

REVIEW OF PEST CONTROL SERVICE

Social Affairs Select Committee – 26 March 2013

Report of the: Director of Community and Planning Services and Deputy Chief Executive

Status: For recommendation to Cabinet

Also to be considered by: Cabinet - 11 April 2013

Executive Summary:

This report provides details on a full review of the pest control service currently provided by the Council and proposals, for consideration, for future service delivery, with effect from April 2014.

This report supports the Key Aim of Safer and Caring Communities and Greener and Healthy Environment

Portfolio Holder Cllr. Mrs Hunter

Head of Service Head of Environmental and Operational Services, Richard Wilson

Recommendation to Social Affairs Select Committee: that the Social Affairs Select Committee consider the options for future service delivery, as outlined in the report, and recommend to Cabinet a preferred option.

Introduction

1 Background:

Prior to 2004/5 the Pest Control Service was managed by the Environmental Health Team and in 2003/4 had a net cost (after charges) to the General Fund of £55,535.

Following a review during 2003, the service was transferred to Direct Services with effect from April 2004, with the only cost to the General Fund being £13,906, which represented a subsidy to the charges for treatment, for residents receiving means tested benefits.

The balance of the costs of the service were recovered as charges for pest control treatments.

The subsidy budget in the General Fund was gradually reduced, and by 2010/11 was only £5,903, and in 2011/12 was removed from the General Fund budget altogether, as part of budget savings.

The Service is now financially managed as a “trading account” within the Direct Services trading account budgets and is now budgeted to “break even” each year, with income from charges budgeted to cover the full expenditure. A subsidy of £20 per treatment is still offered to residents on means tested budgets, but this is accounted for in the trading account.

Pest control officers give free telephone advice to residents (on average two/day). They will also identify insect pests that residents send or bring in, again free of charge.

2 Past and Current Performance

2a Financial

Since the service was transferred to Direct Services in 2004/5 the annual expenditure averaged at £82,384 with annual income averaging at £69,838. Therefore, the average annual deficit on the trading account has been £12,545, in the period 2004/05 – 2011/12.

The current year (2012/13) has been a unique year in the low number of wasp nest treatments undertaken and income for wasp nest treatments is £40,758 below budget and £40,536 less than 2011/12.

At the end of February 2013 the Pest Control trading account is showing a deficit of £27,352.

A full financial breakdown for the period 2004/05 – 2012/13 is provided at Appendix “A”.

2b Number of Treatments

In the period 2004/05 – 2011/12 the number of treatments per year has averaged as follows:

			Number of treatments at end of Feb 2013 as a comparison
Rats	full price	110	87
Rats	subsidised	49	8
Mice	full price	89	120
Mice	subsidised	42	7
Wasp nests	full price	661	157
Wasp nests	subsidised	104	12
Other	full price	84	18
Other	subsidised	12	3

A full breakdown of pest treatments for the period 2004/05 – 2012/13 is provided in Appendix “A”.

2c Charges

Charges are reviewed annually. The current charge for rats is £90; the current charge for mice is £115 and the current charge for wasp nests is £52. The subsidy currently offered for residents on means tested benefits is £20 per treatment. Previously, treatments for those on means tested benefits were provided free, and in 2008/09 this was reduced to a 50% discount only. In 2011/12 the £20 maximum discount was introduced as an incentive to retain this income for residents who may choose not to have a treatment at all, if they had to pay the full charge, creating potential pest control issues for themselves and neighbours.

A full breakdown of Pest Control charges for the period 2004/05 – 2012/13 is provided in appendix 'A'.

Comparison of SDC charges with neighbouring authorities:

	<u>Rats (£)</u>	<u>Mice (£)</u>	<u>Wasps (£)</u>
SDC	90	115	52
Dartford BC	Free	55	55
T&MBC	84	84	41
Gravesham BC	43	43	No service provided
TWBC	Free service, but only to residents on means tested benefits.	Free service, but only to residents on means tested benefits.	No service provided

It can be seen from the above that neighbouring authorities provide a greater level of subsidy, in general, than this Council.

Comparison of SDC charges with private companies operating in the District:

	<u>Rats (£)</u>	<u>Mice (£)</u>	<u>Wasps (£)</u>
SDC	90	115	52
Company 1	By quote	by quote	105
Company 2	from £25 per visit	from £25 per visit	from £35 per visit
Company 3	108	108	45
Company 4	198	198	seasonal price
Company 5	80	80	45

3 Reason for Review

In 2010/11 the Pest Control trading account made a deficit of £16,409. It was, therefore, considered necessary to review the financial risk attached to delivering the service in the future, but based on a 3 year cycle (2011/12 – 2013/14). A commitment was given to the two directly employed pest control officers to continue providing the service until at least March 2014, with a view to seeing if the service could financially “break even” over a three year period.

In 2011/12 the deficit was minimal (£1,874) but with the very low number of wasp nest treatments in 2012 it is likely that the account will be in a deficit of approx. £30,000 by the end of 2012/13 (at end of February it is in deficit of £27,352).

The number of wasp nest treatments in 2012 was 169 compared with 819 in 2011 and an average number for the period 2004/05 – 2011/12 of 765.

Although the commitment to the two staff members to continue the service until at least March 2014 stands, it will not be possible for the service to show a break-even position for the three years, 2011/12 – 2013/14 (due to the forecasted deficit in 2012/13).

Although the Council offers a pest control service at the present time, and has done for many years, it is not a statutory duty to provide and residents can choose to use private contractors as an alternative provider.

It is, therefore, considered appropriate to consider options for this service for the period after March 2014.

