Intelligence and Security Committee of Parliament

Annual Report 2017–2018

Chair:
The Rt Hon. Dominic Grieve QC MP

HC 1692

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HC 1692

THE INTELLIGENCE AND SECURITY COMMITTEE OF PARLIAMENT

The Rt Hon. Dominic Grieve QC MP (Chair)

The Rt Hon. Richard Benyon MP	*The Rt Hon. the Lord Janvrin GCB GCVO QSO*
The Rt Hon. Ian Blackford MP	*The Rt Hon. Kevan Jones MP*
The Rt Hon. Caroline Flint MP	*The Most Hon. the Marquess of Lothian PC QC*
The Rt Hon. David Hanson MP	*The Rt Hon. Keith Simpson MP*

The Intelligence and Security Committee of Parliament (ISC) is a statutory committee of Parliament that has responsibility for oversight of the UK intelligence community. The Committee was originally established by the Intelligence Services Act 1994, and has recently been reformed, and its powers reinforced, by the Justice and Security Act 2013.

The Committee oversees the intelligence and security activities of the UK, including the policies, expenditure, administration and operations of the Security Service (MI5), the Secret Intelligence Service (SIS) and the Government Communications Headquarters (GCHQ).[*] The Committee also scrutinises the work of other parts of the UK intelligence community, including the Joint Intelligence Organisation and the National Security Secretariat in the Cabinet Office; Defence Intelligence in the Ministry of Defence; and the Office for Security and Counter-Terrorism in the Home Office.

The Committee consists of nine Members drawn from both Houses of Parliament. The Chair is elected by its Members. The Members of the Committee are subject to section 1(1)(b) of the Official Secrets Act 1989 and are routinely given access to highly classified material in carrying out their duties.

The Committee sets its own agenda and work programme. It takes evidence from Government Ministers, the Heads of the Security and Intelligence Agencies, officials from the intelligence community and other witnesses as required. The Committee is supported in its work by a Secretariat. It also has access to legal, technical and financial expertise where necessary.

The Committee makes an annual report to Parliament on the discharge of its functions. The Committee may also produce reports on specific investigations. Prior to the Committee publishing its reports, sensitive material that would damage national security is blanked out ('redacted'). This is indicated by *** in the text. The Security and Intelligence Agencies may request the redaction of material in a report if its publication would damage their work, for example by revealing their targets, methods, sources or operational capabilities. The Committee considers these requests for redaction carefully. The Agencies have to demonstrate clearly how publication of the material in question would be damaging before the Committee agrees to redact it. The Committee aims to ensure that only the minimum of text is redacted from a report. The Committee believes that it is important that Parliament and the public should be able to see where information had to be redacted. This means that the published report is the same as the classified version sent to the Prime Minister (albeit with redactions). The Committee also prepares from time to time wholly confidential reports which it submits to the Prime Minister.

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[*] The Committee oversees operations subject to the criteria set out in section 2 of the Justice and Security Act 2013.

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SECTION 1: THE WORK OF THE COMMITTEE

1.   This Report summarises the work of the Intelligence and Security Committee of Parliament (ISC) for the period April 2017 to July 2018.[1] In reporting this year, we note that the response from the Government to our Annual Report 2016–2017, which we published on 20 December 2017, was only received on 23 July 2018. Under the terms of the Memorandum of Understanding (MoU) between the Committee and the Government, the response should have been published by 19 February 2018.

2.   The question of Government action in response to this Committee's Reports has also arisen in connection with other Inquiries this year. As a result the Committee raised it with the National Security Adviser and received assurances from him that formal tracking will now be put in place to ensure that action is taken in response to the Committee's conclusions and recommendations.

3.   The Committee's work was interrupted by the calling of a General Election and dissolution of Parliament on 3 May 2017. It took an exceptionally long time after the General Election for the Committee to be reconstituted – the effective and robust oversight of the intelligence community, entrusted to us, is too important to have been left in a vacuum for so many months. The Committee Members were, finally, appointed on 16 and 21 November 2017[2] and met for the first time following the General Election on 23 November 2017. The Members elected the Rt Hon. Dominic Grieve QC MP as Chairman.

4.   At its first meeting, the Committee discussed the tragic terrorist attacks in the UK in 2017 and expressed sympathy for the victims and their families. The Committee noted that Internal Reviews had been conducted by MI5 and the police, overseen by David Anderson QC, and once these reports had been received by the Committee we would consider whether any aspects required investigation. The Committee also noted its intention to conclude and publish the Annual Report 2016–2017 – a substantial Report that represented 18 months of oversight of the intelligence community. We also agreed to complete our Reports on the involvement of the UK Government and Security and Intelligence Agencies in detainee mistreatment and rendition, and a review of diversity and inclusion in the UK intelligence community. In terms of future work, the Committee agreed to consider issues around Russian activity against the UK which require investigation and the operation of the UK's central intelligence machinery. The Committee issued a press statement on the same day, setting out this work programme.

