Squadron colours were inaugurated during the reign of Elizabeth I to subdivide the English fleet into three squadrons. There were three classes of admirals and differentiated by using coloured flags. The Admiral’s squadron wore a red flag, the Vice-Admiral’s wore a white and the Rear-Admiral’s wore a blue.

As fleets grew in size during the seventeenth century, the squadrons became too large for one admiral to control the movements of his squadron efficiently and effectively. This led to three admirals being assigned to each squadron: a full Admiral in command, a Vice-Admiral as his second, and a Rear-Admiral as his third in command. Thus there was now an Admiral of the Blue, Vice-Admiral of the Blue and Rear-Admiral of the Blue, and so forth. The squadrons ranked in the order Red (as senior), White, Blue, and Admirals took rank according to the colour of their squadron. Promotion of Admirals also took place in this order - a Rear-Admiral of the Blue on promotion became a Rear-Admiral of the White as his first flag promotion. Once he had reached Rear-Admiral of the Red, on his next promotion he became a Vice-Admiral of the Blue and so on, until he finally became an Admiral of the White. It was only in the Red squadron that the hierarchy was not followed. There was no Admiral of the Red since this would be deemed as being in overall command of the whole fleet. This role fell to the Admiral of the Fleet and until 1862, there could only be one holder of this rank and it was an appointment held for life.

In 1805, after the battle of Trafalgar, the rank of Admiral of the Red was introduced to reward the most successful admirals and acted as a compliment to the Navy for the successes it had achieved during the Napoleonic Wars. It became the highest rank that an Admiral could attain until 1862, when an allowance was made for more than one Admiral of the Fleet to be appointed. The Admiralty then introduced new regulations in 1870 that ensured the retirement of Admirals of the Fleet at the age of seventy. The rank was abolished in the late twentieth century and only current post-holders retained the rank.

In 1864 the colour squadron organisation was discarded as the system had no relevance in the age of steam warships. The Royal Navy adopted the White Ensign, the Red Ensign was allocated to the merchant navy of Britain and the Blue Ensign was used by naval auxiliary vessels. Admirals of the Fleet flew the Union Flag, Admirals flew the St. George Flag, Vice-Admirals the St George Flag with a red sphere in the top left quarter, and Rear-Admirals flew the same but with a red sphere in the top and lower left quarters of the flag.