

2022/23 SR21 Budget Allocation and the Impact of latest Winter-21 volumes

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Board/Authority/Group: UC Programme Board

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For UC Programme Board to ratify:

SR21 Funding approved

Impact of Winter 21 Volumes on future years costs and savings.

UCPB1503 – Paper 6

Main objective

For PB approval and sign-off:

- The use of full refresh of Winter 21 Volumes on future years for inclusion in full life cost financial forecasts.
- As in previous years, the Board to agree that the SRO will write to NAO to inform them of the Programmes latest position and Ministers to then write to the Work and Pensions Select Committee covering the NAO update.

For PB information:

- The outcome of SR21, 3 year funding bid.

Executive Summary

3 years Spending Review 2021 Funding Approvals

- The Programme secured funding of £866.5m (excluding depreciation) for the 3 years from April 2022. This includes UC Programme funding including the Future Support Grant and Targeted Case Review elements. See annex 1.
- DWP bid for Depreciation and Operational UC Full-Service funding as part of separate bids and are therefore not included in the approvals above.
- **The funding secured is in line with the latest Programme forecast and ensures the Programme has the funding required to deliver its objectives.**
- We are currently working with HMT colleagues to secure Drawdown approval of £182.6m (excluding depreciation), £198.8m including depreciation, for the period 1 April 2022 to 31st March 2023.
- As previously reported to Programme Board, recharges related to the roll out of full service, are no longer part of the UC Programme bid. Where applicable, they have now been moved to the respective business areas, are deemed business as usual and are part of their individual bids.

Executive Summary

Full Life / Future years - Summary

Winter 21 Volume refresh

- For the first time since Autumn 2019 volume refresh (pre Covid), we can now provide a full refresh of future years, 2022/23 to 2026/27 aligned to the latest Winter 2021 volumes.
- 2020/21 and 2021/22 financial years were previously updated to reflect the unprecedented increase in case load due to Covid. However, the forecasts produced at that time, were considered too volatile to be used to refresh all future years. Analytical colleagues feel we now have enough economic stability to refresh through to the end of the Programme.
- The Board to note that savings for 2021/22 have also been refreshed and are now lower than previously forecast. When the 2021/22 savings forecast was updated at the start of the year, the expectation was a further spike in caseload in Autumn 2021 as the furlough schemes ended. This was not the case and savings have been revised to reflect this.
- 2021/22 Operational Cost include 11 months actuals and 1 month forecast.

Favorable Movement in Full Life Costs

	Total Costs £m											Whole Life Movement
	Pre	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	Total	FBC	
Programme Mgt	1,432	146	172	126	121	176	195	38	24	2,430	1,771	(659)
Move to UC	54	30	22	11	40	121	187	4	1	470	291	(179)
Investment	1,486	176	193	137	162	297	382	42	24	2,900	2,062	(838)
Running Costs	1,645	864	1,396	1,626	1,405	1,540	1,705	1,742	1,732	13,655	10,655	(2,999)
Savings	(842)	(670)	(1,996)	(1,656)	(1,683)	(1,864)	(2,163)	(2,272)	(2,278)	(15,426)	(9,806)	5,620
Depreciation	266	13	13	15	16	19	21	24	22	409	357	(52)
Total	2,554	384	(394)	122	(100)	(8)	(56)	(465)	(499)	1,538	3,268	1,731

- The Board were advised that we would expect full life costs to continue to improve when future years forecast were refreshed. This is indeed the case and Full life Costs are now forecast at **£1.538bn** which is a reduction of £1,731bn compared to the 2018 FBC, **£3.268bn**.
- Universal Credit is cheaper and more efficient than the Legacy system it replaces on a like for like basis. The forecast above impacts the latest M2UC plans to move all Legacy claimants to UC by December 24.
- UC Programme achieved breakeven in April 2020. See annex 2
- **If the UC PB are in agreement, we will impact these changes on the P12 Finance PB report and Dashboard and the 2021/22 GMPP Qtr.4 return.**

