

Programme Board Finance Report April 2019 Period 1

UCPB140519 – BTL01

	Current Forecast			Previous Forecast	Variance	Budget
	Programme Funded	External Funded	Total			
Full Service Delivery	6,750	196,945	203,695	218,537	14,842	191,537
UC Product Development / Digital Delivery	73,646	0	73,646	73,625	(20)	73,625
Move to UC	12,456	0	12,456	12,259	(198)	12,259
Universal Credit Engagement Division	79,887	779	80,665	80,800	134	80,800
Rest of Programme	6,003	(2,961)	3,042	3,127	85	3,127
Central Funding / Challenge	0	0	0	0	0	(8,471)
Total Financial Costs (Inflation)	0	0	0	0	0	0
Total	178,742	194,763	373,505	388,348	14,843	352,877

2019/20 Key Points:-

- The total forecast has decreased by £14.8m. This is due to a reduction of £14.6m in externally funded Operations and £0.2m in Programme staffing costs.
- Budgets have been set using P12 forecast. This leaves a £8.5m central challenge.
- The forecast is £20.6m over budget. Primarily due to the remaining forecast challenges in externally funded Operations (£12.4m) and in Programme funded.
- Discussions are on-going with HMT on an updated drawdown

Programme Funded Expenditure: Full Service Delivery

2019/20 Period 1

	2019/20			2019/20 Budget £k	2020/21		
	Period 12 Forecast £k	Period 1 Forecast £k	Variance £k		Period 12 Forecast £k	Period 1 Forecast £k	Variance £k
	Full Service Delivery						
Workforce Plan - Delivery Director	40	47	(7)	40	0	0	0
Workforce Plan - Delivery	5,614	5,369	245	5,614	0	0	0
Recharge - OPPD	275	275	(0)	275	239	239	0
Recharge - Counter Fraud and Compliance	813	813	(0)	813	819	819	0
Operations - Full Service L&D	0	0	0	0	23,226	23,226	0
Operations - Youth Obligation	0	0	0	0	63,879	63,879	0
Live Service Operational Costs	0	0	0	0	0	0	0
Continuous Improvement	250	250	0	250	0	0	0
IPCC Telephony	0	(4)	4	0	0	0	0
Total	6,992	6,750	242	6,992	88,162	88,162	0

Headlines

2019/20: £0.3m decrease mainly due to

- Revised staffing costs

2020/21: No material change

Programme Funded Expenditure: Product Development / Digital Delivery

2019/20 Period 1

	2019/20			2019/20 Budget £k	2020/21		
	Period 12 Forecast £k	Period 1 Forecast £k	Variance £k		Period 12 Forecast £k	Period 1 Forecast £k	Variance £k
	UC Product Development / Digital Delivery						
Workforce Plan - UCFS@Scale Core	15,735	15,735	(0)	15,735	2,325	2,325	0
Workforce Plan - UCFS@Scale Capitalised Staff	29,843	29,843	0	29,843	0	0	0
UCFS@Scale IT Infrastructure Investment	2,797	2,797	(0)	2,797	1,324	1,324	0
UCFS@Scale IT Infrastructure Recurrent	6,299	7,048	(748)	6,299	21,501	21,501	(0)
Digital Service Centre - IT Recurrent	748	0	748	748	748	748	0
Recharge – Digital Data Analytics	2,761	2,767	(6)	2,761	0	0	0
Recharge – Digital Dataworks Platform	4,039	4,033	6	4,039	0	0	0
Recharge - Household Verification	644	644	0	644	0	0	0
Live Service - IT Recurrent	1,273	1,284	(11)	1,273	(0)	0	(0)
Live Service - IT Investment	14	25	(11)	14	0	0	0
Verify	0	0	0	0	0	0	0
Depreciation (inc Caxton House)	9,472	9,470	3	9,472	10,523	10,523	0
Recurrent Core Team Costs	0	0	0	0	16,288	16,288	(0)
Security Staff / Non Staff Recurrent	0	0	0	0	2,140	2,140	0
Security Staff / Non Staff Investment	0	0	0	0	783	783	0
Security IT Recurrent	0	0	0	0	11,855	11,855	(0)
Security Provision	0	1	(1)	0	0	0	0
Total	73,625	73,646	(20)	73,625	67,486	67,486	(0)

