



Feasibility Study

Pest Control and Dog Warden Services for Powys County Council

RH Environmental Limited

PO Box 59, Llandysul, Ceredigion SA44 5WX

Tel: 0844 801 0733

info@rhenviromental.co.uk

www.rhenviromental.co.uk

Summary Sheet

Premises: **Pest Control and Dog Warden Services for Powys County Council**

Project: **Feasibility Study**

Date: 31 March 2011

Author: Martin Pilkington
Contact details:

Office:
info@rhenvironmental.co.uk
0844 8010733

Owner: RH Environmental Ltd

Client: Powys

Document Ref: Feasibility

Version No: mpa

Status: Final

Notice

The copyright in this work is vested in RH Environmental Limited and the document is issued in confidence for the purpose only for which it is supplied. It must not be reproduced in whole or in part or used for tendering, design or production unless with the prior written consent of RH Environmental Limited. Any such reproduction must contain this notice. No information as to the contents or subject matter of this document or any part thereof arising directly or indirectly therefore shall be given orally or in writing or communicated in any manner whatsoever to any third party being an individual firm or company or any employee thereof without the prior written consent of **RH Environmental Limited**. Forecast or estimated numbers are illustrative best estimates and not warranted and rest on information supplied by the client and third parties.

© RH Environmental Limited 2011

Company Information

RH Environmental Limited is a company limited by guarantee in England and Wales, registration number 5530460. VAT number: 779242884.
Registered Address: Langdon House, Langdon Road, SA1 Swansea Waterfront SA1 8QY



Contents

1. Purpose of Report
2. Background
3. Executive summary and key considerations for the Council
4. Options Assessment
5. Environmental Impact and Employee Suggestions for Productivity Improvement
6. Equality considerations
7. Risk Assessment
8. Financial Implications
9. Legal Implications
10. Conclusions

Appendices

1. Pest Control Charges
2. Services currently offered by the Council
3. Pest Control treatment statistics
4. Dog Warden Charges
5. Services currently offered by the Council
6. Dog Warden statistics
7. Benchmarking Powys

Definitions

BAU:	Business as usual
CIEH:	Chartered Institute of Environmental Health
DIY:	Do it yourself – in the context of homegrown pest control attempts
DW:	Dog warden
FRS17:	Financial Reporting Standard 17
MTB:	Means tested benefits
MBO:	Management Buy Out
OJEU	Official Journal of the European Union
PH:	Public Health
PC:	Pest Control
RFI	Request for Information
RFP	Request for Proposal
TBD	To be determined

1. Purpose of the Report

- 1.1. To assess the options and make recommendations on changes to the provision of Pest Control and Dog Warden Services in Powys.

2. Background

- 2.1. Pest Control is a service provided by most local authorities especially focusing on pests that are a public health risk. Pests can spread disease, endangering health, damage property and contaminate food products. Infestations discourage tourism and business activity. However an increasing number of authorities are relying on contractors to deliver pest control.

In a Chartered Institute of Environmental Health (CIEH) 2003 Pest Management Survey it was observed that 99% of local authorities in England, Wales and Northern Ireland provided some form of Pest Control Service. In house services were supplied by 78% of Authorities and 13% contracted out the service. Of the 99% that supplied a service 9% had a mix of in house and contracted services.

A further survey was undertaken in 2009 by the National Pest Advisory Panel, which showed that a reduced number of 90% of local authorities offered a pest control service. In 2003 only 3 did not offer a service, in 2009 the figure had risen to 26.

This survey also showed that councils were beginning to rely more on contractors to provide treatments rather than in house staff. In 2002 over 80% of rat treatments were provided in house and this was 60% in 2009. Free treatments for rats, mice, bedbugs and cockroaches fell by 15% for domestic premises.

CIEH issued a policy-briefing note in February 2011 containing the above statistics and were not in favour of outsourcing or increasing charges for pest control due to the Public Health concerns.

- 2.2. The majority of non public health risk local authority pest control services are offered at a charge, with discounts for those on low incomes, but fewer authorities offer free rodent treatment. The Powys service mainly covers rats and mice with wasps, fleas, bedbugs and other pests. Powys delivers its service in conjunction with a statutory Dog Warden service employing four individuals who combine both jobs. Since 2007 there has been a reduction from 6 to 4 staff and mobile devices have been introduced to improve scheduling and communications. However, service delivery problems remain because pest control & dog warden services are combined. Powys has removed concessionary charges for those on Means Tested Benefit in January of 2011.
- 2.3. Over the last ten years more local authorities have contracted out their pest control services and in some cases councils have ceased to provide a pest control service. Carmarthenshire is the latest council, bordering Powys to adopt this approach. They have raised charges for treatments to a level where commercial companies can perform the service at a lower per unit cost. Now they are moving away from providing a pest control treatment

service and focusing on enforcement. This will save significant amounts for Carmarthenshire and through retirement and redeployment of officers redundancy has been kept to a minimum.

- 2.4. Pest Control is a service that is to some extent discretionary in scope. There are however specific duties under the Prevention of Damage by Pests Act 1949 to ensure that an Authority keeps its area reasonably clear of rats and mice and the council has duties to inspect the area, kill rats and mice on land it owns or occupies and enforcement duties on owners and occupiers of land to keep it free of mice and rats.
- 2.5. There are other powers and duties in relation to public health pests. These are included in the Food Safety Act, Public Health Acts and the Housing Act.
- 2.6. The dog warden service catches stray dogs across the county. Kennel services are provided by external providers in the north and south of the county. It is a statutory requirement on the council to deal with stray dogs in the county under the Environmental Protection Act 1990 and this service is provided in conjunction with pest control by the same officers using adapted multi purpose vehicles.
- 2.7. The council needs to continue to make savings given the current economic climate. In order to balance economic requirements with public health concerns this report examines options to save money but will also portray the social cost involved. In the final analysis the option(s) deployed will be in line with the political priorities of the council and senior management.

3. Executive Summary and key considerations for the Council

- 3.1. Powys offers a chargeable and non-chargeable service for pest control and charges fees for the recovery of dogs from its kennels. In the light of budget pressure for savings Powys CC is reviewing all options to establish whether there is an option that could yield savings without degrading the quality of the services. At this stage it is important to review all options.
- 3.2. The charges from Powys CC to its customers can be compared in Appendix 1 and 4. Generally it is the most socially deprived areas that suffer from domestic public health pests and Powys currently offers free treatment for public health pests which alleviates the pest problem in deprived areas. The cost per citizen for the services can also be compared across local authorities in Wales as displayed in Appendix 7. Powys is in the upper half of cost per citizen in Wales. The statistics on Pest Control treatments are displayed in Appendix 3 and 6.
- 3.3. Powys needs to make savings balanced against the potential reactions and consequences. It can adopt an immediate and severe approach or a graduated approach depending on the degree of budget pressure.
- 3.4. If a severe approach is taken direct savings of up to £128k per annum could be made excluding any overhead reductions by discontinuing pest control services and outsourcing dog warden activities. This could trigger political reaction and may have public health, inequality and fiscal restructuring implications.
- 3.5. If Powys seeks to introduce change more gradually it may be possible to deploy a combination of productivity measures which can deliver up to c. £60k per annum saving. This could involve levying charges for services and outsourcing dog warden services.
- 3.6. It could be advantageous to have some separation again of the two services. Whilst they have been combined for logistical and cost reduction reasons some process issues have arisen around ensuring pest control appointments can be met, as stray dogs are an unpredictable challenge.
- 3.7. Overhead costs to both services are significant and equate to over 50% of the direct costs. Whilst this has reduced over the last two years there may be scope for savings for the council overall in addressing these overheads in addition to the proposals to reduce the direct costs. In the financial section overhead reductions have been estimated which add to direct cost savings but are dependent on budget holders of these overhead items accepting budget reductions.
- 3.8. The market testing conducted produced quite a variation in rough order of magnitude sizings. In pest control only one outsourcer actually forecast direct cost savings versus the current costs. In dog warden activity it was only the kennels with an on call service that delivered direct cost savings. Any future changes in the delivery of pest control & dog warden services would need to be managed carefully by a retained organisation so as to limit overhead costs

- 3.9. This feasibility study gives the management the estimated impact of the options and subjective implications of the options so that a decision can be made based on the council's priorities. Given that there is a need to balance savings and public health priorities it may be advisable to apply a combination from the different approaches.

