

Norwich City Council
SCRUTINY COMMITTEE

Item No 6

REPORT for meeting to be held on 18 July 2013

Norwich Big Switch and Save Scheme

- Summary:** The report provides an evaluation of the council's collective switching scheme, the Norwich Big Switch and Save. It provides scrutiny with an opportunity to review the scheme and consider any lessons learned.
- Conclusions:** The report should enable the scrutiny committee to determine any lessons learned so far that could be beneficial for the scheme in the future.
- Recommendation:** To consider the report and make any recommendations for the future application of the scheme.
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Report

- 1.1 In September 2012 the cabinet decided to establish a collective switching scheme for Norwich with the aim to enable households across Norwich to easily engage with the gas and electricity market to get the best deal for their energy as part of the council's work to reduce fuel poverty
- 1.2 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 (in this case I-chooser) 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.
- 1.3 The council's collective switching scheme, the Norwich Big Switch and save has so far run for two tranches. The first ran from the 22 October to 25 November and the second from 21 January to the 8 April. A full evaluation of the first two tranches of the scheme has been included at Annex A for consideration by the scrutiny committee.

Annex A: Review of the Norwich Big Switch and Save Scheme

1:0 Overall aims of the Norwich Big Switch and Save Scheme

- 1.1 The overall aim of the project was to establish a collective energy switching scheme to enable households across Norwich to easily engage with the gas and electricity market to get the best deal for their energy as part of the council's work to reduce fuel poverty.
- 1.2 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 (in this case I-chooser) 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.
- 1.3 In Norwich 17 per cent of households, or nearly one in every five, are estimated to be experiencing fuel poverty. That equates to 10,000 households.
- 1.4 The Norwich Big Switch and Save aimed to deliver some of the objectives of the environmental strategy and affordable warmth strategy in creating a cross service affordable warmth scheme that will help to tackle fuel poverty.

2:0 First tranche

- 2.1 In the first tranche Norwich City Council led the way in being one of the first councils and the first city council to run a collective switching scheme in the UK. The registration period ran from 22 October to 25 November.
- 2.2 It was hoped that as a collective switching pioneer we would get people use to the idea of switching provider early on, giving us good opportunities for future tranches and also encourage people to switch independently of the scheme both for energy and other products and services which would support financial inclusion. During the first tranche many other district councils contacted us to seek advice on how to run a collective switching scheme.

Method

- 2:3 The first tranche was promoted through free publicity by a wide range of local media, social media and promotional material and via a dedicated website. Information was also provided to local voluntary organisations and housing associations to promote the scheme and help people to engage with it. An appointment service was provided for residents who did not want to register via the website whereby they could get in touch with the council's customer contact centre and arrange an appointment for somebody to call them back and sign them up over the phone or by coming into City Hall. Due to resource constraints a programme of community events to promote the scheme was not carried out. However, the free publicity proved successful with an average of fifty people a day registering for the scheme.
- 2:4 The media used for first tranche was as follows:
 - Norwich Evening News – Electronic banner and articles
 - EDP – articles
 - Norwich Advertiser – article
 - 99.9FM Radio Norwich – free advertisement of launch, news and article

- BBC Radio Norfolk
- Future Radio – interview with future radio and article
- Heart Radio
- BBC Look East-TV interview
- Anglia ITV
- TLC magazine
- Social Media

What publicity was the most successful?

- 2:5 A communications tracker was created to record data this shows how many people signed up per day and how this corresponded with the collective switching media on the day.
- 2:6 Below shows the highest number of registrants per day and the corresponding collective switching media on that day;
1. **100**-TLC
 2. **89** - National TV news item, Twitter and E Banner
 3. **80** -Future Radio article and Evening News article and E Banner
 4. **78**-E Banner
 5. **76** -Leaflets to partners
 6. **74** -E Banner
 7. **69**-E Banner
 8. **68**-E Banner
 9. **68**-E Banner
- 2:7 The above results show how effective television, radio and newspaper articles are in getting people to register.
- 2:8 Appendix one shows the daily increase in tranche one. The overwhelming majority of publicity was done via free media therefore the larger circles correspond to the free local media such as TV and newspaper.

Results

- 2:9 The first tranche of the scheme led to 1,768 residents registering to switch energy providers. 19.5% of these went on to switch provider, and will benefit from a lower energy tariff this winter, thereby maximising their income. This was the highest conversion rate than any other council.
1. Ovo Energy offered online-only billing to customers. Dual fuel customers were expected to save £176 a year on average by switching, with electricity only customers saving £165 a year on average.
 2. Co-operative Energy offered to supply paper billing customers. Dual fuel customers were expected to save £156 a year on average by switching, with electricity only customers saving £182 a year on average.
 3. The overall average saving per household is £171 a year. £501 was the maximum saving offered. 66% (two thirds) of the group were offered with a saving on their utility bill

Lessons learnt

- 2:10 Unfortunately, although the suppliers were able to offer a paper billing service neither was able to offer a non direct debit payment option.
- 2.11 Around 50 households with prepayment meters registered for the scheme. Unfortunately no offer was provided from any energy supplier in the auction process to prepayment meter customers. However, a retrospective offer was given to these households following another auction run by Ichooser. In the following auction they formed part of a larger prepayment group creating more substantial bidding power which meant they were able to get a good deal.
- 2.12 There was some concern that the level of offline applications was low in tranche one and this would need to be increased in the second tranche through more face to face direct publicity.

Success of the first tranche

- 2:13 The first tranche was widely publicised which promoted the project positively. This meant it reached out effectively to a large group of people. We helped 334 people to switch to potentially lower energy bills contributing to reducing fuel poverty in the City.

3:0 Second tranche

- 3:1 In the second tranche we hoped to increase this number of registrants by being able to employ more resources to run the scheme, and by learning lessons from the first tranche. The first tranche increased public recognition across the city and collective switching became more familiar as a concept, both locally and nationally. We hoped that this too would help to increase the number of registrants in round two. The second tranche took place from 21 January to the 8 April making it a longer registration period then the first tranche.
- 3:2 In the second tranche we received “Cheaper Together” funding from DECC (Department of Energy and Climate Change) of £26,000 towards the second tranche of the Norwich Big Switch and Save. This funding enabled us to employ extra staff to deliver the projects as well as paying for increased marketing costs. One member of the extra staff maintained a dedicated phone line to support offline registrants.
- 3:3 One of the objectives of the second tranche was to reach out to a wider audience than we achieved in the last tranche. This was helped by the fact that that following the launch of first tranche of the scheme a number of the other district councils in Norfolk decided to run a collective switching scheme. We provided advice and assistance to them on the establishment of their scheme as well as access to documents and our branding. Their scheme was called the Norfolk Big Switch and Save which launched in the middle of our registration process for the second tranche. As part of this we able to join together with them on Norfolk wide marketing initiatives such as radio advertisement whilst still retaining the focus of our scheme for the City’s residents. Our schemes came together at the auction stage.
- 3:4 The methodology used for the second tranche was as follows:

Free media used:

- Norwich Evening News
- EDP
- Norwich Advertiser
- 99.9FM Radio Norwich
- Future Radio
- Heart Radio
- BBC Look East
- Anglia ITV
- TLC magazine
- Social Media
- Citizen magazine
- Age UK magazine
- Social Housing Newsletters
- School Newsletters

Paid Media used;

- 99.9FM Radio Norwich
- Future Radio
- Heart Radio
- Radio Norfolk
- Norwich Advertiser
- Evening News

Direct or face to face marketing;

- Roadshows at the Forum main space, the Millennium Library, Supermarkets, Sport Centres, Shopping Centres, NNUH and Easter Market.
- Community Centre Events and direct leafleting and advertising prior to the events
- Coffee mornings and Luncheon clubs
- Age UK events
- Council events
- Leaflets
- Leaflets given out at schools
- Posters
- Bring your Bill days
- Stall at Parents Meetings
- Stalls at Sure Start Centres
- Talks to the councils tenant forum and to voluntary groups
- A dedicated Switch and Save phone line (and officer) in the contact centre
- Advice given out by organisations such as social housing staff and Credit Union Staff

Tracking the publicity: What was most successful?

