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DEFENCE AND OVERSEA POLICY COMMITTEE

THE DEFENCE PROGRAMME

Note by the Secretary of State for Defence

1. We need to re-shape our defence programme, to provide within our growing spending on defence a force structure cost-effective for the future and capable of being sustained surely and adequately in the long haul. The Memorandum at Annex herewith explains the need for change, the options for its direction, and the industrial, employment and budgetary implications. This note summarises the key issues.
2. The central message is that we are at present trying to do too much, with the certainty of not doing it well enough. Now is the time to face radical adjustment, and to settle a stable and realistic long-run course. If we duck decisions now, they will confront us more acutely and in more difficult circumstances later.

The International Background

3. I need not recapitulate the facts of the Soviet military build-up. The Committee is well aware of its enormous scope, in numbers and increasingly in quality also. In face of this the US under President Reagan is clearly determined upon renewed effort; but this can do little to affect the situation - the widening gap between NATO and the Warsaw Pact in many aspects of capability - in the next few years. At the same time many of our European allies face sharp domestic political difficulties over defence. We cannot count on consistent resolve from them. But the survival of NATO remains

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vital to us, and we must therefore be all the more wary of any action that might threaten its cohesion.

The Need for Change

4. The long-term plans to which the Services are currently working in the conventional field envisage some strengthening (though not enough) of UK base defence; the maintenance and limited enhancement of our front-line force declarations to NATO; and a small out-of-area capability. All this is very expensive. There is also the cost of Trident, especially if - as I suspect - it becomes clear that the sensible course will be to go for Trident II, at perhaps £1 billion more than our earlier estimate of £5 billion (already looking rather too low) for Trident I. Sustaining the whole of this programme, conventional and nuclear, would need at least £300M a year above current NATO aims for a 3% increase in real terms up to 1987/88. Even then I could not guarantee that rising equipment costs will not cause continuing and mounting difficulty. All experience points this way; so that even with such increased provision, going on as we are would simply postpone the day when we had to tackle the deep-seated problems of an overfull programme. And the problems are not just over the programme's affordability. Its pattern in operational terms needs to be changed, taking into account modern technological developments particularly in the forces of the Warsaw Pact.

5. I therefore propose a radical change in the direction and structure of our programme. This will involve hard political decisions. But otherwise we shall be faced with a fudged compromise which sustains Service manpower and civilian employment at the expense of realistic operational capability for the future, plus repeated reruns of the past year's chaos in which short-term cash squeezes on a programme with no proper headroom lead to indiscriminate freezes on procurement, ships tied up in port, aircraft grounded, NATO exercise participation suddenly cancelled and stocks run down.

6. This was our experience in 1980/81, and even with these expedients we overspent our cash limit, though we managed to hold

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the amount to £110M. I must warn the Committee that similar difficulties are already indicated for 1981/82, where the first tentative estimates suggest that, without special action, the excess - essentially on equipment - could be substantially higher than in 1980/81. Whatever view is taken of the outcome of the forthcoming review of the defence cash limit, further drastic and unpopular measures may be needed to prevent overrunning cash limits. I shall report further within the next few weeks on the prospect in the light of the cash limit review, and on the scope for and implications of corrective action. It is politically essential if we have to take highly unpalatable short-run measures that they be announced in the main July statement on programme changes, not deferred until the autumn in the quest for more exact figures.

7. The key long-term point, however, is that we have to break out of this kind of situation. We must both re-shape our programme to a more sustainable and relevant structure and assign, for the new structure, resource levels with sensible headroom to absorb inevitable cost growth and other such pressures. The Ministry of Defence has undoubtedly made errors in planning, for example perhaps in translating our manifesto aspirations into firm commitments, and thinking too much in volume rather than cash terms. But with a huge - excessive, as it turns out - proportion of resources already committed on sophisticated weapons systems with a long lead-time, quite small near-term changes at the margin have a drastic impact on morale and readiness, and on activity and employment in British manufacturing industry.

8. We must therefore restore greater stability to our long-term planning, with some margin for manoeuvre and for the unexpected. We need more flexibility between financial years, and a realistic assessment of defence cost movement against general inflation (the "relative price effect") when cash limits are set. We must also wring further substantial savings out of our overheads and support, for example in the R&D Establishments and in staffs, and I am determined to achieve this. But none of these things will meet the central problem. We have to tackle basic force structure; all else flows from that.

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Operational Structure and Capability

9. We form part of the collective defence effort of NATO, but in the international situation I have described it would be too dangerous (as well as politically impossible) to emasculate a major capability of our Services and accept an extreme degree of specialisation and therefore dependence on others. Britain has been a key bastion of freedom twice this century, and we cannot be wholly certain that the task will not fall to us again. We are moreover the crucial reinforcement base linking the United States to Europe, and we must keep balance in our forces to sustain this cardinal NATO role.

10. Against this background, I have examined a number of options for the size of the Army. We have to judge the best balance first between manpower and equipment, and then between platforms, weapons and war stocks. I am sure it is not quite right at present; our forces are becoming less well equipped than their adversaries, and than our partners such as the FRG. My Department has therefore costed:

a. a reduction in our in place BAOR contribution from four armoured divisions to three (but still just maintaining the Brussels Treaty commitment of 55,000 men on the Continent, for the Central Front and keeping the present forward defence task) with an overall reduction in the Regular Army of about 9,000;

b. a larger reduction in BAOR from four to two armoured divisions, involving an overall reduction in the Regular Army by about 13,000 and our withdrawal on the Central Front into an effectively reserve role leaving our Allies to undertake the forward defence of our present 65 km frontage.

11. This latter alternative is initially more expensive than the former, since it would need a large works programme and substantial redundancy costs. In any event, with Northern Ireland, civil contingencies and the like I doubt whether we can risk so big a

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reduction in the Regular Army, even with the enhancement of the Territorial Army I envisage. I believe that the Foreign and Commonwealth Secretary shares my view that the second alternative might also severely damage Alliance cohesion in Europe. There is no certainty, nor much likelihood that any other nation could be found to take over our section of the front, and we would be seen as going back on the vital Alliance doctrine of forward defence. The Alliance would face immediate difficulties, and our own credibility in the eyes of our main allies would be shaken.

12. I have been pressed by my Naval advisers to examine the financial consequences of further economies in BAOR, concentrating reductions less on our traditional maritime role. It would be possible to try and cost more radical possibilities in this direction (and they would have to be very radical to release sufficient resources), but for the reasons given above I simply do not believe that they could be coherent or viable options.

13. There is little scope for major change in the size, role and cost of the Royal Air Force (although forward plans must be pruned); indeed, I can see no way of doing as much as we should - not least because of the cost of Tornado - towards the air defence of the United Kingdom, both for its own sake and as the European end of the reinforcement link with the United States.

