



Industrial Security – Departmental Responsibilities

VERSION HISTORY

SPF VERSION	DATE PUBLISHED	SUMMARY OF CHANGES
V1.0	Dec 08	N/A
V2.0	1 May 09	N/A
V3.0	Oct 09	No significant changes to the document
V4.0	Apr10	New paragraph 4 concerning measures to mitigate any possibility of Foreign Ownership Control & Influence during the List X due diligence clearance process.
V5.0	Oct 10	Numerous amendments for the purpose of updating and clarification. The main amendment is to remove the option and procedure for the MOD to undertake the security oversight and assurance role on behalf of other government Contracting Authorities.
V6.0	Oct 11	Minor change to paragraph 15 to refer to SPF Chapter on Contractual process and paragraph 16 to refer to “physical security”.

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Mandatory Requirement

1. The requirement for Departments and Agencies to ensure that their contractors and delivery partners apply an acceptable level of protective security and are compliant with the requirements of the Security Policy Framework emanates from Security Policy No.1 - Governance, Risk Management and Compliance, Mandatory Requirement No 2.

List X

2. Companies operating in the UK who are working on government contracts which require them to hold protectively marked assets at CONFIDENTIAL and above, on their own premises, are recorded as “List X” contractors. The term List X is site specific, and refers to specific company premises (larger defence contractors may have multiple List X sites) such sites are also known as having been granted a Facility Security Clearance (FSC).

3. The purpose of List X is to:

a) Ensure that government protectively marked assets at the level of CONFIDENTIAL and above held or generated by commercial companies are afforded an equivalent minimum level of protection to that provided by Government Departments.

b) Avoid duplication of expensive company and employee clearance processes.

c) Simplify the advice process, should a contractor be working on more than one protectively marked contract. This applies especially where different Contracting Authorities may be involved.

Inclusion on List X does not give a contractor preferential treatment in the tendering process. To do so would unfairly exclude other companies from bidding for government contracts and give rise to legitimate legal challenges under EU and UK competition and procurement laws, or application for judicial review.

4. To mitigate the possibility of Foreign Ownership Control or Influence (FOCI) being exerted in List X companies owned by an overseas government or contractor, List X companies must maintain a minimum of 50% British nationals on the Board of Directors. Contracting Authorities must ensure that this is the minimum structure during the List X due diligence clearance process.

5. Contracting Authorities remain the owners of and are ultimately responsible for the protection of information that they provide to List X contractors or which is generated by the contractor as a consequence of contracts placed with them.

6. Ministry of Defence, Defence Equipment & Support – Deputy Head Security & Principal Security Adviser ([MOD DE&S DH Sy/PSyA](#)) has general ownership and responsibility for the List X process including the administration of the List X database, the promulgation of the Security Policy Framework, List X Notices and other security guidelines and instructions. Confirmation of whether a contractor's site is approved as List X should be obtained from MOD DE&S DH Sy/PSyA.

7. MOD DE&S DH Sy/PSyA is also responsible for undertaking the oversight and security assurance requirements for defence contracts and programmes performed by List X contractors, for providing security advice for such requirements and leading on investigations when MOD owned information has been the subject of a security breach or compromised.

8. Departments and Agencies separate from the MOD ***must*** themselves ensure the protection of the protectively marked assets released to the contractor or generated by the contractor under the contract in accordance with the baseline security provisions contained in documentation.

9. The existence and meaning of List X are not protectively marked, but to avoid drawing attention to the nature of the material held on a contractor's site, and thereby increasing the level of threat to that site, the List is protectively marked RESTRICTED.

10. For the protection of the company, its employees and the assets it holds, a List X contractor should not publicise, or respond to a query from any organisations outside of the UK Government or List X, that it is a List X contractor. Such queries should be referred to MOD DE&S DH Sy/PSyA.

Placing a Contractor on List X

11. Where a Contracting Authority is considering placing a contract that will involve protectively marked information at CONFIDENTIAL or above being held on a UK contractor's premises, the Contracting Authority ***must*** ensure that the contractor meets the criteria for inclusion on List X.

