

# **Big London Energy Switch Evaluation Report: Key Learning from Collective Switching**

Energy Saving Trust

October 2013

# The Big London **ENERGY** SWITCH



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## 1 Introduction

1. The Big London Energy Switch is a scheme set up to support and encourage people, particularly the most vulnerable, to save money by switching energy provider. The scheme was originally funded by the Department of Energy and Climate Change (DECC) as part of its 2012 “Cheaper Energy Together” scheme and the original 17 participating boroughs (now 23) and London Councils were successful in bidding for £686,655 from the funding available. The Royal Borough of Kingston upon Thames was the lead borough for the bid and subsequent scheme.
2. The registration of interest phase started on 4 February 2013 and the first auction for energy providers was held on 9 April. The scheme is still running and the next auction that the participating boroughs are actively promoting is scheduled for 19 November 2013.
3. The primary objectives of the scheme were to:
  - Enable participating boroughs to engage directly and clearly with their own residents
  - Promote collaborative working across borough boundaries and with partner agencies to target the most vulnerable, share expertise and maximise the use of resources
  - Generate a range of engagement activity, including a communications toolkit and community outreach workers, to promote a comprehensive message around energy empowerment and education
  - Encourage one-to-one support, where appropriate, to engage and help the most vulnerable residents
  - Deliver, by working with local partners, existing energy efficiency programmes and other services to maximise the potential for reducing consumers’ energy bills
  - Conduct a robust, independent evaluation of the benefits to consumers, customer satisfaction and an assessment of its success at reaching vulnerable consumers, considering both energy use and financial savings achieved
  - Explore the opportunity to minimise the switching fee from each customer to maximise potential financial savings
  - Explore the option to increase the carbon-saving opportunity by considering whether and how a robust renewable-energy tariff could be one of the options offered<sup>1</sup>
4. Additionally, the scheme aimed to deliver the following benefits:
  - A multi-borough approach to reduce duplication of effort and resources required for legal and procurement activity to select a switching partner
  - Identifying and adopting best-practice communication practices and strategies to maximise uptake, particularly among vulnerable consumers
  - Efficiencies through a cross-borough communication toolkit, joint procurement of promotional material and a programme of cross-borough awareness-raising roadshows

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<sup>1</sup> Taken from bid document

- Customer information will be collated, if appropriate, to add value in targeting energy efficiency initiatives such as the Energy Companies Obligation (ECO) and the Green Deal
  - The establishment and monitoring of performance indicators and a post-switch evaluation and analysis report outlining successes and lessons learnt, including opportunities to increase affordable warmth availability
  - The use of strategic partnerships (e.g. sub-regionally), and existing voluntary and community networks, will be harnessed to reach vulnerable consumers whilst maximising value for money<sup>2</sup>
5. It should be noted that a collective energy switch with a specific focus on vulnerable residents had never been done on such a large scale, and a London-focused collective switch had never been done at all. As a result, the initial switch through the Big London Energy Switch was established as a pilot to test different aspects of the approach and learn from it. The evaluation described below is a key part of this learning.
6. To complete the switch, it was necessary to run a competitive procurement process to appoint a switching provider. This was led by the Royal Borough of Kingston upon Thames, supported by others from the bid group. iChoosr was the only organisation to respond and, after their submission was scrutinised, it was appointed as the switching provider. iChoosr has been operating collective energy switching schemes in Belgium and the Netherlands since 2008 and was tasked with developing an IT-based solution (for both online and offline participants), as well as running a “reverse auction” with energy suppliers (suppliers bid based on numbers signed up) on behalf of the participating boroughs’ residents. They also provided offers to the registrants based on the energy information that they provided at registration and the winning offer from the relevant utility at the auction.
7. The following utilities were successful at the auction:
- Sainsbury’s Energy for dual fuel, monthly Direct Debit (online and paper billing)
  - British Gas for prepayment meters (dual fuel and electricity only)
  - Scottish Power for electricity only online contracts (online and paper billing)




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<sup>2</sup> Taken from bid document

