

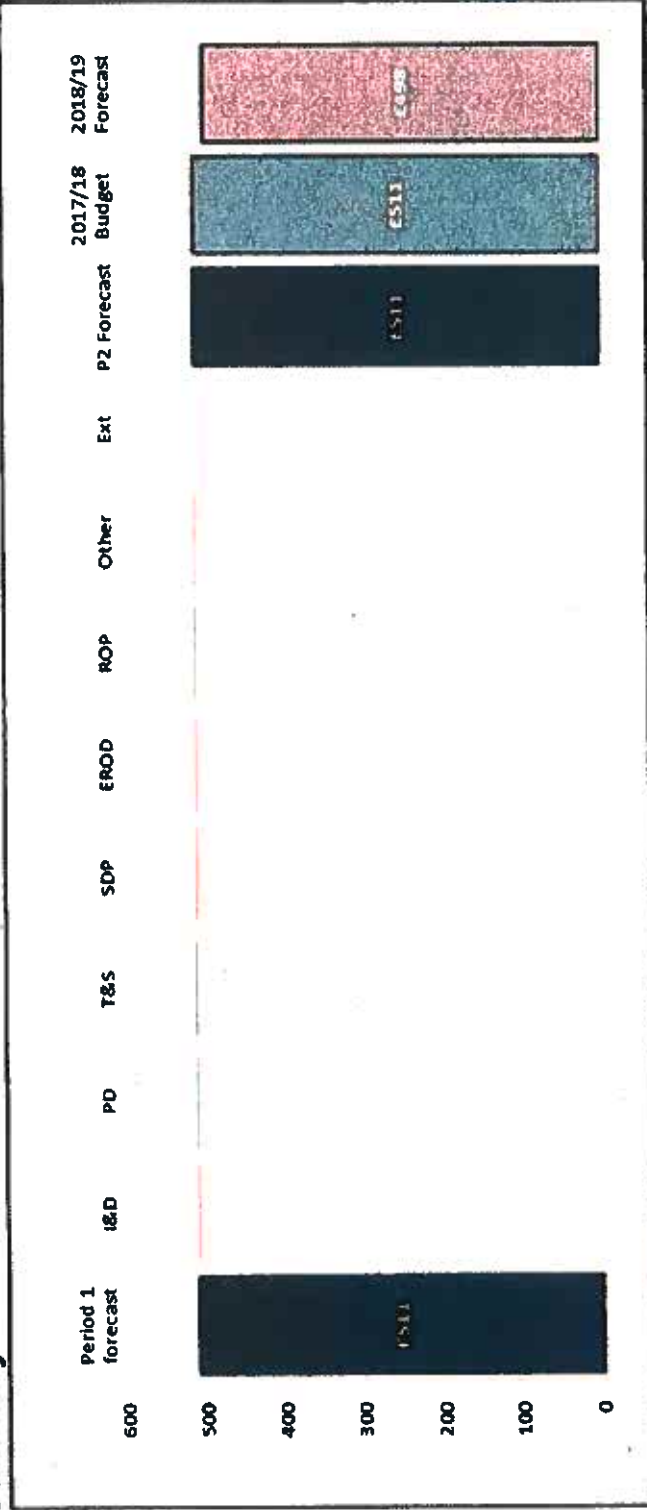


**Finance Report  
Programme Board May 2017  
Period 2**

**UCPB220617 – BTL03**

**2017/18 Period 2**

**Summary**



**Key Points**

**2017/18**

- The Programme's forecast remains in a balanced budget position
- The Programme is holding net risks with a most likely value of £40m

