



# Period 3 Finance Report

## Programme Board 16 July 2019

UCPB160719 - BTL01

|  | Current Forecast | Previous Forecast | Forecast Movement | Budget         | Variance to Budget |
|--|------------------|-------------------|-------------------|----------------|--------------------|
| Operations and Programme Delivery      | 192,135          | 196,579           | <b>4,444</b>      | 191,537        | <b>(598)</b>       |
| Product Development / Digital Delivery | 71,162           | 73,289            | <b>2,127</b>      | 73,625         | <b>2,464</b>       |
| Move to UC                             | 12,572           | 12,693            | <b>121</b>        | 12,259         | <b>(313)</b>       |
| Engagement Division                    | 81,329           | 80,617            | <b>(712)</b>      | 81,635         | <b>306</b>         |
| Rest of Programme (inc HMRC)           | 2,977            | 2,948             | <b>(28)</b>       | (5,344)        | <b>(8,321)</b>     |
| <b>Total</b>                           | <b>360,174</b>   | <b>366,126</b>    | <b>5,951</b>      | <b>353,712</b> | <b>(6,462)</b>     |

### 2019/20 Key Points:-

- The total forecast has decreased by £6m in P3. This is due to a reduction of £4m in Operations staffing and £2m in Digital costs.
- The Budget increased by £0.8m, due to a £1m funding transfer in from Policy Group and a (£0.2m) staff transfer out to Housing Delivery Directorate.
- The forecast is (£6.5m) over budget. There is a £2.4m underspend on Digital associated with infrastructure and staff, offset by Operations staffing costs and the £8m efficiency challenge
- HMT Drawdown approval has been received to cover until September 19. Actual spend is tracking below the expected level (see graph)

# Programme Funded Expenditure: Full Service Delivery

2019/20 Period 3

|   | 2019/20                    |                            |                | 2019/20      |                          | 2020/21                    |                            |                |
|---|----------------------------|----------------------------|----------------|--------------|--------------------------|----------------------------|----------------------------|----------------|
|   | Period 2<br>Forecast<br>£k | Period 3<br>Forecast<br>£k | Movement<br>£k | Budget<br>£k | Budget<br>Variance<br>£k | Period 2<br>Forecast<br>£k | Period 3<br>Forecast<br>£k | Movement<br>£k |
| <b>Full Service Delivery</b>            |                            |                            |                |              |                          |                            |                            |                |
| Workforce Plan - Delivery Director      | 44                         | 15                         | 30             | 40           | 25                       | 0                          | 0                          | 0              |
| Workforce Plan - Delivery               | 5,255                      | 4,937                      | 318            | 5,614        | 677                      | 0                          | 3,638                      | (3,638)        |
| Recharge - OPPD                         | 275                        | 275                        | (0)            | 275          | (0)                      | 239                        | 239                        | 0              |
| Recharge - Counter Fraud and Compliance | 813                        | 813                        | (0)            | 813          | (0)                      | 819                        | 819                        | 0              |
| Operations - Full Service L&D           | 0                          | 0                          | 0              | 0            | 0                        | 23,226                     | 23,226                     | 0              |
| Operations - Youth Obligation           | 0                          | 0                          | 0              | 0            | 0                        | 63,879                     | 63,879                     | 0              |
| Continuous Improvement                  | 250                        | 250                        | 0              | 250          | 0                        | 0                          | 0                          | 0              |
| IPCC Telephony                          | (4)                        | 0                          | (4)            | 0            | 0                        | 0                          | 0                          | 0              |
| <b>Total</b>                            | <b>6,634</b>               | <b>6,290</b>               | <b>344</b>     | <b>6,992</b> | <b>702</b>               | <b>88,162</b>              | <b>91,801</b>              | <b>(3,638)</b> |