Headlines

2019/20: An offsetting IT recurrent cost transfer has been made, but there has been no material total change

2020/21: No material change

Programme Funded Expenditure: Move to UC

2019/20 Period 1

	2019/20			2019/20 Budget £k	2020/21		
	Period 12 Forecast £k	Period 1 Forecast £k	Variance £k		Period 12 Forecast £k	Period 1 Forecast £k	Variance £k
	Move to UC						
Workforce Plan - Move to UC	976	1,020	(44)	976	1,018	1,075	(57)
Pension Credit Plus - Operations	0	0	0	0	1,113	1,113	0
Recharge - Pension Credit Plus - Development	500	522	(22)	500	0	1,200	(1,200)
Recharge - Managed Migration Analysis	383	383	0	383	0	0	0
Recharge - Policy Group Ageing Society	158	158	(0)	158	186	186	0
Recharge - Debt	7,322	7,322	(0)	7,322	8,508	8,508	0
Recharge - OED Live Service	71	71	(0)	71	350	350	0
Recharge - OED Full Service	2,849	2,866	(16)	2,849	2,690	2,690	0
Move to UC Managed Migration	0	89	(89)	0	0	0	0
Move to UC Services Managed Migration Services	0	22	(22)	0	0	0	0
Move to UC Delivery Migration Delivery	0	4	(4)	0	0	0	0
Total	12,259	12,456	(198)	12,259	13,865	15,122	(1,257)

Headlines

2019/20: (£0.2m) increase mainly due to

- Revised staffing costs

2020/21: (£1.3m) increase mainly due to

- Re-phasing of Pension Credit Plus development costs

Programme Funded Expenditure: Engagement Division

2019/20 Period 1

	2019/20			2019/20 Budget £k	2020/21		
	Period 12 Forecast £k	Period 1 Forecast £k	Variance £k		Period 12 Forecast £k	Period 1 Forecast £k	Variance £k
Universal Credit Engagement Division							
Workforce Plan - Labour Market Strategic Design	1,018	1,007	10	1,018	951	958	(7)
Workforce Plan - Programme Planning and Assurance	2,648	2,598	50	2,648	2,276	2,237	39
Workforce Plan - Engagement Division	4,395	4,343	52	4,395	3,855	4,035	(180)
Marketing	1,200	1,201	(1)	1,200	400	400	0
CAB Help to Claim	39,000	39,000	0	39,000	0	0	0
LA - Management and HB expertise	8,669	8,669	0	8,669	40,333	40,333	0
LA - Migration	9,626	9,626	(0)	9,626	10,058	10,058	0
LA - Exits	0	0	0	0	15,000	15,000	0
LA - New Burdens	2,927	2,927	0	2,927	0	0	0
LA - HB transition to UC	1,500	1,500	0	1,500	0	0	0
LA - Savings	(26,979)	(26,979)	0	(26,979)	(42,181)	(42,181)	0
Recharge - Housing Delivery Division	165	165	0	165	0	0	0
Recharge - Communications	572	572	(0)	572	521	521	0
Recharge - Independent Case Examiner	426	426	0	426	430	430	0
Recharge - Policy Group Internal Legal	480	480	0	480	480	480	0
Recharge - Central Analysis Services	553	533	20	553	316	316	0
Recharge - Policy Group Labour Market	320	320	(0)	320	446	446	0
Recharge - Policy Group UC Analysis	3,101	3,101	(0)	3,101	3,048	3,048	0
Recharge - Policy Group UC Policy	2,240	2,240	0	2,240	2,128	2,128	0
Recharge - Policy Group Decision Making & Appeals	731	731	(0)	731	731	731	0
Recharge - CMG Interface	1,500	1,500	0	1,500	0	0	0
Operations - Work Services and Appeals	17,114	17,111	3	17,114	805,482	805,482	0
Operations - Savings	(17,114)	(17,114)	(0)	(17,114)	(703,351)	(703,351)	0
Operations - Migrations	8,931	8,931	0	8,931	43,109	43,109	0
Operations - NISSA	0	0	0	0	5,237	5,237	0
Operations - Investment	17,000	17,000	0	17,000	0	0	0
Total	80,021	79,887	134	80,021	189,272	189,420	(148)

