

Ref: A07690

Prime Minister.

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Yes

Agree to discuss these papers at the meeting already arranged for 17th March to consider the problem of avowed?

Note - The computer section is very worrying. There is a problem but no recommendation - not.

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My only general comment on what is proposed below is that you could not possibly make so short and uninformative an oral statement unless the White Paper had already been published and Members had had time to read it before you spoke.

PRIME MINISTER

Report of Security Commission

The Security Commission under Lord Diplock's chairmanship

Feb 5th

submitted to you on 16th December last its report in response to your request to it "To review the security procedures and practices currently followed in the public service and to consider what, if any, changes are required". In my minute (A06983) dated 21st December I undertook to submit further advice on the response which the Government should make to the Commission's recommendations.

2. The Commission's report is generally reassuring. In paragraph 8 of its report, the Commission says: "We think it right to state at once our general impression that, subject to what we have to say later about the need for an urgent evaluation of the risks involved in electronic information processing and the means of countering them, the security procedures in the public service as they have been applied since Radcliffe have worked well. Provided always that they continue to be applied conscientiously, we see no major reason for disquiet". In the light of this judgment it is not surprising that the great majority of the Commission's recommendations consist of proposals to tidy up existing procedures rather than alter them in any drastic way. Officials consider that most of the recommendations can be accepted with, at most, minor reservations on points of detail. We have summarised the Commission's recommendations. Those which we recommend for publication, together with the proposed responses by the Government, are attached as an annex to a draft written statement and would be published with it. Those which should remain secret on grounds of national security are attached as an appendix to this minute.

3. You will wish to note three of these procedural recommendations in particular:

- (i) The Commission regards over-classification as the most commonly committed error in carrying out current security procedures. The one example of over-classification which



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it selects for comment is the classification as SECRET or CONFIDENTIAL of the mere fact of the existence of a Cabinet Committee, which means that its documents are classified accordingly even when they contain no information which would warrant the classification. The Commission recommends (paragraph 22) that the Official Committee on Security should conduct a thorough review of the classification system.

- (ii) The Commission confirms the value of the positive vetting system but regards the number of posts subject to it (68,000) as excessive, and calls for a scrutiny of all existing posts, other than in the Diplomatic Service, SIS and Security Service which it recommends should remain fully PVD.
- (iii) The Commission attaches great importance to the establishment of more authoritative machinery for ensuring that there are proper safeguards against the growing and ever-changing risks to information which is electronically processed or stored.

4. Perhaps the major points of interest in the Commission's analysis of the current threats to security are:

- (i) its emphasis on character defects, rather than disloyalty for ideological reasons or subversive tendencies, as the cause of all known disclosures of information to hostile intelligence agencies since 1962;
- (ii) its assessment that subversive groups, ideologically based, but not owing loyalty to or acting at the behest of the Soviet or other hostile intelligence services, now constitute a significant threat in their own right;
- (iii) its emphasis on the problems created for security by computer and microprocessor technologies.

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5. The most difficult issues in the report concern covert and unavowed activities in the security and intelligence fields. These have a particular bearing on the way in which you fulfil the intention you expressed to Parliament (in your statement of 26th March 1981) "to make [the Commission's] findings known to the House in due course, to the extent that it is consistent with national security to do so".

6. My minute (A07357) of 11th February deals separately with the special problems which would be entailed in meeting the Commission's recommendation that the Government avow the existence of the SIS and GCHQ's SIGINT activities. But the Commission also discusses in detail, and recommends the continuation of, Normal Vetting as a covert activity. Clearly it would be self-defeating to publish that recommendation. Again, the Commission's report contains a great deal of detail which should not be published, though no major recommendations, about the methods of recruitment to Security Service, SIS and GCHQ.

7. Against this background I have considered with my colleagues in the Official Committee on Security not only the substantive response which the Government should be advised to make to the Commission's recommendations, but also the linked questions of how much of the report should be disclosed and in what form. I also consulted Lord Diplock about the latter questions.

8. Both the Committee and Lord Diplock consider that it would not be possible to publish the report in full. Indeed, Lord Diplock told me that his colleagues had specifically considered whether they could write a report which could be published in full, had come to the conclusion that they could not, and had therefore written the report accordingly. It would be technically possible to publish an expurgated version of the report. But custom would require you to consult the Leader of the Opposition, as well as Lord Diplock, about the omissions. That would involve giving the Leader of the Opposition some information which I should prefer not to have to give him. Moreover, Lord Diplock is strongly opposed to publication in an abridged form which would in his judgment give a seriously misleading impression of its contents, as was the case, in his view, with the Radcliffe Report. He acknowledges however that the Government would be subjected to severe criticism if their

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public response were wholly anodyne. He has told me that he envisaged, and thinks it right, that the Government should make as full a statement as possible, consistent with overriding security requirements. This was the course followed in the case of the report on this subject which preceded the Radcliffe Report, The Statement on the Findings of the Conference of Privy Counsellors on Security (March 1956, Cmd 9715), and the Official Committee on Security agree that this would be the best course in the circumstances. I have therefore arranged for the attached interdepartmentally agreed draft to be prepared. Once the statement, amended as necessary, has been approved, I should like to show it again to Lord Diplock. If he would allow us to say that he approved its terms, and the manner of its presentation, that would go a long way to removing possible Parliamentary disquiet at the non-publication of the report itself.

