

PACT Steering group

ESCo – Update from Building and Energy Group

This short paper outline how the Building and Energy Group is seeking to take this initiative forward and seeks PACT agreement to the actions proposed.

Setting up Company

The Co-operative Enterprise Hub has been approached to advise on the establishment of a suitable company structure. Depending on their advice additional professional input will be gained from a lawyer and accountant to ensure that the structure is fully fit for purpose and tax efficient. Two things are considered to be particularly important

- a) That the structure is set up solely for the benefit of society and there is no possibility of changing this over time.
- b) The Memorandum of Association and Articles need to be drawn up to ensure that in all regards social principles underpin how the company is run. This would cover fair pay, Directors salaries and remuneration etc.

The PACT Steering Group will have the opportunity to approve this detail later in the process.

Directors and Implications for the Energy Group

The company will need to appoint Directors. It is proposed that these will initially be drawn from the Building and Energy Group plus specific identified individuals with relevant experience and expertise. David Brazier who works as a regulator in the Nuclear Industry is one example and he has been tentatively approach to gauge his interest. These Directors will initially be appointed for one year when a broader recruitment exercise will be undertaken. This has the advantage of keeping on board people who have already invested in this initiative whilst giving opportunity to bring in more expertise once the basic structures and plans have been put in place.

It is suggested that in these circumstances the Building and Energy Group is disbanded.

Business Plan

A Business Plan is in draft and will be circulated around the turn of the year.

Business Model

The initial business model is community based and initially envisages paid employees working along side people in the community to encourage people to switch to cheaper tariffs. In 2011 only 17% of people switched energy supplier down from 20% in the previous year. The average saving of those who do for the first time is between £150 and £200. We hope that by working along side trusted people within local communities that we can get access to people who would naturally be suspicious of any approach by an energy company. The tipping point of any initiative is when over 20% of a population will commit to change. This is our target by year 3 (2015)

Delivery Plan

A detailed delivery plan is in the process of being drawn up.

Resources

In the short term it is envisaged that Peter Ward plus additional resource will work to deliver this initiative being held to account by the Board of Directors of the new company. The proposal is that these are paid positions although PW has indicated that his pay should be a notional sum circa £5 per hour.

PACT's role

The intent, as outlined in the CAfS bid, was always to set up a separate energy company. PACT however is responsible for the delivery of this initiative up to the point that the Big Lottery agrees to a change in accountabilities. Thus the company structure will need to ensure that PACT holds a golden share and the company will need to be held to account by the PACT Steering Group up to the point that accountabilities change.

This outlines the approach the Energy group are proposing to take to this initiative but we need the agreement of the PACT Steering Group to move forward as proposed. It is therefore suggested that PACT discuss this at their next Steering group meeting seeking clarification on any of the issues and agreeing to the suggested approach.

Agreed and submitted by the Building and Energy group