

DERBYSHIRE COUNTY COUNCIL

CABINET

6th November 2012

Report of the Chief Executive

**The Derbyshire Energy Bulk Buying Scheme
(Leadership and Culture)**

1. Purpose of the Report

To seek approval to develop and implement a scheme intended to help Derbyshire residents reduce their household energy costs.

2. Information and Analysis

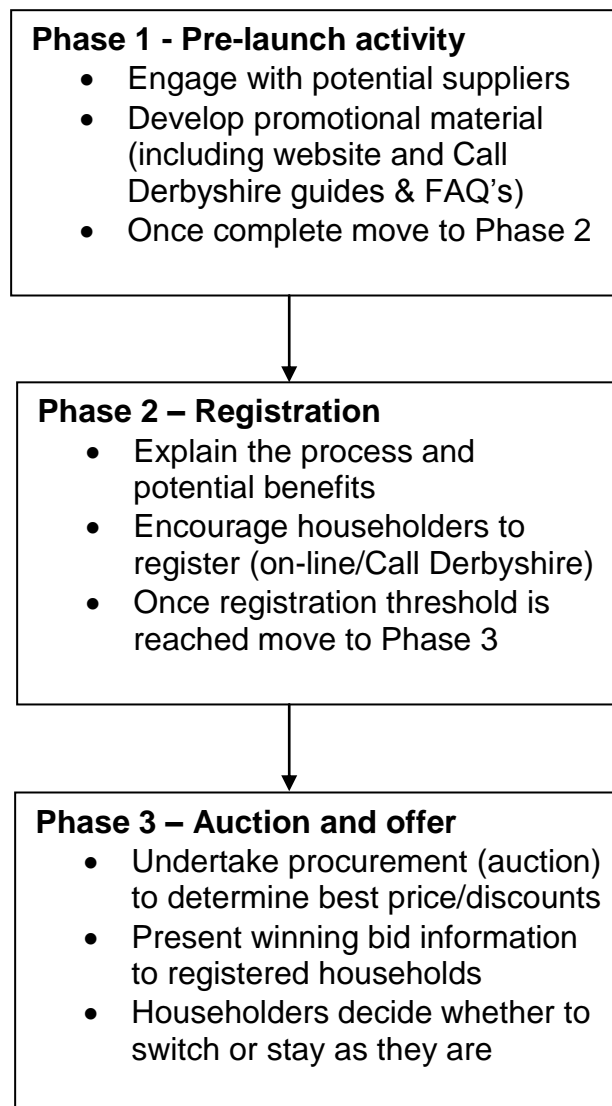
Retail prices for energy have doubled in the last ten years and the average household dual fuel bill is now more than £1,300 per year. Fuel bills are now one of the largest household expenses and recent press announcements indicate that further price rises are expected.

One way to reduce fuel costs is to switch suppliers and take advantage of cheaper energy tariffs. However, in reality few households, in particular poorer families, currently switch suppliers. The reasons for this include a lack of knowledge or confidence, a fear that something will go wrong, loyalty to an existing supplier and a degree of apathy.

An idea pioneered in the Netherlands seeks to overcome some of these barriers to switching suppliers and it has led to significantly reduced fuel bills for consumers. The concept, which involves bringing households together to bulk purchase their energy needs has achieved annual savings of between £60 and £200.

As the County Council has a network of community based public offices and libraries and well established communication channels (e.g. web site and Call Derbyshire) it is well placed to reach a very wide audience and is uniquely positioned to develop a successful bulk energy purchase scheme for Derbyshire residents. The use of Call Derbyshire to act on behalf of those residents who wish to take advantage of the opportunity to lower their energy bills but who do not have access to the internet would be particularly important.

The project would be implemented in three phases and the diagram below provides a high level view of how it is proposed the scheme would be developed and implemented.



The initial tasks in developing the scheme would be to establish a project team, engage with potential energy suppliers and pull together an implementation timetable. It should be noted that at this early stage there is no guarantee that savings would be generated, as the scheme may not attract the critical mass of registrations needed to effectively approach the market and energy prices are subject to significant fluctuations.

3. Financial Considerations

On the 23rd September 2012 the Government announced that it was providing funding of £5m to encourage councils and charities to support

collective energy switching schemes. It is not known at this stage how the funding will be allocated.

In the interim it is proposed to establish a budget of £50,000 in order to develop and implement a scheme for Derbyshire residents. This can be met from the 2011/12 underspend in the Chief Executive and Corporate Resources departmental budget.

4. Legal Considerations

Section 1 of the Localism Act 2011 confers upon local authorities a general power of competence which enables them to do anything which is not prohibited by legislation for the benefit of the Authority, its area or persons resident or present in its area. It is considered that the County Council can use the powers contained in Section 1 of the Act to develop and implement a scheme intended to help Derbyshire residents reduce their household energy costs.

5. Considerations (to be specified individually where appropriate)

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, human resources, environmental, health, property and transport considerations.

6. Key Decision

No

7. Call-in

Is it required that call-in be waived in respect of the decisions proposed in the report? No

8. OFFICER'S RECOMMENDATION

Cabinet is asked to:-

- i. approve the development and implementation of the Derbyshire Energy Bulk Buying Scheme as described in this report.
- ii. delegate decisions relating to matters of detail in the development and implementation of the scheme to the appropriate Cabinet Member.

Nick Hodgson
Chief Executive