

DEFENCE POLICY AND THE ROYAL AIR FORCE, MAY 1988-APRIL 1992

THE END OF THE COLD WAR AND OPTIONS FOR CHANGE

Air Historical Branch (RAF)



Author:

Alastair Noble

The views expressed in this study are those of the author concerned, not necessarily the MoD. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form without prior MoD approval.

© UK MOD Crown Copyright, 2025

Contents

- 4 **Abbreviations**
- 15 **List of Persons**
- 23 **Introduction** - Prime Ministers – Chancellors of the Exchequer – Defence Secretaries and Chiefs of Staff
- 30 **Chapter 1: Setting the Scene for Options for Change, April 1988-February 1990** – An under-funded programme – RAF personnel and equipment, 1988-90 – Defence strategy in 1988 - The importance of arms control – The Chequers CFE seminar, 30 September 1989 – Change intensifies – A DIY Defence review – Back to Chequers, January 1990
- 81 **Chapter 2: Options for Change, February-July 1990** – Examining options – Options organisation – Options parameters – Financial factors – Options foundations – Single-Service concerns – Key determinants for defence – Balancing the books – Options progress – Air Staff frustrations – Options paper, 27 April 1990 – Locating savings – Spending less on defence – SofS and CAS visit Soviet Union – DUS(P) paper, 18 May 1990 – ‘Service dividend’ – Potential force structures – Resource-driven changes – PM-SofS meeting, 2 June 1990 – Cancellation of Tornado batch order – Treasury savings demands - Savings on Support – Countdown to Options – Equipment issues – Options statement: July 1990
- 199 **Chapter 3: Implementing Options for Change, August 1990-April 1992** – Announcements, 1990-92 – A changing landscape – GRANBY – Money matters – Support savings – An unwelcome PROSPECT – Revisiting Options? – The 1991 Defence Estimates – PM-Chiefs of Staff meeting, 1991 – Troubled programmes

267 **Conclusion**

269 **Annexes**

Cover Photograph: Arrival of the first Sentry Airborne Early Warning (AEW) 1 at RAF Waddington in July 1991. Photograph: AHB(RAF).

Abbreviations

AA	Alternative Assumptions
AAR	Air to Air Refuelling
ACAS	Assistant Chief of the Air Staff
ACDS	Assistant Chief of the Defence Staff
ACDS(PL)	Assistant Chief of the Defence Staff (Personnel and Logistics)
ACDS(Prog)	Assistant Chief of the Defence Staff (Programmes)
ACE	Allied Command Europe
ACM	Air Chief Marshal
ACOS	Assistant Chiefs of Staff
ACV	Armoured Combat Vehicles
AD	Air Defence
ADUK	Air Defence of the United Kingdom
ADV	Air Defence Variant (Tornado F3)
AE	Aircraft Establishment
AEW	Airborne Early Warning
AF	Armed Forces
AFB	Air Force Board
AFBSC	Air Force Board Standing Committee
AFCENT	Allied Forces Central Europe
AFD	Air Force Department

AFG	Air Force Grouping
AFPRB	Armed Force Pay Review Body
AG	Adjutant General (Army)
AHB	Air Historical Branch (RAF)
ALARM	Air Launched Anti-Radar Missile
ALCM	Air Launched Cruise Missile
AM	Air Marshal
AMP	Air Member for Personnel
AMSO	Air Member for Supply and Organisation
AOC-in-C	Air Officer Commanding-in-Chief
APC	Armoured Personnel Carriers
ARM	Availability, Reliability, Maintainability
ASRAAM	Advanced Short Range Air-to-Air Missile
ASS	Aviation Support Ship
AST	Air Staff Target
ASUW	Anti-Surface Unit Warfare
ASW	Anti-Submarine Warfare
ATAF	Allied Tactical Air Force
ATF	Air Transport Force, RAF
AUS	Assistant Under-Secretary of State
AVM	Air Vice-Marshal
AWACS	Airborne Warning and Control System

BAe	British Aerospace
BAOR	British Army of the Rhine
BFG	British Forces Germany
BFT	Basic Flying Training
BFTS	Basic Flying Training School
CA	Controller of Aircraft, PE, MoD
CAC	Churchill Archives Centre, Churchill College, Cambridge
C&M	Care and Maintenance (basis)
CAS	Chief of the Air Staff
CASOM	Conventionally Armed Stand-off Missile
CDI	Chief of Defence Intelligence
CDP	Chief of Defence Procurement, MoD
CDS	Chief of the Defence Staff
CERN	Controller Establishments Research and Nuclear Programmes, MoD
CFE	Conventional Forces in Europe
CFS	Central Flying School
CFS	Chief of Fleet Support (Royal Navy)
CGS	Chief of the General Staff
CHX	Chancellor of the Exchequer
C-in-C	Commander-in-Chief

CINCENT	Commander-in-Chief, Allied Forces Central Europe
CNS	Chief of the Naval Staff
COS	Chiefs of Staff
CPR	Controller Public Relations, MoD
CR	Central Region (of NATO)
CSA	Chief Scientific Adviser, MoD
CSBM	Confidence and Security Building-measures
CST	Chief Secretary to the Treasury
CST	Conventional Security Talks
CW	Chemical Weapons
DACU	Defence Arms Control Unit, MoD
DAFSD	Directorate of Air Force Staff Duties
DCA	Deputy Controller Aircraft
DCA	Dual-Capable Aircraft
DCDS	Deputy Chief of the Defence Staff
DCDS(C)	Deputy Chief of the Defence Staff (Commitments)
DCDS(P&P)	Deputy Chief of the Defence Staff (Programmes & Personnel)
DDAFSD	Deputy Directorate Air Force Staff Duties
DD/FF	Destroyer or Frigate
DGMA	Director General Management Audit
DIY	Do It Yourself

DOAE	Defence Operational Analysis Establishment, MoD
DOIT	Defence Options Implementation Team, RAF
DOSG	Defence Organisation Steering Group
DP	Defence Procurement
DPR(RAF)	Director of Public Relations (RAF)
DTI	Department of Trade and Industry
DUS	Deputy Under-Secretary of State
DUS(P)	Deputy Under-Secretary (Policy)
DUS(PL)	Deputy Under-Secretary (Personnel and Logistics)
DUS(RP)	Deputy Under-Secretary (Resources and Programmes)
ECM	Electronic Counter Measures
EFA	European Fighter Aircraft
EFT	Elementary Flying Training
EPC	Equipment Policy Committee, MoD
ERB	Executive Responsibility Budgets, MoD
EUCLID	European Cooperative Long-Term Initiative for Defence
EW	Electronic Warfare
FCO	Foreign and Commonwealth Office
FEFA	Future European Fighter Aircraft
FLA	Future Large Aircraft

FMI	Financial Management Initiative
FOB	Forward Operating Base
FPMG	Financial Planning Management Group, MoD
FSBR	Financial Statement and Budget Report
FSL	First Sea Lord
FTNW	Future Theatre Nuclear Weapon
GD	General Duties
GDP	Gross Domestic Product
GEC	General Electric Company
GF	General Finance
HAS	Hardened Aircraft Shelter
HCDC	House of Commons Defence Committee
HLTF	High Level Task Force, NATO
HMSO	Her Majesty's Stationery Office
HMT	Her Majesty's Treasury
IBM	International Business Machines Corporation
IDS	Interdiction Strike (variant of Tornado)
IEPG	Independent European Programme Group
INF	Intermediate Nuclear Forces
IPS	Initial Pupil Selection (RAF aircrew training)
ISD	In Service Date
IT	Information Technology

IUR	In-Use Reserve
JHQ	Joint Headquarters
JIC	Joint Intelligence Committee
JOC	Joint Operations Centre
JTIDS	Joint Tactical Information Distribution System
LITS	Logistics Information Technology Strategy
LLLGB	Low-Level Laser Guided Bomb
LTC	Long Term Costing (MoD's internal budget)
MA	Military Assistant
MBT	Main Battle Tanks
MEFT	Multi-Engine Flying Training
MGO	Master-General of the Ordnance (Army)
MHM	Merlin Helicopter Management
MHU	Maritime Headquarters Unit
MINIS	Management Information System for Ministers
MOB	Main Operating Base
MoD	Ministry of Defence
MOU	Memorandum of Understanding
MPA	Maritime Patrol Aircraft
MRAF	Marshal of the Royal Air Force
NATO	North Atlantic Treaty Organisation
NDHD	Notice to Directors and Heads of Division (MoD)

NGAST	Navy, Army and Air Staff Target
NMS	New Management Strategy, MoD
OCU	Operational Conversion Unit
OD	Defence and Overseas Policy Committee (Ministerial Committee)
OMB	Office of Management and Budget, MoD
OOA	Out-of-Area
OPD	Defence and Overseas Policy Committee (Ministerial Committee)
OR	Operational Requirements (Staff)
PAO	Principal Administrative Officer
PDS	Post Design Services
PE	Procurement Executive
PES	Public Expenditure Survey
PL	Personnel and Logistics
PPO	Principal Personnel Officer
PPS	Principal Private Secretary
PQ	Parliamentary Question
PR	Photographic Reconnaissance
PR	Public Relations
PS	Private Secretary
PSA	Property Services Agency, Department of the Environment

PSO	Personal Staff Officer
PUS	Permanent Under-Secretary of State
PUSofS	Parliamentary Under-Secretary of State (Junior Minister)
PVR	Premature Voluntary Release
QFI	Qualified Flying Instructor
QMG	Quartermaster General (Army)
R&D	Research and Development
RAFG	RAF Germany
RAFSC	RAF Support Command
RCC	Rescue Co-ordination Centre
RLG	Relief Landing Ground
RP	Resources and Programmes
RP(P&B)	Resources and Programmes (Programme and Budget)
RRC	Rapid Reaction Corps
RUSI	Royal United Services Institution, London
SACEUR	Supreme Allied Command Europe
SACLANT	Supreme Allied Command Atlantic
SAE	Service Assisted Evacuation (plans)
SAM	Surface to Air Missile
SAR	Search and Rescue
SASO	Senior Air Staff Officer

SBA	Sovereign Base Areas (in Cyprus)
SCSR	School of Combat Survival and Rescue, RAF Mountbatten
SDE	Statement on the Defence Estimates
SEC	Service Executive Committee
SECCOS	Secretary, Chiefs of Staff Committee
SH	Support Helicopters
SNF	Short Range Nuclear Forces
SofS	Secretary of State
SRB	Staff Responsibility Budgets, MoD
SRF	Specialist Reinforcement Forces
SSD	Single-Service Department
SSN	Nuclear-powered attack submarine
STC	Strike Command, RAF
SU	Signals Unit
TASM	Tactical Air-to-Surface Missile
TIALD	Thermal Imaging Airborne Laser Designator
TLB	Top Level Budget
TLC	Through Life Costs
TNA	The National Archives, Kew
TNF	Theatre Nuclear Forces
TNW	Theatre Nuclear Weapons
TOPMIS	Top Management Information System

TOR	Terms of Reference
TTTE	Tri-national Tornado Training Establishment
TWCU	Tornado Weapons Conversion Unit
TWU	Tactical Weapons Unit
UKADGE	United Kingdom Air Defence Ground Environment
UKAF	United Kingdom Air Forces
UKLF	United Kingdom Land Forces (Army Command)
UNITER	RAF secure survivable communications system
USAF	United States Air Force
VAT	Value Added Tax
VCDS	Vice Chief of the Defence Staff
WP	Warsaw Pact
WSU	Weapons System Upgrade

List of Persons

Alexander, Sir Michael, UK Permanent Representative to NATO, 1986-92

Allan, Alex, PPS/Chancellor of the Exchequer, 1986-89

Anderson, Bruce, political columnist; Political Editor, *The Spectator*; contributor, *Daily Mail*

Appleyard, Len, Deputy Secretary, Cabinet Office, 1989-91

Arran, the Earl of, Parliamentary Under-Secretary of State for the Armed Forces, MoD, 1989-92

Ashdown, Paddy, Leader of the Liberal Democrat Party, 1988-99

Barnes, Air Commodore Michael, Director of Public Relations (RAF), 1989-92

Beetham, Marshal of the RAF Sir Michael, CAS, 1977-82

Bell, Michael, DUS (Finance), MoD, 1988-92

Binstead, Jane, APS/Secretary of State for Defence, 1990-93

Boyd-Carpenter, Major General The Hon Thomas, ACDS(Programmes), 1989-92

Boyle, Marshal of the RAF Sir Dermot, CAS, 1956-59

Bramall, Field Marshal Lord, CDS, 1982-85

Brower, Kenneth, Department of Soviet Studies, Royal Military Academy Sandhurst

Buckle, Simon, PS/2nd PUS, MoD, 1988-91

Burns, Captain B., Secretary, COS Committee, 1990-91

Bush, George H.W., President of the United States, 1989-93

Butler, Sir Robin, Cabinet Secretary, 1988-98

Carlisle, Kenneth, Parliamentary Under-Secretary of State for Defence Procurement, 1990-92

Cassidy, Elizabeth, PS/CAS, 1990-93

Chapman, William, PS/Prime Minister, 1991-94

Chapple, General Sir John, CGS, 1988-92

Cheney, Dick, United States Defense Secretary, 1989-93

Clark, Alan, Minister of State (Defence Procurement), MoD, 1989-92

Cobham, Sir Michael, Chief Executive, Cobham, 1969-92; Chairman, Cobham, 1969-95

Colston, John, APS/Secretary of State for Defence, 1988-90

Cooper, Sir Frank, PUS, MoD, 1976-82

Cradock, Sir Percy, Prime Minister's Foreign Policy Adviser, 1984-92; Chairman, Joint Intelligence Committee, 1985-92

Cragg, Anthony, Director General Management Audit, MoD, 1991-93

Craig, Air Chief Marshal, later Marshal of the RAF, Sir David, CAS, 1985-88; CDS, 1988-91

Craine, R. P., Head of Resources and Programme (Programme and Budget), 1989-92

Donnelly, Christopher, Director, Soviet Studies Resource Centre, Royal Military Academy Sandhurst, 1979-89; Special Adviser for Central and Eastern European Affairs to Secretary General of NATO, 1989-2003

Drewienkiewicz, Colonel Karol, Secretary, COS Committee, 1988-89

Dunlop, Andrew, Special Adviser, Secretary of State for Defence, 1986-88; Prime Minister's Policy Unit, 1988-90

- Eagleburger, Lawrence**, US Deputy Secretary of State, 1989-92
- Elworthy, Marshal of the RAF The Lord**, CAS, 1963-67; CDS, 1967-71
- Evans, Carys**, Chief Secretary to the Treasury's Office, Treasury, c1987-90
- Farndale, General Sir Martin**, C-in-C, British Army of the Rhine and Commander, Northern Army Group, 1985-87
- Fieldhouse, Admiral of the Fleet Sir John**, CNS, 1982-85; CDS, 1985-88
- Fukuyama, Professor Francis**, American political scientist; author of *The End of History and the Last Man* (1992)
- Galvin, General John**, Supreme Allied Commander Europe, 1987-92
- Garden, Air Commodore later Air Vice-Marshal, Timothy**, Director, Directorate Air Force Staff Duties, 1988-90; ACAS, 1991-92
- Gates, Robert**, US Deputy National Security Adviser, 1989-91
- Gillibrand, Sydney**, Chairman, Aerospace Companies, BAe, 1989-92
- Gomersall, S. J.**, Head, Security Policy Department, FCO, 1990-94
- Gorbachev, Mikhail**, General Secretary of the Communist Party of the Soviet Union, 1985-91; President of the Soviet Union, 1990-91
- Gould, David**, Head of Resources and Programmes (Air), 1990-92
- Gozney, Richard**, APS later PS/Foreign Secretary, 1989-93
- Grandy, Marshal of the RAF Sir John**, CAS, 1967-71
- Gray, Paul**, PS/Prime Minister, 1988-90
- Greenwood, Professor David**, Director, Centre for Defence Studies, University of Aberdeen
- Griffiths, Professor Brian**, Head of the Prime Minister's Policy Unit, 1985-90
- Hamilton, Archie**, Minister of State (Armed Forces), MoD, 1988-93

Harding, Air Chief Marshal Sir Peter, CAS, 1988-92

Harris, Rear Admiral Michael, ACDS (NATO/UK), MoD, 1989-92

Hartley, Professor Frank, Vice Chancellor, Cranfield Institute of Technology (later Cranfield University), 1989-2006

Hawtin, Brian, PS/Secretary of State for Defence, 1987-89

Heseltine, Michael, Secretary of State for Defence, 1983-86

Heywood, Jeremy, PS/Chief Secretary to the Treasury, 1990-91; PPS/Chancellor of the Exchequer, 1991-94

Hine, Air Chief Marshal Sir Patrick, AOC-in-C, Strike Command and C-in-C, UK Air Forces, 1988-91; Joint Commander, British Forces, Gulf War, 1990-91

Hogg, Douglas, Minister of State, FCO, 1990-95

Hogg, Sarah, Head, Prime Minister's Policy Unit, 1990-95

Holgate, Nicholas, PS/Chief Secretary to the Treasury, 1991-92

Hopkins, Air Commodore Joan, Air Staff, Strike Command Headquarters, 1988-90

Howe, Sir Geoffrey, Foreign Secretary, 1983-89; Lord President, Leader of the House of Commons and Deputy Prime Minister, 1989-90

Hurd, Douglas, Home Secretary, 1985-89; Foreign Secretary, 1989-95

Hussein, Saddam, President of Iraq, 1979-2003

Ibbs, Sir Robin, Adviser to the Prime Minister on Efficiency and Effectiveness in Government, 1983-88

Ingham, Bernard, Chief Press Secretary to the Prime Minister, 1979-90

Jackling, Roger, AUS (Programmes), MoD, 1989-91; DUS (Resources, Programmes and Finance), 1991-96

Jackson, Air Marshal, later Air Chief Marshal, Sir Brendan, AMSO, 1988-93

Jenner, Air Commodore Timothy, Deputy Director, Air Force Plans, 1990-91

Johns, Air Vice-Marshal Richard, Senior Air Staff Officer, HQ Strike Command, 1989-91

Keegan, John, Defence editor, *Daily Telegraph*, 1986-2009

Kenny, General Sir Brian, C-in-C, British Army of the Rhine, 1987-89; Deputy Supreme Allied Commander Europe, 1990-93

King, Tom, Secretary of State for Defence, 1989-92

Kinnoek, Neil, Leader of the Labour Party, 1983-92

Kohl, Helmut, Chancellor of the Federal Republic of Germany, 1982-98

Lamont, Norman, Chief Secretary, Treasury, 1989-90; Chancellor of the Exchequer, 1990-93

Lawson, Nigel, Chancellor of the Exchequer, 1983-89

Levene, Sir Peter, Chief of Procurement Executive, MoD, 1985-91

Lilley, Peter, Secretary of State for Trade and Industry, 1990-92

Luker, P. D., Deputy Directorate Air Force Staff Duties, RAF, 1989-90

Macdonald, Alastair, DUS (Defence Procurement), MoD, 1990-92

Macdonald, (later Sir) Kenneth, 2nd PUS, MoD, 1988-90; Head of PROSPECT Team, 1990-91

Major, John, Chief Secretary, Treasury, 1987-89; Foreign Secretary, 1989; Chancellor of the Exchequer, 1989-90; Leader of the Conservative Party, 1990-97; Prime Minister, 1990-97

McDonnell, Christopher, DUS (Resources and Programmes), MoD, 1988-91

Mellor, David, Chief Secretary, Treasury, 1990-92

Mitterrand, Francois, President of France, 1981-95

Moore David J.L., Under Secretary, Treasury, 1985-93

Morris, Dominic, PS/Prime Minister, 1988-92

Mottram, Richard, AUS (Programmes), MoD, 1986-88; DUS (Policy), MoD, 1989-92

Mullens, Lieutenant General Sir Anthony, DCDS (Systems), MoD, 1989-92

Neubert, Michael, Parliamentary Under-Secretary of State for the Armed Forces, MoD, 1988-89; Parliamentary Under-Secretary of State for Defence Procurement, MoD, 1989-90

Neville-Jones, Pauline, Minister, British Embassy, Bonn, 1988-91; Deputy Secretary, Cabinet Office, 1991-94

Nott, John, Secretary of State for Defence, 1981-83

Omand, David, AUS (Management Services), MoD, 1988-91; AUS (Programmes), MoD, 1991-92

Oswald, Admiral of the Fleet Sir Julian, CNS, 1989-93

Oxburgh, Professor Ernest R., Chief Scientific Adviser, MoD, 1987-93

Palin, Air Marshal, later Air Chief Marshal, Sir Roger, C-in-C, RAF Germany and Commander, Second Allied Tactical Air Force, 1989-91; AMP, 1991-93

Parker, Lyn, FCO, 1984-88; Cabinet Office, 1989-91

Ponsonby, Amanda, Secretary to the Political Office, No. 10, 1983-88; Diary Secretary to the Prime Minister, 1989-90

Powell, Charles, PS (Defence and Foreign Policy)/Prime Minister, 1983-91

Quinlan, Sir Michael, PUS, MoD, 1988-92

Rayner, Lord, Chief Executive, Procurement Executive, 1971-72 Prime Minister's Adviser on Improving Efficiency and Eliminating Waste in Government, 1979-83 ; Joint Managing Director, Marks & Spencer, 1973-91; Chairman, Marks & Spencer, 1984-91

- Reagan, Ronald**, President of the United States, 1981-89
- Reeves, William**, Under Secretary, Cabinet Office, 1989-92
- Roberts, Air Vice-Marshal Andrew**, ACDS (Concepts), MoD, 1989-91
- Rosling, Alan**, Special Adviser to the Prime Minister, 1991-93
- Scopes, Julian**, PS/Minister (Defence Procurement), MoD, 1988-90
- Smith, Roland**, Chairman, BAe, 1987-91
- Spotswood, Marshal of the RAF Sir Denis**, CAS, 1971-74
- Stanley, Martin**, PPS/Secretary of State for Trade and Industry, 1990-92
- Stoltenberg, Dr Gerhard**, Defence Minister of the Federal Republic of Germany, 1989-92
- Sutton, Timothy**, PS/Lord President, c1991
- Tarkowski, Tancred**, PS/Chancellor of the Exchequer, c1990
- Thatcher, Margaret**, Leader of the Conservative Party, 1975-90; Prime Minister, 1979-90
- Thomson, Air Vice-Marshal John**, ACAS, 1989-91
- Tombs, Sir Francis**, Chairman, Advisory Council on Science and Technology, 1987-90
- Turnbull, Andrew**, PPS/Prime Minister, 1988-92
- Upritchard, Group Captain James**, Station Commander, RAF Waddington, 1991-94
- Van den Veen, Air Commodore Marten**, Station Commander, RAF Cosford, 1989-90; Director, Support Policy, RAF, 1991-93
- Vincent, General, later Field Marshal, Sir Richard**, VCDS, 1987-91; CDS, 1991-92
- Waldegrave, William**, Minister of State, FCO, 1988-90

- Walden, George**, Conservative MP for Buckingham, 1983-97
- Wall, Stephen**, PS/Foreign Secretary, 1988-90; PS/Prime Minister, 1991-93
- Watkins, Peter**, PS/Minister of State (Defence Procurement), MoD, 1990-93
- Webb, Simon**, PS/Secretary of State for Defence, 1989-92
- Weinstock, Lord**, Managing Director, GEC, 1963-96
- Weston, John**, DUS (Defence), FCO, 1989-90; Political Director, FCO, 1990-91
- Williamson, Marshal of the RAF Sir Keith**, CAS, 1982-85
- Willis, Air Vice-Marshal John**, ACDS (Policy and Nuclear), MoD, 1989-90; Director General of Training, RAF, 1991-92
- Wilson, Vice-Admiral Barry (Nigel)**, ACDS (Programmes), MoD, 1987-89; DCDS (Programmes and Personnel), MoD, 1989-92
- Wilson, Richard**, Deputy Secretary, Cabinet Office 1987-90; Deputy Secretary, Treasury, 1990-92
- Woerner, Dr Manfred**, NATO Secretary General, 1988-94
- Younger, George**, Secretary of State for Defence, 1986-89

Introduction

The end of the Cold War and Options for Change, 1988-92

'Far from being the end of history the next decade will mark the return of history. The period since 1945, with Communism reaching its high water mark of political and military influence and then beginning to ebb, will seem in retrospect a diversion from the norm. As Communism retreats, we shall find ourselves once again confronting nationalism and the conflicts to which it gives rise. Far from eliminating nationalism, Communist suppression of it has only ensured it will now re-emerge in greater strength than ever.' Charles Powell to Prime Minister, 21 January 1990.¹

The four years covered in this study saw seismic change for defence. The established Cold War environment in Europe which had held for 40 years and driven attitudes and behaviour was swept away by sudden and dramatic shifts. The major threat to Western security collapsed almost overnight. The Soviet bloc broke up, the Warsaw Pact (WP) dissolved, and the Soviet Union disintegrated.² Some liberal optimists, seized by the moment, proclaimed that 200 years on from the French Revolution, the momentous events of 1989-90 signalled the 'end of history'.³ They would be disappointed. Politicians meanwhile sensed a unique opportunity to cash in the 'peace dividend' as defence was downsized. The importance of collective security, the North Atlantic Treaty Organisation's (NATO) *raison d'être*, was open to question. Indeed, the nature and very utility of NATO came under scrutiny, the need for a defensive military alliance being questioned in a post-Cold War world.⁴ It was also acknowledged that the Cold War had exaggerated the United Kingdom's (UK) strengths as NATO's second power for 40 years and given the RAF clearly defined roles.⁵ Like allies and erstwhile foes, the UK political and military

¹ TNA, PREM 19/2992, Charles Powell, (PS (Defence and Foreign Policy)) to the PM to PM, 'Seminar on British Defence Policy', 21 January 1990.

² Martin Farr, 'Defence Reviews: strategic and otherwise', *History & Policy*, 3 May 2016 <http://www.historyandpolicy.org/opinion-articles/articles/defence-reviews-strategic-and-otherwise>. He argued the collapse of the Warsaw Pact brought about 'what might be called a defence response rather than a defence review'.

³ Famously Francis Fukuyama's *The End of History and the Last Man* published in 1992 which followed his 1989 article in *The National Interest*, 'The End of History?'

⁴ Editorial, 'Mothballing NATO', *The Times*, 5 July 1990.

⁵ Mary Kaldor, 'What's it all for?', *London Review of Books*, Volume 13, Number 15, 15 August 1991; Michael Clarke, 'Adapting to the real challenge', *Defence Review*, Autumn 1997, pp. 8-9. The prominent

establishments confronted the challenge of adjusting to a post-Cold War world fraught with uncertainties; a wider range of less conventional risks and threats emerged in an increasingly complex environment. Iraq's invasion of Kuwait in August 1990 triggered the Gulf War and a decisive response by the US-led global coalition, with the UK a significant contributor.

Prime Ministers

There were two Prime Ministers in the period covered by this study. Mrs Thatcher's 11½ year premiership came to a fraught conclusion in November 1990 when she was deposed by the Conservative Party which viewed the winner of three General Elections to be an electoral liability. Bitter disputes over Europe split her Cabinet, the Community Charge (Poll Tax) was a catalyst for anger and riots, while the economy slid into recession. Even her most committed supporters questioned if the struggles had been worth it.⁶ Mrs Thatcher's successor, John Major, was her chosen candidate but thereafter the relationship soured. Major was in Downing Street when, following an initial air campaign, Coalition forces swept Saddam Hussein's army out of Kuwait in February 1991. Major's victory in the General Election of April 1992 shocked many analysts but he could not heal the wounds within his party. A key figure, wielding great influence in No. 10 during the period was the former diplomat and son of an Air Vice-Marshal, Charles Powell.⁷ Powell was Mrs Thatcher's Private Secretary for Foreign Policy from 1983 to 1990, serving John Major in a similar capacity briefly in 1990-91. Defence issues came under his remit.

Chancellors of the Exchequer

In the spring of 1988, Nigel Lawson remained the occupant of No 11 Downing Street, his home since June 1983, but the Chancellor of the Exchequer's relationship with the Prime Minister was in terminal decline. Lawson resented the interference of Alan Walters, Mrs Thatcher's economic adviser, and wanted to join the European Exchange Rate Mechanism.⁸ The subsequent disputes led to Lawson's resignation

Conservative MP and former diplomat George Walden was one who believed the UK's international position had been 'artificially inflated' by the Cold War.

⁶ On growing disillusionment see Alan Clark, *Diaries* (London: Phoenix paperback, 1994), pp. 286-287, 25 March 1990; p. 290, 2 April 1990. In the third quarter of 1990 GDP began to fall and a five-quarter recession ensued.

⁷ Charles Moore, *Margaret Thatcher The Authorized Biography: Volume Three Herself Alone* (London: Penguin Books, 2020), p. 171.

⁸ The UK eventually joined the European Exchange Rate Mechanism (ERM) in October 1990.

in October 1989. He was succeeded by Major, until recently Chief Secretary, Treasury (CST) and very briefly Foreign Secretary. Major's tenure as Chancellor lasted only 13 months before he succeeded Mrs Thatcher as Conservative Party leader and Prime Minister. Norman Lamont, Mrs Thatcher's final Chief Secretary, was appointed Chancellor in Major's government and searched for 'green shoots of recovery' as the economy entered recession.

Defence Secretaries and Chiefs of Staff

George Younger had been Defence Secretary for two years in 1988 and remained in post until July 1989 when he informed Mrs Thatcher he wished to step down.⁹ Tom King, an experienced Cabinet minister, was his replacement and encountered a rapidly evolving situation as the European landscape was transformed by the fall of Communism in the Eastern Bloc. King remained Defence Secretary until the 1992 General Election, his Options for Change review and the Gulf War dominating his eventful period in office.¹⁰

Air Chief Marshal (ACM) Sir David Craig¹¹ followed Admiral of the Fleet Sir John Fieldhouse as Chief of the Defence Staff (CDS) in December 1988. Craig was in the role during the initial stages of Options for Change and the Gulf War. He was succeeded by Field Marshal Sir Richard Vincent in April 1991. Vincent remained in post until November 1992, his posting truncated when he was appointed Chairman of NATO's Military Committee. There were two Chiefs of the Air Staff (CAS) during this study. In November 1988, Craig concluded his three-year tenure as CAS and was succeeded by Air Chief Marshal Sir Peter Harding who was in post until November 1992. Michael Heseltine's reorganisation of the MoD, whilst Defence Secretary in July 1984, had strengthened the CDS and the Centre at the

⁹ Margaret Thatcher, *The Downing Street Years* (London: HarperCollinsPublishers, 1993), p. 756. Mrs Thatcher observed that Younger wanted to leave the Government to concentrate on his business interests (he later became Chairman of Royal Bank of Scotland) and described his departure as 'something of a blow'. She considered Younger to be a gentleman and 'valued his common sense, trusted his judgement and relied on his loyalty'.

¹⁰ *Ibid.*, pp. 420-421. At an earlier stage, when King was Minister of State at Environment (1979-1983) and later Secretary of State for Employment (1983-1985), Mrs Thatcher had 'made the uncomfortable discovery that detail was not at all Tom's forte'. Subsequently as Northern Ireland Secretary (1985-89) he had, 'demonstrated the other side of his character, which was a robust, manly good sense that won even hardened opponents to his point of view, at least as far as is possible in Northern Ireland'.

¹¹ Sir David Craig was the only person to have flown the Vulcan bomber in every rank from Squadron Leader to Air Chief Marshal. Air Commodore Geoffrey Cooper, 'Profile: Sir David Craig - Vulcan pilot rises to the heights', *Rolls-Royce Magazine*, Number 38, September 1988, p. 17.

expense of the Service departments and individual Service Chiefs. To placate the latter, they were promised an annual discussion with the Prime Minister. These took place throughout this study.

For the RAF this period witnessed heated debate over the proposed collaborative European Fighter Aircraft (EFA), with reservations expressed by Germany and the Treasury proving to be awkward and persistent obstacles to progress. Tied into EFA development was the question of a mid-life upgrade of the Tornado Air Defence Variant (ADV, which also became known as the F3 in RAF service). Elsewhere, helicopter procurement remained a vexed issue for the Navy and the Army. However, after Nimrod Airborne Early Warning's (AEW) expensive failure, cancelled in 1986 after £1bn had been expended, the RAF did receive the first of the seven Boeing E-3 Airborne Warning and Control System (AWACS).

The officials driving Options for Change in the MoD had recent experience of a contentious defence review. Michael Quinlan, the Permanent Under-Secretary (PUS), had drafted John Nott's review in 1981 when Deputy Under-Secretary of State (Policy) (DUS(P)). Richard Mottram, DUS(P) who in 1990 co-ordinated Options for Change, was previously Private Secretary (PS) to the PUS, Sir Frank Cooper, during Nott's review, before serving as PS to Nott, Michael Heseltine and George Younger. Meanwhile David Omand, Assistant Under-Secretary (Management Services) (AUS(MS)) in 1990, was Nott's PS in 1981.

Central to this study are the origins, process and recommendations of Options for Change and its ramifications for the RAF. Occasionally significant relevant naval and army aspects are highlighted. The narrative comprises three chapters and broadly follows a chronological format. The first chapter considers the pressure in an altered strategic environment for a reassessment of defence and accompanying savings. This led to the Options for Change process which is examined from an RAF context in chapter two. Options for Change initially addressed front line reductions. Follow-on work considered similar levels of support savings. These tasks were exacerbated by Treasury calls for deeper cuts, the demands of the Gulf War and the shortcomings of the Services which it exposed. Further challenges arose from the implementation of the New Management Strategy for Defence (NMS) involving greater devolution of budgets and enhanced accountability and the reduction of headquarters personnel in the PROSPECT programme. These are discussed in chapter three.

While defence reviews are rarely clear cut or straightforward, Options for Change was a particularly drawn out process. It was geared to smaller forces with greater flexibility and mobility to meet future defence commitments, whilst securing the UK's fair share of 'peace dividend' savings.¹² King announced the Options for Change proposals in the House of Commons on 25 July 1990. Detailed work on equipment and support only commenced after King's statement which essentially addressed the front line. Announcements dribbled out in a piecemeal manner over the next 18 months, with tranches of RAF reductions and station closures being announced periodically, usually through an inspired Parliamentary Question (PQ), followed by a Press Release or by Press Conference.¹³

Following the Iraqi invasion of Kuwait, the major focus of the MoD and the Government shifted from savings to warfighting - Operation GRANBY. Substantial UK forces, the largest number deployed overseas on one operation since 1945, were sent to the Gulf to join the coalition effort to liberate the emirate. The Options for Change measures were eventually outlined in the Defence Estimates, *Britain's Defence for the 90s*, published in July 1991.¹⁴

Options for Change resulted from a review undertaken by Ministers and a small group of advisers at the Centre. The Defence Staff and the Office of Management and Budget (OMB) played key roles undertaking the Options for Change study. King was insistent they were looking at 'options for change' and not conducting a defence review, which he associated with 'slash[ing] money out of the whole programme'.¹⁵ As one participant who claimed to see a distinction between Options for Change and previous reviews observed, the latter involved assumptions set by Ministers and detailed work then translated the results into a revised programme. In contrast, Options for Change was constructed against a set of unsettled assumptions, requiring some bold political and military judgements before the detailed work

¹² As the Director of the Royal United Services Institute (RUSI) said, 'No democratic nation can afford to expend resources and maintain its investment in military forces and capabilities for a war which is over, even a Cold War. It is the defence needs of the future which must be met.' David Bolton, 'Defence in Transition: Options for Change', *RUSI Journal*, Autumn 1991, pp. 1-3.

¹³ TNA, DEFE 68/1269, 'Defence for the 90s: Aide-Memoire on Announcements to Date, July 1990-March 1992'.

¹⁴ HM Government, *Statement on the Defence Estimates Volume 1 1991 Britain's Defence for the 90s* Cm 1559-I (London: HMSO, 1991).

¹⁵ TNA, DEFE 25/768, folio 33, House of Commons Defence Committee 'Information for UK Defence Policy of Recent Events in Europe', Witness - The Rt Hon Tom King, Minutes of Evidence, 28 March 1990.

began. The longer it took those judgements to be made, the more prolonged was the uncertainty and speculation.¹⁶

The process took place against a backdrop of major arms control negotiations and seismic political changes in central and eastern Europe, of which the Chiefs were decidedly suspicious. They questioned Moscow's motivations, the shifting of equipment behind the Urals, Soviet chemical weapons stocks and possible future change of direction in the Kremlin. During the initial stages, the single-Service departments (SSDs) were deliberately kept unsighted from Options for Change work, the prevention of leaks and lobbying providing a pretext. Nor did MoD ministers offer a united front, with King and his Defence Procurement Minister (Min (DP), Alan Clark, having differing visions of future force structures, differences the media happily highlighted.¹⁷ King was fixated by media coverage, particularly during the Gulf War, while Clark leaked his frustrations. Clark even produced his own short, sharp defence review and tried (and failed) to pass it to Mrs Thatcher for her Christmas 1989 reading. The military elite and media viewed him as the Conservative Party's 'Peace Dividend' and 'the prime mover in the search for cuts'.¹⁸ Like King, Clark remained in post until the 1992 General Election, while Archie Hamilton, Minister (Armed Forces) (Min (AF)) remained in that position until May 1993.

Despite hopes to the contrary, Options for Change only constituted the beginning of the painful post-Cold War review of defence. Parliamentarians said it had little strategic underpinning. Press critics alleged a Treasury-inspired cuts exercise. There were no winners from Options for Change. Nevertheless, the story persisted that the RAF had got off lightly. As is shown in this narrative, the closure of numerous

¹⁶ AHB, CAS 2/1/3 Part Two, enclosure no. 75, MA/CGS to SECCOS, 'Script for Meeting with the Prime Minister – 20 Jul 90', 6 July 1990.

¹⁷ However, despite his ostensible disdain for King, Clark proposed him as a possible Conservative leader and therefore Prime Minister in November 1990 (thus opening up the prospect for Clark to become Defence Secretary). Clark compared King to the then 'barely known' John Major: 'Even in the House he is barely known, has never been seen under fire. Tom, on the other hand, does have gravitas. Also he's good on the stump, in small groups, canteens and so on'. Although King said he would not run against Mrs Thatcher, he did appear interested in the idea of taking on Michael Heseltine. Ultimately when John Major and Douglas Hurd decided to run, he did not enter the race. Alan Clark, *Diaries: In Power 1983-1992* (London: Phoenix paperback, 1994), pp. 357-367, 20 November, 21 November 1990; Moore, *Margaret Thatcher The Authorized Biography: Volume Three*, p. 689 note.

¹⁸ 'Profile: Alan Clark – Tory toff with a cutting edge', *Observer*, 8 July 1990. Concurrently, notable defence correspondents got in on the act as they 'vied to out-speculate one another...on the likely impact of developments within the Warsaw Pact and central Europe'. AHB, AFBSC(90)10, 'Royal Air Force Public Relations 1989-90', Report by DPR(RAF), 23 May 1990.

stations in the UK and Germany, the significant reduction to the number of front-line squadrons and the slashing of uniformed manpower suggests otherwise.

Note on Style

For consistency United Kingdom (UK) has tended to be used instead of Britain or British. Exceptions are when Britain or British was in the name of an organisation, body or company, was in the title of a document or was used within a quotation or annex document. When options referred to the Options for Change process it is capitalised, but when it refers to policy choices it remains in lower case.

Acknowledgements

In the production of this volume, I am most grateful for the help and assistance received from all my colleagues in the Air Historical Branch (RAF). I want to thank Dr Sebastian Ritchie, Head of Branch, and Stuart Hadaway, Research and Information Manager, for examining the draft and providing detailed comments. Thanks are due to Neil Chamberlain, Branch Archivist, for his tenacious efforts locating documentation and to AHB's Photographic Archivist, Lee Barton, for his advice and for many of the photographs within. Alan Thomas very helpfully ordered many files from The National Archives, Kew, when files were routinely despatched to government departments. I am also most grateful to Dr Edward Hampshire, Historian at the Naval Historical Branch, for sharing material pertaining to defence reviews and for his views on the literature surrounding them.

Alastair Noble

March 2025

Chapter 1

Setting the scene for Options for Change,

April 1988 – February 1990

'I confess to some sympathy with the Chiefs: there is a gap threatening to open up between what we say and what we shall be able to put into the field to back it up.'
Charles Powell, Prime Minister's Private Secretary for Foreign and Defence Policy to the Prime Minister, 30 June 1988.¹

An under-funded programme

In the 1980s the defence budget broadly equated to that of the National Health Service.² Nevertheless, as one economist noted in 1989, after much increased defence spending in the early 1980s, between 1978-79 and 1990-91 it was projected to increase in real terms by only 14.5%.³ Before the Cold War's end, spending was falling. It peaked in 1985 and declined in real terms thereafter.⁴ In real terms it fell by 7% from 1985-86 to 1989-90 and by 10% from 1985-86 to 1990-91. The House of Commons Defence Committee (HCDC) warned of a 'defence review by stealth'.⁵ As early as the Defence Estimates of 1986 the new Defence Secretary George Younger said 'difficult decisions'⁶ were required to balance the books. He avoided taking them. The situation deteriorated steadily.

¹ TNA, PREM 19/5060, Powell (PS/PM) to PM, 'Meeting with the Chiefs of Staff', 30 June 1988.

² Graham Stewart, *Bang! A History of Britain in the 1980s* (London: Atlantic Books, 2010), p. 462. By 2010 the NHS budget was three times greater than the defence budget.

³ Rodney Lord, 'Economic view: Focusing on target for government spending', *The Times*, 20 November 1989.

⁴ Richard Mottram, 'Options for Change: Process and Prospects', *RUSI Journal*, Spring 1991, pp. 22-26; Keith Hartley, 'UK Defence Spending', *RUSI Journal*, February 2001, pp. 14-19.

⁵ TNA, PREM 19/2932, SofS to PM, 'Defence Policy and Programme: Options for Change', 11 July 1990, p. 4.; Keith Hartley, 'UK Defence Spending', *RUSI Journal*, February 2001, pp. 14-19. Across all three Services numbers were also falling. In the RAF for the year to 30 November 1989 there had been 6,957 entrants and 9,570 leavers, a net outflow of 2,613 personnel. See <http://hansard.millbanksystems.com/commons/1990/feb/06/recruitment> HC Deb 6 February 1990, vol 166 cc 746-747.

⁶ HM Government, *Statement on the Defence Estimates 1986 1* Cmnd 9763-1 (London: Her Majesty's Stationery Office, 1986), p. 40, 'We are currently engaged in the annual re-costing of the defence programme to provide an up-to-date framework for Ministerial decisions on expenditure commitments. We shall need to balance the preservation of our present front line numbers against the requirement to

Although John Nott produced an ‘appropriate and sustainable blueprint’ in 1981⁷ the defence programme was underfunded from the mid-1980s, particularly after real increases in line with NATO guidance ceased in 1985-86. The MoD got more cash annually, but not enough to cover all planned expenditure. A ‘funding gap’ ensued. Two factors explain this. The first was the Treasury’s over-optimistic inflation prediction used in cash limits forecasts and public spending planning. The second was the continued tendency of defence costs to rise faster than general prices. Rarely was Nott’s goal of the ‘right balance’ between resources and commitments attained. The resources allocated could not sustain the programme, thus producing the funding gap.⁸

Michael Heseltine thought the gap could be bridged through more efficient use of resources and getting better value for money. Civilian staff were shed as bureaucracies were thinned down. Dockyards were contracted out. Royal Ordnance Factories were privatised and sold to British Aerospace (BAe) in April 1987.⁹ Heseltine initiated MINIS (Management Information System for Ministers) in the MoD, with a series of rounds across the department scrutinising organisation and management, with a focus on achievements, objectives and efficiency measures across the MoD’s 177 management areas. The emphasis was on accountability in budgeting alongside greater privatisation when it was cost-effective and consistent with operational needs. As one witness recalled, MINIS was to give Heseltine an overview of who did what and where, and progressively led to a ‘revolution’ in financial control, changing the budget structure to align with functional

invest in expensive new equipment to strengthen further the fighting power of our armed forces in the 1990s and beyond. Some difficult decisions will have to be taken but there will be no need for any change to our main defence posture.’ Similarly, Younger wrote to Cabinet colleagues in 1988: ‘Chapter 5 [of the Defence Estimates] deals with the management of defence resources and repeats the warning of the past two years that difficult decisions will be required to match priorities to the resources available; but the commitment to maintaining our main defence roles is reaffirmed.’ TNA, CAB 129/224, C(88)6, ‘Statement on the Defence Estimates’, Memorandum by the Secretary of State for Defence, 6 April 1988.

⁷ David Greenwood, ‘Expenditure and Management’ in Peter Byrd ed., *British Defence Policy: Thatcher and Beyond* (London: Philip Allan, 1991), p. 39.

⁸ *Ibid.*, pp. 39-40. It was predicted in July 1990, that between 1990-91 and 1992-93, Defence faced over £3bn of additional costs for the planned programme because of the difference between the Treasury’s inflation forecast in the 1988 Autumn Statement and the MoD’s own assessment. TNA, PREM 19/2932, SoFS to PM, ‘Defence Policy and Programme: Options for Change’, 11 July 1990, p. 4.

⁹ Between 1979 and 1988 UK-based civilian staff numbers fell by over 100,000 or by 41% to 145,000, largely due to efficiency measures, rationalisation, contracting out, the privatisation of the Royal Ordnance Factories and the introduction of commercial management into the Royal Dockyards. HM Government, *Statement on the Defence Estimates 1988 I Cm. 344-I* (London: HMSO, 1988), p. 47.

responsibility. Eventually, functional commanders obtained Top Level Budgets (TLB), delegating financial authority from the MoD's Centre.¹⁰

Meanwhile, in response to Sir Robin Ibbs' (the Prime Minister's efficiency adviser) report on 'Improving Management in Government – Next Steps', in February 1988 the Government endorsed the recommendation that as far as possible Government's executive functions should be delegated to agencies working within a policy and resources framework set by the responsible Minister. The MoD's, non-nuclear research establishments and the Meteorological Office were early candidates for agency status, predicted to further develop management responsibility and increase commercial independence.¹¹ The Procurement Executive (PE), with Peter Levene as Chief of Defence Procurement (CDP) from 1985, introduced a tougher range of contract conditions with suppliers. Procurement increased between 1979 and 1987 from about 40% to around 45% of the defence budget. Effective, credible, timely and affordable equipment was the PE's primary objective. Competition and collaboration were two routes to it.¹²

Concurrently, the MoD's New Management Strategy was in the pipeline, signalling improved and devolved financial management, encouraging wider responsibility in budgeting and better value for money. The NMS, implemented from 1 April 1991 was the MoD's response to the Financial Management Initiative (FMI) of 1982, set out for Government departments in the White Paper Cmnd 9058 (1983). Its introduction coincided with Options for Change, the PROSPECT (rationalisation of headquarters) review and the Gulf War. David Omand, the official jointly responsible for implementation as Assistant Under Secretary of State (Management Strategy) (AUS(MS)), claimed NMS would 'penetrate to parts other reforms have not reached, and will as a result affect many more of those working in defence more immediately than did the 1964 central reorganisation'.¹³

¹⁰ Staff Responsibility Budgets (SRBs) and Executive Responsibility Budgets (ERBs) were introduced and a greater emphasis was placed on performance indicators and value-for-money targets. HM Government, *Statement on the Defence Estimates 1986* 1 Cm 9763-I (London: HMSO, 1986), pp. 40, 42; HM Government, *Statement on the Defence Estimates 1987* 1 Cm 101-I (London: HMSO, 1987), p. 55. See ACM Sir Michael Alcock, 'Support Matters', in *Royal Air Force Historical Society*, 'Cold War Air Systems Procurement', (2017), pp. 106-123, particularly p. 119.

¹¹ *Defence Estimates 1988* 1, pp. 49, 51.

¹² Peter Levene, 'Competition and Collaboration: UK Defence Procurement Policy', *RUSI Journal*, June 1987, pp. 3-6.

¹³ David Omand, 'Towards a New Management Strategy for Defence', *RUSI Journal*, Autumn 1989, pp. 19-26. Alongside Omand, the other official responsible for the project management of the NMS was

By 1988, defence faced real financial problems, and Younger warned No. 10 and the Treasury during the Public Expenditure Survey (PES)¹⁴ round that deep cuts were required from key programmes to stay within budget. Political and presentational risks arose because defence spending might dip below 4% of GDP. Charles Powell advised Mrs Thatcher that some of the problem emanated from MoD 'wastefulness and bad projects'. He wondered how hard Younger was leaning on the Chiefs of Staff to do better, rather than asking for more money. However, Powell concluded, 'my own "feel" is that there is also a real problem here and it will be difficult to maintain the credibility of the Government's generally robust line on defence...unless some additional funding can be found. But it is too early for a decision on that.'¹⁵

Before the Prime Minister had her annual meeting in 1988 with the Chiefs of Staff, Downing Street Policy Unit briefing on managing defence emphasised the extent of the UK's defence commitments. Spending was still 'running on a plateau some 20% higher in real terms than 1979' with increases of 'over £700m in defence resources for 1988-89 and 1989-90 agreed in the last PES round'. Mrs Thatcher was advised it remained essential to send positive signals to allies and to the Soviets. However, the American commitment to Europe's defence was forecast to weaken because of international developments, notably in the Soviet Union, and other factors. American economic interests were shifting towards the Pacific, their strategic interests (including the Strategic Defence Initiative missile defence and the US-Soviet summit at Reykjavik in October 1986 on arms control) were diverging further from European views, and the US faced serious resource constraints due to a growing budget deficit. As a result, it was forecast that Europe would have undertake a greater share of its overall defence effort. Nevertheless, the Prime Minister was told not to accept the MoD's likely argument that defence faced a stark decision to either increase resources or reduce commitments. Instead, she was advised that the priority should be the better management of existing resources, with improved procurement procedures, incorporating savings from increased competition. Moreover, if R&D ceilings were maintained, the MoD would make more purchases off the shelf, with significant savings. Other savings suggested

Michael Bell, DUS (Finance). See also Peter Hennessy, 'An initial understanding of MoD power groupings', *Independent*, 19 February 1990.

¹⁴ The PES was the annual Treasury-led exercise which planned public spending over the next three financial years.

¹⁵ TNA, PREM 19/3252, Powell (PS/PM) to PM, 'Meeting with the Defence Secretary', 28 June 1988.

included rationalising the defence estate, which cost £2bn annually, and a more commercial approach to managing MoD's non-lethal stockholdings.¹⁶

In the 1987 Public Expenditure Survey settlement, the MoD was told to take a fundamental look at its programme within the ten-year Long-Term Costings (LTC) exercise, ensuring it was consistent with the Government's defence posture and remained affordable. At the end of the process, Younger bid for an additional £2.6bn over the Survey period, implying annual real growth of around 1.5%, required to sustain existing policy. The Treasury encouraged efficiency improvements to avoid front-line cuts. Meeting with the Chiefs allowed Mrs Thatcher to probe the MoD's efforts to cut waste and inefficiency. At the Value for Money seminar with Mrs Thatcher in March 1988, the MoD set annual efficiency targets of 2.5% for 1988-89 to 1991-92, generating annual savings of £250m. However, Younger's PES bid assumed efficiency savings of £200m over the entire period. Critics said MoD efficiency savings were identified but not achieved.¹⁷ Powell added, 'you will want to remind the Chiefs of MoD's fairly abysmal record on procurement' but he also remarked: 'I confess to some sympathy with the Chiefs: there is a gap threatening to open up between what we say and what we shall be able to put into the field to back it up.' He anticipated hard choices ahead in the PES round.¹⁸

The Chiefs advised Mrs Thatcher that Soviet forces were being modernised and that Moscow's long-term external policy aims remained unchanged. Acknowledging increases in defence spending since 1979, they were nevertheless 'seriously concerned' that reduced provision since 1985 had eroded earlier gains, with a 5½% real reduction since 1986 and further decline to 1991-92. If level funding had been maintained since 1986, further resources would not be needed. The choice lay between additional spending and heavy programme cuts. To sustain present capability and return to level funding required a 1½% annual increase in spending over the PES period – to 1991-92.¹⁹

¹⁶ TNA, PREM 19/4060, Gray (PS/PM) to Powell (PS/PM), 'Meeting with Defence Chiefs', 27 June 1988; Dunlop (No. 10 Policy Unit) to No. 10 Policy Unit, 'Defence: A Challenge of Management', 23 June 1988.

¹⁷ *Ibid.*, Dunlop (No. 10 Policy Unit) to PM, 'Chiefs of the Defence Staff Briefing', 30 June 1988. The LTC was the annual exercise carried out by the MoD to review the defence programme over the next ten years.

¹⁸ *Ibid.*, Powell (PS/PM) to PM, 'Meeting with the Chiefs of Staff', 30 June 1988.

¹⁹ *Ibid.*, Powell (PS/PM) to Hawtin (PS/SofS), 'Prime Minister's meeting with the Chiefs of Staff', 1 July 1988.

Mrs Thatcher suggested prioritising the projects and programmes that faced cuts. Possibilities included cutting Tornado numbers, postponing Lance missile replacement, reducing frigate numbers to 46, withdrawing battalions from Berlin and Gibraltar, withdrawing from Belize by 1990 and not replacing medium-range artillery. CDS said it was difficult to pick and choose. All were essential. When Mrs Thatcher mentioned 'costly mistakes in the procurement field', CDS, Admiral of the Fleet Sir John Fieldhouse, expressed confidence that the worst of these were over and that new procedures were proving effective. There were performance problems with some UK defence firms but defence exports and the capabilities of the defence sector were increasingly important as the MoD's in-house research capability declined.²⁰

Indeed, in respect of the 1988 PES, the Chief Secretary to the Treasury (CST), John Major, forecast difficult decisions on the Defence programme.²¹ In late October, Powell told Mrs Thatcher in the context of PES 88 that Younger and Major had reportedly agreed to add £1.5bn to the MoD's programme over the following three years. Powell advised that this produced real growth in spending of over 2%. Doubts remained about whether this would match funds to programme commitments, with politically damaging cuts to equipment and commitments viewed as likely. Younger doubted that cuts could be avoided in the second and third years. He had bid for £2.3bn but thought £1.7bn might suffice. As a response to developments in the Soviet Union, Mrs Thatcher was told that 'some of our partners are already showing signs of abandoning any pretence of adequate defence', but UK reductions would be 'awkward and difficult' due to her commitment to strong defence.²² Following the conclusion of 1988 PES negotiation that autumn, the Cabinet was advised that MoD spending would increase by £160m, £610m and £1,024m over the three Survey years, 1989-90, 1990-91 and 1991-92. It would also benefit from considerable efficiency savings.²³ The Chief Secretary noted that the additions recognised the pressure on the programme and, based on inflation forecasts, involved a real increase in defence spending for 1988-89 to 1991-92.²⁴

²⁰ Ibid.

²¹ TNA, CAB 128/90, CC(88)25th Meeting, 14 July 1988.

²² TNA, PREM 19/3496, Powell (PS/PM) to PM, 'Bilateral with the Defence Secretary', 24 October 1988. Powell noted long-term defence spending demands depended on getting the economy right and 2% growth over the period was a promising path, particularly alongside improvements to MoD's financial management.

²³ TNA, CAB 128/91, CC(88) 33rd Meeting, 1 November 1988.

²⁴ TNA, CAB 129/225, C(88)13, '1988 Public Expenditure Survey', Memorandum by the Chief Secretary, Treasury, 31 October 1988. The additions were said to represent a firm three-year agreement which was only to be reopened in agreed exceptional circumstances.



George Younger avoided a defence review, but defence spending fell in real terms during his watch. Photograph: Margaret Thatcher Foundation/ public domain

The MoD did not undertake a fundamental reappraisal of commitments. Savings centred on more mundane daily tasks. Scaled back military activity levels were soon noticeable in the form of reduced ship days at sea, tank mileage, live firing exercises and flying hours. Similarly, the MoD sought savings by reducing purchases of spares, stores and ammunition, the elements John Nott's review had prioritised for war-fighting purposes in 1981. Procurement timetables were stretched, and some projects were cancelled. Corners were cut with equipment specifications and Services-wide manning issues ensued. Tom King later underlined the challenges arising from these deficiencies when assembling forces for the Gulf War. The defence economist David Greenwood concluded: 'In short, while the nation's nominal order of battle remained unchanged, in the late 1980s the armed forces themselves were neither up to strength, nor up to date, nor up to scratch.'²⁵

RAF personnel and equipment, 1988-1990

RAF manpower strength had remained relatively unchanged at around 93,000 since 1984. On 1 January 1988, actual Service strength (including personnel undergoing initial training) was 93,300 officers and other ranks, 87,000 male and 6,300

²⁵ Greenwood, 'Expenditure and Management', p. 40. Other prominent commentators maintained there remained plenty to cut away from the front line - pointing to seven major MoD office buildings in central London, five huge research establishments, around 16,000 empty Service married quarters and a defence estate spread over 3,000 separate sites. John Keegan, 'Storm warning for the forces over spending', *Daily Telegraph*, 27 September 1988.

female.²⁶ RAF efficiencies involved savings from contracting out and transferring Service posts to civilians, eliminating 1,700 uniformed posts across support between 1984 and early 1988. By then, around half of all aircraft and engine repair and overhaul for the RAF was being undertaken by private industry.²⁷ Overall, RAF manpower strength fell steadily thereafter - to 92,100 on 1 January 1989 and 89,600 a year later.²⁸ In early 1990, the media reported that the RAF was 8% below strength, with a growing outflow of experienced personnel.²⁹ Air Chief Marshal Sir Patrick Hine, Air Officer Commanding-in-Chief (AOC-in-C), Strike Command, highlighted rising outflow in March 1990. Whereas in 1981, 1,000 ground crew and 150 air crew took early retirement, by 1989 the respective figures were over 5,000 and 350. Strike Command was well below its recognised complement, and manpower was the RAF's main problem, exacerbated by the smaller pool of potential recruits due to demographics and rising wages in the wider economy.³⁰

At this juncture, the RAF's priorities were the air defence of the UK base, RAF Germany's (RAFG's) NATO contribution, maritime operations and transport support. The RAF had three commands. Strike Command, headquartered at High Wycombe, Buckinghamshire, and 20 years old in 1988, had nearly 45,000 uniformed personnel over three groups, each commanded by an air vice-marshal. It comprised No. 1 Group headquartered at RAF Upavon, Wiltshire, containing all UK-based strike/attack and reconnaissance squadrons, all support helicopter squadrons, the air transport force and all air-to-air refuelling aircraft. No. 11 Group at RAF Bentley Priory, Middlesex, incorporated all air and ground air defence forces while No. 18 Group at Northwood, Middlesex, encompassed all the RAF's maritime assets, including search and rescue.³¹ The other UK RAF command was

²⁶ HM Government, *Statement on the Defence Estimates 1988 2 Cmnd 344-II* (London: Her Majesty's Stationery Office, 1988), p. 26. The Army numbered 158,400, while Royal Navy and Royal Marine manpower strength was 65,600 in total (57,700 and 7,900 respectively).

²⁷ HM Government, *Statement on the Defence Estimates 1988 1 Cmnd 344-I* (London: Her Majesty's Stationery Office, 1988), p. 47.

²⁸ HM Government, *Statement on the Defence Estimates 1989 Volume 2 Defence Statistics Cm 675-II* (London: HMSO, 1989), p. 26; HM Government, *Statement on the Defence Estimates 1990 Volume 2 Defence Statistics Cm 1022-II* (London: HMSO, 1990), p. 26. These figures were inclusive of personnel undergoing initial training.

²⁹ James McKillop, 'Manpower is major problem facing RAF', *Glasgow Herald*, 23 March 1990.

³⁰ *Ibid.*

³¹ Sir Richard Johns, *Bolts from the Blue* (London: Grub Street, 2018), pp. 176-177. The Navy's helicopter fleet was also headquartered at Northwood. In 1990, there were some 935 aircraft on charge to Strike Command, with eight types of fast jet (606 aircraft), four variants of tankers (35 aircraft) four types of helicopters (128 aircraft), Nimrod MPA (37 aircraft), seven types of Air Transport Force/Comms

Support Command, headquartered at Brampton, Cambridgeshire, with stations, units and depots scattered nationwide. The third RAF command was RAF Germany, headquartered at Rheindahlen and part of 2 Allied Tactical Air Force (ATAF). It consisted of four stations, 15 squadrons and 12,000 RAF personnel. RAF Germany was tasked with carrying out long-range attacks against Warsaw Pact airfields and communications. Squadrons also provided air defence, tactical reconnaissance, close air support for the Army and logistics and tactical air support.³²

The Government rejected narrowing the UK's defence roles if NATO pressed specific roles on to selected Alliance members. Such proposals threatened the UK's continued requirement for 'out-of-area' (OOA) capability. The RAF hierarchy was relatively upbeat in public. During the summer of 1988, the Tornado ADV finally entered service with two squadrons declared operational to NATO. By April 1990, five squadrons were operational and declared to NATO. Some 37 aircraft of this AD Variant entered service in both 1987-88 and 1988-89 and a further 15 in 1989-90. Despite delays and radar problems, CAS, Air Chief Marshal Sir David Craig, proclaimed, 'the aircraft is a delight to fly, and the crews are very enthusiastic about its handling and performance.'³³ The Lightning was finally withdrawn in 1988 after 28 years of service. Meanwhile, on the ground, new radars of the improved United Kingdom Air Defence Ground Environment (UKADGE) were meant to be coming into service with the core command and control system due to be handed over later in 1988.³⁴ In November 1987, Ministers approved purchase of a seventh Boeing E3

aircraft (105 aircraft) and four types of miscellaneous machines (24 aircraft). Alcock, 'Support Matters', pp. 117-118.

³² *Defence Estimates 1988 I*, pp. 17, 19.

³³ AHB, MRAF Sir David Craig, CAS's speech at the Air Public Relations Association lunch, 16 May 1988.

³⁴ TNA, DEFE 25/825, CDP to APS/SofS, 'Project Reports to the Prime Minister', 18 July 1990; Johns, *Bolts from the Blue*, pp. 177-178. Nevertheless, when he went to Strike Command in 1989, the then AVM Richard Johns was tasked with accelerating the progress of the improved UKADGE to full operating capacity as it was already well behind schedule and over budget. The Prime Contractor had failed to adequately design and maintain the design coherence of the ICCS (Integrated Command and Control System) throughout the development programme. The ICCS design was deemed unsound and the system failed to pass contractual tests during summer 1988. Johns recalled that at the outset when the ground-based and airborne radar-detection systems were linked together to provide a full air picture of the UK Air Defence Region, the system proceeded to crash. Johns commended Air Commodore Joan Hopkins and Nancy Price from the contractor's consortium for addressing the software issues and getting the programme back on track. Integrated UKADGE achieved full operating capability in 1991, six years later than envisaged. Nevertheless, the RAF's Director of Public Relations reported in May 1990 that this delay and Foxhunter radar performance issues on the Tornado ADV attracted occasional specialist attention but neither had become a major issue. AHB, AFBSC(90)10, 'Royal Air Force Public Relations 1989-90', Report by DPR(RAF), 23 May 1990.

AWACS to add to the six already ordered, with the aim of mounting continuous airborne early warning patrols.³⁵ The aircraft were to be delivered to the RAF from 1991.

Looking ahead, the 1988 Defence Estimates featured a photograph of a design mock-up of EFA, reporting good progress on evaluating the results of EFA's project definition phase and on negotiations with industry concerning contractual terms governing full development.³⁶ The Cabinet's Defence and Overseas Policy Committee (OD) discussed EFA in early 1988 and the £1.8bn cost of moving to Full Development (FD). Total development cost and production for 200 RAF aircraft was £6.55bn, projected to peak at about 6% of the defence budget or 14% of the equipment budget from 1999-2000 to 2002-2003, later, however, than Trident peak years costs. Younger insisted EFA was the best military solution for the UK's future air defence needs and the RAF's requirement for an agile fighter to confront escorted Soviet bombers. It was the most cost-effective option although it was 'very costly' and in peak years would be hard to accommodate in the budget, leading to other projects being postponed or displaced.

³⁵ AHB, Craig. For the meantime, for AEW the RAF was still reliant on the aged Shackleton aircraft operating from RAF Lossiemouth. The RAF underlined eight AWACS were necessary to meet the full operational requirement. Younger also highlighted to OPD in early 1988 the MoD was unable at that stage to afford the eighth aircraft.

³⁶ HM Government, *Statement on the Defence Estimates 1988 I* Cm. 344-I (London: HMSO, 1988), pp. 40-41. The EFA story had already been going for over 15 years in the late 1980s. The need for a new aircraft had been identified in 1971, AST 403 was issued the following year. In 1979, the European Combat Fighter (ECF) proposal became the European Combat Aircraft (ECA) but this collapsed in 1981. The Agile Combat Aircraft (ACA) then emerged in 1982, involving the UK, Germany and Italy. In 1983, the Experimental Aircraft Programme (EAP) jointly funded (£180m) by the MoD and industry was born and the aircraft first flew in 1986, it being recognised that technology development from the EAP was invaluable in Eurofighter development. The Future European Fighter Aircraft (FEFA) was born in 1983, involving the UK, Germany, France, Italy and Spain, although France left the next year. The European Fighter Aircraft programme was agreed by the remaining four states in 1985 and in 1986 Eurofighter was formed with workshare to be in proportion to aircraft numbers ordered. The programme gained EPC approval in 1988, the aircraft first flew in 1994 and it eventually entered RAF operational service in 2006. See Air Marshal Sir Peter Norriss, 'Some Personal Views', pp. 76-85, particularly pp. 76-77, 82-83 and Air Vice-Marshal Graham Williams, 'Acquisition Experiences from the Past – and Lessons Learned', pp. 124-134, particularly pp. 130-132, in *Royal Air Force Historical Society, 'Cold War Air Systems Procurement'*, (2017).



The face of the future. A mock-up of the proposed European Fighter Aircraft at the Farnborough Air Show. Photograph: AHB(RAF)

Younger emphasised that payment to contractors would be tied to achievement, with the onus on them to achieve specified performance. Accommodating EFA involved raising the 10 year cash ceilings for Defence R&D set in February 1986 by the Ministerial Steering Committee on Economic Activity (Sub-Committee on Economic Affairs (E(A))) to enable scarce R&D resources to be re-deployed in the civil sector. Moreover, projections had not included the EFA programme, then at the planning stage. The Chief Secretary finally agreed to adjust the defence R&D ceiling in April 1988, removing one obstacle to the project. The OD Committee concluded that subject to final confirmation from other partners, the UK should proceed to FD. Opportunity costs of EFA were to be met from the defence programme, not the reserve. Treasury officials would sit on the MoD's Balance of Investment Working Group to appraise defence projects at a very early stage.³⁷

³⁷ TNA, CAB 148/278, OD(88)2, 'The European Fighter Programme', Memorandum by the Secretary of State for Defence, 29 February 1988; OD(88)1st Meeting, 7 March 1988; OD(88)7, 'EFA Affordability', Memorandum by the Secretary of State for Defence, 15 April 1988; OD(88)3rd Meeting, 21 April 1988. Only the British Aerospace P120 compared favourably with EFA but it was forecast to cost more in both budgetary and R&D terms and only existed on paper. On raising defence R&D ceilings, see PREM 19/3252, Wilson (Cabinet Office) to PM, "Ceilings on Defence R&D Expenditure E(ST)(88)6, 7 April 1988. Younger had twice previously tried to get the ceilings raised, emphasising that no account had been made of EFA when the ceilings were set but both attempts failed. He stressed if the

In 1990, concurrent with Options for Change, decisions were taken on EFA's radar, a sensitive concern after the Nimrod AEW and Tornado ADV experiences. Meanwhile, an order for 34 Harrier GR5 offensive support aircraft was placed, in addition to the 62 aircraft already on order, to sustain the force into the 1990s, providing a distinct improvement over the existing GR3 model.³⁸ The first GR5 squadron became fully operational in late 1989. Additionally, by April 1990, the RAF had 38 Tucano trainer aircraft in service, part of a total order for 130 aircraft. Flight testing had also been under way since October 1987 of the Anglo-Italian EH 101 naval anti-submarine helicopter, but Westland faced engine difficulties with the army's utility variant, intended for the medium support role.³⁹

Powell had wanted existing R&D ceilings maintained if EFA proceeded. Now he suggested to the Prime Minister that Younger outline MoD projects to be released or abandoned, in priority order, so the OD Committee could judge what must go in order to get EFA.⁴⁰ Younger advised that alongside not being able to procure an eighth AWACS, there were already numerous high priority items not accommodated in the programme at the agreed PES 87 level. For the RAF, these included a Buccaneer replacement, provision for full running costs and attrition buys for planned front-line numbers of both Tornado variants, and purchases of Harrier attrition aircraft.⁴¹

ceilings were unchanged, the Government would have no alternative but to withdraw from EFA. Powell was more critical of MoD using EFA to re-open the R&D issue and told Mrs Thatcher they needed 'to think more realistically about the possibilities of buying off the shelf in some areas of weaponry rather than developing our own'. PREM 19/3252, Powell (PS/PM) to PM, 'Ceiling on Defence R&D Expenditure', 12 April 1988.

³⁸ *Statement on the Defence Estimates 1988 I*, p. 29.

³⁹ TNA, CAB 148/278, OD(88)5th Meeting, 24 November 1988. At that stage no MoD money had yet been spent on the utility version.

⁴⁰ TNA, PREM 19/3252, Powell (PS/PM) to PM, handwritten minute, mid-April 1988.

⁴¹ TNA, CAB 148/278, OD(88)7, 'EFA Affordability', Memorandum by the Secretary of State for Defence, 15 April 1988. Meanwhile, the Advisory Council on Science and Technology (ACOST) report was published in May 1989. The Government endorsed the importance the report placed on enhancing value for money from defence research and project management and its emphasis on more defence research being undertaken in collaboration with universities and research institutions. PREM 19/3252, PM to Sir Francis Tombs (ACOST), 21 March 1989; Tombs to PM, 10 April 1989; SofS to PM, 'Technology Transfer: Defence Technology Enterprises Ltd', 2 March 1990. The MoD formed Defence Technology Enterprises Ltd (DTE), a privately funded company with City investment in 1984 to enhance spin offs into the civil sector of the innovative work of the Defence Research Establishments. Over 40 agreements had been signed with industry by March 1989, with another 20 in the pipeline.

Defence strategy in 1988

In 1988 the Chiefs worked up the first paper for nearly a decade to address the full spectrum of defence strategy in one document. The UK and NATO ‘had to contend with the twin pressures of the Arms Control debate heightened by Mr Gorbachev’s seductive approach and of the growing pressure from within the United States for increased burden-sharing’.⁴² The paper reinstated NATO’s basic principles of Flexible Response and Forward Defence. It called for the status quo to be maintained, although in force structure tried to shift from the potentially fractious ‘pillar’ approach⁴³ to greater consideration of ‘core capability’.⁴⁴

Younger supported the maintenance of the status quo. However, the strategic landscape was changing rapidly, and he emphasised, ‘we must ... be prepared to adapt our national and NATO strategic thinking accordingly’. He expected that judgements about relative priorities for programme and resource allocations would arise, but the paper was silent on priorities. Instead, it combined the traditional pillars of the defence of Europe and maritime forces in the Eastern Atlantic and Channel into a broader concept of Forward Defence. Younger considered this difficult to explain to Cabinet colleagues and to the public.⁴⁵ CDS, Admiral of the Fleet Sir John Fieldhouse, maintained that in existing circumstances there could be no ‘long term absolute priorities between the Continental, Maritime and Home Defence elements comprising the main core’. He described ‘the increased emphasis in maritime business towards forward operations’ in recent years and claimed:

The interrelationship makes for a natural linkage of conventional UK forces provided for forward defence in support of the NATO strategy of flexible response. Similarly, the core concept recognises the indivisibility and interdependence of all our contributions to NATO and moves us on from the potentially divisive image of separate pillars.⁴⁶

⁴² AHB, CAS 2/1/1 Part 18, folio 17, COS(13)88, 1 November 1988.

⁴³ The four ‘pillars’ in Defence policy were drawn up during Roy Mason’s Defence Review of 1974-75. These were the strategic nuclear deterrent, the defence of the UK base, the maritime role in the eastern Atlantic and English Channel and the UK commitment in mainland Europe under the terms of the Brussels Treaty.

⁴⁴ AHB, CAS 2/1/1 Part 18, enclosure 18, CDS 41/88, ‘United Kingdom Defence Strategy’, 8 November 1988.

⁴⁵ *Ibid.*, folio 26, Hawtin (SofS PS) to PSO/CDS, ‘UK Defence Strategy’, 18 November 1988.

⁴⁶ AHB, CAS 18/1/1, enclosure 30, CDS to SofS, ‘UK Defence Strategy’, 23 November 1988. CDS argued that as the *Defence Estimates* for 1989 would highlight NATO’s 40th anniversary and how it had

The importance of arms control

Arms control was an increasingly key determinant of defence policy and ultimately a major factor during the Options for Change process. The Intermediate Nuclear Forces Treaty (December 1987) was the first agreement to reduce nuclear weapons. From a practical standpoint it removed the major threat posed by Soviet SS20 and SS12/22 missiles to Western cities and airfields. RAF Molesworth in Cambridgeshire was closed as a US Ground-Launched Cruise Missile forward operating base in 1988, and missiles were withdrawn from RAF Greenham Common in Berkshire from 1989 to 1991. The asymmetrical reductions involved set the pattern for other arms control negotiations and the stringent verification provisions provided a valuable precedent for future negotiations.⁴⁷ The Government insisted that although the agreement was a ‘major achievement’ it did ‘not obviate the need for effective deterrence’. It opposed negotiations towards further nuclear weapons reductions in Europe unless the imbalance of conventional forces was redressed and chemical weapons were banned.⁴⁸ Nevertheless, Admiral of the Fleet Fieldhouse, the outgoing CDS, remarked, ‘Arms Control has undoubtedly become a major and expanding part of Defence business.’⁴⁹

In June 1988, the Chiefs of Staff agreed that despite NATO’s wish to exclude air forces from the Conventional Stability Talks (CST) beginning in Vienna in early 1989, this could prove unrealistic. A Defence Policy Staff paper was requested on the Military Implications of including Air Forces in CST. European states provided 80% of NATO combat aircraft stationed in Europe.⁵⁰ The paper was discussed by the Chiefs on 8 November. NATO considered air forces as a key factor to counter a large-scale or surprise Warsaw Pact attack and wanted to exclude aircraft from negotiations for as long as possible. Craig highlighted difficulties verifying air

kept the peace through an evolving strategy with greater flexibility to meet the Warsaw Pact threat, the core element concept would sit well within this wider NATO theme and reflected a steadily evolving Defence policy. See HM Government, *Statement on the Defence Estimates 1989 Volume 1* Cm. 675 (London: HMSO, 1989), pp. 1-5.

⁴⁷ AHB, CAS 10/7 Part 4, folio 65, Howe (Foreign Secretary) to PM, ‘The IMF Treaty and Verification Arrangements’, 23 December 1987.

⁴⁸ *Defence Estimates 1988 I*, p. 14. The verification process and manpower implications created significant resource issues, with shortages of interpreters and linguists, key to the inspection regime.

⁴⁹ AHB, CAS 10/7 Part 6, folio 56, COS 14th Meeting/88 Confidential Annex, Item 2, 8 November 1988. The manpower problem was accentuated by the need for linguists to also possess technical and intelligence assessment skills.

⁵⁰ *Defence Estimates 1988 I*, p. 4. More widely, European NATO countries’ defence spending was one-third higher in real terms than in the early 1970s.

assets within the Atlantic to the Urals region. Even defining aircraft roles was contentious. However, Craig envisaged 'the proceedings themselves would be likely to dictate when, and the extent to which, air forces should become part of the negotiations.'⁵¹ The Chiefs advised Younger that NATO would ultimately have to include all land-based fixed-wing combat aircraft in negotiations, irrespective of nationality and Service. However, the West could not afford to reduce offensive aircraft numbers to secure Warsaw Pact tank cuts. The 'least unsatisfactory' Western position would be agreeing a reduction in land-based, fixed-wing aircraft to parity in the Atlantic to Urals region.⁵²

The Foreign Secretary agreed that if aircraft were included in conventional arms control, this needed to include all land-based fixed-wing combat aircraft, irrespective of nationality and Service, addressing verification and mobility issues to avoid circumvention. Following proposals by Soviet President Gorbachev in 1986 to reduce forces and weapons from the Atlantic to the Urals, talks on the Reduction of Conventional Forces in Europe (CFE) between NATO and the Warsaw Pact had commenced in Vienna in March 1989 and involved force and equipment cuts. NATO's argument for not including aircraft in the first phase of CFE negotiations arose from 'inherent difficulties of covering aircraft in a regional regime (mobility, verification, etc) rather than on arguments about aircraft numbers, capability and role'.⁵³

Nevertheless, aircraft were soon on the agenda. The new US President, George H.W. Bush, proposed substantial cuts to conventional armed forces in Europe at NATO's 40th anniversary meeting at Brussels on 29 May 1989 and advised Mrs Thatcher that he wanted to amplify the Alliance's position on the CFE in three areas. In addition to US and Soviet manpower ceilings for ground and air forces stationed in the Atlantic to the Urals zone, and ceilings on tanks, armoured troop carriers and artillery, Bush also proposed cuts of 15% below the combined total for members of

⁵¹ AHB, CAS 10/7, Part 6, Confidential Annex to COS 14th Meeting/88, Item 3, 8 November 1988.

⁵² *Ibid.*, folio 31, CDS to SofS, 'Military Implications of Including Air Forces in Conventional Stability Talks', 21 December 1988. The FCO was informed accordingly, folio 40, Hawtin (PS/SofS) to Parker (APS/Foreign Secretary), 'Military Implications of Including Air Forces in Conventional Stability Talks', 10 January 1989.

⁵³ AHB, CAS 10/7 Part 7, Gozney (PS/Foreign Secretary) to Hawtin (PS/SofS), 'Military Implications of Including Airforces in Conventional Stability Talks', 30 January 1989. Mutually agreed force reductions were to be tied to a timetable. Mrs Thatcher held CFE seminars on 30 September 1989 and 27 January 1990 to discuss defence ramifications. The CFE common declaration (CFE Treaty) was signed on 19 November 1990.

the Alliance in two additional categories: helicopters (attack and assault/transport) and aircraft (all land-based combat aircraft regardless of role or configuration. 'All of the equipment reduced would be destroyed.'⁵⁴

Mrs Thatcher was lukewarm about Bush's proposals.⁵⁵ Initially, 'her instinct was to be wary', not wishing to compromise NATO's dual-capable aircraft, which had both conventional and nuclear capabilities, suspicious that the Soviets would simply withdraw aircraft and other weapons covered by the agreement behind the Urals.⁵⁶ The Foreign Secretary viewed the US proposal as a step towards Soviet proposals rather than a genuine US initiative.⁵⁷ Including aircraft and helicopters meant voluntarily cashing in a major bargaining chip. The RAF agreed with the Prime Minister and the Foreign Secretary. A 15% cut in UK combat aircraft would be difficult to absorb and would inevitably weaken one or more of the pillars of defence policy. There was nothing to be gained by such an initiative, and much to be lost.

Air Vice-Marshal John Thomson, ACAS from March 1989, feared 'a 15% cut would involve a reduction of some 96 unit aircraft.' If dual-capable aircraft were excluded, cuts elsewhere would cause a lack of balance, affecting the UK's NATO posture and home defence capabilities, as well as the means to undertake national OOA operations. ACAS reckoned that reduced offensive capabilities and dual-capable aircraft cuts were Soviet priorities as they targeted nuclear elements to 'complete the job of unwinding flexible response.' He strongly advised that 'the placing of a figure of 15% should be resisted and a generalised and unquantified formula adopted instead.'⁵⁸ In the interim, the Director, Directorate Air Force Staff Duties (DAFSD), prepared a paper on potential force structure and military implications for the RAF of the Bush Initiative, modelling reductions of 5%, 10%

⁵⁴ AHB, CAS 10/7 Part 8, President of the United States to PM, 23 May 1989.

⁵⁵ 'Thatcher "talks all the time – it's a one-way street"', *Sunday Times News Review*, 8 November 2015, p. 3.

