



Intelligence and Security
Committee

Annual Report 2002–2003

Chairman:

The Rt. Hon. Ann Taylor, MP

Intelligence Services Act 1994

Chapter 13

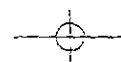
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From the Chairman: The Rt Hon. Ann Taylor, MP

**INTELLIGENCE AND SECURITY
COMMITTEE**

70 Whitehall
London SW1A 2AS

8 May 2003

The Rt Hon Tony Blair MP
Prime Minister
10 Downing Street
London SW1A 2AA

Dear Tony,

I enclose the Intelligence and Security Committee's Annual Report for 2002-03. The Committee has already reported to you after our inquiry into Intelligence, Assessments and Advice in relation to the Terrorist Bombings on Bali 12 October 2002.

In producing this Annual Report we have examined the Intelligence and Security Agencies' expenditure, administration and policies and we also report to you on the National Intelligence Machinery. We wish to highlight that the Ministers on the Ministerial Committee on Intelligence (CSI) do not meet collectively to discuss and set the Agencies' long term requirements and priorities. We believe that the CSI members must meet to discuss these issues.

We indicated in last year's Annual Report our intention to take evidence on the work of the Agencies to counter the proliferation of weapons of mass destruction and their delivery means. This work continues. We will report to you when the work we are currently undertaking on Iraq is complete.

*Yours sincerely,
Ann Taylor*

ANN TAYLOR

53. On receipt of his Report we took evidence from the Foreign, Home, Defence and International Development Secretaries, as well as the Security and Intelligence Co-ordinator, the JIC Chairman and the Head of each Agency. The Committee also examined the United Kingdom's National Requirements for Secret Intelligence 2002-2005 and the JIC Chairman's review of the Agencies' performance 2001-2002.

CSI and Requirements and Priorities

54. In our previous Reports we have highlighted the fact that the Ministerial Committee on the Intelligence Services (CSI) has not met. It is chaired by the Prime Minister and consists of the Deputy Prime Minister, the Chancellor of the Exchequer and the Foreign, Home and Defence Secretaries.

55. However, whilst CSI itself has not met, the Prime Minister, relevant Cabinet Ministers and senior officials have met collectively to manage crises, such as Afghanistan or Iraq, sometimes on a daily basis. These focused meetings, on short-term and urgent problems, involving all relevant parties, have proved to be successful in dealing with the given crisis.

56. Unfortunately, these crisis-driven and ad-hoc groupings do not provide Ministers with an active forum in which they can make collective decisions about longer-term intelligence requirements and priorities for secret intelligence across the full range of topics. The current system for setting requirements and priorities is almost entirely based on decisions and recommendations from officials, which are then endorsed by CSI members out of committee. As a result, we believe that CSI Ministers are not sufficiently engaged in the setting of requirements and priorities for secret intelligence, nor do they all see the full capability of intelligence collection.

57. We were told that, as part of SR2002, the Chief Secretary to the Treasury asked the intelligence community to take steps to improve the requirements and priorities setting process. We have not had details of these developments, which we understand have yet to be approved by Ministers. We hope that the new system will require Ministers to be engaged collectively and fully in setting the requirements and priorities.

JIC Papers

58. The Committee questioned the Secretaries of State on how intelligence and the JIC papers were meeting their needs. The Ministers confirmed that they were given the JIC papers which their private offices believed they needed to see, and that officials in the departments drew papers to their Minister's attention and reflected their Minister's views at JIC meetings. The Ministers also said that they themselves sometimes requested sight of specific papers.



59. Some JIC papers are commissioned specifically to support a forthcoming visit or a topic on which a Minister has requested information, others are requested by departments or form part of a rolling programme. The JIC Chairman, in his review of performance 2001-2002, noted the need to produce starker papers, which could then aid Ministerial decision making.