**2018/19**

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

# Overall Forecast

2017/18 Period 2

	Budget Code	2017/18			2018/19			Total Programme Spend £1,663m
		Period 1 Forecast	Period 2 Forecast	Variance	Period 1 Forecast	Period 2 Forecast	Variance	
		£k	£k	£k	£k	£k	£k	
<b>Implementation &amp; Delivery Investment</b>								
Live Service Programme Team	JM	2,488	2,278		2,488	2,488		
Digital Delivery Programme Team	JM	4,053	4,050		3,981	3,981		
Live Service Implementation Costs	JM	9,587	9,587		9,247	9,247		
IPOC Telephony	JM	800	800		0	0		
Live Service Expansion	JM	2,597	2,597		1,708	1,708		
OED Recharges	JM	3,395	3,395		1,127	1,127		
Performance Insight Team-Live Service	JM	375	375		413	413		
Estates	JM	2,400	2,400		5,000	5,000		
Live Service net Operational Impact:	JM	242,038	242,038		18,112	18,282		
LS DMS Operations	JM	2,339	2,339		412	412		
Live Service Operational Savings	JM	239,699	239,699		36,504	36,504		
Full Service (D/S) Implementation Costs	JM	0	0		-22,884	-22,884		
Performance Insight Team-Digital	JM	24,882	24,882		40,805	40,805		
F/S OED Recharges	JM	635	635		624	624		
F/S Digital Delivery BTG & ITPD	JM	5,751	5,751		2,875	2,875		
Digital Service L&D	JM	515	515		0	0		
Service Innovation Lead	JM	18,052	18,052		37,308	37,308		
F/S Digital Jobcentres depreciation of WADS	JM	3,000	3,000		1,800	1,800		
RTI Team	JM	1,354	1,354		1,354	1,354		
RTI Team	JM	56	56		56	56		
<b>Total - Janice Hanley</b>		<b>287,470</b>	<b>287,470</b>		<b>78,854</b>	<b>74,701</b>		
<b>UC Product Development</b>								
Core Programme Team	AS	7,624	7,624		9,184	9,184		
Core Programme team	AS	7,624	7,624		9,184	9,184		
Capitalised staff costs	AS	19,527	19,363		20,327	20,481		
Digital Solution - IT Build		10,914	10,156		1,001	1,001		
Digital Solution - IT Recurrent		2,914	3,671		15,301	15,301		
Digital Service Centre - IT Recurrent		1,846	1,423		0	0		
<b>Total - Anthony Brighenshaw</b>		<b>42,826</b>	<b>41,967</b>		<b>48,783</b>	<b>48,783</b>		
<b>UC Working Age Product Development</b>								
Live Service - IT Investment	JM	13,680	14,439		3,000	3,000		
Live Service - IT Recurrent	JM	36,433	31,846		22,200	22,214		
Live Service - IT Staff Changes	JM	1,968	1,968		1,665	1,665		
Live Service - ITPD Contractor Charges	JM	1,502	1,502		0	0		
LS to FS transfers robotics	JM	113	113		0	0		
Security - IT	AS	4,847	4,848		8,840	8,840		
Security IT Investment	AS	5	5		0	0		
Security Staff / Non Staff Recurrent	AS	9	9		0	0		
Security - Staff / Non Staff Investment	AS	605	605		8,840	8,840		
Housing Verification Build	JM	1,000	1,000		2,723	2,723		
DataWorks Platforms	JM	727	2,267		783	783		
DataWorks Staff		712	2,252		1,000	1,000		
DataWorks Non Staff		15	15		0	0		
Prove Your Identity Staff		1,433	2,181		0	0		
Prove Your Identity Non Staff		457	1,185		0	0		
Prove Your Identity IT		124	124		0	0		
Operations Control Centre		447	447		0	0		
Verify		105	106		0	0		
Data Outcomes		300	300		0	0		
DataOutcomesS		1,827	3,495		0	0		
DataOutcomesNS		668	2,146		0	0		
DataOutcomesIT		280	280		0	0		
Security Provision		109	108		0	0		
PYCA		870	870		0	0		
PYCA Staff	CE	448	448		0	0		
PYCA Recharge	CE	275	275		0	0		
PYCA Non Staff	CE	145	145		0	0		
UC Switch IT Design	CE	24	24		0	0		
Non Cash - Depreciation	JM	39,370	36,910		33,238	33,137		
<b>Total - Craig Ebbett</b>		<b>185,289</b>	<b>184,810</b>		<b>73,490</b>	<b>73,367</b>		

