

S E C R E T

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Prime Minister.
To note.
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Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

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UK STRATEGIC NUCLEAR FORCE

I support the main recommendation in John Nott's minute to you of 14 September about the UK strategic nuclear force. As I said in mine of 1 September, it is important to avoid now incurring expenditure that may turn out in the light of our eventual decisions to have been wasted. So it is clearly right to avoid expenditure on items related uniquely to C4 missiles. missiles.

2. As for the longer term, I look forward to the further assessment promised and am glad that John Nott is giving serious consideration to the in-service date and the use of US processing facilities, two of the areas in which reductions could be made in the initial capital costs of a D5 system. I hope he will consider similarly the number of tubes required on each submarine. It will become all the more important to achieve reductions if in the end the full £300m remotoring programme for Polaris - expenditure which would have to be accommodated within the planned Defence Budget - proves necessary.

3. In looking at the forward projection for the Defence Programme we need to consider not only the relative initial capital costs but also overall through-life costs, as far as they can be estimated. In examining whether D5, for instance, will be cheaper in the long-run, we will need to compare the overall through-life costs of D5 and C4 options, with the expenditure in later years progressively discounted.

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4. I am sending copies of this minute to the Defence Secretary, the Home Secretary, the Foreign and Commonwealth Secretary, and to Sir Robert Armstrong.

(G.H.)

17 September 1981