



MR C A WHITMORE

SECURITY COMMISSION: WAGSTAFF

mi ✓ Following its investigation into the Wagstaff case, the Security Commission reported to the Prime Minister on 2 April. We have now consulted the Security Service and the Ministry of Defence and in the light of their advice I recommend that no deletions need to be made in the interests of national security before the Report is published. Following the arrangements first announced by the Prime Minister in 1969, HMSO will publish the Report as a Command Paper. The usual arrangement would be for the announcement to be made by means of a written Question and Answer placed by agreement with the Leader of the Opposition. You have agreed, subject to the Prime Minister's view and that of the Leader of the Opposition, that a suitable date for publication and announcement would be Friday 8 May.

2. I therefore attach:

- i. a draft PQ and answer, which has been cleared with MOD; *- the reply is rather bland. We must indicate that we take the Report & evidence very seriously*
- ✓ ii. a draft of a letter for the Prime Minister to send to the Leader of the Opposition;
- ✓ iii. a draft of a letter for you to send to Lord Diplock on the morning of publication.

3. I also promised advice on the substance of the Report and my recommendations for action.

4. Background

The Security Commission investigation followed the discovery in 1979 that a large number of magnetic tape cassettes, which had been used in the MOD to record highly classified information, had apparently been missing since early 1978. When Wagstaff, a Ministry of Defence employee, was questioned in Germany he admitted stealing some of the cassettes. Five were recovered during a search of his flat. He was subsequently charged with an offence under the Official Secrets Act.

5. Under the arrangements first announced by the then Prime Minister in 1969 and later modified, the Chairman of the Security Commission was consulted, and following his agreement and that of the then Leader of the Opposition, the Prime Minister asked the Security Commission on 23 June 1980 to investigate and report upon the circumstances and upon any related failure of departmental security arrangements or neglect of duty and, in the light of its investigation, to advise whether any change in security arrangements is necessary or desirable. With the agreement of the Leader of the Opposition, no announcement was



made at that time because the matter was sub judice. On 28 August the Attorney General instructed the Director of Public Prosecutions to terminate the criminal proceedings against Mr Wagstaff. The Security Commission investigation continued although, by agreement with the Leader of the Opposition, the announcement was delayed until it could no longer impair the investigation. The announcement took the form of a written answer on 18 December 1980.

6. Because of the meagre evidence and the time which had elapsed before their investigation, the Commission was unable to determine what became of the majority of the cassettes, but concludes that they were probably lost within the Ministry. It accepts that espionage involvement was highly unlikely; but, without attributing blame to named individuals, finds that there were extensive breaches of security regulations within the MOD. It finds that one of the factors which gave rise to the security lapses was probably the lack of specific security guidance on the handling of magnetic tapes which under the regulations then current were simply assimilated to classified documents. It accepts, however, that the specific and detailed regulations subsequently drawn up by the MOD are adequate. It recommends that the Official Committee on Security, of which I am Chairman, should institute a study of the special protective security problems involved in the introduction of new technologies to deal with classified information. The aim would be to issue clear inter-departmental guidance both covering the technologies which are already in use in Government Departments and also providing for new technologies to be monitored as they arise.

7. The Commission also considers (paragraph 16 of its Report) that the case was throughout not pursued in the Ministry of Defence with the energy that it deserved. It is not altogether clear what the Commission has in mind here; but the stricture must, I think, apply to the failure to pursue the possibility of a loss when it first became apparent in 1978. Paragraph 10 of the Report shows that energetic action was taken by the Security authorities of the Ministry as soon as they became aware that some tapes might be missing.

Recommendations

8. In my view the problems arising from developments in Word Processing and other automated systems for data processing and communications in the office environment are closely related to those of computer security. The Permanent Sub-Committee on Computer Security, which ultimately reports to the Official Committee on Security, has recently recognised this by proposing that its terms of reference should be extended to include office automation security. If the Prime Minister agrees, therefore, I propose that the terms of reference and membership of this Sub-Committee should be reviewed so that it can reflect the technological expertise which will be necessary to carry out the Commission's recommendations

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and represent the interests of those Departments most concerned with technological developments in the security information area. The Security Policy and Methods Committee, which is responsible for issuing inter-departmental guidance on physical security, would be invited as a matter of urgency to consider any recommendations the new Sub-Committee might have and to issue instructions where they are needed.

9. The other comments of the Commission are primarily aimed at matters concerning personnel management within the MOD. Some of the staff involved have now left the Ministry (Wagstaff himself resigned in January 1980 soon after completion of the MOD Police investigation). Those who are still employed in the Ministry are acutely aware of the security lapses which took place 3 years ago. There has not only been a thorough Police investigation, but many of the staff have been called as witnesses to be questioned by the Security Service on behalf of the Security Commission. I understand from Sir Frank Cooper that he has decided to take no specific disciplinary action against any of the individuals involved.

This is why it may occur again.

No action. Seems to occur too often.

what?

10. In another context (not the MOD) a series of minor lapses in observing existing security regulations have been drawn to my attention, and, if the Prime Minister agrees, I will invite the Security Policy and Methods Committee to discuss whether there is evidence of any Service-wide laxity in physical security, and to recommend what should be done about it.

Conclusions

11. If the Prime Minister agrees, therefore, I suggest that the Government should acknowledge the criticisms (although the events in question in fact took place during the previous Administration) and accept the Commission's recommendations, and that the Prime Minister should assure the House that appropriate steps have been taken to deal with these matters.

AB

IAN BANCROFT
1 May 1981