

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

18 MAY 2021

REPORT OF THE INTERIM CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

PEST CONTROL CONTRACT

1. Purpose of report

- 1.1 The purpose of this report is to provide Cabinet with the background, current position and options to determine the preferred way forward in terms of a pest control service following the previous Cabinet report on 19th January 2021.

2. Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objectives under the **Well-being of Future Generations (Wales) Act 2015**:-

- **Helping people and communities to be more healthy and resilient** - taking steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. Supporting individuals and communities to build resilience, and enable them to develop solutions to have active, healthy and independent lives.
- **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

3. Background

- 3.1 In the previous Cabinet meeting on 19th January 2021, it was agreed to explore further alternative options with regards to pest control. Cabinet also approved the suspension of the relevant parts of the Council's Contract Procedure Rules to enter into a short term contract with the current pest control service provider Rentokil whilst further options are being explored. Whilst Rentokil has agreed to extend the current contract until October 2021, they have also stated that this is the maximum extension they will agree to under the terms of the current contract.
- 3.2 Since coming into effect in May 2015, SRS has provided the Environmental Health, Trading Standards and Licensing functions across the Bridgend, Cardiff and Vale of Glamorgan Council areas. Most of the duties performed by SRS are discharged equally across the three authority regions as core functions, however some of the services provided are deemed authority specific and are tailored for delivery in one particular local authority area. Whilst SRS provide the regulatory pest control support to the 3 authorities, they only provide a pest control treatment service to the Vale of Glamorgan. The pre-SRS decision was that the City of Cardiff Council was to

continue to deliver their pest control service in house, outside of the SRS and Bridgend County Borough Council (BCBC) continued to deliver a pest control services by way of a domestic pest control contract with a commercial provider.

- 3.3 Whilst BCBC retain the domestic pest control contract, SRS continues to respond to any public health issues and concerns in respect of pest control where individuals' activities may impact on others' public health, for example, neighbouring properties. This regulatory service is free to residents and will not be affected as it is separate to the domestic pest control contract provided by BCBC.
- 3.4 Whilst the larger social landlords e.g. V2C have their own pest control contracts in place to deal with remedial and proofing works, their tenants utilise the Council's current free pest control service for straight forward baiting in individual properties. Pest control issues in blocks of flats, communal areas and empty properties are not covered in the existing domestic pest control contract and these issues need to be dealt with by the social landlords directly.
- 3.5 The previous Cabinet report in January 2021, provided the 3 following options:
1. Discontinue providing a domestic pest control service
 2. Continue providing a domestic pest control service and introduce charge to residents, offering a 50% concession to residents in receipt of benefits
 3. Continue providing a domestic pest control service free of charge

The decision by Cabinet was to extend the current contract while further options were explored.

- 3.6 As explained in the previous Cabinet report, the 'Shaping Bridgend's Future' 2019 public consultation sought to obtain views on specific budget reduction proposals across Council directorates and included a question to obtain residents' views on a pest control service. 58% of respondents stated that they were of the view that the Council is not best placed to provide a pest control service. Respondents were asked a supplementary question on whether the council should consider charging for these services. 24% of respondents agreed to charging for bedbugs compared to 22% for cockroaches and 19% for rats/mice. Only 16% of respondents to this question stated that the service should continue to be free to residents.
- 3.7 In the February 2021 meeting of Cabinet, as part of the Corporate Overview and Scrutiny Committee's (COSC) recommendations to Cabinet on the Medium Term Financial Strategy, COSC made a recommendation in terms of the pest control contract. The relevant recommendation and Cabinet response is shown below:

Item	Recommendation	Response
11	The Committee were concerned regarding the impact of cutting the Pest Control Contract completely, due to the impact on those in receipt of benefits and recommended that the Pest Control Savings proposal is placed on hold pending the Cabinet reviewing of the proposal. (<i>Budget Reduction CEX2</i>).	Agreed. The savings proposal for the Pest control contract will be removed from the MTFs pending further work and a further options paper brought back to Cabinet.

