

Committee(s): Port Health & Environmental Services Committee	Dated: 09/01/2024
Subject: Annual Review of Charges – Animal Health	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1, 5, 7
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	n/a
What is the source of Funding?	n/a
Has this Funding Source been agreed with the Chamberlain's Department?	n/a
Report of: Bob Roberts, Interim Executive Director – Environment	For Decision
Report author: Susie Pritchard – Assistant Director – Animal Health & Welfare Gavin Stedman – Director Port Health & Public Protection	

Summary

The Animal Health Team enforce animal health and welfare across Greater London and carry out inspections of activities involving animals under contract for 30 Local Authorities. This report details the increase in charges for this service to ensure cost recovery.

Approval is also sought for increases of 5% - 20% to be applied to the Schedule of Charges in respect of services provided at the Heathrow Animal Reception Centre (HARC), for the forthcoming financial year 2024/25.

Recommendation(s)

Members are asked to:

1. Approve the Animal Health Service fees in Appendix 1 of this report.
2. Approve the increases in HARC fees through the proposed Byelaws contained in Appendix 2 of this report and, recommend to the Court of Common Council that the Byelaws be made, and that the Comptroller and City Solicitor be instructed to seal the Byelaws accordingly.

Main Report

Background

Animal Health Team

1. The City's Animal Health Team consists of highly experienced Veterinary Officers and Animal Health Inspectors, with responsibility for the enforcement of certain animal health and welfare legislation across Greater London. The majority of their work is focussed on the licensing of activities involving animals (pet shops, dog and cat boarding, dog breeding, hiring of horses and animal exhibits). The City offers an Animal Health contract service to other Local Authorities who do not have their own function-specific teams, or sufficient skills and knowledge to discharge their statutory duties. The team currently carries out services for 42 Local Authorities across Greater London and the Home Counties.
2. Last year, the Animal Health Team restructured its contract fee to create four tiers to account for the large variation in the number of operators within each contracted authority. In addition, a 5% increase in the inspection fees was made to account for increasing costs.
3. The contracted services of the Animal Health Team need to demonstrate full cost recovery in isolation from HARC.
4. The Animal Health Team inspection fees have been revised to better reflect the hours taken per inspection type and therefore give a more transparent and accurate reflection of cost to contracted authorities. Calculating fees based on the hours taken has resulted in a small number of inspections being reduced in cost but an increase of between 4% and 35% has been applied to most. The proposed annual contract fee has been increased from £1,250 - £1,500 in 2023/24 to £1,350 - £1,900 for 2024/25.
5. Feedback from contracted authorities has been sought on this approach to a more transparent and accurate set of fees and has been received with understanding and appreciation for the value of the service and true cost of delivery.

HARC

6. The charges for holding animals and provision of other services at the Heathrow Animal Reception Centre (HARC) require review towards the end of each year to enable an appropriate variation to be applied with effect from the following April. The major proportion of the charges is in respect of quarantine animals and allied services and has to be introduced as an "additional byelaw" to the principal byelaws for the Centre. The second, smaller element of the charges is not byelaw controlled and relates to non-quarantine (export and boarding) charges but for practical and operational reasons the two are dealt with together.

7. The main source of income at HARC, the Pet Travel Scheme, is a non-statutory function and is thus open to competition from commercial enterprises. Income for 2023/24 has been severely impacted by competition, as documented in reports presented to Committee in November 2023.
8. Whilst a downturn in pet import numbers is evident for 2023, this calendar year to date, HARC has received 76% of the level of pet imports received for the same period in 2019 (2019 being the most recent typical year to measure against). Considering the market share of British Airways was estimated to be around 40% before their move to the competing BCP, this is a positive result. It demonstrates that imports have increased, albeit not to the levels predicted, and/or that British Airways have lost market share to airlines using HARC services.
9. To allow HARC to compete against the other service provider at Heathrow, there was zero increase to fees in 2023/24. However, loss of income and additional costs mean that an increase in fees for 2024/25 is advised. Fees are charged to customs clearing agents and not typically to airlines, and no further airlines have been lost to the competing facility since February 2023 when Lufthansa informed HARC managers that they would recommence their pet imports using Animal AirCare. It is therefore felt that agents will accept an increase in fees at this time, provided this is kept minimal for pet imports.
10. A 5% increase to fees relating to pet imports is proposed, with a 10% or 20% increase in fees for commercial movements (except for commercial dog and cat imports which are typically pets). The 20% increase is to be applied to the disposal of crates (£18 to £22), destruction of goods (£90 to £108) and to the use of the large animal facility (£367 to £440). Pet imports are more price sensitive than commercial imports, and there is greater choice of carriers, routes and BCPs. The range of percentage increases reflects the need to maintain a more competitive price for pet imports and increase income through commercial imports.
11. The processing and handling fee of £22 will be reintroduced for all imports other than cats, dogs and ferrets. This fee was suspended in 2023/24 to ensure HARC fees were competitive but should now be reintroduced for consignments other than pets.

