



cc/c ②

Rice Minister

Treasury Chambers, Parliament Street, SW1P 3AG

I C F Andrews Esq
Private Secretary to the
Secretary of State for Defence
Ministry of Defence
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EDP

13/x.

10 October 1986

Dear Ian,

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ALARM

We spoke earlier this week about your Secretary of State's proposal to delay a report to colleagues on this project for a few weeks. I have now seen your letter of 8 October to Charles Powell.

You will be aware that when Cabinet agreed to the purchase of ALARM in 1983, they asked that your Secretary of State, in consultation with the Chief Secretary, should arrange regular monitoring of progress, and should report major developments to Ministers. MOD officials keep us in close touch with progress and, through these arrangements, the Chief Secretary is aware of the problems that have come to light on this project.

On the basis of the reports we have received, the Chief Secretary has expressed considerable concern about progress; he considers the problems with the motor and (if confirmed) with the propellant and navigation unit are major developments of the kind Cabinet envisaged should be reported to Ministers. He notes Mr Younger considers a more comprehensive report could be made early in November, and is prepared to agree to a delay of this length. But it is important that Ministers should be alerted as soon as possible to projects with significant problems and he would not be willing to agree to a report on ALARM being delayed beyond early November. In the meantime, MOD project staff should continue to keep Treasury officials closely in touch with the negotiations with BAe.

A copy of this letter goes to Charles Powell at No. 10.

Yours,
Jin

JILL RUTTER
Private Secretary

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DEFENCE Procurement PT4