## Forecast movement headlines

**2019/20:** £0.3m decrease due to revised staffing costs

**2020/21:** (£3.6m) increase primarily due to the extension of Full Service Delivery staffing costs

# Programme Funded Expenditure: Product Development / Digital Delivery

2019/20 Period 3

|  | 2019/20                 |                         |                | 2019/20       |                       | 2020/21                 |                         |                |
|--|-------------------------|-------------------------|----------------|---------------|-----------------------|-------------------------|-------------------------|----------------|
|  | Period 2 Forecast<br>£k | Period 3 Forecast<br>£k | Movement<br>£k | Budget<br>£k  | Budget Variance<br>£k | Period 2 Forecast<br>£k | Period 3 Forecast<br>£k | Movement<br>£k |
| <b>UC Product Development / Digital Delivery</b> |                         |                         |                |               |                       |                         |                         |                |
| Workforce Plan - UCFS@Scale Core                 | 15,735                  | 16,101                  | (366)          | 15,735        | (366)                 | 2,325                   | 2,325                   | 0              |
| Workforce Plan - UCFS@Scale Capitalised Staff    | 29,843                  | 28,951                  | 892            | 29,843        | 892                   | 0                       | 0                       | 0              |
| UCFS@Scale IT Infrastructure Investment          | 2,460                   | 1,545                   | 915            | 2,797         | 1,252                 | 1,324                   | 1,324                   | 0              |
| UCFS@Scale IT Infrastructure Recurrent           | 7,064                   | 6,821                   | 244            | 6,299         | (521)                 | 21,501                  | 21,501                  | 0              |
| Digital Service Centre - IT Recurrent            | 0                       | 0                       | 0              | 748           | 748                   | 748                     | 748                     | 0              |
| Recharge – Digital Data Analytics                | 2,767                   | 2,767                   | 0              | 2,761         | (6)                   | 0                       | 0                       | 0              |
| Recharge – Digital Dataworks Platform            | 4,033                   | 3,633                   | 400            | 4,039         | 406                   | 0                       | 0                       | 0              |
| Recharge - Household Verification                | 644                     | 644                     | (0)            | 644           | 0                     | 0                       | 0                       | 0              |
| Live Service - IT Recurrent                      | 1,262                   | 1,198                   | 64             | 1,273         | 75                    | 0                       | 0                       | 0              |
| Live Service - IT Investment                     | 26                      | 31                      | (5)            | 14            | (17)                  | 0                       | 0                       | 0              |
| Depreciation (inc Caxton House)                  | 9,454                   | 9,470                   | (16)           | 9,472         | 2                     | 10,523                  | 10,523                  | 0              |
| Recurrent Core Team Costs                        | 0                       | 0                       | 0              | 0             | 0                     | 16,288                  | 16,288                  | 0              |
| Security Staff / Non Staff Recurrent             | 0                       | 0                       | 0              | 0             | 0                     | 2,140                   | 2,140                   | 0              |
| Security Staff / Non Staff Investment            | 0                       | 0                       | 0              | 0             | 0                     | 783                     | 783                     | 0              |
| Security IT Recurrent                            | 0                       | 0                       | 0              | 0             | 0                     | 11,855                  | 11,855                  | 0              |
| Digital Service Centre - IT Investment           | 0                       | 1                       | (0)            | 0             | (1)                   | 0                       | 0                       | 0              |
| Security Provision                               | 1                       | 1                       | 0              | 0             | (1)                   | 0                       | 0                       | 0              |
| <b>Total</b>                                     | <b>73,289</b>           | <b>71,162</b>           | <b>2,127</b>   | <b>73,625</b> | <b>2,464</b>          | <b>67,486</b>           | <b>67,486</b>           | <b>0</b>       |

