

<b>COMMITTEE</b>	<b>COMMUNITIES SCRUTINY COMMITTEE</b>
<b>DATE</b>	<b>12 January 2016</b>
<b>TITLE</b>	<b>Pest Control Service</b>
<b>AUTHOUR</b>	<b>Dafydd Wyn Williams, Head of Regulatory Department [Interim]</b>
<b>CABINET MEMBER</b>	<b>Councillor Dafydd Meurig</b>
<b>PURPOSE</b>	<b>To scrutinise the possible options for the future pest control service provision</b>

## **1. BACKGROUND**

1.1 As part of the Regulatory Department's efficiency savings programme for 2015-18 savings of the value of £67,000 were presented by deleting the pest control service within the Department's Public Protection Service. When the Department's efficiency savings plans were submitted to the Cabinet their decision in terms of the Pest Control Service was to ask the Communities Scrutiny Committee for clarification regarding the real impact of the main options by addressing the following questions:

- If the fee was increased to cover service provision costs, would it still be competitive with the private sector?
- What would be the effect of increasing the fee on other Gwynedd Council departments?

1.2 The intention at the time was to report on the matter to the Scrutiny Committee in November 2015, however, this was not possible due to managerial changes within the Department and the Public Protection Service and other priorities that arose as a result.

## **2. PURPOSE**

2.1 Bearing in mind the Cabinet's decision and the above questions, the purpose of this report to the Scrutiny Committee has three main elements, which are as follows:

1. Explanation regarding the nature of the pest control service.
2. Outlining and updating the Committee regarding what is under consideration in terms of efficiency savings.
3. To explain to the committee the considerations in question by the Regulatory Department to meet with the required saving.

2.2 The report will also respond to the wish of scrutiny committee members for further information, following the preparatory meeting, on four points to get a better understanding of the service and the possible impact of reducing the budget as follows:

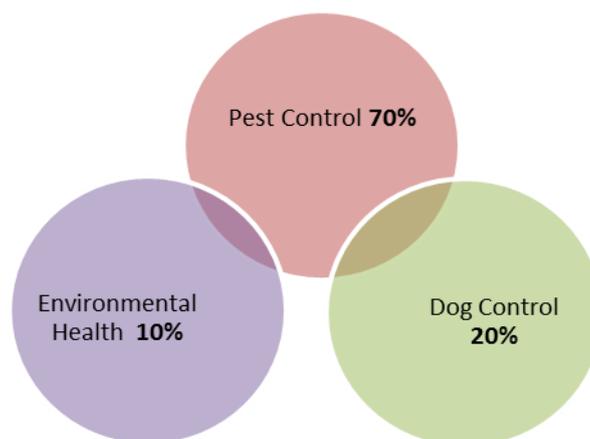
- Information regarding the different types of pests that receive attention (i.e. everyone mentions rats but a fuller picture is required of what the service is)

- A note to report if the movement to three weekly refuse collections has had an impact with an evident increase in pests in the county
- A note on the extent private provision is available that can fill any gap if the saving is achieved
- Analysis of the possibility of making the service more effective by increasing the fees

### **3. EXPLANATION OF THE NATURE OF THE PEST CONTROL SERVICE**

- 3.1 It is not a legal requirement for Local Authorities to provide a pest control service. However, under the Prevention of Damage by Pests Act 1949, it is a requirement to take necessary steps to ensure as far as is practicable, that the area is free of rats and mice. Specifically, the local authority has to keep its own property and other land in its occupation free of rats and mice. It is also a requirement to ensure that owners and occupiers of other land comply with similar duties under the Act.
- 3.2 The Pest Control Unit in Gwynedd exists within the Clients Services Unit, Public Protection. The Public Protection service employs 4 full time officers operating as Pest Control Officers/Animal Wardens. The officers spend 70% of their time providing a Pest Control Service, 20% of their time providing a statutory Dog Control service and 10% on working jointly with Environmental Health Officers on statutory matters to prevent noise nuisance and protect public health. All the costs associated with employing the officers have been shared between these work headings and are shown in diagram form in Figure 1.

**Figure 1:** Diagram indicating the work split of Pest Control Officers:



- 3.3 The unit offers a service via a contract to external and internal clients to control pests as well as a responsive service to destroy pests.

### **4. PEST CONTROL CONTRACT WORK**

- 4.1 The service has a number of contracts with external and internal clients for pest control. All the internal and external contracts are attached in appendix 1 for information and it can be seen that the unit creates an income of £25,868.08 via external contracts and £24,319.24 via internal contracts a total of £50,187.32. It should be noted that the unit does not currently advertise or market this service.

