

‘Cheaper Energy Together’ Fund

DECC Collective Switching Fund 2012-13

Guidance for Scottish and Welsh Local Authorities and third sector organisations

Cheaper Energy Together

The Department of Energy and Climate Change is pleased to announce 'Cheaper Energy Together', a £5 million fund designed to support the development of innovative collective switching schemes, where consumers group together, through a trusted third party, and use market power to negotiate lower energy bills. We invite Local Authorities in England, Scotland and Wales and third sector organisations to design proposals that make use of the funding available.

The guidance notes in this information pack provide further detail of the aims and objectives of the fund. The guidance notes also set out the criteria through which bids will be judged, as well as the process for submitting applications.

If you are an English Local Authority please use the separate guidance and application form available on the DECC website¹.

While completing your application for these funds we would be grateful if you could take a moment to complete the survey questions in section 2. Alongside the Renewable Heat Incentive, DECC is considering testing alternative ways of delivering renewable heat through locally targeted action. These questions are intended to gain your valuable insight to inform our thinking with regards to this approach.

Organisations are invited to make an application for funding by 5pm on Friday, 30th November 2012. Late applications may be considered, but only if funding remains available after all applications received by the deadline have been considered. Any funds awarded through this competition must be spent by the 31st March 2013.

1

<http://www.decc.gov.uk/en/default.aspx?n1=2161&n2=2180&n3=4390&preview=true&auth=axbLiqEOPyJMVLuMZ9T9maSOfrz2ZBaE9fPUsCerfLTgRrnBIPIeyA%3d%3d#>

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The pack contains guidance notes and two annexes:

DECC Collective Switching Fund guidance note

Annex A – Application Form

Annex B – Examples of activities that could be supported by the funding

‘CHEAPER ENERGY TOGETHER’ FUND

GUIDANCE NOTES

INTRODUCTION

This note explains the arrangements for administering in 2012-13 the project funding available to Local Authorities (and/or consortia of Local Authorities) and to eligible third sector organisations and their partners under the ‘**Cheaper Energy Together**’ fund². Up to £5 million is available under this fund.

AIM

Collective purchasing/switching is an innovative way for consumers to group together (through a trusted third party) and use market power to negotiate lower energy bills. The aim of this fund is to support a number of collective switching schemes across Great Britain and to increase public awareness of the potential for reducing energy bills through collective switching. Examples of activities that the funding will support are: infrastructure and systems, marketing and advertising, community engagement and outreach, and specialist expertise e.g. legal or procurement advice. The schemes should have a particular focus on engaging vulnerable consumers in collective switching schemes.

DECC aims to develop an understanding of which approaches are the most effective at engaging with consumers, particularly vulnerable consumers, and therefore the fund will support schemes that demonstrate innovation in this regard.

ELIGIBILITY AND CRITERIA

Local Authorities (either individually or as part of a joint application) and eligible third sector organisations are invited to bid for funds to develop collective switching schemes.

Eligible third sector organisations must be legally constituted organisations and includes Charities, Parish Councils, Community Interest Companies, Community Co-operatives and Community Benefit Societies (Industrial and Provident Societies), Voluntary Associations, Development Trusts, Faith Groups, Registered Social Landlords. Funding will not be available for commercial activity.

In developing their bids, bidders are encouraged to consider working with local stakeholders – such as the voluntary/community sector.

All bids should clearly set out how they meet the following criteria:

- **Stakeholder engagement:** where relevant, the expectation is that local partners, especially from the voluntary and community sector, will be closely involved in the project

² Eligible third sector organisations must be legally constituted organisations and includes Charities, Parish Councils, Community Interest Companies, Community Co-operatives and Community Benefit Societies (Industrial and Provident Societies), Voluntary Associations, Development Trusts, Faith Groups, Registered Social Landlords. Funding will not be available for commercial activity.

proposal. Where appropriate, bidders will need to demonstrate that the proposal has been developed and will be delivered with local partners, to ensure that delivery of measures reflects local conditions on the ground (section 1.3 of the application form).

