	Capital Charges	0	16,600	(16,600)	0
<b>0</b>	<b>Net after transfers</b>	<b>20,977</b>	<b>44,190</b>	<b>(23,213)</b>	<b>0</b>
24,574	Investment Gains (losses)	5,653	0	0	5,653
<b>76,845</b>	<b>Net Movement in Funds</b>	<b>26,630</b>	<b>44,190</b>	<b>(23,213)</b>	<b>5,653</b>

<b>20,947,494</b>	<b>Balances B/F 1 January</b>	<b>21,024,339</b>	<b>340,373</b>	<b>356,503</b>	<b>20,327,463</b>
<b>21,024,339</b>	<b>Balances C/F 31 December</b>	<b>21,050,969</b>	<b>384,563</b>	<b>333,290</b>	<b>20,333,116</b>

## Markden Swan Trust

### BALANCE SHEET AS AT 31 DECEMBER 2001

<b>2000</b>		<b>Note</b>	<b>2001</b>
<b>£</b>			<b>£</b>
	<b>Fixed Assets</b>		
266,091	Premises	1	259,439
65,916	Furniture & Equipment		68,442
20,327,463	Investments	2	20,333,116
20,659,470			20,660,997
	<b>Net Current Assets</b>		
	<b>Current Assets</b>		
14,250	Debtors		20,489
200,000	Short Term Deposits		200,000
159,180	Cash & Bank		185,043
373,430			405,532
8,561	<b>Liabilities</b> (falling due within 1 year)		15,560
364,869			389,972
21,024,339	<b>Total Assets less current liabilities</b>		21,050,969
0	<b>Liabilities</b> (falling due after 1 year)		0

<b>21,024,339</b>	<b>Net Assets</b>	<b>21,050,969</b>
	<b>Funds</b>	
20,327,463	Endowment	20,333,116
340,373	Unrestricted	384,563
38,813	Restricted – Osric Nursery	40,634
317,690	Restricted – Swan Trust	292,656
<b>21,024,339</b>		<b>21,050,969</b>

# Markden Swan Trust

## NOTES TO THE SUMMARY ACCOUNTS

### NOTE 1

<b>Fixed Assets</b>	<b>B/F</b>	<b>Purchase/Sales</b>	<b>Depreciation</b>	<b>C/F</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Premises	266,091	0	(6,652)	259,439
Furniture and Equipment	65,916	10,131	(7,605)	68,442

### NOTE 2

<b>Investments</b>	<b>B/F</b>	<b>Purchase/Sales</b>	<b>Unrealised Gain</b>	<b>C/F</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Investments (Market value)	20,327,463	0	5,653	20,333,116

At 31 December 2001, the portfolio is made up of Government stock (92%) and quoted shares (8%). The five largest holdings by market value at 31 December 2001 are set out in the table below.



Investments	Units	Market Price	Total Value	Percentage of portfolio
	No.	£	£	%
Treasury 10% 2004	16,500	112.80	1,861,200	9.2
Treasury 9% 2012	13,000	133.51	1,735,630	8.5
Exchequer 9% 2002	16,000	105.00	1,680,000	8.3
Treasury 8½% 2007	14,000	117.23	1,641,220	8.1
Treasury 7% 2003	13,500	101.72	1,373,220	6.8

Investment income on the Trust's endowment portfolio is allocated 93% to the restricted Swan Trust fund and 7% to the restricted Osric Nursery fund, on the basis of the original endowments. An analysis of the investment income received in 2001 is set out below.

Investment Type	Timing of Payments	Total Value	Percentage of portfolio
		£	%
Government Stock	½ yearly on 30 June and 31 December	1,025,500	98.5
Quoted Shares	Various times as dividends are issued	15,745	1.5
		<u>1,041,245</u>	

## Markden Swan Trust Memorandum

**From** ~ Operations Manager – Ann Dronicus

**Date** ~ 3 June 2002

**To** ~ Finance Secretary – M Lett

### Supported Places Scheme - Demand

I write as follow-up to Julie Yett's memorandum of 24 May 2002, attaching the analysis of the shortlisted nurseries, supposedly prepared by myself. Clearly I am in a difficult position, but you might want to speak to the Board Secretary about Julie's personal involvement with Peasblossom nursery, as my comments on that particular nursery appear to have been amended. I confirm, however, that the notes passed to you on the other nurseries match my original analysis.

