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PREM 19/1127

SECRET

MT

Confidential Filing

Problems facing the Secret
Intelligence Service and the
GCHQ. 
Intelligence Organisation.

SECURITY

December 1982

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
24.12.82							
5.1.83							
2.1.83							
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PREM 19/11/27



10 DOWNING STREET

Lie AH
SECURITY

From the Principal Private Secretary

SENIOR STAFF IN CONFIDENCE

SIR ROBERT ARMSTRONG

CHAIRMANSHIP OF THE JOINT INTELLIGENCE COMMITTEE

The Prime Minister has seen your minute of 9 March (A083/0764) about Sir Antony Duff.

She has agreed that Sir Antony Duff should be given a personal promotion to Second Permanent Secretary, without prejudice to the grading of any successor as Intelligence Co-ordinator or as Chairman of the JIC, as proposed in your earlier minute of 18 February.

F.R.B.

14 March 1983

AH



Ref. A083/0764

MR BUTLER

Chairmanship of the Joint Intelligence Committee

Thank you for your minute of 4 March.

2. I shall shortly be coming to you with a list of possible successors to Sir Antony Duff as Chairman of the Joint Intelligence Committee in the longer term.
3. In the meantime, I wonder if the Prime Minister would be willing to agree that I should pursue the proposal in paragraph 5 of my minute of 18 February that Sir Antony Duff should be upgraded from Deputy Secretary to Second Permanent Secretary.

RIA

ROBERT ARMSTRONG

9 March 1983

Prime Minister

The point about this is that while Sir Antony Duff was working part-time, a part-time Deputy Secretary salary plus his pension brought him up to the level he was earning when he retired. He is now working full-time but is not getting any more money for it because his full-time Deputy Secretary salary is offset by a corresponding abatement of his pension. The only way he can be paid more money for working full-time is by grading him as a Second Permanent Secretary.

Do you agree that he be graded Second Permanent Secretary, but without prejudice to the grading that his successor will have?

SENIOR STAFF IN CONFIDENCE

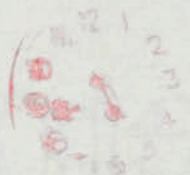
FERB 10.3.

Yes
ans

Security,
Dec 82,
Intelligence Org



E9 MAR 1984



SUBJECT

cc Harlow

CONFIDENTIAL



file
Security

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10 DOWNING STREET

From the Principal Private Secretary

SENIOR STAFF IN CONFIDENCE

SIR ROBERT ARMSTRONG

CHAIRMANSHIP OF THE JOINT INTELLIGENCE COMMITTEE

This note records that you had a brief word with the Prime Minister this morning about this subject, and she asked you to produce a list of names for possible successors to Sir Antony Duff as Chairman of the JIC in the longer term.

B. E. R. BUTLER

4 March 1983

A



Zu AH

10 DOWNING STREET

From the Principal Private Secretary

CONFIDENTIAL
SENIOR STAFF IN CONFIDENCE

SIR ROBERT ARMSTRONG

CHAIRMANSHIP OF THE JOINT INTELLIGENCE COMMITTEE

The Prime Minister has seen your minute to me of 18 February (A083/0589).

She is inclined to think that a year would be too long before appointing a permanent Chairman of the JIC in succession to Sir Antony Duff. She has minuted:-

"We really must make up our minds on the new permanent head of JIC soon and appoint him within three months".

I will arrange for you to have a word with the Prime Minister about the next steps.

F.R.B.

21 February 1983

AH

PRIME MINISTER

CHAIRMANSHIP OF THE JOINT INTELLIGENCE COMMITTEE

Sir Robert Armstrong's minute advises below:

(a) He and Mr. Whitmore do not think that Sir James Eberle would be right as Chairman of the JIC.

Too long

(b) Sir Antony Duff should be confirmed in the combined post of Chairman of JIC and Intelligence Co-ordinator for a year; and that he should be given personal promotion to Second Permanent Secretary, the grade in which he retired.

No

(c) The arrangement of combining the chairmanship of JIC with the post of Co-ordinator should be reviewed towards the end of this year.

(d) In the meantime we should continue to collect names of possible candidates for appointment to either or both these posts and consider them again having reviewed whether the two posts should be combined.

This does not carry us much further forward. On the other hand, nobody has been able to think of an ideal alternative candidate as Chairman of the JIC. Are you prepared to agree with Sir Robert Armstrong's recommendations? Or would you like to have a wider meeting to discuss them, say with the Home Secretary, Foreign and Commonwealth Secretary and the Defence Secretary, as well as with Sir Robert?

*We really must make up
our minds on the
new permanent
head of JIC soon*

F.R.B.

18 February 1983

*and speak here within
3 months
not*

CONFIDENTIAL AND SENIOR STAFF IN CONFIDENCE

MR. BUTLER

Chairmanship of the Joint Intelligence Committee


In her speech in the House of Commons on 25th January 1983 the Prime Minister said:

"I think it right to accept the proposal that its [sc the JIC's] Chairmanship should be held by a member of the Cabinet Office who is able to give more time to supervising the work of the assessments' machinery. I therefore intend to appoint as Chairman of the JIC an official of the Cabinet Office who will be engaged full time on intelligence matters. He will have direct access to the Prime Minister in the same way as the Heads of the security and intelligence agencies!"

2. The Prime Minister agreed that as an immediate measure Sir Antony Duff should take over the Chairmanship of the JIC. I have proposed, and you have told me that the Prime Minister is not averse to agreeing, that Sir Antony Duff should be asked to continue as the Chairman of the JIC, at least initially. She thought that Admiral Sir James Eberle might be a possibility to take over at some stage, and you asked me to consult Mr. Whitmore about that and report back.