It may be that an option which involves treating public health pests for a fee whilst outsourcing dog warden stray dog collection services (Option 3) may deliver the balance the council is seeking with delivering over £50k of direct cost savings in 2012/13 and continuing to provide essential public health services.

4. Options assessment

4.1. This report identifies ten options for the future of pest control and dog warden service in Powys.

4.2. Options

Option 1 Continue as is with no change

Option 2 Continue as is with increased prices and charges for current free services

Option 3 Provide chargeable public health pests only service and outsource dog warden service.

4.3. **Option 1** is that the Council continues to provide a Pest Control and Dog Warden service across Powys.

This means that the current direct cost budget is assumed to continue without change at £167k for 2010/11 and the fully loaded budget with overheads would be £275k per annum over the next 3 years as it has been assumed to be held at about the same level of spending. This 2010/11 budget is already a reduction of 8% versus the 2009/10 actual.

In order to achieve a flat spend over time related cost increases would have to be contained by price increases and making some operational savings just to maintain this flat nominal value spend. As the base case in the financial section shows, if fees only increase with inflation, the overall costs could increase by 1-2% per annum. This is because the fees only recover a small portion of the costs and cannot compensate on the current basis for potential increases in salaries, petrol and other expenses lines.

For the purposes of comparison the base case has been kept flat but this contains an unidentified cost saving/benefit line, which would have to be met to keep a flat, spend.

Table 1 Pros and Cons of **Option 1** continue as is with no charge for public health pests

Advantages	Disadvantages
Can continue education and advice	Council continues with subsidised pest control
Maintain a free service on public health related pests	No additional savings delivered
Ability to control rodent and pest population	No service improvements
Respond to pest issues ensuring Powys is attractive to tourists	No additional range of pest control services
Ensure continuity of knowledge of the county and avoid loss of experience from losing staff	Escalating cost of providing the service may not be contained c.2% growth per annum
Maintains limited income generation	Other budgets will need to deliver targeted savings
Dog warden service ensures continuing control of dogs in the county	If there is further budgetary pressure more draconian action may be needed in the future if further savings are not made
Dog warden service avoids risks to	Continual disruption to pest control

traffic and livestock	appointments because of stray dog collection demands
Council can continue to combine both services to contain cost	

- 4.4. **Option 2** continues with pest control and dog warden services but at an increased price to the end customer. This may result in higher income but lower volumes of requests and reclaims from the kennels.

This option is based on comparing Powys to other surrounding authorities per the Appendices 1 and 4. It is also a paradigm shift as council has to date prioritised the public health risks over cost recovery. As funding tightens more councils have to focus on their activities from a more business like mind set rather than a social value. If this occurs there could be social costs that will hit the poorest sector of the community. Carmarthen has introduced charges but has some social funding available as a safety net for the poorest elements of the community.

Charges do also focus the citizen's mind on their responsibilities, such as safe containment of pets and complying with waste removal and therefore have a behavioural change component.

In this option we explore the introduction of charges to examine their effect on volume of requests and revenue generation. Financially we examine these effects through three scenarios, charging for all treatments, not charging for rats but charging for everything else and finally performing as a commercial business.

In general the pros and cons of charging are shown in the table below.

Table 2 Pros and Cons of **Option 2** charge for services

Advantages	Disadvantages
Increased revenue potential	Reduced volume of requests from the public could have public health consequences. CIEH states calls fall 50% when citizens have to pay. This may result in late reporting of issues and increased costly enforcement actions.
Widen scope of pest treatments and consider charging for commercial pest treatments	Reduced numbers of dogs reclaimed if charges are perceived to be excessive
If putting prices up with an impact on volumes still creates positive savings they could be partly comparable to some of the outsourcing savings	Equality issues with MTB (means tested benefits) and lower income citizens struggling with charges
Maintains control of both services with the council including skills and local knowledge	Potential political implications
Brings Powys more in line with councils who do charge for these services	May go against citizen expectations of the council's duty on public health
Can target balancing costs and	Compounding issues if rubbish collections or

incomes over time on pest control. Dog warden services may not fully recover costs but increased charges may deliver savings	other services vary then Public Health issues could worsen. Recession will increase number of empty premises
Charges set to recover costs not make commercial returns to ensure that they are not too prohibitive	Competition with existing pest control companies
Pest Control and dog wardens continuing in house can spot and report on other environmental issues and interface with the Council experts.	If pest control is chargeable the number of DIY attempts by citizens will increase which often have little success and can endanger domestic pets or move the problem along without solving it.
Charges incentivise owners to prevent continued access and remove food sources	Continual disruption to pest control appointments because of stray dog collection demands is likely to increase customer dissatisfaction with increased charges
Could be part of a longer term strategy to make a commercial recovery of costs prior to outsourcing or discontinuing treatments	Rats may become averse to accepting bait if it is not done in a professional way by citizens wishing to avoid charges.
	If charges are levied for mice and not rats the public may confuse the two forms of vermin

- 4.5. **Option 3** provide public health only service i.e. rats, mice (indoors) and cockroaches and use stray dog collection and kennels to replace the current dog warden service. This option would mean the council delivering a public health pest service and requiring the public to arrange for a private pest contractor to treat any other pests. This option would involve a nominal charge of £15 (excluding VAT) for each public health pest eradication course of treatment. The pest control service may need to be supported by contractors in periods of staff holidays or extended absence.

Dog warden services would continue but they would be split from the pest control activity and performed through stray dog collection and kennel provision by contractor(s). Dog warden enforcement activities would need to be provided by another Council department.

There would be a reduction in manpower as a result of this change with two job roles no longer being needed. This would stem from a slightly reduced volume of activity due to charging and outsourcing stray dog collection. Therefore there would be financial benefits net of redundancy costs, subject to the council's redundancy policy.

Table 3 Pros and Cons of **Option 3**

Advantages	Disadvantages
Maintain key public health pest service	Charging may cause a drop off in service requests
Also maintain dog warden activity to seize & accommodate stray dogs	Public may pay higher prices for other pest control treatments no longer provided by the Council
Improved pest control	Pest control charges may deter some individuals from

customer service standards with no dog warden services being provided	requesting treatments
Keep activity in house to continue pest control advice service	Redundancy may be required, but other options such as environmental crime/enforcement redeployment should be considered
Cost savings	Workload and travel distance may stretch the team to perform adequate services and additional contractor costs may rise
Establishes a balance between savings and public health risks	Back up when staff are absent
	Charging for public health pests could result in incomplete treatment for rats, in particular, for those not prepared to pay. So enforcement is likely to increase & discretion to waive charges in certain circumstances may be required.

- 4.6. **Option 4** Discontinue pest control and supply dog warden services. Withdraw the pest control service and provide a dog warden service across Powys. This option needs to be considered carefully if it is the desired route to savings. Carmarthenshire have proceeded in this direction over a period of time. Only when commercial realities are inescapable in terms of treatment delivery does it become feasible to completely remove the treatment service and signpost citizens to accredited pest control suppliers who are prepared to charge fair cost rates. Other supporting structures need to be in place i.e. social fund to assist with low-income citizens, increased enforcement resources and a gradual re-orientation of the county's citizens to expect to pay a more economic price and become more responsible in their duty to wider society. Therefore this would need to be a strategic journey otherwise it could provoke some reaction from a number of stakeholders.

Table 4 Pros and Cons of **Option 4**

Advantages	Disadvantages
Significant savings – staff, vehicles, supplies	Potential negative impact on Public Health – citizen expectations for council support may not be fulfilled
Private sector picks up pest control activity and develops services to cover Powys to meet demand taking the volume from the council as their opportunity.	DIY treatment risk to environment
Council moves to focus on statutory duties – discretionary activity is cut back	Risk of accidents and livestock injuries
Enforcement focus will drive more responsible community behaviour	Negative impact on reputation-redundancies may be required
	Potential increase in enforcement and legal costs
	Additional training needed for environmental health professionals on pest control issues
	Unless this is done over time it could

	provoke stakeholder reaction
	Loss of flexibility as Pest Control staff not able to assist with other Environmental Health functions
	Potential political impact
	Potential increase in rodent and pest populations compounded by other service cut backs and recessionary climate
	Commercial charges may increase in the county if the Council withdraws its service without containing the problem via interaction with potential preferred accredited suppliers

4.7. **Option 5** Outsource pest control and dog warden services

A number of different suppliers have been contacted to provide rough order of magnitude numbers to be used in this report. The suppliers' information is being contained for confidentiality purposes and so the range of responses has been assessed in general. If the council launched a tender process the figures could be different with a more detailed briefing.

