

# Finance Report UC Programme Board

## Period 6 - September 2019

UCPB221019 – BTL01

|                                   | Previous Forecast | Current Forecast | Forecast Movement | Budget         | Variance to Budget | 2020/21 Forecast |
|-----------------------------------|-------------------|------------------|-------------------|----------------|--------------------|------------------|
| Full Service Delivery             | 184,305           | 202,191          | (17,886)          | 191,537        | (10,653)           | 51,805           |
| UC Product Development            | 72,087            | 71,954           | 133               | 74,375         | 2,422              | 68,935           |
| Move to UC                        | 12,103            | 12,101           | 2                 | 12,259         | 158                | 15,505           |
| UC Engagement                     | 78,701            | 80,516           | (1,815)           | 81,635         | 1,118              | 285,977          |
| Rest of Programme                 | 3,816             | 3,811            | 4                 | (7,526)        | (11,337)           | (38,771)         |
| Total Financial Costs (Inflation) | 0                 | 0                | 0                 | 0              | 0                  | 1,455            |
| <b>Total UC Programme</b>         | <b>351,012</b>    | <b>370,573</b>   | <b>(19,561)</b>   | <b>352,280</b> | <b>(18,293)</b>    | <b>384,906</b>   |

### 2019/20 Key Points:-

- In P6, the forecast increased by £19.6m. Mainly due to increases in Operations staffing (£17.9m) and Marketing (£3m), offset by £1.2m in lower Help to Claim costs
- There has been no budget change.
- The forecast is £18.3m over budget (last month £1.3m below)
- Drawdown approval has been given for £145.5m from Oct 19 to Mar 20.

**2020/21** – has been updated to reflect the latest Programme Delivery Board agreed UC evidence, telephony, labour market interventions, advances, and Severe Disability Payment planning assumptions

|  | 2019/20                 |                        |                         | 2019/20        |                          | 2020/21                 |                        |                         |
|--|-------------------------|------------------------|-------------------------|----------------|--------------------------|-------------------------|------------------------|-------------------------|
|  | Previous Forecast<br>£k | Current Forecast<br>£k | Forecast Movement<br>£k | Budget<br>£k   | Variance to Budget<br>£k | Previous Forecast<br>£k | Current Forecast<br>£k | Forecast Movement<br>£k |
| <b>Full Service Delivery</b>                             |                         |                        |                         |                |                          |                         |                        |                         |
| Workforce Plan - Delivery Director                       | 20                      | 21                     | (1)                     | 40             | 19                       | 0                       | 0                      | 0                       |
| Workforce Plan - Delivery                                | 4,801                   | 4,628                  | 173                     | 5,614          | 986                      | 3,968                   | 2,913                  | 1,055                   |
| Recharge - OPPD  | 275                     | 603                    | (327)                   | 275            | (327)                    | 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                   | 4,308                  | (639)                   |
| Operations - Youth Obligation                            | 0                       | 0                      | 0                       | 0              | 0                        | 43,277                  | 43,277                 | 0                       |
| Continuous Improvement                                   | 250                     | 380                    | (130)                   | 250            | (130)                    | 250                     | 250                    | 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                      | 412,846                 | 430,446                | (17,600)                | 419,246        | (11,200)                 | 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                       |
| <b>Total</b>   | <b>184,305</b>          | <b>202,191</b>         | <b>(17,886)</b>         | <b>191,537</b> | <b>(10,653)</b>          | <b>52,221</b>           | <b>51,805</b>          | <b>416</b>              |

### Forecast movement headlines

**2019/20:** (£17.6m) increase due to revised Operations staffing costs

**2020/21:** £1.0m decrease due to revised Programme staffing costs, offset by (£0.6m) increase in Operations Learning and Development due to revised planning changes.