## **2 Evaluation**

8. London Councils completed a competitive procurement process for the evaluation of the scheme. The Energy Saving Trust bid was successful and it was appointed as the evaluation consultant. This document is the first-phase evaluation report for the scheme, which outlines the evaluation's methodology, aims and the findings from the 9 April auction and subsequent switching. There will be a second evaluation phase starting in late autumn 2013.
9. The overarching aims of the evaluation are to:
  - Understand the engagement activities completed by the boroughs and determine their success
  - Understand the number and types of households and residents that have been engaged in the scheme, and how they found the collective switching process, with a focus on the vulnerable
  - Understand who has benefited from the scheme and who has not
  - Quantify the financial savings achieved for residents to demonstrate value for money
  - Understand how involvement in the switch has influenced residents' energy-use behaviour
  - Complete research into schemes outside of the Big London Energy Switch (UK and abroad) that aim to reduce residents' energy bills, including actual output data
10. To achieve these aims, a three-step approach to the evaluation was taken for the first evaluation phase, and a similar approach will be used in the second evaluation phase:
  - **Pre-assessment** – analysis of local authority promotion and engagement activity, as well as the registration data
  - **Survey** – multiple approaches to residents to obtain a statistically significant and broad ranging dataset of residents' experiences. The response rates to the surveys were very good – for example, the response rate from the online survey was 18 per cent, whereas the normal response rate for a survey of this type is between five and 10 per cent
  - **Report** – collating and analysing all of the data gathered throughout the process to draw relevant conclusions and recommendations for London Councils, the London boroughs and to inform future collective switching projects

## **3 Key findings and recommendations**

### **3.1 Engagement**

11. When DECC initially awarded funding to collective switching schemes, including the Big London Energy Switch, it was conditional on the money being spent by 31 March 2013. As a result of the constraints imposed by this condition, it was necessary to complete two registration phases. Firstly, a registration of interest phase whilst the procurement of a switching provider was being completed, and then whilst the successful provider (iChoosr) was developing the bespoke system to enable registration for the switch, and secondly, a full registration phase once iChoosr's website was live.
12. The local authorities and London Councils, with partners such as community groups, completed a number of activities to promote the scheme in both phases of registration and they are summarised in the bullet points below:

- Information in Council Tax bill reminder
- Information on council websites
- Articles in council magazines and newspapers
- Council staff
- Postal mail-out to residents
- Emails to residents and groups
- Drop-in sessions
- Leaflets within civic and other public-facing buildings
- Home visits
- Adverts on and in buses, and bus shelters
- Postal mail-out to Taxicard holders
- Community or voluntary group activity
- Articles in local newspapers

13. London Councils provided a website ([www.biglondonenergyswitch.org.uk](http://www.biglondonenergyswitch.org.uk)) for residents to register their interest for the switch between 4 February 2013 and 21 March 2013 and once the iChoosr website was online (21 March 2013), the London Councils' website provided links to iChoosr's website.

14. Most registrants heard about the scheme through direct messaging from the local authorities. Over 70 per cent of those that registered indicated that they heard about the scheme through a local authority engagement channel. A relatively high proportion (13 per cent) of people heard about the switch through word-of-mouth through someone they know.

15. 10 per cent of the survey respondents cited council websites as where they first heard about the switch. Although this is a relatively small number of people overall, it shows that website communication can be a cost-effective mechanism for promoting the switch.

16. In general, regardless of how they found out about the scheme, people felt that the information about the scheme was either "very clear" or "fairly clear". However, 28 per cent of people stated that clearer information about the switching process would have increased their satisfaction with the scheme as a whole. This suggests that the communications around the scheme could be improved to make the process, as well as the intention of the scheme, clearer. The lack of clarity around the process may have led to some people not registering or ignoring the information they had been sent initially.

17. Despite this response, from the qualitative survey, 34 per cent of respondents were "very satisfied" with the information they received about the scheme and 53 per cent were "satisfied", creating an overall satisfaction rating of 87 per cent.





18. Additionally, survey respondents expressed greater levels of satisfaction with the elements of the scheme that participating boroughs were responsible for delivering – for example the initial information they received about the scheme and the registration process. There were greater levels of dissatisfaction through the customer journey as there was greater involvement from the switching provider and the energy suppliers.
19. Of the 13,486 residents that registered interest in the scheme, 41 per cent (5,592) indicated that they were in receipt of benefits. Pension Credit had the highest number of claimants with 19 per cent (1,079) of those who said that they claim benefits. Of those that answered the question, 61 per cent (3,069) of those on benefits considered themselves to have a disability, which equates to 23 per cent of the total number of registrants. At the full registration stage, 19 per cent (4,443) of registrants indicated that they were in receipt of at least one benefit and 20 per cent were in a household that includes a person with a long-term illness or disability.
20. These groups were high priorities for the local authorities promoting the scheme as they are perhaps amongst those who would most benefit from saving on their monthly outgoings. Department for Work and Pensions statistics for London show that 13 per cent (1,095,480) of the population are on benefits and, although this doesn't include all of the benefits claimants, we can see that the scheme attracted a much higher proportion of residents on benefits – compared with the London-wide average.



