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of Defence

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16 December 2016

Dear [REDACTED]

This letter is further to our correspondence of 18 November 2016, regarding your request under the Freedom of Information Act 2000 (FOIA) for information regarding Key Performance Indicators (KPIs) within National Security Vetting (NSV).

You requested "*the final report written by Emma Davies (CDP - Change Director)*".

In our letter of 18 November, we informed you that the MOD holds information related to your request, but that we believed the information may fall within the scope of a qualified exemption. As such, it was necessary for us to decide whether, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosure.

I can confirm that we have now completed our examination of the information and concluded that the public interest is best served by its release, with some elements withheld as set out below. I therefore attach the report with this letter. Alongside the report, I thought it would be helpful to explain the circumstances to which your request relates.

NSV delivers security checks and clearances up to Developed Vetting (DV) for MOD, other Government Departments and private contractors. It has been part of Defence Business Services (DBS) since April 2012. In late 2014, an internal MOD investigation was launched into alleged administrative failings relating to the way KPIs at NSV were being achieved. This was initiated following an internal letter of complaint. The investigation found that management practices being used to achieve the clearance time targets set by MOD did not comply with MOD's expectations and high standards of customer service. This caused delays to some vetting applications. There was no suggestion that the practices had been fraudulent, but they did not meet MOD's expected standards. Although the report was accepted as a basis for further investigation, some of the statements within it were subsequently disputed, and it should not be taken as an authoritative account.

Following the investigation, the MOD implemented a recovery plan with NSV in order to clear the backlog of cases and address increased demand for vetting services. This included giving immediate priority to delayed cases. NSV now has new leadership, and new processes are in place to ensure that the oldest vetting cases are dealt with first.

With regard to the report itself, some of the information falls within the scope of the absolute exemptions provided for at Sections 40(2) (Personal Data), and Section 41 (Breach of Confidence) of the FOIA, and has been redacted or withheld. Section 40(2) has been applied to some of the information in order to protect personal information as governed by the Data Protection Act 1998. Section 40(2) and Section 41 are absolute exemptions and there is therefore no requirement to

consider the public interest in making a decision to withhold the information. The exemptions have been applied as follows:

- a) Names and identifying details of certain staff have been withheld in accordance with Section 40(2) (Personal Data).
- b) The original letter of complaint and associated details have been withheld in accordance with Section 40(2) (Personal Data) and Section 41 (Breach of Confidence).

If you are not satisfied with this response or you wish to complain about any aspect of the handling of your request, then you should contact me in the first instance. If informal resolution is not possible and you are still dissatisfied then you may apply for an independent internal review by contacting the Information Rights Compliance Team, Ground Floor, Zone D, MOD Main Building, Whitehall, SW1A 2HB (e-mail CIO-FOI-IR@mod.uk). Please note that any request for an internal review must be made within 40 working days of the date on which the attempt to reach informal resolution has come to an end.

If you remain dissatisfied following an internal review, you may take your complaint to the Information Commissioner under the provisions of Section 50 of the Freedom of Information Act. Please note that the Information Commissioner will not investigate your case until the MOD internal review process has been completed. Further details of the role and powers of the Information Commissioner can be found on the Commissioner's website, <http://www.ico.org.uk>.

Yours sincerely,

Defence People Secretariat

Final Report on KPI Delivery at NSV York – 5 February 2015

EXECUTIVE SUMMARY

Issue:

An 'issue of conscience' suggesting that vetting targets were being inappropriately managed.

Conclusion:

The process for vetting cases as described in the issue on conscience has been corroborated by the investigation. A similar allegation had been made over a year ago, and it is highly likely that this process has been followed at least since then.

This process:

- Deliberately delays some individuals in getting security clearance, in order to achieve a target;
- Masks true performance; the KPI can never be failed;
- Leads to increasing (invisible) backlogs;
- Was, to a large extent, openly practised and is unlikely to have been intended to mislead the MoD Defence Authority (representing the customer), the Contract Manager or the Commissioner of Services.
- Is almost universally considered inappropriate by all interviewees.

