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PRIME MINISTER

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Mr Heseltine's Statement on Defence

Mr Heseltine's statement on defence organisation went very quietly today. The major Opposition attack simply questioned the question whether the case had been made out for a change. There was an attack on the proposals only from Sir Julian Amery; other Conservative speakers were broadly supportive. The lack of serious opposition to (or even interest in) the statement is indicated by the fact that ^{MPs} ~~they~~ seem to be most concerned about the fate of various music schools.

DA.

MB

18 July 1984

STATEMENT BY THE DEFENCE SECRETARY ON DEFENCE ORGANISATION

18TH JULY

With permission Mr Speaker, I shall make a statement about the central organisation for defence.

In my Statement on 12th March, I explained that I wished to see stronger central control over defence policy, operations and resource allocation questions, whilst decentralising day to day management. I also wished to improve efficiency by eliminating unnecessary overlap between staffs in the Ministry and between the Ministry and Commands. A consultative document was issued on these lines, which has generated substantial, helpful discussion.

In the light of this and following detailed work by those concerned within the Ministry of Defence, the Government has reached conclusions on future defence organisation which are set out in the White Paper (Cmnd 9315) published today.

To provide a defence-wide perspective on strategy, Service programmes and operational requirements, and for the central control of the conduct of military operations, a unified Defence Staff is to be created incorporating relevant parts of the present Naval, General and Air Staffs, and bringing together military personnel and those in civilian secretariats.

The Defence Staff will be headed by a Vice Chief of the Defence Staff and will report jointly to the Chief of the Defence Staff and the Permanent Secretary.

These changes will further consolidate the position of the Chief of the Defence Staff as the principal military adviser to the Government.

The Government also attaches critical importance to the role of the Service Chiefs of Staff in the maintenance of the fighting effectiveness and the morale of their Services, on which our defence ultimately depends. To exercise these crucial responsibilities, the Service Chiefs of Staff will have full access to the Defence Staff, as well as retaining substantial staffs under their direct control.

The Service Chiefs of Staff will continue fully to contribute to policy-making through their membership of the Defence Council, the Service Boards and the Chiefs of Staff Committee, and will retain their right of direct access to the Prime Minister.

As part of the new arrangements under the Chief of the General Staff, a Major General level post has been provided whose primary responsibility will be for the Territorial Army, Reserves and Cadets, reflecting the importance which the Government attaches to these matters.

Mr Speaker, the Ministry of Defence is responsible for the work of more than half a million Service and civilian personnel and for a budget this year of around £17Bn.

We need to satisfy the public - who ultimately meet this bill - that we are pursuing in every possible way the objective of value for money.

To strengthen the central control and allocation of resources, and the scrutiny of spending proposals, we intend to establish, under the Permanent Secretary, an Office of Management and Budget.

Financial accountability for the management of resources will be improved by the introduction of Executive Responsibility Budgets. And in the procurement field the Government believes that there is a need to improve value for money in purchasing through greater competition and through further enhancing the professional expertise of the staff involved.

Finally, Ministers need to be able to draw on independent scientific advice on long term options and on the scrutiny of major equipment proposals and the staffs concerned are to be brought more closely under the direction of the Chief Scientific Adviser.

We also intend to strengthen our capability for considering arms control issues by establishing a joint military/civilian unit separate from the Defence Staffs and reporting directly to the Permanent Secretary.

Mr Speaker, this White Paper carries forward the approach which lay behind the creation of a unified Ministry of Defence in 1964.

There was controversy then about that re-organisation, and there is controversy still over the proper balance between the addressing of problems in defence-wide terms and on a single-Service basis.

The Government's plans represent a significant further evolution in a process that has been underway for more than 20 years and I commend them to the House.