



Cabinet Meeting on Wednesday 19th July 2017

Public Analyst and Scientific Services

Cllr Gill Heath, Cabinet Member for Communities said,

“Testing food and products to keep Staffordshire residents and consumers safe is one of the County Council’s key responsibilities. For many years we have been one of the few Councils in the country to carry out this work in-house, using the good reputation of our laboratory to sell services to other local authorities and organisations.

“In recent years, the changing nature of this sector means that the laboratory in Stafford is losing money annually. As a well-run council we constantly review the way we work and how we can make the best use of taxpayers’ money to provide essential support and services for Staffordshire residents.

“We will, of course, continue to protect the public by providing scientific services. However, by commissioning the work from other providers, rather than doing it in-house, we can deliver the same service to the public at a lower cost.”

Report Summary: This paper is to inform Cabinet of a Review recently carried out into the Public Analyst and Scientific Services and to make recommendations regarding the future of this service

Recommendations

I recommend that:

- a. The Public Analyst and Scientific Services in-house laboratory is closed to reduce the county council’s operating costs.
- b. The County Council appoints a Public Analyst and Agricultural Analyst from any of the five remaining Local Authority laboratories or alternatively it appoints one/more employed by an approved private sector company.
- c. Those departments within the Council that currently use the in-house laboratory facility should use an external laboratory that offers the best value for money.

Local Members Interest	
N/A	N/A

Cabinet – 19th July 2017

Public Analyst and Scientific Services

Recommendations of the Cabinet Member for Communities

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- b. The County Council appoints a Public Analyst and Agricultural Analyst from any of the five remaining Local Authority laboratories or alternatively it appoints one/more employed by an approved private sector company.
- c. Those departments within the Council that currently use the in-house laboratory facility should use an external laboratory that offers the best value for money to meet any statutory obligations.

Report of the Deputy Chief Executive and Director for Families and Communities

Reasons for Recommendations:

1. The purpose of this report is:
 - a. To update Cabinet on a review carried out into the operation of the in-house Public Analyst and Scientific Services laboratory and to make recommendations regarding its future operation.

