



Policy and Resources Committee – 12 October 2015

‘Collective Switching’ – Affordable Energy Scheme

Purpose of report

To seek Members’ approval to the council’s participation in a collective switching scheme to be offered to residents of East Northamptonshire.

1.0 Background

1.1 Collective switching schemes continue to be popular amongst public sector organisations, and support for such schemes continues from The Office of Gas and Electricity Markets (OFGEM). Officers have been monitoring the development and opportunities for the introduction of an affordable energy scheme for the past 2 years. Daventry District Council advised the Northants Warm Homes Group in 2014 that they were intending to take part in the LGA Collective Switching Scheme, which started in December 2014. Having considered the positive results obtained by Daventry District Council for their residents, it is considered that this Authority should now undertake a similar scheme.

2.0 Switching Schemes

2.1 Collective switching schemes aim to get as many people registered as possible before an auction with the energy companies takes place on a set date. The energy companies will compete against each other to be the best value energy provider in that auction. In order for the energy companies to be interested in taking part in the auction at least 20,000 households per auction need to be registered. Because of this, we cannot do a stand alone switching scheme, we must be part of a larger campaign. These schemes are run by iChoosr who are now considered the leaders in running such schemes. They also run the Big Community Switch schemes that have worked with a number of local authorities. East Northamptonshire Council has signed up to work with iChoosr for a period of two years.

2.2 In summary, a switching scheme requires residents to register their interest in switching to another energy provider. Interested parties will need to provide details of their annual usage. An auction then takes place whereby the energy companies make a collective offer for providing energy to the registered parties en masse, and therefore individuals may be offered a discounted rate due to economies of scale. The best value energy company will win the auction, and iChoosr will then contact the individual registrants to make an individual offer based on their current energy use.

2.2 The scheme requires a strong communications plan and customer services support in order for it to be a success. iChoosr has provided information on what they will do as part of the scheme and what resources they require from the Council. In essence this is involvement with the Communications Team and the Customer Contact Centre. The switching scheme is a web based platform and iChoosr provides the training for customer contact teams to deal with any enquiries or to take residents through completing a paper version when absolutely necessary. We have discussed the requirement for further training and capacity with the Customer Contact Centre. They have confirmed they have capacity to deal with selective switching enquiries at this specific time of year as it does not clash with other peak demands. Any additional costs for this service should be met by generated income from the scheme.

2.3 As a company iChoosr provides the following:

- Website platform for registration, which will be customised.
- Training of Customer Contact Staff, who are key to success of registration
- Access to their call centre for members of the public and staff to resolve any issues
- Liaison with energy companies for any complicated cases where a debt or prepayment meter may be involved

Please note that it is not our intention to offer an 'offline' service – all customer contact staff will be trained to enter customer details on behalf of residents should people be unable to access online services. This can be done over the telephone or by visiting the offices.

2.4 We would very much like to offer the scheme to residents over the winter period, when the paying of heating bills is likely to be in the forefront of their minds, and they will see the most benefit from switching. The dates for the winter auction that we are aiming to participate in are:

- Launch – 1st December 2015
- Auction – February 2016
- Offers – end February 2016

The reduced bills would be applicable from when an individual makes the switch. It is anticipated there will be a time limit on how long the offer remains open to the customer, and the sign up period will be dependent on the company making the offer and the exact details of the tariff.

2.5 The scheme to be run would be called Switch. Save. Smile. A marketing campaign has been drawn up by our communications team, involving advertising in ENCircle and use of social media. It is not possible to run a targeted written campaign, due to the registrations ENC holds with the information Commissioners Office (ICO).

2.6 Daventry District Council has reported household savings of up to £200 per annum and one household reporting savings of £450. .

3.0 Important issues to consider

3.1 There will be no environmental impact – many residents will see a reduction in their fuel bills, but it is not anticipated that they will reduce their energy usage.

3.2 There will be no impact on delivery of current services while this scheme is run. Customer Contact have been consulted and confirm that they have capacity to allow for the brief training required and to carry out the registrations on behalf of residents who are unable to access online. It is anticipated that there will be very few registrations carried out by Customer Contact as most residents will be able to access online. Consideration is also being given to liaising with certain community groups who will be able to attend the training and assist residents with carrying out the switching process online.

3.3 It is proposed to run one initial round of switching. The results of the switching and its benefits for residents will be considered once that round of switching is complete, based on anonymised data provided by iChoosr. Should the results be favourable for residents, there is the option to run further switches at later dates to offer benefits to residents who may not have been included in the first switch. The agreement with iChoosr runs for two years, giving us ample opportunity to participate in future schemes, but does not tie the Council into a lengthy contract.

4.0 Equality and Diversity Implications

4.1 An equality and diversity assessment has been carried out, and there are no negative implications to consider. On the plus side, there may well be an easing of the burden of fuel poverty for some of the less affluent residents and the opportunity for savings on fuel bills by all residents of East Northants.

5.0 Legal Implications

5.1 There are no legal implications arising from the proposals. The decision on whether to make the switch once all the data have been received is made by the resident. It will be made clear what savings the customer is eligible for and the decision whether or not to accept the offer and switch is made by the customer.

5.2 The issue of procurement has been considered; the scheme is being run by a company working within the guidelines of the North East Procurement Framework (NEPO) which was set up on behalf of the Local Government Association (LGA).

6.0 Risk Management

6.1 A relevant risk assessment has been undertaken. It is not felt the risks are significant to require inclusion on the risk register. There are no significant risks to the Council arising from the proposed recommendations in this report.

7.0 Resource and Financial Implications

7.1 Resource and financial implications have been considered. ICT have confirmed that there are no costs involved in their monitoring of the scheme to see how many residents are using the website to link to the switching scheme. Communications have confirmed that there will be no costs to be met, as the work involved would be absorbed by their normal duties.

7.2 There is a financial implication for the Customer Contact team, who will require training in completing registrations and may need to help convert offline registrations to online registrations.

7.3 Members should note that for every registration that successfully converts to a switch, there is a sum payable to the Council. For every switch, the council will receive the sum of £5.50 per single fuel switch, and £10.50 per dual fuel switch. The costs of the exercise will be outweighed by the income gained from successful switches.

8.0 Constitutional Implications

8.1 There is no Constitutional implication from the acceptance of this report and its recommendations.

9.0 Corporate Outcomes

9.1 Should members agree to accept the report and a collective switching scheme being offered to residents, the following Corporate Outcomes will be achieved.

- Good Quality of Life – Reduced fuel bills assisting those currently in fuel poverty and other residents.
- Good Value for Money – reduced fuel bills assisting those currently in fuel poverty and other residents.
- High Quality Service Delivery – offering a service that enables residents to make real savings on their fuel bills – a positive outcome.

10.0 Recommendation

10.1 The Committee is recommended to

- Approve the EIA attached as Appendix 1.
- Approve the proposals for East Northamptonshire Council to participate in a collective switching scheme that will benefit residents.

Legal	Power: n/a				
	Other considerations: n/a				
Background Papers: None					
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CFO		DMO 02/10/2015		CX 02/10/2015	