



Foreign, Commonwealth & Development Office

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Dame Meg Hillier
Chair of the Public Accounts Committee

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24 October 2023

Dear Dame Meg,

ACCOUNTING OFFICER ASSESSMENT FOR ECHO 2 PROGRAMME DELIVERY

Executive Summary

The ECHO2 Programme which is delivering the new global communications network for the Foreign, Commonwealth and Development Office (FCDO) and British Council is forecasting a twelve-month delay to its delivery. This Accounting Officer Assessment (AOA) concludes that the Programme has mitigated this delay where achievable, and that it is expected to deliver its full technical benefits and financial benefits of £119.9m within the budgetary limits of its Full Business Case.

Background

The Foreign, Commonwealth and Development Office pursues the UK's national interests and those of British citizens. It safeguards the UK's security, defends our values, reduces poverty and tackles global challenges with our international partners. The British Council supports peace and prosperity by building connections, understanding and trust between people in the UK and countries worldwide. The FCDO and the British Council together operate a network of offices in 414 locations in over 160 countries and territories. All of these offices, together with a number of other UK Government agencies, rely on the ECHO telecommunications network to communicate, access and share information with clients and colleagues in the UK and overseas.

The ECHO2 Programme was put in place to deliver the re-procurement, transition and transformation of the global network and associated services. It will provide a service with increased network resilience, faster data transfer and access to advanced Cloud technologies and delivers a better user experience. The ECHO2 Programme expects to deliver £119.9 million of financial benefit as well as providing double the bandwidth provision compared to the current service.

The commercial strategy for the Echo2 programme is based on two procurements. First, the procurement of a Network Services Integrator (NSI) to manage the global networks of the FCDO and the British Council and to provide satellite and leased lines where these are deemed necessary to deliver the required network performance. The Full Business Case for the NSI contract was approved by HM Treasury in June 2021. Second, the procurement and contract management of all internet circuits for the sites of both the FCDO and British Council by an insourced team. The procurement mechanism is a Dynamic Purchasing System (DPS) enabling procurement from global, regional and local telecoms suppliers, securing internet bandwidth at a competitive cost and enabling flexibility of supply. The Full Business Case for the DPS was approved by HM Treasury in August 2022.

The Network Services Integrator (NSI) procurement addressed a legal challenge before the contract was signed in March 2022. The Programme is now completing its design, build and test phase and will be transitioning pilot sites in November 2023, before starting deployment to the remaining global sites in January 2024. The Programme is forecasting a delivery that is twelve months behind contracted milestones. The existing supplier contract has been extended to allow for continuity of service.

The twelve months delay has resulted in a three percent reduction to the Full Business Case run-cost benefit, although the Programme is expected to be completed within its Approved Budgetary Limit (ABL) of £265.3 million and to deliver its full technical benefits. The intention was to complete delivery in March 2024, however delivery is now forecast to be completed by December 2024, using an accelerated deployment. The financial forecast was £255.5m for the March 2024 end date and is now £264.9m. The FBC's financial benefit case was expected to deliver £123.3m and will now deliver £119.9m.

This AOA is produced now, as the Programme concludes the re-baselining of the contract and delivery plan with the NSI supplier, alongside the completion of its design, build and test phase. The main cause of Programme delay has been completing the solution's detailed design to meet the FCDO and British Council's network requirement for this new and improved capability.

ASSESSMENT AGAINST AO STANDARDS

Regularity

I have assessed the Programme's adherence to procurement regulations for the NSI contract and found it compliant with wider legislation and legal principles. I have additionally assessed the Programme's delivery adherence against the Government Major Projects Portfolio (GMPP) guidance and found it to be compliant. The Programme is supported internally with scrutiny, advice and support from its Senior Responsible Officer (SRO), the Chief Digital and Information Officer (CDIO) from the FCDO and the Head of Service Delivery from the British Council. Externally, it has

scrutiny, advice and support from both HM Treasury and the Complex Transactions Team from the Cabinet Office to help ensure adherence to best practice. The Programme has legal advisers to provide advice and support.

Propriety

The ECHO2 NSI and DPS Full Business Cases have been approved by various internal governance boards including the FCDO's Operations Committee and the FCDO Management Board. The Programme is assessed as correct and proper by Adrian Blundell as the Chief Digital and Information Officer (CDIO) for the FCDO and by Caroline Marriot as Director of Service Delivery for the British Council.

ECHO 2 remains consistent with FCDO internal governance, standards and policies, including the careful management and escalation of risks and issues. Scenario-planning underpinned by a risk-based approach indicates that the level of risk, including reputational risk, is acceptable and alternative options are not feasible to realise the range of benefits being delivered. The Programme has predicted the likely delivery timescales based upon performance of the supplier both while working with the FCDO and British Council and by reaching out to understand the experience of other government departments.

The Programme regularly engages with HM Treasury, the Cabinet Office and the Infrastructure and Projects Authority (IPA) to ensure the correct level of cross government scrutiny and assurance, with members of the IPA embedded within the ECHO2 Programme Board.

Value for Money

The Programme has followed HMT Green Book guidelines with the Full Business Cases for the NSI and DPS being approved by HM Treasury in June 2021 and August 2022 respectively. Against the increased delivery costs and Programme delay, the FCDO and British Council have undertaken affordability assessments and found the preferred options remain affordable, within the limit of the ABL, achieving ninety-seven percent of the intended run-cost benefit.

The DPS is now in its implementation phase and the results of the mini-competitions have provided the expected cost improvements and confidence in the unit pricing for bandwidth provision.

In aggregate, the Full Business Cases demonstrated an improvement in delivery forecast and run-cost benefit over the Outline Business Case, increasing the value for money case. With the twelve-month delay forecast, this improvement remains, although it is marginally reduced.

Feasibility

In April 2021, the ECHO2 Programme underwent an independent Government Gateway 3 review and was assessed at AMBER. Gateway 3 recognised the deliverability of the Programme, its approach to procurement and controls, and acknowledged the Programme meeting its specification. The review concluded with an AMBER assessment because of the risk of further legal challenge. This risk was mitigated appropriately, resulting in a second legal challenge being withdrawn. A Gateway 4 review is scheduled for Q4 FY2023-2024.

The ongoing assurance, internally from FCDO and British Council Governance fora and externally with support from the IPA, HM Treasury and Cabinet Office, ensures confidence in the Programme and its ability to deliver the outcomes stated in the business case.

Conclusion

ECHO2 continues to be an essential Programme for the FCDO and British Council. The improved data connectivity network being delivered underpins our operations around the globe. The network being provided by the ECHO2 Programme is critical to enable the delivery of our strategies and objectives. As new applications are implemented to enhance the way business is delivered, more robust and secure 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 FCDO Accounting Officer, I have considered this assessment of the ECHO2 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.

*Yours sincerely,
Philip Barton*

Philip Barton