3. That I have now done. Sir James Eberle has of course retired from the Navy, and would like something to do. He is an intelligent man, and a very nice one. But Mr. Whitmore and I both think that he is not the man for the Chairmanship of the JIC. He has no close experience of handling intelligence business; and, as Mr. Whitmore puts it, he is too much "all over the shop".

4. I hope that the Prime Minister will agree that we should now confirm the decision to ask Sir Antony Duff to continue as the Chairman of the JIC, at least initially, in addition to his duties as Intelligence Co-ordinator. If that is agreed, I propose to give him additional support on his work as Intelligence Co-ordinator, so as to free him to give more time to the work of intelligence assessment machinery.


CONFIDENTIAL AND SENIOR STAFF IN CONFIDENCE

5. If this addition to his responsibilities is agreed, I should like to seek approval to upgrade Sir Antony Duff from Deputy Secretary to Second Permanent Secretary. This would not increase the number of Open Structure posts in the Cabinet Office. It would be in the first instance a personal promotion, without prejudice to the grading of any successor as Intelligence Co-ordinator or as Chairman of the JIC (but if the successor was also going to combine the two jobs, I should probably want to argue that he should carry Second Permanent Secretary grading). Because of the increase in salary levels since Sir Antony Duff retired as the equivalent of a Second Permanent Secretary, he is no longer able to 'top up' his salary as a Deputy Secretary. I should like to correct this anomaly, and grade (and pay) him as a Second Permanent Secretary - the grade in which he retired.

6. The confirmation of Sir Antony Duff's appointment as Chairman of the JIC, at least initially, will give us time to consider what is the best arrangement in the longer term for a Chairman of the JIC in the Cabinet Office. There is general agreement that the duties of the Chairman of the JIC do not of themselves constitute a full-time job. On the other hand it would not be acceptable to have as Chairman of the JIC someone who came in to the office only on a part-time basis: we need to have somebody who is around in the Cabinet Office on a full-time basis, and able to make himself available for JIC duty whenever so required. The duties of Chairman of the JIC need therefore to be combined with other duties in the Cabinet Office.

7. Given that the Chairman of the JIC ought to be not less than a Deputy Secretary in rank, I have so far identified three possible arrangements:

- (a) To combine the duties of Chairman of the JIC with those of the Deputy Secretary in charge of the Defence and Overseas Policy Secretariat.
- (b) To combine the duties of Chairman of the JIC with those of the Head of the Assessments Staff.
- (c) To combine the duties of Chairman of the JIC with those of the Intelligence Co-ordinator.

CONFIDENTIAL AND SENIOR STAFF IN CONFIDENCE

8. The first of these combinations (a) would be possible in normal times, if the Deputy Secretary in charge of the OD Secretariat was relieved of other duties (e.g. responsibility for the Civil Contingencies Unit). But it would probably be unsatisfactory in any situation like the South Atlantic crisis of last year, because, as that experience showed, the Deputy Secretary in charge of the OD Secretariat would be very fully occupied on crisis management, just at a time when he would need to be spending more rather than less time on the intelligence assessments.

9. The main objection to course (b) - combining the Chairman of the JIC with the Head of the Assessments Staff - is that the Head of the Assessments Staff is engaged for a substantial amount of his time on the actual preparation of assessments. It is important that the Chairman of the JIC should not be committed to the assessments that come before the JIC: that would make it difficult for him to act as the Chairman of a Committee to which they were submitted for consideration and clearance. It follows that we shall continue to need someone who is not the Chairman of the JIC to do what the Head of the Assessments Staff does, and we cannot combine that with the Chairmanship of the JIC.

This conclusion must be right.

10. That brings us back to the third course, (c), that of combining the duties of Chairman of the JIC with those of Intelligence Co-ordinator. This should be feasible: it is only relatively recently that the job of Intelligence Co-ordinator has been treated as being a full-time job. As I have indicated, however, this is likely to depend upon giving the Intelligence Co-ordinator some additional support in that function. The main objection to this combination would be likely to come from the Heads of the intelligence agencies: they will fear that with this combination of duties the Intelligence Co-ordinator would become over-mighty - what they tend to call an Intelligence Czar. But one advantage of the interim arrangement now proposed is that they will certainly not fear that with Sir Antony Duff in the job, and his time in it may help to diminish their apprehensions.

CONFIDENTIAL AND SENIOR STAFF IN CONFIDENCE

11. There may be other possibilities which I have not thought of. But, of the three courses indicated in paragraph 7, my present judgment is that (c) - the combination of Intelligence Co-ordinator and Chairman of JIC - is likely to be the most practical and sensible. The advantage of having Sir Antony Duff doing the combined duties initially is that it will give us an opportunity to test that judgment against experience over the coming months. We should in my judgment - and that of others with whom I have discussed these matters before making this submission - run with it as a provisional arrangement for a year, if we are to be able to make a considered decision on this.

12. Sir Antony Duff's present three-year 'contract' as Intelligence Co-ordinator expires in September 1983. He would be willing - indeed he would like - to continue to serve for a further term if so invited. Inviting him to do so would not commit us to continue him as Chairman of the JIC as well as Intelligence Co-ordinator, if we wanted to split the two posts apart in the longer term: he could continue as Intelligence Co-ordinator only.

