

NAME OF SCRUTINY COMMITTEE	CORPORATE SCRUTINY COMMITTEE
DATE OF MEETING	16 th JUNE 2016
TITLE	The Pest Control Service
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CABINET MEMBER	Councillor Dafydd Meurig
PURPOSE	To provide an update for Members on possible options for the Pest Control and Dog Warden Service provision in future and ask them to scrutinise the options proposed to close the current financial deficit.

1. BACKGROUND

1.1 As part of the Regulatory Department's efficiency savings programme for 2015-18, a savings offer to the value of £67,000 was proposed by abolishing the Pest Control Unit, which was part of the Department's Public Protection Service at the time. When the Cabinet considered the Department's efficiency savings schemes it resolved to ask the Communities Scrutiny Committee to obtain clarity on the actual impact of abolishing the Pest Control Unit.

1.2 A report was submitted to the Communities Scrutiny Committee on 12 January 2016. The Committee was of the opinion that this was a very important service for the public and noted the following main conclusions:

- An important and necessary public service - if it would not be available from the Council there would be a risk that private companies would completely control the market and increase their prices, thus leading to a higher cost for the public.
- A reliable and quality service and the public has faith in the Council's ability to deal with such matters, often in situations that cause concern and worry to those who are living with the pests at the time.
- Supported the proposal to market the service and consider the current fees structure.
- The obligations to the health and safety of the public must be considered if the service is abolished - not just the financial considerations.
- A number of the Council's in-house services (e.g. homes for the elderly and schools), depend on the Pest Control Service - if it would be abolished, there would be a substantial increase in costs for those services and in turn would reduce any financial saving for the Council.

1.3 The main scrutiny output was a request to look at the options so as to make the service financially self-sufficient, rather than abolish it.

1.4 It was also acknowledged that abolishing the Pest Control Unit would not lead to a saving of £67,000 anyway. The Unit's financial situation can be summarised as follows:

Costs of service provision	£144,880 (including central recharges)
Income Target	£88,590
Financial deficit	£56,290

1.5 Therefore, it appears that the maximum saving available from abolishing the Pest Control Unit is £56,290. By looking at the above cold facts, it can be assumed that the deficit of £56,290 would need to be closed if the unit is to be made financially self-sufficient and generate the same sum that would derive from abolishing the unit.

1.6 Nevertheless, it must be borne in mind that the service provision costs include a contribution towards the Council's central costs, namely £27,850. Should the service be abolished, the Council would need to re-direct these central costs to other services thus this sum would not be saved in reality. Therefore, the actual saving from abolishing the service after disregarding these costs would be:

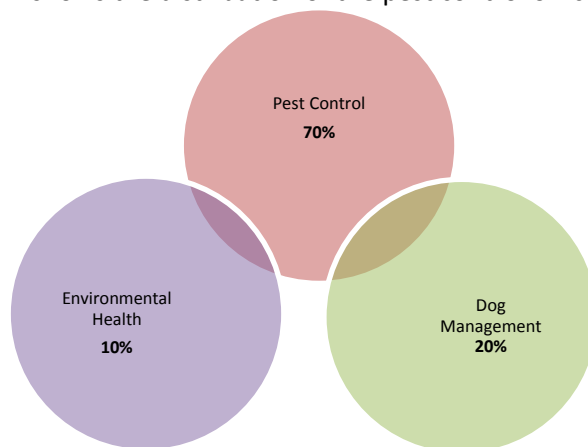
Current financial deficit (costs less income)	£56,290
less	
Central recharges that would need to be re-directed to other services	£27,850
Actual saving from abolishing the Pest Control Unit	£28,440

1.7 In accordance with the Committee’s request, this report will therefore consider options to achieve the savings that would derive from abolishing the Unit, but by making it financially self-sufficient rather than abolishing this important public service. The options will focus on seeking to achieve a minimum of £28,440, namely the actual financial saving that would derive from abolishing the Pest Control Unit.

2. AN EXPLANATION OF THE NATURE OF THE PEST CONTROL SERVICE

2.1 The Public Protection Service employs 4 full-time officers to act 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% of their time on collaborating with Environmental Health Officers on statutory matters of prohibiting noise nuisance and protection of public health. All costs associated with employing the officers have been divided between these work headings and are shown in diagram form in Figure 1.

