



National Audit Office

Report

by the Comptroller
and Auditor General

Ministry of Defence

Investigation into national security vetting

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Investigation into national security vetting

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Sir Amyas Morse KCB
Comptroller and Auditor General
National Audit Office

5 September 2018

United Kingdom Security Vetting (UKSV), established in January 2017, is responsible for vetting individuals to allow them access to sensitive government information, locations or equipment. During 2017, a number of UKSV's customers became concerned that it appeared to be taking longer to vet individuals.

Investigations

We conduct investigations to establish the underlying facts in circumstances where concerns have been raised with us, or in response to intelligence that we have gathered through our wider work.

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Contents

What this investigation is about 4

Summary 6

Part One

Government's decision to centralise national security vetting services 11

Part Two

Centralising and resourcing national security vetting services 14

Part Three

UKSV's performance 21

Appendix One

Our investigative approach 30

Appendix Two

A simplified version of the national security vetting process, and categories of national security vetting 32

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What this investigation is about

1 National security vetting allows individuals access to government information, locations or equipment. In 2017-18, government considered more than 170,000 cases, including applications relating to civil servants, contractors and specialist staff such as those in the armed forces. The three most common categories of national security vetting are Counter Terrorist Check (CTC), Security Check (SC) and Developed Vetting (DV). DV is a more complex process requiring more checks. It allows individuals access to more-sensitive government information, locations or equipment than CTC or SC. Further information about the vetting categories, and the associated vetting processes is in Appendix Two.

2 Before 2017, most national security vetting in the UK was provided by two organisations: Defence Business Services National Security Vetting (DBS; part of the Ministry of Defence), and Foreign & Commonwealth Services National Security Vetting (FCOS; a trading fund of the Foreign & Commonwealth Office (FCO)).¹ In its 2015 *National Security Strategy and Strategic Defence and Security Review*, government announced that it would establish a single vetting provider based on the Ministry of Defence (MoD) model.² In January 2017, United Kingdom Security Vetting (UKSV) was created.

3 The Cabinet Office is responsible for vetting policy, and sets vetting standards that UKSV must follow. UKSV is responsible for providing vetting services.³ As its parent department, the MoD is responsible for the performance and oversight of UKSV.

4 During 2017, a number of UKSV's customers became concerned that it appeared to be taking longer to vet individuals. Delays in vetting have the potential to impact government's capacity and capability to conduct official business. This is particularly important at a time when:

- government is managing a number of high-risk and high-profile projects, including exiting from the European Union;
- the most recent *National Security Risk Assessment* considers the threats faced by the UK to have increased in scale, diversity and complexity;⁴ and

¹ Some other organisations, such as police forces, conduct their own vetting. The vetting activities of these organisations are outside the scope of this investigation.

² HM Government, *National Security Strategy and Strategic Defence and Security Review 2015*, Cm 9161, November 2015.

³ UKSV relies on third-party organisations to contribute information on individuals that is relevant to the vetting process.

⁴ The National Security Council prepared its first *National Security Risk Assessment* in 2010. This assessment is intended to inform strategic judgement, not to forecast every risk. The most recent assessment, in 2015, ranked domestic and overseas risks in three tiers according to judgements on likelihood and impact, with tier one risks representing the highest priority, based on high likelihood and/or high impact. The 2015 assessment included more tier one (and tier two) risks than the previous assessment.

- government security services are currently responding to a high threat of terrorism, and consider that the UK is a high-priority target for espionage, with significant and challenging cyber threats, which are often linked to physical and personnel threats.⁵

5 In January 2018 the FCO reported to the Foreign Affairs Select Committee that the formation of UKSV had significantly delayed vetting across departments, with a particular impact on the FCO.⁶ Some departments have started vetting individuals for DV roles at SC level first, so that the individual can work in a limited capacity consistent with their SC clearance, while their DV clearance is pending. The Home Office considers vetting delays to be a key risk to its ability to increase the number of Border Force staff to work on projects related to Brexit and the UK border.

6 The Cabinet Office is planning further reforms to national security vetting by 2019-20, provided UKSV performance has recovered. Future reforms are expected to include changes to the vetting process and IT systems, together with additional third-party checks.

7 We have undertaken an investigation into national security vetting. Our investigation considers:

- government's decision to centralise national security vetting services;
- centralising national security vetting services;
- resourcing UKSV;
- UKSV's performance; and
- government's response to UKSV's performance.