As the closing date was 31 May 2002, all the applications for supported places in 2003 have now been received, processed and prioritised. The resultant level of demand totals 207 nursery places and is summarised below by area.

- City Centre      78 applications approved
- East              54 applications approved
- South West      30 applications approved
- North West      45 applications approved

There is, of course, the Trust's own Osric Nursery in the City Centre, currently providing 20 places. This effectively reduces the City Centre demand for supported places in private

nurseries to 58. Even after taking this into account, demand is, as usual, well in excess of the supported places that the Trust can afford to finance. As you may be aware, there is some expectation of additional funding from the City Council in 2003 and this may allow the current level of 140 supported places to be increased. It is very likely, however, that the City Council will want any additional funds directed towards its own priorities. For information, all nurseries, including the Trust's own Osric Nursery, operate for 250 days per year (50 weeks at 5 days per week).

On a lighter note, I should be grateful if you would allow your Finance Assistant, Cleo, to continue to serve on the staff social committee which I chair. Cleo is a very popular girl and a key member of the committee.

**Ann Dronicus**

**Operations Manager**

## **Markden Swan Trust Memorandum**

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**From** ~ Assistant Finance Manager – Tim Pest

**Date** ~ 6 June 2002

**To** ~ Finance Manager – Corrie O'Lanus

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### **Depreciation and Capital Charges**

I understand from a brief conversation with Troy yesterday that you require some information on depreciation and capital charges. You should be aware that all matters relating to capital, investments and banking have always formed part of my job and I trust that this is still the case.

For your information, I attach copies of my current spreadsheets for depreciation and capital charges. As you can see the figures for depreciation assume no capital expenditure in 2002 (already agreed by the Trust Board) or in 2003. Clearly a decision to progress either of the schemes put forward by the property consultants would impact upon the depreciation figures shown and hence the "2003 Revised" columns on the spreadsheet for Schemes A and B.

Capital expenditure has historically been met from the Trust's own overall cash balances and this will continue to be the case. The complication is that the Trust has two restricted funds and one unrestricted fund, and the accounts need to reflect their use of the pooled cash resources, both in terms of interest earned on credit balances and notional charges for capital expenditure usage. The arrangements, agreed with the Trust's external auditors and reflected in the Trust's forward Income and Expenditure Plans, are therefore as follows :-

- all bank and short term deposit interest earned is credited initially to the unrestricted fund;

- the two restricted funds (Osric Nursery and Swan Trust) receive interest at the current rate on their opening fund balances (1 January balances) as a transfer from the unrestricted fund;
- the two restricted funds (Osric Nursery and Swan Trust) are charged interest at the current rate on their opening capital balances (the combined opening balances on premises and furniture/equipment at 1 January) and this is credited to the unrestricted fund.

The rate of interest currently being used in forward projections is 5% and the capital charges shown on the attached schedule reflect this.

As regards your memorandum of 3 May 2002, I am grateful for your advice but I cannot see the point in training when unqualified staff keep getting promoted ahead of me. As for your reference to a "positive attitude" by the staff generally, this was hardly the impression I got when I showed them your memorandum. Cleo is talking about leaving and Troy is forever upsetting everyone with his sarcasm and jokes.

As regards your request for my full support, I confirm that I will continue to do my job to the best of my ability and to respond promptly to any requests for information made of me.

Finally, the Finance Manager left me a query about premises and supplies cost implications of the two development schemes. For information, Troy Yillus deals with revenue budgeting, not me.

