

PERMANENT SECRETARY

D/PUS/11/7/1(26)

29 January 2018

Meg Hillier MP
Chair of the PAC
Sent electronically

Dear Chair,

WATCHKEEPER ACCOUNTING OFFICER ASSESSMENT

It is normal practice for Accounting Officers to scrutinise significant policy proposals or plans to start or vary major projects, and then assess whether they measure up to the standards set out in Managing Public Money. From April 2017, the government has committed to make a summary of the key 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 delay in meeting the Watchkeeper programme's 'Full Operating Capability 1' 90% milestone in November 2017, which has resulted from the inability to gain a Release To Service as planned.

Background

In line with its Strategic Objectives, Watchkeeper is being procured by the Ministry of Defence to fulfil a gap in Intelligence, Surveillance and Reconnaissance capability. It is tactical unmanned air system capability comprising ground and air elements, collectively designed to provide imagery intelligence to commanders in the land environment within the context of Joint Operations, throughout a range of environments and across the spectrum of conflict.

The Watchkeeper programme passed MGBC approval in July 2005 and was subject to a review in June 2014. The programme is still forecast to deliver within the cost and performance approvals agreed by the IAC after this review; this Accounting Officer's Assessment is made at a stage when the programme has successfully completed Operational Field Trials and is in the process of achieving Type Certification and a Release To Service. However, the Watchkeeper technical flying programme was delayed between 24

March and 26 June 2017 due to investigations into the cause of an incident on 24 March 2017 and the subsequent development of relevant evidence to allow the resumption of flying under a Military Flight Test Permit. Consequently, and as acknowledged by the IAC in July and November 2017, the risk of not meeting the Full Operating Capability 1 milestone in November 2017 has now been realised. Despite this, the capability could be deployed operationally without formal Type Certification should the operational imperative warrant the necessary Operational Emergency Clearance.

This assessment is made by Permanent Secretary (and Accounting Officer), Ministry of Defence.

Assessment against AO Standards

Regularity

The WK programme continues to comply with Parliamentary requirements for the control of expenditure, with programme funds being applied only to the extent and for the purposes authorised by Parliament. HMT Regularity standards continue to be satisfied.

Propriety

Parliament's intention for the WK programme's authorised expenditure continues to be met properly, despite this delay. The programme's funds are being managed with impartiality, honesty, and with the avoidance of personal gain, waste, and extravagance.

Value for Money

Any impact on value for money caused by the delay to the delivery of FOC 1 has been mitigated by the ability of WK to meet operational need in the intervening period. In relation to the balance between propriety and regularity, and value for money, existing controls, and their cost, are appropriate in relation to the potential for achieving value for money benefits.

Deliverability

The programme is still forecast to deliver within cost and performance approvals as acknowledged by the IAC Review Note Outletter of July 14.

Conclusion

It is concluded that Watchkeeper remains a satisfactory use of public resources and that the programme should proceed.

As the MOD Accounting Officer I considered this assessment of the Watchkeeper programme and approved it on 29 January 2018.

I have prepared this summary to set out the key points which informed my decision. If any of these factors change materially during the lifetime of this programme, I undertake to prepare a revised summary, setting out my assessment of those factors.

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.

Yours sincerely,

A handwritten signature in blue ink that reads "Stephen Lovegrove". The signature is written in a cursive style with a large initial 'S'.

STEPHEN LOVEGROVE