

THE FUTURE OF THE 'SEVENOAKS SWITCH AND SAVE' SCHEME

Cabinet - 15 October 2020

Report of: Chief Officer People & Places

Status: For Decision

Also considered by:

- Housing & Health Advisory Committee - 29 September 2020

Key Decision: No

Executive Summary: This reports sets out options for continuing to deliver an energy-switching scheme, taking into account new contract requirements and costings.

Portfolio Holder: Cllr. Kevin Maskell

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Recommendation to Housing and Health Advisory Committee (HHAC): That Members make a recommendation to Cabinet regarding the future options for the Council's 'Sevenoaks Switch and Save' scheme, taking into account revised contract and costings for the scheme going forward.

Recommendation to Cabinet: That, subject to comments from Housing and Health Advisory Committee, Members agree on the preferred option for the future delivery of an energy comparison service. If Option A, Members delegate authority to the Portfolio Holder for Housing and Health for the funding and contract arrangements.

Reason for recommendation: For the Council to consider future options for delivering the Sevenoaks Switch and Save Scheme, which provides a dedicated energy comparison service for local residents.

Introduction and Background

- 1 Fuel poverty is defined as spending more than 10% of a household's disposable income on heating. It is most common in certain groups of society including: older people, those on low income and larger households. These groups may also have poorly insulated homes, lower energy efficient appliances and payment meters. Fuel poverty is also associated with significant health risks through cold and damp living conditions.

- 2 There is no doubt that some of the most vulnerable residents in Sevenoaks District Council area struggle to meet the cost of their fuel bills, whether paying through a meter or not. This is obvious, although unquantified, following conversations about money management with officers in our housing and benefits teams and we are told the same by local advisors such as Citizens Advice.
- 3 There is a risk of increasing numbers of households being pushed into, or closer to, fuel poverty, especially at a time when fuel prices are rising. An unwillingness to investigate cheaper tariffs means that many are missing out on better deals - 86% of households will not compare and switch once a year, and 60% to 70% will not compare and switch once every 3 years. With some 25 suppliers and over 400 tariffs on the market it's hard for householders to know what the best deal is.
- 4 In 2014, and with energy prices increasingly rapidly, the District Council agreed to explore a range of energy advice/assistance schemes across other local authority areas (including Tunbridge Wells Borough Council and London Borough of Kingston). It was agreed to develop a bespoke energy switching service and make available to residents and businesses across the District.
- 5 In order to deliver this service, the District Council entered into a partnership agreement with a company called Energylinx, who provide customised energy switching platforms. They provide an IT-based platform along with a Freephone telephone service, for the locally branded scheme 'Sevenoaks Switch and Save' (SSS).
- 6 The scheme is open to all residents, but is particularly beneficial to vulnerable residents and those with a low household income, as it assists them to identify and change to a cheaper energy tariff.
- 7 The SSS supports the Council's Housing Strategy and its strategic priority to meet the needs of vulnerable and low-income households.
- 8 The SSS has been successfully operating for six years. A summary of switches along with consequent savings are detailed in the table below. On average, 55 customers use the service each year, making an average saving of £306 per household per annum. Since 2014, customers have saved a total of £101,219 by switching provider.
- 9 It should be noted that the figures do not include those who have accessed the service to check energy prices and subsequently found their current tariffs to be competitive and remained with their (then) existing supplier.

Year	Total switches	Average annual savings per switch (£)	Total amount saved (£)	Total SDC switch commission (£)
2014/15	58	274	15,866	1,353
2015/16	76	315	23,903	3,991
2016/17	34	281	9,562	793
2017/18	52	307	15,952	1,372
2018/19	52	307	15,953	1,331
2019/20	57	351	19,983	1,806
TOTALS	329	£1,835	£101,219	£10,646

- 10 It should be noted that savings would be for the first year only and, in many cases, these savings may be replicated annually until further switches were made, i.e. if moving from a typical standard tariff to a 3-year fixed deal.
- 11 Approximately 60% of the annual switches each year are from repeat customers, who have previously used the service. However, although this data is not collected, anecdotally, officers are aware that the scheme has been used by people who live outside of the district or would not be classified as living in fuel poverty.

