

Jane Hutt AC / AM
Y Gweinidog Cyllid ac Arweinydd y Tŷ
Minister for Finance and Leader of the House



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

Jocelyn Davies AM
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

22 February 2012

Dear Jocelyn

Revenue to Capital switches – Central Services MEG

During Monday's Finance Committee scrutiny session on the second Supplementary Budget for 2011-12, I agreed to provide the Committee with additional information on a number of areas, one relating to the reason behind the £6.7m switch from revenue to capital in the Central Services and Administration MEG. As promised I am able to provide the following detail behind this transfer.

£3.95m of the transfer is in respect of property refurbishments and maintenance. There are opportunities to make significant efficiencies to the premises in Cathays Park as this property was completed in 1979 and so presents us with significant opportunities to create efficiencies in utilisation and energy consumption.

Another significant area of savings is the rationalising of the Welsh Government estate. Investment in our premises to make them more efficient in terms of space utilisation means that we are able to generate cumulative savings of over £18 million and recurrent annual running cost savings in excess of £5.3 million from 2015. This represents a reduction of approximately 30% against current occupancy costs.

The remaining £2.75m relates to the costs of upgrading Microsoft XP software. This software is old and the company have stated that they will no longer support it beyond 2014. The original intention was for this cost to be met from future years budgets but the flexibility available to us has allowed us to meet this cost now and to avoid any future increases in the cost of upgrade.

Bae Caerdydd • Cardiff Bay
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Wedi'i argraffu ar bapur wedi'i ailgylchu (100%)

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I hope that this response answers the questions raised by the Finance Committee in respect of the transfer within the Central Services and Administration MEG. I will respond to the other points raised at Committee as soon as possible.

Best wishes,



Jane Hutt AC / AM

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