Summary

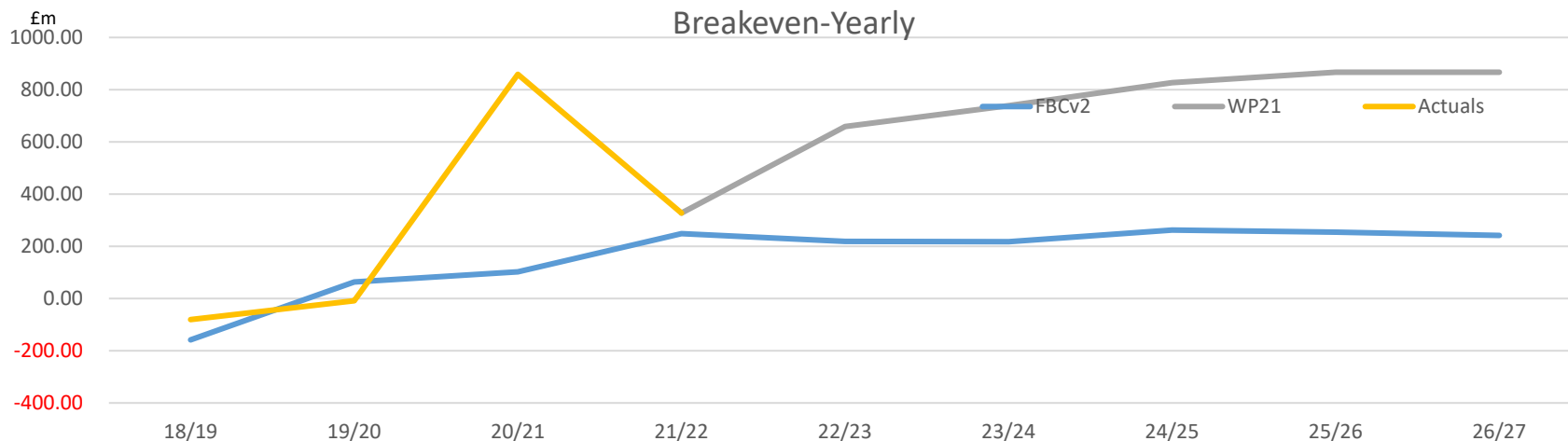
Decision	Approved
Approval and sign-off the Winter 21 volume refresh and associated forecasts. This will allow us to update all financial forecast ahead of P12 PB report and Qtr. 4 GMPP.	
As in previous years, the Board to agree that the SRO will write to NAO to inform them of the Programmes latest position and Ministers to then write to the Work and Pensions Select Committee covering the NAO update.	

Annex 1 SR21 Funding Secured

	SR21 Allocation			Total
	£m			
	22/23	23/24	24/25	
Workforce Plans	71.1	62.7	50.3	184.1
Recharges	3.5	4.4	3.5	11.4
Digital - IT investment	1.7	1.1	0.5	3.3
Digital - IT recurrent	10.0	8.4	8.0	26.5
Ops Migration	6.5	86.0	142.6	235.1
Targeted Case Review	27.2	68.2	100.8	196.1
Jobcentre Services of the Future	0.0	0.0	0.0	0.0
Marketing	0.0	0.0	0.0	0.0
Partnership Support	0.0	0.0	0.0	0.0
Future Support Offer	37.5	37.5	37.5	112.5
LA	0.6	9.5	14.2	24.2
HMRC	23.9	15.5	32.9	72.3
Analysis & Continuous Improvement	0.5	0.4	0.1	1.0
Total excluding Depreciation	182.6	293.7	390.3	866.5
Depreciation	16.2	18.6	21.0	55.8
Total including Depreciation	198.8	312.3	411.3	922.3

* These are indicative allocations and subject to the annual department wide process.

Annex 2 Break-even point



WP21	Counterfactual Savings + Additional									
	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	
Operational Costs	544	814	1,335	1,605	1,383	1,518	1,683	1,726	1,738	
Additional Labour Market Interventions	60	138	200	277	359	393	347	321	327	
Operational Savings	484	676	1,135	1,656	1,683	1,864	2,163	2,272	2,278	
Like for Like Operational Costs £m	- 80	- 8	859	1,328	1,024	1,125	1,337	1,405	1,411	
Like for Like Breakeven	- 140	- 147	658	328	659	739	827	867	867	

- The UC Programme achieved break-even in April 20.
- Break-even calculation is Operational Costs, less Additional Labour Market Interventions (reinvestment) less Operational like for like savings.