**Tim Pest**

**Assistant Finance Manager**

## DEPRECIATION & CAPITAL CHARGES SCHEDULES

	2001	2002	2003	2003 Scheme A	2003 Scheme B
	£	£	£	£	
<b><u>OSRIC NURSERY</u></b>					
<b>Premises</b>					
B/F 1 January	107,891	105,194	102,564	102,564	102,564
Purchases (Sales)	0	0	0		
	107,891	105,194	102,564		
Depreciation (2½%)	-2,697	-2,630	-2,564		
C/F 31 December	105,194	102,564	100,000		
Capital Charges @ 5%	-5,395	-5,260	-5,128	-5,128	-5,128
<b>Furniture &amp; Equipment</b>					
B/F 1 January	37,448	33,703	30,333	30,333	30,333
Purchases (Sales)	0	0	0		
	37,448	33,703	30,333		
Depreciation (10%)	-3,745	-3,370	-3,033		
C/F 31 December	33,703	30,333	27,300		
Capital Charges @ 5%	-1,872	-1,685	-1,517	-1,517	-1,517
<b>Total Depreciation</b>	<b>-6,442</b>	<b>-6,000</b>	<b>-5,597</b>		
<b>Total Capital Charges</b>	<b>-7,267</b>	<b>-6,945</b>	<b>-6,645</b>		

**HEADQUARTERS****Premises**

B/F 1 January	158,200	154,245	150,389
Purchases (Sales)	0	0	0
	158,200	154,245	150,389
Depreciation (2½%)	-3,955	-3,856	-3,760
C/F 31 December	154,245	150,389	146,629
Capital Charges @ 5%	-7,910	-7,712	-7,519

**Furniture & Equipment**

B/F 1 January	28,468	34,739	31,265
Purchases (Sales)	10,131	0	0
	38,599	34,739	31,265
Depreciation (10%)	-3,860	-3,474	-3,127
C/F 31 December	34,739	31,265	28,138
Capital Charges @ 5%	-1,423	-1,737	-1,563

**Total Depreciation****Total Capital Charges**

<b>-7,815</b>	<b>-7,330</b>	<b>-6,887</b>
<b>-9,333</b>	<b>-9,449</b>	<b>-9,082</b>

**TOTAL****Total Depreciation****Total Capital Charges**

<b>-14,257</b>	<b>-13,330</b>	<b>-12,484</b>
<b>-16,600</b>	<b>-16,394</b>	<b>-15,727</b>

**DEPRECIATION & CAPITAL CHARGES SCHEDULES**

2004	2004	2005	2005	2006	2006
Scheme A	Scheme B	Scheme A	Scheme B	Scheme A	Scheme B
£	£	£	£	£	£

**OSRIC NURSERY****Premises**

B/F 1 January				
Purchases (Sales)				
Depreciation (2½%)				
C/F 31 December				
Capital Charges @ 5%				

**Furniture & Equipment**

B/F 1 January				
Purchases (Sales)				
Depreciation (10%)				
C/F 31 December				
Capital Charges @ 5%				

**Total Depreciation****Total Capital Charges**


## Markden Swan Trust Memorandum

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**From** ~ Support Manager – Ethel Low

**Date** ~ 10 June 2002

**To** ~ Finance Secretary – M Lett

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### Staffing Issues

You asked me recently about the staffing levels for the Osric Nursery and the likely implication if, in the future, more nursery places were provided. Staffing at the nursery is provided on a formula basis, which was established to mirror the national guidance on this matter. Application of these guidelines produces the following staffing structures for each of the options. The current staffing structure is also given for completeness.

<b>Category</b>	<b>Current 20 places</b>	<b>Scheme A 30 places</b>	<b>Scheme B 35 places</b>
Nursery Manager	1	1	1
Senior Nursery Nurses	1	2	2
Nursery Nurses	2	3	4
<b>Total</b>	<b>4</b>	<b>6</b>	<b>7</b>

The projected 2003 salary costs (inclusive of pension and national insurance) for each category of staff are as follows.

<b>Category</b>	<b>Salary</b>
-----------------	---------------

	<b>Cost</b>
	<b>£</b>
Nursery Manager	17,700
Senior Nursery Nurses	16,500
Nursery Nurses	15,000

Cleaners are also employed on a permanent part-time basis at the current Osric Nursery site. The projected 2003 costs are £5,800. Here cost is dependent upon floor area and, for Scheme A, I would suggest that you increase 2003 costs proportionately to the change in floor area. On Scheme B, cleaning is part of the service contract and I do not anticipate that there will be any termination costs in respect of existing cleaning staff.

