

Finance Report
Programme Board March 2019
Period 12
(Part 2 of 2)

UCPB160419 – BTL01

Move to Managed Migration

2018/19 Period 12

	Budget Holder	2018/19			2018/19	2019/20		
		Period 11 Forecast	Period 12 Forecast	Variance	Budget	Period 11 Forecast	Period 12 Forecast	Variance
		£k	£k	£k	£k	£k	£k	£k
Move to UC								
Core Programme Teams	LS	3,353	3,375	(22)	3,667	957	976	(18)
Move to UC		245	265	(21)	226	0	0	0
Move to UC Strategic Design	Strate	1,428	1,439	(11)	2,048	957	976	(18)
Move to UC Services	LS	1,169	1,237	(68)	1,393	0	0	0
Move to UC Delivery	LS	510	431	78	0	0	0	0
Move to UC Consultancy	LS	1	2	(1)	0	0	0	0
Telephony Routing	LS	101	101	0	110	0	0	0
Contributory benefits	LS	48	48	0	40	0	0	0
Housing Delivery Division	LS	216	216	0	205	212	165	47
LADS	LS	0	0	0	24	0	0	0
Pension Credit Plus (PDCS)	LS	14	5	9	0	3,500	500	3,000
Payment Deduction Programme Recharges	LS	0	0	0	45	0	0	0
Move to UC Analysis	LS	0	0	0	0	450	383	67
Strategy		765	765	0	773	186	158	28
Strat - Pensions	LS	174	174	0	182	186	158	28
Digital UX UR	LS	591	591	0	591	0	0	0
Digital Service net Operational Impact:	LS	6,208	6,148	60	6,410	8,746	7,322	1,424
DMS Operations	LS	6,148	6,148	0	6,124	7,322	7,322	0
PCP Operating costs	LS	60	0	60	286	1,424	0	1,424
Estates		48	47	1	350	0	0	0
Estates	LS	61	60	1	350	0	0	0
Estates Training	LS	-13	-13	0	0	0	0	0
Total - Lara Sampson		10,753	10,704	49	11,625	14,050	9,504	4,547

Headlines

2018/19: No material change

2019/20: £4.5m decrease due to:

- Forecast changes: £4.5m Pension credit plus reduced investment and operating costs

	Budget-Holder	2018/19			2018/19	2019/20		
		Period 11 Forecast	Period 12 Forecast	Variance	Budget	Period 11 Forecast	Period 12 Forecast	Variance
		£k	£k	£k	£k	£k	£k	£k
Universal Credit Engagement Division								
Core Programme Teams								
LM Test & Learn	PC	7,389	7,375	14	7,367	7,372	8,061	(689)
Programme Planning & Assurance	PC	761	764	(2)	864	810	1,018	(208)
Stakeholders & Partner Team	PC	2,805	2,819	(13)	2,621	2,568	2,648	(80)
Marketing	PC	3,822	3,793	30	3,882	3,994	4,395	(401)
Communications	PC	5,105	4,914	192	3,600	400	1,200	(800)
Passported Benefits	PC	520	520	(0)	521	521	572	(50)
CAB Universal Support	PC	0	0	0	295	0	0	0
LA Spend & Exits	PC	11,000	11,747	(747)	0	39,000	39,000	0
Universal Support, Management and HB Expertis	PC	28,542	28,611	(69)	28,972	-5,758	-5,758	0
LA Migration	PC	19,063	19,064	(1)	23,233	8,669	8,669	0
LA New Burdens	PC	6,079	6,079	0	5,739	9,626	9,626	0
Local Authorities - Savings	PC	3,400	3,468	(68)	0	2,927	2,927	0
Recharges	PC	0	0	0	0	-26,979	-26,979	0
Independent Case Examiner	PC	10,746	10,746	(0)	7,694	9,458	9,350	109
Legal Costs	PC	190	190	0	252	426	426	0
Internal Legal Costs	PC	478	478	0	478	480	480	0
Strategy	PC	478	478	0	478	480	480	0
Strat - Analytical Services Directorate	PC	6,595	6,595	(0)	6,610	7,053	6,944	109
Strat - Labour Market	PC	300	300	(0)	307	316	553	(236)
Strat - UC Analysis	PC	379	379	(0)	447	446	320	127
Strat - UC Policy	PC	3,194	3,194	0	3,129	3,336	3,101	235
FLDM (DMA)	PC	2,037	2,037	(0)	2,043	2,223	2,240	(17)
CMG Telephony Recharges	PC	685	685	(0)	685	731	731	0
CMG IT Futures (CMEC)	PC	3,130	3,130	0	0	1,500	1,500	0
Pilots & Trials	PC	354	354	0	354	0	0	0
Labour Market Trials	PC	619	264	354	1,750	0	0	0
UC Evaluation	PC	435	243	192	500	0	0	0
Digital Service net Operational Impact:	PC	184	21	162	1,250	0	0	0
Digital Service Operational Costs	PC	0	0	(0)	2,762	187,162	8,931	178,231
Digital Service Operational Savings	PC	59,600	0	59,600	60,707	746,798	17,114	729,684
Migration	PC	-59,600	0	(59,600)	-57,945	-573,752	-17,114	(556,638)
NISSA Premium	PC	0	0	0	0	8,931	8,931	0
Supply Contingency costs	PC	0	0	0	0	5,185	0	5,185
Supply Contingency SC Staff	PC	0	0	0	0	32,300	0	32,300
Supply Contingency WS Staff	PC	0	0	0	0	23,100	0	23,100
		0	0	0	0	9,200	0	9,200
Total - Pauline Crellin		63,920	64,177	(257)	52,961	270,456	61,356	209,100

