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### Industrial Unrest

9. Industrial unrest is a major worry. Deep discontent over pay, particularly at Aldermaston where it has been compounded by concern over safety, and at the Clyde Submarine Base where the industrial staff are claiming extra allowances on the strength of their key role, poses a severe threat to the programme. There is some unrest also at other Establishments and in key supporting industrial concerns. It has been possible to contain the disruption which has already taken place, but within the already very tight timescale there is not much time in hand before any further delay will begin to disrupt the whole Chevaline programme and set back the operational date. Delay this year could cost an extra £10M for each month of disruption.

### Lightweight Warhead

10. Further consideration has been given to incorporating in Chevaline the lightweight warhead successfully tested in Nevada last April. The concept was to introduce this at the third submarine outload in 1983, but study has indicated that development and proving trials, though not posing serious technical problems, could not be accomplished in time without interfering with the main Chevaline task. The increase in range, now estimated at 56 nautical miles, does not now justify putting the Chevaline date at risk and spending an extra £30M. We have therefore decided not to proceed with the change, although its incorporation could be re-considered later. (The April nuclear test at which the lightweight design was proved will still have been entirely justified and fruitful on wider grounds, as increasing our design knowledge for other applications and for closer co-operation with the US).

### Cost

11. The July 1977 report to Ministers (3) gave a total estimate of £810M at 1977 Survey prices. This is equivalent to £365M at 1975 Survey prices, and it is still possible that the programme will be completed within this. But because solutions to some of the remaining technical problems, notably the change to the HAS, had absorbed over half the contingency allowance in the 1977 estimate, an increase in the allowance was recommended in 1975 (1) and agreed with the Treasury, bringing the total figure up to £900M at 1975 Survey prices. At 1979 Survey prices this will become £935M. About 70% is spent or committed, and savings if Chevaline were now cancelled would amount to only some £250-300M.

12. Since the Prime Minister authorised the funding of the project for a further year in August 1975, subject to review by Ministers early in 1979, Treasury approval has been obtained and contracts have been placed as necessary to maintain full momentum.

(1) No. 2900/24, 7 July 1978

(3) NO 13/1/1, 21 July 1977

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