Both temporary staff cover costs and training costs are calculated as a percentage of total permanent pay costs (Nursery Manager, Senior Nursery Nurses, Nursery Nurses and cleaners) for budgeting purposes. For temporary cover this is 5% and for training the figure is 2½%.

Early retirement costs will remain at the projected 2003 figure, as will the charge for central administration.

You also requested some background on the staff in your section from the central personnel records. The information that I have is attached on a separate sheet.

**Ethel Low**

**Support Manager**

## **FINANCE DIVISION - STAFFING**

Corrie O'Lanus	Finance Manager	Aged 38. A Trust employee for 4 months and a former City Council employee. A qualified Accounting Technician, and has already requested accountancy training.
Tim Pest	Assistant Finance Manager	Aged 45. A Trust employee for 7 years. A qualified Accounting Technician and part-qualified accountant (P1 & P2).

Troy Yillus	Assistant Finance Manager	Aged 25. A Trust employee for 4 years and a qualified Accounting Technician. Currently training as an accountant (taking P1 in December 2002).
Cleo Patrer	Finance Assistant	Aged 24. A Trust employee for 3 years and on the final stage of the Accounting Technician examinations.

## Markden Swan Trust Memorandum

**From** ~ Board Secretary – Ken Glear

**Date** ~ 14 June 2002

**To** ~ Finance Secretary – M Lett

### Trust Board Report - Development Scheme Options

I know that you are in the final stages of gathering together all relevant information for the appraisal exercise on the two development scheme options. As discussed, assume at this stage that the lottery bid on Scheme A is successful and that the grant is received in 2004.

I attach a relevant letter from the City Council. This is good news indeed, in view of the Trust's worsening revenue position. For information, I also know the Council has a couple of properties currently empty in the City Centre area and I have asked about the possibility of using one of these on a temporary basis during the demolish and construction phase of Scheme A. I should hear about this shortly.

As you know, a report needs to go to the Trust Board in mid-July 2002, and I should be grateful if you would draft this, using 2003 as the price base throughout. I will need to see the draft version by the end of June and, as discussed, it will need to cover the following :-

- brief background;
- a capital programme showing the capital costs (both schemes), short-term rent cost and lottery grant (Scheme A), and sale proceeds (Scheme B) over the period 2003 to 2005;
- on this basis, a comparison of the total net programmed cost per additional place on both Schemes A and B, together with calculation of the impact of discounted cash flow (DCF)

on the cost per additional place for both Schemes (ignore general revenue running cost differences as these are likely to be insignificant for DCF purposes);

- for both Schemes A and B, for the years 2003, 2004, 2005 and 2006 :-
  - calculation of the gross revenue costs (staff, non-staff and depreciation) and the resultant gross revenue costs per place per day and comparison of these with the 2003 cost for the existing Osric Nursery operation;
  - calculation of the gross income (grants, investment income and nursery charges);
  - compilation of projected Income and Expenditure Plans, showing the transfers for bank interest and capital charges and the overall impact on Osric Nursery balances;
- a summary of the key figures and a critical appraisal of the two schemes in light of this financial analysis and any non-financial issues;
- a note of any wider financial concerns, particularly the level of the Trust's balances;
- conclusions and recommendations.

Finally, you asked about Julie Yett, as a result of the comments made by Ann Dronicus. You should know that Julie has for some time been in a relationship with Roy Meo, the owner of the Peasblossom Nursery. Ann Dronicus tells me that the standards at this nursery have declined significantly over the last two years both as regards the quality of staffing and the condition of the premises. There have also been unsubstantiated rumours about the nursery being in financial difficulties.