13. I have not yet reached any conclusions on a possible list of people who might be other candidates for the Chairmanship of the JIC, or for the post of Intelligence Co-ordinator, or for a combination of the two, in the longer run. But there are likely to be certain limitations on the choice:

- (a) While one cannot exclude the possibility of choosing somebody who has had no previous experience of intelligence matters, it seems likely to be preferable to choose somebody who has had such experience. The candidates are likely therefore to come from the Foreign and Commonwealth Office or the Diplomatic Service or the Ministry of Defence, or conceivably from the Home Office or one of the agencies.
- (b) The Ministry of Defence is strongly represented on the JIC, and there is always a danger that the JIC will concentrate to excess on military intelligence. For this reason I believe that the Chairman of the JIC ought not to be a serving or retired officer of Her Majesty's Forces.

CONFIDENTIAL AND SENIOR STAFF IN CONFIDENCE

- (c) I believe that the Chairman of the JIC under the new arrangement should, like the Intelligence Co-ordinator, be someone who has nothing more to go for: that is, either someone for whom it is the last appointment in the public service before retirement, or someone who is kept on or brought back after retirement.

Conclusions and Recommendations

14. I conclude that we should continue to combine the positions of Intelligence Co-ordinator and Chairman of the JIC for an initial trial period of twelve months. This will give us time to discover whether that combination would be satisfactory as a long-term arrangement; to consider possible alternative arrangements, if experience during the period suggests that that combination is not a satisfactory arrangement; and to consider a list of candidates for the two appointments, whether in the longer term they are to be held separately or in combination.

15. I recommend that:

- (i) Sir Antony Duff should be asked to continue as Intelligence Co-ordinator and Chairman of the JIC until February 1984.
- (ii) The provisional arrangement of combining the two functions should be reviewed by the end of 1983, to see if it appears to be acceptable and durable as a permanent arrangement.
- (iii) In the meantime we should continue to consider the names of possible candidates for appointment to either or both of the posts, and review the list when we have decided upon the permanent arrangement.

RA

Robert Armstrong

18th February 1983

SUBJECT



cc Minister

Security
LUC AB

10 DOWNING STREET

From the Principal Private Secretary

SENIOR STAFF IN CONFIDENCE

SIR ROBERT ARMSTRONG

CHAIRMANSHIP OF THE JOINT INTELLIGENCE COMMITTEE

The Prime Minister discussed with you this morning the chairmanship of the JIC under the new arrangements which she announced to Parliament this week. You said that there was more than one possibility. The chairmanship of the JIC would not occupy the holder's full time, and the post would therefore need to be combined with another one. One possibility was to combine it with the post of Intelligence Co-ordinator, as suggested in your minute of 24 December: another was to combine it with the Head of the Assessment Staff.

The Prime Minister then discussed with you names of possible chairmen. One possibility was Admiral Sir James Eberle. The Prime Minister said that she would not be averse to appointing Sir Antony Duff as chairman for an interim period, but before making a final decision she asked you first to consult Mr Whitmore about Sir James Eberle and to report back to her.

F.R.B.

28 January 1983



no DA

10 DOWNING STREET

THE PRIME MINISTER

28 January 1983

PERSONAL

Dear Harold,

Thank you very much for your letter of 21 January about the intelligence section of the Franks Report.

I should be glad to have a further word with you about this when we have an opportunity. You will have seen that I announced in my speech on the Franks Report that I agree with the Committee's suggestion that the Chairman of the JIC should be appointed by the Prime Minister and should be a member of the Cabinet Office who is engaged full-time on intelligence matters. I am very grateful to you for your advice about this.

I also agree with what you say about the care with which we should discuss these matters in public. You will have seen that I made this point in my speech too.

My office will telephone to find a time when we can discuss these things

Yours sincerely
Margaret

The Rt. Hon. The Viscount Watkinson, C.H.

B

MR. BUTLER

PRIME MINISTER

CHAIRMANSHIP OF J.I.C.

One possible candidate - Sir Percy Cradock.

Obviously he cannot leave Peking now. On the other hand he cannot stay forever. He is, I believe, due to retire in late 1983. He would doubtless stay on for a while if you wanted him to but one way or another will probably leave in a year or so.

If you decide to appoint an interim Chairman, then Percy Cradock could be good later as a permanent Chairman:-

- (a) He has a penetrating and original mind (you will recall Hugh Thomas's comments). He has good judgement and keeps his head.
- (b) He is no respecter of conventional wisdom.
- (c) He was Head of the Assessments Staff around 1971-3 and is thus one of the few people who have been engaged professionally in the task of assessment. I think that experience made him well aware of the defects of the JIC.
- (d) Before that he was head of the FCO Planning Staff.
- (e) He is an expert on China, also on Communism more generally (he was Ambassador in East Germany), knows the Middle East - and because of (c) and (d) above is used to looking at problems world-wide.

I have not the slightest idea whether he would be interested.

I have discussed with Tony Parsons who thinks this worth considering.

A. J. C.

27 January 1983

After despatch —

Caroline

Pl. will
you organise
a date.



10 DOWNING STREET

Prime Minister

It would probably
be useful for you to hear
from Lord Watkinson what he
has to say about intelligence.
Shall we fix a time for
him to come in?

W

FERS

27.1.

and



10 DOWNING STREET

Prime Minister

I have warned Sir

Robert Armstrong that on Friday
you are likely to want to
discuss with him

- i. Chairmanship of JIC
- ii The staffing of the
Assessment staff - the point
which Lord Frankel raised
with you.

PERB

24.1.

Private & Personal

FROM VISCOUNT WATKINSON, P.C., C.H.