8 This investigation does not assess whether the vetting process is effective through the security checks undertaken, nor evaluate whether UKSV provides value for money.

5 Based on information published on the website of the Centre for the Protection of National Infrastructure, in July 2018.

6 For example, in the past the FCO has sought DV clearance for all its staff, given the sensitive information it handles and so that it can deploy staff flexibly across different countries and policy areas. Faced with delays in security vetting, it amended its policy in February 2018 to include considering whether SC clearance was sufficient for some roles.

Summary

Key findings

Government's decision to centralise national security vetting services

1 In November 2015 government announced that it would establish a single vetting provider in 2016, but this decision was not supported by an assessment of the expected benefits, costs and risks. In 2010 the Cabinet Office told Defence Business Services National Security Vetting (DBS) and Foreign & Commonwealth Services National Security Vetting (FCOS) to consider establishing a single vetting service as soon as possible to drive efficiencies. Evaluations in 2011 by HM Treasury, and in 2013 by the Cabinet Office, reported that neither organisation was in a position to take on single vetting provider responsibilities. In November 2015, when the government announced it would establish a single vetting provider, it had not fully considered the expected benefits, costs and risks of doing this. In December 2016, the month before United Kingdom Security Vetting (UKSV) was established, DBS and FCOS had different funding models, key performance metrics and IT systems (paragraphs 1.1 to 1.7).

2 When government chose to base its single vetting provider on the Ministry of Defence (MoD) model (operated by DBS), DBS was not meeting all of its performance targets. In November 2015, when government announced it would establish a single vetting provider, DBS was completing more than 9 out of 10 Counter Terrorist Check (CTC) and Security Check (SC) cases on time. It was also completing fewer than 2 out of 10 Developed Vetting (DV) cases on time, below its target. In the same period, FCOS was meeting its performance targets for CTC, SC and DV cases on time (paragraph 1.9).⁷

⁷ DBS and FCOS had different methods for measuring the length of time taken to complete a case. For example, DBS would begin recording time from the moment a case was received, irrespective of whether the application had been completed correctly or not. In comparison, FCOS would begin recording time only after all relevant information had been correctly submitted by the applicant.

Centralising national security vetting services

3 The risks associated with the merger of DBS and FCOS to create UKSV were consistently reported as high. The UKSV Programme Board, tasked with creating UKSV, first convened in March 2016. The Board considered that there was a high risk that UKSV would inherit an IT project that was under-resourced, under-funded and unplanned. The National Security Vetting Solution (NSVS) IT upgrade was intended to create a single system accessible to both DBS and FCOS by August 2016, ahead of the merger. UKSV was created in January 2017, four months later than expected, and without NSVS fully implemented across both of its sites (the former DBS and former FCOS sites) (paragraphs 1.6, 2.5 and 2.8).

4 When implemented by DBS in October 2016, NSVS resulted in automated checks failing and personal data attached to cases needing to be recovered. DBS upgraded to NSVS in October 2016, ahead of the merger with FCOS. In its first week, 10 out of 13 essential functions of NSVS did not work properly. During its first four weeks, nearly 8,500 files containing personal data (attached to cases) were unreadable when accessed, and 93% of automated checks against the police national computer failed.⁸ Officials had to reprocess failed checks manually, reload files and recover data, and conduct additional assurance checks.⁹ We estimate that the number of cases completed by DBS fell by 39% over the following quarter, and performance did not recover to previous completion rates until January 2017.¹⁰ UKSV delayed implementing NSVS at the former FCOS site until November 2017. At this time, all new cases used NSVS, but cases opened prior to this continue to be paper-based (paragraphs 2.6 to 2.9).

5 The delay in fully implementing NSVS meant that UKSV did not align its services or performance targets across its sites until April 2018. In 2017-18 the former DBS site completed almost 95,000 cases, and the former FCOS site almost 33,700 cases. Before April 2018, each site was delivering its existing products to existing customers, and measuring and reporting performance as it had done before the merger. Until the implementation of NSVS at the former FCOS site, UKSV collected and calculated performance data manually from paper-based records, and has been unable to provide complete and accurate information in relation to activity between January 2017 and March 2018. Performance targets were not aligned until April 2018, the point at which UKSV standardised its different products (paragraphs 2.8, 2.9, 3.1 and 3.2).

