

cc MASTER SET

hlc MS  
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10 DOWNING STREET

*From the Principal Private Secretary*

4 July 1984

Dear Richard,

Defence Reorganisation

I have recorded in a separate letter the Prime Minister's meeting with your Secretary of State and the Chief of the Defence Staff this afternoon, which concluded with a request from the Chief of the Defence Staff that the Prime Minister should receive the separate Service Chiefs. The Prime Minister held this meeting at 1815 this evening: the Chief of the Defence Staff, the Chief of the Air Staff, the Chief of the Naval Staff and the Vice Chief of the General Staff were present.

The Prime Minister summarised her discussion with the Chief of the Defence Staff earlier that afternoon. She and her colleagues felt that the proposed reorganisation should be tried. She did not have it in mind to diminish the overall role of the individual Chiefs of Staff: on the contrary, she meant to enhance it by involving them in the overall responsibility for defence. She was glad that the separate Chiefs were to have the staff they required, and she reminded them that the separate Services would continue to be the building blocks on which defence organisation was based. She would be willing to confirm in writing that the Chiefs of Staff would continue to have direct access to her and there might be advantage in annual meetings at which they could keep her in touch with their views. She invited the Chiefs of Staff to give her their comments.

The First Sea Lord thanked the Prime Minister on behalf of his colleagues for making time for the meeting. He said that he and his colleagues fully shared the Secretary of State's desire to achieve a lean and efficient Ministry of Defence. They welcomed a sufficient centralised control to ensure a powerful and high quality contribution to strategy and high policy, and particularly to the allocation of resources. It was a question of the correct balance between policy definition and management and he and his colleagues

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were worried that the balancing was moving too far to the centre. This was illustrated by the fact that the proposed central staff would increase from 177 people of officer rank to over 500. The size and scope of the responsibilities of the central defence staff was in danger of blurring lines of responsibilities and producing a defence equivalent of British Leyland in which policy formulation was divided from executive management and the influence of individual Service Board members on equipment would be diminished. He welcomed the Prime Minister's assurances of the desire to give the separate Chiefs of Staff continued influence and continued access to the Prime Minister, but they were bound to become more dependent on a defence staff who did not owe their undivided loyalty to the separate Service heads. He and his colleagues also felt that the speed with which the complex exercise had been undertaken left them with less than full confidence that it could be fully thought out in time for implementation on 1 January. Finally, whereas under present arrangements in times of crisis the separate Chiefs could call on their own deep involvement and that of their Service Board colleagues in the individual Services, there was a danger that under the new arrangements their advice would become shallow and of less value.

The Chief of the Air Staff endorsed what the First Sea Lord had said. The logic of extensive centralisation pointed towards unification of the Services. The present arrangements appeared to fall between two stools: they did not go as far as towards full unification as, for example, had been done in the unhappy experiment in Canada, but they went too far away from maintaining the independence of the separate Services. The separate Service Chiefs would retain responsibility for the total efficiency and morale of their Services but were in danger of having insufficient means of achieving them: this would be a position of power without responsibility. If Lord Trenchard had not had a strong voice and a strong Service staff in the 1930s, the Royal Air Force would not have been sufficiently equipped to fight the last war.

Lieutenant General Sir James Glover expressed the regret of the Chief of the General Staff that the timing of the meeting had not enabled him to return from abroad. He too endorsed what his colleagues had said. He recognised that the defence organisation was an evolving structure, which needed change in the processes governing the central allocation of resources and the central direction of operations. But the Chief of the General Staff was responsible for the operational efficiency of the Army as a whole. He needed to feel that he could exercise a real and personal responsibility and that he had the resources to carry it through: he was not convinced that the new organisation would provide this. There was a risk that

responsibility would be fragmented because the new organisation was seeking to reconcile the irreconcilable. The central staff would be serving two masters and the Chief of the General Staff would lose his personal single responsibility for initiating the Army's programme and ordering its equipment. He would no longer be in as good position to give independent advice which would preserve the balance in peace and develop the professional expertise necessary for warlike situations. The Chief of the General Staff was therefore not convinced that the new structure would be an improvement and feared that introduction might eventually be regretted.

The Prime Minister said that she had not been involved in the detailed planning of the new organisation, but she had been involved in the inception of the proposals and had read the minutes of 13 and 29 June from the Chiefs of Staff and the Secretary of State's reply. She therefore knew the general thrust and intention of the proposed reorganisation. There was no question of unifying the Services: any attempt to do so would be extremely foolish. The Chiefs of Staff in their minute of 13 June had expressed concern that they would have insufficient staff to support them in their work for their own services and in relation to the rest of the Ministry of Defence; and the Secretary of State had tried to meet this point. She regarded the role of all concerned as being to defend The Queen's realms: if this failed, it would not be a failure of one Service or the other but of defence as a whole. The proposals on reorganisation recognised this and the individual Services could not disregard the weapons systems and the roles of the other Services. She saw the new organisation as not diminishing the roles of the separate Service Chiefs but of enhancing them by giving them a greater say in the overall defence effort: it was therefore not responsibility without power but responsibility with enhanced power. She had always treated the Chiefs of Staff as a collective body, and would continue to give them access severally or jointly to the Prime Minister. She recognised that there was a reluctance about proceeding from the known to the unknown but she believed that if the Chiefs of Staff gave the new organisation a chance they would find it to be an improvement.

