

REPORT TO: POLICY AND RESOURCES COMMITTEE – 9TH MAY, 2016

REPORT ON: SCOTTISH SHARED SCIENTIFIC SERVICE

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 177-2016

1.0 PURPOSE OF REPORT

The purpose of the report is to advise the Committee of the outcome of collaborative work between Aberdeen, Dundee, Edinburgh and Glasgow City Councils on a shared service model for delivering local authority public analyst services across Scotland, and to seek its approval to proceed with further actions necessary to set up such a service, subject to the approval of a Business Plan for the service.

2.0 RECOMMENDATIONS

It is recommended that the Committee:-

2.1 Note the content of the report and;

2.2 Agree in principle to the necessary actions being undertaken to set up a Scottish Shared Scientific Service, namely:

- Determining the full financial impact on each local authority partner;
- Developing a detailed Business Plan for the new service;
- Drafting and concluding all necessary legal agreements; and
- Continuing consultation with staff, Trades Unions, and other stakeholders.

2.3 Note that a further report will be submitted to the Committee upon completion of the Business Plan for the service, whereby approval will be sought to set up the shared service.

3.0 FINANCIAL IMPLICATIONS

The Financial Implications will be detailed in the further Report to the Committee.

4.0 MAIN TEXT

4.1 Currently, the majority of local authority (LA) public analyst services are provided by 4 laboratories operated by Aberdeen, Dundee, Edinburgh and Glasgow councils. Jointly these labs are responsible for providing food safety, environmental, and consumer protection related scientific services to the 32 Scottish local authorities and other public and private sector clients. It has been determined that the current model is no longer sustainable due to reduced spend by the local authorities and the likelihood of each local authority public analyst service having to compete against each other rather than working together in a collaborative manner. In order to protect the role of Scottish public analysts' services and deliver best value for the service users, a new model of service delivery requires to be developed.

4.2 An Outline Business Case (OBC) was prepared by the Improvement Service (IS), in conjunction with officers from Aberdeen, Dundee, Edinburgh and Glasgow City Councils, at the request of the Society of Local Authority Chief Executives (SOLACE Scotland). The OBC determined that there was a case for implementing a Shared Service Model and recommended that this was taken forward for further development through a more detailed Business Case, to be approved by the local authorities.

4.3 A draft Business Case for a single Scottish Shared Scientific Service has now been prepared, which provides a structure and business strategy for a single organisation that would deliver Public Analyst and other scientific services for the benefit of Scottish local authorities and public sector agencies.

4.4 The new organisation would be a partnership of Local Authority members and provide the framework to deliver cost savings back to its partners, with a strategy for growth through the development of strategic partnerships and service reform.

4.5 The objectives of the new organisation would be to deliver sustainable, high-quality scientific analysis and advice, which supports regulatory commitments, to ensure the safety and quality of food, water, consumer products, and the environment.

This will be achieved by integrating each organisation's capability to meet the needs of customers and stakeholders across Scotland. More specifically the new service must:

- (a) Provide the platform to follow a growth strategy;
- (b) Provide value for money for its customers and stakeholders;
- (c) Be flexible and proactive in meeting future customer needs;
- (d) Have sufficient resilience for national and local 'incidents';
- (e) Be based on the principle of having a strong public sector science base and;
- (f) Minimise the risk to current service provision.

4.6 **Business Case Details**

The key benefits of the proposed Shared Service are that it would:

1. *Be wholly owned by, and accountable to its local authority partners;*

The proposed structure of the Shared Service is for a 'dual' Limited Liability Partnership model, which would allow the new service to provide core services for its local authority members, whilst maintaining and developing existing and further business opportunities with the wider public and private sector markets.

2. *Deliver savings to its partners in the region of £1.4m over the first three years;*

The Business Case sets out a mechanism for returning an element of surpluses back to the service's members through an annual discount, based on how much each authority spends with the service.

The model's savings are based on income from all the four labs. However, sensitivity analysis has been carried out, which determines that the service would be sustainable in the event of only three labs taking forward the proposal.

3. *Be committed to delivering best value analytical scientific services for its partners benefit;*

The primary objective of the service would be to deliver best value services back to its partners, whilst ensuring that an element of reserves is retained to further develop the service.

As is currently the case, the service would provide added value to its members, in comparison to the private sector, in that it would provide interpretive analysis, and be involved at all stages of the enforcement process to ensure that public safety is maintained in the areas of food, water, environment and consumer safety. This would involve working with enforcement colleagues on sampling plans, making sure that sampling is targeted and based on risk.

The service would coordinate national surveys on behalf of Food Standards Scotland (FSS) and the 32 local authorities. This includes post survey review and participation in the assessment of the national food database. Results of analysis are subject to interpretation in relation to the relevant acts, regulations and guidance documentation.

4. *Deliver further efficiencies through service reform programme;*

The projected savings which have been modelled in the Business Case are based on modest assumptions and do not take into account further efficiencies that can be realised through the delivery of a service reform programme, such as the development of a centres of excellence operating model.

The rationale behind this model is that there is currently significant duplication between the four labs which results in an underutilisation of equipment and other resources. By aggregating samples, efficiencies can be achieved by improved throughput on equipment.

This should also result in increased capacity to take on additional business.

The service's future service reform programme would include:

- Developing centres of excellence operating model;
- Organisational structure Review;
- Review of Charging Structure;
- Procurement Review, including sample transport;
- Property and Asset review;
- Developing a single Performance Management Framework;
- Develop Joint Sampling Programme;
- ICT Review and;
- Combined Quality System.

5. *Provide the opportunity for growth through generating additional business with public and private sector clients;*

The scale of local authority analyst work, not currently being undertaken by public analyst labs is in the region of £1m per annum. This is often for analysis work carried out for Property, Roads, Building or Housing services, which in some local authorities is commissioned separately from the services provided by the Public Analyst laboratories. The largest proportion of income currently comes from analysis in the areas of food, environmental and consumer safety.

Discussions with Food Standards Scotland (FSS) have indicated that there is additional work which could be delivered by a shared service and the potential that FSS may become a partner in the shared service, which would open up further opportunities for the service.

A conservative assessment of the scale of these additional business opportunities has been included in the growth assumptions.

6. *Develop partnerships with public sector organisations and academia to open up new markets for its services.*

There exists opportunities for a single Scottish service to develop collaborative relationships with other public bodies to develop new markets for its services. Discussions have taken place with both FSS and the Scottish Environmental Protection Agency (SEPA) on their future inclusion in the shared service as formal partners, which would create the potential for further opportunities through both organisations.

5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainable Development, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues.

6.0 CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this Report.

7.0 BACKGROUND PAPERS

None.

Marjory Stewart, Executive Director of Corporate Services

DATE 20th April, 2016