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Committee of Public Accounts

Redevelopment of Defra's animal health infrastructure

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to the report*

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The Committee of Public Accounts

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Summary

Animal diseases pose a significant threat to UK health, trade, farming and rural communities. We are concerned that the Government is not sufficiently prioritising this threat. The UK's main animal health facility at Weybridge has been left to deteriorate to an alarming extent. The risk of a zoonotic (animal sourced) disease is real and the consequences can be devastating as the Foot and Mouth disease outbreak in 2001 and most recently Avian Influenza have shown. COVID-19 has also highlighted the breadth of impact a zoonotic disease outbreak can have across society. Currently the UK faces threats from on-going diseases such as Bovine Tuberculosis, new potential diseases such as African Swine Fever, and diseases affecting domestic pets including rabies.

The Animal and Plant Health Agency's (APHA's) Weybridge site is the UK's primary science capability for managing threats from animal diseases. The Department for Environment, Food & Rural Affairs (the Department) has comprehensively failed in its historical management of the Weybridge site, which has deteriorated due to inadequate management and under investment. This has left the site vulnerable to a major breakdown which would severely impact the APHA's operations including its ability to effectively respond to disease outbreaks. The APHA is confident it could currently respond to a Category 3 animal disease outbreak (the middle category on a scale from one to five), but could only do this by pausing some of its important research due to limited laboratory capacity at Weybridge. However, it would struggle with higher category outbreaks, or more than one outbreak at the same time.

The Department's Weybridge redevelopment programme is currently estimated to cost £2.8 billion over 15 years, though HM Treasury has not yet agreed to fund this in full. The Department has found it challenging to quantify and value the benefits of the Programme and there remains significant uncertainty over the Department's cost estimate. Failure to secure adequate additional funding would mean revisiting the scope of the Programme and the extent of redevelopment at Weybridge.

The Weybridge redevelopment programme is high risk with a major redevelopment taking place on an important operational site. While the Department has now got many of the right elements in place for managing the Programme, it still needs to ensure it has appropriate staff capability and capacity to manage the Programme effectively, including particularly the commercial risks.

Introduction

Animal disease outbreaks have major impacts on farmers and rural communities, and the UK food industry and trade. This has been demonstrated by outbreaks such as Bovine Spongiform Encephalitis (BSE), Foot and Mouth disease and most recently Avian Influenza. The National Audit Office estimated that the 2001 Foot and Mouth Disease outbreak cost the public sector over £3 billion and the private sector over £5 billion based on prices at that time (respectively over £4.6 billion and £7.7 billion in 2020–21 prices). Some impacts are not quantifiable such as the mental health effects in rural communities. COVID-19 has highlighted the breadth of impact a zoonotic disease outbreak (diseases that can be transmitted from animals to humans) can have.

The Department for Environment, Food & Rural Affairs (the Department) leads government policy on animal health in England. The APHA is an executive agency of the Department and is responsible for the delivery of the Department's policy objectives in this area. The APHA investigates and responds to emerging animal disease outbreaks, as well as undertaking long-term research into animal diseases. The APHA's Weybridge site is the UK's primary science capability for managing threats from animal diseases. Following a long period of inadequate management and under investment in the Weybridge site, the Department has put in place its Weybridge redevelopment programme. The Department's current estimate is that the Programme will cost £2.8bn over 15 years.

Conclusions and recommendations

1. **We are greatly concerned that the UK government is not sufficiently prioritising the threat from animal diseases.** Animal diseases pose a significant threat to the UK. The 2001 Foot and Mouth Disease outbreak was devastating for many farmers and also for wider rural communities. To support UK trade in animals and animal products, it is vital that there is confidence in the UK's ability to respond to animal disease outbreaks and in its on-going surveillance activities. The UK faces threats from: on-going diseases such as Bovine Tuberculosis; new potential diseases such as African Swine Fever; and diseases affecting domestic pets including rabies. The COVID-19 pandemic has also highlighted the impact a zoonotic disease outbreak can have. We are concerned that the Government's National Risk Register only ranks the impact of animal diseases as Category C, the middle ranking on a five-point scale A to E, despite the scale of potential economic and social impacts of animal diseases so starkly set out during our evidence session. The Department's inadequate long-term management of the Weybridge site demonstrates that it has not viewed animal disease as a high enough priority, but we also think the Department has not had a strong enough voice in government to stress the seriousness of the threat.

Recommendation: *The Department must be more effective in highlighting the significant threat from animal diseases and ensure that the next update to the National Risk Register adequately reflects the seriousness of this threat.*

The Department should also write to the Committee after the next National Risk Register update and explain the rationale behind the new ranking for animal diseases.