5.   In carrying out this work, the Committee has:

* held 24 full Committee meetings, including evidence sessions with the Home Secretary, the Director General of MI5 and the National Security Adviser;

* visited the Agencies and other parts of the intelligence community on 11 occasions (six of which were separate visits undertaken by the Diversity and Inclusion sub-committee);

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[1] The *Intelligence and Security Committee of Parliament Annual Report 2016–2017* was published on 20 December 2017 and covered the period July 2016 to April 2017.
[2] The House of Commons' Members were appointed on 16 November and the Lords' Members on 21 November.

- hosted our German counterparts and delegations from Bulgaria, Romania and Australia; and

- held 24 other meetings.

Detainee Inquiry

6.   Immediately following 9/11, there were real concerns that Al Qaida may have been planning a terrorist attack on the UK of similar magnitude. Disrupting such an attack was the UK Security and Intelligence Agencies' absolute operational imperative and assisting the US in interviews of US-held detainees might give the UK Agencies access to critical intelligence.

7.   Throughout 2002, 2003 and into 2004, UK personnel from SIS, MI5 and the Ministry of Defence – including the Armed Forces – participated in interviews of detainees held (primarily) by US detaining authorities at locations in Afghanistan and Iraq and at Guantanamo Bay.[3] Sometimes the deployed personnel conducted their own interviews, sometimes they interviewed jointly with US interrogators and sometimes they simply observed interviews conducted by others (or passed questions to those interviewing). It is not possible to determine the exact number of detainee interviews in which UK personnel were involved, but we estimate it to be somewhere between 2,000 and 3,000.

8.   Over the past three years, the Committee took 50 hours of oral evidence, reviewed 40,000 original documents and devoted over 30,000 staff hours to investigating the actions of the UK Agencies and Defence Intelligence (DI) in respect of detainees and also rendition.

9.   On 28 June 2018, the Committee published two Reports – the first of which covered the period 2001–2010 and the second the current situation. Taken together, the Reports contain 75 recommendations and conclusions. We expect the Government to provide substantive responses to these: under the MoU between the ISC and the Government these should have been published within 60 days.

Diversity and inclusion

10.   The Committee has a wide-ranging oversight role across the intelligence community including expenditure, administration, policy and (in certain circumstances) operations. At the heart of this remit are the men and women who undertake this work, and whom we entrust with the vital task of safeguarding our national security.

11.   It is therefore important that our oversight role includes looking at the profile and demographic data of staff working across these Agencies and organisations, and we routinely request evidence on staff numbers in terms of gender, ethnicity, sexuality and disability. Whilst these statistics are useful indicators, they do not provide the detail and context of what is happening inside these organisations when it comes to promoting diversity and inclusion.

12.   In 2016, the Committee – through the Rt Hon. Fiona Mactaggart MP – began a more detailed review of diversity across the Agencies and organisations we oversee. Following the election, a sub-committee was formed comprising Caroline Flint MP, Kevan Jones MP and

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[3] Defence Intelligence did not participate in interviews of detainees at Guantanamo Bay.

Lord Janvrin, to take this work forward with the aim of highlighting good practice, identifying possible gaps and making recommendations where appropriate. The sub-committee conducted a series of visits to the Agencies and organisations and spoke to staff, including from the various diversity networks.

13.   We published our Report on 18 July 2018. We will be monitoring the progress the UK intelligence community make against our recommendations to build on the positive steps they have already taken to ensure they have as diverse and effective a workforce as possible.

Terror attacks Inquiry

14.   During 2017, the UK suffered five serious terrorist attacks: at Westminster Bridge, Manchester Arena, London Bridge, Finsbury Park and Parsons Green. Thirty-six individuals were killed[4] and over 200 were injured.

15.   Of the seven perpetrators and one alleged perpetrator, five were killed at the scene of the attack. The Finsbury Park attacker has been jailed for life, serving a minimum of 43 years, and the Parsons Green attacker has been handed a life sentence with a minimum of 34 years.[5] The alleged co-conspirator in the Manchester Arena attack is believed to have been detained in Libya by a militia group: the British Government is currently seeking to extradite him so that he can stand trial in the UK.

16.   Immediately following the attacks, MI5 and Counter Terrorism Policing launched a number of reviews in order to:

- identify what was known about the attackers and alleged co-conspirators prior to each attack;

- review assessments, actions and decisions made prior to each attack in relation to intelligence held on the attackers and alleged co-conspirators;

- identify and review contextual information that may have had a bearing on actions and decisions made; and

- identify learning points arising out of each case.[6]

17.   In addition to these Internal Reviews, MI5 and the police – supported by the wider intelligence community – established an Operational Improvement Review which sought to identify and recommend improvements in counter-terrorism work. The then Home Secretary asked David Anderson QC to oversee the Internal Reviews in order to provide independent assurance of the robustness of the process. He was provided with complete access to the Internal Review work and produced his report in December 2017.

