

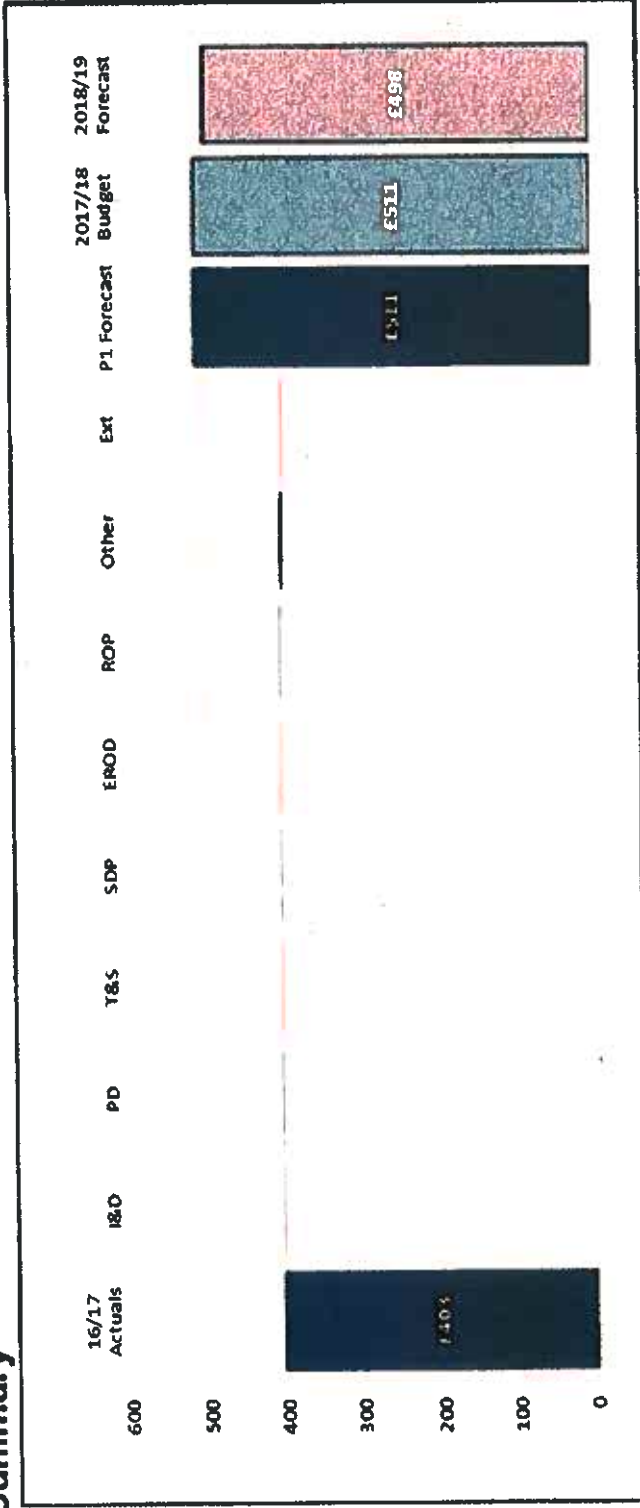


**Finance Report
Programme Board April 2017
Period 1**

UCPB180517 – BTL03

2017/18 Period 1

Summary



Key Points

2017/18

- The Programme's forecast is a balanced budget position
- The forecast includes £46m of costs to cover the advanced recruitment of operational resources to support scaling of the Full Service
- The Programme is holding net risks with a most likely value of £18m

2018/19

- The forecast has been maintained at OBC levels pending a comprehensive update following completion of the Full Business Case

