



Environment, Food and Rural Affairs Committee

Oral evidence: [The work of the Animal Health and Veterinary Laboratories Agency](#), HC 1282

Wednesday 13 May 2014

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Members present: Miss Anne McIntosh (Chair); Richard Drax; Jim Fitzpatrick; Sheryll Murray; Neil Parish; Roger Williams

Questions 1-59

Witnesses: **Chris Hadkiss**, Chief Executive, and **Tony Foster**, Chair, Management Board, AHVLA, gave evidence.

Q1 Chair: Good afternoon and welcome. Thank you very much indeed for agreeing to participate in our one-off evidence session on the work of the Animal Health and Veterinary Laboratories Agency. Just before we formally start, a bit of housekeeping: we are expecting votes during the course of the afternoon, so I will adjourn and we will get back as quickly as we can. We ask for your forbearance. There may be just one or two relevant interests to declare.

Neil Parish: I would just declare that I am an honorary member of the BVA.

Roger Williams: I am the same.

Chair: Just for the record, would you like to introduce yourselves, starting with Mr Foster?

Tony Foster: I am Tony Foster. I am the Chairman of the Management Board of AHVLA.

Chris Hadkiss: I am Christopher Hadkiss. I am the CEO of AHVLA.

Q2 Chair: Thank you. Since the merger, how do you find that the partnership has come together from the respective constituent parts? How do you feel, Mr Foster, that it has settled down?

Tony Foster: I was present at the time of the merger. I became non-executive director at the time. There was not a huge remit given by Defra to what should be achieved, and we very quickly found there was considerable overlap of interests, techniques and capabilities, and rationalisations of premises were possible. It proved to be, I think, a really quite successful thing. There were some difficulties. We had two completely different accounting

systems, and that gave us some rather significant issues our first year of accounts, but those have now been overcome. I think you get two different cultures—one largely scientists, one largely field-based—but those barriers have fallen away a lot and a great deal of co-operation has now resulted.

Q3 Chair: As part of the restructuring work, were there a number of job losses overall?

Tony Foster: Not directly as a creation of the merger, other than two boards were merged into one, a few senior posts and non-exec directors. Those cuts and reductions in staff only occurred as a result of the management deciding how we could deliver the services required more efficiently.

Q4 Chair: Sparing Mr Hadkiss's blushes, you have had three Chief Executives in as many years. Is there any particular reason that there has been such a turnover at the top?

Tony Foster: Catherine Brown was our first Chief Executive. She had an opportunity to go and act as another chief executive elsewhere in the Government. She is perfectly entitled to do. We had an interim Chief Executive and then finally recruited Chris, who has been with us over a year now. I have not found that a huge disruption.

Q5 Chair: In your corporate and business plan, you acknowledge the difficulty of maintaining delivery levels on reduced funding. Bearing in mind that there has been a history of, almost every 10 years, a disease outbreak, do you believe that you have the resources and the capability to react to a severe disease outbreak?

Tony Foster: Could I suggest at this point Chris makes an answer?

Chris Hadkiss: There have been reductions in staff. As you say, the agencies coming together has allowed us to look at rationalisation of estates and resources. To answer your question directly, I do believe that there is sufficient capability within the organisation and bandwidth to deal with an outbreak. We test that in a number of ways. One of the examples would be Operation Walnut last year, when we ran a full-scale exercise to test our assumptions on that.

We pitch ourselves at what we called a medium-sized outbreak. I think the Agency has never been equipped to deal with a very large outbreak, such as FMD, foot and mouth disease, but in terms of the outbreak that we normally pitch to deal with, yes, we feel very confident. Working practices have changed and there have been some advantages to bringing the agencies together. Although we have brought them together physically, culturally they were quite different agencies, and there are still remnants of that. I certainly watch as accounting officer, very carefully, that our prime responsibility is to be ready for that outbreak, as and when it occurs—hopefully never, but possibly infrequently.

Q6 Chair: How would you describe the morale of the staff?

Chris Hadkiss: I think the morale is low. It was low when I joined and there is a fatigue with change generally. They are concerned about careers in the civil service. For the medium term, their salary increases and so on look to be fairly set. We try hard at staff engagement and with have managed to maintain staff engagement scores that are not very high, though, in the face of several hundred job losses and relocation of staff, realistically, it is difficult to improve staff engagement in those situations. We do see a varied picture, though; in some parts of the organisation it is fairly healthy. There is a general low morale,

in terms of career prospects and in terms of the degree of change they have undergone, and I recognise that.

Q7 Chair: Do you have a policy yourself, Mr Hadkiss, of visiting the various facilities?

Chris Hadkiss: Absolutely, yes. I visit the facilities and, more importantly, the directors including myself stand up in front of all staff. Very deliberately, rather than talking about our agenda, which there are occasions to do, I am very keen to allow the staff to whiteboard their agenda. About a month or two ago, I stood up at the sites with my co-directors and answered on staff issues only. The employment group had put down some issues of varying size and sometimes local issues, and were very keen. We spent an hour and a half going through those issues trying to address them.

What is more, we capture those issues and we will do that again in three months' time. We will be held to our responses on those issues. That has actually gone very well in terms of engagement. Staff appreciate that and it allows them some feeling of ownership with the directorate, and the director gets a direct feel of the front line as to what is really going on. Sometimes it is solvable; sometimes it is a matter of explanation. In the time of change we have had, direct conversation with myself in terms of how we are dealing with the issues and the degree of confidence I have is pretty important.

