

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

Report to:	<b>Environmental Scrutiny Committee</b>
Date:	<b>10 June 2016</b>
Subject:	<b>Update on Lincolnshire Energy Switching Scheme (LESS)</b>

**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 7 completed rounds; the current round acceptance phase is open until 28 June 2016. The report details numbers involved and the savings made.

The Local Government Association Framework under which the scheme is run has now expired. HELP have signed an agreement with Peterborough City Council to continue the scheme.

**Actions Required:**

Members of the Environmental Scrutiny Committee are invited to consider and comment on the report and highlight support for the continuation of the Lincolnshire Energy Switching Scheme.

### 1. Background

- 1.1 A collective switch where a trusted intermediary (eg, a council, 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.
- 1.2 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 SKDC. A procurement exercise with the

Local Government Association (LGA), Procurement Lincolnshire and 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.

- 1.3 Eight Lincolnshire Energy Switching Schemes have been run, and the latest figures show that at least 11,500 people have registered. Over 3000 households have switched suppliers, a switching rate of 27% across the seven completed switching cycles. May 2016 auction is still sending out offers and the acceptance phase is open until June 28<sup>th</sup> 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.
- 1.4 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.
- 1.5 The LGA framework was not extended, so the last Lincolnshire switching cycle completed under the framework was in February 2016. Peterborough City Council and a partnership of councils had signed a direct agreement with iChoosr before the LGA framework was in place. Procurement Lincolnshire have reviewed this contract and confirmed that it is compliant. As such, HELP have signed a contract with Peterborough City Council so that Lincolnshire can be included in future switching rounds. There are two years remaining on this agreement.
- 1.6 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

- 2.1 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.
- 2.2 Given the credibility that has been established through LESS it is good news for residents that the scheme is able to continue to with no discernible change from the consumer's point of view. The agreement with Peterborough City Council provides stability until the end of March 2018.

## 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	Promotional flyer
Appendix B	Results from previous rounds

## 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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