



Angela Burns AM  
Chair  
Finance Committee  
National Assembly for Wales  
Cardiff Bay  
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9 June 2010

Dear Angela

Thank you for your letter of 17 May. I am pleased to provide the information you sought.

First, in respect of the unified network project ('UNO'), you asked for an updated financial profile for the project.

When the Commission reported to the Finance Committee in October 2009, we intended that the project should be substantially completed during 2009-10, although we had made provision for £0.25million for some work during 2010-11. However, there were unexpectedly protracted contractual discussions which did not conclude until mid January 2010 and it was therefore necessary for us to re-programme the project.

In 2009-10, the spending on the UNO project was £2.9 million (subject to audit of the accounts). This includes capitalisation of £0.538 million of software licence costs. In 2010-11, we anticipate that we will spend £1.8 million on UNO.

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**Croesewir gohebiaeth yn y Gymraeg a'r Saesneg/We welcome correspondence in both English and Welsh**

The estimated costs have risen for the following reasons:

- changes in requirements, specifically to deliver improvements to our Business Continuity systems, including the transfer of the second data centre location from the Senedd to Companies House;
- introduction of a more modern and effective infrastructure than originally planned;
- technology advances which emerged during the planning stages and have been built into the project; and
- inclusion of the latest versions of Microsoft products, released in May 2010.

Secondly, you asked whether changes will be required in the Commission's budget to accommodate these costs and if a supplementary budget will be required this year. Since the increase in costs became known in February, we have been planning in detail how to manage the financial impact on our overall budget. The Commission asked us to make changes and efficiencies within our planned budget for 2010-11 so that no supplementary budget would be necessary. We believe that we can achieve this, although it will be testing and will require intensive financial control throughout the year, as well as reducing what we can deliver in other areas. The main changes we have made to make funds available for UNO are:

- delayed a planned but non-essential refurbishment of Ty Hywel's fourth floor, releasing £0.30m;
- released annual maintenance costs of £0.17m as a result of capitalising software licences in 2009-10 (I refer to this capitalisation above);
- re-programmed or reduced £0.75m of project budgets, extending the delivery schedules or doing things differently to reduce cost;
- placed staffing costs under even closer scrutiny, examining every vacancy and not recruiting where it is possible to re-prioritise work or use capacity in other areas to fulfil priorities; and
- identified all discretionary operational expenditure and reduced the amount available for this based on Commission priorities, the risks of not proceeding, and our capacity to deliver in year. The funds we have retained in the budget for this work will be held in our in-year savings

fund which will be managed closely by the Head of Finance and the Management Board throughout the year.

We have retained our contingency of £0.34m.

Thirdly, you asked whether UNO will still deliver predicted savings of £0.9 million. These savings were calculated on the basis that we are making these ICT improvements all together now rather than over the next four years. Although the cost of the work overall has increased from the previous estimates, the predicted saving we anticipate from doing the same work all at once rather than over four years remains the same at £0.9 million.

We have a strong project team and a firm cost control process in place. Our internal auditor is working with the project board and finance team to scrutinise project spend and management. An internal audit management report will be produced in respect of the project this financial year. We are also continuing to keep the Wales Audit Office informed about UNO and they have been advised of the costs issues.

We aim to complete UNO by the autumn of 2010. A draft roll-out plan has been prepared and communicated to Members. This will be finalised and published following meetings with the cross-party AMSS ICT Group. There are risks of delay and change to the roll-out programme because of reliance on BT for delivery of key circuits, but these risks are being closely managed at a senior level here and in BT and as a result they are reducing.

I hope this is helpful. If you would like any further details, or would like to meet to discuss the information I have provided, please just let me know.

Yours sincerely



**Claire Clancy**

**Prif Weithredwr a Chlerc/Chief Executive and Clerk  
Cynulliad Cenedlaethol Cymru/National Assembly for Wales**