

PUS/V84/502
(32/54)

12th June, 1984.

SECRETARY OF STATE

Copies to:	Minister(AF)	CERN
	Minister(DP)	VCAS
	US of S(AF)	DGI
	US of S(DP)	DUS(P)
	CDS	DUS(CM)
	CNS	DUS(FB)
	CGS	DUS(N)
	CAS	DUS(Army)
	VCDS(P&L)	DUS(Air)
	CDP	DUS(Pol)(PE)
	CSA	DUS(PL)
	2nd PUS	DGMA

DEFENCE ORGANISATION: OVERALL MODEL

... You asked in your minute of 22nd May to see the Steering Group's proposals for the organisation of the restructured MOD down to 1-star level. Following on from the work I described to you in my minutes of 16th April and 21st May, we have now drawn up a 'model' for the new organisation which is summarised in the chart at Annex A. The salient features that I would draw to your attention are as follows.

Defence Staff

... 2. The new Defence Staff (Annexes B to E) would be structured broadly on the basis indicated in my minute of 16th April, but would also include a capability for operational logistics and movements planning, and for central co-ordination of Service personnel matters. As such, under CDS and myself, the Defence Staff would provide a service to Ministers, the Chiefs of Staff and other parts of the department as necessary.

3. While we have structured the organisation in part from 'single-Service building blocks' (in some cases up to the 1 or 2-star level), we have sought to ensure that the Defence Staff has the capability to form a defence view and find defence solutions. The structure - which embraces military and Defence Secretariat staff - provides for:

- a DUS(Policy) (Annex B), to cover the development of long-term defence strategy and policy; his staff

to include an ACDS(Policy and Nuclear) and an AUS(Policy); he would also superintend the DACU, although the unit would be separate from the Defence Staff, and provide 3-star Secretariat assistance as required to the Commitments area;

- a DCDS(Programmes and Personnel) (Annex C), to establish military priorities in the allocation of resources and to provide central co-ordination of Service personnel matters. He would be supported by an ACDS(Programmes) (with single-Service and tri-Service divisions at 1-star level) and an ACDS(Personnel) with responsibility for tri-Service aspects of personnel matters including manpower;

- a DCDS(Systems) (Annex D), to oversee the whole field of military concepts and operational requirements, including trunk communications. He would be supported by an ACDS(Concepts) and an ACDS(CIS), both tri-Service in orientation, plus three ACDSs dealing respectively with Sea, Land and Air equipment (the latter organisations, in the interests of continuity, being established initially from the existing staffs of the three Assistant Chiefs of OR). He would also be supported by a 2-star ACSA(DS) (see paragraph 7 below);

- a DCDS(Commitments) (Annex E), to provide central direction of joint and single-Service plans, operations and exercises. He would be supported by an ACDS(NATO and UK), an ACDS('Rest of the World') (whose responsibilities would incorporate those of the present Director of Military Assistance Overseas), an ACDS(Logistic Policy and Plans) and an AUS(Commitments);

- a VCDS, to supervise all of this work, at 4-star level, reporting normally to CDS but also, as appropriate, to me.

This structure would thus encompass all the work of the present DCDS and VCDS(P&L), much of that of DUS(P), and, from the Service departments, those elements currently responsible to the Service Vice Chiefs for policy, programmes, operational requirements and operations.

4. We propose, however, that while the DCDS(Commitments) would have the necessary operational planning capability and exercise full control over all 'single-Service' operations staff in a crisis, he would not take on the latter's day-to-day management. There are two main reasons for this proposal. First, a large part of the work of ACNS(O), DMO/DASD and ACAS(Ops) is of an executive management character rather than

the provision of policy advice. Second, such an arrangement would allow amalgamation of this work with single-Service co-ordination of business on behalf of the Service Chiefs of Staff (see paragraph 5 below), and would consequently be more economical in terms of 2-star posts.

Service Executive Committees

5. Co-ordination of the single-Service management task on behalf of the Service Chiefs of Staff would (in the absence of Service Vice Chiefs) be undertaken by the 2-star appointments just mentioned (as shown at Annex F). Because of the different nature of the Army organisation, there would be two 2-star appointments in the case of the Army, but, pending further work on the organisation for reserves and cadets, one of these would also take on the duties of the Director, Territorial Army and Cadets. In general, the Service Executive Committee members would be able to draw on the advice of the Defence Staff and of the OMB (its Controller General being a member of each committee) as necessary. They would also have available to them the considerable secretariat and finance advice remaining with the single-Service staffs (but with reporting lines to the OMB). The actual Secretariats to the Committees themselves could be provided from the OMB by the successor divisions to DS4, 7 and 9, who currently fulfil that role.

