

### Background to Pest Control Service

- The provision of a pest control treatment service is a discretionary function and not a statutory function.
- Local authorities do however retain a statutory enforcement role under the Prevention of Damage by Pests Act 1949 to 'take such steps as may be necessary to secure so far as practicable that their district is kept free from rats and mice'.
- An enforcement review completed in 2014 picked up the current pest control treatment service provision for Cheshire East. The report referenced the fact that the service was operating with a significant subsidy yet is not a statutory function as the control of rats can be dealt with separately.
- Only 1.5% of Cheshire East Households currently use the pest control service operated by the Council.
- Service request numbers have seen a steady decline since 2011-2012 with an average annual reduction of 36%.
- The service is also impacted by seasonal variation due to summer pests i.e. wasps. Service request numbers for wasps are also declining. In 2011-2012 the council received 1495 requests for wasp treatments; the overall total for the subsequent years of 2012-2015 were only 1742. This has a significant negative impact on the viability of the service and the value for money that it offers the tax payers of Cheshire East Council.
- There are a large number of independent pest control providers on the open market. A survey in 2014 identified 8 local companies operating in the Cheshire East area and that these providers offer services at a lower cost to that of the council and with the trend for individuals to 'shop around' are benefitting from a larger market share year on year.
- Smaller independent companies are able to provide a more flexible service operating during the evening and weekend, picking up treatment work for those who are in full time employment.
- The range of DIY pest control treatments on the market is increasing and with the ongoing period of austerity are an attractive option to householders both in terms of cost and convenience.
- In 2013 the number of authorities providing some form of pest control service had reduced to 80% with 20% taking the option to discontinue services completely; nationally there has been a 20% loss of pest control staff since 2011.
- Ten years ago almost all local authorities offered free or subsidised pest control treatments to their residents but now only 6% of councils with an in-house service continue to be able to offer free treatments.
- A review of rat treatment charges with our nearest statistical neighbours identified that charges range from a minimum of £10.00 (Cheshire East) to a maximum of £89.95 (Herefordshire) for the 2015-2016 period.
- Given these factors it was determined that a full review of the pest control service be undertaken to understand its viability as a business, the value for money it provides and whether its current delivery model was sufficient to meet the needs of local residents and the authority itself.

### Specific Call In Questions

1. *Viable alternatives have not been considered in public, in particular the option to transfer the services to an existing or new Alternative Service Delivery Vehicle (ASDV). It is understood that the ASDV option might have been discussed at informal cabinet, but there is no public record of this and so no public scrutiny has been possible.*

It can be seen that there are a number of competing issues facing the pest control service and which affect its viability as a business. Therefore as part of any review it was important to ensure that the authority made best use of the resources available and balance these with the needs of local residents (both customers and non customers) and our public health commitment.

The Pest Control Review completed in October 2014 identified six initial options for pest control service delivery which would require further consideration.

1. Retain the service as is;
2. Cease the service completely;
3. Provide a reduced service;
4. Contract out rats in domestic premises;
5. Partnership with neighbouring authorities;
6. Transfer to an ASDV;

Based on background information and in relation to the Partnership and Transfer options (5 & 6 above) the review document made the following statement;

‘Looking at the data associated with the current pest control service delivered by Cheshire East including staffing and ancillary costs and compared with the potential income stream it does not provide a business model that would be particularly attractive’.

The review of the service sought to identify whether there was a clear market for pest control services and whether the current provision by Cheshire East addresses that market or whether there is a need to approach service provision differently.

Evidence suggests that nationally local authority pest control services are a declining market; this is also mirrored in Cheshire East. Against this backdrop it was difficult to identify how either a Partnership or ASDV scenario would be a successful option, particularly taking into account other relevant considerations;

- The overriding cost for providing a pest control service are those of staffing; officers currently work at capacity due to the number of service requests and the travel time involved during a working day.
- There is significant training required for complex pest control work – notably the treatment of rodents.
- Our neighbouring local authorities continue to provide pest control services which alongside the small independent companies do not offer significant opportunity to expand the service beyond the boundary of Cheshire East and the current 1.5% customer base.

For completeness of reporting, the suggestion to contract out a ‘rodents in domestic premises service’ (Option 4) was based on a previous model operated by Congleton Borough Council. As this approach was purely a cost to the authority and generated no income it was discounted.

