



Foreign and Commonwealth Office

Meg Hillier MP
Chair of the Public Accounts Committee

21 February 2020

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25 FEB 2020

Dear Sir Simon Hillier,

ACCOUNTING OFFICER ASSESSMENT OF THE OUTLINE BUSINESS CASE FOR ECHO 2

Introduction

It is normal practice for Accounting Officers to scrutinise significant policy proposals or plans to start or vary major projects, and assess whether they measure up to the standards set out in Managing Public Money. Since April 2017, the Government has committed to making a summary of the main points from these assessments available to Parliament when an Accounting Officer has agreed an assessment of projects within the Government's Major Projects Portfolio. This Accounting Officer Assessment considers the current progress of the ECHO2 programme.

Background

The Foreign and Commonwealth Office (FCO) provides the Government's global diplomatic network to advance British interests and act for the people of the UK around the world, supporting all UK Government activity overseas. The British Council and the Department for International Development (DfID) ("the Partners") are important partners for the FCO on this overseas platform. Together, the three Departments operate a network of offices across approximately 500 locations in nearly 180 countries and territories. All these offices rely on telecommunications in order to connect with clients and colleagues in the UK and abroad to access and share information.

The ECHO Partnership's existing contract with Vodafone for the provision of global telecommunications networks and services was due to expire in March 2018. The ECHO2 programme was put in place to re-procure, transition and transform the global network and associated services during the thirty-month contractual exit and run-off period. As described in our annual report and accounts for the 2018-19 financial year, the original ECHO2 procurement process was subject to a procurement challenge in November 2018. In March 2019, the Partners abandoned the original procurement after agreeing that it was preferable to restart the process rather than engage in a time- and resource-consuming legal process. This also provided an opportunity to re-evaluate the Partners' needs for network provision.

The programme is now at Outline Business Case stage and is seeking approval to go to market for two main contracts. The first will procure a Network Service Integrator (NSI) for the provision of overall support to the network, the supply of private circuits (MPLS), satellite connectivity (VSAT) and the supply of a Secure Internet Gateway (SIG). The second contract will be for a Dynamic Purchasing System (DPS) for the ongoing procurement of internet connectivity for the Partners' global estate. To provide time for these new contracts to be put in place and for the global migration onto the new platform to complete, the existing ECHO contract will have to be extended.

ASSESSMENT AGAINST AO STANDARDS

Propriety

The ECHO2 Connectivity Outline Business Case has been approved by the FCO Investment, Infrastructure and Operations Committee and by the FCO Management Board, gaining my approval to proceed. The programme is assessed as correct and proper. It has also secured British Council and DFID approvals.

Regularity

At the Outline Business Case stage, the focus has been on compliance with procurement regulations. I have assessed the programme's adherence to the procurement regulations and found it to be compliant. The programme is supported by scrutiny from legal advisers and the Complex Transactions Team from the Cabinet Office to help ensure adherence to best practice.

Value for Money

The Outline Business Case outlines the options open to the FCO and its Partners for the new arrangements. The economic assessment within the case provides a clear options analysis, showing that the preferred option delivers value for money. This is however a stage prior to going to market and as the programme moves into procurement market engagement may reveal further opportunities to maximise value for money. All three Partners have undertaken affordability assessments and have found the preferred option to be affordable. Following the procurement, a Full Business Case will be drawn up and a further assessment undertaken to ensure that the recommended option represents optimum value for money.

The Dynamic Purchasing System approach allows the Partners to take advantage of the declining global cost of internet connectivity by regularly re-tendering with internet service providers. Next generation technology will ensure that the Partners are able to maximise investment in lower price internet connections, in comparison with more expensive private circuits.

Feasibility

In October 2019, the ECHO 2 programme underwent a Project Assessment Review from the Infrastructure and Projects Authority (IPA). The programme was assessed as Amber. This review recognised the deliverability of the programme at the Outline Business Case stage. A further review in April 2020 will assess the programme's readiness to go to market. Ongoing assurance by the IPA will ensure confidence in the programme and its ability to deliver the outcomes stated in the business case.

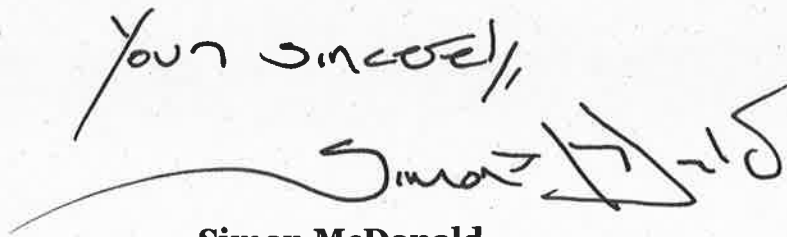
Conclusion

ECHO 2 is a necessary programme for the FCO, British Council and DFID. The data connectivity network underpins the Partners' operations around the globe. Its continued provision under new arrangements is critical to enable the delivery of the Partners' strategies and objectives. As new applications are implemented to enhance the way business is delivered, more robust networks will be required to meet the increasing demand for resilience and flexibility over the coming years.

If any of the factors I have outlined above change materially during the lifetime of this programme, I will prepare a revised summary, setting out my assessment.

As the FCO Accounting Officer, I considered this assessment of the ECHO 2 Programme and approve it.

This summary will be published on the Government's website (www.gov.uk). Copies will be deposited in the library of the House of Commons and sent to the Comptroller and Auditor General and Treasury Officer of Accounts.

Your sincerely,


Simon McDonald

