1.0 EXECUTIVE SUMMARY

1.1 The paper requests a strong leader decision to endorse the establishment of the Wirral Energy partnership in conjunction with OVO Energy and Cheshire East Council via a formal agreement with the Skills and Growth Company (Wholly owned by Cheshire East Council).

1.2 The partnership proposes to market the FairerPower dual fuel energy products that are purchased and supplied by OVO Energy Ltd with a Wirral specific branding. The proposal for the brand name for the energy product is “FairerPower Wirral”.

1.3 Pending the formation of a Wirral marketing campaign strategy, the Scheme could be launched in as little as 8 weeks from the date of contract sign off. Existing marketing materials will be straight forward for Wirral to brand and adopt however timescales will also be impacted by Purdah.

1.4 Timescales for delivery are driven by the ability of the Skills and Growth Company to mobilise; following contract sign off, whilst also allowing for the period of Purdah.

1.5 Assuming sign off is completed pre-Purdah, a “soft launch” and marketing of the domestic dual fuel energy switching scheme is proposed from May 2018. A further targeted direct mailshot and social media marketing campaign would then take place over the summer months, aimed at specifically reaching out to those residents classified as “fuel poor”, in anticipation of full scheme launch from September 2018.

2.0 BACKGROUND AND KEY ISSUES

2.1 March 2017 Cabinet authorised the Transformation Programme Office to progress work on the set up of a “White Label” Wirral branded Energy Company. The Cabinet decision to approve the set-up of a “White Label” energy offer followed from the options appraisal and final recommendation undertaken within the Strategic Outline Business Case paper.

2.2 From the options appraisal the recommended provider for Wirral’s White Label Energy partner is “FairerPower”, a not for profit partnership energy brand, created and branded by Cheshire East Council.
2.3 Responsibility for the management and performance of the White Label Scheme was novated from Cheshire East Council over to The Skills and Growth Company Ltd (a company wholly owned by Cheshire East Council) in 2017. All energy products and tariffs are purchased and supplied by OVO Energy Ltd.

2.4 The Skills and Growth Company (SKGC) support partnering authorities with the marketing, promotion and management of the product offer.

2.5 The Scheme performance and administration is managed by the SKGC on behalf of Wirral. OVO Energy Ltd manages the switching process and all customer care from their high quality, double award winning call centre.

2.6 FairerPower is already established and successful in Cheshire East (8,000 household subscriptions) and with other peer groups, Preston City Council, Blackburn with Darwen and Rossendale are also signed up to the Scheme. Nationally OVO Energy boasts over 800,000 customers, established in the market as a credible alternative to the traditional ‘Big 6’ UK energy suppliers.

2.7 The branding would be simple to adopt with a Wirral “FairerPower” logo design (e.g. FairerPower Red Rose – marketed by Preston City Council for the Lancashire region). Wirral was not named as a potential partner under the terms of the LECCY OJEU tender notice therefore Wirral could not promote the Liverpool white label brand as a partner.

2.8 Energy monitoring smart meter installations are offered to all subscribers for free, promoting energy awareness to the most vulnerable (Wirral has 10.9%, some 15,568 households considered fuel poor).

2.9 Advantages in joining the FairerPower brand name as opposed to approaching an energy supplier directly are that implementation and Scheme day to day management costs would be kept to a minimum. The product is already established and operational across other local authority peer groups, performance of the Scheme is monitored by The Skills and Growth Company.

3.0 RELEVANT RISKS AND MITIGATIONS

3.1 Since the paper was drafted information has come to light that on 2nd February 2018 UK energy regulator OFGEM has launched an investigation related to estimated consumption figures provided to some OVO customers during 2016-17. (Mitigation - Wirral officers are monitoring the OFGEM investigation via automated email alerts to ensure the reputation of the Council would not be compromised by the new partnership).

3.2 Internally there is a minor risk to the effectiveness of the Scheme if resources for Energy Company contract management not be available. Ownership should reside with the appropriately skilled and experienced officers within the Corporate Commissioning Unit under business as usual operations. (Mitigation - The Skills and Growth Company provide performance management data for the Scheme for Wirral account review meetings. All marketing materials and energy products are regulated by the Advertising Standards Authority and OFGEM respectively).
3.3 Should for any reason Wirral subscriptions not realise the 3,000 target threshold then the partnership would be dissolved. (Mitigation – There will be a local marketing campaign assisted and part funded by SKGC and there is a force majeure penalty free exit clause in the contract to limit the financial risk liability to the Council).