Ken Glear

Board Secretary



Markden  
City Council

Council offices markden ma5 6ot

Ms Rose Encranz  
Support Secretary  
Markden Swan Trust  
Hathaway House  
Markden  
MA5 TE8

11 June 2002

Dear Rose,

**Osric Nursery - Development Options**

I was pleased to receive details about the two development schemes being pursued for the Osric Nursery, and I fully understand your need for an early indication of whether the City Council is willing to offer any ongoing revenue support towards the scheme.



As you know, regeneration of the City Centre, through the development of new housing and ancillary facilities, is one of the Council's key aims and the demand for nursery places in this area already exceeds supply. As a result, I put a report to the Council's Cabinet yesterday and I am pleased to say that Members agreed to award the Trust a revenue grant of £2,000 per annum per nursery place from 2004 onwards. The total grant will therefore either be £60,000 (Scheme A) or £70,000 (Scheme B) per annum. Once the Trust Board has decided upon its preferred option, we will need to complete the formal paperwork. As an interim measure for 2003, I also persuaded Cabinet to increase your grant level from £11,000 (agreed 2002 level) to £20,000.

On the Supported Places scheme, the news is more mixed. The good news is that Members resolved to provide £100,000 per annum for supported places, commencing in 2003, and did agree that this was best administered through the Trust's existing arrangements. However, the award of the £100,000 is also likely to be conditional upon a specified number of additional supported places being provided (probably 20) and some direction as to specific areas. There was a heated debate about the areas in which these additional places should be situated and it was finally agreed to leave the matter to the Cabinet Members for Finance and Social Welfare to agree. I will write to you again as soon as that matter has been resolved.

Finally, I am still making enquiries about the accommodation issue that you raised.

Yours sincerely

Henry Forth  
Commissioning Manager

## Markden Swan Trust Memorandum

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**From** ~ Finance Manager – Corrie O’Lanus

**Date** ~ 17 June 2002

**To** ~ Finance Secretary – M Lett

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### Investment and Staffing Issues

Further to your telephone enquiry, I suggest that you use the current interest rate of 5% for medium-term project appraisal purposes.

I have spent some time recently examining the 31 December 2001 Balance Sheet, which was presented to the last Board meeting and I queried with Tim Pest the fact that the Trust's Endowment Fund is invested almost entirely in Government stock. His rather terse response was that this was historical. The only equity holdings in the current portfolio tend to be public utility shares that were bought when these industries were privatised. As regards your question about the level of investment income in future years, I would suggest that you assume the current budgeted figure of £1,050,000 per annum.

I also asked Tim about cash flow and the Trust's policy of only investing surplus cash short-term. He took great delight in pointing out that, as a result of market uncertainties during 2001 and contrary to the normal situation, short-term yields or returns had been better than longer-term ones. He added that this had all been explained at the Trust Board meeting. His

parting shot was that there was not usually that much cash to invest anyway. I have since found out that there is no written Treasury Management policy. In the past, this function has been left very much to Tim to administer, although he does appear to have followed best practice in investing the Trust's cash balances.

You asked about my relationship with Tim. Sadly it is not improving. To be fair, he answers whatever questions I ask, albeit in his own way, which ranges from aggressive to condescending. He makes no effort, however, to share his considerable knowledge willingly or to provide the level of assistance which I need in order to familiarise myself with the intricacies of the Trust's financial operations. More generally, he lacks inter-personal skills and, whilst listened to by staff because of his experience, he is not liked.

I cannot criticise the quality of his work or his productivity, but his attitude leaves a lot to be desired. He dominates Cleo, who appears bright and hardworking. She is currently studying hard for her examinations and getting very good college reports. However, as a result of working for Tim in her previous post and now in the new Division, she has become rather disillusioned. Her work is heavily supervised by Tim, who takes delight in pointing out publicly even minor errors. She is strongly discouraged from showing any initiative. As a result, she has become conditioned to just do her work and leave the thinking to others. Unfortunately this approach also provides Troy with ammunition for his sarcasm and jokes.

Despite my own best efforts, there is no doubt that the tensions within the Division are building up and an explosion is imminent.

For my own part, I am eager to start professional accountancy training, but when I raised this with the Board Secretary prior to your arrival, he was far from supportive.

