

CONFIDENTIAL

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Chancellor of the Duchy of Lancaster

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1 December 1986

John Howe Esq  
Principal Private Secretary to  
the Secretary of State for  
Defence  
Ministry of Defence  
Main Building  
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Dear John,

ALARM

The Chancellor of the Duchy has seen your Secretary of State's minute of 24 November to the Prime Minister.

It would be helpful to my Chancellor, in considering the implications of this, to know more precisely why it is that the MOD would find it very difficult to complete a sale of Royal Ordnance to BAe, while the Alarm motor problem is unsettled. Wouldn't a sale to BAe simplify matters, by limiting the parties to two, and then BAe can take in-house the motor problem difficulties at ROF since it is there, and not at BAe, that these problems have arisen. Otherwise, BAe look to stand to lose out twice because of the inability of Royal Ordnance to meet its sub-contract with BAe.

I should be grateful for your further elucidation of this point.

I am sending a copy of this letter to the private secretaries to members of OD, the Chief Secretary, and to Sir Robert Armstrong.

Yours Sincerely,

ANDREW LANSLEY  
Private Secretary



Procurement: DEFENCE

Pt 4.