14. It is necessary to look critically at Royal Navy tasks, particularly those of the surface fleet. I accept that this has a "deterrence by presence" role both in the NATO area and out of it. The new carriers (or more likely two of them) could be used valuably, probably alongside the United States, in "out of area" tasks where we need not shoulder quite the same degree of expense of seeking to protect them by a supporting fleet against long-range attack by the most sophisticated new Soviet forces in the Atlantic. We need "general purpose" frigates, though of a much cheaper kind than we are building now, for peacetime and out-of-area tasks.

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15. Most importantly, however, we can no longer afford to sustain indefinitely the vastly expensive infrastructure for the refitting and modernisation of older destroyers and frigates (typically, mid-life modernisation of a Leander frigate costs around £70M). We must break out of this pattern and go for a smaller surface fleet. The pace at which we make the reduction, and the relative phasing between the disposal of older ships and the arrival of cheaper new ones, naturally raise crucial political questions.

16. The Naval Staff and I have divergent views on maritime priorities in a major war, both for the protection of reinforcement and resupply shipping and for anti-submarine warfare generally. In the face of the increasingly long-range Soviet submarine and air launched missile forces, I believe we should increasingly concentrate our ASW effort in the Atlantic on submarines and Nimrod maritime patrol aircraft, and switch from expensive frigates to much cheaper ships, with towed-array listening equipment but much less other equipment, in a smaller surface fleet. I need more time to take final decisions about a new ASW helicopter. This aside, the sharpest changes from existing plans will be in cutting back on surface ship-building (although orders for ships will continue), shortening the life of many of our older ships, and closing dockyards and other naval shore establishments (with more training at sea).

Views of the Chiefs of Staff

17. The Committee will wish to know how the Chiefs of Staff see matters. Briefly, they are at one in strongly deploring any reductions in force levels declared to the Alliance, at a time when Soviet military effort continues to grow unchecked; and such reductions they believe will weaken NATO's deterrent strategy and increase the dangers we face. If changes on the scale I postulate nevertheless are to be made, the Chief of the General Staff and the Chief of the Air Staff endorse the broad balance of the proposals; the Chief of the Naval Staff does not. The Chief of the Defence Staff would endorse it if our Brussels Treaty commitment is judged crucial to Alliance cohesion, but he is uneasy about such a judgement at a time of growing Soviet adventurism worldwide; he would prefer to reach conclusions only after thorough dialogue with our Allies.

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The Way Ahead

18. The changes which I recommend to restore balance and affordability to our forward programme for our forces are large, and a number of crucial decisions can be settled only when I know firmly what resources are to be available. There is room for disagreement over details. But there is no easier or cheaper way out of the problems. If we shirk action now, we shall drift into both degraded capability and unmanageable costs.

19. Many of the measures needed - above all in the Naval field - to make the major switch to a new programme are, by any standard, highly unpalatable. The annexed Memorandum and its Appendices, particularly Appendices A, G and I, bring out the most notable such features, but I would highlight the following:-

a. The rundown of the surface fleet - mainly by scrapping or selling off ships much earlier than planned - would be rapid and extensive; for example, destroyers/ frigates would drop from 59 to 38 in five years.

b. Chatham and Gibraltar dockyards would be closed and Portsmouth very sharply contracted, all within the next three years.

c. Over twenty other Naval establishments - depots and other shore stations throughout the country - would close, many of them fairly rapidly.

d. Royal Navy numbers would be cut from 68,000 to 50,000 in five years, and eventually to 47,000 (i.e. by 30% overall). There would be about 6-7,000 RN redundancies. There would also be some - though fewer - Army redundancies, and several unit disbandments. Recruiting to all three Services would be severely restricted, especially if retentions remained at their present high level.

e. MOD civilians might be reduced by around a further 20,000 over and above the large reduction (nearly 50,000)

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to which we are already committed; there would be many redundancies.

f. Jobs in defence industry might be reduced by some 20-30,000 overall, mainly in labour-intensive areas like shipbuilding.

20. The above illustrative list is of course the pain-and-grief side. There would be on the other hand many positive features of the new programme, as the attachments show, and I am sure effective presentation in the round can be achieved. When I have agreement on resources I can build up the final package in as coherent a way as possible. But my colleagues should recognise the awkward aspects, since these will be the focus of criticism from many quarters.

Resources

21. Future resource allocation is cardinal to all the issues, in both political and programme terms. In brief, if my colleagues accept my recommendations and their implications as I have set them out, we could move progressively to a basis requiring long-run growth at significantly less than the full "NATO" 3%. There are however two main options for the pace at which we make the move; and their resource implications differ significantly.

22. The first option is to move without loss of momentum to implement the changes at the best practicable speed, accepting all the undoubted political difficulties in the interest of a firm and decisive move to the new stance. The implications of this, in terms for example of the timetable of contractions and closures, are those indicated in the Appendices to the Annex. As already explained I regard room for manoeuvre as essential, e.g. to sustain readiness and staying power, to maintain adequate activity levels in the Services and to ensure that the proposed changes, including the positive aspects, can be realistically funded. To achieve these aims, I should need to be assured of 3% real growth in the difficult early years (covering the main transition) up to 1985/86 inclusive; we have of course very recently confirmed the figures published on this basis for 1982/83 and 1983/84.

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23. We must pay special regard to sustaining politically our Trident programme, to which we as a Government are so deeply committed. There is a risk that the wrath of all those aggrieved by measures like those in paragraph 19 above will focus very damagingly upon this. To avoid that, I regard it as politically essential that during the painful transition years to 1985/86 we should be seen to provide further funding (averaging perhaps £200M a year) as a special addition to the main 3% allocation, towards the cost of Trident.

24. My own preference would be to proceed on the above basis. If however colleagues believe that for one reason or another the pace of change would have to be moderated in some respects, I could seek limited adjustments without altering the long-term goals. These adjustments might, for example, accelerate the building of the new cheaper frigate (Type 23); enhance plans for building new submarines; sustain a significant workload at Chatham and perhaps Gibraltar at least until the mid-eighties (though early major contraction at Portsmouth is inescapable); slow down in parallel the premature disposal of existing frigates; and slow down accordingly the rundown of Royal Navy and civilian numbers, with redundancies much reduced. Such adjustments could not remove all the near-term political problems over particular aspects, but might ease their total impact enough for me to forego the "Trident" supplementary allocation. They would however delay major structural and overhead savings, and it would become essential to extend the assurance of 3% real growth to the full span of NATO's recent "roll-forward" of that aim - that is, to 1987/88.

25. I seek the views of colleagues on which implementation option should be followed. On either basis, I should of course continue to shape the structure of the programme prudently within the relevant resource allocation.

Next Steps

26. We must move ahead fast now. Expectation is high, and we must announce decisions before the recess (and moreover not on the eve of it). I would propose to explain our plans personally

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to my US and FRG counterparts, and arrange for NATO to be told through the Secretary-General, not more than a week before a statement in Parliament as early as possible in July. Neither the substance nor the political impact of our basis decisions would be helped by submitting our views to any special or long-drawn-out discussion process before announcement, and formal consultation with the Alliance over the working out of details should be conducted as fully as possible during the autumn through the normal NATO planning cycle.