The Office of Management and Budget

... 6. The OMB (Annexes G to K) would be headed by 2nd PUS, as Controller General. who would as one of his major responsibilities be your 'Finance Director'. He would be supported by 4 DUSs, as follows:

- a DUS(Resources and Programmes) (Annex G), served by three AUSs - each with tri-Service and single-Service responsibilities - the 'size and shape' divisions and the successors to DS1 and DS3. He would be responsible, under the Controller General, for the size and shape of Service programmes and the allocation of resources to them;

- a DUS(Finance) (Annex H), who would be the Department's Principal Finance Officer, responsible for the MOD's financial management including cash control and matters of Parliamentary accountability and propriety. He would be supported by an AUS, responsible for the Department's General Finance Organisation, and DGDA (whose organisation is currently subject to efficiency audit). All the Department's Senior Finance Officers would also have responsibilities to him;

- a DUS(Administration) (Annex I), would would take on most of the current responsibilities of DUS(PL), plus the superintendence of the 6 Personnel and Logistics AUs/Executive Directors currently exercised by the Service DUs. He would also assume responsibility for the new post of Director General Information Technology Systems, if the recommendations of CSA's recent IT study are accepted, subject to further work in this area;

- a DUS(Civilian Management) (Annex J), who would continue to be the Department's Principal Establishment Officer and whose organisation is left largely unchanged, pending the outcome of the Mehew study of personnel management and other studies.

The Director General of Management Audit (Annex K) would provide a central capability for inspection and audit of Departmental activities - the details of his reporting lines and role within the OMB being subject to the outcome of current studies.

Scientific Advice

7. Outside the PE, all scientific staffs would report to CSA (Annex L). He would be directly and exclusively supported by:

- a 3-star DCSA, who, as well as serving as his deputy, would be responsible for stimulating original, long-term thinking, and would assume the studies co-ordination (particularly the central capability for operational analysis) and independent scrutiny functions previously carried out by ACSA(Studies);

- a 2-star ACSA(Projects and Research), who would combine the present functions of ACSA(P) and ACSA(R);

- an ACSA(Nuclear), at one-and-a-half stars, as now.

Additionally

- a 2-star ACSA(Defence Staff) would assume the responsibilities of the three Service Chief Scientists. He would provide support for the Defence Staff and be tasked by DCDS(Systems), but would answer professionally and for staff management to CSA.

In parallel, CERN has prepared plans to streamline his headquarters organisation, which, taken together with the above, will end the present twin-hatting of scientific staffs.

Other Areas

8. The model, intentionally, does not cover the single-Service staffs in the Personnel and Logistics areas, or the PE. On the

former, you have said that it would be an early task for the new Service Executive Committees to review the scope for the delegation of work to Commands. There are also a number of major studies in hand including those on administration of the medical services (Yellowlees), Sharp Sword and the proposal for a RAF Maintenance Executive. The PE is of course subject to separate review.

Overall Position

9. Although considerable work remains to be done to validate and refine the details, particularly below 2-star level, we consider that, taken as a whole, the organisation we are proposing would meet the essential elements for change which you identified in the OGD. In particular,

- the new Defence Staff would be centrally responsible for formulating all advice on defence policy, military aspects of operational requirements and the military input to programming. It would also be responsible for the central direction of all military operations and associated policy;

- management of the Services would, as you proposed, be the principal concern of the Service Executive Committees, chaired by the Service Chiefs of Staff, who would in future report to you through CDS on the efficiency and morale of their Services;

- the corporate planning function, in particular the financial aspects of the allocation of resources and the scrutiny of equipment requirements, would be included in the responsibility of the Office of Management and Budget under 2nd PUS;

- scientific advice would be centralised under CSA to provide the necessary capability for independent thinking and scrutiny, but with an element so deployed in the Defence Staff that constructive relationships would be maintained and developed, particularly in the Systems area.

The Defence Arms Control Unit was separately addressed in my minute to you of 21st May.

10. In drawing up the model, we have had very much in mind your concern that significant savings, particularly in top posts, should flow from the reorganisation. The model assumes that the posts of VCDS(P&L) and the Service Vice Chiefs would lapse, as proposed in the OGD, and that the posts of the Service DUSs would also go. The proposals outlined above would result

immediately in the net saving of two civilian and one military posts at 3-star level, and three and a half posts at 2-star level. In the field of staff work covered in detail by the attachments, these savings represent 25% and 10% of the total numbers of 3 and 2-star posts under consideration. These figures exclude actual or prospective savings in other areas such as the DIS and the PE, including CERN, not specifically addressed as part of the reorganisation. There are also a number of posts currently reporting to the Service Vice Chiefs (eg the Hydrographer, the Arms Directors, and CG&DG Sy(RAF)), whose functions do not appear appropriate to the Defence Staff, but whose future is under review or will need to be reviewed, including in some cases the possibility of rustication to Commands.

11. Under the model as at present constituted, the bids from departments for 1-star posts - where continuity of work is particularly important (see below) - show a small increase on current numbers. The Steering Group have not yet had the opportunity to consider this in detail, but are now seeking to reach a view on the likely scope for 1-star savings as soon as possible.

12. We have also had in mind the need to ensure that the upheaval involved in moving to the new organisation - which will be substantial - is kept to a level which does not prejudice the efficient conduct of the Department's key tasks, particularly in the fields of policy advice, operations and equipment requirements. Nevertheless, we consider that, once the new organisation has settled down, there should be scope for further improvement and streamlining.

13. We have taken particular care to see that the main elements of the model (and associated procedures) are structured so as to interface readily with each other. Crucial to the success of the new organisation will be the development of close and effective working relationships between the staffs concerned, particularly between the OMB and the Defence Staff, and between both of these and the Chiefs of Staff and the staffs of the Service Executive Committees. While the new organisation properly distinguishes between military advice and budgetary responsibilities and between policy formulation and executive management, it is vital that these functions do not operate in isolation. This is a consideration that we shall continue to pay close attention to in further refinement of working procedures for the new organisation.