2017/18 Period 1

Overall Forecast

Strategic Design & Planning	WM	8,997	9,178	9,019	Total Programme Spend £1,663m
Core Programme Teams	WM	56	0	0	
Strategic Design & Planning Director	WM	2,069	2,461	2,538	
Strategic Design	WM	1,197	429	369	
LM Test & Learn	WM	2,342	2,404	2,324	
Programme Planning & Assurance	WM	489	735	736	
Test & Learn	WM	1,998	1,828	1,482	
Operational Services Core	WM	6	0	0	
Operational Services Consultancy	WM	604	1,321	1,570	
Operational Services Commissions	WM	236	0	0	
Operational Services D/S Contractors	WM	4	0	0	
Managed Migration IT Build Staff Recharges	WM	12	0	0	
Managed Migration IT Build	WM	597	428	0	
GMG IT Futures (CMEC)	WM	52	0	0	
Contributory benefits	WM	540	502	294	
Legal Costs	WM	94	0	0	
Internal Legal Costs	WM	199	177	69	
HMCTS	WM	13	0	0	
Housing Delivery Division	WM	1,963	-34	0	
Impacting of Private Landlords	WM	100	100	1,957	
LADS	WM	3,413	53	45	
Pension Credit Plus (PDGS)	WM	3,708	2,765	3,060	
Payment Deduction Programme Recharges	WM	70	0	0	
Pilots & Trials	WM	3,521	2,495	1,800	
Demo Pilots	WM	6	0	0	
Labour Market Trials	WM	27	0	0	
Test & Trial - Employer Engagement	WM	-19	0	0	
Test & Trial - Work Coach Accreditation	WM	104	0	0	
Test & Trial USDL	WM	6,287	270	1,250	
UC Evaluation	WM	770	1,082	6,461	
Strategy	WM	2,094	1,789	85	
Strat - Analytical Services Directorate	WM	582	459	1,738	
Strat - UC Policy	WM	2,713	2,939	461	
Strat - Labour Market	WM	169	181	2,993	
Strat - UC Analysis	WM	114	199,803	185	
Strat - Pensions	WM	114	171,250	214,655	
Digital Service net Operational Impact:	WM	0	0	624,942	
Digital Service Operational Costs	WM	0	0	-460,378	
Digital Service Operational Savings	WM	0	28,552	60,061	
Migration	WM	19	0	0	
Contractor Recharges - Managed Migration SDF	WM	0	2,003	4,575	
SC Fixed Switch	WM	0	46,942	7,324	
Supply Contingency costs	WM	0	18,359	2,507	
Supply Contingency SC Staff	WM	0	2,387	323	
Supply Contingency SC NStaff	WM	0	22,632	4,076	
Supply Contingency WS Staff	WM	0	2,363	418	
Supply Contingency WS NStaff	WM	26,122	267,367	246,468	
Total - Will Moss		3,463	3,541	3,414	
External Relations & Orientation	CH	710	2,400	2,541	
Stakeholders & Partner Team	CH	1,188	963	623	
Marketing	CH	0	10	10	
Communications	CH	128	2	0	
Money Advice Service Leaflets	CH	0	300	0	
Money Advice Service	CH	0	10,169	19,623	
Passported Benefits	CH	0	0	10,000	
Total LA Spend & Exits	CH	0	21,507	48,428	
Exits	CH	0	-11,338	-36,806	
Universal Support	CH	0	17,386	26,210	
Local Authorities	CH	5,509			
Total - Cath Hamp		5,509	17,386	26,210	

Total Programme Spend £1,663m

2014/15 Outturn £255m

2015/16 Outturn £362m

2016/17 Outturn £403m

2017-18 Range Risks £27.03m Opps £9m



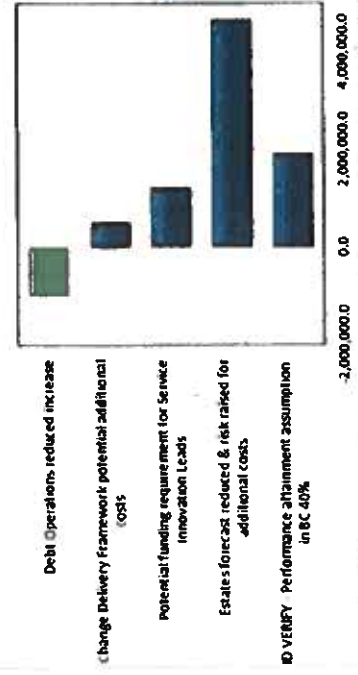
Full Year Outturn and Next Year Forecast Implementation & Delivery 2017/18 Period 1