⁵⁶ AHB, CAS 10/7 Part 8, Powell (PS/PM) to Wall (FCO), 'Conventional Force Reduction', 24 May 1989. The Americans apparently hoped it would not be necessary to touch NATO's front-line aircraft at all. Gorbachev had earlier proposed substantial cuts to aircraft and helicopters which Mrs Thatcher had rejected firmly.

⁵⁷ *Ibid.*

⁵⁸ AHB, CAS 10/7 Part 8, enclosure no 38, ACAS to SECCOS, 'CBR – Bush Proposals', 25 May 1989; Garden (Director, Air Force Staff Duties), to ACAS, 'Conventional Force Reductions', 25 May 1989.

and 15%.⁵⁹ ACAS circulated the draft as ‘an input to the Centre in preparing the UK’s negotiating position’, reflecting the RAF’s position on military implications.⁶⁰

While the paper was praised within the Service, any notion the RAF had of circumventing the process by ditching older aircraft but persisting with planned modernisation was quashed by Richard Mottram, then Assistant Under-Secretary (Programmes) (AUS(P)). He admired the RAF’s initiative in producing a rapid assessment but warned: ‘As you appreciate, however, ultimately the implementation of agreed reductions will be a programmes matter which will need to be determined centrally by the OMB [Office of Management and Budget, MoD] and the Defence Staff and will need to build-in the dimension of available resources.’ He added, ‘Our primary aim should surely be to constrain the Warsaw Pact to provide better security at lower force-levels on both sides, rather than to preserve our freedom of manoeuvre to introduce presently planned modernisation programmes in full.’ Although the paper was ‘a most useful contribution to a fast-moving set of issues’, it did not ‘provide the basis for guidelines for developing UK and Western negotiating strategy or for re-shaping the RAF element of the forward equipment programme, which must both be derived on a defence-wide basis.’ CAS annotated, ‘Oh yes it does’ and (inaccurately) described Mottram as ‘Another Treasury man!’⁶¹

ACAS advised that Air would continue to develop thinking on remaining issues and contribute to defence policy working groups and DOAE (Defence Operational Analysis Establishment, MoD) studies. The results of CFE talks would translate into Long Term Costings measures, with normal Public Expenditure Survey pressures before that ‘perhaps sharpened by arms control expectations’. ACAS supported Mottram’s overall approach towards the Treasury, which was to dampen expectations of reductions and thus financial savings.⁶²

Two major competing definitions materialised by late June 1989. Within the broad definition there were two very similar definitions, the difference being the inclusion of Maritime Patrol Aircraft (MPA). Each intended to capture ‘all land-based aircraft,

⁵⁹ Ibid., enclosure no 43, ACAS to DAFSD, ‘The Bush Arms Control Initiative and Air Forces’, 1 June 1989.

⁶⁰ Ibid., enclosure no 84, ACAS minute, ‘The Bush CFE Proposals and the Royal Air Force’, 20 June 1989.

⁶¹ AHB, CAS 10/7 Part 9, enclosure no 30 (i), Mottram (AUS(P)) to ACAS, ‘The Bush CFE Proposals and the Royal Air Force’, 29 June 1989.

⁶² Ibid., enclosure no 42, ACAS to Mottram (AUS(P)), ‘The Bush CFE Proposals and the Royal Air Force’, 6 July 1989.

if they are versions of an aircraft constructed or converted for the delivery of ordnance, whether or not such aircraft are equipped, or would be used for that purpose.’ This definition incorporated training aircraft whether or not they had or could have combat capacity. The narrow definition incorporated ‘A fixed-wing aircraft, permanently based on land, which is constructed or converted to be physically capable of delivering air-to-air or air-to-surface missiles, fire cannons/guns or employ any other weapon of destruction, without the need for further modification to its structure or additional mechanical or electronic systems. Any version or variant of these aircraft which has been modified to perform the functions of ECM (electronic countermeasures) or reconnaissance are also included, whether or not they retain the capability to deliver ordnance.’⁶³

The UK had 891 combat-capable aircraft. A cut to 85% reduced this by 133 aircraft. If trainers were included numbers rose to 1,122 (including 67 Hawks and 164 Jet Provost (JP) and Tucano), a reduction to 85% involved losing 165 aircraft. It was thought that either definition would encompass armed Hawk trainers. The broader definition threatened an even greater impact on the UK and European allies. It incorporated any training aircraft with an operational variant in service worldwide, even those unarmed. ACAS believed that a 15% reduction on the narrower definition was achievable without affecting security. Including trainers involved a larger cut and reduction in flexibility in replacing capability. If trainers were included and a 168 aircraft reduction was required, he suggested:

Buccaneer	21
Phantoms	31
Canberra	31
Jaguar	26
Hawk	32
JP/Tucano	27 ⁶⁴

NATO’s High Level Task Force (HLTF) proposals of 7-8 July 1989 stated that a 15% reduction in NATO strength would produce a ceiling of 5,700 aircraft. Using data from 1 January and incorporating national procurement plans, HLTF ‘credited’ the UK with 1,012 aircraft and a procurement buffer of 48, making a total of 1,060. This meant greater reduction liabilities for the UK, but which were nevertheless still

⁶³ AHB, CAS 10/7 Part 7, enclosure no 26, ACAS to CAS, ‘Call to COS USAF – Arms Control’, 28 June 1989.

⁶⁴ *Ibid.*

achievable with minimal front-line impact. The new HLTF counting rules captured more of the less capable aircraft including ground instructional trainers, helping to attain the UK reduction quota. In the worst-case scenario, assuming the Services took the 15% cut equally, a 175 aircraft cut was necessary, comprised of 159 RAF, six Navy and 10 Procurement Executive. It was mooted that the RAF reduction could comprise all Canberras, some stored Jaguars and Phantoms, all stored Buccaneers, Hunter trainers and ground instructional Jaguars and Hunters up to 51 aircraft.⁶⁵ The HLTF proposals assessed that a 15% cut to NATO strength resulted in a ceiling of 1,900 helicopters. Including a procurement buffer, they 'credited' the UK with 518 combat helicopters. If a pro-rata Services-wide reduction was imposed, it would involve at worst cutting 93 machines, 20 RAF, 66 Army, five Navy and two PE. These were described as painful but tolerable for the RAF.⁶⁶ ACAS believed that within the UK ceiling, there remained numerous options for identifying cuts.⁶⁷

It was crucial for the MoD's Ministers, under HLTF's auspices, to complete further elaboration of proposals so they could be tabled at the third round of CFE negotiations opening in September 1989. Accordingly, Younger sought advice on the best way forward.⁶⁸ The Vice Chief of the Defence Staff (VCDS) suggested collaboration between Younger and the Foreign Secretary to ensure a common approach to issues emerging from HLTF discussions. If Ministerial consensus was forthcoming, the Prime Minister and Cabinet colleagues could be advised accordingly.⁶⁹ In early June, DAFSD predicted a reduction of 125 combat aircraft and 17 support helicopters, when plans were to increase both, making national and OOA tasks more difficult.⁷⁰

⁶⁵ AHB, CAS 10/7 Part 10, enclosure no 13, Luker (DDAFSD) to PS/CAS, 'CFE and Aircraft Update', 12 July 1989.

⁶⁶ *Ibid.* It was thought the Army Air Corps could exceed their pro-rata quota by destroying additional ground instructional helicopters of various types.

⁶⁷ *Ibid.*, enclosure no 58, ACAS to CAS, 'Aircraft Reductions in CFE', 14 July 1989. Meanwhile, ACAS considered whether out of service Harrier GR3 offered a painless way of achieving aircraft reductions but thought it would be difficult to persuade other states and either alliance that such inclusion was valid. He thought only 12 Harrier GR3s could be considered legitimate aircraft reductions, with the remaining 60 being replaced by GR5s leading to no windfall CFE profit.

⁶⁸ AHB, CAS 10/7 Part 8, enclosure no 46, Hawtin (PS/SofS) to PSO/CDS, PS/PUS, 'CFE Negotiations', 1 June 1989. Younger criticised American handling and the lack of time for prior and proper reflection but reasoned this was water under the bridge.

⁶⁹ *Ibid.*, enclosure no 76, VCDS to SofS, 'CFE Negotiations', 15 June 1989.

⁷⁰ *Ibid.*, enclosure no 61, DASB&C to PSO/CAS, 'Bush Proposals – RAF Implications', 6 June 1989.

The emphasis was shifting to dialogue and disarmament. President Mikhail Gorbachev's *glasnost* (openness) and *perestroika* (political and economic reforms) transformed the Eastern Bloc. Nevertheless, the 1989 Defence Estimates featured NATO's 40th anniversary alongside the MoD's drive to secure greater management efficiency and cost-effectiveness as dominant themes. While Gorbachev's reforms were welcomed, continued caution was stressed alongside the value of nuclear deterrence. Arms control and the Alliance's CFE response were also major considerations. The language was slightly stronger than in the 1988 Defence Estimates. It underlined that the Trident force remained the minimum capability required to maintain effective deterrence. However, although doubting Soviet assertions about the limited extent and variety of their chemical weapons holdings, the MoD's language was reserved.⁷¹ Meanwhile, MoD data accompanying the White Paper stressed that defence spending had increased by 16% in real terms since 1979, or 9% in defence specific terms. The 1989 Public Expenditure White Paper (PEWP) increased provision over plans announced in 1988 by £175m for 1989-90 and £610m for 1990-91. Based on Treasury inflation assumptions and a 1988-89 outturn of £19bn this seemingly produced 2.9% real growth across the PES period (1989-90 to 1991-92).⁷²

On the 15% aircraft cuts, the US sought a definition that incorporated all Warsaw Pact training aircraft deemed combat capable. However, the proposed US text captured many European (including UK) aircraft as well, producing an inflated ceiling. On helicopters, the technical issues were even more complex. The UK wanted definitions to be 'robust and militarily sensible' and closely aligned to work on CFE verification and stabilising measures. More widely, Younger commissioned analysis on a contingency basis of the impact of deeper cuts (beyond the 85-95% levels in the CFE proposals) on UK strategy.⁷³

At the end of June 1989, several documents reached the Prime Minister that raised major questions about defence policy in Europe. These included a minute from

⁷¹ TNA, PREM 19/3252, Hawtin (PS/SofS) to Powell (PS/PM), 'Defence White Paper', 9 March 1989; Butler (Cab Sec) to PM, 'Statement on the Defence Estimates 1989', 4 April 1989; Hawtin to Gozney (FCO), 'SDE 89: Chemical Weapons', 11 April 1989; CAB 148/289, OD(89)1st Meeting, 13 March 1989; CAB 148/290, OD(89)4, 'Statement on the Defence Estimates 1989', Memorandum by the Secretary of State for Defence, 6 March 1989; CAB 128/93, CC(89)12th Conclusions, 6 April 1989; CAB 129/227, C(89)6, 'Statement on the Defence Estimates 1989', Memorandum by the Secretary of State for Defence, 30 March 1989.

⁷² TNA, PREM 19/3252, Hawtin (PS/SofS) to Powell (PS/PM), 'Statement on the Defence Estimates 1989', 28 April 1989.

⁷³ AHB, CAS 10/7 Part 9, Foreign Secretary to PM, 'Conventional Arms Control in Europe', 1 July 1989.

Younger enclosing a paper on the CFE⁷⁴ and a despatch by Sir Michael Alexander, UK Permanent Representative to NATO, on the Alliance's future. The MoD still believed that NATO could implement flexible response and forward defence and, like the Soviets, continue modernising while reducing front-line strength. Nevertheless, while the UK was 'at the firm end of the NATO spectrum', other states were considering reducing spending and cutting equipment. Existing NATO strategy, particularly forward defence, was becoming unsustainable. Alexander's despatch pessimistically asserted that despite UK efforts, NATO's political will for defence was being eroded. At about the same time, Powell demanded 'much more imaginative thinking about the alternative strategies we may adopt and the equipment needed to support them', suggesting a shift from existing force structures and a focus on the German front. This strengthened Mrs Thatcher's preference for concentrating effort on the nuclear deterrent, air defence and naval roles in the Western approaches.⁷⁵

While the FCO was sympathetic to European defence cooperation and Anglo-French nuclear cooperation, Powell told Mrs Thatcher that he could not follow this logic. European commitment to defence was crumbling. While the UK maintained the special relationship with the US, her relations with France were not characterised by the 'fundamental closeness and similarity of views' on which a new course of nuclear cooperation might be based. Powell speculated that the 'simplest outcome would be for Mr Gorbachev to be removed, so that we could all go back to nice comfortable cold war assumptions. That may happen but we cannot will it, because it would be alien to all we believe in.' Powell thought much harder and radical thinking was required than in the MoD and FCO papers. Younger, Foreign Secretary Sir Geoffrey Howe and their officials thought an OD Committee discussion on the general CFE position and way forward before the summer recess was 'sensible'. Powell recommended a seminar to get 'more radical and imaginative ideas' because, 'We need to try to get thinking right out of the groove, see what our priorities for Britain's defence are, then see how they can best be met in future.'⁷⁶ Mrs Thatcher preferred a seminar to be held at Chequers, the country house of the Prime Minister in Buckinghamshire.

⁷⁴ Ibid., SofS to PM, 'Conventional Arms Control in Europe', 29 June 1989.

⁷⁵ TNA, PREM 19/2932, folio 1 (a-c), Powell (PS/PM) to PM, 'Defence Issues', no date (late June 1989).

⁷⁶ Ibid.

The Chequers CFE seminar, 30 September 1989

The Prime Minister wanted the seminar to take a 'radical look' into the future, examining the implications for NATO's strategy and the UK's military role in it in the context of the proposed Conventional Forces in Europe (CFE) reductions. She wished to consider the constraints that an effective NATO strategy placed on the potential for further CFE reductions and discuss procurement implications arising from CFE developments. Mrs Thatcher sought fresh insights from no more than 20 participants, most from outside Government and the Services. From the MoD, Powell initially suggested inviting Younger, the PUS and CDP.⁷⁷ The MoD placed a closer focus on military developments, both in force structure and equipment mix, arising from possible shifts. Defence procurement planning flowed from the military planning, and the impact of this and the CFE negotiations required consideration.⁷⁸

Powell stressed the value of overseas experts 'as we do not have that many experts'.⁷⁹ The Prime Minister envisaged two-thirds of the seminar involving all participants, with a final session limited to official participants.⁸⁰ Alluding to possible savings, the Chancellor of the Exchequer, Nigel Lawson, supported looking 'at the implications for defence procurement plans'.⁸¹ The Treasury argued that if negotiations were successful, NATO reductions in equipment and support

⁷⁷ TNA, PREM 19/2937, Powell (PS/PM) to Hawtin (PS/SofS), 'Conventional Arms Control in Europe', 4 July 1989. The seminar was to be held in late September or early October. Ultimately there would be 22 participants, including the PM and Powell. In addition to Tom King and Alan Clark, Minister of State for Defence Procurement, military and MoD participants were MRAF Sir David Craig, CDS, the VCDS General Sir Richard Vincent, Sir Michael Quinlan, PUS, Professor J.R. Oxburgh, the Chief Scientific Adviser, General Sir Brian Kenny, C-in-C, BAOR and General Sir Martin Farndale, former C-in-C, BAOR. Chris Donnelly from the Office of the Secretary General NATO was a participant, as was Ken Brower from the Department of Soviet Studies at the Royal Military Academy, Sandhurst. Ultimately, the CDP, Sir Peter Levene, was unable to attend the seminar, which was set for 30 September, though he said his points would be articulated by General Vincent, Levene (CDP) to Powell, 29 August 1989. The Cabinet Secretary, Robin Butler, thought Powell's proposed seminar should be 'a valuable preliminary to, not substitute for, discussion in OD'. Butler to Powell, 'Conventional Arms Control in Europe', 7 July 1989. Butler recommended the CDS should attend.

⁷⁸ TNA, PREM 19/2937, Hawtin (PS/SofS) to Powell (PS/PM), 'Conventional Arms Control in Europe', 7 July 1989. Echoing Butler, the MoD underlined the need to 'constrain' discussion of UK policy issues and specific procurement programmes because of likely overseas participants.

⁷⁹ *Ibid.*, Powell (PS/PM) to PM, 'Conventional Arms Control', 10 July 1989. Interestingly, the MoD saw no added advantage in C-in-C, BAOR, attending, although Mrs Thatcher annotated, 'We must include him'.

⁸⁰ *Ibid.*, Powell (PS/PM) to Hawtin, (PS/SofS), 'Seminar on Conventional Arms Control', 11 July 1989.

⁸¹ *Ibid.*, Allan, (PPS/CHX), to Powell (PS/PM), 'Conventional Arms Control in Europe', 13 July 1989.

had to be shared among allies. The Chief Secretary had observed the previous month that it would be important in discussions with other NATO countries to stress the government's expectation that a fair share of any financial benefits would accrue to the UK. The Treasury also warned against purchasing equipment which might prove poor value for money if force reductions were made.⁸² In the MoD, the Treasury's increasing interest in the implications of a possible CFE agreement for the programme and budget agreed in PES 89 was highlighted. The MoD insisted that conclusions on programme impact could not be reached quickly, but the Treasury was unimpressed. As a compromise, the MoD offered to provide information showing how programme investment and the forward equipment programme might be affected by a successful CFE outcome.⁸³



Charles Powell – the son of an Air Vice-Marshal and Mrs Thatcher's defence and foreign policy guru. Photograph: Public Domain.

The Chief Secretary thought that allies would anticipate CFE implementation by making unilateral cuts in advance. He wanted George Younger to have a contingency plan for procurement should negotiations prove successful, and also warned against rejecting ceilings on UK-stationed manpower, pointing to the impending 'demographic trough' limiting recruitment, particularly in skilled areas. He opposed better pay rates to attract appropriate people into the Services, arguing that they would worsen labour shortages in the civil economy, and maintained that

⁸² AHB, CAS 10/7, Part 9, CST to Foreign Secretary, 20 June 1989.

⁸³ Ibid., Mottram (AUS(P)) to Head of RP (Army), Head of RP (RAF), 'PES 89: Implications of a CFE Agreement for the Defence Programme and Budget', 23 June 1989.

UK forces in Germany were a heavy balance of payments burden. His preference was to reduce Service manpower.⁸⁴

Meanwhile, there were significant MoD Ministerial changes in Mrs Thatcher's Cabinet reshuffle on 24 July 1989. Younger resigned from the Government. His replacement as Secretary of State, Tom King (the former Northern Ireland Secretary) had served in the Army on National Service in East Africa in the early 1950s with the King's African Rifles. Meanwhile, the maverick military historian Alan Clark was appointed Min (DP). The portents for this partnership were worrying. Clark claimed that he told Mrs Thatcher, 'I'm sorry Prime Minister, but I can't work with Tom. I went through all that when I was at DE (Department of Employment), I can't do it again. He's too ghastly.' Mrs Thatcher eventually persuaded him. King, likewise, recalled speaking to the Prime Minister, "'Would I have him?" I said yes; I don't know why, perhaps because I had him at Employment.' King acknowledged Clark's strengths, 'In many ways he knew much more about defence than I did. Therefore, I thought he could be very useful' and was particularly strong 'on the strategy of defence'.⁸⁵ Nevertheless, Clark's sometime associate, the conservative commentator Bruce Anderson, thought the King-Clark pairing could prove 'the only mistake in this reshuffle':

Clark is a defence expert with strong original views. He is a Gaullist. He disapproves of the Rhine Army. He is not pro-American. Above all he is no respecter of persons. He will enjoy asking sharp questions of generals and admirals and if he thinks their replies inadequate will tell them so.⁸⁶

⁸⁴ Ibid., CST to PM, 'Conventional; Arms Control in Europe', 5 July 1989. Substantial investments in developing and purchasing anti-armour weaponry to meet the Warsaw Pact armour threat was specifically mentioned. Major believed cuts to forces in Germany would be hard to avoid.

⁸⁵ Robin Oakley, 'Top jobs for Major and Patten', *The Times*, 25 July 1989. King and Clark had previously worked together as Ministers in the Department of Employment earlier in the decade, King as Secretary of State and Clark as Parliamentary Under-Secretary of State. Clark forecast a difficult relationship and noted that, 'In that Department [MoD], of all Departments, seniority is everything'. Alan Clark, *Diaries: In Power 1983-1992* (London: Phoenix paperback, 1994), pp. 248-250, 24 July 1989; Ion Trewin, *Alan Clark: The Biography* (London: Phoenix paperback, 2010), pp. 319-320.

⁸⁶ Trewin, *Clark: The Biography*, p. 320. See also Churchill Archive Centre THCR 1/9/18A, folio 13, Powell (PS/PM) to PM, 'Reshuffle', 19 March 1989. In this minute about a proposed Cabinet reshuffle, Powell advised that King, then Northern Ireland Secretary 'deserves a move'. Among those at Minister of State level 'who might be candidates but probably would not represent a net gain in Cabinet' was Alan Clark, who constituted, 'A temptation to have in, but would probably get you into trouble.'



The man in charge of Options for Change. Portrait of the Secretary of State for Defence, Tom King, 4 October 1989. Photograph: AHB(RAF)

King proceeded with caution and with measured expectations of arms control negotiations. In a ground-breaking visit to Hungary in September 1989, he rejected the elimination of nuclear weapons but acknowledged scope for 'substantial mutual reductions' in conventional forces.⁸⁷ Commentators proclaimed that change was imminent, and NATO should be prepared, to avoid becoming a 'gross irrelevance', as the Vienna negotiations had 'a kind of blitzkrieg approach to arms control'.⁸⁸

Meanwhile, the Chiefs, although grateful for the additional money secured in 1988, emphasised that it still left them with resources well below those planned under the Nott review's LTCs. Inflation would exceed estimated rates, costing defence about £1bn annually by 1992-93. Other concerns surrounded the impact of the demographic trough on recruitment, and growing retention difficulties. Mrs Thatcher remained concerned about the MoD's resource management. Powell described 'the continuing succession of accident-prone projects' and advised:

We now learn about new fatigue problems with the Tornado. There are continuing problems with the Foxhunter radar. The Westland helicopter continues to look dodgy. EFA is bogged down in disputes over the radar. This is where the real pressure on defence comes from.⁸⁹

Mrs Thatcher recognised concerns about personnel, recruitment and retention difficulties but thought that the economic slowdown and reduced employment opportunities elsewhere would help. She insisted that the MoD must be more flexible in offering selective incentives and recommended three guidelines – 'target, taper, incentivize'. She also wanted the armed forces to 'publicise the good stories [they] had to tell', which might assist recruitment,⁹⁰ and placed her customary emphasis on significant improvement in managing resources relating to defence equipment. She doubted that the EH101 helicopter programme could continue. King promised a report by the end of September. On RAF matters there was discussion of Tornado fatigue problems, particularly expensive if the aircraft's life was

⁸⁷ TNA, CAB 128/94, CC(89)24th Conclusions, 14 September 1989 for King's oral account on his visit to Hungary where he said the speed of change was 'remarkable'. Frederick Bonnard, 'Nato divided on inspection right', *The Times*, 7 September 1989.

⁸⁸ Editorial, 'Questions for Nato', *The Times*, 6 September 1989. Speculation followed that the role of maritime forces would increase with a shift in emphasis towards OOA tasks.

⁸⁹ TNA, PREM 19/4060, Powell (PS/PM) to PM, 'Meetings with Chiefs of Staff', 27 July 1989.

⁹⁰ Ibid., Powell (PS/PM) to Hawtin (PS/SofS), 28 July 1989; Colonel Drewienkiewicz (Secretary, Chiefs of Staff Committee) to PSO/CDS, 28 July 1989.

extended beyond 20 years, alongside the failure to bring the Foxhunter radar up to standard. There were difficulties with EFA but 'no insurmountable technical problems had yet appeared'.⁹¹

The MoD's PUS, Sir Michael Quinlan, circulated a discussion paper before the Chequers seminar. Some 25 copies were sent to Downing Street and the paper was eventually circulated to all participants.⁹² Mrs Thatcher was advised by Charles Powell that Quinlan thought NATO's CFE proposals would not involve changing the existing strategy of flexible response and forward defence. Significantly, the paper underlined that CFE's political impact would weaken public support for the level of defence effort still considered necessary, leading to pressure for even deeper cuts. Powell highlighted the paper's assertion that some American studies reckoned if NATO forces were reduced by 20-30%, it would prove impossible to sustain forward defence, necessitating a shift to a more mobile model with greater emphasis on expensive reinforcements. In the event of deeper cuts, a minimum capability would have to be maintained outside NATO. It would become increasingly difficult to resist including navies in arms control talks, and the political problem of maintaining support for defence would become 'even more acute'.⁹³ CAS described the paper as 'good'; ACAS noted that it was a 'balanced and sensibly cautious piece'.⁹⁴ However, Powell thought it 'quite technical and rather unadventurous'. He opted not to record more radical thoughts in case they led to troublesome leaks. Meanwhile, Powell accepted the paper provided, 'quite a good basis to launch a discussion, starting from the common basis of fact, even though we shall in practice need to consider more far-reaching options for Britain's defence policy than are here set out'.⁹⁵

⁹¹ TNA, PREM 19/4060, Powell (PS/PM) to Hawtin (PS/SofS), 28 July 1989; Colonel Drewienkiewicz (Secretary, Chiefs of Staff Committee) to PSO/CDS, 28 July 1989. Mrs Thatcher told the Chiefs that German unification would be 'catastrophic', the Warsaw Pact would need to be kept in existence and NATO would have to continue in being with adequate weapons to offer flexible response. She also thought if NATO cohesion was weakened by events and subsequent arms control negotiations, the UK should concentrate on the air defence of the UK and maritime forces.

⁹² AHB, CAS 10/7 Part 11, enclosure no 11, Quinlan (PUS) to SofS, 'Prime Minister's Seminar', 5 September 1989; TNA, PREM 19/2937, Hawtin (PS/SofS) to Powell (PS/PM), 'Seminar on Conventional Arms Control', 14 September 1989.

⁹³ TNA, PREM 19/2937, Powell (PS/PM) to PM, 'Seminar on Conventional Arms Control', 14 September 1989.

⁹⁴ AHB, CAS 10/7 Part 11, enclosure no. 2, ACAS to PS/CAS, 'Prime Minister's Seminar – Conventional Arms Control in Europe', 29 August 1989; enclosure no. 5, CAS to SO/ACAS, 'Prime Minister's Seminar – Conventional Arms Control in Europe', 31 August 1989.

⁹⁵ TNA, PREM 19/2937, Powell (PS/PM) to PM, 'Seminar on Conventional Arms Control', 14 September 1989.

Clark received a belated seminar invitation, having appealed directly to Powell.⁹⁶ He told Powell that the MoD was ‘much maligned’, and remarked on it developing an ‘administrative drag to the proportions of an art form’ but (it) ran ‘beautifully like an old Rolls Royce’. Clark’s major gripe concerned the larger equipment programmes:

A major encumbrance of our Defence Policy is being programme-led by a few major systems, whose now obsolescent predecessors were themselves put in place to cope with threats and disparities that have long since altered in shape and character. The while, of course, they attract around them considerable vested interests both military and industrial - and not only in the UK.⁹⁷

Powell believed the crucial question surrounded the durability of a CFE agreement and possible negotiations for further reductions. He recommended thinking immediately about longer-term changes to NATO strategy and the equipment to implement it, rather than maintaining the existing strategy, which Quinlan’s paper suggested. Powell added, ‘This would virtually guarantee the wrong procurement decisions. In short, we should be looking at the problems not just from the perspective of 1990 but of say 1995/6 (which is when we will get the equipment we order now).’ Powell supported Clark on avoiding significant spending on new equipment of little use longer term.⁹⁸

The Chancellor, Nigel Lawson, and new Chief Secretary, Norman Lamont, focussed on savings at the seminar. Clark claimed to have ‘set out his stall, named and costed a number of programmes which could be eliminated without any risk’. When Mrs Thatcher concluded that further work was necessary, Clark said he had appealed for her instructions ‘to draw up a schedule of our equipment requirements over the next five years, in the light of anticipated progress in the CFE negotiations’. King recalled Clark slipping in when participants were putting their papers away to put a view, without asking him (King).⁹⁹

⁹⁶ Ibid., Powell (PS/PM) to PM, 17 September 1989. Powell advised Mrs Thatcher, ‘you ought to invite him given that he is in charge of procurement of weapons systems and seems to be taking a characteristically robust and independent line’. Providing King was informed in advance, Mrs Thatcher agreed.

⁹⁷ Ibid., Min (DP) to Powell (PS/PM), undated, mid-September 1989.

⁹⁸ Ibid., Powell (PS/PM) to PM, ‘Seminar on Conventional Arms Control’, 26 September 1989.

⁹⁹ Trewin, Clark: *The Biography*, pp. 320-322; Clark, *Diaries*, pp. 257-260, 30 September 1989.

The important account of the seminar was Powell's summary record, circulated to participants shortly afterwards. The seminar addressed concerns that NATO members would seize their respective peace dividends, and attendees acknowledged that it would be vital to get implementation of the CFE agreement right on the NATO side. 'It would be a disaster if all Member States tried to cash their cheques at once. We must avoid competitive striptease and go for an orderly draw-down of forces, both as regards the pace and the pattern of reductions.' The draw-down of forces had to be equitable so that the UK was not left to assume an unfair share of the defence burden.¹⁰⁰

Follow-on cuts to the CFE negotiations were also discussed. Some participants speculated that NATO forces could eventually be halved, and successful negotiations with Moscow would reduce public perceptions of the Soviet threat, leading to a clamour to see the 'peace dividend'. It would be very difficult for NATO to openly oppose further negotiations. However, the future was difficult to predict with any degree of confidence. It was unclear how the Soviet Union would evolve, and the recent lesson of Tiananmen Square suggested that pressure for political reform might be slowed or suppressed by authoritarian countermeasures.¹⁰¹ Rapid change in Eastern Europe could bring greater instability. NATO had to retain sufficient forces to address any potential threat. Developments in Eastern Europe and particularly in East Germany were 'awakening interest in German reunification'.¹⁰²

There was a general feeling that NATO must remain strong. A CFE agreement would make it harder to maintain public support for defence and the deterrent. Emphasis was to be placed on NATO's continuing role and relevance, stressing potential new dangers from instability in the Soviet Union and Eastern Europe. A CFE agreement was advantageous for the West, but implementation had to avoid premature and competitive reductions. The continued significance of flexible response, forward defence and theatre nuclear weapons was noted, although a shift

¹⁰⁰ TNA, PREM 19/2937, Powell (PS/PM) to Hawtin (PS/SofS), 'Seminar on the Implications of a CFE Agreement for NATO's Strategy, Operational Concepts and Equipment', 2 October 1989.

¹⁰¹ This referred to the Tiananmen Square massacre of students and pro-democracy campaigners in Beijing on 4 June 1989 and the subsequent crackdown by the Chinese Communist authorities on dissent across the country.

¹⁰² TNA, PREM 19/2937, Powell (PS/PM) to Hawtin (PS/SofS), 'Seminar on the Implications of a CFE Agreement for NATO's Strategy, Operational Concepts and Equipment', 2 October 1989. The West German Government was apparently positioning itself to promote unification. The importance of anchoring Germany firmly in the West was stressed.

seemed likely to more mobile defence and a greater role for reserves. The CFE also provided an opportunity to improve inter-operability in NATO equipment. Beyond Europe, the UK had to maintain adequate forces and equipment for non-NATO roles and responsibilities, while NATO's strategy required a shift towards sure defence against any eventuality.¹⁰³ The seminar follow-up work comprised:

- further in-house work on the apportionment of cuts and the right structure of forces. This should also deal with the question of equitable burden-sharing. The purpose of the work is to stimulate informed consideration within NATO as soon as possible. This is for MoD and FCO, consulting the Treasury as necessary.
- a fresh look at our own defence procurement needs in the light of CFE. The purpose would be as much to identify what we can do without as what we need. It should pay particular attention to the need for inter-operability. Minister (Defence Procurement) should take the lead with the Treasury and FCO also involved.
- a study of acceptable outcomes to eventual SNF [Short Range Nuclear Forces] negotiations. This is for FCO and MoD jointly.
- a note on the most effective public presentation of the CFE agreement. This is MoD and FCO jointly.¹⁰⁴

Relevant papers were to be submitted to the Prime Minister. Clark understood that this process signalled the onset of a defence review, a unique opportunity to recast the UK's post-Cold War posture and secure significant savings. However, his hope of writing it was soon extinguished. King's PS told Powell this key task would not be devolved:

My Secretary of State has noted the attribution of follow up work in the final paragraph of your letter. However, given the importance of the issues, he has asked me to make it clear that he will be exercising personal charge and supervision of this work, including that on defence procurement needs, and of the necessary consultation with the FCO and Treasury.¹⁰⁵

¹⁰³ Ibid. The challenges of implementation were to be stressed to divert attention away from further cuts.

¹⁰⁴ Ibid.

¹⁰⁵ Ibid.

Powell advised Mrs Thatcher that the disputed paragraph reflected what she had said. Powell noted King's objection 'because - I think - he does not trust Alan Clark not to pursue particular hobby-horses of his own (Alan is rather rashly talking about a mandate to conduct his own personal defence review).' Powell, though sympathetic to Clark's approach, observed that there was a 'problem of personalities' and advised the Prime Minister, 'I think you have to support Tom King.' Mrs Thatcher annotated, 'Yes - but leave Alan some self-respect - and initiative to prepare the options.'¹⁰⁶ Powell advised King's Private Office accordingly.¹⁰⁷ King's office would not release a copy of Powell's minutes to Clark's Private Office, but Clark obtained one from Downing Street. On 5 October, King reportedly summoned Clark and emphasised that he (King) was in charge and would not tolerate his subordinate 'passing notes to the Prime Minister down the chimney'.¹⁰⁸ Nevertheless, over the ensuing months, two reviews were pursued within the MoD - the departmental version, Options for Change, and Clark's own independent defence review, written with his PS, Julian Scopes.¹⁰⁹

King wanted discussion kept in-house, avoiding wide consultation and lobbying. He tried to emasculate Clark¹¹⁰ and keep the individual Service Chiefs out of the decision-making process, fearing they would lobby and leak (avoiding leaks was a priority for King). Officials also hoped that Heseltine's reforms of the MoD in the mid-1980s, which strengthened the Central Staff, had tempered inter-Service rivalry.¹¹¹ For presentational reasons the word 'review' was not to be mentioned.¹¹²

¹⁰⁶ TNA, PREM 19/2937, Powell (PS/PM) to PM, 'Chequers Seminar: Follow Up Work', 4 October 1989.

¹⁰⁷ Ibid., Powell (PS/PM) to Hawtin (PS/SofS), 'Follow-Up to the Chequers Seminar', 5 October 1989. The letter said, 'The Prime Minister naturally expects the Defence Secretary to exercise overall supervision of the work and any recommendations to come forward from him. But she would also think that, as recorded in my note of the Seminar, the Minister for Defence Procurement should take the initiative within MoD in preparing options in respect of our future equipment needs.'

¹⁰⁸ Clark, *Diaries: In Power*, pp. 260-261, 4 October, 5 October 1989. The existence of the Chequers seminar was soon in the public domain, 'when the Prime Minister assembled a group of ministers, service chiefs and academics to mull over the direction of national strategy'. Editorial, 'Beyond Containment', *The Times*, 2 October 1989.

¹⁰⁹ Trewin, *Clark: The Biography*, p. 322.

¹¹⁰ Clark, *Diaries*, p. 270, 17 January 1990. For instance, King would not let Clark see the draft of the official MoD paper for the Chequers seminar on 27 January 1990.

¹¹¹ Michael Hobkirk, 'The Heseltine Reorganisation of Defence: Kill or Cure?', *RUSI Journal*, March 1985, pp. 45-50; 'Military mandarins', *The Economist*, 30 September 1988. It was noted that the Central Staff, the so-called 'purple suiters' were given 'a lot more clout'.

¹¹² Churchill Archives Centre Cambridge Witness Seminar, "Overstretched" *The making and impact of the UK's defence policy since 1957*, 25 October 2007, p.14 of transcript.

Change intensifies

Meanwhile, seismic developments in Central and Eastern Europe transformed the Cold War playing field. Uncertainty was in the ascendancy. The fall of the Berlin Wall on 9 November 1989 signalled a new set of circumstances for defence. The prospect of conflict between NATO and the Warsaw Pact receded rapidly - a process that culminated in the dissolution of the Warsaw Pact on 31 March 1991. Dramatic political changes confronted policymakers still bound by the basic assumptions of the Cold War. In October 1989, Tom King warned against unilateral disarmament, arguing that it could undermine NATO's negotiating position.¹¹³ Following the Wall's fall, he maintained a characteristically cautious public approach about political developments whilst still insisting that the Soviet economy could not sustain huge defence spending. Whilst welcoming developments in Europe, he argued those seeking self-determination in Eastern Europe would not benefit from sudden changes in NATO's defence strategy. King downplayed the idea that the CFE negotiations would lead to 'dramatic changes' in NATO's military posture. As he put it, 'my feeling is that the cuts will have rather less of an impact than has been imagined.'¹¹⁴

Western defence budgets were already under pressure because of rising equipment costs. Public perceptions were shifting to the view that the Soviet threat no longer existed. High-profile programmes, including EFA, were confronted by the challenge of attracting funding in a tough political climate. Likewise, the Wall's fall and pressure for a unified Germany accentuated CFE expectations of likely cuts to British Forces Germany (BFG). The £300m expended annually on maintaining the 55,000-strong British Army of the Rhine (BAOR) and 12,000 airmen of RAF Germany was ripe for reduction,¹¹⁵ despite SoS's utterances that the situation was too uncertain to justify an early cut in defence spending.¹¹⁶

The 1989 PES prioritised reducing inflation and controlling public expenditure. Higher inflation promised to increase the cost of demand-led programmes

¹¹³ Parliamentary Staff, 'Cruise report "total distortion"', *The Times*, 25 October 1989.

¹¹⁴ Nicholas Wood, 'King urges calm Western reaction in face of danger', *The Times*, 18 November 1989; Michael Evans, 'Time of hope - and danger', *The Times*, 18 November 1989. At this stage media speculation suggested that a defence review was on the cards because of economic and cost factors rather than because of political developments in Eastern Europe and the Soviet Union. Michael Prescott and Christy Campbell, 'Top-secret review of defence', *Sunday Correspondent*, 19 November 1989.

¹¹⁵ Michael Evans, 'Berlin bulldozers threaten to divide Nato defensive unity', *The Times*, 14 November 1989.

¹¹⁶ Foreign Staff, 'King warning', *The Times*, 11 December 1989.

(including defence projects). Unsurprisingly, the Chief Secretary to the Treasury was dismayed to find that departmental bids represented a total increase in spending which, in his view, 'would be irresponsible in present circumstances and unsustainable in the future'.¹¹⁷ He therefore decreed that bids should be 'severely cut back'. Nevertheless, the three-year settlement for defence up to 1991-92 agreed in the 1988 Survey was confirmed, as was a new three-year settlement covering 1990-91 to 1992-93, increasing provision by around £1bn annually.¹¹⁸

There were numerous other uncertainties. Commentators doubted that the post-Cold War international environment would be favourable to the UK or offer her the influence she had previously exerted.¹¹⁹ The impending CFE Treaty implied both force and equipment cuts.¹²⁰ The economic slowdown further threatened defence spending, and the government received contradictory signals about future American plans. Facing budgetary problems, the US Defense Secretary, Dick Cheney, mentioned cutting spending by 5%, surprising his European counterparts. Despite Bush's unease at Cheney's comments, Mrs Thatcher believed that American cuts would lead to the UK assuming more obligations and claimed a 'common understanding [with Bush] on the importance of preserving present NATO and Warsaw Pact structures for the foreseeable future'.¹²¹ The military leadership remained wary. The CDS, Marshal of the Royal Air Force (MRAF) Sir David Craig, told the Air League on 22 November that faced with growing internal instability, the Soviet regime 'may be tempted to strike outwards'. NATO could not afford to lower its guard 'prematurely'. It had to remain prepared for the unexpected.¹²² In a post-Berlin Wall world, NATO's role would alter, shifting from facing a single

¹¹⁷ TNA, CAB 129/227, C(89)8, '1989 Public Expenditure Survey', Memorandum by the Chief Secretary, Treasury, 7 July 1989; CAB 128/94, CC(88)25th Conclusions, 12 July 1989. CST complained the initial bids would increase public spending as a share of national income for the first time in a decade, signalling a complete reversal of the Government's commitment to restrain public expenditure growth.

¹¹⁸ TNA, CAB 129/227, C(89)13, '1989 Public Expenditure Survey', Memorandum by the Chief Secretary, Treasury, 14 November 1989.

¹¹⁹ Mary Kaldor, 'What's it all for?', *London Review of Books*, Volume 13, Number 15, 15 August 1991. Kaldor highlighted the Conservative MP, George Walden's argument that the UK's international position had been 'artificially inflated' by the Cold War. Michael Clarke, 'Adapting to the real challenge', *Defence Review*, Autumn 1997, pp. 8-9.

¹²⁰ The CFE Treaty was signed in Paris on 19 November 1990. The Treaty specified declared holdings and residual ceilings for equipment in Europe. The UK declared 842 combat aircraft and 368 attack helicopters in total. HM Government, *Statement on the Defence Estimates: Britain's Defence for the 90s Volume 1 Cmnd 1559-I* (London: HMSO, July 1991), pp. 31-35.

¹²¹ TNA, CAB 128/94, CC(89)36th Conclusions, 30 November 1989.

¹²² Michael Evans, 'Top Army officer to visit Soviet Union', *The Times*, 23 November 1989.

fixed enemy to confronting smaller conflicts.¹²³ NATO at 40 faced an existential challenge.¹²⁴

Speculation mounted that the UK, like the US, might concentrate on OOA responsibilities, the Navy faring better in a reordering of priorities,¹²⁵ but the MoD dismissed reports that a high-level review had commenced with a remit to reduce spending. It pointed out that the budget was to rise by £1bn annually over the next three years from £20.3bn in 1989 to £23.4bn by 1992-93, and, with CFE talks ongoing, it would be rash to undertake a unilateral review.¹²⁶ Mrs Thatcher warned the Americans: 'Don't disarm too fast.' The Cold War was not over but it was thawing, 'When the ice breaks up it can be very dangerous.'¹²⁷ On 24 November 1989, at Camp David, Bush and Mrs Thatcher agreed that existing NATO and Warsaw Pact structures should be maintained. Bush admitted that the US government was facing budgetary difficulties, but Mrs Thatcher argued that it would be damaging if the first target for budget cuts was defence. Western governments should not try to justify further reductions because of the diminished Warsaw Pact threat. The future remained unclear.¹²⁸ King expressed UK concerns about projected US reductions to Cheney. Cheney assured colleagues at NATO's Defence Policy Committee that there would be full consultation within the Alliance and that US troops would remain in Europe.¹²⁹

After his Malta meeting with Gorbachev in early December 1989, Bush told fellow NATO leaders that he was willing to consider further cuts to conventional forces following a CFE agreement. Mrs Thatcher found this alarming, asserting that US defence spending was being driven by budgetary factors. She supported NATO's line that no state should take unilateral action to implement force reductions under a CFE agreement and believed that some governments 'wanted to pocket all the

¹²³ Adam Roberts, 'Giving Nato a post-Wall role', *The Times*, 28 November 1989

¹²⁴ Talk of major unilateral cuts to US forces in Europe was countered by demands for a stronger political role for the Alliance, although not at the expense of its defence capabilities. Michael Binyon and Frederick Bonnard, 'Nato aims for role in reshaping Europe', *The Times*, 17 December 1989

¹²⁵ Editorial, 'Managing Defence', *The Times*, 17 November 1989.

¹²⁶ Michael Evans, '£1bn plan for new battle tanks to go ahead', *The Times*, 20 November 1989.

¹²⁷ Philip Webster, 'Cold War "will last until 2020"', *The Times*, 25 November 1989.

¹²⁸ TNA, CAB 128/94, CC(89)36th Conclusions, 30 November 1989. Mrs Thatcher rejected Bush's comment that cutting defence spending was 'what peace was about', reminding him defence spending was required to maintain peace.

¹²⁹ *Ibid.* Nevertheless, considerable anxiety remained over US intentions with fears that when meeting Gorbachev in Malta in early December, Bush would discuss any subject raised by the Soviets.

reductions under the agreement for their own country'.¹³⁰ Mrs Thatcher also hoped that thought was being given to the consequences for BFG arising from German confederation or unification, probably following a CFE I agreement and possible CFE II agreement, presumably involving a substantial reduction of BFG along with further consequences in relation to the Brussels Treaty and NATO. Charles Powell admitted that developments were 'rapidly entering the realm of science fiction', but he added: 'With the unthinkable happening with alarming regularity, the Prime Minister would like to feel that we are doing some serious thinking on these points and on the shape of the new world which could confront us really quite rapidly.'¹³¹ He suggested a meeting at Chequers in late January or early February.¹³²

Whilst the MoD had contingency plans for UK forces in Berlin and West Germany, no new plans had been formulated to deal with the latest events. On potential longer-term implications, the MoD advised Powell: 'Work is underway, within a very small circle, on the possible implications of international change for our defence policy.'¹³³ The priority of follow-up work from the Chequers seminar concerned the implications of a CFE agreement on the lines being negotiated at Vienna, rather than on potential 'deep cuts' under a CFE 2. Developments in Germany rendered NATO's strategy of forward defence less rigid. As in-place forces were reduced, military concepts would require revision, with a more flexible approach trading space for time, placing greater emphasis on reinforcement forces and mobilisation rates. The MoD considered that new models were required to analyse options and their implications. This work was complicated by recent international events but, the MoD insisted, 'its importance and priority is fully recognised.'¹³⁴

King, Clark, Archie Hamilton (Armed Forces Minister) and Mottram, now Deputy Under-Secretary (Policy) (DUS(P)), met on 21 December to consider East/West relations and the implications of CFE negotiations for defence policy. Three issues were discussed. The first was the position regarding work commissioned after the Chequers seminar, while the second issue covered further work the Prime Minister had commissioned to ensure the UK was properly prepared for possible scenarios

¹³⁰ TNA, CAB 128/94, CC(89) 37th Conclusions, 7 December 1989.

¹³¹ TNA, DEFE 13/2196, Powell (PS/PM) to Wall (PS/Foreign Secretary), 'East/West Relations', 8 December 1989.

¹³² *Ibid.*, Wall (PS/Foreign Secretary) to Powell (PS/PM), 'East/West Relations', 12 December 1989; Powell to Wall, 'East West Relations', 13 December 1989.

¹³³ TNA, DEFE 13/2196, Hawtin (PS/SofS) to Powell (PS/PM), 'East/West Relations', 19 December 1989.

¹³⁴ *Ibid.*

in Eastern Europe and the Soviet Union. The third issue concerned the interrelationship between both tranches of work and preparations for another Chequers seminar covering arms control and national and European security. King wished to ascertain what work was required from the MoD, the timetable and how best to initiate it, subject to a 'very strict need to know basis'. He had a tacit preference for a limited steering group.¹³⁵

King indicated that increased sensitivity meant that the Prime Minister's meeting would probably be smaller and 'restricted to key Ministers and a few supporters', and he now adopted a reactive approach, avoiding talk of a 'Defence Review', which damaged Service morale and could 'stimulate an unhelpful political atmosphere'. He felt that various new options might emerge from current developments. It was too early to consider changing policy. Instead, he anticipated that work would progress via normal MoD processes, and that the work thereby undertaken could inform choices. He restricted the circulation of papers for the forthcoming meeting to a small group encompassing the two Ministers of State, CDS, PUS, VCDS, 2nd PUS and DUS(P). Others could be consulted over individual issues but were not to see the full set of papers.¹³⁶

A DIY Defence review

Alan Clark was exasperated by the departmental review's slow pace - a development he attributed to King's character. Bypassing King, although ultimately caught out, Clark personally delivered his slim study entitled 'The 1990 Defence Review' to Powell for Mrs Thatcher's Christmas 1989 recess reading. Although Clark and Julian Scopes, his PS, consulted across the MoD, and Richard Mottram's assistance was acknowledged specifically, the exercise's surreptitious nature and radical recommendations excluded a formal process with Services' input.¹³⁷ Alongside personal reading and research, Clark's impressions of contemporary

¹³⁵ Ibid., Hawtin (PS/SofS) to PS/Min (AF), PS/Min (DP), 'East/West Relations and Implications of CFE Negotiations for UK Defence Policy', 20 December 1989.

¹³⁶ Ibid., Webb (PS/SofS) to PS/Min (AF), PS/Min (DP), DUS(P), 'East/West Relations and CFE', 22 December 1989.

¹³⁷ TNA, PREM 19/2992, Min (DP) to Powell (PS/PM), 'The 1990 Defence Review', 21 December 1989. Clark's covering minute said: 'You will recall certain personal sensitivities following the CFE seminar note. Tom [King] knows about the group [Clark, Scopes and Mottram], but has not attended any of our meetings. Archie [Hamilton], also, and has sat in on a few of them. Immediately following the Chequers spate Tom insisted that I should not communicate with the PM without his permission. I have not sought his permission, but I am showing him a copy of this paper and informed him that I have sent it over. In fact, I do not think he will mind, probably be quite relieved.'

developments were coloured by his sons' input.¹³⁸ The introduction for Mrs Thatcher highlighted the Chequers decision requiring 'a fresh look at our defence procurement needs in the light of CFE', but this could not take place in isolation from defence policy. Budgetary pressures and a more realistic central front threat appreciation made a defence review inevitable.¹³⁹

Clark described his review as an 'entirely private document, which does not carry the broad endorsement of the Department - though I am showing it to the Secretary of State and to Archie Hamilton.' The document was entitled 'Defence Policy and Defence Procurement Needs (The 1990 Defence Review)' later altered to '(Options for Defence in the 1990s)'. It was not a conventional review but a more vivid document, emphasising the centrality of sovereign states and primacy of national self-interest within alliances. Clark believed satellite communications and in-flight refuelling had shrunk the world, rendering the concept of 'out of area' superfluous. He rejected the European balance of power and recommended concentrating on the world balance, with the UK aligning itself with the strongest power in each (regional) bloc. Clark proposed maintaining a strategic nuclear deterrent, with air defence a top priority. However, maintaining a standing army in Europe was a 'most unnatural posture' for the UK, and the Central Front commitment was an 'enchainment'. Crucially, he wanted to see a shift towards a 'very high degree of amphibious and/or airborne flexibility'.¹⁴⁰ In achieving 'amphibious flexibility' he viewed the Navy as the future top dog among the Services.

¹³⁸ Trewin, *Clark: The Biography*, p. 319. Andrew, serving in the Army, informed Clark on morale and Service thinking. James, a commercial helicopter pilot in the North Sea, provided additional specialist technical knowledge.

¹³⁹ TNA, PREM 19/2992, (Min (DP) to PM, 'Defence Policy and Defence Procurement Needs (The 1990 Defence Review)', 21 December 1989.

¹⁴⁰ TNA, DEFE 13/2196, Min (DP) to SofS, 'Defence Policy and Defence Procurement Needs', 21 December 1989; Trewin, *Clark: The Biography*, pp. 325-326.



A man in a hurry. Alan Clark was impatient at the slow pace of progress reforming defence. Photograph: *Guardian*/public domain.

Clark believed the Tornado was a ‘back number’ and rejected updating the ADV or fatigue rectification work and attrition buys for both variants. He called for RAF Germany to be run down by four squadrons but backed the EFA: ‘It should have a long [life] expectancy as a dominant machine with good prospects of export sales.’¹⁴¹ He pivoted towards Mrs Thatcher’s desire that ‘particular attention...be given to Inter-operability’ believing this meant backing equipment deployable in widely different theatres, rather than being confined to one particular role and area.¹⁴²

Clark proposed reducing defence spending by £17 billion over the next decade, halving Army and RAF manpower and reducing the Navy by one-third. The Army was to find £14bn savings, the RAF £3bn. No financial savings were sought from the Navy. There was £2bn of programme enhancements. Clark envisaged accelerating spending on the next generation of aircraft carriers and EFA. Savings arising from role transfer - away from Germany - supported enhanced ‘amphibious flexibility’ and an overall surplus acceptable to the Treasury and voters. Clark

¹⁴¹ TNA, DEFE 13/2196, Min (DP) to SofS, ‘Defence Policy and Defence Procurement Needs’, 21 December 1989; Trewin, *Clark: The Biography*, pp. 326-327. Although he supported an enlarged Parachute Regiment, adding a second intervention brigade and upgrading the Territorial Army, Clark believed the Army should be reduced by 25-30,000, also solving problems surrounding ‘recruitment, retention and quality’.

¹⁴² TNA, DEFE 13/2196, Min (DP) to SofS, ‘Defence Policy and Defence Procurement Needs’, 21 December 1989; Trewin, *Clark: The Biography*, p. 327. Despite Clark’s support for the Navy, he observed it remained ‘completely obsessive about anti-submarine warfare’ and despite Falklands experiences had done little to correct the vulnerabilities to air attack.

maintained ‘amphibious flexibility’ and a ‘heavy’ deployment in Europe could not both be afforded, seeking a shift from ‘immobility and weight’ towards ‘speed and economy’. King described Clark’s paper as ‘pretty drastic stuff’. His office inadvertently found out from Powell that it had also gone to Downing Street, when advising Number 10 that the MoD’s own paper was delayed because the department wanted to consider Clark’s offering. King then persuaded Powell not to show Clark’s review to Mrs Thatcher before Christmas.¹⁴³ Powell finally gave it to her on 7 January 1990, together with his attached commentary.¹⁴⁴ Powell noted, ‘The promised minute from Mr King has still not come.’ He (Powell) was showing Mrs Thatcher Clark’s paper so that she might consider it, but he asked her to keep it to herself: ‘Could you please not mention to Mr. King that you have seen it.’¹⁴⁵

King’s covering minute arrived on 9 January as Clark’s paper was tabled for discussion at the forthcoming Chequers meeting. King underlined that Clark’s ‘very personal paper’ involved few officials and contained figures that had still to be fully checked. He highlighted Clark’s ‘most stimulating approach’ but argued for retaining a significant presence in Europe for the foreseeable future, as the Soviet Union remained a ‘massive military power’, and a powerful Germany needed to be anchored in the West.¹⁴⁶ To avoid a domino effect of ‘premature Western

¹⁴³ TNA, DEFE 13/2196, Min (DP) to SoFS, ‘Defence Policy and Defence Procurement Needs’, 21 December 1989; Clark, *Diaries: In Power*, pp. 263-266, 21 December 1989. It was discussed at Mrs Thatcher’s Chequers seminar on 27 January 1990. Ion Trewin, *Alan Clark: The Biography* (London: Phoenix paperback, 2010), pp. 319-329; Michael Evans, ‘How Alan Clark’s vision for Forces became a reality’, *The Times*, 2 August 2005.

¹⁴⁴ TNA, PREM 19/2992, Powell (PS/PM) to PM, ‘British Defence Policy’, 28 December 1989. Powell advised, ‘It has caused some bad blood between him and Tom King who feels that Alan has gone both beyond his remit and behind his back’. Powell noted it was unwise of Clark to call the paper a defence review and King had altered this, but sooner rather than later a defence review would need to be conducted. Worryingly, Clark had already told at least one journalist about his work. Nevertheless, Powell deemed the paper ‘well-written and wide-ranging’ as it illustrated the shift into a very different sort of world and advocated ‘much greater amphibious/airborne flexibility’. He believed it was an excellent basis for discussion at the seminar. Powell sympathised with Clark’s approach and the move back to a UK-based defence but mentioned the Government’s efforts to slow down German unification and maintain the structures of NATO and the Warsaw Pact, the opposite of Clark’s proposals. However, Powell also underlined the importance of not being left with armed forces structured to the land defence of Europe which may be overtaken by events and no longer required. Powell did not believe the level of savings envisaged by Clark would come to fruition, as the costs of re-equipping the forces for the different role Clark proposed would be higher than forecast and would wipe out much of the net savings.

¹⁴⁵ *Ibid.*, Powell (PS/PM) to PM, 7 January 1990.

¹⁴⁶ TNA, DEFE 13/2196, Webb (PS/SoFS) to PS/Min (AF), PS/Min (DP), DUS(P), ‘Chequers meeting: 27th January 1990’, 11 January 1990; PREM 19/2992, SoFS to PM, ‘Defence Policy and Procurement Needs’, 9 January 1990.

disarmament', the MoD had steadfastly declined to state that it was embarking on a defence review. The next step involved studies of options for future defence policy and programmes. In a foretaste of things to come, King emphasised that this had to be 'handled as tightly as possible' to maintain defence morale and public commitment to effective defence, insisting that the 'tightest security' be observed for all papers being discussed.¹⁴⁷

Back to Chequers, January 1990

In early January 1990, Conservative backbenchers voiced concerns to Mrs Thatcher that the Government was pursuing an outmoded defence policy that did not reflect the requirements of the new era. They raised questions about the BAOR's future in an increasingly unwelcome environment in Germany, where the Federal Government proposed tougher low flying rules and changes to exercises, and where a defence review was confidently anticipated. But the Prime Minister retained her view that changes in Eastern Europe were very recent and might not last. Soviet military capability 'remained fearsome'. Considerable forces were still needed to defend the UK and conduct OOA activities, supported by the nuclear deterrent.¹⁴⁸

The Chequers meeting on diplomatic and defence implications of recent developments in East/West relations was scheduled for Saturday 27 January. Mrs Thatcher only wanted six attendees but reluctantly increased numbers.¹⁴⁹ Three areas were earmarked for discussion. The first involved a stock-take of recent events and an assessment of future prospects. The second area encompassed the consequences of UK diplomacy, the direction of NATO, the UK's objectives in the European Community, exploitation of events in Eastern Europe, closer Anglo-French relations and the maintenance of a strong US commitment to Western Europe. The third area, MoD-led, considered the consequences of these developments and of a CFE agreement for NATO strategy and for the structure,

¹⁴⁷ TNA, PREM 19/2992, SofS to PM, 'Defence Policy and Procurement Needs', 9 January 1990.

¹⁴⁸ Ibid., Powell (PS/PM) to Webb (PS/SofS), 'Conservative Back Bench Committee on Defence', 9 January 1990. The Treasury and Labour Opposition harboured similar reservations. On low flying aircraft in West Germany see TNA, CAB 128/94, CC(89)28th Conclusions, 14 September 1989.

¹⁴⁹ TNA, DEFE 13/2196, Powell (PS/PM) to Wall (PS/Foreign Secretary), 'Diplomatic and defence implications of recent developments in East/West relations', 8 January 1990. On preparations see PREM 19/2937, Powell to Ponsonby (No. 10), 13 December 1989; Ponsonby to Powell, 'Defence Seminar at Chequers', 8 January 1990. See PREM 19/2992, Powell to PM, 'East West Relations', 12 December 1989.

deployment and equipment of UK forces. Mrs Thatcher insisted that knowledge of the meeting should remain tightly restricted.¹⁵⁰

Mottram expected that King would be asked to clarify the possible force-level implications of the alternative scenarios cited in a recent FCO paper on Conventional Defence and Arms Control in Europe.¹⁵¹ Most Allied leaders, including Bush and the Soviets, assumed that a 1990 CFE agreement would be followed by further negotiations and more reductions. CDS asserted that he did not accept the notion of CFE II being compatible with retaining NATO's existing strategy of flexible response and forward defence.¹⁵² The nature of forward defence would change in that it would assume a more mobile, less territorial form, sustained at around 70% of previous NATO levels, providing greater flexibility for force structures in the 1990s. Brussels Treaty renegotiation appeared straightforward in the context of European security post-CFE II,¹⁵³ but the readiness of the electorate to accept the continued importance of defence spending was more open to question. Sir Percy Cradock, Chairman of the Joint Intelligence Committee (JIC), argued: 'The concept of a benign, or at least harmless, Soviet Union is rapidly establishing itself in the popular mind, and prudent defence policies will prove increasingly difficult to justify and fund.'¹⁵⁴

King's Chequers paper, 'Defence Implications of Developments in East/West Relations', stated that the UK's priority remained 'the cohesion and effectiveness

¹⁵⁰ TNA, DEFE 13/2196, Powell (PS/PM) to Wall (PS/Foreign Secretary), 'Diplomatic and defence implications of recent developments in East/West relations', 8 January 1990. Mrs Thatcher said that if a hint of the meeting reached the press, she would either cancel it, or if it had been held, to avoid further such meetings in the future. MoD ministerial tensions were discernible. An unsuccessful effort was made to 'uninvite' Clark. King's PS told Downing Street that Archie Hamilton was doing a lot of work on NATO and wondered whether he could come instead/as well. PREM 19/2937, Morris, (No. 10) to Powell, 3 January 1990.

¹⁵¹ TNA, DEFE 13/2196, Mottram (DUS(P)) to PS/SofS, 'Chequers Meeting: East/West Relations and Germany', 9 January 1990. The FCO had also forwarded to DUS(P) three further papers on German Unification, European Architecture and on Germany: Legal and Procedural issues.

¹⁵² *Ibid.*, CDS to DUS(P), 'Chequers meeting: East/West Relations and Germany', 12 January 1990. Cuts beyond a nominal 15% needed detailed study, as recent Pentagon-founded studies had concluded. The Soviets had tabled a proposal for a second phase of CFE involving 25% reductions for 1994-97.

¹⁵³ TNA, DEFE 13/2196, Gozney (PS/Foreign Secretary) to Powell (PS/PM), 'Western Security in the 1990s, covering enclosure, 'Conventional Defence and Arms Control in Europe'. FCO advice was that the UK should try to shape NATO's proposals for CFE II. Some ideas would require adaptation of NATO strategy but changes to the existing version of forward defence could benefit UK interests.

¹⁵⁴ *Ibid.*, Powell (PS/PM) to Wall (PS/Foreign Secretary), 17 January 1990, enclosing paper by Sir Percy Cradock, 'Diplomatic and Defence Implications of Recent Developments in East West Relations, see p. 5.

of NATO'. King hoped that UK forces would stay in Germany. Even before any fundamental changes, he emphasised the need for investment in greater flexibility and mobility. He also raised LTC 90 concerns and earlier warnings of aligning the programme with LTC 89 resources. There was a need to take prompt decisions for budgetary reasons. Although the programme had been pruned, more work was required on the implications of a CFE agreement. He informed Mrs Thatcher:

The next step which I am also putting in hand is the study of a range of options or more far-reaching possibilities for change to the size and shape of our forces, should events develop in ways which would justify them. Alan Clark's interesting paper which set out what he described as an extreme option illustrates one of these we need to address; and there are a number of others.¹⁵⁵

King had rejected the idea of a 'whole new defence programme' but was considering various possible options in areas such as procurement 'if certain changes in the Warsaw Pact and Soviet Union became firmly established'. He insisted on tight security, not listing scenarios and options, and hoped to protect armed forces' morale 'during this difficult time'. He thought that Service personnel might themselves over-react, leading to the departure of substantial numbers before it was prudent.¹⁵⁶

Mottram meanwhile prepared an MoD Ministerial steering brief for Chequers. This document argued that, on policy and programme, the MoD objective should be to get agreement for further work, acknowledging recent and possible international developments but avoiding foreclosing or choices between possible options in the meantime. King would not want to mention targets for budget cuts as part of the options study. Due to Treasury-set inflation assumptions for PES (over optimistic and too low), additional cash would probably be needed over the standard PES uplift if even zero growth was achieved. To preserve the programme 'volume', additional cash was required to offset pay rises above GDP inflation, although increased efficiency might contribute. Looking ahead, Mottram advised that if the budget reflected the GDP deflator (genuine zero growth) and GDP growth averaged 2.75%, as the Treasury forecast, defence spending would fall to 3.5% of GDP by 1995-96

¹⁵⁵ *Ibid.*, SofS to PM, 'Defence Implications of Developments in East/West Relations', 18 January 1990.

¹⁵⁶ *Ibid.*

and 3% by 2000-01.¹⁵⁷ Mottram considered and costed (1989-90 directly attributed costs) the main defence roles:

- Nuclear forces £1,160m
- Direct Defence of the United Kingdom £2,190m
- Contribution to Forward Defence of European Mainland (forward defence in West Germany, including reinforcements, and reinforcement of Northern Region, Denmark and Norway) £4,350m
- Contribution to Forward Maritime Operations £2,600m
- Defence Activities Outside NATO (Overseas Garrisons £325m, periodic deployments, intervention forces (Amphibious plus 5 Airborne brigade)
- Military Aid to Civil Authorities - most notably in Northern Ireland¹⁵⁸

The RAF played a vital part in the four NATO defence roles through:

- sub-strategic nuclear capability
- UK air defence forces
- strike/attack, offensive support, air defence, reconnaissance and transport aircraft based in West Germany and in the UK contributing to the forward defence of the European mainland
- maritime patrol, air defence and strike/attack aircraft¹⁵⁹

Looking ahead into the 1990s, Mottram suggested developing broad force options to ensure the security of the UK and dependent territories, which allowed the UK to contribute to its security by forward deployments, emphasising Europe but also interests elsewhere. He recommended identifying building bricks, to be put together flexibly as matters developed. Various building brick options required examination to provide choice. These should not be so numerous that ‘work cannot be done by a small number of people over a period of months.’ Possible options included:

¹⁵⁷ TNA, DEFE 13/2196, DUS(P) to PS/SofS, ‘Chequers Meeting: East/West Relations’, 25 January 1990. Mottram thought this was an optimistic resource assumption.

¹⁵⁸ *Ibid.*, Annex A.

¹⁵⁹ *Ibid.*

- Alternative in-place BAOR force - levels (say 20,000 and 40,000); RAF Germany halved (?); withdrawal from Berlin; more multinational structures - all linked to fundamental change in Germany.
- Less radical land/air options linked to CFE implementation.
- Forces for direct defence of UK at present levels, but different balance of regular and reserves.
- Maritime forces linked to reduced Soviet threat. Amphibious capability calibrated to out-of-area scenarios. Intervention capability at present size or enhanced as suggested by Alan Clark.
- Changes at margin in nuclear options but Trident and sub-strategic capability sustained.¹⁶⁰

A CFE agreement alone would not offer significant savings. These could only accrue from much deeper cuts, a new arms control agreement or re-negotiating the Brussels treaty commitment. The options would address reducing total trained Service manpower by 15-20% below existing trained levels, although the percentage reduction would vary between Services and would incorporate increased warning time.¹⁶¹

In Downing Street, Powell submitted a pre-Chequers brief of his own to the Prime Minister on 21 January. Powell rejected the idea that the next decade would witness the end of history and forecast the return of history. He anticipated pent-up nationalism re-emerging stronger than ever, fuelling conflict, possibly drawing the UK and others in, and he envisaged a more complex decade with more dangers and threats. He pinpointed two key areas - first, the organisation of post-Communist Europe, second, the appropriate defence policy and strategy for the UK in this changed international environment. On the former, he wanted Soviet military withdrawal from eastern Europe, the slowing of German unification, decisions on NATO's future shape or on other forms of collective defence, and the engagement of eastern European states in all-European institutions.¹⁶²

¹⁶⁰ Ibid., Annex B.

¹⁶¹ Ibid.

¹⁶² TNA, PREM 19/2992, Powell (PS/PM) to PM, 'Seminar on British Defence Policy', 21 January 1990. He highlighted the risk scattered Soviet nuclear weapons holdings could fall into the wrong hands.

Powell appreciated that there was pressure in the West to reduce military spending. With events moving so quickly, he feared the UK would be left behind or would take decisions applicable to a past situation. There was a need to anticipate events and influence their course to avoid being left with forces structured and equipped for an obsolete strategy. The political case for maintaining strong defence had to be made and the nuclear deterrent retained. The need for significant UK forces in Germany would decrease, with CFE and likely further reductions ushering in cuts and a return to UK-based defence. Major procurement decisions had to be taken. Powell argued that the EFA project and new tank and helicopter programmes met the old strategy of forward defence in Europe. In charting a new strategy, a defence review was needed to show that the Government was confronting major issues and not just reacting to events (at this point Mrs Thatcher annotated, 'This is what we are doing but haven't yet called it that. And we don't want to lead the push to reduced arms.') Powell wanted to shape defence to the new circumstances and dampen expectations that spending could be slashed.¹⁶³

From the JIC standpoint, Cradock also prepared a short paper on policy aspects, which provided an introduction at the Chequers meeting. He considered that there was a need for some reflection on the likely security environment and on foreign policy objectives. The former involved the possibility that Gorbachev might fall. Benign intentions could not be assumed from a successor regime. Cradock envisaged 'great inherent instability in the new European scene' with the Soviet threat requiring the maintenance of a cohesive defence organisation in Western Europe, supported by nuclear weapons and the UK's deterrent. He thought it prudent to plan for rapid German unification, and stressed that it was crucial for a united Germany to remain in NATO. The UK could only achieve desired outcomes through managing its allies, particularly planning with the US. This was the backdrop to the defence options, although Cradock was hesitant over launching a defence review straight away. A clear picture was needed of the foreign policy aims defence was to serve. He thought news of a full review would probably leak, sending the wrong signal to allies, notably the US, which was eager to cut forces. To maintain cohesion, he called for agreement with the US and France on the political framework required to make progress.¹⁶⁴

On the 19th, Powell observed that there was no military representative among the small group invited to the seminar. He wondered if this was wise, 'if only for

¹⁶³ Ibid.

¹⁶⁴ TNA, PREM 19/2992, Cradock (Chairman, JIC) to PM, 'Chequers: 27 January', 25 January 1990.

appearance's sake' and suggested adding CDS; the Prime Minister agreed.¹⁶⁵ Nevertheless, CDS was not one of the eventual participants and the MoD element ultimately comprised King, Clark, Hamilton and Mottram but no uniformed representation. Alongside the Prime Minister and Powell, other attendees included the Foreign Secretary Douglas Hurd and the FCO Minister of State William Waldegrave.¹⁶⁶

The meeting and substance of the discussion were highly sensitive, although details were soon leaked.¹⁶⁷ Broad policy lines were laid out pertaining to European security and UK defence policy for the period ahead. German unification was considered likely. News that Bush intended to make further significant reductions to US conventional forces in Europe arrived after the meeting, although substantial cutbacks were anticipated due to budgetary and Congressional pressures. There was general agreement that 'the Soviet threat had changed and diminished' and that the Warsaw Pact was 'no longer a significant entity', but Gorbachev's possible fall and instability within the Soviet Union and Eastern Europe were viewed more seriously. Although nobody saw a re-united Germany as a military threat, concerns surrounded its place in Western European collective security structures. Anxiety over unification and an 'over-mighty Germany' permeated the discussion. NATO's front line was expected to move further east. A scramble among members was anticipated, with force reductions arising from CFE and unilateral cuts. There was no point in clinging nostalgically to established Cold War strategies and force structures.¹⁶⁸

¹⁶⁵ Ibid., Powell (PS/PM) to PM, 'Seminar on Diplomatic and Defence Implications of Recent Developments in East/West Relations', 19 January 1990.

¹⁶⁶ TNA, DEFE 13/2196, Powell (PS/PM) to Wall (PS/Foreign Secretary), 'Diplomatic and Defence Implications of Recent Developments in East/West Relations', 28 January 1990. Powell listed the participants as the Prime Minister, Powell himself, Hurd, Waldegrave and John Weston (FCO Political Director), King, Clark, Hamilton, Mottram, Sir Percy Cradock (Chairman of the JIC) and Len Appleyard (Cabinet Office Deputy Secretary). See also Clark, *Diaries: In Power 1983-1992*, pp. 276-277, 28 January 1990.

¹⁶⁷ This transgression was placed at Clark's door. TNA, PREM 19/2992, Powell (PS/PM) to PM, 'Defence', 30 January 1990. 'The Times intend to run the story tomorrow. The internal evidence points I am afraid to Alan Clark being the source. Bernard [Ingham, the Prime Minister's Press Secretary] said *The Times* as good as admitted it.' Clark, *Diaries: In Power 1983-1992*, pp. 277-278, 31 January 1990; Nicholas Wood, Philip Webster and Sheila Gunn, 'Ministers look for new role for Nato', *The Times*, 31 January 1990.

¹⁶⁸ TNA, DEFE 13/2196, Powell (PS/PM) to Wall (PS/Foreign Secretary), 'Diplomatic and Defence Implications of Recent Developments in East/West Relations', 28 January 1990.

Numerous proposals were tabled, including slowing German unification to avoid destabilising Europe. The seminar also acknowledged the importance of inducing the Americans to keep significant forces and nuclear weapons in Europe and of discussing with them the impact of German unification for NATO. It was agreed that the UK could not continue indefinitely to be the only NATO state prepared to maintain Cold War levels of defence spending and military strength. If NATO's existing structure and strategy could not be maintained, it was time to shift to a different UK force structure that placed greater emphasis on the air and maritime defence of the home base. The necessary work should start straight away.¹⁶⁹

It remained in the UK's interest to 'maintain robust defence for the foreseeable future', with public support anticipated if faced with possible upheaval in the Soviet Union and Eastern Europe. It was also suggested that a defence policy centred on the UK's air and maritime defence would be more popular than stationing forces in Germany. Moreover, the deterrent would be retained through Trident.¹⁷⁰ It was deemed prudent to develop a clear picture of an alternative defence posture, especially if there were large reductions to conventional forces in Europe or events in Germany necessitated the withdrawal of most of the BAOR. It was necessary to 'work up a range of options for our future defence posture based on an analysis of the likely threat and the degree to which we would want (and could afford) an out-of-area capability'. This would prioritise the air and maritime defence of the UK itself and the Western Approaches, and the creation of 'highly mobile amphibious and air-portable forces.' This scenario involved significant cuts to the Army and perhaps increases to the Navy and RAF. Ministers were to be given options although the general view was that the UK should 'not aim at an overly ambitious out-of-area capability'.¹⁷¹ A review of the entire procurement programme was proposed to reflect strategy and force structure changes. Programmes set for early review included the Challenger 2 tank (at least reviewing the scale of the existing order) and the EH101 helicopter.¹⁷²

Substantial savings from force restructuring were unlikely. Instead of lower spending, there would be more appropriate spending. Shifting to a new defence posture would be expensive. There was a general feeling against an explicit defence

¹⁶⁹ Ibid.

¹⁷⁰ Ibid.

¹⁷¹ Ibid.

¹⁷² Ibid. The long lead time for new equipment had two important ramifications. First, procurement had to meet likely future requirements. Secondly, it was necessary to accelerate work procuring equipment not currently in the programme but essential in a revised role, such as amphibious capability.

review. This would signal to the US and European allies the UK was cutting spending. It would also unsettle the Services. However, urgent work was necessary. On the political side, the FCO led on assessing the implications of developments in Eastern Europe and the Soviet Union for NATO strategy, on German unification, and on accommodating a united Germany in the Alliance. On the Defence side, rapid work was required on options for new force structures and resultant procurement repercussions. The MoD was to lead on these, involving the Treasury, FCO and Cabinet Office as necessary. In one month, King was to report to Mrs Thatcher on how the necessary work was to be organised and carried out in accordance with a timetable that reflected its urgency. The greatest secrecy was necessary to avoid any impression that defence cuts were the priority.¹⁷³

Meanwhile, the media tabled a range of proposals for defence cuts that largely targeted the Army and RAF. The RAF was criticised for having too many airfields and excessive personnel numbers; it was argued that RAF Germany could lose at least one station and two squadrons, that EFA made sense for UK industry but not for the defence budget, and that the purchase of an American aircraft would produce major savings. Similarly, the RAF was castigated for having more than 120 transport aircraft. It was suggested that servicing could be put out to commercial tender, that Support Command stations could be amalgamated, and that support helicopters could be transferred to the Army. Restructuring air power and contracting out certain services was projected to cut manpower by 15,000 to 78,000, but the number of fast jet squadrons would only be reduced from 28 to 24, thus retaining programmes geared towards upgrading the UK's air defences.¹⁷⁴ Elsewhere, EFA was labelled 'New Fighter - old Foe'. The needs of 1984-85 and 1990 were unfavourably contrasted. The ground attack aircraft/fighter envisaged for central Europe was designed for a scenario that now barely existed. Questions were raised about spending £7bn on 250 aircraft. There were industrial arguments for continuation and military ones too, for the Soviet air force remained huge. Nevertheless, EFA was due to enter service in 1996, when the UK's continental footprint would be much lighter, and it was suggested that the order could be considerably reduced.¹⁷⁵

The media also highlighted Treasury demands for savings arising from the CFE negotiations. In January 1990, *The Observer* pointed out that UK defence

¹⁷³ Ibid.

¹⁷⁴ 'Military budgets "able to withstand £15bn cut"', *Independent*, 22 January 1990.

¹⁷⁵ Editorial, 'New Fighter - old Foe', *The Times*, 25 January 1990.

expenditure was higher in GDP terms than spending in France or Germany. Real increases averaged 1% annually in the public expenditure White Paper for the next three years, but some ministers would have preferred to see more spending on transport, health and education funded by cuts in defence. King had reportedly refused to accept an MoD budget reduction, but *The Observer* anticipated that a breakthrough at Vienna would probably trigger a full defence review.¹⁷⁶ Other press reports talked of a 25% budget cut by the end of the 1990s, with a 40% reduction in the equipment budget and the removal of most of the 67,000 UK personnel in Germany. MoD sources allegedly predicted 'catastrophic reductions ... which would have been totally unthinkable even 12 months ago'. The Vienna talks were labelled 'increasingly irrelevant' as countries simply opted for unilateral cuts - with Belgium, the Netherlands and the US specifically mentioned. Some NATO allies seemed keener on 'burden shedding' than 'burden sharing.' Nevertheless, even if cuts were implemented straight away, as the Treasury sought, UK spending would rise for at least four more years because of additional costs arising from moving troops, cancelling contracts and closing bases.¹⁷⁷

In the same month, President Bush announced significant US force reductions.¹⁷⁸ US forces in the Central Zone would drop to 195,000. Total US forces in Europe would then number 225,000, below the 275,000 being discussed in CFE negotiations. Although the UK pledged to support these measures in public, Mrs Thatcher was unhappy at the lack of consultation as well as the military implications. She demanded a proper Anglo-American political and strategic assessment, with no more 'piece-meal cuts'. She wanted Washington to make it 'absolutely clear' that this would be the last reduction in US forces for the foreseeable future.¹⁷⁹

¹⁷⁶ William Keegan and Nicholas Wapshott, 'Thatcher and Major clash on arms cuts', *Observer*, 28 January 1990.

¹⁷⁷ James Adams, 'Huge defence cuts planned', *Sunday Times*, 28 January 1990; Michael Evans, 'Who are the allies now?' *The Times*, 1 February 1990.

¹⁷⁸ Bush telephoned Mrs Thatcher during the Chequers seminar on 27 January to advise his intention to reduce American troops in Europe. Moore, *Margaret Thatcher The Authorized Biography: Volume Three*, p. 510. Peter Stothard, Martin Fletcher, Michael Evans and Nicholas Wood, 'Bush proposes massive troop cuts in Europe', *The Times*, 1 February 1990; Douglas Hurd, *Memoirs* (London: Little, Brown, 2003), pp. 383-384. American cuts in the UK included planned withdrawal from the former RAF stations at Fairford, Gloucestershire, Wethersfield, Essex and Greenham Common in Berkshire. Peter Stothard, Ian Murray, Michael Evans, 'US plans to pull out of 3 British bases', *The Times*, 29 January 1990. Bush was trying to half the annual Federal deficit.