4.2 The contracts offer a pest control service to businesses and commercial institutions and to some Council institutions. It is possible to tailor a contract to meet with individual requirements and a 6 month or annual contract can be offered.

4.3 The standard contract for external institutions includes 4 monitoring visits and to deal with rats and mice, as well as 4 re-visits as required. The number of visits can be added to and the type of pests that are to be included within a contract. The contract fee varies and is dependent on the size of the site and the type of pest to be included. The contract price of a standard annual contract for a site less than 3600m<sup>2</sup> was £243.56 or £287.14 for a larger size. (Fees include VAT).

**5. PEST CONTROL RESPONSIVE WORK**

5.1 The unit offers a responsive pest control service in domestic and commercial properties for a wide range of pests.

5.2 There is much praise for this service from customers and the service aims to visit a property within three working days of receiving a request. The treatment of any pest includes a maximum of 4 treatment visits and therefore the cost of the treatment to the customer does not differentiate between the number of treatment visits required to dispose of the pest. Fees charged for responsive pest control service are shown in Table 1.

**Table 1:** Responsive Pest Control Service Fees.

<b>Pest</b>	<b>Domestic</b>	<b>Commercial</b>
Rats	£40.50	£47.49
House Mice	£40.50	£47.49
Cockroaches	£112.07	£132.10
Bed Bugs	£135.61	£159.85
Fleas	£46.27	£102.04
Grey Squirrels	£113.65	£133.98
Wasps	£49.97	£58.90
Bees	£49.97	£58.90
Ants	£49.97	£58.90
Biscuit Beetles	£49.97	£58.90
Carpet Beetles	£49.97	£58.90
Cluster Flies/Flies	£49.97	£58.90
Bookworms	£49.97	£58.90
Moths	£49.97	£58.90
Dust Mites	£49.97	£58.90

5.3 Background work has been undertaken to compare fees for pest control services across Wales. There is also information on private sector fees, however on the whole it has been more difficult to get any specifics.

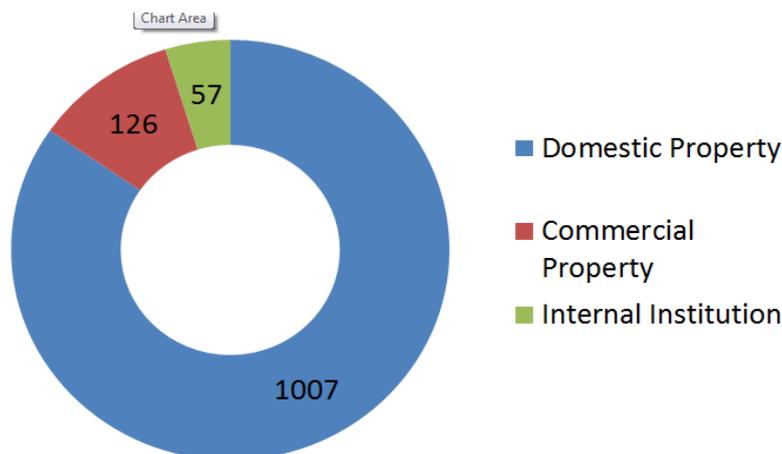
5.4 Since the private sector is fairly protective regarding what they can do for the fees they charge, it is very difficult to be specific regarding the extent available private provision can fill in any voids, if the saving was realised.

5.5 The service creates an income of approximately £34,000 annually from responsive pest control work and of course there is no certainty regarding the amount of income due to the nature of the work. Several environmental reasons increase the frequency of pests and of course a ready source of food may lead to an infestation of rats and mice. In response to a specific question from the committee requesting if the movement to a three weekly collection had an impact and increased the prominence of pests in the county, the simple answer is that the service has not seen much change in the amount of calls due to refuse collection. Unexpectedly, the biggest demand has been for a service to dispose of wasps. Table 2 gives a comparison of how often the service is called to deal with different types of pests. (The figures are in accordance with the CIPFA Regulatory Services report for 2014-15.)

