

Report to Leader of the Council

Subject: Pet Cremation Service and Fees and Charges Review 2023/24

Date: 14 June 2023

Author: Business Development and Support Manager

Wards Affected

Borough-wide

Purpose

The report provides an update on the business case for the Council's Pet Cremation Service and seeks approval of a new set of Fees and Charges for the service, to ensure ongoing delivery of the service.

Recommendation(s)

THAT The Leader of the Council:

- 1) Notes the updated business case for the Pet Cremation Service at Appendix 1.**
- 2) Agrees the introduction of revised fees and charges for the Pet Cremation Service as detailed in Appendix 2 with immediate effect in support of ongoing delivery of the service.**

Key Decision

This is not a Key Decision

Background

- 1.1 In June 2018, approval was given for the launch of a new Pet Cremation Service at the Council. The service was based on a business plan for the cremation of domestic pets with a "USP" of a 48 hour turnaround service including collection and return. The initial business plan was formulated based on some soft market testing and research of pet ownership in the borough. The initial budget presumptions were ambitious, forecasting a complete recovery on investment and contribution to overheads from year one totalling £93,800. This did not give opportunity for development of the service through marketing.
- 1.2 The service launched in April 2019 and was licensed by DEFRA. The general power of competence was relied upon to start the business as well as waste collection powers and charging powers under the Environmental Protection Act

1990 which permitted a level of surplus for investment into the wider waste service.

- 1.3 It was hoped that in addition to domestic pet collection from households, that as the business developed, veterinary surgeries may be interested in contracting with the council for cremation services. As detailed in the business case at Appendix 2, this never materialised as due to additional services provided to veterinary surgeries as part of cremation services, the offer they received from existing contracts could not be matched by the Council.
- 1.4 Substantial promotion and marketing was undertaken to launch the business, however, whilst there was take up in 2019/20, the Covid-19 pandemic did impact on the service growth in 2020 and 2021 making progression slower than anticipated, although overall, income did grow in that period from £17,100 in 2019/20 to £47,700 by 2021/22 an 86% increase.
- 1.5 In addition to the cremations services, the Council offers customers a wide range of cremation memorabilia including urns, caskets, scatter tubes and inked paw prints. This area of the service has grown with other products now coming onto the market including eternity candles, necklaces and other jewellery and charms. This has helped increase income to support the service.
- 1.6 In June 2021, as part of a wider audit of commercial services, it was agreed that the business case for the Pet Cremation Service needed a review and consideration given to the continuation of the service as part of that review. The business case at Appendix 1 provides an update on the Pet Cremation Services, lessons learned and future growth. It should be noted that whilst the service did not reach the ambitious income targets contained in the original business case, income has continued to increase since the service was established. Based on current income levels and predicted income levels (which makes no assumption of increased demand) it is predicted that the cost of the service will break even in 2026/27, with an opportunity to surpass this with continued promotion of the service.
- 1.7 In order to ensure that the costs of the service are fully recovered and some surplus generated for reinvestment into Council services, fees and charges for the Pet Cremation Service are reviewed annually to ensure cost recovery as a minimum. Section 3 of the Localism Act 2011 allows authorities to charge for discretionary services offered under their general power of competence. In addition, charges as part of the Pet cremation Service are levied under powers within the Environmental protection Act 1990 and regulations made thereunder which allows for reasonable charges to be levied for collection and disposal of certain types of waste including dead domestic pets.
- 1.8 These discretionary fees and charges are regularly benchmarked and are set separately and reflect either an enhanced service or have been introduced to meet additional demand. Benchmarking of the proposed fees includes consideration of factors such as:
 - Latest trends in demand for these services
 - The potential to enter new markets
 - The fees charged by competitors
 - Attempting to retain existing customers
 - Rising costs in the provision of these services

1.9 With Portfolio Holder and relevant Corporate Director approval, discretion can be made to apply varying percentage increases or freezes to relevant Fees and Charges as long as the overall cash amount and/or commercial aims for that area are met. This allows consideration to be made for factors that influence the rate at which fees and charges are set.

These factors include:

- The Borough's priorities.
- The comparative price of neighbouring authorities.
- The effect an increase in price would have on the activity, including customer resistance.
- The cost benefit of the service.

1.10 Pet Cremation Fees and Charges have been reviewed within the industry and increased in line with current market rates. The increase equated to an average of 12% which is due to significant inflationary increases across a number of areas which include, staff costs which have increased on average of 9%. Transport costs following the climb in global fuel prices and the council's transition to HVO fuel in order to deliver a 90% cut in greenhouse gas emissions to lower its operating carbon footprint. The rise also reflects a similar rise in supply costs of raw materials, freight and manufacturing costs leading to external price increases from suppliers.

1.11 The collection / return transport charge has been set at £15, which is based on an assumed average mileage within the borough. The cost per mile for collection / return outside the borough has been increased significantly to cover both the increase in fuel, plus the staffing time resource that it takes for the Pet Cremation operator to travel.

1.12 A range of additional memorial items have been introduced to increase the service provided for customers, the cost of these items is included as part of the fees and charges schedule at Appendix 2.