4. Current situation/proposal

- 4.1 The Council contracts with a private sector pest control operator to provide the pest control service. The current pest control contract was due to expire on 30th April 2021 and has recently been extended to 31st October 2021.
- 4.2 BCBC offers residents a free of charge domestic pest control service for the treatment of rats, mice, bedbugs and cockroaches and charges for the treatment of fleas and wasps. The current cost for the domestic pest control contract with Rentokil is £63,400 per year regardless of the amount of calls and work undertaken. The current cost excludes the cost of council officers' time that is needed in addition to support the provision of the service for residents.
- 4.3 The current domestic pest control contract costs are based on annual pest control activity between 2013–2016. The contractor is required to respond to all domestic pest control treatment requests within 3 working days. This is not ideal as it requires the resident to wait in for the visit as no day or time can be agreed in advance. Due to this, there is a high level of abortive callouts made as a result of residents not being at the property when the pest control technician arrives.

The below data shows the number of requests logged in each year since 2016:

	2016-2017	2017 - 2018	2018 - 2019	2019 - 2020
Rats	3,352	3,569	4,045	4,205
Mice	126	149	155	119
Cockroaches	1	5	1	1
Wasps/Bees	77	68	108	104
Bedbugs	26	21	41	34
Fleas	51	32	34	57
Totals	3,633	3,844	4,384	4,520

Whilst the data shows an increase, recent analysis also shows that the true figure of customers using this service is actually distorted and inflated, as approximately 21% of the figures are as a result of having to 're-book' missed callouts.

- 4.4 If the service is to be re-tendered to continue providing a free pest control service, based on an increase in callouts logged and taking into account customers needing to re-book, the future contract cost is likely to increase.
- 4.5 Both the Vale of Glamorgan Council and Cardiff City Council provide a chargeable service for all pests. Whilst Cardiff City Council offers no reduced rates, the Vale of Glamorgan Council offers a 50% reduction to their residents in receipt of council administered housing or council tax benefits.
- 4.6 Following Cabinet's decision to explore further pest control options, the Operational Manager for Customer Services liaised with the other 21 Welsh local authorities to identify what domestic pest control service was offered to their residents. From the 21 authorities that were contacted, apart from two further options that were identified in Bridgend, no authority provided any further alternative options as most either provide a full chargeable service, or do not provide a service at all.

4.7 The two options to consider in addition to those considered in the January 2021 Cabinet report are:

- introduce a charge to treat all pests but continue providing a free service to treat rats within the living space, i.e. rooms within a property where a person may be such as living room, kitchen, bedroom and bathroom.
- bring the service in-house rather than pay an external provider, and either continue with a free service, or introduce a charge to treat all pests.

The 5 potential options are outlined in the table below:

Option	Cost per annum (before income from charges)	Comments
1 – Discontinue providing a pest control service at the end of the current contract	£0 – annual saving of £63,400	Discontinue providing a pest control service when the contract comes to an end in 31 st October 2021. Residents would engage directly with third party providers for this service going forward
2 – Re-tender contract to continue providing domestic pest control service and introduce charge to residents for all pests with 50% concession to those residents in receipt of benefits (in line with the service provided in the Vale of Glamorgan)	Unknown at this time, but likely to be a significant increase if based on current pest control activity	Continue to provide pest control service but introduce a charge to residents to offset the increased annual contract costs
3 – Re-tender contract as Option 2 above but continue to provide a free pest control service for rats within the living space		Continue to provide pest control service but introduce a charge to residents to offset the increased annual contract costs. Rat treatments within the living space will continue to be provided free of charge
4 – Re-tender contract to continue providing domestic pest control service free of charge		Continue to provide free domestic pest control service and continue to charge for the treatment of fleas and wasps only

