

REPORT OF CHAIRMAN OF FINANCE AND PROPERTY COMMITTEE**SWITCH N SAVE: A NOTTINGHAMSHIRE COLLECTIVE ENERGY SWITCHING SCHEME****Purpose of the Report**

1. To seek approval to establish a collective energy switching scheme for Nottinghamshire to help residents reduce their household energy costs.

Information and Advice

2. In summary, the proposed collective energy switching scheme, promoted as part of integrated home energy support, will deliver the following benefits for Nottinghamshire residents:
 - Estimated average savings for those who switch of up to around £200 on annual energy bills.
 - Through increased awareness and support, residents will be more likely to take up measures to improve the energy efficiency of their homes.
 - Through linking to the county's keeping warm in winter campaign, residents will be able to take advantage of support and advice to help vulnerable people avoid the potential negative health impacts of cold weather.
 - A means to switching suppliers that will be made available to off-line and vulnerable consumers, with high levels of customer support.
3. The basics of the scheme proposed involves:
 - A targeted media campaign encouraging people to register, without obligation, their interest in switching energy supplier.
 - Providing customer support, particularly for off-line and vulnerable consumers, to assist with registration.
 - Outreach work to promote the scheme through face to face contact.
 - The appointment of a 'switching partner' to collate the details of registrants and undertake an exercise to secure and then communicate the best deal available from energy suppliers.
 - An opportunity for district council and other public sector partners to help promote and gain from positive association with the scheme.
4. Over recent years many residents have been faced with large increases to their energy bills. According to the Local Government Association, it is estimated that on average customers' annual bills have increased by £90 in the past year. Alongside this, Department for Energy and Climate Change (DECC) figures released in June 2012 show that there has been a

gradual decline in the number of households switching energy suppliers. Hence it is increasingly likely that many consumers, particularly those without internet access and in vulnerable groups, will not be getting the best available deal for their energy supply.

5. To address this, many local authorities and some third sector organisations are promoting and supporting the concept of collective energy switching, whereby interested consumers are brought together in groups and a collective approach made on their behalf to energy companies to try and obtain a better price. The first major UK collective switch took place in June of last year, and was organised by Which? Of 95,000 customers who registered to switch, 37,000 did so, achieving an average saving of £223 per customer. Since then the Government has written to all local authorities calling on them to get involved in such schemes and has also undertaken to ensure that customers get a better deal on energy by simplifying available tariffs by summer 2014. The proposed Nottinghamshire scheme will help residents prior to intended tariff simplification.
6. Following interest in such a scheme within the Council, it has been agreed to collaborate with Derbyshire County Council to seek to award a concession for a collective energy switching scheme, initially for gas and electricity supply to domestic customers, with a view to having the scheme in place by the end of January 2013. The arrangement with Derbyshire County Council will allow each council to protect its own interests and to enter, or not, into a separate contract with the successful organisation and to develop its own promotional programme with its citizens, who will be expected to benefit through being combined into a larger group for the purpose of approaching energy suppliers to find the best deal for them. As a result of this collaboration, Which? has emerged as the preferred switching partner.
7. It is intended that promotion of the scheme will form part of more holistic home energy advice, complementing the Council's existing activity in partnership with district councils and others to help keep vulnerable people warm in winter and encourage the uptake of home energy efficiency advice and associated offers, such as low cost cavity wall and loft insulation. Unfortunately, a bid submitted to DECC for £50,000 under its recently announced local authority funding competition, to support promotion of the Nottinghamshire energy switching scheme, was unsuccessful. It is proposed that up to £50,000 from an identified underspend within the Carbon Reduction Commitment Energy Efficiency Scheme budget be allocated to assist promotion of the scheme.
8. It should be noted that the proposal is not linked to the Council's own procurement of gas and electricity, which is achieved through its contract with Government Procurement Service, in its role as a central purchasing body.

Other Options Considered

9. Other options considered were:
 - Do nothing for now and await the outcome of other work in this area, such as that of the LGA to establish a framework contract for local authorities to obtain the services of a 'switching partner', or the Government's intended simplification of available electricity and gas tariffs by summer 2014.
 - Promote the availability of switching websites and other collective switching schemes to residents in Nottinghamshire, without having a County Council branded scheme.
 - Use the Council's own resources to procure a switching service just for Nottinghamshire, or with partners other than Derbyshire County Council.

Reason/s for Recommendation/s

10. In evaluating these options, it was concluded that the arrangement with Derbyshire provides the best choice, as it offers a resource efficient means of establishing a scheme, whilst giving the Council control over the contract and promotion of the scheme to its residents. This approach also allows a scheme to be established quite quickly and is likely to lead to enhanced benefits to Nottinghamshire citizens compared to a county only scheme.

Statutory and Policy Implications

11. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Implications for Service Users

12. Service users can be made aware of the potential benefits available through engagement with the scheme.

Financial Implications

13. The funding of £50k will be provided from within the Waste and Energy Management Revenue Budget for 2012/2013.

Equality Implications

14. The scheme specifically seeks to help consumers who do not have internet access and those who traditionally have shown to be less likely to switch energy supplier, and these consumers tend to be older people or from other groups that are particularly vulnerable to fuel poverty.

Implications for Sustainability and the Environment

15. By linking to home energy and winter warmth advice, the scheme is likely to deliver positive sustainability outcomes, for example through encouraging the uptake of insulation measures that can result in reduced carbon dioxide emissions, reduced health issues from cold housing, and increased disposable income with potential local economic benefits.

RECOMMENDATION/S

- 1) It is recommended that the Committee approves the establishment of a Nottinghamshire collective energy switching scheme, and that
- 2) An allocation of up to £50,000 be agreed as set out in para 7.

Councillor Reg Adair, Chairman of Finance and Property Committee

For any enquiries about this report please contact:

Phil Keynes, Team Manager, Energy and Carbon Management
0115 9774623

Constitutional Comments (SG 20/12/2012)

The Committee is the appropriate body to decide on the issues set out in this report.

Financial Comments (DJK 20.12.2012)

The contents of this report are duly noted; and the financial implications are clearly identified within the report.

Background Papers

None.

Electoral Division(s) and Member(s) Affected

All.