

EXECUTIVE BRIEFING

REPORT TITLE: COLLECTIVE SWITCHING REPORT OF DEPUTY CHIEF EXECUTIVE (COMMUNITY DIRECTION)

WARDS AFFECTED: ALL WARDS



Hinckley & Bosworth
Borough Council

A Borough to be proud of

1. PURPOSE OF REPORT

- 1.1 To advise the Executive of the opportunity to assist residents of the Borough to switch energy suppliers to achieve lower tariffs through a Collective Switching scheme and to obtain approval to develop such a scheme.

2. RECOMMENDATION

That the Executive

- 2.1 Note the principles of Collective Switching and agree to a scheme being developed in the Borough using the LGA preferred provider iChoosr for support.
- 2.2 Agree to exploring the appetite of neighbouring authorities to join in a Collective Switching scheme.
- 2.3 Agree to exploration of recent announcements of councils providing energy to residents in competition with the Big Six, with a view to a future report on opportunities to participate in this if appropriate.

3. BACKGROUND TO THE REPORT

- 3.1 Collective Switching is where a community champion, such as the Council, support residents of the Borough to switch energy suppliers and obtain lower tariffs, thereby saving them money on their energy bills. The point of the community champion is to give people the trust and confidence to switch, particularly in this market where some sections of the public still distrust the energy companies and are confused about the process.
- 3.2 If supported Collective Switching would be added to the suite of measures the Private Sector Housing team has for tackling fuel poverty and promoting affordable warmth. The target population is those who are disengaged from switching and who wouldn't normally look to switch to save themselves money off their fuel bills. In areas that have embarked on Collective Switching the elderly make up a large number of those who switch as they are less likely to search on line for better deals. Residents on prepaid meters who often find switching difficult can also be included in the scheme.
- 3.3 The LGA have a framework agreement to support councils in progressing Collective Switching schemes. The framework is through the North East procurement organisation and the preferred supplier is ichoosr. ichoosr provide the following switching service:
- Induction and training for staff.
 - Support with media and marketing support.
 - An advice centre.
 - The auction process.
 - Switching function.
 - Handover management and reporting.
 - Post switch evaluations.

- 3.4 By September 2014, 8 council led schemes had resulted in 43,000 households switching, saving £6,450,000.
- 3.5 Under the scheme the council, as the community champion, would promote to residents the principle of switching energy supplier to access lower tariffs. Residents are supported to sign up to switch over a two month period.. The council can decide how much time and resource to put into promotion and support to residents, but the more that is put into this the more people sign up and potentially lower tariffs negotiated through the auctions, as companies will want to capture the larger potential customer base and therefore lower their tariffs further to win the auction. Evidence has shown that where councils are passive in their community champion role sign up for switching is 11% (of those who show interest) as compare to 22% rate where a more proactive approach is taken.
- 3.6 Existing networks are used for promotion including parishes, GPs, CAB, Age UK, libraries etc. Facilitated registrations could be supported at the Hub, with customer services advisors and private sector housing officers trained to help people, particularly the elderly to complete registrations. ichoosr would support on web development and publicity materials.
- 3.7 Four times a year ichoosr run an auction. The auction will include Collective Switching schemes from across the country, thereby maximising numbers. A downwards auction takes place, with companies outbidding one another with lower tariffs. Once a price is fixed residents still have a choice whether to proceed and sign up with the new supplier.
- 3.8 To date average savings for residents who have switched are £272 a year. For an individual on a low income and in fuel poverty this can be a significant saving to their household budget.
- 3.9 For the council a payment of £5.50 is received from ichoosr for each resident who switches electricity and the same payment for gas switches, totally a maximum of £11 per resident for dual fuel switching. Experience of councils who have entered into schemes is that it isn't a huge revenue raiser and often the revenue is put back into publicity for future phases of the scheme or other affordable warmth schemes.
- 3.5 The practicalities of delivering Collective Switching would rest with private sector housing, along with the other streams of affordable warmth/fuel poverty measures the section delivers. However support would be needed from communications and customer services.
- 3.10 Examples from the LGA have shown councils joining together to brand their Collective Switching activity. The principle of Collective Switching has been discussed at the County Housing Services Partnership and iChoosr are to be asked to attend a future meeting to provide details of the scheme with a view to seeing if other councils would like to join a collective scheme.
- 3.11 Recent reports in the media have identified councils who have come together to supply electricity and gas to residents in competition with the Big Six providers. The purpose of this is to undercut the large suppliers and save residents money on their fuel bills. It is recommended that these schemes are explored to establish whether this is an area the Council would like to move into, either through joining schemes already being developed if possible or setting up a similar scheme with neighbouring authorities.

4. FINANCIAL IMPLICATIONS (KP)

- 4.1 The financial implications of switching are currently indicative and will depend on the service provider and the model that is adopted. As outlined in section 3.3, it is expected that if switching is endorsed the Council will contract choosr to deliver the service through existing frameworks.
- 4.2 Costs up to £1,920 will be met through existing Energy Conservation Promotions budgets. Any excess costs will require a supplementary budget request. Further investigation will be undertaken with the Department of Energy and Climate Change (DECC) to establish if existing Green Deal funding can be used for this purpose.
- 4.3 As outlined in 3.9, the Council will receive a switching fee of £5.50 per fuel type per customer. On this basis, 349 switches will be required annually to cover the £1,920 expenditure budget.

LEGAL IMPLICATIONS (SJB)

- 5.1 The Local Government Act 2000 empowers the Council to do anything which it considers is likely to achieve the promotion of the economic well-being of its area and/or the promotion of the social well-being of its area
- 5.2 The exercise of this power can be for the benefit of all or any residents of the Borough
- 5.3 The power enables the Council to
 - a) Incur expenditure
 - b) Give financial assistance
 - c) Enter into arrangements or agreements
 - d) Provide staff goods services or accommodation
- 5.4 In exercising the power the Council must have regard to its Community Strategy

CORPORATE PLAN IMPLICATIONS

- 6.1 Supporting Individuals, specifically supporting the most vulnerable people and reducing the impact of poverty and improving health and wellbeing by offering practical advice in relation to fuel poverty.

7. CONSULTATION

- 7.1 None to date.

8. RISK IMPLICATIONS

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
<ul style="list-style-type: none"> • People on pre-payment meters will require more support to facilitate switching. may not be included (typically the highest tariffs at present) 	Work with this group individually through the warms homes officers or similar, to provide support.	RL
<ul style="list-style-type: none"> • The tariff given on the day of auction may not be the best tariff on the market at that time. This could have potential reputational risk 	Be clear and transparent about what is being offered and ability of residents to make the final decision.	RL

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9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

9.1 The service will be available across the entire district providing an opportunity to take part in the scheme regardless of location or tenure.

- Targeting a wide audience through press, promotion and front line staff and linking in with partner organisations.
- Where vulnerable groups are eligible they will be specifically targeted through the programme to help reduce excess winter deaths.

10. CORPORATE IMPLICATIONS

10.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers:

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