Next Steps

14. You will be discussing this outline model with other members

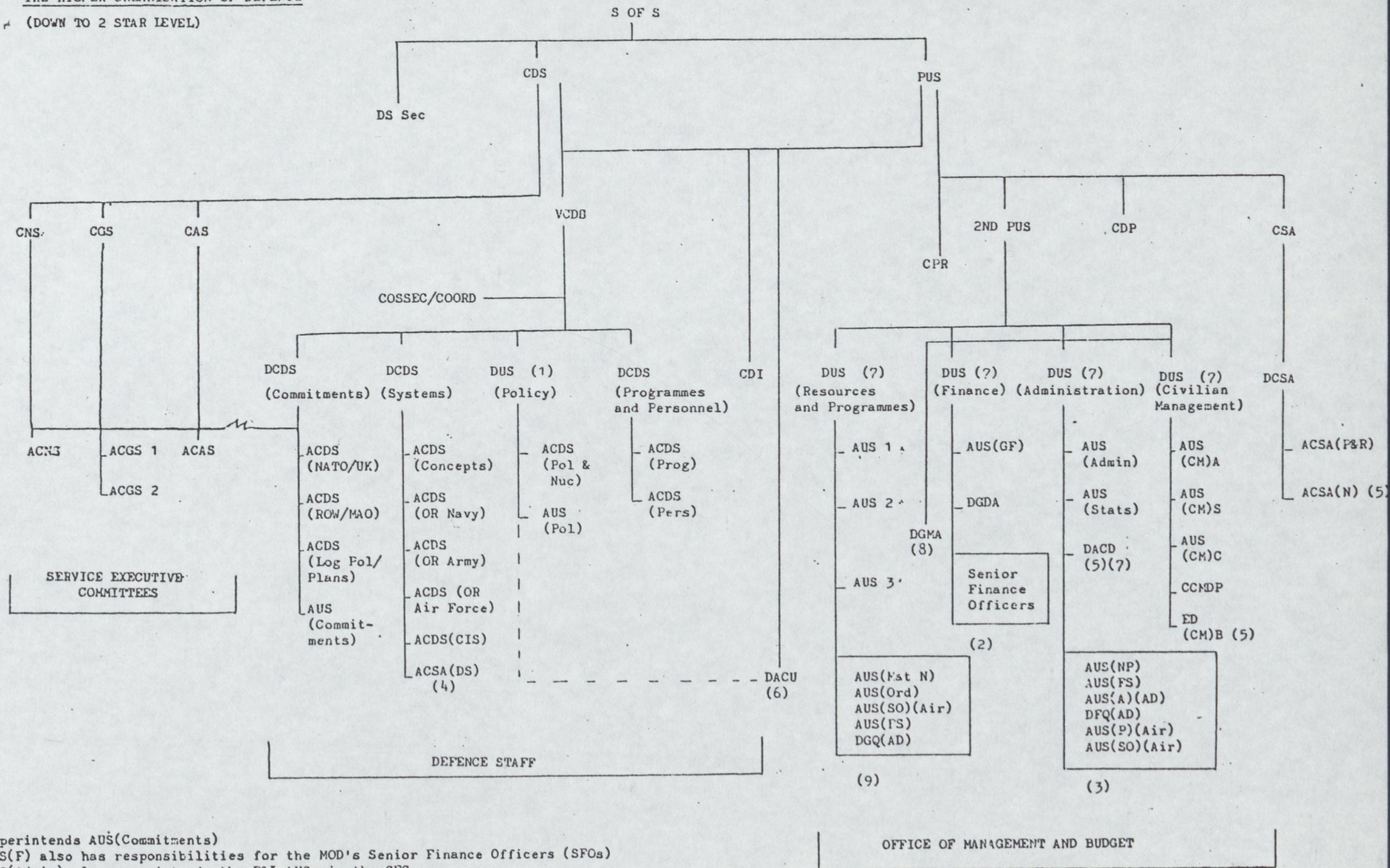
of the Defence Council on Friday, 15th June. In the light of your views, we can consider the next steps. You will, in particular, wish to decide on what basis planning should now go ahead for you to present firm proposals to Parliament next month. Over the next few months there will be a heavy programme of further work, to draw up terms of reference for top posts, to refine the details of working procedures and to complement, man and accommodate the new organisation.

JWS.