2017-18 Range Risks £63.88m Opps £24m



OFFICIAL - SENSITIVE

# Overall Forecast

2017/18 Period 2

	2017/18	2016/17	2015/16	2014/15	Total Programme Spend	2017-18 Range
<b>Strategic Design &amp; Planning</b>					£1,663m	£63.88m
Strategic Design	9,176	8,970	9,019	9,019		
LM Test & Learn	2,461	2,450	2,538	2,538		
Programme Planning & Assurance	429	460	369	369		
Test & Learn	2,404	2,378	2,324	2,324		
Operational Services Core	1,829	736	736	736		
Operational Services Commissions	1,321	1,829	1,482	1,482		
Telephony Optimisation	0	1,316	1,570	1,570		
CMG IT Futures (GMEC)	428	620	110	110		
Legal Costs	502	428	0	0		
Internal Legal Costs	502	409	294	294		
Housing Delivery Division	177	409	294	294		
LADS	-34	177	89	89		
Pension Credit Plus (PDCCS)	100	0	0	0		
Payment Deduction Programme Recharges	42	170	3,000	3,000		
Pilots & Trials	2,765	42	45	45		
Labour Market Trials	2,495	2,765	3,050	3,050		
UC Evaluation	270	2,495	1,800	1,800		
Strategy	6,450	270	1,250	1,250		
Strat - Analytical Services Directorate	1,082	6,470	5,481	5,481		
Strat - UC Policy	1,789	1,082	85	85		
Strat - Labour Market	469	1,829	1,738	1,738		
Strat - UC Analysis	2,939	464	461	461		
Strat - Pensions	181	2,939	2,993	2,993		
FS DMS Operations	189,803	179	185	185		
Digital Service Operational Costs	3,013	199,803	214,685	214,685		
Digital Service Operational Savings	168,237	3,013	3,081	3,081		
Migration	0	168,237	621,861	621,861		
SC Fixed Switch	28,562	0	-480,378	-480,378		
Supply Contingency costs	2,003	28,562	50,091	50,091		
Supply Contingency SC Staff	45,942	2,003	4,575	4,575		
Supply Contingency SC NStaff	18,359	45,942	7,324	7,324		
Supply Contingency WS Staff	2,387	18,359	2,507	2,507		
Supply Contingency WS NStaff	22,832	2,387	323	323		
Supply Contingency WS Staff	2,363	22,832	4,076	4,076		
<b>Total - Will Moss</b>	<b>287,356</b>	<b>287,765</b>	<b>246,468</b>	<b>250,638</b>		
<b>External Relations &amp; Orientation</b>						
Stakeholders & Partner Team	3,541	3,583	3,414	3,414		
Marketing	2,400	2,400	2,541	2,541		
Communications	963	963	823	823		
Money Advice Service Leads	10	10	10	10		
Money Advice Service	2	2	0	0		
Passported Benefits	300	300	0	0		
Total EA Spend & Exits	10,169	10,169	19,823	19,823		
Exits	0	0	10,000	10,000		
Universal Support	21,507	21,507	48,428	48,428		
Local Authorities	-11,338	-11,338	-38,806	-38,806		
<b>Total - Cath Hamp</b>	<b>17,368</b>	<b>17,428</b>	<b>26,210</b>	<b>26,210</b>		

Total Programme Spend  
£1,663m

2014/15 Outturn  
£255m

2015/16 Outturn  
£362m

2016/17 Outturn  
£403m

2017-18 Range  
Risks £63.88m  
Opps £24m



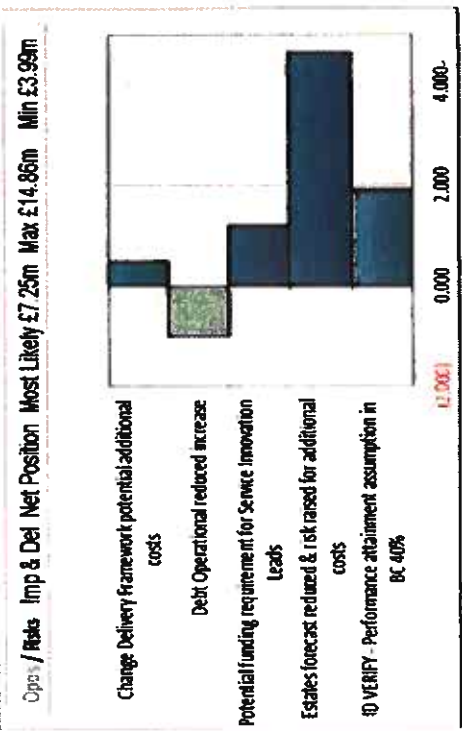
2017/18 Period 2

Overall Forecast

	796	811	795	795	795	795	Total Programme Spend £1,663m
Rest of Programme							
Core Programme Teams	IW						
Programme Management	IW	811	795	795	795	795	2014/15 Outturn £255m
Other Core Programme	IW	1	1	0	0	0	2015/16 Outturn £362m
Caxton Accommodation Move	IW	237	606	0	0	0	2016/17 Outturn £403m
External consultancy support costs	IW	54	54	15	15	15	
Recharges - F&C:	IW	5,070	5,093	4,362	4,362	4,928	
UC Finance	IW	1,261	1,284	728	728	1,294	
UC Finance (Operations)	IW	794	794	405	405	405	
Finance & Commercial recharges	IW	3,016	3,016	3,229	3,229	3,229	
Projects & Recharges:	IW	600	600	531	531	531	
Contracted Operators Recharges	IW	211	211	67	67	67	
HR Recharges	IW	318	318	174	174	174	
Message Hub	IW	0	0	219	219	219	
Weish Language Unit	IW	70	70	70	70	70	
HMRC	IW	0	0	46,166	46,166	46,166	
Total - Ian Wright		6,771	7,149	51,869	51,869	52,435	
Central Overlay	IW	503	-15	18,000	18,000	15,286	
Total Financial Costs	IW	10,137	10,143	6,951	6,951	7,034	
Total UC - Excluding Budget Transfers		737,273	737,273	548,284	548,284	548,284	2017-18 Range Risks £63.86m Opps £24m
Rest of Programme - ext Budget Holder:							
Consequential savings Service Centres		-170,924	-170,924	0	0	0	
Consequential savings Work Services		-66,390	-66,390	0	0	0	
Net Operational Impact		0	0	0	0	0	
HMRC		10,010	10,010	-51,000	-51,000	-51,000	
HMRC costs		21,010	21,010	0	0	0	
HMRC Savings		-11,000	-11,000	-51,000	-51,000	-51,000	
Live Services SPAG Labour Market		763	763	763	763	763	
Technology		0	0	0	0	0	
Total External Budget Holders		-226,540	-226,540	-50,237	-50,237	-50,237	
UC TOTAL		510,732	510,732	498,047	498,047	498,047	