## Forecast movement headlines

**2019/20:** £2.1m decrease primarily due to:

- £0.9m revised staffing costs
- £1.2m savings identified in IT expenditure

**2020/21:** No material change

# Programme Funded Expenditure: Move to UC

2019/20 Period 3

|  | 2019/20                    |                            |                | 2019/20       |                          | 2020/21                    |                            |                |
|--|----------------------------|----------------------------|----------------|---------------|--------------------------|----------------------------|----------------------------|----------------|
|  | Period 2<br>Forecast<br>£k | Period 3<br>Forecast<br>£k | Movement<br>£k | Budget<br>£k  | Budget<br>Variance<br>£k | Period 2<br>Forecast<br>£k | Period 3<br>Forecast<br>£k | Movement<br>£k |
| <b>Move to UC</b>                              |                            |                            |                |               |                          |                            |                            |                |
| Workforce Plan - Move to UC                    | 1,061                      | 1,091                      | (30)           | 976           | (116)                    | 1,135                      | 1,199                      | (64)           |
| Pension Credit Plus - Operations               | 0                          | 0                          | 0              | 0             | 0                        | 1,113                      | 1,113                      | 0              |
| Recharge - Pension Credit Plus - Development   | 500                        | 0                          | 500            | 500           | 500                      | 1,200                      | 1,200                      | 0              |
| Recharge - Managed Migration Analysis          | 383                        | 383                        | 0              | 383           | 0                        | 0                          | 0                          | 0              |
| Recharge - Policy Group Ageing Society         | 158                        | 158                        | (0)            | 158           | (0)                      | 186                        | 186                        | 0              |
| Recharge - Debt                                | 7,322                      | 7,322                      | (0)            | 7,322         | (0)                      | 8,508                      | 8,508                      | 0              |
| Recharge - OED Live Service                    | 71                         | 71                         | (0)            | 71            | (0)                      | 350                        | 350                        | 0              |
| Recharge - OED Full Service                    | 2,538                      | 2,538                      | (0)            | 2,849         | 311                      | 2,690                      | 2,690                      | 0              |
| Recharge – Move to UC OED Team                 | 0                          | 335                        | (335)          | 0             | (335)                    | 0                          | 0                          | 0              |
| Recharge – Move to UC Harrogate Pilot Office   | 348                        | 348                        | (0)            | 0             | (348)                    | 0                          | 0                          | 0              |
| Recharge – Move to UC P&C                      | 310                        | 310                        | 0              | 0             | (310)                    | 0                          | 0                          | 0              |
| Move to UC Services Managed Migration Services | (0)                        | 7                          | (7)            | 0             | (7)                      | 0                          | 0                          | 0              |
| Move to UC Delivery Migration Delivery         | 2                          | 8                          | (5)            | 0             | (8)                      | 0                          | 0                          | 0              |
| Move to UC Consultancy                         | 0                          | 1                          | (1)            | 0             | (1)                      | 0                          | 0                          | 0              |
| <b>Total</b>                                   | <b>12,693</b>              | <b>12,572</b>              | <b>121</b>     | <b>12,259</b> | <b>(313)</b>             | <b>15,182</b>              | <b>15,246</b>              | <b>(64)</b>    |

## Forecast movement headlines

**2019/20:** £0.1m decrease primarily due to:

- £0.5m reduced Pension Credit Plus costs
- (£0.3m) increase in operational support