9. In considering the draft statement, you and your colleagues will wish to take into account both the extent of what is revealed about current security procedures and also the best way of putting the information before Parliament.

10. On the first point, officials from all the Departments and agencies concerned are satisfied that no security damage would result from publication of the attached text, though it is bound to provide a quarry for Parliamentary Questions.

11. As regards the form of the Government's response, you will clearly need to make an oral statement; and I attach a suggested draft. But, irrespective of the decision on avowal, some additional written communication will be required. The choice is between presenting a White Paper or a Written Statement for publication in the Official Report. I think that the draft is too long for an annex to a Statement in the Official Report, and I therefore recommend a White Paper. If it is decided to avow the existence of SIS and GCHQ, and to publish something on the lines of the material in the draft attached to my minute of 11th February, the two could be published at the same time.

12. I am sending copies of this minute to the Home Secretary, the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Secretary of State for Defence. You, and they, may find it useful to discuss these papers at the meeting you are holding on 17th March to discuss the question of avowal.

RIA

5th March 1982

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Robert Armstrong



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SUMMARY OF RECOMMENDATIONS BY THE SECURITY
COMMISSION WHICH OFFICIALS RECOMMEND SHOULD
NOT BE PUBLISHED, TOGETHER WITH PROPOSED
GOVERNMENT RESPONSE TO THEM

(After each Recommendation is shown in brackets the
paragraph number in which it appears in the Report)

Recommendation (28)

Normal Vetting should be continued and remain covert.

Government Response

The Government should accept this recommendation.

Recommendation (29)

The Home Office should consider urgently the procedures for the Normal Vetting of those with a possible Irish connection, so as to ensure that no possibility exists of a slip-up between the Metropolitan Police Special Branch and the Security Service.

Government Response

The recommendation should be accepted and the Home Office invited to report back to the Official Committee on Security.

Recommendation (31)

Departments should no longer have discretion to reveal in certain circumstances to an individual under consideration for a Normal Vetting post not only the fact of his rejection on security grounds, but, in some cases, the reason for his failure.

Government Response

This recommendation should be accepted, and implemented through the Personnel Security Committee.

Recommendation (33)

Departments should observe more strictly and promptly the requirement to report to the Security Service the action they have taken as a result of Security Service advice that possible objections to Normal Vetting clearance exist.

Government Response

This recommendation should be accepted and the change incorporated in revising the Manual of Personnel Security Measures, which is recommended elsewhere by the Commission.



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Recommendation (61)

The SIS should in future be avowed.

Government Response

This recommendation is being considered separately; if it is accepted, there would be no difficulty in publishing the recommendation to this effect.

Recommendation (62)

Even greater care should be exercised to ensure that junior recruits to the Security Service and SIS should, until their PV is completed, have access only to the least sensitive material.

Government Response

The Government should accept this recommendation and the two Services concerned ensure that it is carried out.

Recommendation (63)

GCHQ should continue to accept the occasional loss of suitable recruits with expert qualifications rather than modify the requirement that PV clearance be completed before they are accepted for employment.

Government Response

The Government should accept this recommendation.

Recommendation (65)

In the SIS, the quinquennial review of PV clearance should invariably (not optionally as at present), in the case of staff who have not been posted overseas since their last PV interview, include an interview with the individual under review.

Government Response

This recommendation should be accepted and implemented by SIS.

Recommendation (66)

In GCHQ, review of PV clearance should include an interview with the subject himself, at least every ten years, and there should invariably be an interview with a member of staff being posted abroad, if more than five years have elapsed since his last PV interview.

Government Response

The Government should accept these recommendations, which should be implemented by GCHQ.



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Recommendation (76)

No change need be made, as a result of the Nationality Act 1981, to the security precautions (contained in Annex 6 to the Manual of Personnel Security Measures) taken in respect of persons not of United Kingdom origin or with overseas connections.

Government Response

The Government should accept this recommendation, and the Civil Service Commission ensure that the existing instructions continue to be observed.

Recommendation (77)

Although its use has so far been avoided by careful management, there should be retained in any future legislation on employment protection the provision whereby an individual may not apply to an industrial tribunal for relief against unfair dismissal if a Ministerial certificate has been issued that the dismissal was on security grounds.

Government Response

This recommendation should be accepted and brought to the attention of the Permanent Secretary, Department of Employment.