Full Year Outturn and Next Year Forecast **Implementation & Delivery** 2017/18 Period 2

	Budget Holder	2017/18		2018/19		Variance	Variance
		Period 1 Forecast	Period 2 Forecast	Period 1 Forecast	Period 2 Forecast		
<b>Implementation &amp; Delivery Investment</b>							
Live Service Programme Team	JH	2,458	2,276	2,498	2,498		
Digital Delivery Programme Team	JH	4,053	4,950	3,981	3,981		
Live Service Implementation Costs	JH	9,587	9,857	8,247	8,247		
IPCC Telephony	JH	800	800	0	0		
Live Service Expansion	JH	2,597	2,597	1,708	1,708		
OED Recharges	JH	3,385	3,385	1,127	1,127		
Performance Insight Team-Live Service	JH	375	375	413	413		
Estates	JH	2,400	2,400	5,000	5,000		
Live Service net Operational Impact:	JH	242,038	242,038	18,112	16,252		
LS DMS Operations	JH	2,339	2,339	2,272	412		
Live Service Operational Costs	JH	239,699	239,699	38,504	38,504		
Live Service Operational Savings	JH	0	0	-22,664	-22,664		
Full Service (D/S) Implementation Costs	JH	24,952	24,952	40,805	40,805		
Performance Insight Team-Digital	JH	635	635	624	624		
F/S OED Recharges	JH	5,751	5,751	2,875	2,875		
F/S Digital Delivery BTG & ITPD	JH	515	515	0	0		
Digital Service L&D	JH	18,052	18,052	37,308	37,308		
Service Innovation Lead	JH	3,000	3,000	1,500	1,500		
F/S Digital Jobcentres depreciation of WADs	JH	1,354	1,354	1,354	1,354		
RTI Team	JH	56	56	56	56		
<b>Total - Janice Hartley</b>		<b>287,470</b>	<b>287,992</b>	<b>76,964</b>	<b>74,701</b>	<b>(422)</b>	<b>(7)</b>



- Headlines**
- 2017/18**
- Programme team forecasts reflect updated workforce plans
- 2018/19**
- The forecast incorporates latest estimates of resources required to support debt management activity

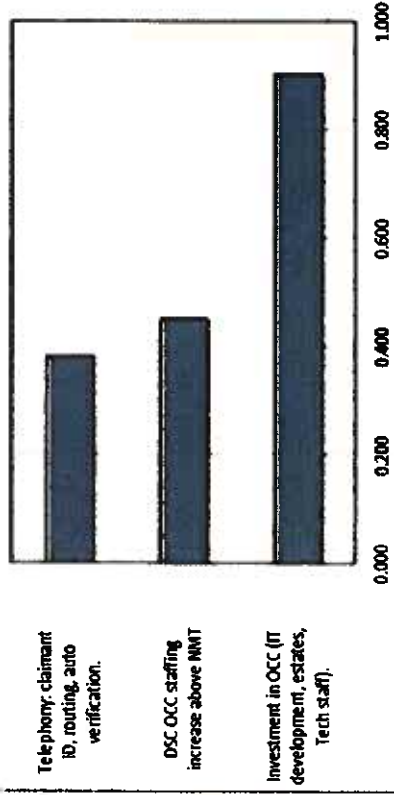


	Budget Holder	2017/18			2018/19		
		Period 1 Forecast	Period 2 Forecast	Variance	Period 1 Forecast	Period 2 Forecast	Variance
		£k	£k	£k	£k	£k	£k
<b>UC Product Development</b>							
Core Programme Team	AB	7,624	7,354		9,154	8,951	
Core Programme team Capitalised staff costs	AB	7,624	7,354		9,154	8,951	
Digital Solution - IT Build	AB	19,527	19,363		20,327	20,481	
Digital Solution - IT Recurrent		10,914	10,156		1,001	1,001	
Digital Service Centre - IT Investment		2,914	3,671		15,301	15,301	
Digital Service Centre - IT Recurrent		1,546	1,423		0	0	
<b>Total - Anthony Briggishaw</b>		<b>42,525</b>	<b>41,967</b>		<b>48,783</b>	<b>48,733</b>	

Headlines

- Core programme and staff costs movements are based on the latest plans for contractor utilisation
- The movement between Digital Solution IT Build and IT recurrent is a reclassification of licence costs – no overall impact on forecast