¹⁷⁹ TNA, DEFE 13/2196, Powell (PS/PM) to Gozney (PS/Foreign Secretary), 'Prime Minister's meeting with Mr Eagleburger and Mr Gates, 29 January 1990; Peter Stothard, Martin Fletcher, Michael Evans, Nicholas Wood, 'Bush proposes massive troop cuts in Europe', *The Times*, 1 February 1990. Mrs

The UK maintained the appearance of business as usual. The Public Expenditure White Paper published on 30 January was prepared before the fall of the Berlin Wall and the revolutions in Eastern Europe. As a result, the Government remained committed to a 1% annual rise in spending in real terms. The 1989-90 budget of £20.3bn, increased to £21.2bn for 1990-91 and to £22.3bn in 1991-92. The MoD insisted that the increase was necessary, the three-year settlement facilitating proper planning.¹⁸⁰ The UK remained committed to maintaining a military presence on mainland Europe under the Brussels Treaty (1954) terms, and the Cabinet agreed that the accelerated withdrawal of Soviet troops from eastern Europe was a separate issue from American troop numbers there. It remained vital to present a strong case for maintaining adequate force levels despite claims the threat had receded.¹⁸¹ The MoD dismissed reports of impending huge troop cuts and a defence review. The uncertainty in eastern Europe made such an exercise 'futile'.¹⁸² Within the MoD, concerns were expressed about King's procrastination. Clark was at the forefront:

He [Peter Levene (CDP)] is concerned like me and practically everyone else in the building, at the pace of progress on the Review. Tom muffles everything, sits on it for weeks. Even his Private Office admit he is driving them mad. Yet in a way I understand. The buck stops with him. He's racking his brain for catches. He knows there will be a lot of opposition from within the Party. Let's face it though. His real problem is he doesn't understand what's going on.¹⁸³

Thatcher was briefed by Robert Gates, US Deputy National Security Adviser and Lawrence Eagleburger, US Deputy Secretary of State on 29 January. President Bush instead captured the new circumstances in his first State of the Union speech on 31 January 1990: 'Events of the year just ended - the revolution of '89 - have been a chain reaction, change so striking that it marks the beginning of a new era in world affairs'.

¹⁸⁰ 'Defence budget grows despite improved East-West relations', *The Times*, 31 January 1990.

¹⁸¹ TNA, CAB 128/96, CC(90)4th Conclusions, 1 February 1990. Moreover, the Cabinet agreed that while US forces were stationed in Europe by invitation under fairly negotiated agreements, Soviet forces were essentially in eastern Europe by force. King and Hurd visited Washington in late January 1990. Both were struck by the prevailing atmosphere of secrecy and both repeated Mrs Thatcher's arguments on avoiding further cuts to US force levels in Europe after the current round. The 195,000 (Central Zone) level was deemed essential as a guarantee of security for Europe.

¹⁸² Nicholas Wood and Philip Webster, 'Cabinet resists calls for defence cuts', *The Times*, 30 January 1990. Similarly, the MoD was criticised for trying to block a full-scale investigation by the HCDC into UK's future defence strategy; MoD officials reportedly dismissing an inquiry as 'premature' and inappropriate'. Wood, Webster, Gunn, 'Ministers look at new role for Nato', *The Times*, 31 January 1990.

¹⁸³ Clark, *Diaries*, p. 279, 1 February 1990.

On 29 January, King let Quinlan draft him a minute commissioning study work on programme-changing building blocks. CDS commended PUS's draft. They understood the sensitivity of the work but worried about 'the effect on morale and confidence in the field if nothing is done to steady opinion and give a steer in [the] face of the widespread and diverse speculation continuing in the media about defence reviews and upheavals.' PUS and CDS believed a general message was required straightaway, suggesting it might go out from CDS to all Cs-in-C.¹⁸⁴ The first stage in the post-Cold War recasting of defence was about to commence.

¹⁸⁴ TNA, DEFE 13/2196, PUS to SofS, 'Defence Programme Options', 31 January 1990.

Chapter 2

Options for Change, February - July 1990

'As you can see from the Options package, the Royal Air Force has not lost a single capability. Moreover, we have preserved the Harrier and Jaguar fleets, all of our helicopters, the tanker, transport and communications fleets and AEW numbers; and EFA has been underscored as has a Buccaneer replacement.' Air Chief Marshal (ACM) Sir Peter Harding, Chief of the Air Staff (CAS) to six retired former CAS, 27 July 1990.¹

Examining options

This chapter of the narrative covers the Options for Change proposals culminating in Tom King's House of Commons statement on 25 July 1990. The review involved relatively rapid decisions made by a close-knit group of ministers and officials in respect of front-line forces, with support facing proportionate reductions in due course. Against the background of a rapidly evolving international situation, the MoD faced the twin tasks of producing a longer-term blueprint for future forces and a shorter-term cuts exercise.

King was cautious, as the CFE talks² provided some strategic underpinning for cuts. The position was already challenging. A potential £600m MoD overspend was forecast for 1990-91.³ King's intentions became marginally clearer at Defence Questions in the Commons on 6 February 1990. After alluding to international developments and progress in arms control negotiations, he added, 'naturally we shall continue to examine options for change, subject always to assuring the United Kingdom's fundamental security.' The changes in Eastern Europe, should they endure, offered, 'the prospect of economies and the prospect of changes in our defence arrangements'.⁴

¹ AHB, CAS 2/1/3 Part 4, CAS to former CAS, 27 July 1990.

² The CFE talks between NATO and the Warsaw Pact began in Vienna on 19 March 1989. Mrs Thatcher held CFE seminars at Chequers on 30 September 1989 and 27 January 1990 to discuss defence ramifications. The CFE common declaration (CFE Treaty) was signed on 19 November 1990. NATO gradually re-invented itself towards OOA and Expeditionary structures.

³ AHB, CAS /2/1/1 Part 25, SofS to CST, 'Running Costs 1990-91', 20 June 1990.

⁴ <http://hansard.millbanksystems.com/commons/1990/feb/06/eastern-europe> HC Deb 6 February 1990, vol 166, cc 748-50.

That same day, 6 February, King sent a commissioning minute to CDS and PUS. It described how the military and political changes of the past year had resulted in a reduced threat and longer warning times. German unification raised questions about the future balance of UK efforts - between the UK's direct defence and the deployment of forces forward. Future options had to provide forces which could preserve national security against a range of outcomes arising from the transformed international situation. King wanted change spread across the front-line and support. A specific savings target was not set. Nevertheless, in shaping and testing options, nothing more than zero defence budget growth was assumed from 1992-93, as was the possibility of reduced defence resources. Although demographic trends and above-inflation pay rises were challenges, savings from longer warning times were an opportunity 'to produce a more sustainable balance between manpower, equipment and support'.⁵

King then elaborated on the approach to be adopted. As he put it, 'The work needs both to look at options for particular defence roles and the future balance of our effort between them to produce a coherent strategy and programme,' and he outlined six sets of options. The first, under CFE, involved reductions that assumed that the UK's share of NATO CFE measures would be reflected in front-line and support cuts fully proportionate to the lower equipment ceilings. A second option incorporating three possibilities arose from a reduced UK presence in Germany after unification. The first reduced the BAOR to 40,000 with a 10% cut to overall regular Army personnel. A second possibility reduced BAOR to 20,000 with a 20% cut to regular personnel. The third possibility halved RAF Germany's front-line, with a 10% cut to regular RAF manpower. Proposals for deploying remaining forces in Germany were to consider multinational formations and greater mobility, and were also to assess the impact of changes on Northern Ireland commitments.⁶

The third and fourth options reflected the perception of improved warning time and the reduced threat. One was to reshape maritime provisions, preserving planned nuclear submarine levels, maritime home defence and OOA capabilities, but re-examining other maritime contributions to NATO and reducing Royal Navy manpower by 10%. The other option was to base forces for the UK's direct defence on the latest threat assessment, maximising the Territorial Army and Reservists for home defence, whilst maintaining specialist reinforcement forces (SDFs). Under the heading 'More Flexibility' the fifth option involved configuring SDFs primarily for

⁵ TNA, DEFE 25/768, SofS to CDS and PUS, 'Defence Programme Options', 6 February 1990.

⁶ Ibid.

OOA commitments but retaining a second priority capability for NATO deployments within existing financial provision. Proposals with justifications were to be identified and costed separately for limited enhancement to beyond NATO-area capability. Under nuclear priorities, the sixth option considered reductions to non-strategic nuclear forces, with the strategic capability based on Trident retained. A sub-strategic Tactical Air-Surface Missile (TASM) capability was to be assessed against land targets, based on no increase to planned nuclear force levels and costs.⁷

For all suggested options, King asked for the best estimates of timeframes and transitional costs, compared with planned assumptions. At least proportionate savings were to be assumed on associated overhead costs. Knowledge of the overall exercise was confined to limited central Defence Staff and OMB staff. Others were only to be included for specific components, with work to be undertaken in close dialogue with ministers. King hoped to be in a position to review progress and provide further guidance by 19 February.⁸

Guidance to the single-Service Chiefs went out under King's name on 6 February. It aimed to provide some reassurance despite the uncertainty and often 'inventive and contradictory' press speculation: 'I thought I owed it to you to tell you the actual position ... and you can truly say that you know my mind in these important matters.'⁹ King told CAS, ACM Sir Peter Harding, and the other Chiefs, that they could draw on its content when speaking to their commands, and he acknowledged the uncertainties saying it was neither sensible nor responsible to conduct a formal 'defence review' in such circumstances. He added:

Yet even while these uncertainties remain, we have to be thinking about possible options for change in defence, in order to highlight the issues that will have to be addressed should I decide later that the time has come to adjust our defence posture. I have therefore asked the Defence Staff to do some preliminary work of this kind. The extent to which such work will prove relevant and lead to firm proposals must depend on - and await - international policy developments. This

⁷ Ibid.

⁸ Ibid.

⁹ TNA, DEFE 13/2196, Webb (PS/SofS) to VCDS, 'Message to Commanders-in-Chief', 6 February 1990; Colston (APS/SofS) to Ministerial Private Secretaries, 'Message to Commanders-in-Chief', 6 February 1990. Clark annotated 'Dear God' on his copy.

will be available to guide us if we decide to change our defence policy and programme in any way.¹⁰

Harding thanked King for his Commons answers - 'most useful in clearing the air publicly' - and for explaining his thinking behind this public position. CAS agreed the importance of 'avoiding premature decisions on our defence capability'.¹¹

Options organisation

King insisted that public comment on the Options for Change work should be handled carefully. An official was charged with co-ordinating the MoD line and advising Ministerial offices. It was feared that 'inadvertent remarks could trigger disproportionate speculation, with detrimental effects on Service morale.'¹² King's Options for Change top group comprised the two MoD ministers, Hamilton and Clark, CDS, PUS, the VCDS General Sir Richard Vincent, Kenneth Macdonald, the MoD's finance chief (2nd PUS), and Richard Mottram, DUS(Policy).¹³ King wanted VCDS and 2nd PUS to oversee the work. It was managed by a working group, comprising Mottram as chair, Vice-Admiral Barry Wilson, DCDS (Programmes and Personnel) and Christopher McDonnell, DUS (Resources and Programmes). Second-tier support was led by Major General The Hon Thomas Boyd-Carpenter, ACDS (Programmes), working with Air Vice-Marshal John Willis, ACDS (Policy and Nuclear) and Roger Jackling, AUS (Programmes); PUS envisaged that their staffs would be the main working resource for the process. This small group of central policy and programme staff was tasked to analyse changes in the strategic environment and their likely implications on the armed forces in the mid-1990s,¹⁴

¹⁰ AHB, CAS 2/1/1 Part 24, folio 50, SofS to CAS, 6 February 1990.

¹¹ AHB, CAS 2/1/1 Part 24, folio 51, CAS to SofS, 9 February 1990.

¹² TNA, DEFE 25/768, Webb (PS/SofS) to DUS(P), CPR, 'Defence Programme Options', 8 February 1990. Julian Scopes, Clark's PS remarked pithily, 'Our very own Minder!', leading Clark to respond, 'But who will it be?' DEFE 13/2196, annotations on copy of this letter. The Head of RP(P&B) took on the co-ordinating role, handling public comment on work on defence programme options, consulting DUS(P) as necessary, DEFE 13/2196, DUS(P) to PS/SofS, 'Defence Programme Options', 20 February 1990.

¹³ Christopher Bellamy, Colin Brown, 'Ministers poles apart on defence changes', *Independent*, 28 May 1990.

¹⁴ Mottram, 'Options for Change', p. 25; CAC, 'Overstretched', p. 28. Three civil servants and three military two-star level, working under Mottram and Vincent, drew the process together.

although PUS also expected that other staffs would be involved, managed compartmentally.¹⁵

At the outset of the Options for Change exercise, CAS suggested to VCDS that it was important for the small group's membership to possess significant practical experience of the front line of the three Services. VCDS then agreed that ACDS (Pol/Nuc), Air Vice-Marshal Willis¹⁶ (in any case a natural choice by Defence Staff appointment), should join the 2-star level group in place of the tentative membership of AUS(Pol). This produced a team involving DUS(P), DUS(RP) and AUS(Prog) from the OMB, DCDS(P&P) (who brought Naval experience - including that of a former Director Naval Plans - to the Group), ACDS(Prog) (well-placed from various appointments to advise on Army aspects when appropriate) and ACDS (Pol/Nuc) (able to comment authoritatively on Air Force aspects).¹⁷

VCDS subsequently advised the Cs-in-C that the Defence Staff would be undertaking preliminary work on a purely contingency basis on 'possible options for change'. He requested that DUS(P) and ACDS(Prog) (representing DCDS(P&P)) produce detailed proposals on progressing the work, incorporating assumptions, working groups, timeframes and handling arrangements required to meet King's constraints. He hoped that studies could be conducted in a manner 'appropriate and consistent with our national interests', hopefully 'convergent with and beneficial to Alliance thinking'. This was particularly relevant with Allied Forces Central Europe (AFCENT) land/air force structures, concepts and deployments. He also stated his preference for a modular solution, perhaps involving multi-national options, such as a corps comprised from divisions from more than one state, whilst preserving flexibility in national components.¹⁸

¹⁵ TNA, DEFE 25/768, PUS to SofS, 'Defence Policy Options', 8 February 1990. It was proposed VCDS and 2nd PUS would keep Sir Peter Levene (CDP) and Professor Ernest Oxburgh (Chief Scientific Adviser) informed, while DUS(P) would keep Lieutenant General Sir Anthony Mullens, DCDS(Systems), Alastair Macdonald, DUS(Defence Procurement) and Rear Admiral Michael Harris, ACDS(NATO/UK) informed at working group level.

¹⁶ Sir John Willis, then ACDS (Policy and Nuclear), later recalled there was no real strategic context for shaping the new Forces and this situation persisted until the 1997/98 SDR. See CAC, 'Overstretched', pp.28-29, comments by ACM Sir John Willis. Willis was VCDS, 1995-97.

¹⁷ AHB, CAS 2/1/3 Part 6, enclosure no. 54, Draft for CAS, personal note for VCDS - 'Options Team', early December 1990. When AVM Willis left in December 1990, CAS advised he wanted him replaced in this forum by another airman from the VCDS's staff. He thought ACDS(Concepts) would meet the bill, or alternately mentioned involving ACAS. However, he preferred the former, believing VCDS would prefer to keep the group small and use a Defence Staff officer.

¹⁸ TNA, DEFE 25/768, VCDS to CDS, 'Defence Options', 9 February 1990.

VCDS then drew attention to media speculation and wider MoD unease. BBC TV's 'Newsnight' had recently conducted its own defence review, and MoD staff were 'wondering what is being done, and by whom'. He planned to tell the Assistant Chiefs of Staff (ACOS) on 9 February, without breaching King's handling constraints, that the Defence Staff had received direction to carry out a specific range of studies which could not currently be revealed, as clearance was awaited on who specifically would be involved. This would 'not be very satisfying in terms of detail', but it would let him tell staff where they now stood.¹⁹

Mrs Thatcher insisted that changes to defence spending levels depended on agreement with NATO or the outcome of the CFE talks.²⁰ Ministers rejected unilateral or piecemeal cuts because of the fluid situation.²¹ Informed commentators predicted dramatic change at the MoD. One suggested that RAF Germany's ancillary services should be cut immediately, proposing the RAF Regiment's abolition and its replacement by army units.²² Another forecast:

The ministry, Whitehall's biggest employer and possessor of its largest directly managed budget, is going to be the department to watch in the 1990s as old mind-sets and not just obsolescent weapons are eased towards the breaker's yard. The words "defence review" can never force themselves through the lips of a secretary of state, a chief of staff, or a permanent secretary. But that is what we are in for before

¹⁹ Ibid. The focus on secrecy was paramount. The most junior MoD ministers – the Earl of Arran, Parliamentary Under-Secretary of State for the Armed Forces and Michael Neubert, Parliamentary Under-Secretary of State for Defence Procurement – were only shown the papers about proposed defence programme options by King's Private Office on 16 February – 10 days after his Commons announcement and his minutes to the CDS and PUS and to the Service Chiefs. See DEFE 25/768, Webb (PS/SofS) to PS/PUSofS(AF) and PS/PUSofS(DP), 'Defence Programme Options', 16 February 1990. Meanwhile, the Army, facing a 5,000-man shortage, was investigating whether the Cold War's end and speculation over the Services' future was leading to increasing numbers opting for civilian jobs. Michael Evans, 'Army believes end of Cold War may be hitting recruitment', *The Times*, 9 February 1990.

²⁰ <http://hansard.millbanksystems.com/commons/1990/feb/06/east-germany> HC Deb 6 February 1990, vol 166, cc 757-758; Philip Webster, 'Thatcher confirms readiness to review military strategy', *The Times*, 7 February 1990.

²¹ *Defence Estimates 1990 Volume 1*, p. 5. King maintained in the 1990 *Defence Estimates*: 'Our defence is an insurance policy, to make sure we are still covered even if things go wrong. We all have great hopes for the future, but these hopes are not yet certainties. On potential cuts, he added the proviso: 'While there may be opportunities for reductions in some areas, we are resolved to maintain modern and well-equipped forces adequate for whatever our security needs, and to provide the necessary resources for that purpose.'

²² John Keegan, 'Where the Forces knife should fall', *Daily Telegraph*, 6 February 1990.

the decade is halfway through - and everyone knows it - though it will not be called that, nor will it take place as a single one-off exercise.²³

King met the Prime Minister on 15 February. Charles Powell wanted her to ask about the defence policy papers commissioned at the Chequers seminar. He had heard that the MoD was working up options centred on reducing forces in Germany.²⁴ Nevertheless, the main topic discussed was the next CDS. In this context, the Central Staffs' ascendancy was reinforced in March when it was announced that the VCDS, General Vincent, would become CDS in 1991 - the first non-Service Chief to attain this role. The appointment underlined CDS's growing political role and the importance of arms control, a remit Vincent had overseen.²⁵

As policy options work commenced, the working group under DUS(P) (Mottram) recommended further work on force structures and resultant costs and manpower levels. This would be in the context of future financial constraints and planned programme cost in comparison with a zero-growth budget, programme options and the relationship of possible options with the UK's CFE position, further conventional arms control cuts and Brussels Treaty obligations. More work was required on procurement repercussions alongside detailed costing of fully defined options against LTC 90 and the formulation of Alternative Assumptions (AA) for LTC 91. Further studies by the Chief of Defence Intelligence (CDI) on future Soviet and non-Soviet threats to UK interests constituted another significant input.²⁶

The working group considered the CFE-related option was best addressed in the current CFE apportionment exercise. Before they considered individual options in detail, they 'needed to explore the core capability needed to meet our national defence requirements in a variety of future circumstances'. This was premised on the minimum elements suggested in King's options. The group would then explore broader capabilities for forward deployment appropriate in changing international circumstances and within specified resource constraints, although nobody indicated who specified the latter. The group planned to complete the first phase of work by mid-March with issues arising being referred to MoD Ministers for clarification. Most work was to be completed by the end of May, providing for an extended period of discussion by King's top group before he put proposals to Cabinet colleagues. In

²³ Peter Hennessy, "'Purple" power brokers prepare for defence cut', *Independent*, 12 February 1990.

²⁴ TNA, PREM 19/3496, Powell (PS/PM) to PM, 'Bilateral with the Defence Secretary', 14 February 1990.

²⁵ Michael Evans, 'Defence head leapfrogs service chiefs', *The Times*, 8 March 1990.

²⁶ TNA, DEFE 13/2196, DUS(P) to PS/SofS, 'Defence Policy Options', 19 February 1990.

the first phase on individual options very few staff in each Service area were involved on a compartmentalised basis. Knowledge of the wider exercise was restricted to those specified by King. Once King had put proposals to colleagues, DUS(P) proposed consulting the Treasury, FCO and Cabinet Office on a 'tightly defined basis'.

On 19 February, Mottram drafted a minute for King to send to the Prime Minister, addressing how work would progress.²⁷ King accepted Mottram's approach and arrangements, and sent the draft minute on to Downing Street on the lines proposed. He subsequently advised Mottram that he wanted to take stock when the first phase was completed in mid-March. Those involved were to 'feel free to consult him or other Ministers about points as they came up.'²⁸

King played his cards carefully during the gestation of Options for Change, recalling John Nott's 1981 review,²⁹ which had been conducted in a climate of frenzied media and public debate. The Royal Navy lobby had been particularly vociferous in arguing against planned surface fleet cuts. Repeated leaks dogged the process and feelings ran high.³⁰ King and his senior officials wanted to avoid such strife, hence their view that small, close-knit committees at the MoD's Centre should make key recommendations and initiate their implementation.³¹

²⁷ Ibid.

²⁸ TNA, DEFE 13/2196, Webb (PS/SofS) to DUS(P), 'Defence Policy Options', 23 February 1990.

²⁹ HM Government, *The United Kingdom Defence Policy: The Way Forward* Cmnd 8288 (HMSO, London, June 1981).

³⁰ Richard Mottram, 'Options for Change: Process and Prospects', *RUSI Journal*, Spring 1991, pp. 22-26. Nott was punched in the face at Portsmouth Naval Dockyard in September 1981, Own Correspondent, 'Nott hit in face at naval base', *The Times*, 10 September 1981. Nott had also received a hostile reception at Chatham naval dockyard, whose planned closure he had announced on 25 June 1981. The workforce at Portsmouth was to be slashed by 6,000 to around 1,200.

³¹ Christopher Bellamy and Colin Brown, 'Ministers poles apart on defence changes', *Independent*, 28 May 1990; Michael Evans, 'Tornado – and now for the squalls', *The Times*, 20 June 1990. Richard Mottram, Deputy-Under Secretary (Policy), who was at the heart of the process said that Options for Change was run on three levels. At the top was King and his colleagues. There was also a central management group comprising the most senior civil servants and the single-Service Chiefs of Staff and finally there was a small working group of central policy and programme staff. This approach was designed 'to ensure close central direction and a defence-wide approach, and to allow for radical options to be addressed on their merits in private, rather than in the newspapers.' This was another nod to 1981 although Mottram admitted that those excluded or only partially included in the process were frustrated. The results were at the outset broad based but would be subject to detailed follow-up work. He maintained the process had worked and the post-1984 structure had proved to be robust to the challenge. See Mottram, 'Options', p. 25.

Established MoD committee machinery affecting the review process included the Financial Planning and Management Group (FPMG), formed in 1977.³² Here, major decisions were taken on advice to ministers on the composition of the Services, the balance of forces and the funds required. It was the major source of recommendations for SofS on budgets, plans and policy. Its eight-strong membership in early 1990 comprised its Chair, Sir Michael Quinlan, PUS; MRAF Sir David Craig, CDS; Admiral Sir Julian Oswald, Chief of the Naval Staff; General Sir John Chapple, Chief of the General Staff; Harding, CAS; Vincent, VCDS; Levene, CDP, and Macdonald, 2nd PUS, the latter fulfilling a key co-ordinating role following Heseltine's reforms.³³

Mottram recorded that Options for Change was conducted in two main phases. The first involved analysis by Ministers and a few officials of changes in the strategic environment and likely implications for the size and shape of the armed forces by the mid-1990s, culminating with King's Commons Statement on 25 July 1990. The second phase covered NATO strategy, concepts and force structures and the UK's place within them. This considered detailed implementation and the implications of matching the programme to the budget agreed in the 1990 PES. In January 1991, Mottram admitted, 'we are talking of a journey of flexible duration to a somewhat uncertain destination'.³⁴

Detailed force structure was defined by three sets of considerations - the changing risk of war, both East-West and elsewhere, the probable evolution of NATO in response to the changed circumstances and the resources available. The latter assumed greater prominence as the process evolved.³⁵ In evaluating force structure, Ministers assessed the relative importance of future European and OOA risks. Priority was attached to maintaining forces whose equipment was most versatile to meet new uncertainties, rather than forces with older or single role equipment.³⁶

³² The Financial Planning and Management Group was the MoD's 'Top Management Group' and was supported by a new management information system TOPMIS which replaced MINIS. HM Government, *Statement on the Defence Estimates 1988* 1 Cm 344-I (London: HMSO, 1988), p. 49.

³³ Peter Hennessy, 'An initial understanding of MoD power groupings', *Independent*, 19 February 1990; Johns, *Bolts from the Blue*, p. 156. Air Chief Marshal Sir Keith Williamson, CAS in 1985, had argued the OMB only added further complications to the already convoluted processes of defence programming and procurement, debilitating the influence of the Chiefs as a strategic advisory body which 'elevated financial management over professional military thought'.

³⁴ Mottram, 'Options', p. 22.

³⁵ *Ibid.*

³⁶ *Ibid.*, p. 24.

Critics questioned who had the ‘luxury of Options’, whether the Defence Staff was consulted and the extent of military input.³⁷ DUS(P) insisted that the appropriate Defence Staff had been involved and that Options for Change was conducted under Ministerial and top management supervision by a small working group of central policy and programmes staff. Three members of the group were military, selected because of their Defence Staff posts - a Vice-Admiral, a Major-General and an Air Vice-Marshal. Detailed analysis of possible options also drew on advice from the Service Plans divisions. Mottram underlined that the circle involved in the entire exercise from the central and single-Service staffs was ‘tightly drawn’. Numerous options were considered and often discarded confidentially. He also asserted that the working group’s proposals were examined by the top management below Ministers, including CDS, VCDS and the single-Service Chiefs, who were also consulted by King during his decision-making. The options considered were all ‘generated and refined’ by the MoD to reflect changing strategic circumstances. They were not the result of Government or Treasury ‘dictat’. He insisted that the best defence-wide solutions were reached with full military input and an MoD structure that brought ‘more closely together military and civilian advice’.³⁸ The Central Staff theme reflected the 1984 structural reforms which strengthened the MoD’s Centre at the expense of the single Services. Similarly, the consolidation of CDS’s role from the early 1980s played an important part in meeting the review’s challenges.³⁹

Options parameters

From an Air perspective, Air Vice-Marshal John Thomson, ACAS, advised CAS that King wanted a speedy examination of options, avoiding wide consultation and widespread lobbying, keeping ‘the group and the work on developing the “options” tight’.⁴⁰ This involved a building block approach, working up options to be considered depending on political-military developments.⁴¹ It was not envisaged that single-Service staff would be involved; there would be an ‘adequate

³⁷ Colonel Henry Lowe, ‘Correspondence’, *RUSI Journal*, Summer 1991, p. 87.

³⁸ Richard Mottram, ‘Correspondence’, *RUSI Journal*, Autumn 1991, p. 86. Mottram argued that in addition to selective leaks damaging Services’ morale and reputation, exaggerated speculation could have undermined the UK’s position at the concurrent CFE negotiations.

³⁹ Mottram, ‘Options for Change’, p. 25.

⁴⁰ AHB, CAS 2/1/1 Part 24, enclosure no. 55, ACAS to CAS, ‘Review of Defence Options’, 12 February 1990.

⁴¹ Three packages were modelled – a minimal change approach, a lower capability NATO orientated force structure and an OOA orientated force structure. The three packages were constructed within three constraints – the future politico/military world, resource constraints and demographic trends.

representation of uniforms from the Defence Staff in the working party'.⁴² When the single Services stressed the advantages of involving them and the risks of excluding them, particularly in matters of public concern, VCDS replied that Nott's review had resulted in 40 PQs daily on Naval matters.⁴³ DCDS(P&P) informed the Assistant Chiefs that the three plans staff had been detailed to produce their requirements for the direct defence of the UK; Army and Air Force plans considered specific reductions and needs on the continent and all three looked at requirements for wider national needs. The eight sets of plans were then assembled against three resource projections - one optimistic, one slightly pessimistic and one very pessimistic.⁴⁴ They were encouraged to work on a 'purple' basis and in a 'consistent manner' so their position in relation to their Service department would not be compromised. Guidelines on contacts with the Service department on Options for Change issues stated that all contact must be at Plans branch initiative. Any papers answering specific questions were not to be cleared with Service departments before submission.⁴⁵ No better than zero real growth was assumed from 1992-93, and the lower level assumed 3% annual reductions from 1993-94.⁴⁶ The timetable for the work envisaged:

Inputs from Plans directorates - end of March
Bring Options together - by 6 April
Draft report to PUS/CDS - by Easter
Report to SofS - by end April
Final report ready - mid May
Report to PM - end of May

⁴² AHB, CAS 2/1/1, enclosure no. 55, ACAS to CAS, 'Review of Defence Options', 12 February 1990.

⁴³ Ibid. DCDS(P&P) acknowledged in late March he was aware of concerns in the single-Service departments that they were not involved in the work, despite nominated individuals being cleared to take part. AHB, CAS 2/1/3 Part 1, enclosure no. 2, Garden (DAFSD) to CAS, 'Meeting on Defence Options 27 Mar 90', 28 March 1990; folio 16, ACAS to DCDS(P&P), 20 April 1990 mentioned, 'the absence of discussion up to now on the principles which the exercise has been carried out'.

⁴⁴ AHB, CAS 2/1/3 Part 1, enclosure no. 2, Garden (DAFSD) to CAS, 'Meeting on Defence Options 27 Mar 90', 28 March 1990.

⁴⁵ TNA, DEFE 25/768, Maj-Gen Boyd-Carpenter (ACDS (Prog)) to D Naval Plans, D Army Plans, D Air Plans, 'Options for Change', 7 March 1990.

⁴⁶ AHB, CAS 2/1/3 Part 1, enclosure no. 42, DUS(P) to PS/SofS, 'Defence Policy Options', 21 March 1990.

It was thought that the Chiefs of Staff and FPMG might be consulted just before, perhaps two days before, the submission to SofS.⁴⁷ On 12 February, King's office issued lines on Options for Change work highlighting the continued need for strong defence and reflecting international developments. It was stressed:

- Work is being done by Defence Staff and Office of Management and Budget. This was strengthened by 1985 Heseltine reforms to allow Defence-wide view of policy and spending.
- The Chiefs of Staff will be involved in aspects that affect the management of their service. But policy issues are for the Chief of Defence Staff.
- Obviously, a CFE treaty would have implications for our forces in Germany. But more broadly we are looking at a range of options.
- None of the options work is focusing on individual ships, regiments or squadrons; it is policy work.⁴⁸

A frustrated Clark complained to Powell in mid-February: 'The Defence "Review" is now out of my hands and proceeds at a snail's pace (if even that).' Clark added, 'As I predicted the interim recourse to "options" and "building blocks" is raddled with opportunities for delay and obfuscation.' He believed Mottram shared his frustration about slow pace. Clark thought LTC 1991 should reflect the savings and inter-Service resource transfers which the 'Review' should provide. He suggested that a small inner controllerate within the MoD should lead this work, with Peter Levene (CDP) as Review Controller. Powell advised Mrs Thatcher that the review's pace required consideration when King's initial report arrived.⁴⁹

⁴⁷ Ibid., enclosure no. 2, Garden (DAFSD) to CAS, 'Meeting on Defence Options 27 Mar 90', 28 March 1990.

⁴⁸ TNA, PREM 19/2932, Webb (PS/SofS) to Powell, (PS/PM), 'Defence Programme Options', 12 February 1990.

⁴⁹ TNA, PREM 19/2932, Min (DP) to Powell (PS/PM), 16 February 1990. The best way to explain its 'constructive radicalism' was through a Prime Ministerial speech. Only she could articulate such a major policy shift, setting the UK's defence position for the 1990s and beyond. Clark wanted Mrs Thatcher to shape a future Grand Design, like Churchill's 'Iron Curtain' speech at Fulton, Missouri in 1946. Mrs Thatcher was thinking of a Bruges II type speech, possibly in July or August. Clark was invited to send her ideas and material on a personal basis. Clark insisted the Thatcher-Gorbachev axis could be as well suited to future years as the Thatcher-Reagan axis had served the UK in the 1980s. He hoped friendship with Russia would be extremely valuable in 'offsetting German ascendancy'. See Powell to Min (DP), 18 February 1990. Mrs Thatcher had spoken to the College of Europe at Bruges on 20 September 1988 and had argued in favour of national identity and against the European Economic Community (EEC) moving towards the centralisation of power.

King's report reached the Prime Minister on 22 February and suggested that decisions were needed by September 1990, following the submission of comprehensive proposals by the end of June or early July. The MoD set out three possible routes to reduce the UK presence in Germany following unification, including cutting RAF Germany's front line by 50%.⁵⁰ In response, Charles Powell queried not only the substance of the MoD proposals but also the time involved in their submission. Powell annotated on King's minute: 'This is a bit too full of jargon; and there seems a risk of over-complicating the whole exercise.' He also observed that there were few options. While King suggested studies 'from here to eternity', Powell proposed that the MoD should produce an overview paper for Ministers covering the main options by 20 May. He advised Mrs Thatcher, 'I am worried that - after a good start at your seminar - this exercise is getting bogged down in bureaucracy and jargon, as Alan Clark predicted. I think you need to deliver a sharp kick.' The Prime Minister agreed that a broad assessment was required soon, as other Governments could reach conclusions within two to three months with 'inescapable effects for us'. Outline proposals were required by the end of May.⁵¹ King, rather rattled by this response, was 'inclined to fall in with the Prime Minister's wishes'.⁵²

Meanwhile, the Treasury was keenly monitoring other Governments' decisions and MoD work on 'minimum core capability'. The Chancellor questioned the need for enhancements to capability outside NATO 'in the absence of evidence that the out-of-area threat is significantly increasing'. The Treasury highlighted procurement and personnel cost implications. Conclusions were needed for the 1990 Public Expenditure Survey (PES). The Chief Secretary was considering potential defence programme savings for the 1990 Survey years, following the agreement made in

⁵⁰ Ibid., SofS to PM, 'Defence Policy Options', 22 February 1990. The three possibilities for Germany had been detailed in the commissioning minute of 6 February. They included reducing the BAOR to 20,000, alongside a 10% cut in overall regular Army manpower. A second option involved reducing the BAOR to 20,000 alongside a 20% reduction in overall regular Army manpower. A third option was to half RAF Germany's front-line, with a 10% cut to overall RAF regular manpower. King added that in the meantime, the Commons Defence Committee had commenced their inquiry into the implications for defence policy of recent events in Eastern Europe and the CFE. King also emphasised handling concerns to the Prime Minister and said knowledge of the overall exercise was confined to a named small group of central MoD staffs; others only being brought in for specific components. It had been established, in a low-key way, that work had commenced on programme options, without revealing the scale of those under review but now selective leaks and broader speculation were risks.

⁵¹ Ibid., SofS to PM, 'Defence Policy Options', 22 February 1990; Powell (PS/PM) to PM, 23 February 1990; Powell to Webb (PS/SofS), 'Defence Policy Options', 24 February 1990.

⁵² TNA, DEFE 13/2196, Webb (PS/SofS) to DUS(P), 'Defence Policy Options', 27 February 1990.

1989 that the MoD's LTCs should be aligned with the cash plans announced by the Treasury. MoD and Treasury officials were already working closely on Options for Change. The Chancellor, John Major, hoped this would continue.⁵³

The Chancellor wanted to establish the principle that the financial burden of future Western Europe cooperative defence should be shared equitably between major European states, including a united Germany. Familiar arguments were re-hashed. West Germany spent a lower proportion of GDP on defence than the UK, yet it was the UK that carried a balance of payments deficit due in part to the presence of her forces in Germany and incurred the adverse economic consequences. In the Chancellor's view, the principle of equitable contributions should be presented to allies as an extension of the equity agreed for the more limited apportionment of reductions in treaty-limited terms under CFE.⁵⁴ 2nd PUS viewed the Chancellor's objective of greater equity as a general aim, although this implied that the UK would initiate large force cuts.⁵⁵ King wanted the MoD to keep the Chancellor's point in mind and 'do some separate thinking on its implications'.⁵⁶ In mid-May, Archie Hamilton, the Armed Forces Minister, informed the Chief Secretary that the proposed ceilings of UK holdings of treaty-limited equipment under a CFE treaty was broadly comparable with those of European allies. The Treasury was pleased with this outcome, but the question remained: how much of each ceiling, across the four equipment categories, should be included in the MoD's Options for Change exercise.⁵⁷

Meanwhile, Mrs Thatcher turned her attention to the security situation arising from German unification.⁵⁸ King and the Foreign Secretary, Douglas Hurd, spoke on 15

⁵³ *Ibid.*, CST to SofS, 'Defence Policy Options', 1 March 1990.

⁵⁴ *Ibid.*, Tarkowski (PS/CHX) to Wall (PS/Foreign Secretary), 'Strategic Implications of Current Trends and German Unification', 13 March 1990. Major did not want the Germans to get the impression that their proportionate financial contribution could fall as low as to around one-third of the UK's, which tentative suggestions about future German force levels appeared to imply.

⁵⁵ *Ibid.*, Buckle (PS/2nd PUS) to PS/SofS, 'Germany', 23 March 1990. 2nd PUS saw no need for King to comment on this.

⁵⁶ *Ibid.*, Webb (PS/SofS) to PS (2nd PUS), 'Germany', 28 March 1990.

⁵⁷ AHB, CAS 10/7 Part 15, CST to Min (AF), 'CFE: Apportionment of Cuts', 21 May 1990.

⁵⁸ TNA, DEFE 13/2196, Powell (PS/PM) to Wall (PS/Foreign Secretary), 'German Unification: NATO and Security Aspects', 5 March 1990. Concerns arose from the presence of Soviet troops during the transitional period and NATO's commitment to defending the former East Germany during this time. Mrs Thatcher thought that quadripartite rights in Germany could only be relinquished with a Peace Treaty and questioned withdrawing all nuclear weapons from Germany. She was also 'very sceptical' about suggested NATO multinational units. Mrs Thatcher hosted a seminar on Germany at Chequers in the strictest secrecy on Saturday 24 March 1990, to which Hurd and six academic historians were invited.

March. King echoed the Prime Minister's concerns, and Hurd thought it 'inevitable' that British Forces Germany would be cut, noting that the international position and domestic expectations required some change. He anticipated opening discussions with Brussels Treaty partners by the 'end of the summer', so posing 'difficult management problems' for King. Hurd mentioned ballistic missile proliferation, but he thought that security risks outside NATO 'were prone to be exaggerated' and chiefly reflected the efforts of the armed forces to find a new role. Hurd hoped that the MoD could contribute to developing ideas. King stressed that alongside Options for Change, the MoD was examining the military implications of a united Germany, possible multinational units, and the military presence in Berlin. He hoped that his department would play a larger part in illuminating issues for senior colleagues and 'thinking about the way forward'.⁵⁹

The rapid pace of developments in international relations and arms control led King to suggest raising the profile of the 1990 Defence Estimates. He wanted publication brought forward to meet Parliamentary concerns, with the defence debate before the summer recess. He also proposed that discussion should be confined to the OD Committee, with no separate Cabinet discussion, although Mrs Thatcher disagreed.⁶⁰ Powell meanwhile acknowledged that it was 'a difficult year to write a Defence White Paper' but stressed that it must 'explain the continuing threat' from the Soviet Union and beyond. While he felt that the basics remained unchanged, the Defence Estimates had to welcome new opportunities, explain wider threats, highlight spending, and stress the Government's continued commitment to provide necessary resources to maintain secure defence.⁶¹

The Prime Minister felt that the draft Defence Estimates lacked imagination and vision. The Government would appear stronger if it recognised the need for adjustments to force deployment and structure and welcomed the opportunity to reassess defence posture, with preparatory work being done. Wider threats required detailed coverage and spending on modern and well-equipped forces for naval and

She wanted to reach an assessment of what a united Germany would be like. DEFE 13/2196, Powell (PS/PM) to Wall, 'Seminar on Germany', 25 March 1990.

⁵⁹ TNA, DEFE 13/2196, Webb (PS/SofS) to DUS(P), 'S of S's call on Foreign and Commonwealth Secretary', 16 March 1990.

⁶⁰ TNA, PREM 19/3252, Webb (PS/SofS) to Powell (PS/PM), 27 February 1990; Powell to Webb, 'Defence Estimates', 1 March 1990. Mrs Thatcher commented, 'I really think that the final estimates must come before Cabinet formally.'

⁶¹ TNA, PREM 19/3252, Powell (PS/PM) to PM, 'Defence White Paper', 8 March 1990. Powell thought material from the two Chequers seminars could be included to enhance the Estimates.

air defence needed explanation.⁶² Most of Mrs Thatcher's suggested changes found their way into King's introduction, but Powell still wanted greater emphasis on the fact that the Government was looking seriously at force structures because of European developments and was not 'clinging to the status quo'.⁶³ The MoD sharpened the draft accordingly.⁶⁴

King told the OD Committee on 15 March that the section of the Defence Estimates on Service manpower described recruitment and retention difficulties and efforts to overcome them. On budget and programme, the focus was on plans for the New Management Strategy and the role of agencies in defence. King observed that the rapidly changing international scene had made it 'unusually difficult this year' to present a Statement which was not rapidly overtaken by events, but the final document had targeted three audiences - NATO allies who required assurance that the UK would not run down defences prematurely, the armed forces, who were anxious about their future role and the domestic political audience, which had to be convinced that the Government 'was responding adequately and constructively to the changing scene'. The statement aimed to strike a balance between these needs.⁶⁵

Although King now publicly acknowledged the ongoing Options for Change work, he remained cautious. In March 1990, he told a Royal United Services Institute (RUSI) audience that improved international relations could damage Service morale and public attitudes to defence, leading to a feeling of 'it doesn't matter any more' taking hold.⁶⁶ He maintained that there had been 'no headlong rush into a defence

⁶² TNA, PREM 19/3252, Powell (PS/PM) to Webb (PS/SofS), 'Statement on the Defence Estimates 1990', 11 March 1990. Mrs Thatcher said the Estimates seemed to be pretending nothing was going on. Meanwhile, the Treasury repeated the need for 'equitably between nations' in CFE reductions and the commitment to gradually reduce Defence R&D spending. CST to SofS, 'OD(90)1: Statement on the Defence Estimates Volume I', 14 March 1990.

⁶³ Ibid., Powell (PS/PM) to PM, 'OD: Statement on the Defence Estimates', 14 March 1990.

⁶⁴ Ibid., Webb (PS/SofS) to Powell (PS/PM), 'Statement on the Defence Estimates 1990', 19 March 1990; Powell to Webb, 'Statement on the Defence Estimates 1990', 20 March 1990; Evans (PS/CST) to Webb, '1990 Statement on the Defence Estimates', 20 March 1990.

⁶⁵ Ibid.,

⁶⁶ Tom King, 'Defence and Security in a Time of Change', *RUSI Journal*, Summer 1990, pp. 1-5, speech at the Royal United Services Institute, March 1990. Indeed, it was interesting in the context of the ground-breaking international developments that MPs also seemed disinterested in defence, with at least one of their number commenting on the Defence debate of 18 June 1990 being so sparsely attended. See <http://handsard.millbanksystems.com/commons/1990/jun/18/first-days-debate> HC Deb 18 June 1990, vol 174, cc 687-774. King wanted to address fundamental issues with the presentation of defence policy in public in rapidly changing times. His Private Office posed ten questions within the MoD following NATO's London Declaration in early July, geared to explaining the policy background to the policy

review'. Instead, he was engaged in a 'rather cool and deliberate look at the options for change', which might exist as circumstances developed in the defence field. He added, 'It is easy to destroy, easy to stop, much harder, more difficult and takes much longer to start again.'⁶⁷ The media dubbed him 'Cautious Mr King', for he had done little to illuminate Government thinking on defence policy choices.⁶⁸ The Defence Estimates, published in April 1990, mentioned increased danger from the proliferation of ballistic missile capabilities involving conventional, chemical and nuclear warheads,⁶⁹ and King underlined that Options for Change aimed to produce 'smaller, not small,' armed forces, telling the Treasury he wanted to ensure that savings delivered a 'service dividend' and not just a 'peace dividend', with the best equipment and better conditions of service.⁷⁰

Financial factors

Air and defence faced more immediate financial challenges. 2nd PUS identified four particular risks at an Air Force Board Standing Committee (AFBSC) meeting on 5 January. He was concerned about higher than expected inflation, a buoyant rate of equipment spending with a smaller carry forward, the failure of efficiency initiatives

conclusions in Options for Change. These were '(i) Why do we still need defence? (ii) What is NATO's role now? (iii) Where are the risks to [the] UK's security? (iv) Why do we still need nuclear weapons? (v) What is the last resort? (vi) How will flexible response change? (vii) What is NATO's position on forward defence (Land, Air and Sea)? (viii) Is the US on the way out of Europe? (ix) Why don't we rely on a CSCE/EC body to guarantee our security in Europe? (x) Aren't the Armed Forces looking to find a role outside Europe?' See AHB, CAS 2/1/1, Part 25, enclosure no. 39, PS/SofS to Head of Section (Policy Studies), 'Presentation of Defence Policy', 10 July 1990.

⁶⁷ King, 'Defence and Security', p. 3. King told Cabinet colleagues in March 1990 when introducing the Statement on the Defence Estimates: 'There is bound to be difficulties over making firm predictions at a time of dramatic change in Europe. See TNA, CAB 128/96, CC(90) 10th Conclusions, 15 March 1990. King spoke of the 'opportunity to look afresh at our defence posture' and observed, 'The Government is doing a great deal of work in preparation for future decisions'. However, he insisted: 'While there may be opportunities for reductions in some areas, we are resolved to sustain modern and well-equipped forces adequate for whatever our security needs, and to provide the necessary resources for that purpose.' *HM Government, Statement on the Defence Estimates 1990 Volume 1 Cm 1022-II* (London: HMSO, April 1990), p. 5.

⁶⁸ Editorial, 'Cautious Mr King', *The Times*, 9 March 1990. It was hoped King would soon find an occasion to offer some insight into the way Government policy was shaping. Moreover, it was thought new security threats were likely to emerge in the future.

⁶⁹ TNA, CAB 128/96, CC(90)10th Conclusions, 15 March 1990.

⁷⁰ Michael Evans, 'King aiming for smaller forces', *The Times*, 3 April 1990. The Soviets were unimpressed by the Estimates, describing them as reminiscent of the Cold War and criticising the pledge to increase defence spending which they said left the UK out of step with widely held hopes surrounding 'new peace opportunities'. Michael Binyon, 'Kremlin attacks defence plans', *The Times*, 5 April 1990.

to exert a sufficient impact on bids, and finally the fact that savings arising from the Conventional Forces in Europe talks had not gone to defence. VCDS remarked that LTC 90 was the most difficult he had experienced. The programme was not affordable without force level changes. Air Force Grouping (AFG) had paid a heavy price, with a net 32 aircraft removed from the front line with a further six in-use reserves. Some 30 attrition aircraft were to be removed from the programme to match these cuts. Aggregate front-line reductions equated to three squadrons. Nevertheless, the resultant programme was considered 'technically coherent' and included provision for a more appropriate support helicopter mix, a rationalisation of search and rescue resources around new Sea King helicopters and abandonment of the Nimrod mid-life update in favour of a new aircraft in the same timescale. Similarly, reducing the Phantom front line was deemed an inevitable and sensible way to extend the fleet's life until its replacement by EFA, with an improvement programme for the aircraft in the meantime.⁷¹

Concerns were expressed at the further cut to the Tornado ADV force (providing all-weather air defence of the UK) to 141 aircraft, against the originally planned 150. Although the outcome of the CFE talks remained unclear, it seemed unlikely that the Soviet bomber and naval aircraft threat to the UK and the Fleet would diminish. Likewise, there was frustration at the cancellation of the planned Tornado GR1 build-up at Marham, despite the likely increased need for dual-capable aircraft. The AFBSC had no desire to see any other RAF front-line elements reduced instead.⁷² Concurrently, trained manpower was forecast to be 8.4% in deficit in April 1991, including 9.4% for trained ground airmen - a figure that was predicted to rise to 10.6%, leading to 'intolerable overstretch' with a severe impact on morale and retention. With advertising spending not increasing, fewer recruits were expected.⁷³

Air was asked to find a further £19m and £35m of savings for 1990-91 and 1991-92 respectively - the difference between inflation now anticipated in 1990-91 and

⁷¹ AHB, AFBSC(1)90 Conclusions, 5 January 1990.

⁷² Ibid. This led the AFBSC to 'register their very clear concern that they did not necessarily reflect a considered judgement of future defence priorities'.

⁷³ Ibid. There was also concern at developments in medical services with the proposal to close the RAF Chest Unit at Midhurst and to close three Service hospitals, including the Princess Mary RAF Hospital Halton. Advertising expenditure on recruitment would not increase unless there was an increase to the running cost limit. The reprieve of running costs savings required offsets from items within the Air Force Grouping outside the definition of running costs.

inflation forecast in the Public Expenditure Survey (PES) allocations.⁷⁴ At MoD's FPMG meeting on 17 January, 2nd PUS warned of higher inflation and the need to accommodate substantial new spending, notably greater manpower costs, Ministerially approved high priority items, additional security measures and spend-to-save measures (including the CHOTS integrated IT programme, geared to maintaining future performance with fewer people, meaning real productivity savings). Over £7bn was removed from the programme, but residual excesses of £7.5bn remained. Without the prospect of CFE and wider international developments, the programme was unaffordable. To complete the PES 90 negotiations with the Treasury (in autumn 1990) and LTC 91, excesses had to be reduced and 'steps taken to ensure programme coherence'. VCDS reckoned that the programme was affordable in the Defence Estimates year but 'increasingly less affordable thereafter' and agreed that 'fresh direction would be required soon to guide PES 90 and LTC 91.' He saw 'the need for such higher-level policy guidance as the most urgent matter arising from this LTC'. Summing-up, the FPMG recognised that the programme had to be aligned more closely with resources and proposed that King approach the Treasury to seek relief on running costs in 1990-91. If he was unsuccessful, it would be necessary to achieve savings.⁷⁵

The PUS subsequently raised the issue of running costs with King. These encompassed MoD's day to day administrative and operating costs, including fuel, utilities, recruiting, exercises, training, publicity, information technology and telecoms. The FPMG had warned that savings measures would involve serious and disproportionate operational, training and manpower consequences, some downright inefficient. PUS mentioned potential cuts to training, exercises, clothing and utilities and the accompanying likely detrimental impact on Service morale, to encourage King to support a departmental approach to the Treasury for relief on running costs.⁷⁶ 2nd PUS said the message was simple: 'Money is now very tight in relation to an overfull programme, regardless of CFE and the wider international situation.'⁷⁷ King thought an extra £80m or even £60m was 'not achievable'. It risked re-opening the PES settlement and the Chief Secretary concluding that the MoD was well below the level of efficiency savings embraced within the PES negotiations. He wanted the department to take steps immediately to manage within

⁷⁴ AHB, CAS 1/6/1 Part 53, Head of RP(Air) to DASB&C, 'FPMG Meeting 17 January: LTC Brief for CAS', 15 January 1990.

⁷⁵ AHB, CAS 1/6/1 Part 53, enclosure no. 16, FPMG(90) 1st Meeting, 17 January 1990. As noted, savings included reducing the build-up of AD aircraft and cancelling the Tornado GR1 build-up.

⁷⁶ Ibid., enclosure no. 25, PUS to SofS, 'Running Costs 1990/91', 19 January 1990.

⁷⁷ Ibid., enclosure no. 29, 2nd PUS to PUS, 'LTC 90', 22 January 1990.

the current limit.⁷⁸ Running costs savings in Air Force Grouping for 1990-91 were £8.8m - comprising clothing (£2m), movements (£1m) and utilities (£5.8m). The latter implied tighter constraints on water and electricity consumption, potentially closing some large stations for a month during 1990-91.⁷⁹ 'Draconian measures', including the closure of front-line units for extended periods to provide savings on utility costs, were rejected by the AFBSC in the meantime.⁸⁰

On the same day that he raised the issue of running costs, PUS also warned Ministers that the 1990-91 programme, costing £21,597m, could not be wholly sustained in the longer term within projected resources. Higher inflation and faster equipment delivery were widening the mismatch. LTC 91 had to align the programme and budget more closely. Unless the budget was increased, it would be necessary to reduce commitments and restructure forces on a much greater scale than through the CFE alone. Well before PES 90, further guidance on objectives and priorities would be essential. Programme slippage would not address the shortfall, and a range of savings was therefore proposed.⁸¹ Commenting on PUS's minute, Clark said it was a 'holding LTC', that did not close off future options, but it contained 'in many ways an inefficient set of proposals'. He told King:

I am wholly persuaded that we should not allow LTC 91 without giving the broad policy guidance which the staff are hoping for and which is essential if we are to avoid damaging morale and wasting money by further insufficient adjustments. You know my views on this, so I will not repeat them here.⁸²

⁷⁸ *Ibid.*, enclosure no. 35, PS/SofS to PS/PUS, 'Running Costs 1990/91', 26 January 1990.

⁷⁹ AHB, CAS 1/6/1 Part 54, enclosure no. 50, ACAS to CAS, 'Running Costs 1990/91', 23 February 1990.

⁸⁰ AHB, CAS 1/6/1 Part 59, enclosure no. 10, ACAS to CAS, 2nd PUS, 'Running Costs 1990/91', 21 May 1990; AFBSC8(90) Conclusions, 24 May 1990.

⁸¹ AHB, CAS 1/6/1 Part 54, enclosure no. 41, PUS to SofS, 'Estimates 1990/91 and LTC 91', 19 January 1990. Proposed savings included cancelling the build-up of dual capable Tornado GR1s at RAF Marham, making it more challenging to preserve the front line during the Tornado mid-life update. In Air Defence, it was proposed reducing all-weather fighters from the planned level of 153 in 1993 to 141 and secondary force of day-fighter Hawks from 72 to 63. On Tornado ADV numbers and pressure on the attrition buys see enclosure no. 15, D Air Plans to PS/CAS, 'Tornado ADV Numbers', 12 February 1990.

⁸² AHB, CAS 1/6/1 Part 54, Min (DP) to SofS, 8 February 1990.

Clark wanted policy guidance to be provided in enough time to shape costings and adjustments properly.⁸³ King's view was that LTC 90 had to be a 'holding exercise' until the European security structure was clearer, but he agreed that it lacked 'proper balance in some areas'. He said Options for Change would provide a 'surer basis for LTC 91'. King highlighted efficiency savings and his commitment to the 2.5% annual efficiency target, but major savings due in 1991-92 and 1992-93 had not yet been identified and he warned:

This is an issue of our external credibility too. It will be difficult for me to fight off pressures for a premature "peace dividend" during future public expenditure rounds, if we have failed to meet our promises on efficiency improvements.⁸⁴

King was content that the adjusted programme formed a satisfactory basis for the MoD's financial planning, but believed the department should proceed carefully, especially when proposals looked vulnerable to either arms control reductions or policy shifts. On future combat aircraft technology, he wanted the programme enhanced to incorporate joint work on Harrier derivatives with the US. He also sought further advice from the Defence Staff and OMB on increasing Sea Harrier attrition buys from 10 to 16, the cost of which would be offset by reducing Tornado ADV attrition purchases by eight aircraft and by adjustments to the Advanced Short-Range Air-to-Air Missile (ASRAAM) development programme, including changing the mix of airframes and weapons.⁸⁵

⁸³ Ibid. See also enclosure no. 42, PS/Min (DP) to Deputy Controller Aircraft (DCA), 'LTC 90: Future Fixed Wing Combat Aircraft Development', 28 February 1990; DCA to PS/Min (DP), 'LTC 90: Future Fixed Wing Combat Aircraft Development', 23 February 1990. Clark raised two immediate concerns. First, was the proposal to reduce the Sea Harrier attrition buy from 16 to 10 aircraft. Secondly, he thought the suggested removal of money from ASTOVL (Advanced Short Take-Off/Vertical Landing) work effectively took the UK out of the military aircraft business after the European Fighter Aircraft.

⁸⁴ AHB, CAS 1/6/1 Part 54, enclosure no. 31, SofS to PUS, 'LTC 90', 20 February 1990. MoD efficiency efforts were also raised by the Treasury and No. 10 following the department's submission which pledged to set targets from 1991-92 to 1994-95. The Treasury wanted the measures put into context, indicating the category of management action, including civilianisation and contractisation. Mrs Thatcher noted the MoD's comments about the effect of international events but insisted it was right to set challenging targets for improved efficiency, irrespective of any changes planned to overall defence strategy. CAS 1/6/1 Part 55, enclosure no 30, Evans (CST's Office) to Turnbull (PPS/PM), 'MoD: The 2½% per cent Efficiency Programme', 27 February 1990; Turnbull to PS/SofS, 2.5% per cent Efficiency Programme: Third Progress Report', 1 March 1990.

⁸⁵ AHB, CAS 1/6/1 Part 54, enclosure no. 31, SofS to PUS, 'LTC 90', 20 February 1990.

The Air Staff was predictably alarmed: King had moved 'the position further in an unhelpful direction' by singling out the Tornado ADV for possible reductions.⁸⁶ There were also concerns that attempts to reduce running costs in 1990-91 by arbitrary cuts in civilian manpower of 500 posts across the Air Force Department (AFD) contradicted the tenets of the NMS, producing small savings, exacerbating under-manning and reducing efficiency. At Strike Command, Air Chief Marshal Sir Patrick Hine complained:

I would observe that this whole process by which the reductions are being imposed smacks of unsound management, and dare I say, an apparent reluctance to bring to the attention of Ministers the true effects of pursuing doggedly an arbitrary and discredited running costs regime. I strongly recommend that the FPMG should consider formally the implications of imposing for 90/91 a running costs ceiling that is clearly unrealistic and which cannot be met, certainly within this command, without severe impact on our effectiveness and, perhaps more important, on the perception and the morale of our people at a time of increasing difficulty for retention and, especially in the case of civilians, on recruitment. I earnestly hope that better sense will prevail.⁸⁷

Differing approaches were adopted across the RAF to these relatively small reductions, but the Air Member for Personnel (AMP) considered that their 'consequences would be out of all proportion to the money saved.' He acknowledged that all Commands would implement further savings if required, but they were nevertheless concerned about morale and management credibility, essential for NMS's success.⁸⁸

By late March 1990 an MoD programme excess of around £300m was forecast for 1990-91. Central to this was the increase of 1.5% in GDP inflation forecast in the

⁸⁶ AHB, CAS 1/6/1 Part 54, enclosure no. 37, PS/CAS to CAS, 'LTC 90', 22 February 1990. On the reduced number of aircraft and the practicalities involved see CAS 2/1/1 Part 25, enclosure no. 17(ii), ACAS to CAS, 'Tornado ADV – Amendment to Build-up Plans', 11 June 1990.

⁸⁷ AHB, CAS 1/6/1 Part 55, enclosure no. 17, AOC-in-C, Strike Command, to AMP, 'Running Costs 1990/91: Civilian Manpower', 20 March 1990. Strike Command already had 400 civilians fewer than it needed to carry out its tasks and a further 120 were to be lost, leading to 10% civilian undermining overall, rising to as much as 30% at Headquarters.

⁸⁸ AHB, CAS 1/6/1 Part 55, enclosure no. 15, AMP to CAS, 'Running Costs 1990/91: Civilian Manpower', 21 March 1990.

Financial Statement and Budget Report (FSBR). AUS(Programmes) examined ways to remove the excess, operating through DUS(Resources and Programmes) and DCDS(Policy and Programmes) to VCDS and 2nd PUS. Meanwhile, the FSBR inflation forecast for years two and three of the LTC also rose: the programme excess in 1991-92 increased to about £750m. AUS(Programmes) included this in his exercise and sought to identify measures to cut bids by £550m. Similarly, on restraining running costs, 2nd PUS prepared a report for King on the effectiveness of proposed measures.⁸⁹

In the meantime, other developments were affecting the RAF. The MoD announced the purchase of 14 Harrier two-seater training aircraft for £200m to train pilots for the Harrier GR5 and the night-capable Harrier, the GR7, which was due to be delivered later that year.⁹⁰ Less positively, the remaining Bloodhound surface-to-air missile (SAM) squadrons were to be reduced and finally scrapped by 1995, without a firm commitment being made to replace them. The Air Force Board's decision signalled the closure of Bawdsey, Suffolk and North Coates, Lincolnshire, by March 1991 and concentration of remaining Bloodhound 'sections', reduced from 14 to six, at West Raynham, Norfolk and Wattisham, Suffolk.⁹¹ There were also reports that the Nimrod MPA was to be phased out rather than modernised by the end of 1999, five years earlier than planned.⁹² Importantly, Ferranti Defence Systems, recently taken over by GEC, secured the development contract for EFA's ECR-90 radar system, ending speculation (if only for a time) that the Germans might withdraw from the EFA programme.⁹³

⁸⁹ AHB, CAS 1/6/1 Part 55, enclosure no. 7, FPMG(90) 2nd Meeting, 28 March 1990. This report was planned for shortly after Easter but was delayed as Options for Change work was given priority. CAS 2/1/1 Part 25, enclosure no. 12, Minute by PS/2nd PUS to PUS, Chiefs of Staff, CDP, 'Defence Programme and Budget', 23 May 1990. The enclosure to this minute contains was a three-page analysis 'Programme Excesses' which outlined the sequence of events over the previous 18 months.

⁹⁰ Parliamentary Staff, 'Harrier trainers to be ordered at cost of £200m', *The Times*, 1 March 1990.

⁹¹ Michael Evans, 'Bases to go as RAF phases out missile', *The Times*, 7 March 1990. Bloodhound had been in RAF service since 1958,

⁹² No author, 'Early end to Nimrod', *The Times*, 12 March 1990.

⁹³ No author, 'Ferranti sale approved', *The Times*, 27 February 1990; No author, 'Radar deal saves jobs', *The Times*, 9 May 1990; Michael Evans, 'Radar contract secures future of Euro-fighter aircraft', *The Times*, 9 May 1990; Parliamentary Staff, 'Welcome for European fighter contract', *The Times*, 9 May 1990; Clark, *Diaries: In Power*, pp. 274-275, 19 January 1990. The Germans argued that Ferranti was commercial unviable, putting the project at risk but Alan Clark encouraged Lord Weinstock, GEC's Managing Director, to take Ferranti's radar sector into GEC thus underpinning its viability. It was thought the radar contract would worth up to £2bn and the development work involved £300m of work, one-third to the UK and GEC Ferranti, one-third to Germany, 21% to Italy and 12% to Spain.

Elsewhere, delays with the Navy's EH101 Anti-Submarine Warfare (ASW) helicopter, programme value £2,648m, were highlighted during a meeting of the OD Committee.⁹⁴ Although King had questioned whether it was needed, the MoD had ultimately concluded that there was a genuine requirement for the anti-submarine version of the helicopter to provide an effective response to new Soviet submarines. However, the initial order was to be reduced to 50 and the case for the utility variant reconsidered.⁹⁵ At the OD, Mrs Thatcher demanded a further, thorough examination and an assessment of alternative ASW force options, including alternative helicopters and additional MPA. This was to be prepared by MoD and Treasury officials and circulated to the committee. Thereafter, she wanted a full, formal presentation to the committee, with the Attorney General present. She also sought the advice of an independent expert and requested King's recommendations on the EH101 utility version.⁹⁶

Options foundations

On 19 March, DUS(P) announced that the first phase of Options for Change work was complete. It identified the minimum capability needed for unavoidable peacetime commitments, including Northern Ireland, overseas garrisons, the provision and secure deployment of a strategic deterrent and the direct defence of the UK at war. This was the 'first set of building blocks' to be tested against other requirements and available resources. The next stage of work considered, firstly, stationed forces in Germany, secondly, the structure for specialist reinforcements and other forces that might form reinforcements for Europe or an OOA intervention force and, thirdly, other maritime forces.⁹⁷ Mottram appended his assumptions of

⁹⁴ TNA, CAB 148/303, OD(90)2nd Meeting, 15 March 1990. PREM 19/3652, Binstead (PS/SofS) to Powell (PS/PM), 'Major MoD Procurement Projects', 2 August 1990.

⁹⁵ TNA, CAB 148/303, OD(90)9, 'The EH101 Helicopter', Memorandum by the Secretary of State for Defence, 12 April 1990. King dubbed the EH101 as 'the most unsatisfactory equipment project in the present equipment programme'. Dating from 1975, this Anglo-Italian project (Westland and Agusta) was 'an object lesson on how not to proceed on a major programme'.

⁹⁶ *Ibid.*, OD(90)5th Meeting, 19 April 1990. SofS mentioned Westland's financial weakness and stressed the Italian interest had to be considered by Ministers. Mrs Thatcher asked for an examination of financial commitments and legal obligations to Italian industry and the Italian Government. The advice of an independent expert, Professor Hartley, Vice Chancellor, Cranfield Institute of Technology, was sought again, in line with the EFA precedent of 1988. Later accounts stated that at the Defence and Overseas Policy Committee on 4 June 1990 Mrs Thatcher ruled the project would only be taken forward if the prime contractor undertook to guarantee the helicopter's performance and cost but no documentation concerning this committee meeting on that day has been found. See PREM 19/3496, Rosling (Special Adviser/PM) to PM, 'Bilateral with Mr King', 8 April 1991.

⁹⁷ TNA, DEFE 25/768, DUS(P) to VCDS, 2nd PUS, 'Options', 19 March 1990.

the minimum capability required for the three Services and UK defence. For the RAF (**Annex 1**) this was based on a marginal decline in the main AD threat posed by the Soviet medium bomber force post-CFE. Additional investment enhancing the Tornado ADV's weapons systems would help it counter the bomber threat more effectively despite the aircraft's lack of agility, relative to the latest Soviet fighters. The introduction of EFA and appropriate missiles was nevertheless 'fundamental to the UK's future capability to counter the AD threat'.⁹⁸

On the 21st, DUS(P) provided an Options update for King. The minimum capability for the direct defence of the UK, the secure deployment of a national strategic deterrent and the maintenance of overseas garrisons had been costed. Further studies were needed before conclusions could be drawn on force levels. Assumptions regarding stationed forces in Germany included retaining the NATO strategy of forward defence and flexible response and assuming 30 days warning time. If CFE was implemented as envisaged, the Soviets would need years to generate the forces necessary to launch a full-scale attack on NATO. It was assumed that the RAF would maintain a strike capacity in Germany, albeit at lower than existing levels.⁹⁹

On naval forces and intervention capability, planning was based on a primary OOA role and a secondary role in NATO, or the reverse. Out of area, it was assumed that the force would be capable of employment unilaterally. The UK would likely remain committed to north Norway's defence with an amphibious force, but longer warning time was expected to relax this requirement. Elsewhere, radical thinking was encouraged in replacing regulars with reserves because of longer warning times, with more reserves being recruited. Similarly, although the equipment programme had not been examined systematically, Ministerial decisions were needed on capabilities, including 'whether the RAF needs a capability against sophisticated fighter aircraft'.¹⁰⁰

⁹⁸ Ibid. The annexes were not given to Ministers. EFA was planned to enter service from 1996.

⁹⁹ TNA, DEFE 13/2196, DUS(P) to PS/SofS, 'Defence Policy Options', 21 March 1990. It was assumed allied forces would not be stationed in Berlin or former East Germany. This update was copied to Ministers of State, remaining top group members and working group members. Both BAOR options, 40,000 (at least two brigades) or 20,000 (at least one brigade), were to be maintained at full strength and readiness. UK contributions to multinational corps and divisions were mooted.

¹⁰⁰ Ibid. It was not required for amphibious forces to conduct an opposed landing or have assault parachute capability, except alongside allies. Moreover, whilst the working group had not considered Support in detail, they saw scope for rationalisation.

Resource assumptions inevitably played a central role in DUS(P)'s calculations. King had told him to assume no better than zero growth in real terms from 1992-93 and recognise possible lower resource levels. The working group provided two interpretations of a zero-growth option - a budget steady in real terms (on a GDP-deflator basis) or, more probably, a budget reduced by 1% annually due to cash squeeze. A lower level of resources was assumed to be a defence budget level in cash from 1993-94 but declining thereafter by the rate of inflation, assumed at 3% from that year. All three options assumed that the PES 89 settlement remained in being. The potential scale of reductions was outlined for each.¹⁰¹

As Downing Street had requested King's general assessments by the end of May, DUS(P) planned to produce reports by 27 April; these would cover the balance of work on stationed forces in Germany, naval forces and intervention capability, CFE options, and possible financial and manpower constraints affecting programme changes. There would also be a background paper outlining the existing force structures and costs of major elements. By 14 May, DUS(P) planned to submit a draft report to King, which would potentially form the basis for his report to Mrs Thatcher.¹⁰²

At the end of March, the MoD contributed to FCO papers on strategic implications of current trends in the NATO alliance and on East-West relations. King called for a revised military strategy but within the framework of flexible response and forward defence. He recognised the difficulties involved in maintaining theatre nuclear forces, sustaining support for the Tactical-Air-to-Surface-Missile (TASM) and basing missile delivery systems in Germany, and he underlined the MoD's support for multinational force structures; in the air dimension, mixed nationality forces already existed. The MoD also believed that the Berlin garrison should be included in Options for Change work and might be considered for withdrawal, particularly if German subsidies ended.¹⁰³

¹⁰¹ *Ibid.* DUS(P) advised at later stages of the work the resources needed to fund various alternative force structures would become clearer and could be set against the resource assumptions.

¹⁰² *Ibid.* In the interim, from 30 April, Mottram sought discussions on the way ahead with Ministers and the commissioning of additional work.

¹⁰³ TNA, DEFE 13/2196, Webb (PS/SofS) to Powell (PS/PM), 'Strategic Implications of Current Trends in the Alliance and East-West Relations', 28 March 1990. Meanwhile, forward defence was more the capability of deployment forward rather than large forces on the NATO border. Both Mrs Thatcher and Alan Clark doubted multinational forces. Clark thought that although 'some tinkering' may make residual NATO forces in West Germany more acceptable to the locals in the short term, he did 'not believe that truly multi-national forces at Division, or Brigade level, or lower will have any real military

Single-Service concerns

In late March, CDS was reminded that, hitherto, single-Service involvement in Options for Change consisted of answering the three basic questions on minimum capability for the direct defence of the UK, for the secure deployment of the strategic deterrent and to guarantee overseas territories and colonies. The remit had since expanded to the evaluation of the UK's role in Europe, NATO and the North Atlantic commitment, and the forward maritime strategy. The nature and timing of the Service Chiefs' involvement were other questions for CDS. Despite King's strictures, VCDS believed that they should be included when all answers to the basic building blocks were received, to keep them onside and avoid a *fait accompli*.¹⁰⁴

Officials thought future force structures would 'go well beyond the impact of CFE'. Political and resource pressures would 'encourage Ministers to decisions earlier rather than later'. It was agreed that the Service Chiefs should be informed of work relating to their Service and submit their views to CDS on wider emerging issues at a suitable point, with an informal meeting once advice to King became clearer.¹⁰⁵ On 28 March, DCDS(Programmes & Personnel) reported to VCDS on an update he had delivered to the Assistant Chiefs the previous day. He had briefed them on how DUS(P)'s group had considered five out of eight answers to Options for Change questions; the final three would be considered within the next week. It would make proposals before Easter to VCDS and 2nd PUS. CDS aimed to use a COS(Informal) meeting to answer colleagues' concerns and agreed with PUS, subject to King's agreement, that the COS should be drawn in more formally, through an ad hoc group, as overall solutions were discussed. The Assistant Chiefs were told that No. 10 wanted a 'broad general assessment of the options'. Linkage with the Public Expenditure Survey and Long Term Costings 91 was inevitable 'if MoD was to remain in some control of its programme'.¹⁰⁶ Unsurprisingly, DCDS(P&P) recorded 'deep and understandable unease at COS level'. He had allayed concerns that firm decisions had already been taken, but Options for Change was perceived as 'gathering inevitable momentum towards becoming a firm plan in LTC 91'. DCDS(P&P) concluded:

worth.' PS/Min (DP) to PS/SofS, 'Strategic Implications of Current Trends in the Alliance and East-West Relations', 22 March 1990.

¹⁰⁴ TNA, DEFE 25/768, PSO/CDS to CDS, 'Options', 22 March 1990.

¹⁰⁵ Ibid., Minute by Head of RP(P&B), 'Options for the Defence Programme', 28 March 1990.

¹⁰⁶ TNA, DEFE 25/768, DCDS(P&P) to VCDS, 'Defence Options – Briefing of ACOS', 28 March 1990.

The COS feel that they have a right and a duty to begin to be consulted and to contribute much more substantially in the very near future. I understand 1SL [First Sea Lord] is prepared to lead at COS(I) but that the expectation of all three COS is that CDS will bring them as fully as possible into his confidence.¹⁰⁷

Key determinants for Defence

CDS involved the Service Chiefs by initiating collective work on likely key influences on military capability in the 1990s. He wanted this study to be prepared alongside Options for Change studies. Craig requested the individual Service Chiefs to produce a paper setting out their perspectives on the key factors affecting the future capabilities required of their Service. DUS(P) and DCDS(P&P) were updated so that they could consider this work in connection with Options for Change. Nevertheless, this was a separate study from Options for Change, which remained under King's direction.¹⁰⁸ According to VCDS, the exercise stemmed 'primarily from the unease felt by the Chiefs of Staff about the manner in which the Options for Change work has had to be conducted'. The study was assigned to an informal Defence Determinants Advisory Group, which incorporated single Service and Options for Change team perspectives. Air Vice-Marshal Andrew Roberts, ACDS(Concepts), produced a synopsis for the group, suggesting an investigation of the 'Relative shift in emphasis between four pillars'. These were the nuclear component of deterrence, the defence of the UK homeland and surrounding waters, the UK contribution to NATO and the protection of other national interests worldwide.¹⁰⁹ CDS sought to avoid friction between the Defence Determinants work and the Options for Change studies. Determinants activity was 'to set out the key military determinants which should influence the capabilities of UK forces for the 1990s'.¹¹⁰

¹⁰⁷ Ibid.

¹⁰⁸ Ibid., VCDS to ACDS(Concepts), 'The Key Determinants of our Military Capability in the 90s', 3 April 1990.

¹⁰⁹ Ibid., ACDS(Concepts) to VCDS, 'UK Defence Capabilities – Determinants for the Long Term', 3 April 1990.

¹¹⁰ TNA, DEFE 25/768, PSO/CDS to MA/ACDS(Concepts), 'Defence Determinants', 9 April 1990. CDS wanted to give the agreed paper to SofS after the COS meeting on 1 May in a fit state to form the essential backdrop for ministerial consideration of the Options report to be sent to the Prime Minister. DEFE 25/771, PSO/CDS to PS/CAS, 'Options for the Defence Programme – Key Determinants', 25 April 1990.

On 5 April, CAS addressed a paper entitled 'Key Determinants of the Future Royal Air Force', to ACDS(Concepts). He argued that Options for Change was not a defence review because the changing situation made it impossible to decide future defence contributions. Nonetheless, there were certain 'key determinants in terms of future force posture' which could be defined in a changing world.¹¹¹ Vital elements for the RAF included flexibility and the threat to NATO becoming more unpredictable. Consequently, scenario-dependent weapons systems should not be procured. The continued need for air-launched Theatre Nuclear Weapons was underlined, as was the importance of dual-capable aircraft and forward operating bases in western Germany. Similarly, the continued significance of UK air defence was emphasised, incorporating early warning, command and control, secure ground environment, agile fighters, an effective tanker force and a flexible SAM system. General purpose forces were also needed, with an offensive counter-air capability, interdiction capability and battlefield reconnaissance capabilities. Other issues included maritime air and investment in effective anti-submarine capabilities, and air transport would be increasingly important due to likely greater reliance in future on UK-based forces. CAS's paper supported the concept of an intervention force, suggesting one airborne and one seaborne brigade, requiring air power (and specifically the support of a general-purpose multi-role combat aircraft) and base facilities in friendly and allied states worldwide. Aircraft were also required for inserting Special Forces.

In conclusion, CAS argued that the most capable equipment and modern weapons systems were essential to avoid making 'cannon fodder of our people'. Investment in people programmes, King's 'Service Dividend', was important for manning purposes to attract and retain the best people. Support encompassed efficient logistics, infrastructure support and flying training. CAS wanted the breadth of the RAF to endure through the retention of all the capabilities mentioned, albeit with reductions and rationalisation in a few areas. He envisaged a balanced, broadly capable, efficient RAF that could confront the unforeseen. Post-Options for Change forces and programmes had to meet not only the threats of the mid-1990s but 'more

¹¹¹ TNA, DEFE 25/768, PS/CAS to ACDS(Concepts), 'Key Determinants for the Future Royal Air Force', 5 April 1990. Various assumptions were made including the withdrawal of almost all Soviet forces from eastern Europe, the end of the Warsaw Pact, reduced ground and nuclear forces, a united Germany, a Soviet Union shorn of some ethnic republics, increased Arab radicalism and fundamentalism, greater nuclear, chemical and missile proliferation and rising instability in some regions as the US and Soviets stepped back.

importantly, the potential threats to our country and our vital interests anywhere in the world well beyond the year 2000'.¹¹²

ACDS(Concepts) subsequently produced a draft paper that considered UK commitments under the so-called 'four pillars'. The paper attached a high priority to mobility and flexibility, the retention of a broad capability to engage in high and low-level conflict and avoidance of role shedding. In respect of the RAF, ACDS(C)'s paper emphasised the requirements of high and low-intensity conflicts. More broadly, it underlined the importance of people factors.¹¹³

The Chiefs agreed with the paper's aim and general content¹¹⁴ and met the Options for Change top group and working group on 19 April. The Options for Change paper went to Ministers on 27 April, the Key Determinants paper on 3 May. Meanwhile, the Chief of Defence Intelligence suggested that the latter must reflect changes anticipated in the 1990s, particularly regarding the Soviet Union and CFE,¹¹⁵ while DUS(P) offered 'a barrage of heavy sniping'. He acknowledged that the paper was a 'valiant effort' but doubted its feasibility, given the changing international environment. He added:

Moreover, policy cannot be derived in isolation from the plans of our Allies and from resource constraints. It is only through the interplay of "needs" and relative costs that proper choices can be made. There are fewer absolutes in defence policy and programming than your draft would imply.¹¹⁶

¹¹² Ibid. CAS warned highly sophisticated aircraft and equipment could not be bought quickly nor men trained rapidly. Effective combat air forces could not simply be regenerated if lost. Meanwhile, the changing environment was highlighted by the Navy as likely to lead to 'a shift in emphasis from NATO to OOA'. ACNS to ACDS(Concepts), 'Design Determinants', 4 April 1990.

¹¹³ TNA, DEFE 25/768, folio 54, ACDS(Concepts), 'Defence Key Determinants', 9 April 1990. It was acknowledged change required careful handling, with disruption and uncertainty minimised for personnel and their families, to maintain morale and commitment. Similarly, training standards had to be preserved with greater focus on leadership, personnel management, pay, conditions of service and living standards across the Services.

¹¹⁴ TNA, DEFE 25/771, Minute by ACDS (Concepts), 'Defence Key Determinants', 23 April 1990. CAS mistakenly thought the Options for Change paper and Determinants paper would be submitted to Ministers separately but concurrently. See Jenner (PS/CAS) to PSO/CDS, 'Options for the Defence Programme', 23 April 1990. Jenner to PSO/CDS, 'Options for the Defence Programme', 23 April 1990.

¹¹⁵ AHB, CAS 2/1/1 Part 24, PS/CDI to ACDS(Concepts), 'Defence Key Determinants', 24 April 1990.

¹¹⁶ Ibid., PS/CAS to CAS, 24 April 1990 covering DUS(P) to ACDS(Concepts), 'Defence Key Determinants', 24 April 1990. PS/CAS observed, 'Yet he [DUS(P)] can scarcely in the time available offer anything better himself!'