PUS

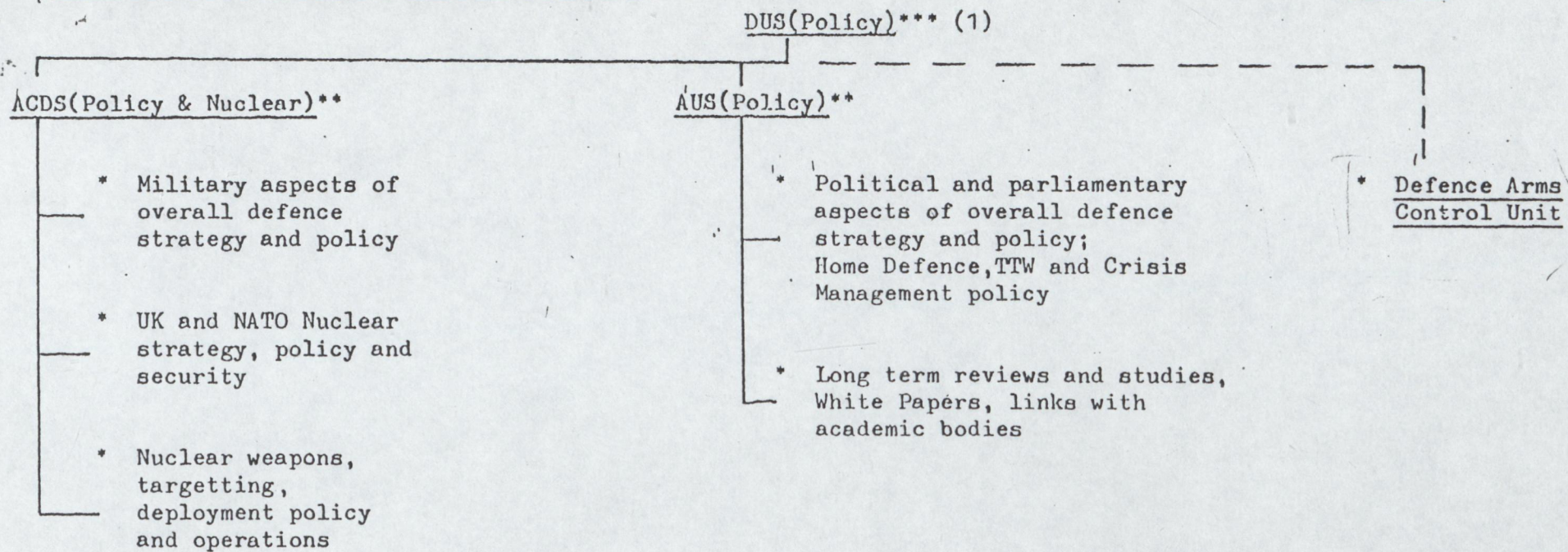
THE HIGHER ORGANISATION OF DEFENCE

(DOWN TO 2 STAR LEVEL)



Notes:

- (1) Superintends AUS(Commitments)
- (2) DUS(F) also has responsibilities for the MOD's Senior Finance Officers (SFOs)
- (3) DUS(Admin) also superintends the P&L AUSs in the SECs
- (4) Responsible to CSA for staff resources and professional standards
- (5) 1½ Stars
- (6) 1 Star
- (7) Subject to one or more studies (eg. CSA's IT Study, Mehew, CIRC, Yellowlees, Crow, DGDA audit, etc) Reports to DUS(Finance), DUS(Administration) and DUS(Civilian Management) Responsible to DUS(RP) for financial scrutiny of requirements.



Note:

- (1) DUS(Pol) superintends work of the Secretariat support in the Commitments areas; and the Defence Arms Control Unit.

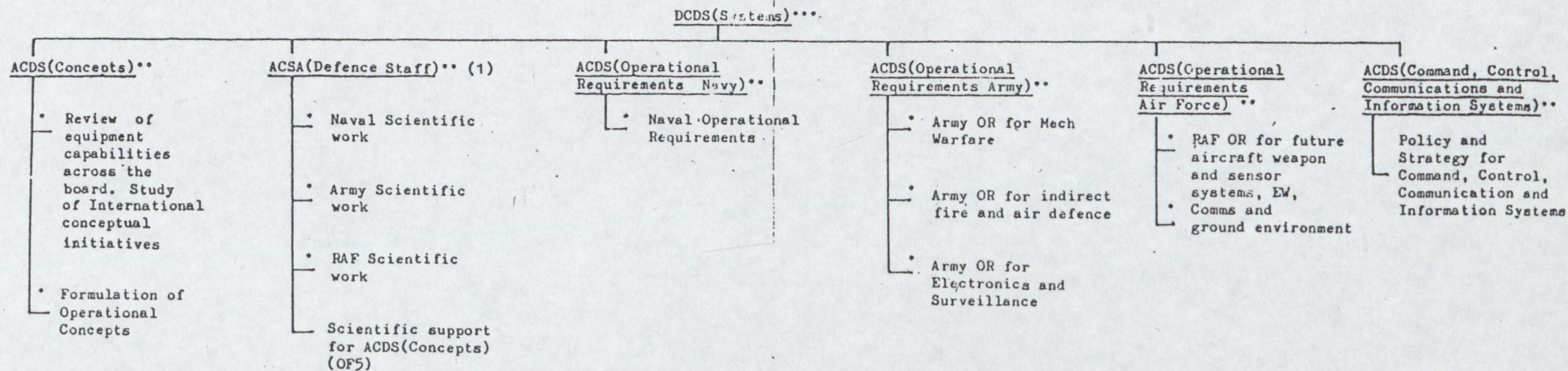
DCDS(Programmes & Personnel)***

ACDS(Programmes)**

- * Military aspects of overall Defence programme and priorities.
- * Military aspects of Navy programme and priorities.
- * Military aspects of Army programme and priorities.
- * Military aspects of Air Force programme and priorities.