3:5 Below shows the highest number of registrants per day and the corresponding collective switching media on that day;

1. **100**-Radio regional campaign and Welfare Reform Event

2. **94** -Emails out to people who registered before and did not switch, Radio Norwich campaign, luncheon club, contact centre promotion
3. **86**-Regional radio campaign, NNUH and Waitrose
4. **85**- Citizen magazine, Riverside centre and leafleting
5. **82**- Regional radio campaign and Bert Bremmer Radio Norfolk interview
6. **69**- Regional radio campaign, TLC magazine hits doormats
7. **68**- Regional campaign launched EDP article, Evening News article and Norwich Advertiser article.

- 3:6 The same free media was used in the second tranche as in the first tranche. Unfortunately we did receive some negative publicity about the scheme.
- 3:7 In the second tranche we were able to pay for advertisements in the newspapers and on the radio. The newspapers or magazine proved to be the most successful with 28 percent of registrants saying they heard it first from newspapers or magazine. Flyers were also successful with 21% saying they first heard it from flyers. In appendix four shows where registrants thought they heard of the Big Switch and Save first.
- 3:8 In appendix eight to seventeen it shows where people registered according to different dates. Below the maps show what we did in each area, and you can see that there is a correlation between the marketing and how many people registered. For example from the 1 March to the 8 March we leafleted above the Newmarket Road and the map for this period shows a denser registration level above the road than below. Sewell area and Catton Grove show a similar reaction to leafleting. These maps suggest that the leafleting in these areas was effective.
- 3:9 It is also interesting to note that certain areas have a different reaction to exactly the same marketing. The Mile Cross area showed less response to the Citizen than Bowthorpe, Eaton and Nelson. Mile Cross showed a better response to the school leaflets.
- 3.10 In addition to this the maps show a varied connection between community centre days and the amount of registrations in the area. As you can see around Frere road there is a cluster of registrations but around the Jubilee centre and the Norman centre the registrations seem sparser.

Results of second tranche

- 3:11 A total of 2,710 residents signed up to the Big Switch and Save and 78 per cent will be offered savings. The overall average saving is £164 for the year. 13% of the residents went on to switch provider. In both tranches we had the highest rate of conversion than any other council.
- 3.12 Nationally the auction was the biggest ever local authority driven collective switching auction in the UK with approximately 160,000 households taking part – just over 10,000 of them from Norfolk.
- 3.13 Three energy suppliers won the contracts. These were Sainsbury Energy for dual fuel customers, Scottish Power for electricity-only customers and British Gas for prepayment meter households.
- 3.14 A total of 81.5% of online dual fuel homes were offered an average saving of £217 a year with a saving of £96 a year for offline customers.

3.15 Of the electricity-only households offered a better deal, the average saving was between £58 and £100 for the year.

3.16 Savings for prepayment meter households were between £20 and £63.

3.17 If all homes took up the offered savings a total of at least £75,000 would be saved on energy bills by Norwich residents.

Lessons learnt from first tranche

3.18 The first tranche results only offered direct debit payment and not prepayment meters. Considering this, before the second tranche had started the environmental strategy team took action with Ichooser to encourage the diversifying of payment types and tariffs that were offered. We were able to confirm that due to the high levels of prepayment registrations nationally that prepayment meters would be offered at auction.

3.19 In the first tranche there were sixty nine offline registrants in total making it 3.9% of the total registrants. We hoped to increase this number by using more face to face direct marketing with resources additional funded by the DECC funding.

3.20 This proved successful because offline registration increased from sixty nine registrations to four hundred and ninety four registrations. This is more than seven times the offline registration in the first tranche and 18% of the total number of registrations.

Offline registration

3.21 To reach people with no access to the internet has been achieved through a number of methods including:

- A dedicated Switch and Save phone line (and officer) in the Customer Contact Centre
- Community centre events and direct leafleting and advertising prior to the events
- Shopping centre and supermarket information stands
- Coffee morning/luncheon clubs attendances and talks
- Advice given out by organisations such as housing association staff and credit union staff
- Age UK and council events
- Radio advertising
- Talks to the councils tenant forum and to voluntary groups
- Leaflets

3.22 Overall around 25% signed up offline through direct face to face marketing from community centre events, coffee mornings, luncheon clubs and road shows in supermarkets, the Easter market and shopping centres. This shows that this type of marketing is successful in terms of increasing offline registration.

3.23 In appendix seven the pie chart shows the different types of direct marketing used to specific areas and how many estimated registrants signed up according to when the marketing method was taken up and how many sign ups there were in the particular area.

- 3.23 It is important to note that even though community centres show a high sign up rates according to the graph they were held all day so by the hour had a lower response than for example coffee mornings, which only lasted an hour.
- 3.24 In addition to this supermarkets were more successful when they were advertised in the paper before hand. Roys Bowthorpe had many people bringing their bills because it was advertised before hand. Waitrose only had two people bring their bills in and Morrison's and Sainsbury's had none.
- 3.25 Promotion at supermarkets was via leafleting and not by proactively booking people in to sign up or by inviting people to sign up, unlike at the Easter market, coffee mornings and events. Therefore it is difficult to determine who registered due to supermarket promotion. The area maps can give us an idea by looking at how many people registered and how that corresponds to when the road shows were taking place. However the most useful indicator of this is via the question asked on the registration website to how they heard about the Big Switch and Save these results are shown in appendix 4 and 5 and shows the total registrations for roadshow and events equated to 8% of all registrations making it the third most successful marketing method overall.

Lesson learnt from second tranche

- 3.26 The deal that registrants are offered is a fixed contract for one year, so we plan to consider carrying out further collective switching tranches in the future. However we need to continue to learn from the tranches to improve the efficiency and effectiveness of the scheme. For example by;
- Using only free local public venues, such as local libraries.
 - Shortening community centre sign up days to a couple of hours in the evening which would increase sign up per hour and reduce cost and include entertainment.
 - Bring the residents to us by increasing levels of walk ins to the council
 - Tailor the marketing to each area to get the biggest response
 - State prepayment meters can apply on the leaflets for community centres and make leaflets more bespoke and easier to read.
- 3.27 Even though in our best efforts we targeted hard to reach and vulnerable groups and therefore increased offline registration. Offline registrants still remains a small majority when looking at the registration process as a whole.
- 3.28 One of the reasons for offline registrants not signing up could be possibly that there were mixed messages in the press about prepayment meters. Anecdotal evidence at road shows showed that residents on prepayment meters did not sign up because they thought they could not get a deal. This was not the case because even before the registration process had started and there was some mixed messages in the press, we had confirmed that there would be a deal for prepayment.
- 3.29 Certain methods such as Bring your Bills days showed little interest and therefore will be discontinued for other tranches.
- 3.30 From both tranches we can confirm that free media such as newspapers is a very effective in increasing registration levels. The second tranche has shown that face to face marketing can increase offline and more vulnerable registrants. However in the map data there still shows certain areas are particular hard to engage with. To encourage these residents to switch will be a challenge that needs to be tackled in any subsequent tranches.

- 3.31 The second tranche successfully held the biggest ever local authority collective switching auction in the UK with approximately 160,000 households taking part. This was partly due to the DECC funding given out nationally to councils to implement a collective switching scheme. This shows how successful the funding was in increasing interest. The large number of registrations attracted the big six to the auction as we can see from the results that British Gas and Scottish Power were both winning suppliers.
- 3.32 Past schemes have shown smaller energy companies as their winning supplier, for example with the first tranche with Co-op and Ovo energy. This encouragement of smaller companies has been promoted as a positive aspect of collective switching. This is because it widens the market and tackles consumer inertia. iChoosr and local authorities should look towards finding a way to encourage the numbers for registrations along side encouraging smaller companies to take part to become the winning supplier.