The Air Staff considered the paper ‘a good vehicle for informing judgements on relative merits of the defence options’.¹¹⁷ CDS accepted there would be political and financial considerations of equal importance affecting the eventual outcome. Craig wanted a significant UK presence in Europe and a substantial maritime contribution to NATO. He stressed the importance of maintaining quality equipment and the ability to mobilise and reinforce rapidly. CAS observed that although the direct threat was receding, nuclear and chemical weapons proliferation presented less predictable scenarios. He warned against lowering vigilance, and again underlined that military capability must not fall to an ‘irrecoverable position’. While hard choices were required, it would be unwise in such an unstable world to give up any capability lightly without fully understanding the implications.¹¹⁸

PUS had reservations about the paper’s relationship with ongoing policy work and thought it constructed an over-ambitious OOA case. Not all alternatives would be affordable as budgets declined, and he foresaw difficult choices between quality and quantity, which would be influenced by political and financial considerations. In discussion, it was stressed that the military case should not be overplayed and that Joint Intelligence Committee assessments should benchmark threats. Moreover, while it was essential to consider ‘worst case’ scenarios, they might produce unaffordable demands inconsistent with available resources.¹¹⁹

CDS sent the 18-page paper ‘Defence Determinants for the Future’ to King on 3 May. Craig said the Chiefs believed the paper was helpful in reviewing the key military dynamics influencing the capabilities of UK forces in the 1990s and beyond. They also appreciated political and financial considerations. Not trespassing on Options for Change, CDS added, ‘This exercise can be no substitute for the detailed work of the Department including the programming cycle based on Ministerially approved priorities.’ However, he maintained that it provided a useful background to the forthcoming report to Mrs Thatcher. The paper highlighted the need to prepare for the unexpected whilst recognising that force levels would be adjusted, ‘but great prudence is required and there is still a strong case for retaining a breadth of capabilities, ideally with balanced general-purpose forces which are ‘flexible, adaptable and responsive, to deal with unforeseen tasks’. CDS cautioned against foreclosing possibilities prematurely. He promoted the status quo of four defence pillars as far as possible in the new environment alongside a capacity to

¹¹⁷ *Ibid.*, ACAS to CAS, ‘Defence Determinants’ enclosing point brief by DAFSD, 26 April 1990.

¹¹⁸ TNA, DEFE 25/771, COS 8th Meeting/90, 1 May 1990.

¹¹⁹ *Ibid.*

respond rapidly to situations further afield, putting more emphasis on strategic and tactical mobility and flexibility. Craig was protective of sub-strategic nuclear forces and cautious about amendments to nuclear defence policy. He also underlined the importance of servicemen and women, stressing that the demands on them necessitated high-quality training.¹²⁰

Balancing the books

On 30 March, 2nd PUS advised PUS that King was aware of adverse inflation forecasts and their likely repercussions for defence. Projected GDP inflation rose in the Budget from 5% to 6½% for 1990-91, with further increases for the two following years. A 1½% rise in inflation would cost up to £300m. Alongside this was the carry forward into 1990-91 of higher-than-expected spending in 1989-90 of £120m-£150m. With savings from offsetting the Services pay award, the gross risk was estimated at £400m, but various adjustments suggested the £300m figure for 1990-91 as above. 2nd PUS also mentioned King's refusal to approach the Treasury for an uplift to the PES 89 running cost limit for 1990-91. Finding savings had 'not proved to be at all easy'.¹²¹

On 27 April, 2nd PUS updated King on the implementation of running costs savings measures, the position having deteriorated because of the Budget's upward revision of inflation estimates, adding £60m of pressure. Indeed, greater running costs savings had been proposed as part of an exercise designed to reduce the programme by £300m in 1990-91. 2nd PUS presented a choice between 'implementing a number of highly visible and damaging measures which make no managerial or political sense or seeking an uplift on the limit'. The Chiefs favoured the latter. 2nd PUS warned that 'the credibility of Whitehall management of the Services is otherwise seriously at risk', and argued that the staging of pay, the introduction of the Community Charge (the so-called 'Poll Tax'), undermanning, and the secondment of personnel to security duties were harming attitudes. Cuts already agreed had

¹²⁰ Ibid., CDS to SofS, 'Defence Determinants for the Future', 3 May 1990; AHB, CAS 2/1/1 Part 24, enclosure no. 81, minute by Burns (Secretary, COS Committee), 'Defence Determinants for the Future', 3 May 1990. Despite longer warning times, demographics (smaller numbers in recruitment age group) and financial factors CDS emphasised recruitment, retention and productivity, applying to Reserves as much as Regulars and perhaps requiring new legislation. King's office acknowledged the minute and paper a month later, DEFE 25,773, PS/SofS to PSO/CDS, 'Defence Determinants for the Future', 4 June 1990.

¹²¹ AHB, CAS 1/6/1 Part 55, enclosure no. 3, 2nd PUS to PUS, 'Defence Programme and Budget', 30 March 1990; enclosure no. 4, 2nd PUS to PS/SofS, 'Defence Programme and Budget', 30 March 1990.

affected NATO and national exercises and training. King was advised to request a £60m uplift but 2nd PUS added that unless the £300m exercise discovered some viable running costs savings, problems remained, their precise scale depending on inflation's impact.¹²²



The new CDS, MRAF Sir David Craig, December 1988.
Photograph: AHB(RAF)

¹²² AHB, CAS 1/6/1 Part 58, enclosure no. 41, 2nd PUS to PS/SofS, 'Running Costs 1990-91', 27 April 1990

Roger Jackling, AUS(Prog), was charged with delivering a savings exercise to find £330m of savings from the programme within the Service groupings in 1990-91 and a further £450m of savings in 1991-92. He sought prioritised savings within financial targets from the respective Heads of Resources and Programmes (RP) and Directors of Plans for submission of a package of measures for the FPMG meeting on 31 May. With potentially smaller armed forces, he demanded action on recruitment.¹²³ The AFG share of cuts involved reductions of at least £110m in 1990-91, including £25m for running cost measures, and at least £150m for 1991-92. The Head of RP(Air) said piecemeal savings could no longer be applied and 'more radical solutions are needed if we are to afford a reduced, but balanced, Air Force. Tasks have to be reduced.' He suggested withdrawing and disbanding Phantom and Buccaneer squadrons and the Phantom Operational Conversion Unit (OCU), phasing out the Hunter, closing Wattisham and Wildenrath, withdrawing four Tornado GR1 squadrons from RAF Germany and closing a second German station after 1991. The implementation of these reductions would begin soon, with some measures involving manning, support and works offering scope for immediate economies.¹²⁴

On 2 May, 2nd PUS delivered a progress report to King on the savings exercise. The objective was to take early decisions on reductions of at least £350m in 1990-91 and £450m in 1991-92. At the Centre, Office of Management and Budget officials and the Defence Staff had identified specific measures, largely deletions or deferrals on equipment and savings in maintenance and spares. The reduction of military recruitment and further cuts to civilian recruitment and works expenditure were also considered, particularly in Germany. Tighter processes had been initiated to monitor and control spending. 2nd PUS underlined the holding aspect of LTC 90: buoyant equipment expenditure and additional inflation made reducing and controlling the programme in 1990-91 and 1991-92 'formidable'. Identifying measures of about £800m for both years, on top of earlier economies and with much spending already committed was a major challenge when viewed alongside the new force structures being considered in preliminary Options for Change work. To go beyond the existing exercise to save further hundreds of millions in 1990-91 would involve 'a

¹²³ Ibid., enclosure no. 38, AUS(Prog) to Heads of RP (Nav, Army, Air), 'Savings in 1990/91 and 1991/92', 1 May 1990.

¹²⁴ AHB, CAS 1/6/1 Part 58, enclosure no. 38, Head of RP(Air) to AMP, AMSO, 'Savings in 1990/91 and 1991/92', 2 May 1990.

complete moratorium forthwith on uncommitted expenditure on equipment, works and recruitment', gravely damaging management, morale and cost-effectiveness.¹²⁵

On 8 May, 2nd PUS advised that the likely excess spending over cash limit was £550m.¹²⁶ Senior officials agreed that the situation could not continue unchecked. They backed a temporary bar on all but the most urgent new commitments, while programme alterations were identified and approved. Similarly rigorous restrictions were placed on civilian recruitment. With King abroad, 2nd PUS obtained Archie Hamilton's authority to proceed¹²⁷ until Ministers made their decisions, post-FPMG on 31 May.¹²⁸ CDP told the defence industries trade associations on 11 May that the MoD would not place any new contracts for five to six weeks. Thereafter, King would review the procurement and civilian recruitment freeze.¹²⁹

2nd PUS's briefing for the FPMG meeting then suggested an excess spending over the cash limit for 1990-91 of £600m (£570m at LTC 90 prices). The excess for 1991-92 was estimated at £910m at LTC prices. Projected Options for Change force structure costs were said to exceed the budget by £1.4bn over the PES 89 period, 1990-91 to 1992-93. King was told that the proposed savings measures package if implemented meant that excess spending in the first year was removed and in the second year reduced. Savings were sought to reflect the direction of Options for Change work. Equipment was the largest savings area. The RAF proposed one large savings measure - deleting the planned attrition buy of 26 Tornado GR1s, a measure that would be justified by likely Options for Change outcomes. Works savings focused on withholding almost all new British Forces Germany commitments. Recruitment spending was to be reduced by 10-16%. Civilian recruitment bans were imposed in the Army and Air Force groupings. Some running costs measures

¹²⁵ Ibid. enclosure no. 37, 2nd PUS to SofS, 'Defence Programme 1990/91 and 1991/92', 2 May 1990. Despite many of the same staff being involved with Options for Change work, 2nd PUS promised SofS another report, later in May.

¹²⁶ Ibid., enclosure no. 35, 2nd PUS to Min (AF), 'Defence Expenditure 1990/91', 8 May 1990. This took in a Summer Supplementary Estimate to restore provision for War Widows pensions (£110m) and carry forward (£60m-£90m).

¹²⁷ Ibid.

¹²⁸ AHB, CAS 2/1/1, Part 24, enclosure no. 83, PS/Min (AF) to PS/2nd PUS, 9 May 1990; CAS 1/6/1 Part 59, enclosure no. 10, ACAS to CAS, 2nd PUS, 'Running Costs 1990/91', 21 May 1990. On 31 May Ministers were to be given considered advice after the FPMG meeting. A decade on from Francis Pym's 3-month moratorium of August-November 1980, the MoD adopted the same approach when faced with similar financial circumstances.

¹²⁹ Chief Political Correspondent, 'Defence spending is frozen for six weeks', *The Times*, 16 May 1990. The aim was to produce short-term cuts worth £350m in 1990-91.

identified were so damaging they could not be implemented. 2nd PUS recommended the MoD to request an increased running cost total from the Chief Secretary.¹³⁰

On 29 May, DCDS(P&P) advised the COS Committee that each percentage point increase in inflation would cost defence £200m annually. CDS recognised that the moratorium was unwelcome, but there was no practical alternative. He wanted a prompt Ministerial decision on savings.¹³¹ Service recruitment was one potential savings area, but personnel remained a vexed issue. On 1 April 1990, the Royal Navy had a 2.8% deficit, the Army 3.7% and the RAF 6.8%, with a trained requirement of 89,564 but a deficit of 6,089. In some RAF ground trades, the shortfall was 10 to 13%, and it was worsening, with an estimated deficit in total RAF trained strength at 1 April 1991 of 9.4%.¹³²

At the FPMG on 31 May, 2nd PUS said many reductions were severe. However, he stated this was not surprising and illustrated the programme's high level of commitment, particularly in 1990-91. There was no wriggle room and 2nd PUS believed a potential overspend of over £200m remained in 1990-91 with continued tight controls on new commitments and further economies essential in order to remove it. There was no large carry-forward to provide a cushion and he thought a further stocktake could be taken in August in the light of further forecasts. Meanwhile, two baskets of running costs reductions were identified. The second 'could not sensibly be recommended for implementation'. King was urged to seek the maximum uplift from the Treasury in the running costs control total achievable, although greater savings elsewhere were required to compensate.¹³³ VCDS believed that King should be told that although the measures were severe, neither these nor the further cuts exercise solved remaining programme over-spends in later years. This should be addressed in Options for Change work. Meanwhile, the civilian recruitment ban would jeopardise the introduction of the MoD's New Management Strategy and exacerbate overstretch. Allocating cash limits for civilian manpower

¹³⁰ AHB, CAS 1/6/1 Part 59, enclosure no. 17, FPM(90)8, 'Financial Planning and Management Group LTC 90 Supplementary Savings Exercise', 24 May 1990. Between 1983 and August 1990 some 26 Tornados were destroyed in accidents. Harvey Elliott, 'Two die in new Tornado crash', *The Times*, 18 August 1990.

¹³¹ AHB, CAS 1/6/1 Part 59, enclosure no. 25, COS 10th Meeting/90, Confidential Annex Item 3, Current Financial Constraints, 29 May 1990.

¹³² AHB, CAS 1/6/1 Part 59, CAS briefing pack for FPMG meeting, 31 May 1990, Annex A, Reduction in Service Recruiting: Inter Service Comparison, Annex B, Shortfall in Key Groups.

¹³³ AHB, CAS 1/6/1 Part 58, enclosure no. 18, FPMG(90) 3rd Meeting, 31 May 1990. The Group rejected only two measures in the 2nd PUS's proposals, saying the MoD should pay the Efficiency Incentive Scheme award due in 1990-91 and hold Exercise Purple Victory.

to prospective NMS Top Level Budget holders was preferable. The Group agreed that the new commitments ban should continue until 1 August, subject to review in early July and Ministerial approval.¹³⁴ 2nd PUS advised King that the latest figures showed an excess over the cash limit of £584m for 1990-91 (£545m at LTC 90 prices), with the excess for 1991-92 estimated at £910m at LTC prices and on MoD inflation assumptions. The cost of the possible Options for Change force structure was £1.4bn over budget for PES 89, covering 1990-91 to 1992-93.¹³⁵

The severe running costs position was also conveyed to King. Higher than forecast inflation and an anticipated 'fine' for overspending in 1989-90 and 1988-89, abated by various savings, left a forecast excess of £110m. King's approval was sought for programme savings of £335.5m in 1990-91 and £505.2m in 1991-92. Meanwhile, Alan Clark advised King that he was happy with proposed Royal Navy and RAF procurement savings, but that the Army list contained numerous deferrals and cuts to uncommitted spending. It needed to reflect the Options for Change exercise more closely and delete programmes. Whilst Clark acknowledged that measures were needed to control running costs, he opposed a moratorium extension, instead proposing rigorous scrutiny for all new commitments on the basis of need, cost-effectiveness and urgency.¹³⁶

On 7 June, Ministers met with VCDS, 2nd PUS and CDP to discuss savings further. King was inclined to rein back equipment and works spending, and to defer the acquisition of new equipment, and believed that minor measures affecting readiness and operations would harm morale. CDP advised that the equipment programme settled in LTC 90 had anticipated a £350m carry forward but only £72m had materialised. It had proved difficult to postpone deliveries to delay spending. He thought it might be feasible to scrutinise equipment contracts to narrow the gap between programme savings identified, £335m, and the forecast overspend of £584m. The case was raised for disbanding a Phantom squadron in 1990-91, discarding older aircraft and redistributing those with least fatigue. King, mindful of Options for Change and the forthcoming defence debate (18-19 June), disliked

¹³⁴ *Ibid.* FPMG agreed to send 2nd PUS's submission to King, proposing a Treasury uplift in the running costs control total, removing the requirement to take major additional measures.

¹³⁵ TNA, DEFE 25/773, enclosure no 38, 2nd PUS to SofS, 'Defence Programme 1990/91 and 1991/92', 1 June 1990.

¹³⁶ AHB, CAS 2/1/1 Part 25, enclosure 17(i), PS/Min (DP) to PS/SofS, 'Defence Programme 1990/91 and 1991/92', 5 June 1990. See also enclosure no 27, PS/2nd PUS to PS/Min (DP), 'Defence Programme 1990/91 and 1991/92', 7 June 1990 which countered some of the criticism of Army deferrals leading to greater costs in the longer term.

the terms ‘moratorium’ and ‘freeze’, and preferred ‘severe stringency accompanied by sensible flexibility’. He appreciated MoD views on running costs but requested a ‘sharper presentation’ of the real difficulties with the present limit before asking the Chief Secretary to the Treasury to raise the figure within an unchanged overall cash limit.¹³⁷

It was proposed to implement the 1990-91 savings package and end the moratorium, as planned, on 30 June. Three categories of measures needed public announcement: the restrictions on Service recruiting, the decision to cancel the Tornado Batch 8 attrition buy and various measures for paying off (scrapping) ships and submarines. Due to Options for Change, the recruitment and Tornado decisions could be presented as measures to avoid entering into unnecessary commitments.¹³⁸ Nevertheless, by the time of the Defence debate, the overspend was projected to be ‘some £600m’; a figure of £350m had been used in earlier texts and by King in evidence to the HCDC in May. This increase arose from higher inflation, reduced carry forward and ‘the general buoyancy of expenditure’.¹³⁹

On 20 June, King turned his attention to an enquiry from the Chief Secretary about controlling spending and sending early forecasts of the outturn, which indicated a potential £600m overspend. He described how he had initiated numerous measures, including deferral, cancellation and early withdrawal of equipment, and stringent constraints on new commitments, to stay within the cash limit. However, he stressed that there were very severe difficulties with running cost limits, despite the adoption of a range of initiatives that would save £65m. To go further would involve senseless measures that would not be understood by armed forces personnel and management, including the closure of support establishments, reduced clothing provision, Service personnel reductions beyond advisable levels, a virtual halt to civilian recruitment, and drastic cuts to duty travel. King and the Chiefs opposed this when Options for Change was gathering momentum. It would threaten the credibility of defence’s central management. There was ‘massive’ uncertainty about the future and confidence was ‘fragile’. He added:

¹³⁷ Ibid., enclosure no. 17(i)-(ii), PS/SofS to PS/2nd PUS, ‘Defence Programme 1990/91 and 1991/92’, 8 June 1990. King requested 2nd PUS draft a minute to the MoD on 1990-91 savings measures, prepare a plan for the internal and public presentation of such savings measures and draft a letter to CST on running costs.

¹³⁸ Ibid., enclosure no. 17(iii) (i), DUS(RP) to PS/SofS, ‘Defence Programme 1990/1 and 1991/2’, 15 June 1990.

¹³⁹ Ibid., enclosure no. 18, PS/2nd PUS to PS/SofS, ‘Defence Programme 1990/91 and 1991/92’, 18 June 1990.

We almost certainly face the prospect for changes of a kind that will inevitably be unsettling to the Services. It cannot be sensible management to go into the presentational and morale problems of this against a debilitating and disruptive short-term fire brigade action.¹⁴⁰

King looked forward to a revised definition of running costs for 1991-92 and to NMS offering greater flexibility. He asked for MoD's running cost limit to be increased by £120m, not by requesting more money overall but by Treasury support for, in his words, 'some small flexibility at a difficult time for myself and top Service management'.¹⁴¹ Meanwhile, he lifted the temporary bar on new commitments on 30 June with the proviso that they would be subject to stringent scrutiny.¹⁴²

Even after Options for Change, 2nd PUS thought that commitments would exceed resources in 1991-92 and therefore emphasised the need for 'economy and prudent housekeeping'.¹⁴³ At MoD's FPMG on 3 July, he relayed King's view prioritising the capital programme rather than current activity, emphasising the aim of realising savings from Votes 2 and 4 - equipment and works. The latest forecast outturn showed a £664m overspend, £80m worse than forecast. This excess was abated by the £306m savings package already agreed and £20m of running cost savings measures already approved. The group pledged to identify two further £50m tranches of savings, reflecting anticipated Options for Change measures.¹⁴⁴

In early July, PUS advised King that the second outturn forecast showed an overspend of £665m for 1990-91.¹⁴⁵ With £306m of reductions found, there remained an excess of £360m. PUS was pessimistic about the Treasury's position, recent correspondence with the Chief Secretary suggesting that 'outright refusal' was still likely. Meanwhile, PUS suggested that, in the list of equipment and works

¹⁴⁰ AHB, CAS 2/1/1, Part 25, enclosure no. 24(ii), SofS to CST, 'Running Costs 1990', 20 June 1990. King also thanked CST for confirming increasing the MoD's cash limit by £103.9m in late May.

¹⁴¹ *Ibid.*

¹⁴² *Ibid.*, enclosure no. 24(ii), PS/SofS to PS/2nd PUS, Defence Programme 1990/91 and 1991/92', 21 June 1990.

¹⁴³ AHB, CAS 1/6/1, enclosure no. 8, 2nd PUS to PUS, 'FPMG – Expenditure 1990/91', 28 June 1990.

¹⁴⁴ AHB, CAS 1/6/1 Part 57, enclosure no. 9, FPMG(90) 4th Meeting, 3 July 1990. Measures from the Procurement Executive grouping were to be included in savings, reductions in Property Services Agency (PSA) fees and charges were to be found and the sale of surplus equipment was to be accelerated.

¹⁴⁵ AHB, CAS 2/1/1, Part 25, enclosure no. 46, PUS to SofS, 'Defence Programme 1990/91 and 1991/92: Savings on Equipment and Works', 4 July 1990. The new, larger figure was comprised of £23m excess remaining on the programme, £280m reduced carry forward from 1989-90, £240m from inflation and £120m of volume increases. See also AFBSC12(90), 4 July 1990.

savings, a line should be drawn at about £310m for 1990-91. Some £380m of additional savings had been drawn up, and further running costs savings previously viewed as 'untakeable' were under consideration.¹⁴⁶

King endorsed the suggested reductions, subject to specific measures on submarines, the Army in Northern Ireland being unaffected and the rundown in spares not rendering major equipment items non-operational.¹⁴⁷ Some £260m of 'Basket 1' measures were recommended for immediate implementation with a further £50m being 'urgently identified' in 'Basket 2'. These measures yielded 'modest savings for a modest but unwelcome impact on the programme' but left current activity unaffected. Further work continued to identify the additional £50m of savings, which would perhaps be needed in September. Reducing war stocks produced medium-term savings but not major in-year savings. Similarly, it was 'imprudent' to rely on flexibility on bill payment to sustain the cash limit.¹⁴⁸ The RAF contribution towards the £50m of savings from Votes 2 and 4, agreed by the FPMG, amounted to £10m. The measures were 'relatively painless' and were cleared by CAS 'without difficulty'.¹⁴⁹

The MoD's Controller of Public Relations (CPR) advised King to agree 'an early and all-embracing announcement' of the savings package, otherwise leaks would follow, and the MoD would lose the initiative. CPR hoped all measures could be

¹⁴⁶ Ibid.

¹⁴⁷ Ibid., enclosure no. 30, PS/SofS to PS/PUS, 'Defence Programme 1990/91 and 1991/92: Savings on Equipment and Works', 5 July 1990. King backed a tough line with the Property Services Agency and suggested reducing war stocks and arranging flexibility on contracts.

¹⁴⁸ Ibid., enclosure no. 32, 2nd PUS to PUS, Chiefs, CDP, CSA, 'Defence Programme: Further £50m Savings', 5 July 1990; 2nd PUS to SofS, 'Defence Programme: Further £50m Savings Measures', 5 July 1990; enclosure no. 55, 2nd PUS to SofS, 'Defence Programme 1990/91 and 1991/92: Savings on Equipment and Works: Further £50m', 18 July 1990.

¹⁴⁹ Ibid., enclosure no. 31, D Air Plans to PS/CAS, 'Defence Programme 1990/91 and 1991/92: Further Savings on Votes 2 and 4', 5 July 1990. The measures did not include cancellation of the second buy of Sea Eagle, which had been mooted earlier. Some £5m of the RAF contribution was found by reducing funding for minor works projects and maintenance at units. Concurrently, CAS informed senior colleagues and Commanders-in-Chief of the financial circumstances and measures taken which involved reducing the programme's size with savings mainly on Votes 2 and 4, rigorous scrutiny regime for new commitments and delegating civilian manpower costs to TLB holders designate. CAS anticipated these measures would eliminate the forecast overspend in 1990-91. CAS 1/6/1 Part 57, enclosure no. 12, CAS signal to HQ STC, HQ RAF Germany, HQ RAF Support Command, 'Defence Expenditure 1990-91', 6 July 1990; enclosure no. 15, CAS to AMP, AMSO, ACAS, 'Defence Expenditure 1990-91', 6 July 1990.

covered before the recess¹⁵⁰ and Min (AF) agreed.¹⁵¹ Officials drafted a written PQ answer and a letter to the Chair of the HCDC.¹⁵² It was reported that Treasury officials had advised the Chief Secretary to reject the MoD's request for an increased running cost limit for 1990-91. They believed that the MoD would over-run its cash limit, making it difficult to agree an uplift, particularly when other departments faced similar difficulties. King's office insisted that the MoD was implementing determined measures to stay within cash limits, but that a strict retention of the limit would 'produce some ludicrous results', with damaging internal and public consequences. After MoD officials briefed their Treasury counterparts on actions being taken to remain within the cash limit, it was thought the SofS and Chief Secretary could then have an 'informed discussion' on the matter.¹⁵³ Thereafter, when £50m of further savings were outlined by 2nd PUS in mid-July, King rejected cuts to RAF spares support affecting operational flying. He maintained that savings could be made with war stocks, through contractual measures and in food and fuel stocks. He hoped that a reduction of stocks might provide cash to pump-prime other spend-to-save schemes.¹⁵⁴

Options progress

By early April 1990, Options for Change work had developed around the core requirements of the defence of the UK and the strategic deterrent. On the 4th, DCDS(P&P) suggested to CDS that King's agreement was needed to advance work towards 'the future balance of our effort between them [the options] to produce a coherent strategy and programme'. This involved refining work into two or three coherent options to meet No. 10's wish for 'a broad general assessment' of potential courses of action. King had acknowledged the need to widen consultation into single-Service areas 'in a measured way'. Indeed, he had sounded out views in slightly wider fields, including hosting a three-star lunch in late March. Both CDS

¹⁵⁰ AHB, CAS 2/1/1, Part 25, enclosure no. 32(i), CPR to PS/SofS, 'Defence Programme 1990/1 and 1991/2', 6 July 1990.

¹⁵¹ Ibid., enclosure no. 37, PS/Min (AF) to PS/SofS, 'Defence Programme 1990/91 and 1991/92', 9 July 1990; enclosure no. 38, PS/Min (AF) to PS/2nd PUS, 'Defence Programme 1990/91 and 1991/92', 10 July 1990.

¹⁵² Ibid., enclosure no. 66, PS/2nd PUS to PS/SofS (through PS/Min (AF)), 'Defence Programme 1990/91 and 1991/92', 20 July 1990; enclosure no. 67, PS/Min (AF) to PS/SofS., 'Defence Programme 1990/91 and 1991/92', 20 July 1990.

¹⁵³ AHB, CAS 1/6/1 Part 57, enclosure no. 11, PS/SofS to PS/2nd PUS, 'Running Costs', 6 July 1990. The Chief Secretary's PS advised he had not received any advice on this matter from officials.

¹⁵⁴ AHB, CAS 2/1/1, Part 25, enclosure no. 69, PS/SofS to PS/2nd PUS, 'Defence Programme 1990/91 and 1991/92: Further £50m Savings', 24 July 1990.

and PUS wanted the Service Chiefs involved in a 'limited fora', and it would be essential to have their views on their own Service. Later, it would be necessary to draw on 'their corporate experience and responsibility with regard to the wider defence aspect of the Options work'. Key assumptions included a 30-day warning, a timescale for withdrawing from Berlin, and limited enhancements to intervention capability. The main thrust of work fitted a budget with a 1% annual reduction, meaning the affordable programme would be 20% less than the LTC 90 core programme by 1999.¹⁵⁵

Searching for savings, Min (DP) considered collaborative programmes, which had grown as a financial commitment and were harder to abandon than national programmes. He thought EFA would survive Options for Change, while programmes geared to outdated operational concepts would not. Partners were reassessing their commitment to certain programmes. Major equipment programme cuts were needed according to resources predicted in PES 89. Clark predicted 'immense' Treasury pressure to cut significantly Defence's allocation in the 1990 PES round.¹⁵⁶

The extent of consultation affected DUS(P)'s work on Options for Change timetabling and the production of a report for King. Richard Mottram reportedly retained his 'longstanding concerns' about involving the single-Service Chiefs and proposed excluding them from 'Central Group' meetings until 8 May, by which time King was expected to have commented on the draft. CDS was advised: 'This will clearly not go down well with your colleagues.'¹⁵⁷ CDS dismissed suggestions that his meeting with the Chiefs on 19 April should be on a bilateral basis, and he was urged to point out the difficulties which he faced constitutionally in continuing to hold the Options for Change work within the Defence Staff and seek King's agreement to draw in the single-Service Chiefs.¹⁵⁸ Yet CDS found King a hard man

¹⁵⁵ TNA, DEFE 25/768, DCDS(P&P) to PSO/CDS, 'Defence Options: Key Points for Discussion with SofS', 4 April 1990.

¹⁵⁶ TNA, DEFE 13/2196, Scopes (PS/Min (DP)) to PS/SofS, 'Defence Policy Options - Collaborative Programmes', 3 April 1990. Clark hoped at forthcoming meetings CDP could 'gently probe' the attitudes of partners towards particular programmes, as this information could be a major factor in UK consideration of these projects.

¹⁵⁷ TNA, DEFE 25/768, PSO/CDS to CDS, 'Options Timetable', 5 April 1990.

¹⁵⁸ *Ibid.*, PSO/CDS to CDS, 'Options - Way Ahead', 4 April 1990. This was advice for CDS's meeting with King on 5 April.

to pin down. Routine calls were often cancelled, postponed at short notice or foreshortened.¹⁵⁹

On 5 April, DUS(P) minuted DCDS(P&P) in terms that clearly reflected his frustration, highlighting CDS's intention to chair four meetings on refining Options for Change, and to inform the single-Service Chiefs of this intention and the parallel Determinants exercise. Mottram outlined numerous potential meetings which included 2nd PUS/VCDS discussions before meetings of the 'Central Group' (CDS, PUS, VCDS, 2nd PUS, DUS(P), DCDS(P&P), DUS(RP)), Chiefs of Staff, and meetings of Ministers. Mottram calculated:

There are now potentially 7 layers of consultation in this exercise - 2nd PUS/VCDS, Central Group, Central Group and Chiefs of Staff, "Informal FPMG", Ministers of State, Secretary of State, Other Government Departments - and the management of this process alone could become a full-time job. Could I therefore enter a plea with copy addressees for restraint in widening circles and patience to allow the work to be done on which we can consult!¹⁶⁰

On the same day, King requested a briefing for ACDS(Prog) and AUS(Prog) on Options for Change. DUS(P) tried to attend this meeting but was 'politely turned down'. CDS was advised:

Secretary of State is clearly nervous about where options are going and is under some pressure from Charles Powell, in No 10, for an early response. It may be that the Secretary of State will try to pressurize you to bring the draft report forward from the 27 Apr. He is, to quote ACDS(Prog), very keen to get his hands on [it].¹⁶¹

When King tried to ascertain whether there was scope to make early savings, ACDS(Prog) replied that there was little prospect due to contractor arrangements, redundancy payments and transitional costs in support areas. He sensed that King was 'keen to dine a-la-carte from whatever was presented to him, driven by a desire to be seen to be making some substantial financial savings'.¹⁶² King also met the

¹⁵⁹ TNA, DEFE 25/825, PSO/CDS to PS/SofS, 'CDS Routine Calls on the Secretary of State', 25 July 1990.

¹⁶⁰ TNA, DEFE 25/768, DUS(P) to DCDS(P&P), 'Options: Timetable', 5 April 1990.

¹⁶¹ Ibid., PSO/CDS to CDS, 'Options for Change', 5 April 1990.

¹⁶² Ibid.

‘Central Group’ on 5 April. At the meeting, he declared that he was generally content with Options for Change progress but wanted to discuss some detailed assumptions, including those on resources. He confirmed that a 1% annual real decline should be assumed as the upper range (least bad scenario) from 1992-93, but he was still awaiting further advice on the lower range (potential tougher reductions) at the next stage, accepting the 3% annual decline in the meantime. King wanted spending cuts between 1989-90 and 1990-91 to reflect Options for Change work and ideas for quick savings.¹⁶³

King’s crowded diary for May led him to request a report in late April analysing the ‘building blocks’ and possible packages to form an overall defence capability. He would then discuss with departmental Ministers and officials before commissioning a final report to Ministerial colleagues. Only then would he consider widening participation, although he claimed to be ‘keen to sustain a proper sense of participation amongst those affected’. When CDS probed further, King said he was content for each Chief to be consulted on how the emerging measures affected their Service at a meeting chaired by CDS and PUS in mid-April. Their views were to be reported back directly to him and not merged into papers produced by the Defence Staff and the OMB. He understood that the individual Services were keen to consider the key factors determining how they would apply the results of the policy alternatives when put to them. More immediately, some savings work required early implementation to stay within the 1990-91 cash limits.¹⁶⁴

On 6 April, the three Chiefs’ offices were informed that VCDS had authorised the distribution of copies of DUS(P)’s draft report on Options for Change work for their exclusive use before the COS discussion on 19 April. Assistant Service Chiefs had previously been issued their respective single-Service sections of the report.¹⁶⁵ Meanwhile, Mrs Thatcher became concerned about delays with the MoD’s Options for Change work and demanded a report by Easter rather than the end of May.¹⁶⁶

¹⁶³ TNA, DEFE 13/2196, Webb (PS/SofS) to PS/Min (AF), ‘Defence Policy Options’, 6 April 1990. Savings were to be found particularly where MoD was not contractually committed or restricted by costs, such as ‘new works in Germany or putting a few frigates into mothballs’.

¹⁶⁴ *Ibid.*

¹⁶⁵ TNA, DEFE 25/768, MA/DCDS(P&P) to Sec/CNS, MA/CGS, PSO/CAS, ‘Defence Options – Draft Report’, 6 April 1990.

¹⁶⁶ TNA, DEFE 13/2196, Webb (PS/SofS) to DUS(P), ‘Defence Secretary’s call on the Foreign Secretary’, 5 April 1990. The Prime Minister mentioned to the Foreign Secretary, Douglas Hurd, that she wanted to know what the MoD were doing about force level studies and wanted a report before Easter. Webb then received a telephone call from Charles Powell and after pointing out that the existing remit was for the end of May, agreed to provide a progress report to Downing Street by Saturday 14 April.

DUS(P) described this new development as ‘awkward to handle’. The Prime Minister would not accept a reiteration of King’s 22 February minute, but possible choices had not been examined by top management or Ministers. Mottram resorted to a halfway house, trying ‘to lift the curtain somewhat without pre-empting decisions yet to be taken by the Secretary of State’.¹⁶⁷

Mottram told close colleagues and the Chiefs on 12 April¹⁶⁸ that he had provided a report ‘from the “coal face” rather than a polished, finished, product’. It outlined core requirements, with minimum capabilities identified as the essential components of future options. These incorporated strategic nuclear forces, a sub-strategic capability at a revised level, forces for the direct defence of the UK and dependent territories and other peacetime military tasks, notably forces for Northern Ireland. Force levels could not be addressed in isolation from planned contributions elsewhere and from available resources. There was no operational analysis to support planned air defence force increases (which were based on the delayed implementation of the Cmnd 8288 plan - Nott Review, June 1981), and the scale and nature of future threats was uncertain.¹⁶⁹

A central factor was the contraction of British Forces Germany after German unification. Alongside BAOR options, it was proposed to halve RAF Germany’s front line and reduce overall RAF regular manpower by 10%. DUS(P) was mindful of the ‘resource constraints of both manpower and money’. Work was based on King’s broad guidance that a ‘level’ budget was the best scenario, and as cash squeeze was built into the PES process, this implied a 1% annual budget decline from 1993-94; significantly lower resource levels might transpire. Three initial packages were detailed, resulting from work carried out quickly and within a limited circle, and Mottram also identified factors that required greater attention, including increased dependence on reserves, restructuring support areas, and equipment programme repercussions. Transitional and continued costs were forecast that would attain King’s goals of ‘smaller but better’ forces and of securing a ‘Service dividend’.¹⁷⁰

¹⁶⁷ TNA, DEFE 13/2196, DUS(P) to PS/SofS, ‘Defence Policy Options’, 11 April 1990.

¹⁶⁸ TNA, DEFE 25/768, DCDS(P&P) to CNS, CGS, CAS, ‘Defence Options - Progress Report’, 12 April 1990. Attached to this minute were DUS(P)’s progress report of 12 April and his interim report of 21 March for the Service Chiefs’ ‘personal use’.

¹⁶⁹ TNA, DEFE 25/768, DUS(P) to 2nd PUS and VCDS, ‘Defence Policy Options’, 12 April 1990. Nott Review, June 1981, Cmnd 8288 *The United Kingdom Defence Programme: The Way Forward*.

¹⁷⁰ Ibid. BAOR options were a 40,000 strong force and 10% Army manpower cut or a 20,000 force and 20% cut with variations in theatre and with UK-based reinforcements. Mottram underlined that after

Package 1, the minimal change approach, constituted a ‘conservative’ response to politico-military change. Regular manpower for all three Services would be cut by 10%, with reductions being made to forces allocated to the defence of the UK and the Eastern Atlantic. BAOR would be cut to 40,000 and RAF Germany halved. The package largely maintained the UK’s NATO role, with most reinforcement forces remaining and some of the forces withdrawn from Germany being reconstituted in the UK, with a capability to reinforce Germany and provide enhanced OOA potential. Forces with a double earmarking to also undertake the OOA/intervention role included 5 Airborne, 24 Airmobile and 1 Armoured Brigades. RAF Germany would be cut by two Phantom AD squadrons and four Tornado GR1 squadrons. Two withdrawn Tornado squadrons would relocate to UK bases, replacing the Buccaneer in the anti-ship role (employing Sea Eagle missiles), and retaining full dual (conventional and nuclear) capability. All UK-based Phantoms would be retired, and the two Jaguar attack squadrons would be withdrawn, as would one Hercules squadron. Package 1 proposed closing Laarbruch, Wildenrath, Gatow, Wattisham, Coltishall and some training bases.¹⁷¹

Package 2, the lower capability NATO-orientated force structure, maintained forces with a NATO orientation but at a lower level of capability and cost. Maritime forces were geared towards a forward maritime strategy and maintenance of sea lines of communication. BAOR would be cut to 25,000 or even 18,000, alongside a 20% Army manpower cut. RAF Germany would be halved. The scope for UK forces to provide reinforcements to the Supreme Allied Commander Europe (SACEUR) was heavily reduced, and OOA forces were far less capable than those proposed in Package 1. Package 2 involved a broad 30% reduction to RAF front-line aircraft. The Buccaneer would be withdrawn, being replaced by two squadrons of dual-role Tornado GR1s from Germany. One UK-based GR1 squadron would be deleted. The aircraft of the remaining two Tornado squadrons withdrawn from Germany would be stored, and the Jaguar (three squadrons plus OCU) would be retired. UK air defence would be as per Package 1, being provided by 111 Tornado ADVs. The Hercules fleet would be cut by 50 aircraft, and, in the maritime role, the P3H helicopter would replace Nimrod. The stations detailed in Package 1, plus Honington, would close, with RAF regular manpower cut by 15%.¹⁷²

Ministers had reached policy decisions, much work would be needed to refine the process, followed by careful costing through the LTC process.

¹⁷¹ Ibid, Annex A. Package 1 proposed 8 front-line squadrons in Germany – 4 Tornado GR1, including one reconnaissance, 2 Harrier GR5/7 and 2 Support Helicopters – all at Bruggen and Gütersloh. UK air defence was to be provided by 111 Tornado ADVs.

¹⁷² Ibid, Annex B.

The final option, Package 3, proposed a force structure orientated more towards OOA operations and emphasised the preservation of OOA capabilities, particularly in maritime terms, 'whilst maintaining a resource constrained capacity to contribute to NATO'. Intervention capability at divisional level matched Package 1, including an amphibious brigade, with attack and reconnaissance aircraft supporting the force. British Forces Germany would comprise an 18,000-strong BAOR, with RAF Germany halved. RAF force structure under Package 3 mirrored Package 2 but two Jaguar squadrons and a reduced OCU would be retained.¹⁷³

DUS(P) proposed 1995 as the timescale for implementation with 'likely Soviet drawback and drawdown' being key factors in determining the case for, and pace of, change. In addition to costing each package against the LTC 90 programme, it was stressed that the cost of change required calculation, including redundancy payments, contract cancellations and relocation costs. Moreover, Mottram pledged that the front-line changes would be followed by proportionate support savings.¹⁷⁴

The MoD's progress report, drafted by DUS(P), was dispatched to Charles Powell on 12 April. An outline of the way ahead was promised by the end of May. The report highlighted ongoing work, although not the basis for choices between options or how options might be linked together, where King would have views.¹⁷⁵ Mrs Thatcher expressed the hope that the MoD would press ahead with the options work 'as rapidly as possible with a view to early discussion',¹⁷⁶ but Powell remained doubtful, telling the Prime Minister that it was, 'A progress report which tells you more about the problems than the solutions.' The MoD advised that work was nearing completion on individual options. In respect of the RAF, the future force level for UK air defence was still being assessed. Although specifics were few, halving RAF Germany's current front-line strength meant closing two stations, probably Laarbruch and Wildenrath, and closing Gatow when the Berlin garrison was withdrawn. Within this reduced force, the emphasis was on retaining in Germany a 'significant number' of dual-control Tornados, which, combined with those in the UK, would meet UK and NATO strike roles, alongside pre-existing

¹⁷³ *Ibid.*, Annex C.

¹⁷⁴ *Ibid.*

¹⁷⁵ TNA, DEFE 25/768, Webb (PS/SofS) to Powell (PS/PM), 'Defence Policy Options', 12 April 1990. King said he was closely involved with the work but would not receive a comprehensive first assessment from officials until the end of April. Following his comments this would be developed to meet the end-May deadline. The draft report had been sent by Mottram on 11 April. See DEFE 13/2196 DUS(P) to PS/SofS, 'Defence Policy Options', 11 April 1990.

¹⁷⁶ TNA, DEFE 25/768, Powell (PS/PM) to Webb (PS/SofS), 'Defence Policy Options', 16 April 1990.

established numbers of Harriers and possibly helicopters. The latter was influenced by the notion of a more mobile post-CFE battle. The UK would withdraw its contribution to peacetime air policing of the Federal Republic. King would clarify issues pertaining to Options for Change choices and linkage in due course.¹⁷⁷

Air Staff frustrations

As we have seen, the single-Service staffs were not involved at the inception of the Options for Change process,¹⁷⁸ nor were they copied into Mottram's earliest progress reports.¹⁷⁹ Without a full picture of the entire exercise, single-Service intervention was predictably difficult. Senior RAF officers considered Options for Change unsatisfactory. Air Vice-Marshal John Thomson (ACAS) complained to CAS about one and a quarter pages of 'bald statements of cuts under three packages; no rationale'. The proposed cuts to RAF Germany were budget-driven and did not stem from a proper assessment of defence needs in Europe. ACAS acknowledged the changing circumstances and pondered that 'perhaps arbitrary options are the only practical way', but the Options for Change work was the product of a limited circle and was 'prescriptive' and 'broad-brush'.¹⁸⁰ It produced budgetarily driven answers to selected questions rather than a comprehensively thought-out review of future options. The nature of the work clearly required illustrative examples of possible measures, but ACAS feared some would gain currency and become hard to shift from proposals. He observed that ACDS(Prog) was not wholly clear on the detailed significance of Aircraft Establishment (AE), declaration and fleet holdings, and did not offer a particularly firm view on the pros and cons of retiring or retaining the Jaguar, or on storing Tornado GR1s to prolong fleet life. Although Air Plans had considered the issues, they had worked quickly, within their own knowledge limits. ACAS wanted to 'argue for time and the right to propose alternatives'.¹⁸¹

¹⁷⁷ TNA, DEFE 25/768, Webb (PS/SofS) to Powell (PS/PM), 'Defence Policy Options', 12 April 1990.

¹⁷⁸ Transcript of interview with Tom King by Brian Redhead on BBC Radio Four 'Today' programme, 19 June 1990. AHB, CAS 2/1/3 Part 2, PS/SofS to PSO/CDS, 'Defence Options', 20 June 1990. Writing to the six living CAS after King's announcement, Harding claimed: 'Let me say at once that I and some selected members of my staff (including ACAS) have been involved in the Study from the start, and Press reports to the contrary were erroneous. Our points were fully considered, and a number of changes made, at our request, to improve the balance.' He added that no Western Government would be able to sustain current defence spending and 'some cuts are inevitable for all NATO forces, notwithstanding CFE, but in our case money was not the dominant theme'. AHB, CAS, 2/1/3, Part 4, folio 17, CAS to former CAS, 27 July 1990.

¹⁷⁹ AHB, CAS 2/1/3 Part 1, folio 42, DUS(P) to PS/SofS, 'Defence Policy Options', 21 March 1990.

¹⁸⁰ *Ibid.*, folio 9, ACAS to CAS, 'Defence Options Papers', 18 April 1990.

¹⁸¹ *Ibid.*

ACAS briefed CAS before the Service Chiefs met the senior team and Options for Change Working Group on 19 April to discuss DUS(P)'s report of 12 April. On the methodology, ACAS observed that the 'major driver for all work has been cost and numbers e.g., 10, 20, 50% manpower, 3% real per annum off LTC'. It was 'simply a reduction or rearrangement of what we have or plan to have', premised on the age of equipment rather than the military need for it and based on peace rather than wartime considerations in driving the air defence fighter proposal in RAF Germany, namely the retirement of the Phantom. The implications were 'budgetary answers to selected questions' rather than a comprehensively considered review of future alternatives. He feared that suggested measures would quickly become firm preferences and that Ministers would start to 'dine a la carte'. The worst RAF example involved the naming of specific stations identified for possible closure - a practice that had even featured in an MoD note to the Prime Minister. The selection of aircraft types was not ideal either. CAS was advised that it was essential for the submission of 27 April (by DUS(P) to King) to caution against prescription, pending more comprehensive consideration by the single Services based on all facts, including the need to save money and stay within guidelines. The way forward was to persuade King to broaden participation, involve the Chiefs in discussions, and allow the single-Service departments to play a full part in follow-on staffing.¹⁸²

In presenting the Options for Change work to the single-Service Chiefs, CDS provided them with DUS(P)'s explanation of the processes employed. A review based on the core defence capabilities of the UK had not made sense, either in isolation or in response to King's questions in February. His work had led to packages I, II and III, which were constructed within three constraints - the future political and military world, the resources available, and demographic trends. The results of cost data analysis had not been available, nor was data on the detailed implications of the three packages for the equipment programme. Although it had been intended that Options for Change work would be undertaken without resource constraints, resources had become increasingly significant and were threatening to become the sole driver. Package 2 was much less expensive than Package 3, but even Package 1 involved far deeper cuts than required by CFE. As yet, there had been no Treasury guidance on future defence budget savings, nor on any Service dividend (such as support improvements), and none of the packages addressed

¹⁸² AHB, CAS 2/1/3 Part One, ACAS to CAS, 'Points for CAS to make', 19 April 1990.

transitional costs. Single-Service staff had been given the opportunity to consult very briefly with DCDS(P&P) and the OMB to refine the packages.¹⁸³

On 20 April, ACAS wrote to DCDS(P&P), Vice-Admiral Wilson, with the RAF's refinements and alternative proposals. Thomson stated that his 'fairly long note' had been necessitated by the absence of previous discussion on the principles on which the Options for Change exercise has been carried out. Thomson said that the background to some options lacked clarity. Some were inappropriate, while others might be extended, reduced or discarded altogether. The reduced Soviet threat had generated widespread expectations of defence savings:

But unless some form of strategic framework is provided for this work, and later as a backdrop for use in Ministerial choices, there is a likelihood that pragmatic decisions, dictated more by spend levels and current and planned holdings than by hard-headed analysis of the most resilient, durable and appropriate overall structure needed for an uncertain future, may be taken.¹⁸⁴

With these uncertainties, ACAS admitted that providing such a framework was difficult and the assumptions were 'pretty conservative'.¹⁸⁵ If they proved valid, a minimum change strategy would be correct. If they did not and, for instance, all forces stationed in Germany had to be withdrawn, the UK would have to consider how force structures could be optimised without the buffer of robust forward defence. Thomson subsequently stressed the shortcomings of forecasting, threat assessments and strategic judgements:

We accept that circumstances can change and that we need to preserve the sort of structure which is sufficiently flexible and strong not only to deal with the range of challenges it may face from other quarters, but also to provide insurance against a change of regime in Russia. Our residual structure will also need to be sufficiently broad based to

¹⁸³ TNA, DEFE 25/771, CDS minute to multiple addressees, 'Options for the Defence Programme', 19 April 1990.

¹⁸⁴ AHB, CAS 2/1/3 Part One, enclosure no 16, ACAS to DCDS(P&P), 'Defence Options for the Defence Programme – Royal Air Force', 20 April 1990. ACAS stated it was right to see what the Services could provide at specified arbitrary reduction levels.

¹⁸⁵ Ibid. Thomson wrote, 'I understand that your assumptions – 30 days warning; forward defence and flexible response; stationed but possibly more multinational forces in the FRG [Federal Republic of Germany] including elements of BAOR and RAFG remaining there – are pretty conservative.'

reconfigure itself for a major reorientation or expansion when necessary.¹⁸⁶

ACAS observed the shortage of UK and NATO-wide area surveillance and argued that it should be addressed in Options for Change. He saw improved C2 (Air Command and Control) and interoperability as ‘high pay-off areas’, and argued that NATO was short of all-weather fighters. Pulling out Phantoms was pragmatic because they were old, but the RAF’s other assets - dual-capable Tornado GR1s, Harriers and Support Helicopters (SH) - were good, modern aircraft. He was concerned that the issue was being determined by the perceived requirements of peacetime air policing duties rather than the fact that others, ‘probably, and quite rightly’ Germany, would still have to provide balance in NATO defence. ACAS rejected cutting Jaguar squadrons in the Northern Region, highlighting their likely contribution in the flank role. The Jaguar was easily deployed, simple to support, and readily available. In money and manpower terms it was cheaper to run than the RAF’s other combat air platforms. He therefore recommended retaining the Jaguar and storing some of the Tornados withdrawn from Germany. On air defence, ACAS wanted the UK Air Defence System to be maintained in ‘sound and comprehensive shape’. Any threat scale reduction remained unclear. A drop from 144 to 111 (exclusively Tornado ADV) fighters in Package 1, with the retirement of the Phantom was manifestly not a minimal change, nor was it based on a proportionately revised threat assessment. A more balanced approach to the reductions would necessitate a carefully measured view of the Soviet strategic threat. On the Falkland Island flight, ACAS felt that there was little point in retaining four Phantoms purely for the Falklands commitment, and he proposed replacing them with Tornado ADVs.¹⁸⁷

On the RAF’s behalf, ACAS accepted that some form of dual-capable aircraft reduction was appropriate. However, he wanted recommendations to Ministers to highlight the growing significance of such aircraft in the sub-strategic inventory, and Tornado’s powerful conventional capability to undertake the most demanding operations. On the OOA package, ACAS stressed the importance of supporting operations quickly. Airlift transported people and limited support over long distances quickly, and both airlift and sealift were normally essential to support heavy or prolonged overseas operations. ACAS believed that existing provisions were adequate for lower level OOA operations, but that the RAF would have to give

¹⁸⁶ Ibid.

¹⁸⁷ Ibid.

careful consideration to the requirements of the operations envisaged in Package 3. Most of the RAF's front line had the capability and utility to conduct OOA operational deployments, matching forces to tasks, with general-purpose and multi-role aircraft having the widest utility and least logistic impact. Finally, ACAS insisted on the involvement of the Air Force Department in determining the future of RAF stations. He proposed assisting ACDS(Prog) in preparing the optimum set of next-stage options for Ministers.¹⁸⁸

On 25 April, Director Air Plans commented on the costs, accuracy and presentation of the latest Options for Change draft. He highlighted the Phantom's warfare task, providing all-weather air defence as part of 2 ATAF's slender fighter force and argued that their loss would be significant. More important, however, were the Specialist Reinforcement Forces (SRF), which faced potential cuts under Package 2. He had been tasked by ACAS (in full agreement with CAS) to investigate how the Northern Region contribution might be sustained. The RAF element of the SRF primarily comprised three Jaguar squadrons and a Harrier squadron, all based in the UK for forward reinforcement to the Northern Flank.¹⁸⁹ Two of the three Jaguar squadrons were destined for BALTAP (Allied Forces Baltic Approaches, Denmark). Director Air Plans pointed out that the total Jaguar force, 36 aircraft and OCU reinforcements, cost £112m. This was equivalent to between two and four MPA. It seemed 'quite unbalanced' to retain a full MPA force for NATO maritime anti-submarine warfare (ASW) tasks whilst removing 75% of the most rapid reinforcements to the region, which was adjacent to the main maritime area of concern. Retention of the Jaguar wing was justified by the military utility of the force and by the need for balance in the UK's NATO contribution. Moreover, as the Jaguar had been introduced between 1974 and 1977, the aircraft was little more than halfway through its normal service life.¹⁹⁰

¹⁸⁸ Ibid. The RAF's tanker and transport forces survived relatively unscathed in Options for Change, excepting one Hercules squadron.

¹⁸⁹ The RAF also contributed four helicopters to ACE Mobile Force (Land).

¹⁹⁰ AHB, CAS 2/1/3 Part One, ACAS to AUS(Prog), ACDS (Prog), 'Defence Options', 23 April 1990; CAS 2/1/3 Part One, enclosure no 23, D Air Plans to AUS(Prog), 'Options', 25 April 1990. It was said 'withdrawn from service' was more appropriate than 'retiring' the Jaguar force.



The driving force behind Options for Change - Richard Mottram, DUS(P). Photograph: *Daily Telegraph*/public domain.

On the same day, the Service Chiefs received DUS(P)'s Options for Change draft report. Mottram maintained that the arguments underpinning the alternatives and their combinations into packages had been developed, initial costings undertaken and supporting material prepared.¹⁹¹ ACAS also discovered a submission written by RP(Air)2 in late March assessing UK Air Defence fighter types and numbers required. This paper had formed part of the work undertaken by AUS(Prog), AUS (Systems) and AIR (Procurement Executive), and was geared to answering two questions - (a) The case for proceeding with EFA, (b) the case for updating the Tornado ADV, and, if an update was required, the number of aircraft involved. Resources and Programmes (Air)2 had argued that the case for EFA stood and that a minimum ADV upgrade was also needed. However, without military consultation, he had also claimed that 90 ADVs would be sufficient. ACAS believed that this figure had influenced the Defence Staff/OMB view that far fewer fighters would be necessary after CFE. ACAS proposed minuting AUS(Prog) and others to point out

¹⁹¹ TNA, DEFE 25/771, DUS(P) to 2nd PUS, VCDS, 'Defence Policy Options', 25 April 1990.

that some of the analysis was questionable and suggested that CAS might help alter such erroneous perceptions as might have taken root among the 'six' - (DUS(P), DCDS(P&P), DUS(RP), ACDS(Prog), ACDS(Policy & Nuclear), AUS(Prog)).¹⁹²

ACAS thought that the latest Options for Change paper was a 'great improvement', as DUS(P) had written most of its early sections himself. Additional material on the threat and the strategic context reduced the need for the Defence Determinants paper. Nevertheless, ACAS thought the paper claimed 'too much in terms of coherence' and described Package 2 as 'incoherent' from both the RAF's and the Royal Navy's perspective because of the limited prior consultation with the Services. Even Packages 2 and 3 exceeded the likely budget - LTC minus 20% by April 1995. Package 2 achieved 15.9% savings by April 1995; Package 3 achieved 15.5%.¹⁹³ ACAS feared that 'other fixes' including the MPA cut would be taken without recompense. Apart from the Package 2 Jaguar issue, Thomson concluded the RAF 'could be content'. However, another problem concerned the consequences of BAOR addbacks, which potentially restored some of the planned reductions to the Army in Germany. ACAS recommended that CAS should put down a marker on the severity of the RAF Germany cut (50%); there had been no attempt to scale it against BAOR or to explore balanced land and air capabilities in the Central Region.¹⁹⁴

Options paper, 27 April 1990

DUS(P)'s minute to King on 27 April (**Annex 2** shows force tables) stated that outline structures had been identified and that costs were being attached. Wider consultation and more time were needed to cost the detailed selections preferred by Ministers and to examine the wider implications, including the numbers and costs of redundancies. Nevertheless, the work so far had been sufficient for MoD Ministers to consider possible future force structures, and the three packages offered

¹⁹² AHB, CAS 2/1/3 Part One, ACAS to CAS, 'Air Defence of UK – Numbers', 25 April 1990. RP(Air)2 was Peter Watkins. The 'six' were Mottram's Options for Change Working Group.

¹⁹³ AHB, CAS 2/1/3 Part One, enclosure no. 28, ACAS to CAS, 'Defence Options Paper', 26 April 1990.

¹⁹⁴ Ibid. ACAS asked D Air Plans if there were any other 'piggy banks' of less priority than Jaguar but thought this unlikely. Similarly, CNS complained about the 'lack of rationale behind the equal pain approach being taken in all the possibilities currently under discussion'. He added that the reductions under consideration in the Options for Change work were 'in reality being driven by budgetary imperatives, then the papers should declare it, and address the mismatch between this and the options policy solution'. DEFE 25/771, enclosure no. 17, CNS to CDS, 'Options for the Defence Programme', 26 April 1990.

‘the basis for a coherent approach’.¹⁹⁵ The paper highlighted the Chancellor’s argument that the foreign exchange burden of forces stationed in Germany must be cut. It would be unacceptable politically if German defence expenditure fell further in GDP terms than UK spending. The key option for the RAF stated:

For RAF Germany with a front-line reduced by half and a 10% cut in overall RAF manpower, two of the four main bases would be closed with reductions in in-place equipment. 4 of the 8 Tornado squadrons would be withdrawn leaving 3 dual-capable aircraft (DCA) squadrons and one reconnaissance squadron in theatre. Of the remainder we judge that helicopters and Harriers should be retained in place at current numbers and the air-defence Phantoms withdrawn and retired. It is reasonable to envisage the FRG taking greater responsibility for air defence in TTW and war, as they will shortly do in peace. These reductions would save 5% of RAF regular manpower; the remaining savings are found from further front-line reductions in the UK and from savings in RAF Support Command.¹⁹⁶

The individual option on SRFs noted the RAF’s retention of significant air transport forces without mentioning the Jaguar wing, but argued that the altered threat to BALTAP could allow the UK Mobile Force’s disbandment. Although Package 1 was the smallest change, it cut regular manpower for all three Services by over 10%. It also reduced combat aircraft by 14%, halted the build-up of AD fighters in the UK and marginally cut the number of Tornado ADVs declared to NATO to 111. In total, AE would be 122, including an undeclared element of OCU aircraft and four for the Falklands. As noted above, RAFG would lose two squadrons of Phantom AD aircraft and four squadrons of Tornado GR1s. Eight front-line squadrons would stay in Germany - four Tornado GR1, including one reconnaissance, two Harrier GR5/7 and two Support Helicopters. All UK-based Phantoms and a Hercules squadron would be retired, with one operational station and one training base in the UK being closed and RAF personnel numbers being reduced by over 10%.¹⁹⁷

Package 2 envisaged a more limited NATO role, with a 30% reduction in front-line aircraft as per Package 1. In the UK, the Buccaneer would be withdrawn and

¹⁹⁵ TNA, DEFE 25/771, DUS(P) to PS/SofS, ‘Defence Policy and Programme: Options for Change’, 27 April 1990. Mottram restated Options for Change work was undertaken by the Defence Staff and OMB, through his working group. At this stage a possible autumn announcement was envisaged.

¹⁹⁶ Ibid.

¹⁹⁷ Ibid., Annex A.

replaced by two squadrons of dual-role Tornado GR1s from Germany, one UK-based GR1 squadron being withdrawn. The UK/Netherlands Amphibious Force to reinforce the Northern Region would not be maintained. The Package also significantly reduced the scope for the UK to send air reinforcements to SACEUR. The UK's Northern Region contribution would be a single aircraft squadron - a 75% reduction achieved via the Jaguar's retirement. There would be small cuts to the MPA fleet, and 28 P3H aircraft would replace the Nimrod. In addition to the closure of an operational station and training base mentioned in Package 1, two more operational stations and two further training bases would close in Package 2. RAF regular manpower would drop by 15%.¹⁹⁸

Package 3 placed more emphasis on OOA capabilities, alongside the maintenance of a resource-constrained NATO contribution. RAF Germany would be reduced as envisaged under Package 2, but two Jaguar squadrons and a reduced OCU would be retained along with all existing Hercules squadrons. The UK's ability to reinforce the Northern Region would be maintained but at a lower level. This package would deliver 'a marginal enhancement to our current capacity for intervention operations overseas' but with significant cuts to BAOR, which would suffer a reduction of 18,000 personnel and a substantial loss of capability.¹⁹⁹ RAF intervention capabilities could be boosted by a light support helicopter replacing the Wessex, a Harrier reconnaissance pod and a Hercules replacement programme that introduced a more modern variant of the aircraft in tranches. Capital costs would be around £800m but this outlay would provide greater utility for NATO-orientated tasks.

Package 1 assumed that Tornado production would cease following the purchase of the final batch of GR1 attrition aircraft in the mid-1990s. The reduced number of AD fighters implied corresponding cuts to ASRAAM acquisition, and with fewer Tornado GR1s in Germany there would be less need for low-level laser-guided bombs, for the advanced anti-armour weapon Staff Requirement (Air) SR(A) 1238, and for the modular stand-off weapon NGAST1236. Package 2 involved no Tornado GR1 attrition purchases, and reduced acquisition of the three new munitions would again be enabled by cuts to the Tornado GR1 force in Germany and to the Jaguar force. Package 3 involved similar changes to the equipment programme as Package 2.²⁰⁰

¹⁹⁸ *Ibid.*, Annex B.

¹⁹⁹ *Ibid.*, Annex C.

²⁰⁰ *Ibid.*, Annex H.

The Options for Change paper subsequently described the grim budgetary situation. PUS had told King back in January that the proposed LTC 90 programme was costed at £7.5bn above the projected defence budget across the LTC period, and DUS(P) saw LTC 90 as no more than a 'holding operation' pending clarification of future policy direction.²⁰¹ In the interim, the Chancellor had revised the projected rate of GDP inflation upwards, further increasing programme costs above available resource levels.²⁰² Particular care had been taken with the programme's cash cost, especially with inflation rates assumed for 1991-92 and beyond. The MoD wanted to avoid recurrent 'fire brigade' exercises to remove programme excesses when Treasury inflation assumptions were revised. Without earlier cushions of carry-forward, accurate forecasting was imperative. The costs of the Options for Change packages were rough and possibly understated programme costs, particularly over the first five years. Cancellation charges for major projects might have been underestimated, and shorter production runs for smaller quantities of equipment would certainly mean higher unit prices. Redundancy and transitional support costs had to be incorporated into the MoD's calculations, and no adjustment had yet been made for delays disbanding squadrons, base closures and contract cancellations arising from lobbying in the aftermath of Government decisions. The selected force structures had to be affordable if the desired 'Service Dividend' was to be realised.²⁰³

The 27 April report concluded that Package 1 was unaffordable, even at the higher budget level. Packages 2 and 3 involved major cash additions from the mid-1990s, but defence spending under the NATO definition would drop from 4% of GDP in 1990 to around 3%. Despite concerns that leaks would result from wider MoD or single-Service involvement required to produce more detailed analysis for Ministers, this work was to be completed to underpin PES negotiations and provide validated options for force structures before the CFE Treaty was signed. This might take two-to-three months.²⁰⁴ The conclusions stated that options had been identified for:

²⁰¹ *Ibid.*, p. 5.

²⁰² *Ibid.*

²⁰³ *Ibid.*, pp. 15-16.

²⁰⁴ *Ibid.*, p. 17.

- a. a strategic nuclear deterrent based on Trident as currently planned, and a sub-strategic capability sufficient for both NATO and national purposes, with fewer than current levels of weapons and delivery platforms.
- b. a capability for the direct defence of the United Kingdom at lower force levels than currently planned;
- c. capable forces stationed in Germany whose characteristics are adapted to the requirements of a more mobile, all-arms battle, and which could be integrated into multinational formations;
- d. maritime forces capable of maintaining a significant contribution to forward operations in the Eastern Atlantic;
- e. a capable and flexible force, including a land element, of divisional strength for out-of-area operations, whose components would be largely dual roled for NATO tasks.²⁰⁵

Combining the options into packages involved assessments of future threats and risks, affordability, wider arms control aims, NATO's likely evolution, and intentions of allies. Much depended on developments in the Soviet Union. CFE signature would be an important political and military milestone. DUS(P) doubted that Package 1 was enough to placate public spending pressures if the more favourable climate in Europe continued. The scale of front-line cuts in Packages 2 and 3 would be hard to justify as a response to CFE itself because they went deeper and into other areas. Package 2 cut OOA capability against an unpredictable threat, and Ministers were advised to consider its likely international and domestic impact. Finally, Package 3, achieved enhanced OOA capabilities by substantially reducing the UK land contribution in the Central Region. DUS(P) proposed that these tentative conclusions should be developed following discussion with MoD Ministers.²⁰⁶

The Chiefs met with PUS, 2nd PUS and the working group on 27 April, when the Jaguar force was discussed. The recently updated aircraft had 12 years life remaining. Moreover, if the 24 Jaguars under threat were retained, reduced combat aircraft numbers would more closely reflect the figure suggested by the UK's share of CFE, easing Ministerial presentation. On managing change, the Chiefs opposed announcements in tranches, which prolonged uncertainty, and felt that Package 1 should not be presented to make it appear a convenient stepping-stone to Packages

²⁰⁵ *Ibid.*, p. 18.

²⁰⁶ *Ibid.*, pp. 19-20.

2 or 3.²⁰⁷ They also acknowledged that a reduced ASRAAM requirement might kill that particular programme, hurting British Aerospace, and that the uncertain situation in Germany might lead to an even more damaging reduction in EFA numbers.²⁰⁸

At about this time, CAS prepared a revealing draft minute to King as a possible response to DUS(P)'s 27 April report. In the event, it was never sent, but CAS nevertheless filed it as 'a record of the position he took at the time'. At the outset, he commented, 'The Air Staff, of course, has not contributed to this work by the Defence Staff and the OMB, and it may be useful for you to have the view from my perspective as CAS.'²⁰⁹ Harding accepted that cuts were necessary, although they would be 'painful', but he argued that the force structures ultimately adopted should be capable of meeting potential threats well beyond 2000, when Soviet intentions might be more aggressive and the geostrategic situation more unpredictable.²¹⁰

He questioned the case for reducing fighter numbers in the UK and RAF Germany when the Soviet threat remained, enhanced by continued bomber production, and he was unconvinced by the mooted CFE agreement on fixed-wing aircraft: he believed the Soviets were being evasive, trying to exclude medium bombers and the Soviet Naval Air Force (SNAF), and leaving more modern forces untouched. He thought the RAF would be unable to defend the UK and the Fleet with reduced forces against an undiminished Soviet threat but concluded:

Nonetheless, I do not think it realistic to judge that air threat in isolation from our broader judgement about the reduced risk of a strategic attack. In that light a reduction of 24% in planned front line fighter numbers in the UK represents a risk, but one that we would be justified in taking if events turn out as we hope in Europe.²¹¹

All three packages reduced dual-capable aircraft and sub-strategic nuclear capability. CAS viewed this as an increasingly important reinforcement aspect of deterrence but thought that deterrence could be maintained with lower dual-capable

²⁰⁷ AHB, CAS 2/1/3 Part One, enclosure no. 31, D/RP(P&B) to various addressees, 'Option for Defence Policy and the Programme', 1 May 1990.

²⁰⁸ *Ibid.*, enclosure no. 32, CDP to PS/SofS, 'Defence Policy Options', 1 May 1990.

²⁰⁹ *Ibid.*, enclosure no. 32, Draft minute from CAS to SofS, 'Defence Policy and Programme: Options for Change', May 1990.

²¹⁰ *Ibid.*

²¹¹ *Ibid.*

aircraft levels, given the reduced risk of war. Moreover, reducing forward air defences in Europe by 50% was 'broadly acceptable in the circumstances foreseen'. He harboured misgivings about the removal of Phantoms from Germany and about future German and NATO air defence, but accepted DUS(P)'s proposals for RAF Germany. He also accepted the case for transport aircraft cuts (Packages 1 and 2) and MPA reductions (Packages 2 and 3), which he thought were sensible. The 'major problem' remained the Package 2 proposal to withdraw Jaguar. He pointed out that the three squadrons and the OCU provided 45 front-line aircraft for approximately £12m annually and 75% of capability for air reinforcement in the Northern Region. This was a capable force that could still offer 10-15 years of useful life on current plans. CAS declared himself 'loath to give up a force that is such good value for money: for 0.06% of the defence budget, it provides 10% of our front-line combat squadrons.' Package 2 signalled a 40% cut in fighter and bomber combat squadrons; if the Jaguars were restored, this became a 30% cut. The more substantial reduction offered minimal additional return.²¹²

Locating savings

On 4 May, Tom King met with Min (DP), CDS, PUS, VCDS, 2nd PUS and DUS(P) to consider the 27 April report. Reportedly, King appreciated the 'comprehensive and interesting' material that had been prepared and said that he would welcome senior departmental comment. CDS said the work provided a good feel for future force structures but emphasised that more work was needed on support and equipment aspects and reiterated that major change was unlikely to be cheap: among other things, there would be significant relocation, infrastructure and redundancy costs.²¹³

The PUS remarked that the work was a high-class effort, but significant questions had still to be addressed, particularly on equipment. Importantly, the papers illustrated that the present programme was unaffordable within any plausible PES assumptions, and Ministers should be told this quickly. King had to consider how

²¹² Ibid. Harding would later express his reservations about the reduction of dual-capable aircraft in his letter of 27 July 1990 to the retired CAS. On German air defence, given the presentational and financial advantages of cuts in Germany, the reduced threat to the UK and the ability of dual-capable aircraft to deploy quickly to Germany, assuming the Germans embraced a greater continental air burden, CAS was content.

²¹³ TNA, DEFE 25/771, PS/SofS to DUS(P), 'Defence Policy Options', 4 May 1990. CDS observed there was no early peace dividend and recognised the conclusions may not prove feasible due to pressures on Government spending.

the Options for Change work should be presented to Cabinet colleagues - whether they should receive a range of options or a recommended 'best buy' straight away.

Min (DP) doubted that support had been tackled vigorously. He also claimed that, while front-line aircraft had been cut by 18%, the training fleet seemed almost untouched. 2nd PUS advised that if rapid savings were required, £600m was uncommitted in 1990-91 and £2bn in 1992-93. However, even quite severe capability reductions did not offer early savings; the programme was already ahead of budget. King contended that it would be difficult for him to explain to Ministers and the Commons that reduced international tension and UK defence cuts would produce no savings. 'If he [King] was to keep control of the situation he must be able to show colleagues how savings could be attained even if they disliked (and ultimately rejected) the measures necessary to achieve them.'²¹⁴ He also questioned the 1995 implementation date. While he understood its logic for defence planning purposes, other countries had made cuts more rapidly, and he doubted that public opinion would wait. He thought that the department should press harder to secure support area savings, if necessary, by percentage cuts. Teeth-to-tail ratios measuring the support required by front-line forces were to be included in the next round of papers. King also queried some of the assumptions that drove costs and availability, asking whether UK air defence provision was dependent on outdated warning times.²¹⁵

After the meeting, VCDS informed the Service Chiefs that King had considered the interim report and had provided direction to proceed. CDS had requested that the Service Chiefs be kept informed and had proposed meeting them on 8 May to discuss the way ahead.²¹⁶ Separately, CDS minuted King, confirming that the Services understood the need for change and accepted the likelihood of personnel reductions. However, implementation and announcements had to be handled carefully, avoiding damage to confidence and motivation: 'It would be clear and helpful and beneficial for the Services to receive an early and clear indication of the

²¹⁴ Ibid.

²¹⁵ Ibid. SofS discouraged insignificant savings which produced disproportionate reactions, including replacing the Royal Yacht or HMS Endurance. SofS met the Prime Minister on 3 May, when she was urged to remind King of the commitment to bring forward, by the end of May, the first results of the defence options work and advise any preliminary conclusions. See TNA, PREM 19/3496, Powell (PS/PS) to PM, 'Bilateral with the Defence Secretary', 2 May 1990.

²¹⁶ AHB, CAS 2/1/3 Part One, enclosure no. 37, VCDS to Service COS, 'Defence Policy Options Meeting: Tuesday 8th May', 3 May 1990. SofS met with Min (DP), CDS, PUS, VCDS, 2nd PUS and DUS(P) on 3 May to discuss the 27 April paper.

broad approach being taken to structural change.²¹⁷ Changes would cost money in the short and perhaps medium term. CDS hoped to avoid unnecessary hardship and anxiety for Service personnel by phasing in new arrangements ‘sensibly’ and appealed to King to resist pressures for a ‘premature peace dividend’. At the same time, the Services were ‘most heartened’ by King’s talk of a ‘Service Dividend’. These considerations required vigorous representation during forthcoming PES negotiations.²¹⁸

Spending less on Defence

On 4 May, King minuted CDS and PUS on the next phase of Options for Change work and emphasised financial factors, although he did not refer specifically to the Air recommendations. It was important for the MoD to realise the widespread expectation that the Government would ‘spend less on defence in coming years’. Other countries were cutting; the forward programme exceeded likely funding. King had to show colleagues that there would be savings from 1991-92 onwards, even if this caused major difficulties and did not reflect broader policy aims.²¹⁹

King believed that the Package 1 savings were insufficient. He also had reservations about Package 2 and particularly about any implied threat to the existence of the Royal Marines. However, he acknowledged the rising costs of specialised amphibious shipping and suggested that economies might be found by using existing warships or merchant vessels. On Package 3, King proposed that future work should explore variations on troop stationing in central Europe, a shift in emphasis from armour to infantry, the use of more conventional submarines at the expense of nuclear vessels, and further destroyer/frigate options. He reiterated the need to cut costs and challenged certain key assumptions of the Options for Change work to date, suggesting the deletion of entire equipment programmes rather than lower equipment purchases, and some reassessment of the balance between platforms and missiles and other equipment.

King then asked about the scope for reductions throughout the defence support infrastructure, requesting lists and proposals to secure savings, and demanded a ‘more imaginative approach’, including the substitution of reserves for fully mobile

²¹⁷ AHB, CAS 2/1/3 Part One, CDS to SofS, ‘Management of Change – Impact on Personnel’, 3 May 1990. CDS wanted the Defence Determinants paper distributed to only a small group in the MoD, while he awaited Ministerial guidance on Options for Change.

²¹⁸ Ibid.

²¹⁹ TNA, DEFE 25/771, SofS to CDS, PUS, ‘Defence Policy Options’, 4 May 1990.

regular forces. He also proposed talking to colleagues about building blocks of basic capabilities (which he described as nuclear forces, UK defence, Northern Ireland and overseas garrisons), exploring options for contributions to NATO and non-NATO capabilities and showing how these could be built up into coherent packages. He emphasised the importance of greater flexibility and mobility in the UK's military response to evolving threats such as ballistic missile and chemical weapons proliferation, and argued the case for developing multinational forces and for collaborating with France. In summary, King sought 'a clear step-change rather than interim solutions'. He requested a draft report by the week commencing 21 May, and confirmed his intention to discuss it with PUS, CDS and the Chiefs before presenting it to Ministerial colleagues.²²⁰

On 8 May, CDS and PUS discussed with the Chiefs, VCDS, 2nd PUS and the working group, the results of the Ministerial meeting with the Central Group on 3 May. This meeting chiefly covered King's feedback in his 4 May minute. It also considered potential spending cuts in 1990-91 and 1991-92. 2nd PUS stated that programme reductions to save £350m in the first year and £450m in the second had been identified, and that measures to ensure tight spending controls were being introduced immediately. Programme reductions were to anticipate Options for Change work. Service recruitment required examination, given the smaller projected size of the armed forces.²²¹ 2nd PUS raised the issue of support. In his view, a special study was needed, perhaps headed by an experienced outsider (providing additional credibility), to seek reductions, rationalisation and contractorisation.²²²

On 14 May, ACAS wrote to the working group in answer to King's questions about the Air Force programme, including AD fighter and AEW numbers, the use of reserves and support measures. ACAS had three aims. First, he sought to restore the third Jaguar squadron in Package 3; secondly, he wanted to highlight the overall value of the Tornado GR1 force beyond its nuclear capability; thirdly, he hoped for enough flexibility to reinstate the UK-based Tornado squadron otherwise withdrawn in Package 3. These three points reflected the Air Force Department position. Meanwhile, RP(Air) listed the top 20 air equipment programmes in cost

²²⁰ Ibid.

²²¹ TNA, DEFE 25/772, Minute by Head of RP(P&B), 'Options for Defence Policy and the Programme', 11 May 1990.

²²² Ibid., 2nd PUS to CDS, PUS, 'Defence Policy Options', 10 May 1990. 2nd PUS thought the main problem remained the need to define the 'best buy' towards which the process was aimed and to 'widen – quite considerably – the range of people involved in the exercise'.

order, identifying ways of making additional equipment savings.²²³ On 14 May, DCDS(P&P) advised VCDS on military judgements concerning Options for Change work. On Tornado ADV/GR1 he was confident that it had struck the right balance, observing that the GR1 was a 'world beater'. Options for Change would likely confirm that the Jaguar Force was a 'useful, deployable, proven force' but would not commit to an end-of-life replacement. On MPA, it was hoped that much better endurance from a new aircraft would allow the RAF to manage with reduced numbers, appropriate to the maritime threat.²²⁴

Progress remained slow. Clark was exasperated and claimed that the MoD was gripped by frustration with the delays, 'It should be - "It's like this. Now get on with it". As it is, we're just haemorrhaging away on needless expenditure, and morale is plummeting with the uncertainty.'²²⁵ The Treasury demanded more radical choices, downplaying the Soviet threat and repeating that it was unacceptable politically for German defence spending to fall further in GDP percentage terms than the UK's.²²⁶ In June, the Treasury set savings targets to reduce published public spending totals. From the MoD, they sought tougher measures, including cuts to BAOR of 15,000 to 20,000, with corresponding cuts to overall Army numbers. They wanted no provision for OOA deployments beyond 'double earmarking' (with NATO tasks) and no provision for amphibious capability against the 'alleged' threat to Norway; they also demanded more analysis of role specialisation rather than the preservation of balanced forces. The Treasury recognised that Soviet forces remained well equipped, but observed:

²²³ AHB, CAS 2/1/3 Part One, ACAS to ACDS (Prog), ACDS(Pol/Nuc), AUS(Prog), 'RAF Aspects of Package 3 – Further Work for SofS', 14 May 1990. See also enclosure no. 48, D Air Plans to D Prog, 'Options for the Defence Programme', 14 May 1990 on retaining the third Jaguar squadron for less than the cost of four MPA.

²²⁴ TNA, DEFE 25/772, enclosure no. 9, DCDS(P&P) to VCDS, 'Programme Options – Military Judgement', 14 May 1990.

²²⁵ Clark, *Diaries*, pp. 298-299, 14 May 1990. Clark 'leaked' the situation to Andrew Marr of *The Economist*; p. 300, 31 May 1990, Clark observed, '*The Economist* article was just right, all the more so because [the journalist] Andy [Andrew Marr] had sought, and quoted, corroboration from senior officials in the Dept.' CGS was also annoyed at the delays. He described 'an air of uncertainty and an inability to do the detailed staff work necessary'. He wanted Ministerial decisions and a political pronouncement. DEFE 25/773, enclosure no. 47, Minute by CGS to Army addressees, 'Defence Policy Options', 4 June 1990.

²²⁶ AHB, CAS 2/1/3 Part One, DUS(P) to PS/SofS, 'Defence Policy and Programmes: Options for Change', 27 April 1990. The Chancellor remained determined to reduce the foreign exchange burden of forces in Germany.