|   | 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                |
| <b>UC Product Development</b>                 |                   |                  |                   |               |                    |                   |                  |                   |
| 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       | 1,481             | 1,327            | 154               | 2,797         | 1,470              | 2,443             | 2,443            | 0                 |
| UCFS@Scale IT Infrastructure Recurrent        | 6,942             | 6,967            | (25)              | 6,299         | (668)              | 8,085             | 8,085            | 0                 |
| Digital Service Centre - IT Recurrent         | 0                 | 0                | 0                 | 748           | 748                | 0                 | 0                | 0                 |
| Recharge – Digital Data Analytics             | 2,835             | 2,835            | 0                 | 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                   | 1,203             | 1,203            | (0)               | 1,273         | 70                 | 0                 | 0                | 0                 |
| Live Service - IT Investment                  | 30                | 31               | (1)               | 14            | (17)               | 0                 | 0                | 0                 |
| Depreciation (inc Caxton House)               | 9,470             | 9,466            | 4                 | 9,472         | 7                  | 12,607            | 12,607           | 0                 |
| Security Staff / Non Staff Investment         | 49                | 49               | 0                 | 0             | (49)               | 0                 | 0                | 0                 |
| Digital Service Centre - IT Investment        | 3                 | 3                | 0                 | 0             | (3)                | 0                 | 0                | 0                 |
| Security Provision                            | 1                 | 1                | 0                 | 0             | (1)                | 0                 | 0                | 0                 |
| Security IT Investment                        | (49)              | (49)             | 0                 | 0             | 49                 | 0                 | 0                | 0                 |
| <b>Total</b>                                  | <b>72,087</b>     | <b>71,954</b>    | <b>133</b>        | <b>74,375</b> | <b>2,422</b>       | <b>68,935</b>     | <b>68,935</b>    | <b>0</b>          |

### 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<br>£k | Current Forecast<br>£k | Forecast Movement<br>£k | Budget<br>£k  | Variance to Budget<br>£k | Previous Forecast<br>£k | Current Forecast<br>£k | Forecast Movement<br>£k |
| <b>Move to UC</b>                              |                         |                        |                         |               |                          |                         |                        |                         |
| Workforce Plan - Move to UC                    | 1,002                   | 965                    | 37                      | 976           | 10                       | 1,026                   | 998                    | 28                      |
| Pension Credit Plus - Operations               | 0                       | 0                      | 0                       | 0             | 0                        | 1,200                   | 1,200                  | 0                       |
| Move to UC Estates                             | 8                       | 0                      | 8                       | 0             | 0                        | 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                     | 356                    | (8)                     | 0             | (356)                    | 0                       | 0                      | 0                       |
| Recharge – Move to UC P&C                      | 310                     | 310                    | (0)                     | 0             | (310)                    | 0                       | 0                      | 0                       |
| Move to UC Services Managed Migration Services | 2                       | 37                     | (35)                    | 0             | (37)                     | 0                       | 0                      | 0                       |
| Move to UC Delivery Migration Delivery         | 9                       | 9                      | (0)                     | 0             | (9)                      | 0                       | 0                      | 0                       |
| Move to UC Consultancy                         | 1                       | 0                      | 1                       | 0             | (0)                      | 0                       | 0                      | 0                       |
| DMS Operations Staff (Digital Service)         | 7,322                   | 7,322                  | 0                       | 7,322         | 0                        | 0                       | 0                      | 0                       |
| <b>Total</b>                                   | <b>12,103</b>           | <b>12,101</b>          | <b>2</b>                | <b>12,259</b> | <b>158</b>               | <b>15,533</b>           | <b>15,505</b>          | <b>28</b>               |

