

Oil Buying Cooperatives

Yorkshire has some of the most beautiful and diverse countryside in the Britain - the patchwork Dales to the open moors and pretty coastal towns and villages. It is the dream and aspiration of many people to live in these beautiful and often remote places, but however attractive a rural area may appear from the outside, living and working there can bring its own challenges.

Many villages in rural areas do not have a mains gas supply and most houses are heated using oil. In the past two years the cost of heating oil has rocketed and many householders are struggling to pay.

Four years ago a group of residents in Brafferton joined together to form an Oil Cooperative. This has been very successful and now the neighbouring villages of Alne, Bagby, Crayke, Huby, Husthwaite, Raskelf, Sutton on Forest and Thirkleby have joined and the seven cooperatives are called the Lower Swale Syndicate.

The idea is simple. A group of people in the same area join together and order their heating oil in one order. All members pay the same price per litre regardless of the size of their order. The scheme enables a group of people to order heating oil in bulk for individual homes on a single date. The supplier will offer a lower price because they can send a bigger tanker on one journey rather than several smaller ones making lots of journeys. This also means less traffic in the villages.

The Cooperative coordinator puts a notice in the Parish Magazine, posters in the village and phones/emails members to let them know when the next order will be. Generally orders are placed every two months. The coordinator needs to know how much oil you want – either a fixed number of litres (minimum 500) or “fill up the tank”. However the coordinator does need an estimate of the likely quantity in order to have an idea of the total volume when negotiating with the suppliers. The syndicate coordinator phones round the various companies for prices based on the total volume and places an order with the best value.

The minimum order is 500 litres and the oil is delivered on an agreed day or days. The member only orders when they need oil and will not necessarily order every two months. The supplier leaves or sends each person an invoice for their own oil. The invoice is payable direct to the supplier within two weeks by cheque or credit/debit card. **THE COOPERATIVES DO NOT HANDLE MONEY.**

At present the scheme is free. Dependant upon demand a small annual fee may be introduced to cover administration expenses.

In March 2011 the Lower Swale Syndicate (Alne, Brafferton, Husthwaite, Raskelf, Sutton on Forest and Thirkelby) ordered 200,000 litres of heating oil and paid 54.98 pence per litre. It is difficult to identify an accurate saving; however the consensus view is that members save 10% to 12% per order which works out around 3 to 5 pence per litre. All prices are in pence per litre and exclude VAT.

Another syndicate is started up in May 2011 modelled on Brafferton and includes 7 villages joining together to form the West of Ouse syndicate. Discussions are also taking place with another three communities wanting to set up a syndicate.

The North Yorkshire Credit Union is now exploring ways of helping people who experience difficulty in paying for large oil invoices and are hoping to set up a scheme to enable them to join a syndicate and benefit from the savings achieved.

Rural Action Yorkshire is working with Sustainability 4 Yorkshire (EST) to help communities to set up their own syndicates. Energy Days, Training workshops, one to one support to communities is being made available. Parishes are being invited to get residents to put forward an expression of interest.

Further information about oil cooperatives is available on www.ruralyorkshire.org.uk or from Kathryn Chapman at Rural Action Yorkshire tel: 0845 313 0270 or 07825 380052 or by email at kathryn.chapman@ruralyorkshire.org.uk

Oil Buying Co-operatives

Frequently Asked Questions

What is oil co-operative?

The idea is simple. A group of people in the same area join together and order their heating oil in one order. All members pay the same price per litre regardless of the size of their order.

How much can I save?

In March 2011 the Lower Swale Syndicate (Aine, Brafferton, Hushwaite, Raskelf, Sutton on Forest and Thirkelby) ordered 200,000 litres of heating oil and paid 54.98 pence per litre. The consensus view is that members save 10% to 12% per order which works out at between 3 to 5 pence per litre. All prices are quoted in pence per litre and exclude VAT.

What is the scheme?

The scheme enables a group of people to order heating oil in bulk for individual homes on a single date. The supplier will offer a lower price because they can send a bigger tanker on one journey rather than several smaller ones making lots of journeys.

How does this work?

The Co-operative coordinator puts a notice in the Parish Magazine, posters in the village and phones/emails members to let them know when the next order will be. Generally orders are placed every two months. You let the coordinator know how much oil you want – either a fixed number of litres (minimum 500) or “fill up the tank”. However the coordinator does need an estimate of the likely quantity so he has an idea of the total volume when negotiating with the suppliers. The syndicate coordinator phones round the various companies for prices based on the total volume and places an order with the best value.

What is the minimum order?

500 litres.