Figure 1: Diagram shows the distribution of the pest control officers' work:



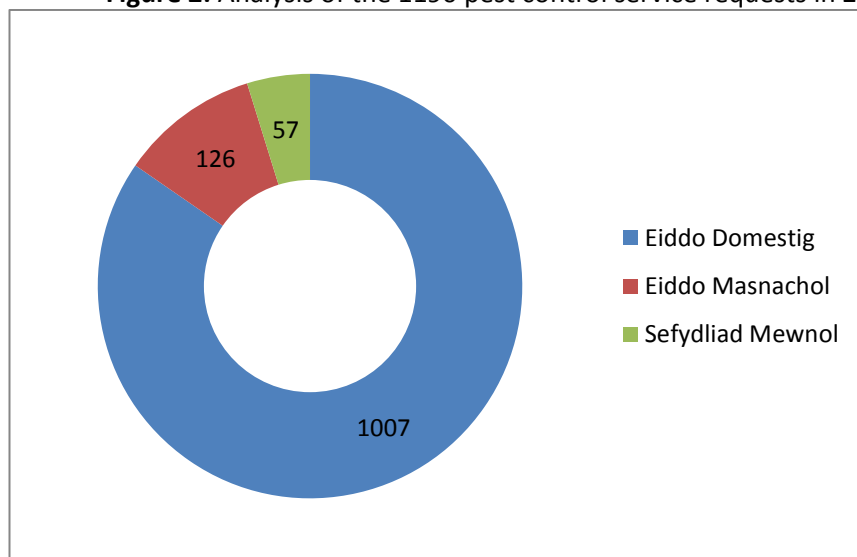
2.2 The Unit provides a pest control service by contract to external and internal clients, as well as a responsive pest control service.

- 2.3 The Unit has a number of pest control contracts with external and internal clients. An income of approximately £26,000 is generated by means of external contracts, and £24,000 by means of internal contracts, which gives a total of £50,000. It should be noted that the unit does not currently advertise or market this service.
- 2.4 The Unit also offers a responsive pest control service to domestic and commercial properties for a wide range of pests. There is high praise for this service from customers.
- 2.6 The service generates income of approximately £34,000 per annum from responsive pest control work; however, there is currently no assurance regarding the exact amount of this income due to the responsive nature of the work. The table and diagram below show further details of the demand for this service.

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
TOTAL	731	1190

Figure 2: Analysis of the 1190 pest control service requests in 2014-15



2.7 Until recently, the Pest Control Unit was within the Public Protection Service. Following a review of many work fields within the Regulatory Department, the Unit has now been transferred to the Corporate Property Service. The Property Service has experience in providing commercially based services for external clients and it already manages workforces that provide a repairs service and cleaning service. The Corporate Property Service is also one of the main customers of the Pest Control Unit as it frequently commissions work from it to protect school buildings, leisure centres, residential homes, etc. It is believed that marrying these aspects with the Pest Control Unit will offer better options in terms of ensuring a financially self-sufficient service.

3. OPTIONS TO MAKE THE SERVICE FINANCIALLY SELF-SUFFICIENT

3.1 Following the clear message expressed at the Scrutiny Committee in January, an assessment was made of the realistic possibility of meeting the saving of abolishing the Service [£28,440] as a minimum and seek to reach the figure of £56,290 to be entirely self-sufficient.

3.2 Following detailed work to consider what options are open to the Council, it is recommended that the financial deficit can be closed through a combination of the following:

- Review the fees of internal contracts
- Review the fees of external contracts
- Review the fees of responsive work
- Set a realistic income target for additional work following marketing

Review the fees of internal contracts

3.3 Except for an increase to meet inflation, the fees for annual pest control contracts with the Council's internal clients have not been reviewed for many years. Consequently, a number of them are substantially lower than what would be offered by the private market. This means that the current income level is low and that a reasonable increase can be realised as a contribution towards the financial deficit.

3.4 It must be borne in mind that internal clients would have to use private companies should the Pest Control Unit be abolished. When reviewing the current fees we have sought to strike a balance between increasing to a level that is a fair reflection of the service received, but without pushing the cost to a level that would be unsustainable to internal clients or higher than the private sector.

3.5 The second assessment of these fees concludes that an annual increase of £16,500 can be realised as a contribution towards making the unit financially self-sufficient, thus protecting its existence as a service.

3.6 In order to reach this conclusion, a corresponding price was obtained from a private company that serves the area, based on the exact buildings being served by the Pest Control Service at present.