Therefore the focus moved to the three remaining models (1, 2 and 3 above) and their suitability based on local need. These options were considered having regard to the ongoing pressures faced by the service but also any positive aspects of current service delivery:

- The treatment of rodents in domestic properties is excellent with the overall commitment by officers to ensure that the result is the eradication of the problem. Unfortunately this can mean numerous visits by officers for only a nominal service cost – currently £10.00 and this is one aspect that it was felt needed to be included in any review. Following a benchmarking exercise it was identified that the charge would need to be increased but that a new concessionary charge is implemented for those on income related benefits.
- The service benefits from a variety of commercial contracts which provide a reasonably dependable income year on year although numbers remain static in recent years. The United Utilities contract hugely supports our role in targeting the rodent population with positive impacts for the whole community.
- The small proportion of the community who do use the pest control service have a very positive experience which is supported by our customer satisfaction responses.

### **1. Retain the service as is**

The current model is unsuitable as a means of providing a viable and value for money service as is evidenced by annual costs (see below) and the ongoing challenges to the service.

Annual costs to provide the service are detailed below (this includes expenditure and income)

- 2013-2014 = £ 160,631.32 (including on costs\* of £74,174)
- 2014-2015 = £ 159,009.10 (with reduced staffing costs and including on costs of £72,098.13)

\*On costs are attributed to support service costs including finance, HR, IT and Customer Contact.

### **2. Cease the service completely;**

The cessation of the pest control service completely could be very detrimental to sections of the local community who have always looked to the local authority for advice and/or the treatment of pests. This includes the elderly, vulnerable or those not confident enough to take matters into their own hands and who might be left with an untreated pest problem.

Such an approach would also lead to the complete loss of practical skill and knowledge within the authority with which to help and guide people who were experiencing general pest problems.

### **3. Provide a reduced service;**

It was considered that a reduced service could offer the most appropriate response to the current situation offering both a sustainable and value for money approach offering treatment for the most important and complex pests.

As has been detailed previously the increase in external local providers has had an impact on service request numbers, but this has predominantly affected the simpler non rodent treatments. Because of the complexity of rodent treatment and the link to public health rats and mice are considered the expertise of the local authority.

However it was felt that in order to offer such a valuable and important service there would need to be an increase in the treatment cost but with the inclusion of a concessionary charge to support those members of the community on low income; this charge would need to offer value for money.

## Appendix 3

The retention of knowledgeable pest control officers who could offer advice and guidance to the local community would also offer excellent service and which could supplement the plans for detailed pest control website pages providing practical advice on how to choose an external pest control contractor for those services not offered by Cheshire East.

4. *The proposal was not considered by the relevant Overview and Scrutiny Committee, and this represents a failure to consult and consider other options than those presented in public to the Portfolio Holder.*

The Business Planning process is outlined below and provides information on consultation work that has included the review of the pest control service.

Date	Event
21 <sup>st</sup> July 2014	Corporate Overview and Scrutiny Committee receive a presentation including the draft proposal "Removal of subsidy from commercial pest control service" in their public meeting.
5 <sup>th</sup> August 2014	This presentation is repeated for an All Member Briefing.  The slides were made available to Members on their <a href="#">Information hub</a> (see slide 27) and a link emailed to all members on 12/8/14 by Diane Moulson.
11 <sup>th</sup> September 2014	Corporate Overview and Scrutiny Committee receive the <a href="#">Pre Budget Report</a> including the pest control item on P19. The item is minuted during their public meeting.
2 <sup>nd</sup> December 2014	Corporate Overview and Scrutiny Committee receive the <a href="#">Pre Budget Report</a> as part of a budget setting process update report during their public meeting.
16 <sup>th</sup> December 2014	An All Member Briefing takes place highlighting <a href="#">Pre Budget Report</a> , the process and that there will be savings in Communities.
12 <sup>th</sup> January 2015	Labour Group briefing on <a href="#">MTFS Report</a> – issue not raised.
20 <sup>th</sup> January 2015	Corporate Overview and Scrutiny Committee receive the Commissioning Plan style pages for 2015/16 at their public meeting.  At this stage the estimates related to this item have been merged with "Business Improvement opportunities in enforcement services" and called:  "Enforcement Services – exploration of commercial opportunities and focus on key enforcement activities to support residents" with a saving of-£110k.
February 2015	<a href="#">MTFS Report</a> taken to public Cabinet and Council meetings and including the above Enforcement Services line. MTFS para 17 states "As a Council with a strong focus on putting residents and businesses first, we have stepped up our enforcement actions to prosecute people and businesses where they cause harm to others. At the same time we have been reviewing the work of our key enforcement services to ensure that they are focussed on the right issues. This has meant that there are elements within the services that