Success of the second tranche

- 3.33 The second tranche was a great success in terms of partnership working across the county. In appendix three you can see the effect the joint Norfolk-wide publicity had on the registration process, as there is a clear divide of sign ups per day between when the Norfolk campaign which is in red and when our campaign was running alone. This allowed us to join our resources in areas such as radio advertising and reduce our costs.
- 3.34 During the next tranche we will continue to work collaboratively with the other councils in Norfolk as part of the wider Norfolk Big Switch and Save which will help with pooling resources together to deliver an effective advertising campaign.
- 3.35 The Citizen magazine was a successful avenue to promote the Switch and Save in a clear and informative manner. In appendix three you can see the rise of registrations in the period when Norwich households received their edition of the Citizen. This is the first columns in red.
- 3.36 Both tranches show how effective the free press is and the second tranche shows how the negative press can really impact on people actions. Press appears to be the real key in getting registrations. This is shown across Norfolk, in Kings Lynn for example there was little press and the registrations were lower than expected, even with the best efforts to promote the scheme at markets and parish council events. In North Norfolk positive press was released and the council experienced high levels of registrations. This suggests positive press is a vital part of the registration process.
- 3.37 Offline registration was successful due to face to face marketing and working in partnership with voluntary organisations such as Age UK and social housing providers. These networks and improved methods can be used during the next tranche in the hope to continue to encourage offline registrants.
- 3.38 In the second tranche prepayment registrants were higher than the first tranche as we identified groups who would be likely to be using prepayment meters. Although with the confused messages in the press to prepayment customers, engaging with as many people as possible proved difficult previously.
- 3.39 As seen in appendix eight we engaged with a wide range of people in the city and engaged with groups that our typically vulnerable to fuel poverty. We held community events in deprived areas, attended Age UK events, coffee mornings and wrote in their magazine. We engage with parents at parents meetings and put leaflets in the child's school bag to take

home. This shows thorough engagement with the three main fuel poor group's people on low income, the elderly and young people.

- 3.40 The engagement level with Norwich residents was high for a council-led scheme. In the first tranche it was 2.9% of city households in the second tranche it was 4.5% of Norwich households. This overall makes a total of 7.4% of all of Norwich residents who were engaged in the scheme.
- 3.41 In both tranches Norwich City Council had the highest conversion rate with 19.5% in the first tranche and 13% percent in the second tranche. This shows that the council had the most successful scheme in the country, in the sense we achieved the aim of the project which is to switch people over to cheaper fuel bills. Since the scheme has been running we have switched over seven hundred residents, which means we have helped one percent of the Norwich population by this project alone.
- 3.42 In addition to the people we know switched over to lower energy bills directly through both tranches of the scheme, it is likely that other people which engaged with the scheme also realised lower energy bills. This is because when people tell their existing energy supplier they are intending to switch provider they will often offer to match or improve on the deal they have found elsewhere if they agree to stay with them. As such, it is likely the numbers of people who benefited through being part of the first and second tranche is actually larger
- 3.43 It is also likely that people who heard about the scheme or engaged with it may have gone on to use price comparison websites or explore switching provider for energy and a range of other products and services to realise savings. While it is not possible to quantify this, one of the hoped for indirect benefits of running a switching scheme was to encourage people, who might not otherwise do so, to consider the benefits of switching providers to save money.

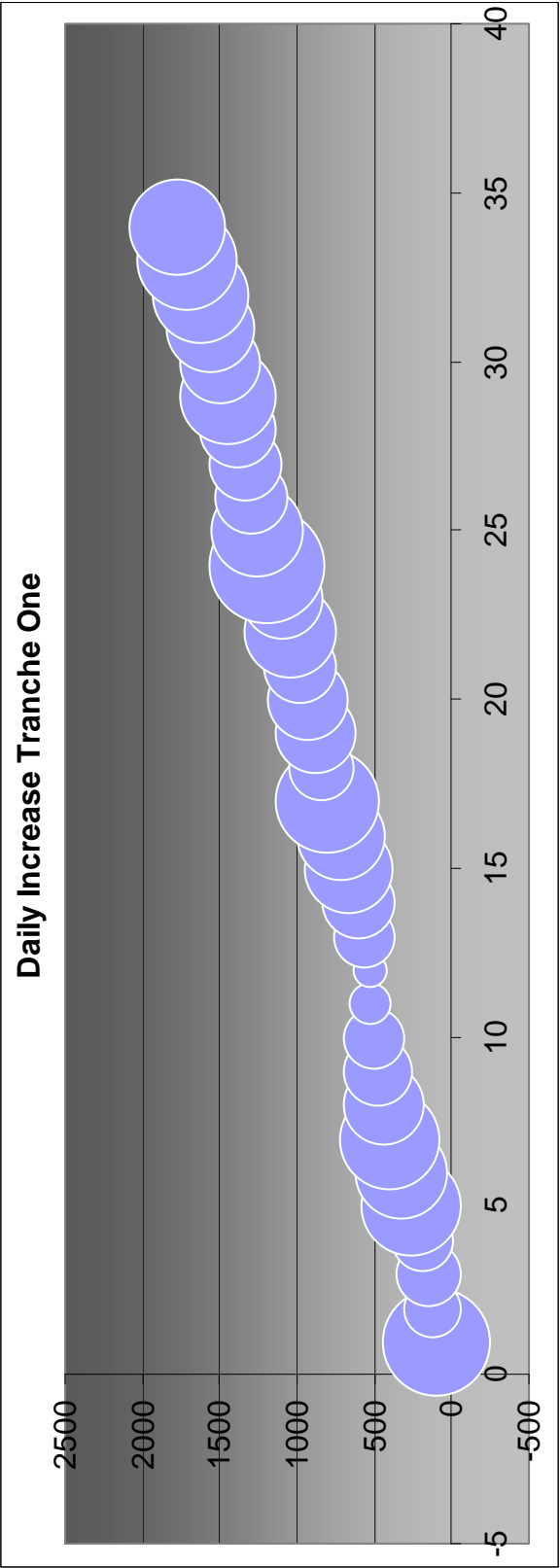
4:0 Conclusion

- 4.1 Overall both tranches exceeded expectations. The success of the first tranche led the way to a positive second tranche as the council built up positive press and media attention and got people thinking about switching providers.
- 4.2 The DECC "Cheaper Together" funding help the second tranche increase offline registrations. We were able to use more proactive and direct face to face marketing which led to 988 more registrations and 218 offline registrations.
- 4.3 In the first tranche it was estimated if everyone who saved over £50 switched suppliers then £54,000 was put back into the Norwich economy and in the second tranche £75,000. This would make a significant £129,000 overall.
- 4.3 In addition to this we had one of the most successful collective switching schemes in the country with the highest conversion rates. The project helped seven hundred residents in the City reduce their fuel bills which is 1% of the Norwich population.
- 4.4 Looking to the future there is potential room for improvement by using the learning we have gained to increase the efficiency and effectiveness of the scheme.
- 4.5 Newspaper articles have shown to be the biggest trigger in getting people to register, particularly the council magazine.