18.   The Committee received copies of the MI5 and police Internal Reviews in December 2017. Since then we have taken evidence from MI5, the Metropolitan Police Service and the Home Secretary. In addition to the Internal Reviews, we have also considered primary material

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[4] Not including the perpetrators.
[5] Darren Osborne, perpetrator of the Finsbury Park attack, was found guilty of both murder and attempted murder and will serve two concurrent life sentences. Ahmed Hassan, the Parsons Green attacker, was convicted of attempted murder and also handed a life sentence. The judge said he would treat the incident as a terrorist offence.
[6] MI5 and Counter Terrorism Policing, *Operational Reviews Capping Document*, October 2017.

relating to the attacks provided by both MI5 and the police. This includes highly classified documents, investigation records, *** and other intelligence reports.

19.   On 4 June 2018 (after the Committee had finished holding its evidence sessions), the Home Secretary announced the publication of the Government's new 2018 CONTEST Strategy. Two days later, on 6 June, the Government announced a new Counter-Terrorism and Border Security Bill. The Committee has reflected information contained in these two publications in its Report where relevant but has not sought to undertake a separate review of them.

20.   This Committee is aware of the exceptional effort made by the men and women who work for MI5 and the police to protect the UK from attack, and we commend this. Nevertheless these were the first terror attacks in Britain since 2016, with 36 lives lost. While the Committee welcomed the detailed review work MI5 and the police have undertaken, and the assurances provided by David Anderson QC, we regarded it as essential to establish for ourselves whether mistakes were made, and to ensure all changes and improvements required have been identified. We published our findings on 22 November 2018.

Russia

21.   Since the invasion of Crimea by Russia in 2014, its hostile activities against the West have been under greater scrutiny. On 6 January 2017, the US Director of National Intelligence published a US intelligence community assessment: *Assessing Russian Activities and Intentions in Recent US Elections*. This set out what the community assessed to have been the Russian State's efforts to influence the 2016 US presidential election. There have subsequently been investigations by the US Congress into interference by Russia in the 2016 presidential election, and Robert Mueller was appointed as Special Counsel for the US Department of Justice to investigate any possible collusion between the Russian State and President Trump's 2016 campaign team.

22.   There have also been concerns about Russia's interference in the UK's EU referendum and the possible interference with UK political parties' data. At her speech to the Lord Mayor's Banquet in 2017, the Prime Minister accused Russia of "*planting fake stories*" to "*sow discord in the West and undermine our institutions*". On 30 January 2017, the Digital, Culture, Media and Sport Select Committee began an investigation into the impact of state-sponsored fake news emanating from Russia, and in May 2017 the National Cyber Security Centre (NCSC) issued guidance to political parties, local authorities and their staff to protect their digital systems.[7]

23.   At our first meeting in November 2017, the Committee agreed to begin an Inquiry into Russian activity against the UK. The poisoning of Sergei and Yulia Skripal in March 2018 and subsequent attribution of the attack to Russia by the UK Government only serve to highlight the importance of this Inquiry. We commissioned evidence from Government in December 2017. On 30 June 2018 we received the final written evidence and we began taking oral evidence in July. This Inquiry has been the primary focus of the Committee in 2018.

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[7] NCSC, *Statement: Guidance for political parties and their staff*, May 2017.

Other work

24.   The Committee has continued this year to monitor the expenditure, administration and policy of the seven organisations we oversee through the quarterly reports we receive from them. We also received end-year information covering the 2016/17 financial year. Given the Committee's focus on its specific Inquiries this year, detailed scrutiny of these matters is not included in this Annual Report; however, the key facts and major developments for each organisation are summarised in the Annex.

Committee resources

25.   The Committee was supported in its work this year by a team of six core staff and four Detainee Inquiry staff. The Committee's budget for 2017/18 was £1,608,000. This incorporated the costs of the Committee and Secretariat's security, IT, telecoms, report publication, accommodation, utilities and centrally provided corporate services, which had previously been provided for by the National Security Secretariat (security expenses) and the Cabinet Office (corporate expenditure).

SECTION 2: SYRIA

26.   On 6 April 2018, after negotiations between the Syrian Government and the rebel groups in Douma – the last rebel-held town in the Eastern Ghouta region – broke down, the Government resumed air strikes in the region. On 7 April, it was reported that barrel bombs believed to contain toxic substances had been dropped by the Syrian Air Force. The attacks were believed to have killed more than 40 civilians, including children, with many more casualties.

27.   On 13 April, British, French and American forces conducted co-ordinated and targeted strikes on three sites in Syria. The strikes were intended to degrade the Syrian Regime's chemical weapons capability and deter the Regime from using them again. The Prime Minister updated Parliament on 16 April, setting out the evidence that the Syrian Regime had used chemical weapons and the legal basis for the strikes. The Committee subsequently requested evidence from Government on the intelligence which led to the decision to conduct air strikes and on the targets selected, along with the effectiveness of the strikes.