**2020/21:** (£0.1m) increase due to revised staffing costs

# Programme Funded Expenditure: Engagement Division

2019/20 Period 3

|   | 2019/20                    |                            |                 | 2019/20        |                          | 2020/21                    |                            |                |
|---|----------------------------|----------------------------|-----------------|----------------|--------------------------|----------------------------|----------------------------|----------------|
|   | Period 2<br>Forecast<br>£k | Period 3<br>Forecast<br>£k | Movement<br>£k  | Budget<br>£k   | Budget<br>Variance<br>£k | Period 2<br>Forecast<br>£k | Period 3<br>Forecast<br>£k | Movement<br>£k |
| <b>Universal Credit Engagement Division</b>       |                            |                            |                 |                |                          |                            |                            |                |
| Workforce Plan - Labour Market Strategic Design   | 977                        | 952                        | 26              | 1,018          | 66                       | 911                        | 927                        | (16)           |
| Workforce Plan - Programme Planning and Assurance | 2,642                      | 2,708                      | (66)            | 2,648          | (59)                     | 2,252                      | 2,324                      | (72)           |
| Workforce Plan - Engagement Division              | 3,649                      | 3,309                      | 341             | 4,230          | 921                      | 3,010                      | 2,762                      | 247            |
| Workforce Plan - Help to Claim                    | 788                        | 804                        | (17)            | 0              | (804)                    | 694                        | 768                        | (75)           |
| Marketing   | 1,201                      | 1,200                      | 1               | 1,200          | 0                        | 400                        | 400                        | 0              |
| CAB Help to Claim                                 | 39,000                     | 39,000                     | 0               | 39,000         | 0                        | 0                          | 0                          | 0              |
| LA - Management and HB expertise                  | 8,669                      | 8,669                      | 0               | 8,669          | 0                        | 40,333                     | 40,333                     | 0              |
| LA - Migration                                    | 9,626                      | 9,626                      | 0               | 9,626          | (0)                      | 10,058                     | 10,058                     | 0              |
| LA - Exits  | 0                          | 0                          | 0               | 0              | 0                        | 15,000                     | 15,000                     | 0              |
| LA - New Burdens                                  | 2,927                      | 2,927                      | 0               | 2,927          | (0)                      | 0                          | 0                          | 0              |
| LA - HB transition to UC                          | 1,500                      | 1,500                      | 0               | 1,500          | 0                        | 0                          | 0                          | 0              |
| LA - Savings                                      | (26,979)                   | 0                          | (26,979)        | 0              | 0                        | (42,181)                   | (42,181)                   | 0              |
| Recharge - Housing Delivery Division              | 165                        | 165                        | 0               | 165            | 0                        | 0                          | 0                          | 0              |
| Recharge - Communications                         | 520                        | 520                        | (0)             | 572            | 52                       | 521                        | 521                        | 0              |
| Recharge - Independent Case Examiner              | 426                        | 426                        | 0               | 426            | 0                        | 430                        | 430                        | 0              |
| Recharge - Policy Group Internal Legal            | 480                        | 480                        | 0               | 480            | 0                        | 480                        | 480                        | 0              |
| Recharge - Central Analysis Services              | 314                        | 314                        | 0               | 553            | 239                      | 316                        | 316                        | 0              |
| Recharge - Policy Group Labour Market             | 320                        | 320                        | (0)             | 320            | (0)                      | 446                        | 446                        | 0              |
| Recharge - Policy Group UC Analysis               | 3,101                      | 3,101                      | (0)             | 3,101          | (0)                      | 3,048                      | 3,048                      | 0              |
| Recharge - Policy Group UC Policy                 | 1,984                      | 1,984                      | 0               | 2,240          | 256                      | 2,128                      | 2,128                      | 0              |
| Recharge - Policy Group Decision Making & Appeals | 731                        | 731                        | (0)             | 731            | (0)                      | 731                        | 731                        | 0              |
| Recharge - CMG Interface                          | 1,500                      | 1,500                      | 0               | 1,500          | 0                        | 0                          | 0                          | 0              |
| Recharge - Digital Plus                           | 0                          | 1,000                      | (1,000)         | 1,000          | 0                        | 0                          | 0                          | 0              |
| Operations - Work Services and Appeals            | 17,108                     | 17,106                     | 3               | 17,114         | 8                        | 805,482                    | 805,482                    | 0              |
| Operations - Savings                              | (17,114)                   | (17,114)                   | 0               | (17,114)       | (0)                      | (703,351)                  | (703,351)                  | 0              |
| Operations - Migrations                           | 8,931                      | 8,931                      | 0               | 8,931          | 0                        | 43,109                     | 43,109                     | 0              |
| Operations - NISSA                                | 0                          | 0                          | 0               | 0              | 0                        | 5,237                      | 5,237                      | 0              |
| Operations - Investment                           | 17,000                     | 17,000                     | 0               | 17,000         | 0                        | 0                          | 0                          | 0              |
| UC Evaluation                                     | 372                        | 372                        | 0               | 0              | (372)                    | 0                          | 0                          | 0              |
| <b>Total</b>                                      | <b>79,838</b>              | <b>107,529</b>             | <b>(27,691)</b> | <b>107,835</b> | <b>306</b>               | <b>189,056</b>             | <b>188,972</b>             | <b>84</b>      |

