



# **Association of Greater Manchester Authorities Collective Energy Scheme**

## **Joining the Collective**

**28th November 2012**

**Briefing note for local authorities**

## 1.0 Energy switching – the opportunity

- 1.1 Collective energy switching occurs when a group of consumers come together to negotiate a better deal with their gas and electricity suppliers. As a collective, consumers potentially have greater purchasing power in the marketplace, meaning there is the potential to access energy tariffs that are better than those listed on the open market.
- 1.2 A particular aspect of the AGMA switching scheme is that it offers those residents without internet access another way to switch using libraries, telephone support and other front line services. This, alongside local partnership working, has the potential to help provide a switching and saving service for your borough's most vulnerable residents who often pay the most and could save the most; particularly given that they are less likely to have switched providers before. Prepayment and cash customers can also join the collective.
- 1.3 In general, collective switching is where a third party actively negotiates a better tariff on behalf of the consumers they represent. Oldham Council has procured an organisation that will run a collective purchasing and switching scheme for the 10 local authorities that make up the Association of Greater Manchester Authorities (AGMA). AGMA authorities support around 2.5million resident that occupy 1.2 million homes and it is these residents who form the basis of the initial energy collective. Auctions will initially be held quarterly and can be joined by other authorities who set up their own collectives; frequency and timing will be dependant on demand.
- 1.4 AGMA is also offering the opportunity for other authorities, throughout the UK, to use the contract that has been developed following a formal public tender exercise. This contract will offer your authority the ability to work with an energy switching Broker on behalf of your residents.
- 1.5 The procuring Authority and AGMA also recognises the General Power of Competence contained in the Localism Act 2012 as a further option for Local Authorities to explore in considering embarking on an energy switching scheme.

## 2.0 Local authority commitment

- 2.1 Participating authorities will be expected to commit resources including staff time and funding to ensure that the project is promoted successfully. The level of marketing necessary to achieve success will vary between approaches. For the January auction it is suggested that authorities seek a minimum of 1000 registrants based on a short intensive marketing campaign. This figure is achievable based on existing experience from Oldham, Rochdale, South Lakeland, and Norwich Councils.
- 2.2 Each participating authority will be required to produce a local marketing plan that will be agreed with the selected Broker as part of the contract. The Broker will also offer support and a further marketing package can be purchased should this be required.
- 2.3 It is possible to discuss obtaining a marketing package from Oldham Councils Marketing team. **If you are interested in discussing this option, then please state so within your registration email as per section 5.0 below.**
- 2.4 Each participating authority will be provided with access to a web portal by the Broker. The portal will provide information, allow residents to sign-up online and has the potential to be Local Authority branded.
- 2.5 Each authority will be required to provide opportunities for residents to sign-up who don't have access to the internet. This means a provision will need to be made for offline support, for example, by allowing residents to use library or customer access facilities.
- 2.5 There are two levels of telephone support required; one for receiving general queries and a second for residents without internet access allowing the capability to register over the phone. There is also the potential for these services to be negotiated with the Broker or delivered through the Local Authority's own arrangements in agreement with the Broker.
- 2.6 Staff training will be required to support offline registrations as detailed in section 2.4 and this will be provided by the provider of the service. Typically a cascade approach will be undertaken by inviting a key representative from the authority to a central training session and they in turn will deliver training to relevant departments. **See section 5 for details of upcoming training sessions.**

## 3.0 Joining the scheme – contract and tender

- 3.1 A formal tender exercise has been undertaken to find a zero cost energy switching Broker designed to help residents switch utility provider and save money through an energy collective. The contract and terms and conditions can be used by all English Local authorities. The contract will be available to use from mid December.
- 3.2 The contract will be issued by Oldham Council to participating authorities, with the contract held between each participating authority and the winning Broker. The contract can be amended to reflect local needs; however, the commercial and legal aspects of the contract cannot be changed.
- 3.3 This opportunity is open to all English local authorities who can use the tender for free; however, this is subject to acceptance<sup>1</sup> and agreement of the switching Broker.
- 3.5 The contract runs for an initial 12 month period. Authorities wishing to leave the scheme after agreeing a contract between the Broker and themselves will be required to give notice of three months.<sup>2</sup>
- 3.4 There is a referral fee (or commission) entitlement for each local authority based on the number of successful residential switchers in their authority area. The percentage of commission payable is a set fee per successful switch for dual or single fuel switchers. (This fee determined as part of the Oldham Tender Exercise so cannot be renegotiated by participating authorities)

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<sup>1</sup> Subject to final negotiations however its likely a Non Disclosure agreement will need to be signed before the contract is released.

