



## Public Accounts Committee

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24 May 2024

### **UKHSA health security campus**

Dear Chief Executive and Second Permanent Secretary

Thank you and your colleagues for giving evidence to the Public Accounts Committee on 13 May 2024 about the UKHSA programme to replace existing infrastructure, notably including the high containment laboratories at Porton Down and Colindale.

With the announcement of a general election and its implications for the parliamentary timetable, the Committee will not have the opportunity to publish a full report in the usual manner.

Instead, I am writing to put on record the Committee's conclusions and recommendations. I would be grateful if you could set out your response to these recommendations in a reply to our successor Committee, within two months of the new Chair being appointed.

- 1. Seven years after the £30 million purchase of a site in Harlow, it remains unclear where the UK's new high containment public health laboratories will be built.** These high containment facilities provide the UK's ability to identify, study and respond to the most dangerous pathogens in the world, and are therefore critical in ensuring the UK's public health resilience. The Health Protection Agency (HPA), a predecessor to UKHSA, first identified the need to replace them in 2006, and in 2008 they were estimated to have five years of operational life remaining. UKHSA assured us that with ongoing maintenance its current laboratories should be able to continue operating for another 15 years. At best, the programme to build new high containment laboratories will now be complete in 2036. But with work on the programme having stopped, Ministers yet to decide where the programme will continue, and no timetable for a decision on when it will restart and where, this completion date is clearly at risk. We are also concerned that UKHSA was not able to provide an accurate assessment of the cost of further delays; delays which have already had a considerable impact on the programme's estimated cost. As more time passes with no decision on this critical programme the risk of a gap in service for the UK's high containment public health laboratories grows, with concerning implications for our health security.

**Recommendation 1:** UKHSA and DHSC should set out a clear deadline for when a decision will be made on where UKHSA will build its new high containment laboratories.

2. **Despite having produced multiple business cases, UKHSA and DHSC are yet to agree the full scope of the programme or the extent to which UKHSA will work with other government departments with a need for high containment laboratories.** Cost estimates for the programme at Harlow have risen to £3.2 billion (in 2023 prices) since PHE's 2015 estimate of £530 million (in 2015 prices). Changes to the programme's scope, such as bringing in the organisation's headquarters from London have caused some of this increase and UKHSA told us that changes to technical specifications were also partly to blame, as regulations and technical changes affect the design of the new laboratories. UKHSA and DHSC acknowledge that confirming the full scope of the programme, and having rigorous processes for any proposed changes in future, will be essential to its success. Another aspect of the programme's scope that is still undecided is the extent to which other government departments that also have a need for high containment laboratories will collaborate with UKHSA on its new facilities. We know that co-location with the Medicines and Healthcare products Regulatory Agency (MHRA), for example, has been considered for over a decade with no decision yet on what that may look like.

**Recommendation 2:** UKHSA and DHSC should set out the timeline for when the full scope of the programme, including collaboration with other government departments, will be confirmed.

3. **UKHSA does not have a full grasp on the relative cost implications of the options it has under consideration, particularly the long-term implications of developing a cost-constrained option at Porton Down.** UKHSA is currently considering two main options: moving the programme to Porton Down, which it is confident would contain costs to no more than £2 billion, or continuing construction at Harlow, which has a current cost estimate of £3.2 billion. Both options are expected to deliver the same core benefits in terms of high containment laboratories. UKHSA considers that the options cannot be compared on a like-for-like basis because the Harlow option covers a wider range of capabilities, including headquarters and training facilities, while the Porton Down option only includes construction of new high containment laboratories and limited refurbishment work. UKHSA told us that the costs associated with the Porton Down option are not confirmed and accepts that more work is needed to understand the true cost of the option, and that additional investment would be needed in future. UKHSA and DHSC cannot base this crucial decision on incomplete assessments.

**Recommendation 3:** UKHSA should set out the breakdown of the costs for each of the two main options it is considering for the programme. These assessments should be clear on:

- the full scope for each option; and
- the costs associated with the Porton option for additional maintenance and modernisation in the longer term.

