



FILE  
DA  
cpc

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

4 December 1986

*Dear Sir,*

Thank you for your letter of 4 December enclosing your Secretary of State's letter to Sir Ian Gilmour. I have shown this to the Prime Minister and she is content.

*Yours sincerely,  
Charles Powell*

(Charles Powell)

I.C.F. Andrews, Esq.,  
Ministry of Defence.

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ccpc  
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MINISTRY OF DEFENCE  
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-930 7022

MO 26/4V

Prime Minister 4th December 1986

This seems to be  
a very fair reply.  
Content?

CDP 4/12.

Dear Charles,

DROPS

We spoke earlier this afternoon about Ian Gilmour's question to the Prime Minister on DROPS. I told you that I thought that we had written to Gilmour today and would be announcing the outcome of the competition by means of an inspired PQ later this afternoon. In fact the announcement will be made tomorrow and we have managed to stop the letter, a copy of which is attached, together with that to which it refers.

I should be grateful if you would confirm that the Prime Minister is content that we should proceed as Mr Younger has proposed.

(I C F ANDREWS)  
Private Secretary

Charles Powell Esq  
No 10 Downing Street



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MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

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MO 26/4L

4th December 1986

Dear Ian,

Thank you for your letter of 20th November concerning DROPS. I am sorry that despite our best endeavours you remain unhappy about some aspects of the competition. There are three main questions which you and others have raised and I will take them in order.

First, was the Ministry of Defence right to eliminate Boughtons from the competition at the penultimate stage? For all the reasons explained to us at the presentation, I believe we were entirely right, both on technical and cost grounds. In any event, as the customer we are entitled to choose for ourselves the product which best suits our needs.

Second, was Boughtons treated in any way unfairly during the competition? In other words, was there some reason other than cost or technical shortcoming which persuaded us to

The Rt Hon Sir Ian Gilmour Bt MP



eliminate them when we did? I know of no such reason, and none has been produced. I therefore conclude that the firm was indeed treated fairly, and I hope you will too.

Third, was any of Boughtons intellectual property used by the Ministry of Defence during this competition? As David Trefgarne made clear in his letter to Mr Boughton of 25th November, there has certainly been no deliberate use, nor do we think there has been any inadvertent use. In case you have not seen it, I attach a copy of David's letter which fully sets out our position on this aspect of the matter, which we wish to resolve amicably as soon as possible.

You also refer to David's meeting with Richard Ottaway. That meeting was a private one, at Richard's request, and I can see nothing improper in the way that it was conducted.

You will wish to know that this competition has now been concluded and, in confidence, I can inform you that we will be announcing details of the outcome tomorrow by means of a Written Answer and Press conference.

I recognise that, despite all our efforts you remain, so far at least, unpersuaded. I have been considering therefore what could be done to set your mind at rest.



You indicated at the end of your last letter that you felt that an independent inquiry was one of the only courses you could see as a way of resolving this matter. You may therefore be pleased to know that the Comptroller and Auditor General has now decided to include the DROPS programme as part of his regular review of MOD procurement. His people are already examining our papers on this subject, all of which are open to them, in the normal way. He reports, of course, to Parliament and his findings are, as you know, followed up by the Public Accounts Committee. This will ensure, in line with your concerns, that this programme receives detailed and independent scrutiny. I welcome this development.

Yours sincerely,

George Younger