When will the oil be delivered?

The oil is delivered on an agreed day or days.

How do I pay for the oil?

The supplier leaves or sends each person an invoice for their own oil. The invoice is payable direct to the supplier within two weeks by cheque or credit/debit card. THE COOPERATIVES DO NOT HANDLE MONEY.

Is the scheme free?

Yes, at present the scheme is free. So it is very important that all members know that the oil co-operative is a community scheme which is run by volunteers who give their time and are not paid and receive no other benefit other than the discounted oil price.

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Top Tips for Oil Co-operative Co-ordinators

These tips are drawn from co-ordinators' experience – they are not set in stone but might help you if you are the co-ordinator or thinking about becoming a co-ordinator.

Setting up the co-operative – points to consider.

- Be realistic about how much time you can devote to the role.
Larger clubs with several hundred members can generally get better savings because of multiple orders; but they take more co-ordination. Look around your area and see if there is oil co-operative and consider placing a joint order and setting up an oil syndicate.
If you want to keep it small – advertise locally first, via parish magazines, word of mouth, village websites. If you wish to go bigger then spread the net to include local newspapers, the parish council, local groups and other charities.
- Membership should include any domestic property, including community buildings such as village halls and churches. It should not include commercial premises.
- Hold a meeting to find out if people are interested in forming oil buying co-operative. Consider which is the best time of day for the meeting – during the day so that elderly can attend or in the evening when people who work can come. Try to get people to let you know if they are interested in joining but can't attend so that you have a better idea of numbers of possible members.
- Print flyers and leaflets and make sure that the co-operative is open to all local people. Drop leaflets through all the doors, put notices up on the village notice boards, in the village hall, the pub, the post office and shop. Word of mouth, articles in the village newsletter and on the village website.
- Choose a venue in a convenient place – village hall, school, local pub, somewhere which can cope with a large meeting. If choosing the pub try to make sure that you can get a room or a quiet part of the pub otherwise it can be noisy and difficult to hold the meeting.
- At the meeting explain what a co-operative is, how it works and what the benefits will be. Try to establish at the meeting who will be the co-ordinator if not already decided. If possible invite a co-ordinator from an existing oil co-operative to come and talk about their group and how it works in their village. This will give your residents an opportunity to ask questions. Rural Action Yorkshire can help you with this.

- Consider providing members with basic terms of reference: what they can expect from the co-operative and what the co-operative expects from members.
- Collect the names and contact details on an expression of interest form. Explain that you will hold this information securely and in compliance with the Data Protection Act and that the information will only be used for the purpose of contacting them regarding the oil co-operative and that you will not share the details with anyone else unless you have their permission except for the oil supply company.
- Following the initial meeting, contact the people who have expressed an interest in joining and confirm that they still wish to form a co-operative.
- Find out what the oil companies need to know when you place the order. This will help you get the right information from members and can be used to create a membership form which will have name, address and telephone number plus any information about the property where deliveries could be difficult eg: do they have automatic gates, do they have a dog which may be in the garden? Do they lock their tank? Is the access to the tank difficult?
- At the meeting find out who is prepared to help support the co-ordinator and appoint a deputy, you may want more than one. This will give you cover for holidays or sickness as well as another pair of hands.
- Consider joining a bigger group: there are heating oil co-operatives which cover a group of villages run by oil syndicates such as Brafferton or West of Ouse, where village co-operatives join together to place one large order for number of villages. Rural Action Yorkshire can help put you in touch with other co-operatives.
- Find out what the oil companies need to know when you order, this will help you get the right information from members at the beginning and save you having to go back to ask more questions. Have a 'Special delivery instructions' section. Eg Do they have automatic gates? Do you need a key-code for gates? Do they have a dog which may be in the garden? Do they have a lock on their tank? Do they need a tanker with an extra long hose? Even how to find the tank.
- Aga and Rayburn users are recommended to have an additive combined with the fuel, this is because of EU directives insisting on cleaner fuels. Members should fill this in the special instructions section. Currently the additive costs £20 +VAT per bottle, which treats 1000 litres.

Running the co-operative.

- Agree order dates for the year in advance so that people can plan ahead. This will depend on the size of the group: typically for a group of 20 members it is about four times a year, larger groups may order every two months.
- Members don't have to buy heating oil solely through the co-operative: they are free to purchase interim orders if they need to, so make this

clear in your terms of reference/communications. People can organise their own deliveries independently however it's good to check if others are in this position because oil companies may reduce their price if there are a few ordering together in the interim.