Q8 Roger Williams: Having got one reorganisation under your belt, you are about to have another reorganisation taking on the essential statutory functions of FERA. Is this a takeover or an amalgamation?

Chris Hadkiss: As a person who is affected by that, my view on it is quite narrow. What has been said is the announcement has been made that, as you said, the four regulatory functions of FERA will combine with AHVLA. I think that is very carefully described not as a takeover, but as a true amalgamation to form a new agency. That has been made very clear by the Permanent Secretary. At the moment, the headline announcement is there and a date of October. It is not clear and it has not been decided how that will be managed or governed, who the Chief Exec would be or indeed the precise remit of it.

It would be unfortunate if this thing is a takeover, because plant health is of course a very important subject in itself. It is not a takeover, but I suspect there may be a view that that is the situation. The new agency, the new name and the new management are an opportunity to recast quite a different set of responsibilities and an opportunity for synergies, not necessarily scientifically, but again in terms of location and back-office functions. There are some efficiencies there. As I said, my role as the CEO of AHVLA will presumably cease in October. I do not know what follows, but continued rationalisation of science groups across Defra needs to be looked at and is clearly an area where we can continue to deliver for a reducing budget, without affecting front-line services. That is the pressure Defra has to respond to.

Q9 Roger Williams: You have talked about the difficulties of staff morale you have had following your current reorganisation. Are they the same challenges that you will face during this next reorganisation?

Chris Hadkiss: It varies. The feedback I have had from the regulatory functions at FERA is they are very enthused about this. I have had appropriate conversations with them this side of the reorganisation to pick up their enthusiasm. My perspective is that they are

very enthused to join with the AHVLA functions into something new. They feel that our regulatory roles are more akin to the work that they do. That is an interesting point, not one I would have predicted. I do not think it is all downcast. Equally for AHVLA, change brings opportunity. Some of our staff see real opportunities for them personally, greater spread of science capability, so, from a science career point of view, more opportunities. It is a mixed bag.

Q10 Neil Parish: Good afternoon, gentlemen. How much interest has been expressed by private vets, universities and the livestock industry in supplying post-mortem services and facilities in place of what you have been doing at the AHVLA?

Chris Hadkiss: As you know, as part of our plan forward, there is—

Chair: Could I stop you there? I apologise. We stand adjourned. We will go down and do our duty, and then return as quickly as we can. Thank you for your patience.

Sitting suspended for a Division in the House.

On resuming—

Chair: To reconvene, Mr Hadkiss, you were right in the middle of your sentence.

Chris Hadkiss: You asked about any interest from private vets.

Neil Parish: Yes, that is right, and universities as well.

Chris Hadkiss: As part of our process forward, you know that we will be seeking partners in those two areas to carry out post-mortem examinations for us. To answer your question, we have had a number of engagements with those parties in terms of pre-tender exposure. The response has been fairly strong from a number of groups. As I speak, the tender to provide those services has either been released over the last couple of days or could be announced today, so I need to be slightly careful. There appears to be a strong, healthy interest in the provision of post-mortem services. Of course, that does depend on those organisations seeing the tender that we offer and that tender has been issued now. I am expecting reasonable engagement with the industry and it would appear that there is a reasonable prospect of the tender being placed and those services being available.

Q11 Neil Parish: Naturally, you will be checking to make sure that they do have the necessary facilities to be able to carry out the post-mortems, with the right equipment and what have you.

Chris Hadkiss: Absolutely. The first thing to say is we see this transition over a period of two to three years. It is a gradual transition, which we are trying to encourage. I think the tender documentation will show a series of quite stringent requirements in terms of expertise and access to higher expertise, certainly from each provider. Apart from the usual commercial checks and viability checks, we are particularly interested in terms of quality and the competence of the staff, their access to registered pathologists elsewhere, not necessarily in the company. We are very keen that we create that kind of learning environment.

We are also in discussion with the Royal College of Pathologists and others in terms of how that process may be assisted. It is a controversial development, I admit, but I think all parties need to work together to ensure that we do develop more pathologists. Indeed, in house we are promoting, through partnerships with the universities, funded places for the development of pathologists generally. There are quite few very experienced pathologists,

particularly those experienced in the bovine diseases we are most concerned about. The AHVLA, of course, will maintain post-mortem capability throughout this to ensure that we do not lose that ability.

Q12 Neil Parish: My next question you have more or less answered, and that is how long it will take to ensure that there are a sufficient number of veterinarians competent in livestock post-mortems to ensure there is effective surveillance. You are saying there is quite a lot of interest. Are you confident there are enough out there?

Chris Hadkiss: There are potentially enough there. Obviously the tender process needs to be gone through and we will see who emerges from that. They are competent providers that we have been talking to in the pre-engagement. The project—Surveillance 2014 is the title of the project for the transition—always anticipated a two-to-three-year window. It may be more than that. It is one of those situations where we are creating a new environment. We will need to be informed as we go along, in terms of the speed with which this is taken up. At the moment, signs are we are reasonably optimistic that there will be an uptake and we will be on the first part of that curve.

Q13 Neil Parish: The last question: you have said that, for the first three years, a service will be commissioned to collect carcasses from within areas where AHVLA post-mortem facilities have been closed. What happens after the withdrawal of the three-year subsidy for the carcass collection, because sometimes it could be quite a distance?

