

Subject:	Your Energy Sussex Energy Tariffs		
Date of Meeting:	14 March 2018		
Report of:	Executive Director Neighbourhoods, Communities & Housing		
Contact Officer:	Name:	Miles Davidson	Tel: 01273 293150
	Email:	Miles.davidson@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The report provides a further update on the Your Energy Sussex (YES) partnership, led by West Sussex County Council (WSCC), local energy tariff scheme delivering a set of competitively priced high value energy tariffs to residents and businesses across the Sussex area. YES is a local authority partnership open to 15 Sussex local authorities working with residents, businesses and other partners to promote energy saving and renewable energy. The council is an Affiliate member of the partnership.
- 1.2 The YES tariff scheme was launched to WSCC internal staff groups in December 2017 and to the public on the 13 February 2018.

2. RECOMMENDATIONS:

That the Housing and New Homes Committee:-

- 2.1 note the appointment of Robin Hood Energy (RHE) by WSCC as the energy supplier for the YES energy tariff scheme
- 2.2 supports the communication of the benefits of switching energy suppliers and the availability of the YES scheme to residents in the city through existing networks open to us.
- 2.3 note the opportunity to develop a voids service for both Housing Revenue Account (HRA) properties and leased properties used for temporary accommodation.
- 2.4 note the opportunity to participate in the Your Energy Sussex Fuel Poverty Fund, that will use income generated from the scheme to fund fuel poverty and energy efficiency projects across the partnership (draft principles at appendix 1.)

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 A 2017 survey and report from Ofgem showed that 75% of people had not switched energy supplier in the previous 12 months and that households on

average standard variable tariffs could save up to £300 per year if they switched energy deals. A 7,000-strong retail consumer survey run by the Competition and Markets Authority ([Energy Market Investigation report 2016](#)) showed that the following broad groups are less likely to engage with the energy market:

- low incomes – i.e. below £18,000;
- low levels of academic qualifications;
- live in rented homes;
- over 65.

3.2 Evidence also suggests a higher degree of energy market disengagement among pre-payment customers, particularly when compared to direct debit customers. One of the reasons for this is because many pre-payment customers match one or more of the broad demographic characteristics outlined above.

3.3 The Your Energy Sussex Energy Tariffs, will offer a range of competitive, council-backed electricity and gas tariffs to residents with a focus on good customer service, fairness and transparency. The tariffs will not be the cheapest in the market but are aimed to be consistently competitive with less variation in cost compared to many other suppliers. They will be provided by Robin Hood Energy, the not-for-profit energy company set up by Nottingham City Council, under a 'White Label' arrangement. They will be branded as Your Energy Sussex tariffs. Robin Hood Energy has similar, successful, arrangements with a number of other local authorities across the country.

3.4 The contract is between WSCC and Robin Hood Energy and is for 5 years. The Council has no contractual obligations; partners agree to work together in the spirit of trust and partnership to achieve shared objectives from the scheme, including strategically addressing fuel poverty across Sussex. An officer from the Council is invited to attend the tariff partnership board which provides a level of governance for the scheme, there is no formal governance role proposed for councillors from partner authorities, other than WSCC, however regular updates will be provided as required. The Council can choose to what extent it supports the scheme throughout the contract period, and could decide to no longer support the scheme through its communications at any point. Reduced support would likely impact on uptake in Brighton & Hove and accordingly payments into the Fuel Poverty Fund for investment locally.

3.5 This scheme is one of a number of options available to the residents of Brighton & Hove. Residents supported through council funded or backed programmes such as the SHINE or Warmth for Wellbeing projects receive specific, personalised advice on the best tariffs available to them, from a qualified and experienced adviser. Residents would not be advised to switch to the YES energy tariffs if there was a better deal available to them elsewhere.

3.6 The overall aim will be to communicate information and options to empower people to switch, including information about the YES scheme. The intention is to use local authority channels to engage residents who would otherwise not engage with the energy market – if people are getting better deals elsewhere already or as a result of our communications then we would see this as a success.