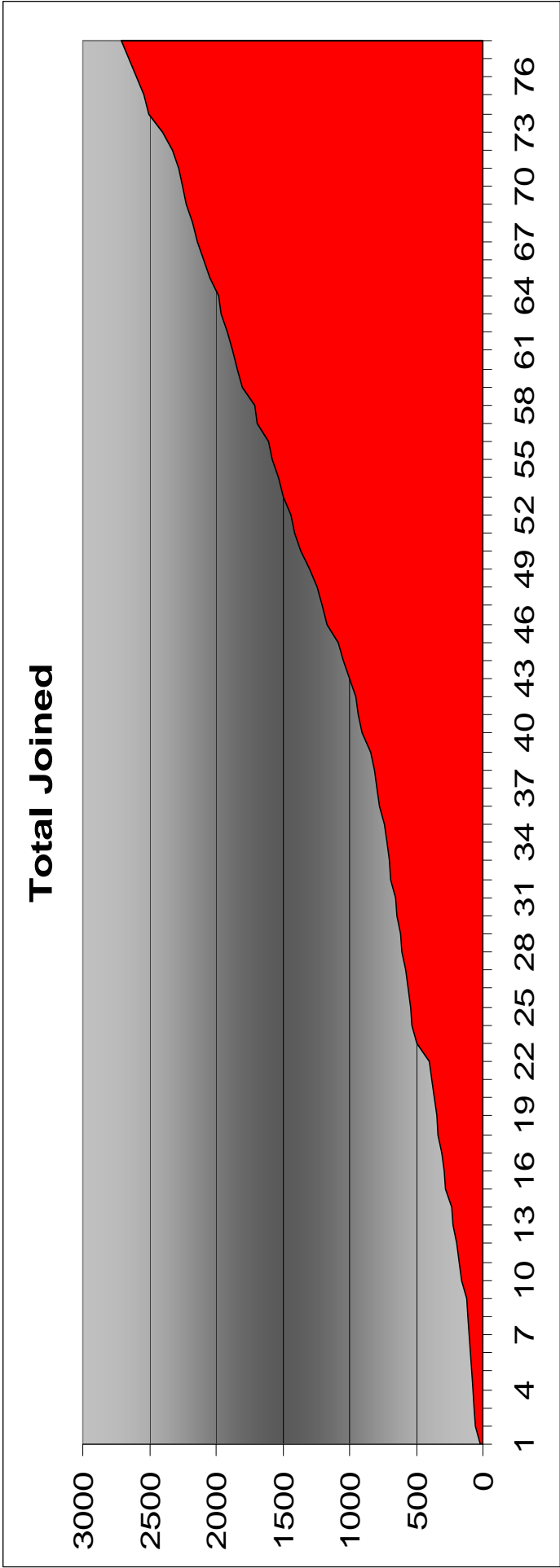
- 4.6 The council hopes to continue its success with collective switching in the future, as it can help to alleviate fuel poverty, put money back into the local economy, build up good relations with local organisations. It is a stepping stone in promoting energy awareness and affordable warmth in the home and will benefit other affordable and energy efficiency work for example the Green Deal.