## 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                |
| <b>UC Engagement</b>                              |                   |                  |                   |         |                    |                   |                  |                   |
| Workforce Plan - Labour Market Strategic Design   | 1,073             | 925              | 148               | 1,018   | 93                 | 1,138             | 749              | 389               |
| Workforce Plan - Programme Planning and Assurance | 2,542             | 2,465            | 77                | 2,648   | 183                | 1,978             | 1,819            | 159               |
| Workforce Plan - Engagement Division              | 3,374             | 3,579            | (205)             | 4,230   | 651                | 2,812             | 2,831            | (18)              |
| Workforce Plan - Help to Claim                    | 744               | 727              | 16                | 0       | (727)              | 774               | 748              | 26                |
| Marketing   | 1,200             | 4,240            | (3,040)           | 1,200   | (3,040)            | 400               | 6,000            | (5,600)           |
| CAB Help to Claim                                 | 39,000            | 38,500           | 500               | 39,000  | 500                | 0                 | 0                | 0                 |
| LA - Management and HB expertise                  | 8,669             | 7,983            | 686               | 8,669   | 686                | 40,333            | 40,333           | 0                 |
| LA - Migration                                    | 9,626             | 9,626            | 0                 | 9,626   | (0)                | 7,746             | 7,746            | 0                 |
| LA - Exits  | 0                 | 0                | 0                 | 0       | 0                  | 0                 | 0                | 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 | Current Forecast | Forecast Movement | Budget        | Variance to Budget | Previous Forecast | Current Forecast | Forecast Movement |
|   | £k                | £k               | £k                | £k            | £k                 | £k                | £k               | £k                |
| <b>UC Engagement</b> 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            | 17,100            | 17,097           | 3                 | 17,114        | 17                 | 896,818           | 1,012,892        | (116,074)         |
| 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            | 10,852           | (616)             |
| 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                 |
| <b>Total</b>                                      | <b>78,701</b>     | <b>80,516</b>    | <b>(1,815)</b>    | <b>81,635</b> | <b>1,118</b>       | <b>164,243</b>    | <b>285,977</b>   | <b>(121,734)</b>  |

### Forecast movement headlines

**2019/20:** (£3.0m) increase in marketing costs (agreed at UC Programme Delivery Executive), offset by £1.2m revision in 2018/19 Help to Claim and Local Authority cost accruals.

**2020/21:** (£121.7m) in labour market interventions, UC evidence, telephony, advances, and Severe Disability Payment revised planning assumption, plus updated Marketing expenditure (as agreed at the UC Programme Delivery Executive)