TYMA HOUSE
SHORE ROAD, BOSHAM
CHICHESTER
WEST SUSSEX PO18 8HZ
BOSHAM 573139

21/1/83

Re Rt-Hon Margaret Thatcher M.C.
Prime Minister

Dear Margaret

In the light of re-iterated statements from the FCO that the intelligence section of our report is, "a little thin", I must write to you & say that I felt (I do not speak for anyone else) that it would be wrong, in the national interest, to wash too much dirty intelligence linen in public in the report.

This does not mean that I do not feel anxiety & alarm at the way in which the SIC appears to operate.

So in my view it is essential that the chair of SIC should no longer be held by a part time FCO official.

You should appoint the chairman. He should be independent - full time - capable of exercising political judgement - determined to play "devil's advocate" to concentrate minds and dedicated to missing no tricks so far as this is humanly possible.

He should come from inside the public service
but once appointed he is his own man without
departmental ties or loyalties.

Very best wish

f -

Harold



26 AH 4

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

INTELLIGENCE ORGANISATION

The Prime Minister discussed with you this morning the proposals in your minute of 24 December (A082/0637) about certain changes in the organisation for handling intelligence matters. Since your minute was received, the Prime Minister has seen the report of the Franks Committee.

The Prime Minister's main concern is that she should be able to have the close contact with the intelligence machinery which she thinks necessary. After discussion with you, she is satisfied that the best way of meeting all the relevant considerations would be that the Chairman of the JIC should be a member of the Cabinet Office who would have direct access to her and that the Foreign and Defence Affairs Advisers in this office should have access to all assessments and be able to attend meetings of the JIC as observers. She therefore has approved the proposals in your minute of 24 December which should be the basis for the Government's announcement of its response to the recommendations of the Franks Committee on this subject.

F.R.B.

7 January 1983

SECRET

Security

CONFIDENTIAL

File A4 28



ccs CO.
FCO
GCHQ
'C'

10 DOWNING STREET

From the Principal Private Secretary

5 January 1983

Dear Brian,

Please will you and the other recipients of my letter of 24 December 1982 about the Prime Minister's meeting on the current priorities and problems facing the Secret Intelligence Service and GCHQ amend the classification from SECRET to:

"TOP SECRET : HANDLE VIA COMINT CHANNELS ONLY"

I am copying this letter to those who received my letter of 24 December.

Yours ever,

Robin Butler

Brian Fall Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL



Aug
Pl. write ~~and~~ ^{2A}
~~asking for the~~
an

10 DOWNING STREET

Robin

Brian Tovey says about your letter of 24 December to Brian Fall reporting on the P.N.'s meeting of 23 December.

2. He says that the letter ought to be classified:-

"TOP SECRET: HANDLE VIA COMINT CHANNELS ONLY."

(It is classified "Secret").

He is anxious that the change should be made to all copies (especially because of the U.S. connexion). If this would cause great difficulty he would not press but he hopes it will

/not

not.

3. I said that if he heard us make
the change would be made.

A. J. C. $\frac{5}{1}$.

SECRET



10 DOWNING STREET

From the Principal Private Secretary

24 December 1982

Dear Brian,

The Prime Minister had a meeting on Thursday 23 December with the Foreign and Commonwealth Secretary, Sir Robert Armstrong, Sir Antony Acland, C, Sir Brian Tovey and Sir Antony Duff about the current priorities and problems facing the Secret Intelligence Service and GCHQ.

The Prime Minister opened the discussion by saying that she did not feel that she met those responsible for the intelligence services sufficiently often to discuss their strategic priorities. The annual submission on priorities was too general for the purpose she had in mind, and she was considering introducing an arrangement by which she had quarterly meetings with the Ministers concerned and the heads of each intelligence service, and more frequent meetings with the Intelligence Co-ordinator. This would enable her to communicate in a more systematic way her own requirements and priorities.

In discussion, the following points were made:-

i) Sir Robert Armstrong was about to submit to the Prime Minister the recommendations of the PSIS about the allocation of public expenditure to the intelligence services. The Prime Minister commented that she regarded intelligence as having a very high priority and would not wish the provision of intelligence to be obstructed by shortages of funds.

ii)

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RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

SECRET

- 2 -

iii)

THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

iv) The issue of Parliamentary involvement with the intelligence services was one which would have to be tackled in the New Year. Much of the feeling in Parliament was focused on dissatisfaction about positive vetting. One way of dealing with this would be for the Prime Minister to describe in a debate the sort of inquiries which would have to be made if there were a serious attempt to vet Members of Parliament themselves.

Summing up the discussion, the Prime Minister said that it was useful to have a periodic exchange of this sort. She was considering the arrangements which might be made to improve the machinery for making the best operational use of intelligence material, which would no doubt be a matter discussed in the report of the Franks Committee, and she was also considering what arrangements she could make to have more regular and systematic discussions with those involved in the direction of the intelligence services.

I am copying this letter to Sir Robert Armstrong, Sir Antony Acland, Sir Brian Tovey and C.

Yours ever,

Robin Butler

Brian Fall Esq.,
Foreign and Commonwealth Office.

Prime Minister

Agree in principle the changes recommended by Sir Robert Armstrong and invite him to discuss with FCO and MOD, with a view to being able to respond quickly after the Franks Report is received?

3

No
✓ All dismissed
mb.

Ref. A082/0637

PRIME MINISTER

We have dismissed
mb

Intelligence Organisation

FERB
24.12.