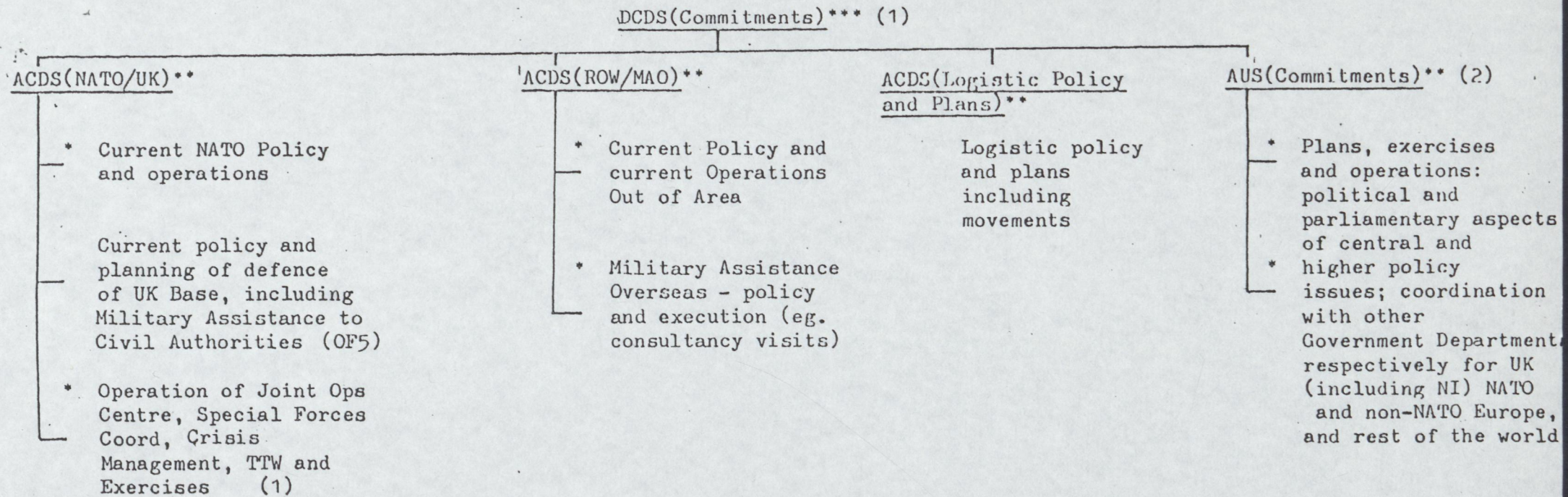
ACDS(Personnel)**

Tri-Service aspects of personnel matters eg. pay, conditions of service, manpower, recruiting, training.



Note:

- (1) Provides scientific support to Defence and single Service staffs as necessary. Responsible to CSA for staff resources and professional standards.



Notes:

- (1) In operations and TTW, DCDS(Cts) controls single Service staffs through the JOC.
- (2) Oversight of political and parliamentary aspects of single Service operational matters forming part of the single Service Assistant Secretaries' responsibilities (See Annex F).

CDS*****

CGS*****

CAS*****

CNS*****

ACNS**

ACGS 1**

ACGS 2**

ACAS**

- * Fleet effectiveness, tactics and operational capabilities
- * ~~Fleet Air Arm~~ effectiveness and operational policy
- * Maritime availability, tasking and employment. ND Coord and briefing
- * General/Secretariat advice and support

- * Combat Development and Tactical Doctrine, Command and Control, Operations in NI/GB
- * Overseas garrisons and ROW operations (OF5)
- * NATO operations, Alert measures, TTW (OF5)
- * General/Secretariat advice and support

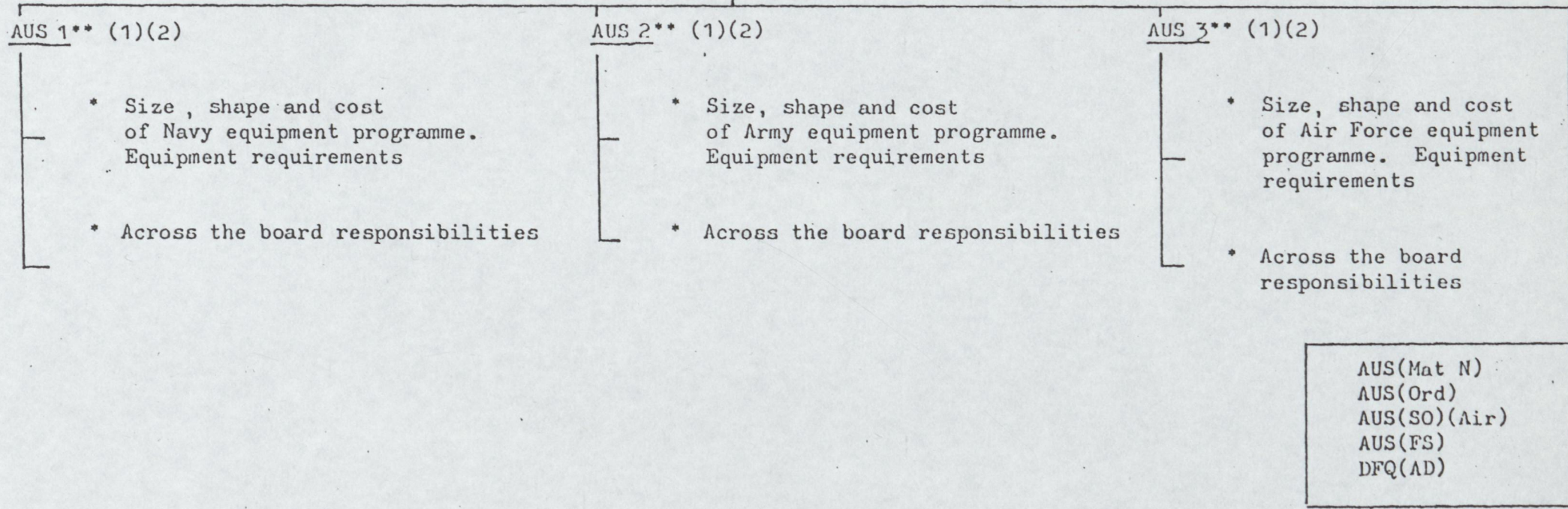
- * Organisation and implementation of deployment of the British Army world-wide, including UDR and Gurkhas. ~~Manpower~~, equipment scales, establishments, and Field Army ORBAT, MACA
- * TA, Reserves and Cadets. Link to TAVRAS
- * Management Services. Efficiency and other Army studies world-wide (OF5)
- * Management Accountancy Costing Services for ECAB management areas (OF5)