Current and future arrangements

- 12 In 2014, when the Council negotiated the partnership arrangement with Energylinx, the District Council agreed to pay no operating costs (other than funding the web address) and to receive a small commission from each successful switch, which could be reinvested in other energy-related support services.
- 13 In 2019, Energylinx requested changes to the current contract with this Council to include an annual service delivery fee of £7,000 pa. There is no dedicated budget to support the fee and this would need to be sought. The contract will be reviewed annually.
- 14 The Council had actively promoted the scheme across several platforms in recent months, including In Shape, the Portfolio Holder agreed for the Council to fund the service for a further year in order to allow time to

consider its options for the future. This was funded from the switch commission already received by this Council.

- 15 Take up of the scheme has been lower than expected, particularly, when there are positive financial benefits to customers taking advantage of the scheme. Traditional barriers preventing people wishing to switch are:
 - Lack of awareness of the scheme, or its benefits.
 - Low income households may be in arrears on their energy bills, or be concerned about credit checks.
 - Pre-payment meter customers that are currently on a fixed tariff are not likely to save by switching.
 - Lack of trust: customers are nervous of switching to a new supplier.
- 16 Research carried out by the London South Bank University, shows that low income consumers appear to have considerable apathy to switching energy tariffs despite the potential savings and health benefits. Independent one-to-one personalised interventions encouraged switching, particularly in younger families whereas older people still experience significant barriers to switching. For older people specific interventions which take account of their status quo bias, energy use habits and scepticism were required.
- 17 A barrier to the current scheme has been the lack of staffing capacity within the Private Sector Housing team to promote and administer the scheme most effectively.
- 18 Since the SSS was launched, there has been an increase in similar cost comparison sites available on the market, which are successfully promoted to consumers (e.g. uSwitch, GoCompare, Money Supermarket) and provide a price comparison tool to compare prices from different energy suppliers.
- 19 Officers have questioned whether the new delivery fee of £7,000 provides the Council with value for money. With the average customer use of the scheme attracting 55 people per annum, going forward the scheme would be costing the Council an average of £127 per customer.
- 20 The current contract expires on 29 November 2020 and a decision is now required as to whether to continue to fund and operate this scheme (Note: a notice period of one month is required to end this contract). The options for Members to consider are detailed below.

Other Options Considered and/or Rejected

Two options were considered:

- Option A - Continue to fund the SSS Scheme for a further 12 month period at a cost of £7,000. This cost would be funded from the switching commission received by this Council and a budget reserve, which would need to be identified. However, officers will develop and deliver a Communications Plan to significantly increase the customer take up of the scheme to enable the scheme to become financially viable. As part of the plan, officers will work with the Private Sector Housing and HERO teams, who will promote take up of the scheme with low income households and we will work with our Landlord Forum and registered providers operating in the district, including WKHA and Moat to promote the scheme to tenants. We will also promote through our health and social care networks, alongside Citizens Advice, Age UK and the wider voluntary and community sector. The scheme will be monitored throughout the 12 month period in consultation with the portfolio holder and an update will be presented to Cabinet to consider whether the scheme continues to be competitive and viable.
- Option B - No longer fund or provide the Council's dedicated SSS Scheme. Promote existing nationally recognised energy switching comparison services and support local residents to access them. This would be at no cost to the Council.

Key Implications

Financial

Option A - This option would be at a cost to this Council of £7,000 per annum. This would be externally funded from the Council's switching commission (received per switch) and the difference funded through an existing budget reserve.

Option B - There is no financial cost to the Council for this option.

Legal Implications and Risk Assessment Statement.

For Option A - This Council would sign a formal one-year contract with Energylinx to deliver and operate the scheme on behalf of the Council. There are no other legal implications relating to this decision.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users

Conclusions

For Members to consider the options for the future delivery of energy comparison services. This includes continuing to provide the Sevenoaks Switch and Save Scheme or supporting residents to accessing other existing nationally recognised services.

Appendices

None

Background Papers

Sevenoaks Switch and Save, visit: www.sevenoaksswitchandsave.co.uk

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