Decisions Needed

27. I invite the Committee -

- a. to endorse the need for a radical adjustment to our future defence programme, on the lines set out in the Annex and its Appendices;
- b. to indicate its preference between the two options for BAOR in paragraph 10 above;
- c. to indicate its preference on the pace of implementation of change, and to endorse the related forward resource allocations (paragraphs 21-25);
- d. to give me authority, within the broad concepts I have set out, to work out and implement a final programme;
- e. to note (paragraph 6) that we may again face highly embarrassing short-term cash problems in 1981/82; that I shall report further on these shortly;
- f. to recognise that in all these immediate and longer-term circumstances separate Defence involvement in the PESC 3/5/7½% exercise could not conceivably throw up new choices of any political or operational realism;

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ANNEX
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g. to agree that I should carry forward action and announcement on the pattern described in paragraph 26.

1. The programme needs to be revised, for two reasons. Firstly, the latest Ministry of Defence Long Term Costing (LIC 81) has confirmed that even if the current programme were ideal in relation to the growing threat, it is overfull by any reasonable standard of what we can sustain. The force structure is too large for the means likely to be available. Secondly, the rapid advance of military technology, exploited by massive Soviet spending, calls for change in our priorities.

JN

Ministry of Defence

3rd June 1981

The Government has already decided upon a successor system in the strategic nuclear deterrent role, and upon revived emphasis upon capability for out-of-area operations; and the need for better defence of our home base is plain. Any re-shaping of the programme must focus critically upon the two other major components of our current posture - our general maritime capabilities and our land/air capabilities on the Central Front. Even if the only problems defence faced were economic ones, a general dilution of quality or of quantity would not be tolerable. Equally, the financial problems cannot be solved simply by cutting out "waste": in a Defence Budget of \$12 billion there must always be scope for better value for money, but it is not possible to achieve an adequate match between the current force structure and likely resources in this way alone; change must be tackled at a deeper level.

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2. The Government has already decided upon a successor system in the strategic nuclear deterrent role, and upon revived emphasis upon capability for out-of-area operations; and the need for better defence of our home base is plain. Any re-shaping of the programme must focus critically upon the two other major components of our current posture - our general maritime capabilities and our land/air capabilities on the Central Front. Even if the only problems defence faced were economic ones, a general dilution of quality or of quantity would not be tolerable. Equally, the financial problems cannot be solved simply by cutting out "waste"; in a Defence Budget of £12 billion there must always be scope for better value for money, but it is not possible to achieve an adequate match between the current force structure and likely resources in this way alone; change must be tackled at a deeper level.

3. It is important however to recognise that the need for change is not only or mainly a matter of mismatch between programme and resources. There is a strong case for change, especially as technological development affects the vulnerability of present systems. Present investment plans for equipment are unbalanced; too much is envisaged for costly weapons platforms (ships, aircraft, tanks) and not enough on modern weapons themselves to give the most effective striking power. A shift in the latter direction will improve real deterrence.

4. All these factors - operational, technical and financial - have played a part in a radical re-appraisal of the forward programme.

Basic Approach

5. Work was commissioned on the basis, for study, of a deliberately severe reduction in resource assumptions. Shaping a long-term defence programme raises an acute problem of uncertainty, since very large elements have to be committed ten years or more in advance - much further ahead than the precise defence budget can be forecast. But it makes no sense to pitch our planned force structure at the limits of what could be supported on the most optimistic projection. A basic structure needs to be set at a level which could - indeed must - be sustained through the inevitable shifts as budget allocations move from projection to

specific decision in cash terms. The basic structure must of course be accompanied by proper provision for logistic support, training, mobility and the like, since without these the forces will not have the readiness, staying power and standards of operational performance needed. These cannot safely be neglected. And recurrent arbitrary short-term measures like those which had to be taken last year as a result of cash problems - ships kept in harbour, aircraft grounded and so on - must be avoided.

6. The resource assumption set for study of basic structure was based on holding the share of GDP spent on defence through the 1980s at the present level (about 5.25%), on projections of GDP growth (at an average of 2% from 1983/84) and of defence inflation relative to general inflation (the "relative price effect") at 1%. The run of figures this produces is set out in Column 1 of the table below, alongside the run (Column 2) which results from the March Cmnd 8175 figures projected at NATO's 3% until 1985/86 - that is, without taking account of the newly agreed NATO "roll forward" of the 3% aim to 1987/88 - and 1% thereafter. For completeness, Column 3 shows what the current programme, unchanged, is estimated to cost, though the levelling off in the last five years is certainly unrealistic. Column 4 shows the incidence of Trident costs as estimated in LTC 81. (We already know that these are out of date in detail, but cannot yet give firmer figures.)

	<u>Constant</u> <u>GDP</u> <u>Share</u>	<u>Cmdnd 8175 +</u> <u>NATO 3%</u> <u>until 1985/86</u> <u>then 1%</u>	<u>"Unchanged"</u> <u>defence</u> <u>programme</u> <u>(with Trident</u> <u>I, not II)</u>	<u>Trident I</u>
<u>(£M at September 1980 prices)</u>				
1982/83	11,495	11,889	12,235	138
1983/84	11,605	12,247	12,604	179
1984/85	11,725	12,615	13,122	286
1985/86	11,845	12,993	13,457	447
1986/87	11,965	13,123	13,758	685
1987/88	12,085	13,254	13,785	729
1988/89	12,205	13,387	13,823	655
1989/90	12,325	13,521	13,757	546
1990/91	12,450	13,656	13,741	449
Nine-year total	107,700	116,685	120,282	4,114

7. The nuclear role is cardinal, and Trident must go on. It looks probable that it will be wise to switch to the Trident II system (which would be likely to slow down expenditure in the next few years although costing more overall). This is being explored non-committally with the Pentagon. A further report will be made separately in due course.

8. Direct defence of the UK base should not be cut; if anything more ought to be done. Some more Hawk trainers should be armed as supplementary fighters. There would be attractions in bringing Phantom interceptors home from Germany, but this is not straightforward. The size and role of the reserve forces, especially the Territorial Army, should be expanded.

9. As regards the Central Front, it would make a lot of sense in purely UK military terms to have a slimmer BAOR of perhaps 45,000, structured around two strong armoured divisions as a manoeuvre reserve for the Northern sector of the Central Region, with someone else taking over the forward frontage for which the United Kingdom is responsible; but the military and political difficulties in the Alliance would be formidable. If these difficulties mean sticking to the current role and the Brussels Treaty figure, it would be necessary to keep very tightly to an establishment of 55,000 (organised around three armoured divisions rather than four, to save overheads), and also to draw on BAOR more readily than hitherto customary, Northern Ireland aside, for contingencies elsewhere. On either option, if the Army is to be reasonably equipped its total manpower must be cut and from five to ten major units disbanded. An enlarged TA would make this slightly easier.