There could be one pest control supplier and one or two dog warden service suppliers for Powys – one for the north and one for the south.

There were more pest control candidates than dog warden candidates. Pest control suppliers consulted ranged from one-man companies to UK wide companies. Dog warden activity was linked to kennels or relatively small companies.

The points that arose from dialogue with these suppliers were:

- a) They would in most cases charge the council commercial prices for treatments, albeit with expressions of potential discounts. One or two of the larger players would be able to provide a contract rate with a long-term commitment c 3 years from Powys.
- b) A number of the smaller companies would need to hire and invest to be able to offer the services
- c) TUPE (transfer of undertaking) is a consideration, as all of the companies did not have the same level of terms and conditions for their current employees as the council. A large number offer only the statutory terms, which are not comparable to council terms.

The market practice, stated by suppliers who had done deals with councils before, seemed to be to have the council perform a voluntary buy out of existing employee terms and conditions to bring them to the same level as the company.

This would involve a negotiated value, which could vary. The council may be required in that circumstance to offer some level of minimum guaranteed revenue irrespective of volume. Clearly this issue is an important one in considering outsourcing and involves co-operation with staff and unions to ensure that a beneficial solution can be found for all parties.

- d) For larger, countrywide suppliers, expected revenue per head was around £100k for each pest control operative. This is a reflection of prices, profits and overhead recoveries. The larger pest control operators would therefore find it difficult to supply a competitive service versus the council's current direct cost base for pest control before fees of £126k (2010/11 budget) for 2-3 operatives at the current level of council subsidisation. If charges were raised closer to commercial levels and preferred supplier referrals explored this may mitigate some of the economic equation for the outsourcer. There are other revenue sources that could contribute to the pest operator's return e.g. other council premises such as depots and schools, commercial and domestic referrals if the pest contractor becomes the council's preferred supplier and potentially sewer baiting may add a modest element to revenues.

There are potential suppliers for dog warden outsourcing but the geographical size of Powys makes collections time consuming and costly. One supplier was reluctant to quote for the collection service in addition to kennels. The reason for this is that keeping people on a retainer to be on call as required is difficult. It is easier, although not cheaper, to have a full time person.

An existing supplier we contacted would not contemplate providing a dog warden service, as it did not fit in with their business portfolio. Good kennels are difficult to find in the area. If an on call stray collection service replaced the current dog wardens other additional aspects of the dog warden role may be impacted.

Table 5 Pros and Cons of **Option 5** outsourcing

Advantages	Disadvantages
Cost savings variable depending on final company selected and contract form-larger savings can be delivered if the overheads of the retained council organisation can be reduced	Increased cost of contract management. Overhead reductions need to be committed and executed otherwise the burden rises on other services
Transfer risk to private sector	TUPE implications of council staff transferring to contractors. Council terms and conditions especially on pensions can be problematic. Buy out of terms and conditions could prove expensive in the range of redundancy costs.
Training costs passed to private sector	Loss of control on customer care
Retain ability to control pest and rodent populations across Powys	Loss of in house skills and strategic focus on building design
Retain ability to provide dog warden service	Loss of income generation to the Council to the private sector
Defined service levels	Loss of flexibility as Pest control and dog warden staff would not be linked in to environmental issues
	Educational element may be reduced
	Political implications
	Contract renewals to be negotiated, also once outsourced it is harder to in source again if

	required
	Finding quality companies to tender at competitive prices is a challenge especially in a large geographic spread county

4.8. **Option 6** Combine pest control and dog warden services with another Council

Other councils in Wales may be interested in forming a shared service. Carmarthenshire has expressed interest in sharing dog warden services. Perhaps as a result of micro chipping and higher collection fees dog volumes have reduced in Carmarthenshire.

There may be an opportunity to share a dog warden over the two counties, perhaps for South Powys and Carmarthenshire. This would save costs – say up to £20k per annum and may increase opportunities to further co-operate in the back office.

Given the timeframe of the study this may be a good opportunity to explore now and it may be that further opportunities could arise in the future in the area of co-operation.

Table 6 Pros and cons of **Option 6**

Advantages	Disadvantages
Share resources	Time taken to agree
Provide greater temporary cover for absence and sickness	Other councils already have their Pest control and dog warden activities e.g. Carmarthen is discontinuing Pest Control saving £22k 2011/12 and £49k in 2012/13 and £20k in 2011/12 and £2k in 2012/13 with a reduced dog warden service but is interested in discussing with Powys
Increase procurement savings and reduce back office administration costs	Joint decision making and agreeing allocation of shared resources and priorities
	Require some form of contractually sharing costs and it could also extend to fees and charges if thought relevant
	May have differing views on MTB and types of pest control to offer including commercial treatments
	Savings may not be realised if geographic scope proves difficult to bridge

4.9. **Option 7** Outsource pest control and continue a dog warden service

Pest control may lend itself to being outsourced more readily due to there being an industry dedicated to this service in the UK. There are many more operatives in this field than in the dog warden area.

Table 7 Pros and Cons of **Option 7** outsourcing pest control and keeping an in house dog warden service

Advantages	Disadvantages
Pest control service levels can be defined	Contract management costs

Maintains a free service on Public Health pests	Lose link between pest control and dog wardens
	TUPE up front costs need considerable savings to make the exercise worthwhile. Overhead reductions may be possible but require budget holder commitment
	Quality of service will need to be monitored closely
	Profit focus by contractor may miss wider environmental concerns

4.10. **Option 8** Outsource dog warden services and continue with pest control.

There is a potential to outsource the dog warden service whilst retaining pest control in house. This could result in savings.

Table 8 Pros and Cons of **Option 8** outsource dog warden

Advantages	Disadvantages
Could make savings if service is limited to collections on an as needed basis	Suppliers seem less keen to provide dog warden service if kennelling is the core business as mentioned in Option 5
There may be improved service quality and defined SLA's	Harder to balance workload if one area is not fully utilised.
Increased focus on pest control	Higher cost or lower quality depending on supplier
Separates two services	Lack of strong suppliers for dog warden services

4.11. **Option 9** MBO of the pest control and dog warden service

The current employees could consider forming a company to contract for the pest control and dog warden services. This occurred in Congleton Borough council as an example where the in house pest control service was discontinued and a pest control officer set up his own company, South Cheshire Pest and Hygiene which was awarded the contract to eradicate rats on domestic premises. However, discussions with Pest Control Officers & Dog Wardens have indicated that there is no interest in pursuing this option

Table 9 Pros and Cons of **Option 9** MBO

Advantages	Disadvantages
Continuing local knowledge	Pest control officers in Powys appear not to want to take the risk
Experience of Council requirements	Pest control officers may lose benefits if they resign to form a company
The Council needs to examine its tendering process to see what the criteria are for awarding the contract and the new company would need to be competitive both economically and in terms of quality of service.	The new company may not survive the risks of set up, tendering and financial stability.
	Pest control is a very competitive market

4.12. **Option 10** Discontinue pest control and outsource dog warden

This is the most extreme position that can be taken in terms of cost reductions

Table 10 Pros and Cons of **Option 10**

Advantages	Disadvantages
Biggest savings	Highest potential risk to public health
	Requires most redundancies
	Big change may trigger citizen or political reaction
	Many of the disadvantages quoted in Option 2 would be similar here

Whilst this option releases the most cost savings and is the direction a number of councils are going in terms of cost savings the public health risks need to be assessed and it may require some preparation in terms of political and public perception before such an approach could be taken.