<sup>2</sup> Notice period length to be confirmed within the contract

## 4.0 Joining the collective – timetable and actions

- 4.1 A comprehensive auction timetable is being developed; plans are being developed for auctions to take place in January and April 2013 and detailed dates will be communicated as soon as possible.
- 4.2 **It is possible for your local authority to join the January 2013 auction or defer until the March/April 2013 auction date.**
- 4.3 In order for your authority to participate within the **January** auction there are a number of key milestones that will need to be achieved in order to participate which include;

### 4.2 Late November/December

#### Preparation:

- The Broker will provide your authority with the website that residents will use to register for the scheme. It is recommended for those authorities whom share a local geography that this is one common website. The text will be provided however some work will be required to personalise this for you authority,
- The Broker will train two key staff to register both online and offline residents. (see section 5.0 below re training session dates)
- The Broker will provide your authority with examples of marketing materials that can be used to promote the scheme.
- Your authority will have approved progressing the scheme through the appropriate governance structure for your authority.
- Your authority will provide feedback on branding and text for the marketing materials.
- Your authority will be required under contract with the Broker to commit to actively market the scheme through varied communication channels.

#### Registration phase:

- The Broker will launch your registration website at the end of December or early January 2013.
- The Broker will provide weekly data analysing the level of signups.
- Your authority will provide locations for residents to signup who do not have access to the internet (offline residents).
- Your authority will continue to implement the marketing plan.

#### 4.4 January 2013

Auction:

- The Broker will hold the online energy auction- inviting all UK energy companies to participate.
- Your authority will be required to sign off emails and letters that will be distributed to residents immediately after the auction has closed and results have been verified by the winning energy supplier
- The Broker will send a personalised email or letter detailing the auction result to all registrants.
- The Broker will work with the selected energy supplier to ensure a smooth switch for registrants.
- Your authority will provide assistance for residents who participate in the switching process.

#### 4.5 February/March 2013

- The Broker will continue to manage the switch in conjunction with the winning collective energy supplier.
- The Broker and your authority will review the scheme and share learning with other members of the broader energy collective.
- The referral fee to be paid upon confirmation of the successful number of switches to participating authorities or other nominated recipients (e.g. charity fund or voluntary group for example)

4.6 These steps are repeated for subsequent auctions post January.

### **5.0 In summary**

- **For those authorities wishing to join the January auction (assume mid to late January for the actual auction date) then please email your contact details stating energy switch contract registration to [ce.procurement@oldham.gov.uk](mailto:ce.procurement@oldham.gov.uk) before the 6<sup>th</sup> December 2012 to register.**
- **For those Authorities considering the March/April auction date please email [ce.procurement@oldham.gov.uk](mailto:ce.procurement@oldham.gov.uk) stating energy switch contract March/April with your contact details**
- **Those wishing to join the January auction you will be required to send upto two key representatives to the training session in Oldham proposed for the either the 14<sup>th</sup> or 17<sup>th</sup> December. It is advised that this is somebody who has responsibility and authority to cascade messages to front line staff based at your libraries or other public council**

**access points. This will ensure that staff are ready to help your residents sign up before the marketing campaign starts.**

- **Also given that the Oldham Council has sought to develop the programme and borne the overall development costs we are actively encouraging those council wishing to use our contract to make a voluntary financial contribution to Oldham's Co-operative fund. This charity fund will help continue our essential work on transforming the lives of our most vulnerable residents.**