

CHESHIRE EAST COUNCIL

Cabinet Member for Communities

Date of Meeting:	13 July 2015
Report of:	Principal Manager: Regulatory Services and Health
Subject/Title:	Pest Control Service Review
Portfolio Holder:	Councillor Les Gilbert

1.0 Report Summary

- 1.1 The report outlines the current service delivery model for the Pest Control Service operated by Cheshire East Council. It suggests three potential service models and recommends the one to take forward.
- 1.2 The report also highlights the fact that financial savings have already been agreed through the removal of £60K from service budgets during 2015-2016 and proposes how those might be realised.

2.0 Recommendations

- 2.1 To review detail in relation to the current provision of pest control services within Cheshire East and to understand the financial implications of various service delivery models that have been considered as part of a full review of the service.
- 2.2 That the proposal for the reduced service delivery model is the most appropriate way forward to meet financial savings and to underline the commitment of Cheshire East Council to the treatment of public health pests.
- 2.3 That the Principal Manager: Regulatory Services and Health be authorised to implement the reduced service delivery model in conjunction with any necessary consultation with staff, Trade Unions and Human Resources.
- 2.4 That the Principal Manager: Regulatory Services and Health be authorised to communicate any changes to pest control service delivery to relevant internal and external stakeholders.

3.0 Reasons for Recommendations

- 3.1 The Pest Control Service has experienced ongoing uncertainty about its future for several years and has, as a result, been maintained in its historical delivery model. This has allowed neither development nor

efficiency savings to be achieved and the service continues to operate at a cost to the council.

- 3.2 The financial planning process for 2015-2016 and beyond has determined that a saving of £60K will be achieved through the removal of the subsidy for delivery of the pest control service and the service budget has now been reduced to reflect this.
- 3.3 A recent review of Enforcement within Cheshire East recommended that the Pest Control Service should be reviewed to determine whether the council should continue to operate the service or consider alternative delivery options.
- 3.4 These pressures provide a real opportunity to review the current pest control service and determine the council's approach to sustainable service delivery within 2015-2016 and beyond.

4.0 Wards Affected

- 4.1 All Wards

5.0 Local Ward Members

- 5.1 All Ward Members

6.0 Policy Implications

- 6.1 None

7.0 Implications for Rural Communities

- 7.1 There are no perceived implications for rural communities as a result of changes to the delivery of pest control services.

8.0 Financial Implications

- 8.1 The pest control service currently costs circa £60K to provide. This includes overall expenditure which is reduced by the realisation of income from the services provided. Historically however, the service has reported a net nil cost for service provision as pressures have been subsumed by the wider Regulatory Services and Health budgets; this approach is unsustainable due to the impact upon the wider service area.
- 8.2 The financial planning process for 2015-2016 and beyond has removed this £60K subsidy from the service and in doing so has identified that there needs to be a move towards a sustainable and cost neutral service.

- 8.3 Continuation of the current delivery model will not achieve the required savings but remains an option that the authority may wish to support. This would also require a review of all pest control charges to ensure that they more adequately reflect the costs to the council of delivering them.
- 8.4 There is scope to reduce the current service provision to concentrate on contractual work and the treatment of rodents in domestic premises thus maintaining a commitment to the public health aspect of pest control. This approach has the potential to provide a break-even approach although this is not guaranteed due to the variables involved (service request numbers and the proportion of those who would pay for the service at a concessionary rate). In addition it will require an increase in the current charges of £10.00 levied for treatment of rats in domestic premises to £40.00 with an concessionary charge of £20.00 for those on income related benefits.
- 8.4.1 If these proposals are implemented in this financial year, full year savings will not be realised and therefore the service will not significantly move towards a cost neutral status during the 2015-2016 period. Instead savings will be fully realised in subsequent years; there needs to be regard to redundancy and pension costs when considering how long this may actually take (see paragraph 14.3.6).
- 8.4.2 Where the option for a reduced service delivery model is determined as the way forward it will be necessary to ensure that situation is regularly reviewed - potentially on a six monthly basis, to identify progress, success and any potential problems that need rapid attention.
- 8.5 The council could consider the cessation of the pest control service in its entirety. There is no statutory duty to provide a commercial service and there are a number of local providers who can undertake this work; in some cases at a lesser charge to the customer. This approach would make annual savings of £60K which would cover the £60K that has already been removed from the service budget for 2015-2016 and beyond. There would however also need to be an understanding of the redundancy and pension costs involved in this decision (Paragraph 14.2.5) as these will impact upon any savings in the first instance.

9.0 Legal Implications

- 9.1 The links between pest control and public health are long established through the spread of disease causing pathogens. As a result of this there are legal requirements placed on local authorities to ensure that their area is kept free from rats and mice, with the most current being the Prevention of Damage by Pests Act 1949 (PDPA49). Pest control treatments are a discretionary service provided by many local authorities with the aim to assist with the public health role in targeting specific pests such as rats, mice and some insects such as bed bugs, fleas and cockroaches.