## Corrie O'Lanus

### Finance Manager

## Markden Swan Trust Memorandum

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**From** ~ Operations Secretary – Julie Yett

**Date** ~ 19 June 2002

**To** ~ Finance Secretary – M Lett

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### Supported Places Scheme

My Assistant Operations Manager, Perry Klees, has now had time to analyse the tenders received from the private nurseries to provide supported places under the Trust's scheme. I attach his summary for your information and action, together with a map showing the location of the various nurseries. As you know, the City Council has already agreed to provide an additional £100,000 in 2003 to finance additional places, but the Council has indicated that there may be other conditions attaching to this offer. Details are still awaited.

The Board Secretary has already placed the allocation of supported places in 2003 as an item on the agenda for the Trust Management Team meeting being held on 27 June 2002 and, as previously indicated, he wants you to draft the paper. In order to simplify the allocation process as far as possible, the Board Secretary has already prescribed the approach to be adopted and your paper should therefore be structured as follows.

- ❖ A note of the supported places budget for 2003 and the minimum number of places to be funded;

- ❖ A statement of the demand identified on an area by area basis (net of that met by the 20 Osric Nursery places which are provided directly) and a comparison of the overall anticipated supply and demand;
- ❖ A note of the current supply on an area by area basis (net of the 20 Osric Nursery places provided directly) and the allocation of the additional places to the four City areas;
- ❖ A summary and evaluation of the tenders received in terms of :-
  - cost
  - quality and other related issues such as staffing levels and customer feedback
  - the Trust's own stated objectives;
- ❖ An allocation of places to nurseries on a minimum cost basis and a comparison of the total costs resulting from this with the budget available ;
- ❖ If this exercise leaves some of the available resources unallocated, consideration of the options available to utilise this and a critical appraisal of the minimum cost allocations made in the light of quality and other non-financial considerations;
- ❖ Conclusions and recommendations, together with a final table showing the proposed allocation and costs.

If the minimum cost allocation produces a budget surplus and there is some flexibility, the spare resources should probably be directed to the East and the North West areas. The East is a large area and one I know very well in terms of demand. Within the East, therefore, I would strongly suggest an equal split of places between the North East and the South East, if possible, where Peasblossom is the current provider. In the North West, Pyramus is more expensive, but I would retain as many places there as can be afforded. It is an excellent nursery.

I trust that my comments prove to be of some use.

Julie Yett

Operations Secretary

## Markden Swan Trust

### SUPPORTED PLACES SCHEME

#### Select List of Nurseries - Tenders

Supported Places		Cost per Place	Ethnic	Jobs (FTE)	
Current	Offered			Total	New
No.	No.	£	%	No.	No.

#### City Centre

Titania (current)	30	35	22.00	45	6	1
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#### East

Peasblossom (current)	40	40	18.00	30	6	0
Cobweb	0	25	17.00	50	7½	7½
Mustardseed	0	50	16.00	45	10	10

#### South West

Oberon (current)	30	30	18.00	5	6	0
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Moonshine	0	30	15.00	5	4	4
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### North West