Option	Cost per annum (before income from charges)	Comments
as per current offer to residents		
5 – Bring the service in-house rather than pay an external provider	Estimated at £191,250	Continue to provide either a free in-house domestic pest control service, charging for wasps and fleas based on the current contract; or provide an in-house service and introduce a charge to treat all pests to offset the annual cost

- 4.8 Option 1: Discontinue providing the discretionary pest control service when the current contract ends on 31st October 2021. This will achieve a saving of £63,400 per annum. SRS will continue to provide a regulatory service in terms of public health. Discussions will also need to take place with Welsh Water to make them aware that BCBC would not be managing the sewer baiting programme on their behalf any longer so alternative arrangements can be made.
- 4.9 Option 2: Continue to provide a discretionary pest control service to residents but introduce a charge for all pest services, offering a 50% concession to those residents in receipt of benefits i.e. council tax reduction or housing benefits. This would be in line with the approach taken by other local authorities such as the Vale of Glamorgan Council. SRS will continue to respond to pest control issues as part of their regulatory service in terms of public health.
- 4.10 Option 3: As per option 2 but continue to provide a free discretionary pest control service to all residents for rat treatments inside the living space. This will ensure treatment continues for all emergency scenarios free of charge. By charging for 'outside the living space', such as attics, gardens, sheds and garages, it is anticipated that residents will become more self-reliant in managing pest activity outside of their living space and take necessary action to prevent future infestation.
- 4.11 Based on current pest control activity, it is likely the contract cost for continuing to provide a pest control service will significantly increase. However, by introducing a charge to residents, income will be generated to offset the increased cost under both Options 2 and 3. The level of income in Option 2 will be fully dependent on the number of concessionary and full cost recovery charges, with Option 3 also being dependent on the number of rat treatments inside the living space being undertaken free of charge. The following table provides an example of the range of income for Option 2. Option 3 would see a reduction to the potential income depending on the number of rat treatments undertaken inside the living space,

Recovery charge	Potential Income
50/50 proportionate split	£71,250

Recovery charge	Potential Income
80/20 split in favour of concessionary charges	£57,000

- 4.12 Given the fact that nearly all pest control treatments provided by BCBC have always been free, it is envisaged that, by introducing a charge, demand for this service will reduce by between 20-40%. It is inevitable that the introduction of charges for pest control will lead to some reduction in the number of service requests. However following discussions with SRS, when the Vale of Glamorgan Council introduced a charge in 2016, the dip experienced in demand was only short lived.
- 4.13 Option 4: Continue to provide a free discretionary pest control service to residents based on the current contract, with a charge for treatment of fleas and wasps only. Based on the current pest control activity, it is estimated the cost for the service will significantly increase so additional revenue will need to be funded from core Council budget. This will have budgetary implications on other services.
- 4.14 Option 5: Provide an in-house pest control service with the option of either:
- continue providing a free discretionary pest control service to residents based on the current contract, with a charge for treatment of fleas and wasps only, or
 - introducing a charge to treat all pests.

Discussions have been held with both Cardiff Council and SRS to ascertain costs of providing an in-house pest control service. The comparative cost of providing an in-house service is estimated to be around £191,250.

	£
Salaries (2 FTE pest control technicians, 1 FTE team leader, absence cover, stand-by for evenings and weekends and overtime)	149,000
Vehicle costs	9,000
Fuel	2,000
Consumables (eg. materials, PPE, mobile telephones, insurance)	10,000
Corporate overhead costs e.g. HR, Payroll, Finance, ICT, Premises (based on 12.5%)	21,250
Total	191,250

By introducing a chargeable in-house service to residents for all pests, income will be generated to offset the increased cost for Option 5. The level of income will be similar to that shown in paragraph 4.11 for Option 2.

- 4.15 All of the above options except options 4 and 5 (free service option) entail a change in service provision and would be subject to the outcome of a public consultation exercise. Council officers would need to undertake a 12 week public consultation exercise to determine the views of residents to the proposed change and report the outcome of that consultation back to Cabinet to consider before a final decision is made.

