



Derby City Council

COUNCIL CABINET

17 April 2013

ITEM 15

Report of the Cabinet Members for Streetpride and Partnerships and Business, Finance and Democracy

Collective Energy Switching

SUMMARY

- 1.1 In response to the recession and the impact this has had on citizen's finances, the Labour Council Leadership is trying wherever possible to assist by using the Council's influence and buying power to achieve better outcomes.
- 1.2 Collective energy switching schemes are currently being promoted by a number of Councils. Their aim is to assist residents to reduce their energy costs. This is achieved by residents registering to 'pool' their energy requirements in order for an energy 'broker' to negotiate, usually by means of a reverse auction, pricing for those that have registered. The resident will receive a quotation but there is no obligation for the resident to confirm the switch to the new provider or tariff following the quote.
- 1.3 Customer volume will be a key driver in the schemes obtaining a better price at auction therefore it is recommended to join forces with other authorities to increase the numbers participating.

RECOMMENDATION

- 2.1 That the Authority signs up to the *Ready to Switch* collective energy switching scheme in conjunction with other councils to maximise buying power. Locally the scheme would be promoted and branded as the 'Derby City Council scheme'.
- 2.2 That the Authority's Communication and Energy and Climate Change teams actively assist in promoting the scheme to Derby residents to ensure as high a take-up as possible.
- 2.3 That cabinet delegate authority to the Strategic Director for Neighbourhoods and the Strategic Director for Resources in consultation with the Cabinet Members for Streetpride and Partnerships and Business, Finance and Democracy to join a scheme.

REASONS FOR RECOMMENDATION

- 3.1 The *Ready to Switch* scheme offers a swift, compliant means for the Authority to offer a Collective energy switching scheme to residents and help reduce their energy costs, and thereby save money.
- 3.2 The *Ready to Switch* scheme is shown to be successful and effective; for example Peterborough City Council report a 30% take up of residents accepting the offered tariff, with an average saving of up to £149 per switching household.



SUPPORTING INFORMATION

- 4.1 Authorities promoting successful schemes have invested resources to ensure that residents, particularly those who may be in fuel poverty, are aware of and can access the schemes. The Authorities have set aside resources and funds to publicise the service to their communities (for example Derbyshire recruited three staff to work in their call centre for six weeks to assist those without Internet access to sign up) and this will be a crucial factor in ensuring the success of the scheme.
- 4.2 The costs of joining *Ready to Switch* are likely to be an initial £3,000 to join the procurement partnership, and an additional £1,500 fee per campaign. Promotional activities and materials will be an additional cost. The Authority will receive a fee of £5 per switch for single-fuel energy supply, and £10 for dual-fuel supply. These receipts can be used to offset the cost of promoting the scheme to residents.
- 4.3 All opportunities will be assessed as well as a further review to ensure the best opportunity is taken for Derby City residents.
- 4.4 There are two ways for residents to register. This can either be online via the website for which there will be UK call centre support and a dedicated email address – or for residents without internet access an “offline” option with a local registration desk and telephone number would have to be set up by Derby City Council.
- 4.5 The *Ready to Switch* scheme is open to residents who use prepayment meters as well as online billing and paper billing systems.
- 4.6 A number of Authorities have “piggy-backed” public-facing services (eg. libraries) to help promote the service to residents – many of the residents who will most benefit from such a scheme (the elderly, the vulnerable) will already be known to the Authority. Sign-up stands at local shopping-centres, markets and community hubs have been utilised to raise awareness. In addition Authorities have had success advertising in their newsletter, on posters, leaflet drops and in local media. One Authority included a promotional leaflet in a Council Tax reminder mailing, to some success – another promoted a “you bring in your energy bill – we sign you up to switch” message (and allocated resource to support) which met with increased levels of sign-ups. Authorities who effectively utilise social media have promoted the scheme using Twitter and Facebook.
- 4.7 It is proposed to create a full marketing programme for the scheme once a partner has been selected.

OTHER OPTIONS CONSIDERED

- 5.1 None.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Paul Robinson, Roger Kershaw
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For more information contact: Background papers: List of appendices:	Ray Poxon 01332 643271 ray.poxon@derby.gov.uk None Appendix 1 – Implications
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IMPLICATIONS

Financial and Value for Money

- 1.1 The financial implications are contained within the context of this report.

Legal

- 2.1 The Procurement team ensure that the actions taken maintain compliance with UK and EU Procurement legislation.

Personnel

- 3.1 None.

Equalities Impact

- 4.1 None.

Health and Safety

- 5.1 None.

Environmental Sustainability

- 6.1 Contained within the report.

Property and Asset Management

- 7.1 None

Risk Management

- 8.1 None.

Corporate objectives and priorities for change

- 9.1 The initiative seeks to support the objectives of:
A thriving sustainable economy
Good quality services that meet local needs.