## Forecast movement headlines

**2019/20:** (£27.7m) increase mainly due to Budget transfers of Local Authority savings (£27m) and Digital Plus costs (£1m). Plus a reduction in staffing costs £0.3m.

**2020/21:** £0.1m decrease due to revised staffing costs

# Programme Funded Expenditure: Rest of Programme

2019/20 Period 3

|   | 2019/20                    |                            |                | 2019/20      |                          | 2020/21                    |                            |                |
|---|----------------------------|----------------------------|----------------|--------------|--------------------------|----------------------------|----------------------------|----------------|
|   | Period 2<br>Forecast<br>£k | Period 3<br>Forecast<br>£k | Movement<br>£k | Budget<br>£k | Budget<br>Variance<br>£k | Period 2<br>Forecast<br>£k | Period 3<br>Forecast<br>£k | Movement<br>£k |
| <b>Rest of Programme</b>                        |                            |                            |                |              |                          |                            |                            |                |
| Workforce Plan - Directors Office               | 852                        | 839                        | 12             | 986          | 147                      | 809                        | 809                        | 0              |
| Recharge - Programme Finance                    | 922                        | 922                        | 0              | 922          | 0                        | 982                        | 982                        | 0              |
| Recharge - One Service Finance                  | 282                        | 282                        | (0)            | 282          | (0)                      | 0                          | 0                          | 0              |
| Recharge - Finance and Commercial               | 2,787                      | 2,787                      | (0)            | 3,043        | 256                      | 2,388                      | 2,388                      | 0              |
| Recharge - Information, Exploitation & Security | 256                        | 256                        | 0              | 0            | (256)                    | 0                          | 0                          | 0              |
| Recharge - Contracted Employment Programme      | 240                        | 240                        | 0              | 240          | 0                        | 240                        | 240                        | 0              |
| Recharge - HR                                   | 314                        | 314                        | 0              | 390          | 76                       | 390                        | 390                        | 0              |
| Recharge - FED Analysts                         | 156                        | 156                        | 0              | 156          | 0                        | 157                        | 157                        | 0              |
| Recharge - Welsh Language Unit                  | 60                         | 60                         | 0              | 60           | 0                        | 70                         | 70                         | 0              |
| HMRC  | 0                          | 0                          | 0              | 0            | 0                        | 40,756                     | 40,756                     | 0              |
| Programme Director                              | 37                         | 61                         | (24)           | 0            | (61)                     | 0                          | 0                          | 0              |
| Other Core Programme                            | 1                          | 1                          | 0              | 0            | (1)                      | 0                          | 0                          | 0              |
| External consultancy support costs              | 3                          | 19                         | (16)           | 0            | (19)                     | 0                          | 0                          | 0              |
| <b>Total</b>                                    | <b>5,910</b>               | <b>5,938</b>               | <b>(28)</b>    | <b>6,080</b> | <b>142</b>               | <b>45,793</b>              | <b>45,793</b>              | <b>0</b>       |

