

Report to Sustainable development panel
9 January 2013
Report of Executive head of strategy, people and democracy
Subject Norwich Big Switch and Save update

Item

7

Purpose

To update the sustainable development panel on the progress of the Norwich Big Switch and Save scheme.

Recommendation

To consider the report.

Corporate and service priorities

The report helps to meet the corporate priority A prosperous city, and the service plan priority to reduce fuel poverty in the city through affordable warmth activities

Financial implications

None.

Ward/s: All wards

Cabinet member: Councillor Bremner – Environment and development

Contact officers

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Background documents

None

Report

Collective switching

1. Collective energy switching occurs when a group of likeminded citizens band together to negotiate a better deal with their gas and electricity suppliers. A third party (in this case Norwich City Council) sets up the group with the help of a specialist switching partner and then negotiates a better tariff on behalf of the consumers they represent. The offer is then presented back to the group for householders to decide whether to switch energy provider or not.
2. Evidence from elsewhere suggests that citizens are often paying as much as £200 per year more than they need to for energy costs because they are not on the most efficient energy tariff. It has been suggested that traditionally there has been unwillingness for citizens to individually shop around for energy services and switch to the cheapest provider due to the complexity of the information and the time involved in switching.

The process

3. Approval was granted by cabinet on 12 September 2012 for Norwich City Council to run a collective switching scheme. Following a procurement process switching specialist, iChoosr were chosen as the switching partner.
4. This was a cross-service project with officers from Environmental Strategy, Communications, Customer Contact, Financial Inclusion, Housing Income and Property Services working together to take this project out to as many residents in Norwich as possible.
5. On Monday 22 October 2012 the Norwich Big Switch and Save was launched. Norwich was the first city in the country to run a collective switching scheme. Since we launched we have received requests for advice from around 20 other local authorities also wishing to launch schemes.

Registration

6. The registration period ran for 5 weeks and closed on Sunday 25 November. 1768 households registered in total. Registrants from the Norwich scheme were then auctioned alongside four other schemes. In total over 18,000 registrants were in the auction with the Norwich scheme, boosting the collective bargaining power.
7. The scheme received good local media coverage. The attached graph shows the relationship between media coverage and the increase in the number of registrants. It is hoped to build on this success with subsequent tranches.

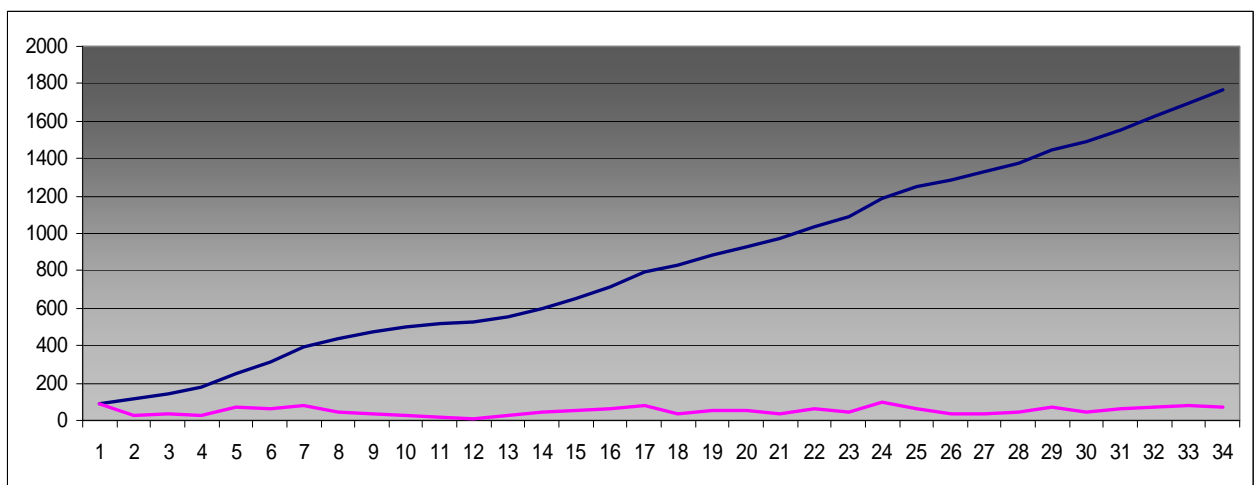
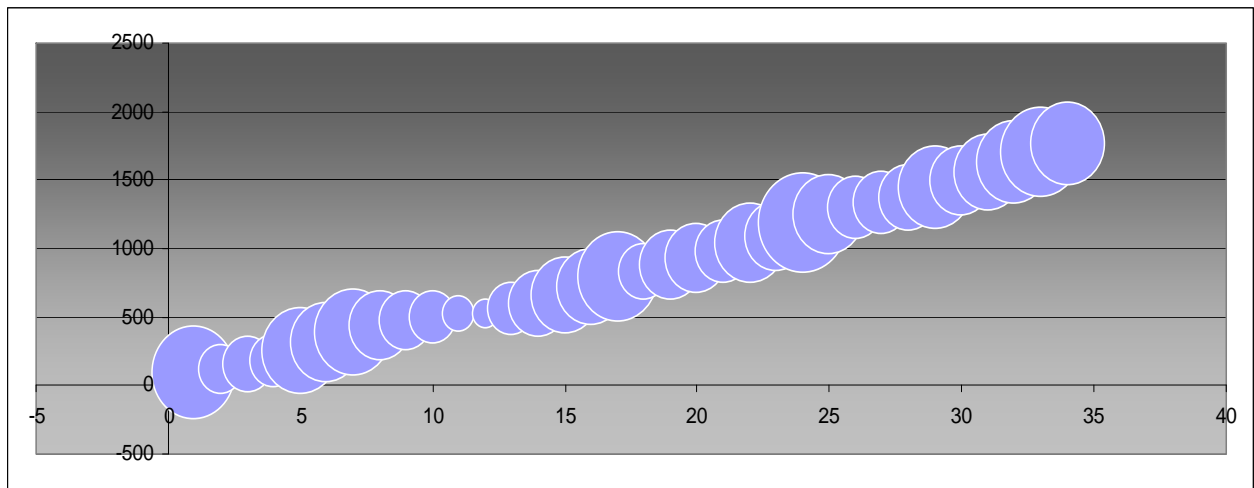