5. Environmental impact and Employee suggestions for productivity improvement

- 5.1. The pest control service has a significant effect on public health and the local environment. Reductions in service may affect these aspects of life in Powys. If individual households and businesses are not supported there may be an increase in pest infestations that will affect health, tourism and investment activity in Powys. CIEH has elaborated on this in their recent policy note. However they are not able to advise where savings can best be made in this segment of council activities, which would therefore leave other areas of the council to face the cuts in funding.

The environmental impact of stray dogs is high up on the list of citizens concerns from a safety and a sympathy perspective. Proper treatment of animals is an emotive subject. The council needs to ensure that its treatment of stray dogs continues to be in line with the sentiment of most British people, which is represented by a number of pressure groups. Therefore the collection of stray dogs needs to be efficient and carefully handled.

- 5.2. Dog warden enforcement activities, including dog fouling, have a high public profile so any change in dog warden services should retain enforcement in some form.
- 5.3. Dog warden activity is essential to support police in the removal of dangerous dogs and dogs which could cause accidents.

5.4. Employee suggestions for Productivity Improvement

The employees engaged in Pest Control and Dog warden contributed the following potential improvements that could improve and extend the service. A number have been picked up in the Options section where there is economic benefit but these are suggestions which can add to the overall efficiency of the group and could utilise the skills of the people in house.

Appointment system: A review of the current system could deliver productivity improvements particularly if pest control & dog warden services were separated. These improvements could deliver more in terms of activity, which could be deployed on existing council and commercial work. Better communications internally would also assist with this item and speed up appointments.

Service level agreement: Review and implement a new service level agreement. This could improve quality and potentially underpin enhanced charges.

Procurement/suppliers: Savings could be examined from suppliers of materials but is not quantifiable at this stage.

Vehicle tracker: Could enhance employee safety and aid the increased productivity above.

Commercial opportunity and council premises: Further commercial work is quantified in the options section above. Council premises e.g. schools treatments would need to be further examined for additional opportunity.

Overhead assessment: A review of management and overhead costs could deliver some savings. In each option considered where there is a further reduction in operating staff potential overhead reductions are also quantified.

Business case to add staff: Discussions with a large commercial provider have indicated that they expect c£100k per annum in revenue from each pest control operative. The range of additional revenue this implies to cover additional resource and existing resources makes a business case challenging without a considerable increase in chargeable volumes for the county.

Local Environment team: By moving some of the current pest control operatives to a more enforcement focused role and away from treatments may avoid potential redundancy costs but will not make savings overall to the council. However this may be an option if the council chooses to adopt Carmarthen's approach of commercial charging and heightened enforcement activity to increase responsibility in the community for pest control deterrence.

6. Equalities impact

- 6.1. The concession for low-income households for treatments of certain pests has recently been withdrawn as of January 2011. There is only a commercial service available privately for these pests that is more expensive than the council.
- 6.2. Low income households could be impacted if dog warden charges increase as a result of the actions the Council takes. This may result in a reduction in stray dog re-claims from kennels & consequently an increase in cost to the Council in accommodating, re-homing or destroying stray dogs
- 6.3. Any actions on rats, mice and cockroaches will tend to affect the less affluent in society. Therefore the council should ensure that it takes this into account when it deploys the options to reduce costs.

7. Risk Assessment

- 7.1. There may be public discontent if charges are levied or increased after a free or concessionary service has been withdrawn. There may also be political ramifications. If charges rise there may be fewer treatments requested impacting on the environment and public health.

Outsourcing with the aim of reducing costs could instead result in increased costs and lower service levels. In order to avoid this the contract would need to be written and managed carefully to ensure improvements in response times and other Key Performance Indicators are met and cost savings delivered versus the base case.

As mentioned a number of providers supplied rough order of magnitude assessments above the level of current direct costs. Increased fees and charges would ease the process of introducing an outsourced service however in the long run it may be more economical to enable the private sector to be the direct supplier. The balance of cost versus public health risk needs to be drawn correctly.

- 7.2. The dog warden service prevents dogs from causing disturbances and accidents in Powys. Dangerous dogs need to be identified and apprehended as they pose a threat to the public. However stray dogs also can cause accidents and unintentionally worry sheep and other livestock. A service is needed and required by statute to reduce these risks across the county with robust response times to ensure public safety issues are addressed.
- 7.3. If an outsourcing route is taken great care is needed in handling staff related matters. A transfer of undertaking would carry implications for the outsourcer and the council in terms of the procedures and processes required and the economic implications.

8. Financial Implications

- 8.1. The various options are compared financially in this section
- 8.2. The council spent £300k in 2009/10 and plans to spend £275k in 2010/11 on pest control and dog warden services net of fees and inclusive of overheads (8% reduction).
- 8.3. In direct cost terms the council spent £182k in 2009/10 and is budgeting £167k in 2010/11 (a direct cost reduction of 8%). Both quality of service and cost reductions need to be balanced in order to make the best value recommendation for Powys.
- 8.4. Option 1 Continue as is with no charges for public health pests

Running the services for the next three years is expected to have a direct cost of £167k per year for 2010/11, 2011/12, 2012/13 and 2013/14.

There are no anticipated savings to return to the council from this base case. This assumes charges rise above the current level plus inflation and costs rise with inflation.

Some savings may be made within budget items but no savings contribution will be derived from the services. The three-year period under scrutiny would see overall cost to the Council remain flat.

Table 11 Pest Control base case

£s	Budget	Actual	Budget	Estimate	Estimate	Estimate	y/y%	y/y%	y/y%
	2009/10	2009/10	2010/11	2011/12	2012/13	2013/14	11/12	12/13	13/14
Salary costs	63460	64643	99680	99680	99680	102670	0%	0%	3%
Travel	14150	14101	13480	13877	14294	14731	3%	3%	3%
Other expenses	8990	8144	9780	9780	9780	9780	0%	0%	0%
Sub contractors	0	2930	3590	3590	3590	3590	0%	0%	0%
Total direct costs	86600	89818	126350	126927	127344	130771	0.3%	0.3%	3%
Fees tolls charges	-31060	-20702	-24000	-24744	-25511	-26302	3%	3%	3%
Net direct cost	55540	69116	102530	102183	101833	104469	0%	0%	3%
Overheads	76920	71761	64880	64880	64880	64880	0%	0%	0%
Total	132460	140877	167410	167063	166713	169349	0%	0%	2%
Overhead as % of direct costs	89%	80%	51%	51%	51%	50%			
Cost savings to maintain flat spend TBD (def. of TBD?)				-347	-697	1939			
Flat spend				167410	167410	167410			

Table 12 Dog Warden base case (comments as per table 12)

£s	Budget	Actual	Budget	Estimate	Estimate	Estimate	y/y%	y/y%	y/y%
	2009/10	2009/10	2010/11	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
Salary costs	98650	96401	39530	39530	39530	40715	0	0%	3%
Travel	8890	8006	3720	3819	3923	4032	3%	3%	3%
Other expense	7350	2613	4430	4314	4212	4121	-3%	-2%	-2%
Sub contractor	10310	10661	20970	19922	19922	19922	-5%	0%	0%
Total direct costs	125200	117681	68650	67585	67587	68790	-1%	0%	2%
Fees tolls charges	-5550	-4793	-4000	-4120	-4244	-4371	3%	3%	3%
Net direct cost	119650	112888	64650	63465	63343	64419	1%	0%	2%
Overheads	52060	45978	43830	42810	42810	42810	-2%	0%	0%
Total	171710	158866	108480	106275	106153	107229	-2%	0%	1%
Overheads % of direct cost	42%	39%	64%	63%	63%	62%			
Cost savings TBD				-2205	-2327	-1251			
Flat Spend				108480	108480	108480			

8.5. Option 2 Charging for current free services

Charging for pest control and dog warden services is a complex discussion. On the one hand there are public health needs in controlling vermin and ensuring stray dogs are contained. On the other hand there is increased financial pressure on all councils to make savings. Some have responded over the years and charges have been levied for previously free services mitigated by concessions and existing charges are rising.

This area is one where the Councils policy makers need to balance funding with benefits that would be lost if charges are levied or increased.