## Forecast movement headlines

**2019/20:** No material movement

**2020/21:** No material movement

# External Funded Expenditure:

2019/20 Period 3

|   | 2019/20                 |                         |                | 2019/20        |                       | 2020/21                 |                         |                |
|---|-------------------------|-------------------------|----------------|----------------|-----------------------|-------------------------|-------------------------|----------------|
|   | Period 2 Forecast<br>£k | Period 3 Forecast<br>£k | Movement<br>£k | Budget<br>£k   | Budget Variance<br>£k | Period 2 Forecast<br>£k | Period 3 Forecast<br>£k | Movement<br>£k |
| <b>Rest of Programme - ext Budget Holder</b>          |                         |                         |                |                |                       |                         |                         |                |
| Policy Group Labour Market                            | 779                     | 779                     | 0              | 779            | 0                     | 0                       | 0                       | 0              |
| LA Savings  | 0                       | (26,979)                | 26,979         | (26,979)       | 0                     | 0                       | 0                       | 0              |
| Consequential Costs - Service Centres                 | 197,542                 | 197,542                 | 0              | 197,542        | 0                     | 0                       | 0                       | 0              |
| Consequential Costs - Service Centres Supply Continge | 23,100                  | 23,100                  | 0              | 23,100         | 0                     | 0                       | 0                       | 0              |
| Consequential Costs - Work Services                   | 424,646                 | 420,546                 | 4,100          | 419,246        | (1,300)               | 0                       | 0                       | 0              |
| Consequential Costs - Work Services Supply Continger  | 9,200                   | 9,200                   | 0              | 9,200          | 0                     | 0                       | 0                       | 0              |
| Consequential Costs - Pensions                        | 3,323                   | 3,323                   | 0              | 3,323          | 0                     | 0                       | 0                       | 0              |
| Consequential Costs - Youth Obligation                | 40,689                  | 40,689                  | 0              | 40,689         | 0                     | 0                       | 0                       | 0              |
| Consequential Costs - Medical Services                | 88,907                  | 88,907                  | 0              | 88,907         | 0                     | 0                       | 0                       | 0              |
| Consequential Savings - Service Centres               | (130,273)               | (130,273)               | 0              | (130,273)      | 0                     | 0                       | 0                       | 0              |
| Consequential Savings - Work Services                 | (378,282)               | (378,282)               | 0              | (378,282)      | 0                     | 0                       | 0                       | 0              |
| Consequential Savings - Medical Services              | (88,907)                | (88,907)                | 0              | (88,907)       | 0                     | 0                       | 0                       | 0              |
| <b>Operations sub total</b>                           | <b>189,945</b>          | <b>185,845</b>          | <b>4,100</b>   | <b>184,545</b> | <b>(1,300)</b>        | <b>0</b>                | <b>0</b>                | <b>0</b>       |
| HMRC costs  | 25,479                  | 25,479                  | 0              | 25,487         | 8                     | 0                       | 0                       | 0              |
| HMRC Savings  | (28,440)                | (28,440)                | 0              | (28,440)       | (0)                   | (96,730)                | (96,730)                | 0              |
| <b>HMRC sub total</b>                                 | <b>(2,961)</b>          | <b>(2,961)</b>          | <b>0</b>       | <b>(2,953)</b> | <b>8</b>              | <b>(96,730)</b>         | <b>(96,730)</b>         | <b>0</b>       |
| <b>Total External Budget Holders</b>                  | <b>187,763</b>          | <b>156,684</b>          | <b>31,079</b>  | <b>155,392</b> | <b>(1,292)</b>        | <b>(96,730)</b>         | <b>(96,730)</b>         | <b>0</b>       |

