

Report – Port Health and Environmental Services Committee

Animal Health and Welfare Service – Annual Review of Charges

To be presented on 5th December 2024

*To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council assembled.*

SUMMARY

The purpose of this report is to seek approval of the increase 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 2025/26.

Your Port Health & Environmental Services Committee propose an increase in fees of 4% - 14% to be applied to the Schedule of Charges in respect of services provided at the Heathrow Animal Reception Centre.

RECOMMENDATION

That the Court of Common Council:-

- Approve the Heathrow Animal Reception Centre Byelaws as listing the maximum chargeable fees included in the Appendix to this report with effect from 1 April 2025.
- Approve the proposed Byelaws contained in the Appendix to this report and recommend that they be made, and that the Comptroller and City Solicitor be instructed to seal the Byelaws accordingly.

MAIN REPORT

Background

1. The City of London Corporation has statutory duties under the Animal Health Act 1981 and related legislation, which are delivered by the Animal Health and Welfare Service (AHWS). Duties include rabies control for Greater London and protection of animal welfare in transport, which are delivered through the Heathrow Animal Reception Centre (HARC). HARC delivers services to airlines and pet transport agents in order to generate income and offset the cost of statutory obligations.
2. Further charges are collected for discretionary services that the City must provide to HARC to operate effectively as a Border Control Post (BCP), but which are not strictly required to be carried out by the enforcement activity.

Although these fees are not statutory of themselves, because HARC was set up under the Animal Health Act 1981 (and predecessor legislation) the only means it has for levying any charges is through the byelaw procedure.

3. HARC operates in a commercial environment, competing to deliver airline services with private entities. The charges of the competing BCPs are taken into consideration when setting fees for the year ahead.

Current Position

4. It should be noted that HARC should only operate on a full-cost recovery basis for many of the services and functions it provides. The cost of delivering the service is increasing and to ensure the service can fully recover its cost in the future, the charges need to be raised.
5. Fees for HARC services relating to pet animals are price sensitive. Pet transport agents need to factor in the BCP charges, alongside freight charges and route options, when creating competitive quotes for owners. Charges relating to pet dogs, cats and ferrets have been increased by 4 to 6%.
6. Commercial consignments have fewer routing options into the UK, but pricing must be set so as to enable the most direct route to be selected. On balance of competitiveness and cost recovery, charges relating to commercial consignments have been increased by 10 to 14%.

Proposals

7. Your Committee now propose that to increase the fees for HARC (in tandem with increases for the licensing service delivered by the Animal Health Team approved by Your Committee), to provide an additional income for approximately £360k and help the service move back towards a position of full cost recovery. The Byelaws for 2025/26 will include the following statement, which will enable the service to reduce the rates if urgent needs arise, and to apply reduced rates to attract exclusive Service Level Agreements with airlines:

This schedule sets out the maximum fees that may be charged for the items specified herein. Under Section 36 of the Markets and Fairs Clauses Act 1847 the undertakers may from time to time change the amounts charged provided that any change does not result in a charge exceeding the amounts set out in this Schedule.

Your Committee have approved a delegated authority to the Executive Director of Environment to amend the fee structure, up to twice a year, by up to 20% per annum (not exceeding the maximum chargeable fees included in the Appendix to this report).

8. The Comptroller and City Solicitor will prepare the necessary revised Byelaws that reflect the proposed charges as contained in Appendix 1 and will subsequently seal these should the Court give them their approval.

Corporate & Strategic Implications

9. Strategic Implications

These proposals aim to achieve the following Corporate Plan aims of 1) Providing Excellent Services, by protecting and promoting public, animal, and environmental health (including our borders), consumer protection, and providing the Corporation's Licensing Service; and 2) Dynamic Economic Growth, by promoting the UK as a place that is open, innovative, and sustainable.

10. Financial Implications

The proposals aim to increase responsiveness to changes in the market, facilitating a reduction to be applied to some fees where appropriate. The projected income for 2024/25 is £3.36m. With the fees increased as proposed, the equivalent projected income for 2025/26 is £3.72m. With the delivery of new operations in the Forward Plan, this increase supports the service returning to a cost recovery position.

11. **Resource Implications** – None identified.

12. Legal Implications

The Comptroller and City Solicitor has reviewed the statutory obligations and related fees and charges and recommends the above proposal.

13. Risk Implications

Frequent changes to fees will impact on stakeholder's ability to accurately quote their customers for future imports. For this reason, reduction in fees will only be applied in exceptional circumstances.

14. **Equalities Implications** – None identified following a test of relevance.

15. **Climate Implications** – None identified.

16. **Security Implications** – None identified.

Conclusion

17. This proposal has taken into account the competitive position of HARC and price sensitivities of the services provided. Approval of a statement of maximum fees, and delegated authority to the Executive Director of Environment to amend fees below that maximum, will give increased responsiveness to the market. The resulting increase in income projected for 2025/26 will move the service towards a position of cost recovery. We therefore **recommend** that this Honourable Court approve the increase in HARC fees through the proposed Byelaws contained in Appendix 1 of this report, and that the Comptroller and City Solicitor be instructed to seal the Byelaws accordingly.

Appendices:

- Appendix 1 – Byelaws Relating to the Heathrow Animal Reception Centre.

All of which we submit to the judgement of this Honourable Court.

DATED this 19th day of November 2024.

SIGNED on behalf of the Committee.

Mary Durcan
Chairman, Port Health and Environmental Services Committee