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The UK National Audit Office published its annual Defence Major Projects Report just before Christmas. Amidst the gloom about overruns was squirrelled away some other interesting observations about programmes - including the trade off between short term cuts and long term costs.

Attempts to balance the defence budget in the short term have increased overall costs on projects, and slipped the introduction or reduced capability, which represents poor value for money. The entry into service of CVF1 has slipped by a year, CVF2 by two years. Short term savings will increase the total cost of procurement by 16% - an "expensive decision". Existing Invincible class aircraft carriers will require extended lives at a cost of £123 million. There will be a shortfall in submarines availability against stated requirements between 2015 and 2021. Short term savings of £139 million will increase the cost of the Astute programme by £539 million over its life. Lynx Wildcat numbers will be reduced by 23% (80 to 62) and flying hours cut by a third. The number of crews will be reduced from 110 to 72. Only 30 of 38 Merlin Mk1 helicopters will be upgraded. So the Merlin force will be unable to provide simultaneous anti-submarine protection to more than one naval task force unless supplemented by Merlin helicopters used for training. Delaying £18 million spending on the Falcon communications project now will eventually cost £42 Million plus if the system is to deliver intended operational benefits. It has also slipped 5 months more. The A400M project has slipped by 48 months to a total of 6 years and will cost £653 million more. As a result a package of enhancement measure will maximise the use of the existing 24 C-130J Hercules. 7 out of 15 projects reviewed are forecast to meet all their Key Performance measures without risk. Tornado flying hours are planned to increase, costing a further £164 million in support costs. The forecast cost of supporting Skynet 5 has decreased by £387 million over 5 years. Terrier has slipped another 16 months, costs have risen by £9 million more, and 5 less vehicles will be bought. 3 of its KPMs are "at risk".