2. **The Department has allowed the Weybridge site to deteriorate to a completely unacceptable degree, through a combination of inadequate management and under investment.** The Department has not managed the Weybridge site as an important national asset. It has not had a long-term strategic plan for the site and has under invested in its infrastructure. The Department managed the Weybridge site simply as a property asset, not recognising the importance of the science undertaken at the site. For example, the Department consolidated its facilities management contracts in 2009 to cover a large part of its estate including Weybridge, but the contract was not suited to the specific requirements of a high containment science site such as Weybridge. Historically, the Department has not invested enough staff resources in managing the site and to understand the site's requirements. Despite recognising the deteriorating condition of the Weybridge site in 2015, the Department has taken a considerable time to get a redevelopment programme up and running.

Recommendation: *The Department and HM Treasury must learn lessons from Weybridge and ensure that the situation is not repeated with the Department's other key infrastructure or more widely across the UK's important national infrastructure. The Department's Treasury Minute response must include details of how it is implementing an asset management strategy for the Weybridge site and how it is implementing lessons learned in developing its new facilities management contract.*

3. **The Weybridge site is continually vulnerable to a major breakdown which would severely impact the APHA's operations including responding to disease outbreaks.** The Department and the APHA rate the risk of a major breakdown of facilities at the Weybridge site as high. The potential risk was illustrated by a 2014 generator failure which led to a loss of power to some of the high containment buildings. The APHA does have contingency plans in place, but a major breakdown could result in it taking longer to do surveillance testing during a disease outbreak. It would also need to prioritise disease outbreaks over other work such as its important research programme. The Weybridge site has over 1,000 'single points of failure' that would cause a major disruption to operations. With the Weybridge redevelopment programme not due to be completed until 2036, the Department is looking to manage the risk of breakdown in the shorter-term through: a critical works 'patch and repair' programme; increasing its staff resources to manage the site; and putting in place a more appropriate facilities management contract.

Recommendation: *As a matter of urgency, the Department and the APHA need to stress test their contingency plans for a major breakdown at the Weybridge site and how they would cope with a significant animal disease outbreak which coincided with a major breakdown. In its Treasury Minute response, the Department should provide assurance about the strength of its contingency plans.*

4. **It is not yet certain that there will be sufficient investment in developing Weybridge's capacity to ensure the UK's long-term resilience to animal diseases.** It is vital that the UK has the right science facilities to ensure its long-term resilience to animal diseases. The APHA is confident it could respond to a Category 3 animal disease outbreak (the middle category on a scale from one to five) such as the recent Avian Influenza outbreak, but can only do this by pausing some of its important research due to limited laboratory capacity. However, it would struggle with higher category outbreaks, or where outbreaks happened concurrently. The UK's current laboratory capacity for the highest containment level (ACPD level four) is very limited and cannot undertake testing and research on large animals. HM Treasury has approved funding of £1.2 billion for the Weybridge redevelopment programme including £200 million up to 2024–25. This compares with the Department's current cost estimate of £2.8 billion. Failure to secure adequate additional funding at the next stage in 2024 would mean decisions needed to be made about the scope of the Programme and the extent of redevelopment at Weybridge. The Department is finding it challenging to quantify and value the benefits of the redevelopment programme such as the economic benefits of science investment.

Recommendation: *The Department needs to work with HM Treasury to establish a more certain funding position for the Weybridge redevelopment programme. In doing this, the Department will need to improve its understanding of the benefits of the programme to support the investment case. In addition to its Treasury Minute response, the Department should provide the Committee with a further update on the status of Weybridge's funding shortfall by Summer 2023.*

5. **There remains substantial uncertainty over the costs of the Weybridge redevelopment programme.** In developing its Programme Business Case the Department did more detailed work to understand the costs of the Programme. This increased its cost estimate from £1.2 billion in its Outline Business Case (March

2020) to £2.8 billion. The Department acknowledges there remains substantial uncertainty over its cost estimate and it has continued to develop the estimate by, for example, undertaking building condition surveys and developing its sustainability plans. It is using the period up to its next Programme Business Case in June 2024 to increase its confidence in the cost estimate. The Department has included a substantial allowance for inflation in its current cost estimate, but plans to revisit this in 2024. Despite the uncertainty over its cost estimate, the Department has used a single point estimates, rather than ranges which would be best practice, to set out the costs in its 2021 Programme Business Case.

