



Government Response to the
Intelligence and Security
Committee's
Annual Report 1999-2000

Presented to Parliament by the Prime Minister
by Command of Her Majesty
DECEMBER 2000

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1. The Government is grateful to the Intelligence and Security Committee for its latest Annual Report. The Committee's Report demonstrates its diligent work put in to oversight of the intelligence and security Agencies and to the thoroughness with which it carries out its responsibilities. In the last year, in addition to its own programme of work, the Committee carried out, at the Government's request, an investigation into the handling by the Agencies of Mr Mitrokhin's information.
2. The Government welcomes the Committee's recognition of the high quality and commitment of the Agencies. They perform tasks vital to the safety, security and prosperity of this country.
3. The Intelligence and Security Committee has exceptional access to material of the highest classification, and this is reflected in its Annual Report to the Prime Minister. It has been necessary, in consultation with the Committee, to make excisions of secret matters from the published version of the Committee's Report. The Intelligence Services Act 1994, through which Parliament set up the Committee, provided for this level of access but recognised that there is material, notably relating to the Agencies' sources of information and methods of operation, which will be withheld from the Committee. This has rarely been necessary. As this Annual Report and its predecessors demonstrate it has been possible to provide the Committee with the information which the Committee needs to reach fair judgements. All three Agencies have worked hard to achieve this.
4. Moreover the Government ensures that there is the fullest co-operation with the Committee by other Government departments to enable it satisfactorily to carry out its oversight responsibilities for the security and intelligence Agencies themselves. No unnecessary barriers are put between the Committee and other Departments but the Government is always mindful that parliamentary oversight of bodies who work with the Agencies or use the information which they provide, notably the Ministry of Defence, Foreign and Commonwealth Office, Home Office and law enforcement agencies, is for the relevant Select Committee of the House of Commons. The distinctive function of the Intelligence and Security Committee is the oversight of the Agencies themselves. The success in public accountability which the Committee's Mitrokhin inquiry represented would not have been possible without the basis of confidence and trust developed by the direct relationship between the three Agencies and the Committee.

Central Intelligence Machinery

5. In its Report the Committee describes the arrangements by which the intelligence requirements laid on the Agencies are drawn up and receive approval by Ministers. It also describes briefly the arrangements through which the Agencies' budgets are agreed in the Government's public expenditure planning process. The Committee suggests that the Ministerial Committee on the Intelligence Services (CSI) should meet at least annually under the Prime Minister's chairmanship and that the position of Chairman of the Joint

Intelligence Committee (JIC) and Intelligence Co-ordinator should be held by an official who is as senior as the heads of the security and intelligence Agencies.

6. CSI will be meeting shortly and aims to meet annually thereafter. The Foreign Secretary and Home Secretary, under whose authority the three Agencies operate, are closely and actively involved with them, not only in dealing with warrants for the Agencies and the authorisations they require for their operational activity, but also, as part of their oversight of the Agencies, in holding regular meetings with their heads. The Prime Minister receives regular reports from the Agencies, as well as the Intelligence and Security Committee's Annual Report which he discusses with the Committee. Other members of CSI are engaged when necessary.
7. The JIC usually meets weekly. It is a senior official committee, well placed to bring together consideration of intelligence co-ordination and management issues. The JIC ensures that within Government there is regular, effective collective discussion of intelligence and security issues. The Chairman of the JIC, now Peter Ricketts, who is also the Intelligence Co-ordinator, therefore has a pivotal role at the heart of the British intelligence community. He was appointed by the Prime Minister and has direct access to him. He works closely with Sir Richard Wilson, the Secretary of the Cabinet and Principal Accounting Officer for the intelligence and security Agencies' expenditure. He has the necessary experience, authority and influence to co-ordinate and promote policy developments within the intelligence community.
8. Membership of the JIC is kept under review. The Committee notes that the Home Office was added to the permanent membership earlier this year. Arrangements are already made to ensure that the interests of the law enforcement agencies and of departments not permanently represented on the JIC are fully considered; they are invited to attend JIC meetings as necessary.
9. The Government has decided that, from next year, examination of the Security Service's plans and performance will be carried out by the JIC. The Sub-Committee on Security Service Priorities and Performance will be wound up. The change will enable the examination of the Security Service's plans by senior officials to take place alongside that of GCHQ and SIS.