Chris Hadkiss: We need to take a view on that. The issue really has been the proximity of post-mortem facilities to laboratory-testing facilities, and that has been overstated as an issue. That question is left open. We need to see where we are in two or three years' time, so that the carcass collection scheme is there for a period and could be renewed. I would not negate an extension of that; it is too early to draw a line underneath that. In two or three years' time, it could be quite a different picture. We will need to react to promote that that picture is acceptable. If a carcass collection system is still needed or required, we will provide it. That would be my view.

Q14 Neil Parish: You are confident that you can get those carcasses to the post-mortem in good time, so that we are not losing too much time with perhaps a very contagious disease or whatever.

Chris Hadkiss: I agree that the carcasses need to move directly. We have had discussions with our new providers in terms of how that may be done in practice. There have been a few issues with the carcass not necessarily moving directly, as we require. They are being ironed out. I have discussed with the Chief Veterinary Officer the degree of exposure there, which has been assessed as acceptable. Carcasses already move around the country in that way. In terms of the speed of progress, this is designed so that there is no loss to the vetting of the material through that transport. That is a key part of the design of the process. We are very comfortable that the carcass scheme will work. It is a tender process. Clearly, we need to make sure that the tendered work is delivered but, at the moment, that is being delivered.

Q15 Richard Drax: What steps are you taking to ensure that the current surveillance structure is not being dismantled before new systems are up and running?

Chris Hadkiss: The surveillance plan we have talked about, Surveillance 2014, is a transition. We have announced the closure of a number of post-mortem facilities and that is in train. A number of those facilities are also being held open, three or four, as a contingency

to allow the transition. We have a backstop of a nucleus of seven laboratories going forward that will have post-mortems for the foreseeable future. They remain and they are always there to service the demand. The additional three or four laboratories are kept open in a flexible way to deal with the transition, so the answer is we have that transitional period.

Q16 Richard Drax: How will your Agency maintain a throughput of post-mortem material and professional competence amongst its staff, with the closure of so many of its post-mortem centres?

Chris Hadkiss: I think it is the other way round. The competence that we needed to retain was difficult when it was spread across so many sites, 15 sites. The number of post-mortems that we do is not huge. The concern that we have, as centres of expertise that concentrate on diseases, is identifying the diseases. As the Chair notes, some of these diseases are not seen for many years and are infrequent. We are very keen that, through Weybridge and the remaining sites, we concentrate and grow expertise in recognition of those diseases. One of the reasons for Surveillance 2014 to rationalise the deployment was to maintain adequate competence and experience on such a wide network of 15 laboratories. The rationalisation does allow concentration of expertise and capability going forward.

Q17 Chair: Just before we leave this part, if I may, you said there were seven post-mortem facilities. We have details of six. It is just to ask what the seventh would be. We have heard of Bury St Edmunds, Carmarthen, Penrith, Shrewsbury, Starcross and Thirsk.

Chris Hadkiss: Let us compare lists then: Penrith, Lasswade—

Chair: Lasswade?

Chris Hadkiss: Yes, Scotland, sorry.

Q18 Chair: Are you able to say where the three or four transitional labs will be?

Chris Hadkiss: Yes. Newcastle, Langford and Sutton Bonington will continue at low levels during that transition. That is very variable. Winchester is planned to close in 2015. Again, that is another transition. That depends on ability to maintain a full spread of operations, but the contingency is a two-step process, with those laboratories providing overflow post-mortems, which is not to a tremendously high volume actually.

Q19 Chair: I just wanted to take issue with something you said in reply to Mr Parish when we took evidence on this before, this business of carcasses being transported. I just remember I suppose I was in my fourth year as MP when we had foot and mouth, but it was the sheer scale of the outbreak and the fact that you did have to transport carcasses for a post-mortem over a long period, particularly with something like pigs, which are so heavily concentrated in North and East Yorkshire, and Lincolnshire. I really do think that the transport of carcasses must be expensive for one thing, and that is why I would just like to record how pleased I am, and I know how pleased the farmers are, that Thirsk is remaining open for that. I just take issue with you on the transport.

Chris Hadkiss: Just a quick response on that: there is a slight difference between routine carcase transport in a situation with no known disease being present, where the risk is slightly different. There is also obviously a risk if a disease is present and a carcase is transported inappropriately. That is quite different from a situation where we may be disposing of carcasses in a known outbreak, where we may not need to do post-mortem analysis or may need to do much more traditional post-mortem triage. There, the collection

would probably be much more directly to disposal, so it is a different model. Rather than going through a post-mortem suite, it would probably be animals being sent, certainly in foot and mouth, much more straight to disposal. As you say, the exposure risk there is understood. It would need to be a carefully controlled transport, but I do think they are slightly different risks.

Q20 Roger Williams: As I remember it, some of your previous organisations used to be responsible for global observation, for instance of foot and mouth, and typing all the new varieties that were established around the world. Do you still continue to do that?

Chris Hadkiss: Yes, we do in some areas, through tradition and history. One that comes to mind is avian flu, for instance. We are a reference laboratory for avian flu, so we are a facility for other laboratories around the world to refer to us to look at an outbreak of flu, so that we can provide advice, where it is possible, on strains, possible sources and origins. We do that for rabies as well. We equally run other reference laboratories—Pirbright for foot and mouth—and other international laboratories, so there is a historical spread of expertise, collections and genetic analysis capability to provide a further footprint of the origin of the disease. We do more than our fair share of that and that gives us a world exposure.

Q21 Roger Williams: And that continues.

