

CABINET – 17TH JANUARY 2019

Report of the Head of Strategic and Private Sector Housing Lead Member: Councillor Mercer

Part A

ITEM 11 COLLECTIVE SWITCHING SCHEME

Purpose of Report

To consider and approve the development of a Collective Switching Scheme in Charnwood to assist residents in the Borough to switch energy suppliers to achieve lower fuel tariffs.

Recommendation

That Cabinet approve participation in a Collective Switching Scheme and that the Council go to the market to procure a suitable provider.

Reasons

To assist residents in the Borough to switch energy suppliers to achieve lower fuel tariffs through the Collective Switching Scheme.

Policy Justification and Previous Decisions

The Policy justification is detailed in the previous approvals by Cabinet in the Housing Strategy 2015-2020, Priority 3, prioritising services to enable people to stay in their home by assisting households to switch their energy supplier to achieve lower fuel tariffs and in turn reduce fuel poverty. In addition, the Council's HECA Action Plan 2017-2019 encourages residents to consider fuel switching which may reduce fuel poverty.

Implementation Timetable including Future Decisions and Scrutiny

The Collective Switching Scheme will be included in the Council's Annual Procurement Plan in March 2019 for Cabinet approval.

Report Implications

Financial Implications

The time and resources necessary to implement a Collective Switching Scheme will be met from within existing budgets. Once implemented it is expected that such a Scheme would generate a small income stream for the Council.

Risk Management

There are no risks associated with the decision Cabinet is asked to make.

Equality and Diversity

There are no Equality and Diversity Implications for the decision Cabinet is asked to make.

Key Decision: No

Background Papers: None

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Part B

Background

1. Collective Switching is where a Community Champion, such as the Council, supports residents of the Borough to switch energy suppliers and obtain lower fuel tariffs, and thereby saving them money on their energy bills.
2. The purpose of having a Community Champion is to give people the trust, confidence and support to switch, particularly when some may distrust the energy companies and are confused about the process.
3. 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.
4. Residents on prepaid meters who can often find switching difficult can be included in the Scheme. Those customers in fuel debt are currently eligible to switch up to £500 of debt. Residents can switch one fuel (gas or electric) or dual fuel and can choose to have paper bills or to manage their accounts on line.

Collective Switching Schemes

5. Collective Switching Schemes provide the following services:
 - Induction and training for the Council's helpdesk, for example instruction templates for the offline registration route and schedule training sessions.
 - With media and marketing support.
 - An advice centre, for both residents and Council staff.
 - The Auction process.
 - The Switching function.
 - Handover management and reporting.
 - Post switch evaluations.

How Collective Switching works

6. Under a Scheme the Council, as the Community Champion would promote to residents the principle of switching energy supplier to access lower tariffs. Residents are then supported to sign up to switch over a two month period prior to each Auction.
7. Residents can register either on line or by post.
8. The Council will promote the Scheme through its website, social media, advertising and contact networks. The Council could use this opportunity to promote further messages regarding Energy Efficiency.
9. Staff resources may be required to answer telephone enquiries and to handle the process for residents who are not able to access the internet.

10. Auctions are run three times a year, in October, February and May, these include all Collective Switching Schemes from across the Country, thereby maximising numbers and making it more attractive to suppliers. A downward Auction takes place, with energy companies outbidding each other with lower tariffs.
11. Once the price is fixed residents still have a choice of whether to proceed and sign up with the new supplier or not.
12. To date the average saving for customers who have switched is £243 a year. For someone on a low income and in fuel poverty this can be a significant saving to the household's budget.
13. There will be costs and income for the Council from a Scheme for each resident who switches suppliers. Feedback from Councils who have entered into Schemes is that this is not a significant revenue raiser and often the revenue raised is put back into publicity for future phases of the Scheme or other initiatives.
14. The practicalities of delivering Collective Switching would sit within the Private Sector Housing Service. However, support would be required from across the Council to promote the Collective Switching Scheme.

Next Steps

15. Cabinet are asked to approve the recommendation for the Council to participate in a Collective Switching Scheme and go to the market to procure a suitable provider. As a result of implementing Collective Switching the Council will:
 - Enable residents to make savings on their energy bills.
 - Help to reduce to number of households in Fuel Poverty.
 - Provide an opportunity to get across to residents messages about Energy Efficiency.
16. There is no cost to the resident for either registering for the Scheme or for switching fuel suppliers.
17. Collective Switching Schemes will not charge the Council for providing their services and will pay the Council fees for each resident that does switch fuel for single fuel and for dual fuel, and therefore providing the Council with a small annual income.
18. The Council may incur some costs administrating the Scheme and will receive income, these will be identified and evaluated through the procurement process and taken into account when deciding whether to proceed to implementation. These costs may include staff resources, such as dealing with telephone enquiries and supporting those residents who are unable to register online, as well as the cost of advertising the Scheme.