Defence Intelligence Staff

10. The Government welcomes the Committee's recognition of the importance of imagery. The Government accepts the need to keep in step with technological developments in the field of imagery; Government departments and Agencies will be working closely together, and with allies, to ensure this and that appropriate levels of funding are devoted to this area of activity.

11. The Committee's view is that the Joint Air Reconnaissance Intelligence Centre (JARIC), an agency of the Ministry of Defence, should be tasked and have its performance assessed by the JIC in order to open the way for it to be funded in part from outside the Ministry of Defence budget. The Government does not believe that this administrative move is necessary because, as the Committee recognises, the JIC's requirements already guide JARIC's work.

Employment Tribunals

12. The Government shares the Committee's wish that the employment tribunal rules relating to national security should be given effect without delay. The Committee is discussing the draft rules with the Government and we intend to bring the new rules into force as soon as possible after consideration of the Committee's comments and statutory consultation with the Council on Tribunals.

Personnel Management in the Agencies

13. All three Agencies have been awarded *Investors in People* accreditation, in recognition of the steps they have taken to demonstrate their commitment to improving internal communication and staff development. They have introduced training courses designed to improve the quality of line management. The skills base of their staff has been increased. Communication at and across all levels in the Agencies has been enhanced. All three Agencies have conducted staff surveys which have shown positive results. Whilst there have been some areas of difficulty, all three Agencies have continued to be successful in attracting and retaining high calibre staff.

Output measures

14. The Government shares the Committee's wish that sensible but challenging output measures should be developed, and is working on measures which capture well the value and impact of the Agencies work and enable progress to be measured. The Government does not believe that the output measures developed so far (contained within the Agencies' "Public Service Agreements" and which cannot be published for reasons of confidentiality) are unrealistic; it will continue to discuss its work in this area with the Committee.

Commissioners and warrants

15. The Government explained earlier this year (Cm 4569) that it did not expect to be able to make the confidential annexes to the Commissioners' reports available to the Intelligence and Security Committee, but it keeps this under review. The Government notes that the Committee does not wish to scrutinise warrants or gain unnecessary access to details of operations or technical methods. The confidential annexes contain explicit details of

particular operations which it would not be appropriate to make available to the Committee. Both Commissioners routinely record the errors that have been reported each year and the corrective measures taken in the open section of their report. Only in a few exceptional cases, where it is not possible to explain the error without detailing sensitive operational matters, would an error be recorded in the confidential annex. If the Committee has a particular concern, the Government will seek to provide it with the information necessary to satisfy its interest.

Security Policies and Procedures

16. The Government welcomes the continued interest of the Committee in the personnel and physical security arrangements of the Agencies. It shares the Committee's view of the importance of the Agencies' having effective security policies and procedures in place and agrees with many of the conclusions the Committee's Investigator has reached in his examination of the Agencies' performance in this area. His recommendations will be helpful in taking forward work which is already in hand to enhance their security arrangements.
17. The Government agrees that shared best practice and policies in personnel and physical security are of value to the Agencies and other government departments. However, the Government continues to believe that security arrangements must be implemented which best suit the particular circumstances and requirements of the individual Agencies and other departments and that responsibility for ensuring that effective arrangements are in place should rest with the Heads of Agencies and departments.

Information Technology in the Agencies

18. The Government welcomes that Committee's favourable assessment of the Agencies' information technology record based on its Investigator's report. It shares the Committee's view on the need to protect the UK Intelligence Messaging Network (UKIMN) against attack and for customers to safeguard the Agencies' product. It has recognised that the Cabinet Office needs to play an enhanced central role in development of the UKIMN. The Agencies will continue to keep under review the salaries and conditions of information technology staff.
19. The Agencies accept the thrust of the Committee's recommendations on the use of laptop computers and have already taken appropriate action. The Government agrees that Kilgetty Plus should be developed and work is now in hand following the identification of appropriate funding. The Agencies have a standing objective to review their security procedures and communicate them clearly to staff.

