DEFENCE SECRETARY CONFIRMS FIRST PROJECT OF CONCERN

The Defence Secretary has for the first time announced that a major ongoing defence project is considered to be underperforming and has been placed on the Project of Concern list.

The Valiant Jetty Programme awarded to AMEC plc in 2003 is nearly four years late and some estimates put it running £92 Million over cost.

The move comes after the project was reviewed during the second meeting of the Major Projects Review Board (MPRB)) that holds the top 50 equipment projects, with a total value of more than £100 Billion, to account. The MPRB was established by Defence Secretary, Dr Liam Fox last June to deliver tighter financial controls across the Department.

This week, the committee reviewed the Falcon communications system, the Watchkeeper surveillance system and the Valiant Jetty Project at HMNB Clyde which will serve the new Astute class submarine at the Naval base in Clyde.

Dr Fox, said: "It is clear that the additional rigour and scrutiny being applied through the Major Projects Review Board is having a beneficial effect on the behaviours of our suppliers."

"I am pleased that both Falcon and Watchkeeper have made progress since the Board's first meeting. However, I am not satisfied with the progress of the Valiant Jetty Project. It is almost four years late and over budget.

"We must learn from the mistakes of the past and move away from the culture of optimism. Too frequently projects ran over-budget and over-time, without any meaningful remedial action. Real budgetary discipline can only be achieved through the effective real-time control of project budgets. Our Armed Forces and our country simply cannot afford anything less."

The Valiant Jetty Programme will deliver base porting facilities for the UK submarine fleet for the next 50 years. Its contract states that the project should have been completed in October 2008. AMEC's estimate of earliest completion is now nearly four years after then, and their latest cost estimate is almost 70% more than the contractual Maximum Price of £134 Million, though this is subject to ongoing negotiation.

The programme will therefore be reviewed again at the next MPRB meeting in December. It will continue to remain under close scrutiny until sufficient progress has been made and this important capability is delivered.