The Chief of the Defence Staff said that he and his colleagues welcomed the assurances which the Prime Minister had given. At the end of the day, they were bound to feel some scepticism about the new organisation, but this would not interfere with the devotion and enthusiasm with which they would try to make a success of it. He welcomed the Prime Minister's suggestion of periodical meetings with the Chiefs of Staff, and hoped that she would agree that there should be a review of the new organisation in due course.

The Prime Minister said that it would be right to

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review the new organisation when it had been given a reasonable time to settle down and to work. She also repeated that the Chiefs of Staff would continue to have the right of access to the Prime Minister and she would see advantage in annual meetings with them.

Yours ever.

Robin Butler

Richard Mottram Esq  
Ministry of Defence.

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Admiral Piddhore

Central staff - High Policy  
- Good Balance →

B.L.

Blue line of responsibility.

Speed - Adequately thought  
out.

CRISIS [Senior Board Colleagues  
formulates + policy]

"Reduction of Influence.

Sir Keith

- "Anti-Action"

- Total efficiency

"Means 'substantially  
influencing'

Responsibility without  
power.

Lord Frederick

Sir Ganes

Responsibility

'fragmented'

"collective"

Introducing many divisions  
for employment related  
independent advice.

Gr. staff - legal work  
Recognise your wide experience  
Responsible - Centre / Service centres  
Responsibility without power.  
13<sup>th</sup> June - Staff.

KEY POINTS TO MAKE

- Talking about a process of evolution to a more defence-based approach, building on the 1963 and 1981 changes. A question of tilting the balance a little further.
- Seen your careful judgement in your minute of 13th June that the Steering Group's recommended model can be made to work and that the Chiefs of Staff would loyally try to make it do so. Noted the advantages and disadvantages set out including the improved arrangements in war. Glad that there have been detailed discussions in which the concerns of the Chiefs of Staff about having their own staffs and about working arrangements have been met.
- Understandable that the Service Chiefs of Staff will wish to preserve their position and would prefer the status quo.
- Can assure you that there is no intention of using the new arrangements to distance the Chiefs of Staff from effective influence on matters concerning their Service.
- The staff provided for <sup>them</sup> and the interlocking Committee structure which operates in the MOD, and which is essential now and in the future, will ensure that this does not happen.
- As the Chiefs of Staff retain their right of access to me, no question that such a process could begin in the future without their having effective means to challenge it.
- Hope therefore we can now all work together to make the new structure effective.

Many more  
and more

Staff do  
the new  
structure

relationships of the Chiefs of Staff  
was in what the Chiefs of Staff

*Pl. put on file  
dealing with defence  
reorganisation.*

Prime Minister

It is good of you to see <sup>with me</sup> me, with all your pre-occupations; and I do not know whether you have had time to read the relevant minutes - ours of 13 and 29 June and the Secretary of State's response which, of course, we only got this morning; <sup>planned</sup> But let me make it clear from ~~the start~~ that the last thing that I or my colleagues wish, is to provoke a confrontation with our Secretary of State' on this matter. We have worked successfully together over the last 18 months and I hope we will continue to do so in the future; but I am sure you will be the first to appreciate <sup>how</sup> that the Chiefs ~~of Staff~~ do feel a deep responsibility to advise HMG on whether, whatever new organisation we are required to adopt at the the head of the Defence of this country would, from our combined experience, be likely to work at least as well as the present one and, irrespective of personalities, would stand up to the stresses and strains of a real crisis, such as faced us in the Falklands.

And in my case, <sup>3 ill  
on your mind</sup> that experience of the theory and practice of Defence reorganisation is very considerable and perhaps unique, ~~as I think you know.~~ [~~Having 3 successful reorganisations and one successful campaign as a Chief of Staff in my immediate experience, with special and individual responsibilities to Lord Mountbatten for the 1963 reorganisation, with the chance of watching the Canadian experiment get off to such a disastrous start from which is has never recovered; the streamling of UKLF in 1971 which saved so many people; and most recently the successful changes brought by Sir John Nott and Lord Lewin, of which I was a leading advocate and most enthusiastic supporter, and did most of the things that urgently needed doing.~~] So I certainly have no axes to grind for so called single Service vested interests or against change as such.

However this exercise <sup>has been</sup> was a bit different. It was launched without prior consultation, expected to be completed in a great rush and the so called consultative document was released to the Press and Parliament immediately, so that the scope of the Steering Group <sup>was</sup> was much restricted.

But having initially stated some reservations to the Secretary of State, I and my colleagues knew it was our duty ~~diligently~~ to do our very best to design the optimum organisation within the constraints of the Open Government Document. This we have done and the result is the model in the draft White Paper which, as we have said, can be made to work in all normal circumstances and we would loyally ensure this happened. Indeed it embodies marginal improvements in the handling of minor crisis and the allocation of resources which, if not done better, will certainly be <sup>much</sup> more comfortable to handle.