Headlines

2018/19: - (£0.3m) increase, mainly due to:-

- £0.2m – lower Marketing expenditure
- (£0.7m) – higher Citizens Advice Bureau Universal Support expenditure
- £0.3m - lower Labour market trials and UC Evaluation costs.

2019/20: £209.1m decrease due to:

- Funding Transfers to Operations: £767.2m Operating costs, (£556.6m) Operations Savings
- Forecast changes: (£1.5m) Increased Marketing and staff costs

Rest of Programme

2018/19 Period 12

	Budget Holder	2018/19			2018/19	2019/20		
		Period 11 Forecast	Period 12 Forecast	Variance	Budget	Period 11 Forecast	Period 12 Forecast	Variance
		£k	£k	£k	£k	£k	£k	£k
Rest of Programme								
Core Programme Teams								
UCDG	<i>IW</i>	1,050	1,059	(9)	980	1,018	986	31
Programme Director	<i>IW</i>	864	861	3	928	1,018	986	31
Other Core Programme	<i>IW</i>	182	194	(12)	51	0	0	0
External consultancy support costs	<i>IW</i>	3	3	0	2	0	0	0
Recharges - F&C:	<i>IW</i>	7	27	(20)	-45	0	0	0
UC Finance	<i>IW</i>	4,329	4,329	(0)	4,309	3,944	4,248	(304)
UC Finance (Operations)	<i>IW</i>	945	945	(0)	954	982	922	60
Finance & Commercial recharges	<i>IW</i>	463	463	0	614	470	282	188
Projects & Recharges:	<i>IW</i>	2,920	2,920	(0)	2,742	2,492	3,043	(552)
Contracted Operations Recharges	<i>IW</i>	8,904	8,904	0	8,986	2,357	2,346	10
HR Recharges	<i>IW</i>	222	222	0	220	240	240	0
FED Analysts	<i>IW</i>	427	427	0	466	390	390	0
Welsh Language Unit	<i>IW</i>	152	152	0	152	156	156	0
LA cost of HB transition to UC	<i>IW</i>	65	65	0	65	70	60	10
HMRC	<i>IW</i>	8,037	8,037	0	8,083	1,500	1,500	0
Total - Ian Wright		301	301	0	450	61,726	60,487	1,240
		14,589	14,619	(29)	14,680	69,044	68,067	977

Headlines

2018/19 – No material change

2019/20: £1.0m decrease due to:

- Forecast changes: £1.2m Agreed reduction in HMRC costs, £0.3m increase in Finance staff costs

