

**Open Report on behalf of Executive Director for
Environment and Economy and Director of Public Health**

Report to:	Environmental Scrutiny Committee
Date:	11 March 2016
Subject:	Update on Lincolnshire Energy Switching Scheme (LESS)

Summary:

The Lincolnshire Energy Switching Scheme (LESS) is a joint exercise by Lincolnshire County Council and District Councils to promote and facilitate collective switching, potentially reducing households' energy bills.

To date there have been 6 completed rounds; the current round acceptance phase is open until 15 March 2016. The report details numbers involved and the savings made.

The Local Government Association Framework under which the scheme is run has now expired. Compliant ways of continuing the scheme are currently being explored.

Actions Required:

The Committee is invited to consider and comment on the report and highlight support for the continuation of the Lincolnshire Energy Switching Scheme.

1. Background

A collective switch is where a trusted intermediary (e.g., a Council or consumer organisation such as Which etc.) runs an auction for energy firms to bid to provide special tariffs. Reducing energy bills through rationalised tariff rates was an objective from the Lincolnshire Affordable Warmth Strategy 2010. The strategy is currently due for review and actions renewed. Although collective switching does not exclusively target fuel poor households they do benefit from participating in such schemes.

A Lincolnshire Councils run collective switching scheme was first investigated as an action from the Fuel Poverty Task and Finish group in 2012. Current activity is led by WLDC with communications having been coordinated by NKDC, BBC and currently SKDC. A procurement exercise with the Local Government Association

(LGA), Procurement Lincolnshire and North East Procurement Organisation (NEPO) established the LGA framework and was operational for two years.

A key component of the framework was that all energy suppliers had to offer a prepayment tariff to be able to offer a direct debit tariff. Registrations did not commit consumers to switching; they could make a decision once their personalised offer had been generated. Most registrations were made through the website form, but facilities were available for residents to register at their local district council offices or via a telephone service. Call centre registration service has been provided in every round.

Seven Lincolnshire Energy Switching Schemes have been run, with a total of 11,500 registrations. Over 3000 households have switched suppliers, a switching rate of 27% across the six completed switching cycles. *(February 2016 auction is still sending out offers and the acceptance phase is open until March 15th 2016)*. This is seen as a good average conversion rate, but we did achieve 38% in February 2015 and 32% in October 2015 which are very good. Total household savings are estimated at over £600,000. On average most households save between £180 - £230 by switching to the collective switch tariff. Household savings are likely to be redirected into the local economy, with the associated economic benefits.

The scheme is cost neutral to run, with the HELP group coordinating activity. The referral fees paid by 'iChoosr' after consumers have switched covers the cost of marketing and telephone registration services. Any surplus funds are directed towards future campaigns and actions in the Affordable Warmth Strategy.

The LGA framework was not extended and so Lincolnshire will not be participating in anymore rounds of switching once the acceptance phase of the February 2016 scheme has been completed. Procurement Lincolnshire have advised that if Lincolnshire councils, through HELP, want to continue to offer residents a local switching scheme then expressions of interest should be sought from the few switching scheme providers. Depending on the outcome, HELP would have the option of establishing a direct relationship with a single provider, or running a procurement exercise to award a contract to a winning provider. Lincolnshire councils do not procure any services, they act as the conduit to register residents and validate the switching schemes with their reputations.

Council approval would be required before any further schemes could be established.

The LESS scheme has benefited many households across the county and that has included some fuel poor households. Although the scheme has raised awareness of switching there are still significant numbers of households who have never switched energy tariff and would benefit enormously. There is anecdotal evidence of households that have negotiated better energy deals for themselves and made savings as a consequence of knowing about the Lincolnshire Energy Switch even if they have not switched through the scheme.

2. Conclusion

Reducing household energy costs is an important element of the affordable warmth agenda. Long term reductions can be made through improvement to buildings and these are most likely to be maintained. Tariff optimisation has value in terms of ensuring that consumers are not paying more than necessary for their energy needs. Consumers need to switch regularly to maintain the savings and a local council approved scheme helps to reassure residents that they are making a good choice in a market that can be very confusing.

Given the credibility that has been established through LESS it would be a retrograde step if Lincolnshire Councils are no longer able to promote and facilitate switching. As mentioned above steps are being taken to ensure that the scheme can continue.

3. Consultation

a) Policy Proofing Actions Required

n/a

4. Appendices

These are listed below and attached at the back of the report	
APPENDIX A	Lincolnshire County Council Website information on LESS
APPENDIX B	Lincolnshire Energy Switch Scheme statistics

5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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