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DEFENCE REORGANISATION

with FCRB?

I have considered most carefully the further minute which you and your colleagues sent to me on Friday and which we discussed together yesterday. Given the importance of the issues which this minute raises, I believe that I should respond fully in writing.

2. As we discussed, I have to say that I was most surprised to receive a minute couched in such terms at the end of a process of discussion involving three meetings with all of the Chiefs of Staff, during which the views set out in paragraph 4 were never put to me in these terms. Moreover, I do not find at all persuasive the reasoning in your minute. Read literally, you appear to be suggesting that the Chiefs of Staff believe that the proposed organisation can be made to work satisfactorily in peace time but would not work in a crisis involving war-like operations. But, as your minute of 13th June makes clear, the Chiefs of Staff actually believe to be advantageous the arrangements under the model for the central control of operations. There is a consensus that organisation in war would be improved. As we have established, your concern in fact relates not to the conduct of war but to the peace time question of the position of the single-Service Chiefs of Staff in determining the size and shape of their Service's programme, its detailed working through, and the definition and detailed formulation of operational requirements. Your argument rests on the proposition that the position of the single-Service



Chiefs of Staff in these matters would be so weakened that they would no longer be able to give the Government the considered professional advice on which we must rely in a crisis. Plainly this is a view which I have to study very carefully.

3. In discussing these concerns, I have detected an underlying feeling that there is an intention on my part to degrade the position of the Service Chiefs of Staff. It needed no prompting from anyone for me to insist that the central position of the Chiefs of Staff as members of the Defence Council, with their right of access to the Prime Minister, and as head of their Service and Chairman of its Executive Committee should be maintained as now. But once such attitudes develop, the attitudes themselves can colour the judgement of what is actually proposed. And it is difficult to counter such assertions once they begin to gain currency. I have to say, however, that it seems to me to be self evident that, if that had been my intention, the proposals in my original open Government document would have been couched in very different terms. There have, for example, been a number of experts over the years who have put forward plans for a centralised, functionalised Ministry in which the individual Chiefs of Staff would lose their position on the Defence Council and their right of access to the Prime Minister, and be reduced essentially to "inspectors-general". My own proposals did not point in this over-centralised direction and involve no change in the status of the Chiefs of Staff, other than the recognition of what is already the reality that they should report formally to me through you. And, of course, in the highly successful Falklands operation, the Chiefs of Staff operated in relation to the Chief of the Defence Staff in this way.

4. There is a difficult line to draw between the responsibilities of the single-Service Chiefs of Staff and the need to provide for the formulation of balanced defence-wide advice. We have to recognise that the interests of each Service are not always consonant with the defence interest as a whole. This requires a difficult balancing act in organisational terms. That is what we have been seeking to address.



5. Your earlier minute of 13th June itself addressed these issues at length and in the depth that they warrant. Your general conclusion then was that the new model as presented could, as you put it, be made to work (presumably in war as well as peace since it is the former which must ultimately concern us); but you drew attention in paragraph 14 of that minute to certain essential needs of the individual Chiefs of Staff. These were that they should have adequate executive staffs of their own, a "significant hand" in the development of both operational requirements for their own Service and the balancing of their own Service programmes, and be provided with a senior Staff Officer. I gave this minute most careful consideration and discussed the arrangements in the Defence Staff and in the single-Service areas in depth with you and your colleagues at two initial meetings (and we of course subsequently discussed further refinements to the model). I understood your concerns to relate to the priority attached by the single-Service Chiefs of Staff to the provision of the staff shown under them in the model, a proposal which I subsequently agreed, and to the provision of arrangements for the full involvement of the Chiefs of Staff in programme and OR matters. We discussed at length at our first meeting the proposed arrangements in the programmes area, and no-one suggested that they were unworkable: indeed, one of the Chiefs of Staff gave a specific assurance that they would work. We also discussed the arrangements for the handling of operational requirements and, in the light of these discussions, the Steering Group themselves proposed, in PUS's minute of 21st June, that we should move as quickly as possible to a tri-Service systems-based approach. Strong concern was certainly expressed over the number of two-star officers in such an organisation initially and I met that concern by agreeing the Steering Group's recommendation.

6. It is now represented that in order to have a "significant hand" in these matters the Service Chiefs of Staff must have the staffs concerned in their own line management area under their direct supervision and control. The argument is made that this would make for a clearer organisation with a "centre" dealing with high policy and what would essentially be recreated Service departments dealing with



the detail. It is said that this would avoid blurred lines of responsibility and the overloading of the centre. But in reality there is no such easy dividing line of this kind. Size and shape questions are themselves at the heart of Defence policy and at the heart of resource allocation. In both these issues and in operational requirements matters we have to look across Service boundaries and not simply within them. To bring these functions into a single Defence staff will not overload it: the staff numbers involved are not particularly large in absolute terms and adequate supervision and high level input is provided for in the recommended model.

7. The proposed alternative would not then make for a clearer organisation: it would simply change the nature of the arrangements required for the proper coordination of business. My own approach, on the other hand, has been to seek to get away from the concept of a "centre" and three Service departments. I have seen the Defence Staff as a resource to which all of my most senior advisers, including, of course, the single-Service Chiefs of Staff, will have full access. The direction of its work on military aspects of policy is ultimately a matter for you, but my own assumption had been that you will wish to continue to review major policy issues in the forum of the Chiefs of Staff Committee. At the level of individual programmes and operational requirements questions, my understanding has been that the individual Chiefs of Staff will engage in a close dialogue with the DCDS (Systems) and the DCDS (Programmes and Personnel) and their staffs and that we shall need working arrangements which provide for the integration of programmes and operational requirements on both a Defence and single-Service bases. Under these arrangements, the Chiefs of Staff's voice will remain a most important one and there will be no question of a loss of contact or of expertise of the kind being talked about. It was to facilitate this input that I agreed to the Steering Group's proposals for the staff under each Service Chief of Staff.

8. I believed - and still believe - that the discussion that we held following your minute of 13th June fully addressed the reservations



expressed in that minute and the language of your further minute of 29th June is not supported by detailed analysis. You have yourself asked that your concerns should be put to the Prime Minister which is your right: in view of the importance of these issues, I believe that a meeting would be helpful and I have therefore asked the Prime Minister to see both of us together so that you can explain the views of the Chiefs of Staff. Needless to say, I am providing her with copies of your minutes of 13th and 29th June, together with the recommendations of the Steering Group and a copy of this minute.

A handwritten signature in black ink, appearing to be "W. H. H.", written in a cursive style.

3rd July 1984



10 DOWNING STREET

Prime Minister

Here is Mr. Heseltine's
reply to the CDS, which
you will want to read to
arm you with the
arguments for dealing
with the CDS tomorrow.

FRB

3.7.