Current Position

12. The contracted services of the Animal Health Team need to demonstrate full cost recovery in isolation from HARC and the proposed increases in fees and charges aims to achieve this.
13. It should be noted that HARC should only operate on a full-cost recovery basis for many of the services and functions it provides. Increasing HARC fees is a measure designed to contribute towards cost recovery.

14. Budgeted income for the Animal Health and Welfare Service in 2023/24 was £4.766M. The overall projected outturn for 2023/24 is £1.074M net expenditure.
15. Budgeted income for the service for 2024/25 is £3.51M.

Proposals

Animal Health Team

16. Increase the annual contract fees from £1,250 - £1,500 to £1,350 - £1,900 for 2024/25. Increase the inspection fees by 4% to 35% to represent the true cost based on the established hourly rate.

HARC

17. Increase the schedule of fees by 5% to £20% and reintroduce the £22 processing and handling fee for all imports other than cats, dogs and ferrets.

Corporate & Strategic Implications

18. Strategic implications – These proposals aim to achieve the following Corporate Plan aims of 1. People are safe and feel safe; 5. Businesses are trusted and socially and environmentally responsible, and; 7. We are a global hub for innovation in finance and professional services, commerce and culture.
19. Resource implications – The proposal has been designed to contribute towards cost recovery for the Animal Health and Welfare Service which includes the Animal Welfare Team and HARC.
20. Legal implications – HARC fees have been reviewed by the City Solicitor. The Comptroller and City Solicitor comments:

The statutory provision under which these charges are now made is Section 30 of the City of London (Various Powers) Act 1987 (which was an enactment removing the need for Ministerial approval of the HARC Byelaws), which provides ... “the charges imposed by such Byelaws shall be such as to secure so far as is possible, that taking one year with another, the aggregate amount raised by such charges is equivalent to the reasonable costs incurred by the Corporation in operating the Animal Reception Centre”. The need for increases to be reasonable is especially important here, since, unusually, the Byelaws machinery which implements the new charges is not subject to any public notification procedure or to confirmation by the appropriate Minister.

21. Risk implications – Increasing Animal Health Team fees may result in a loss of contracts with Local Authorities. This risk is perceived to be minimal as the proposal has been tested. Increasing HARC fees does pose a risk of negative response from shipping agents who compete for import work. However, it is felt that reducing resources to create savings at a level to match the increase in

income proposed, would detriment the service and pose a greater risk at this point. Efforts towards new income streams and cost reductions continue alongside this proposal.

22. Equalities implications – None

23. Climate implications – None

24. Security implications – None

Conclusion

25. This proposal will increase HARC income which, alongside increased Animal Health Team fees, new income streams and savings, will move the service budget towards full cost recovery.

26. In November 2023, this Committee reviewed and approved the proposed revenue budget and capital budgets for 2024/25 for submission to Finance Committee.