Concerns about the operation of the target were fed back. Since then, it has been reported that the KPI has been suspended and process amended.

Recommendations:

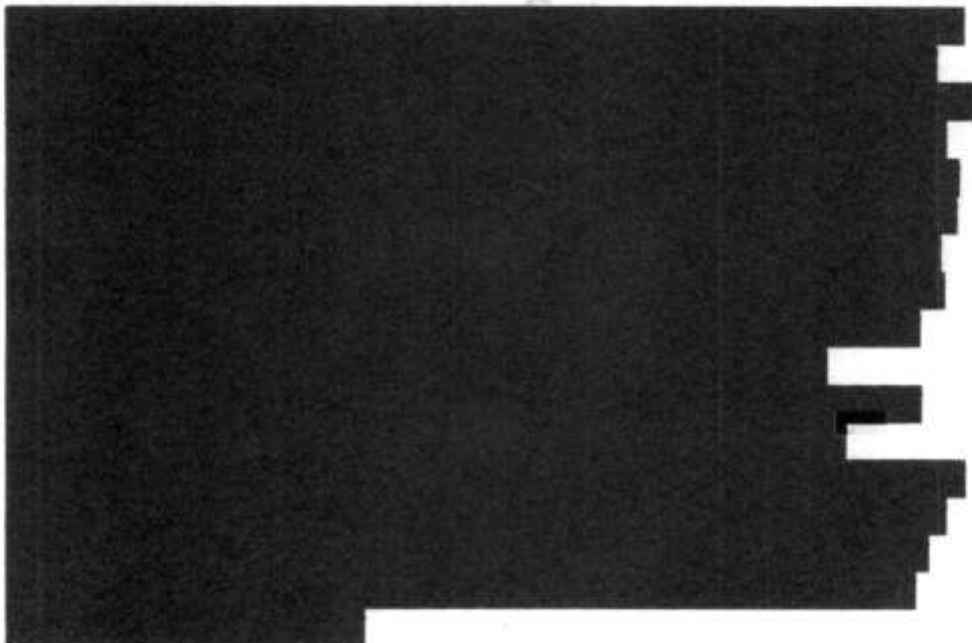
1. To suspend the NSV net target for SC and DV cases, to allow all cases, including the backlog, to be cleared.
2. To review the management of all KPIs, to ensure that management practices are properly understood and action is taken to change them if considered inappropriate.
3. To review all KPIs, and measurement of KPIs, to remove or mitigate perverse incentives. This work should be signed off by someone with KPI expertise.
4. To conduct regular audits of KPI delivery.

5. To consider including independent members in Performance Management meetings.
6. To define clear roles and responsibilities for the delivery body, the customer and the contract management team, including specifically stating who is responsible for raising concerns and ensuring they are dealt with.
7. To consider providing specific support to civil servants who lead organisations managed outside the civil service.

BACKGROUND:

On the 25th November, Mark Preston (DBR) asked me to investigate an 'issue of conscience' (Annex A). On concluding that there was substance to that issue, Jonathan Slater asked me to consider further who was aware of the practice alleged, and who authorised it.

The email is at Annex A, but the first paragraph sets out the issue clearly:



Previous concerns:

The same issue had been raised earlier. Within the pack of evidence provided by Rod McCurdy (DBS CE), were a couple of emails relating to concerns raised by [REDACTED]. In interviews

with DBS and CSTT, it was clear that the email from [REDACTED] had come after he had raised concerns orally, and that these concerns had been discussed by DBS CE and DBR in January (DBS CE email 26.01.14).

The concern raised (with response in Annex B) was that assessment staff were:

[REDACTED]

This was responded to by [REDACTED] and forwarded by DBS CE to CSST on 24th Feb 2014.

Methodology:

In addition to the 'issue of conscience' itself, DBS CE, provided a pack of information comprising additional emails and data (Annex B). Other information and performance data has been received from interviewees and also anonymously.