Pyramus (current)	40	50	19.00	25	13	0
Thisbe	0	30	17.00	15	5	5

### NOTES

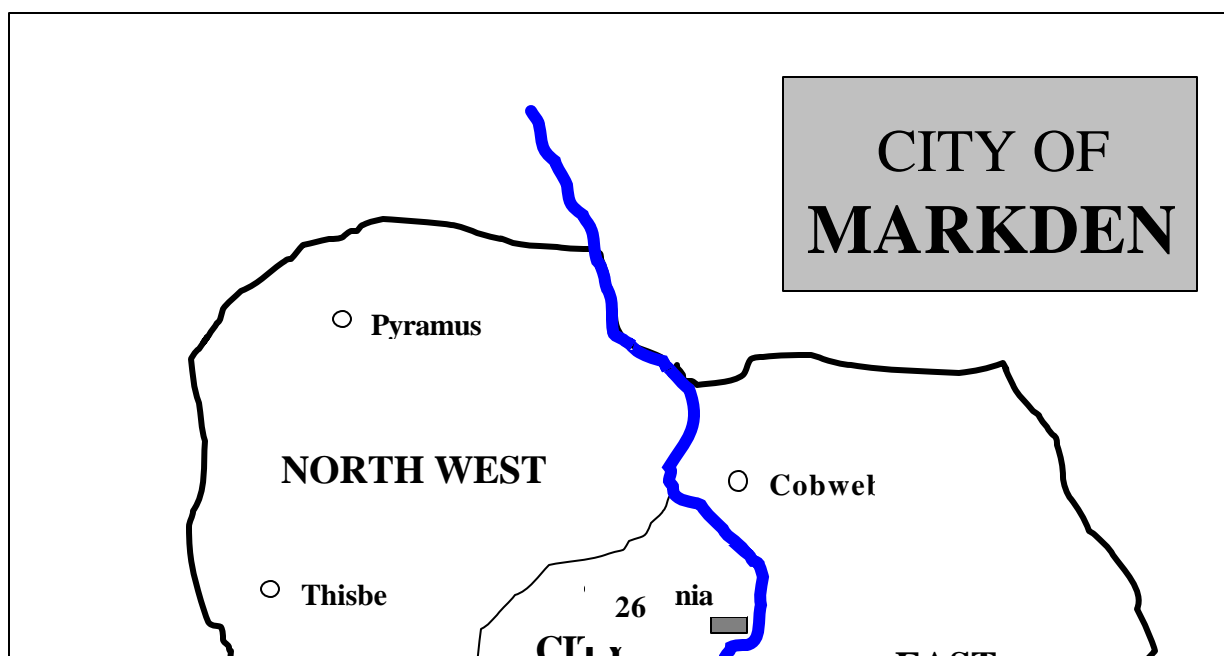
1. All the nurseries tendering operate full cost places as well as supported places.
2. The column headed "Offered" indicates the maximum number of places offered by the nursery in the tender document for supported places in 2003 – fewer can be taken.
3. The column headed "Cost per Place" indicates the tendered cost per place per day (net of parental contributions at the current fixed rate of £6.00 per day). The prices quoted are on the basis of payments being made termly in advance.
4. The column headed "ethnic" shows the percentage of ethnic minority children in the catchment area concerned and generally reflects the mix of children in the nursery.
5. The columns showing jobs indicate full time equivalent (FTE) numbers.
6. The "Total" jobs column shows the number of FTE jobs relating to the supported places offered (this is a split of the total jobs at each nursery on a pro rata basis between supported and full cost place provision).
7. The "New" jobs column shows the additional jobs created in each nursery if the contract is awarded. Many nurseries see the supported places scheme as a way of expanding their current operations.
8. Of the existing providers only Peasblossom has threatened to retrench its operations if unsuccessful. All the others have a strong private clientele base.

Perry Klees

19 June 2002

## Markden Swan Trust

### Location Map



- **Peasblossom**
- **Mustardseed**

*Orsino River*

Location Map

Robin Goodfellow  
Puck House  
Peasblossom Lane  
Athenswood  
Markden

Mr Ken Glear  
Markden Swan Trust  
Hathaway House  
Markden

21 June 2002

Dear Mr Glear,

Just before going on holiday, I attended my first Trust Board meeting and was pleased to meet you. Whilst I found the proceedings very interesting, I am clearly on a steep learning curve and, as a pilot more involved in high flying than high finance, I would appreciate some explanation on one or two points arising from the summary final accounts for 2001 presented at the meeting.

- Despite the overspends reported, financial activities in 2001 still produced an overall surplus. Why then did you express so much concern about the deficit

on the restricted funds? Surely this is a one-off event? Why does the Trust have all these separate funds anyway? I found it very confusing. It would be far simpler to have just one. A simple explanation of the transfers (bank interest and capital charges) would also be appreciated.

