

There are different types of oil buying groups; from neighbours joining together to form a small club, or a larger group joining a county-wide syndicate, and even the emergence of national buying groups.

A new group will need to decide which option is best suited to their community. This guidance sheet sets out some of the things that communities need to consider when thinking about setting up an oil bulk buying group, and ideas on how to run and manage it.

Why form an Oil Bulk Buying Group?

There are several benefits for communities:

- **Reduction in unit price** - most oil distributors offer a reduction in quoted schedule prices for larger volumes as it reduces delivery costs.
- **Fewer goods vehicle movements** - a cluster of properties receiving oil at the same time will reduce the number of delivery journeys needed.
- **Social cohesion** - local people can work together for communal benefit, which can help to unify communities.

The group

Residents may form a working group to bring together interested parties and make sure the buying group is open to all local people. A couple of meetings to kick start the group, draw up terms of reference and appoint a co-ordinator, will help ensure smooth running thereafter.

When setting up an oil buying group, it is important to think about the size of the membership and the area it will cover. Suppliers route vehicles to deliver in a local area anyway, however it can be an advantage if customers are closer together.

Working with partners

In setting up an oil buying group, it is also useful to contact others who may be able to provide support with promoting and organising the scheme.

These may include housing associations, the parish council, the local Citizens Advice Bureau or other charity and community groups.

Time

Established groups need to have a volunteer to administer and co-ordinate a group's oil order; be aware of the time and commitment involved for this. Whilst buying groups do offer potential cost savings, putting together a group can take a lot of time and organisation including:

- Establishing the group and identifying a co-ordinator.
- Developing a process to collect orders from members.
- Researching to negotiate the best price with suppliers.

Joining a larger or county-wide syndicate may be a better option if volunteer time is constrained.

Establish a group best suited to your community needs

- Appoint a co-ordinator
- Draw up a terms of reference

Establish good communication

- Develop a process to collect orders
- Promote the oil buying group to your community

Make contact with potential suppliers

- Research and agree payment terms with suppliers
- Members to pay suppliers directly; do not handle payments on behalf of group members

Promoting an oil buying group

Once an oil buying group has been formed, it is important to think about how to promote the group to the whole community e.g. notices in local newspapers, village website, parish magazine, local newsletters, village store, pub or church. Word of mouth is always valuable.

A co-ordinator could contact local community groups to promote the oil buying group to their members or organise a leaflet drop around the community. Also, oil group members should be encouraged to speak to, for example, elderly neighbours who may wish to join.

Establish good communications

The buying group will need to decide how it will operate, for example:

- Will there be a membership fee?
- When the deadline date will be each month to place an order.
- What the group's payment terms will be.
- How the group will manage emergency orders.

Some groups may want to develop a basic terms of reference to avoid any ambiguity between members.

It is important to set up a good communication system within the buying group. This could be by email, web based or by phone; the co-ordinator must be organised to receive orders from members.

Administering a group

Oil buying groups often supply a registration form for new members to collect personal details and information on the properties for deliveries. The Data Protection Act needs to be consulted if the co-ordinator is planning to hold members' personal details on file.

There is no requirement for a bank account unless for example, there is to be a membership fee to join the group.

Consideration will have to be given as to how emergency oil orders or short notice cancellations will be managed. Some groups may impose a penalty fee to cover any charges made by the supplier. Groups should always be clear about potential additional costs to its members.

Groups also need to consider payment terms for their group. It is advisable that co-ordinators ask members to pay the supplier directly and do not handle payments on behalf of the group.

Members' financial welfare

The value of an oil buying group is the flexibility to find the best price for each member, regardless of whether they order a large or small volume of oil.

Members may occasionally have financial difficulties and the group will need to decide how they will manage a situation if a member is unable to pay for their order. There may be implications for a buying group as a whole if a member becomes in debt to the supplier.

Source: Best Practice for Oil Buying Groups produced by Action with Communities in Rural England (ACRE), Federation of Petroleum Suppliers, and Citizen's Advice

More information and websites

Action with Communities in Rural England (ACRE) Best practice for oil clubs:

www.acre.org.uk/cms/resources/acre-best-practice-oil-buying-sept11.pdf

ACRE - Energy and fuel issues for rural communities:

www.acre.org.uk/rural-issues/energy-fuel

Citizens Advice Bureau oil clubs information, resources, and mapping:

www.citizensadvice.org.uk/oilclubs

For more information please contact ACTion with Communities in Cumbria on Tel: 01228 817224 or visit our website: www.cumbriaaction.org.uk

ACT champions community and rural issues

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