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FROM: CHIEF SECRETARY
DATE: 9 November 1988

PRIME MINISTER

CDL mli

FUTURE REQUIREMENTS FOR SUPPORT HELICOPTERS

I have seen a copy of George's minute to you of 3 November about the problems Westlands are encountering in developing the utility version of the EH101 helicopter.

2 The 37 per cent increase in costs on this project are extremely worrying. I believe that the scale of the cost overrun compels us to review the options on the aircraft to meet this requirement, and to inform other suppliers that we are doing so. This is the way to encourage Westlands to try and come up with a cost effective solution.

3 I believe also that we should make sure that we are in a proper position to take a decision next Autumn and avoid the risk of continued trickle funding of utility EH101 because of a lack of information. This will need to include up to date costings of options other than EH101 and an assessment of relative risks and effectiveness. It would be helpful if my officials could be kept in touch with progress of the MOD studies.

4 I am copying this minute to George Younger, Geoffrey Howe, David Young and to Sir Robin Butler.

P. Waller

PP JOHN MAJOR

[Approved by the Chief Secretary and signed in his absence.]