6 Cabinet Office considers that NSVS continues to experience issues relating to speed, costing customers £17 million per year. Cabinet Office estimates that the length of time taken to complete vetting cases has caused inefficiencies, costing UKSV customers £17 million per year.¹¹ In May 2018, Cabinet Office began developing a replacement for NSVS. It plans for the replacement to be in place by January 2020 (paragraph 2.10).

⁸ The police national computer holds details of people who are, or were, of interest to UK law enforcement agencies because, for example, they have convictions for criminal offences.

⁹ Third-party organisations had attached 63 files directly to cases, and these could not be recovered and reloaded by UKSV.

¹⁰ This assumes that there were five working days in September and five in October during which cases were not processed, to account for a planned two-week IT outage to implement the NSVS IT upgrade. NSVS went live on 10 October 2016.

¹¹ Estimated by Cabinet Office in its business case for further reforms to national security vetting, yet to be formally approved. This is currently the only estimate available for the inefficiencies caused by NSVS.

Resourcing UKSV

7 UKSV calculates that it requires more resources than the two previous vetting organisations to meet demand. Since its launch, UKSV has operated in a state of recovery: recruiting additional staff and amending working practices to increase capacity and productivity. In February 2017, one month after it was established, UKSV calculated that it required 41 additional full-time equivalent staff to recover its performance. This increased its target full-time equivalent workforce from 519 to 560. In December 2017, UKSV completed an organisational review, and based on this it submitted a business case to MoD to increase its total workforce to 595, to fulfil its single vetting provider role as set out in the 2015 *National Security Strategy and Strategic Defence and Security Review*.¹² In 2017-18, UKSV's staff costs were £19 million. This was 17% higher (in 2017-18 prices) than the staff costs for the two previous vetting organisations in 2014-15 (paragraphs 2.11 to 2.13 and 2.19, and Figures 1 and 3).¹³

8 Resignations at UKSV have increased and it continues to rely on overtime and agency staff. In 2017-18 more than 70 UKSV staff resigned, which offset ongoing recruitment activity. Between January and March 2018, the number of full-time equivalent staff who resigned was nearly twice the number who resigned in the same period the previous year. By June 2018, UKSV had 96 fewer full-time equivalent staff than the 595 it considered it required. To fill its resource gaps UKSV uses overtime and temporary staff. In 2017-18 UKSV spent more than £0.5 million on overtime and temporary staff, or 3% of its staff costs for that year (paragraphs 2.16, 2.17 and 2.19, and Figures 2 and 3).

UKSV's performance

9 UKSV customers can use a priority service where the need for clearance is urgent in order to conduct official business. Departments can prioritise 3% of all applications they sponsor in a year. Between January 2017 and July 2018, UKSV received nearly 7,000 priority cases, 3% of all the 277,000 cases received by UKSV during this period.¹⁴ Some 88% of priority applications were for CTC and SC, and 12% were for DV. UKSV has different targets for completing priority and non-priority cases (paragraphs 3.3 to 3.7, Figure 4).

10 UKSV has met its target for priority CTC and SC cases since August 2017. It has not met its target for priority DV cases since September 2017. Between January 2017 and July 2018, UKSV completed nearly 6,300 priority and just over 252,000 non-priority cases. UKSV aims to complete 95% of priority CTC and SC cases within ten days, and 95% of priority DV cases within 30 days. Since August 2017 it has met its monthly priority CTC and SC target by completing more than 9 out of 10 cases on time. UKSV last met its monthly target for priority DV cases in September 2017 (paragraphs 3.3 and 3.8, Figures 4 and 5).

¹² HM Government, *National Security Strategy and Strategic Defence and Security Review 2015*, Cm 9161, November 2015.

¹³ DBS was in a state of recovery between March 2015 and June 2016, and therefore 2014-15 has been chosen as the baseline for this comparison because it is the most recent financial year with data available during which DBS spent the least time in a state of recovery.

¹⁴ Data are incomplete and only include cases received through the NSVS system, which was not fully implemented on both sites until November 2017. UKSV is unable to provide complete data for priority cases until April 2018, at which point its services were standardised.

