

Universal Credit Programme Board Finance Report

Period 5 - August 2019

UCPB240919 – BTL01

	Previous Forecast	Current Forecast	Forecast Movement	Budget	Variance to Budget	2020/21 Forecast
Full Service Delivery	180,855	184,305	(3,450)	191,537	7,233	52,221
UC Product Development	72,216	72,087	130	74,375	2,289	68,935
Move to UC	12,110	12,103	6	12,259	156	15,533
UC Engagement	78,507	78,701	(194)	81,635	2,933	164,243
Rest of Programme	3,059	3,816	(756)	(7,526)	(11,342)	(38,189)
Total Financial Costs (Inflation)	0	0	0	0	0	1,455
Total UC Programme	346,748	351,012	(4,264)	352,280	1,269	264,198

2019/20 Key Points:-

- In P5, the forecast increased by £4.3m. Mainly due to £3.6m in revised Operations staffing and £0.9m in new Verify costs.
- The budget decreased by £3.5m, due to a new £2.8m contribution to the Departmental funding pressure, and £0.7m from the transfer out of the Change Director-General staffing costs to the newly created Total Change.
- The forecast is £1.3m below budget (last month £8.4m below)
- HMT Drawdown approval has been received to cover until September 19. Discussions are ongoing with HMT for a new six month drawdown. Actual spend is tracking below the expected level (see graph)

	2019/20			2019/20		2020/21		
	Previous Forecast	Current Forecast	Forecast Movement	Budget	Variance to Budget	Previous Forecast	Current Forecast	Forecast Movement
	£k	£k	£k	£k	£k	£k	£k	£k
Full Service Delivery								
Workforce Plan - Delivery Director	21	20	1	40	20	0	0	0
Workforce Plan - Delivery	4,944	4,801	143	5,614	813	3,695	3,968	(273)
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	3,669	3,669	0
Operations - Youth Obligation	0	0	0	0	0	43,277	43,277	0
Continuous Improvement	250	250	0	250	0	250	250	0
Full Service - Estates	6	0	6	0	0	0	0	0
Consequential Costs - Service Centres	197,542	197,542	0	197,542	0	0	0	0
Consequential Costs - Service Centres Supply Contingency	23,100	23,100	0	23,100	0	0	0	0
Consequential Costs - Work Services	409,246	412,846	(3,600)	419,246	6,400	0	0	0
Consequential Costs - Work Services Supply Contingency	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 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
Total	180,855	184,305	(3,450)	191,537	7,233	51,948	52,221	(273)

Forecast movement headlines

2019/20: (£3.5m) increase due to revised staffing costs

2020/21: (£0.3m) increase due to revised staffing costs

	2019/20			2019/20		2020/21		
	Previous Forecast £k	Current Forecast £k	Forecast Movement £k	Budget £k	Variance to Budget £k	Previous Forecast £k	Current Forecast £k	Forecast Movement £k
UC Product Development								
Workforce Plan - UCFS@Scale Core	16,612	16,612	0	16,235	(377)	14,868	14,868	0
Workforce Plan - UCFS@Scale Capitalised Staff	29,198	29,198	0	30,093	895	30,253	30,253	0
UCFS@Scale IT Infrastructure Investment	1,545	1,481	64	2,797	1,316	2,443	2,443	(0)
UCFS@Scale IT Infrastructure Recurrent	7,082	6,942	140	6,299	(643)	8,085	8,085	(0)
Digital Service Centre - IT Recurrent	0	0	0	748	748	0	0	0
Recharge – Digital Data Analytics	2,767	2,835	(68)	2,761	(74)	0	0	0
Recharge – Digital Dataworks Platform	3,669	3,669	0	4,039	371	0	0	0
Recharge - Household Verification	644	644	0	644	0	679	679	0
Live Service - IT Recurrent	1,198	1,203	(4)	1,273	70	0	0	0
Live Service - IT Investment	32	30	2	14	(16)	0	0	0
Depreciation (inc Caxton House)	9,470	9,470	(1)	9,472	2	12,607	12,607	0
Security Staff / Non Staff Investment	(0)	49	(49)	0	(49)	0	0	0
Digital Service Centre - IT Investment	0	3	(3)	0	(3)	0	0	0
Security Provision	1	1	0	0	(1)	0	0	0
Security IT Investment	0	(49)	49	0	49	0	0	0
Total	72,216	72,087	130	74,375	2,289	68,934	68,935	(1)

