

Council - 8th April 2013

Notice of motion - Collective Fuel Switching and Tackling Fuel Poverty

I set out below a notice of motion to Council on 8 April 2013 from Councillors I. Shires, Cook and D.A. Shires:

- (1) This Council notes with concern:
 - (a) the recent increases in household energy bills averaging over 7% per annum given the impact that this will have on many hard pressed households across Walsall MBC
 - (b) that the primary reason for the rise is the increase in fossil fuel prices on gas and electricity tariffs.

- (2) This Council welcomes:
 - (a) the action which the Coalition Government is taking to reduce reliance on fossil fuels in our energy mix long term but believes that action should be taken where possible to increase competition in the retail energy market in order to help drive down bills and get the best deal for the consumer.
 - (b) the initiative of the Department of Energy and Climate Change to promote guidance on collective switching and its launch of a competition to encourage local authorities and community groups to support collective switching schemes.

- (3) This Council further notes that pilot schemes promoted by local authorities in Cornwall, South Lakeland and Oldham have already led to households reducing their energy bills by up to £200 per annum.

- (4) This Council instructs officers to bring forward proposals for Walsall Metropolitan Borough to introduce a collective switching scheme (working with other local authorities and public sector bodies if appropriate) to enable energy consumers in the borough to make similar large savings as those achieved elsewhere.

Report detail

The council was one of the first in the country to publish its Home Energy Conservation Act Action Plan, in October 2012, in advance of the deadline of end of March 2013.

Our Action Plan 'Improving Home Energy Together' commits to the continuation of a range of activities to tackle the combined and inter-linked relationships between:

- Energy inefficiency of homes
- Fuel poverty (defined by the Warm Homes and Energy Conservation Act 2000 as a household that is living on a lower income in a home which cannot be kept warm at a reasonable cost.)
- Physical and mental health impacts of cold and damp homes including excess winter deaths
- Domestic carbon emissions.

The Council secured from the Department of Energy and Climate Change (DECC), through a competitive bidding process, money to help tackle Fuel Poverty experienced by some of the most vulnerable private sector households in the borough. Work to date using this circa £350,000 award has been to provide central heating where none exists, fuel efficient boilers and a safety net scheme for emergency boiler repairs.

The DECC scheme complements the Council's own work and investment in this area. The Council has also been at the forefront in securing investment from energy providers and their intermediaries to help households throughout the borough with cavity wall, loft and solid wall insulation. The Council has set-aside in 2013/14 £470,000 of its own capital programme to help with a range of works under the health through warmth and housing retro-fit themes, this has benefitted 93 households (average age of applicant 73 years) already with a further 140 enquiries that are being progressed.

In many instances residents do not have fair access to affordable energy tariffs, evidence tells us that generally the poorest people use the least amount of energy but pay the most. Ofgem report that nationally 60% of consumers have never switched energy supplier and three-quarters are still on their supplier's default tariff. This is despite the fact that retail energy prices have risen significantly over the last ten years, and that fuel costs are now one of the biggest financial outlays for households.

Tackling this is key to tackling fuel poverty in the borough. Schemes such as collective fuel switching and or encouraging residents to investigate fuel switching thorough a single contact point can help in this.

A collective energy switching scheme offers the opportunity for residents to join a group auction for gas and or electricity and then switch energy tariffs if the auction result offers them a better deal. In some schemes this has led to an average saving per household of £200 per annum. Based on an estimated take-up by just under a third of households in the borough this would lead to a fuel cost saving of up to £6.5 million per year.

A report is proposed to a future Cabinet meeting with proposals on the options that are currently being progressed to support fuel switching for residents in the borough. This may involve a joint approach with the other Black Country Local Authorities.

The council will seek a scheme that is open to all residents, not just those householders on direct debit as we know many residents do not have access to the internet and thus can't always access cheaper deals. Other options include residents joining a national service (paid for via funds from energy company's marketing budgets) that aims to secure cheaper deals for residents on an individual basis.

Whilst the organisations provide the fuel switch free to residents they generate varying levels of income for this service and in some cases offer part of this income back to residents as an additional 'cash-back'.

Experience from successful examples of collective switching schemes operating in mainland Europe has shown that schemes run successively in the same area attract more consumers to participate each time. In year one, the operational value of the contract to the intermediary is estimated to be up approx £1 million (based on three switching cycles and a £30 per switch fee). This reflects 3% of Walsall's dwellings participating in the first cycle, 10% in the second, and 20% in the third.

It is for these combined reasons that the Council is considering the best options for resident's of the borough and will bring a report to cabinet as soon as practicable.

Tim Johnson
Executive Director,

27th March 2013