

**NORTH LINCOLNSHIRE COUNCIL**

**ASSET MANAGEMENT, CULTURE AND HOUSING  
CABINET MEMBER**

**NORTH LINCOLNSHIRE BULK OIL BUYING SCHEME**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 This report aims to seek approval to partner with the Humber and Wolds Rural Community Council to set up an oil bulk-buying scheme for North Lincolnshire.
- 1.2 The scheme will be open to households, community buildings and businesses that use oil to heat homes and premises.
- 1.3 Northern Power Grid have provided a grant to cover the scheme's set up and management costs.

**2. BACKGROUND INFORMATION**

- 2.1 Humber & Wolds Rural Community Council (HWRCC) has approached us to work with them to extend their established bulk heating oil cooperative scheme to North Lincolnshire. The scheme has run successfully in the East Riding of Yorkshire since 2013. It aims to save residents and businesses money by bringing communities together to obtain cheaper heating oil.
- 2.2 The choice of fuels is very limited in off gas communities. There is often no opportunity to take up the advantage of dual fuel discounts. There are significant areas of North Lincolnshire with no mains gas supply.
- 2.3 The scheme is open to any resident, business or community organisation. This includes churches and village halls, using oil for heating. In particular, we think rural micro-businesses are likely to take advantage of such a scheme as they could achieve significant fuel savings that on their own they would be unable to access. Collectively however their significantly larger orders will help the co-operative agree cheaper prices for the scheme as a whole.
- 2.4 We have previously worked with HWRCC on fuel poverty and affordable warmth schemes in rural areas. They are an independent charity working within rural communities to improve sustainability. They have a good record of accomplishment.

- 2.5 HWRCC would carry out all the administration and the procurement of the fuel suppliers, as they are currently doing for the East Riding. By collaborating with HRWCC in this way, we would benefit from their expertise and experience in this area. We will also get the advantage of their existing network of contacts.
- 2.6 Allowing the HRWCC to undertake the procurement of the fuel oil suppliers makes the process less onerous. The risks and the costs associated with such an exercise would be removed and local suppliers would likely find it more attractive. This will increase the benefits to the local economy.
- 2.7 The fuel oil bulk-buying scheme will complement our collective switching scheme. Northern Power Grid have given us a grant of £10,000 to get the scheme up and running.
- 2.8 An annual membership fee will be required from all those who join the scheme to cover ongoing administrative charges and deter non-committal orders. HRWCC will reinvest any profits from membership back into the community. The membership fee is £20 for households, £30 for community buildings and the fee for businesses depends on their size, so for example for a business with 1 to 5 employees, the fee would be £30 and for a business with 100+ employees, the fee would be £100. The first 100 households to sign up will receive their first year's membership free.
- 2.9 Residents are encouraged to save money with the North Lincolnshire Credit Union to pay for their fuel oil order. A similar initiative works well in the East Riding of Yorkshire area. Customers pay the supplier direct prior to delivery so minimising the risk of bad debt.
- 2.10 The latest prices obtained in November for the East Riding of Yorkshire scheme delivered a saving of 9.15p per litre between the highest price quoted and the final accepted price. This delivers a saving of £45.75 on a 500 litre purchase on the highest price quoted. Even comparing the price against the average cost of heating oil across the UK, the price obtained for the scheme gave a 5.45p a litre saving equating to a £27.25 monthly saving on a 500 litre purchase. So even with the annual membership fee, there is still a significant saving for residents and businesses.

### **3. OPTIONS FOR CONSIDERATION**

- 3.1 Option 1 - Do not work in partnership with the Humber & Wolds Community Council to deliver the heating oil bulk-buying scheme
- 3.2 Option 2 – Join the scheme as outlined.

#### **4. ANALYSIS OF OPTIONS**

4.1 Option 1 - this option does not address rising fuel costs, fuel poverty or help those in off gas areas to reduce their fuel bills and heat their homes. It also does not support small businesses, especially micro-businesses, and community buildings to be able to find a sustainable supply of heating fuel.

4.2 Option 2 - this option gives all households, businesses and community buildings in off gas areas access to cheaper prices, alternative options for purchase and better value for money. It will help reduce costs for those households in fuel poverty as well as assisting the vulnerable frail and elderly living in rural areas. Businesses and community groups will be assisted to find an alternative source of heating fuel to keeping their running costs down.

#### **5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

5.1 Financial - The set up costs are covered by the £10,000 grant from Northern Power Grid. Money remaining from the Warmer Homes, Healthy People fund will cover the free memberships (£2,000).

5.2 There are no other resource implications.

#### **6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)**

6.1 Officers have completed an Integrated Impact Assessment that highlighted no issues of significance.

#### **7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

7.1 The North Lincolnshire Credit Union were consulted and are supportive of the scheme and their role.

7.2 Colleagues in Finance were consulted and their comments are reflected in the report.

7.3 North East Lincolnshire Council declined to participate in the scheme due to having very few off mains gas areas.

#### **8. RECOMMENDATIONS**

8.1 That the Cabinet Member approves option two and agrees that the scheme can be publicised.

DIRECTOR OF PLACES

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