4. **If the programme does not progress at Harlow, at least £295 million of taxpayer money will be written off.** Up to the end of the 2023-24 financial year, UKHSA and its predecessor organisations had spent £406 million on the programme at Harlow. If the programme does not go ahead at Harlow, UKHSA expects to be able to recover costs on design work of around £40 to £50 million if the design of the main building can be recycled. This is in addition to any costs that could be recuperated through the sale of the site. However, it told us that around £295 million, currently classified as 'assets under construction' would be written off if the programme goes ahead at Porton Down.

**Recommendation 4:** UKHSA should ensure that the sunk costs of the Harlow site are fully taken into account in any decision to progress the programme elsewhere, and should minimise any future write offs or unnecessary costs.

5. **It is not clear that UKHSA has the expertise to successfully deliver this highly specialised construction programme.** UKHSA's main role as an organisation is to provide scientific and operational leadership to protect the public's health and build the nation's health security capability. As we have reported previously, UKHSA has struggled with unacceptably weak financial controls since it was established in 2021, and the Comptroller and Auditor

General has twice disclaimed his audit opinion on the organisation's annual report and accounts. The programme to replace ageing facilities at existing high containment laboratories currently has a part-time interim senior responsible owner (SRO) and has recently failed to recruit a full-time SRO. UKHSA's core capabilities are related to science and research, not to programme management, and we are concerned that the organisation lacks the expertise necessary to deliver this programme. This lack of skills and capacity is something we have seen in other government departments attempting to deliver major infrastructure projects, and it is imperative that UKHSA and DHSC ensure this programme is set up to succeed.

**Recommendation 5:** UKHSA and DHSC should commit to working with the Infrastructure and Projects Authority (IPA) to assess the strength of the programme's existing management structure and determine whether there are other delivery models that would be better placed to deliver this programme.

**6. There appears to have been no accountability for the programme's estimated costs having risen by over 500% since 2015, the completion date being at best 15 years later than initially planned and other failures in the programme's management.**

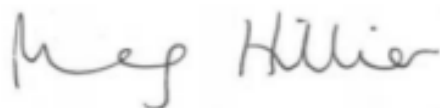
Since 2015, estimated costs for the programme at Harlow have risen from £530 million to over £3 billion. The initial £530 million figure was a serious underestimate that omitted basic factors such as contingencies and inflation and had to be revised that same year. The programme timeline has been extended continuously, with the completion date at best now 2036, 15 years later than the initial estimated completion date of 2021. UKHSA and DHSC were unable to explain to us who is responsible for the mishandling of the programme or describe any actions that were taken to hold leadership accountable when it became apparent costs and timescales were significantly overrunning. Publicly available information about the programme is scarce outside of the IPA's Government Major Projects Portfolio (GMPP) and the recent NAO report. Cost and time overruns of this nature cannot be allowed to happen in future and individuals in senior positions need to be more accountable and transparent about problems on their watch.

**Recommendation 6:**

- a) Given the history of this programme, UKHSA and DHSC should work together to conduct a thorough review of the reasons for the spiralling costs and failure to deliver, with clear identification of what has led to these overruns, who was in the responsible positions at the time, and the actions which should have been taken to prevent them.
- b) UKHSA and DHSC should specify how they will hold senior leaders accountable for delivering against the programme's timetable and budget, and what measures they will use to do so.
- c) UKHSA and DHSC should commit to providing greater transparency in their annual reports and accounts on how the programme is progressing.
- d) Given the troubled delivery performance by UKHSA, that consideration be given to setting up an entirely new delivery agency for this large, expensive nationally important departmental programme.

I am copying this letter to the Comptroller and Auditor General and to the Treasury Officer of Accounts and it will also be published on the Committee's website.

Yours sincerely



Dame Meg Hillier MP  
Chair of the Committee of Public Accounts