### **3.1.1 Recommendations – methods for general engagement**

1. There was greater satisfaction with, and a greater popularity for, local authority led engagement routes so these should be utilised as much as possible for future campaigns:
  - Where financial resources are limited, align switching mailings with other mailings that are taking place
  - Council magazines and newspapers should provide information on the switch and include other relevant articles e.g. installing energy efficiency measures, ways to change behaviour to reduce energy consumption and case studies of residents who have switched
  - Council websites should have banners on their front pages and other relevant pages highlighting the switch
  - Switching has a role to play in wider energy efficiency, fuel poverty and debt management issues, so links should be made with other relevant departments and services within the council to share messaging, including public health, housing and benefits advice
  - Local touch points such as libraries, doctors' surgeries and drop-in centres, should be used as an information point. If possible key staff members in the location could be used as a contact point for information and link to the relevant borough officer
2. Use of other engagement channels should be maximised where relationships exist:
  - Local radio stations may be willing to hold a call-in session or complete other activity to promote the scheme at no cost
  - Press releases should be used to provide a free route to newspaper and magazine coverage
  - Housing providers and their networks should also be used to support engagement activity. Key contacts within housing providers should be informed of the scheme and encouraged to include information about the switch in their communications to residents
  - Third-sector groups could be used to provide information to residents they work with

### **3.1.2 Recommendations – methods for engaging vulnerable groups**

3. Local groups (residents associations, faith groups etc) should be used to engage harder to reach or vulnerable groups. Local authorities could hold briefing sessions for representatives from the groups who would then act as champions for the scheme, providing information and support to their members.
4. Use local authority engagement routes that can specifically target known vulnerable groups. To maximise use of resources, authorities should align engagement mailings with other mailings to vulnerable groups (such as those with a disability or who receive benefits).
5. Local authority webpages that are likely to have higher visits from vulnerable residents (e.g. housing, benefits etc) should display information highlighting the scheme.
6. Additional local touch points that have a higher footfall from vulnerable groups should be used to provide information, such as children's centres, housing offices and job centres.
7. Third-sector groups that have expertise in engaging with vulnerable residents (such as Age UK) should be engaged to provide information to residents they work with.



### **3.1.3 Recommendations – engagement material content and messaging**

8. Organisations promoting switching schemes should provide information on the switching process including timelines, what to expect at the key points including what action is needed, what information is required to proceed (energy usage, current tariff, supply number etc) and where this can be found.
9. Engagement material should provide a clear reference to the possibility that residents may not make a saving through the switch and the reasons why this might be.
10. Engagement material should include or link to information on energy saving activity to help reduce energy consumption and therefore bills, and/or the Energy Saving Advice Service number.
11. Frequently asked questions (FAQ) material should:
  - Provide information on finding energy usage information e.g. website walkthrough and telephone numbers
  - Explain how the reverse auction process works and how offers are developed
  - Provide information on payment types and meter types (prepayment, standard, Economy 7) and the benefits to each type and meter so that this can be reviewed by the customer simultaneously
12. Any telephone numbers that are being promoted should ideally be given in their 0800 form and as a local number that can be called from a mobile.
13. Consider making engagement materials available in additional languages to ensure residents that speak English as a second language (or not at all) can access information and take advantage of the switch.
14. Consider providing email updates during the registration period to highlight the benefits of more people registering for the scheme, and provide a summary email to registrants at the end of each switch with key information such as the numbers that registered and switched, and average savings.

## **3.2 Registration**

### **3.2.1 Registration of interest**

21. 13,486 residents registered interest in the scheme at this stage and of these, 41 per cent (5,592) indicated that they are in receipt of benefits.
22. Of the 12,842 registrants who answered the registration question, 61 per cent (7,866) had never switched their energy supplier before. Of those that said that they claim a benefit, 57 per cent (2,903) said that they had never switched before.

23. Of the 12,995 who answered the question, 82 per cent (10,660) said they had internet access in their homes. Of those that claim a benefit, 71 per cent (3,704) had internet access in their homes.
24. Not all of those that registered interest in the scheme went on to fully register on the iChoosr website. Based on the data provided by iChoosr for the purpose of the evaluation, we know that at least eight per cent (1,105) of those that registered interest with London Councils did not go on to fully register on the iChoosr site.
25. For the majority of people, the main motivator for joining the switch was to save money and reduce their energy costs.
26. Based on responses to our online survey we can see that most respondents were either “very satisfied” or “satisfied” with the registration of interest element of the scheme, with only three per cent indicating that they were “dissatisfied” or “very dissatisfied” with this part of the process.