Recommendation: *The Department needs to continue to develop its cost estimate and be clear where, and how much, uncertainty remains. This should include the use of cost ranges to illustrate the level of uncertainty.*

6. **There is a risk that the Weybridge redevelopment programme will not have sufficient staff capability and capacity to manage the Programme effectively.** The Weybridge site is nationally important in the UK's defence against animal diseases. The Department confirmed that the Weybridge redevelopment programme is a high priority for staffing. However, the National Audit Office highlighted the challenges the Department is having recruiting staff to some of the more specialist technical, engineering and programme delivery roles. At the same time, the Government has asked departments to draw up plans to reduce staff numbers. The Department is still drawing up its plans for how it might reduce staff, but is already limiting its recruitment. It is not yet clear how the Department is going to manage an overall reduction in staff numbers while needing to recruit experts to ensure the effective management of the Weybridge redevelopment programme.

Recommendation: *The Department needs to ensure that it has the right staff capability and capacity to deliver the Weybridge redevelopment programme. It should report back to us once it has finalised its wider plans for staff reductions setting out how it plans to ensure it has the staff it needs to deliver the Programme.*

7. **The redevelopment of Weybridge is a large construction programme with a range of commercial risks that will need careful management.** The Weybridge redevelopment programme will have a range of contracts covering professional services and construction. The Department recognises the challenges of integrating a large number of contracts. It is looking to minimise these where appropriate and also to building up its capability to manage and integrate the contracts. The Department is also concerned about the risk of a lack of contractor appetite to bid for the main construction contracts. It has done some market engagement and has employed consultants to help gauge the capacity and appetite of the market, but recognises it needs to do more. The Department has looked to learn lessons from the commercial aspects of other major programmes such as Crossrail and says that it will finalise its commercial strategy for the Programme soon.

Recommendation: *The Department should report back to us in six months on progress in developing its commercial strategy and specifically on how it:*

- *intends to structure its contracts and manage their integration effectively;*
- and*

- *will ensure there is adequate competition for the main construction contracts.*

1 The UK's resilience to animal diseases

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department for Environment, Food & Rural Affairs (the Department), the Animal and Plant Health Agency (APHA) and the Chief Veterinary Officer of the United Kingdom.¹

2. The Department leads government policy on animal health in England. The APHA is an executive agency of the Department and is responsible for the delivery of the Department's policy objectives in this area, as well as providing services to the Scottish and Welsh Governments, other government departments and a range of other customers. It aims to investigate and respond to emerging animal disease outbreaks, as well as undertaking long-term research into animal diseases. It supports the trade in plants, animals and associated products through certification, audit and inspection. The APHA supports import controls on animals, plants, seeds and products of animal origin.²

The threat from animal diseases

3. The UK has suffered a number of animal diseases outbreaks including Bovine Spongiform Encephalitis (BSE), Foot and Mouth disease and most recently Avian Influenza. The National Audit Office highlighted the devastating effect the 2001 Foot and Mouth disease outbreak had on farmers, the rural economy and parts of the tourist industry. It estimated that the outbreak cost the public sector over £3 billion and the private sector over £5 billion based on prices at the time of the report (respectively over £4.6 billion and £7.7 billion in 2020–21 prices).³ The Chief Veterinary Officer further highlighted the impact of the outbreak, with millions of animals culled, mental health implications for farmers and memories of those events still strong in local communities today.⁴

4. The Chief Veterinary Officer set out the continued threat to the UK from animal diseases. For example, Bovine Tuberculosis is the largest endemic animal disease in the UK and has a huge impact on the farming industry, as well as on UK trade. The Chief Veterinary Officer highlighted the on-going work at Weybridge to control this disease including the development of a vaccine programme.⁵ The Chief Veterinary Officer confirmed that African Swine Fever is in Europe and there is currently a medium risk that it will enter the UK. Entry into the UK would have a devastating impact on the pig industry with exports having to stop.⁶ As well as threats to farm animals, animal diseases such as rabies can affect domestic pets. The Chief Veterinary Officer described the work that is currently being undertaken to support Ukrainian refugees coming into the UK with their pets. Rabies is endemic in Ukraine with approximately 1,000 cases a year.⁷

5. The Chief Veterinary Officer also highlighted the growing number of zoonotic diseases (diseases that can be transmitted from animals to humans) we are seeing across the world including: Severe acute respiratory syndrome (SARS); Middle East respiratory

1 C&AG's Report, *Improving the UK's science capability for managing animal diseases*, Session 2022–23, HC 64, 15 June 2022