28.   In relation to the decision to conduct the strikes, the Committee was provided with summaries of the evidence which the Government considered. The Joint Intelligence Committee's (JIC) assessment of 11 April 2018 was that it was:

- "*highly likely*" that a chemical attack took place;

- "*likely*" that chlorine was used;

- a "*realistic possibility*" that a nerve agent such as sarin was also deployed; and

- "*highly likely*" that the attack was carried out by the Syrian Regime.

In terms of the confidence in these judgements, it was considered that there was "*medium confidence*" in the information around Regime responsibility and "*medium to low confidence*" about the use of sarin.

29.   While this terminology may sound cautious, the scale used in JIC assessments is designed in this manner. For instance, "*highly likely*" denotes an 80% to 90% probability, while "*likely*" indicates a 55% to 75% probability. The National Security Adviser (NSA) told the Committee that the confidence levels were about the amount (in this case) of information, whereas in reality there was little doubt:

> *if you … looked at the core of the* [information] *itself, then there was really no plausible alternative explanation other than the regime. It was clear that the chemical weapons attack had taken place from the air, so nobody else has that capability in that part of Syria; probably from helicopters, barrel bombs and so on, and so it was quite clear that the regime was responsible…*

He noted that there was a balance between confidence and certainty:

> *as policy makers and as the NSC* [National Security Council]*, you have to make a judgment about what you are going to do … if we wait until we are completely confident, then you would never make a judgment, so it*

> *was quite clear to us, to the NSC, it was quite clear the Syrian regime was responsible.*

30.   One of the issues which was clearly key was the knowledge and involvement of the Syrian Regime's allies in the region, given the risk of escalation. It appeared to us that this is the sort of tactical issue on which the Regime might take the decision itself, without advance consultation or even notification with its allies. We questioned the NSA on this issue, who responded:

***

31.   The decision to mount the strikes was clearly taken under some pressure, given the time between the attacks on 7 April and the strikes taking place on 13 April. The NSA set out the process by which the decision was taken:

> *I took official meetings to work out the range of policy options … we took it to the NSC … and what we sought from the NSC was an 'in principle decision' as to whether we were prepared to join an American and French military response, if that went ahead … The NSC agreed in principle … We then took it back to Cabinet … and Cabinet took the decision to proceed and then the final decision, just on the targets and so on, in the appropriate way was left by Cabinet to the Prime Minister and the Defence Secretary just in the normal way.*

32.   In her statement to Parliament on 16 April,[8] the Prime Minister described the strikes as "*limited, targeted and effective*". This followed the publication of the Government's legal position on the strikes on 14 April 2018.[9] We asked the NSA about the importance of the limited nature of the strikes. He explained that that was key in determining the effectiveness, which was itself a deciding factor when it came to the lawfulness of the action. The NSA explained that there was a baseline:

> *an operation that is so limited that it will not be effective in achieving the goals of it is not lawful under our interpretation of international law … There is no point in conducting a military operation that is not going to be effective but the effect does have to be judged against the disruptive and the deterrent effect you are seeking to achieve, so there is inevitably a certain degree of sort of estimation of the deterrent effect…*

He noted that while the upper threshold in legal terms was "*actually really quite high. Your action would have to be so disproportionate that it is simply totally unnecessary*", in policy terms it was about the risk of escalation to the point of involvement in the civil war:

> *the judgment we made was that we wanted to be really clear that we were not going after the regime, we were not seeking to intervene in the course of the Syrian civil war – there was clearly no parliamentary consent for that, and it had not been government policy – and we were not seeking to change the outcome of that civil war by a military intervention.*

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[8] Prime Minister's statement to the House of Commons, Hansard, HC Deb, 16 April 2018, vol. 639, cols 148–150 ('Syria').
[9] 'Syria action – UK government legal position', 14 April 2018, www.gov.uk/government/publications/syria-action-uk-government-legal-position.

33.   The risk of escalation was not just about the Syrian Regime, given the Russian presence in the region. There are obvious sensitivities around avoiding Russian capabilities on the ground and any move being seen as challenging the Russian strategic objective backing the Regime. We asked the NSA whether such considerations played a part and if any action was considered to mitigate those risks. He told us:

> ***

> ***

34.   It is clear that the risk of escalation played a part in the selection of targets: ***. Initially four sites were chosen for target development with two eventually being selected. A third was *** added at the request *** :

- the Syrian Scientific Research Centre in Barzah, as *** research and development centre for Syria's Chemical and Biological Weapons programme;

- *** [two warehouses on a military site near Homs]; and

- *** [a military bunker near Homs].

We note that we were only provided with the underlying intelligence which led to the selection of the three sites targeted. We have not seen information regarding the listing, consideration and rejection of other potential sites and are therefore not in a position to assess whether the three selected were reasonable.

