

Huw Lewis AC / AM
Y Gweinidog Addysg a Sgiliau
Minister for Education and Skills



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

Jocelyn Davies AM
Chair
Finance Committee
National Assembly for Wales
Ty Hywel
Cardiff Bay
Cardiff
CF99 1NA

10 February 2015

Dear Jocelyn,

Finance Committee – Consideration of the financial implications of the Qualifications Wales Bill

Thank you for your letter of 29 January, seeking further information on two points following Members consideration of the financial implications of the Qualifications Bill. For ease of reference, I have set out my response underneath each of the points that Members are seeking further information on.

ICT costs

You asked for a breakdown of the cost calculations for the ICT costs presented in the Qualifications Wales Bill's Explanatory Memorandum.

I am pleased to enclose such a breakdown in Annex A.

Total and additional costs of the preferred option

You also asked me to confirm which budget will be used to cover the total and additional costs that will result from implementing the legislation.

The total and additional costs for the new organisation are already part of the 2015/16 budget for Education, and will be met from the Qualifications Budget Expenditure Line (BEL) of the Education and Skills Main Expenditure Group (MEG), which currently totals £7.903m. In order to meet the anticipated costs of the preferred option which totals £9.412m in 2015-16, there will also be a transfer from the department's Delegated Running Costs budget within the Central Services and Administration MEG to the Qualifications BEL to cover the costs of the staff that will move from the Welsh Government to Qualifications Wales.

The following extract from the Children, Young People and Education Committee evidence paper discussed at the meeting on 23 October as part of the scrutiny process for Welsh Government's Draft Budget 2015-16 will be useful:

Qualifications Wales

A budget provision of £7.903m has been allocated to qualifications in 2015-16, covering both the on-going implementation of the Review of Qualifications and the establishment of Qualifications Wales.

An additional £2.3m has been allocated to the Qualifications Action in 2015-16 for the set up costs associated with Qualifications Wales. The final breakdown of costs will be published as part of the Regulatory Impact Assessment when the Qualifications (Wales) Bill is introduced on 1 December 2014. A further transfer is anticipated from the Central Services and Administration MEG to the Qualifications Action, to be actioned as part of a Supplementary Budget in 2015-16, to account for the Welsh Government staff transferring to Qualifications Wales from 1 September 2015.

In proposing this budget, which was accepted by the Assembly, we reviewed all the education priorities and made appropriate provision for each. I am therefore content that the cost estimates for the set up and running of Qualifications Wales are appropriate and realistic.

I trust that this information is helpful to Committee Members.

I am copying this letter to the Chair of the Children, Young People and Education Committee.

Best Regards
Huw

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Breakdown of the cost calculations for the ICT costs

Table 25 - Revenue Costs: ICT

Summary costs provided in RIA

	2015-2016 Set-up	2015-2016 Operational	Ongoing
SET-UP COSTS			
Consultancy	457,000		
WAN	22,000		
Other Software	101,000		
OPERATING COSTS			
Consultancy			95,000
WAN			87,000
Other Software			70,000
Microsoft Support			47,000
Hardware			27,000
	580,000	£0	£326,000

Detailed breakdown of these costs (subtotals include VAT and are rounded)

Breakdown of Revenue Costs: ICT

	Start Up (3 year)	Annual
Consultancy (Set-up cost)		
System Integrator	£84,000	£28,400
Web Site Development	£65,000	£26,500
Regulations Database	£96,000	£24,000
Welsh Government ICT Resources	£120,000	
Quality Assurance	£15,800	
<i>Subtotal including VAT</i>	£457,000	
Consultancy (Ongoing cost)		
<i>Subtotal including VAT</i>		£95,000
WAN / LAN (Set-up cost)		
Telephony Costs	£9,000	£9,000
Mobiles	30 users £9,450	£9,450
<i>Subtotal including VAT</i>	£22,000	
WAN (Ongoing cost)		
WAN / Telephony / Firewall	100 users	£11,000
Video Conferencing	100 users	£10,080
Broadband (PBSA WAN & Internet)	200/100mb	£33,000
<i>Subtotal including VAT</i>		£87,000
Other Software (Set-up cost)		
Adobe Creator	30 Users £5,440	£5,440
Virus Detection Suite	100 users £12,000	£12,000
Client Apps (other)	100 users £22,000	£22,000
HR Application	3 users £27,000	£1,500
Finance Application	3 users £10,000	£10,000
Proc Applic	2 users £8,000	£8,000
<i>Subtotal including VAT</i>	£101,000	
Other Software (Ongoing cost)		
<i>Subtotal including VAT</i>		£70,000
Microsoft Support		
<i>Subtotal including VAT</i>		£47,000
Hardware (Ongoing cost)		
Mobile Phone	30 users	£6,300
Video Conferencing (telepresence)	1 OF	£4,300
Printers and Peripherals	5 OF	£12,000
<i>Subtotal including VAT</i>		£27,000

Table 26 - Capital Costs: ICT

Summary costs provided in RIA

	2015-2016 Set-up	2015-2016 Operational	Ongoing
SET-UP COSTS			
Cloud Licensing and Support*	247,000		
Hardware	204,000		
WAN	213,000		
OPERATING COSTS			
Hosting and License			178,000
	£ 664,000	£0	£178,000

Detailed breakdown of these costs (subtotals include VAT and are rounded)

Breakdown of Capital Costs: ICT

	Start Up (3 year)	3 year point costs
Cloud Licensing (Set-up costs)		
Client licencing	100 users £94,672	£94,672
Azure Hosting	Annually £54,000	£54,000
Microsoft Support	Annually £39,000	
Microsoft Training	Setup £18,000	
	Subtotal including VAT £247,000	
Hosting and License (Ongoing costs)		
	Subtotal including VAT £178,000	
Hardware (Set-up costs)		
Client Package (Desktop)	80 users £44,355	
Client Package (Laptop)	20 users £14,400	
Servers and Peripherals	2 Stacks (M) £38,000	
Mobile Phone	30 users £6,300	
Video Conferencing (telepresence)	1 OF £25,000	
Projectors and Peripherals	2 OF £7,000	
Printers and Peripherals	5 OF £27,000	
Interactive White Boards Kits	4 OF £8,000	
	Subtotal including VAT £204,000	
WAN / LAN (Set-up costs)		
WAN / Telephony / Firewall	100 users £80,000	
Video Conferencing	100 users £25,370	
Broadband (PBSA WAN & Internet)	200/100mb £72,000	
	Subtotal including VAT £213,000	

These are estimated costs as the procurement exercises have not yet been completed. The treatment of costs as capital or revenue has also not yet been confirmed.