Is there not a respectable argument that it is highly improbable that in the foreseeable future they would be in a position to deploy that equipment in any significant offensive either on the central front, or on the northern flanks into Norway?²²⁷

Within the RAF, the search for savings intensified for 1990-91 and 1991-92, a £60m target being set. This was found by salami slicing, which reflected the difficulty of locating large savings in current spending in the estimates year and in Public Expenditure Survey years generally, especially when firm decisions were lacking on the Service's overall shape in the short-to-medium term. Savings on aviation fuel stocks, works, support, flying training and security enhancements were mooted. However, attention centred on equipment programme savings.²²⁸

On 16 May, DUS(P) informed close colleagues that the working group had received advice from the Plans and Resources and Programmes divisions on the points raised in King's 4 May minute and last Ministerial discussion. Mottram was keen for King to present colleagues with a single package and keep the initiative. Such a package had to be plausible in international and resource terms, a requirement that ruled out Package 1. It was not to be pitched at the MoD's absolute bottom line although the Treasury would 'inevitably press for more'. Given King's doubts about Package 2, the working group built on Package 3. The RAF prioritised getting the third Jaguar squadron added back, with the cost offset by revised assumptions on the timing of the introduction of the Nimrod MPA replacement. DUS(P)'s team meanwhile costed further measures, notably deep cuts to Royal Navy surface ships, the reduction of BAOR to 25,000 or 18,500 and the retirement of a Hercules or Jaguar squadron. The proposed package offered significant savings but a total gap of £1.4bn for 1990-91 to 1992-93. Programme staffs also examined manpower and equipment cuts to address this shortfall, linked to the separate savings exercise examining spending cuts in 1990-91 and 1991-92.²²⁹

The following day, with support under the spotlight, RAF Support Command produced a short note illustrating the Options for Change package's impact by 1995-

²²⁷ TNA, DEFE 25/772, enclosure no. 12, D L M Moore (Under Secretary, HM Treasury) to DUS(P), 'Defence Policy and Programme - Options for Change, 15 May 1990. The Treasury highlighted internal unrest in the Soviet Union and the inability of the Soviet forces to mount an all-out attack and insisted these factors were reflected in the summary threat assessment.

²²⁸ AHB, CAS 2/1/3 Part Three, AMSO to Head of RP(Air), 'Savings in 1990/91 and 1991/92', 15 May 1990.

²²⁹ TNA, DEFE 25/772, DUS(P) to VCDS, 2nd PUS, 'Options for Change', 16 May 1990.

96. The Command was responsible for the support functions at about 150 locations, some overseas, including major flying units, flying and other training schools, maintenance units, hospitals, airfields and communication sites. The savings under consideration came from front-line cuts and scaled-down operations. A 24% reduction was forecast by 1999-2000 and a 20% cut to aircraft numbers. Some 45 training aircraft were to be cut (a 19% reduction), and two flying training bases and an RAF hospital in Germany were to close. There would be a 50% cut in capacity at the primary maintenance unit in RAF Germany and a reduction in the storage and guarding of nuclear weapons. Further significant savings were forecast from introducing Logistics Information Technology Strategy (LITS). A 30% cut to Support Command's operating costs was assumed, with some 5,000 military and 2,800 civilian posts being eliminated at headquarters, logistics units, and support units by 1995. There would also be cuts to works spending, reflecting unit closures, and to maintenance provision for smaller aircraft fleets.²³⁰

SofS and CAS visit Soviet Union

In mid-May, CAS accompanied King to the Soviet Union, and they discussed Options for Change onboard the aircraft. CAS promised to provide supplementary information, including annual costs for the Jaguar, Phantom, Tornado ADV and GR1 squadrons, detailing support and station costs separately. He also pledged to supply King with an explanation of the RAF's numerical requirement for fighters, outlining the maximum Soviet threat to the UK and the Fleet. Finally, CAS emphasised the Tornado GR1's conventional capability, which, he suggested, was no less important than its nuclear role. To support his contention that the GR1 was the best airfield-denial platform available to NATO, he gave King a video demonstrating the impact of the JP233 runway-cratering munition.²³¹

Upon his return, CAS received a brief from ACAS on a 'somewhat hectic week' of Options for Change and other defence savings activity. ACAS reported that the Jaguar squadron had been added back, but not the Tornado squadron. The working group believed that the residual force provided enough dual-capable aircraft numbers for sub-strategic needs. ACAS recommended quietly looking at the Aircraft Establishment/In-Use Reserve (AE/IUR) of the two remaining squadrons in the UK. More widely, ACAS reported that the Package 3 elements were now

²³⁰ AHB, CAS 2/1/3 Part One, enclosure no. 45, Gould (Head of RP (Air) to RP(P&B), 'Options for the Defence Programme: The Support Area'. 17 May 1990.

²³¹ AHB, CAS 2/1/3 Part One, enclosure no. 51, PS/CAS to SO/ACAS, 'Options', 21 May 1990.

established, although they had yet to be confirmed in a formal paper. Each contained a basic force structure and small number of 'Variants', allowing Ministers to see possible savings at the margin of the front line. Only two RAF variants to the basic package had been mentioned - the loss of one Jaguar squadron (leaving just two, although this was then added back) and of a Hercules squadron. ACAS advised CAS: 'The package is no longer biased to OOA - or anything else.' On the 'atmospherics', ACAS had liaised across defence. DUS(P) had demanded an end to special pleading and only wanted facts. On RAF tactics, ACAS recommended that CAS should advocate the 'overall balance' of the RAF and continued to talk up a potential Tornado GR1 squadron addback.²³²

Each Service had been required to identify 25 major equipment projects. Air's contribution to reach a 10% saving by 1995 included cancellation of the Microwave Landing System, which ACAS dubbed 'not very practical'. Proposals also included the cancellation of Hawk target-towing aircraft and Rapier FSC SAMs, miscellaneous cuts to simulators, radios and navigational aids, cancellation of SR(A) 1238 (the advanced anti-armour weapon), and the cancellation of ASRAAM. These last two measures were particularly tough. ACAS considered that the proposed Year 1/Year 2 savings measures were serious, and (subject to FPMG direction) were likely to be taken in full. ACAS told CAS he wanted to avoid accentuating the 10% manning shortfall in 1991-92 and avoid double counting savings from training rationalisation and support area cuts in Options for Change. The major contribution to the savings targets came from uncommitted (but previously planned) spending on Tornado GR1s - £63m and £111m, in each of the two years.²³³

DUS(P) paper, 18 May 1990

On 18 May, DUS(P) sent King a more developed paper based on a single package, resembling the original Package 3. It was considered possible within CFE limitations to retain RAF aircraft withdrawn from service in store at relatively low cost. Work would ensue on the scope for selling surplus equipment.²³⁴ Financially, over the 10 years of the LTC, the package was projected to provide £21bn of savings compared with LTC 90, adjusted to reflect the cost of fully-manned Services. By

²³² AHB, CAS 2/1/3, Part One, enclosure no. 49, ACAS to CAS, 'Return to Office brief', 18 May 1990. This was an (ultimately unsuccessful) attempt to recover the third Tornado GR1 squadron in the UK. The RAF was ultimately successful in securing the future of the third Jaguar squadron.

²³³ Ibid.

²³⁴ TNA, DEFE 25/772, folio 18, DUS(P) to PS/SofS, 'Defence Policy Options', 18 May 1990.

the end of the LTC period, defence would constitute 3% of forecast GDP. In assessments of cash cost, inflation figures assumed for 1991-92 and subsequently were higher than Treasury assumptions, reflecting MoD projections and 'our experience over the past 5 years'. Pay provision was above inflation but the package assumed continued efficiencies, in addition to restructuring savings. DUS(P) nevertheless conceded that the Treasury might argue that inflation provision should reflect their forecasts. The estimated package remained above the defence budget (PES provision) by £307m in 1990-91, £724m in 1991-92 and £368m in 1992-93. Thereafter, the package's affordability depended on resource assumptions. It was affordable at the upper level of the defence budget outlined in the March progress report, which incorporated cash allocations to defence not matching inflation, producing a cash squeeze of about 1% annually.²³⁵

DUS(P) acknowledged that the package might remain unaffordable with available PES resources. Two routes to reduced costs were proposed, either through alterations in force structures or through further cuts in the forward equipment programme. The former for the RAF included reducing the Jaguar force from three to two squadrons. Mottram observed, 'This represents a further reduction in our conventional attack capability both in Europe and out of area, for which the Jaguar is particularly suitable.' Reducing the Hercules force from an AE of 60 to 48 was also mooted. This would not seriously affect peacetime requirements, except in major evacuations, but reduced the UK's capacity to mount and maintain intervention operations overseas. On equipment reductions, the least damaging cuts had been identified from 75 major equipment projects across the three Services.²³⁶ Mottram provided King with a draft minute either to send to Mrs Thatcher or form the basis of an OD Committee paper alongside a draft note on Options for Change.²³⁷ CAS's office commented, 'This does not seem too bad. The risks being taken in ADUK [air defence of the UK] and DCA [dual-capable aircraft] are indicated albeit briefly.'²³⁸

²³⁵ *Ibid.* Meanwhile, PUS sought approval for early years cuts to address programme excesses. DUS(P) hoped by the time King wrote to fellow ministers, the 1990-91 excess would be removed and that for 1991-92 considerably reduced.

²³⁶ *Ibid.* Mottram remarked this draft was produced quickly by a small team, also involved in the short-term savings exercise and was 'more rough and ready' than normal ministerial submissions. Time pressures meant it was submitted concurrently to Ministers and other top management, with further refinements possible following forthcoming discussions with FPMG members.

²³⁷ AHB, CAS 2/1/3 Part One, DUS(P) to PS/SofS, 'Defence Policy Options: Draft Paper', 18 May 1990. The draft had yet to be considered by FPMG members or Ministers.

²³⁸ *Ibid.*

After their return from Moscow, CAS minuted King (**Annex 3**) in terms suggesting that the RAF remained alert to the possibility that illustrative examples would become firm preferences. Among other things, he stressed the Tornado's flexibility, the air defence requirements of the UK and the fleet, and the possibility of purchasing the US Patriot missile system after the Bloodhound's retirement. Emphasising the Tornado GR1's excellence, CAS stressed 'each aircraft can only be in one place at a time' and 'in war there would be difficult decisions to be made over priorities.' If the force was significantly cut, attrition of aircraft tasked for conventional duties would become more important because the minimum force needed for nuclear tasks would be reached earlier, unfortunately requiring an earlier nuclear decision. CAS clearly hoped to save the UK-based Tornado squadron threatened under the latest Options for Change proposals.²³⁹ On air defence, CAS forecast that Soviet bomber numbers would be reduced, but nearly all the remaining aircraft would be Backfires, which possessed a very modern electronic capability. CAS was clearly concerned about the capacity of the Tornado ADV to confront such advanced opposition and looked forward to the air defence task being assumed by EFA. Until it did,

The force size postulated in the latest options package would increase the degree of risk to our country and the Fleet should the Soviets attack us in a future war. In view of the overall strategic direction, you may feel that to be a risk that we could be justified in taking if events turn out as we hope in Europe; but I needed to point this risk out to you.²⁴⁰

CAS supported the retention of all the Jaguar squadrons, insisting that this was a capable force that provided good value for money, and he argued that the EFA programme should continue.²⁴¹ This was a stark example of a response to King's wish that the Chiefs input directly to him. As Options for Change progressed, the Service Chiefs were determined to avoid being side-lined, as they had been initially.²⁴² Of the three, CAS was the most capable protagonist. His skill in

²³⁹ TNA, DEFE 25/772, folio 28, CAS to SofS, 'Defence Policy Options', 22 May 1990.

²⁴⁰ Ibid.

²⁴¹ AHB, CAS, 2/1/3 Part 1, folio 51, PS/CAS to ACAS, 'Options', 21 May 1990; folio 56, CAS to SofS, 'Defence Policy Options', 22 May 1990.

²⁴² Michael Evans, 'King to clear the air over options for defence cuts', *The Times*, 18 June 1990.

advocating political and industrial arguments for aircraft projects, particularly for a purchase of at least 200 EFA, led some officials to dub him ‘Arthur Daley’.²⁴³

CDS discussed Options for Change with the Service Chiefs on 23 May. Beforehand, ACAS observed that the third Jaguar squadron had been secured. In considering the fate of the third Tornado GR1 squadron in the UK, the working group had acknowledged that much had been taken out of the Tornado force from a conventional standpoint. Nevertheless, the overall conventional attack force, excluding Anti-Surface Unit Warfare (ASUW), remained significant when the three Harrier and three Jaguar squadrons were also considered. In non-ASUW terms, the offensive/reconnaissance squadrons would reduce from:

LTC 90	Package 3
11 Tornado GR1 squadrons	6 Tornado GR1 squadrons
3 Jaguar squadrons	3 Jaguar squadrons
3 Harrier squadrons	3 Harrier squadrons
17 squadrons total	12 squadrons total ²⁴⁴

This equated to a reduction of around 30%. On UK air defence ACAS thought the 111/122 residual force was ‘not unreasonable’ but arbitrary, and less than circumstances might demand if the force was really tested. ACAS also reminded CAS that there were risks involved with further trade-offs (similar to the suggested MPA cuts proposed to restore the third Jaguar squadron in Package 3). As he pointed out, ‘we are not going to get anything else back now.’ Any trade-offs would be seized without recompense; money would remain tight. Alan Clark reportedly thought that the package was ‘about right’, so ACAS concluded, ‘We should not rock the boat too much!’²⁴⁵

On RAF balance, CDS was told that despite considerable cuts elsewhere the working group judged it right to preserve the Air Transport Force (ATF) and Air to Air Refuelling (AAR) capability to achieve flexibility and mobility across the board. The same applied to Support Helicopters, already short in number. CDS had

²⁴³ Urban, ‘Farewell’, p. 10. Harding’s approach was closest to the ‘aggressive advocacy’ of the US armed forces, with the RAF already conducting its own studies into the Service’s future shape, more effectively than either the Army or Navy. Arthur Daley was a wheeler-dealer character in the contemporary ITV series ‘Minder’.

²⁴⁴ AHB, CAS 2/1/3 Part One, enclosure no. 53, ACAS to CAS, ‘Defence Options Meeting 23 May’, 22 May 1990.

²⁴⁵ Ibid.

observed over 100 dual-capable aircraft were preserved but was advised by DCDS(P&P) that this would now involve a greater degree of flexibility than had previously been envisaged. Some 24 aircraft were triple-earmarked for ASUW, Strike and conventional attack, with commitments to Supreme Allied Command Europe (SACEUR) and Supreme Allied Command Atlantic (SACLANT), 12 primarily declared in the reconnaissance role and 16 from the Tornado Weapons Conversion Unit (TWCU) would be at Code 3 readiness (Quick Reaction Alert aircraft being at Code 1). DCDS(P&P) acknowledged that CAS believed attack Tornado numbers had been reduced too severely, arguing for preserving the third squadron in the UK. However, alongside the ‘broad spread of dual capability’ there were also Jaguar and Harrier forces which had been protected. DCDS(P&P) also highlighted that the retirement of the Phantom force had driven the decision on AD aircraft numbers, with a shift to a reliance on a fleet of 111 Tornado ADVs for the air defence of the UK, as opposed to the existing position of having at least 120 air defence aircraft.²⁴⁶

‘Service dividend’

When VCDS mentioned the ‘Service Dividend’, ACDS(Prog) remarked that it was ‘a phrase coined by SofS that has no precise definition.’ He was wary of overloading the concept in view of the Treasury’s approach to the ‘Peace Dividend’. The MoD would need to argue vigorously that for good policy reasons the Services had in recent years endured a mismatch between commitments and resources, and that the ‘Service Dividend’ represented a sustainable programme to achieve realignment.²⁴⁷ With resources becoming increasingly important, DUS(RP) warned against assuming efficiency savings in the PES years additional to those from re-structuring. Discussion with the Treasury about inflation had revealed differences over cash planning in a fundamental programme review. The Treasury supported central Government assumptions; if these proved too low, programmes should be cut accordingly. The MoD argued that cash planning required managers to provide for the costs of the programme to the extent that they could be foreseen. If this produced total costs deemed unaffordable, cuts would have to be sought in the programme

²⁴⁶ TNA, DEFE 25/772, DCDS(P&P) to PSO/CDS, ‘Defence Policy Options’, 22 May 1990. Finally, DCDS(P&P) said proposed UK AD numbers, 111 Tornado F3, resulted largely from retiring the Phantom force.

²⁴⁷ TNA, DEFE 25/773, ACDS (Prog) to PS/VCDS, ‘Options Discussion 23 May’, 23 May 1990. DUS(RP) underlined scepticism about Treasury inflation figures and assumed a continuance of the average annual error in their figures, each 1% variation corresponding to £200m. It was necessary in planning to assume the higher inflation rate.

rather than the costs. The inflation question was politically sensitive and a sticking point with Treasury Ministers. King had to be content with the MoD's line before circulating figures further. If he concluded that official (Treasury) figures should be used, the programme would seemingly cost around £1bn a year less by 1993-94, but programme risk would increase accordingly.²⁴⁸

DCDS(P&P) stressed Options for Change planners factored in 1.5% higher inflation than Treasury forecasts in 1991-92 to 1993-94 which would drive up costs. This was 'highly reasonable', showing a true picture, reinforcing the MoD case there could be no responsible savings during this period. It meant there would be little contingency for inevitable Options for Change transition costs, whilst raising the programme excess (or potential overspend) across the 10-year LTC period by about £3bn.²⁴⁹ As early years savings became increasingly topical, AUS(Prog) advised that Options for Change proposals made relatively few early savings and were designed 'to provide a transition to a coherent new force structure by the mid-1990s'. Parallel savings exercises suggested ways to find reductions towards PES levels. Early and arbitrary decisions implied less coherent long-term force structures, perhaps very different to Options for Change proposals. The four main budget areas were Manpower (42%), Equipment (39%), Works (9%) and Activity, Miscellaneous Stores and Services (10%). Redundancy costs and rising pension commitments would be expensive, but savings might accrue from recruitment restrictions or the acceptance of higher rates of Premature Voluntary Release (PVR). Savings could also be found by cutting spares, but this caused delays, disruption to industry and unserviceability for the Services. Cancelling one or two major projects outright could yield substantial early savings - possibly the fourth Trident submarine, the EH101 helicopter, the Chieftain tank replacement or ASRAAM. Works savings might be realised from estate closures in Germany, but cuts elsewhere would be counterproductive, impacting on quality of life, morale and retention. Cuts to Service activity levels might bring fuel savings but would undermine training and skills. A £1bn savings package could be developed for 1991-92 - removing £200m from manpower, £500m from equipment, £200m from works and £100m from activity levels. This would take the programme £500m below PES allocation. Yet the consequences would be severe, particularly if similar measures

²⁴⁸ Ibid., DUS(RP) to PUS, 'Defence Policy Options: Resources', 23 May 1990.

²⁴⁹ Ibid., DCDS(P&P) to VCDS, 'Options/PES 90/LTC 91', 23 May 1990. The approach was thought sensible if MoD pessimism over inflation proved correct. It was noted that the chance of a EMS (European Monetary System) was approaching, with optimism that in the short-term inflation might fall significantly. However, 2nd PUS views were required to confirm this.

were applied annually. The key was to match smaller force structures to lower resources, so avoiding 'arbitrary and wasteful' cuts.²⁵⁰

Min (DP) broadly accepted the Package 3 force structures as amended but opposed any reduction of specialist amphibious shipping and the deletion of a Hercules squadron, which were contrary to the package's underlying principles of flexibility and force projection. At the same time, he believed that the equipment programme required more thorough examination, particularly the Army programmes. Clark anticipated 'a hard pounding with the Treasury', but major equipment cuts would provide some flexibility for negotiations. Resource pressures were becoming 'intolerable' and some decisions, including cancellation of the Tornado attrition buy, were required before the MoD's stance was finalised. Clark was 'most alarmed' that policy revision might be resource led, an approach he felt was likely to negate 'much of the excellent and logical work that has been done in recent weeks'.²⁵¹

On 24 May, CGS and CNS met King and highlighted concerns with the latest Options for Change paper. CGS wanted 'one answer for the Whole Army', getting information into the open on its overall size and shape to produce the best model.²⁵² CNS meanwhile argued that the maritime sphere had fared worst. He claimed that the proportion of the budget allocated to land and non-maritime air would increase by 1999 but the percentage allocated to maritime capability would fall. The Navy envisaged a 14.8% budget cut by 2000; respective reductions for the Army and RAF were 9.9% and 7.2%. CNS referred to a 'disproportionate cut in funding for the Navy'.²⁵³ Broadly speaking, CNS's figures were correct but not until the final two

²⁵⁰ TNA, DEFE 25/773, AUS(Prog) to PS/SofS, 'Options for the Defence Programme – Early Year Savings', 24 May 1990.

²⁵¹ TNA, DEFE 25/772, enclosure no. 30, Min (DP) to SofS, 'Defence Policy Options', 22 May 1990. Clark was critical of anti-armour systems, with Army programmes of 'dubious validity and even more dubious cost-effectiveness'.

²⁵² AHB, CAS 2/1/3 Part Two, enclosure no. 4, CGS to CDS, PUS, 'Defence Policy Options – Army Aspects', 25 May 1990. CGS said the longer matters drifted the more Army personnel would perceive resources to be the sole driver and it was vital to retain the confidence of officers and soldiers. Similarly, the notion of 'Smaller but Better' offered the one opportunity to deliver a 'Service Dividend' but there was no mention of accommodation or security and CGS was most concerned at potential 34% cuts in UK infantry – 'the most used and most usable "commodity" in any Army'.

²⁵³ TNA, DEFE 25/773, CNS to SofS, 'Defence Policy Options', 25 May 1990. CNS concluded: 'I consider that the paper you have been offered does not provide proper maritime advice for you to send to the Prime Minister on maritime issues or an adequate naval package.' Naval force levels were already lower than recommended by NATO, but Soviet maritime capability was forecast to remain substantially the same. In addition, destroyer and frigate numbers were to be cut by 20% and submarines by 36%

years of the 10-year costings did the Navy's budget share fall below the RAF's. Over the LTC period, 1990-2000 the respective budget shares were Royal Navy 27.6%, Army 34% and RAF 27.3%. The RAF's projected 10-year equipment savings were of the same order as the Navy's (£2,769m). The Navy was coming down off a 'Trident peak'; the RAF was 'climbing from the post-Tornado trough towards EFA'.²⁵⁴

On 25 May, DUS(P) updated King on costs. Proposed force structure costs reflected a short-term savings exercise that had been undertaken to counter Treasury criticism that the programme could not be accommodated within the agreed budget totals for the PES years.²⁵⁵ Mottram underlined three difficulties. First, savings against the LTC 90 programme had been considered by a small group with limited departmental contact and no contact with outside contractors. Equipment savings envisaged the deletion of forward projects, the renegotiation of existing contracts and cuts to minor projects and spares. However, some of this was speculative and the savings could be considerably reduced once detailed work had been completed. King was advised that support savings required much more detailed validation. Secondly, the working group had not comprehensively assessed transition costs. Thirdly, there was the dispute over future inflation. As DUS(P) put it, 'Our position is that cash planning must rest on realistic inflation forecasting and that we need to get away from a succession of short-term savings exercises to make good over-optimistic Treasury forecasting which are inefficient and bad for morale.'²⁵⁶ By 1993-94, the likely programme cost on Treasury inflation assumptions was £1bn below MoD forecasts. DUS(P) predicted that King would face more Treasury pressure to reduce the programme's underlying content together with forecast cash costs. They would seek further force level cuts, equipment savings not at that point included in the proposed force structures, and more radical force restructuring. Timing was also a major issue. Mottram recommended announcing the broad Options for Change conclusions before the summer recess to reduce uncertainty. He also argued that Ministers should be made more aware of elements of the package to allow them to plan force

rendering many Naval tasks and options impossible. CNS did say he would be reassured if the running fleet was kept to 43 ships (three more than package) and 13 nuclear powered attack submarines (SSNs) (one more). The SSN 20 entered service in 2002 and ASS-01 was restored with a Type 23 destroyer deferred as compensation.

²⁵⁴ TNA, DEFE 25/773, MA/DCDS(P&P) to PSO/CDS, 'Options – Costings', 29 May 1990.

²⁵⁵ AHB, CAS 2/1/3 Part Two, enclosure no. 5, DUS(P) to PS/SofS, 'Defence Policy Options', 25 May 1990.

²⁵⁶ *Ibid.* Although Mottram then added in brackets, 'Our forecasts would not be made public and risk undermining the Government anti-inflation strategy.'

structures and costs. International developments, including uncertainties with CFE, the July 1990 NATO summit and PES considerations would also influence timing.²⁵⁷

On the 29th, King asked about the manpower strength of each Service against associated establishment, comparing proposals to LTC 90 plans and the demographic trough and asking for an update on recruitment and retention. He also raised the vexed issues of anticipated inflation rates and measures to achieve early savings in 1991-92, and he challenged the concept of Service Assisted Evacuation Plans (SAE), which appeared to generate the highest demand for military air transport. He suggested that civil aircraft might be used instead.²⁵⁸ He was under pressure to find £1bn of savings in 1991-92, a pre-General Election move and a 'daunting proposition' beyond the search for £0.5bn of savings proposed for that year. DCDS(P&P) told VCDS that this threatened to undermine existing assumptions and needed careful watching.²⁵⁹

That same day, the Chiefs discussed resources with the Options for Change Working Group, and there were two meetings with Treasury officials, who sought proposed force structures that were affordable within the PES 89 settlement and which generated early savings against this provision. They also challenged the MoD's higher inflation assumptions. Commenting on this latter issue, one MoD official stressed the importance of King realising that additional funding would be needed to match force structures to the department's inflation assumptions. If the allowance for inflation proved inadequate, within a year the MoD could find that resources for the new programme were insufficient and would be faced with 'overstretch, incoherence and unsustainability'.²⁶⁰

After the meeting with the working group, CAS asked for the minutes to record that his argument for the retention of a further Tornado dual-capable aircraft squadron arose from his judgement of the aircraft numbers that would probably be needed - a calculation largely based on the Tornado's conventional role. He was keen to secure higher residual force levels with or without clear funding provision. Overall, he was content to proceed with informal Ministerial consultation but on the understanding

²⁵⁷ Ibid.

²⁵⁸ TNA, DEFE 25/773, PS/SofS to DUS(P), 'Defence Policy Options: Detailed Points', 29 May 1990.

²⁵⁹ Ibid., DCDS(P&P) to VCDS, 'Options - Ongoing Matters', 29 May 1990.

²⁶⁰ Ibid., enclosure no. 14, D/RP(P&B) to various addressees, 'Defence Policy Options', 29 May 1990. CNS repeated his reservations about naval force structure and its ability to undertake tasks both in and out of area.

that much work affecting the package's balance had yet to be completed.²⁶¹ CDS then asked DCDS(P&P) to calculate the cost of restoring the squadron, and to assess the capability increase that such a measure would deliver.²⁶² DCDS(P&P)'s response confirmed that the additional dual-capable aircraft squadron would provide conventional benefits and additional flexibility at a cost of £102.9m to 1999-2000.²⁶³

CDP meanwhile cooled savings expectations with a reminder that equipment savings 'could reduce very significantly' when smaller orders and contract cancellations were examined and costed in detail. MoD costs might even exceed savings.²⁶⁴ Min (DP) was pleased that the savings exercise and moratorium placed new contracts under stricter scrutiny, but he was concerned about the costs of existing contracts, many of which were signed, as he put it, 'before present realities were even imagined'. Spending on equipment certain to be superfluous post-Options for Change had to cease. Clark recognised the department's legal obligations and the scale of potential penalties but believed that industry would be more flexible if the MoD made its position clear.²⁶⁵

Potential force structures

By the end of May, King had received the Defence Staff's views on possible force structures and responses from the single-Service Chiefs. CDS thought a reasonable balance had been achieved by the Options for Change work, but it was largely resource-driven, and he reiterated the fact that firm foreign policy guidance was needed to refine it. Acknowledging the reduced threat, he raised the spectre of the 'long term', which restructuring could not ignore. Support costs, readjustments, redundancies and restructuring costs were almost always underestimated. The outline force structures were probably more than the MoD could afford, particularly if they incorporated a 'Service Dividend'. CDS advised King: 'All this underlines

²⁶¹ TNA, DEFE 25/773, enclosure no. 14, D/RP(P&B) to various addressees, 'Defence Policy Options', 29 May 1990; enclosure no. 29, PS/CAS to Hd of RP(P&B), 'Defence Policy Options', 31 May 1990.

²⁶² Ibid., PSO/CDS to MA/DCDS(P&P), 'Defence Policy Options', 30 May 1990.

²⁶³ AHB, CAS 2/1/3 Part Two, enclosure no. 28, DCDS(P&P) to PSO/CDS, 'Defence Policy Options', 7 June 1990.

²⁶⁴ TNA, DEFE 25/773, enclosure no. 14, D/RP(P&B) to various addressees, 'Defence Policy Options', 29 May 1990. It was thought firms affected by cancellations may increase overheads levied on continued contracts. CDP viewed the loss of Tornado orders as the only Air Systems measure with immediate, significant industrial consequences, with the reduction of up to 1,500 jobs at BAe, enclosure no. 12, PS/CDP to PS/SofS, 'Options: Industrial Consequences, 29 May 1990.

²⁶⁵ TNA, DEFE 25/880, Min (DP) to SofS, 'Defence Policy Options – Existing Contracts', 14 June 1990.

the immense difficulty of achieving much larger savings in 1990-1992 which, in my view, would undermine the package offered.²⁶⁶ King was advised to tell colleagues that all the proposed reductions (and perhaps more) were required to balance the books. Moreover, the UK had to retain the ability to reconstitute force levels if the threat increased again. This would require the maintenance of an effective training infrastructure, storage of capable equipment, and the expansion of reserve forces.²⁶⁷

At a further meeting on the 29th with Ministers, senior management and the Service Chiefs, King confirmed that there was broad agreement across the MoD's senior staffs with the working group's conclusions, although he had received specific reservations from individual Chiefs. King reported that he was being urged to find savings of £1bn below current PES totals in 1991-92, and returned to the issue of Service Assisted Evacuation Plans (SAE) and its role in force planning. However, CAS maintained that SAE was not a central factor in Air Transport Force (ATF) size. Subsequently, King sought Defence Staff and Office of Management and Budget advice on three matters, namely additional accommodation in the UK for returning forces, the safeguarding of reinforcements in wartime (particularly in view of the reduction of forces in place generally, with NATO likely to become more reliant on reinforcements) and likely difficulties with the Treasury over inflation. On the latter, he accepted the MoD's projections, but it was difficult to convince Cabinet colleagues that the MoD took a bleaker view than the Treasury. He asked 2nd PUS for advice on how the MoD could defend itself against the Treasury's arguments.²⁶⁸

King said that dilemmas over the future programme had deepened since the Options for Change process began in February. The forthcoming London NATO Summit was complicating matters. He planned to consult with Mrs Thatcher and senior colleagues, advising them on progress so that he could send them papers with prior knowledge of their dispositions. He anticipated a general announcement before the summer recess, more detailed work by the autumn and some conclusions before the PES round. Min (AF), Archie Hamilton, supported by CGS and others, argued that any July announcement should include details of the overall size of the armed forces envisaged for the mid-1990s. King acknowledged the need to widen participation in Options for Change but authorised no immediate extension, instead tasking VCDS and 2nd PUS to produce proposals on handling, including widening input. He

²⁶⁶ TNA, DEFE 25/773, enclosure no. 10, CDS to SofS, 'Defence Policy Options', 29 May 1990.

²⁶⁷ Ibid. Craig also pressed for an early announcement.

²⁶⁸ Ibid., enclosure no. 25, PS/SofS to PS/Min (AF), 'Defence Policy Options', 30 May 1990.

also asked for further studies to examine procurement for certain capabilities and balance in the programme, with Clark closely involved. Support savings at least proportionate to front-line cuts should be achieved. PUS said this involved more than 'shaving down existing organisations' and probably required radical solutions. CAS suggested that the work should be linked into the NMS. Finally, King asked for Ministers to be kept up to date on allies' plans, to avoid the image of a 'rush for the door'.²⁶⁹

Resource-driven changes

On 1 June, AUS(Prog) provided more advice on early year savings but it was hastily prepared, without impact and costings validation. Some £1.7bn of savings at LTC 90 prices were listed but with a clear health warning:

Finally, most importantly, I should re-emphasize what I said in my previous minute: implementation of measures such as those listed here would invalidate the basis of Options work as currently formulated. Notwithstanding some convergence, the two proposals are not compatible.²⁷⁰

AUS(Prog) repeated that the programme had been carrying excesses over planned resources, but the MoD was not ready to make the necessary changes in LTC 90. It required a review and a reduction in commitments, which risked pre-empting and/or prejudicing arms control negotiations. The international situation was conducive to Options for Change work, which offered a rational approach to force structure change in LTC 91. However, the plan was being undermined by the accelerated spend in 1989-90 and higher than forecast inflation - necessitating urgent programme action. Further action to reduce the programme below the PES baseline would pre-empt and invalidate existing Options for Change work, producing an incoherent force structure.²⁷¹ Two non-compatible savings approaches were under way. Options for Change was ostensibly policy-driven, reviewing commitments, policy and capabilities, designing a new force structure. Front-line savings were assumed to logically lead to support savings, but transition costs inhibited early

²⁶⁹ Ibid. King highlighted political developments in the Soviet Union, slowed progress towards CFE and security difficulties surrounding German unification negotiations. Domestically, higher inflation intensified pressure on the existing programme.

²⁷⁰ AHB, CAS 2/1/3 Part Two, enclosure no. 21, AUS(Prog) to PS/SofS, 'Options for the Defence Programme - Early Year Savings', 1 June 1990.

²⁷¹ Ibid.

savings. The savings exercise considered by FPMG on 31 May was resource-driven and shorter term, making savings whilst trying to maintain commitments and capabilities. Deferrals accentuated the programme's lack of balance. They were not based on a rational re-assessment of priorities, but proposals being placed before King would remove £340m in 1990-91 and £500m in 1991-92.²⁷²

The point had arrived where resource-driven changes were precipitating policy changes. Savings below PES provision for 1991-92 threatened the transition to the Options for Change force structure. Savings comprised £125m from manpower, £900m from equipment, over £200m from works and £150m from activity, miscellaneous stores and Services. RAF personnel savings included extending the civilian recruitment ban to 31 March 1991.²⁷³ Some 20 RAF savings measures were identified under equipment, the largest financially being the 20% reduction in Post-Design Services (PDS) provision, deferring the Joint Tactical Information Distribution System (JTIDS) programme by two years, deferring the SR(A) 1238 Harrier, Tornado and EFA anti-armour weapon for two years and saving £106.3m by reducing aircraft support costs by 15% in the F6(Air) area. A £15m cut was the maximum prudent in LTC 90 in spares and repairs support.²⁷⁴ Under Works, all provision for the UNITER communications network project for contract let was deleted to save £74.8m. Works hardening runways and facilities, part NATO-funded, were cancelled, as was provision for modernising Married Quarters and barrack blocks.²⁷⁵ Finally, activity reductions included accelerating Phantom retirement and early disbandment of two RAF Germany Tornado squadrons, reducing Hercules numbers and cutting Charter and ATF Support.²⁷⁶

As ever, retired senior officers joined in the debate. The former CDS, Field Marshal Lord Carver, suggested abolishing the RAF as an independent Service,²⁷⁷ a somewhat untimely intervention shortly before the Battle of Britain's 50th

²⁷² *Ibid.*

²⁷³ *Ibid.*, Annex C, p. 2.

²⁷⁴ *Ibid.*, Annex C, pp. 7-10. It was noted groundings were viewed as inevitable and largely unpredictable, making management very difficult.

²⁷⁵ *Ibid.*, Annex C, pp. 11-12.

²⁷⁶ *Ibid.*, Annex C, p. 14.

²⁷⁷ Christopher Bellamy and Tim Ripley, 'Clark denies a rift with King over defence policy', *Independent*, 1 June 1990. Carver, a consistent opponent of Trident, had said in a lecture at the University of Lancaster that NATO should be scrapped. In respect of the RAF, he made the Duncan Sandys' 1957 argument that the requirement for manned strike and fighter aircraft had receded, while anti-aircraft missiles could provide the air defence of the UK and the Royal Navy could take over the RAF's land-based anti-submarine aircraft.

anniversary.²⁷⁸ The House of Commons Defence Committee meanwhile highlighted likely manpower shortfalls in the RAF and forecast reduced fuel allowances for training. The committee questioned the Treasury's inflation forecasts and warned that 'the defence budget could fall substantially in real terms.'²⁷⁹ Senior RAF officers, including the AOC-in-C Strike Command, voiced greater concern about the more immediate budgetary difficulties than about reductions arising from the changed geopolitical situation.²⁸⁰

PM-SofS meeting, 2 June 1990

King met Mrs Thatcher at Chequers on Saturday 2 June to report the outcome of the MoD's Options for Change work. In advance, Powell advised her that the Army would be hit hardest and faced a one-quarter cut, the BAOR being reduced from 55,000 to 25,000 and facing consequential equipment reductions. RAF Germany would be halved and would be impossible to rebuild quickly in the event of war. Powell anticipated that King would offer no quick savings, not least because of inflation in 1990-91. The handling of a public announcement would be important and might be discussed between the Prime Minister, King, the Foreign Secretary and the Chancellor. Powell envisaged a White Paper and a debate, with an announcement in mid-July, reflecting the NATO summit. Maintaining secrecy would be hard. As the military learnt more details, the risk of leaks would grow. Powell pointed to the military's preference for a relatively early announcement to end uncertainty about the Services' future,²⁸¹ although he felt that the military was taking Options for Change 'quite well'. CDS had been 'very helpful'. He hoped the Prime Minister's annual meeting with the Chiefs would take place before final decisions were made so that they could provide input.²⁸²

²⁷⁸ Michael Evans, 'Tornado – and now for the squalls', *The Times*, 20 June 1990. The Labour opposition accepted 'considerable economies' in RAF Germany but did not think the Service should be abolished.²⁷⁸

²⁷⁹ Michael Evans, 'Concern over UK services strength', *The Times*, 16 June 1990. In June 1990, the Committee reported the RAF was 6,000 below its required establishment (89,800), with a recruitment cut anticipated. The BAOR fell from 57,300 in 1989-90 to a projected 53,400 by 1990-91. The Royal Navy shortfall was almost 1,700; Michael Evans, 'Instant pay-off for four vessels in £600m cuts', *The Times*, 28 July 1990.

²⁸⁰ AHB, CAS 2/1/1 Part 25, folio 58, ACM Sir Patrick Hine (AOC, Strike Command) to PS/SofS, 19 July 1990.

²⁸¹ TNA, PREM 19/2932, Powell (PS/PM) to PM, 'Defence', 29 May 1990.

²⁸² *Ibid.*; Powell (PS/PM) to PM, 'Meeting with Alan Clark', 30 May 1990. Mrs Thatcher had a meeting with Clark on 31 May to discuss her forthcoming Aspen foreign policy speech. Powell recommended avoiding discussing Options for Change with Clark before King reported his findings.

Powell recorded that King did indeed inform Mrs Thatcher of some tentative conclusions, seeking her views before he finalised them. The provisional outcome of Options for Change was a proposal to reduce the Service personnel headcount by 17% to produce annual savings of £2 billion, or £21 billion over a decade. Savings would be lower in early years, so there was no immediate peace dividend. The reductions would cost 100,000 jobs - 55,000 Service personnel, 35,000 civilians and 10,000 defence industry workers. The percentage of GDP devoted to defence would drop from just over 4% to just over 3%. BFG would be much reduced, a greater reliance being placed on reinforcements from the UK, and on reservists. The capability for OOA action would be retained.²⁸³

King reportedly advised that the Royal Navy would be cut by 6%, the Army by 23% and the RAF by 15%. The BAOR's four divisions of 55,000 men would drop to two divisions with a total of 25,000 men. As expected, two RAF Germany stations would close. Although four Tornado strike squadrons would stay in Germany, AD squadrons would not. Phantoms and Buccaneers would be scrapped but Jaguars retained. The next tranche of the Tornado purchase was cancelled, but the existing air transport force was maintained. Patriot SAM systems would be bought after 1995 to provide improved air defence. King conceded that the RAF would have preferred to keep an additional Tornado squadron. Support services had not been examined in detail, but corresponding reductions were assumed.

According to Powell, the Prime Minister observed that at first sight King's proposals met her two main criteria. On the one hand, like other western nations, the UK would significantly reduce defence spending; on the other, it would retain effective, professional and well-equipped armed forces to contribute to NATO's strategy of flexible response and to participate in OOA operations. Mrs Thatcher believed that the proposed frigate and submarine reductions were too severe, and she also forecast diplomatic difficulties over proposed BAOR cuts, relating these to future CFE negotiations: unilateral reductions might lead to a 'crumbling of NATO'. Yet she ultimately decided that they could be portrayed positively as a shift to a new defence posture that reflected the new European situation.²⁸⁴

²⁸³ Ibid., Powell (PS/PM) to PM, 'Note for the Record: Defence Options Study', 2 June 1990.

²⁸⁴ Ibid. The Army was concerned about battalion 'cap badge' problems, as infantry battalions numbers fell from 55 to 39. The Royal Navy wanted to keep 43 frigates rather than go down to 38. Mrs Thatcher agreed and wanted to retain an adequate number of nuclear submarines.

King highlighted the pressure from the Services for rapid decisions and also the MoD's short-term budgetary difficulties and the resulting freeze on recruitment and purchases. Whatever the outcomes of Options for Change, difficult decisions lay ahead. The long term costings for the next decade had revealed an overspend of £11 billion of projected spending but King stressed he had already cut some £4 billion of this.²⁸⁵ On 13 June, in the Prime Minister's presence, King conveyed his proposals to the Chancellor and the Foreign Secretary. Crucial factors included foreign policy interests, affordability, party political concerns and the transition to a new defence posture. Powell briefed the Prime Minister that Options for Change should remain MoD-led, with Richard Mottram (DUS(P)), 'indisputably the best person to lead it', although the Treasury and FCO had an important contribution to make and required representation on the MoD committee overseeing the work. The meeting agreed that up to three named officials from both the Treasury and the FCO should be nominated to participate, meeting under DUS(P)'s chairmanship, reporting back through the SofS to the Prime Minister.²⁸⁶

Responding to King's detailed points to MoD officials on aspects of the policy options, DUS(P) conceded that manpower requirements would be reduced substantially but on the assumption that forces would now be fully manned. Mottram explained the rationale for purchasing a fourth Trident submarine (supported stridently by Clark) and produced defensive lines on the MoD's inflation predictions. He also provided clarification for King on the ATF's role and the demands of Service Assisted Evacuation (SAE) plans.²⁸⁷ Widening Options for Change work and moving to the next stage involved using the Alternative Assumptions mechanism to study LTC 91. Many more staff would be involved, increasing the risk of leaks, but it was essential to develop and refine the Options for Change costings. VCDS and 2nd PUS wanted members of Senior Executive Committees and Cs-in-C to be informed and to contribute to Alternative Assumptions drafting. They also wanted Systems Controllers and Operational Requirements staffs to consider the consequences of the proposed force structures

²⁸⁵ Ibid.

²⁸⁶ TNA, PREM 19/2932, Powell (PS/PM) to PM, 'Defence Options Study', 12 June 1990; Powell to Webb (PS/SofS), 'Defence Options Study', 13 June 1990.

²⁸⁷ TNA, DEFE 25/773, enclosure no. 40, DUS(P) to PS/SofS, 'Defence Policy Options: Detailed Points', 1 June 1990; DEFE 25/880, Min (DP) to SofS, 'Defence Policy Options – Fourth Trident Boat', 5 June 1990. Clark argued the need to cope over the force's lifetime with any developments of the threat constituted 'the main and irrefutable argument for a four boat force' and added, 'It should be a fundamental political and military principle that one boat should be deployed at all times.' See also enclosure no. 8, Min (AF) to PS/SofS, 'Defence Policy Options – Fourth Trident Boat', 11 June 1990 supporting Clark's arguments.

for the equipment programme. Both reiterated the importance of maintaining strong central coordination as the work moved forward and proposed that DUS(P)'s working group should retain this role, with Min (AF) overseeing work on support and Min (DP) overseeing work on the equipment programme. King was advised to stress that the details and implementation of Options for Change proposals were subject to refinement, but also to emphasise that when he (King) approved them, the main elements would be fixed, to 'avoid a good deal of nugatory activity'.²⁸⁸

Meanwhile, the Chief of Defence Intelligence (CDI) reported to CDS on the Soviet air threat highlighted by CAS on 22 May. While theoretically all Soviet aircraft could be launched against the UK, the Joint Intelligence Committee doubted that this was likely. The Soviet air commander would face substantial problems of resource allocation and attrition. The UK would not be targeted alone. The Soviets would expend maximum effort against mainland Europe before committing forces against the UK, and they would probably retain some aircraft for nuclear use even then. CDI believed that the continent would have a higher priority, particularly nuclear targets in France, but he added that the Soviet military posture was increasingly defensive.²⁸⁹

On 13 June, Powell reported to King that senior Ministers were seeking to broaden the Options for Change study to reflect proposed cuts across Europe, although they insisted that they had no wish to 'precipitate a run for the door' with cuts that could 'unravel NATO'. However, the Services wanted clarity, and short-term budgetary pressures favoured early decisions. Downing Street accepted that there was a need for a new defence posture that matched changing threats and the international situation, but it was hard to avoid the conclusion that the proposed major cuts, combined with the lack of early financial savings, involved the 'worst of both worlds'.²⁹⁰ Planning was now to focus on the production of a fuller paper by the third week in July for further discussion between the Ministers directly concerned. The intention was then to announce broad conclusions before the Conservative Party conference in October. Work would still be centred on the MoD, although three

²⁸⁸ TNA, DEFE 25/880, 2nd PUS to PS/SofS, 'Defence Policy Options', 7 June 1990.

²⁸⁹ TNA, DEFE 25/880, enclosure no. 6, CDI to PSO/CDS, 'Defence Policy Options – Air Defence of the UK and the Fleet', 8 June 1990.

²⁹⁰ TNA, PREM 19/2932, Powell (PS/PM) to Webb (PS/SofS), 'Defence Options Study', 13 June 1990. As noted earlier, there was widespread expectation defence spending would fall over the coming years and King needed to show colleagues savings measures from 1991-92, with £1bn savings being mentioned. AHB, CAS 2/1/3 Part 1, folio 39, SofS to CDS and PUS, 'Defence Policy Options', 4 May 1990; Part 2, folio 16, PS/SofS to PS/Min (AF), 'Defence Policy Options', 30 May 1990.

named Treasury and FCO officials would participate from 20 June in Mottram's Options for Change Working Group, which would report back through King to the Prime Minister.²⁹¹ Soon, budgets of £22bn or £23bn in 1993-94 and £21.5bn in 1995-96 were under consideration, compared with £24bn in PES 90.²⁹² King wanted cuts to 'balance the books and avoid additional claims on the Exchequer' but he reiterated that defence was unlikely to 'yield any early cash for other purposes'.²⁹³

Meanwhile, Clark used the inaugural Sopwith Memorial Lecture (**Annex 4**) in June 1990 to argue that the UK should consider acquiring cheaper, simpler weapons. His ideas on innovative procurement included a half-jocular proposition to adapt the A310 Airbus as a medium-range bomber and predictably aroused RAF sensibilities:

So what's wrong with taking the A310; the wings, engines and avionics that is; and simply shrinking the fuselage so that it is narrower and shorter but will still carry a good load of ECM and five tons of free-fall or laser guided bombs?²⁹⁴

RAF officers were startled by Clark's speech. If serious, he had undermined his credibility. They rubbished his insinuation that avionics on civil airlines were more effective and advanced than on military jets, and pointed out that any such aircraft would be far too vulnerable to interception.²⁹⁵ Media reports declared that the Chiefs had lost confidence in Ministers and felt excluded from Options for Change. Clark's support for deep and swift spending cuts was a particular source of Service animosity.²⁹⁶

²⁹¹ TNA, PREM 19/2932, Powell (PS/PM) to Webb (PS/SofS), 'Defence Options Study', 13 June 1990.

²⁹² Ibid. This instructed up to three named officials each from the FCO and HM Treasury to be nominated to take part in the process, meeting under Mottram's chairmanship.

²⁹³ Ibid., SofS to PM, 'Defence Policy Options', 10 July 1990. As noted, to make ends meet the MoD resorted to the same short-term expedients used in 1980. In summer 1990 there was cheeseparating across the Services and a moratorium on payments to defence contractors. Greenwood, 'Expenditure and Management', p.38.

²⁹⁴ AHB, CAS 27/1 Part 9, enclosure no. 119, The Royal Aeronautical Society Inaugural Sopwith Memorial Lecture by the Hon Alan Clark MP, Minister of State for Defence Procurement, 13 June 1990.

²⁹⁵ David White, 'RAF officers retaliate on Clark speech', *Financial Times*, 14 June 1990. Critics stated there was 'nothing to beat' the weapon-aiming and avionics system on an aircraft like the Tornado.

²⁹⁶ Nicholas Wapshott and Victor Smart, 'Service chiefs in storm over defence cuts', *Observer*, 17 June 1990.

Cancellation of Tornado batch order

As we have noted, the Government had scheduled a defence debate in parliament on 18 June. Commenting on King's draft opening speech, Mrs Thatcher argued that he should highlight what the Services would retain rather than what could be cut. She hoped to reduce the scope for speculation about defence cuts before the Government made a formal statement about Options for Change.²⁹⁷ King found No. 10's comments 'very helpful', agreeing that it was better to begin with unchanged elements before mentioning potential cuts.²⁹⁸

Nevertheless, alongside Options for Change, there was the need to announce short-term savings, and it was during the debate that Clark announced the cancellation of the eighth batch order for Tornado, comprising 33 aircraft (26 GR1s and seven ADVs).²⁹⁹ Condemned as a 'knee-jerk reaction' by BAe,³⁰⁰ it only produced a saving of £60m in 1990-91, a partial contribution towards over £600m of programme savings (over five years, the total saving from the Tornado cancellation was £530m). Ministers explained that the cuts formed part of an 'emerging picture'

²⁹⁷ TNA, PREM 19/2932, Powell(PS/PM) to Webb (PS/SofS), 'Defence Debate', 17 June 1990. Mrs Thatcher was concerned at how King communicated the implications of changing East/West relations for the armed forces. His draft opening speech for the defence debate gave too much away.

²⁹⁸ Ibid., Webb (PS/SofS) to Powell (PS/PM), 'Defence Debate', 18 June 1990.

²⁹⁹ Alan Clark announced this in the House of Commons: 'My right hon. Friend the Secretary of State said that, in constructing the short-term measures and in the continuing scrutiny of new commitments, we have used the emerging picture from the options exercise as a yardstick against which to assess individual issues. An example is the eighth batch of Tornado orders. At present, I cannot foresee a place for additional Tornado aircraft in the programme. I have therefore decided not to authorise further work on that order.' <http://hansard.millbanksystems.com/commons/1990/jun/18/first-days-debate> HC Deb 18 June 1990, vol 174, cc 687-774. HM Government, *Statement on the Defence Estimates: Britain's Defence for the 90s Volume 1* Cm 1559-I (London: HMSO, July 1991), p. 69. Similarly, Clark told Michael Jack MP: 'In the light of changed circumstances I cannot at present see a place for additional Tornado aircraft in the defence programme. We have therefore decided not to authorise further work on the aircraft.' AHB, CAS 2/1/1 Part 25, Min (DP) to Michael Jack MP, 18 June 1990. The decision had already been the subject of media speculation, David Fairhill, 'Defence review to hit Tornado', *Guardian*, 2 June 1990.

³⁰⁰ David White, 'BAe chief criticises defence cut planning', *Financial Times*, 28 June 1990.

of the UK's reassessed military requirements for the 1990s³⁰¹ due to 'quite remarkable changes' in Europe.³⁰²

On the following day, King advised senior officials that a written report on Options for Change for further discussion was required in the third week of July, allowing time for decisions and a further announcement either before the recess or in the early Autumn.³⁰³ King requested more detail on the forward equipment programme, including the fighter/SAM mix, and declared that he was ready to cancel reduced programmes altogether. He also sought to establish how defence capability might be restored in the event of a revived Soviet threat, i.e., the respective merits of industrial measures (collaborative programmes, industrial capacity and an R&D base) as opposed to stockpiling weapons and equipment. Clark was to supervise this work and Archie Hamilton was tasked to ensure that overheads were cut to at least the same extent as front-line units, incorporating the 2.5% efficiency targets and NMS. Cuts to infrastructure, especially land and buildings, were mentioned specifically. Although accepting the need to broaden participation on work related to equipment, King still insisted that the dissemination of tri-Service papers should be restricted. Where the expertise of single-Service staffs was required for LTC or support area studies, he only wanted them to see their specific segments. The Cs-in-C in the UK and Germany could be briefed on a personal basis about measures affecting their Commands.³⁰⁴

³⁰¹ Ministry of Defence Royal Air Force News Release 14/90, 'Tom King flies RAF Tornado', 2 July 1990. It was stressed that despite the cancellation of the eighth batch order some 350 Tornado aircraft had already been delivered to the RAF and a further 50 were on order. Early forecasts had indicated a potential overspend of up to £600 million in 1990-91 and King stressed 'prompt action', including new equipment controls and the cancellation or early withdrawal of equipment in service. He also asked for his running cost limit to increase by £120 million. AHB, CAS 2/1/1 Part 25, folio 24 (ii), SofS to CST, 20 June 1990

³⁰² <http://hansard.millbanksystems.com/commons/1990/jun/18/first-days-debate> HC Deb 18 June 1990, vol 174, cc 687-774. King said, 'inflation was costing us a further £350 million in the current year'. The MoD decided not to authorise further work on the eighth batch order for 26 Tornado GRI and seven Tornado ADV aircraft. The Government had promised 41 new Tornados in November 1988 to replace aircraft lost in training. Only the final eight aircraft from the seventh batch order were delivered to the RAF. HMG, *Britain's Defence for the 90s Volume 1 1991*, pp. 19, 69; Nicholas Wood, 'Order for 33 Tornado jets is cancelled', *The Times*, 19 June 1990.

³⁰³ TNA, DEFE 25/880, enclosure no. 22(i), SofS to VCDS, 2nd PUS, 'Defence Policy Options: Further Work', 19 June 1990. Work would continue to be steered by the MoD, but other departments would be brought in with up to three individuals each from the FCO and the Treasury involved in a group to be chaired by Mottram which would finalise papers.

³⁰⁴ *Ibid.* RAF commanders were sent briefings on 21 June for personal information, to be destroyed when no longer required. AHB, CAS 2/1/3 Part Two, Minute from PS/CAS to RAF Commanders-in-Chief, 21 June 1990.

Press reports maintained that the Service Chiefs were seeking a broad picture of defence plans to commence implementation work. If cuts were delayed beyond the autumn, it seemed likely that the Treasury would seize the initiative to push through budget reductions in the annual PES round, before a proper restructuring plan had been agreed.³⁰⁵ Publicly, King was upbeat, insisting that Options for Change involved restructuring forces because of political changes and denying that it was a 'resource-driven exercise'.³⁰⁶ He maintained that the Chiefs and Clark were fully involved and claimed, 'We're working as a team.' The Defence Staff and the OMB were 'working together to try and produce a sensible balanced plan.' Via a unified MoD approach, it had been possible to avoid inter-Service rivalry.³⁰⁷

Treasury savings demands

The Defence Options Group incorporating FCO and Treasury officials met on 20 June. Variations to Mottram's most recent paper were suggested, including more detail on the equipment programme rather than the package's industrial implications. The Treasury suggested revising the programme within the cash provision of £23bn in 1993-94 (compared with the baseline of c.£24bn in PES 90), £22bn in 1994-95 and £21.5bn by 1995-96, and hoped for savings of at least £500m in 1991-92 and more in 1992-93, *en route* to the 1993-94 outcome. However, Mottram was opposed to any further cuts and suggested that they would result in 'substantial' dislocation and redundancy costs. Forthcoming international dimensions and discussions led the FCO to prefer an Options for Change statement in the autumn. At official level, the Treasury had no firm position on timing other than viewing it as a key end date in their need to finalise the Chancellor's Autumn Statement by the end of October.³⁰⁸

Meanwhile, in liaising with the Services, Ministers decided that planned Service Board meetings should be replaced by informal meetings of Board members and

³⁰⁵ Michael Evans, 'Service chiefs seek review details before Treasury cuts', *The Times*, 28 June 1990; John Keegan, 'Army leads in planning Services' new role', *Daily Telegraph*, 28 June 1990; AHB, CAS 27/1 Part 10, 28 June 1990, marginal note to CAS. The Army was at the forefront, with the CGS, General Sir John Chapple, giving 'non-attributable' briefings to selected defence journalists, highlighting the Army's preparations and detailing the essential components it required to meet strategic commitments. CAS was advised the RAF's Director of Public Relations was keen he started a series of such 'chats'.

³⁰⁶ Parliamentary Staff, 'Forces to be reorganised', *The Times*, 20 June 1990.

³⁰⁷ TNA, DEFE 25/880, enclosure no. 25, PS/SofS to PSO/CAS, 'Defence Options', 20 June 1990. King made these comments on BBC Radio Four's 'Today' programme on 19 June.

³⁰⁸ AHB, CAS 2/1/3 Part Two, enclosure no. 49, DUS(P) to PS/SofS, 'Defence Policy Options: Further Work', 21 June 1990.

their respective Assistant Chiefs in Min (AF)'s office. There they would discuss current thinking on Options for Change relevant to their Service. Since formal minutes would not be taken, supporting secretaries were not to attend.³⁰⁹ Hamilton argued that work on support required central supervision, but 'much work would also need to be set in hand in each of the single Services.'³¹⁰ In response to Hamilton's request for 2nd PUS to propose a work programme by mid-July, briefings and meetings were planned with single-Service representatives - AMP and the Air Member for Supply and Organisation (AMSO) from Air.³¹¹

Meanwhile, following Treasury pressure for deep and specific reductions, Head of Resources and Programmes (Programme & Budget) concluded that amendments to the Options for Change packages to save over £4bn by 1995-96 could be made only by surrendering one or more capabilities, a course of action that implied role specialisation in NATO and greater reliance on allies than hitherto.³¹² Further work was also commissioned, taking the existing package as the baseline, to identify additional savings and the implications (including manpower) of more extreme alternatives. For the RAF these comprised:

- a. Withdraw the remaining part of RAFG [RAF Germany] from service;
- b. Withdraw the remaining part of RAFG to the UK bar those elements required in theatre to support the proposed Options BAOR package;
- c. Withdraw the remaining part of RAFG to the UK bar those elements required in theatre to support AMF (L) (Allied Mobile Force (Land)) and the Army contribution (Air Mobile Brigade) to a NATO Air Mobile Division, both Army elements to be UK-based;
- d. Cancel Future Theatre Nuclear Weapon (FTNW) and replace with dual-key US TASM;

³⁰⁹ *Ibid.*, enclosure no. 50, PS/Min (AF) to PS/2nd PUS, 'Meetings of the Service Boards', 22 June 1990.

³¹⁰ *Ibid.*, enclosure no. 52, PS/Min (AF) to PS/2nd PUS, 'Defence Policy Options – Support', 22 June 1990.

³¹¹ TNA, DEFE 25/880, DCDS(P&P) to CFS, QMG, AMSO, 'Options Work – Support Area', 26 June 1990.

³¹² AHB, CAS 2/1/3 Part Two, enclosure no. 55, Head of RP(P&B) to Heads of Service RP branches and to Service Plans sections, 'Defence Policy Options: Further Work', 22 June 1990.

- e. Withdraw from service all bar four squadrons Tornado GR1 (duel-capable aircraft), to be based in the UK and equipped with US TASM;
- f. Withdraw the whole Tornado GR1 and GR 1a force from service;
- g. Withdraw from Service the whole Jaguar and Harrier fleets;
- h. Cut UK air defence by a further 25%.³¹³

Meanwhile, CDS raised the possibility of achieving savings by reducing the scale of overseas garrisons in Belize, Cyprus and the Falkland Islands,³¹⁴ and Mottram worked on a revised draft of his Options for Change paper, which was to be submitted to King by 5 July, before a planned visit to South Africa. The Treasury's proposals proved difficult to accommodate, so he suggested that they should be placed in a separate annex to the main draft. It was in the MoD's interest to press ahead, and King seemed more likely to approve a separate package of measures than a further revision of the main Options for Change recommendations.³¹⁵ CDS remained concerned that the list of proposals would allow the Treasury and Ministers 'to dine a la carte'. He pushed for an early announcement, stressing the damaging impact of speculation on Service morale.³¹⁶ Similarly, Min (AF) wanted a broad statement of plans in July. His perspective was reflected in Mottram's paper.³¹⁷

Savings in support

Concurrently, VCDS had sought bilateral discussions with single-Service colleagues about support rationalisation. Suggestions included 'purple' hospitals, contractorisation of support elements, centralisation of pay, allowances and records, civilianisation of animal training, stabilisation of basing, reductions of estate, and the adjustment of policy to incorporate longer warning times. Further proposals covered new working procedures and reduced stock and fuel levels, and the scope for MoD rationalisation. Joint Operations Centre (JOC)/single-Service operations

³¹³ *Ibid.*, Annex A.

³¹⁴ AHB, CAS 2/1/3 Part Two, enclosure no. 56, Head of RP(P&B) to Heads of Service RP branches and to Service Plans sections, 'Defence Policy Options: Further Work', 26 June 1990.

³¹⁵ *Ibid.*, enclosure no. 61, DUS(P) to CDS, PUS, 'Defence Policy Options: Further Work', 29 June 1990. The Treasury did not want the material circulated separately unless the Chancellor had more time to examine it. The Ministerial meeting scheduled for the week of 16 July was delayed.

³¹⁶ TNA, DEFE 25/774, enclosure no. 6, CDS to PS/DUS(P), 'Defence Policy Options', 3 July 1990.

³¹⁷ AHB, CAS 2/1/3 Part Two, enclosure no. 65, PS/Min (AF) to PS/DUS(P), 'Defence Policy Option: Further Work', 4 July 1990.

teams, Plans Divisions, Staff Duties Divisions, RP/GF (Resources and Programmes/General Finance), Concepts and Policy and Operational Requirements Land/Air and Sea/Air might be relocated close to the Procurement Executive at Bristol. A major study was recommended to examine the overall coherence of support, with substantial contributions from the single Services.³¹⁸

By early July, CAS could advise Min (AF) of work completed or under way to ensure that RAF support was as 'taut and efficient' as possible. In seeking better value for money under NMS, the reorganisation of AMSO's department was progressing, integrating previously separate engineering, supply, finance and eventually contract functions to align responsibility with accountability and achieve substantial support savings. The aim was to minimise 'expensive uniformed manpower'. A Contractorisation Working Group had undertaken a systematic review of the RAF, identifying and validating practical proposals for further contractorisation and civilianisation. Savings were being sought from training, especially flying training, with reduced throughput and further rationalisation.³¹⁹ Continued manning shortfalls, recruitment difficulties and the political objective of market testing increased the pressure for contractorisation, and there was Parliamentary criticism that progress in this area had been too slow. The ratio of RAF servicemen to civilians compared unfavourably with the other Services, making further measures inevitable.³²⁰

It was suggested that a two-stage approach was most suitable for examining support. The first stage involved a Ministerial announcement in September or October offering proposals on broad personnel levels and savings targets, the first tranche of station closures, MoD HQ reductions and/or organisational changes and outline ideas on rationalisation, involving tri-Service proposals, contractorisation and mergers. The second stage was the production of detailed proposals by Easter 1991.³²¹ 2nd PUS suggested setting up and chairing an informal committee to oversee and direct implementation, in close contact with DUS(P)'s Options Working Group. A framework for the task would be necessary, after which key second order issues would be identified by the Centre before detailed work was undertaken by the single

³¹⁸ TNA, DEFE 25/773, DCDS(P&P) to VCDS, 'Options: Implications for Support', 31 May 1990.

³¹⁹ AHB, CAS 2/1/3 Part Two, enclosure no. 48, PS/CAS to Min (AF), 'RAF Support', 21 June 1990.

³²⁰ AHB, AFBSC12(90), 4 July 1990, AMSO, ACM Sir Brendan Jackson.

³²¹ TNA, DEFE 25/880, enclosure no. 30(ii), ACDS(PL) to 2nd PUS, 'Options for Change – Support', 27 June 1990.

Services and the Centre as appropriate. It would be necessary to convince the Treasury that the MoD would secure proportionate savings from support.³²²

The following day, 2nd PUS forwarded a list of considerations to PUS, mentioning staff effort, practical and MoD-political terms, the identification of the major issues, the timetable, and the nature of the team involved. He also outlined a single 'Options Support Management Plan', in which all or most tasks were discharged by 31 March 1991.³²³ The completed work was to be submitted to PUS and CDS.³²⁴ ACDS(Personnel and Logistics) identified a range of assumptions relating to front-line changes, British Forces Germany structure, military manpower levels, commitments, warning times and readiness states, budgetary provision, and the role of reserve forces.³²⁵ VCDS advised the Service Chiefs accordingly. It was decided in the meantime not to approach an experienced outsider to lead the work, although Ministers expected a 'penetrating and timely review'.³²⁶

When the Chiefs met on 4 July it was observed that support area work would likely be led by the present 2nd PUS in a supernumerary capacity; single-Service Chiefs agreed to provide full-time one-star support.³²⁷ CAS emphasised the need to identify the correct division of responsibilities and tasks between the Centre and the single Services, insisting that only the latter possessed an understanding of their support areas sufficient to allow them to undertake detailed planning and implement resultant change. He accepted that the Centre would oversee the work, setting targets and maintaining common standards.³²⁸

³²² Ibid., enclosure no. 31(ii), PS/2nd PUS, 'Note for File – 2nd PUS's Meeting on 28 June on Options for Change – Support Area', 28 June 1990.

³²³ Ibid., enclosure no. 33, 2nd PUS to PUS, 'Options – Support', 29 June 1990. 2nd PUS concluded by advising Quinlan: 'Meanwhile, the note of yesterday's meeting shows that VCDS and I are keeping things in our own hands!'

³²⁴ TNA, DEFE 25/774, PUS to 2nd PUS, 'Options – Support', 3 July 1990.

³²⁵ Ibid., 2nd PUS to ACDS(P), AUS(P), 'Options – Support', 3 July 1990.

³²⁶ AHB, CAS 2/1/3 Part Two, enclosure no. 63, VCDS to CNS, CGS, CAS, 'Options for Change in the Support Area', 3 July 1990. VCDS added that along with CDS and PUS, they had been looking at the outgoing 2nd PUS Kenneth Macdonald to lead the work.

³²⁷ AHB, CAS 2/1/3 Part Two, enclosure no. 72, SECCOS to Chiefs, 'Chiefs of Staff Discussion in COS(I), 4 July 1990', 5 July 1990. CGS was unconvinced the work could be done in the timeframe suggested, highlighted the scale of the task and described it as a 'formidable undertaking'. Until there was an announcement on the future size and shape of the front line, there was no way of assessing the scale and the nature of support needed. TNA, DEFE 25/769, CGS to 2nd PUS, 'The Support Area', 10 July 1990.

³²⁸ TNA, DEFE 25/769, PS/CAS to PS/2nd PUS, 'Options for Change in the Support Area', 10 July 1990. Concurrently, due to the considerable work reorganising support, CAS called for initiatives elsewhere,

On the 12th, 2nd PUS told Min (AF) that certain assumptions on support could be made, drawn from Options for Change work:

- (a) front line - as in proposed Options outline force structure
- (b) manpower - regular, reserve and civilian as assumed in support of (a)
- (c) warning time - extended to 30-60 days
- (d) duration of conventional conflict - no change from current assumptions
- (e) ability to reconstitute - up to two years
- (f) resources - financial targets derived from Options work
- (g) commitments - at the appropriate level achievable within force levels.³²⁹

The goal was to reduce support area costs in proportion to front line reductions, but 2nd PUS doubted that training, logistics and repair tasks would reduce proportionately, pointing out that most support costs were generated in the UK rather than Germany, where many of the front-line savings had been proposed. Moreover, reconstitution and regeneration of forces might justify a larger organisation for training and support than that required for the new force structures. These factors meant that the 15-20% savings anticipated from reducing support would only be achieved through rationalisation, reorganisation, relocation and 'spend-to-save' investment, including inter-Service rationalisation and a reduction in the number of sites. He proposed dividing issues for study into two groups:

MoD-wide, covering:

organisation and command structure (including MoD, HQs, BFG and NATO)

logistic policy (in line with developing assumptions)

rationalisation (including contracting-out, agencies etc)

overall estate

co-ordination of resource issues

transition costs

sharing of 'best' practice, tri-Service/combined activities

including further tri-Service rationalisation to be paused as they would produce more turbulence than savings.

³²⁹ AHB, CAS 2/1/3 Part Three, enclosure no. 22, 2nd PUS to Min (AF), 'Options for Change – Support', 12 July 1990.

single service, covering:
uniformed manpower (regular and reserve)
civilian manpower
manpower mix including contractorisation
internal organisation and structure
stock levels and war reserves
supply and repair facilities
relocation and estate matters
future equipment design (low TLC, high ARM)³³⁰

Some studies would build on ongoing work. For example, the RAF was already in the first stage of an estate rationalisation programme. However, the minute continued:

The scale of the savings likely to be required suggests that more radical and far-reaching measures may need to be contemplated, including major rationalisation of supply, repair, transportation and medical facilities both within and across the three Services, a further look at the R&D base and major rationalisation of training. Organisation changes, including the merits of a Defence Logistics Agency and the relative responsibilities of the PE and the Service Departments should also be studied.³³¹

2nd PUS stressed the importance of integrating the support review with the rest of Options for Change work. He offered to chair, in close consultation with VCDS, an informal group to oversee implementation and inform DUS(P)'s Options Working Group, and he added that a general Options for Change announcement in July would refer to forthcoming work in the support area. He proposed that a further statement should be made in the autumn, detailing assumptions and objectives.³³² Hamilton agreed that extensive rationalisation and reorganisation was needed and envisaged a work programme extending for around five years, commencing with measures requiring little new investment.³³³ 2nd PUS believed that financial discipline would drive innovative ideas, and hoped that ideas for inter-Service cooperation would

³³⁰ Ibid.

³³¹ Ibid.

³³² Ibid. A major announcement advising the outcome or progress of studies was proposed to coincide with the 1991 *Defence Estimates*.

³³³ TNA, DEFE 25/769, Min (AF) to 2nd PUS, 'Options for Change – Support', 16 July 1990. Hamilton mentioned 'releasing the energies and imagination which I know exist in each of the Services'.

emerge spontaneously. On the MoD/Command interface, he posed the tricky question: 'Can we envisage the RN and RAF coming down to a single Command each in the UK (as for the Army already in UKLF [UK Land Forces])?'³³⁴

On 18 July, ACAS sent CAS justifications for maintaining two separate home RAF Commands for the FPMG discussion on options in support. Fundamentally, the case for two separate Commands rested on span of control and numbers of functions. He described the analogy with UKLF as 'inexact'. It was essentially confined to the UK. Northwood (Royal Navy) and RAF High Wycombe faced day-to-day tasks of projecting and controlling forces worldwide. ACAS added:

To seek to add flying and ground training, maintenance and logistic control to Strike Command's current roles would be to provide an unmanageable span of control for one C-in-C, which would result in much less taut organisational control.³³⁵

CAS meanwhile expressed support for work on areas likely to produce substantial dividends; he believed radical restructuring was needed. In the RAF this meant considering infrastructure, logistics support and training organisations from the bottom up. However, he repeated ACAS's argument about Command rationalisation: as he put it, 'I am not sure that the parallel between RAFSC/STC/UKAIR and UKLF will hold up.' The span of responsibilities within Strike and Support Commands was far too great for one man. There were stronger arguments for eventually combining the two operational Commands, Strike and RAF Germany.³³⁶ CAS envisaged personnel reductions of around 20% to both MoD and the Command HQs, but he recalled the 1984-85 restructuring initiative and warned:

The effort and time needed to scythe some 5-10,000 civil and military personnel from the whole of the MoD over the next few years to meet the new force structure will be enormous; yet here is real meat in both manpower and infrastructure terms.³³⁷

³³⁴ AHB, CAS 2/1/3 Part Three, enclosure no. 35, 2nd PUS to PUS, 'Options for Change – Support', 17 July 1990.

³³⁵ Ibid., enclosure no. 23, ACAS to CAS, 'Options for Change – Support', 18 July 1990.

³³⁶ Ibid., enclosure no. 41, CAS to 2nd PUS, 'Options for Change – Support', 19 July 1990.

³³⁷ Ibid. CAS remained cautious about more controversial measures when 'we shall have to be nursing our people through the implementation of Options'. He warned of the need to keep a firm grip on support work for Options, 'if time consuming, and possibly damaging distractions are to be avoided'.

Countdown to Options

At their meeting on 4 July, the Chiefs discussed the Options for Change statement. While they sought an early announcement based on the Options for Change paper model, there had at that time been no consultation with NATO allies. VCDS nevertheless tasked DUS(P) and DUS(P&P) to produce a draft to 'focus Minister's minds on making a statement before the summer recess which could be followed up by more detailed single-Service messages through the Command chain.'³³⁸ That same day the Central Group and working group considered further Options for Change work, Mottram explaining that this was in response to the Treasury's request for MoD to show how it could live within a £21.5bn budget by 1995-96, 3% of forecast GDP. Marginal changes to proposed force structures were insufficient. Additional savings measures might include withdrawal from Cyprus, Belize and Gibraltar.³³⁹ ACAS now noted that the Options for Change text relating to a Central Region land model resembled a CINCENT (Commander-in-Chief, Allied Forces Central Europe) draft paper from May. This highlighted the need for air capabilities with no more than a 15% cut 'rather than on the grounds of a resource driven 50% cut which is what has been done so far'. On this basis, he argued that there was 'clearly a very reasonable case for looking at the outset at a quite different pattern of reduction as between RAF Germany and 1 (BR) Corps', and he added:

We have not up to now, in the AFD, made a major issue of this, as a 50% cut across the BFG board seemed, at least in national terms as not inequitable, and we have agreed the pragmatic approach including consideration of the relative age of equipment but I really must cavil at Alliance military justification being addressed to support one side of the national contribution and ignored on the other, especially when the Alliance view quoted is clearly in favour of greater relative emphasis on the latter capability.³⁴⁰

³³⁸ AHB, CAS 2/1/3 Part Two, enclosure no. 72, SECCOS to Chiefs, 'Chiefs of Staff Discussion in COS(I), 4 July 1990', 5 July 1990.

³³⁹ *Ibid.*, enclosure no. 66, Minute by Head of RP(P&B) to various addressees, 'Options for Change', 4 July 1990.

³⁴⁰ *Ibid.*, enclosure no. 70, ACAS to DUS(P), 'Defence Policy Options – Further Work', 4 July 1990. Alongside describing 'an undiminished reliance on air forces for the future defence of the CR [Central Region]', the paper stressed the need for a strong air defence force. ACAS re-stated the significance of Phantom squadrons extended further than the frequently mentioned 'air policing role'.

DUS(P)'s attention subsequently centred on producing a draft annex addressing the Treasury's request. Mottram wanted it short and low key, focussing on the Treasury savings target for 1995-96, not a year-by-year reconciliation with the Treasury's figures.³⁴¹ Meeting the target would leave the programme 23% below planned LTC 90 levels. Moreover, contract constraints, limits to manpower rundown and redundancy schemes would offset any early year savings. Deeper cuts than outlined for Options for Change were required. An initial approach included various levels of cuts to BAOR and BFG, including perhaps the total elimination of BAOR or RAF Germany, and the reduction of the regular Army to 50,000 personnel was even mooted. A second potential approach was to drawdown the Maritime and OOA reinforcement roles, cutting ships, submarines and other capabilities and withdrawing the RAF contribution to the Northern Region, cutting air transport and closing overseas garrisons. The third approach involved reducing or eliminating the sub-strategic nuclear capability. Withdrawing the entire Tornado dual-capable fleet of aircraft was projected to save £580m by 1995-96. DUS(P) also discussed deeper cuts which might impact on investment in core capabilities, affecting such projects as the EFA and the EH101 helicopter.³⁴² There was also a possibility of combining these routes to bring programme cost down to £16.9bn, but Mottram warned:

The cumulative effect of these approaches would have seriously dislocating consequences for our contribution, standing and influence across the board in NATO. They have been prepared on an illustrative basis, and certainly do not amount to a coherent package affordable at this level of resources.³⁴³

ACAS subsequently questioned the wisdom of Mottram's approach. On the 6th, he protested that the annex emphasised the Tornado's nuclear role but omitted its vital conventional capability. Moreover, the loss of Tornado anti-submarine warfare (ASW) squadrons would impact on the total dual-capable aircraft number, reducing it by a further 25%. He also challenged proposed Air Transport Force reductions included in Approach Two, describing them as 'quite arbitrary, and, without rationale, unacceptable', and he added: 'I do not think it sensible to send such an unstaffed piece of work to the Treasury.'³⁴⁴ The annex was subsequently amended to incorporate his objections and delete the fourth approach - further equipment

³⁴¹ TNA, DEFE 25/774, enclosure no. 26, DUS(P) to various addressees, 'Defence Policy Options: Annex E', 5 July 1990.

³⁴² *Ibid.*, Annex.

³⁴³ *Ibid.*

³⁴⁴ TNA, DEFE 25/774, ACAS to DUS(P), 'Defence Options Paper – Annex E', 6 July 1990.

savings - entirely, before it was sent to King.³⁴⁵ King reportedly approved of the annex, but the key test lay in its capacity to convince Treasury officials of the severe impact of further budget cuts.³⁴⁶

On 11 July, Mottram reported a Treasury request that King should not imply that the imbalance between programme and budget arose entirely from inflation, otherwise the Chancellor might highlight the MoD's failure to align the programme with the budget over successive LTC rounds. King was prepared to concede this 'partly'. Mottram proposed acknowledging that the cost of proposed force structures was above defence's PES 90 allocation by £500m, even allowing for inflation, but the Chancellor wanted savings in baseline provision and the MoD had limited scope to achieve economies from the equipment programme. Large savings required force structure changes. Options for Change was an effort to 're-establish coherence between the defence policy, the programme and the budget'. On the Annex E savings, Mottram recorded that the Treasury acknowledged the difficulties of complete withdrawal from Germany and doubted that significant additional savings could be found from cutting maritime and OOA capabilities. They preferred the lower BAOR alternative. The FCO wanted Ministers to know how the proposed force levels compared with those of the UK's allies. Neither the Treasury nor the FCO were keen for an announcement to be made before the Parliamentary recess.³⁴⁷

Responding to Mottram's proposed line with the Treasury, King contended that, given the uncertainty over figures, he could not state explicitly that estimated force structure costs exceeded PES 90 provision. He also favoured a pre-recess announcement stressing conditional and provisional conclusions.³⁴⁸ CDS subsequently provided King with points to draw upon, which broadly outlined the recommended force structures in the Options for Change paper. In CDS's view, unless an announcement incorporated most of these points, it would only exacerbate unease within the Services. Continued silence was damaging, and it would be necessary for him to signal Cs-in-C and others to explain the delay.³⁴⁹

³⁴⁵ Ibid., DUS(P) to PS/SofS, 'Defence Policy Options: Annex E', 6 July 1990.

³⁴⁶ Ibid., PS/SofS, to DUS(P), 'Defence Policy Options: Annexes E and A2', 9 July 1990.

³⁴⁷ AHB, CAS 2/1/3 Part Three, enclosure no. 19, DUS(P) to PS/SofS, 'Defence Policy Options: Draft Paper', 11 July 1990. The FCO thought a later announcement could be better presented internationally, with more time for consultation. The Treasury countenanced an early announcement provided it did not commit the Government to the package but rather reflected its aspirations for further reduced force levels and lower costs. Cabinet Office thought it unlikely all required approvals would be obtained to make an announcement within a fortnight.

³⁴⁸ Ibid., enclosure no. 20, PS/SofS to DUS(P), 'Defence Policy Options: Draft Paper', 12 July 1990.

³⁴⁹ TNA, DEFE 25/769, CDS to SofS, 'Options Work - Announcement', 13 July 1990.