- **Value for money:** bidders should demonstrate how their proposal will deliver value for money against the stated objectives of the fund. As far as is possible, bidders should make an assessment of the full range of costs and benefits that will result from the investment. Preference will be given to bids setting out clear and strong metrics/outcomes (section 1.4 of the application form). Further guidance on the specific value for money considerations associated with each of the funds can be found in sections 2, 3 and 4 below³.
- **Project milestones:** bidders should identify the key milestones in the delivery of their proposal (section 1.5 of the application form) and identify some of the key risks to delivery. Projects must deliver by 31st March 2013 and bids should demonstrate how expenditures will have been incurred by this date.
- **Additionality:** value for money also requires a consideration of additionality. Bids should demonstrate how the proposals will build on and complement existing actions. Funding cannot be used to replace funding for an existing project, including any projects to deliver statutory obligations, although they can be used to extend the geographical coverage, scope or scale of an existing project.
- **State Aid:** bidders should demonstrate how their proposals will comply with State Aid rules, both in terms of direct receipt of funds and intended use/expenditure of those funds⁴. Bids should also demonstrate how they will avoid any double-subsidy issues (where monies are to be used in conjunction with existing policies).
- **Engagement with vulnerable consumers:** bids should set out the proposed approach to reach vulnerable consumers, which includes (but is not limited to) fuel poor households, people on low incomes or benefits, those who pay using prepayment meters, those without internet access and those who haven't switched before, and the number and types of consumers that are expected to register interest and then sign up to the scheme (section 1.6 of the application form).
- **Innovation:** bids should show how applicants have demonstrated innovative ways of marketing to consumers or design of the scheme (section 1.7 of the application form).
- **Strategic fit:** additional weight will be attached to bids that propose a holistic approach to households energy use such as offering energy efficiency advice or funding energy efficiency measures, which could be through the Green Deal and Energy Company Obligation or through the Fuel Poverty Fund (section 1.8 of the application form).
- **Evaluation:** bids should set out how the schemes will plan to capture and share learning in terms of the delivery approach and collect robust data (including numbers of

³ Further guidance of the Government's approach to appraising scheme costs and benefits can be found in the HMT Green Book (http://www.hm-treasury.gov.uk/d/green_book_complete.pdf)

⁴ Further guidance on State Aid can be found at <http://www.bis.gov.uk/policies/europe/state-aid>

consumers switching, demographic information and savings they are expected to make). Schemes will also be expected to participate in DECC's overall evaluation in 2013/14 (section 1.9 of the application form).

Schemes are also expected to be transparent in their communication to consumers about the scheme and to provide them with key pieces of information – such as any expected savings to be made by switching. More information on collective switching and the role of providers is available on the DECC website⁵.

Bids will be judged using the following weightings:

- Engagement with Vulnerable Consumers – 35%
- Deliverability this financial year - 20%
- Innovation in design – 15%
- Strategic fit - 15%
- Approach to Evaluation - 15%

APPLICATION PROCEDURE

Bids should be submitted using the form at Annex A.

Completed bids should be submitted by 5pm on 30th November 2012, although bidders are encouraged to submit their bid ahead of this deadline if they are able. Bids should be submitted electronically (using the form attached at annex A) to: la.funds@decc.gsi.gov.uk. Late applications may be considered, but only after all applications received by the deadline.

ASSESSMENT PROCESS

Bids will be judged by a panel (which will be led by DECC) on the basis of the criteria set out above. All bids that are submitted by the closing date will be assessed by the panel with a view to notifying bidders of the outcome of their application as soon as possible.

OFFERS TO SUCCESSFUL BIDDERS

Once we have selected successful bidders, grant offer letters will be sent out as soon as reasonably possible. Further participation in the competition, including grant of funds, will be conditional on bidders agreeing to certain terms and conditions applicable to the grant with the Department. These will be set out in the grant offer letters.

Payment will be made according to appropriate milestones for each scheme and will be set out in the Grant Offer Letter.