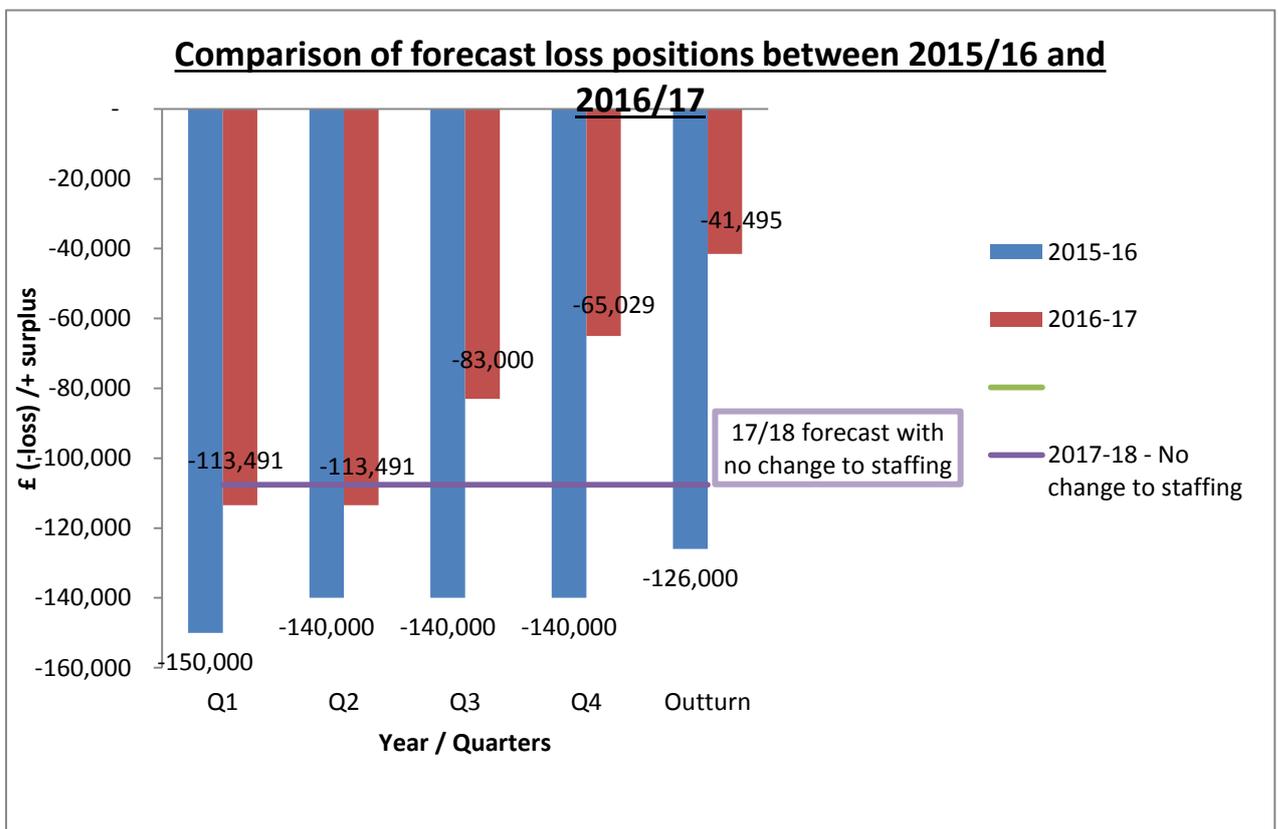
Background and Context

2. There is a statutory requirement for the County Council to appoint a Public Analyst under the Food Safety Act 1990, and an Agricultural Analyst under the Agriculture Act 1970.
3. This appointee does not have to be employed by the County Council but appointees should be equipped with the required laboratory facilities to fulfil their obligations under these statutes, namely to analyse and report on samples submitted to them.
4. Scientific Services provides Staffordshire with an in-house statutory and non-statutory testing service, and in addition it provides a service to many other local authorities, private customers and national regulators, e.g. Food Standards Agency (FSA). Work for the public sector is mainly directed towards Trading Standards departments, Environmental Health Services / Health and Safety.

5. It is not a statutory requirement for the County Council to operate an in-house laboratory and the Council pays for the testing services it uses at the market rate. Trading Standards statutory testing together with testing requirements from other departments within the county council can be procured from a number of other laboratories.
6. Across the UK, Local authority work has been in decline for a number of years and an increasing proportion of work is now carried out for private sector businesses and individuals in Consumer Goods, Food, and Agriculture sectors. Income from these private sector customers has mitigated in part the impact of the reduction in the public sector demand.
7. A number of reviews have been carried out in recent years regarding the future of the in-house laboratory and previously it was agreed that scientific services would continue to trade but that it needed to evolve to become a more commercialised operation. A small number of redundancies were made in 2014/15 and a business manager appointed to establish whether a more commercialised approach would result in Scientific Services being financially sustainable in the medium to long term. It was agreed that a further review would look at the long term future of the Service.
8. The review carried out in 2016 recommended that:
 - a. Unless the trading situation improves radically the labs are closed within 2 years.
 - b. That the labs be kept in operation for 16/17 to provide an opportunity to reverse the current financial problems.
9. When, following the horsemeat issue, the Elliott report was published in 2014, it included a recommendation that was to create a robust, sustainable public sector laboratory system that could be considered to be a national asset.
10. The six local authorities who had public analyst and scientific services laboratories, including Staffordshire, discussed options for creating a shared service but these discussions did not come to fruition.
11. In 2016, the laboratories did come together and created the Association of Local Authority Public Analyst Laboratories (ALAPAL) of which Staffordshire Scientific Services is a fully integrated partner. This Association enables collaboration and co-operation between the laboratories, providing capacity to bid for larger contracts and ability to demonstrate resilience to potential customers.
12. This has resulted in some work coming to Staffordshire from a Kent contract, however the opportunity to bid jointly for Food Standards Agency (FSA) work has not yet been forthcoming; the FSA have reduced their budgets for sampling work and have not yet committed to any tendering process for any activities.
13. The Public Analyst and Scientific staff are currently based in the laboratory in 14 Martin Street, Stafford. It employs 16 staff (14.4 fte)

Financial position

14. The service achieved a surplus of funds in the four years up until 2013/14; at this time the accumulated surplus was £265,295. However the service has made losses in each of the three years following; in 2014/15 and 2015/16 losses depleted all the surplus funds, therefore there is no remaining funding held in reserve to invest in replacement/new equipment and to manage income shortfalls.
15. A reduction in staffing numbers was made in January 2016 and this action, together with the efficiencies being driven through by the business manager, did reduce the expenditure forecast for 2016/17 and brought in income from new customers. These actions were not sufficient to return the laboratory to a break even position; however the forecasted loss was reduced and recorded a £40,000 loss for 2016/17.
16. It is anticipated that local authority customers will continue to reduce spending on analytical services again this year and this is compounded by the Food Standards Agency announcing further cuts to budgets that Scientific Service benefit from. Therefore based on the continued levels of staffing in the laboratory the outturn forecast is **£108,000 loss** based on existing staffing numbers.
17. Whilst it may be possible to mitigate the forecasted losses in the short term by further redundancies in staffing numbers, this would not be financially sustainable in the medium term. It is extremely unlikely that any reduction in staffing would deliver sufficient surplus income to allow for the necessary reinvestment in replacement equipment for the laboratory.



Risk

18. SCC will be able to appoint one or more Public Analysts and Agricultural Analysts that are employed by other laboratories. There are laboratories in both the private sector and local authorities therefore it is considered that there are no risks to the Council with regard to fulfilling its statutory obligations.
19. In addition to the in-house laboratory there are a number of other local authority laboratories that are designated by the Food Standards Agency as Official Feed and Food Control laboratories. SCC Trading Standards service will be able to procure testing services from any of these laboratories to meet statutory requirements thereby mitigating any risks from the closure of the in-house service.
20. There are a number of local authority and private sector laboratories offering the testing services carried out by the in house laboratory. Therefore SCC departments needing to procure a service will be able to secure a competitive price for any work required.

List of Background Documents:

Community Impact Assessment

Report Commissioner: Trish Caldwell

Job Title: County Commissioner Regulatory Services and Community Safety

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