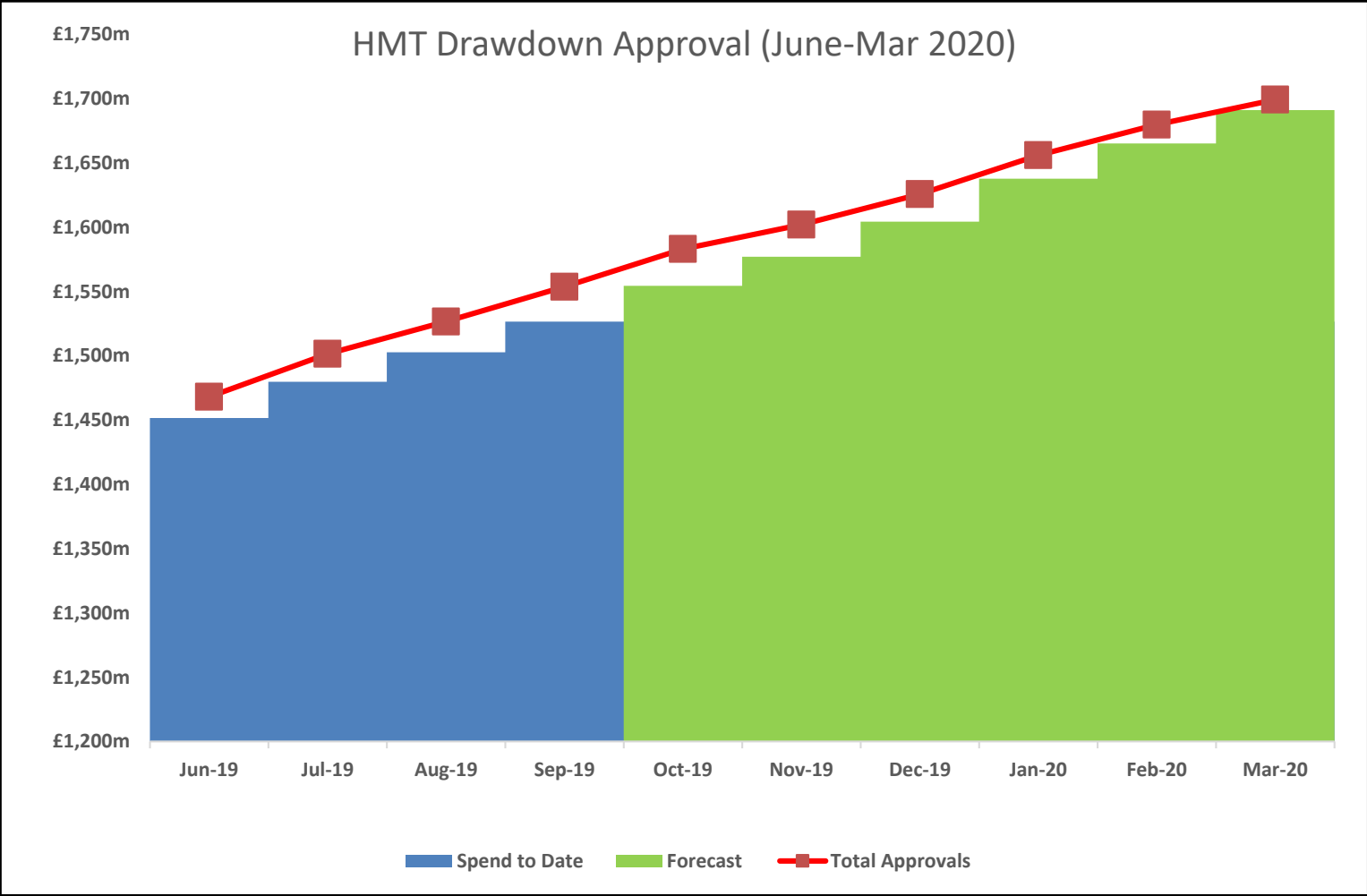
|   | 2019/20                 |                        |                         | 2019/20        |                          | 2020/21                 |                        |                         |
|---|-------------------------|------------------------|-------------------------|----------------|--------------------------|-------------------------|------------------------|-------------------------|
|   | Previous Forecast<br>£k | Current Forecast<br>£k | Forecast Movement<br>£k | Budget<br>£k   | Variance to Budget<br>£k | Previous Forecast<br>£k | Current Forecast<br>£k | Forecast Movement<br>£k |
| <b>Rest of Programme</b>                        |                         |                        |                         |                |                          |                         |                        |                         |
| Workforce Plan - Directors Office               | (0)                     | (0)                    | (0)                     | 301            | 301                      | 0                       | 0                      | 0                       |
| Workforce Plan - Programme Director             | 334                     | 328                    | 6                       | 0              | (328)                    | 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  | 875                     | 875                    | 0                       | 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              | 25                      | 27                     | (1)                     | 0              | (27)                     | 1                       | 0                      | 1                       |
| SRO Funding                                     | 685                     | 685                    | 0                       | 685            | 0                        | 581                     | 0                      | 581                     |
| HMRC costs                                      | 25,317                  | 25,317                 | 0                       | 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                       |
| <b>Total</b>                                    | <b>3,816</b>            | <b>3,811</b>           | <b>4</b>                | <b>(7,526)</b> | <b>(11,337)</b>          | <b>(38,189)</b>         | <b>(38,771)</b>        | <b>582</b>              |

## Forecast movement headlines

**2019/20:** No material movement .

**2020/21:** Director General Change forecast transferred out of UC to Total Change, his own area.





HMT drawdown approval has been given for £145.5m from Oct 19 to Mar 20.