- 9.2 Whilst section 2 (1) of the PDPA49 imposes a requirement on all local authorities 'to take such steps as may be necessary to secure so far as practicable that their district is kept free from rats and mice', it does not make reference to any other pests which may be of a public health significance. In addition, the Act does not place a duty on local authorities to provide a service for dealing with any pests, but does provide enforcement powers so that local authorities can require owners of land to undertake treatments for these pests where they are causing a significant problem. There is also other legislation in existence which can be used to require land or property owners to take action to address pest infestations.

10.0 Risk Management

- 10.1 There is potential for criticism of the council as a result of changes to pest control service delivery; this is particularly the case where the service is discontinued completely. A reduced service delivery will not be without criticism but it is possible to greatly reduce this due to the fact that it does demonstrate some commitment to the eradication of public health pests and our corporate goals around health and the environment.
- 10.2 It is important to note that the figures that have been used in this document are derived from basic data and rely on a number of variables over which the service has no control such as number of service requests, maintenance of existing contracts etc.
- 10.3 There is also reliance upon agreement that the treatment of rats in domestic premises will be charged at £40.00 in order to more accurately reflect the cost of actual service delivery. However the calculations also include the implementation of concessionary charging to protect the most vulnerable members of the community.
- 10.4 This price increase may however encourage residents to treat pests themselves with the potential impact to non-target species through use of inappropriate pesticides and also creating resistance within the pest population due to lower level poisons being used.
- 10.5 There is also the risk that residents will take no action to deal with pest problems and therefore impact on public health and environmental quality with the potential for increased complaints to the environmental health service under alternative legislation creating a pressure on existing resources.

11.0 Background and Options

- 11.1 Cheshire East currently provides an in-house pest control service dealing with a variety of public health and non-public health pests including rats, mice, wasps, ants, fleas, and other pests of significance.

- 11.2 The service is predominantly accessed through the Customer Contact Centre. Our pest control pages are well used offering both general advice and information on how to access the pest control service. The service operates within office hours and does not provide evening or weekend treatment arrangements.
- 11.3 Customer satisfaction with the service is very high with 99% of customers (April 2011 – to date) being satisfied with the service that they have received.
- 11.4 The service operates through three distinct working areas.
- Service requests from members of the public;
 - Commercial Contracts with local businesses and schools; and
 - Annual United Utilities sewer baiting contract.
- 11.5 Over recent years there has been a steady decline in the number of service requests. During 2011-2012 the service received 3347 service requests but in 2013-2014 this had reduced to 1828; 2014-2015 service requests totalled 2446 but this continues to generate an income less than its budget line of £100K; a total of £88K was ultimately achieved.
- 11.6 There are a number of contributory factors to this fluctuating demand and subsequent income. One of the most important relates to the seasonal variation in the presence of certain pests. For example 2011-2012 was seen as a bumper year for wasp treatments (1495) whilst in subsequent years we have not seen even 50% of this total in terms of requests for treatment; put simply, the service cannot treat pests that are not there.
- 11.7 The service has also noted a reduction in the number of service requests in relation to rats with 2013-2014 seeing the lowest recorded number since 2011-2012. 2014-2015 service requests increased by 25% on the previous year but have still not achieved historic levels. This could be linked to a number of factors including changing weather conditions (the 2014 winter was particularly mild) or it could demonstrate the effectiveness of our sewer baiting programme which targets the highest areas of risk.
- 11.8 Our commercial contracts have stayed static for the past three years despite initiatives to encourage take up and service promotion techniques. The most commonly cited reasons for not having a pest control contract are linked to finances and the knowledge that if a pest control problem does occur then there is a wide range of businesses that can be contacted to deal with the issue. The service has just reviewed and renewed its pest control contracts to operate between 1 April 2015 – 31 March 2016 and will therefore be required to honour these as part of any decisions going forward.

- 11.9 The increase in external providers has also seen an impact upon pest control service request numbers. A review, including direct contact, of our local pest control businesses suggests that they are able to provide pest control treatments at a cost below that of the council. In the current financial climate and with the increase in price comparison approaches to purchasing customers are not averse to shopping around.

12.0 Fees and Charges

- 12.1 The pest control service currently charges for all of its treatment activity.
- 12.2 In October 2012 the pest control service introduced a nominal charge of £10 for the treatment of rats within domestic properties despite concerns that this could lead to criticism from customers who had previously experienced this service free of charge. This approach has now become commonplace within local authorities that provide a pest control service.
- 12.3 The service does not currently offer any concessionary charges to those on low income/benefits and therefore has no information on the percentage of our pest control customer base that this applies to and therefore the overall impact on income should this be introduced. For the purposes of the review we used a figure of 25% to reflect our potential concessionary customer based on information for our highest geographical incidence of income related benefit uptake.
- 12.4 As part of the annual fee setting process Cheshire East undertakes benchmarking with the Cheshire and Merseyside Authority grouping. For 2014-2015 Cheshire East Council charges for pest control were at the higher end of the scale of charges across the authority areas. In addition Cheshire East charges for all of its pest control services whereas there is a large element of free of charge services within the other local authorities.
- 12.5 Within Cheshire and Merseyside, only Cheshire East, Cheshire West and Chester Council and Sefton currently charge for domestic rat treatments at £10.00, £24.00 and £25.00 respectively.
- 12.6 A review of local pest control companies that serve the Cheshire East area indicate that Cheshire East charges a higher treatment fee for wasps (our second largest request) than the majority of providers and the lowest fee for the treatment of rats in domestic premises.