10. Bigger savings in the land/air field could be made only by cutting BAOR much more sharply, with still more major units disbanded and a still smaller Army left for all the varied calls made on it at home and abroad; and by taking more squadrons out of the Royal Air Force's front line. The NATO consequences would be very grave.

11. Substantial changes are inevitable in the structure of our general maritime contribution, though these will not be free from military and political difficulties in the Alliance. The top

-quality maritime effort, after the strategic deterrent and its protection, would be concentrated upon submarines and maritime air. There would be a smaller surface fleet, with fewer high-cost new ships, for peacetime and for periods of tension and general deterrence. This would imply being engaged in high-intensity operations against Soviet opposition only in circumstances where the US could provide the most sophisticated elements, for example in organic maritime air defence. It would be important however to exploit vigorously the flexibility of the surface fleet for deployment outside the NATO area.

12. Within a modified programme it will be all the more important to shed the Belize stationing task. In Gibraltar the dockyard would close and the airfield be transferred to civil running; further savings might be considered if Spain joins NATO. There should be a hard look at Cyprus, though the political difficulties prevent assuming large savings at present. Modest measures, as already identified, to improve the general out-of-area flexibility of UK ground forces should proceed.

13. Appendices A-C set out the main features of revised basic structures for each of the Service programmes, with alternatives for BAOR as indicated in paragraph 9 above. Appendices D-F compare "before" and "after" front lines; Appendix G lists the main specific decisions which would need to be faced this year;

Appendix H shows the effect on major equipment projects; and Appendix I notes some of the locations in the UK where effects would be particularly felt. All these Appendices at present offer broad indications; a good deal of adjustment is bound to be needed as particular elements are further developed and scrutinised in the processes of detailed programme planning.

Industry and Employment

14. In total an increasing real amount would still be spent on defence equipment. Some particular expectations would, however, be disappointed, and partly through a shift away from certain labour-intensive areas (most notably surface shipbuilding), partly through increased productivity and partly because of overseas purchases the estimated number of jobs directly sustained in British industry would fall by about 20,000-30,000 from the present 235,000. The drop would be less if defence sales increased.

15. Specific features would include these:

a. The vast majority of major future equipment projects would remain, as Appendix I shows.

b. In particular, the UK would proceed with AV8B (the UK/US improved Harrier purchase) and Sea Eagle (British Aerospace's air-launched anti-ship missile), but plans for a trilateral combat aircraft would be abandoned. The British design capability for such combat aircraft could not easily be preserved.

c. Warship building would be hard hit, and some yards would have to close.

d. British Aerospace, Ferranti and Marconi would lose prospective work in maritime guided weapons and electronics.

e. Employment at Short's would suffer.

f. There seems no way of affording the Marconi heavyweight torpedo if the cost advantage of the US alternative proves anything like the £400M now suggested; but a UK/US bargain on torpedoes, possibly involving elements of our Stingray light-weight torpedo, would be sought.

g. The maritime helicopter to replace Sea King is a problem. The concept's place in the new programme is not firmly established and the cost is high. Given its importance to Westlands and the civil commercial prospects claimed, it may be desirable to sustain work into 1982 pending final decisions; but its long-term future must be a matter mainly for the Department of Industry and the market.

16. Defence employment would be hit in other areas also.

Re-shaping the whole support base would be a complex affair and

it is impossible to identify all the details now; but likely changes would include these:

- a. As Appendix I illustrates, Gibraltar, Chatham and most of Portsmouth dockyards would close, as well as various other depots and installations.
- b. The in-house R&D base would be cut, reducing the number of establishments.
- c. Training courses and establishments and other support would be pruned rigorously.
- d. Including transfers from the public to the private sector (where, for example, as much as possible would be done in relation to the Royal Ordnance Factories) the number of MOD-employed UK-based civilians - already cut from 248,000 in 1979 to 231,000 now, and due to be 200,000 in 1984 - might come down eventually by about a further 20,000.
- e. Service recruitment would in most categories have to be sharply restrained.
- f. It would be impossible to avoid redundancies, both in the Services (where officer numbers, especially in staff and support posts, would reduce substantially) and among civilian employees; the

total redundancy in the Royal Navy would probably run to 6,000-7,000. All these would affect near-term costs.

Resources

17. The basic structure outlined in the Appendices was evolved from the severe study assumption of Column 1 of the table on page 4. But a shift from current planned allocations to Column 1 throughout offers no prospect of financing such a structure properly. Column 1 would on the most sanguine assumptions barely sustain the structure even when it settled down. Support and stocks (which ought to be enhanced) are very tight; some war stocks are now down to 4/5 days at intensive combat levels, far short of Warsaw Pact holdings. Moreover, current "raw" costings of the basic structure are undoubtedly understated. There is certain to be cost growth; and many extremely bold assumptions about the magnitude and (still more) the timing of overhead and support reductions have yet to be fully worked through, and some are sure to prove over-optimistic. To set long-term planning allocations at or near Column 1 would thus recreate in a year or two, at a lower level of defence, today's problem of a structure set at or over the extreme edge of what funding will just support. There is moreover no possibility at all that Column 1 could finance the new posture in the difficult early years where existing commitments give little room for manoeuvre, and where the complex shift to the new posture will itself impose transitional costs in redundancies and the like. Column 1 could

be even approached in 1982/83, for example, only by measures including arbitrary cuts in operational activity and training on a sweeping and indefensible scale, in effect bringing the Services almost to a halt.

18. At the other end of the spectrum, if changes of the kind and scale - extensive and undoubtedly painful - which the new structure envisages were regarded as politically intolerable, the likelihood is broadly that to sustain the present programme would mean restoring allocations above the pre-November 1980 level and carrying them forward on the "NATO" basis, producing a line of figures at least as high as Column 3 of the table in the first five years but with the 3% then carried further forward in line with the new NATO aim.

19. There is another course which would sustain both the United Kingdom's major commitment to a good defence effort and a move towards what the economy can afford. This would be to plan the forward defence programme on an intermediate basis, inescapably starting at or above Column 2 levels but with a long-term thrust coming gradually closer to Column 1. For the years 1982/83 and 1983/84 this would involve the allocation published in March, and recently confirmed, plus figures for 1984/85 and 1985/86 embodying 3% real growth. Special consideration of Trident costs would be necessary. Thereafter, the basic internal assumption for planning might be to move to a level producing, in the second five years, figures somewhat closer to Column 1, and absorbing Trident within them.

20. This would give continuing if modest real growth over the period taken as a whole, though not in every later year. A programme to match it needs early and painful choices, which will individually attract heated criticism from one interest or another, and will add to the near-term unemployment problem. Nevertheless, the United Kingdom effort would remain in the round a creditable one by any standard of international comparison, and capable of effective and positive presentation.

21. Under any hypothesis it would be highly important, for the management of the transition to the new structure, to have some inter-year flexibility on the lines being discussed with the Treasury.

