*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 9 & 18

ERRATUM REPORT:

ITEM 9: TREASURY MANAGEMENT MID-YEAR REVIEW 2014/15; AND

ITEM 18: CORPORATE BUSINESS PLANNING – DRAFT BUDGET 2015/16

1. SUMMARY

1.1 To inform Cabinet of an error in the appendix to the item 9 report.

1.2 To provide Cabinet with a replacement copy of page 220 (Appendix 6 of Item 18) of the papers due to a formatting error in the original.

2. RECOMMENDATIONS

2.1 Cabinet is asked to note the correction.

3. REASONS FOR RECOMMENDATIONS

3.1 To ensure Cabinet has all the correct information necessary to note the Treasury mid-year position and make decisions on the budget proposals for 2015/16.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 No other options considered.

5. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

5.1 The Finance and IT Portfolio Holder has been briefed on the identified error and a similar erratum was tabled at the Finance, Audit and Risk Committee on the 11 December 2014.

6. FORWARD PLAN

6.1 The Treasury Management Mid-Year Review Report does contain a recommendation on a key decision that was first included in the Forward Plan on 30 June 2014.

7. BACKGROUND

7.1 Treasury Management Mid-Year Review Report was published and despatched on Friday 5 December 2014. Following publication an error was bought to the attention of officers and this report seeks to provide clarification prior to Cabinet's consideration of the report.

8. ISSUES

8.1 An error has been identified in the appendix to the Treasury report after publication and despatch to Councillors. On page 40 of the Committee papers the total of investments as at 30 September 2014 should read £38,204,703, instead of £41,511,835. The individual figures above the total are all correct. This was an oversight when typing the figures into the word document and officers apologise for the error. Checks will be put in place to try and ensure a similar error does not occur again.

8.2 The information presented in this section of the appendix shows the amount of cash investment and the average return on those investments as at the 30 September 2014. The number of days an investment has been placed is incorporated into the calculation of the average interest rates to attempt to reflect the average return that will be generated over the life of the investments, based on the snapshot as at 30 September 2014. For example, a total of £4million of the cash managed by the cash manager, Tradition, is invested with Banks. This consists of two investments as follows:

£1.750million with Lloyds Bank invested for 1,096 days at a rate of 3.45%
£2.250million with Royal Bank of Scotland for 729 days at a rate of 1.17%

A straight multiplication of the interest rates with the principal investments would suggest an average return of 2.17%. However, this would not reflect the length of the investments and the average amount of cash that is invested over the period of the investments. Using information about the length of the investments in the calculation results in a slightly higher average return over the life of the investments of 2.40%. Applying the same theory to all the investments as at 30 September 2014 results in an overall average of 1.53%, compared to 1.28% if using a straight multiplication.

8.3 A formatting error in Appendix 6 to the Corporate Business Planning report (Item 18) unfortunately makes some of the text unreadable on page 220 of the papers. The format has been corrected in the attached version of page 220.

9. LEGAL IMPLICATIONS

9.1 The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council.

9.2 Section 151 of the Local Government Act 1972 states that:
".every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs."

9.3 The Prudential Indicators comply with the Local Government Act 2003.

10. FINANCIAL IMPLICATIONS

10.1 As noted in the report.

11. RISK IMPLICATIONS

11.1 As noted in the report.

12. EQUALITIES IMPLICATIONS

12.1 As noted in the report.

13. SOCIAL VALUE IMPLICATIONS

13.1 There are no social value implications arising from this report.

14. HUMAN RESOURCE IMPLICATIONS

14.1 There are no direct human resource or equality implications.

15. APPENDICES

None.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

17.1 None.