Rest of Prog – External Budget Holder

2018/19 Period 12

	Budget Holder	2018/19			2018/19	2019/20		
		Period 11 Forecast	Period 12 Forecast	Variance	Budget	Period 11 Forecast	Period 12 Forecast	Variance
		£k	£k	£k	£k	£k	£k	£k
Rest of Programme - ext Budget Holder								
Recharges, Pilots & Trials		4,112	4,112	0	4,112	779	779	0
Welsh Language		70	70	0	70	0	0	0
Operational Services Commissions		1,570	1,570	0	1,570	0	0	0
Micromanagement Team		979	979	0	979	0	0	0
Network Management Team		460	460	0	460	0	0	0
National Implementation Team		269	269	0	269	0	0	0
SPAG Labour Market		763	763	0	763	779	779	0
LAs		-17,194	-17,194	0	-17,194	0	0	0
LA Savings		-17,194	-17,194	0	-17,194	0	0	0
Net Operational Impact		243,264	243,264	0	238,264	0	211,545	(211,545)
Consequential Costs Service Centres		113,261	113,261	0	113,261	0	197,542	(197,542)
Consequential costs - Supply Contingency SC		92,335	92,335	0	92,335	0	23,100	(23,100)
Consequential savings Service Centres		-74,311	-74,311	0	-74,311	0	-130,273	130,273
Consequential Costs Work Services		250,698	250,698	0	245,698	0	446,246	(446,246)
Consequential costs - Supply Contingency WS		25,614	25,614	0	25,614	0	9,200	(9,200)
Consequential savings Work Services		-233,426	-233,426	0	-233,426	0	-378,282	378,282
Consequential Costs Pensions		839	839	0	839	0	3,323	(3,323)
Consequential Costs Youth Obligation		38,153	38,153	0	38,153	0	40,689	(40,689)
Medical Services - costs		0	59,600	(59,600)	0	0	88,907	(88,907)
Medical Services - savings		0	-59,600	59,600	0	0	-88,907	88,907
Learning & Development (SC & WSC)		17,949	17,949	0	17,949	0	0	0
Digital Service Migration		12,154	12,154	0	12,154	0	0	0
HMRC		5,736	5,735	1	5,736	-63,440	-63,440	0
HMRC costs		26,716	26,715	1	26,716	0	0	0
HMRC Savings		-20,980	-20,980	0	-20,980	-63,440	-63,440	0
Technology		11,162	11,162	0	11,162	0	0	0
IT Live Running IPCC		2,535	2,535	0	2,535	0	0	0
IT Live Running IBM AM, Accenture AM, BPPTS AS		4,831	4,831	0	4,831	0	0	0
TR1 P6 IT Live Service IT		3,796	3,796	0	3,796	0	0	0
Total External Budget Holders		247,080	247,079	1	242,080	-62,661	148,884	(211,545)
UC TOTAL		444,621	444,782	(161)	440,077	395,746	388,348	7,398

Headlines

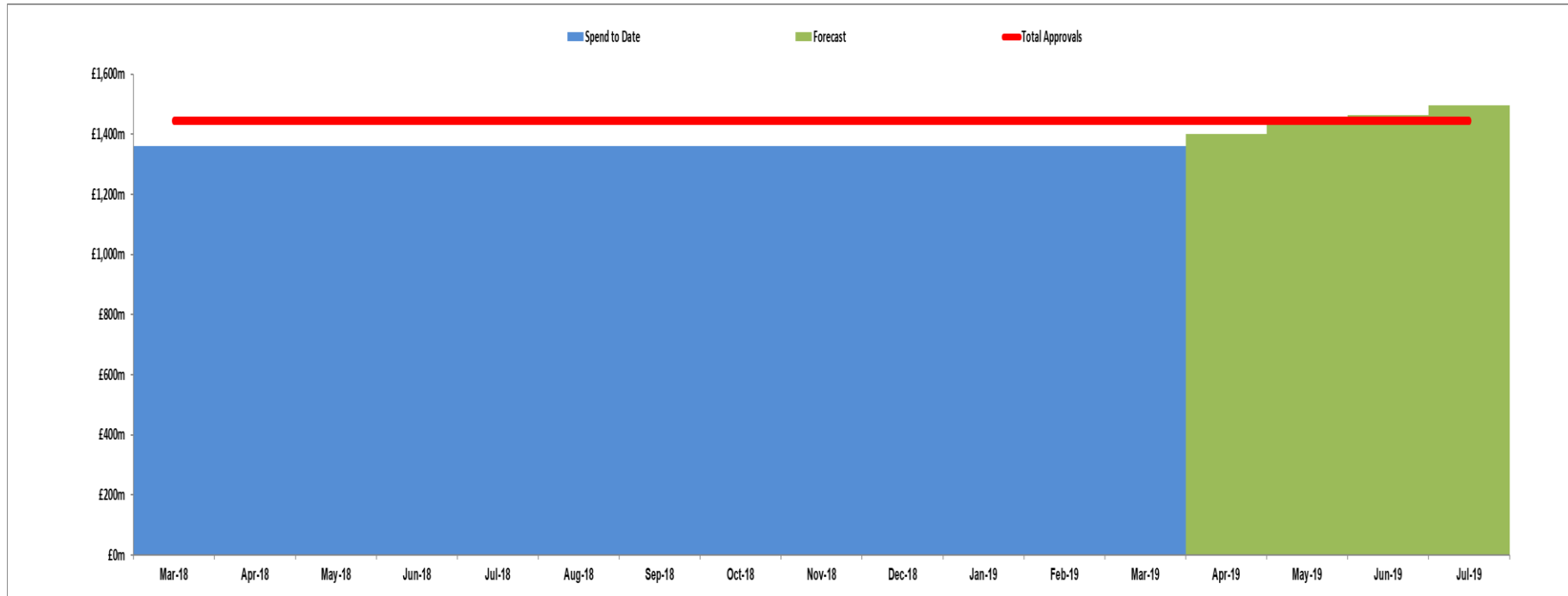
2018/19: no change, apart from an offsetting re-classification of medical services