Appendix 1

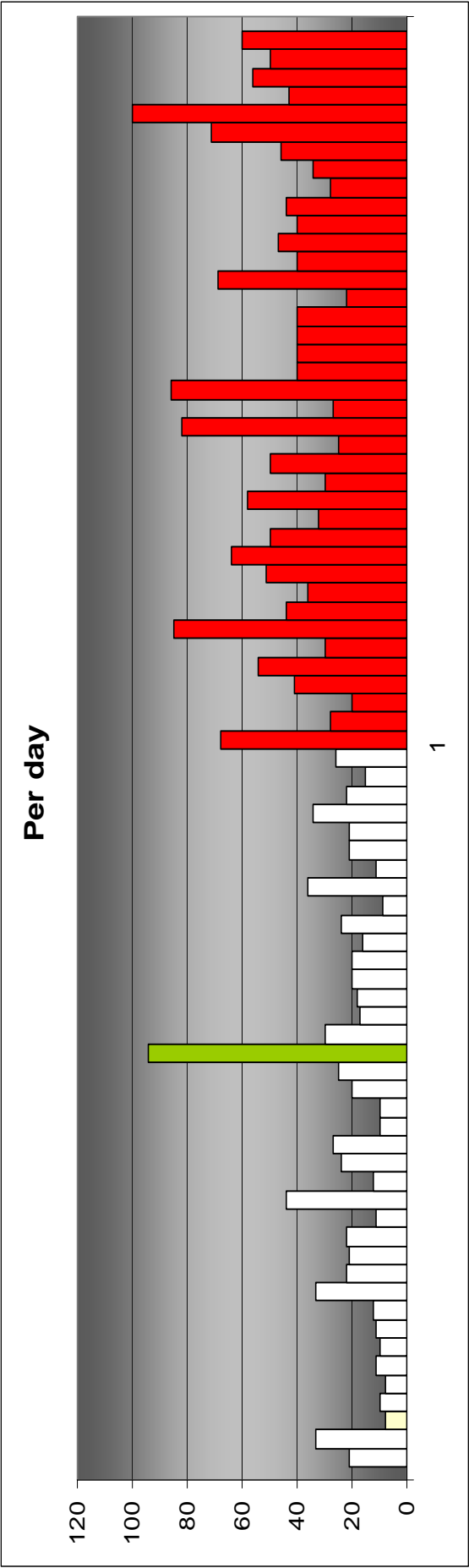
First tranche data



Appendix 2

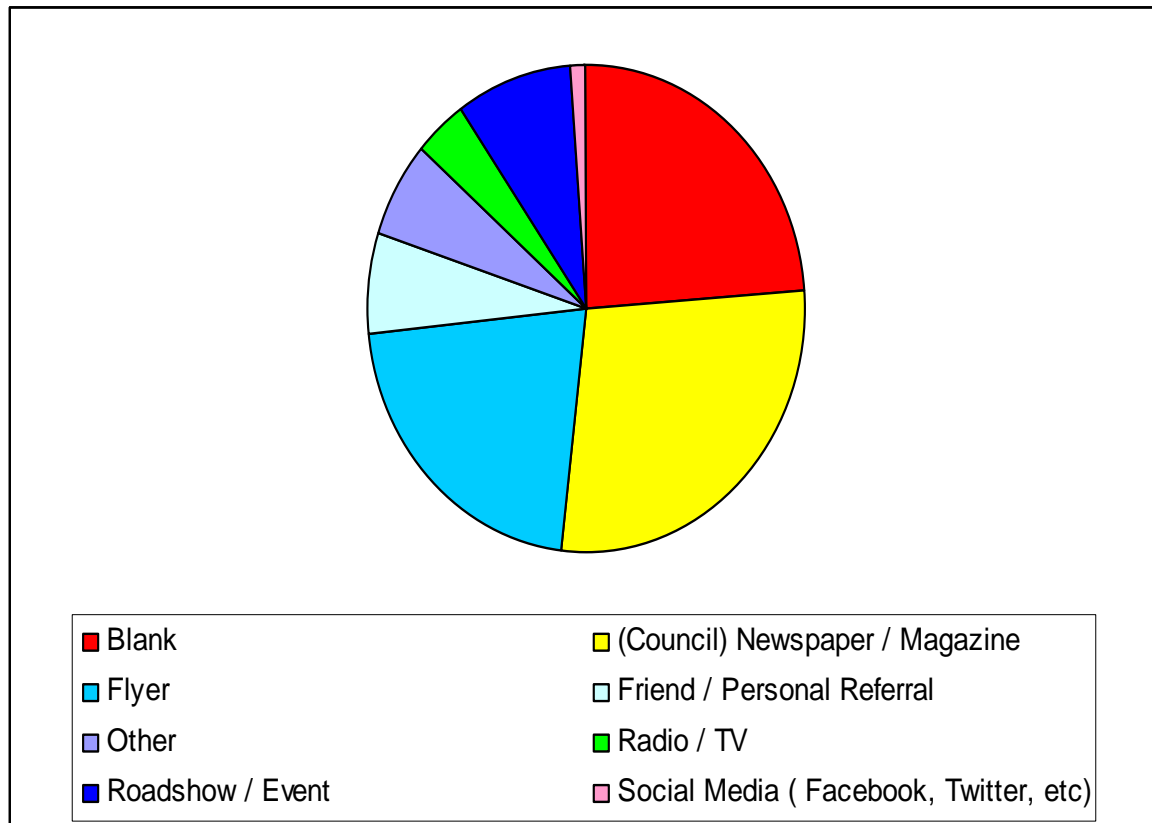


Appendix 3



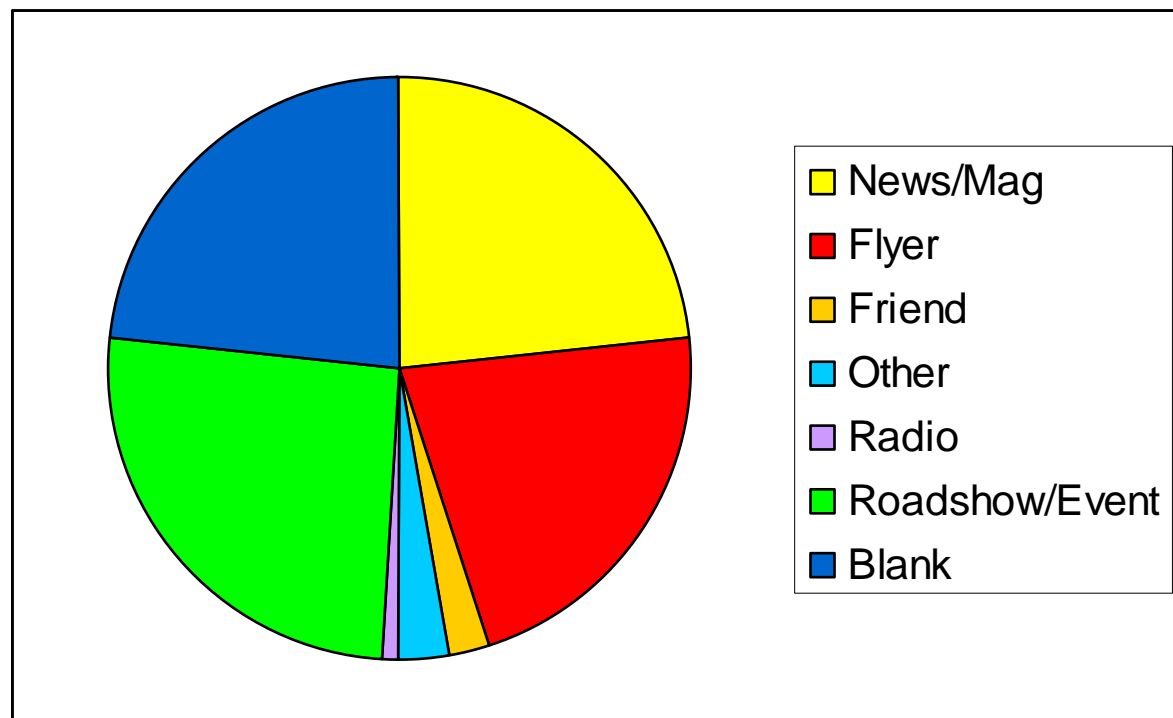
Appendix 4

Total Registrations (Offline and Online)