Recommendation (79)

The same safeguard of a Ministerial certificate exists in the anti-discrimination legislation; although also unused, it is adequate for its purpose and should be retained.

Government Response

This recommendation should be accepted and noted by the Home Office.



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DRAFT ORAL STATEMENT BY THE PRIME MINISTER

In my statement to the House on 26th March I announced that, after consultation with the Rt Hon Gentleman, the Leader of the Opposition, I had asked the Security Commission to conduct a review of security procedures and practices in the public service and to consider what changes, if any, were required.

The Commission has now completed its task and submitted its report. I am most grateful to the Noble Lord, Lord Diplock and his colleagues, Lord Bridge of Harwich and Lord Allen of Abbeydale, for their thorough and painstaking work. After careful consideration, I have concluded that it would not be in the national interest to publish this report, since substantial portions of it concern sensitive details of security procedures. An expurgated version of the report would give a misleading impression of it. I therefore propose to make as full a statement as is consistent with national security about the Commission's findings. I am authorised to say that Lord Diplock [and his colleagues] is [are] content with this course, and believe[s] it to be the right course to follow in the circumstances. Lord Diplock has approved the statement, which is being published today as a Command Paper.

This is the first comprehensive review of security procedures which has taken place since the Report of the Committee on Security Procedures in the Public Service, known as the Radcliffe Report, was published in April 1962. Like Radcliffe, the Commission has taken "security" in its terms of reference to mean the safeguarding of such information in the possession of the Government as would by its unauthorised disclosure cause injury to the interests of the country. Its report does not cover the protection of government buildings or their contents or vital installations against sabotage or terrorist attack, although it does cover physical precautions for denying access to classified information by unauthorised persons.

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The Report is generally reassuring. Subject to the Commission's views about the need for an urgent evaluation of the risks involved in electronic information processing and the means of countering them, Lord Diplock and his colleagues conclude that the security procedures, as they have been applied since Radcliffe and considerably modified and updated since, have worked well and can be relied upon to prevent infiltration of any of those bodies dealing with particularly sensitive security issues of the kind which took place in the 1930s and 1940s. Nevertheless they make a number of recommendations which the Government accepts (subject in a few instances to further necessary inquiries) and will implement as soon as possible.

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DRAFT WRITTEN STATEMENT OR WHITE PAPER

INTRODUCTION

In the Prime Minister's statement to the House of Commons on 26 March 1981 she announced that, after consultation with the Leader of the Opposition, she had asked the Security Commission to review the security procedures and practices currently followed in the public service and to consider what, if any, changes are required. As she has reported to the House, the Commission's report is generally reassuring: Lord Diplock and his colleagues take the view that the procedures, as they have been applied since the Security Commission under Lord Radcliffe reported in April 1962 (Cmnd 1681), have worked well. The Commission has nevertheless recommended a number of changes, both to improve existing procedures and to meet certain changes which it identifies in the threats to security. These recommendations, and the Government's response to them, are set out in summary form in the Annex to this Statement, except for those recommendations which the Government consider that it would be against the interests of security to publish.

2. As the Prime Minister has explained to the House of Commons, it is not possible, for security reasons, to publish the Security Commission's Report in full. The Government have considered whether to publish the text of the report, omitting those passages and recommendations which it would be contrary to security to publish. They have come to the conclusion that an expurgated text would inevitably give a seriously misleading impression of the report. Nonetheless they think it desirable to give an account of the considerations lying behind the Commission's specific conclusions and recommendations. That is the purpose of the remainder of this Statement. This course of action and the terms of this Statement, have been agreed with Lord Diplock.

all?
3. The Commission makes it clear that, though the occasion of this reference to it was the publication of a book which dealt with a number of cases of proven or suspected disclosure of sensitive information to Soviet bloc intelligence services, those cases occurred many years before the improvements in security procedures recommended in the report of the

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Radcliffe Committee (Cmnd 1681) in 1962 had been put into effect and for the most part before any form of positive vetting had been introduced. It was not within the Security Commission's terms of reference to examine once again allegations against individuals who are now either dead or have long ago been publicly exposed. Those cases had all been the subject of intensive examination and re-examination in the utmost detail, and in the Commission's view, as well as that of the Government, no useful purpose could be served by the Commission going yet again over the same well-trodden ground.

4. Twenty years after Radcliffe, the Commission considers that the external threat from Soviet bloc intelligence services, although it has been contained with greater success than before 1961, remains undiminished. On the other hand, the Commission believes that the internal threat has altered considerably since Radcliffe. It has become more varied and viewed as a whole has grown more serious. The threat offered by the Communist Party of Great Britain (CPGB), upon which Radcliffe concentrated, has probably diminished as a result of the fall in the number of its members and the disillusionment of many of them with Soviet policy since 1961 in invading Czechoslovakia and, more recently, Afghanistan. The fall in CPGB membership, however, has been accompanied by the proliferation of new subversive groups of the extreme Left and extreme Right (mainly the former) whose aim is to overthrow democratic parliamentary government in this country by violent or other unconstitutional means, not shrinking in the case of the most extreme groups from terrorism to achieve their aims. Membership of individual groups is small but, for the most part, active and conspiratorial. They might well seek to make public information injurious to the interests of this country, not at the behest or for the benefit of any foreign power, but simply to harm this country itself, (whether by causing a rift between it and its allies) or otherwise, and by these means to weaken its defences against the overthrow of democratic government here by force.