2 C&AG's Report, para 1.3

3 C&AG's Report, para 1.2

4 Q 25

5 Q 64

6 Qq 25–26

7 Q 65

syndrome (MERS); and the Zika virus.⁸ COVID-19 has highlighted the impact a zoonotic disease can have. The National Audit Office's COVID-19 cost tracker shows an estimated lifetime cost of government spending as a result of COVID-19 of £376 billion as at June 2022.⁹

6. The impact animal diseases have on trade can be significant. The Chief Veterinary Officer explained that it is important that trading partners have confidence in the UK's ability to manage disease outbreaks and also in its on-going surveillance activities. This gives them confidence that UK exports of animals and animal products are being tested against international standards.¹⁰

7. We drew attention to our concern that the risk from animal diseases does not appear to be adequately recognised across government and that there appears to be scope for it to be a higher priority.¹¹ The UK Government's 2020 National Risk Register ranks the impact from animal diseases at Category C, the middle ranking on a five-point scale A to E. The severity of impact indicators for Category C include, for example, economic impacts of between £100 million and £1 billion.¹² This seems at odds with the stark description of the threat and economic and social impact from animal diseases set out by the Chief Veterinary Officer. The economic cost from the 2001 Foot and Mouth disease is estimated at around £12 billion in 2020–21 prices.¹³

8. While the APHA and the Chief Veterinary Officer said that animal diseases had not gone down in their priorities, the Department and the APHA said that animal disease is one amongst a range of national risks that need to be managed.¹⁴ The Department stated that it thought there was a good understanding across government of the threats posed by animal diseases and zoonotic diseases, and that it will continue to have conversations across government to ensure this understanding is maintained. However, we remain concerned that the Department's animal disease and public health voice across government is not strong enough.¹⁵ The deterioration and delayed redevelopment of the Weybridge site also suggests that managing the risks from animal diseases has not historically been given the necessary priority.¹⁶

The historical management of the Weybridge site

9. The APHA's Weybridge site is the UK's primary science capability for managing threats from animal diseases. It houses 98% of the APHA's high containment laboratories. It is the APHA's main site for running long-term animal health studies and the only facility equipped to deal with most zoonotic diseases.¹⁷ The Chief Veterinary Officer explained that the site is not only important for responding to animal disease outbreaks, but also

8 Q 2

9 National Audit Office, COVID-19 cost tracker, June 2022.

10 Qq 2, 26

11 Qq 66–67

12 HM Government, *National Risk Register – 2020 edition*, 2020

13 Qq 25–26, 64–65; C&AG's Report, paragraph 1.2

14 Qq 63, 66–67

15 Q 66–67

16 Qq 4, 10–11

17 C&AG's Report, para 1.4

for the ongoing surveillance to detect animal diseases. She highlighted the increasing requirement to provide confirmation to trading partners that animal and animal product exports have been tested to international standards.¹⁸

10. The Chief Veterinary Officer and the APHA emphasised that the Weybridge site is also the centre for an important programme of research.¹⁹ There are currently seven research programmes at Weybridge. These programmes include the development of a Bovine Tuberculosis vaccine and a test to distinguish between infected and vaccinated animals which is critical to the vaccine rollout. It also carries out research into antimicrobial resistance.²⁰ The Chief Veterinary Office also explained how animal health laboratories are the first line in investigating the role animals are playing in the increasing number of zoonotic diseases (diseases that can be transmitted from animals to humans) we have seen in the last 10 years including Severe acute respiratory syndrome (SARS), Middle East respiratory syndrome (MERS) and the Zika virus.²¹

11. The Department recognised that it had failed to manage the Weybridge site properly given its importance as a national asset. It said that it had approached the management of the site as if it was just a property asset, and had not recognised the wider importance of the science capability and the elements that are required to support that. The Department also confirmed that there had been a lack of investment during the 2000s.²² The National Audit Office highlighted that the Department had not had an appropriate strategy in place to manage the site over the past 20 years, or regular consideration of the strategic management of Weybridge at its board. It also highlighted the lack of investment in laboratory capacity and on-going maintenance.²³

12. An illustration of the poor long-term management of the Weybridge site is the inappropriate facilities management contract. The Department explained that in 2009 it consolidated a number of facilities management contracts across its estate resulting in one contract covering a large part of its estate including the Weybridge site. The Department stated that while this did result in some improvements and cost savings across its estate, the contract was not suited to the specific requirements of a high containment science site such as Weybridge. For example, the National Audit Office highlighted that the contract did not have suitable key performance indicators for a high containment science site. The Department confirmed that this added to the decline of the Weybridge site.²⁴ The Department stated that it had not provided enough staff to manage the site and the facilities management contract. Prior to 2016, it had less than five people involved in managing the site which was not enough for a site of that complexity.²⁵