Opps / Risks UC P&D (DSC) Net Position Most Likely £1.73m Max £2.8m Min £0.2m



Full Year Outturn and Next Year Forecast

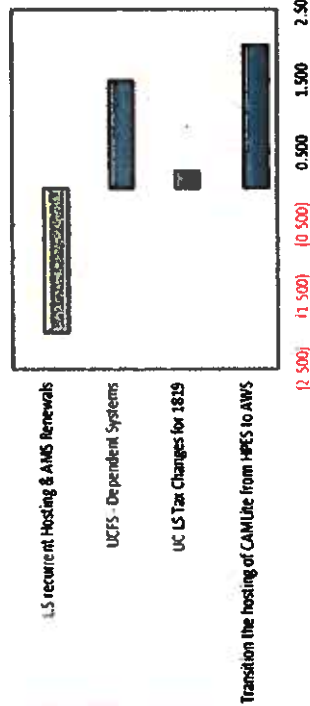
UC Working Age Product Development 2017/18 Period 2

	Budget Holder	2017/18		2018/19		Variance	Period 1 Forecast	Period 2 Forecast	Variance	Period 1 Forecast	Period 2 Forecast	Variance
		£k	£k	£k	£k							
UC Working Age Product Development												
Live Service - IT Recruitment	JH	13,690	14,438		3,000		3,000			3,004		
Live Service - IT Recurrent	JH	36,433	31,846	(2,587)	22,200		22,214			1,665		(143)
Live Service - ITPD Staff Changes	JH	1,958	1,858		0		0			0		
Live Service - ITPD Contractor Changes	JH	1,502	1,502		0		0			0		
LS to FS transfers Robotics		113	113		0		0			0		
Security - IT	AB	4,847	4,849	(2)	8,840		8,840			0		
Security IT Investment	AB	4,843	4,844	(1)	0		0			0		
Security IT Recurrent	AB	5	5		0		0			0		
Security Staff / Non Staff Recurrent	AB	605	605		8,840		8,840			0		
Security - Staff / Non Staff Investment	AB	1,000	1,000		2,723		2,723			783		
Housing Verification Build	JH	727	2,267	(1,540)	0		1,000			0		
DataWorks Platforms		712	2,252	(1,540)	0		0			0		
DataWorks Staff		15	15		0		0			0		
Prove Your Identity		1,433	2,161	(728)	0		0			0		
Prove Your Identity Staff		457	1,185	(728)	0		0			0		
Prove Your Identity Non Staff		124	124		0		0			0		
Prove Your Identity IT		447	447		0		0			0		
Operations Control Centre		106	106		0		0			0		
Verify		300	300		0		0			0		
Data Outcomes		1,827	3,405	(1,578)	0		0			0		
DateOutcomesS		568	2,146	(1,578)	0		0			0		
DateOutcomesNS		280	280		0		0			0		
DateOutcomesIT		109	109		0		0			0		
Security Provision		870	870		0		0			0		
PYCA		446	445		0		0			0		
PYCA Staff	CE	275	145		0		0			0		
PYCA Recharge	CE	24	24		0		0			0		
PYCA Non Staff	CE	1,300	1,300		0		0			0		
UC Switch IT Design		39,370	36,310		33,238		33,238			0		
Non Cash - Depreciation		105,259	104,610		73,450		73,450			0		
<b>Total - Craig Ebbsitt</b>												

Headlines

- The forecast movements between IT recurrent costs and dataworks/prove your identity/data outcomes are the result of reclassification of expenditure – there is no overall impact on the forecast
- Depreciation forecasts have been updated to align with latest estimates of capital expenditure

0000 / Minus UC Working Age Product Dev Net Position Most Likely £1.75m Max £4.82m Min £1m





Full Year Outturn and Next Year Forecast Strategic Design & Planning 2017/18 Period 2