35.   In terms of the three sites targeted, we questioned whether they were associated with the production and use of sarin or chlorine, against the backdrop of the JIC assessment of 11 April which had judged it "*likely*" that chlorine was used, with a "*realistic possibility*" that sarin was also deployed. The NSA told the Committee that it was "*clear chlorine had been used*" and there was a "*track record*" in Syria of sarin and chlorine having been used ***. This was supported by "*the number of casualties in a small space*", which indicated that there "*might have been*" sarin combined with the chlorine.

36.   However, he admitted that the experts had disagreed about this at the time and the assessment had subsequently changed once new information came to light: "*in the end I think the body of expert opinion, but not the entirety of it, concluded that it was more likely than not to have been just chlorine in that particular attack*". The level of casualties which had been thought to indicate the use of sarin was now considered to have come "*from the physical environment within which that happened, essentially got right into a basement and nobody could get out, but that was not clear at the time*".

37.   It appeared to us that the targeting of the sites was less about which chemicals were used in the Douma attack and more about the hazards associated with the potential use of the chemicals in future. The NSA commented:

> **** is a *** and is *** [whereas] *** can be produced in any number of different facilities … in terms of the disruptive and deterrent effect to the Syrian regime, we felt actually going after a *** capability … it would disrupt their ***, not entirely but it would disrupt their ability to use ***.*

38.   One further point we note in relation to targeting was the extent to which there was deliberate – and necessary – obfuscation about the sites, as the NSA described:

> *once you are planning an operation, you need to be as confusing as possible about where you might go, in order to confuse the enemy and therefore anything you say in public has to be addressed to the adversary, and that is part of the issue about what can you say in particular in Parliament, where you cannot mislead Parliament but you want to mislead the adversary and you are in a public forum.*

39.   Having considered the case for the strikes and the selection of sites, the final issue we considered was the post-strike analysis in order to assess whether the operation had achieved its aims. We were provided with the initial 'battle damage' assessment which Defence Intelligence (DI) had produced on 25 April, some 11 days after the strike, and which concluded that in terms of the practical impact "*it is likely* [that] *the Syrian regime's overall *** capability had been degraded at least in the short term*" and that "*reconstituting an *** capability could take up to 12 months*". However, DI only had low confidence in this battle damage assessment, as it was unclear at the time how much equipment at *** had been destroyed. In terms of the deterrent effect it concluded that "*the prospect of further Western strikes or other forms of intervention are likely to deter large scale regime use of chlorine and/or nerve agent in the coming months, unless they are faced with a strategic threat*".

40.   However, we were subsequently provided with the JIC post-strike analysis of 14 May 2018, produced 20 days after the DI assessment, which included further intelligence. This set out that:

- *Barzah research centre and* [two warehouses on a military site near Homs] *were destroyed.*

- *The strikes caused moderate damage to* [a military bunker near Homs].

- *Chemical weapons related equipment and/or material were ***.*

It was questioning about the impact of the strikes on the capability of the Regime to ***, stating that:

> *It is highly likely that the strikes have had no lasting impact on the capability of the regime to *** on the battlefield. The strikes will have disrupted regime use of ***, due to the ***.*

41.   This is in stark contrast to the earlier DI assessment, which had cited a disruption period of up to ***. In terms of the impact of the strikes on the *** programme, it was similarly clear that there was no agreement: "*There is no consensus in the JIC about the impact of the destruction of *** … DI assess it will highly likely have degraded chemical weapons *** capability. *** disagree.*" However, it noted that this was in any case largely immaterial since "*the regime does not need to *** to continue to ****".

42.   The extent of the disagreement is striking, and raises serious questions about the value of the strikes and the selection of targets. When challenged, the NSA made a distinction between the disruptive impact and the deterrent effect:

this is really just an assessment of the disruptive effect on the programme … it was a limited strike, we were clear that it wasn't going to destroy the Syrian CW programme as a whole.… So the Syrians still retain the capability to deploy chemical weapons – we always knew that was going to be the case when we made the targeting judgments.

The deterrent effect is essentially a more psychological thing, as all deterrent is, but essentially the signal to the Syrians is, after Khan Shaykun, you had a single strike by one country on one air base, the Sharyat airbase – that was the Americans last year; after the Douma attack you had multiple strikes by three countries on a wider set of targets related to the chemical weapons programme and the communication to them is to say, if you do it again, then we will escalate again, so don't try it.

43.   Set against the mission's objectives, the NSA was clear that he therefore viewed it as having been a success:

I think it is reasonable to say the mission was effective, in that it achieved its goals, it had a disruptive effect and, so far at least, we have deterred further use … the disruptive effect, *** and was less than we had expected – still significant but still less than we expected…

However, he recognised that there were always issues around targeting:

we will absolutely need to make sure, if I am chairing another meeting about targets, what the effect will be if those targets are destroyed … I will be asking exactly that question.

A.   We recognise that certainty is difficult in such situations, but we are reassured that the intelligence available supported UK action against the Syrian Regime following the strike on Douma.