4.0 OTHER OPTIONS CONSIDERED

4.1 Potential Energy providers:

<table>
<thead>
<tr>
<th>Desired Product Attributes</th>
<th>Liverpool City Council LECCY (Energy Supplied by ROBIN HOOD)</th>
<th>Nottingham City Council (Energy Supplied by ROBIN HOOD)</th>
<th>Cheshire East Council (Energy Supplied by OVO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warm Home Discount (£140 rebate)</td>
<td>NO</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>Minimum 1st year target (households)</td>
<td>5000</td>
<td>5000</td>
<td>3000</td>
</tr>
<tr>
<td>Wirral branding option</td>
<td>NO</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Pre-branded marketing materials</td>
<td>NO</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>Free Smart Meter Installs</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Penalty free exit clause</td>
<td>Not Known</td>
<td>Not Known</td>
<td>YES</td>
</tr>
<tr>
<td>Customer interest on credit balances</td>
<td>NO</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>Partnership available via OJEU listing</td>
<td>NO</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Costs of Marketing</td>
<td>Partner discretion</td>
<td>Partner discretion</td>
<td>Partner discretion</td>
</tr>
</tbody>
</table>

4.2 The FairerPower scheme supports the Warm Home Discount initiative, aimed at tackling fuel poverty; The Nottingham Robin Hood and Liverpool LECCY schemes do not.

4.3 The subscription target is realistic for Wirral to achieve at 3,000 households within the first year (which equates to 2% of total Wirral households), Liverpool LECCY and Nottingham require 5,000 minimum sign up in year one.

4.4 The branding would be simple to adopt with a Wirral “FairerPower” logo design (e.g. FairerPower Red Rose – marketed by Preston City Council for the Lancashire region). Wirral was not named as a potential partner under the terms of the LECCY OJEU tender notice therefore Wirral could not promote the Liverpool white label brand as a partner.

4.5 Under all above Schemes energy monitoring smart meter installations are offered to all subscribers for free, promoting energy awareness to the most vulnerable (Wirral has 10.9%, some 15,568 households considered fuel poor).

4.6 Advantages in joining the FairerPower brand name as opposed to approaching an energy supplier directly are that implementation and Scheme day to day management costs would be kept to a minimum. The product is already established and operational across other local authority peer groups, performance of the Scheme is monitored by The Skills and Growth Company.

4.7 Free Wirral branded marketing materials are made available by The Skills and Growth Company therefore the only set up costs for Wirral would be further discretionary local marketing campaign initiatives, the cost of which can be offset by the Council receiving a £3 premium return for each subscriber. (Payable once the 3,000 first year subscription target threshold is achieved).
4.8 The recommended provider for Wirral’s White Label Energy partner is therefore “FairerPower”, a not for profit partnership energy brand, created and branded by Cheshire East Council.

4.9 The Cheshire East offer has all energy products procured and supplied by Energy Company OVO Ltd. The scheme ensures that the prepayment tariff is consistently in the top 3 of all nationally available “pay as you go” tariffs (to assist the tackling of fuel poverty). The Skills and Growth Company has an existing product website that partners exploit, including a Wirral branded landing page on the website. Wirral can take advantage of The Skills and Growth Companies energy market expertise, advice and technical support (this includes a campaign that delivers a marketing leaflet to every Wirral household, detailing how to access the services by telephone and online).

5.0 CONSULTATION

5.1 As the Scheme is founded in consumer choice there are no public or staffing implications that would require consultation.

5.2 The objective of the Scheme is to contribute to making a measurable difference to the lives of Wirral residents by:

- Reducing the level of fuel poverty and health problems associated with under-use of energy
- Reducing the average fuel bills of residents
- Providing fairer power for all Wirral residents

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 The Scheme complements existing Wirral endorsed Energy initiatives, currently being co-ordinated by Energy Projects Plus on behalf of the Liverpool City Region local authorities. Existing initiatives endorsed by Wirral are the Wirral Fuel Debt Advice Service (funded by British Gas Energy Trust) and the Local Energy Advice Programme.

6.2 The new Scheme is anticipated to have indirect positive benefits upon landlords, communities and businesses alike, as well as underpinning the Council’s 2020 vision, by increasing the disposable income of residents.

6.3 Promotion of the Scheme will include particular focus on securing Commercial Arrangements with Housing Associations and Registered Providers. In order to maximise the potential number of switching customers, Wirral’s Housing and Energy resource expertise would partner The Skills and Growth Company in securing support from local Housing and Commercial Developers, inclusion of new build, transition and void properties would further enhance the anticipated benefits of the Scheme.