	Budget Notes	2017/18		2018/19		Variance	Period 1 Forecast	Period 2 Forecast	Variance
		£k	£k	£k	£k				
<b>Strategic Design &amp; Planning</b>									
Core Programme Teams	WM	9,178	9,970	9,019	9,019		9,019	9,019	
Strategic Design	WM	2,461	2,450	2,538	2,538		2,538	2,538	
IAI Test & Learn	WM	429	480	369	369	(111)	369	369	
Programme Planning & Assurance	WM	2,404	2,378	2,324	2,324		2,324	2,324	
Test & Learn	WM	735	1,629	736	736		736	736	
Operational Services Core	WM	1,629	1,316	1,482	1,482		1,482	1,482	
Operational Services Commissions	WM	1,321	820	1,570	1,570		1,570	1,570	
Telephony Optimisation	WM	0	620	0	0	(620)	0	0	(620)
CMG IT Futures (CMEC)	WM	428	428	0	0		0	0	
Legal Costs	WM	502	409	294	294		294	294	
Internal Legal/Division	WM	502	409	294	294		294	294	
Housing Delivery Division	WM	177	177	89	89		89	89	
LADS	WM	-34	-34	0	0		0	0	
Pension Credit Plus (PDCS)	WM	100	170	1,967	3,000		3,000	3,000	
Payment Deduction Programme Recharges	WM	42	42	45	45		45	45	
Pilots & Trials	WM	2,785	2,765	3,090	3,090		3,090	3,090	
Labour Market Trials	WM	2,495	2,495	1,800	1,800		1,800	1,800	
UC Evaluation	WM	270	270	1,290	1,290		1,290	1,290	
Strategy	WM	6,489	6,479	85	85		85	85	
Strat - Analytical Services Directorate	WM	1,062	1,062	1,738	1,738		1,738	1,738	
Strat - UC Policy	WM	1,799	1,629	461	461		461	461	
Strat - Labour Market	WM	469	464	2,993	2,993		2,993	2,993	
Strat - UC Analysis	WM	2,939	2,915	185	185		185	185	
Strat - Pensions	WM	181	179	314,656	217,572		217,572	217,572	
Digital Service net Operational Impact:	WM	199,803	199,803	3,013	3,013		3,013	3,013	
FS DMS Operations	WM	3,013	3,013	621,861	622,147		622,147	622,147	
Digital Service Operational Costs	WM	168,237	168,237	-480,378	-480,378		-480,378	-480,378	
Digital Service Operational Savings	WM	0	0	50,091	50,091		50,091	50,091	
Migration	WM	28,562	28,562	4,576	4,576		4,576	4,576	
SC Fixed Switch	WM	2,003	2,003	7,324	7,324		7,324	7,324	
Supply Contingency costs	WM	48,842	48,842	2,507	2,507		2,507	2,507	
Supply Contingency SC Staff	WM	16,369	16,369	323	323		323	323	
Supply Contingency SC NStaff	WM	2,367	2,367	4,078	4,078		4,078	4,078	
Supply Contingency WS Staff	WM	22,832	22,832	418	418		418	418	
Supply Contingency WS NStaff	WM	2,363	2,363	245,468	245,468		245,468	245,468	
<b>Total - VIII Miss</b>		<b>267,358</b>	<b>267,765</b>	<b>(407)</b>	<b>(407)</b>		<b>245,468</b>	<b>245,468</b>	<b>(211)</b>

Headlines

2017/18

- Increased costs represent pilot work on telephony routing and natural call language system to support case management

2018/19

- Cost increase reflects updated estimates for Pension Credit Plus delivery and additional resource requirements for debt management activities

Opps / Misses SOP Net Position Most Likely (£13.71m) Max (£20.52m) Min £(2.25m)



DPA funding removed  
Operational non-staff unit cost adjustment  
Migration "missing processes" ops forecast  
Additional operational resources for training backfill  
DM LS to FS Transfers  
DM staffing costs  
ICTAS Notifications possible new burden on LAS  
CMG IT Futures - IT costs  
Additional Strategy J-K Analyst recharges  
Prove You Can apply potential additional costs

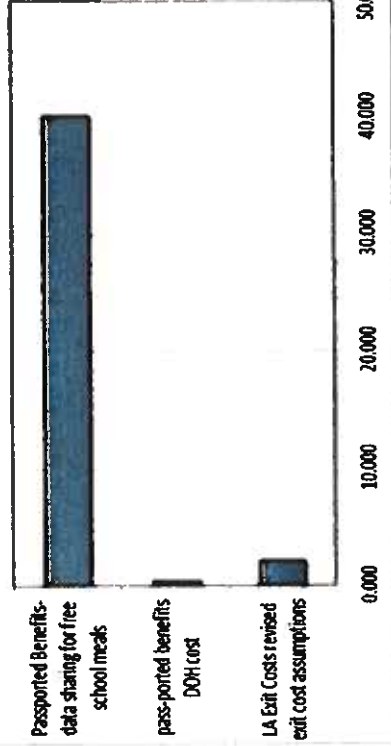
Full Year Outturn and Next Year Forecast External Relations & Orientation 2017/18 Period 2

	2017/18			2018/19		
	Period 1 Forecast	Period 2 Forecast	Variance	Period 1 Forecast	Period 2 Forecast	Variance
Budget Holder	£k	£k	£k	£k	£k	£k
External Relations & Orientation						
Stakeholders & Partner Team	3,541	3,583	(42)	3,414	3,414	
Marketing	2,400	2,400		2,541	2,541	
Communications	963	963		623	623	
Money Advice Service Leaflets	10	10		10	10	
Money Advice Service	2	2		0	0	
Passported Benefits	300	300		0	0	
Total LA Spend & Exits	10,169	10,169		19,823	19,823	
Exits	0	0		10,000	10,000	
Universal Support	21,507	21,507		48,428	48,428	
Local Authorities	-11,338	-11,338		-38,808	-38,808	
<b>Total - Cath Hamp</b>	<b>17,386</b>	<b>17,428</b>	<b>(42)</b>	<b>28,210</b>	<b>28,210</b>	