Chris Hadkiss: It does continue. It is extremely valuable that we do that. It has spin-offs in terms of our scientific reputation. We are the fifth most cited organisation in the world in scientific publications, and that brings commercial advantage, because it also brings us R&D contracts internationally. It is a benefit to us in terms of scientific competence and the depth that we go to in those particular areas, but there is a commercial reason too.

Q22 Roger Williams: Are you directly involved in production of vaccine?

Chris Hadkiss: No. Most of that I believe has been contracted out, but I may be corrected about minor areas. Generally, production of vaccine we have contracted out where it is a routine process. I do not think we add a lot of value to production of variants, unless they are specialist agents or something where we have a particular expertise, which we would do.

Q23 Richard Drax: Moving on to the regulatory and administrative burdens, if we may, in its *Streamlining farm oversight* report, the National Audit Office found that opportunities to co-ordinate activities between bodies such as the RPA and your Agency were not being fully exploited. How have you acted on the NAO's recommendations?

Chris Hadkiss: We are very conscious of the NAO's observations and the Macdonald recommendations in terms of reducing burdens. We have made some progress on that as part of the Defra family. Although there are examples, it is very difficult to point to isolated examples where AHVLA has progressed.

Two or three examples: we have contributed data towards the new "Find It" tool, which is a shared database across regulators. It allows Defra agencies to be aware where farm visits were carried out and what the results were. We have a responsibility in egg marketing for regulation to act. We have taken a risk-based approach. We have reduced the frequency of visits to production facilities to once per year, as being reasonable, and, on our risk-based approach, if we find that there are breaches to conditions that we have set down,

we increase the frequency of the visits. We generally use a risk-based approach to try to be proportional about the inspections that we do need to carry out to fulfil our duties.

The other example is export simplification, where we are trying to simplify things. That is very important to trade and trade arrangements. We are, to some extent, at the mercy of the third-party country in terms of their requirements for documentation, but that has been very successful in the Carlisle office, as has the pet passport scheme. We are trying to reduce our administrative burden on the farmer or the customer generally, so there are some examples. I think it is something we need to do more on. I do not think it is a complete story. It is an ongoing process for us but, as I say, we do work with our policy colleagues in Defra and do our part.

On farm visits, in the new Agency, there is potential to look at combined visits. AHVLA is working with the Environment Agency now to look at the opportunity across all of Defra for how we could further reduce visits, the problem being of course that people need a different competence set to do that. It is a possibility that we reduce the farm visits. If we do a visit, we should combine as much activity as we can on that one day to reduce distraction to farmers. I think there has been some progress but, as I say, there is more to do on that.

Q24 Richard Drax: You mentioned the “Find It” tool. Do you anticipate being able to use it from early 2015 and how will the use of it, once it is in use, be of benefit to farmers and the taxpayer?

Chris Hadkiss: I am not particularly familiar with the use of the tool. It will be used in a pilot project, I understand, over the summer. We have contributed or offered to describe the data we hold to that project, and I think that is our involvement so far. Potentially, it allows exchange of information. There are issues with our ability to exchange information and sensitivities around that, which again are not within my remit. I just recognise that there is a potential there to share information and to benefit from it. Beyond that, the project has not started and, to be honest, our involvement has been slightly peripheral in that we are only contributing data at this point.

Richard Drax: Will it be up and running from early 2015?

Chris Hadkiss: The anticipation is that it will be piloted this year, this summer. I do not know enough about the rest of the project time scales, I am afraid.

Q25 Richard Drax: Once it is up and running, how will it benefit farmers?

Chris Hadkiss: My perception from afar is that it would allow regulators to access, across the various Defra agencies, information on the number of farm visits, the compliance issues and extend this risk-based approach. That is my understanding. As I say, I am not completely familiar with it. It is a new tool.

Q26 Richard Drax: Do Defra or other Government bodies request excessive detail when monitoring your Agency’s outputs, and thereby generate unnecessary administrative costs?

Chris Hadkiss: It is a very difficult balance to strike. We are an executive agency. We have worked hard to reduce the number of key performance indicators that we measure. The number of KPIs that were in existence when I joined was excessive and I think Defra

would agree. We need to concentrate much more on outcomes than inputs, and the KPIs are being actively worked on and have been worked on all year. Policy customers and Defra continue to work on that.

Q27 Richard Drax: Can you give some indication—sorry to interrupt you—of how many targets you did have and how many have been reduced? How many have you got altogether, do you know?

Chris Hadkiss: When I joined, when we consider the Scottish and Welsh Administrations, there were over 200 KPIs.

Richard Drax: Now you have what?

Chris Hadkiss: Fewer than 50 and aiming to get that to 10 or 20.

Tony Foster: We are close to agreement with our policy customers to make it 20 true KPIs with much more reliable output measures, which we think are important to doing our business and important to them. That is quite a dramatic change.

Chris Hadkiss: “KPI” is slightly misleading. They are pieces of information. It may be how many times that we visit a farm. That is an input to me. The consequences of the farm visit are more interesting, so an outcome-based KPI, perhaps for control of a disease or an activity, is a more interesting KPI and a bit more difficult to measure. There is an absolute agreement that we need to move that way and the relationship with Defra is allowing that to happen. It is improving. I do not feel that they are too burdensome, given that Defra is our customer and needs to maintain sufficient oversight of the Agency’s work through service-level agreements. That is the transaction we have.

