

The National Audit Office's (NAO) Major Projects Report (MPR) for 2012 strikes an oddly jarring note with the recent good news stories emanating from the MOD. The budget has been balanced and the previous rogue Equipment Plan has allegedly been brought under control. And yet this year's MPR sounds ominously like many of its forebears with stories of cost over-runs and delayed projects. This is due in part to the nature of defence projects, many of which have long gestation periods, reports Nick Watts of Great North News Services.

Generally speaking the tenor of this report is kinder to the MOD than many previous reports have been. The problems with the Falcon communications project best illustrates much of what was previously seen as being wrong with the way the MOD ordered equipment. Falcon is designed to replace several older pieces of communications equipment; part of the MOD's Network Enabled Capability. It was initially due in service with the Army (version A) in June 2010; with the RAF in September 2010 (version C). Cost over-runs and technical delays almost resulted in the project being cancelled. Industry has pulled its act together and the NAO reports that it was accepted into service at the end of 2012.

The saga of the FSTA air to air refuelling project has been well chronicled. As a PFI contract, cost variations affect the way the MOD operates the aircraft. As it was the increased cost of fuel (denominated in US dollars) had an adverse impact on this particular project. Additional costs were incurred in the Queen Elizabeth class CVFs due to the decision in the SDSR to change the variant type of aircraft from the STOVL F35 B to the catapult launched variant and back again.

Compared to previous editions of the MPR, this year's edition is pleasant reading. This is not to say that challenges do not lie in store for the MOD and DES. The Department has undertaken to publish an annual statement of the affordability of the Equipment Plan. The NAO is expected to give its verdict on this shortly. The EP will address the needs of the armed forces as identified in the National Security Strategy over the next 10 years. The budget for this is £159 billion, of which £73 billion will be spent on acquisition.

Recent turbulence in the economy and the trimming of the MOD's budget in the Autumn Statement is a reminder of the one big unforeseeable element confronting any attempt by MOD to keep its books balanced; government expenditure. Considerable political capital will need to be invested by the ministerial team at the MOD to ensure that the projects that it says are needed to deliver Future Force 2020 are available. Add to this the need to factor in the cost of the replacement for the Trident submarines, and the picture begins to look cloudy further out.

Once the reform of the MOD and the new business model for DE&S has been put in place, the MOD will finally emerge from its years of travail. The Prime Minister will need to be reminded of the rhetoric used by William Hague in Opposition. In rejecting the notion of a strategic shrinkage on his watch he must be clear of Britain's role in the world, and the armed forces needed to underpin it, if he is not to fall into the same trap as Tony Blair.