13. We questioned the Department about why it has taken such a long time to put in place a redevelopment programme for Weybridge given the importance of the site. The Department explained that it first recognised there were significant problems in 2015 after a number of issues had arisen on the site. This led to a range of critical work being undertaken between 2015 and 2017. In doing this work, it became clear that a more

18 Qq 2, 26

19 Qq 8, 19–20, 25

20 Qq 19, 28, 64

21 Q 2

22 Qq 4, 10–11

23 C&AG's Report, paras 1.7, 1.9, 1.12

24 Qq 4, 10, 12–13; C&AG's Report, para 1.15

25 Qq 10, 11, 18

strategic approach was needed. It was at that point in 2017 that the Department started work on the Weybridge redevelopment programme. The Department stated that it has taken time to build the right programme to deliver the new facilities, but also to transform the way the science is done at Weybridge.²⁶

The risk of a major breakdown at the Weybridge site

14. The Department confirmed that there have not been any serious breakdowns at the Weybridge site in recent years. The last major incident was in 2014 when backup generators failed, resulting in a loss of power to some of the high-containment buildings. This could have resulted in an escape of a pathogen. Fortunately, this did not happen.²⁷ However, the Department stated that there is a high likelihood of a major breakdown of the Weybridge site and the Animal and Plant Health Agency (APHA) confirmed that the Weybridge site has significant challenges. Both the Department's and the APHA's corporate risk registers rate the risk of a major breakdown at Weybridge as very high.²⁸

15. The National Audit Office highlighted that a review of the Weybridge site in 2021 found more than 1,000 examples of "single points of failure – where loss of the system or asset will cause major catastrophic disruption to operations".²⁹ The Department highlighted the potential failure of the Weybridge site incinerator, which is a critical piece of the site's infrastructure, as a high-risk area. The Department told us that it expects to have two incinerators working independently by 2025 to increase resilience and to complete a new incinerator by 2030.³⁰

16. The Department stated that it has a structure where risks are managed across the Weybridge site through its Science Facilities Joint Management Board. It also stated that the Department's board and executive committee scrutinise the risks and mitigations at the Weybridge site. The Department said that the APHA has responsibility for ensuring that contingency plans are in place for any breakdowns at the Weybridge site.³¹ The APHA confirmed that it has contingency plans in place to respond to issues such as power outages and containment breaches and that these plans have been agreed with the Health and Safety Executive.³²

17. The Chief Veterinary Officer explained that a major breakdown, resulting in reduced high containment laboratory capacity at the Weybridge site, would make it more difficult to respond to a major animal disease outbreak. For example, a major Foot and Mouth disease outbreak would require the testing of tens of thousands of samples with Weybridge providing the capacity to do this. While the Department would still be able to confirm disease cases, it would take much longer to do the surveillance sample testing in order to confirm an area was disease free.³³ The Chief Veterinary Officer and the APHA also

26 Qq 4, 10, 11

27 Qq 14, 19

28 Qq 5, 15; C&AG's Report, paragraph 1.18

29 C&AG's Report, paragraph 1.14

30 Q 15

31 Qq 14, 18

32 Qq 7, 22

33 Q 20

explained that a major breakdown at Weybridge would mean the APHA would have to prioritise the most significant disease threats. This would impact the APHA's other work such as its long-term research programme.³⁴

18. The Department and the APHA set out how the Weybridge redevelopment programme will provide the flexible laboratory facilities to improve the UK's resilience to animal diseases in the long-term.³⁵ However, it also recognised that it needs to mitigate the risks of a major breakdown at the Weybridge site until the redevelopment is completed over the next 15 years. The Department set out a number of actions it is taking. It has put in place a critical works 'patch and repair' programme to increase resilience at the site including the incinerator development works. This critical works programme has a planned investment of £250 million between 2015 and 2025. The Department is also increasing the number of staff to manage the site including bringing in more specialist engineering expertise. The Department said it currently has 23 staff managing the site and is looking to increase that to 46 over the next year. It also said that it is replacing the current facilities management contract with a new contract in 2024 which will properly take account of the specific requirements of the Weybridge site.³⁶

34 Qq 8, 19, 22

35 Qq 3-5

36 Qq 3-4, 15, 18, 58

2 Investing in the Weybridge site

Existing laboratory capacity at the Weybridge site

19. The Chief Veterinary Officer clearly set out the importance of having modern, flexible laboratory facilities to ensure the UK is resilient to animal diseases. The Department and the APHA highlighted the importance of the redevelopment of Weybridge to ensure this long-term capacity and resilience.³⁷