	Budget Holder	Actuals 16-17 £k	2017/18 Period 1 Forecast £k	2018/19 Period 1 Forecast £k
Implementation & Delivery Investment				
Live Service Programme Team	J/H	4,638	2,458	2,498
Digital Delivery Programme Team	J/H	4,939	4,053	3,981
Live Service Implementation Costs	J/H	8,536	9,557	8,247
IPCC Telephony	J/H	517	800	0
Live Service Expansion	J/H	2,841	2,597	1,708
OED Recharges	J/H	3,061	3,385	1,127
Performance Insight Team-Live Service Estates	J/H	529	375	413
Live Service net Operational Impact:	J/H	1,589	2,400	5,000
Live Service Operational Costs	J/H	3,182	242,038	18,112
ATOS WCA Referral Upgrade	J/H	32	0	40,775
Live Service Operational Savings	J/H	23,503	24,952	-22,664
Full Service (D/S) Implementation Costs	J/H	360	635	40,805
Performance Insight Team-Digital	J/H	6,035	5,751	624
F/S OED Recharges	J/H	332	515	2,675
F/S Digital Delivery BTG & ITPD	J/H	874	0	0
Future Makers	J/H	1,575	0	0
F/S DS Expansion Support (Canterbury etc.)	J/H	14,332	18,052	37,306
Digital Service L&D	J/H	-6	0	0
F/S Digital Service Estates	J/H	0	3,000	1,500
Service Innovation Lead	J/H	1,378	1,354	1,354
F/S Digital Jobcentres depreciation of WADS	J/H	3	0	0
UC Recovery Overtime SC	J/H	0	56	56
RTI Team	J/H	46,178	287,470	76,564
Total - Janice Hardley				

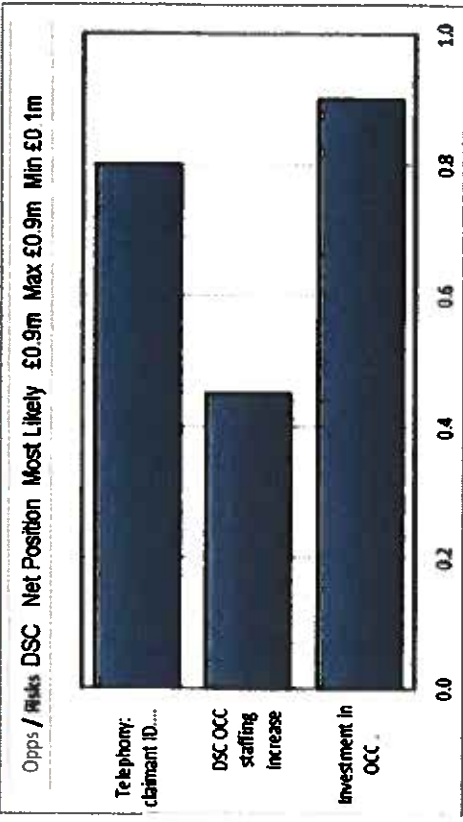
Headlines

- Core programme costs remain constant with reductions in operational implementation recharges as roll out completes
- Full service L&D backfill costs increase to reflect current roll out and resource assumptions
- Live service net operational impact (after the below transfers and 2016/17 - £138m of net costs transferred to operations and reported within external budget holders section (page 5)
- 2017/18 - £107m of savings transferred to operations and reported within external budget holders section (page 5)
- Overall net operational impact £141m 2016/17, £135m 2017/18
- The forecasts for 2018/19 reflect current roll out and migration plans – to be updated following the Full Business Case

Capex / Risk Imp & Del Net Position Most Likely £7.25m Max £14.86m Min £3.99m



	Budget Holder	Actuals 16-17	2017/18	2018/19
		£k	Period 1 Forecast £k	Period 1 Forecast £k
UC Product Development				
Core Programme Team	AB	9,783	7,624	9,154
Core Programme team	AB	9,767	7,624	9,154
Digital Transformation team	AB	16	0	0
Capitalised staff costs	AB	15,644	19,527	20,327
Digital Solution - IT Build				
Digital Solution - IT Recurrent		5,974	10,914	1,001
Digital Service Centre - IT Investment		3,024	2,914	15,301
Digital Service Centre - IT Recurrent		2,513	1,546	0
Total - Anthony Brigglinshaw		36,938	42,525	48,783



