



Government Response to the Intelligence and Security Committee's Annual Report 2009–2010

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

March 2010

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GOVERNMENT RESPONSE TO THE INTELLIGENCE AND SECURITY COMMITTEE'S ANNUAL REPORT 2009–2010

The Government is grateful to the Intelligence and Security Committee (ISC) for providing independent and effective parliamentary oversight of the intelligence and security Agencies and for producing its latest Annual Report.

The ISC's report contains a number of conclusions and recommendations. These are set out below (in **bold**), followed immediately by the Government's response.

- A. **It is, in our view, absolutely fundamental that if the Committee is to maintain independence from Government we cannot continue to sit within, and depend upon, a Government department that now has such a central role regarding the intelligence and security Agencies, which we oversee.**
- B. **The same argument applies to the Committee's budget, which should be set as a proportion of the intelligence and security Agencies' budget and should not be determined by an organisation which we oversee.**

The Government is absolutely and fundamentally committed to robust and rigorous independent scrutiny of the intelligence and security Agencies. Since 2007, we have brought forward a number of important proposals to strengthen the role of the Committee.

We are keen to explore the scope for further reform in the next Parliament, for example revisiting the Government's invitation to the Committee to hold public hearings. Such exploratory discussions could include, but would need to go beyond, the two administrative issues raised by the Committee, both of which require further consideration.

The Government is concerned that moving the Committee into another department could complicate accountabilities by involving another Secretary of State and Accounting Officer. The Cabinet Office, like the Committee, reports directly to the Prime Minister on intelligence matters. That is why it was chosen as the Committee's host department in 1994 (when the majority of the department's current intelligence functions already existed). Similarly, on funding, it is unusual for a scrutiny body to have its funding linked to the function it scrutinises so as to avoid any perception of a conflict in the scrutiny role. The Government notes that the Committee is comparatively well resourced relative to other scrutiny bodies and in recent years has been shielded from the reductions in the overall Cabinet Office budget.

The Government recognises the importance the Committee attaches to these issues and is committed to working with the Committee further to improve intelligence scrutiny and public confidence in it. The most appropriate time for such engagement is early in a new Parliament.

- C. It is essential that this Committee, which has a statutory duty to oversee expenditure by the Government Communications Headquarters (GCHQ), is given a fuller explanation of the SIGINT Modernisation Programme (SIGMOD) which accounts for a very significant proportion of GCHQ's entire budget.**

The Government welcomes the Committee's interest in GCHQ's technical investment programme (SIGMOD) and GCHQ has agreed to provide the Committee with the additional information it has requested. As the Committee has recognised in its previous Annual Reports, SIGMOD is critical to the maintenance of GCHQ's signals intelligence capability. GCHQ has dedicated considerable effort to ensuring that the programme is well run and delivers on time and to budget, as the recent Cabinet Office Capability Review noted.

- D. The Committee considers that the Information Assurance work carried out by the Communications-Electronics Security Group is important for Government as a whole and that – whatever the suggested funding arrangements might be – they are resolved as a matter of priority.**

The Government welcomes the Committee's recognition of the importance of Information Assurance and its support for a new funding model. The Cabinet Secretary, with GCHQ, is leading discussions across Government to reach agreement on revised funding arrangements for the Communications-Electronics Security Group in the financial year 2010/11 and to prepare for the next spending round.

- E. With GCHQ's key operational equipment concentrated in the Cheltenham area, it is essential that it establishes a backup site at a different location.**

The Government recognises the importance of robust business continuity arrangements and, in particular, the need for housing backup operational equipment off site. A number of options are currently being considered, including the use of other GCHQ sites within the UK. GCHQ is also considering participation in the planned Security Service and Secret Intelligence Service joint data centre at a later phase. However, a fully resilient data centre requires substantial funding, which, in the short term and in the current economic climate, is unlikely to be forthcoming.

- F. The Committee welcomes the new developments in the field of cyber security which indicate that the threat of electronic attack is now being taken seriously across both Government and the intelligence and security Agencies. However, we are concerned that there is a risk of duplication of effort in this important area.**

The Government acknowledges the Committee's concern about the risk of duplication on cyber security issues. The cyber threat is a fast-evolving area of work and the Office of Cyber Security, whose role is to provide strategic leadership and coherence in this area, will keep under review the mechanisms of delivery of the Cyber Security Strategy as the area develops. This will ensure that all organisations working with a cyber security remit will do so without unnecessary duplication of effort.

- G. The Committee is concerned that the publication of other countries' intelligence material, whether sensitive or otherwise, threatens to undermine the key 'control principle' of confidentiality which underpins relations with foreign intelligence services, and that this may seriously damage future intelligence co-operation. We therefore welcome the Court of Appeal's recognition of the importance of the 'control principle'.**

The Government shares the Committee's concern. The principle that intelligence belonging to another country should not be released without the agreement of that country underpins the intelligence-sharing relationships that are vital to our national security. The Government is committed to protecting the intelligence it receives from its partners and the maintenance of the 'control principle'.

- H. There has now been a comprehensive examination of the issues involved in allowing intercept material to be adduced as evidence in the UK. That it has failed to provide a viable model is unsurprising, given the complexities of the issues involved. We await the outcome of the further work now being done. We recommend that if this too fails to provide a workable solution then the issue should be considered closed.**

The Government welcomes the Committee's recognition of the comprehensiveness of the work currently being led by the Home Office. The findings of this work are intended to be announced shortly and will undoubtedly determine the shape of future work on intercept as evidence. It remains the Government's desire to find a way to implement intercept as evidence, providing it does not jeopardise the protection of the public or national security.



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