5. The Commission's greatest disquiet arises from a different change in the nature of the threat to security. The use of computers in the public service for the storage and retrieval of classified information is not mentioned in Radcliffe; if it occurred at all then it can have been no more than

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minimally. Since that time, however, and particularly over the last ten years it has progressed rapidly and so has the use of word-processors and other forms of office automation. The Commission does not doubt that this trend will continue and indeed accelerate with continuing developments in computer technology and will bring in its train new security problems, which themselves will not stay static, in the safeguarding of classified information made accessible at the terminals of large central computers or stored in mini-computers or on floppy discs or other forms of storage used for word processing machines.

CLASSIFICATION

6. The aim of both physical and personnel security is to prevent the disclosure of information acquired by public servants in the course of their official duties to anyone who would be likely to use it to the injury of this country. The methods used are, on the one hand, physical protection and, on the other, denial of access to classified information by persons whose loyalty and reliability have not been confirmed by previous investigation. The degree of protection depends upon the security classification accorded to the information in question. The system of classification thus lies at the root of security procedures in the public service.

7. The principal current classifications in use in the United Kingdom, together with their definitions, are -

TOP SECRET Information and material the unauthorised disclosure of which would cause exceptionally grave damage to the nation.

SECRET Information and material the unauthorised disclosure of which would cause serious injury to the interests of the nation.

CONFIDENTIAL Information and material the unauthorised disclosure of which would be prejudicial to the interests of the nation.

RESTRICTED Information and material the unauthorised disclosure of which would be undesirable in the interests of the nation.

8. In the Commission's view, over-classification is the error that is most commonly committed in carrying out current security procedures. This is not only objectionable upon grounds of managerial efficiency and economy; it adds considerably to the expense of the security procedures and the manpower needed to carry them out; even more important, it is liable to undermine the effectiveness of the procedures themselves. The Commission therefore recommends (a) that there should be a thorough review of the classification system, designed both to limit the number of newly created papers with a high security classification and to attempt to bring about early reduction in the classification of papers, once they have been created. More generally, the Commission recommends (b) that the manuals providing security guidance to Departments should be revised so as to make the instructions they contain clearer and easier to consult.

PERSONNEL SECURITY MEASURES

The Positive Vetting System

9. The system used to investigate the reliability of those who are expected to have regular access to highly classified information is known as positive vetting (PV). The PV system has now been in operation for thirty years. The Commission has no hesitation in recommending (c) that it be continued, on the grounds that, properly carried out, it should expose security reasons, or defects of character or circumstance, which render uncertain the subject's trustworthiness or discretion, and his ability to resist pecuniary temptation or exposure to blackmail. The Commission observes that character defects rather than disloyalty for ideological reasons or subversive tendencies have been the cause of all known cases of disclosure of information to hostile intelligence services that have occurred since Radcliffe. At the same time it notes that there are currently about 68,000 posts in the services of the Crown and in other employment for which PV clearance is required. The Commission has the impression that Home Civil Service Departments have been too ready to classify posts as requiring PV clearance, although it recognises that, in the case of the Ministry of Defence, the need to meet the requirements of our allies accounts for the existence of a considerable number of them. The Commission comments that there are three main drawbacks to the PV system.

i. it is expensive, particularly in the use of manpower in the field-work undertaken by investigating officers in interviewing the subject of the PV check and his referees.

ii. the PV process involves considerable time, its completion averaging three months or more in ordinary cases, though in cases of urgency the process can be carried through much more quickly than that. In those departments or services where, with relatively minor exceptions, all candidates for recruitment have to be positively vetted, the delay may result in the loss of valuable recruits especially those with specialised qualifications who accept other offers of employment during the waiting period; and

iii. in a department in which there are many PV posts, the failure of a member of the staff of the department to obtain PV clearance upon transfer to a PV post may block his chances of promotion and, under the existing rules, would prevent his reaching the grade of Under-Secretary or above. In any event it may well affect adversely the prospects of his career in lower grades of the public service, although the Commission notes that, in the majority of cases in the Home Civil Service, it has been found possible by good management to avoid this result.