In order to assess the impact of increased charges a number of iterations are shown below which show different charging scenarios. It must be stated that in the base case projection in **Option 1** it is inevitable that some charges have to rise or further activity in terms of volume of chargeable treatment needs to rise, in order for the base projection to remain flat. Fuel and labour cost increases will drive the need to balance the budget via further additional income. In the base pest control charges increase with inflation and dog warden charges increase with inflation.

Three scenarios have been tested in the analysis on increasing fees on pest control as dog warden and kennelling fees are in line with other authorities whilst pest control fees are falling a little behind per Appendix 1 and 4

The first scenario assumes a charge for currently free services. The second assumes rat's treatments remain free and the third case assumes a commercial offering is made which adds to chargeable treatment volumes.

Table 13 Scenario1 – charge for currently free services
Incremental income from levying charges on previously free pest control services

£s	Treatments	Reduction	Fee inc Vat	Incremental	Income		Cumulative Income
		50%		2011/12	2012/13	2013/14	2012-14
Rats	1371	686	20	13710			
Mice	388	194	35	6790			
Cockroaches	8	4	40	160			
Total				20660			
Adjust out VAT				17217	17217	17217	
Adjust ½ year							
From Sept 2011				8608	17217	17217	43042

The 50% reduction in volume is a CIEH statistic of volume fall if charges are levied.
The treatments are 2009/10 statistics.

Table 14 Scenario 2 – free rat treatment & charge for mice (indoors) & cockroaches

Incremental income from levying charges on previously free pest control services except for rats

£s	Treatments	Reduction	Fee inc Vat	Incremental	Income		Cumulative Income
		50%		2011/12	2012/13	2013/14	2012-14
Rats	1371	1371	0	0			
Mice	388	194	35	6790			
Cockroaches	8	4	40	160			
Total				6950			
Adjust out VAT				5792	5792	5792	
Adjust ½ year							
From Sept 2011				2896	5792	5792	14480

Rat treatments remain free. Incremental income derived from other public health pests.

Table 15 Scenario 3 – charge commercial rates

Incremental income from commercial work on pest control

£s	Treatments	Commercial Estimate	Fee inc Vat	Incremental	Income		Cumulative Income
		10%		2011/12	2012/13	2013/14	2012-14
Rats	1371	137	65	8912			
Mice	388	39	65	2522			
Cockroaches	8	1	65	52			
Total				11486			
Adjust out				9571	9571	9571	

VAT							
Adjust ½ year							
From Sept 2011				4786	9571	9571	23928

The assumption has been made that the team could manage 10% more volume at commercial premises as a result of dialogue with external providers and employee suggestions. All of these scenarios deliver financial benefit above the base case however there are implications in other parts of this report concerning equality and risks to consider.

8.6. **Option 3** Provide Public Health pest service and outsource dog warden service

Table 16 **Option 3**

Charge for and treat Public Health Pests only, and outsource dog warden table

	Volume	Vol adj	Price	Incremental	Income		Cum
		0.5		2011/12	2012/13	2013/14	2012-14
Rats	1371	685	18	12330	12330	12330	
Mice	388	194	18	3492	3492	3492	
Cockroaches	8	4	18	72	72	72	
Incremental				15894	15894	15894	
Income ex VAT				13245	13245	13245	
Half year				6622			
Loss of non PH income				-12372	-25511	-26302	
Redundancy				-47922			
Savings in Pest control 1/3 cost from 1 resources reduction	saving			21155	42448	43590	
Dog warden costs including 1 resource reduction	saving			33792	67587	68790	
Dog warden fees				2060	4244	4371	
Outsource service Supplier	C			-16906	-33812	-33812	
Contingency subcons				-5000	-10000	-10000	
Net direct benefit				-18571	58201	59882	99512
OverheadDW20/40/50% to be explained in notes?				4383	17124	21405	
Overhead PC20/40/50% to be explained in notes?				6488	25952	32440	
Total				-7700	101277	113730	207307

In this scenario there is a charge of £15 excluding vat, which is levied on 50% of the public health incidences as a result of volume loss for charging. The volume drops by half where a fee is charged. The savings are made by two staff being reduced, one in pest control and one in dog warden as the dog warden resource cost are allocated by accounting at 0.8 of the total 4 resources.

The reduction in resources drags additional costs with it thus delivering the cost savings as above.

The costs come down and also the fees from non public health pests are no longer received. In addition overheads are assumed to be variable but in the summary we look at the options both with and without the assumed overhead reduction.

The overhead reductions assume that 20% of the overhead comes down in year 1, 40% in year 2 and 50% in year 3. This will need to be confirmed with budget holders but rests on the assumption that for example: overhead was added in to the call centre of 1.5 resources when the pest control and dog warden activity was taken on.

If volumes drop and the focus is just public health pests with stray collections there will be an opportunity to reduce overheads. This will also apply to the other areas of overhead. A contingency is applied in case more subcontractors are needed.

8.7. Option 4 Discontinue pest control

In this option pest control is discontinued as a service. The private sector would pick up all treatments although the Council would still have an inspection and enforcement activity as it does today. The web site would contain advice for citizens and direct them towards preferred sources of commercial pest control.

In this case 2 redundancies are assumed and they are costed into the case. (2 staff will be needed for a retained dog warden service)

Overheads are assumed to be semi variable over three years with 20% reduction in year 1, 40% in year 2 and 50% in year 3 as some of the burden would not be reduced and would be spread across other services.

Dog warden services would continue as per the base case but with 2 wardens and therefore increased education and signage duties. At the moment 0.8 of the 4 is assumed to be deployed on dog warden services.

There are risks and implications of this option in other parts of the report.

Table 17 **Option 4** discontinue pest control

Discontinue Pest Control

£s	2011/12	2012/13	2013/14	Cumulative
				2012-14
Total cost net of fees excluding overheads	102530	102530	102530	
Half year adjustment	51265			
2 staff restructuring	-47921			
Add back 1 resource to dog warden	-15000	-30000	-30000	
Direct cost benefit	-11656	72530	72530	133404
Overheads 20/40/50%	6488	25952	32440	
Total	5168	98482	104970	208620

In this option it is assumed 2 staff would be made redundant. Two members of the team would be retained to perform dog warden services. As 3 resources are allocated to pest control then we add back the cost of one resource into dog warden. In the summary the savings effects are examined with and without overheads.

8.8. Option 5

Outsource Pest Control and Dog Warden Services

This option would require an RFI, RFP and contract negotiation process. Given the potential size of the contracts they may well require an OJEU process to be initiated.

Formal tenders would be assessed to select the potential outsourcer. In order to test the market we have solicited a number of 'rough order of magnitude' views from potential bidders to assess the economic implications. These estimates will differ from final pricing but allow the authority at this stage to test the likely savings range. On pest control we have used PH pests and the highest volume of non-PH pests i.e. Wasps and hornets to make the assessment. Flea and bedbug volumes do not impact the outcome in a material way.

If TUPE applies all 4 individuals would TUPE across and an adjustment has been made to the savings in the summary to reflect the buy out or redundancy terms.

We have selected supplier 5 to use in the summary as they provided the most competitive rough order of magnitude, which means there is a risk that the eventual range of bids could come in higher.

Table 18 **Option 5 Supplier1**

Pest Control outsourcing

£s					
Supplier1	Base vol	90%	price	total	Voldisc 10%
Rats	1371	1233	110	135729	
Mice	388	349	110	38412	
Cockroaches	8	7	180	1296	
Wasps and hornets	536	482	45	21690	
Total				197127	177414
		2011/12	2012/13	2013/14	
Base case net of fees		102530	102530	102530	
½ year adj		51265	102530	102530	
Outsource charge		-88707	-177414	-177414	
Fees		12372	25511	26302	
3 Ts and cs buyout/redundancy		-71882			
Direct savings		-96952	-49373	-48582	-194907
Overheads 20/40/50%		6488	25952	32440	
Total savings		-90464	-23421	16142	-130027

Notes

1. Fees added back as outsourcer does PH and non-PH pests
2. Supplier 1 rough order of magnitude costs are based on a fixed price per type of treatment assuming 3 treatments. This has been factored down by 10%, as not all are 3 treatment activities.

