

MAIDSTONE BOROUGH COUNCIL
COMMUNITY, ENVIRONMENT AND HOUSING OVERVIEW AND
SCRUTINY COMMITTEE

TUESDAY 10 FEBRUARY 2015

REPORT OF DIRECTOR OF REGENERATION AND
COMMUNITIES

Report prepared by Helen Miller

1. UPDATE ON COLLECTIVE SWITCHING CAMPAIGNS

1.1 Issue for Consideration

- 1.1.1 To consider ways to increase take up of the Collective Switching Service called the Big Maidstone Switch.

1.2 Recommendation of Head of Housing and Community Service

- 1.2.1 That the Committee considers the contents of this report and continues to support the council's promotion of the Collective Switching Service called the Big Maidstone Switch
- 1.2.2 That the Committee endorses the recommendations set out in 1.3.10

1.3 Reasons for Recommendation

- 1.3.1 Collective switching provides a no cost, no hassle and no obligation way to find out whether you could get cheaper gas and electricity and if you then choose to switch it supports your switch to the new provider. The majority of households, approximately 85%, do not compare the market or switch their electricity or gas providers. Barriers include lack of time, a perception that it will be difficult, lack of interest and no access to the internet.
- 1.3.2 The service is provided by iChoosr, who provide the online registration portal, carry out the reverse auction where the energy providers compete to provide the lowest prices, send a personal offer to each registrant and support the switch. The Council promotes registration, encourages registrants to open and consider their personalised offer and supports residents who do not use the internet to register by phone or by visiting the Gateway. iChoosr receive a referral fee each time a registrant switches to a new energy company and they pass a

small portion of that to the Council which is used for marketing subsequent schemes.

- 1.3.3 Households that have not switched provider for more than three years are more likely to gain a lower price by switching. Lower gas and electricity prices help reduce fuel poverty. Levels of fuel poverty in Maidstone are average for the South East with approximately 9% of households estimated to be in fuel poverty. The winter 2013-2014 scheme provided an average saving of £161 with 85% of registrants able to save money and the autumn 2014 an average saving of £187.82 with 96% of registrants able to save money on the annual bill.
- 1.3.4 Whilst the rate of registrants who chose to switch when they received their offer was high in both campaigns and was better than the national average, overall take up of the Big Maidstone Switch schemes has been low. iChoosr advise that take up tends to be higher when the service is advertised on the homepage of the website, that a whole organisation approach is more effective than a more fragmented approach, that councils take offline referrals by phone as well as the online service, and councils work with partners organisations to promote the service. Uptake is normally higher in cold months when householders are more focused on the cost of heating their home.
- 1.3.5 231 residents registered for the winter 2013-2014 scheme. The Council was focused on the flooding during the winter 2013-2014 scheme and the scheme was not advertised on social media and rarely featured on the home page of the website. Data from the Winter 2013 – 2014 scheme showed that registrants heard about the scheme via newspapers and magazines, a flyer, Facebook and twitter, or a personal referral, with a roadshow or event as the least common way to hear of the scheme.
- 1.3.6 Just 73 residents registered for the autumn 2014 scheme. The scheme was featured on the home page of the website but not advertised on social media until the last week of the campaign. Though it was covered by our Borough Update and internal Wakey Wakey it was not covered by the local papers. The scheme was promoted to partner organisations at the Money Advice for Practitioners seminars in July but this was a few weeks before the service re-opened. The member of staff managing the scheme was focused on administering the repair and renew flooding grant and unable to actively promote the scheme.
- 1.3.7 Appendix 1 shows the location of households that registered. Concentration is higher in the town and some villages and lower in rural areas. There appears to be no take up in Yalding, Collier Street and Hunton. There is some take up outside Maidstone borough, but that is normal as this figure could include our own staff or people that

work in the Borough but do not reside here and when a service is available online. Appendix 2 shows the location of households that chose to switch with the service. Uptake was low outside the borough and a little lower than expected in the town but strong in rural areas.