10. Against this background, the Commission recommends (d) that departments should review each of their existing PV posts with a view to seeing whether the number of them could be reduced; and notes with approval that a scrutiny of all PV posts in the Ministry of Defence and the armed services is already being undertaken. The Commission also questions the arrangements whereby certain categories of post, for example officials of Under-Secretary rank or above, or those of whatever rank in Ministerial Private Offices, are automatically held to require PV clearance. In the case of Under-Secretaries the Commission accepts that present practice is based on the theory that, in order to make most effective use of their abilities, Civil Servants in the higher echelons should be fully transferable within and between Departments, but does not think that this consideration is over-riding. It therefore recommends (e)-(f) that PV should no longer be an automatic requirement for these two categories.

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11. The Commission examines the requirement that all members of the Diplomatic Service should be subject to PV clearance. The fact that members of the Diplomatic Service spend much of their service career in posts abroad makes them obvious targets for the intelligence service of foreign powers. Whether at home or overseas they frequently handle or have access to information relating to external affairs which merits high security classification and which they may be inveigled into disclosing through indiscretion; while the introduction into the Diplomatic Service of a recruit willing to betray this country for ideological reasons must continue to be treated as an ever-present danger. The Commission therefore regards maintenance of the present PV requirement as essential on security grounds. It notes that, because of the time taken for completion of PV clearance, recruits other than those to posts in the administrative grades, research officers, economists, security officers and NATO staff, are engaged provisionally pending completion of PV. The Commission regards this as acceptable provided that the recruit is not posted overseas until PV is complete and that care is taken to limit his access to the most sensitive material. It so recommends (g).

12. The Commission also examines the requirement that all members of police special branches should have PV clearance. It concludes that this requirement is justified by virtue of the role which special branches play in countering terrorist and other subversive activities. At the same time the Commission recommends (h) arrangements for appeal in the event of refusal of PV clearance to a member of a police force.

13. Positive vetting is not confined to government departments and the police. It is used as a personnel security measure in both the United Kingdom Atomic Energy Authority (UKAEA) and in those firms which have contracts involving access to classified material. The Commission considers the scope for reducing the number of PV posts in both.

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14. The UKAEA is not a government department. It is responsible for recruiting its own staff; it does not use the Civil Service Commission. It is also responsible for its own security and that of British Nuclear Fuels Ltd (BNFL) a company incorporated under the Companies Act, whose capital is wholly government owned. The threat in the case of UKAEA and BNFL is not only from the intelligence services of the Soviet bloc but also from nations anxious to acquire know-how to enable them to enter the nuclear weapons field. In accord with an undertaking given to the United States all employees of UKAEA (except those at Culham Laboratory) and BNFL are subject to a form of vetting known as full record check; but although they are concerned with the peaceful uses of nuclear energy and have but little access to TOP SECRET information, an agreement with the United States requires that persons with actual or potential access to SECRET ATOMIC information must hold PV clearances: any reduction in the extent of PV would therefore need to be negotiated with the United States Government.

15. The Radcliffe report described the arrangements for positive vetting of employees of firms engaged in classified government contracts. Security advice is given to these firms by the Security Service whose team of advisers has, as Radcliffe recommended, been substantially increased. The PV procedure is the responsibility of the contracting department, generally the Ministry of Defence, and interviews and field investigations are usually carried out by Ministry of Defence investigating officers. Although noting that the risk of unauthorised disclosure of classified information would appear on the face of it to be greater in those firms than in the public service itself, the Commission sees no necessity to recommend any change in the existing procedure.

Criteria for PV Clearance

16. In addition to considering the basis for requiring staff to be positively vetted, the Commission examines the criteria used to determine whether PV clearance should be given. Under the present rules, there is a presumption that an individual should not be given PV clearance if one or more carefully defined indicators of unreliability appear to be applicable. Apart from the obvious indications of untrustworthiness, such as involvement with treasonable, seditious, espionage, sabotage or terrorist activities against the State, the criteria fall broadly into three categories:

- a. membership of or sympathy with a subversive organisation;
- b. "character defects": these are factors relating to character or conduct tending to make a person unreliable or which may expose him to blackmail or other influence by a foreign intelligence service;
- c. defects of circumstance, - such as communist country origin, which involve no reproach at all in respect of character or conduct, but which may have to be taken into account because they may impose a strain on a person's loyalty or make him vulnerable to pressure by a foreign intelligence service.

17. The Commission confines its comments to what it considers to be the most controversial of the "character defects": male homosexuality. It notes the claim that, in view of the change of English and Scottish law and of public opinion which has taken place since the Radcliffe Committee reported, an unconcealed, acknowledged and stable relationship in Great Britain with another consenting adult of the same sex in which no homosexual acts take place in public no longer involves a party to such a relationship in any vulnerability to blackmail and thus does not constitute a security risk in officers whose service is confined to England, Scotland and Wales. The Commission comments that homosexual tendencies may remain latent only or may manifest themselves in a broader gamut of forms from inconspicuous stable relationships through promiscuity or exhibitionism to paederasty. It therefore recommends (i) that, in the Home Civil Service, male homosexual inclinations or relationships should not necessarily be treated as an absolute bar to PV clearance, but should be dealt with on a case by case basis, paying particular attention to whether the way in which the individual has indulged his homosexual tendencies casts any doubt upon his discretion or reliability.