Headlines

- No material changes to the forecast
- The risk, that Live and Full Service is unable to provide the necessary data to OGD's for entitlement to a range of passported benefits, is high value but has a low probability

Ops / Risks EROD Net Position Most Likely £42.27m Max £52.27m Min £20.27m



Full Year Outturn and Next Year Forecast

Rest of Programme

2017/18 Period 2

	Budget Holder	2017/18		2018/19		Variance	Variance
		Period 1 Forecast	Period 2 Forecast	Period 1 Forecast	Period 2 Forecast		
		£k	£k	£k	£k		
<b>Rest of Programme</b>		<b>796</b>	<b>811</b>	<b>795</b>	<b>795</b>		
Core Programme Teams	IW	795	810	795	795	(14)	
Programme Management	IW	1	1	0	0	(15)	
Other Core Programme	IW	606	237	0	0		
Caxton Accommodation Move	IW	54	54	15	15		
External consultancy support costs	IW	5,093	5,070	4,362	4,928		(566)
Recharges - F&C:	IW	1,284	1,261	728	1,294		(566)
UC Finance	IW	794	794	405	405		
UC Finance (Operations)	IW	3,016	3,016	3,229	3,229		
Finance & Commercial recharges	IW	600	600	531	531		
Projects & Recharges:	IW	211	211	67	67		
Contracted Operations Recharges	IW	318	318	174	174		
HR Recharges	IW	0	0	219	219		
Message Hub	IW	70	70	70	70		
Welsh Language Unit	IW	0	0	46,166	46,166		
HMRC	IW						
<b>Total - Ian Wright</b>		<b>7,149</b>	<b>6,771</b>	<b>51,869</b>	<b>52,435</b>		<b>(566)</b>

Headlines

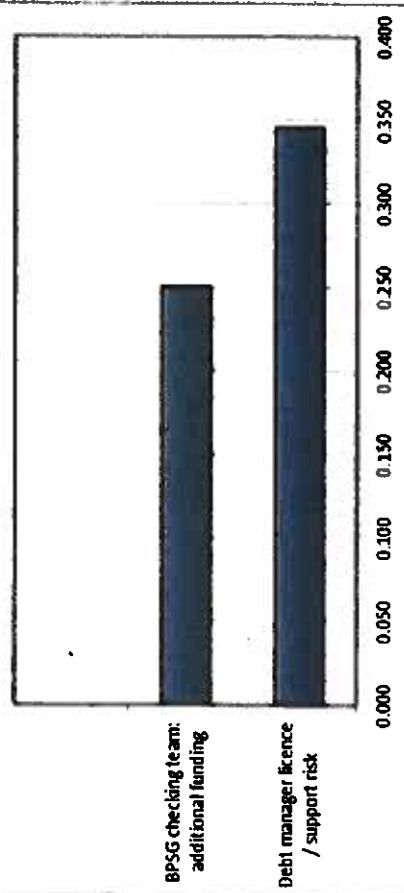
2017/18

- The reduction in Caxton move costs is due to the Department exiting the Victoria Street premises earlier than planned, with consequent savings in lease costs