- Timing. When placing orders for winter try to do so early in the autumn when suppliers are usually less busy and able to offer better discounts. Peak months are December, January and February.
- Check prices: keep abreast of daily oil prices. National newspaper carry such information or check online (www.bbc.co.uk).
- Set up a list of oil suppliers which can be updated and regularly reviewed. You might use a spreadsheet, for example, to include information about the service record and pricing record of oil companies.
- Set up a separate free email account with a generic password which is used solely for the co-operative. Googlemail and hotmail are good.
- Ask for feedback from members after an order has been delivered. This will help with future orders and highlight any issues which can be sorted out before they become a problem.
- Make sure your ordering system is backed up with hard copies in case your computer system crashes. Consider a card index and paper files as a back-up.
- Communicating with members: email members in good time before an order – two to three weeks if possible. Phone members not on email. You can also take orders via a letter collection box at an agreed posting point for people not online
- Promotion – village events can help ongoing promotion as the club thrives and you get more confident in your role.
- When new people move to the village invite them to become members.
- What about people who aren't online or who might need a bit of extra help?

The great thing about oil co-operatives is that they can spread the benefits to more vulnerable members of the community. Some members could volunteer to "buddy" up with an elderly neighbour, for example, to pick up order details and pass them onto the co-ordinator.

- Online – the internet can really speed things up: consider using the village website or a Facebook page to pass on information/updates. If you don't know how to do this there may be someone in the community who can.
- Choosing suppliers: is cost the only factor? You might go for the best price each time, however, consider other factors such as reliability, good customer service. Try to establish a good rapport with oil companies.
- It's the responsibility of the members to pay the supplier not the co-ordinator – make this clear in the terms of reference for the group.
- Information: consider using a computer spread-sheet which contains all order details such as: tank location, instructions for automatic gates,

dogs etc. You can find a list of information the supplier needs to know on the Federation of Petroleum Suppliers website <http://www.fpsonline>

- Get all members to fill in a membership form
- Keep scheme members up to date on other schemes that can help them to save fuel costs – home insulation grants for example. If you have a website you could advertise these. Information is available free on 0800 512 012 (or 0300 456 2655 from mobiles).
- The club is likely to grow over the years as word spreads - be ready to review arrangements to let other members know if changes are to be made.

Placing the order.

- Orders are placed on behalf of each member – everyone pays the same low rate regardless of individual order size. The minimum order is 500 litres.
- In the Lower Swale Syndicate orders are placed every other month so that chances of running short are minimised.
- Once all the orders have been received the co-ordinator adds up the total volume.
- The order sheet is completed – usually a spreadsheet.
- Potential suppliers are contacted, usually by email, for prices based on the total volume and usually the supplier offering the lowest price gets the business.
- The co-ordinator emails the successful oil supplier and sends the delivery details and confirms the agreement.
- The co-ordinator emails all members who have ordered and lets them know the price, which supplier will be delivering and how to contact them.
- The oil is delivered on an agreed day or days and the supplier invoices each member for their oil.
- The co-ordinator emails all the oil suppliers asked to quote and thanking them for their quote and letting them know that they have been unsuccessful and may let them know the chosen price.
- Co-ordinators are responsible for ensuring that suppliers have accurate household details to make a safe delivery.
- The bill is payable direct to the supplier usually within the two week by cheque or debit/credit card.
- Once an order has been placed with the preferred supplier, it is the individual member's responsibility to ensure that they can accept their delivery of oil and the supplier's to ensure a safe delivery.

A few caveats.....

- It is not possible to know the discounted price before the bulk order is placed – so members cannot be advised of the exact price in advance.
- Similarly the supplier will not be known in advance – usually the most competitive supplier on the day get the order.
- One co-operative has said that delivery dates can be a moving feast and this is where member feedback is useful.
- There is no obligation to buy oil through the co-operative but once a commitment is made to purchase in any one order cycle, members are asked not to pull out as this may affect the price that everyone pays – a fast way to loose friends!
- The co-operative is acting as an agent in placing the order on members' behalf so the contract is between the member and the successful supplier; the co-ordinators cannot accept responsibility for anything that might go awry.

Finally

- Make sure that all members know that the oil co-operative is a community scheme and is run by volunteers who give their time freely. They are not paid and receive no other benefit other the discounted oil price which is the same as for all the members.

Useful Links

Federation of Petroleum Suppliers

<http://www.fpsonline.co.uk>

Minimum volume deliveries

<http://tinyurl.com/minimumvolumedeliveries>

What your supplier needs to know when you place an order

<http://tinyurl.com/informationfromcustomer>

Daily oil prices

www.bbc.co.uk

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