- 3.7 The "customer" in the case of the majority of internal clients is the Buildings Maintenance Unit, which is now of course in the same Service as the Pest Control Unit. This means that we have been able to reach agreement on the new fees before submitting them as part of the solution to make the unit financially self-sufficient. In addition to this assurance, we have also been able to agree on some matters that will ensure a better level of service for the users of our buildings, e.g. ensure an urgent response to requests for a responsive service to the Council's key buildings, e.g. schools and care homes. The primary Schools will also receive one additional visit per year to what is currently offered and it will be available for work of a responsive nature.

Review the fees of external contracts

- 3.8 As in the case of internal contracts, the fees for annual pest control contracts with external clients have not been reviewed since 2011/12.
- 3.9 Once again, we have sought to strike a balance between increasing to a level that is a fair reflection of the service received, but there is a need to be aware of the risk that increasing the fees to high can lead to customers looking for a service from others.
- 3.10 The conclusion of the second assessment of these fees is that an annual increase of £6,500 can be realised as a contribution towards making the Unit financially self-sufficient and thus protect its existence as a service.

Review the fees of the responsive service

- 3.11 These fees have not been reviewed either and as in the case of the external contracts, there is a need to be careful that we do not increase the fees to a level that is too competitive or that does not offer value for money.
- 3.12 The conclusion of the second assessment of these fees is that an annual increase of £7,500 can be realised as a contribution towards making the Unit financially self-sufficient and thus protect its existence as a service.

4. ATTRACT NEW WORK THROUGH MARKETING

- 4.1 From looking at the Unit's current capacity, we are confident that more work can be achieved with the current staff Resources. Over the past months, we have reviewed our administration arrangements and have introduced a software solution that will release staff's time to focus on the day-to-day work rather than on the administration and invoicing element.
- 4.2 It is difficult to anticipate the demand in the market for this work; however we do know that the demand will increase from September onwards as legislation introduces new rules that will restrict the ability of individuals and commercial companies from using some pest control chemicals.
- 4.3 We also know that we have not marketed the Pest Control service at all and despite this the public contact us daily to make requests for a service. We know that our customers have faith in the service provided by the unit and it is fair to assume that we would be able to attract new customers should we market what we can offer.

4.4 We need to be cautious that we are not conscripting to this end. Currently, our pest control contracts are divided as follows:

Dwyfor	52
Meirionnydd	29
Arfon	13

4.5 By looking at Arfon specifically, it appears that the number of current contracts is very low, bearing in mind that this is the most populated area of the county and that there are many more businesses there than in the other two areas. It is possible that there is more competition in Arfon of course, having said that, the national companies that offer this service operate throughout Gwynedd as a whole. In order to be conservative, we have projected that the number of contracts in Arfon can be increased to the same level as Meirionnydd.

4.6 The projection exercise below seeks to consider the possibilities in terms of attracting new work within the staff resource available, should we market the service:

Number of current contracts (after increasing Arfon's number to the same level as Meirionnydd)	Increase in fees from increasing the number of Arfon's contracts to the same as Meirionnydd	An increase of 10% from marketing the service	An increase of 20% from marketing the service	An increase of 30% from marketing the service
110	£3,840	£2,640	£5,280	£7,920

4.7 From adopting the medium option, namely an increase of 20% in the external contracts, along with the number of Arfon contracts to the same level as Meirionnydd, new income of £9,120 could be created. The increase would need to be profiled over a period of two years in order to give an opportunity for the marketing to bear fruit.

5. CONCLUSIONS

5.1 To summarise what had been noted in part 3 and 4 of this report, introducing the new fees and attracting new work through marketing would lead to the following increase in income:

Internal contracts	£16,500
External contracts	£6,500
Responsive Service	£7,500
Attracting New Work	£9,120
Total	£309,620

- 5.2 The above elements would therefore result in an increase in income of approximately £40,000 compared with the actual saving of around £28,000 that would result from the abolition of the service
- 5.3 Inevitably, an element of risk exists when undertaking any future income projection exercise. However, as agreed in 3.7 above, the majority of the internal contract elements have already been agreed. In regard to the remainder, we have sought to be reasonable in all cases, and based on the usual demand for service, the above shows that it is possible to achieve more than the £28,000 that would be saved from abolishing the service in its entirety. If the predicted increase would not be realized there would be a need to reassess current staffing levels in an attempt to meet any shortfall.
- 5.4 It is acknowledged that an element of risk is associated with any exercise that projects an increase in income. Should the projected increase not be realised, there would be a need to re-assess the current staffing levels in order to meet any deficit.

6. RECOMMENDATIONS

- 6.1 To realise the steps recommended in parts 3 and 4 of this report with the aim of realising an increase in income of approximately £40,000 per annum, rather than abolishing the Pest Control service in its entirety.