Ministry of Defence

3rd June 1981

ROYAL NAVY

The Royal Navy's top priority task would remain the provision of the UK strategic nuclear force, initially with the present four submarines (SSBNs) equipped with CHEVALINE-improved Polaris and eventually, by the middle 1990s, with the new TRIDENT force. Other naval units (eg minesweepers, submarines, and ASW frigates and helicopters) would continue to contribute as appropriate to protecting the deployment of the strategic force.

2. For general maritime warfare the Royal Navy would concentrate first upon the provision of a powerful submarine force to exploit our position on the flank of the Soviet Navy's main exit to the Atlantic. Our number of submarines (SSBNs apart) would fall from 28 now to 25 in 1991, but within the total the nuclear-powered boats would increase from 12 to 17 and some new diesel-powered boats would be built. An advanced new heavyweight torpedo would be provided, by means of purchase from the US (if possible in some deal involving elements of our own advanced lightweight anti-submarine torpedo STINGRAY).

3. There would be a sharp contraction in the total size of the surface fleet, though the proportion of newer ships would be higher and STINGRAY would go ahead. The main changes would be these:

- a. There would only be two of the new CVS (anti-submarine carrier) in service, and the third would be disposed of abroad; and no more Sea Harriers would be bought.

b. The fleet of destroyers/frigates would be reduced from 59 now to 38 in 1986 and 36 in 1991 and reduce further thereafter. This would come about:

- (i) by undertaking no more mid-life modernisations; and
- (ii) by disposing earlier than planned of a considerable part of the present fleet. Six older destroyers (including BRISTOL) and twenty-seven older frigates (of which respectively two and seventeen were due to be kept beyond 1990) would be sold or scrapped, and three further frigates would be placed in reserve.

c. Early disposals would also include the ASW carrier HERMES and the amphibious assault ships FEARLESS and INTREPID. (This would bring forward to 1984 the date at which the Royal Marines are to lose their specialist amphibious landing capability.) The Royal Marines themselves would continue at about their present strength.

4. No more Type 42 (air-defence-optimised) ships would be ordered; planned improvements to their capability would be cut sharply; and there would be no move to a new type in this role. Only at most two more of the Type 22 (anti-submarine-optimised) ships would be ordered, and there would be a move to a smaller and simpler new ASW frigate, the Type 23, which would be designed with an eye to sales overseas.

ARMY

5. The number of mine-counter-measure ships would rise slightly; that of fleet auxiliaries would be halved by 1991. The size of the hydrographic fleet would be halved and the ice-patrol ship ENDURANCE phased out in 1982.
 6. The support organisation would need to be extensively reshaped to match the smaller surface fleet. Gibraltar dockyard would close by the end of 1982 and Chatham in 1984. Most of Portsmouth Dockyard would close by 1984. Up to fourteen stores or other depots elsewhere in the UK would be closed (see Appendix I).
 7. Naval shore deployment and training capability would be sharply cut, with twelve fleet shore establishments eventually closed. In all the Royal Navy's manpower establishment would reduce from 69,000 now to 50,000 (entailing redundancies of about 1,500 officers and 5,000 ratings) by 1986, and to 47,000 by 1991. Civilian manpower would reduce from 68,000 now to 48,500 by 1986.
- save for a "token" brigade group, and provide a BACK of 45,000 stationed troops centred on a strong armoured force of two regular divisions as Northern Army Group reserve, plus a UK-based TA division.
3. The total Regular Army trained establishment, now some 142,300, would by 1986 be about 133,000 with Option A and 129,000 with Option B. Five major units would be disbanded in Option A and ten in Option B. Option B would be rather more expensive than Option A in the 1980s because of the costs of change, but would be up to £100M a year cheaper eventually.
 4. The Territorial Army establishment would be increased from the present 74,000 to about 86,000 eventually.

APPENDIX BARMY

The Army would contract somewhat in total size, but the main elements of plans to improve its equipment would be maintained, with some modifications, and war stocks would be enhanced. There would be a substantial expansion in the Territorial Army. A major peacetime deployment in the FRG would be maintained in one or other of two forms (paragraph 2 below). Modest measures would go ahead to improve flexibility for out-of-area operations.

2. Two options for BAOR have been costed:-

Option A. Keep current task (the forward-defence of 65 km frontage). Manpower to be held tightly to the Brussels Treaty 55,000 (as compared with the present establishment of 58,400). Organisation to be three regular armoured divisions (from which one brigade would be held in UK) plus a UK-based Territorial Army division, instead of the current four in-station regular armoured divisions of smaller size.

Option B. Give up forward-defence task and frontage, save for a "token" brigade group, and provide a BAOR of 45,000 stationed troops centred on a strong armoured force of two regular divisions as Northern Army Group reserve, plus a UK-based TA division.

3. The total Regular Army trained establishment, now some 142,300, would by 1988 be about 133,000 with Option A and 129,000 with Option B. Five major units would be disbanded in Option A and ten in Option B. Option B would be rather more expensive than Option A in the 1980s because of the costs of change, but would be up to £100M a year cheaper eventually.

4. The Territorial Army establishment would be increased from the present 74,000 to about 86,000 eventually.

5. One major Army equipment project (the Wavell data-handling system to help operational headquarters in 1 British Corps to deal rapidly with intelligence and other information) and some smaller projects would be abandoned. Various planned improvement programmes would be slowed down or reduced. The buy of the new Challenger tank would be held at one division's worth. There would be a substantial reduction in the buy of the new mechanised combat vehicle and many of the present FV432 vehicles would be run on to the end of the century. Extra Milan infantry anti-tank guided missiles would be bought (including more for the TA) and war stocks of most kinds of ammunition would be increased.

APPENDIX CROYAL AIR FORCE

The size of the Royal Air Force would be substantially maintained. There would be marked improvement in strike/attack capability (Tornado with advanced weapons), in airborne early warning, and in certain other aspects of maritime air effort and of UK air defence. Close air support capability would be improved in quality, but plans to rectify the prospective lack of air combat capability would be abandoned.

2. Overall, the RAF front line would decline from 649 aircraft to under 600 in 1983/84, and rise thereafter to 631 in 1986 and 662 by 1991. The Tornado programme (now deeply committed, and made very inflexible by the complex collaborative arrangements) would be kept, but the option would be held open of taking the last 20 aircraft in the interceptor rather than the strike version for use in UK air defence.
3. An extra 36 Hawk trainers would be armed as supplementary fighters for UK defence, but any replacement of the Bloodhound SAM system would be postponed well into the 1990s. An examination would be carried out of bringing back the two Phantom squadrons from Germany for UK defence, putting Wildenrath airfield on care and maintenance but preserving the option of forward detachment.
4. The last three Nimrod airframes would be brought into service in the maritime patrol role, and there would also be consideration of converting to this role the three Nimrods currently used on special duties (for which other aircraft might be adapted). The Sea Eagle anti-ship missile programme would remain. Buccaneers would be run on in the maritime role, so relieving the (more expensive) Tornado front-line.