2019/20: (£211.5m) increase, mainly due to Programme funding transfers – see previous slides for details

2018/19 – Monthly profile

2018/19 Period 12

	2018/19 Monthly Profile												2019/20 Monthly Profile			
	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19
	Actual £k	Actual £k	Actual £k	Actual £k	Actual £k	Actual £k	Actual £k	Actual £k	Actual £k	Actual £k	Actual £k	Actual £k	Fcast £k	Fcast £k	Fcast £k	Fcast £k
Implementation & Delivery	687	634	588	569	3,721	1,367	1,350	1,147	1,255	1,240	1,414	1,284	771	771	771	788
UC Product Development / Digital Delivery	8,305	8,919	10,060	8,474	4,796	5,149	6,772	8,157	7,767	7,812	8,423	8,317	4,991	5,449	5,543	6,297
Managed Migration	984	867	911	953	940	863	796	981	910	917	796	787	752	760	855	761
Universal Credit Engagement Division	948	1,365	1,192	9,136	15,233	2,461	3,265	5,651	3,236	9,427	2,210	10,053	13,685	12,320	835	9,624
Rest of Programme	223	6,742	581	1,063	1,018	827	1,788	257	570	563	446	540	5,792	7,284	5,641	5,499
Central Overlay	0	0	0	0	0	0	0	0	0	0	0	0	1,417	1,417	1,417	1,417
Total Financial Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total UC - Excluding Budget Transfers	11,147	18,527	13,331	20,194	25,708	10,667	13,971	16,193	13,738	19,958	13,289	20,980	27,408	28,001	15,062	24,385
Total External Budget Holders	15,814	4,925	17,447	18,487	20,576	41,061	15,568	23,684	36,097	14,730	19,002	19,687	15,731	11,754	12,828	12,190
Youth Obligation (not included)	1,560	1,858	2,155	2,564	2,500	3,345	3,124	3,439	3,349	4,137	4,209	5,914	2,623	2,485	3,007	3,134
UC TOTAL	25,401	21,594	28,623	36,118	43,783	48,383	26,415	36,438	46,486	30,552	28,083	34,753	40,516	37,270	24,884	33,441
Cummulative Spend v Drawdown Jan 16 - £1,445m	980,011	1,001,605	1,030,228	1,066,346	1,110,129	1,158,512	1,184,927	1,221,366	1,267,852	1,298,404	1,326,486	1,361,240	1,401,756	1,439,026	1,463,909	1,497,350