Options for Future Service Delivery

- 1 To continue the service as existing, maximising income by charges and additional commercial sector work, whilst remaining competitive, but accepting that the service will produce a net deficit on the trading accounts of an average of £12,000 per annum.
- 2 Expose the service to competitive tender with a view to accepting the most advantageous tender to the Council. The Direct Services Pest Control operation would be eligible to submit a tender. Charges would be set by the successful contractor and they would retain all income. The Council's successful contractor would be passed all enquiries made to the Council regarding pest control treatments.

If this option was chosen there would be no requirement to accept any tender if the lowest price was considered too high, and one of the other options could be considered. If this option was chosen, it would be possible to have a contract in place by April 2014, but the tender process would have to start this summer.

- 3 To discontinue the service as existing, but if one or both of the existing operatives indicated they wished to provide a pest control service to the Council support could be provided to help them establish as a mutual and to operate as a private company.

The Council would then be required to carry out a procurement process which would be open to all pest control service providers, including the newly formed employee mutual, to establish a list of "preferred suppliers". As the Council would no longer provide its own pest control service any residents that required such a service would be referred to the Council's list of "preferred suppliers" from which residents would be able to approach to provide them with the service they require.

It would be for the mutual to set their own charges for pest control treatments and to offer a competitive service to residents to become a preferred supplier and to secure business from residents. Any decision to offer subsidies to residents on means tested benefits would also rest with the new company, although such a requirement could be included in the procurement specification to become a preferred supplier.

It is considered, however, that if a procurement process was the “preferred” option, option 2 would be the preferred procurement option, allowing the Direct Service operation to be market tested against private contractors.

- 4 Cease delivery of pest control services altogether. Enquiries to the Council regarding pest control services would be referred to the private sector alone (yellow pages, web sites, etc) without suggesting a preferred contractor.

Shared working with other Local Authorities has been explored, but there doesn't appear to be any opportunities at the present time.

Consultation

The two pest control officers and their Manager at Direct Services have been fully consulted on the reasons for the review and the options being proposed for the future of the service.

Since April 2012 the two operatives have agreed to work a 4 day week to reduce expenditure. However, their working hours are annualised to ensure full time working will be undertaken if required in the busy summer months. The staff have been highly co-operative in seeking ways to reduce expenditure and increase income by seeking private commercial pest control contracts.

The main cost of the service is salaries, transport costs and pesticides, etc.

Key Implications

Financial

The average annual deficit on the pest control trading account has been £12,000 in the period 2004/05 – 2011/12. The estimated deficit in 2012/13 is approx. £30,000.

Despite this forecasted deficit on the Pest Control account in 2012/13, it is being absorbed within the overall Direct Services trading accounts which are forecast to produce a surplus slightly higher than budget.

If it was determined to continue delivering the service in-house, as existing, the redundancy costs at March 2014 would be approx. £27,800. Any redundancy costs would be taken from the earmarked reorganisation reserve.

Community Impact and Outcomes

If it was determined to cease providing the service in-house, as existing, it is unlikely that free advice would be available to residents on pest issues. Equally, it is not certain that discounts for pest control treatments for residents on means tested benefits would be available. This may mean many pest control issues would go untreated, creating pest control issues for residents and neighbours.

The Pest Control service currently has very high satisfaction rates from customer surveys. On the last survey this was a 98% satisfaction rate.

Legal, Human Rights etc.

The Council has no statutory duty to provide a pest control service. The Prevention of Damage by Pests Act 1949 places a duty on every local authority to take such steps as may be necessary to secure as far as practicable that their district is kept free from rats and mice and in particular :-

- (a) carry out such inspections as may be necessary for this purpose;
- (b) to destroy rats and mice on land of which they are the occupier and so far as practicable keep it free rats and mice;
- (c) to enforce the duties of owners and occupiers of landand carry such operations as are authorised by those provisions.

This duty would be fulfilled by Environmental Health staff.

If the service was “contracted out”, the Transfer of Undertakings, Protection of Employment, TUPE legislation would apply, and the existing in-house staff would be eligible to transfer employment to the new “undertaker”.

Equality Impacts

Ceasing delivery of the service in-house, as existing, may have a detrimental effect on residents receiving means tested benefits, as discounts for pest control treatments may not be available. This may lead to infestation by pests remaining untreated for families on low income. Many treatments are undertaken for elderly residents, though not financially dependant on benefits, who value the council’s service as trustworthy and offering value for money.

Conclusions

There is no statutory duty to provide a pest control treatment service, although the Council does have duties under the Prevention of Damage by Pests Act 1949.

Over the past eight years, despite the best efforts of the staff to reduce expenditure and increase income, the trading account, on average, has an annual deficit of £12,000.

Income is seasonal, and very much dependant on the wasp nest season.

This is a service that in 2003/04 had a net expenditure of £55,000 on the General Fund, which is now reduced to an annual average deficit of £12,000, on the trading accounts.

The current in-house service provides free advice on pest control issues, which may not be continued if the existing in-house service delivery ceases.

Unless the Service is ceased completely, it is clear that whether the service is delivered in-house or by a contractor, an element of Council subsidy will remain.

Risk Assessment Statement

The current financial risk associated with the existing in-house service delivery is approx. £12,000 per annum, which can increase in individual years depending on the seasonal demand for pest treatments. Of course, this amount could decrease.

Ceasing the existing in-house service, may result in a reduced pest control service being available to residents.

Appendices: Appendix A – Financial, Treatment and Charges Schedule
2004/05 – 2012/13.

Background Papers: Pest Control Trading Accounts, 2004/05 - 2012/13
Pest Control Performance Information, 2004/05 – 2012/13

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