The Contracting Authority or MOD DE&S DH Sy/PSyA should liaise direct with the

Company to gather the following additional data in the form of Appendix 1:

- The company's full name and registration number recorded in *Companies House Index of Registered Companies*.
- The company's address and, if different, the address, or addresses of the site/s where it is proposed to undertake the contract and/or hold the protectively marked assets involved.
- The personal details for members of the Board of Directors.
- The personal details of individuals who are to be involved in the tendering process.

12. The Contracting Authority or MOD DE&S DH Sy/PSyA should send the contractor a copy of [Working For Government: Protection of Assets](#) - refer to Appendix 2. On receipt of this additional data, the Contracting Authority or DE&S DH Sy/PSyA should initiate checks with:

- Security Service
- Department of Business Innovation & Skills (BIS), Enforcement Manager, Export Control Organisation, Kings Gate House, Victoria Street, London SW1E 6SQ.
- HM Revenue and Customs, Customs House Annex, 5th Floor, 32 St Mary at Hill, London EC3R 8DY .
- Other sources as necessary to establish the professional competences and reliability of the company.
- Other available sources to carry out further due diligence and financial checks on the company as considered necessary.

13. Following successful completion of the above checks the Contracting Authority or MOD DE&S DH Sy/PSyA should initiate and progress Security Check (SC) clearances for those individuals who will be involved in the preliminary discussions or require access to protectively marked information Confidential or above as a result of the tendering process.

14. The Security Service (IRV) will advise the Contracting Authority or MOD DE&S DH Sy/PSyA when there is any security objection to the company or any of its directors: the

Contracting Authority or MOD DE&S DH Sy/PSyA will then carry out a risk-based assessment with the Contracting Authority.

15. Once these external checks have been completed satisfactorily, the Contracting Authority or MOD DE&S DH Sy/PSyA will confirm that the site has been awarded 'Provisional List X' status, allowing the release of the Invitation to Tender (ITT) or the award of the contract to the Company at the site facility. The ITT or contract **must** include appropriate "Security Measures" such as DefCon 659 Appendix 1, ' see SPF Chapter on "Contractual process" and be accompanied by a detailed Security Aspects Letter.

Site Review

16. Upon contract award the Contracting Authority or MOD DE&S DH Sy/PSyA should appoint a Security Adviser to liaise direct with the Company to review site physical security, management structures and procedures together with providing advice on what improvements are required to site security infrastructure, processes and documentation to bring the facility up the standard required by the Security Policy Framework for full List X status.

17. Once this site review is complete and all necessary measures and procedures are in place, the Contracting Authority or MOD DE&S DH Sy/PSyA will write to the appointed Security Controller or Board Level contact, advising that the site is now fully approved to List X standard, allocate a Unique Site No. and an appropriate entry will be raised on the List X database. The Contracting Authority or MOD DE&S DH Sy/PSyA granting the List X status should also inform the local Police Service Special Branch and Counter Terrorist Security Advisers (CTSAs).

18. Contracting Authorities undertaking the security oversight for the protection of the assets in their own List X contractors **must** write to the MOD DE&S DH Sy/PSyA confirming that the due diligence action has been satisfactorily completed and that oversight and assurance of compliance with the SPF will be undertaken by the Contracting Authority. The Contracting Authority **must** also provide the following details of the contractor to enable it to be recorded on the List X database:

- a) The name, address and telephone number of the contractor.
- b) The names and contact telephone numbers of the Security Controller and Board Contact and Vetting Contact.

- c) The highest level of protective marking involved in the contract.
- d) The highest level of protective marking which it is considered the site is suitable to hold.

Once this information has been received the MOD DE&S DH Sy/PSyA will raise an appropriate entry on the List X database. The Contracting Authority should inform MOD DE&S DH Sy/PSyA of any changes to the information provided above that substantially change the record.