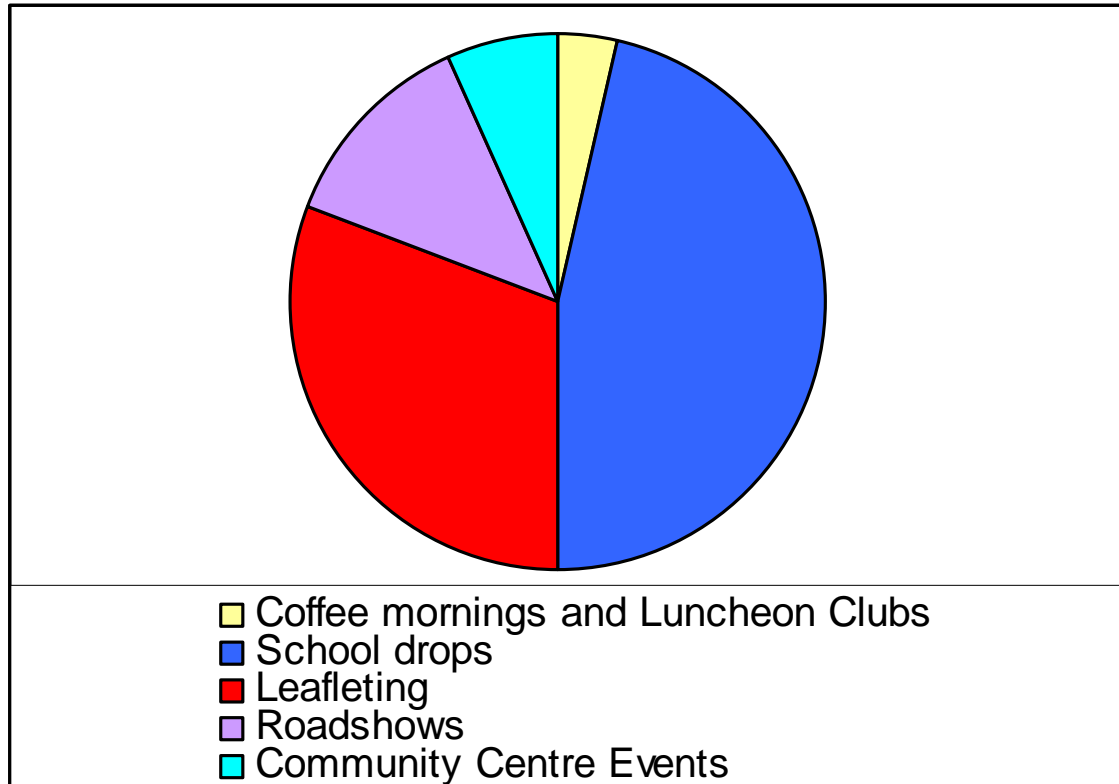


Appendix 5

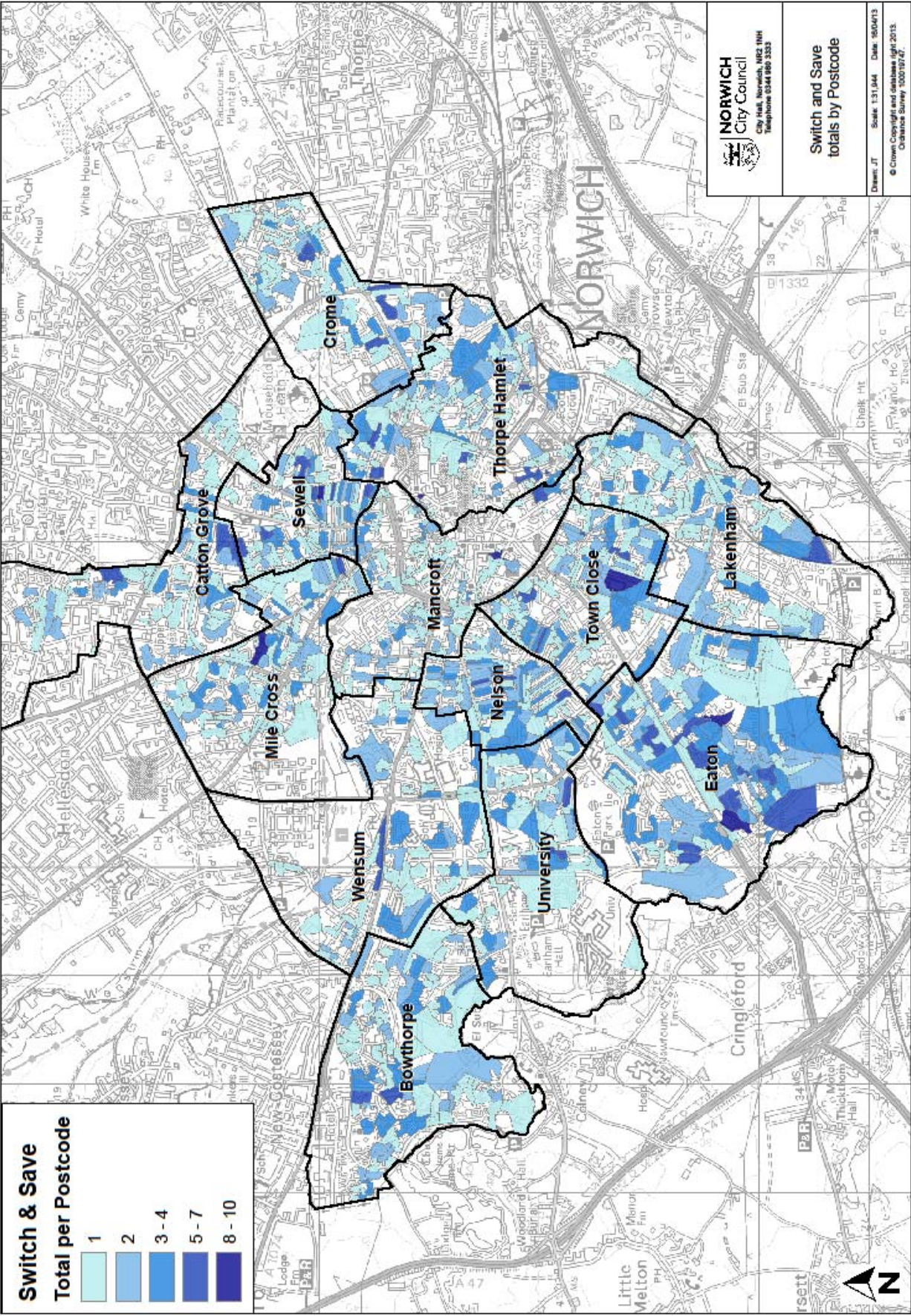
Offline Registrations

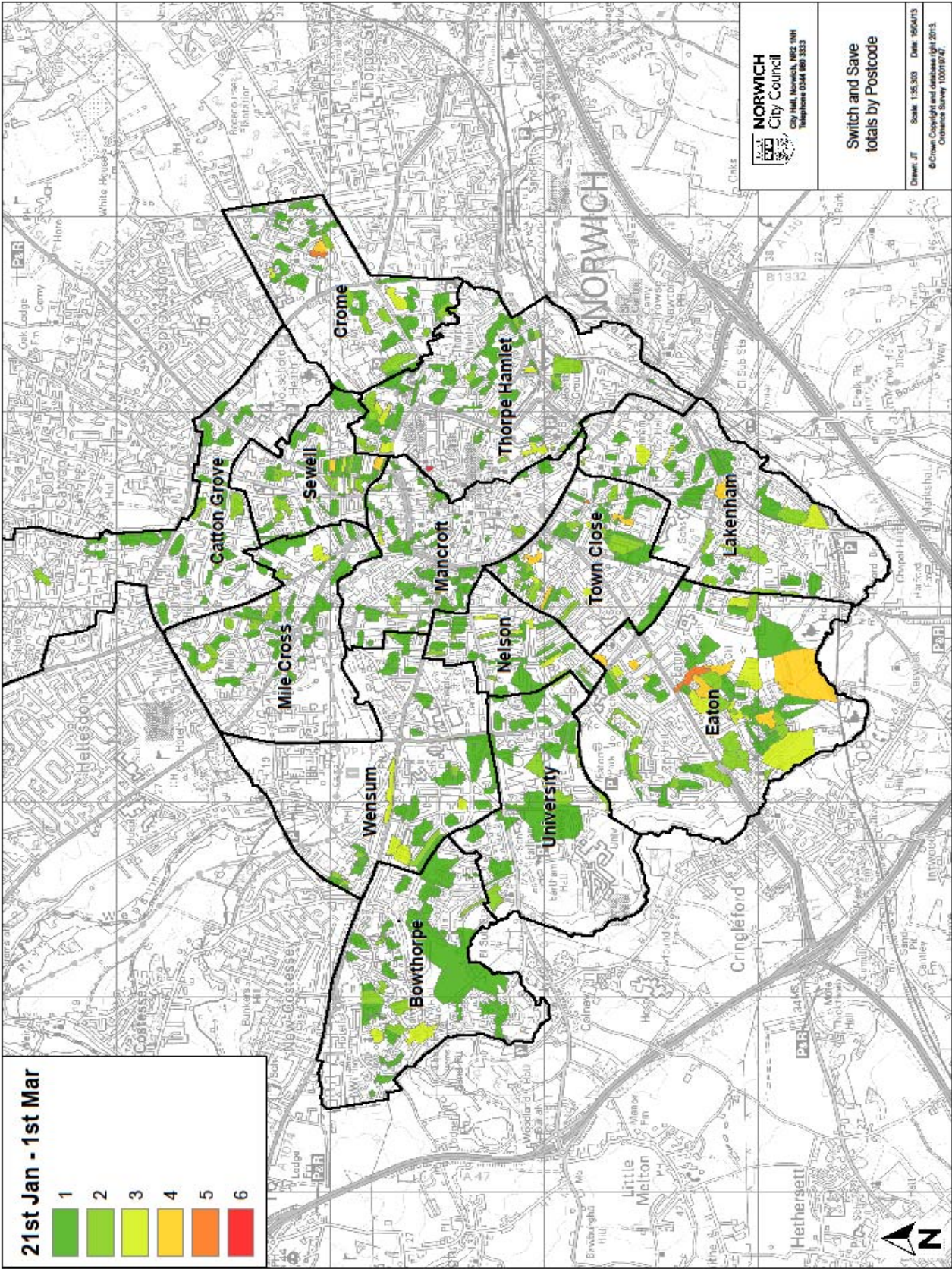