On the 16th, Mottram advised King that the Foreign Secretary broadly supported the proposed Options for Change package, favouring the European dimension rather than a shift in balance towards OOA. Publicly, he would stress that the process was not being rushed and that allies would be consulted. However, the Treasury's position remained a problem. It was certain that the Chancellor would continue pressing for more radical savings and refuse to accept proposed force structures that exceeded the PES 90 baseline provision.³⁵⁰ The Foreign Secretary ultimately backed the majority of King's recommendations and acknowledged the advantages of a pre-cess announcement. He supported the retention of a major UK presence in Germany and confirmed his preference for the Norway forward defence role (involving amphibious forces) as opposed to a shift towards OOA capabilities.³⁵¹

At the same time, Mottram liaised with the Treasury, the FCO and the Cabinet Office on a draft Options for Change statement. This was a challenging remit. Ministerial guidance pointed to a broad-brush announcement that did not close off possibilities but demonstrated that the Government supported strong defence. Of necessity, the result was a long paper, and Mottram's draft was also peppered with words like 'envisage' and 'anticipate'. The Treasury sought clear references to savings in the defence budget.³⁵² CAS expressed concern about references to RAF manpower, which assumed a cut of 15-20% against the manpower requirement when there was already a shortfall of more than 8%. He believed that personnel reductions would be challenging and that the figures required validation. Equally, support savings remained to be detailed. CAS opposed the use of exact targets that might never be achieved and sought a clearer distinction between reductions of theoretical manpower requirements and actual manpower strengths.³⁵³

³⁵⁰ *Ibid.*, DUS(P) to PS/SofS, 'Options for Change: Ministerial Meeting', 16 July 1990. Moreover, the Chancellor was predicted to oppose an early announcement, locking the Treasury into an unaffordable force-structure, being hesitant to agree force-structure without a guarantee the programme and budget would be aligned.

³⁵¹ *Ibid.*, PS/SofS to DUS(P), 'Options: Breakfast with Foreign Secretary', 18 July 1990. Hurd also mentioned reviewing the need for the SBAs in Cyprus.

³⁵² TNA, DEFE 25/769, DUS(P) to PS/SofS, 'Draft Statement on Options', 18 July 1990; See also PSO/CDS to PA/SofS, 'Draft Statement on Options', 19 July 1990. CDS was 'very content' with the draft and noted the general nature of the announcements concerning the Army and the RAF, that the eventual solution would depend on wider costings work and that the Royal Navy had made strong representations throughout the Options for Change process thus far.

³⁵³ *Ibid.*, PS/CAS to PSO/CDS, 'Options Work – Announcement', 19 July 1990. Alan Clark wanted the statement to clarify the two AD Phantom squadrons would not be replaced and UK air defence would consist of seven squadrons of AD Tornados, supported by armed Hawks. PS/Min (DP) to PS/SofS. 'Draft Statement on Options', 19 July 1990.

Meanwhile, senior RAF officers placed their reservations before King. On 5 July, Air Chief Marshal Hine complained that Options for Change was too heavily driven by budget constraints and that unilateral cuts before an arms control agreement might well lead to premature disarmament by allies. He accepted the review's basic strategy, with the continued requirement for strategic, sub-strategic and conventional forces, but questioned the case for deep cuts in the number of dual-capable aircraft and argued that air power's inherent flexibility would increase its significance in conventional warfare as ground forces contracted. If two stations in Germany were to close, Hine's preference was to keep Laarbruch rather than Gütersloh and to retain two Tornado GR squadrons to help the UK hold onto the post of Commander 2ATAF (2nd Allied Tactical Air Force). He was particularly worried by proposals for reducing the forces committed to UK air defence by 40%.³⁵⁴ According to Hine, personnel recognised that force reductions were inevitable due to the altered geopolitical circumstances but were concerned about their severity. Budgetary difficulties were also impacting on training, quality of life and retention. The exercise programme had been drastically curtailed due to the rigid running costs regime - a 'straitjacket', as Hine described it.³⁵⁵

On the 6th, Air Marshal Sir Roger Palin, the C-in-C, RAF Germany, highlighted to King the importance of adequate consultations with the German authorities, observing that a reduction to two stations in Germany might result in the rank of the senior RAF commander in Germany being lowered to two-star level, making it difficult to influence senior German officers. Also, in transferring air defence to the Germans, he expressed a preference for phasing the Phantom run-down. He agreed that Bruggen should be retained and Wildenrath closed, and (like Hine) hoped to retain Laarbruch in preference to Gütersloh, but he doubted the wisdom of basing support helicopters in Germany and recommended that they should all be stationed in the UK, preferably at Odiham. King subsequently told DUS(P) to defer the decision on the German airfields until the implementation phase of Options for Change.³⁵⁶ On the 9th, Palin told ACAS that the closure of two main bases, halving the number of combat aircraft to barely 80 in theatre, involved surrendering the UK's ability to influence the employment of air power in the Central Region. It

³⁵⁴ AHB, CAS 2/1/3 Part Two, enclosure no. 74, PS/SofS to ACDS (Prog), AUS(Prog), 'Options: Discussions with C-in-C Strike Command', 5 July 1990.

³⁵⁵ AHB, CAS 2/1/1 Part 25, enclosure no. 58, AOC-in-C, Strike Command, to PS/SofS, 19 July 1990.

³⁵⁶ TNA, DEFE 25/774, PS/SofS to ACDS (Prog), AUS(Prog), 'Options: Discussions with C-in-C RAF Germany', 6 July 1990. King said he wanted to see further assessments of the force deployment and quality of life issues, as well as consultations with NATO and the German authorities, before arriving at a decision.

would be difficult for the RAF to obtain a senior NATO appointment of real significance. A rotational share of a three-star post would only be possible if three stations and 130 aircraft were retained.³⁵⁷

At the same time, senior Royal Navy officers continued to argue that they were bearing a disproportionately large share of the Options for Change cuts. After an Admiralty Board meeting, CNS complained to Min (AF) that the Royal Navy faced a 20% cut to the DD/FF (destroyer/frigate) force level, a 36% reduction to the submarine force level and a 10% financial cut across the 10-year LTC period - as opposed to 8% for the Army and 5% for the RAF.³⁵⁸ However, DUS(P) denied that the package threatened to impose disproportionately deep front-line, manpower or financial cuts on the Navy. The working group had not planned to reduce Service groupings by specific amounts, 'an approach which went out with the reorganisation of the Ministry in 1984 (if not before)'. Instead, they had asked individual Resources and Programmes and Plans divisions to identify front-line and equipment cuts against percentage financial targets in relation to LTC 90. Mottram maintained that they had addressed the results on their merits while identifying a range of choices for senior management and Ministers. He also argued that CNS's figures were incorrect, and that the RAF took the largest hit. Over the LTC 90 period, the percentage saving by grouping against LTC 90 was Navy 10%, Army 10% and RAF 12%.³⁵⁹ He then offered comparisons in planned spending for each Service from 1990-91 to 1999-2000 before and after the package:

Service	LTC 90 increase	Package change
Royal Navy	2%	-14.8%
Army	4.5%	-9.9%
RAF	16.2%	-7.1% ³⁶⁰

³⁵⁷ AHB, CAS 2/1/3 Part Three, enclosure no. 7(i), C-in-C, RAFG to ACAS, 9 July 1990. The advantages of Gütersloh were mainly to do with infrastructure, including hardened aircraft shelters, room for expansion and more secure married quarters.

³⁵⁸ TNA, DEFE 25/774, CNS to Min (AF), 'Summary of Admiralty Board (Informal) Discussion of Defence Policy Options', 6 July 1990. CNS complained, 'I see no justification for this.' He added that the paper should provide 'proper advice and proposals for SofS to send to the Prime Minister on maritime issues'. He thought the maritime package as set out as inadequate and wanted a minimum of 43 running FF/DD and 13 SSNs, with SSN20's in-service date restored to 2002.

³⁵⁹ TNA, DEFE 25/769, DUS(P) to Min (AF), 'Summary of Admiralty Board (Informal) Discussion of Defence Policy Options', 10 July 1990; DUS(P) to 2nd PUS, 'Summary of Admiralty Board (Informal) Discussion of Defence Policy Options', 13 July 1990.

³⁶⁰ *Ibid.*

Although the Navy would sustain the largest drop under the package, DUS(P) pointed out that the RAF faced a far greater change, with spending falling rather than rising substantially, although EFA was retained. He also stressed that the attribution of budgets between Service groupings, particularly between the Navy and the RAF, would alter with re-equipment cycles. The RAF was past the Tornado peak but EFA was still undergoing development. The Navy-attributed programme incorporated large sums for Trident and so a subsequent decline to 2000 was unsurprising.³⁶¹ Nevertheless, the Navy remained adamant that it was being unfairly targeted. When CNS met King on 13 July, he raised three reservations about the Options for Change conclusions, one strategic and two tactical. King's forthright response was that, rather than adhering to the priority of retaining a coherent and united defence position, the Navy seemed more concerned about the continuity of industrial orders. He suggested that CNS's stance would make the Navy a 'prisoner of its suppliers'.³⁶²

Equipment issues

At the beginning of July, Min (DP) tabled further draft proposals for purchasing cheaper and less sophisticated defence equipment. For the RAF, he suggested that the SR(A) 1238 anti-armour weapon might be abandoned in favour of a cheaper, off-the-shelf munition. More broadly, he agreed with most short-term equipment measures (savings, deferrals and cancellations) suggested by 2nd PUS and the Chief of Defence Procurement in June.³⁶³ However, both VCDS and 2nd PUS felt that Clark's approach implied force structures at variance with the Options for Change

³⁶¹ *Ibid.*

³⁶² TNA, DEFE 25/769, PS/SofS to Sec/CNS, 'Defence Policy Options: Call by CNS', 20 July 1990. The strategic concern was the prospective deferral of SSN would risk the UK's capacity to sustain a nuclear-powered submarine force. CNS also repeated his argument for a long-term force of 13 SSNs and mentioned his continued unhappiness about a standby squadron, asserting that peacetime duties demanded at least 43 active frigates. King countered by saying at this stage Ministers would only take a broad approach; many issues would be discussed in greater depth when the circle of those involved in the exercise was widened. King added he was content to substitute 40 active frigates for 38 active and five on standby. He also wondered, in the midst of a demographic trough and currently 3,000 below requirement, whether the Navy could realistically man a force of 43 DD/FF and 13 SSNs. Whilst CNS wanted King to minute colleagues over SSN 20, he was unwilling – with nothing likely to be finally decided immediately and with no indication the Central Staffs or CDS supported this course. King wondered how the money could be found to bring forward SSN 20. Off-the-cuff CNS mentioned cutting back on frigate new construction, thus running on older ships in the overall force level but would consider the question further. CNS was 'most unhappy' that his latter suggestion was noted.

³⁶³ TNA, DEFE 25/774, PS/Min (DP) to PS/VCDS, PS/2nd PUS, 'Options – Equipment Programme', 2 July 1990. The measures were drawn from 2nd P's minute of 1 June and CDP's minute of 25 June.

work approved by King, in equipment terms pre-empting forthcoming Ministerial discussions.³⁶⁴ Clark acknowledged this but remained determined to cut expensive Army programmes in Germany, demanding 'a conscious reduction in anti-armour investment'. He also proposed greater scrutiny of the equipment programme, with more and earlier Ministerial guidance.³⁶⁵

CDP hoped for wider consultation incorporating the officials responsible for procurement.³⁶⁶ On 20 July, he advised that the major equipment programmes affected by the main Options for Change proposals were all Land systems. For national projects, he proposed that designated individuals should advise senior industrial management of likely cuts and argued that 'the longer we delay approaching industry, the more money is wasted and the more potential savings are eroded.' However, he did not advocate the same approach where multi-national collaborative projects were concerned, believing that UK firms might pass on information to their foreign partners prematurely. Orders placed already could not be cancelled, but Options for Change would reduce new orders.³⁶⁷ King accepted CDP's work programme and remarked, 'Get cracking'.³⁶⁸

Alongside the cancellation of the 8th batch of Tornados, proposals to disband the Phantom force in 1991-92 (rather than waiting for its replacement by EFA) and the Buccaneer force in 1992-93 impacted on BAe. The net reduction of three front-line Tornado GR1 squadrons (around 40 aircraft) significantly cut the need for spares, repairs and overhaul, and affected Panavia, Rolls-Royce, BAe and GEC-Ferranti. The establishment of training aircraft would also be reduced by 22 Hawks, three Dominies and a Jetstream and initially it was assumed 19 fewer Tucanos would be required from Shorts. Weapons cuts included a 50% reduction in respect of SR(A) 1238, NGASt1236 (Navy, Army and Air Staff Target 1236) and LLLGB (Low-Level Laser Guided Bomb), as well as reduced ASRAAM numbers and fewer in-service munitions.³⁶⁹

³⁶⁴ *Ibid.*, enclosure no. 20, VCDS to Min (DP), 'Options – Equipment Programme', 4 July 1990; enclosure no. 21, 2nd PUS to Min (DP), 'Options – Equipment Programme', 4 July 1990.

³⁶⁵ *Ibid.*, Min (DP) to SofS, 'Options – Equipment Programme', 6 July 1990.

³⁶⁶ *Ibid.*, CDP to Min (DP), 'Options – Equipment Programme', 9 July 1990.

³⁶⁷ TNA, DEFE 25/769, CDP to SofS through Min (DP), 'Options: Further Work', 20 July 1990. CDP also wanted discussions with major firms in Air Systems.

³⁶⁸ TNA, DEFE 25/770, enclosure no. 30(i)(b), PS/SofS to PS/CDP, 'Options: Further Work', 31 July 1990.

³⁶⁹ TNA, DEFE 25/769, AUS/Air (PE) to PS/CDP, 'Options', 20 July 1990. It had always been intended to replace the Buccaneer with the Tornado in the maritime role and the reduction in number of squadrons

Options statement: July 1990

By July 1990 every NATO state except for France and Turkey was reviewing defence or reducing military spending.³⁷⁰ Mrs Thatcher had already told NATO foreign ministers that the Alliance needed to recast its role and shift from preventing war to building peace, developing its political role and preparing to confront threats outside Europe. She believed that NATO no longer had a clear front line, hinted at cutting UK forces in Germany and publicly backed President Bush's decision to end work on Lance missile replacement.³⁷¹ Nevertheless, when NATO leaders met in London in early July, Mrs Thatcher urged them to be cautious and opposed a second round of conventional forces negotiations, despite stressing the need to implement CFE Stage I. Highlighting the modernisation of Soviet forces, she emphasised the importance of maintaining resolve where defence was concerned. As she put it, 'You never know where the next threat might come from.'³⁷²

As we have seen, King kept Mrs Thatcher well informed about the Options for Change process. On 22 February, he described his proposed approach, and on 12 April he provided a progress report. Finally, on 11 July, he sent a minute that enclosed the MoD's written report, a document that outlined 'a coherent - but much reduced - future force posture'.³⁷³ There were tensions between different policy components, including uncertainty in Eastern Europe and the Soviet Union, unilateral cuts by allies that threatened to damage NATO, and non-conventional weapons proliferation, but King aimed for greater flexibility, mobility and a capacity to reconstitute forces if the situation changed in the Soviet Union.³⁷⁴

in Germany provided the opportunity to do this without the need for new aircraft. AHB, AFBS18(90) Conclusions, 7 December 1990.

³⁷⁰ Michael Evans and Foreign Staff, 'Alliance looks at defence cuts', *The Times*, 3 July 1990.

³⁷¹ Robin Oakley and Michael Evans, 'Thatcher unveils her Nato vision', *The Times*, 8 June 1990. The Prime Minister added: 'The countries of Eastern Europe are reaching out to the West. We no longer think of them as potential enemies or as part of a wider threat to our way of life. They are friends in need of help, wanting to return to their rightful place in Europe.'

³⁷² George Jones and Ian Brodie, 'Defence cut caution urged by Thatcher', *Daily Telegraph*, 6 July 1990. Nevertheless, the summit communique signalled to the Soviets changed NATO thinking, shifting from 'forward defence' to smaller, more mobile multinational units, pledging to make nuclear arms 'weapons of last resort', moving away from the doctrine of 'flexible response'. Michael Evans and Nicholas Beeston, 'Nato declares formal end to Cold War', *The Times*, 7 July 1990.

³⁷³ TNA, PREM 19/2932, SofS to PM, 'Defence Policy Options', 11 July 1990. King noted that in projecting armed forces structure for the turn of the 21st century and beyond, the need was to 'think and plan long term, for a world we can only dimly discern'.

³⁷⁴ *Ibid.*

Covering the main challenges for defence, King argued, 'We are trying at present to do more than we are prepared to pay for.' There were significant personnel shortages in relation to existing commitments, which had been exacerbated by the demographic trough. The programme was substantially over budget during the PES years, partly due to higher inflation than predicted. Radical change had to be considered in anticipation of international developments and to secure prompt savings that would balance the books.³⁷⁵ King then described the Options for Change parameters, which were based on provision at the essential minimum level of core national capabilities. These comprised strategic and non-strategic nuclear forces, forces for the direct defence of the UK and forces for Northern Ireland. King advocated slightly lower UK air defence force levels, and the MoD report addressed proposals for reducing the BAOR from 55,000 to between 20,000 and 40,000. A 50% reduction to RAF Germany was envisaged. The Tornado, with its dual capability, remained a key feature of likely force structures as did the Tornado AD force, while EFA was a longer-term proposition. The RAF would face a 15% manpower cut, the Army 22%, and the Royal Navy 5%. The forces would shrink from 312,000 personnel to about 260,000 in 1995.³⁷⁶

Savings against the costs of the agreed programme would reach £2bn annually by the mid-1990s. However, budget savings against the three-year PES settlement would cause 'large-scale and visible dislocation'. The Treasury was advocating a budget-driven approach to constrain the programme in cash terms within the provision of £22bn in 1993-94, reducing to £21.5bn by 1995-96. This final figure involved a 23% cut to the LTC 90 programme, reducing the defence budget to 3% of GDP as opposed to the MoD's suggested figure 3.4%. King remarked:

Change on this scale would have a major impact on our national defence capabilities and on our ability to reconstitute larger forces should they be needed in the future, would inevitably greatly damage our standing and influence in the Alliance, and would be very difficult to present domestically.³⁷⁷

King stressed 'the need to begin to declare our hand soon'. Wider consultations were likely to result in leaks, potentially damaging Service morale. Moreover, urgent

³⁷⁵ Ibid.

³⁷⁶ Ibid.

³⁷⁷ Ibid; TNA, PREM 19/2932, SofS to PM, 'Defence Policy and Programme: Options for Change', 11 July 1990, p. 22, Annex E.

measures were being taken to cut spending by £600m in 1990-91.³⁷⁸ The costed LTC 90 programme exceeded the projected budget by £11.4bn over 10 years.³⁷⁹ The Options for Change proposals anticipated that, by 1999, defence spending would account for just over 3% of GDP, compared to 3.9% in 1990 and 4.4% in 1979.³⁸⁰ The MoD report concluded:

This proposal represents a more substantial reduction in presently planned front-line forces than can be justified merely as a response to either CFE or to changes so far in the military situation. However, public expenditure pressures, the prospects of a more benign international climate in Europe, and the need to evolve in a coherent fashion over a number of years to a new structure offering the prospect of stability to the Armed Forces argue that a step of this nature needs to be taken - although it must be possible to pause or even reverse the process if the international situation were to deteriorate.³⁸¹

The MoD report requested clear and early Ministerial guidance so further work could proceed to alter proposals and provide more detail. King recommended an announcement before the Parliamentary recess, broadly outlining future structure and offering a framework for consultation with NATO and allies.³⁸² Although the Treasury wanted even larger savings, Powell advised Mrs Thatcher that King's proposals went 'well beyond anything likely to emerge from CFE negotiations'. Consultation within NATO was a prerequisite before final decisions. The objective was a force size and structure that provided necessary security and avoided the 'dreary business of piecemeal reductions'. Powell viewed the MoD proposals as 'a clear design for the future', albeit one conditional on progress with Soviet force reductions and the maintenance of a satisfactory collective effort through NATO.

³⁷⁸ *Ibid.*, SofS to PM, 'Defence Policy Options', 11 July 1990. King underlined the importance of detailed work on future force structure.

³⁷⁹ TNA, PREM 19/2932, SofS to PM, 'Defence Policy and Programme: Options for Change', 11 July 1990, p. 5.

³⁸⁰ *Ibid.*, pp. 16, 18-19. The £6.7bn of forward equipment cuts for the RAF included deleting Tornado GR1 future buys and reducing the SR(A)128 (anti-armour weapon) purchase.

³⁸¹ *Ibid.*, p. 24.

³⁸² TNA, PREM 19/2932, SofS to PM, 'Defence Policy Options', 11 July 1990.

The focus, in his words, was ‘on securing our defence for the future with a clear plan and the resources to back it up’.³⁸³

Reflecting the prevailing Ministerial disunity at the MoD, Clark meanwhile sought to influence the proceedings and even tried to sideline King, opposing a pre-recess statement and suggesting that the Prime Minister should announce the new defence plans in a speech in September. Powell warned Mrs Thatcher against such a course, which ‘would steal Tom King’s thunder’.³⁸⁴ Clark urged Mrs Thatcher to take a positive, confident approach. In his view, the Government had an opportunity that might arise only once or twice in a century.³⁸⁵ He was scathing about the Options for Change process and the MoD in general. Indeed, he detested ‘Options’ and claimed that ‘the direction of the paper (if it can ever be said to have had one) has been lost, as also the momentum.’ Clark highlighted four aspects that required co-ordination, namely Party-political, geo-political, economic and force-effectiveness; and he sought a responsible peace dividend, avoiding as far as possible ‘unnecessary rows and irritants’ such as Army ‘cap badge’ issues, industrial disputes and protests from senior officers, retired or serving. He also anticipated uncertainty and delay, particularly in the Army, and he believed allies should work together to leave collaborative programmes without incurring the financial penalties threatened by contract clauses and Memoranda of Understanding.³⁸⁶

Clark contended that there was scope for numerous MoD savings and gave Mrs Thatcher several derogatory anecdotal illustrations, arguing that ‘the dimension of inertia is quite incredible.’ However, he did not want the Options for Change measures to be viewed as resource-driven and claimed to oppose cuts, even if ‘certain interested parties’ identified him with their pursuit. He also suggested that the radically altered geo-political situation would release resources and present the

³⁸³ Ibid., Powell (PS/PM) to PM, ‘Defence Policy Options’, 13 July 1990. From the outset, even Options for Change package 1, the minimal change approach, meant cuts which were considerably greater than those required by CFE.

³⁸⁴ Ibid.

³⁸⁵ TNA, PREM 19/2932, Min (DP) to PM, ‘Defence’, 11 July 1990. The differing Ministerial approaches were put under the spotlight. The media underlined their fundamentally different views on the future of the UK’s armed forces. The less cavalier King was viewed as a safe pair of hands, a safety-first appointment suited to slicing and trimming. In contrast, Clark advocated complete remodelling and was dubbed an ‘unguided missile’. ‘Odd-job man in the Thatcher Cabinet’, *Independent*, 28 May 1990; Christopher Bellamy, Colin Brown, ‘Ministers poles apart on defence changes’, *Independent*, 28 May 1990.

³⁸⁶ TNA, PREM 19/2932, Min (DP) to PM, ‘Defence’, 11 July 1990. Clark said defence was already stuck with vast commitments, the need for which he described as ‘tenuous’.

MoD with opportunities for restructuring, and expressed the hope that the Treasury would be as quick to provide funds for defence restructuring and enhancements as it had been to seize the opportunity for reductions.³⁸⁷ Meanwhile, through Powell, Archie Hamilton advised the Prime Minister that the Government needed to reach and announce decisions on future force structures before the recess. The Chiefs and the forces were seeking 'early indications of what lay in store for them'. Without an announcement, 'the Chiefs of Staff might become increasingly fractious'.³⁸⁸

Due to numerous unresolved issues, including equipment programme matters and NATO's strategy review, King proposed a general Parliamentary statement that would keep choices open. NATO's timescales were 'relatively leisurely', and the UK could afford to wait for them to finish their work on future force structures and requirements. UK plans for reductions were more precise than those of most allies. Moreover, likely UK defence spending, in GDP terms, would remain higher in 2000 than that of some NATO allies in 1990. The Treasury still wanted the scope for larger reductions to be considered further, including the elimination of complete weapons' systems and the imposition of deeper cuts to amphibious forces, units in Germany and training.³⁸⁹

On 18 July, King met the Prime Minister, the Foreign Secretary, the Chancellor and the Chief Secretary to the Treasury to discuss Options for Change. However, King received no direction on budget levels for his revised programme. Subsequently, the MoD prepared to address the issue in the PES round by seeking a 'bye' for defence, retaining the PES 89 figures for 1991-92 and 1992-93 with the automatic 2.5% uplift for 1993-94. The department would argue that the costing of the Alternative Assumptions incorporating Options for Change measures would not be ready until November, meaning that there would be no data to support a bid or sensible discussion before the Autumn Statement. It seemed likely that 1991-92 would be least affected by Options for Change and that the MoD would need to defend the retention of its PES 89 figure. Nevertheless, the Treasury was aware of the extent to which the cost of the defence programme exceeded the budget. King was therefore advised to resist any pressure to accept lower figures for 1992-93 and

³⁸⁷ Ibid. Clark insisted the word 'Options' was 'singularly inappropriate' for this significant decision on national security. He recommended Mrs Thatcher set out 'the goodies and their consequences' in a speech in September, before the Party conference and when possible CFE agreement had been secured.

³⁸⁸ TNA, PREM 19/2932, Powell (PS/PM) to PM, 'Future options for Defence', 12 July 1990.

³⁸⁹ TNA, PREM 19/2932, Powell (PS/PM), to Webb (PS/SofS), 'Defence Policy Options', 18 July 1990; Appleyard (Cabinet Office) to PM, 'OD Meeting: Defence Policy Options', 23 July 1990. Mrs Thatcher highlighted 'the Government's position as the party which stood for sure defence'.

1993-94 on the basis that the MoD could enter bids for higher figures in PES 91 if it had a case to do so. Officials told him that the programme could only be cut below the existing cash baseline, deemed the bare minimum level of resource needed, by measures which 'would suggest panic and lack of control, dislocating a sensible transition to the Options for Change programme'.³⁹⁰

When the Chiefs met Mrs Thatcher on 20 July, arms control and Options for Change topped the agenda. On the former, they were apparently 'generally content' with the direction of negotiations and changes NATO had accepted at the London summit. On Options for Change, the Chiefs were 'generally supportive'. Nevertheless, they felt that the fundamentals on which foreign and defence policy were based were changing and sought a new policy directive to guide them. They also highlighted the continued strength of the Soviets, their retention of chemical weapons and their removal of equipment behind the Urals to evade CFE scrutiny. Training constraints in Germany were another concern.³⁹¹ The Prime Minister mentioned the problems surrounding low-altitude flying training in Germany, which raised longer-term questions about the utility of the RAF's presence there. King pledged to pursue this with the Germans, but it seemed unlikely that the UK would receive support from other states. Reportedly, Mrs Thatcher and the Chiefs agreed that the Options for Change exercise 'had come out quite well'. She appreciated that they wanted a prompt announcement and thought that the statement, set for 25 July, would also 'help focus minds in NATO'.³⁹²

³⁹⁰ TNA, DEFE 25/775, Jackling (AUS(P)) to PS/SofS, 'Options for Change: OD Meeting', 23 July 1990. It was reported the Chief Secretary was unhappy about the proposals for amphibious forces and would raise this at the OD meeting. Powell advised this likely intervention to Mrs Thatcher, saying it would cause 'enormous grief' to the Navy and affect public and backbench reaction to the statement. He thought it would be 'rash' to make a change. DEFE 25/775, Webb (PS/SofS) to DUS(P), 'Defence Policy Options', 23 July 1990; PREM 19/2932, Powell (PS/PM) to PM, 'OD: Defence Policy Options', 23 July 1990.

³⁹¹ TNA, PREM 19/4060, Powell (PS/PM) to PM, 'Meeting with the Chiefs of Staff', 19 July 1990. Mrs Thatcher was advised early decisions on Options for Change were needed to maintain morale and stop speculation about even deeper cuts, with consideration of the lives, careers and families of individual servicemen. From an RAF-standpoint the need to take a decision soon on a VC10 successor aircraft was stressed to the Prime Minister. Powell suggested to the Prime Minister, that she would also 'want to scold them about their continuous poor record on ordering equipment' and highlighted 'gold-plating, changing specifications, money down the drain'.

³⁹² *Ibid.*, 'Prime Minister's meeting with the Chiefs of Staff', 20 July 1990; DEFE 11/1041, Captain Burns (Secretary, Chiefs of Staff Committee) to PSO/CDS, 'COS Meeting with PM – 20 July 1990', 24 July 1990.

The next step was for the OD Committee to consider Options for Change. Powell urged Mrs Thatcher to emphasise that the defence plans should be given a 'very positive presentation'. The UK was taking the initiative in NATO, re-designing force structures to provide 'strong and reliable defence' in the 1990s: 'Far from being a retreat, this is a bold and imaginative step.'³⁹³ The Prime Minister was also advised that the OD Committee discussion was to 'obtain the endorsement of OD without unpicking the various elements of the package'. The Treasury was opposing references to 'an amphibious capability', which they saw as a commitment to build replacement landing ships for 'Fearless' and 'Intrepid', and was seeking to lock the MoD's budget within existing plans, whereas the MoD was arguing that current spending allocations were insufficient for existing requirements.³⁹⁴

On the 20th, King advised the OD Committee that work on 'options for change' in the defence policy and programme addressed how the size and shape of UK forces might be adjusted to reflect international change; he drew heavily on a short paper by DUS(P) that was based on the 11 July minute to the Prime Minister.³⁹⁵ Although conventional parity was in prospect due to CFE implementation, the Soviets would remain Europe's dominant military power, and future developments were still uncertain. NATO's London Declaration (July 1990) set out proposals for developing cooperation with former Cold War foes across a range of political and military activities, notably promoting arms control and confidence building. Nevertheless, King warned against throwing away the security gains NATO had made 'through an uncontrolled downward spiral', stating, 'Alliance cohesion remains crucial.'³⁹⁶ There were few direct non-Soviet military threats to the UK. Risks to the dependent territories were low. However, there were 'worrying trends', particularly nuclear and chemical weapons proliferation. The existing programme involved trying 'to do more than we are prepared to pay for', and there were serious manpower shortages relative to current commitments. Moreover, the programme exceeded the budget substantially during the PES years. Major economies were needed to remain within the existing budget.³⁹⁷

³⁹³ TNA, PREM 19/2932, Powell (PS/PM) to PM, 'OD: Defence Policy Options', 23 July 1990.

³⁹⁴ *Ibid.*, Appleyard (Cabinet Office) to PM, 'OD Meeting: Defence Policy Options', 23 July 1990. Finally, the Treasury preferred a round figure for regular Army numbers, ideally 'around 115,000' but countenanced 'around 120,000' if there were lower options of 110,000/113,000.

³⁹⁵ TNA, DEFE 25/769, DUS(P) to PS/SofS, 'Defence Policy Options: Draft OD Paper', 19 July 1990.

³⁹⁶ TNA, CAB 148/303, OD(90)15, 'Defence Policy Options', Memorandum by the Secretary of State for Defence, 20 July 1990.

³⁹⁷ *Ibid.*

King observed that a CFE agreement would have a limited direct impact on NATO's ground and air forces. Maritime forces were unaffected except land-based air. The approach employed had been based on a judgement of the changing risk of war with the Soviet Union and of dangers elsewhere, and had involved an examination of all capabilities. He confirmed that non-NATO defence activities would continue to be met largely from forces double-earmarked for NATO tasks and stated that outline force structures for progressive implementation to 1995 had been identified that met national requirements.³⁹⁸ They offered substantial but reduced NATO nuclear, maritime and land/air contributions, with enhanced flexibility and mobility within the smaller overall contribution. Key force features were:

- 4-boat Trident force, and Tornado dual-capable aircraft.
- Tornado air defence force (with EFA for the longer term), and naval and military home defence forces on present lines.
- RAF Germany cut by 50%; peacetime strength of BAOR more than halved but better-balanced.
- Carriers retained but with Destroyer/Frigate numbers cut by about 10% (20% in peacetime) and submarine numbers by 35%, with the phasing out of older boats.
- Royal Marines and specialised shipping retained, plus the UK's share of SACEUR's Mobile Force and of reinforcement aircraft; but the UK contribution to the land defence of Denmark would be given up.
- "Out-of-area" assets brought together as a new strategic reserve division.³⁹⁹

Personnel reductions to regular forces were significant - a 25% cut to the Army, 15% to the RAF and 5% to the Navy. Reserves would assume greater importance. Civilian numbers would be reduced. Support savings would be at least proportionate to front-line cuts, but detailed implementation planning was required. Annual savings of around £3bn on the planned programme were envisaged by the mid-1990s. The impact of higher inflation would be absorbed by early year reductions. Urgent measures were being taken to reduce spending by £600m in 1990-91. King

³⁹⁸ *Ibid.* King repeated the parameters for the Options for Change exercise. He asked for provision at the essential minimum level for future national core capabilities, for strategic and sub-strategic forces, the latter scaled back. Similarly, the defence of the UK involved air defence forces not being expanded as planned but slightly reduced and maintaining capabilities for Northern Ireland. King requested a review of NATO and non-NATO capabilities, noting there were 'no easy choices in these areas'.

³⁹⁹ TNA, DEFE 25/769, DUS(P) to PS/SofS, 'Defence Policy Options: Draft OD Paper', 19 July 1990.

admitted that the proposed savings went beyond any CFE agreement requirements.⁴⁰⁰ On forces in Germany, there was a 'need to begin to declare our hand soon'. King proposed making a statement before the Parliamentary recess to outline future structures as a framework for further consultation, subject to continued international progress in the autumn and beyond.⁴⁰¹

When the OD Committee met on 24 July, King emphasised the importance of planning change 'in an orderly way'. Other states had proposed their own savings, and changes were easier with all-conscript forces. The all-volunteer UK framework 'presented more difficult problems'. King said that his proposals moved the armed forces into better balance but he could not calculate the precise savings, although 'they would undoubtedly be substantial by the mid-1990s.'⁴⁰² The committee broadly welcomed King's proposals. From a professional military standpoint, they were deemed a 'sensible response to the changed circumstances in Europe'. Moreover, King's 'well-balanced package of measures' would set a 'good example' to NATO allies. He subsequently advised that further work, including NATO consultation, was required to arrive at detailed future force structures. From the air perspective, there was criticism of the cancellation of 33 Tornados in June, but King's statement stressed that the Tornado remained the backbone of UK air capability, a sentiment the Prime Minister endorsed.⁴⁰³ Mrs Thatcher supported King's conclusions and thanked the Chiefs of Staff for their full co-operation. King's statement would indicate that the cost of the broad proposals remained within expenditure plans published in the last Public Expenditure White Paper, and revised defence spending figures would also be announced.⁴⁰⁴

Mrs Thatcher forewarned Presidents Bush and Mitterrand, Chancellor Kohl and NATO Secretary-General Dr Manfred Woerner the day before King's Parliamentary Statement, the MoD's drafts being given a more positive gloss by Powell. Their contents were described as 'interim conclusions, subject to further

⁴⁰⁰ *Ibid.* Provision would be needed for re-interpretating the Brussels Treaty requirement or revising the Treaty itself.

⁴⁰¹ *Ibid.* King mentioned increased risk of leaks as consultation widened and the attendant uncertainty and rumour was damaging Service morale.

⁴⁰² TNA, CAB 148/303, OD(90)7th Meeting, Limited Circulation Annex, 24 July 1990. King confirmed greater study was required on the implications for procurement and support.

⁴⁰³ *Ibid.* It was suggested King should not offer a debate after the summer recess on his statement and not promise a White Paper incorporating final decisions on force structures, although publication might be possible at the end of 1990 or in early 1991.

⁴⁰⁴ *Ibid.*

detailed work and to consultations with our Allies and the NATO authorities'.⁴⁰⁵ NATO remained the basis of the UK's defence. The proposals acknowledged the need to regenerate forces should the international situation require this. Gradual restructuring would continue until 1995. The Prime Minister insisted that the proposals 'were consistent with maintaining a sure defence and ... would not in any way damage NATO'. Various 'cheese-paring cuts' had been avoided. The objective was 'the sort of forces which we believe we shall need in the mid-1990s, with the resources to sustain them'.⁴⁰⁶ At the same time, she acknowledged Woerner's concern that there 'should be no stampede and that any reductions in forces should be carefully coordinated' and insisted that the UK's commitment to consultation was seriously meant.⁴⁰⁷

Although a comprehensive fact sheet was produced before his House of Commons statement,⁴⁰⁸ King sought further clarification about Tornado numbers. In response, Mottram explained that these were complicated because of the aircraft's dual capability. Some 11 squadrons were then operating in the nuclear role, comprising seven Tornado squadrons in Germany (excluding one recce) and two in the UK (excluding one recce), and the two Buccaneer maritime squadrons. Post-Options for Change there were to be eight Tornado squadrons in the nuclear role - four in Germany, two in the UK for European roles and two in the UK with a conventional maritime role as well as a nuclear role. Responding to further questions about transport aircraft, Mottram confirmed the MoD's intention to retain the four existing Hercules squadrons and one VC10/Tristar squadron.⁴⁰⁹

King announced his Options for Change proposals in the Commons on 25 July.⁴¹⁰ He described a 'coherent - but much reduced - future policy posture'.⁴¹¹ The

⁴⁰⁵ TNA, DEFE 25/775, Webb (PS/SofS) to Powell (PS/PM), 'Options - Consultations with Allies', 23 July 1990; PREM 19/2932, Prime Minister to President Bush, 24 July 1990.

⁴⁰⁶ *Ibid.*

⁴⁰⁷ TNA, PREM 19/2932, PM to Dr Woerner, 24 July 1990. Mrs Thatcher's letter added the Government could not delay giving an indication of its thinking to the forces without risking damage to their morale.

⁴⁰⁸ TNA, DEFE 25/770, DUS(P) to PS/SofS, Secret until 1500Z, 'Options - Announcement', 25 July 1990. Attached to this is the final version of the Options for Change Factsheet.

⁴⁰⁹ TNA, DEFE 27/770, DUS(P) to PS/SofS, 'Options - Announcement', 25 July 1990.

⁴¹⁰ <http://hansard.millbanksystems.com/commons/1990/jul/25/defence-options-for-change> HC Deb, 25 July 1990, vol 177, cc 468-486; TNA, DEFE 25/770, DUS(P) to PSO/CDS, PS/PUS, 'Options Announcement', 25 July 1990.

⁴¹¹ TNA, PREM 19/2932, SofS to PM, 'Future Policy Options', 10 July 1990.

soundbite was ‘smaller but better’ (forces), which were ‘flexible and mobile’.⁴¹² The statement was unfortunately timed, falling eight days before the Iraqi invasion of Kuwait on 2 August. Force structures were to be more capability-based rather than threat-based. The armed forces had more commitments than existing funding permitted. Future forces would be smaller but better equipped. The reduced Soviet threat provided the strategic and political pretext for downsizing defence. Uniformed RAF numbers would fall from 89,000 to 75,000 by 1995. Alongside UK station closures, two RAF Germany stations were to shut as squadrons fell from fifteen to nine. Four Tornado squadrons were withdrawn from Germany and two Phantom squadrons disbanded. UK Tornado squadrons were increased from six to seven and two Phantom squadrons were disbanded. Three Tornado squadrons, two from Germany and one from the UK, were placed in storage. Messages from the Chiefs of Staff to their Services welcomed the new proposals as a challenge and an opportunity to bring the armed forces into balance. King promised substantial savings from Options for Change in later years, but considerable transitional costs would eradicate early savings. He predicted that there would only be a limited impact on serving personnel, with recruitment falling to reflect the proposed changes.⁴¹³

King’s message to the forces and to MoD civil servants stated that he hoped to avoid redundancies as far as possible, but reductions to Service and civilian personnel reflected the shift to ‘smaller, better forces’. His Commons statement outlined proposals but not decisions about future force structures. In tandem with NATO consultations there would be further work on detailed implications.⁴¹⁴ King told the press that his announcement signalled the start of a period of consultation, providing a framework to move towards over five years.⁴¹⁵ Alongside BAOR’s reduction from 55,000 to 23,000, RAF Germany faced deep cuts, but four squadrons of Tornado

⁴¹² Johns, *Bolts from the Blue*, p. 181 noted, ‘the stated intention of creating “smaller forces, better equipped, properly trained and housed and well-motivated. They will need to be flexible and mobile...” Within the next two decades these words with only the smallest variation were to become a familiar refrain as the size and capabilities of our armed forces were subject to unremitting pressures from continuing reductions in defence spending.’

⁴¹³ TNA, CAB 128/97, CC(90) 28th Conclusions, 25 July 1990; <http://hansard.millbanksystems.com/commons/1990/jul/25/defence-options-for-change> HC Deb, 25 July 1990, vol 177, cc 468-486. The closure of the Wildenrath and Gütersloh stations from 1992 was announced on 13 November 1990. See Ministry of Defence, Royal Air Force News Release 33/90, ‘RAF Bases in Germany’, 13 November 1990. At this point RAF Germany had 10,856 uniformed personnel.

⁴¹⁴ TNA, DEFE 25/770, Memorandum MO 9S by SofS to All Members of the Armed Forces and Civilian Staff of the Ministry of Defence, 27 July 1990.

⁴¹⁵ TNA, DEFE 25/770, folio 26, Options for Change press conference, 25 July 1990, p. 2.

GR1 strike/attack aircraft remained at Bruggen; two Harrier GR5/7 offensive support squadrons were moved from Gütersloh to Laarbruch, together with a reduced force of Puma and Chinook support helicopters.⁴¹⁶ Summarising the above (**Annex 5**), CAS maintained that the RAF could be confident of its future.⁴¹⁷

The force structures studies and King's statement ended the first phase of Options for Change work. Unlike previous reviews, a veneer of affability was maintained. King and Clark put up a united front at the press conference.⁴¹⁸ King and CDS praised MoD and Service staff and highlighted the successful repercussions of Heseltine's administrative reforms. King maintained that the Defence Staff and Office of Management and Budget had shown that they could 'do well the task they were created for'.⁴¹⁹ He also thanked CDS and PUS for the hard work and sound advice provided by their Staffs over the previous six months, and thanked the individual Service and Procurement Executive staffs for contributing very effectively.⁴²⁰ VCDS thanked DUS(P), DCDS(P&P) and ACDS(P) for their contribution, although he warned that there was 'much more ahead of us'.⁴²¹

CDS said the Options for Change statement 'marked a successful milestone in our joint effort to reorganise and restructure the Services'. It had 'proved to be a very satisfactory test of the new MoD structure and produced against very demanding timescales a most thorough and comprehensive piece of work'.⁴²² He was especially effusive about DUS(P)'s 'busy and cheerful leadership and sustained ability to meet ever tighter deadlines'.⁴²³ Finally, PUS applauded the Defence Staff. The MoD

⁴¹⁶ HMG, *Britain's Defence for the 90s* Volume 1, p. 42. Locally employed civilians in RAF Germany were to be cut by over 40% 'within the next few years'. Wildenrath would close by the end of 1992, Gütersloh by the end of 1993.

⁴¹⁷ TNA, DEFE 25/775, enclosure no. 18, PS/CAS to PS/Min (AF), 'Options for Change: CAS's Message to the RAF', 24 July 1990.

⁴¹⁸ TNA, DEFE 25/770, folio 26, Options for Change press conference, 25 July 1990, p. 11. Clark proclaimed at this event: 'I entirely support the Secretary of State's solution to this [procurement]. It is the result of long and carefully weighted discussions within the department.' King again attempted to deny lingering rumours concerning his poor relationships with Clark and the Service Chiefs which 'lacked some credibility to those who have actually been more closely involved'.

⁴¹⁹ TNA, DEFE 25/770, folio 17/1, SofS to CDS, PUS, 'Defence Policy Options', 25 July 1990.

⁴²⁰ Ibid., folio 17(vi), SofS to CDS, PUS, 'Defence Policy Options', 25 July 1990.

⁴²¹ Ibid., VCDS to DUS(P), DCDS(P&P), ACDS(P), 25 July 1990.

⁴²² Ibid., CDS to DUS(P), 2nd PUS and DCDS(P&P), 26 July 1990.

⁴²³ Ibid., 2nd PUS told CDS he thought Options was 'indeed in total a very well conducted piece of work, from all standpoints', enclosure no 21, 2nd PUS to CDS, 27 July 1990. This atmosphere of appreciation even extended to single-Service Chiefs, folio 22, CNS to VCDS and 2nd PUS, 27 July 1990; VCDS to DCDS(P&P), DUS(P), ACDS (Prog), 'Options - thanks from CNS', 30 July 1990. CNS, Admiral Sir

organisation had overcome the test well, highlighting ‘the judgment, commitment and defence-mindedness of the individuals who have worked so hard’. Although they were ‘at the end of the beginning’ he concluded: ‘The foundations have been laid with admirable professional skill.’⁴²⁴

Others were more critical. No figure had been placed on total expected savings, and King had simply mentioned ‘substantial savings’ by 1995. The Opposition predictably criticised his statement as meaningless without financial estimates.⁴²⁵ The HCDC report ‘Defence Implications of Recent Events’ was also published on 25 July. It speculated a united Germany might call for the withdrawal of British Forces Germany (BFG). Alternatively, it was possible that as its military role receded and overall numbers reduced, the political role of BFG would grow and Germany and the rest of Europe would welcome integrated stationed forces in Germany. The HCDC also acknowledged that there were political advantages in having multinational forces in Germany, but observed that differences in equipment, training and discipline and no common language constituted a possible ‘recipe for disaster’.⁴²⁶ The HCDC argued that ‘smaller but better’ forces required ‘fewer but possibly different’ weapons and wondered whether equipment production could be accelerated in time of need, noting that ‘Tornados could not be run off at the drop of a hat.’⁴²⁷ *The Times* asserted that Options for Change was a victory for the ‘cautious faction’, adding:

Radicalism had conceded victory to Whitehall’s traditional pragmatism, as represented by defence chiefs who saw their

Julian Oswald, wrote to VCDS and 2nd PUS saying how well they and the Options for Change team had ‘coped with the conflicting pressures of the past eight or so months’. CNS said Vincent, Macdonald and the Options for Change team had remained ‘courteous and helpful’ even when there had been ‘quite fundamental differences of view’. CNS recognised, ‘none has envied you your task of trying to reconcile the irreconcilable, in a balanced way and with only limited consultation possible’. Oswald observed much remained to be resolved and differences in emphasis remained, leading Vincent to comment, ‘I suppose the hard bit is about to begin!’

⁴²⁴ *Ibid.*, enclosure no 25 (v), PUS to VCDS, ‘The Options Work’, 30 July 1990.

⁴²⁵ Michael White and Derek Fairhall, ‘Ministers back cuts in defence’, *Guardian*, 26 July 1990. It was hoped the reduction in Service personnel could be achieved by natural wastage but recognised that slimmed down forces might offer little or no net short-term savings.

⁴²⁶ Michael Evans, ‘How German unity leaves Service’s fate in the balance’, *The Times*, 26 July 1990. The HCDC stated withdrawing UK forces would be costly, with new housing and training areas required, and it was emphasised that the equivalent of a small city had been developed in north-west Germany, encompassing 82 schools, four hospitals and 70 medical centres.

⁴²⁷ TNA, DEFE 25/775, House of Commons Defence Committee, *Defence Implications of Recent Events*, 25 July 1990.

establishments and weapons projects threatened by Mr Clark and his friends...the army, navy and air force have found common cause.

Another hated 'defence review' had been fought-off. Options for Change was dubbed 'defence planning by Treasury pressure'. It had not reflected the debate 'seething' within the MoD, nor questioned military priorities or explained what 'smaller but better' meant. The same battle would occur yearly until 'somebody comes along and asks what forces, and what money, are really needed to defend the UK in the 21st century'.⁴²⁸ The *Financial Times* thought King had made a start and like the *Daily Telegraph* demanded reductions to the tail as well as the teeth.⁴²⁹ The *Independent* described King's cuts as 'timid and unimaginative'. The *Guardian* believed he should have gone further.⁴³⁰ The *Daily Mail* observed that the peace dividend had been 'slow in coming'.⁴³¹

There were no winners from Options for Change. All three Services were subjected to significant personnel and procurement programme cuts. The UK's traditional military roles remained broadly unchanged, but resources were much reduced. CAS was upbeat publicly about the changes, hinting that compulsory redundancies were 'unlikely' although front-line changes would mean commensurate reductions in RAF support. The RAF retained its breadth, and important aircraft and equipment programmes were preserved. CAS hoped that manning balance would be achieved rapidly, along with quality of RAF life improvements that he and Air Force Board colleagues had long desired.⁴³²

Informed critics asserted that for much of the process, despite supportive public utterances, the Chiefs were only kept informed and had had to accept the direction

⁴²⁸ Editorial, 'A Battle Shirked', *The Times*, 26 July 1990.

⁴²⁹ Editorial, 'First bites at defence', *Financial Times*, 26 July 1990; Editorial, 'Doubts about defence', *Daily Telegraph*, 26 July 1990.

⁴³⁰ Editorial, 'Defence, and the missing mission', *Guardian*, 26 July 1990. The *Guardian* called for a coherent European military organisation. Critics on the Left still maintained defence spending, far beyond what the UK could afford, had 'crippled' the country since 1945. In GDP percentage terms the UK had spent much more on defence than other European states, with scarce resources being directed to military rather than industrial ends. Even Alan Clark's proposals were deemed too modest and it was thought that a historic opportunity to half defence spending and divert the resultant savings into industrial infrastructure and education would be squandered. See Martin Jacques, 'Who will cut defence?', *The Times*, 18 July 1990.

⁴³¹ Editorial, 'King's timid force reductions', *Independent*, 26 July 1990; Editorial, 'Peace dividend slow in coming', *Daily Mail*, 26 July 1990.

⁴³² Editor, 'Compulsory Redundancies "unlikely" – CAS', *The Royal Air Force News*, 3 August 1990.

given.⁴³³ CAS denied this emphatically and wrote to his six living predecessors on Options for Change, describing the rationale behind it, and how it would shape the RAF's future:

Let me say at once that I and some selected members of my staff (including ACAS) have been involved in the Study from the start, and Press reports to the contrary were erroneous. Our points were fully considered and a number of changes made, at our request, to improve the balance.⁴³⁴

CAS described Options for Change as a sensible package from a defence perspective and declared, 'overall I support it.' Money was 'not the dominant theme' but the new global situation demanded a bottom-up study to ascertain broad capabilities and force structures needed to take the UK forward into a very uncertain future. He emphasised that 'the RAF has not lost a single capability.' Phantom withdrawal was understandable because of the new definition of the air defence threat, planned improvements to UK air defence and Germany's assumption of air defence roles formally provided by NATO partners. However, Tornado would have to be retained in service for many more years than originally planned, and a significant upgrade to the Tornado GR1 would have to be undertaken. CAS doubted that there would be additional money for a large attrition purchase any time soon, citing the cancellation of the attrition buy in June. Taking some Tornados out of service and putting them into storage as reserves, for a surge or as attrition replacements, was the best option in the circumstances.⁴³⁵

CAS's one concern surrounded the reduction of five dual-capable aircraft squadrons - three Tornado and two Buccaneer - which he thought was 'rather too many'. If the UK was to lose almost all its short-range and theatre ballistic nuclear weapons, then dual-capable aircraft provided the only theatre nuclear capability, for short-to-medium range in Europe and for sub-strategic alternatives on Soviet territory. He stressed that the RAF had made these views known at the highest level.⁴³⁶ Harding also advised that Options for Change had significant support ramifications, and he

⁴³³ David Bolton, 'Defence in Transition: Options for Change', *RUSI Journal*, Autumn 1991, pp. 1-3.

⁴³⁴ AHB, CAS 2/1/3 Part 4, folio 17(ii), CAS to MRAF Sir Keith Williamson, MRAF Sir Michael Beetham, MRAF Sir Dermot Boyle, MRAF The Lord Elworthy, MRAF Sir John Grandy, MRAF Sir Denis Spotswood, 27 July 1990.

⁴³⁵ *Ibid.* CAS also remarked that the Phantom was 'very long in the tooth and costing us a great deal to keep it going'.

⁴³⁶ *Ibid.*

forecast the closure of Hawk bases and the amalgamation of all Hawk training. He insisted that training would not be cut 'to the bone'. Capacity had to be retained to expand or surge strategically if necessary. Spares holdings, maintenance units and depots and the fusion of engineering and supply functions, together with rationalisation of estate, were under consideration. He believed the package would help the RAF to return to manning balance and hoped personnel reductions could be achieved through normal wastage.⁴³⁷

Nevertheless, Options for Change cut RAF manpower by 14,000 or 16% and involved the closure of one hospital and five stations in the UK and Germany. Some or all of Phantom, Buccaneer, Victor tanker, Nimrod Maritime Patrol Aircraft and RAF Regiment squadrons were disbanded and Tornado squadrons were mothballed. Six of the 15 squadrons based in Germany were withdrawn.⁴³⁸

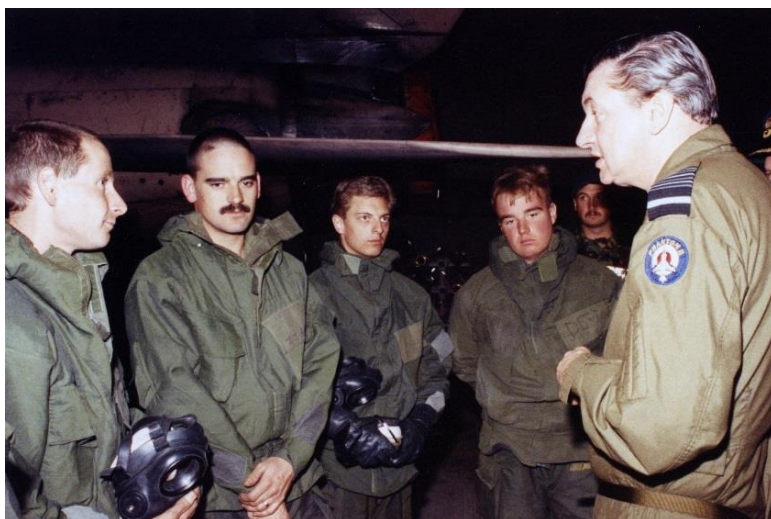
⁴³⁷ Ibid.

⁴³⁸ TNA, CAB 128/97, CC(90) 28th Conclusions, 25 July 1990; <http://hansard.millbanksystems.com/commons/1990/jul/25/defence-options-for-change> HC Deb, 25 July 1990, vol 177, cc 468-486. Two of RAF Germany's four stations were closed, and its number of squadrons cut from fifteen to nine. Four Tornado squadrons were withdrawn from Germany and two Phantom squadrons disbanded. In the UK, Tornado squadrons increased from six to seven, but two Phantom squadrons were disbanded. Three Tornado squadrons, two from Germany and one from the UK were placed in storage; Johns, *Bolts from the Blue*, p. 181; 'Compulsory Redundancies "Unlikely" – CAS', *Royal Air Force News*, 3 August 1990; Eric Beech, 'UK announces defence cuts', *Flight International*, 1-7 August 1990; AHB, Graydon interview, p. 107 described Options for Change as a 'cost-cutting exercise which roughly slashed a third of the front line away'.

Chapter 3

Implementing Options for Change, August 1990-April 1992

'Our determination is to produce forces which, while smaller, are well equipped, properly trained and housed, and well motivated. I have no doubt they will serve the United Kingdom as well in the future as they have so clearly done in recent months.' Tom King, Secretary of State for Defence, July 1991.¹



The Chief of the Air Staff, Air Chief Marshal Sir Peter Harding, talking with a Tornado weapons load team wearing full protective clothing at Tabuk, Saudi Arabia, 31 December 1990. Photograph: AHB(RAF)

Announcements, 1990-92

The Commons statement delivered by Tom King on 25 July 1990 (**Annex 7**) was the end of the beginning rather than the beginning of the end. Decisions on closures and cuts dribbled out for 18 months in answers to Parliamentary Questions (PQ), through Press Releases (PR) or at Press Conferences (PC). Key announcements for

¹ HM Government, *Statement on the Defence Estimates 1991: Britain's Defence for the 90s Volume 1* Cmnd 1559-1 (London: HMSO, 1991), Introduction.

the RAF were made by PQ and PR on 13 November 1990, by PR on 10 May 1991, by PQ and PR on 5 June 1991, by PQ and PR on 2 July 1991, by PQ and PR on 10 December 1991 and by PQ on 24 January 1992. More upbeat major equipment orders were announced in ministerial statements on 13 February and 3 March 1992.² In the interim, the Defence Estimates published on 9 July 1991, a year after King's statement, attempted to provide some consolidation of Options measures taken to date and provided the first authorised account of the Gulf War. This chapter covers the complex Options for Change developments at various levels, considering different and often difficult aspects and their impact on defence and the RAF.

Commentators focused on King's practical proposals, rather than the radical ideas suggested by Min (DP), Alan Clark. King, mindful of the instability in Eastern Europe, adopted a safety-first approach, maintaining all-round defence capability. Despite the cuts, the only role dropped was RAF air defence in Germany.³ However, the reduction of continental forces did not signal a shift to a maritime strategy. The Buccaneer maritime force was phased out and replaced by dual-capable Tornados, which were re-deployed from Germany and equipped with Sea Eagle missiles for anti-ship tasks. A 15% reduction to Nimrod MPA meant cutting five aircraft.⁴

Among the media commentators on Options for Change, John Keegan of the *Daily Telegraph* caused particular unhappiness in RAF circles by claiming that 'Until today it has taken 600 airmen to keep one aircraft aloft' - a reference to supposedly excessive RAF support requirements. The RAF's Director of Public Relations (DPR (RAF)) told Keegan: 'This is not just wrong; it is bloody wrong.' The IISS (International Institute for Strategic Studies) recorded that the RAF had a front-line strength of 570 aircraft, but it had many more, and 83,100 trained personnel. Keegan's numbers did not compute, and DPR(RAF) told him, 'I would have thought that even the most superficial check of your facts would have alerted you to the fact that your quote is absolute nonsense.' Moreover, various caveats applied when comparing the RAF to foreign air forces, including roles, the variety of aircraft, types of utilisation, division of responsibilities between Services, the role of

² TNA, DEFE 68/1269, 'Defence for the 90s: Aide-Memoire on Announcements to Date, July 1990-March 1992.

³ Defence Correspondent, 'Radical ideas set aside as ministry puts safety first', *The Times*, 26 July 1990.

⁴ Michael Evans, 'King reduces armed forces by 18 per cent', *The Times*, 26 July 1990. Meanwhile, destroyer and frigate numbers were to be cut from 48 to 40 by 1995, with submarines reduced from 27 to 16, albeit, a greater proportion were to be of the more capable nuclear variant. The Trident nuclear deterrent was to remain a four-boat force. Christopher Bellamy, 'British forces to lose independent role in Germany', *Independent*, 26 July 1990.

civilians, conscripts and reserves, and training arrangements. Comparing the RAF with, say, the Israeli Air Force (which became a popular pursuit over the coming years) was ‘entirely fallacious’. The latter had very limited roles, no requirement to fill NATO appointments, no overseas garrisons and very limited career training. In contrast, the RAF operated a very wide range of aircraft types involving every role of air power, and provided almost all its own training, as well as specialist training for numerous personnel from other air forces. Through the RAF Regiment, it defended its own airfields and contributed to UK overseas garrisons in the Falkland Islands, Belize, Cyprus, Hong Kong, Gibraltar, as well as to UK Military Assistance teams overseas. DPR (RAF) concluded that the RAF’s ratio of personnel to combat aircraft compared favourably with other NATO air forces at 160:1.⁵ Nevertheless, criticism of the RAF’s ‘tail’ continued beyond Options for Change. Unfavourable comparisons repeatedly claimed that ‘waste’ was an RAF problem.

On the other hand, one future CAS observed that the West had already enjoyed a peace dividend of 40 years of relative tranquillity in Europe, but western European politicians found the prospect of cutting the share of GDP expended on defence to be ‘irresistible’. He lamented the declared intention of creating:

“Smaller forces, better equipped, properly trained and housed and well-motivated. They will need to be flexible and mobile...” Within the next two decades these words with only the smallest variation were to become a familiar refrain as the size and capabilities of our armed forces were subject to unremitting pressures from continuing reductions in defence spending.⁶

Within 18 months of King’s announcement, with the Gulf War in the interim, the RAF lost five stations, one hospital, 11 aircraft squadrons (four Phantom squadrons, three Tornado GR 1 squadrons, two Buccaneer squadrons, a Nimrod maritime patrol squadron and a Victor tanker squadron) and four RAF Regiment squadrons.⁷ Senior RAF officers felt such deep cuts were premature. There ‘had been no evident attempt to identify and assess the exact nature of the post-Cold War security environment’.⁸ In March 1991, when MRAF Sir David Craig paid a farewell call as CDS on the Prime Minister - by this time John Major - he referred to the mismatch

⁵ AHB, CAS 27/1 Part 10, Wing Commander M Barnes, DPR (RAF), to John Keegan, Defence Editor, *Daily Telegraph*, 26 July 1990. The following day the *Daily Telegraph* printed the RAF’s correction.

⁶ Johns, *Bolts from the Blue*, p. 181.

⁷ *Ibid.*, p. 181.

⁸ *Ibid.*

between policy objectives and resources after Options for Change. In response, Major suggested that the MoD should sell some surplus land. Craig repeated, 'The circle could not be squared if we were to maintain balanced forces.'⁹

Others were concerned about the management of change in Defence, particularly in the RAF. In May, the House of Commons Defence Committee argued that the main post-Options for Change decisions relating to the RAF had been reached with 'exceptional speed' and added: 'Well in advance of the other two Services, and of the civilian side of the Ministry, much of the new RAF force structure will be in place within 3 years of the July 1990 announcement.' It seemed 'remarkable' that the RAF could develop a new force structure in Germany without knowing what its role was to be, and without knowledge of the revised scale, structure and command arrangements of ground forces in theatre.¹⁰

A changing landscape

In July 1990, the Prime Minister asked Ministers to identify policy objectives for the next three to four years and outline the consultative process required for implementation. King replied that major changes in Eastern Europe and the Soviet Union had allowed NATO to review fundamentally its strategy and structure - the subject of the so-called London Declaration earlier in the month. NATO still needed an appropriate and up-to-date nuclear and conventional force mix. This required the UK to maintain and modernise nuclear forces at the strategic and sub-strategic levels to ensure continued effectiveness. King proposed replacing the WE177 tactical nuclear free-fall bomb and contractorising the Atomic Weapons Establishment (AWE), with implementation proposed for 1992.¹¹

The MoD emphasised the importance of maintaining strong defence whilst working towards the implementation of the Options for Change proposals, and of concurrently achieving better value for money and maintaining morale and motivation among the Services and MoD civilians. It continued to explain the UK's defence posture and its impact on resources to Parliament and the public, but at the

⁹ TNA, PREM 19/4060, Wall (PS/PM) to Webb (PS/SoS), 'Call on the Prime Minister by the Chief of the Defence Staff', 26 March 1991. The Prime Minister suggested the same solutions as he had when CST.

¹⁰ TNA, DEFE 25/823, House of Commons Defence Committee Session 1990-91 Fifth Report, 'Options for Change: Royal Air Force', London, HMSO, 22 May 1991.

¹¹ AHB, CAS 2/1/3 Part Three, enclosure no. 24(i), SofS to PM, 'Review of Policy Objectives', 31 July 1990.

same time drew attention to armed forces and MoD restructuring arising from Options for Change. To achieve better value for money, the NMS was introduced from 1 April 1991, involving comprehensive internal budgets and delegated responsibilities alongside efficiency targets and savings, and offering discretion for budget holders down to Group Captain level. The Next Steps Initiative meanwhile involved the devolution of functions to Executive Agencies, leading to the creation of Defence Support Agencies, including the Meteorological Office and the Defence Research Agency. Agencies were said to offer greater accountability, which would permit more delegation and generate efficiency savings.¹² King's greatest challenge was 'to introduce the most major changes in 40 years for our Armed Forces and defence structure'. The objective of 'smaller but better' was to address longstanding grievances over shortages and restrictive regulations.¹³

Critics of 'smaller but better' drew attention to overstretch, falling morale and reduced stocks to meet emergencies, claiming that it meant 'smaller will become inadequate'. It was argued that the Services remained top-heavy. The MoD's management organisation was 'too obese' to drive improvements. Post-Option of Change there were allegedly as many air marshals as operational squadrons of aircraft. There was a need for defence to be 'slimmer and simpler', with lighter management and fewer civil servants, which might promote more fruitful discussions between the military and politicians. It was also suggested that there was some duplication of roles across the three Services: significant savings in training and support would accrue if the Fleet Air Arm and the Army Air Corps were absorbed by the RAF, while the Army took over the Royal Marines and the RAF Regiment. This would facilitate a move toward three mutually supporting Services, each concentrating on its primary role, offering economy and flexibility and better use of reduced resources. It was alleged that Options for Change had not produced a sustainable defence policy. This required 'a further management overhaul and a radical restructuring'.¹⁴

¹² King, 'Defence and Security', p. 7.

¹³ Ibid.

¹⁴ Major General Ken Perkins, 'Smaller – but Better? Military Capabilities Versus Resources', *RUSI Journal*, December 1992, pp. 65-74.



Tornado GR1s carrying JP233 runway denial weapons en-route to their target during an Operation GRANBY sortie in early 1991. Photograph: AHB(RAF)/M Lumb Collection

GRANBY

The Iraqi invasion of Kuwait tempered US defence cuts¹⁵ and galvanised pro-defence lobbying in the UK. The former CDS, Lord Bramall, argued the case for maintaining the nuclear deterrent and the ability to project effective armed forces to areas vital to the UK's 'very existence'. The question was whether such capabilities would be adequately resourced:

Her Majesty's ministers may feel that the recent, balanced statement on defence indicated that it had learnt the painful lessons of the 20s and the 30s; but the point is, has the Treasury? For without adequate funding for our own highly professional defence forces over the next few years, we still cannot face the future with any real confidence.¹⁶

¹⁵ Martin Fletcher, 'Action tempers big defence cuts', *The Times*, 4 August 1990.

¹⁶ Field Marshal Lord Bramall, 'UK defence lessons from the Gulf', *The Times*, 7 August 1990.

The UK response, agreed by the OD Committee on 8 August, included the dispatch of Tornado and Jaguar squadrons to the Gulf, together with Rapier missile batteries, as part of a multinational effort to defend Saudi Arabia and neighbouring states from Iraqi aggression. Initially, the goal was to secure a peaceful Iraqi withdrawal from Kuwait.¹⁷ King asserted that the Gulf crisis vindicated his decision to make only limited cuts in Options for Change.¹⁸ Concurrently, Clark raged that the Consolidated Fund ‘tap’ had been unlocked: there was Service pressure to ‘buy anything, order anything’.¹⁹

However, the conduct of Gulf conflict²⁰ was unaffected by the Options for Change process.²¹ It played little part in the Options for Change proceedings, although the RAF hierarchy feared that it might result in unfavourable scrutiny of the Tornado’s performance and pressure for further Tornado force reductions.²² During the

¹⁷ Philip Webster, ‘Thatcher sends air and naval units to Gulf’, *The Times*, 9 August 1990.

¹⁸ ‘Stand on defence spending vindicated’, *The Times*, 6 September 1990. The unexpected threat had transpired with the Iraqi invasion of Kuwait. The MoD pledged that Options for Change implementation would not affect units deployed in GRANBY. They would not be disbanded or relocated whilst involved and adequate time would be allowed for orderly transition when units and personnel had returned. Nevertheless, the view persisted that it had been inappropriate to continue with aspects of Options for Change during GRANBY. One future CAS later stated: ‘During the Gulf War we were disbanding squadrons, which I thought was absolutely appalling. To tell people on operations that when they came back their squadrons were going to be disbanded was outrageous, but that’s politics.’ See ‘Interview with Air Chief Marshal Sir Richard Johns’, *Air Clues*, four of 1999, p. 37.

¹⁹ Clark, *Diaries*, p. 335, 29 August 1990.

²⁰ See *Air Power Review First Gulf War 25th Anniversary – Special Edition*, Summer 2016. Group Captain Paul Wilkins, ‘Foreword’, pp. 5-8 highlights the scale of the UK contribution – 53,462 UK armed forces personnel, including 157 aircraft in theatre, eight RAF Regiment squadrons and over 7,000 RAF personnel in total. Around 85 transport aircraft were used in support between August 1990 and June 1991. Subsequently, three Hercules aircraft were deployed to Incirlik, Turkey for Operation HAVEN, the dropping of relief supplies to assist Kurdish refugees. They were subsequently supported by 10 Chinook helicopters. Jaguar ground support aircraft and tanker aircraft then made a major contribution to Operation WARDEN. See TMA, DEFE 206/14, CDS 13/92, ‘Report by the Granby Coordinator: ‘Lessons Learned from the Gulf War’, 7 May 1992; Sebastian Ritchie, ‘The Royal Air Force and the first Gulf War, 1990-91: A Case Study in the Identification and Implementation of Air Power Lessons’, pp. 188-205 considers the RAF’s role, experiences and lessons.

²¹ Asked if Options for Change impinged on the build up to the Gulf War, Harding responded, ‘No, not at all. The defence reviews take a long time to percolate down the system to the user.’ However, Harding and King both observed the preparations showed there were ‘massive shortages of equipment that we thought we had, but when we asked to use it, we found it was unserviceable’. See CAC, ‘*Overstretched*’, p.43.

²² Some six Tornado GRIs were lost in operations during the Gulf War. HMG, *Britain’s Defence for the 90s*, p. 19. The Government had promised 41 new Tornados in November 1988 to replace aircraft lost in training. Only the final eight aircraft from the seventh batch order were delivered to the RAF. In June 1990, because of the improved security situation in Europe, the MoD announced it would not authorise

campaign, RAF aircraft flew over 4,000 combat and 2,000 non-combat sorties over 43 days.²³ They delivered over 3,000 tonnes of ordnance, comprising more than 100 JP233 low-level airfield attack weapons, around 6,000 one thousand-pound bombs, of which 1,000 were laser-guided, over 100 anti-radar missiles and almost 700 rocket projectiles.²⁴ Media reports suggested that Gulf War costs totalled approximately £2.2bn and contributions from allied states offset more than 90% of this - some £2,028m. However, as is shown subsequently, GRANBY expenditure imposed further constraints across the MoD.²⁵



Operation GRANBY: A Tornado GR1 refuels from a VC10 tanker while a Jaguar awaits its turn. Photograph: AHB(RAF)

further work on the eighth batch order for 26 Tornado GRI and seven Tornado F-3 aircraft. <http://hansard.millbanksystems.com/commons/1990/jun/18/first-days-debate> HC Deb 18 June 1990, vol 174, cc 687-774; AHB, CAS 2/1/1 Part 25, Min (DP) to Michael Jack MP, 18 June 1990; Nicholas Wood, 'Order for 33 Tornado jets is cancelled', *The Times*, 19 June 1990; HM Government, *Statement on the Defence Estimates Britain's Defence for the 1990s Volume 1 1991* Cmnd 1559-1 (London: HMSO, 1991), pp. 19, 69.

²³ AHB, CAS 27/1, enclosure no. 59, RP(Air) to APS/Min (DP), 'RAF Debate - Thursday 2 May', 25 April 1991. The air campaign continued for 39 days before the land offensive began and then for a further four days in support of these operations.

²⁴ Ibid.

²⁵ Michael Evans, 'Pledge on defence will not quell Tory fear over army cuts', *The Times*, 9 July 1991.

Money matters

After the Options for Change statement on 25 July 1990, the press had reported subsequent Treasury demands for a £2bn peace dividend.²⁶ The very next day, Norman Lamont, then Chief Secretary, wrote to King on issues requiring resolution to finalise defence provision for 1991-92 to 1993-94. In the Treasury's eyes, Options for Change was not the last word. Lamont wrote, 'I felt that it would be premature to accept your specific proposals before we had had the opportunity to probe some of the options more carefully and to consider your defence plans overall.' Alongside deeper Army cuts, aircraft were in the Chief Secretary's sights. He suggested reducing the Air Transport Force, withdrawing Harrier tactical air support and cutting the number of helicopters to reflect the smaller troop numbers in Germany. He also argued that operational spending could be reduced by cutting flying or mothballing jets, and that longer warning times meant that readiness levels could be reduced. Lamont rejected the MoD's argument that defence inflation peaked later than inflation in the economy generally, claiming that this was not supported by historical evidence, and warned King: 'We must arrive at an outcome which takes full account of the new opportunities for Defence savings which have emerged since the 1989 Survey.' He envisaged savings against baseline of £1½-£2bn in 1993-94 rather than the £673m in King's proposals, and he insisted that savings should achieve an 'equitable and defensible share of the burden with our European allies'.²⁷ In response, King told Lamont that the starting point for 1993-94 could not be lower than the baseline figure given,²⁸ and he reassured the Department that this sort of exchange was 'quite normal' during the Public Expenditure Survey (PES) process. Lamont was setting the scene for September's PES meeting.²⁹

In early September 1990, the 2nd PUS submitted a report on Options for Change follow-up work to King. The Options for Change Working Group was overseeing the development of detailed proposals for the front line, but fully detailed, reliable costings would only be available at the year's end. The Treasury had agreed that finalisation of the 1991-92 (Defence) Estimates and LTC 91 would be a month later

²⁶ Parliamentary Staff, 'Britain's forces cost £1m a day', *The Times*, 8 September 1990; Nicholas Wood, 'King ready to fight Treasury on £2bn cuts', *The Times*, 12 September 1990. The Treasury was desperate for savings to help suppress Poll Tax bills and faced excessive bids from other departments, with the Department of Health and Department of Education pressing for large increases.

²⁷ TNA, DEFE 25/770, CST to SofS, 'Defence Options and the Survey', 26 July 1990.

²⁸ *Ibid.*, SofS to CST, 31 July 1990.

²⁹ *Ibid.*, folio 35, Minute by Webb (PS/SofS), 'Defence Options and the Survey', 3 August 1990.

than normal, meaning that the MoD's PES negotiations would be based on broad costings produced earlier in 1990 with some validation from early results of the Options work.³⁰ Until the outcome of PES and NATO consultation, it would not be possible to test the affordability of the proposed force structures in the completed LTC. A clearer picture would be available to allow Ministerial decisions to be taken early in the New Year. A final announcement of the total Options for Change package could not be made until spring 1991. Some interim announcements would be possible in the autumn, but timing and presentation had to consider GRANBY developments, both in cost and staff terms.³¹ For instance, modifications to each of the 18 Tornado ADVs then deployed or destined for the Gulf cost £1m per aircraft.³²

The Treasury pressed the MoD to offset the extra costs of GRANBY, but this was 'completely unrealistic'. King told the Chief Secretary that he expected the extra costs to come from the Reserve. However, notwithstanding GRANBY, a case could be made for identifying larger savings than the £50m mentioned in July to guarantee the cash limit.³³ 2nd PUS advised King in September that, GRANBY aside, the forecast overspend would still exceed the cash limit without further MoD action. Moreover, forecast spending did not incorporate the impact of rising oil prices. He supported King's firm stance on GRANBY costs, but argued that another exercise was needed to identify £100m of savings to make the cash limit. This process would be tough and unwelcome, and obvious presentational difficulties would arise from conducting such an exercise while forces were deployed in the Gulf. Yet he could see no alternative, if only to prove to the Treasury that the MoD had done its utmost to live within the cash limit.³⁴

King agreed that further action was needed to safeguard the underlying cash limit. However, he was reluctant to send 'contrary messages' to those involved in

³⁰ AHB, CAS 2/1/3 Part 4, enclosure no. 48. The report also updated SofS on Alliance consultation, follow-up work in the support area, the regular/reserve balance, reconstitution of forces should the need arise, the potential draw-down of war stocks and the equipment programme.

³¹ *Ibid.* On the equipment programme, meetings had been delayed because due to the Gulf crisis, Minister (DP) had to re-arrange his summer leave and it was stressed in the report, 'Decisions are now becoming urgent in some cases, both on budgetary and financial grounds'. Minister (DP) scheduled three meetings on 5, 8 and 9 October to cover Sea/Air, Armour/Anti-Armour and Land/Air respectively, CAS 2/1/3 Part 5, enclosure no. 6, 'Options: Equipment Programme', 28 September 1990.

³² AHB, CAS 2/1/3 Part 4, enclosure no. 53(v), Head of Sec(O)(C) to APS/SofS, 'Op Granby: Further Deployments', 10 September 1990.

³³ AHB, CAS 1/6/1 Part 56, enclosure no. 8, DUS(F) to 2nd PUS, 'Defence Expenditure: Further Savings Measures', 11 September 1990.

³⁴ *Ibid.*, enclosure no. 4, 'Defence Expenditure 1990/91: Further Savings Measures', 12 September 1990.

GRANBY. He informed Lamont that ‘necessary costs’ would be incurred, although the MoD ‘would exercise due economy’. However, he also complained about ‘an over rigid approach to sustaining aircraft numbers in theatre, which might involve disproportionate costs to avoid short-term shortfalls’. He approved the further savings exercises but asked to see the terms involved.³⁵

In early October, 2nd PUS advised the FPMG that the LTC 90 programme exceeded the baseline by £700m. Early indications from re-costing in LTC 91 indicated that the overspend would be above £1bn. The PUS observed that that the MoD faced ‘an extremely difficult PES round’, having to cut a large chunk of the 1991-92 programme to contain costs within available resources.³⁶ In view of the circumstances and lack of affordability, there was minimal scope for even limited measures to improve retention, although the FPMG ultimately placed three proposals before King.³⁷ They also suggested suspending non-GRANBY training, exercises and other activity to resolve the financial difficulties.³⁸ Concurrently, the FPMG’s agreement to proceed with tendering for the CHOTS IT programme provided some support for the drive towards more efficient and effective working practices. Similarly, rumours that NMS would be deferred for a year were dismissed by PUS and the FPMG, despite considerable overload on many staffs, notably the Office of Management and Budget (OMB) and the Defence Staff.³⁹

It was hoped that tough spending limits might be more readily accepted under NMS if the flexibility to manage within the reduced limits was truly delegated. Yet there remained a potential overspend of £220m, excluding GRANBY outlay, and equipment spending was still buoyant. Extremely painful measures would therefore be needed to meet King’s undertaking to remain within the cash limit. The FPMG agreed to send a minute to King that highlighted the severity of the choices and

³⁵ *Ibid.*, PS/SofS to PS/2nd PUS, ‘Defence Expenditure 1990/91’, 18 September 1990.

³⁶ AHB, CAS 1/6/1 Part 60, enclosure no. 5, FPMG(90) 7th Meeting, 4 October 1990. 2nd PUS also highlighted much improved allowances in 1989 and mentioned entering a period of sluggish growth and rising unemployment affecting the opportunities available to those thinking of leaving the Services. Furthermore, the impact of Options for Change had still to be clarified.

³⁷ *Ibid.* These measures were separation allowance and two self-financing measures – London pay and the enlistment bounty.

³⁸ AHB, CAS 1/6/1 Part 60, enclosure no. 18, Sec/CNS to PS/2nd PUS, ‘Defence Expenditure 1990-91’, 23 October 1990; CGS to 2nd PUS, ‘Defence Expenditure 1990-91’, 23 October 1990.

³⁹ *Ibid.*, enclosure no. 60, FPMG(90) 8th Meeting, 23 October 1990. The overload arose because of the coincidence of the LTC, Options for Change, in-year savings, the transition to NMS and GRANBY.

underlined their political and military implications. Some measures would be recommended while others were simply presented for King's decision.⁴⁰

2nd PUS reported in late October that the forecast overspend for 1990-91 was £207m due to inflation and the Gulf crisis. Moreover, the rate of procurement spending exceeded recent averages. There was further concern about the extent of deferrals and the threat of a Treasury fine for over-spending. However, GRANBY had reduced the scope for achieving savings. Some £60m of cuts from uncommitted expenditure could be made with 'no difficulty', while another £32m largely involved deferring spending into 1991-92. A further £15m of measures were outlined but were thought likely to have adverse morale and retention consequences. Deferral of an Army committal bonus saved £14m but carried practical and reputational consequences. Yet these measures did not bridge the overspend gap, and other courses of action applicable in normal times were prevented by GRANBY. These related to stores, exercise and training support, fuel conservation and recruitment. All non-GRANBY-related training, exercises and activities were scrutinised and companies receiving immediate GRANBY orders were encouraged to slow down other deliveries to help the MoD in 1990-91. Non-NMS IT reductions were considered and 'stringent restraint' on new commitments continued. 2nd PUS warned of the potential for virtual moratoria in certain fields, excepting GRANBY.⁴¹

King was 'generally content' with the proposed savings. He believed that deployment and preparation for GRANBY provided excellent training, so scaling down elsewhere constituted a respectable source of additional savings. On procurement, King wondered how adequate financial control could be 'achieved in a system which apparently permits contractors to deliver goods when we may not have funds to pay for them'. Whatever the letter of the contracts, the MoD was in a powerful position as a major customer. He was convinced 'from his own business experience that determined negotiations should allow us to achieve some flexibility over deliveries and/or payments'.⁴² King apparently accepted that the problem did not originate with the Procurement Executive's management of the equipment programme, but he still demanded delays in equipment spending, at no extra cost to

⁴⁰ Ibid.

