

Resources and Fire & Rescue Overview and Scrutiny Committee

Wednesday, 5 June 2019

Delivery of the Warwickshire Energy Plan: Establishing a Collective Fuel Switching Scheme - Warwickshire Switch and Save (WSS) End of Year One Progress Report

Recommendation(s)

1. The Committee recommends to Cabinet that:
 - a. Following the initial two year funded trial period, the Warwickshire Switch and Save Scheme continues for a further period, provided that the continuance of the Scheme is on a self-funded basis at no cost to the Council other than staff time.
 - b. Annual referral fee income from year two to be allocated towards the costs of delivering a marketing and promotional campaign in year three for up to three reverse auctions.
 - c. If sufficient referral fee income is achieved to cover costs to the Council, the WSS Scheme to continue whilst sustainable.

1.0 Key Issues and Outcomes

- 1.1 The project is on track to deliver benefits to households in Warwickshire including savings, within agreed time-scales and on budget.
- 1.2 Since Cabinet approved a two year trial of 'Warwickshire Switch and Save' (WSS) in January 2018, concentrated efforts in a range of activities have succeeded in engaging householders across the county. The increasing level of interest generated over the first year has ensured successful delivery and maximum support from partners, with all targets set in the Outline Business Case being met or exceeded.
- 1.3 Available data has been used to target specific groups of people most in need of support in addressing fuel poverty such as those in receipt of the Warm Home Discount and those on the supplier Priority Services Register.
- 1.4 WCC worked with Coventry City Council to establish the branding of 'Warwickshire Switch and Save'. WCC has worked with Public Health, the Warm and Well in Warwickshire Partnership, county libraries, community forums, the Family Information Service (FIS), community centres and the Borough and District Councils to promote WSS to residents.
- 1.5 Direct mail to residents has been the most successful method of householder engagement.
- 1.6 Building on year one achievements in the first three auctions, auctions four to six in year two are scheduled to be completed by February 2020. Further promotion of WSS would allow additional targeting of households in fuel poverty and in areas of deprivation, supporting the most vulnerable in society.
- 1.7 Net referral fee income is gradually increasing, but not yet covering delivery costs. Further collaboration with existing and new partners should increase

uptake and may reduce the required marketing and communications budget so that referral fee income can eventually cover all costs.

- 1.8 Target ranges set for: % of households registering to switch; Number of households registering to switch; % registering going on to switch fuel supplier; Number registering going on to switch fuel supplier; Number of switched fuel supplies and Gross referral fee income have all been achieved at the end of year one. The campaign has been delivered within budget. See Appendix 1 for full details.
- 1.9 Estimated annual savings per switched registrant and in total savings are shown in the table below. Campaign costs per switched fuel supply are gradually reducing for each auction as the number of registrations and switchers increases. Vulnerable householders are being reached, reducing levels of fuel poverty.

Item	Actual achieved at end of year one
Annual average savings per switched registrant	£159
Total annual average savings for all switched residents	£199,486
Cost of (marketing and communications) promotional campaign per switched fuel supply	Auction 1: £79 Auction 2: £53 Auction 3: £3.60 Average: £13
Number of registrants in receipt of Warm Home Discount	191
Number of registrants on the suppliers Priority Services Register ¹ .	557

2.0 Options and Proposal

- 2.1 The promotional campaign for Auction 4 is underway. A further two reverse auctions are to be delivered this financial year with existing funding.
- 2.2 The referral fee income from year two could contribute to the costs of delivering up to three reverse auctions for WSS in year three.

3.0 Financial Implications

- 3.1 In January 2018 Cabinet resolved that a collective fuel switching scheme be established for an initial two year trial period using up to £55k p.a. of the Warwickshire Energy Plan monies. Year one cost was £46,951. Year two has £39k allocated to it.
- 3.2 The communications and marketing campaign aimed at reaching as many households as possible for each reverse auction. For each registered account WCC receives a referral fee as income from iChoosr to partially offset implementation costs.

¹ The Priority Services Register (PSR) is a free service provided by suppliers and network operators to customers in need such as those who are of pensionable age, are disabled or chronically sick, have a long-term medical condition, have a hearing or visual impairment or additional communication needs or who are in a vulnerable situation. Each energy supplier and network operator maintains its own register.

- 3.3 The additional staff resource required for year one has come through arranging a limited amount of overtime for an existing part time member of staff during the set up phase at a total cost of £168. This is not required for year two.
- 3.4 Year two and any subsequent years will be delivered by staff in the WCC Energy Team.
- 3.5 There are no capital requirements for WSS.

4.0 Timescales associated with the decision and next steps

- 4.1 The official launch of WSS was on 10th April 2018. In the first year, three promotional campaigns and reverse auctions were held in May 2018, October 2018 and February 2019. Each campaign starts ten weeks before the auction and continues for six weeks post auction.
- 4.2 In the second year, three promotional campaigns and reverse auctions will be held in May 2019, October 2019 and February 2020.
- 4.3 IChoosr required WCC to confirm interest in taking part in auction 4 (May 2019) by 11th March 2019. Auction 4 was launched on 2nd April.

5.0 Background papers

- 5.1 *Delivery of the Warwickshire Energy Plan – generation of income from energy projects*, Cabinet Report, 24/01/2017
- 5.2 *Delivery of the Warwickshire Energy Plan; establishing a collective fuel switching scheme*, Cabinet Report, 25/1/2018
- 5.3 The ‘Warwickshire Switch and Save’ (WSS) Scheme is delivered in partnership with iChoosr. WSS underpins the OOP2020 aim of ‘supporting Warwickshire’s communities and individuals to be supported so they are safe, healthy and independent’.
- 5.4 WSS also helps deliver on the Warwickshire Energy Plan policy area 3: ‘Taking people out of fuel poverty and improving their health and wellbeing’.

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The report was circulated to the following members prior to publication:

Local Member(s):
Other members:

Appendix 1 – Outcomes for year one

	Original Business Case in Jan 2018 Cabinet Report	Updated Business case- March 2019 ²	Cumulative totals for Auction one, two and three.
Number of households in Warwickshire (a)	231,000	248,080	248,080
Range- Number households registering an interest (b)	4,620 to 13,860	4,962 to 14,885	5,412
Range- % of households registering an interest (b/a)	2%-6%		2.2%
Number households registering an interest successfully completing registration by providing all the required information(c)	N/A		4,919
Range- Number of households successfully completing registrations and accepting their offers (d)	231 to 4,158	248 to 4,465	1,453
Range- % households registering an interest and successfully completing registration by providing all required information (iChoosr switch rate) (d/c)	5% to 30%		29.5%
Range- Number of fuel supplies switched (e)	416 to 7,484	447 to 8,038	2,601
Fuel supply contracts per customer (e/d)	1.8		1.8
Revenue per switched fuel supply contract (g)	£5.50		£5.50
Gross Referral fee Income per switched fuel supply (h)	£2,287 to £41,164	£2,456 to £44,208	£14,306
Minus cost of paper based switches (i)	N/A	N/A	£752
Net referral fee income (j= h-i)	N/A	N/A	£13,554
Gross actual spend by WCC Energy Team (k)	N/A	N/A	£46,951
Net spend by WCC Energy Team l=(k-j)	N/A	N/A	£33,397
Estimated average savings per switched registrant (m)	N/A	N/A	£159
Total estimated annual savings for all switched registrants (m*d)	N/A	N/A	£199,486
Cost of campaign per switched fuel supply (l/e)	N/A	N/A	£13

² to account for increase in numbers of households built in Warwickshire since OBC produced