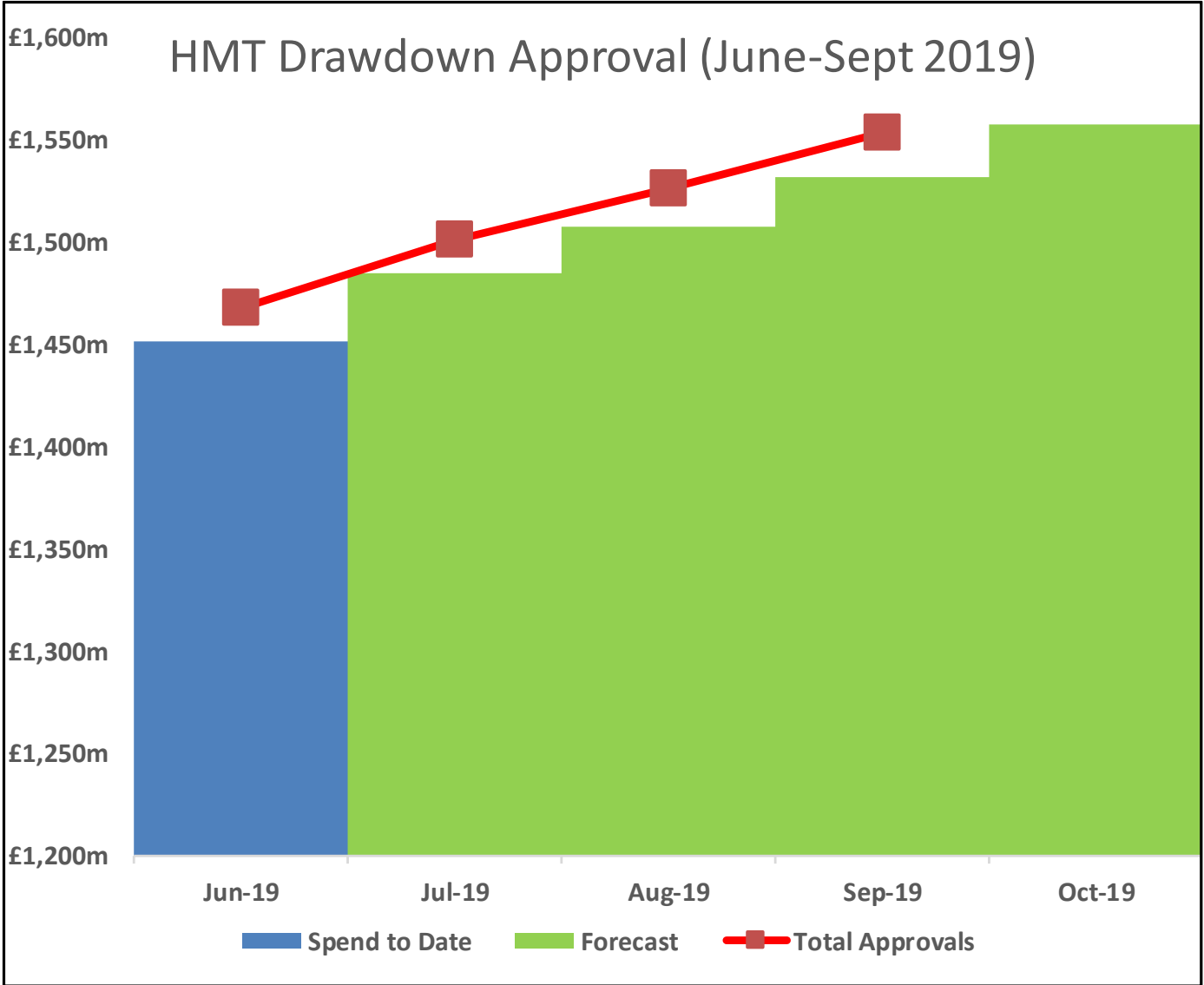
## Headlines

**2019/20:** £31.1m decrease due to:

- £27m Local Authority savings budget transfer
- £4.1m agreed staffing efficiencies