In the light of discussions which have been proceeding among officials, and of several discussions with you, I am now putting forward proposals for certain changes in the organisation for handling intelligence matters. You will not want to take final decisions before you have seen the report of the Franks Committee. But I suspect that their minds have been moving in a similar direction, and it may help us to respond quickly to the Franks Report if we have thus clarified our own thoughts in advance.

2. The objective of the proposed changes would be to improve the capability of the official interdepartmental machinery to give early warning of threats to British interests. It has hitherto been regarded as primarily the business of the departments of state (particularly the FCO and the MOD) to draw the conclusions from intelligence assessments, in terms both of identifying threats and deciding upon action to meet them. The changes I have in mind would not absolve the Departments from those responsibilities, but they would provide an additional source of advice on the identification of threats and a spur to decision-making - and one which was not bound by the policy preoccupations of any particular Department.

3. Thus these changes would add a further dimension to the intelligence assessment apparatus, which would be specifically charged to be alert to and keep watch for such situations and to make timely assessments as they developed.



4. To this end, I recommend as follows:-

A. The JIC should be expressly given a monitoring role, to watch for and warn upon possible emerging threats to British interests. The JIC's terms of reference (copy attached) would be amended by adding something on the following lines: "to give early warning and to monitor the development of foreign threats to British interests, whether political, military or economic; and whether direct or indirect."

B. The Chairman of the JIC should be, not an official of any Department, but a senior official in the Cabinet Office. He should be expressly charged with ensuring that the JIC's monitoring role is discharged effectively.

or attached to my office.

5. The watch responsibility laid on the JIC would devolve also on to the Assessments Staff, each member of which would be directly charged with a watch responsibility on his own area.

6. The reason for bringing the Chairman of the JIC into the Cabinet Office would be

- to remove him from the distraction of an operational and policy making Department;
- to improve his ability to respond to your own concerns and preoccupations; *Then he should be in my office.*
- to tighten his direction of the work of the Assessments Staff;
- to enhance the ability of the interdepartmental Joint Intelligence Organisation to identify developing threats and to bring them into assessment.

7. Even with these responsibilities the position of the Chairman of the JIC would not constitute a full-time job. The chairmanship should therefore be combined with another position in the Cabinet Office. I believe it should be combined with that of Intelligence Co-ordinator, though other possibilities are conceivable.

8. If these recommendations were adopted, there would be certain consequential changes in staffing arrangements in support of the Chairman, but the chain of command within the Cabinet Office would remain the same: that is, the Intelligence Co-ordinator (and the Chairman of the JIC, if different) should continue to report to the Secretary of the Cabinet, but should have direct access to the Prime Minister as necessary and appropriate.

9. There would also be changes in the membership of the JIC itself. First, with the change in chairmanship, the FCO would have to consider how best to arrange their representation. Second, the MOD would appoint, in addition to the representatives of the Defence Intelligence Staff, an officer from the Central Staff; we believe that this would improve the ability of the JIC to respond to military preoccupations, and the Central Staff's understanding of the work of the assessments machinery. Third, the OD Secretariat should be represented on the JIC.

10. There are two further connected matters:

- (1) We should make arrangements to ensure that you and your staff were kept properly informed on all intelligence matters. On this, I think that your foreign and defence affairs advisers should have access to all assessments and be able to attend meetings of the JIC as observers. You will also want to have frequent and regular meetings - fortnightly if not weekly - with the Intelligence Co-ordinator/Chairman of the JIC at which your advisers will no doubt also be present.
- (2) I think that it would be right to instruct the Intelligence Co-ordinator/Chairman of the JIC to draw attention specifically to assessments that appeared to require operational, planning or policy action; and to lay on the Head of the OD Secretariat in the Cabinet Office the responsibility to look at all JIC assessments with a view to ensuring that the Departments of State were



taking such action, including contingency planning, as might be required. But it would be for Departments - and of course in the end for Ministers - to decide what action should be taken, and to put it into effect.

REA

ROBERT ARMSTRONG

24th December 1982

CONQUEROR

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J25

CABINET

JOINT INTELLIGENCE COMMITTEE

COMPOSITION AND TERMS OF REFERENCE

COMPOSITION

1. The composition of the Committee is as follows -

Chairman: Foreign and Commonwealth Office
 Deputy Chairman: Director General of Intelligence, MOD
 Members: Deputy Chief of the Defence Staff (Intelligence), MOD
 PUSD, FCO
 Director General, Security Service
 'C'
 Director, GCHQ
 Intelligence Co-ordinator
 Chairman, Economic Assessments Sub-Committee

TERMS OF REFERENCE

2. The Joint Intelligence Committee is charged with the following responsibilities -

- a. under the broad supervisory responsibility of the Permanent Secretaries' Committee on Intelligence Services to give direction to, and to keep under review, the organisation and working of intelligence as a whole at home and overseas in order to ensure efficiency, economy and prompt adaptation to changing requirements;
- b. to approve and present at agreed intervals statements of intelligence requirements and priorities covering the Committee's field of responsibility;
- c. to assemble, evaluate and present such intelligence on events, situations and problems relating to external affairs, defence, scientific and technical matters, and foreign economic (including commercial) affairs as may be required by the Cabinet, Cabinet Committees, Ministers, Departments, the Chiefs of Staff, or as the Committee may deem necessary;

d. to maintain and supervise liaison with appropriate intelligence organisations overseas, and to consider the extent to which its product can be made available to them;

e. to monitor and, where appropriate, co-ordinate and oversee the activities of the United Kingdom joint intelligence organisations overseas and to consider such matters as may be referred to it by these organisations;

f. to keep under review threats to security at home and overseas and to deal with such security problems as may be referred to it.