⁴¹ AHB, CAS 1/6/1 Part 60, 2nd PUS to PS/SofS, 'Defence Expenditure 1990/91', 24 October 1990. CDP was not optimistic about getting firms to slow down non-GRANBY deliveries.

⁴² Ibid., enclosure no. 26, PS/SofS to PS/2nd PUS, 'Defence Expenditure 1990-91', undated. King wanted to discuss further with CDP and 2nd PUS.

the MoD, to help bridge the funding gap. CDP concentrated on major programmes, excluding GRANBY-related orders and Trident.⁴³

On 29 October, 2nd PUS wrote to building block holders about LTC 91 building block submissions, forecasting one of the most difficult LTC rounds for many years.⁴⁴ None of the submissions received had met the required criteria and related targets, and there had been omissions in reporting new efficiency measures and setting comprehensive, realistic savings measures to meet specified targets. 2nd PUS sought actual lists of measures to achieve the savings needed and details of efficiencies. All building block holders had to suggest ways to cut running or programme costs.⁴⁵ Meanwhile, consultation with NATO was well underway. Where RAF Germany was concerned, the possibilities included the withdrawal of the Tornado reconnaissance squadron to the UK because of German low flying restrictions, and a reduction of Harrier numbers. However, support helicopter numbers in Germany would depend on BAOR's future form,⁴⁶ and NATO's Defence Review Committee would not endorse UK plans until it understood how they aligned with those of other states.⁴⁷

Support savings

On 25 July 1990, the organisational scope of Support work was considered in a flow chart circulated by ACDS(Prog).⁴⁸ The following day, Min (AF) emphasised the importance of maintaining the impetus of Options for Change work, and he

⁴³ Ibid., enclosure no. 25, CDP to PS/SofS, 'Defence Expenditure 1990-91', 26 October 1990. CDP agreed to give King details of companies who would not assist.

⁴⁴ Ibid., enclosure no. 27, 2nd PUS to Building Block holders, 'LTC 91 - Building Block Submissions', 29 October 1990. The building blocks and their block holders were: 1. Naval Personnel (CNP); 2. Naval Support (CFS); 3. Sea Systems (C of N); 4. Army Personnel (AG); 5. Army Support (QMG); 6. Land Systems (MGO); 7. Air Force Personnel (AMP); 8. Air Force Support (AMSO); 9. Air Systems (CA); 10. Research/Nuclear (CERN); 11. Other PE (DUS (PE)); 12. Central (DUS (F)).

⁴⁵ Ibid. Identifying measures to cut costs did not imply responsibility for the affected requirement or imply any judgement on the measures' 'acceptability'. That judgement was for King advised by the FPMG, based on proposals from the OMB and Defence Staff.

⁴⁶ AHB, CAS 2/1/3 Part 5, enclosure no. 12, Minute by D/RP(P&B), 'Options - Progress Review Meeting', 9 October 1990. German pressure to retain AD aircraft in Germany was being resisted but a final decision was needed before base closures were announced.

⁴⁷ Ibid., enclosure no. 29, DUS(P) to PS/SofS, 'Consultations on Options - Multilateral Meeting', 8 November 1990. NATO's Defence Review Committee had met on 31 October in Brussels. It was thought the meeting signalled a significant step down the road of Options for Change consultations.

⁴⁸ TNA, DEFE 25/770, enclosure no. 17(vii), ACDS (Prog) to VCDS, 2nd PUS, 'Options for Change - Support', 25 July 1990.

recommended a further announcement in late October ‘which would sweep up a range of support measures’. He also called for a more wide-ranging package to be prepared by early 1991 and asked for a status report and outline action plan from 2nd PUS by the end of August, while King wanted an update that day.⁴⁹ 2nd PUS advised King that much work was under way across the MoD and sent him a draft of the Notice to Directors and Heads of Division (NDHD). Meanwhile, firm proposals for some 80% of the volume of savings envisaged by Options for Change were to be identified by the end of 1990.⁵⁰

On the 27th, King minuted CDS and PUS to detail further Options for Change work. The single-Service Chiefs were copied in:

The basis for this further work is to be the outline force structure set out in my statement and the accompanying “fact sheet”, on the basis that its cost will be within the expenditure plans published in the last Public Expenditure White Paper. For 1993/94 it should be assumed that provision will be no higher than in the PES baseline for that year. Continuing reductions in real terms of at least 1% a year should be assumed thereafter.⁵¹

In framing the Alternative Assumptions to be costed in LTC 91, the possibility of reductions below baseline being agreed in PES 90 was allowed in the usual way. This involved realistic provision for inflation and pay awards across the period on the lines already used in the Options for Change work but incorporating the latest inflation projections. King observed that his statement was reasonably specific on Royal Navy and RAF future force structures although the phasing of implementation remained open. Further work, in consultation with allies and NATO, was required on the BAOR to test the affordability of options. Once precise force structures were settled, King would consult the individual Chiefs for advice

⁴⁹ Ibid., enclosure no 20(ii), PS/Min (AF) to PS/2nd PUS, ‘Options: Further Work on Support’, 26 July 1990. It was hoped a package on support could form part of the *Defence Estimates*, brought forward to March/April 1991.

⁵⁰ Ibid., enclosure no. 20(iv), 2nd PUS to PS/SofS, ‘Options for Change – Support Area’, 26 July 1990; AHB, CAS 2/1/3 Part 4, enclosure no. 35, ‘Defence Options Implementation Team: Record of a meeting held in CDS’s Conference Room 6 August 1990’, 20 August 1990. The RAF representative was Air Commodore M. van den Veen. On King confirming Kenneth Macdonald (2nd PUS) as Project Leader see enclosure no. 28, PS/2nd PUS to ACAS, ‘Options for Change – Restructuring of Support Area’.

⁵¹ TNA, DEFE 25/770, folio 23(i), SofS to CDS, PUS, ‘Defence Policy Options: Further Work’, 27 July 1990. This minute consolidated the arrangements set out in King’s minute of 19 June.

on the future of specific formations and units.⁵² King also wanted Min (AF) to investigate the benefits of longer warning time and the division of work between the MoD and contractors. Detailed scrutiny of equipment plans and R&D effort was to be initiated, building on earlier work by Min (DP). Detailed work on force composition was still to be supervised by DUS(P)'s Working Group under VCDS and 2nd PUS, but a wider circle from the Service areas was included. Those involved in Options for Change follow-up work could comprise a broader spectrum. The timing of further decisions and announcements was subject to a range of factors including international developments, the PES outcome and progress with the various studies. King requested a progress report by 10 September, before PES discussions with the Chief Secretary.⁵³

On the 30th, 2nd PUS wrote to the Service Chiefs and CDP about economies on existing commitments and contracts following Options for Change. He highlighted the retirement of the Phantom and the Buccaneer. Broad retirement dates were outlined, which offered some potential for early support savings in personnel, training and spares. The 2nd PUS, Kenneth Macdonald, as Project Leader for the Post-Option Restructuring of Support, was soon designated Head of the PROSPECT Team.⁵⁴ On 31 July, King advised Macdonald that he was broadly content with the Support proposals but wanted an earlier timetable and backed Hamilton's suggestion for savings announcements in the autumn. He had been pleased to learn that industrial and commercial representatives were involved.⁵⁵ Also on the 31st, assumptions for support planning were circulated by ACDS(Prog). He highlighted the front-line force structures detailed in the relevant Annex from the Options for Change paper, the warning time/readiness states agreed with the Chief of Defence Intelligence (CDI), the need to review war stocks by the end of

⁵² Ibid. SofS's Commons statement on the Command Paper detailing Army restructuring was made on 23 July 1991.

⁵³ Ibid. King said papers on the Options for Change studies themselves, including those suggested to Ministers but not pursued, should continue to be held within the original group.

⁵⁴ TNA, DEFE 25/770, 2nd PUS to single-Service Chiefs and CDP, 'Option for Change – Follow Up', 30 July 1990. The post-Options for Change restructuring of support was named PROSPECT by David Omand, which he thought was sufficiently far-seeing and could mean:

Post-options
Restructuring
Of
Support

ProjECT, enclosure no. 25, AUS(MS) to 2nd PUS, 'Post-Options Restructuring of Support (PROSPECT)', 30 July 1990. This name was later given to the Headquarters study.

⁵⁵ TNA, DEFE 25/770, enclosure no. 30(i)a, PS/SofS to PS/2nd PUS, 'Options for Change – Support Area, 31 July 1990.

September and budgetary provisions assumed in the Options for Change proposals.⁵⁶

The restructuring of support comprised all defence activity outside operational units.⁵⁷ As AFBSC Chairman, CAS assumed the work of identifying RAF options. On 2 August, he advised ACAS that although support savings were needed to protect the front line from more cuts, ‘the work should not be approached as a costings exercise but as a positive opportunity to restructure the RAF on the best possible basis for future years, i.e., the “Service Dividend”.’⁵⁸ In considering the relocation of the front line, he specifically mentioned Nimrod and Tornado basing arrangements and proposed disbanding the Tri-national Tornado Training Establishment (TTTE). No more than two Hawk training stations would be needed, at Chivenor and Valley, with Brawdy retained for other uses. Where Basic Flying Training Schools (BFTS) were concerned, it was planned to dispose of Church Fenton, and for recruit training Swinderby’s closure was also proposed. Following significant recent investment at Abingdon, CAS recommended retaining the airfield and disposing of Benson. On UK estate issues, the aim would be to concentrate activities at well-found stations, retained because of runway, hardened aircraft shelters (HAS) or other valuable facilities. Other considerations included the need to leave scope for front-line expansion and the return of aircraft and personnel from Germany.⁵⁹ In Germany, Bruggen and Laarbruch’s retention reflected the fact that they were ‘well found, hardened bases’. Command arrangements in Germany assumed that RAF Germany would be a Two Star Group Command under HQ Strike Command. The RAF Regiment would also be reduced in line with Options for Change. CAS concluded with a reminder that timing was a key factor. Moving more rapidly meant less uncertainty but possible turbulence and disruption. Drawing up an implementation plan was a major factor in proposals to the AFBSC.⁶⁰

⁵⁶ TNA, DEFE 25/770, enclosure no. 30, ACDS to ACDS(L), ACNS, ACGS, ACAS, ‘Options – Assumptions for Support Planning’, 31 July 1990. Under military manpower levels detailed in the attached Assumptions paper, the RAF on 1 April 1995 would consist of around 75,000 Regulars and around 11,000 Reserves.

⁵⁷ *Ibid.*, enclosure no. 30(ii), PS/2nd PUS to ACNS, ‘Options for Change – Restructuring of the Defence Programme’, 1 August 1990.

⁵⁸ AHB, CAS 2/1/3 Part 4, PS/CAS to SO/ACAS, ‘Options for Change in the Support Area’, 2 August 1990.

⁵⁹ *Ibid.* The list of stations to be considered for closure was: North Luffenham, West Raynham, Coltishall, Swanton Morley, Church Fenton, Quedgely, Benson (or Abingdon), Syerston, Newton, Swinderby, Wyton and Portreath.

⁶⁰ *Ibid.* Gatow’s closure would be dependent on developments in the united Germany. See also AHB, Royal Air Force New Release 33/90, ‘RAF Bases in Germany’, 13 November 1990; 11/91 Options for

Separately, 2nd PUS advised Min (AF) that there might be enough substance for an autumn statement on support, although ministerial decisions on a number of issues would be required in the interim.⁶¹ He appreciated King's desire for rapid progress but argued that 'sound decisions in this complicated area' would take longer to finalise than plans affecting the scale of the front line. He had approached Lord Rayner of Marks & Spencer for advice and private sector expertise.⁶² 2nd PUS hoped that the proposed savings could be identified by the end of August, and he suggested a milestone report before Christmas. He was particularly interested in R&D proposals and was scrutinising all fundamental research conducted in-house.⁶³

On 6 August, VCDS advised the Chiefs that far more detailed work was required to develop and fully cost the Options for Change proposals and advised them that the Options for Change Working Group, chaired by DUS(P), would retain a central role. Its membership included those in the Defence Staff leading consultation with allies and the NATO military authorities, and those in the OMB with responsibility for operating the LTC mechanism. The working group was to develop detailed force structure proposals, co-ordinate support for Min (DP)'s work on the equipment programme, monitor Options for Change-related work to ensure that it met the Ministerial timetable, and maintain liaison with other Government departments.⁶⁴

The LTC process and the drafting of Alternative Assumptions (AA), by the Resources and Programmes divisions, in consultation with Plans divisions and Service staffs, were central to the development of new force structures under Options for Change. Preparation was overseen by AUS(Prog) and ACDS(Prog). The AAs had to cover King's force structure proposals and other variations that Ministers, the Defence Staff and the OMB wanted to see costed. Much force structure work was geared towards consultation with NATO on the future UK contribution in Germany, as well as the wider regular/reserve balance.⁶⁵ Alongside 2nd PUS's initial request for MoD-wide inputs on the support areas, the Defence

Change in RAF Germany', 10 May 1991; Michael Evans, 'Two RAF bases to close in Germany are named', *The Times*, 14 November 1990.

⁶¹ TNA, DEFE 25/770, 2nd PUS to Min (AF), 'Options – Support Area', 2 August 1990.

⁶² AHB, CAS 2/1/3 Part 4, enclosure no. 27, 2nd PUS to PS/SofS, 'Options for Change – Support Area', 3 August 1990.

⁶³ TNA, DEFE 25/776, enclosure no. 9, PS/Min (AF) to PS/2nd PUS, 'Options – Support Area', 6 August 1990. 2nd PUS asked the Services and the PE for their input by 31 August. See 2nd PUS to DUS(DP), 'Options for Change – Restructuring of the Support Area', 6 August 1990.

⁶⁴ *Ibid.*, enclosure no. 1, PS/VCDS to Sec/CNS, MA/CGS, PS/CAS, PS/CDP, 'Defence Policy Options', 6 August 1990.

⁶⁵ *Ibid.*

Staff and the OMB were to report to Min (AF) on war stocks by the end of September.

Meanwhile, work progressed on support policy assumptions, incorporating judgements on warning times, which had to be submitted for Ministerial endorsement early in September,⁶⁶ and AUS(Prog) initiated work to provide Min (DP) with relevant data sheets on the equipment programme. These were prepared by the OMB, the Defence Staff and the Procurement Executive, detailing equipment cost, continued relevance and off-the-shelf alternatives. Data sheets on collaborative programmes were completed before those on national programmes. Following focussed meetings and the circulation of a range of papers, Min (DP) was then to produce a set of recommendations for the equipment programme's content. A cross-Options for Change progress report was to be prepared by the working group by 10 September.⁶⁷

By early August, a one-star group from the MoD and the Commands had formed the Defence Options Implementation Team (DOIT), headed by the Directorate of Air Force Staff Duties (DAFSD). On the 15th, ACAS commissioned 31 studies to form an overall implementation strategy, which would produce papers for the AFBSO from mid-November, for agreement by Christmas. He acknowledged that this was a 'challenging exercise' given the size of the task and the fact that it was being undertaken while a major operation was under way in the Gulf.⁶⁸ Nevertheless, 'The overall objective was to produce a smaller force structure, but with the best operational posture, greater efficiency and a better quality of life for

⁶⁶ Ibid.

⁶⁷ Ibid. See also AUS(P) to PS/Min (DP), 'Options: Equipment Programme', 8 August 1990 enclosing data sheets for Major Collaborative Programmes. AHB, CAS 2/1/3 Part 4, enclosure no. 38, An NDHD for restructuring the support area was issued. MoD Notice to Directors and Heads of Divisions, '24/90 Options for Change – Restructuring of Support Area', 24 August 1990.

⁶⁸ AHB, CAS 2/1/3 Part 4, 'Defence Options Implementation Team – ACAS Directives for Studies', 15 August 1990. The 31 papers were (1) Implementation strategy (2) Estate rationalisation (3) Phantom (4) RAFG (5) GR1/GR4 (6) Buccaneer (7) MPA (8) Jaguar (9) Harrier (10) RAF Wyton (11) SAR (12) RAF Regiment (13) Provost (14) Flying Training (15) AAR (16) Operational Posture (17) Joint Forces (18) Manpower (19) Ground Training (20) Support Consequences: 3rd and 4th Line (21) Support Consequences: Stockholding (22) Support Consequences: Stocks (23) Support Consequences: Movements (24) Support Consequences: Communications and Signals (25) Support Consequences: 2nd Level Support (26) Support Consequences: Recruiting (27) Support Consequences: Estates (28) Support Consequences: Organisation and HQ (29) Support Consequences: LTC (30) Support Consequences Paper (31) Implementation Planning.

the Service.’⁶⁹ Despite the best long-term structure being the goal, short-term problems persisted, notably the PES negotiations, which had to be completed by December. These raised the possibility of short-term adjustments in the interim, although it was thought that most changes would not be announced publicly until the spring.⁷⁰ Projections suggested that if recruitment and retention levels remained constant, the RAF would be around 400 front-line pilots short in 1995, despite the reduced front-line force. Initial Pupil Selection (IPS) had to be increased from 150 to 200 to get closer to manning balance. This was incompatible with reducing three Basic Flying Training Schools (BFTS) to two and the figures were equally disturbing for the ground trades.⁷¹

On 23 August, the AMP wrote to CAS about wider personnel issues. Among other things, he warned of a worrying outflow of officers and emphasised the vital importance of improving pilot retention. The trained requirement on 1 July 1990 was 75,322 but trained strength was 68,462, a 9.1% deficit. This was expected to rise to 10% by April 1991. However, the 75,000-strong RAF envisaged by Options for Change implied 57,500 trained ground personnel by April 1995. The aim was to achieve a controlled rundown by reducing recruitment targets but making allowances for the deficit level. However, the RAF was top-heavy with starred appointments, and this would be highlighted by its critics. One positive factor was that officer Premature Voluntary Release applications and exits had seemingly peaked, and ground airmen applications were apparently decreasing.⁷²

⁶⁹ AHB, AFBS13(90) Conclusions, 13 September 1990; AFBS(90)20, ‘Defence Options Planning in the AFD’, Note by ACAS, 5 September 1990.

⁷⁰ *Ibid.*

⁷¹ AHB, CAS 2/1/3 Part 4, enclosure no. 35, ‘Defence Options Implementation Team: Record of a meeting held in CDS’s Conference Room 6 August 1990’, 20 August 1990. ACAS said: ‘The majority of the work on the “Options” had been undertaken by MoD staffs in the Plans and RP divisions, led by CDS and PUS. The methodology had been to create building blocks based upon Defence of UK, our Nuclear capability, maritime operations and, at a lesser scale than now a capability to defend forward in the Central Region and elsewhere. The involvement of other staffs, including the COS, grew as the proposals were firmed-up and eventually the packages had been refined to a single Option with variations. This had been staffed with the FCO and Treasury at official level and subsequently by OD.’

⁷² AHB, CAS 2/1/3 Part 4, AMP to CAS, ‘Options for Change – Personnel Considerations’, 23 August 1990. AMP said he had been advised by the Air Historical Branch that 1938 was the last year that saw the RAF at roughly the same size to that planned in 1993. However, comparison between the Air Force List in December 1938 with 1990 made ‘uncomfortable reading’ in starred appointments. Four Star numbers had risen from three to five, Three Star numbers had grown from six to nine, Two Star numbers had gone up from 24 to 34. One Star numbers had jumped from 41 to 95. Overall, the starred appointments had increased from 74 to 143.

The AFD's response on restructuring the support area was submitted at the end of the month. ACAS explained that there were three interrelated threads of work. First, there was pre-Options for Change work on cutting support costs, some of which required renewed study following Options changes. Second, there were the direct Support consequences from Options for Change front-line reductions. Finally, the third thread involved utilising Options for Change measures to 'rationalise our infrastructure so that we can improve our running costs and give our people a better quality of life'. If it was cost-effective, operational activities would be concentrated on airfields with survivability enhancements, which were considered the most sensible locations for future roles. Stations requiring heavy capital spending or with high running costs had been earmarked for disposal, land values being taken into consideration. The work would be undertaken by the DOIT, with the AFBSC acting as a steering group. An overall implementation plan was to be produced by the end of 1990. The AFBSC would take early decisions. The Phantom's retirement would enable prompt closure of the OCU, with support repercussions. Key issues requiring resolution surrounded base closures, aircraft holdings and deployment, army support requirements, and training. ACAS believed that the RAF was well placed to use Options for Change to restructure in ways that improved operational cost effectiveness.⁷³

On 10 September, the AOC-in-C Support Command advised CAS that Options for Change provided an opportunity for Support Command to accelerate planned rationalisation work, but early savings would be limited. By its very nature, support was reactive to the size and shape of the front line. He also argued that support savings resulting from the reduced front-line force should not be sought solely from Support Command; they should also impact the MoD and other RAF Command and Group HQs. He believed that early savings in the training sphere were unlikely because of the ongoing recruitment and retention problems and would ultimately be dependent on the requirement for and throughput of trainees. Economies would arise from reduced wastage in training and from enhancing quality. The AOC-in-C Support Command supported the case for consolidating related aspects of training into centres of common activity.⁷⁴ In response, CAS agreed that front line reductions

⁷³ Ibid., enclosure no. 40, ACAS to PS/2nd PUS, 'Options for Change – Restructuring of Support Area', 31 August 1990; enclosure no. 47, 2nd PUS to DUS(P), 'Options for Change – The Support Area', 5 September 1990 relayed ACAS's concerns over central guidance. It was thought helpful if the RAF member of PROSPECT was also a member of AFD's DOIT to ensure continuous sharing of information, assisting coherent development of the implementation plan.

⁷⁴ AHB, CAS 2/1/3 Part 4, AOC-in-C, Support Command to CAS, 'Options for Change – RAF Support Command', 10 September 1990.

might be reflected in a more streamlined training organisation and reiterated the need to improve retention. He was pleased that Support Command backed this approach to a 'leaner yet secure future infrastructure'.⁷⁵

More widely, on warning times and readiness, 2nd PUS advised Min (AF) that a concept of Readiness Preparation Time had been developed, which assumed considerably longer notice periods for preparation. Similarly, with reconstitution, two years was to be assumed as the basis for examining capacity to reconstitute forces. More work was required to ascertain provisions for reconstitution that represented a sensible use of resources.⁷⁶ Although due to retire on 30 September, 2nd PUS, Kenneth Macdonald, was subsequently retained as Project Manager for Options for Change, assisted initially by AUS (NMS), David Omand, and a team of three one-star officers from each Service.

On 9 October, ACAS submitted an implementation strategy paper⁷⁷ to the AFBSC, which provided an overarching strategy and framework for detailed work on implementing front-line changes, Support restructuring and timescales. Restructuring might improve the quality of life for RAF servicemen and civilians, but in the short term the timetable for RAF Germany's drawdown involved the rapid relocation of about 2,000 families and posed significant housing and education problems. Some allowance had been made for relocation costs in Options for Change, but it required refinement.⁷⁸ The paper proposed concentrating the Nimrod force at RAF Kinloss, whilst maintaining a maritime air presence in southern England. Meanwhile, work on support helicopters was being conducted, although the total future helicopter requirement depended substantially on the Army's final size and role. On basic flying training, concentration at two stations would allow some economy in Tucano numbers but less than initially assumed in Options for Change. Moreover, flexibility was required in the training organisation to accommodate aircrew from disbanded squadrons and reabsorb them into the new structure. The AFBSC had also proposed that the future of maintenance work should

⁷⁵ Ibid., enclosure no. 56(i), CAS to AOC-in-C, Support Command, 'Options for Change – RAF Support Command', 20 September 1990.

⁷⁶ Ibid., enclosure no. 53, 2nd PUS to Min (AF), 'Options for Change – Support Assumptions', 10 September 1990. The need for legislation to allow greater use of reserves to exploit longer preparation times was also highlighted.

⁷⁷ AHB, AFBSC(90)21, 'Defence Options Implementation Strategy', Note by ACAS, 9 October 1990.

⁷⁸ AHB, AFBSC15(90) Conclusions, 16 October 1990. It was recognised NATO and German views would be required. At that point it was said that although Phantom drawdown might be complicated by GRANBY, this should not delay Wildenrath's early closure.

'be investigated without preconceptions and in the light of the real full cost of retaining capacity in the Service, taking account of the importance to the RAF's operational posture, which GRANBY has shown so clearly, of the "high-tech" capability which the 3rd line provides.' This whole area was reportedly undergoing efficiency scrutiny.⁷⁹

Studies of flying training had ultimately shown that the necessary Initial Pupil Selection (IPS) of up to 165 (and surge capacity up to 187) could be achieved by two BFT schools, each with an enhanced relief landing ground. Advanced flying training schools/tactical weapons units at Valley and Chivenor were to support a fast jet IPS of 66 plus Qualified Flying Instructors (QFIs). There was no scope for changes to multi-engine or rotary wing training. Elementary flying schools were to be contracturised, and both personnel numbers and aircraft establishment at the Central Flying School would therefore be changed. The long-term IPS for navigator training was cut from 85 to 65, although for two years the IPS would be 50. One BFTS, Church Fenton, would close, as would the Tactical Weapons Unit at Brawdy, cutting Service personnel, civilians and instructors, and more than 20 training aircraft. Subsequently, 2nd PUS applauded the RAF's efforts to achieve early savings but questioned whether investment appraisals had been carried out and suggested that subsequent investigations might illustrate the scope for alternative approaches.⁸⁰ Nevertheless, the paper's general line was largely approved, subject to queries concerning training throughput and aircraft numbers.⁸¹

Within the RAF, CAS hosted informal Options for Change meetings with senior colleagues, providing an overview of the progress being made by the two other Services before examining specific RAF matters. On 16 October, the location of the Jaguar force was discussed, along with the retirement of the Phantom, and the closure of Wildenrath and the OCU at Leuchars. Tornado ADVs were to replace Phantom F4s in the Falkland Islands. Among the contributors, C-in-C RAF Germany said that the only scope for early economies lay in accelerating squadron disbandment; he assumed that UK stations could absorb the units and personnel from Germany. The down-declaring of the RAF Germany Tornado squadrons also raised challenging personnel and family issues, particularly in the spheres of accommodation and education. Inevitably, GRANBY was impacting on the process.

⁷⁹ Ibid.

⁸⁰ AHB, AFBSC19(90) Conclusions, 19 December 1990. 2nd PUS also wanted DUS(F)'s staff involved in the process at an early stage.

⁸¹ Ibid.

CAS agreed, but he argued that the RAF should still seek to implement planning assumptions, if necessary seeking guidance from Ministers concerning GRANBY-related aspects and costs.⁸²

German defence interest in King's Options for Change statement was muted. Dr Stoltenberg, the German Defence Minister, believed that NATO could work collectively to determine the scale of force reductions alongside the planned cuts to the *Bundeswehr* to 370,000.⁸³ The air dimension of Options for Change concerned the Germans most. The *Luftwaffe's* Vice-Chief expressed surprise that three Tornado squadrons had been mothballed and hoped that there would be close consultations over the two stations selected for closure.⁸⁴ C-in-C RAF Germany queried the RAF's decision to shut bases when emerging Army plans suggested that they would not begin withdrawing forces from Germany for two years.⁸⁵ The German authorities initially sought to delay any announcement on base closures until after the elections on 2 December, but subsequently agreed that a statement could be made in the fortnight leading up to the elections. C-in-C RAF Germany did not want personnel to learn of the closures through media leaks.⁸⁶

On 13 November, CDS told the Inspector General of the Federal German Defence Forces that the decision to close two bases would be announced in Parliament that day. The statement would take the form of an inspired PQ answer. Flying activity at Wildenrath and Gütersloh would progressively reduce from mid-1991 as unit withdrawal commenced. The two bases would close at the end of 1992 and the end

⁸² AHB, CAS 2/1/3 Part 5, enclosure no. 20, Minute by PS/CAS, 'Record of Discussion of CAS's Third Informal Meeting on Options, 16 October', 23 October 1990.

⁸³ TNA, DEFE 25/770, Webb (PS/SofS) to Gozney (PS/Foreign Secretary), 25 July 1990. Stoltenberg was pleased the UK had not followed the French example of talking about complete withdrawal from Germany.

⁸⁴ TNA, DEFE 25/776, Neville-Jones (Minister, British Embassy, Bonn) to Gomersall (Head, Security Policy Department, FCO), 'Options for Change: FRG Reactions', 14 August 1990. As the air defence requirement and opposition to low flying increased, the Germans were puzzled why Tornado squadrons were staying but air defence aircraft were being withdrawn, developments seemingly inconsistent with NATO's changing face and role. The Germans hoped the withdrawal of the two Phantom AD squadrons would reflect the *Luftwaffe's* gradual assumption of the air defence and air policing of the united Germany.

⁸⁵ *Ibid.*

⁸⁶ AHB, CAS 2/1/3 Part 5, enclosure no. 32, Head of Sec (NATO/UK) (P) to PS/Min (AF), 'Closure of RAF Bases in Germany', 8 November 1990.

of 1993 respectively. Detailed decisions on BAOR's future size and shape would take somewhat longer.⁸⁷

Planning assumed that RAF Germany would be assigned Group status under HQ Strike Command.⁸⁸ Aircraft and manpower from RAF Germany had supplemented forces for GRANBY. Laarbruch's provision of ALARM (Air Launched Anti-Radar Missile) - capable aircraft meant that the planned disbandment of the first Laarbruch squadron on 31 December 1990 was not feasible. The AFBSC decided that, subject to the date of their return from the Gulf, it would down declare on 1 April 1991, disbanding with appropriate ceremony by 31 July 1991. The future of the RAF Regiment was meanwhile subjected to close scrutiny, the chief focus being RAF Germany and Rapier battery reductions; Headquarters staff in Germany were to be cut by more than 50%.⁸⁹

Options for Change signalled that the two Tornado variants would provide the RAF's backbone in future. Building on this assumption, ACAS recommended that Tornado GR1 squadrons should be consolidated at Bruggen, Marham and Lossiemouth. Crew skills posed a concern, as new equipment such as ALARM and TIALD (Thermal Imaging Airborne Laser Designator) were introduced and squadrons assumed extra roles. This required careful consideration, given the planned reductions in establishment and manning levels. Fleet management was becoming critical. New GR1 variants emerged due to significant modifications undertaken to some fleet aircraft for GRANBY. Plans for Batch One and ASUW upgrades were placed under review because of the changing situation, and GRANBY's wider impact on the Tornado force also had to be ascertained.⁹⁰

Options for Change involved three major developments for the Tornado GR1 force.⁹¹ First, the ASUW Buccaneer squadrons were to be replaced from 1 April 1994 by two existing Tornado GR1 squadrons based at Marham, which would retain their overland strike role. Operational factors subsequently dictated the move of the

⁸⁷ Ibid., enclosure no. 39, CDS to Inspector General Federal Defence Forces, 13 November 1990. TNA, DEFE 68/1269, 'Defence for the 90s: Aide-Memoire on Announcements to Date, July 1990-March 1992. It was announced the Princess of Wales RAF Hospital at Ely would close by 31 March 1993. Phantom rundown at Wildenrath would start from July 1991.

⁸⁸ AHB, AFBSC17(90) Conclusions, 26 November 1990.

⁸⁹ Ibid.

⁹⁰ TNA, AIR 6/397, ACAS to CAS and others, 'Options Paper - Tornado IDS', 19 February 1991.

⁹¹ For an initial view on the likely impact of Options on the Tornado GR1 Force see TNA, AIR 6/321, Draft paper by ACAS 'The Tornado IDS Force – Options for Change', 31 August 1990.

ASUW units and TWCU (Tornado Weapons Conversion Unit) to Lossiemouth. Secondly, three Tornado GR1 squadrons would be disbanded and their aircraft placed in storage as attrition reserves. Finally, four GR1 squadrons would be held in Germany. In total, this would leave eight Tornado GR1 squadrons, four in the UK and four in Germany. These measures were to be completed as far as possible by April 1993 and no later than 1 April 1995. For costing purposes, Resources and Programmes (Air) assumed that they would be initiated soon after 1 April 1992. The major redeployment of the Tornado GR1 force involved a range of complex issues, including the Tornado Enhancement Programme (assumed by ACAS to involve the upgrade of a batch 1 and 2 aircraft, with an ISD of May 1995 and 18 aircraft being modified as refuelling aircraft), modifications to undertake the ASUW role previously performed by Buccaneers and measures related to the maintenance a sub-strategic nuclear capability.⁹²

Both Tornado reconnaissance squadrons, No. 11 and No. 13, were to move to Marham during 1991 and 1993 respectively and declared in the strike role to allow early disbandment of Laarbruch's three strike/attack squadrons by May 1992. The wider strike declaration to NATO was to be reduced from 124 to 112 aircraft on 1 September 1991, increasing to 120 on 1 April 1992. The decision to retain four Tornado strike/attack squadrons in RAF Germany at Bruggen was linked to the minimum altitude allowed for low flying in Germany, which dictated the basing of reconnaissance squadrons in the UK. Cottesmore remained the TTTE's (Tornado Tri-national Training Establishment) home until tri-national disbandment was agreed. Of the two Tornado GR1 bases in East Anglia, Marham was retained, while Honington was placed on a care and maintenance (C&M) basis, as it seemed possible that the SSA (Special Storage Area) would be needed until 2000.⁹³

One important post-Options initiative was the establishment of the PROSPECT Study Team, which was tasked to review the MoD Headquarters and its relationship with defence units and establishments, including Command Headquarters. The objective, by 1 April 1993, was to secure reductions of at least 20% to headquarters' staffs and to rationalise HQ functions, as well as those of geographically dispersed logistics support elements. Recommendations were to be presented to CDS and PUS in March 1991. PROSPECT was also the focus of criticism, partly because of the small size of the study team, and partly because of the scale and speed of cuts that

⁹² Ibid.

⁹³ TNA, AIR 6/397, AFBSC(91)2(X) Revised, 'The Tornado IDS Force – Options for Change', Note by ACAS, February 1991. The Buccaneer force was to be disbanded by 1 October 1994.

their remit implied. The Heseltine Review in 1984 had reportedly been conducted by a larger team and took longer to save only 4% of staff posts.⁹⁴ Nevertheless, Options for Change and PROSPECT led to an agreement between the Services that each would employ similar organisational structures and eliminate their Principal Administrative Officer posts – the AMSO in the RAF. They would be replaced by three new C-in-C appointments, the RAF commander being the C-in-C Logistics Command.⁹⁵

Following a COS meeting and discussions with Air Commodore Van der Veen, the RAF's PROSPECT team member, CAS told an informal Options for Change group meeting on 12 November 1990 that he wanted ACAS and Director Air Plans to 'formulate a view on how best to use the PROSPECT Team as a conduit for RAF views'. He hoped their work could be directed towards areas of substance where larger savings might be achieved, and the MoD's Financial Planning Management Group approved this approach. CAS's Options for Change meeting otherwise examined papers on Flying Training, Buccaneer, RAF Wyton and Harrier. It was assumed that Church Fenton and Basic Flying Training (BFT) would be concentrated at Cranwell and Linton-on-Ouse. With the wider net outflow of pilots, an Initial Pupil Selection (IPS) of 165 would be retained, equating to the BFT task. Any reductions to this IPS would harm pilot strengths in the longer term. Moreover, Tucano savings amounted to one aircraft rather than 19 assumed in the Resources and Programmes (Air) Options Assumptions. This was because the training task in the longer-term would be the same as existing task and this required the retention of broadly similar numbers of Tucanos.⁹⁶

To replace the Buccaneers with two existing squadrons of Tornado GR1s in the ASUW role, 30 aircraft would be modified in stages to carry Sea Eagle, providing a 24 Aircraft Establishment (AE) force; the ASUW role would not be gapped. The Tornados would also be capable of undertaking strike/attack overland missions. Buccaneers and Hunters would be withdrawn from service between April 1992 and April 1995. Although Wyton was not mentioned in King's Options for Change statement, the meeting accepted that the Canberra's withdrawal from service offered possibilities for rationalisation and station closure. Nevertheless, it was thought that

⁹⁴ TNA, DEFE 25/822, DCDS(C) to DCDS(P&P), 'Post Options/Prospect – Defence Staff', 4 March 1991.

⁹⁵ ACM Sir Michael Alcock, 'Support Matters', *Royal Air Force Historical Society, Cold War Air Systems Procurement*, (2017), pp. 106-123, particularly p. 121.

⁹⁶ AHB, CAS 2/1/3 Part 5, Record of Decisions of CAS's Fourth Informal Meeting on Options, 12 November 1990.

some units might remain at Wyton while others relocated there and occupied accommodation vacated by Canberra units. A full Investment Appraisal on Wyton's future was to be prepared for the Air Force Board Standing Committee (AFBSC). Finally, on Harrier, the meeting agreed that a separate Options for Change paper was unnecessary. It followed an overarching strategy paper taken by the AFBSC. The key issue was basing for the RAF Germany Harriers if they returned to the UK; Wittering and Cottesmore were mentioned.⁹⁷

On Options for Change implementation, the PROSPECT team was advised that in addition to the closure of Wildenrath, Gütersloh and the RAF Hospital at Ely, further measures could lead to at least five UK stations closing, although assessment elements required completion. The RAF wanted early announcements, as demonstrated with RAF Germany, but such statements needed to be unequivocal. The AFBSC was considering numerous proposals by December, perhaps leading to a 'coherent package' of station closures for announcement in January or February 1991.⁹⁸ An update by Kenneth Macdonald on 19 November acknowledged the proposed RAF closures but stated that 'the return for immediate action is disappointing.' He echoed the advice given to the PROSPECT team, stressing that there were up to eight stations nearing a decision, but warned that it was important for announcements on closures to be 'unequivocal and soundly based'.⁹⁹ Macdonald took the Air Force Department's line in his minute to Min (AF) but advised ACAS, 'The corollary is that a much more positive situation needs to be available in January.'¹⁰⁰

Macdonald advised Min (AF), Archie Hamilton, that the AFBSC would consider papers before Christmas on Phantom rundown, Buccaneer replacement, Flying Training, Tornado, Search and Rescue, Maritime Patrol Aircraft and possibly the RAF Regiment. Based on the outcome of discussions, it was hoped that specific decisions on station closures could be announced. Macdonald highlighted Hullavington, Quedgeley and Abingdon but hoped for others in the UK. Although

⁹⁷ Ibid.

⁹⁸ AHB, CAS 2/1/3 Part 6, enclosure no. 56, D/Sec(AS) to PROSPECT Team – Mr Alexander, 'Implementation of Options for Change', 15 November 1990.

⁹⁹ Ibid., Macdonald (Head, PROSPECT Team to PS/Min (AF), 'Implementation of Options for Change', 19 November 1990.

¹⁰⁰ Ibid., enclosure no. 14, Macdonald (Head, PROSPECT Team) to ACAS, 'Implementation of Options for Change', 20 November 1990. Macdonald enclosed station notes provided by Air Force Department with his letter to Hamilton to advise what required resolution. However, as some issues pre-dated Options for Change, he emphasised to ACAS it was important outstanding points were resolved within eight weeks.

with a 'special effort' one or two closures could be announced before the Christmas recess, the 'preferable course' was for the AFBSC to complete its December meetings and aim for a late January announcement closing six stations.¹⁰¹ Hamilton remained 'concerned at the slow pace of savings in the support area' and pressed for announcements before Christmas. He also wanted more meetings with Macdonald, Principal Administrative Officers (PAOs) and the Assistant Chiefs to examine early progress, particularly the timescale for announcements on Naval bases, UK Army depots and RAF stations.¹⁰² Min (AF), Macdonald, AMSO and ACAS met on 30 November to discuss RAF station closures, and an action plan was agreed, corresponding to the RAF's Options for Change plans and reflecting the implications of LTC 91. Station closures were:

RAF Station	Announcement	Closure
Brawdy	January 1991	July 1992
Church Fenton	January 1991	July 1992
Abingdon	January 1991	April 1992
Hullavington	January 1991	April 1992
West Raynham	February 1991	1993 ¹⁰³

West Raynham would close when Rapiers were transferred to Wattisham. Other stations were also earmarked for closure. No final decisions were taken on the storage and maintenance sites at Quedgely and Carlisle. Residual activity was anticipated at RAF Honington, although it was to switch to C&M in 1993. It was also assumed RAF Gatow would close in 1995, and AMSO wanted to close RAF Mount Batten soon, transferring the School of Combat Survival and Rescue to St Mawgan.¹⁰⁴

On personnel, AMP advised that reducing the pilot and navigator IPS requirement below 165 and 65 respectively would have a knock-effect on General Duties (GD) manning. Nevertheless, estimates of the Options for Change changes failed to identify establishment reductions in the numbers anticipated and a refined assessment of manning requirements was soon required. With demographic changes

¹⁰¹ Ibid., enclosure no. 58, Macdonald (Head, PROSPECT Team) to PS/Min (AF), 'Implementation of Options for Change', 20 November 1990.

¹⁰² AHB, CAS 2/1/3 Part 6, enclosure no. 16, PS/Min (AF) to Macdonald (Head, PROSPECT Team), 'Implementation of Options for Change', 22 November 1990.

¹⁰³ Ibid., enclosure no. 64, ACAS to AMP, AMSO, 'RAF Station Closures', 30 November 1990.

¹⁰⁴ Ibid.

also a factor, AMP steered staffs away from intake plans that reduced strength significantly ahead of requirement. Although Office of Management and Budget (OMB) resistance was anticipated, he envisaged that ground personnel intake numbers would be reduced in subsequent years but only when new requirements were measured more precisely. The ground personnel intake of 6,000 for 1991-92 was forecast to be less than the outflow.¹⁰⁵

In the meantime, following his October meetings, Min (DP) completed his equipment programme review, examining all national and collaborative projects over £10m. Clark identified projects and capabilities which with acceptable risk could be abandoned, particularly projects geared exclusively to the Soviet threat - notably land systems. On air systems he wrote:

Until Options, it was intended to procure EFA to replace Phantom and Jaguar; UK air defence was to be provided by a mix of Tornado ADV and EFA. Studies were underway into the possibility of a major Weapons Systems Upgrade for the ADV. In the light of Options, I believe it would be sensible to plan on the basis that EFA will eventually replace the ADV. In these circumstances, I see no point in continuing with the Tornado ADV upgrade or any other new improvement programmes for that aircraft, including the proposed procurement of Active Skyflash missiles. As the Weapon Systems Upgrade was not funded, the saving from deleting radar improvements is comparatively small - but overall would be about £500m with the deletion of the other programmes.¹⁰⁶

Clark maintained that there would be a continued requirement for the SR (A) 1238 air-launched, anti-armour weapon, which offered a versatile, rapid-reaction capability, but costs were 'exorbitant'. He recommended replacement by a 'more modest' programme. He had reservations about waiting for the resolution of the Support Helicopter requirement for central Europe before the more pressing need for Wessex replacement for Northern Ireland was addressed. He wanted the MoD to provide a specification for a new Light Support Helicopter, costing in LTC 91 various possibilities for the force mix of Medium and Light Support Helicopters.¹⁰⁷

¹⁰⁵ AHB, CAS 2/1/3 Part 6, enclosure no. 59, AMP to CAS, 'Options for Change - Manpower', 21 November 1990.

¹⁰⁶ *Ibid.*, enclosure no. 60, Min (DP) to SofS, 'Options: Equipment Programme', 22 November 1990.

¹⁰⁷ *Ibid.*

King broadly agreed. He wanted to see how GRANBY developed before making a final decision on tanks but expected difficulties in the next financial year. Apart from GRANBY, he anticipated no increase to the MoD's cash limits, irrespective of pressures faced. King was ready to tackle difficult issues earlier to avoid facing the same kind of problems that the MoD confronted in 1990-91.¹⁰⁸

Senior NATO officers were already unimpressed. Sir Patrick Hine, who was double-hatted as NATO's C-in-C UK Air Forces, advised General Galvin, SACEUR, on the 'adjustments' to the RAF contribution to ACE Forces. The withdrawal of five squadrons of Tornado GR1 dual-capable aircraft equated to 60 aircraft, halving the RAF's strike aircraft assigned to Theatre Nuclear Weapons (TNW) forces, with a 55% reduction in dual-capable aircraft. With Short Range Nuclear Forces (SNF) negotiations with the Soviets still to start and NATO promising to withdraw all nuclear artillery and most short-range, land-based missiles, the dual-capable aircraft cut was 'particularly unfortunate and ill-timed'. As ground forces were thinned out in the Central Region, Hine underlined Tornado's value, adding:

In short, I am dismayed by the UK's decision to find more than half of the RAF front-line aircraft cuts from the Tornado GR1 force; there would seem to be no logic in this decision in military-strategic terms - it has, I believe been predominantly driven by budgetary considerations.¹⁰⁹

Hine accepted the withdrawal of Phantom F-4s from the AD role was more logical, although there were no commensurate cuts in Soviet bombers. He added that all UK C-in-Cs had spoken to King before the Options for Change announcement but were unsuccessful in getting him to change his proposals. The next step was UK consultation with NATO, when Galvin could comment. Although the Phantoms were a lost cause, Hine thought it might be possible to persuade the UK to abate its Tornado dual-capable aircraft reduction and hoped this information would help Galvin to frame his response accordingly.¹¹⁰

¹⁰⁸ Ibid., enclosure no. 63, SofS to Min (DP), 'Options: Equipment Programme', 30 November 1990. King also wanted advice on the scope for relying more on urgent production in times of tension in Europe instead of retaining large peace-time inventories.

¹⁰⁹ AHB, CAS 2/1/3 Part 4, enclosure no. 25(i), Hine (C-in-C, UKAF) to Galvin (SACEUR), 'UK Defence Cuts', 2 August 1990.

¹¹⁰ Ibid.

On 14 March 1991, Macdonald updated CDS and PUS on Options for Change in the support area. Central to the RAF was the continuation of individual decisions on the previously identified programme of station closures. He also set out a comprehensive picture of the major work being undertaken across the MoD and in the Services. He added that it was always envisaged that the PROSPECT team would have a short life, not beyond the end of March, whereupon DCDS(P&P) and DUS (PL) would assume central oversight, with Min (AF) retaining ministerial oversight.¹¹¹

Options for Change follow-on work for the RAF outlined phasing out Phantom and Buccaneer, reducing Tornado GR1 squadrons and redeploying two squadrons in the ASUW role. For MPA, the Options for Change cuts to Nimrod numbers were compounded by LTC measures reducing the force to 24 aircraft operating from Kinloss, with St Mawgan retained as a forward operating base for aircraft operating in the South West Approaches. Another study considered moving the Jaguar Operational Conversion Unit from Lossiemouth to Coltishall, where the operational aircraft were stationed. Basing for Search and Rescue helicopters was scrutinised while support helicopters at Gütersloh were moved to Laarbruch, Northern Ireland and Odiham. Change in Germany, the impact of CFE (**Annex 8**) and the introduction of a night capability for the Harrier led to a review of the concept of operations for the Harrier force. An AFBSC paper proposed that future deployments should be to Forward Operating Locations (airfields) rather than field sites, which would reduce the logistics tail and provide potential savings. The AFBSC accepted the consolidation of Tornados, Harriers and helicopters at Bruggen and Laarbruch.¹¹²

Other areas under scrutiny included operational posture, covering readiness requirements, NATO operational concepts, activity levels, OOA roles, regeneration and reconstitution, the use of reserves and further contractorisation. Small reductions to war reserves were also studied, initially arising from the reduced front line. RAF Regiment combat units were to be cut by 30%, the Bloodhound force would be disbanded and its presence at Hullavington and West Raynham would cease as both stations closed. The Air Staff confirmed that future flying training could be undertaken with two fewer flying training bases if there was provision for relief landing grounds (RLGs). Brawdy would close, while Church Fenton would

¹¹¹ TNA, DEFE 25/822, Macdonald (Head, PROSPECT Team) to CDS, PUS, 'Options – The Support Area', 14 March 1991.

¹¹² *Ibid.*, Annex B, Enclosure 3, 'RAF Programme of Work'.

be retained only as an RLG. It was hoped that RAF and Navy Elementary Flying Training Schools could be co-located at RAF Topcliffe and completely contractorised. There was also debate on the possibility of amalgamating ground training at Halton and Cosford, but this was deferred because of high initial costs and uncertainty over future training throughput. Rationalisation of ground training was still envisaged, allowing the closure of either Hereford or Swinderby. While personnel and recruiting matters remained under consideration, there was more progress identifying support changes directly stemming from front-line cuts, notably in supply, engineering and communications. Abingdon would close in 1992 and there would be scope to close a storage depot during the decade. Both GRANBY and PROSPECT influenced the process, and AMSO worked for the AFBSC on fixed-wing aircraft repair, where there were further contractorisation and civilianisation possibilities.¹¹³

Ultimately, estate rationalisation (**Annex 6**) delivered significant savings for the RAF via the closures of Brawdy, Hullavington, West Raynham, Church Fenton and Abingdon. Contractorisation offered further savings. AMSO's Contractorisation Working Group was formed in 1990, and market testing of in-house activity then addressed a variety of activities, including engineering and supply at Finningley. The AFBSC was kept appraised of this work.¹¹⁴

An unwelcome PROSPECT

Inevitably, the PROSPECT proposals were controversial. Hine, as AOC Strike Command, saw the proposed changes in MoD organisation as substantive, and likely to have a far-reaching impact on the relationships between the Centre and the single-Service departments, as well as the ability of the single-Service Chiefs to meet their responsibilities in Cmnd 9315 (The Central Organisation of Defence, 1984). PROSPECT had suggested moving the Operations staffs from the SSDs to DCDS(Commitments). Allegedly, during GRANBY, these staffs had found it difficult to adjust to the Centre's direction. Hine said that in his experience as Joint Commander it was not a problem of relationships between the Centre and SSD staffs but an issue that 'resulted more from the lack of SOPs and a clear formal definition of respective responsibilities between the MoD (post the 1985 reorganisation) and

¹¹³ *Ibid.*

¹¹⁴ TNA, DEFE 25/822, Macdonald (Head, PROSPECT Team) to CDS, PUS, 'Options – The Support Area, Annex B Enclosure 3 RAF Programme of Work', 14 March 1991.

a JHQ [Joint Headquarters]’.¹¹⁵ He warned against ‘misdiagnosing a problem thrown up by Op GRANBY at MoD level and concluding that its solution lies in the further concentration of staffs into the Centre’. He argued that almost all the work undertaken by the Operations staffs in their SSDs directly supported their respective Services and COS. It was about single-Service management. For the RAF, the Air Staff in London supported CAS in that function, forming the policy link between the Commands and the Defence Staffs. To move the Air Staff under DCDS(C) was inappropriate and would make it difficult for CAS to discharge current responsibilities. The single-Service Chiefs would be marginalised into Inspector-Generals rather than identifiable heads of the Services. Hine was determined that PROSPECT’s search for further staff cuts and greater efficiency should not erode further the position of the single-Service COS in relation to the Centre. He detected a hidden agenda behind the study.¹¹⁶

Proposals for transferring single-Service personnel staffs to a 2-star ACDS (Personnel) were similarly dismissed by Hine because they failed to address two real problems. The first involved getting OMB and the Treasury to accept that there were legitimate differences between the Services in terms of improvements to conditions of service; there should not be a ‘doctrinaire insistence’ on cheapest solutions. The second problem was the ‘almost chronic shortage of funds available for improving remuneration, other than pay, and general quality of life within the Services’. From the RAF viewpoint, it was important to retain a readily identifiable board/Service executive committee (Air Force Board) member mandated for all aspects of personnel welfare and management; an AMP should be retained. He opposed the creation of a new command under an AOC-in-C (Personnel and Training), and contended that the PROSPECT personnel proposals in the RAF would ‘blur the clear-cut distinction between policy and command, further marginalise CAS and be viewed with concern throughout the Service’.¹¹⁷

Hine continued by challenging one specific claim by Macdonald that it would be impossible to find 20% savings in the Defence Staff and the OMB, Macdonald having been the latter’s head as 2nd PUS. According to Hine, the Commitments staff and the Concepts staff could be reduced, and he advised Macdonald (previously, ‘There are other areas that could produce savings, none more so, I would have

¹¹⁵ Ibid., Hine (AOC, Strike Command) to Macdonald (Head, PROSPECT Team), ‘Prospect Team Study’, 17 March 1991.

¹¹⁶ Ibid.

¹¹⁷ Ibid.

thought than the OMB, given the driving thrust of NMS to delegate down to and through TLB holders the financial authority needed to match line management responsibility.’ While there was a general move towards delegation, in areas such as works, there was also a shift towards centralisation. Hine insisted that, ‘no major business would function in the over-bureaucratic way that MoD does - it could not afford to.’ He hoped PROSPECT team members from outside defence would make recommendations on achieving more efficient staffing, and he assessed that the balance between the Centre and the SSDs achieved in 1984 was ‘about right’. Each Service needed a readily identifiable Chief with a co-located staff to lead and manage effectively. In the RAF’s context he repeated:

I believe that in future with one operational command and one support command, the RAF will have the right structure to manage effectively and leanly in the field; there is no justification for a third command. At AFD level, there is the need for Air, Personnel and Support staffs to enable CAS to interface properly with the Centre and to manage the Service through an effective SEC [Service Executive Committee] which co-opts CsinC as necessary but does not require them to be permanent members. I am confident that the RAF could achieve a 20% reduction in staffs over the next 3 years without the need for major re-organisation of the kind you seem likely to propose. I would strongly urge that this alternative be considered as a means of achieving the savings required; your blueprint is unnecessarily radical and will not, I fear, benefit either the management of Defence generally or the Services in terms of their efficiency and morale.¹¹⁸

Macdonald denied that there was a hidden agenda and he was adamant that his team had clear terms of reference (TOR), considering and judging issues on their merits.¹¹⁹ On 27 March 1991, the PROSPECT study was submitted to CDS and PUS. It recommended a Defence Organisation Steering Group (DOSG) consisting of CDS, CNS, CGS, CAS, VCDS, PUS and 2nd PUS to meet from late April to consider the report, making recommendations to King on next steps. Macdonald viewed the PROSPECT report as the beginning of a process lasting many months. He observed that the TOR were ‘severe’ and anticipated an adverse impact on career prospects in the Services and the civil service, partially mitigated by redundancy

¹¹⁸ Ibid.

¹¹⁹ TNA, DEFE 25/822, Macdonald (Head, PROSPECT Team) to Hine (AOC, Strike Command), ‘PROSPECT MoD HQ Study’, 19 March 1991.

schemes. Cutting grades and expecting people to work harder would undermine morale. He recommended a top-down approach. The proposals emphasised that civilian staff under 2nd PUS should be a 'common asset', assisting all SECs in their business and the AUSs in the Defence Staff.¹²⁰

CDS noted that the report 'really does dart about' across a vast array of findings, and CAS strongly disagreed with points that stemmed from the report's main thrust on the core concept for a MoD HQ. He required all the managers who supported him at policy and executive level to be collocated, and stated that the HQ level should not be managing executive functions. However, PROSPECT argued that in recent years the difference between policy, supervision and execution had become blurred, to the MoD's detriment. They believed that there was no need for AMP and AMSO to be in the MoD although they would be members of the SEC. CDS was advised that CAS wanted an additional 350 personnel to form the proposed support organisation, but PROSPECT disagreed, arguing that there would not be two Commands but one organisation supporting another. With Ministerial diaries as evidence, the PROSPECT team were ready to dispute CAS's arguments that AMP and AMSO needed to be in the MoD for Ministerial access.¹²¹

The transfer of Operations and Logistics to the Centre produced a mixed response, according to CDS's PSO. CAS was said to feel that he needed to have hands-on control, but PROSPECT thought that this reflected the way in which the RAF had been structured over the years. They argued that, unlike the other two Services, the RAF had no directed tasks, and these should now be considered even if CAS objected. Proposals to reorganise the Systems area, combining the three sea, land and air requirements under two two-star posts likewise faced CAS's opposition on the basis that he needed experience at two stars to ensure the required level of military judgement for procurement decisions, and CAS also expressed reservations over recommendations to transfer security to the Centre. This implied the disestablishment of the two-star post heading the RAF Regiment.¹²²

During April, TORs were drafted for the overarching Defence Organisation Steering Group and the new Defence Organisation Project Team and Secretariat, charged

¹²⁰ Ibid. Macdonald (Head, PROSPECT Team) to PUS, CDS, 'PROSPECT MoD HQ Study', March 1991. On the establishment of a steering group, which first met on 30 April, see PUS to CDS, "MoD HQ Study", 28 March 1991; CDS to PUS, 'MoD HQ Study', 3 April 1991; PUS to CNS, CGS, CAS, VCDS, 2nd PUS, 'PROSPECT: Ministry of Defence Headquarters', 19 April 1991.

¹²¹ Ibid., PSO/CDS to CDS, 'PROSPECT MoD HQ Study', 3 April 1991.

¹²² TNA, DEFE 25/822, PSO/CDS to CDS, 'PROSPECT MoD HQ Study', 3 April 1991.

initially with producing 'for the approval of DOSG an outline Action Plan for the implementation of the PROSPECT HQ report as approved by Ministers'. The project team under the Director General Management Audit (DGMA) was to produce an outline action plan by 30 June, and proposals for its implementation by 31 December 1991. Subject to DOSG and Ministerial agreement, implementation of approved proposals would proceed from 1 January 1992.¹²³

Following the DOSG meeting on 30 April, the PUS pointed out that the SofS's endorsement would be needed for the concept and general composition of the core headquarters, for proposals to devolve authority and staff from headquarters, and for the MoD's general resolve to secure the personnel economies of 20% or more, which Macdonald indicated was achievable. On arrangements to publish PROSPECT, PUS argued for openness, highlighting the harm that would be caused if it came out piecemeal through the House of Commons Defence Committee, trade unions and press enquiries.¹²⁴ CAS now stated that he broadly agreed with the report, supporting proposals on core headquarters and the devolution of management functions. He wanted the restructuring of the personnel and logistics organisation to be achieved as efficiently and cost effectively as possible through the creation of a working party to examine the issues.¹²⁵

The DGMA, which was to play a key role in the implementation process, noted that Macdonald's report recommended:

We should aim for a slimmer policy-oriented core and to delegate greater managerial authority to the individual Services outside London ... The overall aim was to ensure that the Whitehall organisation responded fully in terms both of future size and structure to the changes occurring in the Armed Forces as a result of Options for Change.¹²⁶

The Chiefs and PUS agreed to this proposition and commissioned follow-on work addressing the implications of measures proposed to reorganise and reduce the

¹²³ TNA, DEFE 25/823, PS/PUS to PSO/CDS, Sec/CNS, MA/CGS, PS/CAS, PS/VCDS, PS/2nd PUS, 'PROSPECT MoD HQ Study: TOR', 26 April 1991.

¹²⁴ *Ibid.*, PUS to CDS, CNS, CGS, CAS, VCDS, 2nd PUS, 'PROSPECT HQ Review – report to SofS, 3 May 1991.

¹²⁵ TNA, DEFE 25/823, Cragg (DGMA) to various addressees, 'PROSPECT HQ report', 9 May 1991.

¹²⁶ *Ibid.*, Minute by DGMA to various addressees, 'PROSPECT HQ Report – Follow on Work', 3 May 1991.

MoD's top structure down to two-star level by 20% by 1 April 1993. Consideration was also to be given to PROSPECT proposals to secure consequential savings of 20% in headquarters manpower below two-star level, together with measures to increase headquarters efficiency, reduce paperwork and streamline committee structures. Following a reasonably detailed action plan for implementing the PROSPECT report's agreed recommendations by the end of 1991, if Ministers agreed, refinement and realisation would proceed rapidly thereafter. A plan to be prepared by 1 July was to identify savings on the lines proposed. The exercise would be conducted through the New Management Strategy's structure, TLB holders in headquarters (in consultation with SEC colleagues) being tasked to achieve personnel economies within the framework of headquarters restructured in accordance with Macdonald's report. The baseline was the headquarters as at 1 April 1990. The 20% cut would not necessarily be applied across the board.¹²⁷

Another copy of the PROSPECT report, this time attaching the views of the Chiefs and PUS, went to King's office on 10 May. PUS emphasised the need to demonstrate to MoD personnel and the wider public the determination to slim down the MoD headquarters in a way that reflected reductions to the Services in the general process of reordering defence for the post-Options for Change era. Headquarters could not be seen to be being protected from radical change and MoD's working practices required improvement. He welcomed the report's main message that 'substantial savings' were achievable without impairing the MoD's basic responsibilities as a department of state and military headquarters.¹²⁸ Central was the proposed concept of 'core' headquarters, smaller and largely concentrated in fewer buildings in London:

In essence, the policy-making core would comprise Ministers and some of the sixth-floor top management of the Department and immediate staffs, including the Defence, Naval, General and Air Staff and central OMB. The PE - located outside London - would also be classed as part of the core. In accordance with the principles of the 1985 reorganisation, the management of each Service as a whole would rest in the hands of the single-Service Chiefs of Staff and strengthened Service Executive Committees (SEC); the SECs would

¹²⁷ Ibid.

¹²⁸ TNA, DEFE 25/823, PUS to SofS, 'PROSPECT HQ Report', 10 May 1991.

remain key parts of the core HQ even though some individual members would not be within it.¹²⁹

This concept meant deploying outside the core HQ the single-Service personnel and logistics functions with their civilian support, including Principal Personnel Officers (PPOs) and PAOs. If appropriate, the formation of support commands or mergers with existing commands would be examined. Maximum delegation was prioritised with only key functions remaining at the core, largely under central management, with necessary Service expertise provided by single-Service elements which would be responsive to the needs of the single-Service Chiefs and the SECs. Duplication was to be avoided and working practices simplified by concentrating on essentials and strengthening cooperation in a cohesive, unitary headquarters.¹³⁰

Following reservations expressed by Min (DP), PUS argued that PROSPECT consolidated the MoD's 1985 reorganisation, 'applying our management principles more rigorously to post-Options for Change circumstances, rather than by a wholesale overturning of the very radical change initiated barely six years ago'. The prime trigger for change was the NMS, which impacted on financial processes, equipment decisions, efficiencies and new planning systems. PUS described how defence would have to adapt to the 'new world of agencies', and executive agencies, defence support agencies and commands would have to learn to be directly responsive to the concerns of Ministers in a fresh way, whilst there remained in headquarters a basic capability to support Ministers directly.¹³¹

David Omand, AUS (Management Services), insisted that lasting change had to be earned and was more than 'good staff work, serving up tidy plans', necessary though this was. Top management had to give their full commitment. Failure had to represent a personal setback. In his words, 'If it is really cultural change we are after we should recognise that we are entering a different league, that plays to different

¹²⁹ Ibid.

¹³⁰ Ibid. On the three Services using the same text as that being prepared for the Defence Staff in order to ensure a consistency of approach on messaging see PS/PUS to PS/VCDS, 'MoD HQ Study: Messages to Staff', 24 May 1991. As well as securing major savings in London costs it was hoped PROSPECT signalled a further rationalisation of MoD structure on the lines of NMS, Next Steps and the 1984 White Paper. PUS also sought King's view on publishing the report and emphasised it was essential 'to keep our people in touch with our thinking', partly for good staff management and partly because considerable consultation would be needed.

¹³¹ TNA, DEFE 25/823, PUS to SofS, 'PROSPECT – MoD HQ Study'. 24 May 1991.

rules.¹³² Alongside King's answer to an inspired PQ on 4 July, PUS sent a message to MoD civilian staff summarising the PROSPECT report's recommendations and plans to develop them further to reshape headquarters 'to secure as taut and efficient organisation as possible'.¹³³

Revisiting Options?

In late February 1991, King asked the Treasury for revised budgetary provision for Defence due to the Gulf conflict and changing political circumstances. There was a new Prime Minister, John Major, and the General Election was now less than 18 months away. The Chief Secretary to the Treasury, by this time David Mellor, agreed that perceptions had altered since the Options for Change exercise was announced and 'was well seized of the political sensitivities'. However, the importance of keeping a tight grip on public spending in a weakening fiscal situation meant implementing Options for Change savings rapidly. Mellor was 'very disturbed' that in addition to securing the direct costs arising from the Gulf conflict, the MoD had bid for an extra £900m on top of the agreed 1991-92 budget, an allocation that would seriously undermine public spending policy. The Treasury had already provided a £70m uplift to meet the Armed Forces Pay Review Body (AFPRB) award.¹³⁴

The Chief Secretary asked the MoD for details of direct additional costs arising from the Gulf conflict and indirect costs of savings deferred, associated with units sent to the Gulf. The latter had been estimated at £290m but the Treasury believed it was less because the end of the conflict would allow savings to be implemented. Mellor described the £900m figure as proposed savings required to remain within the agreed ceiling, which the MoD was now seeking to withdraw for morale and management reasons. Redundancy costs raised further problems: the Treasury agreed to contribute only £20m in 1991-92 towards Options for Change manpower cuts. Changes to 1991-92 bids impacted on the PES years. Mellor rejected MoD proposals to bring forward issues for collective consideration if this meant that Options for Change savings would not be implemented within the 1990 PES constraints. He also pressed the MoD to re-examine policy priorities, including

¹³² Ibid., Omand (AUS(MS)) to 2nd PUS, 'HQ PROSPECT Report: Follow-on Work: Cultural Change', 24 May 1991.

¹³³ TNA, DEFE 25/824, enclosure no. 63, 'Message from PUS to All Civilian Staff'.

¹³⁴ TNA, PREM 19/3643, CST to SofS, 'Defence Expenditure in 1991-92', 5 March 1991.

whether the UK could afford to take on leadership of a new NATO force, the Rapid Reaction Corps (RRC).¹³⁵

The MoD provided broad-brush figures but stressed that further work was necessary. Direct additional costs of the Gulf conflict were between £670m and £1bn, and savings not achievable due to the Gulf deployment totalled between £260m and £290m in 1991-92. Savings measures which the MoD cancelled after the conflict were estimated at between £820m and £890m, with redundancy costs around £20m in 1991-92.¹³⁶ Agreement was ultimately reached in late March 1991, following a Ministerial meeting and the provision of more detailed MoD figures. On the 28th, the MoD estimated the direct costs of the Gulf conflict at £655-£880m; a figure of £700m was assumed, some deferred to 1992-93. The cost of planned savings unavoidably deferred had meanwhile been reduced to £185m. Due to the recession, it was assumed that spending in 1991-92 would be unavoidably higher than envisaged in the PES settlement. Deferred and reprieved savings totalled £770m, with £20m for redundancy terms.¹³⁷

On 8 April 1991, the Prime Minister met King to discuss Options for Change.¹³⁸ Despite the Warsaw Pact's dissolution, King asserted that the Gulf War had harmed Options for Change implementation (by delaying savings) and that the Soviet Union was now more dangerous. The scenario anticipated in Options for Change merited review. Although King believed that Options should proceed, he highlighted

¹³⁵ Ibid.

¹³⁶ TNA, PREM 19/3643, Webb (PS/SofS) to Heywood (PS/CST), 12 March 1991.

¹³⁷ Ibid., CDS to SofS, 'Defence Expenditure 1991-92', 28 March 1991. There was a gross claim on the Reserve of £1,490m.

¹³⁸ TNA, PREM 19/3496, Rosling (Special Adviser/PM) to PM, 'Bilateral with Mr King', 5 April 1991. The Prime Minister was urged to maintain pressure on SofS to remain within tight budgetary limits, with MoD the leading source of savings needed for Government priorities elsewhere. Briefing stated that Options for Change reductions were to cut defence spending from 4% of GDP in 1990 to the EEC average of 3% by the decade's end. The Gulf conflict had incurred direct costs and delayed savings. On 28 March 1991, the Chief Secretary had agreed a potential gross claim on the reserve of £1,490m for 1991-92. MoD 'mutterings' that the costings underpinning Options for Change may be over-optimistic by £2bn were deemed 'unacceptable' and would necessitate re-examination of the underlying policy assumptions. As well as delivering expected savings, the Prime Minister was advised to encourage King to accelerate contractorisation, make provision for privatisation and obtain greater receipts from land and buildings disposals. See also Wall (PS/PM) to PM, 'Bilateral with the Defence Secretary: 1130, Monday 8 April'. The MoD, notably the new CDS (Field Marshal Vincent), stressed that decisions could not be delayed much longer as inflation had made it impossible to stick with the targets made in 1990. They claimed to be less afraid of further cuts than of Ministerial unwillingness to take decisions for political reasons. They were fearful of being asked to retain Rosyth but to cut back equipment and stated the Gulf War showed the danger of such a course.

politically sensitive issues, including the future of the Rosyth dockyard in Scotland and the purchase of the Challenger II tank, which was to be produced by Vickers factories in the north-east. Moreover, when Options for Change was announced, precise costings had not been available. These now showed that an extra £1½-£2bn would be needed in 1992-93, 1993-94 and 1994-95 to phase in measures. Proceeding on the basis of previous assumptions would result in deeper cuts than envisaged.¹³⁹ Major, befitting a former Chancellor, 'expressed dismay at the increased costs' and complained that the closures with the greatest political and economic impact always happened far from London. He suggested the sale of some MoD Home Counties estate so that the proceeds could be used to offset cuts. However, he recognised the grave situation and proposed a meeting with senior Ministerial colleagues to examine defence, economic and political issues, with King providing a paper.¹⁴⁰

King's paper advised that there was agreement on the need for adjustments to expenditure plans for 1991-92 following the Gulf crisis, and he underlined the requirement for major closures and cancellations alongside very tight operation of the MoD's NMS. Nevertheless, he argued that since the Options for Change announcement (July 1990), the 'deepening difficulties in the Soviet Union and the dramatic Gulf crisis have reinforced the need for caution in deciding our security needs.' Whilst not invalidating Options' main policy thrust, they made it 'very difficult to suggest that we should make even greater reductions from what we thought were possible in July'.¹⁴¹

King insisted that Options for Change was policy-driven, not resource-driven, but admitted that 'resource pressures increasingly bore in on us.' The PES figure for 1993-94 was about £1.2bn below that assumed in rough Options costings, compelling more rapid reductions, with force levels in key areas at the bottom or even below the bracket envisaged. The Gulf crisis had affected defence in three significant ways. First, it had prevented the prompt run-down of force levels that the PES 90 settlement had implied, and for which the Services had been ready. Secondly, it had demonstrated how logistic support and maintainability had been 'over-pruned'. An 11% defence budget cut since the mid-1980s had been achieved without shedding roles, and the 'mismatch' was showing. Finally, the Gulf crisis

¹³⁹ TNA, PREM 19/3249, Wall (PS/PM) to Webb (PS/SofS), 8 April 1991.

¹⁴⁰ Ibid. There was some agreement between Major and King that if the tank purchase proceeded it had to be Vickers Challenger II, although no firm conclusion was reached on the EH101 helicopter.

¹⁴¹ Ibid., SofS to PM, 'The Defence Programme', 19 April 1991.

had intensified the political difficulty of defence cuts.¹⁴² The MoD had contained programme costs, excluding transitions costs, below the Options for Change costs foreseen in July 1990, but King now complained that the programme's scale and quality had been pruned to a level that could barely be presented as consistent with the Options for Change programme. At 113,000 personnel, the Army was below the publicly announced figure of around 120,000. There had been deeper cuts to destroyers, frigates, air defence and MPA. The promise of 'better', in parallel with 'smaller' would be delayed and limited, with morale and retention repercussions.¹⁴³

King highlighted the fact that the basic LTC 91 programme still exceeded resources for 1992-93 and 1993-94 due to higher inflation and a PES 90 provision that was lower than the levels assumed in Options for Change. Transition costs were also high, and GRANBY had delayed the Options for Change run-down, slowing savings.¹⁴⁴ To accept the pruned LTC 91 level and resultant operational, political and industrial disadvantages, King sought mitigation in the margins. These included setting a ceiling for the Army of 116,000 within a broad band of 113,000-127,000 agreed with the OD Committee. Similarly, he proposed reducing UK air defence and MPA cuts and ordering the new Challenger II tank.

There remained excesses of £700m and £1.1bn in 1992-93 and 1993-94 respectively. Gaps of this scale could be closed by marginal adjustments, slippage or general squeeze. However, the LTC 91 programme and the PES 90 budget were not compatible. The latter implied a much smaller programme, involving cuts to entire capabilities, including the Royal Marines and their amphibious shipping, the sub-strategic Tactical Air-to-Surface Missile (TASM) and the UK's capacity to combine armour, artillery and mechanised infantry with air power for high-intensity conflict. Even then, savings would be limited. Steeper reductions would mean higher transition costs that would largely offset any early savings.¹⁴⁵

King wanted progress on savings and on the overdue Defence Estimates, and he emphasised the need to for decisions to be taken on force size and structure, particularly of the Army. The UK had to clarify its contribution to NATO allies. A leading role in a multinational RRC was the most cost-effective way to maintain

¹⁴² Ibid. King admitted: 'We had in effect to take equipment from three divisions to field one fully capable division in the Gulf and had to borrow substantial stocks from Allies (who in a European conflict would probably have needed them for themselves).'

¹⁴³ Ibid.

¹⁴⁴ Ibid.

¹⁴⁵ Ibid.

appropriate influence in NATO and preserve viable national capabilities for high-intensity conflict. The delay in Options for Change run-down from GRANBY had to end.¹⁴⁶ For the RAF, notable reductions from the Options for Change package in LTC 91 included a Tornado ADV cut from 81 to 72 aircraft and RAF Germany Harrier reductions from 33 to 26, while the UK reinforcement Harriers would be cut from 24 to 10 aircraft. The VC10 force would be reduced from 11 to 8, the Hercules force from 55 to 50, and the MPA force from 28 to 24.¹⁴⁷

Responding on the 23rd, the Chancellor argued that the MoD was seeking additional bids of £3.3bn over the three-year PES period, or £4.4bn inclusive of force level increments, and an early Challenger II order. If such special provision was made for the MoD, the Government would face appalling difficulties in the already challenging 1991 survey. The 1990 Autumn Statement promised real reductions to Defence spending from 1993-94, which the Chancellor had pledged to enforce. Lamont recalled his negotiations with King on the 1990 PES settlement, when he had insisted that plans should make allowance for the transitional costs involved in redundancy and 'spend to save' schemes, and maintained that, taking 1991-92 and 1992-93 together, no net savings were expected from defence.¹⁴⁸

Lamont rejected any idea that the Gulf crisis justified higher MoD bids. The Chief Secretary had agreed to an additional £740m for this and a further £1,600m in 1991-92 for the Gulf, the non-staging of the AFPRB, for VAT increases and to assist the MoD with the rate of equipment spending. The Treasury would only provide further direct Gulf costs and, if redundancy schemes were agreed, £160m in 1992-93 and £320m in 1993-94. Otherwise, the MoD would have 'to live within the limits set to them'.¹⁴⁹ The Chancellor made four further points. First, the Chief Secretary and Treasury officials would have to scrutinise MoD figures. Second, the industrial repercussions of savings were not to be exaggerated. The old Treasury argument

¹⁴⁶ Ibid. King stated there would be knock-on effects for subsequent years as the impact of the delay worked its way through the system.

¹⁴⁷ Ibid.; TNA, DEFE 25/823, D/Sec(AS) to PS/Min (AF), 'Options for Change – Nimrod MPA Force, Buccaneer OCU and RAF Regiment Wing', 1 May 1991. Archie Hamilton was advised by the Air Staff on progress on implementing Options for Change in respect of cutting the Nimrod MPA, closing the Buccaneer OCU at Lossiemouth and disbanding HQ No. 4 Wing RAF Regiment at RAF Wildenrath. Nimrod numbers were cut from 32 Established Aircraft plus one in-use reserve (IUR) to 28 plus two IUR. As a further LTC 91/Options for Change savings measure King was being consulted on a Nimrod AE of 24 plus two IUR from 1 October 1992.

¹⁴⁸ TNA, PREM 19/3249, CHX to PM, 'The Defence Programme', 23 April 1991. Lamont said not all the MoD's transitional costs had emerged since the PES settlement.

¹⁴⁹ Ibid.

that defence cuts released resources to other parts of the economy was rehashed. Lamont pointed out that cuts had been assumed when Options for Change was agreed, and when the Survey settlement was reached. Third, on top of 'enormous' bids, the Treasury rejected force-level increments such as the Challenger II tank. Fourth, it was essential to have a sustainable relationship between defence objectives and available cash, something that required a re-examination of basic defence policies. The Army's size and shape needed further consideration before any firm commitment was given on the UK's possible role leading NATO's RRC, and such a role could only be undertaken within agreed cash plans for defence. The Treasury opposed the UK's assumption of a disproportionately higher, more expensive role than other states. Lamont argued that the only solution was a defence review early in the new Parliament. He wanted a close-knit group of officials to commence private work on assisting with bids in forthcoming PES discussions.¹⁵⁰

The Cabinet Office described King's paper as 'very bad news'. It raised 'a number of extremely difficult and unpalatable choices, against the background of earlier hopes of cuts in defence spending in real terms'. The Gulf crisis had delayed Options for Change implementation, increased costs, provided lessons on force structure and complicated the task of achieving savings. The Prime Minister could not understand how the MoD's financial projections had deteriorated so sharply and wanted their costings probed, while the Chancellor was reluctant to take firm decisions before Treasury officials examined the figures. The Foreign Secretary supported the proposal for the UK to lead the RRC, although this had yet to be accepted by NATO. From a political perspective, it seemed unwise to take major and controversial defence decisions so late in the life of Parliament. The Gulf crisis had not ended but had taken a different form, NATO was undertaking a review, there was great uncertainty in the Soviet Union, and the US was reviewing defence strategy.¹⁵¹

King's paper contained no firm recommendations. As the Cabinet Office put it, 'What he appears to favour is Options for Change (costed upwards: excess bid of £3.3bn over 3 years) with the reductions eased at the margins (another £500m) plus 127 Challenger IIs (another £600m) to make an excess bid of £4.4bn over the three years.' The Chancellor viewed the PES implications as daunting, particularly as the political and industrial impact was already negative and expectations of defence cuts

¹⁵⁰ Ibid.

¹⁵¹ Ibid., Appleyard (Cabinet Office) to Wall (PS/PM), 23 April 1991. It was hoped King could advise the additional costs entailed by a later decision and the extent to which the Defence Estimates made decisions on closures and cancellations unavoidable.

would not be realised. The implications of further cuts, as described by King, were also 'unattractive'. The Prime Minister was advised to get King and Lamont to re-examine the timings of closure announcements relative to the timetable for additional costs. If decisive decisions were needed, the Government was to ensure that it gained maximum credit and avoided a political backlash later in the year.¹⁵²

On 24 April, the No. 10 Policy Unit advised Major to emphasise his support for Options for Change and tell King that he should plan to deliver the force adjustments broadly within PES 90 provision. Major was advised, 'the political prizes for successfully managing this major structural adjustment are enormous.' Reducing defence's share of GDP by 1%, from 4% in 1990 to 3% by the decade's end, would save £6bn annually or 3p off the basic rate of income tax. The Prime Minister was warned about 'vociferous losers from the restructuring', notably the armed forces and industrial lobbies. The fact that those with vested interests opposed the measures 'tooth and nail' provided 'all the more reason for dogged determination to achieve the reductions'.¹⁵³

The Policy Unit outlined the three choices of force level amendments that King was proposing: first, further reductions beyond 'Options' to meet LTC 91; second, some marginal alleviation of the cuts for presentational reasons; third, accepting the LTC 91 cuts but approving Challenger II acquisition. Major was advised to be 'robust' because of the financial implications. Even the first proposal involved spending £700m over PES 90 in 1992-93. The Chief Secretary had agreed to provide £160m in transitional costs. By 1994-95, the overspend was forecast to be £1,442m; the Treasury was likely to argue that LTC 91 was an unacceptable base case and that underlying assumptions required revision. If the base case was unacceptably expensive, there would be no grounds for further spending, and it would not immediately be possible to order the Challenger II or the EH101 helicopter. King was to submit a paper to the OD Committee. The Policy Unit urged Major to keep pressing the MoD on land sales but otherwise cast doubt on the department's efficiency programme. It described the MoD as 'a huge and cumbersome organisation, with plenty of scope for pruning, contractorisation and relocation'. Whilst Options for Change was 'always going to be messy and unpleasant', the Government had to press on. The MoD's proposed overspend was unacceptable and

¹⁵² Ibid. It was thought the possibilities needed to be worked through quickly before a further meeting, hopefully in early May.

