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Dear Colleagues

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It occurred to me that colleagues may receive letters and enquiries from their constituents, particularly those who have served in Her Majesty's Forces, about the White Paper published this week outlining the Government's plans for re-organising the Ministry of Defence.

I enclose a series of short paragraphs that outline my views on the basic issues that have so far emerged in Parliament and the media. I hope they may be of help.

Yours sincerely

Michael Heseltine

BACKGROUND AND AIM

Our experience in modern war and our NATO commitments show increasingly the need for the Services to plan to fight together. A full year of operation of the "MINIS" system has shown that there is scope for improving the MOD's efficiency and effectiveness within a common defence framework. The main aims of the review have been:

- to provide an organisation capable of producing the best possible answers to our defence needs;
- to get the best value for money from our resources;
- to cut down unnecessary overheads and bureaucracy.

At the same time, we have made it clear that we are determined to uphold the leadership, loyalties and traditions essential to the morale of the individual Services and their fighting capability.

MAIN FEATURES

The main features of the new organisation are:

- a. A strengthened central Defence Staff, responsible for the formulation of policy, military priorities and plans, major equipment requirements, central personnel matters and the direction of all operations;
- b. An Office of Management and Budget responsible for the allocation of financial resources and scrutiny of expenditure proposals;
- c. The continuing responsibility of the single Service Chiefs of Staff for the management, morale and effectiveness of their own Services.

THE CHIEFS OF STAFF

The vital role played by the Chiefs of Staff is in no way diminished. They remain the professional heads of their Services, and will be fully responsible for the morale and efficiency of their Service. They remain full members of the Defence Council and, of course, of their Service Boards. They also retain their important right of direct access to the Secretary of State and the Prime Minister. They will be able to draw fully on the advice and expertise of the new Defence Staff, and will also have adequate staffs of their own to enable them to direct the work of their Services.

The CDS and the Chiefs of Staff will be giving their full support to the implementation of the new organisation.

ARMS CONTROL

It remains the responsibility of the FCO to lead in this area. But a new Defence Arms Control Unit is to be established, to bring together the work of the MOD's military and civilian experts on this important subject. To give it the necessary degree of independence, it will be separate from the new Defence Staff, reporting to the Secretary of State through the Permanent Secretary. But we should not expect miracles. Arms Control is by its very nature a slow and painstaking business. Prospects will always depend a great deal on progress in international negotiations.

RESERVE FORCES

Reserve Forces make a vital and cost effective contribution to our defence effort which is highly valued by the Government. A 2-star (Major General) appointment will remain the focal point for TA matters and will in future report direct to the Chief of the General Staff.

MORALE OF THE SERVICES

There has been much debate about whether the reorganisation will affect the morale of the single Services. We have said several times that our base line is the preservation of the separate identities, traditions and loyalties of the three Services which are fundamental to their proven professionalism. Our intention is to strengthen the fighting effectiveness of the Services as much as possible and we recognise the vital importance which morale has to play in this.

VALUE FOR MONEY/SAVINGS

This Government has substantially increased the resources allocated to defence. But we must get the best possible value for money out of these. The new organisation is designed to improve the central analysis and resource allocation machinery to this end.

There will be an immediate saving in senior posts under the new organisation and further savings at lower levels should follow when the more detailed arrangements have been worked out and the new structure has settled down. Opportunities will be taken to delegate as much work as possible outside the Ministry's Headquarters.

Work is also in hand to improve procedures and organisational arrangements to ensure maximum value for money in defence procurement.

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