- 1.3.8 Data from the Winter 2013-2014 scheme indicates that 71% of the households that registered had not switched in the last 3 years and a disproportionately large number identified themselves as including a person having a long term illness or disability or a person over 60 years old in the household. This shows that the scheme is clearly helping vulnerable residents.
- 1.3.9 The Council was awarded a small contract in autumn 2014 to provide two Energy Best Deal training sessions from the South East Financial Capability Forum. The Energy Best Deal training aims to help participants understand how to compare the market and find a low price for their electricity and gas bills. Other organisations also provide this training in Kent. This service and the Big Maidstone Switch could be considered to be providing a similar service; however the Energy Best Deal service helps people to develop the skills to compare the market and the Big Maidstone Switch seeks the lower prices on behalf of the householder. Through utilising both schemes the council will be able to promote savings to those who are able to switch without help, whilst offering support to those residents who need it.
- 1.3.10 To increase take up in subsequent schemes the council should consider;
- A whole council approach where all frontline staff, Members and Parish Councillors are aware of the scheme and can give out promotional materials during customer contacts
 - A commitment to promoting the service on the homepage when registration is open
 - An active social media campaign during the registration and uptake phases
 - Sending press releases to the local papers
 - Sending information to organisations that give financial advice and those that have contact with vulnerable customers such as the Childrens' Centres and CAB
- When used together these actions should result in better uptake of the service and so more residents saving money on their utility bills.

1.4 Alternative Action and why not Recommended

- 1.4.1 The Council could decide not to promote the Big Maidstone Switch. No collective switching service would be promoted by the Council and residents could seek to switch energy provider without support. It is likely that this would result in fewer residents switching meaning more residents would remain in fuel poverty and that many would be paying

too much for their energy supply. For this reason doing nothing is not recommended.

1.5 Impact on Corporate Objectives

This scheme will support the corporate priority that residents are not disadvantaged because of where they live or who they are, vulnerable people are assisted and the level of deprivation is reduced.

1.6 Risk Management

1.6.1 Take up of the service could be low and so not assist many residents. Active promotion of the service is needed to ensure its success.

1.6.2 The Council could suffer loss of reputation if the scheme is run poorly by iChoosr. The procurement process assessed the customer service provided and the previous two schemes have not given rise to any complaints.

1.7 Other Implications

1.7.1

1. Financial
2. Staffing
3. Legal
4. Equality Impact Needs Assessment
5. Environmental/Sustainable Development
6. Community Safety
7. Human Rights Act
8. Procurement
9. Asset Management

X
X

1.7.2 Financial. Some minor costs are incurred with marketing the scheme. The Council does receive referral fees from iChoosr which can offset these costs.

1.7.3 Staffing. Staff time will come from within existing resources and relate to officer time in communications team to update resources and

arranging printing and social media campaigns, the IT team to activate and deactivate the CRM for the Contact centre, the Contact Centre in taking a small volume of calls, the webteam to activate and deactivate the registration portal and a few days project management time to ensure the process runs smoothly. Staff who meet customers face to face should promote the scheme in existing contacts with customers

1.8 Conclusions

- 1.8.1 The Big Maidstone Switch enables households who would not compare the market to discover whether they can save money by switching their energy provider or tariff. Take up has been low so far, but we have advice on how to improve it and reactivation is simple. The scheme does not require much money or time to run.

1.9 Relevant Documents

1.9.1 Appendices

- 1.9.2 Appendix 1 shows the location of registrants in the winter 2013-2014 scheme

- 1.9.3 Appendix2 shows the location of registrants who switched their supplier with the winter 2013-2014 scheme.

1.9.4 Background Documents

- 1.9.5 Appendix 3 The original Collective Switching of Energy Suppliers Service for Households sent to Cabinet Member on 29/08/13

IS THIS A KEY DECISION REPORT?

THIS BOX MUST BE COMPLETED

Yes

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No

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If yes, this is a Key Decision because: it impacts on more than one ward

Wards/Parishes affected: All