But as the exercise developed, the clearer we became that we had major reservations, not so <sup>much</sup> on specific points of detail but on the philosophy as a whole, and particularly on the basic premise on whether you could, ~~in fact~~, functionalise in the Centre that much more than Mountbatten had done, without impairing the sound management and effectiveness of the individual and separate Services, and the balance between Policy and management, and the ability of the Service Chiefs to carry out their proper responsibilities for the morale and ~~total~~ efficiency of their Service. After all you can hardly say to a man I hold you totally responsible for the effectiveness of your Service, how it performs in battle and for professional advice on its usage, but of course ~~you will have~~ increasingly, and <sup>then</sup> ~~then~~ somewhat under sufferance, <sup>you will have</sup> less real say in how it is equipped, or how the



money is spent on your Service, within the overall amount laid down by the Centre. This is the overriding point which the Secretary of State <sup>recognises</sup> in his recent minute. He wants to tip the essential balance one way and we think he has tipped it just too far.

Anyhow, as you now know, we explained all this at length to <sup>him</sup> ~~the~~ Secretary of State on 13 June which, as well as giving some <sup>strong</sup> supportive views, ~~in the areas where real benefit could accrue, we~~ emphasised "our reservations and serious misgivings amounting to alarm" so that "he should not be caught unawares by the depth of our feeling". And you will remember we went on, with the Falklands as background, specifically to illustrate the importance of the long established principle "that those who give professional advice (albeit through CDS) relating to the capability and usage of individual and very different Services in battle, must feel responsible and accountable for that advice and for what goes on in that Service, in the way of equipping it, training it and its technical and tactical expertise". "Otherwise you would get", we said, "the worst possible mis-match of responsibility without power and vice versa". And in our conclusions we not only listed 6 major disadvantages of the overall proposals but said "we would be abandoning a proven system which had been working with increasing efficiency over the last few years, operated extremely well over the Falklands campaign and shown a steady decline in numbers for one which we were convinced would not serve him so efficiently".

<sup>Ally</sup>  
Whilst we did not actually use the word 'war', it was obvious that this is where ultimately the shortcomings would most seriously be felt. Not, I hasten to add, in the conduct of operations which might <sup>even</sup> well be better, but in the shape each Service might find itself in to fight such a war <sup>it responsibility + 167</sup> and in the reliability of the best

professional advice. // As an alternative we offered, and still do, with a minimum change to the White Paper, to find the Secretary of State similar savings by a <sup>much</sup> easier modification of the present organisation, which we believe would be fully receptive to his requirements without the major upheaval proposed. *as it will be.*

The reason for the second note was that, although he has done so at some length now, <sup>of which we are entitled</sup> the Secretary of State, <sup>had</sup> at the time, <sup>just</sup> scarcely acknowledged our note of 13 June, let alone discussed any of the main reservations; preferring, perhaps because he was encouraged by our determination to produce a working blueprint against his remit, to believe it was just a question of tidying up the details and making a minor concession here and there, even though at a meeting he held on this detail, ~~we did~~ <sup>we</sup> did remind him that our overriding reservations remained.

*2. 11.50 ↑ can say it*

You may feel (the second note was a bit stark and unambiguous, but we felt it was the only way to emphasise our deep concern and to bring it home that we really were going down a quite discernible and different path as regards the position of the Chiefs of Staff, the implications and consequences of which should be taken fully into account. And that path is, <sup>surely this that</sup> if you do centralise and functionalise further in the Centre, <sup>and get smaller in central number 200 or also</sup> and as a result aim, as these proposals <sup>more than should</sup> clearly do, whatever the Secretary of State's minute may say, at reducing the influence of individual Chiefs on policy and distancing them from the development of that policy, and yet keep three separate Services, you are bound to dilute expertise, blur lines of responsibility and ultimately diminish in a real crisis the <sup>effectively</sup> quality of the specialist advice ~~available~~ to which HMG would so urgently and desperately turn; and shared staff, however contrived on paper, will not get over this simple truth.

Clearly my colleagues and I cannot quantify the degree of  
degradation or even when it would occur; and you may be persuaded in  
the light of the Secretary of State's explanation and philosophy, and  
because we are uncomfortably far down the road, that the risks are  
worth taking and the <sup>what page,</sup> ~~proposals~~ <sup>be build</sup> should ~~go ahead~~. We would then, as I  
say, <sup>you</sup> ~~loyally~~ <sup>Sign up on the white paper</sup> do our best to make ~~them~~ <sup>it</sup> work well, and we fully recognise  
that some parts would ~~be of~~ <sup>bring</sup> benefit. But we would have fallen down  
in our duty, Prime Minister, if we had not made our views <sup>clear</sup> clear to  
you and particularly highlighted the change in balance which would be  
occurring and the potential dangers of that change. Thank you

1. Admiral Sir John Fieldhouse  
Chief of Naval Staff and First Sea Lord
  
2. Vice Chief of Staff Lt. General Sir James  
Glover representing  
General Sir John Stanier  
Chief of General Staff
  
3. Air Chief Marshal Sir Keith Williamson  
Chief of Air Staff