60. We remain concerned that not all CSI Ministers see all the JIC papers as a matter of routine and therefore they do not necessarily see all the assessments that they ought to see. We believe that they should and that this would then encourage their further participation in the requirements and priority setting processes.

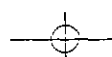
IMINT

61. In evidence, the Defence Secretary stressed the importance of Imagery Intelligence (IMINT). The Committee has previously expressed concern that the UK's involvement in the next generation of IMINT systems, the *** programme, needs to be fully funded to ensure that the UK derives maximum benefit from the programme. Last year's Government response to our Report stated that "the necessary levels of finance will be made available to meet this important national requirement". We are concerned that the MoD has only been able to provide limited funding - "what we could afford" - to buy into the *** programme due to the pressures on the defence budget. We recommend again that more funds are made available to maximise UK involvement in the *** programme. As we have previously stated, we believe that the IMINT programme needs to be funded and tasked as a national asset through the SIA and JIC, rather than by the MoD.

JTAC

62. A major structural development within the Intelligence Community is the creation of the Joint Terrorism Analysis Centre (JTAC). We highlighted the problems and shortcomings of the previous counter-terrorism analysis system in our Report on the Bali Bombings² and the Government announced its plan to form the JTAC in its formal response to us³. We have been told that the establishment of the JTAC will address the points we raised. The JTAC, for which the Director General of the Security Service is responsible, is an interdepartmental and agency body established to improve the provision of assessed intelligence on international terrorism. The JTAC will bring together the existing cross-community expertise, for example the Security Service's Counter-Terrorism Analysis Centre, the SIS, GCHQ, DIS, the police, including Special Branch, and the security division (TRANSEC) of the Department of Transport. We were told that the new organisation would ensure that the analysis and assessment of counter-terrorism intelligence is a "much more collaborative process" providing increased efficiency and responsiveness to customer requirements. We welcome this development and will monitor the role and outputs of the JTAC and report in due course.

¹ Cm 5724
² Cm 5765



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79. In order to improve co-ordination between senior officials, particularly in the development of policy, a new system of committees has been introduced. We were briefed on the newly formed Counter-Proliferation Committee (CPC), which is chaired by the Prime Minister's Foreign Policy Adviser, and the Counter-Proliferation Implementation Committee (CPIC), chaired by the Deputy Head of the Overseas and Defence Secretariat. The Agencies, together with the relevant departments and the JIC Chairman, sit on these committees – but no Ministers. **We are concerned that Ministers are not fully briefed on counter-proliferation work but we have been told that the new official committee structure will ensure the closer involvement of Ministers. We would welcome this. However, we believe that there is a need for greater clarity as to the ministerial responsibility for cross-departmental co-ordination of counter-proliferation policy and work.**

Iraq

80. The Committee is grateful to the JIC Chairman and 'C' for the regular briefings by which we have been kept up to date before and during the military action against Iraq, as it was intelligence that indicated that the Iraqis were continuing to produce WMD and their delivery means. The UN inspectors in Iraq used intelligence which was produced by many countries, including the UK. Intelligence also played a key role in the military action by coalition forces

81. In September 2002 some intelligence was declassified and used to produce a dossier on the Iraqi WMD programme. The Agencies were fully consulted in the production of the dossier, which was assembled by the Assessments Staff, endorsed by the JIC and issued by the Prime Minister. The Committee supports the responsible use of intelligence and material collected by the Agencies to inform the public on matters such as these

82. We believe that material produced by the Agencies can be used in publications and attributed appropriately, but it is imperative that the Agencies are consulted before any of their material is published. This process was not followed when a second document was produced in February 2003. Although the document did contain some intelligence-derived material it was not clearly attributed or highlighted amongst the other material, nor was it checked with the Agency providing the intelligence or cleared by the JIC prior to publication. We have been assured that systems have now been put in place to ensure that this cannot happen again, in that the JIC Chairman endorses any material on behalf of the intelligence community prior to publication.