18. At the same time, the Commission observes that homosexual relationships between consenting male adults are still offences against the criminal law of a number of foreign states to which persons serving in the Diplomatic Service are liable to be posted, and these include the USSR and other states in the Soviet bloc. The Commission therefore recommends (j) that homosexuality,

even if acknowledged, should continue to be a bar to recruitment to the Diplomatic Service and, if undiscovered upon initial PV, should result in removal from the Diplomatic Service when it does come to light, unless on a case-by-case basis it can be dealt with under the Alternative Certificate procedure, which confines an officer to a particular job. The Commission also recommends (k) that homosexuality, even if acknowledged, should continue to be a bar to employment in any PV post outside the Diplomatic Service which might involve the officer being posted outside Great Britain. In the Armed Forces, homosexual acts, even between consenting male adults, are disciplinary offences rendering the perpetrator liable to compulsory discharge. Here too the Commission recommends (l) that homosexuality should, on security grounds, remain a bar to appointment to a PV post.

Appeals when PV clearance is refused

19. The decision to refuse PV is taken by the Department in which the officer is serving. From this decision, if it is based on character defect, there is a right of appeal to the permanent head of the department. Where the refusal of PV is for other security reasons there is a right of appeal to the Three Advisers (the tribunal appointed by the Government to advise Ministers in such cases) who currently consist of two retired Permanent Secretaries of departments of the Home Civil Service and a former Secretary-General of the Civil Service National Whitley Council Staff Side. The Advisers have not in fact sat on an appeal since 1969; which reflects the fact that character defects rather than security reasons have provided the grounds on which PV has been refused. The Commission recommends (m)(n) that these procedures be maintained, with modifications, but that the Chairman of the Three Advisers should be a member of the judiciary.

20. In the case of firms involved in classified work there exists a provision, which has never needed to be used, for an employee refused PV clearance on grounds of character defects to appeal to the Three Advisers. A similar provision, also never exercised, exists in respect of British subjects seconded to International Defence Organisations. The Commission finds these provisions anomalous and recommends (o) that they be abolished.

Review of PV Clearance

21. The procedure for PV provides for a review of PV clearance at regular intervals, generally quinquennial but in some departments the review is undertaken at ten year intervals only. The Commission agrees that such reviews should continue to be undertaken at regular intervals of never more than ten years, but normally of five, and recommends (p) that there should be greater uniformity in departments' review procedures.

Political Appointments

22. The Commission notes the possibility that a Minister may himself be a security risk. Indeed the Commission in 1973 (Cmnd 5367) was driven to that conclusion in the case of a junior Minister on the grounds of character defects. The Commission recognises, however, that the way in which ministerial posts are filled upon a change of government makes it impracticable to subject Ministers to PV clearance before appointment and probably politically unacceptable to invite them to co-operate in PV clearance procedures in respect of themselves after appointment; although, following the recommendation of the Security Commission in Cmnd 5367, Ministers on appointment to a department are given specific instructions upon security problems and procedures. The Commission repeats and re-emphasises that recommendation.(q)

23. The Commission also endorses the Positive Vetting of special advisers to Ministers where they have regular access to highly classified information. It recommends (r) that all advisers should comply with the requirements needed for the authorisation of access to classified information.

24. As the Commission notes, if the Select Committee system is to work effectively, it is desirable that access to classified information in the possession of Government should not be entirely barred. This presents special problems of its own. The Commission is of the opinion that no specialist adviser should be given regular and constant access to TOP SECRET information or any access at all to information which by agreement with any of our allies is confined exclusively to persons with PV clearance. Further, the Commission considers that the security risks which apply to less highly

classified information would be reduced if a record check, akin to that adopted in respect of all employees of the UKAEA and BNFL, were adopted for those specialist advisers who need access to it. The information provided by the specialist adviser in filling up the vetting form would, if true, provide the material to justify denying him access to classified material if this should be necessary on security grounds. If, however, it were untrue in any relevant respect that could be demonstrated without revealing delicate sources of information, the unreliability of the proposed specialist adviser, justifying refusal of access to classified information, would have been made manifest. The Commission accordingly recommends (s) that consideration be given to the feasibility of introducing a record check on these lines.

SECURITY AND INTELLIGENCE

25. Because of the circumstances which led to the Prime Minister's statement on 26 March 1981, the Commission pays particularly close attention to the recruitment and personnel security procedures for those engaged in the security and intelligence services. The report makes a number of minor recommendations in this field which it would not be appropriate to describe in detail. They are being implemented.