- * Operational policy and effectiveness of air defence aircraft, weapons and associated support systems
- * Operational policy and effectiveness of offensive support aircraft, sensors and weapons
- * Tactical doctrine, current force employment, navigation and airspace management, TTW. AFD Co-ord and briefing
- * General/Secretariat advice and support

Note:

(1) Showing only those staffs in direct support of Service Chiefs of Staff. In operations and TTW staffs concerned report to DCDS(Commitments).

DUS(Resources and Programmes)***



Note:

- (1) Between them the 3 AUSs will each be responsible for:
 - (a) One 1 star division responsible for the size and shape, and equipment requirements, of a Service programme; and for the Secretariat of the single Service Boards and Executive Committees.
 - (b) One 1 star division with across the board responsibility for the Defence programme and budget, the Defence Equipment Programme (including Secretariat support for Equipment Committees) and for economic advice respectively.
 - (c) Oversight of that part of the single Service Assistant Secretaries' responsibilities in respect of efficient management of single Service business (see Annex F).
- (2) The Crew Study would, if agreed, add a further one star division to the RP organisation.
- (3) Responsible to DUS(RP) for financial scrutiny of requirements.

DUS(Finance)*** (1)

AUS(General Finance)**

DGDA** (3)

DGMA** (5)

(2) * Finance work, incl support for Navy

* Finance work, incl support for Army

* Finance work, incl support for Air Force

* Finance work, incl support for PE and PEMB

(4)
SENIOR FINANCE OFFICERS

* Control of Defence Cash Accounts. Calculation of civil and certain Service pensions