Nine people delivering DV and SC assessments in NSV, York, have been interviewed. The constituents of this group were provided by the MOD customer, [REDACTED] (Customer), and confirmed as a fair representation of views, albeit DV biased, by [REDACTED], the Head of NSV (Hd NSV). All members of the NSV team requested that their comments were not attributed. The leadership team in York were interviewed, as were members of CSTT (the commissioner and contract manager of DBS services), DBR and the Chief Executive and Chief Operating Officer of DBS. I am grateful for the time provided by everyone, and to Hd NSV and DBS CE for their assistance and willingness to support this review. A list of those interviewed is at Annex C.

The focus has been on the assessment end of the process. Much is done before then to manage performance and delivery of a quality assessment within the target timescales, and, in the case of DV assessments in particular, this is where the majority of the work is undertaken.

This review has not been conducted in sufficient depth to allow the gathering of specific evidence to support each assertion. This can be

done later if required. None the less, each assertion is support by at least two sources other than the originator of the issue of conscience.

This review has not considered recommendations with regard to people and / disciplinary matters.

Language:

A 'broken' case, one that is not completed within the target timeframe, was also referred to as a 'red' case (as opposed to 'green') or a 'failed' case.

The 'tool' referred to as a way of calculating the number of the number of cases to be fed in, was alternatively referred to as a mathematical calculation, KPI calculator and cheater meter.

KPIs:

DBS took over NSV in April 2012. Targets to deliver 85% DV security assessments within 95 calendar days, and 85% SC assessment within 25 calendar days, had been in place previously, but had not been met. Both targets excluded third party activity outside NSV control. It was suggested that these targets originated from an assessment of the work coming through – that approximately 15% of cases requiring assessment were complex and required additional work. This was not tested, but it was also suggested that this percentage may no longer be accurate, with more cases requiring additional work.

The old targets have been adopted as KPIs. The KPI refers only to 'routine' DV cases, but Hd NSV reported that this KPI does in fact, report all cases. There is no such clarification for SC cases.

The SLA establishing the targets (see Annex B) provides for an annual capacity of 9363 DV cases, some 780 cases per month, and for 96 366 CTC or SC cases per year.

The SLA also provides for how performance should be measured:

'DBS shall, using the report generated by Cerberus, determine the number of DVs [CTC / SC] completed within 95 [25 for CTC / SC] calendar days in the relevant Contract Month, where the relevant Contract Month is the Contract Month in which the DV [CTYC / SC] is actually completed'.

Performance:

NSV have consistently reported that at least 85% of their DV assessments are completed within a net timeframe of 95 calendar days, and that at least 85% of their SC clearances are completed within a net timeframe of 25 days. KPIs have therefore always been reported as 'met'.

Volumes are very slightly, but not significantly, above SLA tolerance. However, peaks and troughs of DV work in particular are hard to manage within tight timeframes, and the March peak caused a problem. In addition, prioritising enhanced DV meant that existing staff were diverted, and there were subsequent delays in recruiting field staff for DV clearances. SC cases have also been affected by a delay in CPNI checks.

Although MoD manages performance retrospectively on a monthly basis, NSV, in line with other DBS areas and many private sector LEANed work environments, manages performance at least daily and often more frequently.

In September 2014, the DV Recovery plan, a business case to manage older DV cases, was submitted by NSV to, and agreed by, CSTT (see below). This led to the removal of 1302 old cases (over 95 net calendar days on 14.08.14) from KPI reporting. For the months of September and October, dual reporting of the DV KPIs was provided. For September, the first month that the ring fenced cases could be cleared without impacting the KPI, 43.5% of cases overall were concluded within target. In October, 52.4%. The non-ring fenced KPI continued to be reported as 'met'.

[Non-ring fenced cases are still subject to delays. On 15th December 2014, two corroborative reports showed that there were over 300 non-ring fenced cases awaiting assessment. To clear these, and meet the KPI for December, at least 1700 other cases would need to be completed, in month, within 95 net days. In December, reported KPI performance, excluding ring fenced cases, was 87%.]

