

PS/Secretary of State

* us delays
- of course - SRS

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FALKLAND ISLANDS - FINANCE

No - "us estimate
of cost has (yet)
been made"

The Secretary of State may wish to have a note on the financial aspects of the current defence activities over the Falklands (Operation Corporate).

2. Arrangements have been made for the extra costs of the Operation to be identified as they arise and reported periodically to the central finance staffs. A first report is due to be made on 26 April. Where possible, the reports will give an estimate of net extra costs by making allowance for consequential savings on other activity (eg routine training and maintenance) resulting from the Operation.
3. In addition a broad estimate is being made of the possible total costs associated with the current deployment of the task force (eg outward and return journeys and each day on station). First figures should be available within the next few days.
4. Until the extent of our likely financial commitments can be determined more precisely, I suggest that questions about the cost of the operation should continue to be answered '~~It is too early to say yet~~'.
5. In informal discussion Treasury officials have recognised that we may have difficulty in containing the net extra costs of the operation within the defence cash limit for 1982/83. They will not commit themselves to any course of action until the likely pattern of events is clearer. But I would expect them to be ready to consider the case for an increase in the cash limit should we find it necessary to put proposals forward.
6. If our costs or potential commitments were to become very extensive, it might be necessary to consider seeking grant by Parliament of a Vote of Credit. Votes of Credit may be granted to the Treasury at times of national emergency to meet exceptional expenditure. They would be accounted for by the Treasury and the net cost of the emergency services would be charged against them. But I believe it would be premature to be thinking in these terms yet.

/ 7. Within ...

* | 7. Within the Department finance staff are being instructed to ensure that requirements for expenditure arising from the operation are adequately scrutinised, that value for money is obtained, and that propriety is safeguarded. But they are also aware that the operation must not be hampered by unduly rigid application of normal financial procedures. AUS(GF) or I will be consulted in cases of particular difficulty.

13 April 1982

as
(J D BRYARS)
DUS(FB)



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DUS(FB)

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		DCPR

FALKLAND ISLANDS - FINANCE

The Secretary of State was grateful for your minute of 13th April, and has asked me to say that he approves of the instructions which you are issuing to finance staff, and he hopes that all concerned will recognise the need to carry out their appropriate financial responsibilities in a way that ensures that there are no delays to operationally essential requirements for the Falklands operation.

2. The Secretary of State has noted the steps being taken to estimate the possible costs of operations but for the time being he would prefer the line to be taken in public to remain "No estimate of cost has yet been made".

14th April 1982

J B Omand
 (D B OMAND)
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