5. Effect upon policy framework and procedure rules

- 5.1 The suspension of the relevant parts of the Council's Contract Procedure Rules have been applied to enter into a short term contract of 6 months with the current pest

control provider Rentokil to allow business continuity whilst further options are explored. This will also provide sufficient time to carry out a full 12 week public consultation if required.

6. Equality Act 2010 implications

- 6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh language have been considered in the preparation of this report. As a public body in Wales, the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions.

If the decision is to discontinue the service, or introduce a charge, a full 12 week public consultation will need to be undertaken. Following this consultation, an Equality Impact Assessment (EIA) screening form will be completed to determine the need for a full EIA.

If the decision is to continue with providing a free pest control service, excluding fleas and wasps, an EIA will not be required as there will be no change to the current service.

7. Well-being of Future Generations (Wales) Act 2015 implications

- 7.1 The table below details how this report aligns to one or more of the 5 ways of working and 7 Well-being of Future Generations Act goals:

Involvement	Budget consultation results have underpinned the residents' views on providing a pest control service
Long Term	Creating a safer living environment and enabling residents to become more self-reliant in managing pest activity and take necessary action to prevent future infestation
Prevention	Creating a safer living and working environment, enabling residents to enjoy opportunities within their local communities

A prosperous Wales	Helping local people
A resilient Wales	Supporting local people and communities
A healthier Wales	Supporting local people and communities in dealing with pest control activities
A Wales of Cohesive communities	Supporting communities

8. Financial implications

- 8.1 The current core budget for the provision of a pest control service is £63,400. The financial implications for each option is set out in detail in 4.7 and summarised below:

Option 1 : would achieve an annual saving of £63,400.

Option 2 and option 3 : based on the current pest control activity, it is likely the cost for this service will significantly increase.

For option 2, the level of income will be fully dependent on the number of concessionary and full cost recovery charges. A proportionate split would achieve £71,250 in income, reducing the net cost of the service to the Council. However, an 80/20 split in favour of concessionary charges, would reduce the income to £57,000.

For option 3, the level of income will be dependent on the number of free rat treatments that continue to be provided within the living space and the number of concessionary and full cost charges made.

If the tender is awarded on a variable cost basis, then there is no change to the assumptions above if demand decreases as a result of charges being introduced, as the contract price will be proportionately lower along with the reduced levels of income. However if the tender is a fixed cost contract, reduced demand will increase the gap needed to be funded from core Council budget. A further report will be presented to Cabinet on how any shortfall could be met, once the position is clear.

Option 4: based on the current pest control activity, it is estimated that the cost to continue providing a free pest control service will significantly increase. Additional revenue will need to be funded from core Council budget and will have budgetary implications on other services.

Option 5: to provide an in-house pest control service is estimated to be in excess of £191,250 to take into account additional resource to manage the service and to ensure business continuity during staff absences/leave. The estimated £127,850 increase in costs over the current core budget will need to be funded from core Council budget which will have budgetary implications on other services. However if a charge was introduced, the income would help to offset the increased cost of providing an in-house service similar to Options 2 and 3.

Option 1 would see a decrease in the amount of Bridgend Council officer support that is currently required to administer this service. Depending on the structure of the tender, all other options could require additional council officer time to administer the scheme. By introducing a charge Customer Service Advisors will spend more time processing the requests as they will also need to take payments, verify concessions etc. This is likely to impact on the number of calls they are able to deal with on a daily basis, however if the decision is to continue providing the service it is the intention to make sure an online digital solution is also put in place to enable residents to make requests themselves without having to contact Customer Services.

9. Recommendations

9.1 Cabinet is recommended to:

- consider the options outlined in the report and determine the preferred way forward.
- subject to the above determination, authorise Council officers to undertake a 12 week public consultation exercise on the preferred option and note that a further report will be presented to Cabinet setting out the outcome of that consultation exercise so that a final decision can be made.

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