3. Volume discount of 10% has been applied as supplier expressed some flexibility on overall price
4. Prices exclude VAT
5. Overhead reductions require commitment from budget holders

Table 19 Option 5 Supplier 2

£s					
Supplier2	Base vol	90%	price	total	Voldisc 10%
Rats	1371	1233	110	135729	
Mice	388	349	110	38412	
Cockroaches	8	7	125	900	
Wasps and hornets	536	482	45	21690	
Total				196731	177057
		2011/12	2012/13	2013/14	
Base case net		102530	102530	102530	
½ year adj		51265	102530	102530	
Outsource		-88528	-177057	-177057	
Fees		12372	25511	26302	
3 Ts and cs buyout/redundancy		-71882			
Direct savings		-96413	-49016	-48225	-193644
Overheads 20/40/50%		6488	25952	32440	
Total savings		-89925	-23064	-15785	-128774

Notes

1. Fees included as the non-PH is outsourced.
2. Supplier 1 rough order of magnitude costs are based on a fixed price per type of treatment assuming 3 treatments. This has been factored down by 10%, as not all are 3 treatment activities. This fixed price includes call out, treatment and repeat treatment.
3. Volume discount of 10% has been applied as supplier expressed some flexibility on overall price
4. Prices exclude VAT
5. Overhead reductions require commitment from budget holders

Table 20 Option 5 Supplier 3

Supplier 3
Pest Control company large scale
No rough order of magnitude provided
However each operative delivers £100k revenue to the company
Assuming 80% of current team is on pest control that would be £320k
This assumes, say at £100 a treatment, 3200 treatments.
Their view was there was some productivity gain potential, despite the geography

Notes

This supplier did not provide any rough order of magnitude.

Table 21 Option 5 Supplier 4

£s					
Supplier4	Base vol	No adj	price	total	cum
					2012-14
Rats	1371	1371	70	95970	
Mice	388	388	70	27160	
Cockroaches	8	8	55	440	
Wasps and hornets	536	536	40	21440	
Total				145010	
		2011/12	2012/13	2013/14	
Base case net		102530	102530	102530	
½ year adj		51265	102530	102530	
Outsource		-72505	-145010	-145010	
Fees		12372	25511	26302	
3 Ts and cs buy out/redundancy		-71882			
Direct savings		-80750	-16969	-16178	-113897
Overheads 20/40/50%		6488	25952	32440	
Total savings		-74262	8983	16262	-49017

Notes

1. No adjustment for less treatments-supplier view of treatments in line with council
2. No volume discount suggested by supplier
3. Supplier attempts to offer optional access sealing service in addition to treatment
4. Fees included as outsourcer does PH and non-PH pests redundancies or buy out of ts and cs
5. Overhead savings depends on commitment from budget holders
6. Prices exclude VAT

Table 22 Option 5 Supplier 5 – provides most savings

£s					
Supplier5	Base vol	No adj	price	total	cum
					2012-14
Rats	1371	1371	38	52098	
Mice	388	388	38	14744	
Cockroaches	8	8	114	912	
Wasps and hornets	536	536	38	20368	
Total				88122	
		2011/12	2012/13	2013/14	
Base case net		102530	102530	102530	
½ year adj		51265	102530	102530	
Outsource		-44061	-88122	-88122	
Fees		12372	25511	26302	
3 Ts and cs buy out/redundancy		-71882			
Direct savings		-52306	39919	40710	28323
Overheads 20/40/50%		6488	25952	32440	
Total savings		-45818	65871	73150	93203

Notes

1. No adjustment for fewer treatments
2. No volume discount suggested by supplier
3. Fees included as outsourcer does PH and non-PH pests

4. 3 redundancies or buy out of ts and cs
5. Overhead savings depends on commitment from budget holders
6. Prices exclude VAT
7. Supplier 5 also suggested a contract rate of £75000 for a 3-year contract for the above pests.
8. By implication this assumes that there will only be 1 dog warden as 3 redundancies / buy outs are assumed.

Dog warden outsourcing

Dog warden outsourcing candidates were harder to find than pest control operators. On the whole there are few companies that specialise in these services. The one that did quoted a higher direct cost than currently.

The other suppliers are kennels that are prepared, albeit in some cases reluctantly to source on call dog collection. The quality of this service could not be assessed at present but there is a cost saving rather than employing one or two full time wardens.

Table 23 Outsource Dog Warden Supplier A

The outsourcing could improve the services with defined service levels. Overheads would be reduced and the element retained would need to manage and monitor the contract and service levels

£s					
SupplierA	Number	Cost	Total		Cum
					2012-14
Wardens (with vans)	2	30000	60000		
Kennel costs					
Out of hours strays	110	65	7150		
Kennels unclaimed	112	80	8960		
Kennels claimed	111	30	3330		
Total			79440		
		2011/12	2012/13	2013/14	
Base case net		64650	64650	64650	
½ year adj		32325	64650	64650	
Outsource		-39720	-79440	-79440	
Fees		4120	4244	4371	
1Redundancy		-23960			
Direct savings		-27235	-10546	-10419	-48200
Overheads 20/40/50%		4383	17124	21405	
Total savings		-22852	6578	10986	-5288

Notes

1. Dog wardens in north and south Powys
2. Hostage exchange type handover every day for dogs collected in mid Powys to be taken to the Kennel in the north
3. This could raise issues for people travelling to the north to collect their dog who live in the south of Powys.

Table 24 Option 5 Supplier B

£s					
Supplier B	Number	Cost	Total		Cum
					2012-14
Kennels					
Dogs	223	44	9812		
Kennel retainer drop offs			3000		
Collection retainer			6000		
Call out	524	10	5240		
Mileage	524	18	9432		
Total			33484		
		2011/12	2012/13	2013/14	
Base case net		64650	64650	64650	
½ year adj		32325	64650	64650	
Outsource		-16742	-33484	-33484	
Fees		4120	4244	4371	
1 Redundancy		-23960			
Contingency		-5000	-10000	-10000	
Direct savings		-9257	25410	25410	41563
Overheads 20/40/50%		4383	17124	21405	
Total savings		-4874	42534	46815	84475

Notes:

1. Supplier adjusted for total county by using total Powys dog volume and adding contingency
2. Costs exclude VAT
3. Stray dog service only
4. No warden – on call collection service

Table 25 Option 5 Supplier C – chosen for location and savings

£s					
Supplier C	Number	Cost	Total		Cum
					2012-14
Kennels					
dogs	223	44	9812		
Stray dog collection	524		24000		
Total			33812		
		2011/12	2012/13	2013/14	
Base case net		64650	64650	64650	
½ year adj		32325	64650	64650	
Outsource		-16906	-33812	-33812	
Fees		4120	4244	4371	
1 Ts and cs buy out		-23960			
Contingency		-5000	-10000	-10000	
Direct savings		-9421	25082	25209	40870
Overheads 20/40/50%		4383	17124	21405	
Total savings		-5038	42206	46614	83782

Notes

1. Stray dog collections and delivery point
2. Costs exclude VAT

3. Contingency added for out of hours and extra mileage
4. No warden – on call collection service
5. As there has not been an adjustment to scale to all Powys (as above in Option B) we will use this Option C as the basis for the potential dog warden outsourcing.
6. We are using 524 call outs and they have been costed by the outsourcer. As this is not the number of dogs kennelled we are assuming that this is worse case. This is because the call outs are most likely below 524 and above 223 but the prudent case would assume 524 call outs.

Table 26 Option 5 Summary of Supplier 5 and Supplier C savings versus Option 1

Combined Pest Control and Dog Warden Outsourcing

£s	2011/12	2012/13	2013/14	cumulative
Outsource Pest Control	-52306	39919	40710	28323
Outsource Dog Warden	-9421	25082	25209	40870
Direct Savings	-61727	65001	65919	69193
Outsource Pest Control	-45818	65871	73150	93203
Outsource Dog Warden	-5038	42206	46614	83782
Total savings including overheads	-50856	108077	119764	176985

Notes

1. For this summary the best cases from all the outsourcing rough order of magnitude cases was taken (supplier 5 and supplier C). However this carries a risk that in any tender process there may be bids higher than the above.
2. There are risks and costs associated with outsourcing that need to be considered in addition to the financials.
In the case of outsourcing both pest control and dog warden savings may be made. However quality needs to be questioned and the overall effects examined after TUPE buyout/redundancy costs which for the purposes of simplicity we have held to be equal.