### **3.2.2 Full registration**

27. In total, there were 26,433 registrations for the switch; this represents all those who provided some information through the registration form either directly on the iChoosr website or by phoning one of the contact centres. Of these, 75 per cent (19,705) of registrants provided all the information requested on the registration form including going on to fill in their full energy use data. Only those that completed the registration in full received an offer. In this case, 25 per cent (6,728) of registrants did not receive an offer following 9 April auction because they did not fully complete the registration form.
28. Of those that registered (note registrants can fit into more than one group):
- 19 per cent (4,443) of registrants indicated that they were in receipt of at least one benefit
  - 39 per cent (8,963) are in a household that includes someone over 60
  - 20 per cent (4,597) are in a household that includes someone with a long term illness or disability
  - 11 per cent (2,528) are in a household that includes a child under 5
  - 19 per cent (4,443) have a household income below £13,308
29. Overall, 85 per cent (19,624) of the residents registered online compared with 15 per cent (3,359) who registered offline. When looking at those in receipt of benefits, the figures don’t differ greatly with 78 per cent registering for the scheme online and 12 per cent registering offline. However, when we look at the figures for those receiving benefits compared to the total number of offline registrants, we see that the number of registrants on benefits, registering offline rises to nearly 30 per cent. This indicates that this group does benefit from access to phone-line support or offline registration more than other groups.
30. 29 per cent (6,581) of registrants had previously switched energy supplier; 71 per cent of people involved in the switch had not switched before.

31. Although speaking English as a second language is not necessarily an indication of vulnerability, it was felt that this was an important category to record. London is one of the most multicultural cities in the UK and many languages are spoken across the city. The 2011 census shows that 25 per cent of Londoners don't speak English at home. It is important that local authority messaging reaches everyone in their borough so recording how many of the people that registered speak English as a second language is a useful indication of how successful the communications have been at reaching these groups. In this instance 15 per cent of those registering for the switch and 14 per cent of the registrants that switched speak English as a second language.
32. From the information we have from those who registered interest with London Councils, we know that many of them struggled with the full registration form, particularly the energy use data requested. This led to them not completing their registration and potentially benefitting from the process. Despite this, over 90 per cent of those surveyed would consider registering for a similar scheme again.
33. In order for the switching provider (iChoosr) to calculate an accurate offer, registrants were required to enter their annual energy use data. iChoosr also have trigger prompts on their systems to identify when someone has registered an incorrect amount. For electricity it is below 1,000 and above 50,000 kWh and for gas it is below 2,500 and above 100,000 kWh. We found that the electricity use data ranged from 0 to 48,760kWh and the gas use data ranged from 0 to 242,783 kWh.
34. Of those registrants that we have energy use data for (10,629):
  - 16 per cent (1,678) of registrants put their gas use at 5,000 kWh or below, with five per cent (497) inputting 1,000 kWh or below
  - 12 per cent (1,242) of registrants put their gas use at 40,000 kWh or above, with three per cent (319) inputting 60,000 kWh or above
  - 8 per cent (871) of registrants put their electricity use at 1,000 kWh or below, with three per cent (342) inputting 500 kWh or below
  - 10 per cent (1,095) of registrants put their electricity use at 10,000 kWh or above (210 of which use electricity only), with two per cent (175) inputting 20,000 kWh or above (36 of which use electricity only)
35. We can therefore say that there were a number of registrants who could have benefited from support to find and interpret their energy use data to receive a more accurate offer, which in turn could lead to a positive offer and a better switching rate.

### **3.2.3 Recommendations – registration**

15. An information link should be provided within the registration form at the relevant section to explain more clearly where energy usage information can be found for each supplier e.g. website walkthrough and telephone numbers.
16. At the relevant section of the registration process it should clearly note that the offer will be based on the energy usage information provided and that registrants should make every effort to ensure this is correct.
17. Where a customer has not provided energy data and submits an incomplete registration, the switching provider should contact them directly with guidance on completing the form and finding the necessary information.
18. The email that confirms to the customer that they have successfully registered should:
  - Provide information on the next steps of the process, particularly the auction process and the offer letter
  - Provide, where possible, dates for the remaining stages of the process and, in particular, an indication of when an offer will be received
  - Provide information on energy saving activity to reduce energy consumption and bills and the Energy Saving Advice Service number, as well as information about the Warm Homes Discount
  - Indicate whether the energy usage figures they have submitted are within the trigger limits
  - Outline what the process is if they have a complaint or where they can get more information through the helpline
19. The trigger limits for gas and electricity are used to identify when someone has potentially entered incorrect data; we recommend these are set at a:
  - Minimum limit of 1,000 kWh for electricity and 5,000 kWh for gas
  - Maximum limit of 30,000 kWh for electricity and 50,000 kWh for gas

### **3.3 Auction and offer period**

36. The auction took place on the 9 April and the following utilities were successful:
  - Sainsbury's Energy for dual fuel, monthly Direct Debit (online and paper billing)
  - British Gas for prepayment meters (dual fuel and electricity only)
  - Scottish Power for electricity only online contracts (online and paper billing)
37. It is important to note that the Sainsbury's Energy offer won because it included a bill credit of £210 for those who have online billing and £135 for those who have paper billing, which is payable at the end of the 12-month contract. This means that some registrants may be paying more for their energy each month. For example, this would be the case if they received an offer with a saving of less than



£210, have online billing and pay for their energy by monthly Direct Debit, or received an offer with a saving of less than £135, have paper billing and pay by monthly Direct Debit.