Headlines

2019/20: £0.1m decrease mainly due to

- Revised staffing costs

2020/21: (£0.1m) increase mainly due to

- Revised staffing costs

Programme Funded Expenditure: Rest of Programme

2019/20 Period 1

	2019/20			2019/20 Budget £k	2020/21		
	Period 12 Forecast	Period 1 Forecast	Variance		Period 12 Forecast	Period 1 Forecast	Variance
	£k	£k	£k		£k	£k	£k
Rest of Programme							
Workforce Plan - Directors Office	986	888	99	986	981	908	73
Recharge - Programme Finance	922	922	0	922	982	982	0
Recharge - One Service Finance	282	282	(0)	282	0	0	0
Recharge - Finance and Commercial	3,043	2,787	256	3,043	2,388	2,388	0
Recharge - Information, Exploitation & Security	0	256	(256)	0	0	0	0
Recharge - Contracted Employment Programme	240	240	0	240	240	240	0
Recharge - HR	390	390	0	390	390	390	0
Recharge - FED Analysts	156	156	0	156	157	157	0
Recharge - Welsh Language Unit	60	60	0	60	70	70	0
Recharge - Other	0	2	(2)	0	0	0	0
Exits	0	0	0	0	0	0	0
HMRC	60,487	0	60,487	0	40,756	40,756	0
Programme Director	0	19	(19)	0	0	0	0
External consultancy support costs	0	1	(1)	0	0	0	0
Total	66,567	6,003	60,564	6,080	45,965	45,892	73

Headlines

2019/20: £60.6m decrease mainly due to

- £60.5m - transfer out of HMRC implementation delivery and revised savings (now in External Funded Expenditure)
- £0.1m - revised staffing plans

2020/21: No material change

External Funded Expenditure:

2019/20 Period 1

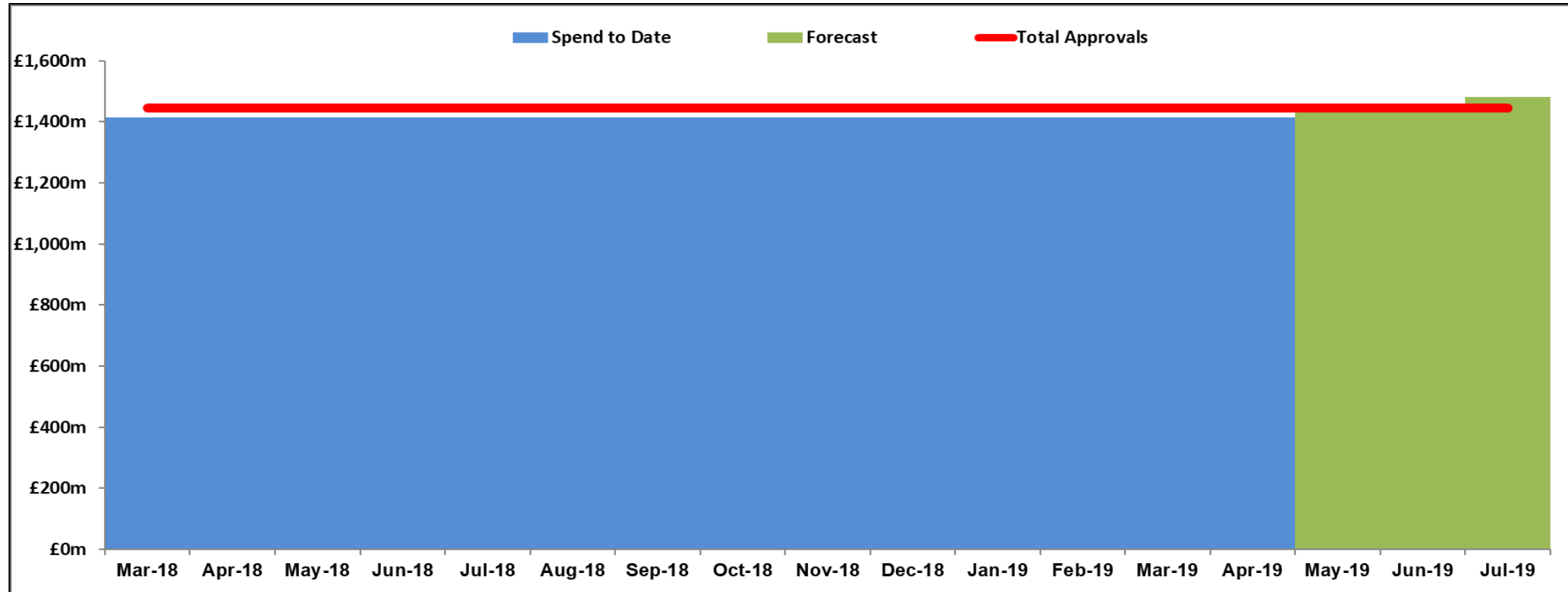
	2019/20			2019/20 Budget £k	2020/21		
	Period 12 Forecast	Period 1 Forecast	Variance		Period 12 Forecast	Period 1 Forecast	Variance
	£k	£k	£k		£k	£k	£k
Rest of Programme - ext Budget Holder							
Policy Group Labour Market	779	779	0	779	0	0	0
Consequential Costs - Service Centres	197,542	197,542	0	197,542	0	0	0
Consequential Costs - Service Centres Supply Contingency	23,100	23,100	0	23,100	0	0	0
Consequential Costs - Work Services	446,246	431,646	14,600	419,246	0	0	0
Consequential Costs - Work Services Supply Contingency	9,200	9,200	0	9,200	0	0	0
Consequential Costs - Pensions	3,323	3,323	0	3,323	0	0	0
Consequential Costs - Youth Obligation	40,689	40,689	0	40,689	0	0	0
Consequential Costs - Medical Services	88,907	88,907	0	88,907	0	0	0
Consequential Savings - Service Centres	(130,273)	(130,273)	0	(130,273)	0	0	0
Consequential Savings - Work Services	(378,282)	(378,282)	0	(378,282)	0	0	0
Consequential Savings - Medical Services	(88,907)	(88,907)	0	(88,907)	0	0	0
HMRC costs	0	25,479	(25,479)	25,487	0	0	0
HMRC Savings	(63,440)	(28,440)	(35,000)	(28,440)	(96,730)	(96,730)	0
Total External Budget Holders	148,884	194,763	(45,879)	182,371	(96,730)	(96,730)	0

Headlines

2019/20: (£45.9m) increase due to

- (£60.5m) - transfer of HMRC implementation delivery and revised savings (this cost was in Rest of Programme)
- £14.6m - reduced Operations staffing costs following the identification of savings

2020/21: No material change



Funding Forward Look

	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
Forecast Requirement	403	439	407	333
<u>Funding</u>				
SR15 net of HMRC savings	401	447	365	233

- HMT cumulative approval of £1,445m has been given to cover the period from January 2016 to July 2019.
- Discussions have commenced on a updated drawdown period.

Reconciliation of Funding Forward Look to Forecast

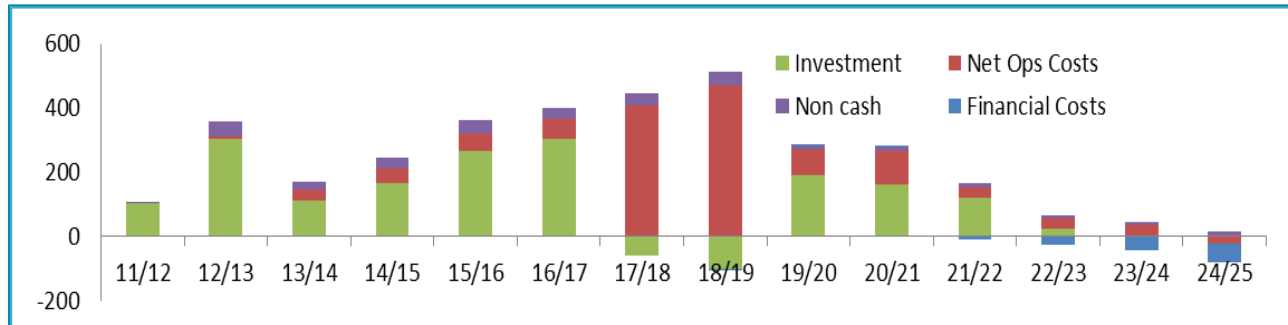
➤ 19/20 Funding Forward Look	£332.8m
➤ 19/20 Youth Obligations (funded externally)	£40.7m
➤ 19/20 Programme Forecast	£373.5m