B.   We note that there was no agreement at the time about whether sarin had been used together with chlorine and it is now assessed that it was more likely that it was just chlorine.

C.   It appears to us that the targeting of the sites was less about chemicals having been used in the attacks and more about the possibility of chemicals being used in the future.

D.   The divergence in views amongst the intelligence community on the post-strike analysis is striking. While the initial assessment for Defence Intelligence deemed there to have been a significant disruptive and deterrent effect, the later JIC post-strike analysis was questioning of the impact of the strikes on the capability of the Regime to ***. This raises serious questions about the value of the strikes and the selection of targets.

LIST OF WITNESSES

Ministers

Home Office

The Rt Hon. Sajid Javid MP – Secretary of State for the Home Department

Other officials

Officials

Security Service

Mr Andrew Parker – Director General

Other officials

Cabinet Office

Sir Mark Sedwill – National Security Adviser

Others

Metropolitan Police

Ms Cressida Dick CBE QPM – Commissioner

ANNEX: ADMINISTRATION AND EXPENDITURE

Single Intelligence Account

Expenditure in 2016/17				
Total budget and outturn	£'000	Resource spending	Capital spending	TOTAL
	Budget	2,315,618	607,897	2,923,515
	Outturn	2,281,235	603,276	2,884,511
Expenditure by category	• Administration spending: £67m • Total staff costs: £938m • Capital spending: £603m			

The figures above represent the combined budgets of MI5, SIS, GCHQ, *** and NSS costs for managing the Single Intelligence Account as already published in the Single Intelligence Account. The Committee has been provided with the individual figures for each Agency; however, these have been redacted in the subsequent pages since to publish them would allow the UK's adversaries to deduce the scale and focus of the Agencies' activities and effort more accurately. This would enable them to improve their targeting and coverage of the Agencies' personnel and capabilities, and seek more effective measures to counter the Agencies' operations against them.

Security Service (MI5)

Expenditure in 2016/17[10]				
Total budget and outturn	£'000	Resource spending	Capital spending	TOTAL
	Budget	***	***	***
	Outturn	***	***	***
Expenditure by category	• Staff costs: *** • Other revenue costs: *** (this includes professional services, accommodation, research and development, and IT systems) • Capital costs: ***			

Administration				
Staff numbers[11]		Total staff	SCS[12]	Non-SCS
	31 March 2017	4,058	49	4,009
	31 March 2016	3,789	41	3,748
Recruitment in 2016/17	• MI5 recruited 505 staff, against a target of 500 in 2016/17. • This compares with 427 staff recruited in 2015/16.			
Major projects in 2016/17	• A programme to improve the exploitation and retrieval of MI5's information (in progress). • A programme to improve the efficiency of the use of the office space in Thames House (in progress). • A programme to deliver the changes required for MI5 to operate compliantly and effectively under the Investigatory Powers Act 2016.			

Policy	
Allocation of effort at 31 March 2017[13]	• International counter-terrorism: 64% • Northern Ireland-related terrorism: 22% • Hostile State activity: 15%
Major achievements reported to the Committee	• The international counter-terrorism response to the attacks on the UK in 2017, including operations to disrupt various activities of Daesh, Al Qaida and Al Muhajiroun. • Operations to disrupt threats from Northern Ireland-related terrorism. • Working closely with the National Cyber Security Centre to mitigate potential threats to the 2017 General Election. • The security response following the poisoning of Sergei and Yulia Skripal and the overall threat posed by Russian hostile activity.

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[10] As reported to the Committee in MI5's end-year report for the 2016/17 financial year.
[11] These figures refer to full-time equivalent staff.
[12] Senior Civil Service.
[13] Operational allocation of effort (by spend, to the nearest percentage point).

Secret Intelligence Service (SIS)

Expenditure in 2016/17[14]				
Total budget and outturn	£'000	Resource spending	Capital spending	TOTAL
	Budget	***	***	***
	Outturn	***	***	***
Expenditure by category	• Staff costs: *** • Operational expenditure: *** • Other programme costs: *** • Capital costs: *** • Other costs: ***			
Administration				
Staff numbers		Total staff	SCS	Non-SCS
	31 March 2017	3,289	79.7	3,209.3
	31 March 2016	3,151	74	3,077
Recruitment in 2016/17	• SIS recruited *** new staff against a target of *** in 2016/17. • This compares with *** new staff against a target of *** in 2015/16.			
Major projects in 2016/17	• A project to rationalise whilst increasing the capacity of the London estate and as part of the UK intelligence community strategy to co-locate some capabilities. • A project to introduce a new information management system. • The Cross Served Desktop project, which gives SIS a single IT system across all stations worldwide and anywhere in the UK intelligence community.			

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[14] As reported to the Committee in SIS's end-year report for the 2016/17 financial year.