Forecast movement headlines

2019/20: £0.1m decrease primarily due to lower IT costs

2020/21: No material movement

	2019/20			2019/20		2020/21		
	Previous Forecast £k	Current Forecast £k	Forecast Movement £k	Budget £k	Variance to Budget £k	Previous Forecast £k	Current Forecast £k	Forecast Movement £k
Move to UC								
Workforce Plan - Move to UC	1,002	1,002	0	976	(27)	1,026	1,026	0
Pension Credit Plus - Operations	0	0	0	0	0	1,200	1,200	0
Move to UC Estates	8	8	0	0	(8)	0	0	0
Recharge - Pension Credit Plus - Development	0	0	0	500	500	1,450	1,450	0
Recharge - Managed Migration Analysis	0	0	0	383	383	123	123	0
Recharge - Policy Group Ageing Society	158	158	(0)	158	(0)	186	186	0
Recharge - Debt	(0)	(0)	0	0	0	8,508	8,508	0
Recharge - OED Live Service	71	71	(0)	71	(0)	0	0	0
Recharge - OED Full Service	2,538	2,538	0	2,849	311	3,040	3,040	0
Recharge – Move to UC OED Team	335	335	0	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	8	2	5	0	(2)	0	0	0
Move to UC Delivery Migration Delivery	8	9	(1)	0	(9)	0	0	0
Move to UC Consultancy	2	1	1	0	(1)	0	0	0
DMS Operations Staff (Digital Service)	7,322	7,322	0	7,322	0	0	0	0
Total	12,110	12,103	6	12,259	156	15,533	15,533	0

Forecast movement headlines

2019/20: No material movement

2020/21: No material movement

	2019/20			2019/20		2020/21		
	Previous Forecast	Current Forecast	Forecast Movement	Budget	Variance to Budget	Previous Forecast	Current Forecast	Forecast Movement
	£k	£k	£k	£k	£k	£k	£k	£k
UC Engagement								
Workforce Plan - Labour Market Strategic Design	967	1,073	(106)	1,018	(55)	933	1,138	(205)
Workforce Plan - Programme Planning and Assurance	2,622	2,542	80	2,648	106	2,169	1,978	190
Workforce Plan - Engagement Division	3,142	3,374	(232)	4,230	856	2,662	2,812	(150)
Workforce Plan - Help to Claim	805	744	61	0	(744)	774	774	0
Marketing	1,200	1,200	0	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)	7,746	7,746	0
LA - New Burdens	2,927	2,927	0	2,927	(0)	8,100	8,100	0
LA - HB transition to UC	1,500	1,500	0	1,500	0	0	0	0
LA - Savings	0	0	0	0	0	(36,245)	(36,245)	0
Recharge - Housing Delivery Division	165	165	0	165	0	0	0	0
Recharge - Communications	520	520	0	572	52	522	522	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	317	317	0

