

**BELOW THE LINE FORECASTS AS AT Quarter 2:**

As at quarter 2 the levies and interest line is showing a benefit of £337k compared to the budgeted figure.

This is because the Council paid over its pension contributions to the Royal Berkshire Pension fund at the start of the financial year. This has enabled the Pension Fund to give the Council a discount of approximately 3% on the total amount which would have been due, if payment had been made in monthly instalments. This saving is significantly higher than the rate of interest which the Council would earn on the additional amounts which it could have invested throughout the year if the pension contributions were paid monthly (the Council's net rate of return on its investments was 0.66% in 2010/11). This arrangement therefore brings a net benefit to the Council of approximately £280k.

There is also a benefit from releasing savings as part of the Timelord cost model. Now that phase 3 is drawing to a close this saving will be further reviewed but a figure of at £100k is anticipated.

There is however a cost due to the Discretionary Housing Payment scheme of £43k that would need to be funded from general reserves as outlined in the main report.