38. Utilities do not see the benefits of bidding for prepayment meter customers in collective switching programmes. iChoosr therefore had to ask British Gas (the utility with the largest number of prepayment meter customers) to come forward with a tariff for registrants that were on a prepayment meter. This highlights that there is even less competition in the prepayment meter market, with fewer tariffs available, compared with the non-prepayment market.
39. Although the winning British Gas prepayment tariff was not the leading tariff on the market, it was in the top-two tariffs on the day of the auction in most regions and on standard consumption levels. Prepayment meter tariffs had not been included in switching schemes previously and it could be seen as a success of this project that this tariff was offered at all. However, for those paying for their energy using this method, more likely to be vulnerable residents, it would have been preferable for the best tariff on the market to have been offered.
40. Of those registrants that switched and shared their data:
- 90 per cent (514) of those that used online billing and payment methods, other than prepayment meter, received an offer with a saving of less than £210
  - 89 per cent (120) of those who used paper billing and payment methods, other than prepayment meter, received an offer with a saving of less than £135



41. Through our qualitative survey we found that people recognised that they may end up paying more on a monthly basis with the Sainsbury's Energy tariff, but understood that the credit would balance this out and overall they would save money. Those participants who did switch were still concerned about this and did not have certainty about whether they would save. Some focus group attendees who received offers with small savings felt that they understood how much energy they use and didn't see that this would change in the coming year, so were confident that they should still save.



42. The average, minimum and maximum savings taken from the iChoosr registration data are detailed in the table below. It highlights the disparity of offers made and the extreme figures are likely to be for those registrants who may have entered their energy use data incorrectly.

Table 1: Average, minimum and maximum savings (iChoosr registration data)

	Switchers	Non-switchers
Average saving	£114.49	£32.46
Minimum saving	-£1,758	-£1,873
Maximum saving	£401	£1,092

43. The results from the online survey show that the majority of people understood the offer that they received through the switch, with most people indicating a 4 or 5 on the scale of 1 to 5 – with 5 being “completely” and 1 being “not at all”. This was the case with 76 per cent of switchers, 63 per cent of non-switchers that would have saved and 72 per cent of non-switchers who would not have saved. However, there are higher percentages for those answering 1 and 2 from those who didn’t switch (five per cent of switchers, 15 per cent of non-switchers that would have saved and 11 per cent of non-switchers that would not have saved). This indicates that a proportion of registrants didn’t switch because they didn’t understand the offer.



### **3.3.1 Recommendations – auction and offer period**

20. Switching providers should work with energy suppliers to encourage them to not use bill credits when bidding in auctions. The use of a bill credit is confusing for customers and, in this instance, has led to a lower overall switching rate.
21. Investigate the opportunity for developing specific tariffs within the wider auction that are focused on different groups e.g. low energy users, high energy users and vulnerable groups. This should lead to more-specific and beneficial offers being developed and therefore increase switching rates and overall savings.
22. Where an offer doesn't give a positive saving based on the registrant's existing tariff, switching providers should provide information on the possible reasons why. If it is because the registrant's energy use is outside of the trigger points, they should provide details of where they can go for support and be given the opportunity to resubmit this information if appropriate.
23. Switching providers should display more clearly to the consumer in their offer the direct comparison between the winning and existing unit rate(s) and standing charges (if known, or information on who to ask – i.e. their energy company), to make it easier for people to assess whether they will make a saving overall.
24. The switching provider should make it clear who is providing the winning tariff. In some case partnerships may be formed to offer a specific tariff e.g. Sainsbury's and British Gas, and Marks and Spencer and SSE. The switching provider should make it clear who the customer will receive communications from through the switching process and who their relationship will be with.
25. Utilities should implement Ofgem's Retail Market Review (RMR) proposals and begin to offer unique tariffs through collective switching that can better the existing market-leading tariff. For this switch, the need to provide better prepayment tariffs was particularly significant.
26. Following the implementation of the new RMR guidance, the switching provider should make clear to the consumer if the tariff being offered is:
  - A bespoke tariff created for the switch or a tariff that the supplier already offers
  - Is lower or higher than the top-three energy tariffs on the market on the day of the auction
27. Ofgem and DECC should ensure that the RMR proposals are implemented in practice by utilities, including the elements specifically relating to collective switching.
28. This switch has highlighted the limited competition in the prepayment meter market. Ofgem and DECC should take action to ensure more competitive tariffs are available, given the number of vulnerable customers using prepayment meters.