* Bill authorisation and payment; recovery of receipts

* Civilian Pay

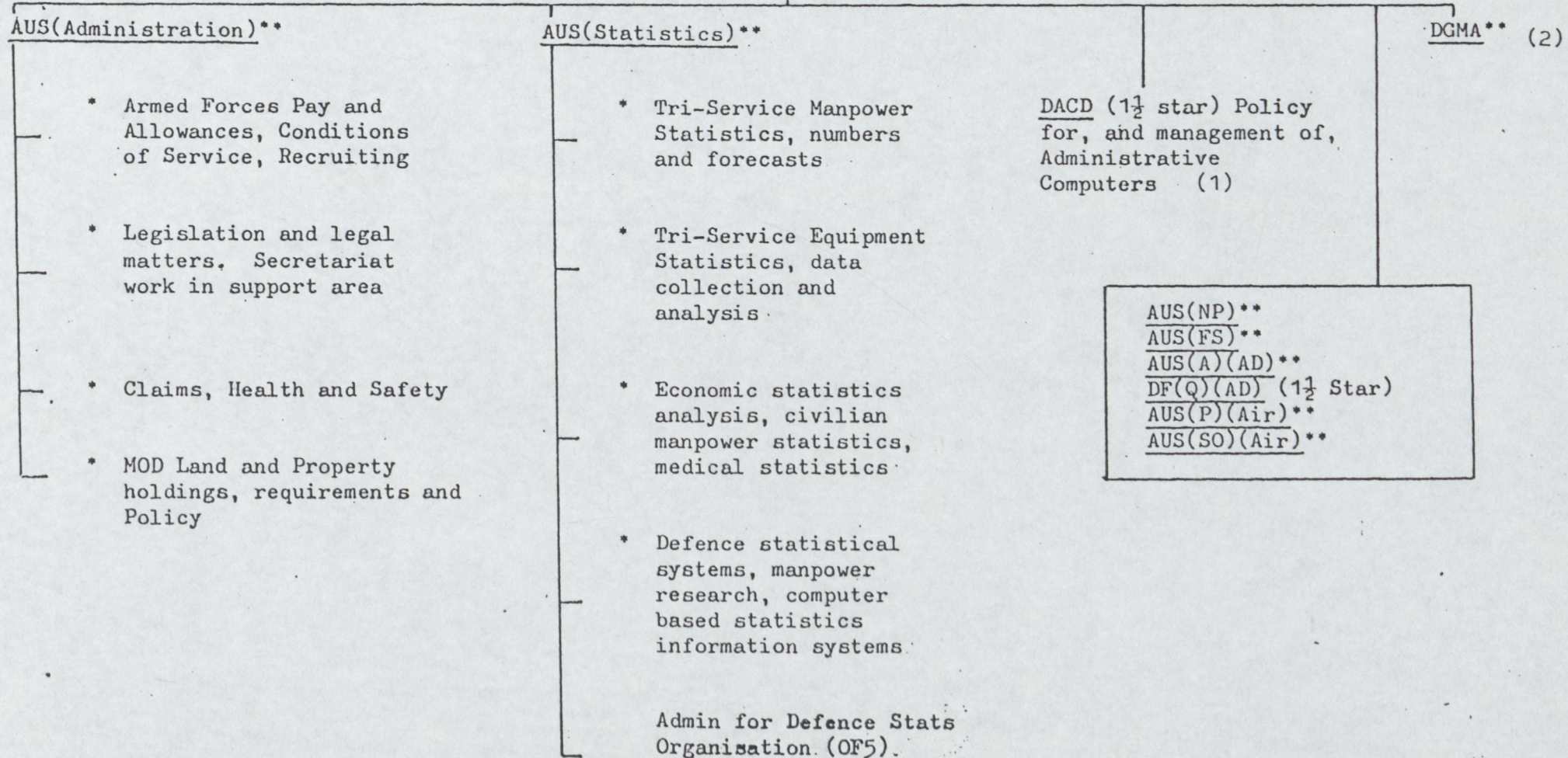
* Management Accounting Services

Accounts operations - staff, ADP, Naval Base Computer Bureau (OF5 x 3)

Notes:

- (1) Principal Finance Officer.
- (2) In addition to their Single Service and PE Financial responsibilities, each GF 1 Star charge has certain additional MOD wide responsibilities in the finance area.
- (3) A review by consultants is currently in progress.
- (4) The PFO has functional responsibility of the work of the Senior Finance Officers.
- (5) See Annex K.

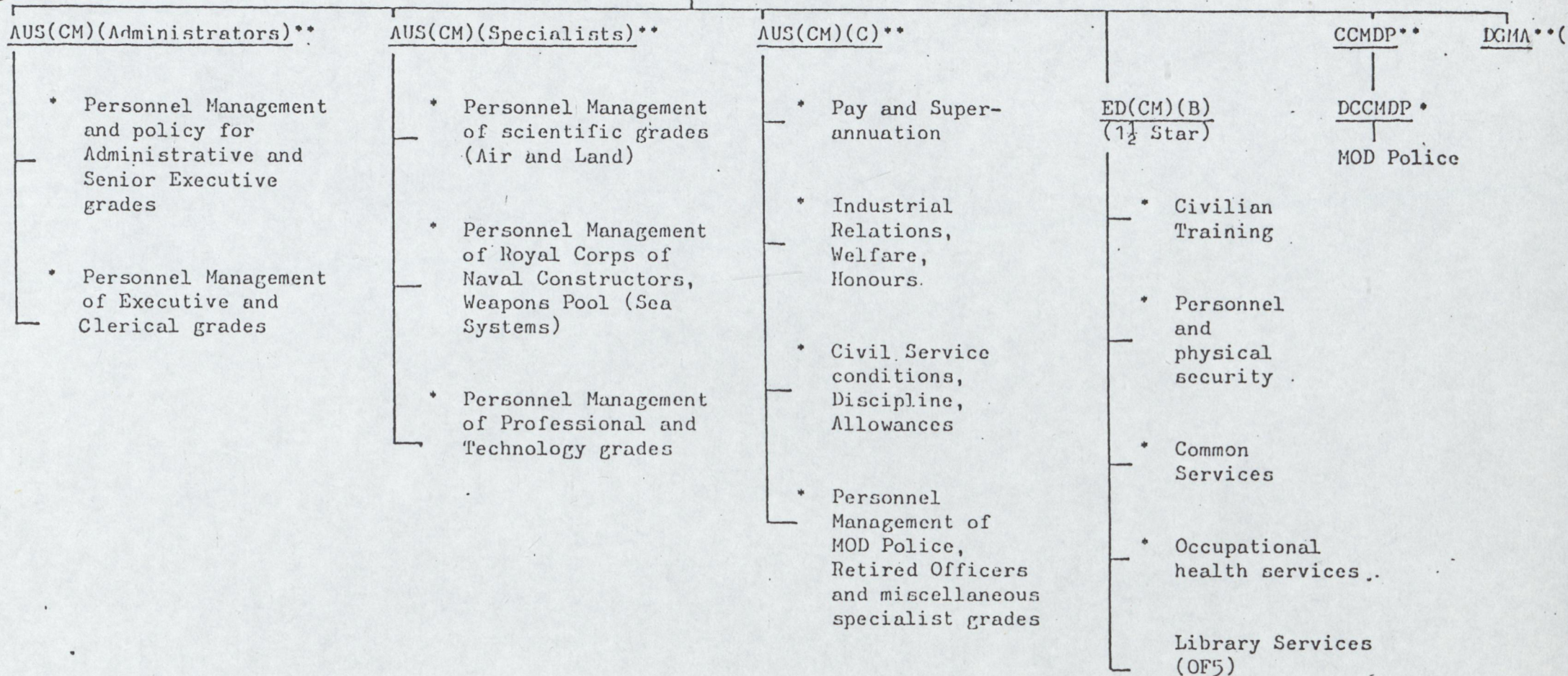
DUS(Administration)***



Note:

- (1) Currently works for DUS(CM). Future organisation to be examined in relation to CSA recommendations to create a DG Information Technology Systems post.
- (2) See Annex K.
- (3) DUS(Administration) also superintends the P&L AUSs in the SECs.