⁵ See <http://www.decc.gov.uk/media/viewfile.aspx?filetype=4&filepath=11/funding-support/5367-collective-purchasing--guidance-for-providers.pdf&minwidth=true>

ENQUIRIES

Any enquiries should be addressed in the first instance to: la.funds@decc.gsi.gov.uk

Potential bidders seeking clarification on any aspect of their potential bid should contact Kate Barbier [kate.barbier@decc.gsi.gov.uk or 0300 068 5814]

ANNEX A**DECC 'Cheaper Energy Together' fund****APPLICATION FORM**

Please note: completed bids should be submitted by 5pm on 30th November 2012 by email to la.funds@decc.gsi.gov.uk

SECTION 1: To be completed by all applicants

1.1 Applicant Details	
<i>Lead Local Authority / Third Sector Organisation</i>	
Name of Organisation	
Name of contact	
Address	
Telephone number of contact	
Email address of contact	
<i>Other participating Local Authorities/ Third Sector Organisations (add rows as needed)</i>	
Name of Organisation	
Name of contact	
Address	
Telephone number of contact	
Email address of contact	

1.2 Proposal Summary

Describe the proposal and how it will be delivered. What will it achieve? Who will it benefit? (max 300 words)

1.3 Stakeholder Engagement

Describe how your proposal has been developed and will be delivered with local partners – to ensure that delivery of measures reflects local conditions on the ground. (max 200 words)

1.4 Value for Money

Demonstrate how the proposal will ensure value for money and generate net benefits.

1.5 Project Milestones

Please give a brief summary of the key milestones from your project plan (including dates). The project should plan for delivery by 31st March 2013. Describe briefly who will deliver it and what will have been achieved by that date and an assessment of the risks to delivery.

1.6 Engagement with Vulnerable Consumers

Describe how the proposed scheme will effectively engage with vulnerable consumers and the approaches that will be taken. Describe who the customers are and how many you expect to engage with. (max 200 words)

1.7 Innovation in Design of Scheme

Describe how the proposed scheme will demonstrate innovation – in the design of the scheme and in the ways of engaging with consumers. (max 200 words)

1.8 Strategic Fit

Describe how the proposed scheme will take a holistic approach to reducing consumers' energy bills. (max 200 words)

1.9 Evaluation

Describe how the scheme plans to capture and share learning. (max 200 words)

1.10 Transparency

Describe how the proposed scheme will communicate transparently to ensure consumers are informed and understand it, and are provided with key pieces of information – such as any expected savings to be made by switching – that are accurate and not misleading. (max 200 words)

1.11 Project Costs

Provide brief details of the main activities that funding is requested for and the costs of the project.

Deliverable	£000s
a.	
b.	
c.	
d.	
e.	
f.	
Total cost of project during 2012-13	
Total funding contribution required from DECC	

1.12 Other sources of funding (where applicable)

Please provide details of other sources of funding for the project.

Funding source	Capital	Programme	Total

SECTION 2

Renewable Heat Survey - Optional

DECC is seeking information to inform our policies on support for renewable heating. We have included this short survey to gauge interest levels amongst Local Authorities in developing the local renewable heat market.

Do you have any interest in developing the local renewable heat supply?

YES/NO

If 'yes', please describe any plans you have, **INCLUDING** plans that have not been developed due to lack of funding.

If applicable, what benefits do you aim to achieve through developing local renewable heating? (Please select all that apply)

Tackle fuel poverty		Support for technical innovation	
Reduce emissions from heating		To engage local people	
Support for local installers		To gain learning about renewables	
Other (please elaborate)			

What funding might be required to deliver these plans?

(This will give us an indication of the scale of your ambition)

If applicable, have you encountered any difficulty securing funds?

SECTION 3

To be completed by all applicants

3.1 Declaration

The project funding that is being applied for is to fund either a new project in relation to which no funding has been allocated or to extend an existing project. The funding will not be used to replace existing funding for a project.

We confirm that local and community organisations are involved in the design or delivery of this proposal, where appropriate.

We confirm that the proposed use of the fund will comply with all relevant requirements of EU law (e.g. relating to procurement and State Aid law).

Name	
Title	
Organisation	

ANNEX B

EXAMPLES OF ACTIVITIES THAT COULD BE SUPPORTED BY THE 'CHEAPER ENERGY TOGETHER' FUND

The Department of Energy and Climate Change does not want to be prescriptive about the sorts of activities which may be proposed as meeting the criteria of the fund.

Activities that could be supported by the DECC funding include, but are not limited to, the following:

- the costs of the infrastructure and systems needed for energy collective purchasing/switching schemes e.g. IT and telephony;
- marketing and advertising of the scheme;
- community engagement and outreach;
- advocacy services for vulnerable consumers;
- specialist expertise needed in support of schemes e.g. legal or procurement.

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