**2020/21:** No material change





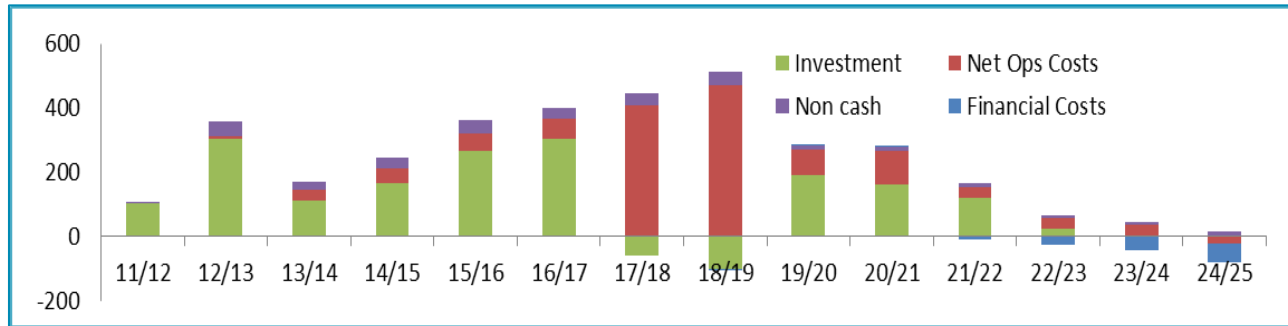
HMT cumulative approval of £1,554m has been given to cover the period from January 16 to September 19.

# Total Programme View

2019/20 Period 3

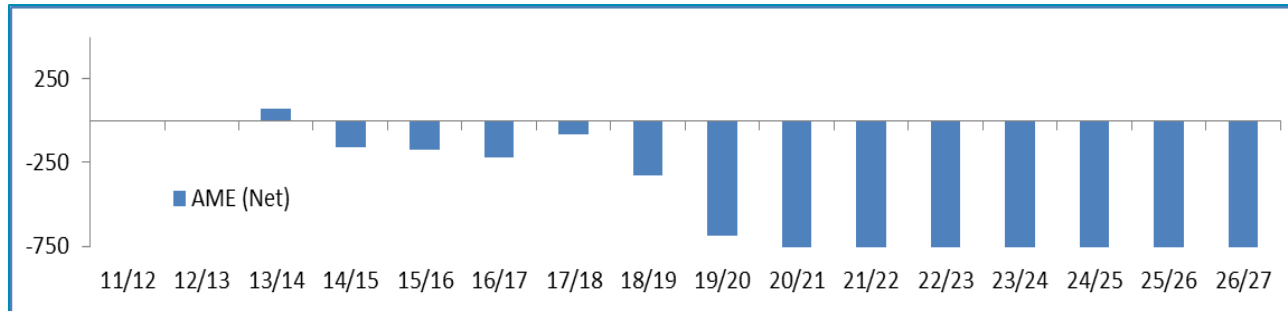
## Costs and Benefits over life of Business Case

### DEL Costs



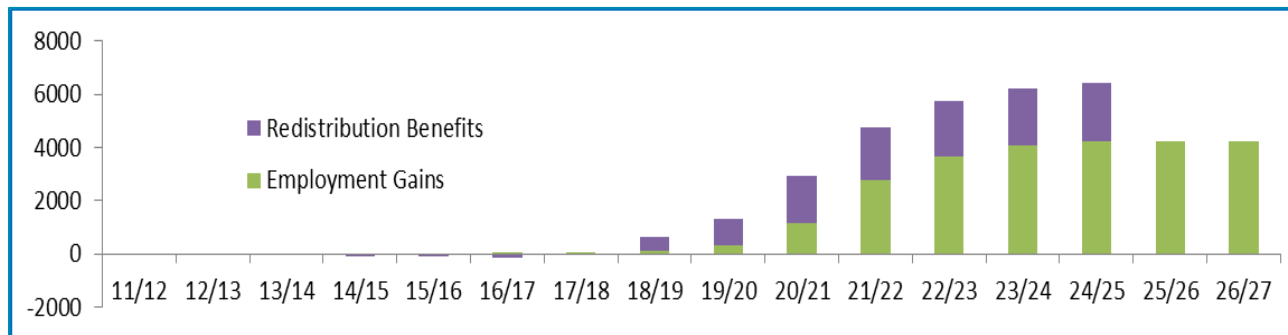
| Lifetime Investment Costs |                      |
|---------------------------|----------------------|
|                           | Baseline (FBC Final) |
| IT                        | 574,891              |
| Estates                   | 8,891                |
| Business Change           | 296,211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

### 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