5. The remaining Vulcans would be disbanded early, before Tornado replaces them, and the start of the Jaguar run-down brought forward. The direct Jaguar replacement (AST 403 - the Trilateral Combat Aircraft) would be abandoned and the lack of air combat capability against future Soviet fighters accepted. 60 Harrier AV8Bs would be produced in collaboration with the US. The JP233 anti-airfield weapon project would continue and new weapons for suppressing enemy air defences and for attack on armour would be bought.
6. To save money, over the next three years flying hours in most roles would be brought down close to the SHAPE minimum rate.
7. VC10s would be converted for use as tankers or transports and would progressively replace Victors in the former role. Replacement (eg by Jetstream) of present communications aircraft would be postponed until the later 1980s.
8. The RAF would cease to operate Gibraltar airfield.

SECRET

APPENDIX D

ROYAL NAVY

	<u>1 April 1981</u>	<u>1 April 1986</u>	<u>1 April 1991</u>	OPERATIONAL TOTAL	OPERATIONAL TOTAL	OPERATIONAL TOTAL
<u>SHIPS</u>						
Nuclear Powered Strategic Ballistic Submarines (SSEBs)	2	4	3	4	2	4
Nuclear Powered Attack Submarines (SSNs)	8	12	13	16	13	17
Conventional Powered Attack Submarines (SSKs)	12	16	12	15	6	8
ASW Carriers (CVS)	1	2	1	2	2	2
Assault Ships (LPD)	1	2	0	0	0	0
Destroyers (DD)	10	13	10	14	11	14
Frigates (FF)	33	46	18	24	16	22
Mine Counter Measures Vessels (MCMV)	26	33	30	38	30	36
Hydrographic Survey vessels	6	11	4	5	3	5
Royal Fleet Auxiliary (RFAs)	13	15	9	10	6	7
<u>AIRCRAFT</u>						
Sea Harrier	10		10			10
Sea King helicopter	32		32			32
Lynx helicopter	21		33			30
Wasp helicopter	23		2			2
<u>WEAPONS STOCKS</u>						
TORPEDOES	3036		2315			3130
SEADART (Area air defence missile)	570		920			1295
EXOCET (Ship to ship missile)	111		222			200
SUB-HARPOON (Submarine launched anti-ship missile)	0		265			369
<u>MANPOWER</u>						
RN(+ WRNS)	67976		50606			47444
ROYAL MARINES	7927		7883			7856
CIVILIAN	68654		48500			44200

ARMY

This table is based on Option A of Appendix B, and shows 3 Regular Divisions permanently based (less one brigade) in BAOR with 1 predominantly TA Division moving from the UK as a reinforcement for 1st British Corps. The first figure in each column for 1st British Corps shows the number of units or equipments in place; the second figure shows numbers reinforcing from the UK; the figures in brackets show TA units. The table excludes battalions in Berlin (3), Hong Kong (5), Cyprus (1) and Gibraltar (1), and ignores the current Belize deployment (1) from the UK.

	<u>1 April 1981</u>		<u>1 April 1986</u>		<u>1 April 1991</u>	
	<u>UK BASE</u>	<u>1(BR)Corps</u>	<u>UKBASE</u>	<u>1(BR)Corps</u>	<u>UK BASE</u>	<u>1(BR)Corps</u>
Armoured Regiments	1	9	1	11	1	11
Armoured Reconnaissance Regiments	2	4+1 (2)	2	2+1 (2)	2	2 (3)
Artillery Regiments	2	13+1 (2)	2	12+1 (3)	2	12+1(3)
Air Defence Regiments	2 Bty	2+1 (3)	2 Bty	2+1 (3)	2 Bty	2+1(3)
Engineer Regiments	3 (1)	6+1 (5)	3 (1)	6+1 (5)	3 (1)	6+1(5)
Infantry Battalions	27 (17)	14+4 (21)	26 (15)	13+6 (23)	24 (17)	13+6(23)
SAS	1	- (2)	1	- (2)	1	- (2)
Army Air Corps Squadrons	2	10+2	2	9+2 (1)	2	9+2 (1)

PRINCIPAL EQUIPMENTS - (for 1(BR)Corps)

Tanks	719	764	764
Field Artillery	261+82	261+82	275+82
Air Defence Weapons	178+203	191+203	191+203
Armoured Personnel Carriers	1106	1106	1074
Medium Range Anti- Tank Guided Weapons	386+351	564+357	564+357
Helicopters	135+24	120+42	120+42

MANPOWER

Regular Army	142300	136800	133000
TA	73660	80000	86400
Civilian	53075	50600	50600
BAOR Locally Engaged Civilians	23000	22000	22000

NOTE: The figures include in UK totals the following current overseas deployments: Carriers: 4 in Belize, Support Helicopters: 14 in Cyprus/Hong Kong.

AIRCRAFT	RAF		RAF		RAF	
	1 April 1981		1 April 1986		1 April 1991	
	UK	RAFG	UK	RAFG	UK	RAFG
<u>Strike/Attack</u>						
Vulcan	53	-	-	-	-	-
Tornado GR1	-	-	44	72	28	84
Buccaneer	25	15	29	-	29	-
Jaguar	-	48	-	-	-	-
<u>Offensive Support</u>						
Harrier	28	36	24	36	36	36
Jaguar	33	-	30	-	12	-
<u>Air Defence</u>						
Phantom	80	20	80	-	34	-
Lightning	34	-	34	-	-	-
Tornado F2	-	-	15	-	130	-
Bloodhound SAM - (Launchers/Missiles)	48/85	48/96	108/216	-	108/216	-
Rapier Short range A/D (Launchers/Missiles)	16/480	32/960	16/480	32/960	16/560	32/960
<u>Maritime Patrol</u>						
Nimrod	32	-	34	-	34	-
Vulcan (Reconnaissance)	8	-	-	-	-	-
<u>Airborne Early Warning</u>						
	11 Shackletons to be replaced by 11 Nimrods by 1 April 1986					
<u>Air Transport</u>						
	No change (11 VC10s and 50 Hercules, all based in the UK; VC10s also tanker capable by 1986/87)					
<u>Support Helicopters</u>						
	57	13	58	23	54	23
<u>Air-to-Air Refuelling</u>						
Victor	19	-	19	-	11	-
VC10	-	-	8	-	16	-
<u>Reconnaissance</u>						
Canberra	22	-	-	-	-	-
Jaguar	12	12	12	12	12	12
Tornado	-	-	-	-	12	12
Nimrod R	3	-	3	-	3	-
<u>Search and Rescue Helicopters</u>						
	27	-	24	-	24	-
<u>WEAPONS</u>						
Air-to-Air Missiles	4686	-	5800	-	6800	-
Air-to-Air Surface Missiles	296	-	446	-	446	-
Conventional Bombs	12100	-	12100	-	12100	-
Airfield Attack Weapons	-	-	1500	-	1500	-
Defence Suppression	-	-	200	-	750	-
Anti-Armour	27800	-	21600	-	22100	-
Torpedoes	447	-	477	-	447	-
<u>MANPOWER</u>						
Service	93500	-	91000	-	91000	-
Civilian	28659	-	26400	-	26400	-

NOTE: The figures include in UK totals the following current overseas deployments Harrier: 4 in Belize, Support Helicopters: 14 in Cyprus/Hong Kong.

