

**Report of Head of Democratic Services**

**Report to Scrutiny Board (Strategy and Resources)**

**Date: 15 February 2021**

**Subject: Closure of White Rose Energy**

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**1. Purpose of this report**

- 1.1 The purpose of this report is to update the Strategy and Resources Scrutiny Board on the impact the closure of White Rose Energy has had on Leeds residents, following question raised by Board members at a meeting held in October 2020.
- 1.2 Attached at Appendix 1 is a briefing note that provides details on this and on the rationale for establishing the company, the reasons for the sale of Robin Hood Energy, the achievements of White Rose Energy and any lessons learnt and future options in Leeds.

**2. Background Information**

- 2.1 As part of the Council's Affordable Warmth Strategy a long term ambition of the authority is to tackle fuel poverty in Leeds. The principle tools used to do this are increasing energy efficiency in homes in the city and by reducing the cost of energy for consumers.
- 2.2 White Rose Energy was established in 2016 under Nottingham City Council's not for profit Robin Hood Energy Company and operated in Leeds for four years up to September 2020, the stated aim being to tackle fuel poverty through cheaper tariffs for customers in the city. Due to the difficulties experienced by Robin Hood Energy, principally linked to Government tariff caps and increases in commodity prices, all

White Rose Energy customers in Leeds, and across the wider region, were moved to British Gas as part of the arrangements made by Nottingham City Council to close Robin Hood Energy and sell it to an alternative supplier, which was British Gas.

- 2.3 Of the options available the sale to British Gas avoided the potential liquidation of Robin Hood Energy and the possibility that customers would be left with a 'supplier of last resort' scenario. Under this arrangement any customer in debt would have had no protection and no customer would have had a guarantee about continuing on a competitive tariff.

### **3. Main issues**

- 3.1 The Council acted quickly to mitigate the impact of the closure of White Rose Energy on Leeds residents. A key element of that was to work closely with Nottingham City Council and Robin Hood Energy to ensure appropriate contractual protection was in place for all customers prior to signing a deed of termination with Robin Hood Energy.
- 3.2 A further important element of the contract with Robin Hood Energy was a council house void switching arrangement. Through this Robin Hood Energy did all the required work to take over the energy supply of a void property. Without this the Council Voids Team is unable to efficiently deliver this service without additional resources. Important benefits of this service for incoming tenants included a competitively priced energy supply and installation of smart meters.
- 3.3 A new arrangement has now been made by the Council with Energy Angels which not only saves officer time and administrative costs for the Council it also offers tenants the opportunity to move to a smart credit meter as opposed to a pre-payment meter and assistance in switching energy companies should they wish to.
- 3.4 It is important to note that White Rose Energy delivered a number of significant achievements for Leeds residents. For example customers consistently paid a lower rate than OFGEM's 'default tariff cap' and the rates were always within the best value quartile of all tariffs available on the market, many customers saved over £100 per year by using White Rose Energy as compared to switching supplier. In addition commission payments were made to the Council as a result of the arrangement with Robin Hood Energy which enabled investment in wider fuel poverty, energy and environmental projects.
- 3.5 The attached briefing note (Appendix 1) considers options as to how the Council will pursue this agenda in the future and sets out the following as possible areas for further work and development:
- To establish a white label arrangement similar to White Rose Energy, considered to be a less viable option due to the volatility of the energy supply market and the level of expertise required in the field.
  - To seek to create an alternative and less intensive type of partnership with an energy company, focussed on delivering lower costs to residents.

- To participate in an existing collective switching service, to 'bulk-buy' special deals for any interested residents. Though it is noted that this could not include void properties.

3.6 Over the medium term these ideas will be considered and developed and if appropriate be brought to a future Executive Board if any of the options are believed to be worthy of formalising and progressing.

#### **4. Consultation and engagement**

4.1.1 This item has been brought forward following requests for additional information on White Rose Energy from members of Scrutiny Board Strategy and Resources.

#### **4.2 Equality and diversity / cohesion and integration**

4.2.1 The Scrutiny Board Procedure Rules state that, where appropriate, all terms of reference for work undertaken by Scrutiny Boards will include 'to review how and to what effect consideration has been given to the impact of a service or policy on all equality areas, as set out in the Council's Equality and Diversity Scheme'.

#### **4.3 Council policies and the Best Council Plan**

4.3.1 The terms of reference of the Scrutiny Boards promote a strategic and outward looking Scrutiny function that focuses on the best council objectives.

4.3.2 Issues contained in this report relate to the Housing Best City Priority and the desire to improve energy performance in homes and reduce fuel poverty in the city. It also relates to the Best City outcomes which want everyone in Leeds to live in good quality, affordable homes in clean and well cared for places.

##### Climate Emergency

4.3.3 When considering areas of work, the Board is reminded that influencing climate change and sustainability should be a key area of focus.

4.3.4 This item discusses issues related to developing energy efficient housing in the city and the Council's focus on improving energy efficiency and delivering affordable warmth and tackling fuel poverty. All of these issues will provide clear benefits to the climate and the aim to reduce carbon emissions in Leeds.

#### **4.4 Resources, procurement and value for money**

4.4.1 Any financial implications related to White Rose Energy are contained in Appendix 1 to this report.

4.4.2 The arrangement with Robin Hood Energy that established White Rose Energy did not carry any financial risk for Leeds City Council.

#### **4.5 Legal implications, access to information, and call-in**

4.5.1 This report has no specific legal implications.

#### **4.6 Risk Management**

4.6.1 This report has no specific risk management implications.

## **5. Conclusions**

5.1 Following a request from members of the Strategy and Resources Scrutiny Board a detailed briefing is provided at Appendix 1 setting out the key issues related to the closure of White Rose Energy along with discussion of possible options as to how this agenda can be taken forward in the future.

## **6. Recommendations**

7. The Scrutiny Board (Strategy and Resources) is asked to consider this report and attached appendix and agree any specific scrutiny actions that may be appropriate.

## **8. Background Documents<sup>1</sup>**

8.1 None

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<sup>1</sup> 1 The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.