Annual budgets

20. The Committee's published Report sets out the expenditure plans for the Agencies for the period 2001-02 to 2003-04 which were agreed earlier this year in the Government's Spending Review. These plans will enable the Agencies to maintain and enhance their capabilities in the face of the challenges they must meet. The budgets provide for a modest real increase in their expenditure which, coupled with the Agencies' efforts to improve their efficiency and effectiveness, will mean that their impact on our interests should continue to grow.
21. The Government has carefully considered the arguments for publishing the budgets of the individual Agencies. The Committee recognises that it would not be in the public interest for these figures to be published annually, because that would indicate funding trends and enable conclusions to be drawn about particular capabilities of the Agencies. The Government does not believe that publishing figures for one year only would be a tenable position. The Intelligence and Security Committee has full access to the budgets of the Agencies and is able to draw attention to any funding issue that warrants consideration by the Government. The published version of the Committee's Annual Report shows, even after redaction for security reasons, that the Committee is well able to air any concerns it has about the levels of Agency budgets or financial management issues generally.

GCHQ New Accommodation Programme

22. The expenditure plans for the Agencies also make provision for the additional cost which GCHQ faces in the transitional period until it moves to its new accommodation in Cheltenham. The programme is challenging but the Government is confident that it can be achieved on time and within the cost now identified. Sir Edmund Burton has played a valuable role in the programme in recent months, and the Government agrees with the Committee that he should continue to do so. GCHQ has appointed him a non-executive Director and will have continuing access to his expertise.

GCHQ Resource Account

23. GCHQ has successfully completed its work on its asset register with the Valuation Office and is confident that its systems for asset tracking should now be fully adequate to support the needs of resource accounting.

Unified Incident Reporting and Alert Scheme (UNIRAS)

24. The Government notes that the Committee has not yet taken formal evidence on Information Warfare, but plans to do so. The Government welcomes the Committee's interest and looks forward to learning of its findings. The Government's own review of the "Love Bug" episode demonstrated that the central UNIRAS arrangements worked well;

indeed UNIRAS was the first Computer Emergency Response Team anywhere in the world to issue an official technical alert concerning the virus. The Government agrees that when information relating to a serious virus attack becomes available, every effort should be made to pass this on quickly. But UNIRAS depends upon the wider community to provide it with material. The Government considers that the mechanism for issuing alerts should not be the only focus; the real challenge lies in educating the wider community about the defence mechanisms it should install to guard against future virus attacks. This challenge is being addressed by the National Infrastructure Security Co-ordination Centre (NISCC), the responsibilities of which were set out by the Home Secretary on 28 June 2000.

Serious crime

25. The Agencies have an important part to play in the fight against serious crime. There has been a substantial expansion in the last ten years in the Agencies' efforts. The Agencies have hitherto been principally engaged in work against the illicit international trade in Class A drugs. The Agencies have also begun work, at the request of the law enforcement agencies, on excise evasion and illegal immigration, as the Intelligence and Security Committee commends. Earlier this year the Government expanded the Joint Intelligence Organisation in the Cabinet Office to produce a more extensive strategic intelligence assessment capability for examining the international trade in illegal drugs.
26. The Committee suggests that the Agencies could do even more. The Government expects that the Agencies' outputs in relation to serious crime will increase substantially by 2003-04 without detriment to their other work. The Government will keep the balance of the Agencies' efforts under review, but it recognises that the law enforcement agencies have their own arrangements for collecting operational intelligence with which the security and intelligence Agencies work closely. The intelligence and security Agencies complement the efforts of law enforcement agencies; those efforts should not be duplicated and the Government is working to ensure that any increased spending on intelligence about serious crime is used to best effect across all the organisations concerned.
27. The Government endorses the Committee's view that the Agencies can add value to the important work against organised illegal immigration; (and they have been tasked to provide support to the enforcement authorities). It is for the law enforcement agencies to agree in consultation with the security and intelligence Agencies how best to make use of their particular skills in this field. An inter-departmental group to tackle people smuggling has been set up under the chairmanship of the Director General of the National Crime Squad in which the security and intelligence Agencies play a full part.

The Intelligence and Security Committee

28. In his letter of 9 August to the Prime Minister, published with the Intelligence and Security Committee's Annual Report, the Chairman, the Right Honourable Tom King CH MP, pointed out that the Report might be his last. Some other members of the Committee have also indicated that they will not stand for election to Parliament at the next General Election. The Government therefore takes this opportunity to pay tribute to the work of the Committee, and in particular the efforts of its Chairman in the six years since its inception. The Committee's reports, and the Parliamentary debates held on the basis of them, have made a substantial contribution to ensuring that the Agencies are fully accountable for their work and that it is conducted properly and efficiently. The Government looks forward to the Committee's continued work.

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