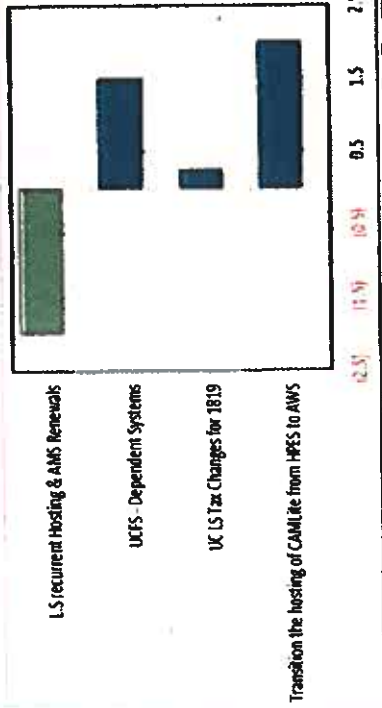
- Headlines**
- Core programme and staff costs show increases compared to 2016/17 due to the expansion of the team and the inclusion of service management activities for the Full Service
 - Investment in the Full Service is expected to be substantially complete by March 2018
 - Recurrent spend increase over the period in line with the planned scaling and volumes of the Full Service



Full Year Outturn and Next Year Forecast UC Working Age Product Development 2017/18 Period 1

	2017/18	2018/19
	Actuals 16-17	Period 1 Forecast
	£k	£k
UC Working Age Product Development		
Live Service - IT Investment	10,907	13,690
Live Service - IT Recurrent	27,525	26,433
Live Service - ITPD Staff Changes	-11	1,958
Live Service - ITPD Contractor Changes	2,379	1,502
LS to FS transfers robotics	0	113
Security - IT	5,077	4,847
Security IT Investment	4,888	4,843
Security IT Recurrent	189	5
Security Staff / Non Staff Recurrent	493	0
Security Staff / Non Staff Investment	53	605
Housing Verification Build	193	1,000
Dataworks Platforms	0	727
DataWorks Non Staff	0	712
DataWorks Non Staff	0	15
Prove Your Identity	0	1,433
Prove Your Identity Staff	0	457
Prove Your Identity Non Staff	0	124
Prove Your Identity IT	0	447
Operations Control Centre	0	106
Verify Outcomes	0	300
Data Outcomes	244	1,827
DataOutcomesS	0	568
DataOutcomesNS	0	280
DataOutcomesIT	0	109
Security Provision	244	870
PYCA Staff	202	445
PYCA Recharge	118	275
PYCA Non Staff	5	145
UC Switch IT Design	0	24
Non Cash - Depreciation	34,900	1,300
	82,089	39,358
Total - Craig Eblett		105,248
		33,238
		73,450

Opport / Risks UC Working Age Prod Dev Net Position Most Likely £175m Max £462m Min £1m



- Live Service investment will be mainly completed in 2018 with only minimal legislative/maintenance expenditure in 2018/19
- Live Service recurrent spend will peak in 2017/18 and then reduce as a result of decommissioning and migration to Full Service
- Security spend in 2018/19 will be realigned to Dataworks, Prove your Identity and Data outcomes when delivery plans are finalised
- Depreciation reduces in 2018/19 as Live Service IT assets are currently assumed to have an end of life date of December 2018



Full Year Outturn and Next Year Forecast Strategic Design & Planning 2017/18 Period 1