20. The Chief Veterinary Officer explained that animal disease outbreaks are ranked on a scale from one to five with five being the most severe outbreak level and that the current assessment is that the UK has the capacity to cope with a level three outbreak. The APHA and Chief Veterinary Officer stated that once it goes beyond a level three outbreak, or there were concurrent outbreaks, the risks become greater and it would be a struggle to cope.³⁸

21. The APHA and Chief Veterinary Officer cited the recent example of Avian Influenza. This is likely to be categorised as a level three outbreak. While the APHA said that it had coped well in managing this outbreak it had to deprioritise its other work. In particular, it had meant delaying its ongoing research programme. The APHA set out that it currently has seven long-term research workstreams. It said that 36% of the milestones across these workstreams had been delayed due to challenges with capacity and the need to divert laboratory capacity to meet outbreak requirements.³⁹ The APHA explained the vital importance of this ongoing research in horizon scanning and keeping animal diseases out of the UK.⁴⁰

22. The Chief Veterinary Officer and the APHA confirmed that the Weybridge site does not have ACDP (Advisory Committee on Dangerous Pathogens) level four high containment laboratory facilities. This is the highest containment level relating to diseases where there is a risk to human health.⁴¹ The Chief Veterinary Officer and the APHA explained that the UK current only has very limited ACDP level four capacity at Porton Down. Due to its size, Porton Down cannot undertake testing and research on large animals. The Chief Veterinary Officer cited the zoonotic disease Hendra virus in Australia that spreads from fruit bats to horses and potentially to humans. The UK does not currently have facilities that would allow the safe testing and research into such diseases.⁴²

Funding the redevelopment programme

23. The Department started work on its Weybridge redevelopment programme in 2017, but has changed the scope of the programme over time. Its Strategic Outline Case (June 2018) and Outline Business Case (March 2020) were focused on a construction programme to replace ageing buildings at the Weybridge site. The Infrastructure and Projects Authority's (IPA's) August 2020 review highlighted that not enough attention had been paid to the non-construction elements of the programme, such as transformation

37 Qq 2-5, 20

38 Qq 21, 27-28

39 Qq 2, 19, 21, 24, 28

40 Q 19

41 Qq 20, 23

42 Qq 20, 23, 52-55

of how the site operates. Defra's Programme Business Case (November 2021) increased the scope to include wider transformation of different aspects of the operations at Weybridge including: science; digital; estates; and sustainability. The main construction elements include: building a new science laboratory hub; refurbishing some other existing laboratories; upgrading infrastructure, including utilities, waste management and roads; and other refurbishment, decommissioning and demolition of buildings.⁴³ The current estimated cost of the programme is £2.8 billion over a 15 year period, ending in 2036.⁴⁴

24. The National Audit Office set out that HM Treasury approved funding of £1.2 billion for the Weybridge redevelopment programme in March 2020, below the Department's current cost estimate of £2.8 billion. The Department confirmed that this includes agreed funding of £200 million up to 2024–25 to enable it to undertake further work to ensure its cost and benefit estimates are robust in advance of the next Programme Business Case in June 2024.⁴⁵ The Department thought that HM Treasury had a good understanding of the importance of the redevelopment programme and that further decisions on funding would be made as part of the spending review in 2024.⁴⁶

25. The Department stated that its Programme Business Case had set out a number of options about the size and number of laboratories and the level of containment. Both the Department and the APHA said that they saw ACDP level four capability as important in underpinning the UK's animal disease resilience. The APHA stated that there are always choices as you go through the process of agreeing funding and these will determine the level of risk and capability of the UK to manage animal diseases.⁴⁷ The Department stated that any changes in the scope of the redevelopment programme would need to be made by 2024 in advance of work on commercial contracts commencing.⁴⁸

26. The Department said that its Programme Business Case clearly sets out the trade and economic benefits of increasing the UK's resilience to animal diseases. However, it highlighted that quantifying and putting values to these benefits is challenging as the relationship between investing in science facilities and the benefit this generates is not straightforward. As a result, the Department has taken a cautious approach to valuing the benefits of the redevelopment programme.⁴⁹

Cost estimates

27. The Department explained that in developing the Programme Business Case for the Weybridge redevelopment it did significant additional work on its cost estimate. This was based on a more developed design for the Weybridge redevelopment than the Outline Business Case and incorporated additional elements such as transformation and more allowance for risk⁵⁰ This increased its cost estimate from £1.2 billion in its Outline Business Case (March 2020) to £2.8 billion in the Programme Business Case (November 2021).⁵¹