Total Programme View

2019/20 Period 1

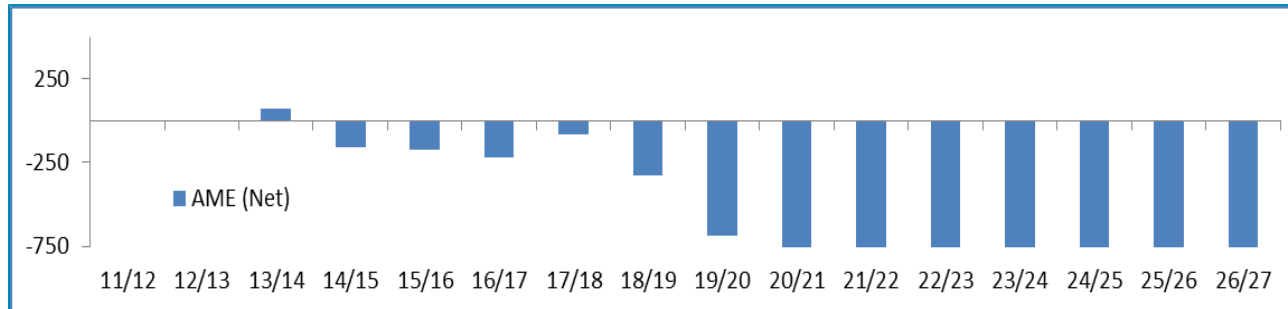
Costs and Benefits over life of Business Case

DEL Costs



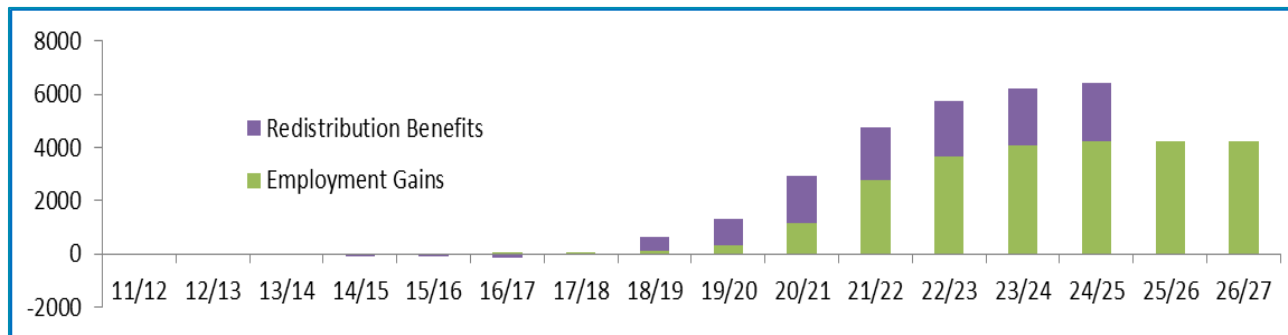
Lifetime Investment Costs	
	Baseline (FBC Final)
IT	574,891
Estates	8,891
Business Change	296,211
Implementation Effort	646,366
Digital Jobcentres	11,562
Claimant Commitment	20,811
HMRC	154,111
Migration Effort	277,281
Inflation	30,408
Total	2,020,534

AME Costs



Overall Benefits	
Net Benefits	£27.2bn
NPV	£20.3bn

Economic Benefits



These numbers are based on the Full Business Case approved by HMT in Spring 2018