8.9. Option 6

Combine Pest Control and Dog Warden services with another council.

A number of councils use the same dog kennels in North Wales as an example of co-operation. This option can be further explored and there may be some additional savings in back office and overhead. In terms of front line savings there will still need to be the same resources deployed. The time taken to negotiate this is longer so it only starts at the beginning of the next fiscal year.

Direct cost savings of sharing the funding of one dog warden could deliver £20k per annum.

In terms of savings 20% of overhead costs could be saved by pooling some back office support functions, which equates to £106400 x 20% for two years, which equals £42560.

In addition cost sharing of £10k, £20k and £20k in the three years could help reduce costs if dog warden services are shared with another authority.

The main support functions which could be reduced are the call centre and the accounting and legal staff. There would be costs involved in negotiating the co-operation as well, which would constrain the overall savings.

8.10. Option 7

Outsource pest control and continue the dog warden service with **2 wardens**

This option may mean that the dog wardens continues as is but pest control is provided by an external contractor

Supplier 5 rough order of magnitude demonstrates savings potential

Table 27 Outsource Pest Control Supplier 5 adjusted for 2 resource buy out/restructuring

£s					
Supplier5	Base vol	No adj	price	total	Cum
					2012-14
Rats	1371	1371	38	52098	
Mice	388	388	38	14744	
Cockroaches	8	8	114	912	
Wasps and hornets	536	536	38	20368	
Total				88122	
		2011/12	2012/13	2013/14	
Base case net		102530	102530	102530	
½ year adj		51265	102530	102530	
Outsource		-44061	-88122	-88122	
Fees		12372	25511	26302	
2 Ts and cs buy out/redundancy		-47921			
Additional costs of 1 dog warden (3 resources on Pest Control)		-15000	-30000	-30000	
Direct savings		-43345	9919	10710	-22716
Overheads 20/40/50%		6488	25952	32440	
Total savings		-36857	35871	43150	42164

Notes

1. Because accounting allocates only 0.8 of the 4 resources into the dog warden costs there will be an increase in dog warden costs as now there will be two salaries allocated versus the 0.8 before. This is why we have adjusted this table for Supplier 5.

8.11. Option 8

Outsource dog warden and continue pest control. Savings could be made but at the expense of quality if on demand services are utilised.

Table 28 Outsource dog warden Supplier C

£s					
SupplierC	Number	Cost	Total		Cum
					2012-14
Kennels					
dogs	223	44	9812		
Stray dog collection	524		24000		
Total			33812		

2011/12	2012/13	2013/14
----------------	----------------	----------------

Option 9

The staff could decide to provide the services through a new company they set up. If they resign and create a new company then they would have to follow a contracting route in line with Council policy. This is not currently an active option.

Option 10

Discontinue pest control and outsource dog warden

Table 29 Discontinue pest control

£s	2011/12	2012/13	2013/14	Cumulative
				2012-14
Total cost net of fees excluding overheads	102530	102530	102530	
Half year adjustment	51265			
3 staff restructuring	-71881			
Direct cost benefit	-20616	102530	102530	184444
Overheads 20/40/50%	6488	25952	32440	
Total	-14128	128482	134970	249324

Table 30 Outsource dog warden

£s					
SupplierC	Number	Cost	Total		Cum
					2012-14
Kennels					
dogs	223	44	9812		
Stray dog collection	524		24000		
Total			33812		
		2011/12	2012/13	2013/14	
Base case net		64650	64650	64650	
½ year adj		32325	64650	64650	
Outsource		-16906	-33812	-33812	
Fees		4120	4244	4371	
1 Ts and cs buy out/restructure		-23960			
Contingency		-5000	-10000	-10000	
Direct savings		-9421	25082	25209	40870

Overheads 20/40/50%		4383	17124	21405	
Total savings		-5038	42206	46614	83782

Table 31 Option 10 Combined effect

£s	2011/12	2012/13	2013/14	cumulative
Discontinue Pest Control	-20616	102530	102530	
Outsource Dog Warden	-9421	25082	25209	
Direct Savings	-30037	127612	127739	225314
Discontinue Pest Control	-14128	128482	134970	
Outsource Dog Warden	-5038	42206	46614	
Total including overheads	-19166	170688	181584	333106

This option involves 4 redundancies, as the dog warden service would be provided on demand. It delivers the most cost savings and is the most radical of all the proposals.

Table 32 Financial Analysis Summary tables

£s Including Overheads	Risk	2011/12	2012/13	2013/14	3year cum	% cum
Base case		275890	275890	275890	827670	
Option1 BAU	L	0	0	0	0	0
Option 2						
Scenario1 Charge	M	8608	17217	17217	43042	5
Scenario2 Charge ex rats	L	2896	5792	5792	14480	2
Scenario3 Commercial work	M	4786	9571	9571	23928	3
Option 3 Charge PH O/S DW	M	-7710	101277	113730	207307	25
Option4 Discontinue pest control	H	5168	98482	104970	208620	25
Option 5 Outsource DW and PC	H	-50856	108077	119764	176985	21
Option6 Co-operate with councils	M	10000	41280	41280	92560	11
Option 7 Outsource PC keep DW	H	-36857	35871	43150	42164	5
Option 8 Outsource DW keep PC	M	-5038	42206	46614	83782	10
Option9 Employee MBO		NA	NA	NA	NA	NA
Option10 Stop PC outsource DW	H	-19166	170688	181584	333106	40
£s Excluding Overheads	Risk	2011/12	2012/13	2013/14	3year cum	% cum
Base case		167180	167180	167180	501540	
Option1 BAU	L	0	0	0	0	0
Option 2						
Scenario1 Charge	M	8608	17217	17217	43042	9
Scenario2 Charge ex rats	L	2896	5792	5792	14480	3
Scenario3 Commercial work	M	4786	9571	9571	23928	5
Option 3 Charge PH O/S DW	M	-18571	58201	59882	99512	20
Option 4 Discontinue pest control	H	-11656	72530	72530	133404	27
Option5 Outsource DW and PC	H	-61727	65001	65919	69193	14
Option 6 Co-operate with councils	M	10000	20000	20000	50000	10
Option 7 Outsource PC keep DW	H	-43345	9919	10710	-22716	-5
Option 8 Outsource DW keep PC	M	-9421	25082	25209	40870	8
Option 9 Employee MBO		NA	NA	NA	NA	NA
Option10 Stop PC outsource DW	H	-30037	127612	127739	225314	50

The table above looks at the summation of each option, with and without overheads and includes an estimate of redundancy or TUPE buy out costs that may be attached to each option.

In addition an execution risk has been assessed. For outsourcing as an example its high risk as there are few suppliers who were able to give a rough order of magnitude assessment that deliver cost savings on a direct cost basis.

In addition to examining these options separately, a combination may be possible. The table below ranks options and combines them to show the savings from different potential combinations.

Table 33 Potential feasibility options-excluding overheads

£s Excluding Overheads		Performance risk	PH risk	Ongoing Savings 2014	Cum savings	Cum %
Economic rank					501540	Base
Option 10 Stop PC outsource DW		H	H	127739	225314	50
Option 4 Discontinue pest control		M	H	72530	133404	27
Option3 Charge PH O/S DW		H	M	59882	99512	20
Option 5 Outsource DW and PC		H	H	65919	69193	14
Option 6 Co-operate with councils		H	L	20000	50000	10
Scenario1 Charge		M	H	17217	43042	9
Option 8 Outsource DW keep PC		H	M	25209	40870	8
Scenario3 Commercial work		M	L	9571	23928	5
Scenario2 Charge ex rats		L	L	5792	14480	3
Option1 BAU		L	L	0	0	0
Option 7 Outsource PC keep DW		H	M	10710	-22716	-5
Option9 Employee MBO		NA	NA	NA	NA	NA

In the table above combinations can be considered but the combination that gives significant savings without high risk to public health is Option 3

9. Legal implications

- 9.1. There are legal implications relating to The Transfer of Undertakings (Protection of Employment) Regulations (TUPE). If an outsourcing option is chosen then TUPE could apply to some existing contractors if the people solely support the council and it will apply to council employees engaged in a defined 'branch of business'. Further work will be needed to establish the exact implications of TUPE and this needs to be handled correctly. It may mean that if outsourcing is chosen that council employees will transfer to the new supplier and their terms and conditions including any pension arrangements will need to be handled in an appropriate way in line with the legislation.
- 9.2. If outsourcing is considered the services are covered by Public Contracts Regulations (because they are 'Part A' services and above the value threshold). In order to outsource a PCR compliant procedure would need to be followed.
- 9.3. Local Authorities are not required by statute to provide a pest control service. The Public Health Act 1936 and the Prevention of Damage by Pests Act 1949 does however place obligations on Local Authorities to deal with rats, mice and other vermin in their area. The Acts require the Local Authority to inspect their area for the presence of vermin and provide for the serving of notices on the Owner/Occupier of land or premises requiring remedial action.