3. The Committee may constitute such permanent and temporary Sub-Committees and Working Parties as may be required to fulfil its responsibilities.

4. The Committee will report to the Secretary of the Cabinet except that, in order to meet the special requirements of the Chiefs of Staff, assessments of a mainly military nature shall be submitted direct to them in the first instance.

Signed ROBERT ARMSTRONG

Cabinet Office

22 July 1980



10 DOWNING STREET

Prime Minister

It would be helpful if,
either at or after this meeting,
you could indicate whether you
endorse the suggestions in para.
20 of Sir Robert Armstrong's
minute, so that I can send
him instructions accordingly.

FERB

22.12.



SECRET

PRIME MINISTER

You are to have a meeting on 21st December to discuss the current priorities and problems of the Security Service; and another on 23rd December for a similar discussion in regard to the Secret Intelligence Service and GCHQ. Mr. Butler's letters of 10th December made it clear that among the questions to be discussed is whether any additional institutional arrangements should be introduced to keep you more closely in touch with the strategies of the agencies and the problems they encounter in pursuing them.

2. Attached (annexes A, B and C) are detailed briefs on each of the three agencies. What follows in this note is a general description of the present institutional arrangements, noting significant differences as between one agency and another, and some thoughts on possible changes.

The Intelligence Community

3. In all this discussion it is necessary to remember that until now:

- (a) the Security Service and the Secret Intelligence Service (SIS) are not Government Departments and their staffs are not civil servants; but Government Communications Headquarters (GCHQ) is now a Government Department, and its staff are civil servants;
- (b) the existence of the Security Service is avowed, and its functions and relationships with Ministers are described in a directive to the Director General which was issued in 1952 and published in 1963;
- (c) the present-day existence of the Secret Intelligence Service is not avowed;
- (d) the existence of GCHQ is avowed; the fact that the Government conducts SIGINT operations is avowed; but the fact that it is GCHQ that conducts SIGINT is not avowed;
- (e) the existence of the Joint Intelligence Committee (JIC) and its supporting assessments staff (JIS) is not avowed.



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4. The staff and staff-related costs and operational expenses (eg the costs of running agents) of the Security Service and the SIS are borne on the Secret Vote. The Secret Vote is for a single figure, which is not itemised or broken down. The Secretary of the Cabinet is the Accounting Officer of the Secret Vote. The Secret Vote is subject to audit by the Comptroller and Auditor General, but he accepts the figures supplied to him on the basis of Ministerial certificates by the Secretaries of State concerned.

5. Expenditure on goods (current and capital) for the Security Service and the SIS are included in Open Votes (mainly Ministry of Defence Votes) in such a way that they cannot be identified in the published accounts.

6. The whole of GCHQ's expenditure is on Open Votes. About 1,700 of the 7,000 staff are included as an identifiable item in the Foreign and Commonwealth Office Vote, and are included in the Foreign and Commonwealth Office manpower count; the rest of the staff are included in Ministry of Defence Votes and manpower counts, and the whole of GCHQ expenditure on goods and services is included in Ministry of Defence Votes; but neither the staff numbers nor any of the costs can be identified in the published figures.

7. The JIC is a Cabinet Committee. The chairman is a Deputy Secretary from the Foreign and Commonwealth Office and the deputy chairman is the Director General of Intelligence, Ministry of Defence. Other members include representatives of the Foreign and Commonwealth Office, the Ministry of Defence, the Treasury, the three agencies and the Intelligence Co-ordinator.

8. The JIC is serviced by a secretariat of three people, and by an assessments staff which is part of the Cabinet Office. The staff is manned by two to three-year secondments from the Foreign and Commonwealth Office, the Ministry of Defence and the agencies.

The Departments

9. The head of each of the three agencies is directly responsible to a sponsoring Secretary of State: the Home Secretary for the Security Service, and the Foreign and Commonwealth Secretary for SIS and GCHQ. Each of the three heads has direct access to



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the Prime Minister. Each of the sponsoring Secretaries of State is assisted in his dealings with his agency by a small group of senior officials in his Department; but the heads of the agencies are formally answerable to Secretaries of State, not to officials.

10. Each Secretary of State is responsible for the political oversight of his agency's work, activities and performance on a continuing basis. The form this takes varies from agency to agency, as the detailed annexes show:

- (a) In the case of the SIS the control is tighter than for the other two, and the relationship correspondingly closer. The officers of the SIS are in regular contact with their opposite numbers in the FCO for the provision of intelligence and the identification of requirements, and any operation of any significance or potential embarrassment is submitted to the Foreign and Commonwealth Secretary for approval.
- (b) GCHQ requires less political control in its day to day work, but proposals for significant changes in deployment are submitted to the Foreign and Commonwealth Secretary for approval.
- (c) The Security Service's directive lays down that, in the interests of keeping the Service free of political bias or influence, Ministers concern themselves with detailed information about operations only to the extent necessary to maintain general political control. But the Home Secretary (and his principal official advisers) have regular meetings with the Director General and his Directors at which current problems and general trends are fully discussed. Since 1977, following a report by Sir John Wilson on the management of the Service, the relationship has become increasingly close.

11. All three agencies rely upon the interception of communications in the United Kingdom for part of their intelligence. The requirement that individual interceptions of the mail or telephones of United Kingdom residents may be undertaken only on

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the authority of a warrant signed personally by a Secretary of State gives the Secretaries of State and their advisers (and particularly the Home Secretary, who has overall responsibilities in this area) a valuable additional insight into the activities of their agencies.