	2019/20			2019/20		2020/21		
	Previous Forecast £k	Current Forecast £k	Forecast Movement £k	Budget £k	Variance to Budget £k	Previous Forecast £k	Current Forecast £k	Forecast Movement £k
UC Engagement continued								
Recharge - Policy Group Labour Market	320	320	0	320	(0)	323	323	0
Recharge - Policy Group UC Analysis	3,101	3,101	(0)	3,101	(0)	3,156	3,156	0
Recharge - Policy Group UC Policy	1,984	1,984	(0)	2,240	256	2,004	2,004	0
Recharge - Policy Group Decision Making & Appeals	731	731	(0)	731	(0)	731	731	0
Recharge - CMG Interface	1,468	1,468	0	1,500	32	0	0	0
Recharge - Digital Plus	1,000	1,000	(0)	1,000	0	1,000	1,000	0
Operations - Work Services and Appeals	17,103	17,100	3	17,114	14	896,818	896,818	0
Operations - Savings	(17,114)	(17,114)	0	(17,114)	(0)	(779,321)	(779,321)	0
Operations - Migrations	8,931	8,931	0	8,931	0	10,236	10,236	0
Operations - Investment	0	0	0	2,550	2,550	0	0	0
UC Evaluation	372	372	0	0	(372)	0	0	0
LA Savings	(26,979)	(26,979)	0	(26,979)	0	0	0	0
Policy Group Labour Market	779	779	0	779	0	0	0	0
Ops budget transfer	14,450	14,450	0	14,450	0	0	0	0
Consequential Costs - Medical Services	88,907	88,907	0	88,907	0	0	0	0
Consequential Savings - Medical Services	(88,907)	(88,907)	0	(88,907)	0	0	0	0
Total	78,507	78,701	(194)	81,635	2,933	164,078	164,243	(165)

Forecast movement headlines

2019/20: (£0.2m) increase in revised staffing costs

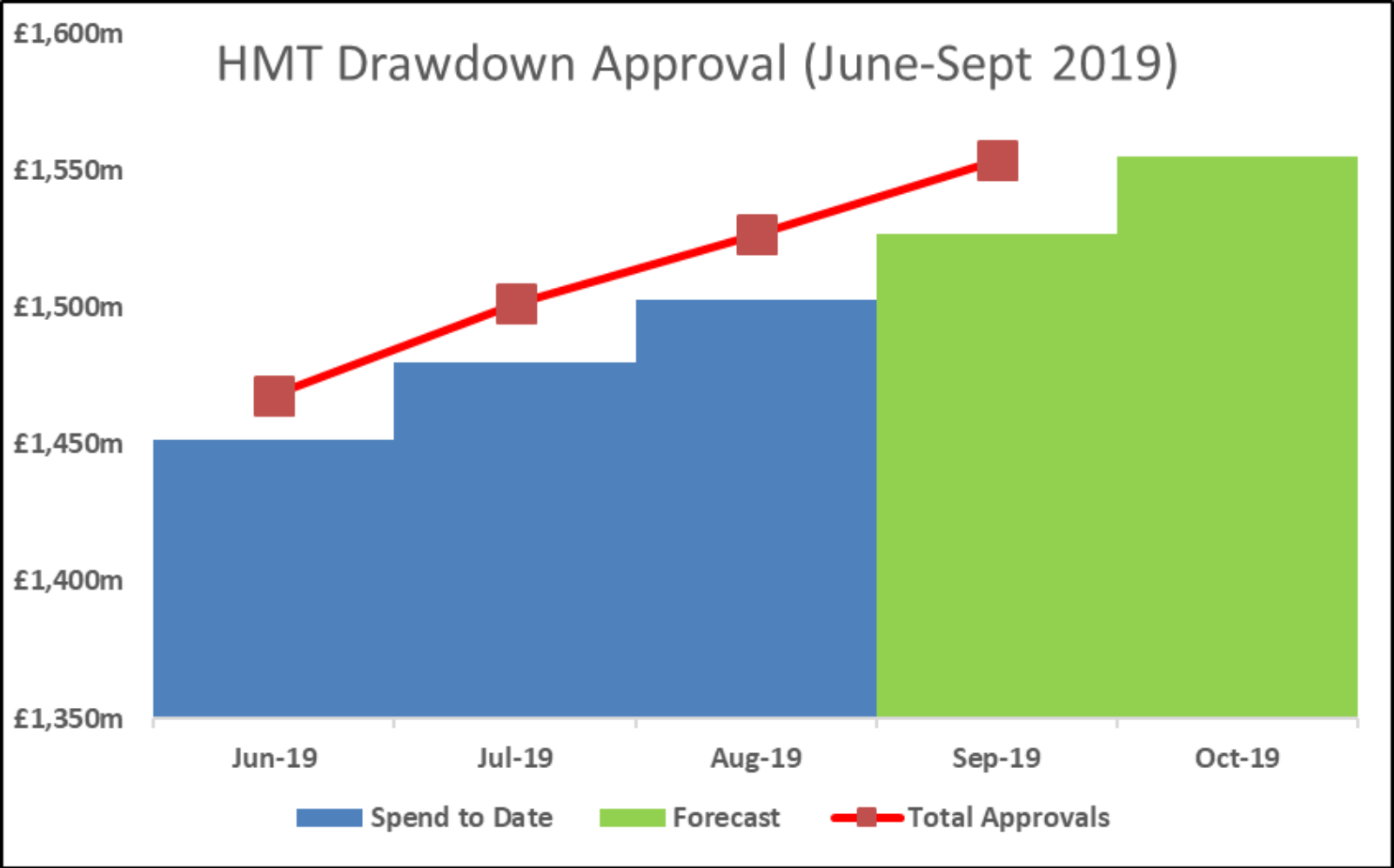
2020/21: (£0.2m) increase in revised staffing costs