Q28 Roger Williams: The wider farming community is very concerned about whether there are enough large animal practices, in order to make them accessible to the farming community. There is a concern that the new procurement for official veterinarian services will make it less likely that these large animal practices will get that work, and that will make their continued financial viability more difficult. What can you tell us about that?

Chris Hadkiss: It is absolutely a key concern. It is a key issue for the project to deliver. We are trying to reduce from several hundred endpoint customers that we have at the moment, official veterinarians, to a situation where we deal with seven commercial partners that subsequently deliver the services for TB testing, which is what we are talking about here.

Part of the design of the tender, which is ongoing, has been very focused on the Treasury requirement to ensure that small businesses are adequately protected. I would say that, although the tender is in development, the intention will be that there will be safeguards sufficient so that a high percentage of the revenue that flows through these companies must be directed towards small companies. We imagine a situation of subcontracting. To actually put that into a tender is proving quite challenging, but not impossible, so my anticipation would be that the tender will actually allow commercial partnerships to provide the oversight, the flexibility as a subcontractor to us, but actually we are very focused that the viability of the market generally—this is a market we are creating—has to be protected. The Treasury has made that very clear as part of the business-based process and we will insist that a high proportion of revenue flows through to those very same businesses.

Q29 Roger Williams: You can understand the concern that some of this might go to technicians who are able to undertake the work, but are not qualified vets, who can serve the wider farming community.

Chris Hadkiss: Let us be clear on that. The tender again will specify very closely the competence and the skills and the training of the people required. I would not say a technician could not do that work if they meet the requirements. I would not go that far. They do not necessarily need to be a vet, but certainly a technician would need to be fully trained and demonstrate that.

One of the key differences with the new arrangement would be, whereas previously official veterinarians carried out the work on what was a very old arrangement, we will now insist that, for all the work that is carried out, the people who are doing that work have undergone a regular training course, which is not a requirement now, which will be externally provided to a high standard. That training contract has already been placed; I cannot tell you who it is but it has actually been placed. Every person who carries out a TB test will be competent, and that assessment will be carried out externally from AHVLA to a high standard. The standard, although implicitly there at the moment, is not explicit and we thought that would give much more assurance that the testing has been correctly. That has been one of the issues, I think: that we are confident that those vital tests are done very well.

Roger Williams: That is the tendering process for providing training, you are talking about.

Chris Hadkiss: There are two parts to the tender. We have tendered the training programme slightly ahead of the curve. That has been awarded. I cannot announce the winner, but we are in conversations at the moment about the development of the training packages. One of the requirements for the winners of the tender for the TB testing is that, firstly, those staff should be competent now. Secondly, over a period of time, those staff will regularly have to re-test against that external provision and be successful. We want evidence that that is in place.

Q30 Roger Williams: Are these official veterinarians the people who do pre-mortem testing at slaughterhouses, for instance, as well?

Chris Hadkiss: The official veterinarian status has been removed. The OV powers from Government were very wide and actually very rarely utilised, so as part of deregulation we have removed the official veterinarian status. What we are asking the partners to provide is routine TB testing in the first instance, but the potential is for a network of providers to do more work than that. The tender will also require them to be contractually obliged to provide vets for us in an outbreak, in numbers. Again, the advantages would be a formal modern tendered position, where there is a contractual obligation to provide a number of vets of a certain specification, in a geographical area, critically, to us. That again reinforces our ability to deal with diseases. Whereas in the past this has been successful through a number of loose arrangements, I have to say, this contractual arrangement will oblige people to produce a qualified vet at our request, and the tender again, when it is issued, will be very clear on how this is all run and staffed.

There is also very strong interest in that tender, I have to say, from existing and potentially new providers and possibly vets who are coming together to see an opportunity. We feel very confident that we have very strong interest in the tender.

Q31 Roger Williams: Can I just ask about vets in slaughterhouses as well? Are they directly employed by you?

Chris Hadkiss: Not the vets in slaughterhouses directly, no. That is not my understanding.

Q32 Roger Williams: I was talking to some young vets last night who are very concerned about whether there are going to be jobs for them. With growth in veterinary colleges for instance, providing veterinary training, they see a larger number of vets coming on to the market. Yet farmers complain to me or are concerned that there are a number of foreign vets undertaking duties where the English language is an advantage, and it is not always present.

Chris Hadkiss: First, just to clarify, we may have veterinarians in slaughterhouses. Who they are working for, I am not quite sure, but we do certainly have a presence in slaughterhouses at some point in time.¹

Your second question is about preservation of standards in the industry. I have certainly heard a comment of concern about vets from other countries, shall we say, entering this market. I frankly am unconcerned about that, as long as they are working to a sufficient standard. I do not think that is something we could pay any heed to at all. Proficiency in English is absolutely required to the standard that we expect, but I do not think is a bar to the industry. I do understand that the industry feels that is a threat to the standards. I have to respond and say, if a vet is competent, fluent in the language and can carry out the tests, then I am obliged under European law and the tender to offer that work. I would not show any prejudice, but I do understand the concern.

In terms of training vets, as I have mentioned, we do work closely with the veterinary schools. For instance, we have a memorandum of understanding with Surrey University, who opened a new vet school. We have two of our heads of department who have professorships there. We are doing all we can to encourage large animal practice as an attractive route for new veterinary graduates and I understand the issue. I think the Agency has a part to play there in terms of advertising: this is a career that exists, actually, and it is viable. Visits to Weybridge, for instance, do exactly that in my experience. These students come in and see the scale of the Weybridge operation. They really appreciate that, compared to private practice, this is an opportunity. We are doing all we can, as well as lecturing on those courses, providing advice and so on.