### **3.4 Switching period**

44. Overall 1,861 of the registrants switched<sup>3</sup>, with the majority of those being offered the dual-fuel tariff from Sainsbury's. This equates to a nine per cent switching rate for those that inputted their energy use data. iChoosr's expectation was that around 15 to 20 per cent would switch in part due to the influencing factor of the local authorities involvement. As a comparison, the switching rate for the Which? Big Switch was around 13 per cent.<sup>4</sup>
45. Of those that switched (note registrants can fit into more than one group):
- 17 per cent (312) are in receipt of benefits
  - 41 per cent (758) are in a household that includes someone over 60
  - 20 per cent (361) are in a household that includes someone with a long term illness or disability
  - 10 per cent (189) are in a household that includes a child under 5
  - 18 per cent (337) have a household income below £13,308
  - 14 per cent (251) speak English as their second language.
46. The proportion of registrants in the vulnerable categories who accepted the offer is very similar to the proportions of vulnerable customers registered for the switch overall. This indicates that there is nothing in the switching process preventing these customers from taking advantage of the switch once they have registered.
47. The reason most people did not choose to switch was because the offer wasn't good enough to justify moving suppliers and some registrants said that they couldn't switch because they were tied to contracts with their current supplier.
48. Through our survey some people reported that engaging with the switch has made them think about how much they are paying for their energy and have independently researched available tariffs and managed to find a better deal. So although they did not benefit directly from the switch, they may still have switched and made some savings.
49. From the survey results, 44 per cent (359) of those who didn't switch and could have saved, and 27 per cent (122) of those that would not have saved, agreed that further support would have made a difference and perhaps would have encouraged them to switch.
50. 27 per cent (534) of people who responded to our survey said they have taken some action to reduce the amount of energy they use as a result of seeing information about the switch. In the most part these changes have been behavioural changes.

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<sup>3</sup> 16 residents were switched late in the process, but the data analysis was completed on the 1,845 that switched earlier.

<sup>4</sup> <http://www.whichbigswitch.co.uk/closed/>

### 3.4.1 Recommendations - switching period

29. The information in the offer letter should clearly detail the tariff registrants are being offered, the process that will take place once they accept the offer, and when they will be sent more detailed terms and conditions for their new contract.
30. Customers should be given a clear schedule of when they will be required to start paying their new provider (based on expected timeline) and when the relationship with their existing provider will end.
31. Alongside the offer letter (or shortly afterwards) information about what your options might be if you have received an offer you are not happy with should be provided. For example, ways in which customers could negotiate with their current energy supplier or the supplier offering the new tariff.

## 3.5 Costs and savings

51. The total funding that was spent on activity for the 9 April auction was £596,655 and the headline figures for promoting the scheme and engaging with the residents, as well as the potential savings from switching are below:

	<b>Spend</b>	<b>Number of residents</b>	<b>Average saving</b>
Per registrant	£22.57	26,433	N/A
Per registrant fully completing registration form	£30.28	19,705	£122
Per registrant that switched	£320.61	1,861	£114.49 <sup>5</sup>

52. Across all those that registered for the switch, there was a potential total contract saving – including bill credit – of £390,218 made up of:

- £102,980 for all those that switched
- £664,943 for all those that didn't switch and but would have saved
- -£377,705 for all those that didn't switch and wouldn't have saved

53. The £323.04 spent per switcher figure and the average saving figure per switcher of £114.49 indicates that the scheme was a relatively expensive way to get residents to switch suppliers. However, additional unquantified value was derived from the engagement and raising of awareness of switching with the 26,433 people who registered for the scheme but didn't switch. The amount

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<sup>5</sup> This figure, and the further analysis below, is based on the 1,845 that switched earlier in the process, but does not include the 16 residents that were switched late in the process.

spent for this auction includes one-off costs, such as procuring a switching provider and developing joint promotional material, which will not need to be repeated for the autumn 2013 auction and any future auctions. Additionally, targeting vulnerable and hard-to-reach groups is more difficult and more expensive than more generic promotion. Much of the engagement activity leading up to 16 April auction was focused on these groups and is reflected in the higher costs per switcher.