	2019/20			2019/20		2020/21		
	Previous Forecast	Current Forecast	Forecast Movement	Budget	Variance to Budget	Previous Forecast	Current Forecast	Forecast Movement
	£k	£k	£k	£k	£k	£k	£k	£k
Rest of Programme								
Workforce Plan - Directors Office	685	(0)	685	301	301	581	0	581
Workforce Plan - Programme Director	296	334	(37)	0	(334)	289	289	0
Recharge - Programme Finance	922	922	0	922	0	938	938	0
Recharge - One Service Finance	282	282	(0)	282	(0)	282	282	0
Recharge - Finance and Commercial	2,787	2,787	(0)	3,043	256	2,660	2,660	0
Recharge - Information, Exploitation & Security	256	256	(0)	0	(256)	256	256	0
Recharge - Contracted Employment Programme	240	240	0	240	0	240	240	0
Recharge - HR	314	314	0	390	76	0	0	0
Recharge - FED Analysts	156	156	0	156	0	157	157	0
Recharge - Welsh Language Unit	60	60	0	60	0	60	60	0
Verify	0	875	(875)	0	(875)	0	0	0
HMRC	0	0	0	0	0	53,076	53,076	0
Other Core Programme	1	1	0	0	(1)	0	0	0
External consultancy support costs	20	25	(5)	0	(25)	0	1	(1)
SRO Funding	0	685	(685)	685	0	0	581	(581)
HMRC costs	25,479	25,317	161	25,487	169	0	0	0
HMRC Savings	(28,440)	(28,440)	0	(28,440)	(0)	(96,730)	(96,730)	0
Central Funding / Challenge	0	0	0	(10,653)	(10,653)	0	0	0
Total	3,059	3,816	(756)	(7,526)	(11,342)	(38,190)	(38,189)	(1)

Forecast movement headlines

2019/20: (£0.8m) increase mainly due to new verify costs. The Change Director-General Office (£0.7m) forecast and budget have transferred out, with no overall financial impact.

2020/21: No material movement



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

Discussions are ongoing with HMT for a new six month drawdown.