10. Conclusions

- 10.1. Charges may need to be raised by more than inflation to hold the pest control and dog warden costs flat over the next three years.
- 10.2. Savings could be made by charging for some of the free services and by developing a commercial service and performing school pest control activity. Water authority personnel were also contacted but sewer baiting economics were not significant enough to influence the study.
- 10.3. The largest savings can be made by discontinuing pest control and having the private sector act as a provider for dog warden services.
- 10.4. Utilising outsourcing could continue the service whilst making savings, without raising the charges much higher than inflation, however there has to be leverage on the council's overheads to make this a financially beneficial option as only a few suppliers tested could deliver direct cost saving.
- 10.5. It may be that a mix of outsourcing and charge increases may enable the Council to balance its qualitative and quantitative objectives
- 10.6. Two key questions are how much needs to be saved over what timescale? If the council wants to balance the public health need with the need for savings then Option 3 may be best as it is not the most draconian cost reduction action but the one that may best balance the needs of all stakeholders.

Appendices

Appendix 1

Table 34 Pest Control charges

£'s Including vat at 20%	Domestic charges 2010/11 Authorities close to Powys					Concession	Business (mainly rats/mice)
Authority	rats	mice	cockroach	wasps	fleas	bedbugs	
Carmarthenshire	36.00	60.00	60.00	60.00	60.00	60.00	50%-100% 67.5 first hour,45 per hour survey
Gwynedd domestic	37.92	37.92	104.98	46.79	43.33	127.03	N Y 18% higher all fees
Herefordshire	41.66	41.66	36.47	36.47	36.47	36.47	20.83 73.44
Wrexham	10.9	16.65	16.65	37.90	32.70	32.7	50%-free 58.10 20.05 per half hour
Pembrokeshire	0	44.86	0	50.40	50.40	50.40	50% N
Swansea	0	0	49.00	49.00	49.00	49.00	free 49.00
Ceredigion	0	0	45.00	45.00	45.00	45.00	N 66.00 PLUS BAIT
Powys	0	0	0	43.32	43.32	43.32	N N
Shropshire	0	0	0	40.00	48.00	0	50% Y on application
Denbighshire	0	0	0	54.00	54.00	0	N 96.00
Neath Port Talbot	0	0	0	36.00	36.00	0	50% 49.56
Conwy	0	0	0	45.00	0	0	N Y on application
Monmouthshire	0	0	0	charge	0	0	N N

Appendix 2

Services currently offered by the council

- Pest treatments are available free for rats, mice inside premises and cockroaches
- Flea's wasps and bedbugs are charged at £42.42 per visit
- The service provides advice on other pests.
- Chargeable treatments require payment up front. Public health pests are free.
- Requests are made via the call centre.
- There is no out of hour's service. For immediate treatment or for non public health pests except wasps, fleas and bedbugs the council refers to citizen to private companies.

Appendix 3

Table 35 Pest Control Treatment statistics

Pest data:

1/4/2009-31/4/2010 Chargeable/non chargeable pest requests			
	treatment		treatment
advice	2	mice inside	38
ants	25	moles	7
bedbugs	4	moles in council	9
bees	9	other insects	53
birds	10	rabbits	5
cockroaches	8	rats	1371
complex advice	1	significant	
fleas	49	public health	71
flies	94	squirrels	19
mice	3	wasps	2
mice indoors	388	wasps/hornets	534
mice outside	10	Total	2712

Rats,mice inside,cockroaches,fleas bedbugs and wasps/hornets are number of incidents – could involve up to 3 treatments. Most of the others are advice vs treatments.

Appendix 4

Table 36 Dog Warden Charges

£'s	Domestic charges 2010/11		Concession	Business
Including vat at 20% if applicable	Authorities close to Powys			
Authority	RELEASE	KENNELS	comments	
	RETURN			
Carmarthenshire	52.50	17.50 per day	first 4, next 5 days 17.50 per day to 9 days for 140 plus daily kenneling fee plus vet bill if required admin fee 50 if kenneled or 30 if returned.	
Gwynedd domestic	40.00	on application		
Herefordshire	25.00	8.00 per day		
Wrexham	60.00	10.42 per day		
Pembrokeshire	25.00	8.00 perday		
Swansea	73.00	10.00 per day	25.00 then 10.00 per day for MTB	
Ceredigion	on application			
Powys	25.00	10.00 per day		
Shropshire	on application			
Denbighshire	25.00	6.00 per day	release is 40.00 from kennel, up to 70.00 out of hours	
Neath Port Talbot	on application			
Conwy	on application			
Monmouthshire	25.00	6.00 per day	innoculation 15.00	
SupplierA	65.00	10.00 per day		

Appendix 5

Services currently offered by the council

The dog warden service collects stray dogs and kennels them. It assists owners to find lost pets. The service also investigates complaints and enacts enforcement where required. It seeks to microchip dogs wherever possible. It also provides advice and education and works with the police where dangerous dogs are concerned. Dogs are held in kennels for 7 days and are re-homed if not collected.

Appendix 6

Dog Warden Statistics

Dog warden data

Total animals and dogs complaints and requests 3030 for 1/4/2009-31/3/2010

Stray dog 524, lost dog 457,roaming 170 1/4/2009-31/3/2010

Total 1151

Out of hours stray dog collections 110

Number of dogs kennelled 223

Unclaimed 112 (8 kennel days estimate)

Claimed 111 (3 kennel days estimate)

Appendix 7

Table 37 Benchmarking Powys

Pest Control	Budgeted Revenue Expenditure, Service Detail Local Government Finance Statistics WAG			
	2009-10 FRS 17		2010-11 non FRS 17	
	£ K	£ per head	£ K	£ per head
Powys	182	1	167	1
Gross rev expend	279632	2119	293656	2230
%	0.07%		0.06%	
Pembrokeshire	182	2	179	2
Gross rev expend	245656	2083	257797	2192
%	0.07%		0.07%	
Ceredigion	63	1	57	1
Gross rev expend	165833	2132	166829	2172
%	0.04%		0.03%	
Carmarthenshire	254	1	247	1
Gross rev expend	381228	2123	391850	2169
%	0.07%		0.06%	

Powys costs fall in line with other neighbouring authorities

Table 38 Peer comparison

Budgeted revenue expenditure by authority and service			
Wales	2010-11		
	non frs 17		
	£ k	%	rank
1 Isle of Anglesey	76	0.03	
2 Gwynedd	141	0.05	
3 Conwy	52	0.02	
4 Denbighshire	285	0.09	
5 Flintshire	203	0.07	
6 Wrexham	3	0.00	
7 Powys	167	0.06	8
8 Ceredigion	57	0.02	
9 Pembrokeshire	179	0.06	
10 Carmarthen shire	247	0.08	
11 Swansea	333	0.11	
12 Neath Port Talbot	8	0.00	
13 Bridgend	96	0.03	
14 Vale of Glamorgan	163	0.05	
15 Rhondda Cynon Taf	203	0.07	
16 Merthyr Tydfil	84	0.03	
17 Caerphilly	52	0.02	
18 Blaenau Gwent	139	0.05	
19 Torfaen	148	0.05	
20 Monmouthshire	135	0.04	
21 Newport	184	0.06	
22 Cardiff	76	0.03	
Total unitary authorities	3031	100%	

As a proportion of all pest control activity in Wales Powys is the 8th highest spending Local Authority