

Local Members' Interest
N/A

Safe and Strong Communities Select Committee – 13th July 2017

Public Analyst and Scientific Services Laboratory

Recommendations

1. The Public Analyst and Scientific Services in-house laboratory is closed to prevent further financial losses to the Council.
2. 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 a private sector company.
3. 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 Cllr Gill Heath, Cabinet Member for Communities

Summary

What is the Select Committee being asked to do and why?

4. The purpose of this report is to update the Select Committee on a review carried out into the operation of the in-house Public Analyst and Scientific Services laboratory and to make them aware of recommendations to Cabinet regarding its future operation. The comments of the Select Committee will be reported to the Cabinet at their meeting on 19 July 2017 for them to take into account in their consideration of this matter.

Report

Background and Context

5. 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.
6. 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.
7. 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.

8. 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.
9. 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.
10. 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.
11. 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.
12. 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.
13. 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.
14. 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.
15. 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.

16. 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

17. 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.

18. 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.

19. 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.

20. 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.

21. **Link to Strategic Plan** – Protecting the vulnerable and supporting those residents who need it most to be healthier and more independent means that less funding is available for other areas

Community Impact

SCC's Priority Outcomes & Impact Areas	Impact Assessment	
	Impact: (positive / neutral / negative)	Provide brief detail of impact
Prosperity, knowledge, skills, aspirations	neutral	
Living safely	neutral	The public will be able to access a Scientific Services service (closest lab is i.54 Wolverhampton)
Supporting vulnerable people	neutral	
Supporting healthier living	neutral	The traded service currently provides testing

	Impact Assessment	
SCC's Priority Outcomes & Impact Areas	Impact: (positive / neutral / negative)	Provide brief detail of impact
		facilities for public and private sector business and individuals. There will be no direct implications on healthier living
Highways and transport networks	neutral	
Learning, education and culture	neutral	
Children and young people	neutral	
Citizens and decision making, improved community involvement	neutral	
Physical environment including climate change	neutral	
Maximisation of use of community property portfolio	neutral	The Traded service is charged use of 14 Martin St. Opportunity to use the space in the building for an alternative use
Equalities Impact	Impact: (positive / neutral / negative)	Provide brief detail of impact
Age	neutral	The traded service currently provides testing facilities for public and private sector business and individuals. There will be no direct implications on the listed protected characteristics and any amendments to the service officer will consider the legal obligations detailed in the Equality Act 2010.
Disability	neutral	As above
Ethnicity	neutral	As above
Gender	neutral	As above
Religion / Belief	neutral	As above
Sexuality	neutral	As above
Impact / Implications		
Resource and value for money (in consultation with finance representatives)	Closure of the laboratory will protect the Council from future financial losses.	
Risks identified and mitigation offered (see corporate risk register categorisation)	The Council will be required to appoint a Public Analyst and Agricultural Analyst to meet its statutory responsibility. This can be met by the	

	Impact Assessment	
SCC's Priority Outcomes & Impact Areas	Impact: (positive / neutral / negative)	Provide brief detail of impact
	appointment of alternative PA and AA from another laboratory.	
Legal imperative to change if applicable (in consultation with legal representative)	N/A	

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