COMPUTERS AND OFFICE AUTOMATION

26. The use of computers in the public service for the storage and retrieval of classified information is the area of physical security which causes the Security Commission the greatest disquiet. The amount of data that is capable of being stored upon a single disc or magnetic tape and the rapidity approaching instantaneity with which the data can be retrieved means that any vulnerability to access by hostile intelligence services of material stored in computers or word processors could be a major disaster to this country and in particular to the the efficacy of those involved in secret intelligence work. The problems of dealing with security in this field are highly technical and are unlikely to remain static since they are liable to be affected by the rapid changes that will continue to take place in computer and micro-chip technology.

27. The Commission is impressed by the thoroughness of the physical precautions taken to deny unauthorised access to computer installations and discs and tapes upon which information is stored, and also to prevent the use of terminals by unauthorised persons; but it does not feel qualified to express an informed view as to whether such installations are entirely free from other forms of vulnerability or on whether the system of code-words and personal keys for preventing unauthorised access to particular mini-computers or word-processors are entirely adequate.

28. The Commission notes that there is a great demand outside the public service for trained computer staff, particularly those capable of undertaking those tasks which require the highest forms of expertise. In the private sector of industry and commerce, persons with these qualifications have been able to command salaries substantially higher than those paid to civil servants. In consequence the public service has experienced a comparatively rapid turnover of computer staff after they have acquired the skill and experience that enables them to earn higher salaries elsewhere. The Commission thinks that this tendency will continue. Compared with other civil servants computer staff should be regarded from the security point of view as birds of passage. This means that in the case of classified information stored in computers there are likely to be outside the public service persons with intimate knowledge of the programming and the hardware and software of the computers in which the information is stored. This cannot but increase the risk of such knowledge being passed on to hostile intelligence services. The Commission draws particular attention to this but makes no specific recommendation as to the way in which the risk might be eliminated.

29. In its Report in May 1981 (Cmnd 8235), the Commission recommended that responsible officials should institute a study of the special problems involved in the storage of information in the various types of magnetic media. In its present report the Commission draws attention to the much broader and more technical aspects of the security risks involved in electronic information processing. It considers that the present arrangements at official level for dealing with these matters do not adequately reflect what it considers may well present today and in the foreseeable future the greatest potential threat to classified information, and recommends (t) that appropriate improvements be made.

CONFIDENTIAL

CONCLUSION

30. When the Prime Minister announced that the present inquiry was to take place, she referred to the difficult balances to be struck between the need to protect national security, the nature and cost of the measures required to do so effectively, the need for efficiency and economy in the public service and the individual rights of members of the public service to personal freedom and privacy. The account given in this Statement of the reasoning, conclusions and recommendations of Lord Diplock and his colleagues shows, in the Government's view, how carefully the Security Commission has weighed these often conflicting considerations. The Government agree with the three main themes which emerge from the Commission's analysis: that the present system of security procedures is well conceived and operates effectively; that, while the threat from Soviet bloc intelligence remains undiminished, this country's democratic institutions are now also under challenge from a range of new subversive groups, whose readiness to inflict deliberate harm on the country also considerable; and that the growth in the use of electronic devices for processing and storing highly classified information presents a new and continuing challenge to those responsible for its protection. As this statement and its Annex also make clear, the Government agree too with the substance of the Commission's detailed recommendations. They therefore welcome the report and are acting upon it.

CONFIDENTIAL

(a) Recommendation

There should be a thorough review of the classification system. This should include a rigorous revision of the examples which are given to government departments and those included in the additional guidance given to their own staff by individual departments, with a view to downgrading information to RESTRICTED or to privacy markings, where the reason for its being classified is the political or administrative embarrassment that its disclosure to the public would cause. As regards material still meriting classification as CONFIDENTIAL or above after the removal of politically or administratively embarrassing information to the RESTRICTED security category or to privacy markings only, consideration could usefully be given once again in each department to the grade within the service at which an officer should have the power to originate material in each of the three higher classifications. Where the need to prevent an unauthorised disclosure is only temporary, as may often be the case outside the fields of defence and secret intelligence work, consideration could also be given to the possible advantage in the originator of such classified material recommending a period after which de-classification would be automatic.

Government Response

A review covering all these points has been put in hand.

(b) Recommendation

The handbooks providing central guidance on security matters to Government departments should be re-arranged, re-edited and, in many parts, re-written so that the instructions they contain can more readily be found and understood by those who have to comply with them.

Government Response

The Government accept this recommendation and this work is in train.

(c) Recommendation

Positive vetting for the holders of posts involving regular access to very highly classified information should be maintained.

Government Response

The Government welcome this recommendation.

(d) Recommendation

Home Civil Service Departments should review each of their existing PV posts with a view to seeing whether the number of them could be reduced.

Government Response

The Government have instituted a review in those departments where such action is not already being taken.

(e) Recommendation

The rule should be abolished whereby all officials of the rank of Under-Secretary or above are automatically subject to PV clearance.