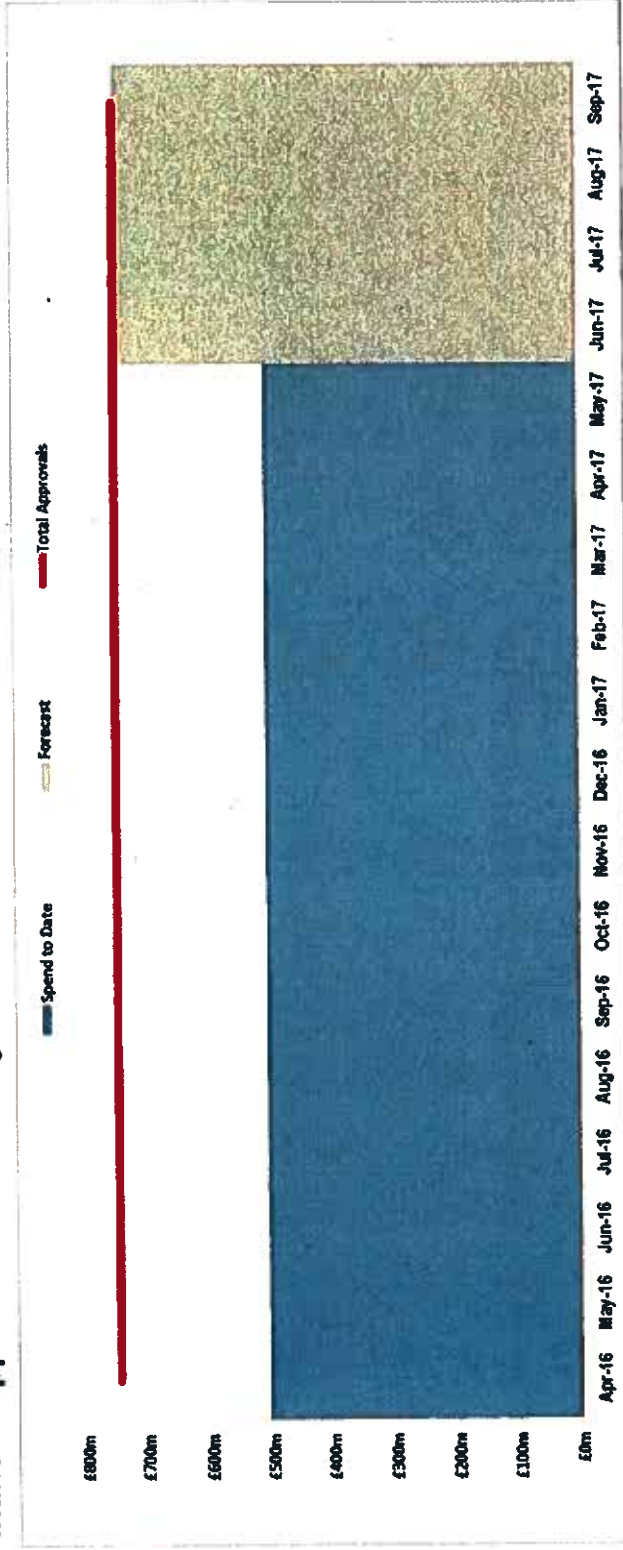
2018/19

- Forecast recharges have been aligned to 2017/18 levels – further challenge is ongoing

Opps / Risks ROP Net Position Most Likely £0.595m Max £0.714m Min £0.48m



Financial Approvals and Funding



Funding Forward Look

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20
Forecast Requirement	403	511	498	364
Funding	401	447	365	233
SR15 net of HMRC savings				

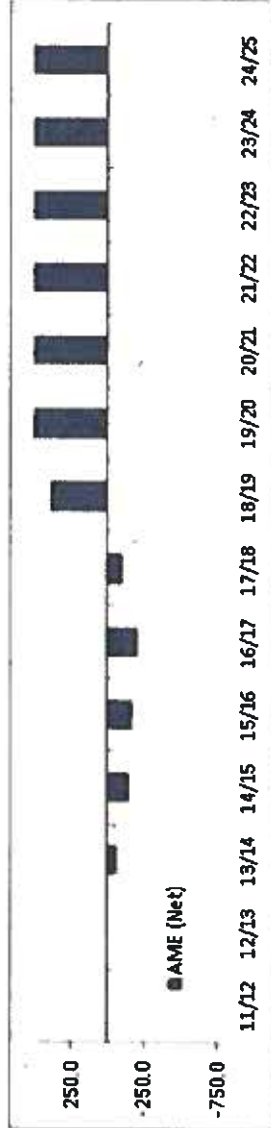
- HMT approval of £746.6m has been given to cover the period from January 2016 to September 2017.
- The Department has secured separate funding for the impacts of the Employee Deal as part of the SR settlement – this funding is currently held centrally within the Department

**Total Programme View Costs and Benefits over life of Business Case 2017/18 Period 2**

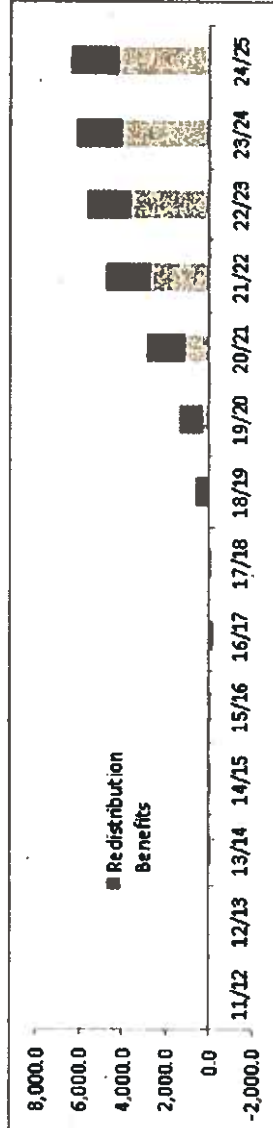
**DEL Costs**



**AME Costs**



**Economic Benefits**



Lifetime Investment Costs	Baseline (ORC 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	250,715
Inflation	43,597
	<b>1,630,403</b>

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.