APPENDIX GLIST OF THE MAJOR MEASURES WHICH HAVE BEEN IDENTIFIED FOR INCLUSION
IN THE MAJOR STATEMENT IN JULYNavy

1. Announce intention to limit new ASW carriers in service to two either by not bringing into service ARK ROYAL (launched by the Queen Mother on 2 June) or by selling one of the other two.
2. Dispose of HERMES carrier, which entered service in early 1960s, three/four years earlier than planned.
3. Dispose this year (several years earlier than planned) of three County Class guided-missile destroyers, two of which only entered service in 1970.
4. Dispose of the amphibious assault ships INTREPID (early in 1982) and FEARLESS (in 1984). They entered service in mid-1960s and had been planned to serve throughout 1980s.
5. Dispose between 1981 and 1985 of 13 Leander Class frigates which entered service in late 1960s (8 were modernised in 1970s) and which it had been intended to retain until 1990s.
6. Dispose this year of eight Rothesay Class frigates which entered service in early 1960s and which it had been intended to transfer to reserve with subsequent disposal in mid/late 1980s.
7. Dispose of the Ice Patrol Ship ENDURANCE in 1982. Implications for UK support of Falkland Islands.

8. Halve hydrographic fleet, with loss of capability of defence and civil surveys.
9. No modernisation of the latest class of air defence destroyers (TYPE 42), in service since late 1970s and seven still under construction. They will now be disposed of from early 1990s, much earlier than planned, and there will be no successor class.
10. Sharp drop in other planned future shipbuilding orders - frigates, submarines and support ships.
11. Close Chatham dockyard in 1984 and Gibraltar dockyard by 1982, and greatly reduce Portsmouth dockyard by 1984.
12. Close up to 14 naval oil fuel depots and stores and armament depots in the UK over the next few years.
13. Go for the US heavyweight torpedo instead of the Marconi option (on the basis described in main annex paragraph 15f).
14. Make 1,500 naval officers and 5,00 ratings redundant by 1984/85; reduce total size of Navy by 17,000 by 1986.
15. Abandon ship-borne air defence modernisation plans and contracts with British Aerospace, Marconi and Ferranti.

Army

1. Reduce size of Regular Army - including the Brigade of Gurkhas - by over 9,000 by 1991 (on BAOR Option A).
2. Change structure and level of stationed forces in BAOR.
3. Increase size (up by 12,000 by 1991) and role of TA.
4. Scale down programme for new Armoured Personnel Carrier (MCV 80) - announced last year - affecting GKN and Rolls Royce Motors.
5. Cut back improvement programme for Blowpipe anti-air guided-missile, affecting Shorts(Belfast).
6. Defer by one year programme for new collaborative rocket launcher (MLRS).
7. Cancel Wavell battlefield communications system, affecting Plesseys.
8. Cancel Boxer (a new tri-Service crisis management communications system) affecting GEC.
9. Announce confirmation of plan to buy self-propelled Rapier, affecting BAe Dynamics.
10. Continue Sea Eagle air-launched anti-ship guided missile (BAe Dynamics).

Royal Air Force

1. Provisionally, reduce number of Tornado strike version by 20 and increase number of air defence version correspondingly.
2. Buy 60 AV8B improved Harrier in collaborative programme with US. Work for British Aerospace.
3. Acquire better weapons for Tornado and other aircraft.
4. Convert VC10s for dual-purposed tanker/transport role, thus improving UK air defence.
5. Convert three remaining Nimrods to Mk II standard, improving this element of anti-submarine capability.
6. Arm more Hawks for air defence of UK.
7. Abandon plans for Jaguar replacement (AST 403).
8. Make more use of RAF reserves for airfield defence.
9. Transfer Gibraltar airfield to civil operation.
10. Disband remaining Vulcan squadrons on 1st April 1982.
11. Defer for four years plans to acquire replacement communications aircraft (e.g. Jetstream).
12. Continue Sea Eagle air-launched anti-ship guided missile (BAe Dynamics).

Other

1. Confirm plans for improving out-of-area capability.
2. Privatise/re-structure ROFs.
3. Re-organise R&D Establishments, including privatisation and closure.

DEFENCE EQUIPMENT

A. Major equipment programmes (other than strategic deterrent) which will continue largely as planned.

£M
September 1980
prices

<u>Programme</u>	<u>Costs (within period 1982/83-1990/91)</u>
Tornado GR 1 aircraft for strike, interdiction, counter-air and reconnaissance operations.	3200
Tornado F2 air defence aircraft.	2300
Rapier ground to air low level air defence missile (towed and self-propelled versions).*	1240
Sting Ray lightweight torpedo (Launched from ships and aircraft).	800
Sea Wolf shipborne close-range air defence missile system.	700
Improved Harrier Short Take Off/ Vertical Landing offensive support aircraft.	650
Nimrod MR2 long range maritime patrol aircraft for anti-submarine operations.	580
Ptarmigan tactical trunk communications system for BAOR.	550
SP 70 self-propelled artillery howitzer (including ammunition).	500
Nimrod Airborne Early Warning aircraft.	450
Lynx helicopter for anti-submarine and battlefield operations.	400
JP 233 air launched airfield attack weapon.	380

*some future elements of this programme are still in early definition stage.

B. Programmes which will continue but with reductions in expenditure during the period.

	Earlier planned costs	Revised programme costs	£M September 1980 prices
Armoured personnel carrier for infantry (Mechanised Combat Vehicle 80)	850	300-400	
Sea Dart shipborne surface to air medium range air defence missile system and associated radars	920	380	
Challenger Main Battle Tank and tank improvement programme	800	650	
Nuclear powered fleet submarines	770	650	
Type 22 anti-submarine frigates	700	260	
Future heavyweight torpedo (revised programme assumes US alternative)	400	280	
Future Support Ships for the Fleet *	400	350	
New class of diesel- powered patrol submarines	350	250	
Proposed future class of Frigates (Type 23) *	300	200	

* Programmes still at an early stage in planning

C. Programme subject to further consideration

Replacement for the Sea King anti-submarine helicopter	650	500
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<u>D. Programme to be discontinued</u>	<u>Cost</u>
AST 403 (replacement aircraft for Jaguar offensive support aircraft)	350

A. SERVICE/CIVILIAN UNITS ETC

Civilian Staff

1. Royal Navy

Likely redundancies
(approx)

Notes

1. Criterion for major programmes is a planned spend of £300M or more over 1982/83 - 1990/91. The costs relate to these years.

2. Warship costs exclude the weapon systems fitted in the ships. (These systems appear separately in the table, where appropriate).