6.4 The ethos of the Scheme is not for profit. The parties joining the scheme contractually commit that, should any premiums arise, such returns are to be reinvested back into the Scheme in order to further the above Scheme objectives.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 A budget of £5,000 has been set aside for the development of Energy.
7.2 The proposed contract would see The Skills and Growth Company supplying (at no extra cost to Wirral) existing promotional materials, marketing expertise and project resources. The Council would provide the local market knowledge of Housing and Energy subject matter experts to guide the communication leads in development of the marketing strategy.

7.3 Responsibility for the performance of the contract with The Skills and Growth Company will be resourced from within the Corporate Commissioning Unit.

7.4 Housing, Energy and Communications officers from the Council would work in partnership with Skills and Growth Company in developing, marketing and launching the domestic dual energy product.

8.0 LEGAL IMPLICATIONS

8.1 The head of Legal will review the proposed contract terms, negotiate and conclude the partnership agreement with the Skills and Growth Company.

9.0 EQUALITIES IMPLICATIONS

9.1 The ethos of the Scheme is “FairerPower for All” with the Scheme contribution toward the achievement of the following pledges;

- Older people live well
- Reduce child and family poverty

10.0 CARBON REDUCTION IMPLICATIONS

10.1 Through the installation of smart meters and energy consumption behavioural change there is expected to be a positive impact upon the energy consumption of Wirral households, in turn contributing positively upon the local environment.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 No impacts are anticipated.

12.0 RECOMMENDATIONS

12.1 A strong leader decision is sought to;

- Grant authority to the Head of Legal Services to negotiate and conclude the partnership agreement with The Skills and Growth Company.
- Agree the brand name for the energy product as “FairerPower Wirral”. (The contract stipulates the brand logo must include the “FairerPower” brand prefix).
- Authorise Wirral Council Housing, Energy and Communications leads to work in partnership with The Skills and Growth Company in marketing and promoting the Wirral domestic energy Scheme offer.
• Assign responsibility for the performance of the contract with The Skills and Growth Company to the Corporate Commissioning Unit.

• Approve a “soft launch” of the domestic dual fuel energy switching scheme for May 2018, followed by direct mailshot and social media marketing campaigns over the summer months, prior to full scheme launch from September 2018.

Timescales for delivery are driven by the ability of the Skills and Growth Company to mobilise; following contract sign off, whilst also allowing for Purdah.

13.0 REASONS FOR RECOMMENDATION

13.1 The FairerPower scheme supports the Warm Home Discount initiative.

13.2 The subscription target is realistic for Wirral to achieve at 3,000 households within the first year (which equates to 2% of total Wirral households).

13.3 FairerPower is established and successful in Cheshire East (8,000 households have switched) and with other peer groups, Preston City Council, Blackburn with Darwen and Rossendale are also signed up to the Scheme. Nationally OVO Energy boasts over 800,000 customers, established in the market as a credible alternative to the traditional ‘Big 6’ UK energy suppliers.

13.4 The branding would be simple to adapt with a Wirral “FairerPower” logo design.

13.5 Free energy smart meter installations for subscribers promote energy awareness to the most vulnerable (Wirral has 10.9%, some 15,568 households considered fuel poor).

13.6 The FairerPower brand Scheme day to day management costs would be kept to a minimum as performance of the Scheme is monitored by The Skills and Growth Company.

13.7 Free Wirral branded marketing materials are made available by The Skills and Growth Company therefore the only set up costs for Wirral would be further discretionary local marketing campaign initiatives, the cost of which can be offset by the Council receiving a £3 premium return for each subscriber. (Payable once the 3,000 first year subscription target threshold is achieved).

13.8 Should for any reason Wirral subscriptions not realise the 3,000 target threshold there is a force majeure penalty free exit clause in the contract.

13.9 The Scheme would complement the other existing energy poverty tackling initiatives that Wirral is already endorsing through Energy Projects Plus and Scottish Power.

14.0 The product is already established and operational across other local authority peer groups.

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REFERENCE MATERIAL

Strategic Outline Business Case (Presented to SLT on 7th February 2017)
Cabinet Energy Briefing Paper (Presented to Cabinet on 27th March 2017)

SUBJECT HISTORY (last 3 years)

<table>
<thead>
<tr>
<th>Council Meeting</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td></td>
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