54. Other factors that should be taken into account when considering the costs and savings of the switch include:

- The scheme has provided insight into how local authorities can deliver activity both individually and in partnership to engage with residents on energy and switching providers
- The evaluation of the scheme has provided key insight into all elements of the scheme providing recommendations for future switching programmes based on quantitative and qualitative evidence
- 27 per cent (534) of those residents that were surveyed said they have changed their behaviour towards energy use, as a result of seeing the information about the switch
- Some survey respondents expressed positivity about being able to join with others in their community to initiate a beneficial outcome for some of them
- Survey respondents said that they had used the switching process to negotiate a better offer from their existing utility or with the supplier offering them a tariff through the switch. So although they did not switch through the scheme, they may have benefited from the process.
- The Sainsbury's offer and the associated credit added a level of complication that may have led to a greater number of people not accepting the offer. An offer without the bill credit may therefore have been easier to understand and led to greater numbers switching.

## 4 Summary of recommendations

Organisation	Recommendation
<b>Methods for general engagement</b>	
London boroughs	<p>1. There was greater satisfaction with, and a greater popularity for, local authority led engagement routes so these should be utilised as much as possible for future campaigns:</p> <ul style="list-style-type: none"> <li>• Where financial resources are limited, align switching mailings with other mailings that are taking place</li> <li>• Council magazines and newspapers should provide information on the switch and include other relevant articles e.g. installing energy efficiency measures, ways to change behaviour to reduce energy consumption and case studies of residents who have switched</li> <li>• Council websites should have banners on their front pages and other relevant pages highlighting the switch</li> <li>• Switching has a role to play in wider energy efficiency, fuel poverty and debt management issues, so links should be made with other relevant departments and services within the council to share messaging, including public health, housing and benefits advice</li> <li>• Local touch points such as libraries, doctors' surgeries and drop-in centres, should be used as an information point. If possible key staff members in the location could be used as a contact point for information and link to the relevant borough officer</li> </ul>
London boroughs	<p>2. Use of other engagement channels should be maximised where relationships exist:</p> <ul style="list-style-type: none"> <li>• Local radio stations may be willing to hold a call-in session or complete other activity to promote the scheme at no cost</li> <li>• Press releases should be used to provide a free route to newspaper and magazine coverage</li> <li>• Housing providers and their networks should also be used to support engagement activity. Key contacts within housing providers should be informed of the scheme and encouraged to include information about the switch in their communications to residents</li> <li>• Third-sector groups could be used to provide information to residents they work with</li> </ul>

### Methods for engaging the vulnerable

London Councils and London boroughs	3. Local groups (residents associations, faith groups etc) should be used to engage harder to reach or vulnerable groups. Local authorities could hold briefing sessions for representatives from the groups who would then act as champions for the scheme, providing information and support to their members.
London boroughs	4. Use local authority engagement routes that can specifically target known vulnerable groups. To maximise use of resources, authorities should align engagement mailings with other mailings to vulnerable groups (such as those with a disability or who receive benefits).
London Councils and London boroughs	5. Local authority webpages that are likely to have higher visits from vulnerable residents (e.g. housing, benefits etc) should display information highlighting the scheme.
London Councils and London boroughs	6. Additional local touch points that have a higher footfall from vulnerable groups should be used to provide information, such as children's centres, housing offices and job centres.
London Councils and London boroughs	7. Third-sector groups that have expertise in engaging with vulnerable residents (such as Age UK) should be engaged to provide information to residents they work with.

### Engagement material content and messaging

London Councils and London boroughs	8. Organisations promoting switching schemes should provide information on the switching process including timelines, what to expect at the key points including what action is needed, what information is required to proceed (energy usage, current tariff, supply number etc) and where this can be found.
London Councils and London boroughs	9. Engagement material should provide a clear reference to the possibility that residents may not make a saving through the switch and the reasons why this might be.
London Councils and London boroughs	10. Engagement material should include or link to information on energy saving activity to help reduce energy consumption and therefore bills, and/or the Energy Saving Advice Service number.
Switching provider (iChoosr), London Councils and London boroughs	11. Frequently asked questions (FAQ) material should: <ul style="list-style-type: none"> <li>• Provide information on finding energy usage information e.g. website walkthrough and telephone numbers</li> <li>• Explain how the reverse auction process works and how offers are developed</li> <li>• Provide information on payment types and meter types (prepayment, standard, Economy 7) and the benefits to each type and meter so that this can be reviewed by the customer simultaneously</li> </ul>