43 Qq 4, 11, 37, 76; C&AG's Report, paragraph 2.2

44 Q 30; C&AG's Report, paragraph 15, Figure 9

45 Qq 47–48; C&AG's Report, paragraph 20

46 Qq 48–50, 57

47 Qq 45, 52–56

48 Q 58

49 Qq 44–45

50 Qq 35, 37

51 C&AG's report, paragraph 15

28. The Department acknowledged that there remains substantial uncertainty over its cost estimate. In particular, there are a lot of risks in undertaking this redevelopment programme on an operational site and more work is needed to understand these risks and the costs of mitigating them.⁵² The Department set out some of the work it is currently undertaking to increase confidence in its cost estimate including building condition surveys and developing its sustainability strategy. It stated that it is using the period up to the next Programme Business Case in June 2024 to refine its cost estimate to ensure it is robust.⁵³

29. The Department said that its Programme Business Case had built in substantial allowance for inflation, approximately £360 million over the lifetime of the redevelopment programme. It stated that for the current phase of the programme up to 2024 it was confident it had the money it needed to do the work required and that the construction elements during this phase were relatively small scale.⁵⁴ With work on developing the main construction contracts not due to start until after 2025, the Department said that it will be its Programme Business Case in 2024 where it will revisit the main projections for inflation. It stated that it will work closely with HM Treasury and the IPA when assessing inflation and deciding the most appropriate pricing strategy to use in its commercial contracts.⁵⁵

30. The Department accepted that it had used single point estimates for its Programme Business Case cost estimate rather than ranges. The National Audit Office highlighted that the IPA considers the use of ranges as best practice. The Department confirmed that it intends to use ranges going forward for both its cost and schedule estimates.⁵⁶

52 Qq 35, 37–38

53 Qq 38, 48

54 Q 39

55 Qq 39–42

56 Q 59; C&AG's report, paragraph 3.12

3 Managing the Weybridge redevelopment programme risks

Programme risk

31. The National Audit Office found that the Department has put in place many of the elements for managing the Weybridge redevelopment programme well.⁵⁷ The National Audit Office also highlighted that the redevelopment programme is high risk due to a range of factors including: the specialist nature of the construction, involving high containment engineering; the poor documentation of the site; the complexity of managing a major construction programme while maintaining the business-as-usual operations of the APHA; and the significant potential impact of APHA's operations being disrupted.⁵⁸

Staffing

32. The Department stated that the Weybridge redevelopment programme is very high on its risk register and is part of its major programmes portfolio. As a result, it sees the programme as a priority area for staffing.⁵⁹ The National Audit Office highlighted the challenges the Department is having recruiting staff to some of the more specialist technical, engineering and programme delivery roles. The programme risk register rates the risk of not being able to recruit skilled and experienced staff as high. The reasons for this include: a limited pool of people with the specialist skills required; civil service salary limits; and headcount limits in Defra.⁶⁰

33. We asked the Department about progress it has made on the Government's request to draw up plans to reduce staff numbers and how the Weybridge redevelopment programme would be accommodated within these plans. The Department stated that it is in the early stages of its planning and is modelling some of these reductions. It told us that it is already limiting its recruitment and is looking to identify areas where critical posts are still required. The Department confirmed that it sees the Weybridge redevelopment programme as one of these areas.⁶¹

Commercial risks

34. The National Audit Office highlighted that the Weybridge redevelopment programme will have a range of contracts covering professional services and construction.⁶² The Department recognised the challenges of integrating a large number of suppliers and it told us that it has looked to learn lessons from the commercial aspects of other programmes we have reported on such as Crossrail. The Department said that there is a balance between getting the best-in-class suppliers whilst ensuring it does not end up with overly complex contractual arrangements. It said that it is looking to reduce the number of contracts

57 C&AG's Report, paragraph 23

58 C&AG's Report, paragraph 3.2

59 Q 1

60 C&AG's Report, paragraphs 3.13–3.14

61 Q 1

62 C&AG's Report, paragraph 3.15

where possible, but there will be areas where it might be preferable to split contracts. It cited the main science hub construction as an example where it is looking at separate contracts for the animal science and non-animal science elements of the construction.⁶³

35. The Department also recognised that it needs to build up its commercial capability to enable it to act as an intelligent client and to manage the range of suppliers effectively. It stated that it had been too optimistic in its assumptions about the work required to integrate suppliers and is looking to increase its commercial capability. The Department stated that ultimately it bears the risk of managing these commercial arrangements effectively and cannot transfer this to its suppliers.⁶⁴