Fig 1 and 2: Communications tracking over time for the Norwich Big Switch and Save.

Energy auction

8. On Monday 26 November iChoosr went out to the energy market auction with registrants details and the successful bidders were Ovo Energy and Co-operative Energy.
9. Ovo Energy offered online-only billing to customers. Dual fuel customers are expected to save £176 a year on average by switching, with electricity only customers saving £165 a year on average.
10. Co-operative Energy offered to supply paper billing customers. Dual fuel customers are expected to save £156 a year on average by switching, with electricity only customers saving £182 a year on average.
11. The overall average saving per household is £171 a year. £501 was the maximum saving offered. 66% of the group were offered with a saving on their utility bills
12. Less than 100 households with prepayment meters registered for the scheme. This was the first time a collective switching scheme had ever attempted to

include this group. Unfortunately no offer was provided from any energy supplier in the auction process to prepayment meter customers. Our switching specialist partner iChoosr are writing to these households offering to keep their details and in the coming months to form a larger prepayment group, which they would then attempt to take to another auction in an effort to find a supplier willing to offer a better deal.

The Big Switch

13. The deadline for online and offline acceptances (accepting by letter or with assistance from Norwich City Council) is Friday 21 December. Details will be provided on the numbers who made the final switch when they are available.
14. A second tranche of the Norwich Big Switch and Save will run in the new year. There has been interest from some neighbouring local authorities in running a collective switching scheme. Those authorities interested are at various stages of getting approval and Norwich City Council is the only authority in Norfolk to have already run a scheme and to have an established brand. We have been advising some other local authorities through the process to set up their own schemes for launch some time in the new year, and there is a possibility we may be in the same auction.

Department of Energy and Climate Change (DECC) funding

15. Norwich City Council has applied to the new DECC “Cheaper Together” fund for additional funding. With additional resources and working in partnership with the voluntary sector we hope to be able to provide further targeted support for vulnerable groups across the city in taking advantage of the opportunity to save money through collective switching. We are currently waiting to find out if our bid for funding has been successful.

Next steps

16. The second tranche of the Norwich Big Switch and Save scheme will be launched in late January with iChoosr. The registration period will run for nine weeks, an additional 4 weeks on tranche 1. We hope to build on the success of the first tranche and also further refine and improve our approach. We have already had interest from the local news to run follow up success stories of switchers from the first tranche and the savings they have made.