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From the Private Secretary

SIR ROBIN IBBS
CABINET OFFICE

NIMROD

At the end of February, the Prime Minister asked the Ministry of Defence to provide an account of what had gone wrong with the Nimrod airborne early warning project during the present Government's term of office. I enclose a copy of her letter commissioning the study.

The Secretary of State for Defence reported on 26 March and I enclose a copy of his report. The Prime Minister was not satisfied with it, nor with some additional information from the MOD (also enclosed) and is now considering how best to proceed. She has asked whether you would kindly look at the papers and subsequently have a word with her.

The Prime Minister is concerned with three main aspects:

- (i) the inability on the part of the company to master and to deliver the technology and the Ministry of Defence's inability to spot this;
- (ii) the failure of regular monitoring of the progress of the project to lead on to action to deal with delays and problems (and to propose that the project be abandoned before good money followed bad); and
- (iii) the damage that can be done by contractual arrangements that reward delay and increase costs by providing a cost plus mark up.

The Prime Minister would like to discuss these points and the most effective way to draw lessons for the future with you. The aim would be to improve procedures for assessing and managing such projects in the hope of avoiding such costly failures in future.

I should be grateful if you would let me know when you are ready for a discussion.

C D POWELL
13 April 1986