2 Proposal

2.1 It is proposed that the revised business case in relation to the Pet Cremation Service be noted. The business case indicates that continuation of the service will ensure that costs from the outset are recovered by 2025/26 with a potential to surpass this if income continues to improve. Dissolution of the service now would mean that future growth opportunities are lost and previous costs unrecovered. It should be noted that the business case will be kept under regular review and presented annually as part of the fee review process going forward.

2.2 It is proposed that the fees and charges at Appendix 2 be agreed with immediate effect to reflect an average increase of 12% income across the fees and charges to reflect the significant increase in fuel prices, travel and other costs.

Alternative Options

- 3.1 A lower income inflation increase could be applied, however this would not cover the significant increase in current fuel prices and other costs.
- 3.2 Alternatively prices could remain the same. This again would not cover the significant increase in current fuel prices and other costs.
- 3.3 Recommendations could be made to cease the provision of the service, however, the business case demonstrates an increase in income which in 2022/23 in year has resulted in a small surplus with a break even point for the business within the next 3 years.

Financial Implications

- 4.1 The proposed fees and charges set out in the Appendix and are intended to maintain a commercial pet cremation service that makes an annual contribution to overheads.
- 4.2 The newly proposed Pet Cremation Fees will deliver the approved income budget target required.
- 4.3 Further financial information in relation to the service is contained within the business case at Appendix 1.

Legal Implications

- 5.1 The Council relies on powers under the Localism Act 2011 to operate and charge for the cremation service and the Environmental Protection Act 1990 (“the EPA”) and the regulations made thereunder, namely the Controlled Waste (England and Wales) Regulations 2012 (“the Regulations”), to charge for the collection and disposal of waste.

The EPA gives collection authorities like Gedling the discretion to also collect clinical waste, if requested to do so, **within their area** and dispose of it for a reasonable charge. The Regulations also give the power to charge for the collection of dead domestic pets from households.

- 5.2 At this stage, the income from the service is only just starting to cover costs year on year. Going forward, if the business continues to grow, consideration would need to be given to the future operating model of the business.

Equalities Implications

- 6.1 The proposed increase in Fees and Charges will not have any adverse equalities implications.

Carbon Reduction/Environmental Sustainability Implications

- 7.1 The proposed increase in Fees And Charges will not impact on the Council’s Carbon Reduction/Environmental Sustainability targets.

Appendices

8.1 Appendix 1 – Business case – Pet Cremation services (partly exempt)

Appendix 2 - Revised Fees and Charges 2023/24.

Background Papers

9.1 None identified.

Reasons for Recommendations

10.1 To maintain a pet cremation service that makes an annual contribution to overheads in 2023/24 and in the medium term.

Statutory Officer approval

Approved by:

Date:

On behalf of the Chief Financial Officer

Approved by:

Date:

On behalf of the Monitoring Officer

APPENDIX 2 – PASC PET CREMATION SERVICES FEES AND CHARGES 2023/24 WITH EFFECT JULY 2023

PASC Pet Cremation Service Fees & Charges					2023/24			
Individual Cremation (Inc Scatter Tube)		Price	Caskets	Paw Print Urn	Memorial	Jewellery		
Micro Pet - Hamster	less than 1kg	£56.50	£25.00 (S)	Small Pawprint Urn (up to 10kg) - £50 Medium Pawprint Urn (10kg+) - £60 Large Pawprint Urn (35kg+) - £70 Ex Large Pawprint £80	Eternity Candle £50.00	Silver locket £110 Silver ring £95 Keyring £35 Charm £65		
Guinea Pig/ Rabbit	less than 3kg	£67.00	£25.00 (S)					
Large Rabbit	3-7kg	£79.00	£25.00 (S)					
Cat Small (Kitten)	1-2kg	£88.00	£25.00 (S)					
Cat Medium	2-8kg	£113.00	£28.00 (M)					
Cat Large	9-15kg	£126.00	£28.00 (M)					
Dog Small	1-24kg	£151.00	£28.00 (M)					
Dog Medium	25-34kg	£176.70	£38.00 (L)					
Dog Large	35-44kg	£188.00	£38.00 (L)					
Dog Very Large	45kg+	£284.00	£43.00 (XL)					
Giant Breed	60kg+	Please Call	£43.00(XL)					
Communal Cremation [Inc Certificate]		Price				Memorial	Memorial	Memorial
Guinea Pig/Hamster/Rabbit	less than 3kg	£28.00				Casket Engraving £18.00	Fur Clipping £7.00	Pawprint Ink Print £7.00
Very Large Rabbit	3-7kg	£40.00						
Cat Small	1-4kg	£47.00						
Cat Medium	5-8kg	£59.00						
Cat Large	9-15kg	£66.00						
Dog Small	1-24kg	£78.00						
Dog Medium	25-34kg	£97.00						
Dog Large	35-44kg	£116.00						
Dog Very Large	45kg+	£128.00						
Transportation Charge		Zone 1	Outside Borough					
Pet Collection		£15.00	£7.00 per mile (min £15.00)		All Prices include VAT at 20%			
Return of Ashes		£15.00	£7.00 per mile (min £15.00)					
Attend Reflections Room		inc in price	inc in price					