Q33 Chair: How much is the flow of vets in the other direction, British vets going to Spain and British vets going to France?

Chris Hadkiss: I do not know, to be honest with you. My perception of new entrants into this industry is that there is a preference to move into pet practice. It is a more lucrative area. I understand that large animal practice is increasingly a difficult business proposition, I

¹ Note by witness: It is the Food Standards Authority (FSA) rather than the AHVLA that has both employed and contract veterinarians carrying out official control duties in abattoirs. This includes work that the veterinarians carry out on behalf of the AHVLA, on animal welfare identification and disease and control monitoring, which are part of a service level agreement between the FSA and AHVLA.

would imagine. I do not know the flow in and out of vets, but certainly we feel that the number of experienced vets has to be looked at very carefully. Surrey sees an opportunity to train more vets and that varies. One point of view is that there are too many vets on the market; Surrey clearly sees an opportunity to set a vet school up. I do not know where the truth lies. Surrey will be producing a large number of high-quality vets very soon. It is in my interest to create as many vets as possible.

Q34 Chair: When we had the foot and mouth outbreak, it was certainly the case in the North of England that we did not have enough vets, and we had to bring vets out of retirement. I understand it is a difficult balancing act for you and obviously it was the predecessor organisation. You have to work with peacetime conditions, but what provision do you have for bringing in vets, as and when required?

Chris Hadkiss: I think you are describing one of the problems with the previous system. The new providers will be obliged to provide the stated number of vets in a geographical region, within a period of time. The provider for the area that you have discussed will have obliged themselves to provide that number of vets contractually. The second tier response will be that we may call on vets nationally, so it is not only a geographical response; we may ask other areas to relocate the vets. That is also one of the tender requirements. The third tier is that we have about 150 to 175 international vets with a reciprocal arrangement who can be with us in 24 to 48 hours, and that was rehearsed in operation last year. We can get a lot of vets to an area very quickly. I do not think the availability of vets is our issue.

Q35 Roger Williams: You say you are very soon going to be able to identify the person who has won the contract for training—well, they are not called official veterinarians or whatever. Do you think that just having one trainer is a good practice, and would it not be better if there were a number of providers out there who could compete, in terms of quality and cost?

Chris Hadkiss: The volume of work is such that, practically, there is not enough work to split between a number of trainers. There would be an issue of consistency of standards. It would be varied and, actually, it would probably de-focus the Agency in terms of whom we were speaking to.

Q36 Neil Parish: In the last annual report, you said that you were “aware of existing internal control issues that were not identified in ... interim statements” by previous AHVLA accounting officers. Are you confident that you have adequate oversight and control of the Agency?

Chris Hadkiss: To deal with the first point, the accounts two years ago were qualified by the NAO. Last year as I joined, they were qualified in one respect, which was that the opening balance into last year was uncertain and that was the only qualification. I can say now that the relationship with the NAO has improved markedly and, based on the Q3 reports that we did, the NAO does not expect any qualification of the reports at all this year. The NAO has indicated they are happy with the remedial work and with this year's report, so the short answer is, to the qualification, that has been overcome. To your wider question about governance, maybe I can ask Tony. There have been a number of changes.

Q37 Neil Parish: Just on the accounts, when are this year's? Is it end of year or is it April to April?

Chris Hadkiss: It is April to April. We will produce our end-of-year accounts to Defra, and Defra, as I understand it, will produce their own accounts as a sub-set, so that process is timetabled. We are producing those accounts now.

Q38 Neil Parish: The accounts for this year then, up until this April, are in the process of being finished, are they?

Chris Hadkiss: Yes.

Tony Foster: There is a stage in advance of that. It is common practice for the NAO to do what they call a “period 9 audit”, up until the end of December. That has been completed and they have reported that most of the issues that had previously troubled them have gone away. They are expecting a much cleaner audit for the full audit. Next week or at the end of this week, we will submit our accounts to them.

Chris Hadkiss: Your wider point was about governance. Tony, perhaps that is a question for you.

Tony Foster: Two years ago, it was recognised, partly from the qualification of the accounts, partly from some lapses in safety performance, that our governance perhaps needed strengthening. At the time, there were only two non-executive directors of the Agency. There was not a Chair. There were independent members on the audit committee, but they were different and there was also a Defra body called a “strategic advisory board”, where there were two more independent members, but they had no further involvement with the Agency. We recognised that we need to strengthen this.

As a result of Chris’s arrival—we already knew what we wanted to do—I was asked to chair the management board as a non-exec director, which I have done since last April. Chris and I recruited three new non-executive directors in open competition. One, David Hughes, is a very experienced chartered accountant. He has chaired numerous other audit committees and he now chairs the audit committee. I assist him and one other non-exec. We also recruited a very experienced veterinary academic, who is actually now the Vice Chancellor of the University of Hertfordshire, Quintin McKellar, and he has set up a new science advisory committee, which is another strengthening of our governance. We now have four very experienced non-exec directors.

We have also established a finance and performance committee so that, rather than just relying solely on the work of the audit committee or the whole board, every month, David and I meet with the finance staff and with performance staff to go through in detail any concerns we have looking at the issues. The controls and the governance now in place are very much stronger than they were two years ago.