Policy	
Allocation of effort at 31 March 2017	• Key specific geographical requirements and tasks in line with those set out in the National Security Strategy and the Strategic Defence and Security Review 2015, including Russia and Ukraine, Arab Nations, Iran, East Asia, South Asia, Africa, including North Africa, and Latin America and South America: around a sixth • Other operational activities, including counter-terrorism, cyber and access generation, defence technology and counter-proliferation, and prosperity and economic stability: around a fifth • Operational support, including global network enabling, covert operations, data exploitation, operational security and operational technology: 24% • Corporate services, including legal and private offices, human resources, finance, estates and business change, IT infrastructure, security and compliance, science research and innovation, and policy requirement and communications: 38%
Major achievements reported to the Committee	• Ongoing operational response to the terrorist attacks in the UK, including operations in Morocco and Libya. • Operations to counter Daesh – including in the Euphrates River Valley and Afghanistan. • Various pieces of intelligence gleaned with relevance to the UK's international relations.

Government Communications Headquarters (GCHQ)

Expenditure in 2016/17[15]				
Total budget and outturn	£'000	Resource spending	Capital spending	TOTAL
	Budget	***	***	***
	Outturn	***	***	***
Expenditure by category	• Programme costs: *** (this includes staff costs, military personnel, private finance initiative payments, the technical investment programme, and non-cash and other programme resource costs) • Administration costs: *** • Capital costs: *** • Annually Managed Expenditure: ***			

Administration				
Staff numbers		Total staff	SCS	Non-SCS
	31 March 2017	5,988	68	5,920
	31 March 2016	5,729	55	5,674
Recruitment in 2016/17	• GCHQ recruited 567.9 staff in 2016/17, against a target of 550 in 2016/17. • This compares with 489.6 new staff, against a target of 640 in 2015/16.			
Major projects in 2016/17	• Computer Network Exploitation Scaling programme to move GCHQ towards a focus on operations that are conducted on the internet using computer network exploitation techniques. • High-end data centre capability, involving the creation of a new high-end data centre (in progress). • Licence to Operate programme – a programme to deliver improvements to the way GCHQ complies with the requirement of the laws that affect operational work – most notably the Investigatory Powers Act 2016.			

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[15] As reported to the Committee in GCHQ's end-year report for the 2016/17 financial year.

Policy	
Allocation of effort at 31 March 2017	• Capability exploitation:[16] 19.7% • Engineering: 18.6% • IT services: 7.4% • Mission-specific programmes, including specific geographical coverage to reflect the threats in the Strategic Defence and Security Review 2015, which include the Middle East, South Asia and the former Soviet Union, offensive cyber, serious organised crime and counter-proliferation: *** • Cyber security *** • Corporate services (including human resources, finance, legal, policy and compliance): 19.7%
Major achievements reported to the Committee	• Operations against Daesh, particularly the Daesh media machine. • Counter-terrorism operations, including those in response to the terror attacks on the UK in 2017. • Progress made on various aspects of UK cyber security.

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[16] Capability exploitation is charged with finding and exploiting both secret and open source information in support of the intelligence and security missions and ensuring that GCHQ remains at the cutting edge of tradecraft and technology.

Defence Intelligence (DI)

Expenditure in 2016/17[17]				
Total budget and outturn	£'000	Resource spending	Capital spending	TOTAL
	Budget	323,805	1,892	325,697
	Outturn	323,859	1,083	324,942
Expenditure by category	• Personnel: £223.5m • Equipment support: £57.8m • Research and development: £41.0m • Administration: £26.9m • Against this, DI received an income of £25.3m			
Administration				
Staff numbers		Total staff	SCS and military equivalents	Non-SCS and military equivalents
	31 March 2017	3,876	7/11	1,294/2,564
	31 March 2016	3,655	4/6	1,444/2,201
Recruitment in 2016/17	• In 2016/17, 198 civilian personnel were recruited by external open competition – an increase from 171 in 2015/16. • Military manning is conducted centrally and DI military staff are subject to the posting policy of the three Armed Forces. DI does not recruit military staff.			
Major projects in 2016/17	• PRIDE 2 – a programme to integrate the capabilities provided by the Defence Geographic Centre and the No. 1 Aeronautical Information and Documentation Unit into the intelligence hub recently formed at RAF Wyton.			

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[17] As reported to the Committee in DI's end-year report for the 2016/17 financial year.

Policy	

Allocation of effort at 31 March 2017	• Total operational and analysis effort: 82%. This comprises:
	  – all source analysis and assessment: 21%
	  – collection and analysis: 54%
	  – cyber: 7%
	• Operational support: 14%. This comprises:
	  – Armed Forces' security and intelligence training: 12%
	  – Armed Forces' intelligence policy and future capability: 2%
	• Central support: 4%

Major achievements reported to the Committee	• DI provided intelligence support to a number of military operations around the world. • DI is taking forward work on the National Offensive Cyber Strategy, alongside GCHQ.