Funding Forward Look

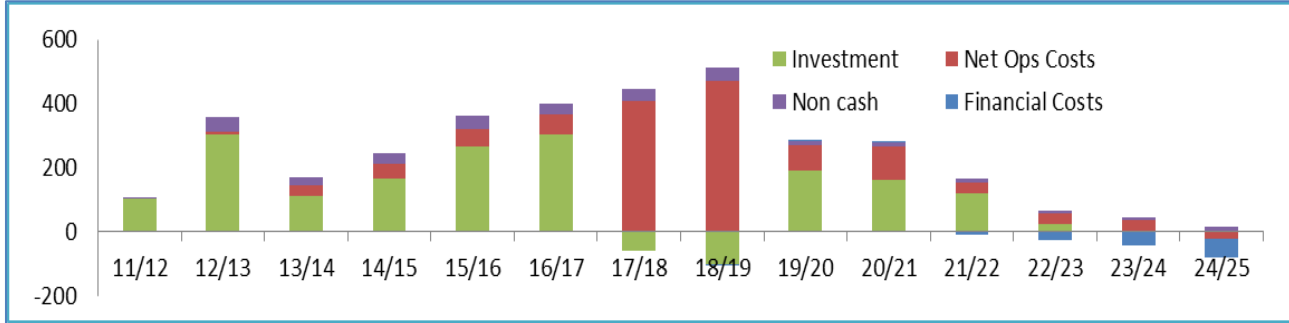
	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
Forecast Requirement	403	439	407	348
<u>Funding</u>				
SR15 net of HMRC savings	401	447	365	233

- 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

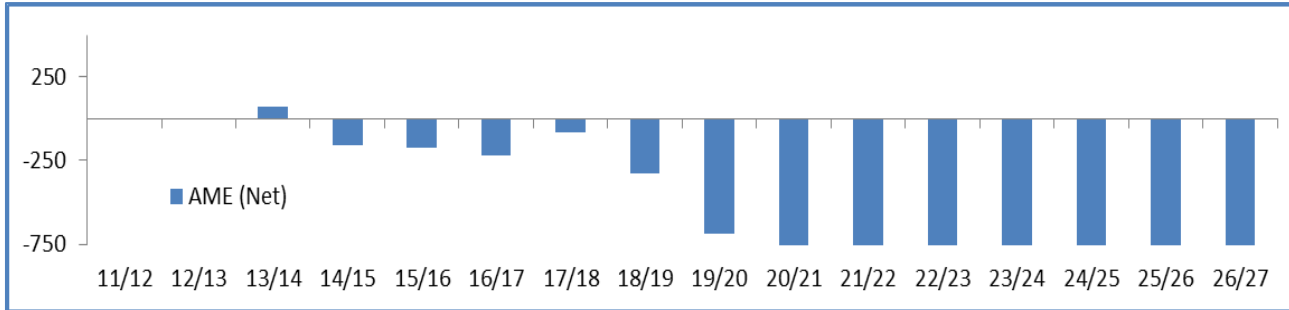
➤ 18/19 Funding Forward Look	£407m
➤ 18/19 Youth Obligations (funded externally)	£38m
➤ 18/19 Programme Forecast	£445m

DEL Costs



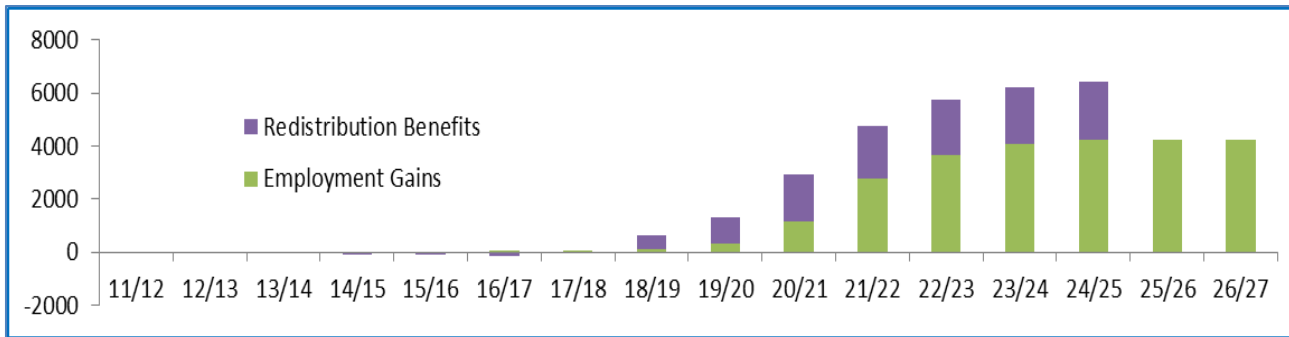
Lifetime Investment Costs	
	Baseline (FBC Final)
IT	574,891
Estates	8,891
Business Change	296,211
Implementation Effort	646,366
Digital Jobcentres	11,562
Claimant Commitment	20,811
HMRC	154,111
Migration Effort	277,281
Inflation	30,408
Total	2,020,534

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