12. The Secretaries of State (with their official advisers) are in a sense in an intermediary role. The agencies are responsible to them, and the activities and performance of the agencies are subject to their general oversight and control. On the other hand the Secretaries of State are answerable to their Ministerial colleagues and to Parliament for their agencies. Thus they are at once their agencies' controllers and defenders; and, whatever their relationship with their agencies, when it comes to relations with others the Secretaries of State tend to associate themselves with, and be seen in some sense as representatives of, their particular agencies.

The Cabinet Office

13. As the Accounting Officer of the Secret Vote, the head of the Cabinet Office, and the Prime Minister's principal official adviser on security and intelligence matters, the Secretary of the Cabinet is responsible to the Prime Minister for seeing that the requirements placed upon and the resources available to the agencies are properly controlled and co-ordinated. He is supported in these duties by the Committee of Permanent Secretaries on the Intelligence Services (PSIS) (whose chairman he is, and whose membership includes the Home Office, the FCO, the Ministry of Defence, the Treasury and the Northern Ireland Office but not the agencies) and by the Intelligence Co-ordinator. The office of the Intelligence Co-ordinator is a comparatively recent creation, but it has grown in stature and responsibility. He is in effect the PSIS's principal adviser on the activities and performance of the agencies and on their requirements and resources. For this purpose he keeps in close touch with the agencies, visiting them regularly, and with his counterparts in the allied intelligence organisations. He chairs the detailed examination of the agencies' financial estimates and forecasts. He is a member of



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the PSIS. He is also a member of the JIC, and keeps in close touch with the Head of the Assessments Staff. He has become in effect the Secretary of the Cabinet's principal lieutenant over the whole field of security and intelligence matters; and what started as a part-time post has become very much a full-time one.

The Prime Minister

15. The Prime Minister is at the apex of this pyramid. The Secretaries of State report to her as necessary; the Secretary of the Cabinet is answerable to her; and the heads of the agencies have the right of direct access to her. She tends to become involved:

- (i) when the Secretary of the Cabinet submits to her the recommendations on requirements and priorities for the intelligence agencies, as agreed by the JIC, the Chiefs of Staff and the PSIS;
- (ii) when the Secretary of the Cabinet seeks her approval of the estimates and forecasts of expenditure of the intelligence agencies;
- (iii) when the Secretary of State desires to consult her on, or seek her approval for, a particular operation or activity of special significance;
- (iv) when some security "scandal" erupts, and she is questioned in Parliament.

16. There are two reasons why the formal relationship of the Prime Minister with the agencies is at one remove, via the Secretaries of State:

- (a) The Prime Minister cannot be expected herself to exercise the degree of supervision over the work of the agencies which it is both possible and necessary for the Secretaries of State to exercise.
- (b) It would be wrong for the Prime Minister to be put into a position where she might be expected to champion one or other of the agencies in a dispute or conflict of interests with other Ministers; in such matters the Prime Minister should be able to



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be, and to be regarded as, disinterested, so that in the last resort she can resolve differences.

17. The Prime Minister continues, however, to have overall responsibility for the agencies. The right of direct access is there partly to enable the Prime Minister to deal directly with the head of an agency on matters which are so delicate (for instance, because they involve a Ministerial colleague) that he cannot or should not deal on them with his sponsoring Secretary of State. But it is also there to enable the Prime Minister to send for the heads of the agencies, together or separately, to discuss the general state of their work and particular matters which might be of special concern to her.

Protective Security

18. The Prime case raises questions about protective security in the agencies: were there indications - for instance, losses of coverage - which should or might have alerted GCHQ to the possibility of a spy in their midst? The present position is that arrangements for protective security are close between the Security Service and the SIS, but less close between the Security Service and GCHQ. One of the things which will have to be considered when the Security Commission has reported on the Prime case is whether GCHQ's protective security arrangements need to be enhanced, or even to be reinforced by some kind of Security Service presence. But we cannot take this further until we have the Security Commission's report.

External Supervision

19. The Prime case has revived the pressures for some kind of Parliamentary supervision of the agencies. Overseas experience - the United States and Germany, in particular - is not a very happy precedent for this, and I hope that it can be avoided. I have been considering whether there might be any other less unsatisfactory form of external supervision. I suppose that one possibility might be to stick to the line that because of the special needs for security Parliament has to continue, as in the past, to rely on Ministers to exercise political control and responsibility in this field, but to indicate that the arrange-



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ments for supervision by individual Secretaries of State are to be reinforced by the creation of a Ministerial Committee on Security under your chairmanship. Another possibility might be to give the Security Commission a continuous monitoring role in respect of the Security and intelligence agencies, which would require it to receive reports from each of the agencies every year, and provide it with the opportunity to question the directing staffs of the agencies on those reports. If the Commission were to be given this extended role, it would probably be desirable to increase (or change) its membership, so as to include not only judges and retired public servants but suitable people from outside: perhaps an industrialist, possibly an academic (though the choice there would be narrower). One could think whether there are any Privy Counsellors who could be added to the Security Commission, though it is not easy to see who they might be, particularly if it was necessary to provide political balance.

Possible Changes

20. You will have your own ideas about possible changes. For my part I think that the basic structure is sound, and can work well. The changes I should like to see are:

1. The JIC should be expressly given a monitoring role, to watch for and warn upon possible emerging threats to British interests.
2. Similar responsibilities should be laid upon the assessments staff.
3. The chairman of the JIC should be, not an official of any Department, but a senior official in the Cabinet Office.
4. The chairman of the JIC should be expressly charged with ensuring that the JIC's and JIS's new monitoring roles are discharged effectively; and he should be given a supporting officer to assist him in this duty.