11 UKSV first met its targets for completing non-priority CTC and SC cases in January 2018, one year after it was established. UKSV aims to complete 85% of non-priority CTC and SC cases within specified timeframes at each site.¹⁵ In its first month, UKSV completed just over 6 out of 10 non-priority cases on target. In February 2017, UKSV began working to recover performance of non-priority CTC and SC cases, but its performance declined further. By June 2017 it was completing just over 5 out of 10 non-priority CTC and SC cases on target. In January 2018, UKSV first met its non-priority CTC and SC targets, one year after it was established. It has maintained its performance relating to CTC and SC cases since then, and in July 2018, the most recent available data indicated that it was completing 9 out of 10 cases on target (paragraphs 3.6, 3.9 to 3.12 and Figure 6).

12 UKSV has not yet met its targets for completing non-priority DV cases, and does not expect to do so until the end of 2018. In March 2017, UKSV completed nearly 8 out of 10 non-priority DV cases on time, but this was below target and performance began to drop further from April 2017. Some of UKSV's most important clients requested a DV recovery programme in September 2017, which was formally launched in February 2018.¹⁶ In March 2018, UKSV completed 2 out of 10 non-priority DV cases on target. As at July 2018, this has remained at 2 out of 10 completed on target. While UKSV predicts that it will achieve its non-priority DV performance target by the end of 2018, it is planning a further year of recovery activity (paragraphs 3.13, 3.17, 3.20 and Figure 6).

13 The total number of cases waiting to be completed increased continuously until August 2017. Between January 2017 (when UKSV was established) and August 2017, the total number of cases waiting to be completed increased from nearly 25,700 to more than 33,200. Nearly 26,700 of these open cases in August 2017 were CTC and SC cases. Between August and December 2017 the total number of all open cases declined to just over 22,300, but increased again to just over 25,600 by July 2018 (an increase of nearly 15%). The proportion of outstanding DV cases increased from 20% in January 2017 to nearly 24% in July 2018. While there are fewer DV cases, UKSV estimates that one DV case takes 32 times more effort to complete compared to one CTC or SC case (paragraphs 3.14 to 3.17 and Figure 7).

14 UKSV is failing to meet its performance targets for 'aftercare', which provides ongoing assurance about a vetted individual. An important function of vetting is to provide ongoing information and assurance to an employer when an individual's circumstances change. This is known as aftercare, and can be scheduled or unscheduled.¹⁷ UKSV aims to complete 85% of scheduled and unscheduled aftercare checks on target. In 2017-18 UKSV failed to achieve its aftercare targets (paragraphs 3.21 to 3.22).

¹⁵ The way in which this is measured varied between sites. For example, one site measures time from the point at which the application is submitted on NSVS. The other site used to measure from the point at which an application was assigned to an official for processing (rather than the date the application is submitted), until NSVS was fully implemented.

¹⁶ Members of the Executive Customer Group include high-profile clients of UKSV who meet regularly and provide feedback.

¹⁷ Scheduled aftercare includes a planned review of an individual's circumstances. Unscheduled aftercare is carried out reactively in response to an unforeseen event or change in circumstances (such as a significant lifestyle change) occurring after clearance has been issued.

Government's response to UKSV's performance

15 UKSV has sought to improve its performance by repeatedly seeking increases to its resources and workforce; however, it has never succeeded in recruiting the number of staff it considers it needs. When it launched in January 2017, UKSV had a full-time equivalent workforce of 490 staff against an expected total workforce of 519. By February 2018, to address its poor performance, UKSV increased its overall staff requirement to 595 full-time equivalent staff. This was 13% more than the total number of vetting staff at DBS and FCOS before UKSV was created. Increasing staff numbers to this level is expected to cost an additional £3.5 million (gross) in 2018-19. UKSV's staffing level has never exceeded 507 full-time equivalent staff (paragraphs 2.11 to 2.16 and Figure 1).

16 Following a review of UKSV's performance, in January 2018 the Government Security Board agreed UKSV could change some of its processes temporarily. The Government Security Board agreed to proposals by UKSV to change some of its vetting processes in an attempt to help UKSV recover DV performance.¹⁸ These changes include allowing some interviews to be conducted over the telephone (rather than face to face) during 2018 and 2019; and postponing some DV renewal cases due in 2018 by one year (paragraph 3.19).

¹⁸ The Government Security Board is a group consisting of the main customers of vetting services and the Cabinet Office.