	Actuals 16-17	Period 1 Forecast	Period 1 Forecast
	£k	£k	£k
Strategic Design & Planning			
Core Programme Teams	2,007	2,178	2,019
Strategic Design & Planning Director	88	0	0
LM Test & Learn	2,008	2,481	2,539
Programme Planning & Assurance	1,197	439	399
Operational Services Com	2,342	2,404	2,334
Operational Services Commissions	1,489	1,339	1,362
Operational Services OVS Contractors	6	0	0
Managed Migration IT Build Staff Recharges	604	1,321	1,670
Managed Migration IT Build Staff Recharges	238	0	0
CMG IT Futures (GMIEC)	4	0	0
Contractor benefits	12	0	0
Internal Legal Costs	687	438	0
Housing Delivery Division	93	0	0
Impacting of Private Landlords	52	0	0
LADS	640	802	884
Permanent Decision Programme Recharges	94	0	0
Pilots & Trials	199	177	89
Demo Pilots	13	0	0
Labour Market et Trials	186	34	0
Test & Trial - Employer Engagement	1,003	100	1,567
Test & Trial - Work Coach Accreditation	3,713	2,688	3,435
Test & Trial USDL	70	0	3,690
UC Evaluation	3,821	2,490	1,800
Strat - Analytical Services Directorate	27	0	0
Strat - UC Policy	104	0	0
Strat - Labour Market	6,480	270	1,280
Strat - UC Analysis	7,707	6,480	8,461
Digital Services not Operational Impact:	1,782	1,782	1,782
Digital Services Operational Savings	592	489	491
Migration	2,713	2,639	2,693
Contractor Recharges - Managed Migration SDI	189	181	186
SC Fixed Switch	114	199,803	214,888
Supply Contingency costs	114	171,260	224,942
Supply Contingency SC Staff	0	0	60,378
Supply Contingency SC Mater	0	0	0
Supply Contingency V&S Staff	0	0	0
Supply Contingency V&S NStar	0	28,662	60,981
Total - Will Move	28,138	271,807	282,498

Ops / Risks Strategic DP Net Position Most Likely £0.36m Max £1.63m Min -£1.95m



- Headlines**
- Core programme and recharge costs are forecast to remain broadly level
 - The 2017/18 and 2018/19 forecasts include £45.9m and £7.3m supply contingency to cover the advanced recruitment of operational resources to support scaling
 - Digital service net operational impact movements (after below) 2016/17 - £1.5m of net costs transferred to operations and reported within external budget holders (page 5)
 - 2017/18 - £1.30m of savings transferred to operations and reported within external budget holders (page 5)
 - Overall net operational impact - £35m 2016/17, £70m 2017/18

OFFICIAL - SENSITIVE

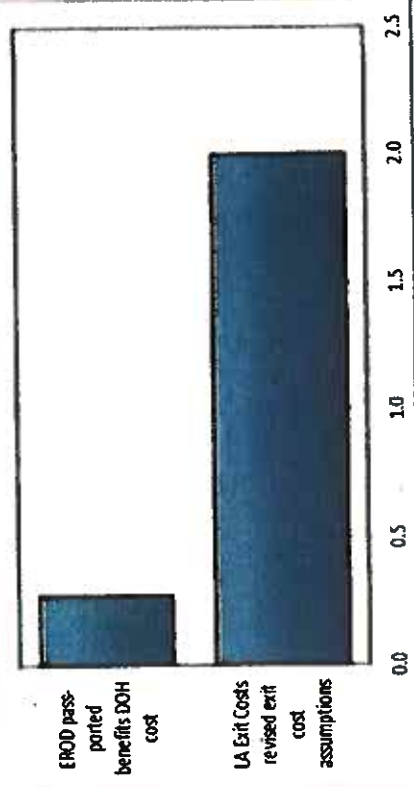
Full Year Outturn and Next Year Forecast External Relations & Orientation 2017/18 Period 1

Budget Holder	2017/18		2018/19	
	Actuals 16-17	Period 1 Forecast	Period 1 Forecast	Period 1 Forecast
	£k	£k	£k	£k
External Relations & Orientation				
Stakeholders & Partner Team	3,483	3,541	3,414	
Marketing	710	2,400	2,541	
Communications	1,188	963	623	
Money Advice Service Leaflets	0	10	10	
Money Advice Service	128	2	0	
Passported Benefits	0	300	0	
Total LA Spend & Exits	0	10,169	19,623	
<i>Exits</i>	0	0	10,000	
<i>Universal Support</i>	0	21,507	48,428	
<i>Local Authorities</i>	0	-11,338	-38,806	
Total - Cath Hamp	5,509	17,386	26,210	