3.7 From the outset Your Energy Sussex will offer the following tariffs to Sussex residents:

- standard variable tariff (SVT)
- fixed tariff
- prepayment tariff

The YES partnership will work with Robin Hood Energy during the course of the contract to develop a green (renewable electricity) tariff and a tariff for businesses.

3.8 The table in appendix 2 shows the competitiveness of the Robin Hood Energy tariffs being used by Your Energy Sussex when compared with the 'Big 6' energy suppliers for the period November 2017 to February 2018. People who don't regularly switch are more likely to be with one of the big 6 energy suppliers. Residents who regularly engage in the energy market are not the target for the YES energy tariff scheme. As the table also shows, energy prices fluctuate regularly.

3.9 The contract between WSCC and Robin Hood Energy has specific Key Performance Indicators (KPIs) that will guide tariff prices. The offer from Your Energy Sussex will be consistently competitive with no substantial 'variable premium'. The relevant contract KPI's are included in Appendix 2.

3.10 A significant benefit with the YES tariff scheme is that we can have more confidence at the end of a fixed term deal that the resident will be reminded that the deal is coming to an end and will be given information about other tariff options both in writing (as required by regulations) but also by telephone. If the resident still defaults onto a variable tariff the YES tariff would remain competitive as governed by the contract KPIs.

3.11 The YES scheme will have a high level of customer service, the current score for Robin Hood Energy on Trustpilot is 8.1 out of 10 which compares favourably to other energy companies, in particular the 'Big 6' energy companies.

3.12 As an update to the previous report to committee Robin Hood Energy's board have approved voluntary participation in the Warm Homes Discount (WHD) scheme for the next period, assuming government extends the scheme as expected. The current WHD scheme offers a £140 reduction to certain groups of customer, for example, on pension credit.

3.13 **Further benefits of the YES tariff scheme**

HRA Voids Tariff Switching Service

The scheme could also offer a void switching service. The service will deal with all aspects relating to the resetting of meters, debt management and supplier transfer when a landlords property becomes void. Accounts will be switched to the Sussex Tariff during the void period so that new tenants may benefit from the competitive rates. They will have the option to immediately switch to an alternative supplier at no cost.

Fuel Poverty Fund

The council does not benefit financially if a resident switches, working with a not for profit energy supply company allows for any surplus revenue generated by the tariff to be used to create a 'Fuel Poverty Fund'. This will focus on reducing fuel poverty in local authority areas where communication of the scheme has been supported, reflected in uptake in that area. It is not expected that the project will generate sufficient revenue to create a meaningful Fuel Poverty Fund for Year 1. More details on the fund can be found in Appendix 1.

No exit fees

Residents signing up for a 12-month fixed energy tariff will have nothing to pay if they change their mind.

Customer service

Clear customer service standards are written into the contract between WSCC and Robin Hood Energy and will be monitored by the tariff governance board, which includes officer representatives from partner local authorities.

Clear and helpful communication

Tariff information will be clearly explained on all customer communication. Customers will also be reminded by letter that their fixed-term deal is coming to an end and, unlike many energy companies, Robin Hood Energy will make a follow-up call, an approach that is proven to ensure that 75% of customers remain on a value-for-money fixed tariff.

Local generation and Power Purchase Agreements

The Sussex Tariff has the potential to provide a market for locally generated energy and offer competitively priced power purchase agreements to the YES local authorities and other partners providing a greater return on investment for existing and future projects.

Smart meters and Smart grid technology

It also provides an opportunity, by working with the energy supply partner, to roll out a programme of Smart metering, specifically targeting pre-payment customers initially, and providing a platform for smarter grid infrastructure in the future. If a void service were to proceed all pre-payment meters in void properties that are switched will have a smart pre-payment meter installed.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 A number of alternative local energy options were considered by Your Energy Sussex, including a partnership with a community-led scheme, collective switching or setting up a fully-licensed energy supply company. A White Label arrangement, whereby an existing, fully licenced energy company provides regulatory compliance and use of all back office functions and systems at no cost

to the councils involved, presented the best option for Sussex as a whole. Benefits include:

- A quicker and significantly cheaper route to market than other options;
- Clear evidence of council-led white label energy schemes working well in Peterborough, Liverpool, Cheshire East, Islington and Leeds;
- Using council endorsement and branding to overcome consumers' lack of trust in energy companies, encourages residents to engage in the energy market;
- Partner councils will be able to influence the tariffs offered by the energy provider;
- A council-backed partnership will be able to negotiate power purchase agreements with the energy supplier and potentially sell the renewable energy they generate – as well as providing a market for community energy groups;
- Residents will be able to switch supplier at whatever time of year, unlike in collective switching schemes;

5 COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 No specific consultation or engagement has been carried out in Brighton & Hove at this stage; however this would form a key strand of the scheme as it develops.

6 CONCLUSION

- 6.1 The scheme provides an opportunity for the council to provide backing to an energy switching scheme that has the potential to benefit many of the city's residents who do not regularly switch energy suppliers. Even where residents choose to switch to an alternative supplier to the Your Energy Sussex tariff scheme, due to the communications and engagement created through the YES scheme they will still be benefitting from the savings possible from regular switching.
- 6.2 The potential to develop a void scheme could give the council the opportunity to start all new tenancies on a competitive tariff with an energy company that provides excellent customer service and goes above and beyond many of its competitors to ensure that those tenants stay on the best tariff for them.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 No direct financial contribution is required. Commitment will be of staff time and existing promotional methods and resources.

Finance Officer Consulted: Name Michael Bentley Date: 28/02/18

Legal Implications:

- 7.2 As the council committee with overall responsibility for the Council's housing functions, including standards of housing in the area, it is appropriate for the Housing and New Homes Committee to receive this report outlining measures to

introduce a low cost, high value energy tariff for residents. As the report is mainly for noting, there are no significant legal implications to draw to members' attention. The legal implications of the proposal for a void service for the Housing Revenue Account and leased temporary accommodation will be assessed if or when such a scheme comes to fruition.

Lawyer Consulted:

Name Liz Woodley

Date: 02/03/18

Equalities Implications:

7.3 Equalities impacts have been considered through the service design and will be monitored through the ongoing contract management relationship with the energy supplier.

7.4 The option of switching energy suppliers is limited for some tenants and leaseholders in HRA properties as they are served by communal heating supplies, approximately 1300 properties, however dependent on the energy source many of these residents may be able to benefit from switching supplier for their electricity. Residents on communal heating systems or in receipt of a communal electricity supply (46 properties) pay for their use through their service charge. Communal supplies are sourced through the council's corporate contract, residents benefit from the competitive price negotiated through this route. Our average gas price in 2017 was 2.03 pence per Kwh, which includes all levies and standing charges. The average domestic delivered price in the South East was 3.71 pence per kWh and an additional average standing charge of £86.37. This is a difference of around 45% before taking into account the standing charges.

The average delivered electricity price in 2017 was 12.91 pence per Kwh, including all levies and standing charges. The average domestic overall delivered price in the South East was 14.6 pence per kWh and an additional average standing charge of £74.02. This is a difference of around 11.5% before taking into account the additional standing charge. The savings to tenants and leaseholders on communal systems supplied through the corporate contract are reflected in a 37% reduction in HRA heating charges over the last 5 years.

Sustainability Implications:

7.5 The proposed scheme has the potential to support the development of renewable energy schemes in the area which have the potential to reduce carbon emissions for the city.

Any Other Significant Implications:

7.6 Public Health Implications:

Strategically addressing cold homes and fuel poverty in vulnerable groups will contribute to the prevention of ill health and excess winter deaths, reduce health and social inequalities, and improve wellbeing and quality of life. Supporting and encouraging residents to pay less for their energy can contribute to tackling cold homes.

7.7 Corporate / Citywide Implications:

This opportunity has the potential to help us achieve the city priorities of; improving health & wellbeing and environmental sustainability.

SUPPORTING DOCUMENTATION

Appendices:

Appendix 1 - Fuel Poverty Fund Principles
Appendix – Tariff cost comparison