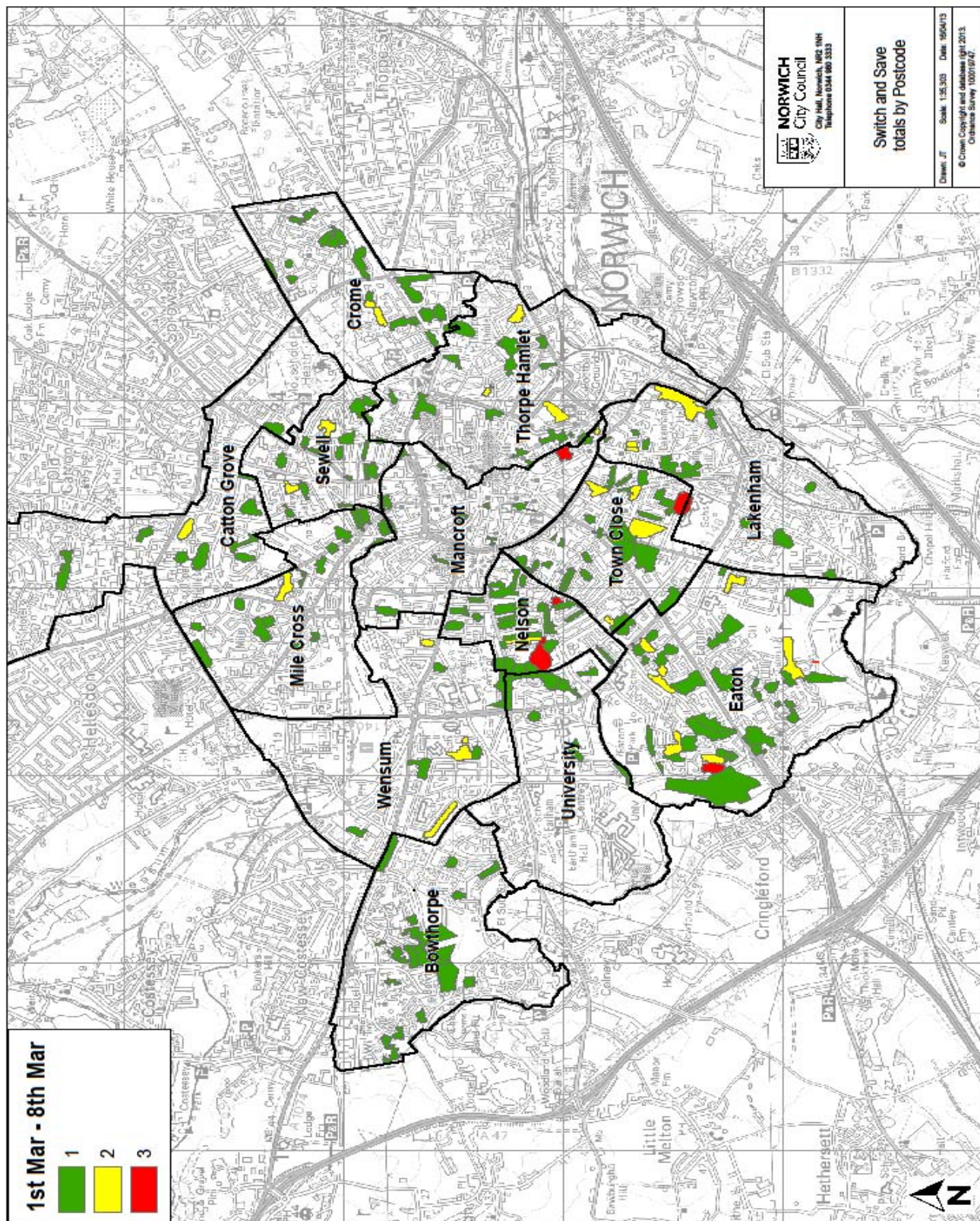
Appendix 7



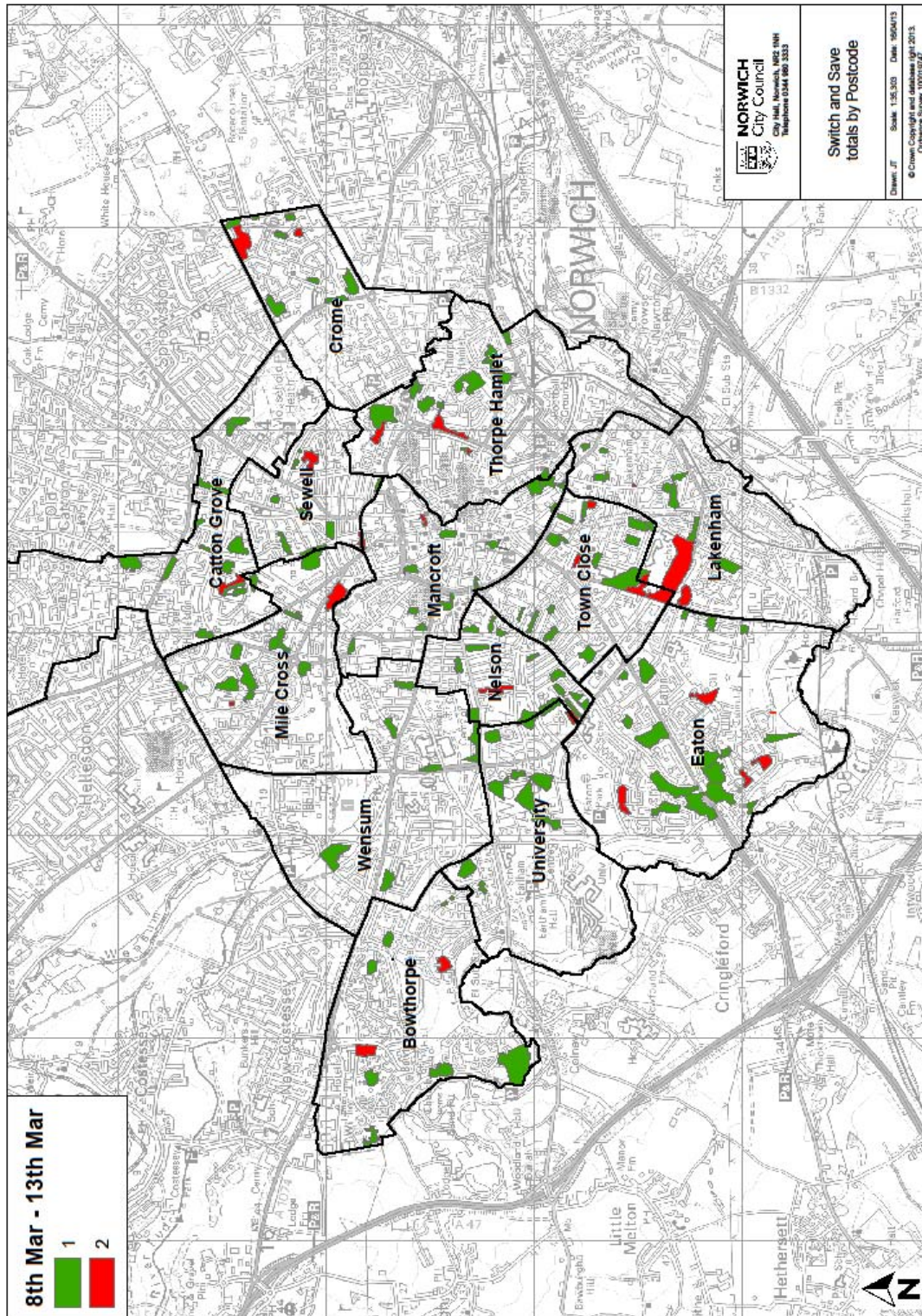
Appendix 8



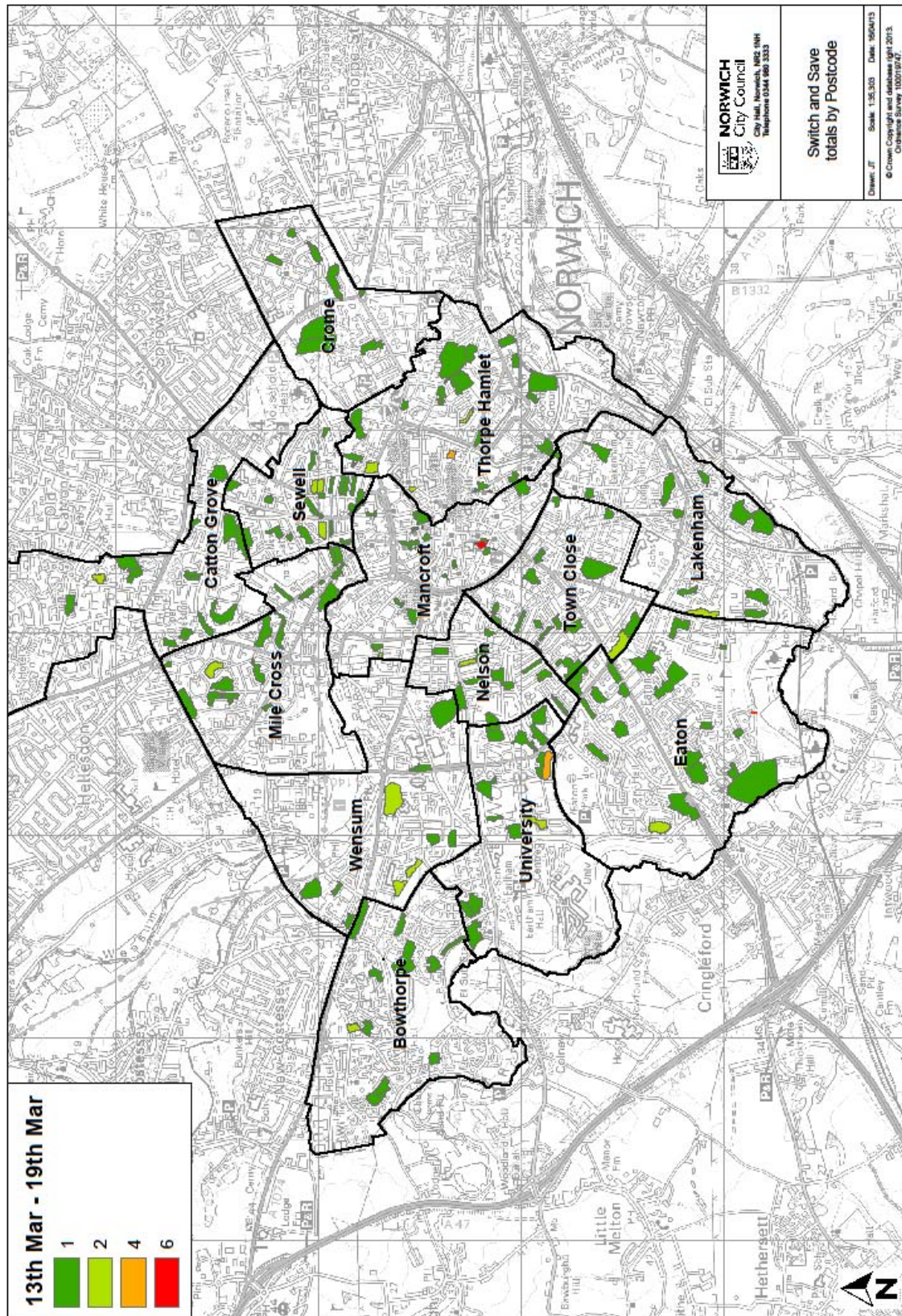




