



Council Cabinet
9 October 2019

ITEM 9

Report sponsor: Rachel North, Strategic
Director for Communities and Place
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RAM Energy Fuel Poverty Fund

Purpose

- 1.1 Derby City Council's (DCC) energy provider RAM Energy has been successfully operating for two years. During this time RAM Energy has sustained the level of sign ups required to fund the project without additional funding from the council, beyond the original allocation from the Delivering Differently fund. It is projected that RAM Energy will generate a small surplus in 2019/20 of between £2,000 to £3,000.
- 1.2 One of the original key aims of RAM Energy is to help reduce fuel poverty; by creating a RAM Energy Fuel Poverty Fund we can directly help those who are in fuel poverty.
- 1.3 Ring-fencing the funds so that any operational surplus at the end of the financial year is transferred to a reserve to support the Fuel Poverty Fund for grant payments during the winter months; this will assist people in fuel poverty at a time when they need it most.

Recommendations

- 2.1 To approve the creation of the RAM Energy Fuel Poverty Fund and the awarding of energy bill contributions to those in fuel poverty.
- 2.2 To create a ring-fenced reserve from any surplus income arising at the end of each financial year to support the establishment of a Fuel Poverty Fund.

Reasons

- 3.1 The creation of the RAM Energy Fuel Poverty Fund will directly help people in fuel poverty, one of the key aims of RAM Energy.
- 3.2 The creation of a ring-fenced reserve will allow surplus operational income to be carried over between financial years ensuring that income generated by RAM Energy can be collated and utilised by the Fuel Poverty Fund during the winter months. RAM Energy's five year financial prediction indicates less than £10,000 surplus is expected in each financial year, with less than £5,000 surplus anticipated to be carried over in each of the next three financial years.

Supporting information

- 4.1 DCC's energy provider, RAM Energy was set up in October 2017 with the key aim of bringing not-for-profit energy to Derby residents, helping residents who don't typically switch provider move to a low-cost provider and assisting residents who may be living in fuel poverty attain more manageable bills. RAM Energy provides energy to around 6,000 meters across the Midlands with a high percentage of these customers based within Derby city.
- 4.2 In 2016, 11,617 households were estimated to be living in fuel poverty in Derby, equating to 10.8% of Derby households classed as fuel poor, the regional average at this time was 9.3%. Fuel poverty is associated with cold homes; living in a cold home can lead to a range of health problems including respiratory and circulatory problems and increased risk of poor mental health. Additionally cold homes can affect wider determinants of health, such as educational performance in children and young people, as well as work absences.
- 4.2 The RAM Energy Fuel Poverty fund will directly help Derby residents who are in fuel poverty by contributing towards their winter fuel bill. Once the fund is available, a suitably qualified professional such as a social worker, tenancy sustainment officer or a Citizens Advice representative, will complete and send a RAM Energy Fuel Poverty Fund application form on behalf of the customer to RAM Energy.
- 4.3 The application form will take into consideration all grants and allowances, including the Winter Allowance. The applicant will be assessed by Officers within the RAM Energy team using the Low Income, High Cost indicator which is used to determine whether a household is in fuel poverty after all grants and allowances have been taken into consideration. The criteria for a successful application would be:
 - 1) RAM Energy customer,
 - 2) Living in Derby,
 - 3) Classed as living in fuel poverty by the Low Income, High Cost indicator.
- 4.4 An applicant will be able to receive a bill contribution from the RAM Energy Fuel Poverty Fund a maximum of 3 times. A new application form will need to be completed each year and the criteria outlined in 4.3 needs to be satisfied on each occasion for the applicant to be successful.
- 4.5 Through this proposal, successful applicants in a single person household will receive £50 credit on their energy account, with successful applicants in multiple person households receiving £100 credit. This process will continue each year until the allocated funding has been exhausted. RAM Energy, subject to Cabinet approval, aims to establish a ring-fenced reserve to ensure income generated can be used to fund the Fuel Poverty Fund each year.
- 4.6 In addition, recipients of the Fund will receive an energy efficiency information pack with advice and signposting information.

- 4.7 During the first window of funding availability, November 2019-January 2020, it is estimated 60-80 households will benefit from the fund.
- 4.8 Investing in fuel poverty prevention could lead to positive outcomes and lower pressures on other areas of the Council and functions within the City. There are established links between people living in fuel poverty or cold housing and physical health, well-being and mental health.
- 4.9 RAM Energy has recently launched Business Energy; income generated from the increasing customer base will be allocated to funding the RAM Energy Fuel Poverty Fund.

Public/stakeholder engagement

- 5.1 Discussions have taken place with key stakeholders, including Derby Homes, Healthy Housing and relevant DCC teams, who will help with the applications and distribution of the RAM Energy Fuel Poverty Fund.
- 5.2 Engagement with stakeholders will continue following the inception of the RAM Energy Fuel Poverty Fund to ensure the application and processing of applications is as user friendly and efficient as possible.
- 5.3 Additional engagement will take place in 2020 once the fund has been allocated, this engagement will be aimed at receiving feedback from both stakeholders and fund recipients in order to drive any improvements for future years.

Other options

- 6.1 Do nothing. This option has been discounted as it will not help address fuel poverty or contribute towards the aim of RAM Energy.
- 6.2 Set up the RAM Energy Fuel Poverty Fund without setting up a reserve. This is not advisable as the payments need to be made in the same year that they would be earned, thereby creating a risk that the budget may overspend or equally underspend leaving potential recipients without assistance when they may possibly have benefited. The establishment of the size of the fund in the previous year will enable proper planning in relation to the available funding and therefore the volume of awards that can be afforded.

Financial and value for money issues

- 7.1 A ring-fenced reserve would be established for the Fuel Poverty Fund. Contributions to this fund would be made purely by operational surpluses generated by RAM Energy. The implication of this is that surpluses would not contribute to the wider indirect costs of the service and the overall corporate financial position.
- 7.2 RAM Energy has raised sufficient income to fund a £5,000 Fuel Poverty Fund in 2019/20. It is also anticipated that there may be a small surplus of £2,000-£3,000 at year end 2019/20 which would be allocated to the Fuel Poverty Fund in 2020/21.

- 7.3 If RAM Energy were to make an operational loss, the reserve created by RAM Energy would be used to offset this loss.

Legal implications

- 8.1 None arising directly from the report.

Other significant implications

- 9.1 None

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu	09/09/19
Finance	Amanda Fletcher	24/09/19
Service Director(s)	Greg Jennings	11/09/19
Report sponsor	Rachel North	11/09/19
Other(s)	Ian Fullagar	09/09/19

Background papers:	None
List of appendices:	None