Appendices

Appendix 1: Animal Health Inspection fees

Appendix 2: HARC fees

Background Papers

N/A

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LEVEL OF CHARGES 1st April 2024 - 31st March 2025 - all fees are subject to VAT at the current rate		Cost 2024-2025 exc. VAT
Contract Charge	Charged quarterly on all contracts	£1350-1900
		By hour
Animal Boarding Est (Kennel / Cattery)	New Licence application or 1st inspection by C of L - combined (dogs & cats)	364
	Renewal Licence application Inspection - combined (dogs & cats)	312
	New Licence application or 1st inspection by C of L - single species (dogs or cats)	312
	Renewal Licence Inspection - single species (dogs or cats)	260
	Unannounced mid licence visit	156
	reassessment of star rating visit	156
	Complaint Visit 1st hour including travel and report writing	156
	Complaint / visit additional charge per hour	52
Home boarder	New Licence application or 1st inspection by C of L	208
	Renewal Licence Inspection	156
	Unannounced mid licence visit	156
	Complaint Visit 1st hour including travel and report writing	156
	Complaint visit additional charge per hour	52
	reassessment of star rating visit	156
Franchisee arrangers licence	Assessment of an existing arranger / Franchisee	156
	Assessment of a new application or 1st inspection by C of L of an arranger /Franchisee	208
	Assessment of a hobby host as part of a arranger /franchisee licence	156
	Unannounced mid licence visit	156
	Complaint Visit 1st hour including travel and report writing	156
	Complaint visit additional charge per hour	52
	reassessment of star rating visit	156
Dog Day Care	Renewal Licence Inspection	208
	New Licence application or 1st inspection by C of L - less than 10 dogs	260
	New Licence application or 1st inspection by C of L - more than 10 dogs	364
	Unannounced mid licence visit	156
	Complaint Visit 1st hour including travel and report writing	156
	Complaint visit additional charge per hour	52
	reassessment of star rating visit	156
Dog Breeding Establishment	New applicant vet inspection with kennel units	432
	Renewal applicant inspection with kennel units	312
	New applicant vet inspection domestic dwelling	288
	Renewal applicant inspection breeding in a domestic dwelling	208
	Unannounced mid licence visit	156
	Complaint Visit 1st hour including travel and report writing	156
	Complaint visit additional charge per hour	52
	reassessment of star rating visit	156
*Riding Establishment	Existing licence inspection veterinary fee + fee per horse	288
	New premises licence inspection veterinary fee + fee per horse	432
	Annual vet inspection veterinary fee + fee per horse	144
Example of charge per horse in a yard with 60 horses	Fee per horse for the first 10 horses	17
	Fee per horse for next 11-50 horses	11
1st 10 horses @ £15 = £150	Fee per horse 51 horses & over	9
horses 11-50 @ £10 = £400	Complaint Visit 1st hour including travel and report writing	156
horses 51-60 horses @ £8 = £80	Complaint visit additional charge per hour	52
	Unannounced mid licence visit (on top of annual vet inspection)	156
	reassessment of star rating visit	156
Pet Vending / Sale of pets	New Licence or new premises to City of London application Inspection - up to 2 species	364
	New Licence or new premises to City of London application Inspection - more than 2 species	416
	Renewal Licence application Inspection -	312
	Unannounced mid licence visit	156
	reassessment of star rating visit	156
	Complaint Visit 1st hour including travel and report writing	156
	Complaint visit additional charge per hour	52
Dangerous Wild Animals	New applicant or new premises to City of London vet inspection commercial / outside premises	432
	Renewal applicant vet inspection commercial / outside premises	288
	New applicant or new premises to City of London vet inspection domestic dwelling	288
	Renewal applicant vet inspection domestic dwelling	216
	DWA on Location - 1st hour including travel and report writing	144
	DWA on location visit additional charge per hour	72
	Complaint Visit 1st hour including travel and report writing	144
	Complaint visit additional charge per hour	72
Illegal Imports outside of CofL jurisdiction	Collection and Detention	52
	Mileage at 65p per mile	0
Zoos	Periodical / Informal / Special (Full Day)(Vet) without travel time (hourly rate to be added)	792
	Periodical / Informal / Special (Full Day)(AHI)	416
	Periodical / Informal / Special (Half Day)(Vet) without travel time (hourly rate to be added)	396
	Periodical / Informal / Special (Half Day)(AHI)	208
	Veterinary 14.1a exemption inspection	576
Circus / Animal for Exhibit on location	DWA on Location (Exhibit) - 1st hour including travel and report writing	156
	DWA on location visit additional charge per hour	52
Animal for Exhibition	New Licence or 1st Inspection by City of London application Inspection - Single species	364
	New Licence or 1st Inspection by City of London application Inspection - Multi species	416
	Renewal Licence application Inspection -	260
	Complaint Visit 1st hour including travel and report writing	156
	Complaint visit additional charge per hour	52
Shows-Exhibitions-AGO- Markets	Inspection (Full day per officer)	416
	Inspection (Half day per officer)	208
Animal Keepers Farm stock (Hobby / Domestic Address)	Inspection Visit	208
Animal Keepers / non Domestic address (Half Day)	Inspection Visit	260
Animal Keepers / non domestic address (full day)		416
Daily Rate	1 x veterinary officer £72 per hour	576
Daily Rate	1 x Animal Health Inspector £52 per hour	416
* RCVS Veterinary Surgeon.		
AHI = Animal Health Inspector		
Unless stated all inspections include travelling costs and report writing		

**ADDITIONAL BYELAWS RELATING TO THE
HEATHROW ANIMAL RECEPTION CENTRE**

1 April 2024 – 31 March 2025
(2023/24 rates shown in brackets)

Processing and handling fee for all shipments that terminate at Heathrow (excluding those listed under point 2.0 and 2.1 where consignments contain 5 animals or less): £22 (£0)

ANIMALS CHARGE PER CONSIGNMENT

1. a. Mammals (excluding those listed under point 2.0 and 2.1) £205 (£186) for up to 24 hours, £52 (£47) per day or part thereof after 24 hours

2.0 Dogs, Cats and Ferrets under the Pet Travel Scheme Non-commercial movement of Pet Animals Order 2011

In order to meet the “pre-check” requirements (where applicable) all documentation must be submitted to the HARC no later than 72 hours prior to the animal’s departure.

