
Collective Energy Switching Scheme for West Berkshire

Committee considering report:	Individual Decision
Date of Committee:	18 March 2016
Portfolio Member:	Councillor Marcus Franks
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Forward Plan Ref:	ID3102

1. Purpose of the Report

- 1.1 To make a decision over whether the Council run a Collective Energy Switching Scheme.

2. Recommendations

- 2.1 Sign up with iChoosr under the North East Procurement Office (NEPO) existing framework agreement, to launch a Collective Energy Switching Scheme for West Berkshire and operate on a cost recovery basis.

3. Implications

- 3.1 **Financial:** Each referral that switches generates £5.50 per switch (gas or electricity).
- 3.2 **Policy:** None
- 3.3 **Personnel:** None
- 3.4 **Legal:** The Framework for Collective Energy Switching Schemes established with iChoosr was led by the NEPO on behalf of the LGA for Public Sector Organisations.
- 3.5 **Risk Management:** All risks will be dealt with through normal management procedures, the main risk is that one or more households don't get a better deal and there is media coverage to that effect.
- 3.6 **Property:** None
- 3.7 **Other:**

4. Other options considered

- 4.1 Seek to join with other Berkshire Authorities to introduce a collective energy switching scheme.
- 4.2 Do nothing.

5. Executive Summary

- 5.1 Energy Management Team briefed The West Berkshire Conservative Party pledge to deliver a Collective Energy Switching Scheme (CESS) in their pre-election Manifesto. A CESS is defined as a group of consumers who join together to negotiate a better deal on their utilities. A CESS typically offers far better bargaining power and may provide access to bespoke energy tariffs that are not available on the open market.
- 5.2 According to the North East Procurement Organisation (NEPO) in 2014, “less than a fifth of energy consumers in the UK are on the lowest available tariff”.
- 5.3 This may be for a number of reasons including complicated energy tariffs, worries over penalty charges, a lack of choice for pre-pay customers, or simply not getting round to it.
- 5.4 Most schemes will operate through a third party organiser, who appoints a service provider to negotiate with the energy suppliers to secure the best deals once the scheme closes. Consumers will individually receive an offer from the winning supplier, it is then up to them whether they choose to accept this offer and switch supplier.
- 5.5 The Framework for Collective Energy Switching Schemes was led by the NEPO, acting on behalf of the Local Government Association (LGA). NEPO established this framework with iChoosr to provide CESS for public sector organisations on behalf of their residents. In iChoosr's February 2015 auction over 66,000 households signed up, with nearly 17,000 of those switching, each household saving an average of £282 per year.
- 5.6 iChoosr's CESS is free for residents to sign up to, with iChoosr paid a small profit (referral fee) from the winning energy company. A proportion of this is then passed onto the Council.
- 5.7 Some initial co-ordination by officers will be needed; some of these overheads may well be recovered through successful referral income. There may be some risk in associating with a scheme where some people may not benefit, but this is outweighed by the positive message it sends to the community about seeking out good deals.
- 5.8 There are no implications for equalities and diversity.

6. Conclusion

- 6.1 It is recommended that the Council sign up with iChoosr via the NEPO Framework for Collective Energy Switching Schemes, to run a Collective Energy Switching scheme for the residents of West Berkshire operating on a cost recovery basis.

7. Appendices

- 7.1 Appendix A - Supporting Information
- 7.2 Appendix B – Equalities Impact Assessment