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5. The chairmanship of the JIC is, even so, unlikely to be anything like a full-time job. It should be combined with another position in the Cabinet Office, probably with that of Intelligence Co-ordinator. If this additional function is laid upon the Intelligence Co-ordinator, he may need additional support on the Intelligence Co-ordinator side of his duties.
6. The advisers on foreign and defence affairs should have access to all intelligence assessments; they should be able to attend meetings of the JIC as observers; and they should be free to discuss intelligence matters with the Intelligence Co-ordinator and the Head of the Assessments Staff.
7. The Intelligence Co-ordinator (and the chairman of the JIC, if he is different) should continue to report to the Secretary of the Cabinet, but should have direct access to the Prime Minister as necessary and appropriate.
8. The Prime Minister should have occasional, but regular, meetings with the heads of the agencies, at which the relevant Secretaries of State, the Secretary of the Cabinet and the Intelligence Co-ordinator should normally be present, to discuss the general state of their work.
9. The Prime Minister should have regular meetings, as often as seems appropriate, with the Secretary of the Cabinet and the Intelligence Co-ordinator, and with the chairman of the JIC if he is different, for a general review of current security and intelligence issues and strategies, and of the state of the intelligence community.
10. Subject to the Security Commission's report on the Prime case, there may need to be some enhancement of protective security at GCHQ.

X

Would it be better to have the heads of the agencies at these meetings too? Then the meetings at 8 could be very occasional indeed. But 8 by itself would not give you very frequent contact with the heads of the agencies.

Who would have the responsibility for initiating and chasing up contingency planning?

RA

Robert Armstrong

20th December 1982

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THE SECURITY SERVICE

The instructions to the Director General are contained in a published directive (copy attached) which defines the task of the Security Service as "the defence of the Realm as a whole, from external and internal dangers arising from attempts at espionage and sabotage, or from actions of persons or organisations, whether directed from within or without the country which may be judged to be subversive of the security of the State."

2. The Director General is responsible to the Home Secretary personally, and has the right of access to the Prime Minister.

3. Top secret annexes to the published directive define the Security Service's relationship with SIS, and authorise the Director General to provide information as necessary to certain public authorities.

4. The question of Ministerial responsibility for the Security Service is one of a somewhat delicate balance, rather more so than in the case of the two intelligence agencies. On the one hand, the Security Service are answerable and accountable to Ministers. On the other hand, in the interests of keeping the Service free from any political bias or influence, it is established practice that Ministers do not concern themselves with detailed information about the Service's operations.

5. The Security Service's main tasks are of course counter-espionage and counter-intelligence, and counter-terrorism (especially in Northern Ireland). They are advisers to Government Departments and agencies on protective security. They maintain a central index for the use of Departments carrying out their positive vetting.

6. The Security Service have an authorised establishment of just over 1,800. They are currently about 100 under strength, having had over the last several years considerable difficulty in recruiting staff of the type and quality they need. This has its effect on the level of their operational activity.

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THE SECRET INTELLIGENCE SERVICE

There is no directive as such to the Chief of the SIS ("C") but a descriptive secret memorandum issued by the Foreign and Commonwealth Office defines SIS as being "the only agency of Her Majesty's Government entitled to run agents abroad and one of Her Majesty's Government's principal sources of secret intelligence SIS are also responsible for the conduct of clandestine operations designed to promote British policies and to counter other countries' policies which are opposed to British interests."

2. "C" is responsible to the Foreign and Commonwealth Secretary and has the right of access to the Prime Minister. The SIS operate under much tighter political control than do the Security Service in that any operation of any significance, or which carries any risk of potential embarrassment to Her Majesty's Government, is submitted to the Foreign and Commonwealth Secretary for prior approval.

3. In carrying out their functions, the SIS respond to requirements laid on them by other Departments and agencies. Certain specialised requirements (eg for counter-intelligence) are self-generated, or come from the Security Service; others from GCHQ. But the majority of requirements for the collection of intelligence are gathered together, on behalf of all Departments, in papers issued by the JIC. A biennial paper defines the framework of overall priorities. More detailed guidelines, drawn up annually (or more frequently if necessary) on a geographical basis, lay down precise and detailed requirements in regard to the intelligence that is actually needed.

4. In common with the other security and intelligence agencies SIS have been subjected over the last eight years to steady pressure to reduce manpower and costs. In taking stock of the situation for this year's Forecasts exercise,

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GCHQ

The Director GCHQ operates under a top secret "Sigint charter" which defines his task as the collection, production and distribution of Sigint, and research and development needed to maintain the output of Sigint. The charter makes him responsible to the Foreign and Commonwealth Office for accounting purposes and for the administration of GCHQ personnel; and to an interdepartmental body, the London Signal Intelligence Board, chaired by the Chairman of the JIC, for "Sigint policy". It is much larger than either of the other agencies (about 7,000); and, because of this and of the amount and sophistication of the highly technical equipment it requires, much the most expensive.

2. The Director is personally responsible to the Foreign and Commonwealth Secretary, and has the right of access to the Prime Minister. Little in the way of political direction is required for GCHQ's day to day work,

3. In directing the operations of his Service, the Director is guided partly by the requirements for intelligence issued by the JIC (as for the SIS) and partly by the need to maintain the very close relationship with the United States.

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