¹⁵³ TNA, PREM 19/3249, Rosling (Special Adviser/PM) to PM, 24 April 1991. Moreover, because of the Gulf War the Cabinet Secretary agreed to a potential gross claim of £1,490m on the reserve.

their assumptions required revision even if deeper, earlier cuts were needed. If the Army wanted Challenger II, it would have to give up something else. The only possible compromise arose from land sales producing increased cash flow to offset overspend.¹⁵⁴

It was reported that King insisted, to the Prime Minister and others at a meeting on 25 April, that Options for Change represented the largest restructuring of the armed forces since 1957, but when the MoD plans were announced some had said they did not go far enough. Since then, the Gulf War had cost time and highlighted serious gaps in defence. The public and political climate had changed. The world was not a safer place and, based on the funding agreed in the October PES round, Options for Change could not be implemented anyway. NATO needed to know the UK's decision on the RRC. While King could still deliver Options for Change, he could not deliver anything less than Options. King had warned that the Government faced real difficulties if it did not clarify its objective and if it made further cuts.¹⁵⁵

According to the minutes of the meeting, the Chancellor, Norman Lamont, described King's position as 'extremely disappointing', adding that the UK was spending more on defence than European allies. The Foreign Secretary, Douglas Hurd, remarked that the UK expected to remain a major power, comparable to France and Germany. Spending levels flowed from this and RRC was a good use of resources. He felt less strongly on the nuclear side, particularly TASM. In contrast, the Chief Secretary, David Mellor, believed MoD bids and those from other departments constituted 'a fundamental threat to the control of public expenditure'. It was unacceptable to unpick the PES round a few months later. Provision was made for the Gulf War. He questioned the need for two nuclear weapons systems and for defending Norway and the Northern Front. He mentioned 'enormous skeletons in the MoD cupboard ... There never seemed to be an MoD project which did not involve massive cost excesses.' King retorted that LTCs were not available when Options for Change decisions were taken and MoD's assessment of costs were more accurate than the Treasury's. Lamont acknowledged Conservative support for defence, but this should not exclude substantial budget cuts. UK spending was much

¹⁵⁴ Ibid.

¹⁵⁵ TNA, PREM 19/3249, Wall (PS/PM) to Webb (PS/SofS), 'The Defence Programme', 25 April 1991. In addition to the Prime Minister and Secretary of State, the Foreign Secretary, Chancellor of the Exchequer, the Chief Secretary to the Treasury and Sir Percy Cradock (the PM's Foreign Policy Adviser and Chairman of the Joint Intelligence Committee) attended the meeting.

higher than NATO's average. He wanted a defence review, although not in current circumstances.¹⁵⁶

Major stated that substantive issues discussed during Options for Change had not been comprehensively addressed. There was a mismatch between resources and policy, but it was 'difficult to judge whether large amounts of resources had been badly used'. King could not escape producing a White Paper. Defence's long-term future would be a matter for the new Parliament's first year. King was unsatisfied and stressed that jobs were at stake. He highlighted discussions with NATO over the RRC and even suggested that if the UK would not lead a Corps, perhaps Luxembourg would! Hurd reminded his colleagues that Russia remained a huge military power with nuclear capability that could be taken over by a militarist who would not ratify the CFE. The Prime Minister asked King to advise what decisions were unavoidable that year, adding that the White Paper should detail potential closure costs and additional costs of delay. Challenger II and EH101 were to be considered separately. MoD and Treasury officials were to 'crawl over' the figures in King's paper to examine costings, especially transition costs.¹⁵⁷

The defence industrial sector was appalled at the cuts.¹⁵⁸ After their efforts in the Gulf War, manufacturers thought they were losing the peace. Half of the 500,000 defence manufacturing jobs were expected to be lost. That said, Sir Peter Levene, who left the post of CDP in March 1991, believed that there was huge overcapacity in the sector and doubted that it was particularly efficient. Reduced orders exacerbated the problem. Companies dismissed the notion that they could compensate for fewer defence orders by shifting to civil work. One chief executive described this as a 10-year process, but Levene contended that defence contractors worldwide were already manufacturing non-military goods most effectively.¹⁵⁹

¹⁵⁶ Ibid.

¹⁵⁷ TNA, PREM 19/3249, Wall (PS/PM) to Webb (PS/SofS), 25 April 1991. The Prime Minister asked to be briefed separately on arguments for and against the UK signing up to command the RRC.

¹⁵⁸ Andrew Lorenz and James Adams, 'Losing the Peace', *Sunday Times*, 21 April 1991. Sir Colin Chandler, Managing Director of Vickers told King, 'You don't understand business.' Dick Evans, British Aerospace's Chief Executive, pointed to 'an absolute divide...between the Ministry of Defence and the defence industrial base in this country'.

¹⁵⁹ Ibid. Tony Thatcher, Chief Executive of Dowty, said, 'The transition from military to civil work is a 10-year process. We are only just over half-way there, and many other companies have barely started'. Dowty had reduced defence business from over 60% of group business five years earlier to 30%. The Government was also accused of taking payments from Gulf states towards GRANBY in cash rather than as an advance against future purchases of defence equipment.

Ministerial discussions on Options for Change resumed on 2 May 1991. King advised the Prime Minister of issues requiring an immediate decision to provide the policy framework essential to underpin the Defence Estimates. He hoped to remove the uncertainty which was 'beginning to affect all three Services'. King wanted colleagues to set Options for Change proposals at the LTC 91 force structure, incorporating 38 Frigates, 111 Tornado ADV, 28 MPA, a new tank and an Army of 116,000. He again insisted that future forces should be 'smaller but better', as publicly promised. The Gulf crisis had 'vividly underlined' the risks of spending too little on spares, ammunition and front-line support. On proceeding with planned reductions, the closure of two RAF Germany bases had been announced and relevant squadron disbandments would soon follow. King insisted that he was not asking colleagues to agree to a PES 91 settlement for defence. Rather, so that discussions between the MoD and Treasury officials were fruitful, both departments needed to know the policy framework in which they would be operating.¹⁶⁰

The Policy Unit was unconvinced. King's proposals involved £3.7bn of extra spending over the PES 91 period. Another possibility involved taking the capabilities proposed but making them more affordable by spreading procurement and reducing support, training and logistics. However, this meant accepting a mismatch between commitments and capabilities, the dangers of which had been illustrated during the Gulf conflict. Revisiting force structures was a further option. In 1990, at the Treasury's request, work had been undertaken on additional savings options, beyond those proposed by King. These incorporated further cuts to BAOR, reductions to amphibious and airborne capabilities and cuts to sub-strategic nuclear capabilities. The Policy Unit advised the Prime Minister to reject King's force level proposals. While the RRC had military, economic, political and European advantages that merited support, this should not imply commitments on force levels elsewhere. A White Paper before recess should be avoided, as accusations of 'dithering' were preferable to giving the MoD extra money or announcing deeper pre-Election cuts. The Policy Unit concluded pithily: 'Tom King has not provided the answers you asked for on the decisions which must be taken in the coming weeks. You should ask him to do so.'¹⁶¹

¹⁶⁰ TNA, PREM 19/3249, SofS to PM, 'The Defence Programme', 1 May 1991.

¹⁶¹ *Ibid.*, Rosling (Special Adviser/PM) to PM, 'Forward Defence Programme', 1 May 1991. The Policy Unit recommended the new tank was delayed on financial grounds for seven years. From a military perspective the MoD had not given it highest priority.

The Cabinet Office complained that detailed MoD and Treasury work on King's figures had not been completed. Without these details, there would be no agreed basis for establishing the cost of any given programme. King had reconfirmed the basic Options for Change proposals, approved by the previous Cabinet. The lessons of the Gulf conflict and changes in Eastern Europe had recently provided 'legitimate room for manoeuvre'. However, the Treasury was seeking deeper cuts than Options for Change to reduce the defence budget to PES 90 levels. The Cabinet Office thought that longer-term issues such as retaining the Marines and an amphibious capability and purchasing TASM were best left to the first year of a new Parliament. Such changes required a Defence Review, which would be inappropriate at that stage. King's detailed arguments required scrutiny. Although Major could accept the basic Options for Change concept, he need not commit to all King's proposed revisions. Nevertheless, 'given the unpalatable nature of many of the detailed recommendations', the Prime Minister might consider it best to seize the initiative and present the Defence Estimates as an example of the Government taking firm and clear steps towards ensuring that the country had efficient, cost-effective forces, shaped by the lessons on the Gulf conflict and changing East-West relations.¹⁶²

In April and May 1991, King told colleagues that the LTC 91 programme envisaged slightly less than the minimum force structures consistent with Options for Change. It barely provided for the forces to be well-equipped and properly manned and supported. He insisted that the MoD had already achieved economies against the planned LTC 90 programme, saving £10bn in the PES 91 years, half of which arose from Options. Nevertheless, MoD and Treasury officials were soon discussing possible forward equipment programme cancellations or deferrals that might offset new tank costs; the RAF found itself facing the possibility that both the Tornado GR1 upgrade and the ASRAAM missile might be cancelled - something that would involve severe operational consequences and further harm to defence contractors. King then proposed delaying to Challenger II order and using offsets to help provide the necessary funds.¹⁶³ Yet the Chief Secretary remained committed to scrutinising the entire programme, including support and manning, and he warned King, 'Your

¹⁶² Ibid., Appleyard (Cabinet Office) to Wall (PS/PM), 'The Defence Programme', 1 May 1991. Appleyard proposed an Army of 116,000 should be carefully examined by a small team from the MoD, the Treasury and Cabinet Office. He recommended tank replacement was examined by OD Committee in June and the EH101 helicopter was examined as soon as possible. No record was found in this file of the proposed 1 May 1991 discussion between the Prime Minister, Chancellor, Chief Secretary and King. The Foreign Secretary, who was unavailable, did not plan to send a representative.

¹⁶³ TNA, PREM 19/3652, SofS to CST, 'The Tank', 19 June 1991.

bids remain formidably high and we must reduce them to the maximum possible extent.¹⁶⁴

On 2 May, while these top-level discussions were in progress, the annual RAF debate was held in the Commons. Min (DP) lauded its role in the Gulf, highlighting the importance of the less-publicised work of the Air Transport Force and tanker force. He also praised RAF relief operations to supply refugees and evacuate the sick and injured, undertaken by Hercules and Chinooks. Turning to the implications of Options for Change, Clark said that the objective was to restructure the RAF into a balanced force equipped to meet the requirements of the 1990s. This smaller force would 'continue to be able to carry out the full spectrum of air operations and roles'. The importance of such versatility had been illustrated in the Gulf. He went on to describe announcements since July 1990, and highlighted equipment developments including the Harrier upgrade from GR3 to GR5 standard, and the conversion of the GR5 to the GR7 to provide a night attack capability. He also welcomed the arrival of the first Boeing E3D Sentry aircraft, which would provide a modern, effective AEW capability.¹⁶⁵

Clark then turned to EFA development: the first prototype was expected to fly in spring 1992. Thereafter, the aircraft would be able to progress to the Production Investment Phase; a decision was expected at the end of 1992. The most cost-effective course was for EFA to progressively replace the Tornado ADV, avoiding an upgrade to extend the ADV's service life. This would reduce support costs and take early advantage of EFA's improved performance. It was nevertheless assumed that the ADV would remain in service beyond 2000. Meanwhile, Chinook fleet improvements would enhance the RAF's ability to provide air mobility and logistics support for the next 25 years.¹⁶⁶

¹⁶⁴ Ibid., CST to SofS, 'The Tank', 20 June 1991.

¹⁶⁵ AHB, CAS 27/1, enclosure no. 59, RP (Air) to APS/Min (DP), 'RAF Debate – Thursday 2 May', 25 April 1991.

¹⁶⁶ Ibid.



On 12 February 1992, the Secretary of State for Defence, Tom King (right), accompanied by Kenneth Carlisle, PUSofS for Defence Procurement (centre), visited RAF Waddington to view the new Sentry AEW 1 aircraft. The two Ministers are with the Station Commander, Group Captain Jim Upritchard. Photograph: AHB(RAF)

Following several meetings with Treasury ministers, King informed Downing Street that ‘reasonable progress’ had been made with the defence programme and ‘the matter might be settled for the time being.’ The Defence Estimates were published before the summer recess, confirming the Options proposals announced in July 1990. The Army would assume its proposed role in NATO’s RRC, and its total strength was set at 116,000. The future armed forces would be smaller but ‘fully manned, well-equipped, and properly supported’. King and the Chief Secretary would agree the required provision in PES 91 to implement these proposals.¹⁶⁷ Concurrently, the Treasury proposed draft wording, subject to caveats, pointing to a tougher financial regime. The MoD would list ‘practicable reductions in defence activity and equipment spend’, enabling it to meet the 1990 Survey baseline, excepting ‘unavoidable Gulf costs and previously agreed Treasury contribution to

¹⁶⁷ TNA, PREM 19/3249, Webb (PS/SofS) to Wall (PS/PM), ‘Defence Programme’, 8 May 1991. Tank-replacement was to be considered separately by OD Committee and King was to discuss Army restructuring with Ministerial colleagues before wider consultation on the issue.

any redundancy scheme agreed to be necessary'.¹⁶⁸ When Major was shown MoD and Treasury drafts he annotated, 'Let them fight it out a little longer.'¹⁶⁹

On 9 May, the Chancellor submitted a revised text, which largely mirrored the MoD's draft, accepting the Estimates before the recess but underlining the importance of PES 91, the guidelines applying to all departments and the scope for offsetting savings.¹⁷⁰ King was broadly content, although areas of disagreement remained between the two departments.¹⁷¹ With the Ministerial meetings concluded, Downing Street summarised the way forward:

- (a) a Defence White Paper should be published before the Summer Recess confirming the Options proposals announced in July last year;
- (b) the UK should accept at the May meeting of the Defence Planning Committee the proposed role for the Army in NATO's Rapid Reaction Corps based on a total Army strength of 116,000;
- (c) it would be important to reaffirm that the smaller armed forces of the future will be well-equipped and properly manned and supported;
- (d) the Defence Secretary and the Chief Secretary will agree the necessary provision in PES 91 to implement these proposals, taking account of the scope for offsetting savings, and of the guidelines for the 1991 Survey applying to all Departments (PESC(91)3);
- (e) the issue of a new tank for the Army will be considered separately by OPD.

King undertook to discuss Army restructuring with Cabinet colleagues before commencing wider consultation.¹⁷² He recognised that in July 1990 he had announced 'broad assumptions rather than precise numbers which have been approved'. The July 1990 statement referred to numbers of squadrons, not exact aircraft numbers.

Meanwhile, there was no let-up in the Chancellor's pressure for economies. On 14 May, he reiterated many of his previous arguments and suggested that King might

¹⁶⁸ Ibid., Heywood (PS/CHX) to Webb (PS/SofS), 'Defence Programme', 8 May 1991.

¹⁶⁹ Ibid., Wall (PS/PM) to PM, 8 May 1991.

¹⁷⁰ Ibid., Heywood (PS/CHX) to Webb (PS/SofS), 'Defence Programme', 9 May 1991. On tank-replacement, Lamont's letter to King underlined that financial and military appraisal pointed decisively against opting for Challenger II.

¹⁷¹ Ibid., Webb (PS/SofS) to Heywood (PS/CHX), 'Defence Programme', 9 May 1991.

¹⁷² Ibid., Wall (PS/PM) to Webb (PS/SofS), 'The Defence Programme', 13 May 1991.

reduce redundancy costs by slashing recruitment. Large bids for transitional spending on works programmes should be scrutinised to determine if they were 'spend to save' measures rather than desirable improvements to Service accommodation. Further reductions to the equipment programme might be achieved by cutting more projects, reducing orders or reprofiling. The MoD's inflation assumptions for equipment were another potential source of savings, and there was still scope for efficiencies and support savings. Economies might also be achieved in such areas as recruitment, training, exercises, travel and subsistence. While the new tank was deferred to the OD Committee, older tanks could be scrapped without replacement. The Chancellor acknowledged that the MoD was presenting early bids in accordance with the 1991 PES guidelines, but he wanted rapid progress with possible offsetting savings.¹⁷³

In June, King gave the Prime Minister details of reductions in MoD support, including plans for a smaller, more cohesive 'core MoD', entailing a 20% cut of senior military and civilian staff - two star and above - at current headquarters. At lower levels, manpower economies cutting 5,000 posts were proposed. Further decentralisation would be produced by the recently launched NMS. The personnel and logistics functions for each of the three Services were to be relocated outside London, ideally merging with existing support commands or equivalent elements. The MoD pledged to slash unnecessary bureaucracy, over-elaborate committee systems and briefing, with efficiency scrutiny of decision-making on major equipment projects. The proposals did not alter the Chiefs' constitutional position but signalled a 'major upheaval' in MoD and command organisation. King held out the promise of a more streamlined and efficient organisation post-Options for Change, with large personnel and infrastructure cost savings in the longer term.¹⁷⁴

¹⁷³ TNA, PREM 19/3249, CHX to SofS, 'Defence Programme', 14 May 1991. On tank-replacement, Lamont underlined that financial and military appraisal pointed decisively against opting for Challenger II and added the riposte, 'To add a poor value for money project on top of your other enormous bids seems to me quite astonishing.'

¹⁷⁴ *Ibid.*, SofS to PM, 'Reorganisation of the Ministry of Defence', 10 June 1991. The Prime Minister questioned when an announcement would be made about the idea of 'core MoD', when it would start, how many jobs would be relocated outside London and when and the amount of capital spending anticipated. See Wall (PS/PM) to Webb (PS/SofS), 'Reorganisation of the Ministry of Defence', 19 June 1991.

The 1991 Defence Estimates

The MoD had originally hoped that the Defence Estimates would be produced in April 1991. However, in February, King drew attention to the difficulties being encountered in agreeing the text, and pointed out that it would be 'artificial' to publish a major defence statement while Gulf operations were still in progress or too recent for their consequences to be evaluated. The annual re-costing of the forward programme - the LTC - illustrated the difficulty of implementing Options for Change to meet PES totals while GRANBY was in progress. Downing Street was warned that 'The defence programme and budget are certain to pose awkward issues which may well need wider consideration with colleagues',¹⁷⁵ and Major agreed to a delay.¹⁷⁶ By mid-March, King hoped that the Defence Estimates might be published before the summer recess, articulating the way ahead with Options for Change.¹⁷⁷

Subsequently, King aimed for a publication date of 4 July; drafts would be available for Downing Street and OD Committee colleagues in mid-June.¹⁷⁸ The Prime Minister was advised that the introduction, 'surely needs to refer to the Rapid Reaction Corps (RRC) and our leadership of it'.¹⁷⁹ He was briefed that there 'were no issues of principle or policy to settle', but it was important for the political balance and international aspects of the statement (Defence Estimates) to be right.¹⁸⁰ It had been 'an extraordinary year in defence', as well as in disarmament. Problems over the implementation of the CFE treaty had been resolved, and it would soon enter into force.¹⁸¹ At OD Committee, the Prime Minister stated that references to squadrons of Tornados and Royal Navy ships should not preclude a possible

¹⁷⁵ TNA, PREM 19/3252, Webb (SofS/PS) to Powell (PS/PM), 'Statement on the Defence Estimates 1991', 8 February 1991.

¹⁷⁶ Ibid., Powell (PS/PM) to Webb (PS/SofS), 'Statement on the Defence Estimates 1991', 10 February 1991. No decision on publication date need be taken at that stage.

¹⁷⁷ Ibid., Webb (PS/SofS) to Sutton (PS/Lord President), 'Statement on the Defence Estimates 1991', 18 March 1991.

¹⁷⁸ TNA, PREM 19/3643, Reeves (Cabinet Office) to Webb (PS/SofS), 'Statement on the Defence Estimates 1991', 14 May 1991; CAB 148/328, OPD(91)6, 'Statement on the Defence Estimates 1991', Memorandum by the Secretary of State for Defence, 11 June 1991.

¹⁷⁹ Ibid., minute by Wall (PS/PM) on Webb (PS/SofS) to Wall, 'Statement on the Defence Estimates 1991', 14 June 1991.

¹⁸⁰ Ibid., Appleyard (Cab Off) to PM, 'OPD: 18 June', 14 June 1991. It was thought that following significant ministerial discussion, OD Committee could take a quick decision on the Estimates before having a robust exchange about the new (Challenger II) tank.

¹⁸¹ Ibid., Foreign Secretary to SofS, 'Statement on the Defence Estimates 1991', 17 June 1991.

eventual decision by Ministers to maintain 102 aircraft and 35 destroyers/frigates only.

With publication finally fixed for 9 July¹⁸² and with the Defence Estimates attracting wider public interest, it became important to brief the HCDC, MPs, and the media, and to inform allied governments about significant areas of concern. Critics, including the House of Lords 'Defence Review Group', lobbied ministers and argued that NATO was restructuring too early; they doubted that there had been a significant decline of Soviet military capabilities and questioned the role of the Reserves. King's response was that the threat had changed. The Warsaw Pact had disbanded; NATO faced one million less men in the east. He was determined to deliver 'smaller but better' forces. The Defence Review Group was chiefly concerned over Army numbers and changes to the regimental system. Jonathan Aitken MP, who would be Min (DP) less than a year later, raised Commons concerns that Options for Change was a 'Treasury-led exercise'. King disagreed, highlighting the UK's leading role in NATO's RRC (although the Army was to be reduced from 120,000, as envisaged by the July 1990 statement, to 116,000). He also pledged proportionate savings in support and in the civilian headcount.¹⁸³

Wounded by this 'misplaced' criticism, King rejected charges that Options for Change was a resource-driven exercise that lacked a strategic rationale, and he underlined the still significant size of the armed forces post-Options for Change, their professionalism and their modern equipment.¹⁸⁴ However, officials cautioned against fully developing this theme until the complete picture was available and recommended tailoring messages to different groups. Within the Services, there was concern that internal public relations material would lose credibility by glossing over difficulties. Moreover, with the publication of the Defence Estimates, the associated defence policy leaflet and the Command Paper on Army restructuring, officials were disinclined towards another booklet explaining the armed forces' future. They suggested preparing a 'fact sheet' for Ministers and others.¹⁸⁵ King

¹⁸² TNA, CAB 148/328, OPD(91)4th Meeting, 18 June 1991.

¹⁸³ TNA, DEFE 25/824, APS/SofS to PS/USofS(AF), 'Call on the Secretary of State by Members of the Lords "Defence Review Group"', 11 June 1991.

¹⁸⁴ TNA, DEFE 25/824, PS/SofS to CPR, Head of Sec (Pol Studies), 'Options Force Structures: Presentation', 19 June 1991.

¹⁸⁵ TNA, DEFE 25/824, Head of Sec (Pol Studies) to PS/SofS, 'Options Force Structures: Presentation', 28 June 1991. King was also keen to correct the impression given in a PQ answered by Hamilton on 26 June that senior posts were increasing by giving a clear commitment to a reduction of around 20%. PS/SofS to DGMA, 'PROSPECT HQ Report – Public Announcement', 3 July 1991.

meanwhile sought to replace the Options for Change label with such banners as 'Britain's Defence for the 90s', which appeared on the Estimates' cover, and 'Strong Defence in a Changing World'.¹⁸⁶

The draft Defence Estimates went to Ministers on 19 June 1991 and were discussed in Cabinet the next day.¹⁸⁷ King stated that later publication of the Estimates had been agreed with the HCDC because of the Gulf crisis and the need to absorb its lessons, and the requirement to work through the consequences of Options for Change decisions. The Statement charted NATO strategic developments, including the establishment of the RRC, to which the UK would contribute substantial forces and provide a permanent commander. The key message was that, 'in response to the fundamental changes in the international situation over recent years, the Government had developed with its NATO allies a coherent and convincing defence policy in which the nation could have confidence.'¹⁸⁸ After chapters on the Gulf crisis, the liberation of Kuwait and the changing security environment, Options for Change was discussed from chapter four.¹⁸⁹

When the Defence Estimates appeared, Conservative MPs were lobbying King over the Army's further reduction to a strength of 116,000, pointing especially to the Northern Ireland commitment, which King understood as a former Northern Ireland Secretary.¹⁹⁰ George Younger, the previous Secretary of State, publicly expressed

¹⁸⁶ TNA, DEFE 25/824, PS/SofS to Head of Sec (Pol Studies), 'Options Force Structures: Presentation', 4 July 1991. CPR disagreed mixing good news with bad on Options for Change announcements diluted bad news. He thought it a 'fallacy' in most cases and recommended bad news was lumped together, with good news items spread out to get maximum possible benefit. He believed it unnecessary to announce bad news, particularly cancellations of tranches of equipment which had not been publicly acknowledged. CPR to PS/SofS and various addressees, 'Options Announcements: Good News/Bad News', 11 July 1991.

¹⁸⁷ TNA, CAB 129/229, CP(91) 10, 'Statement on the Defence Estimates 1991', Note by the Secretary of the Cabinet, 19 June 1991; PREM 19/3643, Webb (PS/SofS) to Wall (PS/PM), 'Statement on the Defence Estimates 1991', 19 June 1991; Butler (Cab Sec) to PM, 'Cabinet, 20 June: Statement on the Defence Estimates 1991', 19 June 1991.

¹⁸⁸ TNA, CAB 128/100, CM(91)22nd Conclusions, 20 June 1991.

¹⁸⁹ HM Government, *Britain's Defence for the 90s*, p. 40. It was argued the Soviet Union could no longer mount a full-scale offensive against NATO and it would take some years to regain this capability. Nevertheless, it retained substantial and sophisticated military resources, constituting a major challenge against more limited objectives at short notice.

¹⁹⁰ Michael Evans, 'MPs urge King to backtrack on front-line cuts', *The Times*, 8 July 1991; Michael Evans, 'Pledge on defence will not quell Tory fear over army cuts', *The Times*, 9 July 1991. The future of the Army's infantry and armoured regiments were raw issues with planned disbandments and amalgamations. The Government's pledge to maintain strong defence dismayed those who said the army was too small to fulfil all its commitments, with the further reduction to 116,000.

reservations about overstretch. The media asserted that the Defence Estimates signalled a 6% budget reduction in real terms over the next three years after a 10% drop over the previous five years but that equipment spending would remain broadly level.¹⁹¹ King thought that the Estimates 'received more favourable treatment in some parts of the press than might have been expected'. Both the HCDC and the Conservative backbench committee on defence refrained from major criticism. However, the HCDC maintained that Options for Change failed to offer a rationale for the proposed changes and provided no coherent strategic overview. King claimed that there was little comment on the Navy and RAF proposals and some acceptance of Army personnel reductions, although the restructuring of regiments was a 'live issue'.¹⁹² The *Daily Telegraph's* pro-Army Defence Editor questioned the RRC's role and criticised the reduction of infantry battalions from 55 to 36, a measure that he insisted was driven by financial considerations. However, his comments on the RAF suggested that Options for Change had left some unfinished business:

The Royal Air Force may be congratulating itself on having suffered really very little. It has always been expert at winning Whitehall battles and it seems likely to emerge from the cuts with the loss of only two bases in Germany, some seven aircraft squadrons and 14,000 of its 89,000 personnel. The slimmer RAF will not be much different from the RAF today - wrongly so, it will be widely felt, when there is little justification for the retention of the RAF Regiment or the overlarge RAF medical and other support services.¹⁹³

In truth, the RAF had little reason to indulge in self-congratulation over the loss of nine, not seven of its 30 fast-jet combat squadrons and the closure of half its front-line bases in Germany.¹⁹⁴ Other reports highlighted that the RAF was set to lose 1,800 officers, a reduction of 14% as 10 squadrons were disbanded.¹⁹⁵

¹⁹¹ Michael Evans, 'Army chiefs say troop cuts are unworkable', *The Times*, 10 July 1991; 'Forces blueprint ends doubts but threatens jobs', *The Times*, 10 July 1991.

¹⁹² HMG, *Britain's Defence for the 90s*; TNA, CAB 128/100, CM(91)25th Conclusions, 11 July 1991. King made a statement in the Commons on 23 July on publishing a White Paper on Army restructuring. UK ground forces stationed in Germany would be reduced from 55,000 to 23,000 and this made possible a reduction in the overall size of the Army from 156,000 to 116,000. CAB 128/100, CM(91)26th Conclusions, 23 July 1991.

¹⁹³ John Keegan, 'Mass of information conceals a lack of proper policy', *Daily Telegraph*, 10 July 1991.

¹⁹⁴ AHB, CAS 27/1 Part 11, enclosure no. 83, ACM Michael Knight to Editor, *Daily Telegraph*, 10 July 1991.

¹⁹⁵ Chris Jenkins, 'RAF must lose 1,800 officers', *Daily Mail*, 10 July 1991.

Media critics argued that ‘a small group of almost anonymous civil servants’ rather than senior military commanders had advised King over Options for Change. Mottram was described as the ‘dominant influence’. Quinlan was also targeted on the basis that his military record was ‘restricted to two years as a flying officer’ in the RAF’s educational branch. As ‘a veteran nuclear theorist’ he had been ‘unmoved by the debate over the future of Britain’s most historic regiments’.¹⁹⁶ According to *The Times*, the key decision about retaining comprehensive capabilities or concentrating on doing fewer things well had been ‘fudged’ again. Personnel reductions were marginally deeper than proposed in 1990, but numerous, varied commitments remained:

This is a tightening rather than a radical rethinking of force structures. Efficiency, not change, is the watchword. If the government truly intended defence doctrine to be dictated by strategic priorities this might have been the occasion to make that clear. But Mr King clearly felt a trimming of the sails rather than a push on the tiller was prudent, as the West awaits events in Moscow.¹⁹⁷

PM-Chiefs of Staff meeting, 1991

As Prime Minister, John Major retained the practice of holding an annual meeting with the Chiefs of Staff. In 1991, this coincided with the publication of the Defence Estimates.¹⁹⁸ In this final Long-Term Costings before a General Election, CDS thought that, with Ministers having much else on their minds, the meeting with Major should ‘focus constructively on the most important outstanding issues’. CAS was keen for CDS to highlight the Prime Minister’s known interests and the repercussions from Options for Change, notably better weapons and upfront funding to enable longer-term savings.¹⁹⁹ Major was advised to pursue such issues as the

¹⁹⁶ ‘Diary: Papering over the cuts’, *The Times*, 10 July 1991. It was stressed civil servants moulded Options for Change and the military protested, nobody from the latter having anything positive to say about the reductions.

¹⁹⁷ Editorial, ‘Defending Defence Cuts’, *The Times*, 10 July 1991.

¹⁹⁸ TNA, PREM 19/4060, Wall (PS/PM) to PM, ‘Call by CDS’, 25 April 1991. Wall said the Prime Minister’s annual lunch with the Chiefs was ‘their opportunity to unburden’. Major had met the new CDS, Field Marshal Sir Richard Vincent, in late April.

¹⁹⁹ TNA. DEFE 25/824, CDS to VCDS, 4 June 1991; DEFE 25/956/2, Cassidy (PS/CAS) to SECCOS, ‘COS Meeting with the PM on 10 July 1991’, 26 June 1991. CAS was keen CDS highlighted the extent of extra GRANBY costs borne by the already extended MoD budget. CAS stressed CDS to underline that Options for Change had reduced Tornado and Buccaneer squadrons from 13 to 8 and thinned each Harrier squadron. The forces had been led to expect significant improvements through the Government’s

changing threat and whether the UK was responding to it correctly.²⁰⁰ The Chiefs were said to be satisfied with the Options for Change approach, but they doubted the sufficiency of defence funding in future PES rounds. Moreover, the pace of change had accelerated from five years to three with the announcements following from PES 90, making it more important to secure support savings. The Chiefs remained concerned that Ministers would 'shy away' from controversial establishment decisions and sought adequate redundancy, resettlement and rehousing terms.²⁰¹ CAS pointed out that the forces were being led to expect considerable improvements through the Government's commitment to 'smaller but better'. There needed to be additional funding if the Services were to maintain anything approaching the Options for Change capability to which the Government had committed.²⁰²

Major thanked the COS and the armed forces more widely for the success of GRANBY. He observed that the 11% reduction over six years in defence resources was a 'stark reminder of the limitations ... on our defence capabilities'. CDS argued that, with further cuts likely, the Government should consider whether all existing defence roles could be sustained. Questioned further by Major, he underlined the significance of the UK's sub-strategic nuclear capability, while CAS stressed the need to retain a range of nuclear and conventional choices and contended that nuclear ownership brought with it political status and influence. He also observed that the WE177 free-fall (bomb) munition was deteriorating with age.²⁰³ The Prime

commitments to 'smaller but better', citing overtaut establishments together with undermanning and inadequate provision. CAS also emphasised the need for CDS to mention Major's known interests civilianisation and contractorisation and known views on the defence estate. He wanted to highlight the implications of Options on the air defence of the UK, the significance of front-line combat aircraft cuts and withdrawing personnel from Germany. Moreover, smaller forces had to mean greater emphasis on weapons procurement to meet deficiencies and replenishment of post-GRANBY weapons stocks. Moreover, CAS underlined the need for upfront funding to achieve longer term savings and achieve something like the Options for Change capability to which the Government was then committed.

²⁰⁰ TNA, PREM 19/4060, Wall (PS/PM) to PM, 'Meeting with the Chiefs of Staff', 9 July 1991. Other issues mentioned before the meeting to the Prime Minister included joint procurement within NATO, getting France back into the NATO fold, maintaining US commitment to Europe and the armed forces' views of disaster relief operations.

²⁰¹ *Ibid.*, Webb (PS/SofS) to Wall (PS/PM), 'Prime Minister's Meeting with the Chiefs of Staff, 9 July 1991.

²⁰² TNA, DEFE 11/1041, Cassidy (PS/CAS) to SECCOS, 'COS Meeting with the PM on 10 July 1991', 26 June 1991.

²⁰³ NATO still needed to maintain nuclear forces in case of future Soviet aggression or renewed military expansion, and all three UK Services retained sub-strategic nuclear weapons after Options for Change. The RAF's Tornado squadrons continued to make a major contribution to sub-strategic nuclear forces in support of NATO and provide a UK sub-strategic nuclear deterrent within a new smaller force structure.

Minister voiced concern about the implications of Options for Change, the pace of change and the extent to which it had been thought through. He claimed that, if resources had allowed, he would have liked an expanded role for the Services but did not indicate what this should be. Instead, he asked the chiefs whether they believed Options for Change was ‘about right’. CDS observed that Options for Change was based on clear strategic decisions and analysis. The core capability was ‘about right’ but there were ‘still concerns at the margins’. CAS added that the RAF’s implementation of Options for Change was ‘well advanced’, and numerous station closures had been announced. He thought that Options ‘preserved the minimum acceptable force level’ and that any further reduction would involve losing a significant capability. Major concluded with the hope that the MoD might build a ‘more productive relationship’ with the Treasury. However, in his view, the MoD needed to bring greater accuracy to the LTC, and he remarked that the department was £2bn adrift from the agreed PES figures.²⁰⁴

Troubled programmes

The future of the Tornado ADV (or F3) was a key issue for the RAF. BAe provided cost estimates for a Weapon System Upgrade (WSU) in 1990 and the Gulf War subsequently highlighted the ADV’s operational limitations. Following the Options for Change announcement and GRANBY, press speculation about the aircraft intensified, and it became necessary for King to clarify Government intentions. The various upgrades affected the ADV’s radar, air-to-air missile fit, self-defence capability, sensor suite and avionics system, and issues relating to its fatigue life were also considered. The cost of improvements in these areas was between £0.7bn and £2.bn for the full fleet, figures that ensured that the WSU was not included in the MoD’s programme during the 1991 LTC exercise. MoD planning assumptions envisaged the replacement of the ADV by EFA in the late 1990s, and withdrawal from service by 2004. This was consistent with a report King had prepared on policy options in July 1990, although he did not mention the WSU.

The ADV’s future was considered by Min (DP) later in 1990, when he reviewed the equipment programme, and he concluded that the upgrade should not proceed.

The possible replacement of the WE177 free-fall nuclear weapon by the turn of the century with an American or French Tactical Air-to-Surface Missile (delivering a UK warhead) remained under consideration.

²⁰⁴ TNA, DEFE 11/1041, SECCOS, ‘Summary Record of COS Meeting with PM – 10 July 1991’, 11 July 1991. A seminar with the Treasury was mentioned by the Chiefs with ‘the aim of ensuring Treasury officials had a better understanding of the detailed military implications of their decisions’.

However, it remained essential to extend the aircraft's fatigue life until 2005 at a cost of around £200m. In response, King proposed a public line that, in the absence of the WSU for the ADV, planning would assume its progressive replacement by EFA, which offered far superior performance as well as lower support costs. As Saudi Arabia had ordered 24 ADVs, there were concerns about the impact of any public statement heralding the aircraft's retirement. It was hoped that this could be eased by preparing the Saudis before the announcement and stressing that the aircraft would remain in RAF service beyond 2000.²⁰⁵ A statement in the House of Commons was subsequently scheduled for 2 May.

However, the proposal to replace the ADV with EFA was received with alarm by the Treasury. The Chief Secretary delivered a strident protest to King in which he questioned the assumption that the two aircraft would operate in parallel:

I must object in the strongest possible terms to your proposals that you announce in the House today that it is now the Government's planning assumption that EFA will progressively replace Tornado ADV.²⁰⁶

He complained that the Treasury had never seen a promised MoD study into the relative ADV/EFA mix and concluded:

You may now feel that the saving on updating and maintaining the Tornado ADV aircraft offsets the price of purchasing many more EFA. This is however a major decision involving billions of pounds of public money. It cannot be taken lightly on the back of a half sentence in a Private Secretary's letter. If you wish to pursue it, I suggest that your officials set out the full arguments with costings to mine, so we and colleagues can be properly briefed.²⁰⁷

The Prime Minister thought that since financial arrangements for extending the ADV's fatigue life had not been agreed, nothing should be said publicly until this

²⁰⁵ TNA, PREM 19/3652, Binstead (PS/SofS) to Wall (PS/PM), 'Tornado Air Defence Variant', 30 April 1991. Wall minuted the Prime Minister, 'This is basically saying that Tornado cannot be modernised (radar especially) and will therefore be phased out. The costs have all been budgeted for already.' Major remarked, 'Are you sure the Saudis will proceed? Advice please.'

²⁰⁶ Ibid., CST to SofS, 'Tornado Air Defence Variant', 2 May 1991.

²⁰⁷ Ibid.

was resolved. He was also worried about the Saudi Arabian order.²⁰⁸ Yet King argued that the Chief Secretary's letter misrepresented the proposed MoD statement. The MoD wanted to announce their *planning assumption* that the Tornado ADV would be replaced by EFA, but no *decision* had yet been taken. A decision could only be taken when the EFA project reached the Production Investment phase at the end of 1992. Even then, all viable alternatives required examination to secure the most cost-effective solution. The planning assumption was that EFA deliveries would start in 1998; it would subsequently replace the ADV, saving planned programme spending and WSU costs, which were not programmed. This did not alter the Government's commitment to EFA, agreed collectively on numerous occasions. The announcement was to counter Parliamentary and press speculation over the ADV and the WSU, which the MoD hoped to silence before the EFA Production Investment phase. King argued that the ADV upgrade was not worth the extra expense. Moreover, if the WSU was publicly rejected, then the MoD had to declare an alternative approach. The decision not to proceed with the WSU did not affect ADV fatigue life, and the first tranche of modifications to achieve planned fatigue life had already started. Without modification, the ADV would have to be withdrawn from service before 2000. As for the Saudi order, it had been completed, and King doubted that there would be further orders, in any case. The main priority was to explain the MoD's decision to the Saudis to avoid any misunderstanding. King proposed an announcement via an inspired PQ.²⁰⁹

On 8 May, the ADV saga was described in Cabinet Office advice for the Prime Minister. This highlighted the fact that it was a 'young aircraft', which had entered service from 1984. Its limitations included electronic countermeasures (ECM), specifically its General Electric Company (GEC) AI24 radar, which could be jammed by Soviet Backfire bombers. MoD studies of the aircraft had covered the possible upgrade or replacement of the radar, the most effective ADV and EFA force mix, and the separate problem of airframe fatigue, including the purchase of replacement off-the-shelf aircraft if the fatigue problems proved 'incurable'. King's July 1990 report had recorded that the fatigue issue was less severe than feared, but

²⁰⁸ TNA, PREM 19/3652, Wall (PS/PM) to Binstead (PS/SofS), 'Tornado Air Defence Variant', 2 May 1991.

²⁰⁹ Ibid., SofS to CST, 'Tornado Air Defence Variant (ADV)', 7 May 1991. Min (DP) opened and closed the RAF debate in the House of Commons on 2 May and had specifically wanted to use the paragraph on the progressive replacement of the Tornado ADV with EFA, annotating 'keep in' on the draft speech. The draft stated this was the most cost-effective course and rejected a WSU to extend the life of the ADV. The ADV was updated and remained in RAF service beyond 2000. AHB, CAS 27/1, Part 11, enclosure no. 59, Clayton (RP(Air)2) to APS/Min (DP), 'RAF Debate – Thursday 2 May', 25 April 1991.

the radar problem remained. There was no cheap solution. At issue, then, was the case for spending post-Options for Change to improve the ADV. King had made no recommendations but had warned that the Government would face criticism for spending £0.9bn on the AI24 radar, which had not kept pace with the threat.²¹⁰

In the Cabinet Office's opinion, King's proposal to withdraw the ADV by 2005 after barely two decades of operational life was 'remarkably sweeping'. In his Options for Change statement, he had emphasised that the two Tornado variants 'would provide the backbone' of the future RAF. Part of that backbone evidently had a limited shelf life. There were three fundamental issues. The first was whether it was militarily and politically acceptable not to proceed with the WSU, while the second was the possible impact on the Al Yamamah contracts with Saudi Arabia. The third was the link between ADV withdrawal and EFA acquisition. Although Full Development (approved for EFA in 1988) was normally the key decision point, the Germans were keeping their options open; there would be no decision to proceed before 1992. The Cabinet Office thought that the Chief Secretary was right to demand more information about King's plans to introduce EFA. A planning assumption was not a decision, but a public statement that EFA would replace the ADV sounded like a commitment. King had not mentioned EFA in his Options for Change statement. Pressure was clearly emanating from within the MoD and BAe, but this did not justify a hasty decision. The Cabinet Office hoped for consultations between the MoD and the Treasury. If these were unsuccessful, the Prime Minister might consider an OPD meeting.

Major backed this approach²¹¹ and insisted that nothing should be said publicly.²¹² Nevertheless, the Treasury initially stuck to its guns. The Chief Secretary complained that King had proposed 'a major change in policy', implying a much larger EFA purchase than necessary and incurring an expenditure of billions of pounds. No such assumption could be made unless sound evidence demonstrated that it was most cost-effective way forward. Yet Treasury officials had not received detailed information from their MoD counterparts on costings.²¹³ Eventually, the Cabinet Office managed to settle the differences and proposed that King should answer an arranged PQ. This would state that the MoD would not proceed with the

²¹⁰ TNA, PREM 19/3652, Appleyard (Cab Off) to Wall (PS/PM), 'Tornado Air Defence Variant', 8 May 1991. The order was for an initial 165 ADV aircraft with an attrition buy of eight aircraft. Around 140 had been delivered.

²¹¹ *Ibid.*

²¹² *Ibid.*, Wall (PS/PM) to Webb (PS/SofS), 'Tornado Air Defence Variant (ADV)', 13 May 1991.

²¹³ TNA, PREM 19/3652, CST to SofS, 'Tornado Air Defence Variant (ADV)', 13 May 1991.

WSU and 'would also mention EFA's complementary role in terms which do not imply a commitment'. The Prime Minister, King and the Chief Secretary agreed this course.²¹⁴

Other high-profile procurement programmes posed further problems. King described the Navy's EH101 Merlin helicopter as 'a major, difficult and costly project ... the subject of exhaustive examination'. MoD ministers agreed that an effective anti-submarine warfare (ASW) capability had to be preserved. The Soviets maintained a formidable submarine fleet, and other states posed a growing threat. The overall procurement cost (including sunk costs of £801.1m) for 44 machines was £3,204.4m. The project was critical for Westland. On 30 July 1991, King sought approval from Cabinet colleagues to proceed quickly with this Anglo-Italian venture.²¹⁵

However, the advice from the Cabinet Office recalled King's earlier reservations about the helicopter and Mrs Thatcher's concerns 'that EH101 might become another fiasco on the scale of Nimrod AEW'. Costs had escalated by 68% since 1983 (when 50 aircraft were envisaged), specifications had been downgraded, and the Navy version's in-service date had slipped from 1993 to the end of 1998. Despite the pressure for a swift decision, the EH101 threatened to be 'a project which could

²¹⁴ Ibid., Appleyard (Cab Off) to Wall (PS/PM), 'Tornado Air Defence Variant (ADV), 30 May 1991; Wall to Appleyard, 'Tornado Air Defence Variant (ADV)', 3 June 1991.

²¹⁵ Ibid., SofS to PM, 'The EH101 Merlin Helicopter', 30 July 1991. King preferred the completion of development and production of the initial batch of helicopters to go to a Westland/IBM consortium rather than the UK Merlin Helicopter Management (MHM) formed by BAe/GEC. Westland/IBM as prime contractor had taken on a comprehensive range of liabilities and would not receive full payment until set standards had been met. King stressed a positive decision would provide 'good news' of investment in UK industry, involving 7,000 jobs and over 300 companies and 'would clearly be very helpful presentationally in the current economic climate'. Westland was based in Yeovil, Somerset. King was MP for Bridgwater, Somerset. Major had been briefed in April that with no potential prime contractors seemingly willing to fully guarantee the helicopter's performance and cost, cancellation of EH101 looked the likely outcome. See PREM 19/3496, Rosling (Special Adviser/PM) to PM, 'Bilateral with Mr King', 8 April 1991.

become another procurement catastrophe if it goes wrong.’ There was too much at stake for a hasty decision.²¹⁶ The Prime Minister concurred.²¹⁷

Predictably, the FCO and the Department of Trade and Industry (DTI) wanted to press ahead.²¹⁸ On the other hand, the Chancellor, Norman Lamont (a former MoD Minister), was far more sceptical. The Treasury argued that the EH101 did not meet any reasonable value for money criterion. Costs had been ‘hopelessly underestimated from the very start’ and had escalated to £73m per helicopter. The Chief Secretary, David Mellor, warned that offsetting savings were needed elsewhere and highlighted rising Trident costs and the expense of Challenger II. Although he questioned the alleged threat from Soviet submarines, poor value for money was the paramount issue. Mellor stated, ‘I believe that this programme should be terminated forthwith.’ The MoD could then evaluate a reasonable, affordable ASW programme rather than continuing with Merlin and ‘throwing good money after bad’.²¹⁹ Major opted to take a decision out of committee, without a meeting. EH101 acquisition would be approved if it was funded through savings from other equipment projects and commitments.²²⁰ Mellor nevertheless insisted

²¹⁶ TNA, PREM 19/3652, Appleyard (Cab Off) to Turnbull (PPS/PM), ‘The EH101 Merlin Helicopter’, 31 July 1991. Lord Weinstock, the Chairman of GEC lobbied No. 10 directly, Rosling (Special Adviser/PM) to Hogg (Min of State, FCO), ‘EH101/GEC’, 7 August 1991, Rosling to Mrs Hogg (No. 10 Policy Unit), ‘EH101/GEC’, 28 August 1991. Westland’s bid was strongly supported in public by Paddy Ashdown, Liberal Democrat leader and MP for Yeovil. There had been five contracts for the naval version, but Sir Peter Levene had eventually insisted on a single prime contractor. Although Westland had not performed well as a prime contractor it was hoped IBM would ‘lick them into shape’. Moreover, it was recalled that the other contenders, BAe and GEC, were the combination responsible for Nimrod AEW, although they lobbied hard, mindful of the defence cuts.

²¹⁷ *Ibid.*, Turnbull (PPS/PM) to Webb (PS/SofS), ‘The EH101 Merlin Helicopter’, 1 August 1991.

²¹⁸ *Ibid.*, Hogg (Min of State, FCO) to SofS, ‘The EH101 Merlin Helicopter’, 31 July 1991; Lilley (SofS DTI) to PM, ‘EH101 Merlin Helicopter’, 2 August 1991. The FCO was supportive of Anglo-Italian relations; the DTI mentioned the launch aid provided for the project and potential civil and military exports.

²¹⁹ TNA, PREM 19/3652, CST to PM, ‘The EH101 Merlin Helicopter’, 9 August 1991. Leon Brittan’s reluctant agreement in 1983, when Chief Secretary, was cited, and Mellor was prepared to give ‘grudging approval’ to King’s proposals but was overruled by the Chancellor. The Treasury also doubted the threat, with the Soviet threat changing and the third world threat dubbed ‘theoretical’. Reeves (Cab Off) to Wall (PS/SofS), ‘EH101 Helicopter’, 13 August 1991.

²²⁰ *Ibid.*, Wall (PS/PM) to Binstead (PS/SofS), ‘EH101 Merlin Helicopter’, 16 August 1991. The Prime Minister also wanted an assurance that the helicopter would not be subject to US re-export controls. King confirmed to the Prime Minister that he had settled satisfactorily the main outstanding points and it could be stated publicly that the award of the prime contract to Westland/IBM did not affect the UK’s ability to export Merlin. Moreover, despite late offers from the MHM consortium, the Westland/IBM bid remained cheaper and superior. SofS to PM, ‘EH101 Merlin Helicopter’, 30 August 1991.

that King should not publicly confirm a purchase of more than 44 helicopters or a potential upgrade to Mark II standard.²²¹

The MoD also remained committed to retaining an amphibious warfare capability, including an Aviation Support Ship (ASS). This was agreed in 1986 and reviewed and approved in Options for Change. The ASS was a key element in amphibious operations, able to provide helicopter support and carry troops. At the beginning of 1992, King reiterated that he was not prepared to abandon this important capability, and he insisted that a purpose-built ASS was needed, rejecting a less capable ship suggested by the Treasury.²²² However, the Treasury pointed to the former Soviet Union's changing military orientation and altered political environment, and argued that other pressures on the defence budget could cast doubt on ASS affordability in the longer term. The Chief Secretary refused to allow the MoD to order the ASS in 1992 and would only agree to the issue of an invitation to tender.²²³

With a General Election imminent, redundancies and reorganisation in defence became especially sensitive issues.²²⁴ In a minute to the Prime Minister on 6 March, King highlighted the rationalisation of Army training, Navy redundancies and the planned reduction of the size of the MoD's London HQ from 14,500 to 7,000, along with transfers to existing RAF headquarters at Brampton (Huntingdon) and Innsworth (Gloucester).²²⁵ Major was also advised of potentially 500-600 RAF redundancies in 1993-94 and cuts of 10,000 MoD civilian posts from 1992.²²⁶ After Options for Change, numerous activities hitherto based in London were relocated to commands and support establishments nationwide. A new RAF Logistics Command was formed at Brampton in 1994 comprising logistics staff from existing Support Command (RAFSC) and personnel moved from London and elsewhere. Personnel and training functions from Brampton were relocated with personnel staff at Innsworth to form the new Personnel and Training Command.²²⁷

²²¹ Ibid., Holgate (PS/CST) to Webb (PS/SofS), 'EH101', 2 September 1991. The Chief Secretary was pleased progress was made on export controls and other issues. The case for any further orders would have to be considered on its merits at the time.

²²² Ibid., SofS to CST, 20 January 1992.

²²³ Ibid., CST to SofS, 'Aviation Support Ship', 23 January 1992.

²²⁴ Michael Evans, 'Defence cuts put 2,600 civilians out of work', *The Times*, 25 January 1992.

²²⁵ TNA, PREM 19/3646, SofS to PM, 'Defence Redundancies', 6 March 1992. King did not believe that news of redundancies could be postponed without this, in itself, leading to adverse publicity.

²²⁶ Ibid., Wall (PS/PM) to PM, 'Defence Redundancies', 6 March 1992. As constituency MP for Brampton, Major was advised by King that there would be an increase of around 500 Service and civilian jobs at the station; SofS to PM, 'Defence Reorganisation', 16 March 1992

²²⁷ Ibid., SofS to PM, 16 March 1992.

The defence industries were alarmed at post-Options for Change equipment savings and lobbied accordingly. Aircraft contracts were particularly prized but potential projects were few. BAe was concerned that the MoD would not participate in pre-feasibility studies for the Future Large Aircraft (FLA). Min (DP) responded that the RAF's Hercules and VC10 fleets would only be replaced after 2000, when new aircraft would probably be procured off-the-shelf. FLA might be a contender, if available, as the MoD had no preferred aircraft. Clark maintained that most of the equipment needed for such an aircraft was available in the civil sector and that the MoD should not spend public money developing a military system. He hoped BAe could still contribute to the programme without MoD participation.²²⁸ When BAe's Chairman probed further, Major repeated Clark's line²²⁹ and faced subsequent complaints about the Government's lack of sympathy.²³⁰ Media reports claimed that the Government had rebuffed overtures from equipment suppliers, while the suppliers protested that the Government were paying insufficient attention to the economic implications of the defence cuts.²³¹ However, the Prime Minister insisted that Government efforts sought to enhance the competitiveness of UK industry in defence and other sectors.²³²

In late 1991, King secured an extra £500m for 1992-93 to help implement Options for Change cuts and cover further Gulf War expenses. Whilst King believed that there could be substantial savings in the longer term, the difficulty of finding early savings was compounded by significant redundancy costs and the provision of

²²⁸ TNA, PREM 19/3652, Min (DP) to Gillibrand (Chairman, Aerospace Companies, BAe), 30 May 1991.

²²⁹ *Ibid.*, PM to Roland Smith (Chairman, BAe), 1 July 1991. In MoD circles it was thought BAe desired 'a return to the corporatist relationship which existed between the Ministry of Defence and the defence industry in the 1970s'. Instead, the MoD repeated its commitment to 'competitive procurement' whilst maintaining close contact between procurement ministers and major defence firms, See Binstead (PS/SofS) to Wall (PS/PM), 18 July 1991.

²³⁰ *Ibid.*, Smith (BAe) to PM, 8 August 1991; In the interim, Min (DP) wrote to the 25 largest defence contractors asking if they thought the amount and type of information provided by the department allowed them 'to make sensible commercial judgements' for their businesses, Min (DP) to Cobham (FB Group), 15 August 1991.

²³¹ Roland Gribben, 'Industry spells out defence cut fears', *Daily Telegraph*, 27 August 1991.

²³² TNA, PREM 19/3652, Binstead (PS/SofS) to Chapman (PS/PM), 4 September 1991; PM to Smith (BAe), 11 September 1991. The MoD still insisted there could be no return to the 'corporatist relationship' between it and the defence industry which had existed under previous governments and the Prime Minister repeated the relationship could not be the same as when British Aerospace was publicly owned. Clark added that MoD would increasingly shift to commercial off-the-shelf technology, whenever possible, with civil industry assuming a greater role sustaining military technology. Peter Almond, 'Clark signals fundamental change over arms research', *Daily Telegraph*, 4 September 1991.

improved accommodation for personnel returning from Germany.²³³ Min (DP) announced £500m worth of RAF and Navy orders for aircraft systems on 19 February 1992, but troubles beset the ASRAAM project, which was earmarked for development and production in Europe.²³⁴ European partners withdrew from ASRAAM in 1989 and 1990, citing budgetary factors, and development of the missile then proceeded on a national basis. The bid by British Aerospace's Dynamics Division (BADL), was selected, being compliant in all important aspects, and some 1,500 missiles were ordered. The £607.8m cost was affordable within defence's planned provision and was announced by King on 3 March.²³⁵

Nevertheless, defence was not allowed time to adjust to the structures of Options for Change and the post-Cold War environment. Economic circumstances then became more unfavourable, with the onset of recession in 1990-91. As the Treasury sought savings, defence had to contribute. As will be detailed in the next study, painful and predatory Treasury raiding squeezed defence throughout the decade.

²³³ Michael Evans, 'King secures extra cash to finance cuts', *The Times*, 5 November 1991.

²³⁴ TNA, PREM 19/3652, SofS to PM, 'The Advanced Short Range Air to Air Missile', 28 February 1992. This was in accordance with the Family of Weapons Memorandum of Understanding with the US. Under the terms of the MOU, the US had developed an advanced medium range air to air missile which was already in service with the USAF.

²³⁵ *Ibid.* There were three bidders with the competition for a short-range missile to meet UK operational needs. The other bidders were GEC Marconi (GECM) which had teamed up with the French firm MATRA to offer MICASRAAM and the German contractor Bodenseewerk Geratetechnik (BGT) which offered proposals based on Sidewinder. The latter offered little improvement to existing operational capability and the former was not compliant with key aspects of the contract terms and featured too many assumptions, caveats and qualifications – providing GECM with the scope to evade the obligation to provide the right articles at the right time and for the agreed price.

Conclusion

The fall of Communism did not signal the End of History. Likewise, Options for Change was not the final word on the direction of UK defence policy in the 1990s. In the face of the momentous changes in Europe between 1989 and 1991, the UK's defence architecture was always likely to be redrawn. For the politicians, even the cautious and somewhat sceptical Mrs Thatcher, this signalled a unique opportunity to shift to smaller forces and cash in the 'peace dividend'. In the case of Mrs Thatcher, her successor John Major and the Treasury, the push to cut spending on defence was largely motivated by a desire not to lose out on savings when other European NATO states reduced their forces. They did not want the UK to miss the savings boat and then pick up the tab for western Europe's defence.

While the Treasury was fixed on the financial factors, the MoD was wary of developments in eastern Europe and the Soviet Union and the possibility that a sudden reversal of policy might produce a more hostile environment. Moreover, the MoD pointed to a plethora of threats to UK interests worldwide in a more unpredictable post-Cold War world and called for more flexible armed forces. Tom King insisted that Options for Change would usher in smaller but better forces. The wider longer-term aspirations were frustrated by shorter-term challenges with the defence budget, the result of reduced spending in real terms from 1985-86, exacerbated by higher inflation than forecast by the Treasury.

As a defence review, Options for Change was in some ways similar to John Nott's review of 1981. Although the MoD Centre was stronger in 1990 than 1981, following Heseltine's reforms, Options for Change was conducted within the MoD largely by senior defence civil servants, as was the Nott review. The single Services were bypassed for long spells of the process although CAS, ACM Harding was the most assertive of the single-Service Chiefs. However, there was not the same level of open inter-Service rancour that had characterised Nott's review. Treasury and FCO officials were involved in the process, notably under the auspices of DUS(P)'s group, but there was no overarching cross-departmental committee of officials under Cabinet Office auspices guiding the review, as there had been during Roy Mason's review in 1974-75. Tom King kept the process in-house as much as possible.

The personnel reductions across the Services resulting from Options for Change inevitably grabbed the headlines, but the cuts to the RAF's front line, notably in

Germany, were deep and painful, although commentators and the other Services still believed that CAS had fought the RAF's corner most effectively. Phantom and Buccaneer squadrons were retired, the final tranche of the Tornado order was cancelled, upgrades to the Tornado ADV were shelved, and squadrons were mothballed. In the new strategic environment, the need for EFA was questioned. Concurrently, participation in Operation GRANBY marked the largest UK military deployment since 1945. From the outset, the RAF played its part, although many aircraft, stations and airmen faced the Options for Change axe. Meanwhile, the PROSPECT cuts to headquarters and other support areas complemented the Options for Change reductions to the front line. The result was that a race for savings and a series of closure announcements occurred in parallel with a major military operation overseas. This was hardly reassuring for the Services or beneficial for morale.

The ad hoc appearance of Options for Change was exacerbated by the Gulf War. In the immediate aftermath of Tom King's 25 July 1990 announcement, attention was understandably diverted elsewhere. Intermittent cuts during the conflict did not make for healthy headlines. Rather than setting out the vision for a new strategic environment, Options for Change became a series of cuts, closures and disbandments announced over an 18-month period after the July 1990 statement. And it soon became clear that the Options for Change force structures were not affordable with planned funding provisions. The Treasury's response was to demand another defence review on the basis that Options for Change had been prepared before the collapse of the Soviet Union.

Over the following years, the Treasury insisted that the MoD had not adjusted its spending and commitments to reflect the new circumstances. The Treasury wanted the full 'peace dividend'. It believed that the MoD, personified by Tom King, was too slow and cautious. Consequently, instead, of the promised 'smaller but better' route being taken, a series of accelerated and piecemeal reductions followed. Options for Change was not the final word in the history of post-Cold War defence cuts; rather it only marked the beginning of a painful process over a difficult decade.

Annexes

Annex 1	Direct defence of the UK, 19 March 1990
Annex 2	Defence Policy and Programme: Options for Change, 27 April 1990 Annex E
Annex 3	CAS: Defence Policy Options, 22 May 1990
Annex 4	Minister(DP): Sopwith Memorial Lecture, 13 June 1990
Annex 5	CAS: Options for Change - Message to the RAF, 24 July 1990
Annex 6	Options for Change - RAF Estate Rationalisation, 14 March 1991
Annex 7	HCDC: Options for Change - RAF, 22 May 1991
Annex 8	CFE declared aircraft and helicopters, SDE, 9 July 1991

Annex 1

Direct Defence of the UK

Appendix 4 to Minute from DUS(P) to VCDS, 2nd PUS, 'Options', 19 March 1990¹

RAF Assumptions

1. The main AD threat is from the Soviet medium bomber force, which is expected to decline only marginally post-CFE. However, Soviet capabilities have improved significantly beyond those on which the current AD orbit was predicted. It is assumed that the acquisition of forward operating bases would enable the Soviet Union to mount an escorted bomber threat to the UK after 3-4 days of hostilities. The Tornado ADV lacks the agility necessary to counter escort fighters or cruise missiles and offers little development potential in this area. Moreover, Backfire and Flanker jammers would inhibit the Tornado's weapon system. While major investments in the aircraft's (radar and missiles) would enable it to counter the bomber threat more effectively than at present, it would not be possible to provide the agility necessary to counter the latest Soviet fighters or cruise missiles. The introduction of EFA, together with appropriate missiles, is therefore fundamental to the UK's future capability to counter the AD threat.

Forces Required

2. On the basis of a marginally reduced numerical threat, the RAF's core AD interceptor requirement is reduced to 138; this small reduction is insufficient to warrant significant changes in the AEW fleets. The 24-hour requirement for surveillance dictates no change to the AD ground environment. The MPA task will remain and hence a substantial Nimrod fleet is required. The tanker fleet could be reduced slightly. A small strategic recce fleet is also

¹ TNA, DEFE 25/768, Mottram (DUS(P)) to VCDS, 2nd PUS, 'Options', 19 March 1990.

retained. Point and area missile defences remain an essential component of the system. However, significant reductions are possible in training aircraft numbers. The remaining UK responsibilities could be discharged by much reduced SH fleet (SAR remains an unchanged task) and a smaller comms fleet. There is no offensive support capability beyond that provided by the Belize Harrier support task; no offensive counter air capability exists. While the transport support required for routine support of remaining overseas garrisons would be strictly limited, in order to carry out a Service-assisted evacuation or a Service-protected one, many more aircraft would be needed. The number is impossible to quantify because of the various unknowns; however, as a guide the RAF note that none of our current JTPs assume that more than 7 VC10s and 37 Hercules are available.

Resources

3. Costs of the proposed front-line forces, based on an analysis of the PEC, are assessed at £1300m annually for equipment, manpower, operating bases and infrastructure. In support of this, a much-reduced level of R&D, war stocks, training, movements, repair and storage (at about half the current level) is assessed to cost £900m annually. This allows for operational and Command Headquarters, but no element of MoD attributable costs. The regular manpower requirement included in these figures is of the order of 50,000.

Aircraft as Required for Direct Defence

Role/Aircraft	Numbers
Air Defence	
Tornado F3 and Phantom FGR2	138
VC10K	13
Tristar	9
E-3	7
Strategic Recce	
Canberra PR9	3
Nimrod R	3
Maritime	
Nimrod MR	30
OS/CAS	
Harrier	8
Transport Support (Belize and Falkland Islands)	
C-130	5
Comms Aircraft	
BAe 146	2
Andover	9
BAe 125	12
Helicopters	
Chinook	2
Puma	6
Sea King	16
Wessex	44
Gazelle	0
Training	
Chipmunk	0
Bulldog	92
Tucano	65
Hawk	50
Jetstream	9
Dominie	8

Annex 2

Defence Policy and Programme: Options for Change

Annex E to report by the working group, DUS(P) to PS/SofS, 27 April 1990.²

Annex E

Force Tables by Major Defence Role:

Comparison of packages with LTC 90 as at 1 April 1995.

Categories are as shown in the Departmental Plan.

DO2 - Provision of Nuclear Forces

Platform	LTC 90	Package One	Package Two	Package Three
SSBNs (RN)	4	4	4	4
Tornado GR1	132	120	108 (1)	108 (1)
Buccaneer	21	-	-	-
Nimrod MR/Replacement MR	33	33	28	28
Sea Harrier (RN)	24	24	16	24
Missile Regt	1	-	-	-

(1) 12 Dual roled as recce. Other recce assets in DO4.

² AHB, CAS 2/1/3 Part 1, DUS(P) to PS/SofS, 27 April 1990.

Defence Policy and the Royal Air Force, 1988-1992

DO3 - Defence of the UK

Platform	LTC 90	Package One	Package Two	Package Three
AEW Boeing E3	7	7	7	7
Air Defence				
Tornado F3	81	81	81	81
Phantom	36	-	-	-
Hawk	51	53	49	52
Tankers and Support				
Tristar	6	6	6	6
VC10K	13	13	13	13
Hercules	4	4	4	4

DO4 - Contribution to Forward Defence of European Mainland

Platform	LTC 90	Package One	Package Two	Package Three
Overland Strike/attack				
Tornado GR1	124	84	84	84
Offensive Support				
Jaguar	24	28	-	14
Harrier	57	57	57	57
Air Defence				
Phantom	24	-	-	-
Hawk	12	-	-	-
Reconnaissance				
Tornado	24	24	12	12
Jaguar	12	12	-	12
Helicopters				
Chinook	25	24	24	24
Puma	31	31	31	31
Transport				
VC10C	8	11	11	11

Defence Policy and the Royal Air Force, 1988-1992

Hercules	55	50	50	55
Andover	8	8	8	8

DO5 - Maritime Options in the NATO area

Platform	LTC 90	Package One	Package Two	Package Three
Maritime Air Defence				
Tornado F3	30	30	30	30
Sea Harrier (RN)	24	24	16	24
Maritime Strike/Attack				
Buccaneer	21	-	-	-
Tornado GR1	-	24	24	24
Maritime Patrol				
Nimrod MR/ Replacement MR	33	33	28	28

Under DO6 - Defence Activities Outside NATO, LTC 90 and all three packages recorded three Wessex helicopters in Cyprus and four Wessex in Hong Kong.

Annex 3

CAS to SofS, Annex A to 'Defence Policy Options', 22
May 1990³:

Tornado GR1/GR4

1. This is our most modern offensive aircraft. The options work has so far concentrated on its sub-strategic nuclear role in the context of supporting flexible response. In doing so, it is easy to forget that it also represents - matched only by the US F111 - the most capable and flexible offensive aircraft for conventional operations in NATO's inventory. Its 24-hour, all-weather, terrain-following weapon delivery, coupled with the ability to carry a large weapon load over long distances makes it an extraordinarily cost-effective way of contributing to the conventional firepower element of deterrence over very large areas. JP233 for attacking airfields, ALARM for suppressing enemy air defences, laser guided bombs for precision attacks, general purpose weapons for attacking ground forces and command centres, all ensure that this one aircraft type can meet the full range of offensive tasks. A recent example of its capability was the non-stop mission from Marham, Norfolk to secure direct hits, timed to the second, on a target in Morocco during the Special Forces 'Exercise Minibus' last Summer.
2. There is, however, one disadvantage, which stems from the very flexibility of the Tornado. While it can be employed against many different conventional targets which I have indicated or can be used in the sub-strategic nuclear role, each aircraft can only be in one place at a time. While for

³ TNA, DEFE 25/772, folio 28, CAS to SofS, 'Defence Policy Options', 22 May 1990, Annex A: DCA. The GR4 did not yet exist but was the GR1 after a projected update. This update was eventually approved in 1994 and would be implemented towards the end of the decade.

deterrence purposes, the range of roles and capabilities has the significant bonus of providing more potential counters to any enemy action, in war there would be difficult decisions to be made over priorities. We must be able to keep a sufficient proportion of the force back to meet the nuclear requirement. That requirement is likely to decrease, although to a lesser extent for DCA [dual-capable aircraft] and thus Tornado than other TNW. If the size of the force is reduced significantly, then attrition of those tasked for conventional operations becomes even more significant because the minimum force necessary for nuclear operations is likely to be reached sooner. Reductions in this force can therefore have the unfortunate effect of requiring earlier nuclear decisions.

3. With regard to the latest iteration of the Defence Options work, I welcome the proposal to replace 2 Buccaneer squadrons with Tornado, but the reductions in the present Tornado DCA [dual-capable aircraft]/recce force amount to 4 out of 8 squadrons in Germany and 1 out of 3 based in the UK. I accept that the proposed reduction in Germany, in the context of an overall reduction in BFG, is a reasonable one. My concern is that cutting the additional UK-based squadron will, in the light of the considerations in paragraph 2 above, represent a larger reduction than would be desirable in the overall force.

Annex 4

Extract from the inaugural Sopwith Memorial Lecture by
Alan Clark MP, Min (DP), Royal Aeronautical Society,
London, 13 June 1990.⁴

First, let me acquaint you with the stages that I now have to go through in procuring a piece of important equipment. They are seven in number - that is before we can get into production:

First there is the Operational Requirement which is determined by the Defence Operational Requirements staff. This leads to the Staff Target, 'a statement in fairly broad terms of the function and desired performance of the new equipment' (I am reading from Notes for Incoming Ministers). One is warned that '...it does not attempt to define a technical solution.'

Then comes in all likelihood a Pre-Feasibility Study.

And if this is promising we could move on to a Full Feasibility Study.

Next emerges the Staff Requirement which cannot - as far as I can make out - occur simultaneously with any of its predecessors but starts following the feasibility study and 'is a detailed statement of the function and performance required of the equipment, and its operating environment ...'.

Of course, if you get into difficulties and cannot make your mind up, it is always possible to insert extra steps; my favourite here is the Concept Elaboration Phase.

And then we have the Project Definition Stage. At this point 'the tactical differences of meeting the staff requirement will be examined ...'. It is customary, I was told for project definition, alone, to take up to two years to complete.

⁴ AHB, CAS 27/1 Part 9, enclosure no. 119, The Royal Aeronautical Society Inaugural Sopwith Memorial Lecture, 13 June 1990.

Following project definition Development starts and only when development is complete can we move to Production.

Annex 5

Options for Change: CAS's message to the RAF.⁵

Message from CAS to all RAF units.

- 1 The Secretary of State is making a statement this afternoon on the Government's intentions for taking work forward on Options for Change. The text is being signalled to you separately. The broad proposals under consideration as far as they affect the RAF are as follows:
 - a. Britain's support for NATO's policy of an appropriate mix of nuclear and conventional forces is reaffirmed, including a continued need for our sub-strategic forces provided by dual-capable Tornado aircraft with the free-fall bomb, replaced in due course by a stand-off missile. However, as foreshadowed by the cancellation of the Tornado attrition buy last month, the size of the Tornado force will be reduced. Details are given below.
 - b. A comprehensive capability for the air defence of the UK is reaffirmed as essential. The Tornado F3 force will be built up to its currently planned size by 1992, but the Phantom aircraft will have been withdrawn by 1995. The overall effect will be to maintain the air defence fighter force at broadly its current levels until EFA begins to enter service at the end of the decade. The force will be supplemented by a slightly reduced force of armed Hawks and a replacement for the Bloodhound SAM. The improvements underway in our AEW force and in the air defence ground environment will continue as planned.

⁵ TNA, DEFE 25/775, enclosure no. 18, PS/CAS to PS/Min (AF), 'Options for Change: CAS's Message to the RAF', 24 July 1990.

- c. Stationed ground and air forces in Germany will be reduced by roughly 50%. We expect to retain 2 out of the 4 main RAF bases there (it has not been decided which ones), together with 4 squadrons of Tornado GR1/1A and existing Harriers and support helicopter forces. We envisage the Luftwaffe taking full responsibility for air defence over Germany, enabling us to withdraw in due course our remaining Phantom squadrons from service. Two of the GR1 squadrons withdrawn from Germany will replace the Buccaneer in the ASUW role while retaining a strike/attack capability over land. The remaining two squadrons, along with one GR1 squadron from the UK, will be placed in store to provide aircraft for reserves and attrition. Overall, the DCA [dual-capable aircraft] force will be sustained at some 70% of its current strength. All three Jaguar squadrons and No. 1 Harrier Squadron will be retained in the UK.
 - d. The replacement of the Buccaneer with GR1 aircraft armed with Sea Eagle will sustain our ASUW capability until well into the next century. The MPA fleet will be slightly reduced.
 - e. Our air transport, AAR, Support Helicopter and SAR forces will be unaffected by the proposals.
 - f. Our current manpower will be reduced by about 10-15% of current strength.
- 2 As the statement makes clear, these measures do not represent the final position of the Government, but I expect that the eventual shape of the front line will be broadly as announced today. However, firm decisions cannot be taken in all areas until a great deal of further work has been undertaken to investigate the implications of the proposed force structure and, in particular, to demonstrate how we can

achieve savings in the support area that are commensurate with those in the front line. For example, we envisage closing some main bases in the FRG and UK in addition to a substantial rationalisation of the estate, but much further work will be required to establish an optimum new base structure. The timing of decisions will also depend, as the statement makes clear, on the progress of events in Europe including conventional arms control negotiations.

- 3 I believe the RAF can face the changes in prospect with confidence. The momentous events in the Soviet Union and Eastern Europe, including the virtual disbandment of the Warsaw Pact, and the prospect of an arms control agreement covering conventional forces in Europe mean that the sort of threat we have faced for the last 45 years is fast receding. Of course, the Soviet Union will retain very powerful forces and it will remain essential to maintain sound defences, as the NATO Summit recently reaffirmed. But there is now an expectation, not only in this country but in all other NATO countries, that this can now be achieved with smaller forces at less expense.
- 4 I have been personally involved in this work from an early stage and, as a result of these discussions and the work of my staff, key RAF components of the proposed force structure have been improved. The proposals reflect an acceptance by the Government that air power will continue to play a vital role in our defence. And, while we shall be moving towards a smaller air force overall, it will maintain its current roles and will be of high quality with a front line largely composed of our most modern and capable equipment.
- 5 Moreover, in addressing these issues, I have had the interests of our people very much at the forefront of my mind. When I entered this office 20 months ago, we were in manning

deficit and unable to recruit sufficient numbers to replace those leaving. Despite our best efforts, the position has not improved and I have seen evidence of undermanning and overstretch in most of the units I have visited. Whatever further recruiting and retention measures we might take, and we will continue to press-on in these areas, it is my view that there is little prospect of our being able to man fully the present front line, since we are now entering a period in the 1990s when the pool of young men and women leaving school and available to be recruited into the Service is considerably reduced. The Government's proposals provide an opportunity to revert to manning balance, improving the quality of life for all of our people.

- 6 My aim is also that we should implement the changes that will affect many members of the Service personally in such a way as to reduce turbulence and uncertainty to a minimum. The intention is that the revised force structure should be in place by 1 April 1995. This is not long to implement such major changes and all that results from them, but it does give us time to plan a transition that is as smooth as possible, enabling us to take account of our peoples' personal circumstances and wishes, and to give them as much notice of our plans for their future as possible.

- 7 The Royal Air Force has a challenging task ahead of it. We shall need to preserve our security in an unstable and difficult world when the threats to that security will be far less easy to define than they have been over the last 45 years. We shall continue to need flexible and mobile forces; air power with its inherent flexibility and reach has a unique and increasingly important contribution to make. We shall also continue to need people of high calibre, courage and determination, for whom we shall continue to provide a life of challenge and excitement. The new front line will enable us to provide a better balance between work and play, duty

and family. With all this in mind, the Royal Air Force can be confident of its future.

- 8 I would be grateful if addressees could bring this message to the attention of everyone under their command.

Annex 6

Options for Change - RAF Estate Rationalisation⁶

STATION	COMMENT
RAFG	
HQRAFG	50% staff reduction and assume Group status in early 93.
RAF Gatow	Close early 95 following rundown of 26 SU.
RAF Gütersloh	Close mid 93 following redeployment of Harrier Force and SH to Laarbruch.
RAF Wildenrath	Close end 92 following disbandment of Phantom sqns.
UK	
RAF Abingdon	For closure mid-92; transfer of engineering tasks to St Athan.
RAF Brawdy	Closure mid-92 following reduction from 3 to 2 advanced flying training units. Future of SAR flt subsumed into work on overall SAR coverage being conducted at behest of Min (AF). Negotiations with the Welsh Office have been initiated.
RAF Carlisle	Possibility of progressive closure by 98 being examined.
RAF Church Fenton	For closure as station mid-92 following closure of BFTS; reduces to RLG status.

⁶ TNA, DEFE 25/822, Macdonald (Head, PROSPECT Team) to CDS, PUS, 'Options – the Support Area: Appendix 1 Options for Change – RAF Estate Rationalisation', 14 March 1991.

RAF Cosford RAF Halton RAF Hereford RAF Swinderby	The future of these stations is being reviewed as part of ongoing studies into future single-Service training requirements and tri-Service training proposals.
RAF Honington	Station planned to reduce to C&M status end 93 following move of Tornado GR1/GR1a sqns, but use for ground units under consideration.
RAF Hullavington	For closure early 93 following move of RAF Regt sqn and contractorisation of parachute packing and balloon operating tasks.
RAF Mountbatten	Closure planned following move of SCSR in mid-91 and MHU at date yet to be decided. RCC at Mount Wise planned to redeploy to RAF St Mawgan.
RAF Wattisham	Following disbandment of the Phantom Force, reduces to AD FOB in 93; possible location for RAF Regt Rapier units.
RAF West Raynham	For closure in 92/93 following withdrawal of Bloodhound Force and move of RAF Regt units.

Annex 7

House of Commons Defence Committee, Options for
Change: RAF⁷

1. In his Options for Change statement in the House on the 25 July 1990, the Secretary of State proposed the following changes in relation to the RAF –
 - withdrawal from service of the 4 remaining Phantom air defence squadrons, 2 in Germany and 2 in the United Kingdom;
 - reducing the 8 Tornado squadrons in Germany to 4, and the 3 in the UK to 2;
 - a small reduction in Nimrod numbers;
 - replacing the 2 squadrons of maritime attack Buccaneers with Tornados;
 - reducing from 4 to 2 the number of bases in Germany;
 - a fall from 89,000 to around 75,000 in RAF personnel.

⁷ TNA, DEFE 25/823, House of Commons Defence Committee Session 1990-91 Fifth Report, 'Options for Change: Royal Air Force', London, HMSO, 22 May 1991.

Annex 8

The UK's CFE declaration

The UK ultimately declared 842 combat aircraft and 368 attack helicopters under CFE.

Combat Aircraft

Type	UK	Elsewhere	Total
Buccaneer	62		62
Canberra	50		50
Harrier	94	30	124
Hunter	33		33
Jaguar	137		137
Lightning	1		1
Phantom	97	28	125
Tornado	214	96	310
Total	688	154	842

Attack Helicopters

Type	UK	Elsewhere	Total
Gazelle	128	65	193
Lynx	56	53	109
Scout	66		66
Total	250	118	368

Elsewhere was almost entirely Germany, although there were Harriers in Belize and Phantoms on the Falkland Islands.⁸

⁸ HM Government, *Britain's Defence in the 90s Volume 1*, pp. 35, 44-45.