Q39 Neil Parish: I think you have probably answered my second question, but I do not know whether you want to add anything. Why did past weakness in internal control arise and how have they been addressed? I think you have covered most of that. Is there anything else you want to add on that?

Tony Foster: I would say that, on the merger of the two agencies, we had the problem of two completely different accounting systems and we had the issue of finance staff who were very capable of running an individual agency, but they had an added problem of trying to merge these two accounting systems, which had to be done and was done. As a result, we

have very much strengthened the number, qualifications and experience of the finance staff. We also brought in a fully qualified director of finance, who has made a big difference, personally as well as in recruiting staff, in the implementation of internal controls. We have also strengthened our oversight of our internal auditor, which was a relatively small firm called—

Chair: I am sorry; we are really going to have to keep these questions very short. We are going to have another vote. We do want to get through a lot this afternoon.

Tony Foster: No problem.

Q40 Neil Parish: Thank you for that. Just on the final part of the last question, is the improved internal control system mentioned in your 2013 annual report now in place? I think that probably is the case. How will it prevent a repeat of the health and safety failings we have witnessed over the past few years? Are you satisfied that all health and safety risks are now appropriately controlled?

Chris Hadkiss: On the health and safety issue, when I joined, we were facing a Crown censure from the Health and Safety Executive. There have been a large number of changes to health and safety, including the recruitment of a corporate health and safety adviser, who answers directly to me. I am very clear that health and safety is my top priority at the Agency, so we have a cultural programme, lasting two to three years, with a lot of detail. There is very good evidence that health and safety have significantly improved. I would point to evidence from HSE's comments that note a dramatically improved situation, and audits that support that as well. We see an increase in reporting of incidents, which reflects greater awareness, and near misses. Although we deal with a very dangerous area in our containment facilities and the nature of our job, I generally believe we have put an enormous amount of effort—

Chair: I am sorry; you are going to have to keep your answers shorter otherwise we are not going to get through. Thanks very much.

Q41 Richard Drax: On to your audit committee, I am not quite sure—I have got a little bit confused—but you may have already answered this question, unless you were talking about another different audit. To you, Mr Foster, the self-assessment exercise by the Agency's audit committee revealed that the committee's effectiveness required strengthening. What went wrong and what measures had you taken to strengthen the committee's effectiveness?

Tony Foster: As I said before, the experience was diffuse. I was a non-executive director who was also Chairman. The other two members were not non-exec directors. We have now changed that: all three members are non-exec directors, with an additional chartered accountant, David Hughes, who is much stronger and more experienced, spending much more time on the issue.

Q42 Richard Drax: In March, the Treasury announced it was fining Defra £102,000 for a breach of the rules on off-payroll engagements by your Agency. Why did this happen and what steps will be taken to avoid fines for similar breaches of the rules in future?

Chris Hadkiss: Briefly, the finance director who had been employed to deal with the NAO situation, the qualification of accounts, was employed on a fixed-term employment. Through the CEO exchange, with myself coming in as CEO, we managed inadvertently to exceed the Treasury guidance on the length for which an FTE could be allowed. That related

to possible tax avoidance. We provided specific assurance to the Treasury that tax avoidance had not been the case in this instance, and the Permanent Secretary wrote to the Treasury expressing our apologies and explained the situation in full. A fine was unfortunately raised against Defra, as a result of that transgression.

Q43 Chair: Can we have an assurance it will not happen again?

Chris Hadkiss: To answer your question, yes. Defra, organisation-wide, has now put in a system to flag to managers, in advance, before the upcoming expiry of an FTE situation, so it cannot occur. We did not have that flag system and unfortunately we were in that position before we learned of it.

Q44 Chair: Do you have a policy on bonuses for staff?

Chris Hadkiss: We do not have bonuses at the moment at all.

Q45 Chair: That is probably understandable. The AHVLA told the Committee in February 2012 that the issues relating to the single integrated IT system, called Sam, would be resolved, yet we hear that they are continuing. When might we see an end to the problems with the IT system that you are using?

Chris Hadkiss: The Sam project is nearly finished. Version 8 has been issued. At version 6 there was a significant issue, which was public and caused a loss of confidence in the system. There were two issues: in December, there was a lack of availability in the system, which has been resolved; and in January, we discovered a fault with the statistics, which derived from version 6 again, a fault that goes back two years. To answer your questions, we have been in conversations with IBM about rectifying that quickly and effectively. That has been done, but there is a need with Sam to look at the user experience, in terms of speed and availability. There is a project at the moment ongoing within Defra to address that now.

Q46 Chair: We are not expecting any further changes to the IT system.

Chris Hadkiss: Version 8 of Sam will deal with disease outbreak checking and then the system is stable. If there are any changes in the future, they will be designed to enhance the user experience, in terms of speed and ease of access. There may be changes, but not to the fundamental engine or data, no.

Q47 Chair: Have you had complaints from vets or farmers?

Chris Hadkiss: Yes. We have 98% of vets now registering electronically with the Sam system, which has been a tremendous success. We do have complaints about accessibility—the downtime the system had before December particularly, and a general frustration that the system is probably not as user-friendly as people are used to dealing with, with online systems in the modern day. I accept that and we are trying to do something about those interfaces to make them more friendly.

Q48 Chair: Is it online only? They cannot submit paper.

Chris Hadkiss: They can submit. We are pressing very hard, by a digital by default agenda, that we require really Sam to deal with all TB testing. As we go towards the new tender I have described, it will be a requirement to only interface electronically.