London Councils, London boroughs and iChoosr	12. Any telephone numbers that are being promoted should ideally be given in their 0800 form and as a local number that can be called from a mobile.
London Councils, London boroughs and iChoosr	13. Consider making engagement materials available in additional languages to ensure residents that speak English as a second language (or not at all) can access information and take advantage of the switch.
London Councils, London boroughs and iChoosr	14. Consider providing email updates during the registration period to highlight the benefits of more people registering for the scheme, and provide a summary email to registrants at the end of each switch with key information such as the numbers that registered and switched, and average savings.
<b>Registration</b>	
iChoosr	15. An information link should be provided within the registration form at the relevant section to explain more clearly where energy usage information can be found for each supplier e.g. website walkthrough and telephone numbers.
iChoosr	16. At the relevant section of the registration process it should clearly note that the offer will be based on the energy usage information provided and that registrants should make every effort to ensure this is correct.
iChoosr	17. Where a customer has not provided energy data and submits an incomplete registration, the switching provider should contact them directly with guidance on completing the form and finding the necessary information.
iChoosr	18. The email that confirms to the customer that they have successfully registered should: <ul style="list-style-type: none"> <li>• Provide information on the next steps of the process, particularly the auction process and the offer letter</li> <li>• Provide, where possible, dates for the remaining stages of the process and, in particular, an indication of when an offer will be received</li> <li>• Provide information on energy saving activity to reduce energy consumption and bills and the Energy Saving Advice Service number, as well as information about the Warm Homes Discount</li> <li>• Indicate whether the energy usage figures they have submitted are within the trigger limits</li> <li>• Outline what the process is if they have a complaint or where they can get more information through the helpline</li> </ul>

iChoosr	<p>19. The trigger limits for gas and electricity are used to identify when someone has potentially entered incorrect data; we recommend these are set at a:</p> <ul style="list-style-type: none"> <li>• Minimum limit of 1,000 kWh for electricity and 5,000 kWh for gas</li> <li>• Maximum limit of 30,000 kWh for electricity and 50,000 kWh for gas</li> </ul>
<b>Auction and offer period</b>	
iChoosr with utilities	20. Switching providers should work with energy suppliers to encourage them to not use bill credits when bidding in auctions. The use of a bill credit is confusing for customers and, in this instance, has led to a lower overall switching rate.
iChoosr lead, with input from London boroughs and London Councils	21. Investigate the opportunity for developing specific tariffs within the wider auction that are focused on different groups e.g. low energy users, high energy users and vulnerable groups. This should lead to more-specific and beneficial offers being developed and therefore increase switching rates and overall savings.
iChoosr	22. Where an offer doesn't give a positive saving based on the registrant's existing tariff, switching providers should provide information on the possible reasons why. If it is because the registrant's energy use is outside of the trigger points, they should provide details of where they can go for support and be given the opportunity to resubmit this information if appropriate.
iChoosr	23. Switching providers should display more clearly to the consumer in their offer the direct comparison between the winning and existing unit rate(s) and standing charges (if known, or information on who to ask – i.e. their energy company), to make it easier for people to assess whether they will make a saving overall.
iChoosr	24. The switching provider should make it clear who is providing the winning tariff. In some case partnerships may be formed to offer a specific tariff e.g. Sainsbury's and British Gas, and Marks and Spencer and SSE. The switching provider should make it clear who the customer will receive communications from through the switching process and who their relationship will be with.
Utilities and iChoosr	25. Utilities should implement Ofgem's Retail Market Review (RMR) proposals and begin to offer unique tariffs through collective switching that can better the existing market-leading tariff. For this switch, the need to provide better prepayment tariffs was particularly significant.

iChoosr	26. Following the implementation of the new RMR guidance, the switching provider should make clear to the consumer if the tariff being offered is: <ul style="list-style-type: none"> <li>• A bespoke tariff created for the switch or a tariff that the supplier already offers</li> <li>• Is lower or higher than the top-three energy tariffs on the market on the day of the auction</li> </ul>
Ofgem and DECC	27. Ofgem and DECC should ensure that the RMR proposals are implemented in practice by utilities, including the elements specifically relating to collective switching.
Ofgem and DECC	28. This switch has highlighted the limited competition in the prepayment meter market. Ofgem and DECC should take action to ensure more-competitive tariffs are available, given the number of vulnerable customers using prepayment meters.
<b>Switching period</b>	
iChoosr	29. The information in the offer letter should clearly detail the tariff registrants are being offered, the process that will take place once they accept the offer, and when they will be sent more detailed terms and conditions for their new contract.
iChoosr	30. Customers should be given a clear schedule of when they will be required to start paying their new provider (based on expected timeline) and when the relationship with their existing provider will end.
London boroughs and iChoosr	31. Alongside the offer letter (or shortly afterwards) information about what your options might be if you have received an offer you are not happy with should be provided. For example, ways in which customers could negotiate with their current energy supplier or the supplier offering the new tariff.

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