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MINISTRY OF DEFENCE
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MO 2/2/4

6th March 1984

Dear ~~Rykin~~,

HIGHER ORGANISATION FOR DEFENCE

Further to my letter of yesterday, I understand that when Sir Clive Whitmore spoke to Sir Philip Moore about Defence re-organisation, he left with him a chart of the new structure implied by the speaking note already sent to you. The Prime Minister may wish to see this chart and a copy is therefore attached.

Yours etc,

Richard Mottram

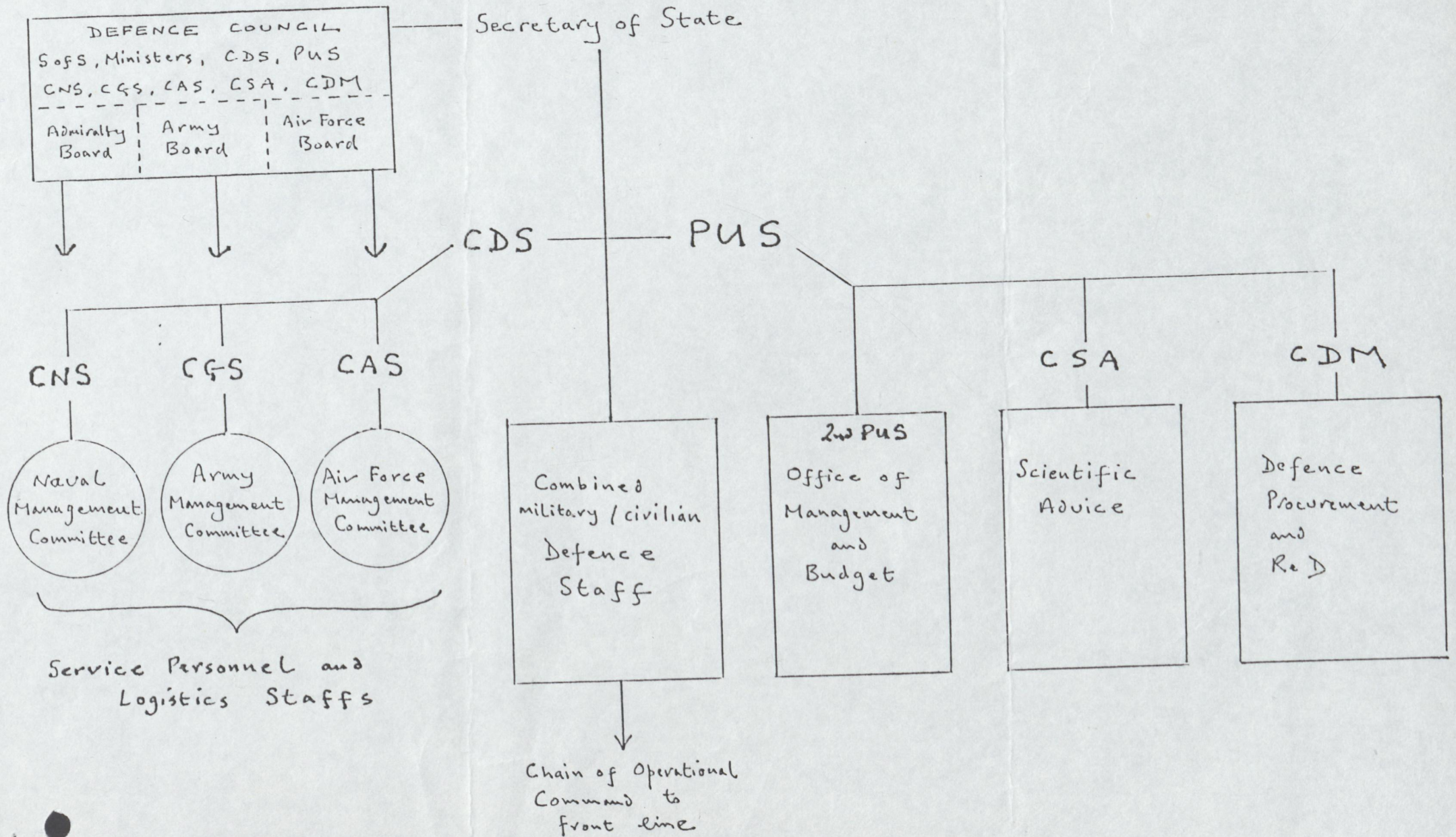
(R C MOTTRAM)
Private Secretary

F E R Butler Esq

PERSONAL
AND
CONFIDENTIAL

THE FUTURE HIGHER ORGANISATION OF DEFENCE

ANNEX D



HIGHER ORGANISATION FOR DEFENCE: SPEAKING NOTE

Should like to mention our plans for streamlining the organisation of the Ministry of Defence.

2. Now 20 years since MOD established in its present form, following the 1963 White Paper "Central Organisation for Defence". 1964 reorganisation followed closely principles laid down by Earl Mountbatten, then Chief of Defence Staff. Main objectives of that reorganisation were;-

- a. better central control of defence policy;
- b. better allocation of resources;
- c. improved arrangements for formulating equipment requirements and controlling R & D;
- d. more effective co-ordination and rationalisation of Service administration.

3. 1964 merger of former MOD and Service Departments was envisaged then as first step towards further simplification of defence organisation. Has not happened. Present organisation is complex network of single-Service and functional elements, with former having a much more extensive role than foreseen in 1964.

4. This complexity has had three main consequences:-

- a. The organisation is less economical than it should be, particularly in senior posts.
- b. Lines of accountability are blurred.
- c. The process of giving advice and taking decisions too often reflects compromise.

5. Time has come to move forward and deal with these problems. Objectives are:-

- a. to reduce overheads by saving staff;
- b. to increase delegation;
- c. to get better value from resources available.

6. To achieve objectives propose to simplify the organisation. Essential features of basic structure drawn up by Defence Secretary are;-

- a. Chief of Defence Staff to be given full authority over single-Service Chiefs of Staff in all respects, though the individual Chiefs of Staff would continue to be responsible for the efficiency and morale of their Services.

This would finally achieve a reform which was goal of many of the architects of 1964 reorganisation, including Earl Mountbatten.

- b. Creation of a unified and integrated Defence Staff, bringing together the separate Naval, General and Air Staffs with CDS's own staff and the civilian staffs who support them in policy and operational matters.

This, again, would realise the aspiration of the 1963 White Paper - and of Earl Mountbatten - that all these staff should together constitute a Defence Staff with the corporate duty of finding the best defence-wide solutions to problems.

- c. Concentration of responsibility for financial and budgetary matters and for resource allocation in an Office of Management and Budget inside MOD.

- d. Management of Service personnel and logistic functions by Management Committees of the Service Boards, each chaired by the Chief of Staff.
7. Must emphasise no question of weakening the separate identities of fighting Services; or of altering legal position of Defence Council and Service Boards. No intention of abolishing single-Service Chiefs of Staff. Aim is to provide more clearly defined tri-Service policy and resource framework within which Chiefs of Staff can manage their Service.
8. Ideas only in outline still. On current plans Cabinet will be told on Thursday; Defence Secretary will then put his ideas to Chief of Defence Staff, Chiefs of Staff and other senior officials and seek their views. Will inevitably become public. Could be some controversy, especially over change of relationship between Chief of Defence Staff and single-Service Chiefs of Staff. But believe it will be widely recognised in Services themselves and in Parliament that MOD must give lead from top in cutting defence overheads. Government will continue to give defence very high priority but must get greatest value for money by moving more resources from support to front line.
9. When Defence Secretary's consultations over and final decisions approaching, will raise matter again with Her Majesty.