**Table 2:** Comparison of the demand for pest control services in 2014-2015.

Type of pest	Request for advice	Pest Control Request
Rats	240	354
House mice	62	156
Cockroaches	3	2
Bed Bugs	7	3
Fleas	35	84
Grey Squirrels	4	2
Wasps	173	478
Bees	55	8
Ants	17	53
Other insects	56	46
Seagulls	34	0
Other	45	4
<b>TOTAL</b>	<b>731</b>	<b>1190</b>

**Figure 2:** Analysis of the 1190 requests for a Pest Control Service in 2014-15



## 6. SERVICE COSTS

6.1 The budget for the Pest Control Service for 2015-16 estimates that the costs of service provision is £144,880.

Staffing	£ 92,260
Fleet	£ 8,900
Equipment and goods	£ 14,910
Repayments	<u>£ 28,810</u>
<b>Total Cost</b>	<b>£144,880</b>

6.2 Pest Control Service income targets have been set and the target for 2015-16 was £88,590, namely £3,840 pension credit and £84,750 for service provision, split as follows:

Responsive Service - External	£31,470
Responsive Service – Internal	<u>£ 3,140</u>
	£34,610
External Contracts	£24,840
Internal Contracts	<u>£25,300</u>
	£50,140
<b>Income Total</b>	<b>£84,750</b>

6.3 Therefore, the net cost of the service for 2015-16 will be **£56,290** (£144,880 - £88,590) and therefore the unit would have to generate £56,290 additional income to be self-supporting.

6.4 It is very important to note that the figure to make the unit self-supporting is the same figure that would be saved if the unit was deleted. The unit contributes £27,850 towards the Council's central costs namely legal, human resources, service management costs etc. The Council would have to fund these services in some way and therefore the actual saving to the Council if the unit was deleted was **£28,440** (£56,290 - £27,850).

6.5 The service has striven to maintain the number of contracts in 2015-16 and by now has managed to generate 94 external contracts and 170 internal contracts. Income is expected to meet the target for the year.

External Contracts	£25,868
Internal Contracts	<u>£24,319</u>
	<b>£50,187</b>

6.6 However, the actual income generated by providing responsive services is not so dependent due to the nature of the work, however, the service manages to be very close or reach the annual target of £34,610.

## 7. EFFICIENCY SAVINGS UNDER CONSIDERATION

7.1 When the initial saving for this unit was discussed, the figure of **£67,000** was mentioned. At the time there were 5 pest control officers and one post has already been deleted from the structure as part of the Department's savings, that leaves the current situation of 4 officers.

7.2 It appears that the figure of £67,000 was calculated as the time as a figure to meet the savings for the council if the unit is deleted however as has already been explained in this report, **£28,440** is now this figure.

## **8. OPTIONS TO MEET THE SAVING FULLY OR PARTLY**

8.1 This section of the report looks at the options and analysis of the possibility of making the service more effectively by increasing the fees for it, as the committee wishes.

8.2 Before considering the possible options it is important to recognise the existing situation in terms of the efficiency saving needed to meet this further. There are two figures under consideration namely £56,290 additional income required to make the unit self-supporting and £28,440 to meet the saving if the unit is deleted.

### **Option 1: Delete the pest control service**

8.3 Deleting the total pest control service offers a saving of £28,440 to the Council. The impact of this on other sections of the Council will have to be considered. Considering the internal contracts that currently exist is there any certainty that the same service level quality will be received from the private sector for the same price? It is also necessary to consider the long-term impact of not undertaking this work, in terms of the environmental impact and the impact on residents.

### **Option 2: Review and increase the number of pest control contracts**

8.4 There has been no detailed review of the fee levels of contracts for some time and it is likely that this will require attention. In addition, the service does not advertise or market the pest control service that they offer. It is likely that opportunities are missed, especially with large organisations offering a service. The Service Senior Manager has already discussed this with more than one organisation of significant size to understand what are the opportunities and to try and come to an agreement that may be mutually beneficial.

8.5 It is also possible to review the internal service level agreement and to reconsider the fee and what is offered and these discussions are also in-going.

### **Option 3a: Raise pest control fees to be self-supporting**

8.6 The unit's income target (year 2015/16) is £84,750 with the total unit cost being £141,040. This means that the cost of £56,290 needs to be met to have the unit to be self-supporting.

8.7 During 2015/16 the income target is £31,470 via pest control fees (external), £24,840 via pest control contracts (external) with £25,300 via pest control contracts (internal) and £3,140 pest control fees (internal) which is a total of £84,750. The current income profile and the increase required to make the unit self-supporting is outlined in Table 3 below.

**Table 3:** Current income and the increase required for a self-supporting unit:

Income Stream	Target 2015/16	Increase required to reach target	Income target to be self-supporting (increase of 66%)
Pest Control Fees (external)	£31,470	£20,900	£52,370
Pest Control Contracts (external)	£24,840	£16,500	£41,340
Pest Control Contracts (internal)	£25,300	£16,800	£42,100
Pest Control Fees (internal)	£3,140	£2,090	£5,230
Total	£84,750	£56,290	£141,040

- 8.8 Meeting the new income targets would entail an increase of 66% in our fees, which would mean that the fees required for the responsive service would be as shown in Table 4.