Government Response

This recommendation is being implemented.

(f) Recommendation

Officials in the Private Offices of Ministers other than Cabinet Ministers should not be subject to PV clearance other than in cases where the job requires regular and constant access to highly classified information.

Government Response

The Government accept this recommendation, and have asked Departments to pay particular attention to this aspect in their general review of PV posts.

(g) Recommendation

All Diplomatic Service posts should remain subject to PV clearance; and, as at present, no recruit be posted overseas until PV clearance has been completed.

Government Response

The Government welcome this endorsement of existing practice.

(h) Recommendation

Rights of appeal should be clearly laid down in the case where a member of a police force is refused PV clearance.

Government Response

The Government accept this recommendation.

(i) Recommendation

In the Home Civil Service, male homosexual inclinations or relationships should not necessarily be treated as an absolute bar to PV clearance, but should be dealt with on a case by case basis, paying particular attention to whether the way in which the individual has indulged his homosexual tendencies casts any doubt upon his discretion or reliability.

Government Response

The Government accept this recommendation which generally accords with current practice.

(j)(k) Recommendation

- (1) The change in Recommendation (i) should not apply to the Diplomatic Service, to the holders of other PV posts involving service outside Great Britain, or to the Armed Forces (in which homosexual acts remain a disciplinary offence).

Government Response

The Government agree.

(m) Recommendation

When an official wishes to exercise his right of appeal against refusal of PV clearance on grounds of character defect, he should, if he so requests (except perhaps where the defect consists of mental instability of which it might be harmful to the subject's own mental health to inform him), be given a written statement of the allegations made against him, though not the sources of the information on which the allegations are based.

Government Response

The Government are sympathetic to this recommendation, which corresponds to the practice already followed in some departments, but need to consider further whether, as framed, it can be implemented consistently.

(n) Recommendation

The Chairman of the Three Advisers, an appellate body, should in future be a member of the judiciary.

Government Response

The Government accept this recommendation and will be guided by it when the time comes to appoint a successor to the present Chairman.

(o) Recommendation

The right of appeal to the Three Advisers by employees of firms engaged on classified work against refusal of PV clearance on the grounds of character defect, and by British subjects employed by International Defence Organisations against withdrawal of PV clearance on the same grounds, should be abolished as being anomalous.

Government Response

The Government accept these recommendations.

(p) Recommendation

Reviews of PV clearance should take place at not more than ten-yearly intervals, and normally every five years; and should include certain detailed checks as a minimum. The practice in the Royal Air Force regarding interviews with the subject himself should be brought into line with that obtaining in the other two Services.

Government Response

The Government accept this recommendation, much of which accords with present practice, subject only to further consideration of the practicality of implementing the checks involved.

(q) Recommendation

As at present, Ministers should not be subject to PV clearance, but should on appointment to a Department be given specific instructions upon security problems and procedures.

Government Response

The Government agree with this recommendation, and will maintain existing practice in the matter.

(r) Recommendation

The present arrangement, whereby special advisers to Cabinet Ministers are required to be positively vetted, should be retained, and, in addition, when special advisers may be appointed by other Ministers, they should be required to submit to a form of vetting commensurate with their access to classified information.

Government Response

The Government accept this recommendation.

(s) Recommendation

Consideration should be given to the feasibility of introducing a record check, akin to that used by the UKAEA, for specialist advisers to the Select Committee on Defence and Foreign Affairs and to certain other Select Committees where they would have access to CONFIDENTIAL information; unless they have been previously Positively Vetted, as may well be the case with some of them. But no specialist adviser should be given regular and constant access to TOP SECRET information or any access at all to information which by agreement with any of our allies is confined exclusively to persons with PV clearance.

Government Response

The Government agree with this recommendation and will explore the possibility of implementing it with the Parliamentary authorities.

(t) Recommendation

Responsibility for evaluating the various forms which the threat to information stored or processed electronically may take should be placed upon a senior Committee reporting directly to those responsible for formulating policy on all aspects of security and for co-ordinating its application; and the closest possible liaison should be maintained with experts in this field including those in the United States of America.

Government Response

The Government accept this recommendation.

SECRET



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10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

REPORT OF THE SECURITY COMMISSION

The Prime Minister has seen and noted your minute A07690 of 5 March 1982 about the report of the Security Commission, together with its attachments.

B/F
16/3/82

She agrees that it would be useful to discuss your minute at the meeting which we have already arranged for 17 March to consider the question of avowal.

She has commented that the section of the Security Commission's report dealing with the security implications of computers and office automation is especially worrying, not least because although the Commission have identified the problem, they have not offered any recommendation for dealing with it.

I am sending copies of this minute to Mr Halliday (Home Office), Mr Fall (Foreign and Commonwealth Office), Mr Kerr (Treasury) and Mr Omand (Ministry of Defence).

AW.

8 March 1982

AW

SECRET