36. The Department told us that it is concerned about the health and capacity of the market and sees a lack of supplier appetite to bid for the main construction contracts as a significant risk.⁶⁵ It said that it has done some market engagement work including issuing an information notice to the market and had undertaken a survey of suppliers resulting in a database of potentially interested suppliers. It has also had consultancy support to understand the capacity of the market and the pipeline for these type of complex construction projects. The Department felt that it had done quite a lot of market engagement, but recognised there was more to do.⁶⁶ The Department confirmed that it is still working on the commercial strategy for the Weybridge redevelopment programme, but aims to complete it shortly.⁶⁷

63 Qq 42–43

64 Q 43

65 Q 75; C&AG's Report, paragraph 3.18

66 Qq 74–75

67 Q 42

Formal minutes

Thursday 27 October 2022

Members present:

Dame Meg Hillier

Sir Geoffrey-Clifton Brown

Dan Carden

Mr Jonathan Djanogly

Kate Green

Sarah Olney

Redevelopment of Defra's animal health infrastructure

Draft Report (*Redevelopment of Defra's animal health infrastructure*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 36 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Resolved, That the Report be the Twenty-fourth of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Adjournment

Adjourned till Monday 31 October at 3:30pm

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Wednesday 13 July 2022

Tamara Finkelstein, Permanent Secretary, Defra; **David Holdsworth**, Chief Executive, APHA; **Colin Dingwall**, SRO, SCAH Programme, APHA; **Sarah Homer**, SCAH Programme Sponsor, APHA; **Professor Christine Middlemiss**, UK Chief Veterinary Officer

[Q1-90](#)

List of Reports from the Committee during the current Parliament

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5th	Local economic growth	HC 252
6th	Department of Health and Social Care 2020–21 Annual Report and Accounts	HC 253
7th	Armoured Vehicles: the Ajax programme	HC 259
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9th	Child Maintenance	HC 255
10th	Restoration and Renewal of Parliament	HC 49
11th	The rollout of the COVID-19 vaccine programme in England	HC 258
12th	Management of PPE contracts	HC 260
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14th	Investigation into the British Steel Pension Scheme	HC 251
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17th	Government's contracts with Randox Laboratories Ltd	HC 28
18th	Government actions to combat waste crime	HC 33
19th	Regulating after EU Exit	HC 32
20th	Whole of Government Accounts 2019–20	HC 31
21st	Transforming electronic monitoring services	HC 34
22nd	Tackling local air quality breaches	HC 37
23rd	Measuring and reporting public sector greenhouse gas emissions	HC 39
25th	Regulation of energy suppliers	HC 41
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1st Special Report	Sixth Annual Report of the Chair of the Committee of Public Accounts	HC 50

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25th	The Department for Work and Pensions' Accounts 2020–21 – Fraud and error in the benefits system	HC 633
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27th	Green Homes Grant Voucher Scheme	HC 635
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35th	The pharmacy early payment and salary advance schemes in the NHS	HC 745
36th	EU Exit: UK Border post transition	HC 746
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39th	DWP Employment Support: Kickstart Scheme	HC 655
40th	Excess votes 2020–21: Serious Fraud Office	HC 1099
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33rd	Covid-19: Bounce Back Loan Scheme	HC 687
34th	Covid-19: Support for jobs	HC 920
35th	Improving Broadband	HC 688
36th	HMRC performance 2019–20	HC 690
37th	Whole of Government Accounts 2018–19	HC 655
38th	Managing colleges' financial sustainability	HC 692
39th	Lessons from major projects and programmes	HC 694
40th	Achieving government's long-term environmental goals	HC 927
41st	COVID 19: the free school meals voucher scheme	HC 689
42nd	COVID-19: Government procurement and supply of Personal Protective Equipment	HC 928
43rd	COVID-19: Planning for a vaccine Part 1	HC 930

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45th	Managing flood risk	HC 931
46th	Achieving Net Zero	HC 935
47th	COVID-19: Test, track and trace (part 1)	HC 932
48th	Digital Services at the Border	HC 936
49th	COVID-19: housing people sleeping rough	HC 934
50th	Defence Equipment Plan 2020–2030	HC 693
51st	Managing the expiry of PFI contracts	HC 1114
52nd	Key challenges facing the Ministry of Justice	HC 1190
53rd	Covid 19: supporting the vulnerable during lockdown	HC 938
54th	Improving single living accommodation for service personnel	HC 940
55th	Environmental tax measures	HC 937
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