- (iii) South Wales 1030
- (iv) Gibraltar 1100

b. RN Training Establishments and Barracks

Based on the assumption of a substantial move towards ship-based training preliminary indications of job losses are:

	<u>Service</u>	<u>Civilian</u>
(i) London and Home Counties		
(a) within 12 months	90	30
(b) later	360	275*
(ii) Portsmouth area		
(a) within 12 months	10	10
(b) later	1530	1050
(iii) W. Country		
(a) within 12 months	360	100
(b) later	300	315
(iv) Gibraltar	90	70

2. ARMY

A number of major establishments will close in due course, as the UK training organisation and the Army's infrastructure contract.

DEFENCE PROGRAMMEMAJOR LOCATIONS AFFECTED BY PROPOSED CHANGESA. SERVICE/CIVILIAN UNITS ETCCivilian Staff1. Royal NavyLikely
redundancies
(approx)a. Dockyards and RN Support Establishments

(i)	Chatham area	4600
(ii)	Portsmouth area	4200
(iii)	South Wales	1050
(iv)	Gibraltar	1100

b. RN Training Establishments and Barracks

Based on the assumption of a substantial move towards ship-based training preliminary indications of job losses are:

	<u>Service</u>	<u>Civilian</u>
(i) London and Home Counties		
(a) within 12 months	90	20
(b) later	360	275
(ii) Portsmouth area		
(a) within 12 months	10	10
(b) later	1530	1050
(iii) W. Country		
(a) within 12 months	340	100
(b) later	300	310
(iv) Gibraltar	90	70

2. Army

A number of major establishments will close in due course, as the UK training organisation and the Army's infrastructure contract.

For example, there are question marks over the Junior Leaders regiment at Dover and the Junior Soldiers unit at Taunton. Details of employment changes will depend on relocation of units from BAOR, expansion of the TA, the scope for using other surplus defence accommodation and putting units in the best place for their role (e.g. training, reinforcement).

3. RAF

Major changes:

		<u>Job losses</u>	
		<u>Service</u>	<u>Civilian</u>
a.	As soon as possible:		
	(i) Close Maintenance Unit, Kemble, Gloucestershire;		470
	(ii) Close one RAF Hospital (not yet selected)	125 officers 750 airmen	200
	(iii) Cease to operate Gibraltar airfield.		123 (local)
b.	If so decided, withdraw Phantoms from RAF Wildenrath (to be put on care and maintenance) to a UK base in 1984/5.		108 (local)

4. Other Units

Closure of the National Defence College at Latimer - within the year - will result in the loss of 80 civilian jobs. Further reductions - unquantifiable at present - are envisaged in Service medical facilities.

5. Service Redundancies

The Navy foresee redundancies of about 1500 officers and 5000 ratings between early 1982 and 1984/85. The Army would also need a redundancy scheme the size of which is not yet known. The RAF could manage without.

B. R & D ESTABLISHMENTS - PROPOSED CLOSURES

It has been assumed that the following Establishments would close and the sites be disposed of or transferred to industry:-

<u>Establishment</u>	<u>Location</u>
National Gas Turbine Establishment	Pyestock (near Farnborough, Hants)
Propellants, Explosives and Rocket Motor Establishment	Westcott (Aylesbury) and Waltham Abbey, Essex
Military Vehicles and Engineering Establishment	Chobham, Surrey and Christchurch, Dorset.
Royal Aircraft Establishment, Tunnel Site	Bedford
Admiralty Surface Weapons Establishment	Portsmouth, Hants

Overall reductions in Civil Service manpower at R&D Establishments total about 5,000. The prospects of industry's taking over continuing tasks and providing alternative employment cannot be assessed at this stage. Closures are assumed to take place in 1983/84 except at Portsmouth, which is assumed to close in 1986/87. Action on disposal or transfer would start well in advance at all Establishments.

C. EMPLOYMENT IMPLICATIONS FOR INDUSTRY OF MEASURES LISTED IN APPENDIX

<u>MEASURE</u>	<u>FIRM/LOCATION</u>	<u>CHANGE IN EMPLOYMENT</u> See Note (1)	<u>TIMING</u>
Abandon Sea Dart system improvements	Bae Dynamics Hatfield & Bristol	- 150	} from 1981/2
	Marconi Radar Leicester	- 1200	
	Ferranti Edinburgh	- 150	
Reduction in shipbuilding orders	Vickers Barrow	} Up to - 20000 in total	} from 1981/2
	Yarrow Clyde		
	Vosper Southampton		
	Swan-Hunter Newcastle		
	Cammell-Laird Birkenhead		
	Scott-Lithgow Clyde		
Buy US Heavy- weight Torpedo	Marconi Space and Defence Systems, Neston and Portsmouth	- 400	in 1981/2
	Marconi Avionics Basildon	- 3000	in 1986/7
Reduce orders of infantry combat vehicle (MCV 80)	GKN Wolverhampton/Telford	} Not yet identifiable.	
	Rolls Royce Shrewsbury		
	Vickers Newcastle		
Abandon Blowpipe Quadruple Towed Launcher	Shorts Belfast	- 120	1981/4
Cancel WAVELL (Army Automatic Data Processing system)	Plessey Liverpool	- 40	} Immediately - more in later years
	Plessey Weybridge	- 160	
Buy US penetrator for special tank ammunition (Depleted Uranium)	BNFL Preston	- 30 - 50	Immediately

<u>MEASURE</u>	<u>FIRM/LOCATION</u>	<u>CHANGE IN EMPLOYMENT</u>	<u>TIMING</u>
Cancel BOXER (military communication system)	GEC Telecoms Coventry	Not yet known	from 1983/4
Reduce buy of CLANSMAN (Army tactical radio)	MSDS Hillend) Not yet known) from 1983/4
	MEL Crawley		
	Plessey Telford		
	Racal Wembley & Nottingham		
Defer SP70 self propelled gun by 1 year	ROF Nottingham	- 100	in 1984
Buy 60 Harrier	BAe Kingston) + 2-3000 at peak) in 1987
	Rolls Royce Bristol		
	(and other Equipment suppliers)		
Convert Nimrods to Mk II	BAe Woodford	+ 200 at peak	in 1983/4
Delete provision for AST 403	BAe Warton	-3000) at peak) Losses start in mid-80s
	Rolls Royce Bristol		
	(and other Avionics Companies)		
Restructure ROFs	ROF Birtley) See Note(2).) 1990s
	Bishopston		
	Blackburn		
	Bridgewater		
	Chorley		
	Enfield		
	Glascoed		
	Leeds		
	Nottingham		
	Patricroft		
	Radway Green		
	Featherstone)(agency factories)		
Powfoot			
London(HQ)			

- (1) Loss (= -) or gain/maintenance (= +) of jobs or job opportunities. Includes actual redundancies, and new job opportunities that will be foregone.
- (2) Depends on terms of restructuring/privatisation. Total workforce is 21,000. Likely timing is between 1981 and 1983.