Process:

The process for undertaking work, and order in which work was to be completed, was reported as below.

DV:

1. Time targets apply to each activity in DV assessment, but cases can be received by the Assessment teams either before the expiry of the KPI, or when that KPI has already been failed;
2. Urgent cases and activities (e.g. assessment), are prioritised each morning. These 'priority cases' are dealt with first.
3. Ring-fenced cases are then dealt with. These cases trickle through to assessment.
4. Assessors then complete cases that are approaching 95 net days.
5. There is a 'huddle' each morning, when staff are told how many 'failed' cases can be put on the system that day.
6. Staff can be allocated draft assessments to complete (these are allocated individually, all other work is taken off a list). Some of these require further work, that is commissioned and then the case will wait to go on the system. In others, the assessment is completed. These cases may not be entered on the system until advised following another day's daily huddle. At this stage, the case will require five to ten minutes rework to quickly read through the paper-work and put it on the system.

SC

1. Cases go to the unallocated queue where external checks are automatically requested.
2. Assessors conduct pre-assessment, checking the quality of information received and the results of checks;
4. Assessors complete the 'live' cases (25 calendar days or less);
5. 'Failed' cases may then be fed in accordance with the target calculator, with seven live cases being required to be completed before a failed one can be entered. This is the 'blending' of old and new cases, or the 'feeding in' of broken cases.

In both cases, managers select the old cases to be fed in. Although both the DV and SC recovery plans (see below) refer to DBR's priorities: *'the time taken to complete a case...is only one element that must be considered when prioritising cases...cases should have priority as follows..'*, these were not referenced during interviews. Instead, managers said that they took note of the gross, as well as the net age of a case, when deciding which 'failed' cases should be fed in.

Hd NSV confirmed that 'managers are following the order specified by DBR...[the]...only deviation to this order is when a case is approaching

the 95 days target they are given operational priority in line with the requirement in the SLA.' (email Hd NSV 18.12.14).

Interviews:

Prioritisation of cases:

All interviewees agreed that:

- cases that were within target were prioritised;
- a case that was on 94 net calendar days would be prioritised over one that was on 96 net calendar days, regardless of the gross age of the case;
- the same system applied to SC cases;
- if a case was not dealt with within target, then it would not necessarily go on the system the next day.

All NSV staff, supported by hard data, said that a case that missed the target may be held over for a significant period, certainly weeks (several suggesting a couple of months), because of the need to put through seven cases that meet the target, for each case that does not.

All NSV staff said that instructions had been given to draft DV cases to a point where they were ready for completion, but not to enter them on the system until instructed (and KPI delivery allowed for it).

- Anecdotal supplementary evidence suggested that two cases had been allocated, that day, per caseworker (i.e. a total of 30 cases).
- ██████████ agreed that drafts were requested, but cases not completed, in a minority of cases; approximately 15 a day out of a total list of 600. He estimated that 20% of these required no further re-work to enter on the system.

Conclusion

The interviews and supporting data corroborate the concerns raised in the issue of conscience:

- The KPI can never fail because only a certain number of 'failed' cases are allowed to be completed within the reporting period;
- Some cases are deliberately delayed even further, despite being ready for completion;
- There is a calculation (a tool) made to enable the 'right number' of 'broken' assessments to be entered and still maintain the KPI;

- This process goes beyond the sensible management of a target; a similar approach in the health sector¹ was described by CIMA as 'gaming' – low level manipulation of data;
- Although the process was hidden behind KPI reported performance, the prioritisation of new cases over old was relatively openly practised, and was not intended to deceive the customer, commissioner of services or the contract manager;
- All those interviewed, deemed the drafting cases to completion, but not actually entering them on the system, to be entirely unacceptable.

Risks

NSV staff, amongst others, raised a series of concerns around delivering targets in this way.