- If a documentation ‘pre-check’ has been completed and approved by HARC, the consignment will be charged at the minimum charge of £195 (£186) for the first animal. Where the consignment consists of more than one animal, a handling fee of £49 (£47) per animal thereafter.
- PETS that have NOT received a documentation ‘pre-check’ or arrive against the advice of HARC, will be charged at £268 (£255) for the first animal. Where the consignment consists of more than one animal, a handling fee of £49 (£47) per animal thereafter.

a. PETS checked at aircraft (Assistance Animals)

- If a documentation ‘pre-check’ has been completed and approved by HARC, Assistance Animals will be charged at £240 (£230) plus a 1-hour collection charge of £189 (£180) = £429 (£410) for the first animal. Where the consignment consists of more than one animal, a fee of £49 (£47) per animal thereafter.
- Assistance Animals that have NOT received a documentation ‘pre-check’ or arrive against the advice of HARC, will be charged at £494 (£470) for the first animal. Where the consignment consists of more than one animal, a fee of £49 (£47) per animal thereafter.

2.1 Dogs, Cats and Ferrets not under the Pet Travel Scheme

a. Dogs, Cats and Ferrets imported under licence to authorised quarantine kennels

£195 (£186) for up to 24 hours, £49 (£47) per animal per day or part thereof after 12 hours

b. Dogs, Cats and Ferrets being moved into the U.K. under Commercial Rules

£195 (£186) for up to 12 hours and £49 (£47) per animal per day or part thereof after 12 hours

3. Birds

Commercial birds £73 (£66) per box for up to 24 hours £205 (£186) minimum charge

Pet birds: £73 (£47) per box for up to 24 hours.

Birds of prey £20 per bird for up to 24 hours, £205 (£186) minimum charge

Transit commercial bird consignments should be booked through to have a maximum stay at Heathrow of 24 hours. Any transit commercial bird consignments that stay more than 24 hours will be charged at £73 (£47) per box per day, or part thereof.

Bird Quarantine £414 - £1,413 (£376-£1,300) plus laboratory testing fees.

Fees are dependent on size of consignment and housing requirements.

Faecal Sampling and Bird Autopsy costs as per current Animal & Plant Health Agency rates.

Larger consignments to be negotiated see Part 2, Section 6

4. Reptiles and amphibians £205 (£186) for up to 24 hours, £205 (£226) per day or part thereof after 24 hours.

Transit commercial reptile consignments should be booked through to have a maximum stay at Heathrow of 24 hours.

Additional special £249 (£226) minimum per consignment per day, or part thereof handling for any consignment after 24 hours requiring transfer from containers.

5. Fish/Aquatic Invertebrates/Invertebrates/Semen/Fish and Bird Eggs £2.26 (£2.05) per box, £40 (£36) minimum charge.

A surcharge of £741 (£674) will be added to the above for any transit consignment that has landed without an “OK to forward” from the on-going airline.

6. Security

A charge of £25 (£23) will be made in respect of any consignment, which requires security screening prior to leaving the ARC.

7. Not on Board

Requests for collection of animals from aircraft, which are subsequently not found on board will be charged at normal collection charge (see Part 2, Section 5).

PART 2 CHARGES FOR ANCILLIARY SERVICES

1. Destruction including disposal of livestock or goods - £50 (£42) per kilogram. Minimum charge £108 (£82).

Travelling containers are the owner's property and should be collected with the animal. If they are no longer required, they will be disposed of for a fee of £22 (£18) per box.

2. Cleansing and disinfecting aircraft, animal holding facilities, vehicles, loose boxes etc. - £402 (£365) per hour (including disposal of special waste).

3. Identification of species for DEFRA/HM Revenue and Customs/Border Agency - £184 (£175) per hour. Assisting on off airport operations - £99 (£90) per hour/£627 (£570) per day.

4. Re-crating or repair to crates - quotations on request.

5. Collection and delivery of animals and birds to and from the Animal Reception Centre by an Animal Reception Centre member of staff - £189 (£180) per hour or £95 (£90) per consignment if no extra waiting time.

6. Long term rates for government agencies and non-government agencies i.e., RSPCA, to be negotiated.

7. Modification of containers to International Air Travel Association (IATA) standards: -

Space Bars/Battens - £55 (£50) per box

Air Holes - £25 (£23) per box

Water Pots - £25 (£23) per box

(If these services are carried out on the airport an additional fee of £99 (£90) applies for 'delivery' of the service).

8. Use of Large Animal Facility (per pallet) £440 (£367)

9. Special handling e.g., re-oxygenation of fish/re-packaging reptiles £99 (£90) per hour plus cost of materials

10. Additional administrative functions £99 (£90) per hour