13.0 The National Picture

- 13.1 The British Pest Control Association undertakes an annual survey of pest control activity across all local authorities; their 2013 report identifies the changing face of pest control services.
- 13.2 Just less than 85% of local authorities continue to provide some form of pest control service either in house, or more commonly contracted out; during 2013 a further 15% of local authorities have decided to discontinue any pest control service due to the current austerity measures and also changes to local authority financial models.
- 13.3 18% of local authorities contract their pest control services to a third party.
- 13.4 The range of pests being dealt with by local authorities is being reduced.
- 13.5 Those continuing to deliver a service are increasingly charging the public for services whilst cutting core expenditure such as staffing, in attempts to meet budget requirements.
- 13.6 10 years ago almost all authorities offered free or subsidised pest control to their residents. In 2013 only 7% of authorities with an in-house service are able to continue to offer free treatments; for those who subcontract the work to a third party, around a quarter offer a free or subsidised pest service.

14.0 Options for Future Service Delivery

14.1 Maintain the Current Service

- 14.1.1 The authority may decide to continue with the service as it is currently delivered, keeping existing staffing levels (including the recruitment of the Pest Control Team Leader vacancy) and providing treatment for the range of pests that are currently dealt with. This would however come at a cost to the authority.
- 14.1.2 In order to address the service subsidy a review of costs would need to be undertaken. Currently Cheshire East charges one of the highest rates for non-rat treatments and therefore there is minimal scope for increase in this area due to the severe risk that we will be undercut by our local external competitors. Conversely we have the lowest charge for the treatment of rats and therefore any price increases would be more attractive in this area of work although would again need to consider the external market charges.
- 14.1.3 Where Cheshire East has an appetite for increased charging levels then the relevant criteria to be eligible for concessionary charges would need to be established to prevent low income families being detrimentally affected.

14.1.4 Calculations based on the maintenance of existing contracts and service request numbers; minimal fee increase of non-rat treatments; a charge of £40.00 for rat treatments and a maximum 25% uptake of concessions indicate that the service would still operate at a deficit in the region of £48K and would therefore not meet the savings of £60K that have already been removed from service budgets in 2015-2016 and for subsequent years.

14.2 Cease Pest Control Service Completely

14.2.1 As there is no statutory requirement to provide a pest control service, the authority could decide to withdraw current provision altogether.

14.2.2 There remains however public expectation that the authority should continue to provide a commercial pest control service and there may be dissatisfaction with the decision, certainly within the first twelve months.

14.2.3 The Authority could however mitigate these issues through the maintenance of a quality website that signposts customers to external service providers and equips them with the right information to get the best service possible. Similarly the Customer Contact Centre could be trained in appropriate advice skills.

14.2.4 This decision would lead to the loss of four employees through redundancy with associated one off costs; the pest control team leader resigned at the end of 2014 and so does not need to be accounted for in this approach.

14.2.5 Excepting redundancy and pension costs of circa £77K during 2015-2016 there would be a potential saving of £60K per full subsequent year by not providing a commercial pest control service, an amount which has already been removed from budgets.

14.3 Reduced Service Delivery

14.3.1 The current service benefits from a number of commercial contracts, including an annual contract for sewer baiting with United Utilities. These provide an approximate combined income of £36K if maintained over coming years.

14.3.2 In addition it would also be possible to retain a 'rodents' in domestic premises' service to operate alongside this proactive work. This option could also provide an opportunity to increase the fee for treatment overall but offer concessionary charging to those on lower income.

14.3.3 This option would also meet resident expectation around the treatment of rodents in domestic properties – the so called public health pest –

and demonstrate the authority's commitment to maintaining environmental quality.

- 14.3.4 Public expectation around provision of a pest control service would need to be managed. Again, the council could mitigate these issues through the maintenance of a quality website that signposts customers to external service providers and equips them with the right information to get the best service possible. Similarly the Customer Contact Centre could be trained in appropriate advice skills.
- 14.3.5 It would be appropriate to use this opportunity to review the current fees charged for rats in domestic premises and offer appropriate concessionary charging (See paragraph 14.1.3).
- 14.3.6 if the reduced service option were agreed it would lead to the loss of two members of staff through redundancy with associated one off costs. It is not possible to determine actual redundancy costs as these are different for the four employees. They would only be known at the end of a competitive interview process. Recent calculations put them at a minimum figure of £14,000 and a maximum figure of £63,500.
- 14.3.7 Calculations based on the maintenance of current contracts and service request numbers; a fee of £40.00 for rat treatments and a maximum of 25% concessionary customers (mice have a different charging rate that has been established for some years); a 2% RPI increase on contract costs, indicate that the full year costs for this service could be balanced by its income generation.
- 14.3.8 This approach is not without its constraints in terms of balancing income generation and expenditure but is more closely aligned to the need to make the required £60,000 saving.

12.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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