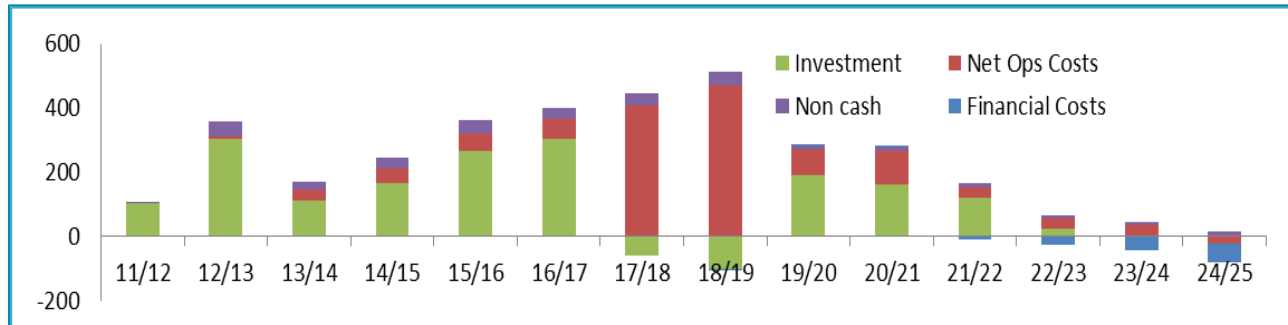
Actual expenditure is within the approved funding

# Total Programme View

2019/20 Period 6

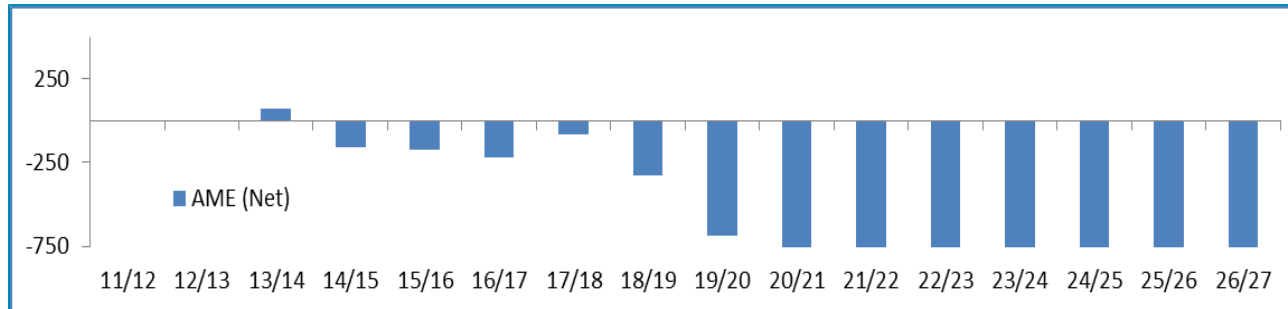
## Costs and Benefits over life of Business Case

### DEL Costs



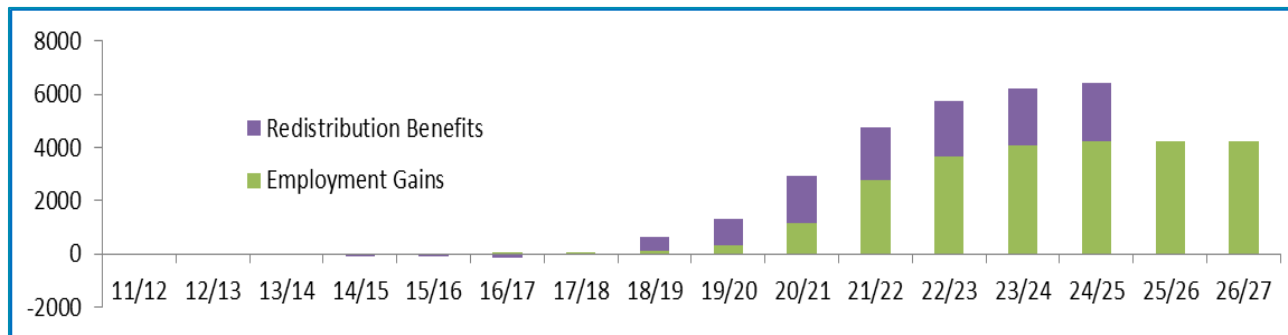
| Lifetime Investment Costs |                      |
|---------------------------|----------------------|
|                           | Baseline (FBC Final) |
| IT                        | 574,891              |
| Estates                   | 8,891                |
| Business Change           | 296,211              |
| 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