Company Information

Appendix 1

1. Names of Business			
Head Office Address			
Telephone		VAT Reg No	
Telex		Company Reg	
Fax No		Nos	

2 Address(s) of major factories or Branch Offices		
a.	Telephone	
	Telex	
	Fax No	
b.	Telephone	
	Telex	
	Fax No	

Please use an additional sheet for further addresses

3. If incorporated, please give details of all associated companies, subsidiaries, parent or holding companies, including full name, address and country in which registered.	
Name of Business	
Address	
Name of Business	
Address	

Please use an additional sheet for further addresses

4. Date of formation of the business or of incorporation, and brief history.

5. Directors Information

Please provide below details of Chairman, Deputy Chairman, all Directors (indicating specifically those who hold executive appointments) and Company Secretary. Similar information should be provided for individuals holding more than one fifth of the paid up shares, preference shares, or loan capital. Please continue on a further sheet if necessary.

a) Surname (i) now				
(ii) At birth if different from (i)				
(iii) All other surnames used				
b. Full forenames				
c. Place of birth including State and Country				
d. Date of Birth				
e. Nationality (i) now				
(ii) At any time if different from (i)				
(iii) If naturalised, state number and date of certificate				
f. Full Permanent home address	since	since	since	since
g. Position in company				

6. I confirm that the information provided above is to the best of my knowledge complete and accurate.

Signature*: Date:

Name: Position held:

eg Managing Director, Senior Partner, Sole Trader

*Signature confirms agreement to checks being made on the company and its Board members with other UK Government Depts

Appendix 2

Working for Government – Protection of Assets

1. Government departments are responsible for safeguarding at all times that material and information which is the property of government and which, if lost or compromised, would cause damage to the security or well being of the state, or to its relations with friendly governments; cause death, injury or distress to individuals; or cause significant financial loss to the state. Such information or material is given a protective marking the level of which indicates the security controls required to safeguard it.
2. A significant proportion of work for government departments has traditionally been performed under contract by commercial companies and industry, and as a result of current government policy this proportion is increasing. When such contracts require a contractor to hold material and/or information which bears a government protective marking, the contractor also has a duty to protect those assets while they are in his possession and this obligation extends to his employees and agents. When contracting out, the government department concerned has a responsibility to ensure that the selected company is qualified to perform the work in question in terms of both general ability and quality of output and also that it is able adequately to protect the protectively marked assets involved.
3. At the stage when a company is invited to tender for a government contract, it will be given broad advice on the range of physical security controls which are likely to be required to protect those government assets it may need to hold. These controls generally equate closely with those which would be required by any major insurance company. The prospective contractor will also be required to provide details of the company and the members of the Board of Directors so that checks can be made to establish whether they are likely to be reliable and responsible in protecting those assets. These checks will be made against the records of the Security Service and also in some circumstances, against police records. In this context, contractors should be aware that if their company is subject to foreign ownership, control or influence or if any of the directors are not UK citizens, it may be necessary to make checks with the security authorities of the countries concerned and that this may delay the overall approval process.
4. Once this process has been satisfactorily completed and the decision to award a contract involving protectively marked assets has been made, the company will be given further advice on any specific physical security controls it will need to install and any special procedures it will need to observe. If the contract is likely to require any unusual or expensive security controls, this will have been made clear to the company at the tender stage by the contracting department. The terms of the contract will state the obligation upon the company to comply with such security controls as the contracting department deems necessary.
5. It may also be necessary for those members of staff who will have access to the protectively marked assets to be approved by the contracting department, which will notify the company of its specific requirements in this context.
6. Depending upon the sensitivity of the assets which the company will hold it may also be a requirement that the company should nominate both an employee to take responsibility for the day to day coordination and oversight of all security matters relating to the protection of those assets and also a member of the board, who will accept responsibility for their protection on behalf of the company as a whole.
7. The contacting department, or its agents, will maintain regular contact with any company holding particularly sensitive protectively marked assets to ensure that these continue to be protected to a satisfactory level and to advise the company about how to overcome any security problems which may arise.