**Table 4:** Increase in existing responsive fees of 66%:

Pest	Domestic	Domestic +66%	Commercial	Commercial +66%
Rats	£40.50	£67.23	£47.49	£82.15
Mice	£40.50	£67.23	£47.49	£82.15
Cockroaches	£112.07	£186.04	£132.10	£219.29
Bed bugs	£135.61	£225.11	£159.85	£265.35
Fleas	£46.27	£76.81	£102.04	£169.39
Grey Squirrels	£113.65	£188.70	£133.98	£222.41
Wasps	£49.97	£82.95	£58.90	£97.77
Bees	£49.97	£82.95	£58.90	£97.77
Ants	£49.97	£82.95	£58.90	£97.77
Biscuit Beetles	£49.97	£82.95	£58.90	£97.77
Carpet Beetles	£49.97	£82.95	£58.90	£97.77
Cluster Flies/Flies	£49.97	£82.95	£58.90	£97.77
Bookworms	£49.97	£82.95	£58.90	£97.77
Moths	£49.97	£82.95	£58.90	£97.77
House Dust Mites	£49.97	£82.95	£58.90	£97.77

**Option 3b: Increase the pest control fees to meet the saving of deleting the service:**

- 8.9 If the income targets and the fees increase to meet the savings figure of deleting the service (£28,440) this would mean an increase of 33% in the income target as shown in Table 5.

**Table 5:** Existing income and the increase required to meet the saving of deleting the pest control service

Income Stream	Target 2015/16	Increase required for target	Income target to meet the saving of deleting the unit (increase 33%)
Pest Control Fees (external)	£31,470	£10,560	£42,030
Pest Control Contracts (external)	£24,840	£8,336	£33,176
Pest Control Contracts (internal)	£25,300	£8,491	£33,791
Pest Control Fees (internal)	£3,140	£1,053	£4,193
<b>Total</b>	<b>£84,750</b>	<b>£28,440</b>	<b>£113,190</b>

8.10 Meeting the new income targets would entail an increase of 33% in our fees that would mean that the fees required for a responsive service would be as shown in Table 6.

**Table 6:** Increase in the existing fees of 33%:

Pest	Domestic	Domestic +33%	Commercial	Commercial +33%
Rats	£40.50	£53.87	£47.49	£63.16
Mice	£40.50	£53.87	£47.49	£63.16
Cockroaches	£112.07	£149.05	£132.10	£175.69
Bed Bugs	£135.61	£180.36	£159.85	£212.60
Fleas	£46.27	£61.54	£102.04	£135.71
Grey Squirrels	£113.65	£151.16	£133.98	£178.19
Wasps	£49.97	£66.46	£58.90	£78.34
Bees	£49.97	£66.46	£58.90	£78.34
Ants	£49.97	£66.46	£58.90	£78.34
Biscuit Beetles	£49.97	£66.46	£58.90	£78.34
Carpet Beetles	£49.97	£66.46	£58.90	£78.34
Cluster Flies/Flies	£49.97	£66.46	£58.90	£78.34
Bookworms	£49.97	£66.46	£58.90	£78.34
Moths	£49.97	£66.46	£58.90	£78.34
House Dust Mites	£49.97	£66.46	£58.90	£78.34

8.11 Whilst increasing the fees for responsive work is possible, it is likely that increasing the fees to such an extent as outlined in options 3a and 3b, will have a significant impact on the clients the service can attract and the likely result is that such an increase would have fewer clients and therefore a reduction in income.

## **9. CONCLUSION**

- 9.1 There have been changes in the pest control unit during the last 12 months that has led to part of the original saving in question being achieved. This leaves two figures under consideration namely £56,290 to make the unit self-supporting and £28,440 to meet the savings that the Council would make if this service is deleted.
- 9.2 The Department recognises that a review of the pest control fees is required as well as the fees for the responsive pest control fees.
- 9.3 It is likely that increasing the fees only will lead to less income in the end as the service will not offer value for money to the customer.
- 9.4 Discussions are being held to increase the number of service contracts as well as internal service level agreements and fees.

## **10. RECOMMENDATIONS**

- 10.1 To recognise that part of the saving has already been achieved
- 10.2 To set a new saving as a minimum of £28,440, namely the saving made if the service was deleted, but to challenge the Department to aim for £56,290 namely the additional income required to create self-supporting units.
- 10.3 Review pest control fees.
- 10.4 To market and increase the number of pest control contracts and review the existing contracts.
- 10.5 Report back to the committee within the next 6 months with robust recommendations on the structure of the new fees and realistic income targets.