Cons / Plus EROD Net Position Most Likely £2.27m Max £2.27m Min £0.27m

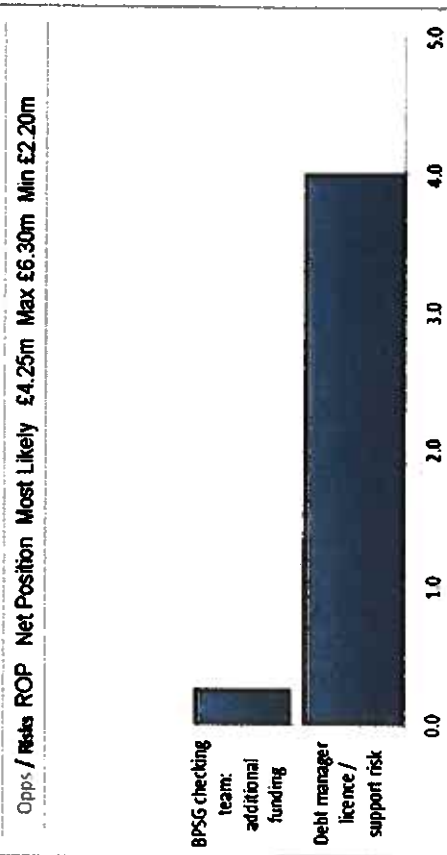
Headlines

- Core team and marketing costs are expected to remain level over the next two years
- The costs for exits, Universal Support and Local Authority savings reflect current Full Service roll out and volume assumptions
- The exits, Universal Support and Local Authority savings will be updated following completion of the Full Business Case.



Full Year Outturn and Next Year Forecast Rest of Programme 2017/18 Period 1

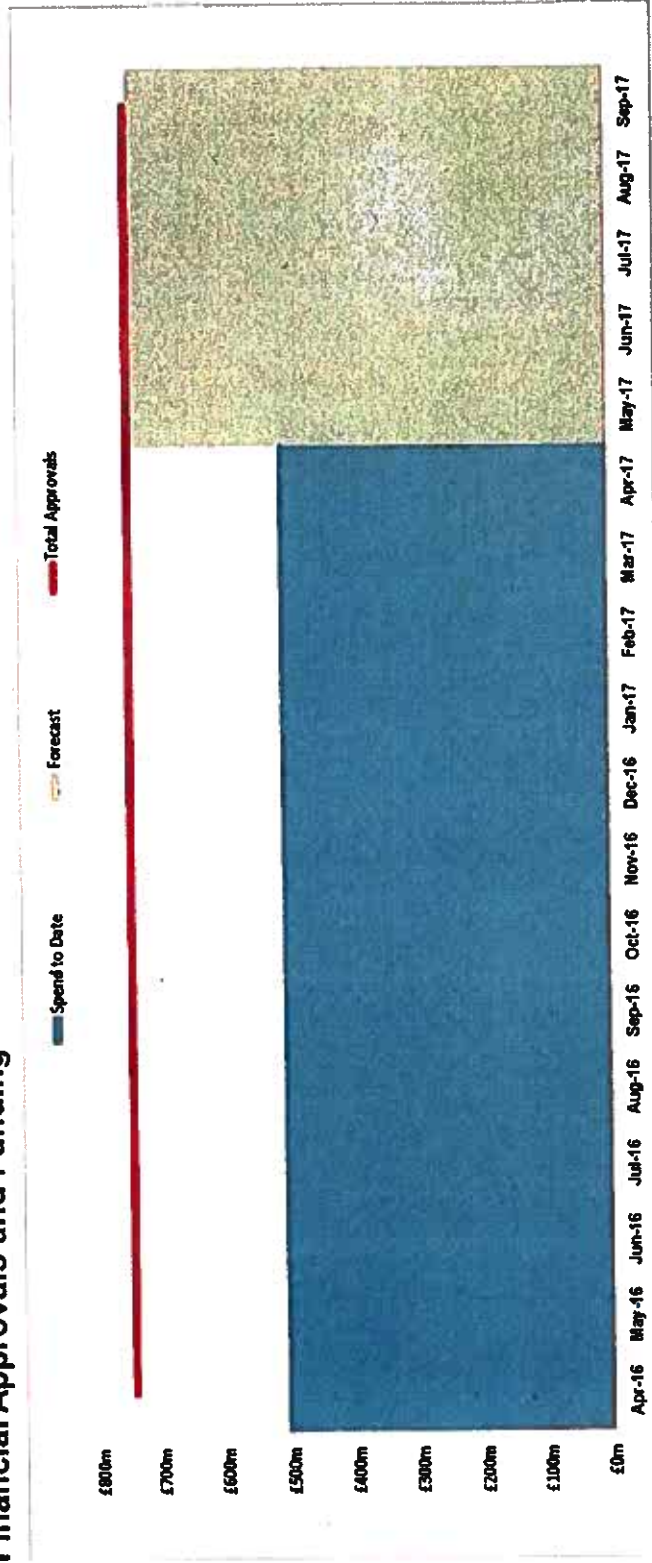
Rest of Programme	Budget Holder	Actuals 16-17 £k	2017/18		2018/19	
			Period 1 Forecast £k	Period 1 Forecast £k	Period 1 Forecast £k	Period 1 Forecast £k
Core Programme Teams	I/W	1,517	796	795	795	
Commercial Director	I/W	1	0	0	0	
Programme Management	I/W	1,347	795	795	795	
Other Core Programme	I/W	168	1	0	0	
Caxton Accommodation Move	I/W	2,146	606	0	0	
BTG - Customer Insight	I/W	543	0	0	0	
External consultancy support costs	I/W	400	54	15	15	
Recharges - F&C:	I/W	5,714	5,093	4,362	4,362	
UC Finance	I/W	1,444	1,284	728	728	
UC Finance (Operations)	I/W	775	794	405	405	
Finance & Commercial recharges	I/W	3,495	3,016	3,229	3,229	
COO recharges - Core Team	I/W	0	0	0	0	
Projects & Recharges:	I/W	1,133	600	531	531	
Contracted Operations Recharges	I/W	240	211	67	67	
HR Recharges	I/W	681	318	174	174	
Message Hub	I/W	212	0	219	219	
Welsh Language Unit	I/W	0	70	70	70	
HMRC	I/W	0	0	0	46,166	
Total - Ian Wright		11,453	7,149	7,149	51,869	