National Security Secretariat (NSS)

Expenditure in 2016/17[18]				
Total budget and outturn	£'000	Resource spending	Capital spending	TOTAL
	Budget	6,219	n/a	6,219
	Outturn	6,321	n/a	6,321[19]
	NSS has provided figures for the Directorate of Security and Intelligence and Government Security and National Cyber Security Programme spend. This differs from previous years, where the Committee has been provided with the whole budget for NSS.			
Expenditure by category	• National Cyber Security Programme: £2.7m • Pay costs: £3.3m • Other operational costs: £0.3m			
Administration				
Staff numbers		Total staff[20]	SCS	Non-SCS
	31 March 2017	120	10	110
	31 March 2016	151	19	133
Recruitment in 2016/17	• 14 staff were recruited in 2016/17. NSS did not provide data on staff recruited in 2015/16.			
Major projects in 2016/17	• There are no major projects within the NSS delivery portfolio. However, the Director of Security and Intelligence within NSS remains the senior responsible owner for the FOXHOUND programme, which provides a shared service at the Government security classification SECRET.			

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[18] As reported to the Committee in NSS's end-year report for the 2016/17 financial year.
[19] NSS only provided figures for the Directorate of Security and Intelligence and Government Security and the National Cyber Security Programme.
[20] These numbers are in relation to all NSS staff excluding the Civil Contingencies Secretariat. A large number of these staff will not be dedicated to the intelligence and cyber issues of which this Committee has oversight. It should also be noted that these figures relate to the number of staff registered on the NSS's resource management facility.

Policy	
Allocation of effort at 31 March 2017	• NSS did not provide any information regarding allocation of effort.
Major achievements reported to the Committee	• NSS provided secretariat support to a number of meetings of the National Security Council, covering issues such as Salisbury, Yemen, Iran, China and the NATO summit. • It co-ordinated the response to the Salisbury incident, including providing support to multiple Ministerial and official-level Cabinet Office Briefing Room (COBR) meetings. • It also co-ordinated work across Whitehall on a number of international engagements and agreements, including the UK/France summit and working with the US Government on the US Clarifying Lawful Overseas Use of Data Act.

Joint Intelligence Organisation (JIO)

Expenditure in 2016/17[21]				
Total budget and outturn	£'000	Resource spending	Capital spending	TOTAL
	Budget	4,135	900	5,035
	Outturn	3,567	396	3,963
Expenditure by category	• Pay costs: £3.2m • Travel: £102,445 • The remaining budget is accounted for through training and other office-related costs			
Administration				
Staff numbers		Total staff	SCS	Non-SCS
	31 March 2017	76	7	69
	31 March 2016	59	6	53
Recruitment in 2016/17	• JIO recruited 19 new staff in 2016/17. • JIO did not provide data on staff recruited in 2015/16.			
Major projects in 2016/17	• JIO refurbished its office between January and March 2017; during this time staff relocated to the Foreign and Commonwealth Office. The work was completed on 31 March, with the JIO returning to 70 Whitehall in April.			
Policy				
Allocation of effort at 31 March 2017	• Total operations/collection/analysis: 60% • Corporate services (including central support and intelligence profession): 40%			
Major achievements reported to the Committee	• The response to the Salisbury attack. • Launching a common analytical standard for analysts across Government and the new 'probabilistic yardstick'.			

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[21] As reported to the Committee in the JIO's end-year report for the 2016/17 financial year.

Office for Security and Counter-Terrorism (OSCT)

Expenditure in 2016/17[22]				
Total budget and outturn	£'000	Resource spending	Capital spending	TOTAL
	Budget	856,300	105,500	961,800
	Outturn	836,800	75,900	912,700
Expenditure by category	- Grants spending: £812.1m - Administration costs, including staff and accommodation: £41.0m - Against this, OSCT received an income of £101.3m			
Administration				
Staff numbers[23]		Total staff	SCS	Non-SCS
	31 March 2017	586	24	562
	31 March 2016	551	21	531
Recruitment in 2016/17	- OSCT recruited 85 staff against a target of 88 in 2016/17. - This compares with 60 new staff against a target of 123 in 2015/16.			
Major projects in 2016/17	The Communications Capabilities Development programme, maintaining communications data and lawful intercept facilities.			
Policy				
Allocation of effort at 31 March 2017	- National Security Directorate: 28% - Counter-terrorism Protect, Prepare, chemical, biological, radiological, nuclear and explosives (CBRNE), and science and technology: 15% - Prevent and Research, Information and Communications Unit: 15% - Strategic Centre for Organised Crime: 14% - Strategy, planning and international: 14% - Communications Capabilities Development programme: 12% - Security industry engagement: 2%			
Major achievements reported to the Committee	- Response to the terrorist attacks in 2017 and identification of operational improvements. - Co-ordinating international efforts to tackle foreign terrorist fighters. - Counter-terrorism, serious and organised crime and ports and borders programmes of the National Security Capability Review.			

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[22] As reported to the Committee in the OSCT end-year report for the 2016/17 financial year.
[23] Full-time equivalent figures provided.