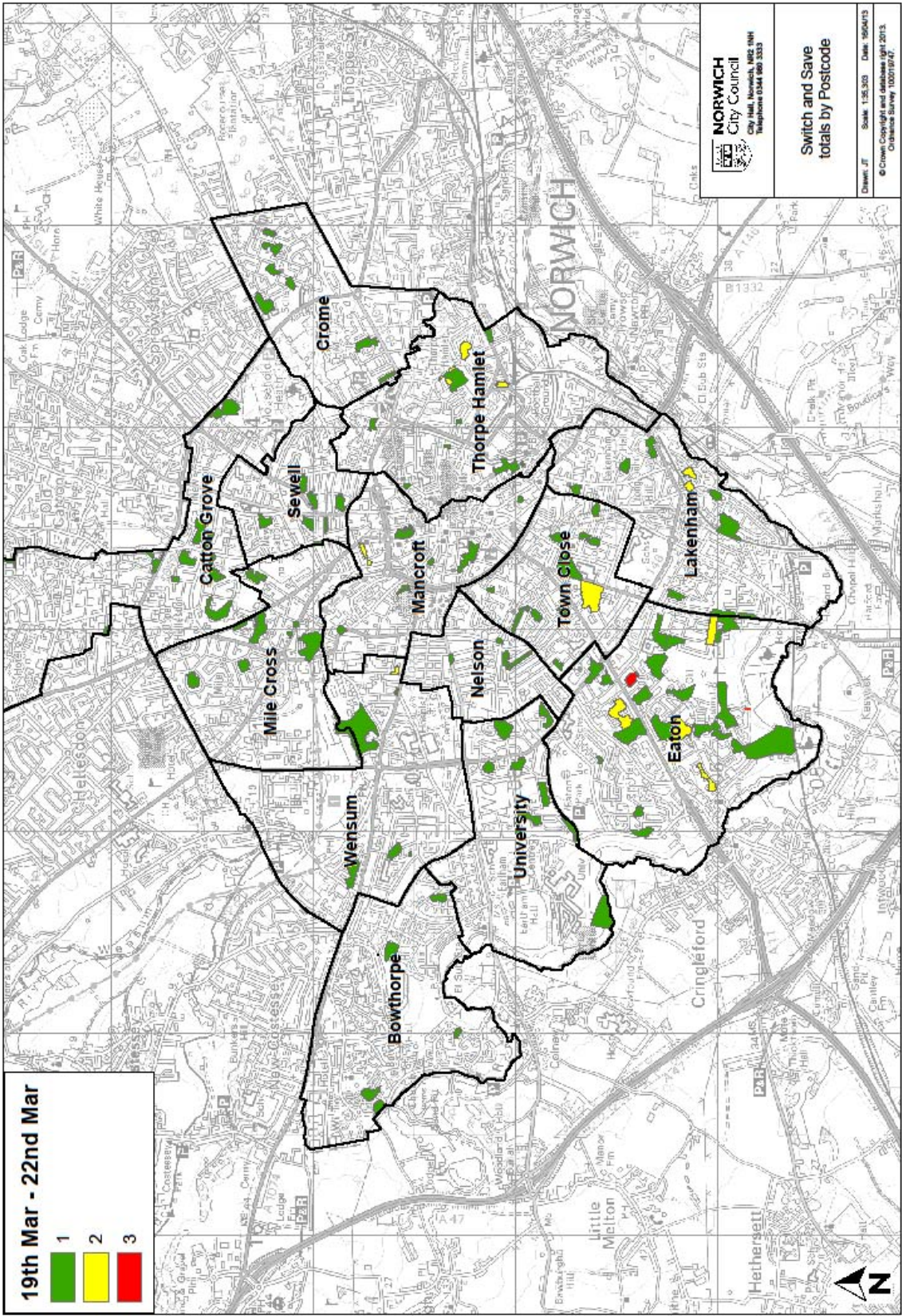
Appendix Eleven



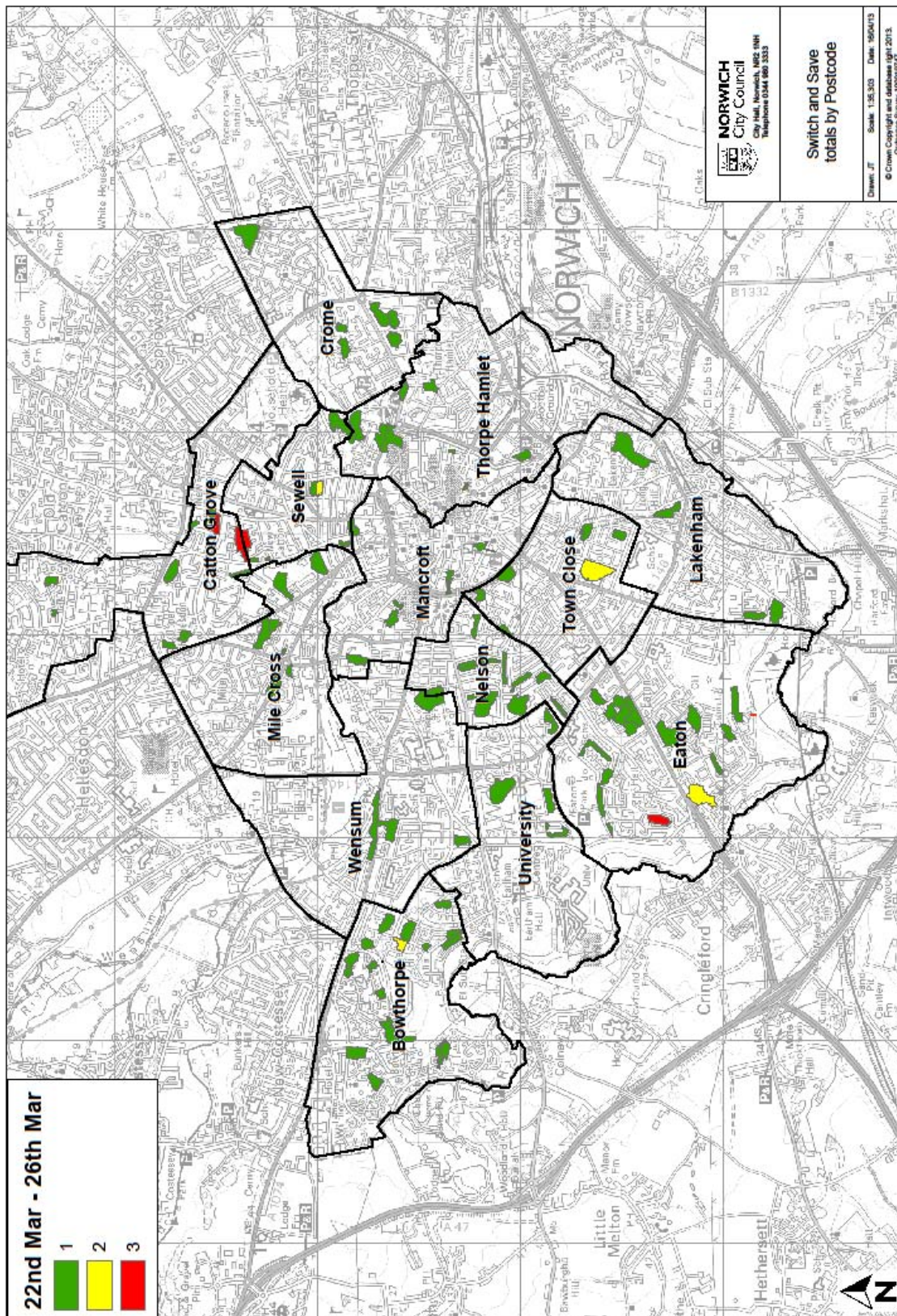
Appendix Twelve



Appendix Thirteen



22nd Mar - 26th Mar



Appendix Fifteen