- Headlines**
- Core programme and recharges remain constant over the period, with the exception of forecast reductions in HR recharges
 - The Caxton move was completed in 2016/17; the 2017/18 costs represent part year costs for the Victoria Street office
 - HMRC costs were £14m in 2016/17 and £21m in 2017/18. The associated budgets were transferred to HMRC and are reported within the "External Budget Holders" section on page 5



Financial Approvals and Funding



Funding Forward Look

	2016/17	2017/18	2018/19	2019/20
Forecast Requirement	£m	£m	£m	
	403	511	498	364
<u>Funding</u>				
SR15 net of HMRC savings	401	447	366	233

- HMT approval of £746.6m has been given to cover the period from January 2016 to September 2017.
- The Department has secured separate funding for the impacts of the Employee Deal as part of the SR settlement – this funding is currently held centrally within the Department

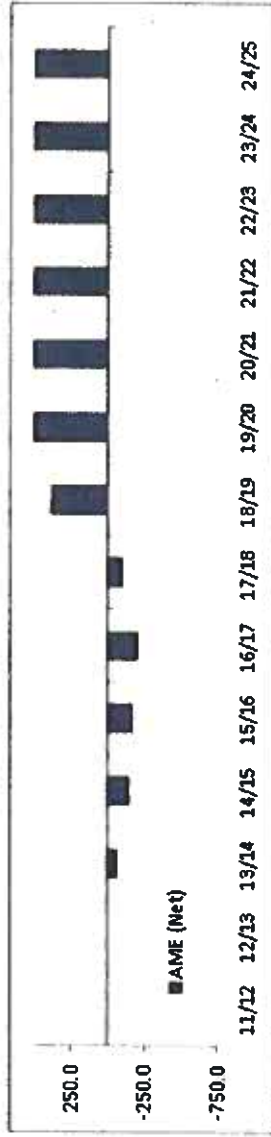


Total Programme View Costs and Benefits over life of Business Case 2017/18 Period 1

DEL Costs



AME Costs



Economic Benefits



Lifetime Investment Costs	Baseline (OBC Final)
IT	490,628
Estates	17,770
Business Change	174,704
Implementation Effort	550,129
Digital Jobcentres	11,119
Claimant Commitment	20,811
HMRC	130,928
Migration Effort	250,716
Inflation	43,597
	1,690,403

Overall Benefits	
Net Benefits	£27.2bn
NPV	£20.3bn

The Business Case numbers are based on the Outline Business Case that was approved 4th December 2015.