DUS(Civilian Management)*** (1)(2)



Note:

(1) Future organisation subject to outcome of Mehew Study.

(2) Principal Establishment Officer.

(3) See Annex K.

DUS(F)***

DUS(Admin)***

DUS(CM)***

DGMA** (1)

DDGMA (1½ Star)

* Policy for staff inspection and civilian manpower control for MOD. Inspection, complementing and manpower numbers for Centre

* Inspection, complementing and manpower numbers for PE

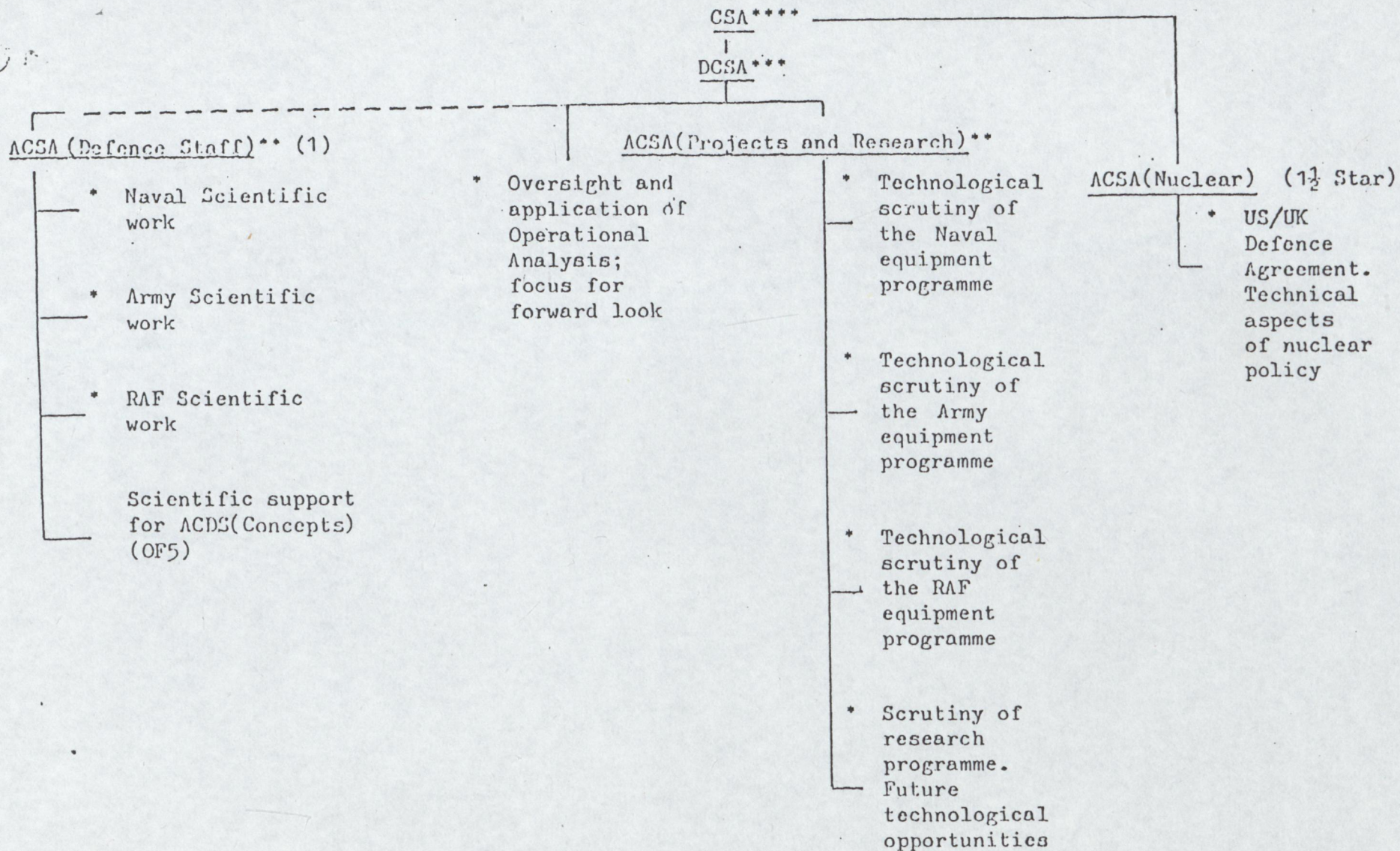
* Management and efficiency studies

* Internal Audit of MOD HQ

* Internal Audit of Service Units

Note:

(1) Organisation is subject to outcome of CIRC and Crew Studies. Reports to DUS(F), DUS(Admin) and DUS(CM) as appropriate.



Note:

- (1) Dedicated scientific advice to Defence and Single Service staffs as required. Tasked by DCDS(Systems).