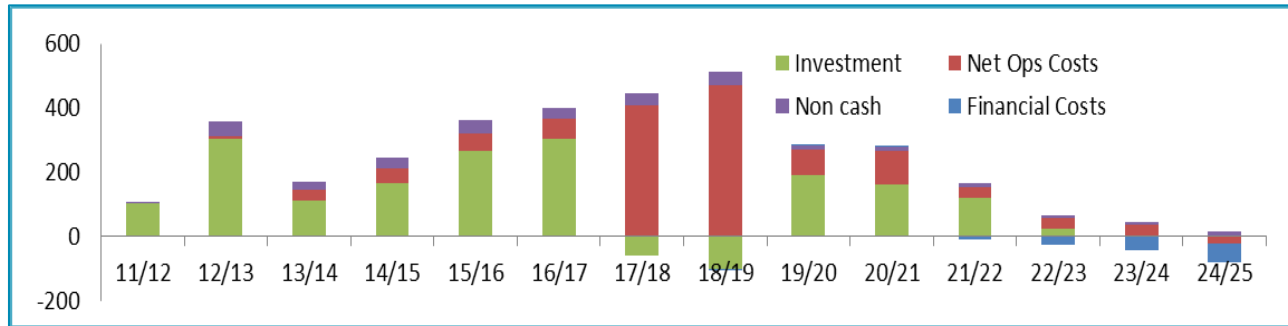
Subject to formal approval the current additional proposed drawdown to 31.03.20 is £145.546m.

Total Programme View

2019/20 Period 5

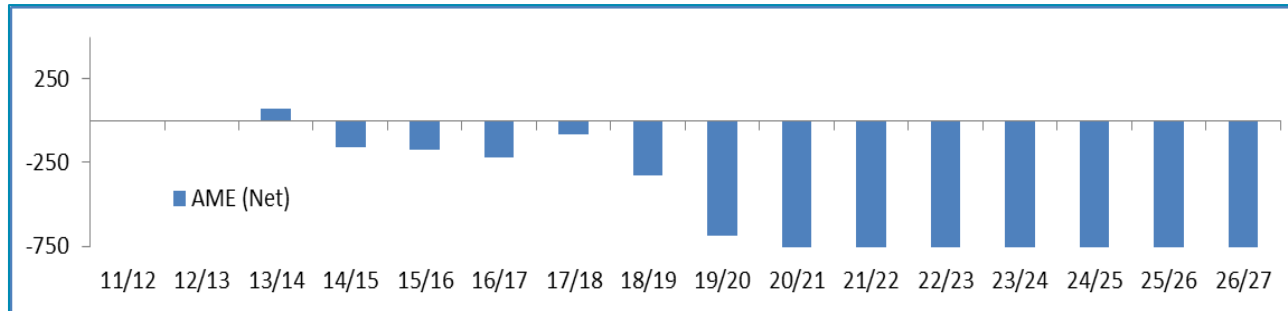
Costs and Benefits over life of Business Case

DEL Costs



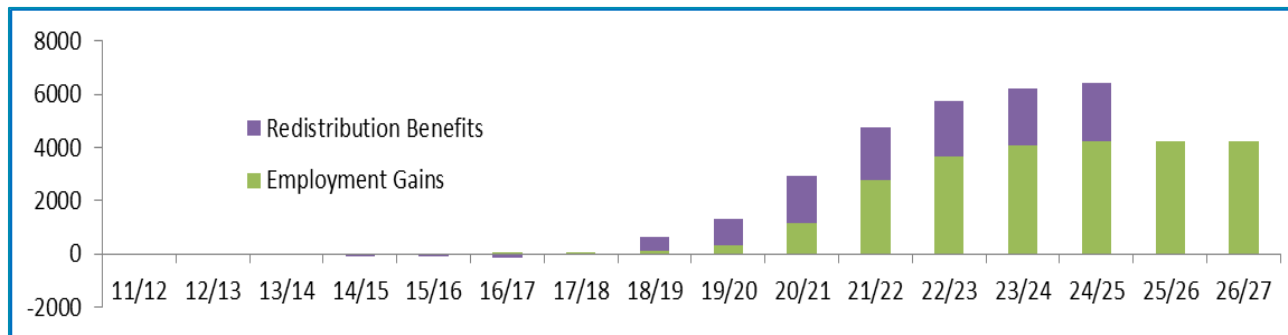
Lifetime Investment Costs	
	Baseline (FBC Final)
IT	574,891
Estates	8,891
Business Change	296,211
Implementation Effort	646,366
Digital Jobcentres	11,562
Claimant Commitment	20,811
HMRC	154,111
Migration Effort	277,281
Inflation	30,408
Total	2,020,534

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