- In the accounts, you listed the Trust's 5 largest investments, noting that the Endowment Fund was invested mainly in Government stocks or Gilts, as you called them. Perhaps you would explain for me what the term "Treasury 10% 2004" means, and how this type of investment works in practice. Why are most of these stocks worth more than their nominal cost? One of my clients, an investment manager, is always telling me that historically equities produce far better returns than Gilts. What is the difference? From where do the returns on equities come? In view of your above concerns, would the Trust not be better switching all its Fund monies into an equity stock to get better returns, if my client is right? He is currently recommending "fairy.com", a new internet stock and a high flyer since its recent launch. He says that it is going to be a real winner with a "beta factor of 1.5", whatever that means.
- I also note that we had a bank balance and temporary investments of about £0.4 million at 31 December 2001! Is this normal? If so, should not some of this be invested longer term? It was mentioned in the meeting that the "inverse yield curve" in the money market during the year had proved beneficial for short-term investors, and a simple explanation of this would be appreciated. How do you decide with which institution to invest the money? When I asked my client, he said that he would put it all with the Bank of Cygnia Commerce Inc. as this was offering exceptionally good rates at present.

I look forward to receiving your response.

Yours sincerely

**Robin Goodfellow**

M Lett

**Markden Swan Trust Me** Please respond

**From** ~ Assistant Finance Manager – Troy Yillus

**Date** ~ 24 June 2002

**To** ~ Finance Secretary – M Lett

**Osric Development Schemes - Non-staff Costs & Income**

I apologise for the delay in responding, but your request went to Tim Pest whilst I was on leave. As this fell outside his area of interest, he put the note on my desk where it got buried. As you may have gathered by now, Tim would not save a drowning man unless it was in his job description!

I have now had a chance to discuss the Osric development options with colleagues in the Support Division and would suggest the following approaches on non-staff costs in considering the two Osric Nursery development options.

Non-Staff Cost	Scheme A	Scheme B
Repair & Maintenance	Reduce the 2003 provision of £3,500 by £1,000	Nil - part of Service Charge Saving of £3,500
Fuel & Other Premises	Increase pro rata to size (square metres)	Nil - part of Service Charge Saving of £7,000
Nursery Provisions	Increase pro rata to number of places provided	Increase pro rata to number of places provided
Other Running Costs	No change	No change

Finally, estimates of parental contribution (nursery) income for Schemes A and B will clearly reflect the number of places provided by each on the basis of the agreed 2003 rate of £6.00 per day and an assumed 95% collection rate to reflect bad debts and defaults.

If you want any more information, try asking Tim. It's always entertaining to watch his reaction!

**Troy Yillus**  
Assistant Finance Manager



**Markden**  
**City Council**

Council offices markden ma5 6at

Ms Rose Encranz  
 Support Secretary  
 Markden Swan Trust  
 Hathaway House

Markden  
MA5 TE8

25 June 2002

Dear Rose,

**Funding Issues and Temporary Accommodation**

Further to my letter of 11 June 2002, the Cabinet Members for Finance and Social Welfare have now met and agreed the conditions attaching to the £100,000 supported places scheme grant.

- The current level of supported places in each of the four allocation areas must be at least maintained;
- The additional £100,000 must be used to provide 20 additional places (that is, 160 in total);
- In allocating these 20 places :
  - the City Centre is the Council's priority, but it is accepted that supply is limited at present;
  - an additional 10 places must be provided in the East area;
  - the balance should be allocated broadly on the basis of demand.

The City Council is quite happy to leave the selection of individual nurseries to the Trust, but would expect quality issues as well as cost to be factors in this decision-making. As you know, there have been concerns recently about Peasblossom Nursery and no doubt you will take these into account. The only other obvious condition is that the additional monies allocated must be spent in full on the supported places scheme and the Council will require a costed statement setting out the allocation of the 160 places which totals £735,000 (the Trust's 2003 budget plus the additional £100,000).

You also asked about the possibility of renting one of the Council's properties for the final six months of 2003 (for Option A). I am pleased to report that I have arranged with the Council's Estates Department for you to rent one of its empty properties very close to the present nursery during this period for a one-off rental of £10,000 payable in arrears on 1 January 2004. City Centre space is at a premium, as you are aware, and I know that you will not get a better offer.

Yours sincerely

Henry Forth  
Commissioning Manager