These included:

- Delayed decision making leads to less effective decision making; information and checks are out of date; alternatively, re-work is required to reassess;
- The business has to bear additional risk, either because assessments are delayed and work cannot be started, or because risk reviews are delayed; it also increases the risk that businesses assume when employing people before the security assessment is complete.
- The harm to individuals in waiting for clearance before starting in post.
- It masks real performance, preventing external scrutiny and support to resolve issues, for example, resource shortages
- lack of transparency to customers (who they believed expected un-prioritised cases to be dealt with on a first in, first out basis).

Key Indicators of the Process:

1. Email provided in DBS CE pack - [REDACTED] raising of concerns [REDACTED] and the response to [REDACTED]
2. DV recovery plan (05.08.14) - Option One
'Continue with current operational management actions blending old and new cases to ensure that the maximum number of customers get a service within the SLA of 95 days. To achieve the KPI only 15% of old cases can be processed, this will mean that

¹ Performance Management and metric manipulation in the public sector: Research executive summaries Series Vol 5, Issue 3.

some old cases will get further delayed and some new cases will inevitably fail the 95 day target'.

3. SC Recovery Plan (19.11.14) containing options '*...balancing outstanding in target / overdue cases*'
4. Spot check data from June – shows that over one third of cases in the DV assessment queue had missed the target, but the KPI was still being delivered
5. A random spot check provided examples of delay, including one case that entered the assessment queue on the 23rd September 2014 and was first considered on the 16th January.

Recommendations:

1. To suspend the NSV net target for SC and DV cases to allow all cases, including the backlog, to be cleared.
2. To review the management of all KPIs, to ensure that management practices are properly understood and action is taken to change them if considered inappropriate.
 - a. Other DBS areas (e.g. AFCS) also ensure KPI delivery by blending in older cases.
3. To review all KPIs, or measurement of the KPIs, to remove or mitigate perverse incentives. This work should be reviewed and signed off by someone with KPI expertise. Revised approaches could include:
 - a. including a 'backstop' target (for example 'no case shall take longer than 'x' days unless agreed, by exception, in advance'); and / or
 - b. including, in the performance information, the volume of cases dealt with, and perhaps the number of cases outstanding.
4. To conduct regular audits of KPI delivery.

5. To consider including independent members at Performance Management meetings.
 - a. This could provide greater challenge of members round the table and also help to avoid 'group think'.
6. To define clear roles and responsibilities for the delivery body, the customer and the contract management team.
 - a. Here, each group (excluding DBR) believed that a different group was responsible for ensuring that the targets were being delivered appropriately. As a result, although all had been made aware of the 'blending' of old and new cases, and of the increasing backlogs alongside regular KPI delivery, no one group took sufficient action to raise and resolve their concerns.
7. To consider providing specific support to civil servants who lead organisations that are managed outside the civil service.
 - a. If it is accepted that 'group think' contributed to an acceptance of delivering a target in this way, this must be a greater risk when delivering and being managed in a new environment, especially one developing a private sector delivery ethos.
 - b. The Civil Service Code contains high standards for integrity (*'deal with the public and their affairs fairly, efficiently, promptly, effectively and sensitively, to the best of your ability'*) and impartiality (*'carry out your responsibilities in a way that is fair, just and equitable and reflects the Civil Service commitment to equality and diversity'*), and there is the potential for a civil servant to be conflicted in carrying out their duty.

[Redacted]

[Redacted]

5

[Redacted]

[Redacted]

[REDACTED]

Official - Sensitive

People interviewed

NSV Leadership, York:

[REDACTED] – Head NSV (NSV Hd).

[REDACTED]

[REDACTED]

NSV, York

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

CSTT / DBR

Mark Preston – Director Business Resilience (DBR)

Richard Vincent – Head CSTT (Hd CSST)

[REDACTED] – DefSy (Customer)

DBS Senior Leadership

Rod McCurdy – DBS Chief Executive (DBS CE)

Simon Freeman – DBS Chief Operating Officer (DBS COO)

Official - Sensitive