Q49 Chair: It is just that, in January, you identified a problem with recording data, which meant that the number of herds not officially TB-free, due to a bovine TB incident, had been significantly overstated since September 2011. That was a fairly significant error.

Chris Hadkiss: That was my mention in passing of the error that went back to version 6 again.

Q50 Chair: Why do we keep changing the versions? Can we not hit on a version that works?

Chris Hadkiss: Version 6 identified a number of issues that were thought to be resolved. Mostly they were. This issue did not emerge until January. It was the production of a statistic from the data. It took time to emerge, because it was a cumulative problem.

Q51 Chair: Could you give us an assurance this afternoon that the problems that are ongoing with the IT system will be resolved before the new procurement model for the supply of OV services is introduced?

Chris Hadkiss: I can assure you that those systems will be resolved. The link to the new services is critical and needs to be developed for the tender to work. There is programming work in hand at the moment to do a deeper dive into this, in terms of any other issues that we have not yet discovered.

Q52 Chair: Could I just finally turn to communication problems and maladministration? There have been complaints from the members of the NFU, CLA and just the farming community generally of communication problems, maladministration and absence of expertise in parts of the Agency. Why have customer service standards not been higher?

Chris Hadkiss: We just carried out an independent survey by a company called ORC that looked at our stockholders' community. 400 people were looked at in a cross-section there, and 80% of those people were either satisfied or very satisfied with the service. The average score was 7.4. That equates to most Government services. I do not think it is a question of maintaining service; it could always be better of course, but it is not notably weak.

The issue for the Agency is that we deal with about 2,000 calls a week, which vary in content from pet passports to TB issues. We try to use the webpages to support people, but the reality is that people prefer to talk to an individual. That is quite onerous on us. We also find, increasingly, we need to explore social media such as Twitter, which is becoming more and more a means that the public wants to communicate by.

Q53 Chair: I will just relay to you a couple of issues: farmers saying that it is often unclear or uncertain about whom they should be corresponding with at the AHVLA; that they have a routine issue to resolve and they do not know who the main contact is within the region; that they find it difficult to navigate the whole system and are left frustrated by the laborious process.

Chris Hadkiss: I accept that. As part of the survey that was done, we have asked the same company to go back and to reinvestigate the point made on communication. We intend to put in a programme of work to address it. We clearly need to understand what the frustration is. Generally, I accept the point entirely, but, in terms of specifics, we need to be clear on what the way forward is.

Q54 Chair: Who checks the advice? Another example is that someone in the South West, who had a number of TB-reactor cattle, was given all the relevant paperwork, then informed that compensation would be made payable only if the carcasses were found to have no lesions at the abattoir. Apparently that was incorrect advice, so how are we actually ensuring that these mistakes are not made?

Chris Hadkiss: It is by bringing that advice into the light, which is one of the problems of dealing with such a large volume of correspondence. We need to be very efficient in how we deal with it. Part of the answer is to use our web presence more, in terms of publically available information that is consistently available and easily available.

Q55 Chair: If you take the example of the CSA, it is notable that the former Chief Executive of the CSA is now the Chief Exec of the RPA and he has turned that ship around considerably. What they did, as I understand, was to provide a single accessible point of contact for queries and for cases. You either have one person responsible for all cases of that type or particularly one person responsible for a case. Are we any closer to achieving that?

Chris Hadkiss: I will certainly consider a call centre of that type, certainly, going forward as a solution. I do think the spread of the questions we are asked is wider than that of the RPA, but if there is an opportunity of doing that sort of consolidation, we will certainly do it. Yes, it is an issue that I need to address, going forward.

Q56 Chair: Are you saying, Mr Hadkiss, that the problems relate to the breadth of the remit or are they related to the fact that you have restructured and probably lost some key posts?

Chris Hadkiss: No, I think it is the breadth of the remit. The complexity of the questions we are asked and the specificity are not easily dealt with. RPA, with all due respect, has a very defined set of questions that usually come up. We can deal with those and, as I said, 80% of the time we do. My own office, the corporate office, deals with 1,500 pieces of correspondence a year, which are normally bespoke answers. It is a resource issue. I do not think just putting people on this is the right answer. They need to be, as you said, experienced, competent people. What we need to do is look at the regional requirement of advice and make sure it is correct.

Q57 Chair: You do not operate as a call centre as such.

Chris Hadkiss: Not at the moment, no.

Q58 Chair: Might you consider that as good practice?

Chris Hadkiss: I might consider it, yes. There is a cost issue in terms of that and there is an opportunity through our internet to do it. We do provide 24/7 urgent cover very consistently. We are talking about more routine inquiries, which may be as simple as: "How do I get a pet passport?" It is not a very efficient use of our time, our experts' time, to answer such questions. I do want to concentrate on the issues that really need personal involvement. There is a preference to talk to an individual, rather than to read a website, and that is one of the issues.

Q59 Chair: How can you assure us that you are going to have a responsive, efficient and high quality service on the resources and funding that you have available?

Chris Hadkiss: I give you an assurance that we will follow up the work that has been done, your comments and the ORC survey specifically. We will put a programme of work in to address this and improve it.

Chair: We would like to thank you for being so generous with your time and for being so honest, open and full in your answers. As Mr Williams identified, you are taking on more responsibilities with FERA—or Mr Drax; I forget who. We thank you for the work that you do. We do think there is room for improvement and we look forward to having you again before us to note that improvement has been made. Thank you very much indeed for being with us this afternoon.