Date	Event
	can be delivered differently on a more commercial footing and also a pulling back on more national projects that don't necessarily benefit us locally, this will achieve savings of £110,000 in 2015/16."
13 <sup>th</sup> July 2015	Details of the estimates within the Pest Control service budget are subject to a <a href="#">Portfolio holder meeting</a> . Implementation of a -£60k saving in Pest Control was agreed from 1/10/15.

5. *The alleged budget requirement to remove the subsidy for the service is not evident within the Budget Proposals presented to elected members in February 2015. The decision therefore is open to challenge as being outside the policy framework.*

The finance team have provided specific information regarding consultation on Budget Proposals for 2015-2016. This is provided below;

The business planning item originally explored removing the cost of the Pest Control function. Following further review with the Service Manager this has been changed to a "reduced service delivery" and reflected in the Budget Book as:

-£76k	Staffing	(2 members of staff – CR/VR required)
-£9k	Transport	
+£25k	Income	(based on increasing the price for rat treatments and stopping other services except commercial contracts)
<b>-£60k</b>	<b>Total</b>	

6. *It is stated in the background notes to the decision that the proposal arose from a review of enforcement activities. When questioned on this at the meeting, it was stated that the savings proposed do not affect enforcement. There is an internal contradiction within the statement. Moreover, there is reference in the decision notice to a report on different delivery options, but no such report was considered in public by the Portfolio Holder.*

The Portfolio Holder Report states that the review of the Pest Control service was considered necessary due to a number of issues and not just the recommendations of the Enforcement Review.

The reference to the Enforcement Review appears to require further clarification.

- During 2014 consultants were commissioned by Cheshire East to undertake an options appraisal of its Enforcement Functions. This was based on the Councils objective of becoming a Strategic Commissioning Council.
- This work covered a variety of service areas with enforcement responsibility and as part of the work there was discussion around the environmental health pest control function.
- The review presented a number of overall conclusions, recommendations and observations one of which was around the current provision of a commercial pest control service and the significant subsidy involved. The report recommended a service review to take this matter forward.

At the Portfolio Holder meeting on 13<sup>th</sup> July reference was made to the issue of enforcement and the fact that the proposals to reduce the service would not impact upon the retained powers to control rodents within the Prevention of Damage by Pests Act 1949. Conversely the Portfolio Holder report dealt with our provision of a discretionary commercial treatment service for all pests, including rodents, which is not a statutory function and is separate to our enforcement responsibility.

The Portfolio Holder report presented on 13 July has been the conclusion to a number of pieces of work where the commercial pest control service has been identified as requiring review. As part of this process options have been identified and reviewed and the final Portfolio Holder report is a presentation of what were felt to be the most appropriate options taking into account the detail of the service.

With respect to these final options the Portfolio Holder went through each one in turn and provided comments on each and the ultimate option to take forward.

- 7. To effect the changes proposed in the current financial year will incur a non-recurrent redundancy cost, for which there is no identified budget. The decision is therefore outside the budgetary framework.*

Colleagues within the finance team have provided the following information in response to this question.

At the point of approval this proposals was described as “Business Improvement opportunities in enforcement services” with the pest control item having the aim of removing the subsidy. No method of achieving this saving was detailed or agreed and therefore no assumption was made about loss of staff.

As a general rule, no one-off costs were factored in to the 2015/16 budget unless specifically identified as part of a change proposal. Should any additional funding be required the service should seek advice from the Chief Operating Officer.

The forecast outturn position for the pest control service will be monitored during the year. Should the service be able to deliver the savings but not absorb the implementation costs then the Chief Operating Officer will decide if additional funding is provided from Reserves or other areas to meet the shortfall. The approach of holding a minimum level of reserves for such a purpose is detailed on page 159 of the MTFS report that went to February 2015 Council.

The proposal is, therefore, within the agreed budgetary framework.