

070
CONFIDENTIAL

1
Prime Minister
Agree this
Recommendation?

Ref. A084/566

MR BUTLER

FERB

20.2.

This minute seeks the Prime Minister's approval to amend the interdepartmental security procedures so as to allow the use of commercial guard forces to protect classified information. The changes envisaged would meet the Government's wish to pursue policies leading to privatisation where feasible, whilst maintaining adequate protection of classified information, by providing a more flexible framework within which Departments can operate using Government guards or commercial guards depending upon the classification of the material to be guarded and each Department's needs and circumstances.

2. In 1981 the Rayner Scrutiny of the Property Services Agency (PSA) Custody Service included a brief examination of the advantages and disadvantages of employing private firms for security guarding and, in its report, was somewhat sceptical about the security objections to using private firms. In late 1982 the then Lord Privy Seal (Baroness Young), bearing in mind the Rayner Scrutiny and the Government's commitments to reduce the size of the Civil Service and to "privatise" where feasible, directed that the use of private security guards should be re-examined. This re-examination was undertaken jointly by the Personnel Security Committee and the Security Policy and Methods Committee during 1983.

3. The Committees have recommended a change of policy which would allow the use of commercial guards for the protection of material classified up to and including SECRET, provided that the firm is subject to adequate security checks and its employees to NV clearance. With these safeguards, the risk to security should not be significantly greater than at present and would be acceptable on security grounds. The Committees were emphatic, however, that commercial guards should in no circumstances be used for the protection of TOP SECRET material and that Departments should retain the discretion to exclude certain

CONFIDENTIAL

CONFIDENTIAL



categories of SECRET material, for example, SECRET ATOMIC. For these categories the risks to security and of potential political embarrassment (see paragraph 4(c) below), though small, were considered to be too great to justify this further extension of commercial guarding.

4. Implementation of this recommendation will raise some areas of potential concern which will need to be carefully monitored:-

- (a) The implications for NV. Care will need to be taken to minimise the risk to the covert nature of this process.
- (b) Firms might seek to take advantage of Government contracts either to publicise and promote their businesses or to make use of our vetting process to have larger numbers of their employees checked.
- (c) There is a risk of potential political embarrassment if, following implementation of the recommendation, a major security breach were to occur involving commercial guards. The media reaction to such a breach could be severe and present this as a direct consequence of the Government's policy on privatisation. The use of commercial guards would have to be defended on the grounds that it involves no significantly greater security risk than the use of Civil Service guards and this might be difficult to justify convincingly given that the use of NV (which we would expect to weed out the criminal elements which it is known commercial security firms can attract) could not be publicly avowed.

I think that it would be sensible, and would accord with the Government's general policies of reducing the size of the Civil Service and of privatising, to accept these recommendations. In view, however, of the possibility of political embarrassment, I should be grateful to know that the Prime Minister is content before arrangements are made for the promulgation of new guidance to Departments.

RIA

ROBERT ARMSTRONG

19 February 1984

CONFIDENTIAL

CONFIDENTIAL



FUE

W

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

Thank you for your minute of 19 February (A084/566) in which you seek the Prime Minister's approval to amend the interdepartmental security procedures so as to allow the use of commercial guard forces to protect classified information. The Prime Minister agrees, on balance, to accept these recommendations.

E. E. R. BUTLER

21 February, 1984

CONFIDENTIAL