



Sandbag report

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The Brief

The Environmental Defense Fund Europe (EDF Europe) contracted *m2* to help it assess what, if any, formal relationship it should develop with the Sandbag (<https://sandbag.org.uk>).

EDF Europe is seeking to make a firm recommendation about how the two might work together in the future in its strategic plan for approval by Trustees by the end of the year.

m2 was asked to assess:

- Sandbag's assets (tangible and intangible)
- Any liabilities that EDF Europe should be aware of in terms of a formal joint partnership or merger
- How effective Sandbag is in meeting its objectives
- Sandbag's legal status and how it is governed currently
- Sandbag's communications, profile and 'reach'
- How the brand is perceived among key decision makers, influencers, stakeholders, competitors and partners.

Informants

Internal respondents

1. Bryony (Baroness) Worthington, EDF, Executive Director Europe
2. Paula Hayes, EDF, Senior VP, Global Strategy
3. Nat Keohane, EDF, VP, Global Climate

4. Debbie Stockwell, Sandbag, Managing Director
5. Adam Whitmore, Sandbag, Head of Policy
6. Jill Duggan, Sandbag Board (and: Carbon Policy; CISL; CLG)

External respondents

7. Greg (Lord) Barker, House of Lords

8. Theresa Griffin, MEP
9. Kateřina Konečná, MEP

10. Yvon Slingenberg, DG Environment, European Commission, Head of Unit
11. Jos Delbeke, European Commission for Climate Action, Director General

12. Dr Christoph Wolff, European Climate Foundation, Managing Director
13. Laura Bowman, Esmée Fairbairn, Grants Manager
14. Kate Hampton, Children's Investment Fund Foundation, Executive Director for Climate Change

15. Nick Mabey, E3G, CEO
16. Femke De Jong, Carbon Market Watch, EU Policy Director
17. Wendel Trio, Climate Action Network (CAN) Europe, Director

18. James Randerson, Guardian, Assistant News Editor
19. Ben Garside, Carbon Pulse
20. Leo Hickman, Carbon Brief, Director.

Executive summary

The Environmental Defense Fund Europe (EDF Europe) contracted *m2* to help it assess what, if any, formal relationship it should develop with Sandbag.

m2's view is that Sandbag's assets - its people, brand and data, along with its mission-driven approach - make it unique. There are commonalities between EDF and Sandbag, alongside some differences in culture and approach. Our assessment is that the commonalities are sufficient to base a closer working relationship on, should this further the objectives of both organisations. A decision needs to be reached as quickly as possible so that the Sandbag Board and staff have clarity about their personal and organisational futures. The UK has just had the hottest September day in 55 years, and the pressing need for further effective action on climate change and the environment is another reason to conclude this process rapidly.

Several key questions and considerations emerged from *m2*'s analysis:

- What structure is most likely to advance respective organisational causes and objectives?
- How can Sandbag's role in cross-sectoral data provision best be protected?
- How can any change ensure that staff within Sandbag support the process?
- What should the relationship between Bryony Worthington and Sandbag be, whatever the outcome of these discussions?
- Where would Sandbag fit into EDF's overall climate work in Europe?

Sandbag's assets

Sandbag has a very strong Board and staff team with external credibility in the sector. The new Managing Director, Debbie Stockwell, was previously a senior civil servant with a strong background in management. She is focusing upon professionalising the organisation and ensuring that policies, procedures and governance are fit for purpose. Sandbag has significant in-house analytical capability, provided by senior staff drawn from industry, the civil service and academia.

In tangible terms, Sandbag is a financially solvent organisation which has made profits in the past two financial years (2014 and 2015). It held reserves in 2015 of £25K and comparatively healthy cash balances of £100K.

Core costs are funded from the following sources:

- The European Climate Foundation (ECF)
- The Esmée Fairbairn Foundation.

Clearly the organisation is highly dependent on income from ECF (for nine of its 10 projects); the ongoing relationship with this organisation is of paramount importance to Sandbag's financial position. ECF core funding streams are predominantly awarded annually in November/December. Sandbag is, however, attempting to negotiate multi-year contracts. The main grant from Esmée Fairbairn has now expired; however, Sandbag have just been awarded a smaller grant of £15K for a 6-month project to explore the potential merger with EDF.

The other existing grant, from Ecofin, expires officially in January/February 2017, but is flexible and the project work may be extended beyond this period. Sandbag is also in discussion with the UK Foreign & Commonwealth Office in relation to a new project.

Sandbag's impact

Sandbag is at its most successful when using data smartly and robustly to contribute to the debate. It is politically very well connected, particularly in the UK but also with some key stakeholders in Brussels. Despite its small size and relative lack of capacity, Sandbag is fleet of foot whilst retaining its credibility: one example is Sandbag's work on amending the market stability reserve (MSR) legislation in order to take millions of tonnes of CO₂ out of the market.

Sandbag's positioning and brand

Sandbag's brand is strong amongst its core audiences in Brussels and the UK. It is seen to hold considerable technical expertise and employ highly knowledgeable staff; these are perceived to be its greatest strengths.

Sandbag offers in-depth analysis, delivered by in-house experts. It is driven by both data and mission, differentiating it from most other NGOs in this field, who often rely upon data to back up pre-existing arguments rather than starting with the numbers. Critically, Sandbag is greatly valued for the service it offers to the wider sector, enabling relatively small organisations that lack capacity and in-house expertise to commission and draw upon Sandbag's research. If Sandbag did not exist, a commensurate and accessible function would need to be invented to provide this service.

Alongside its analysis, Sandbag undertakes strategic advocacy, working with politicians in both the UK and Brussels. It currently does not have dedicated communications or campaigns capacity and is not a campaigning organisation like Greenpeace. When Sandbag first launched, it focused more upon public facing work, but over time has concentrated on political and policy relationships to achieve its advocacy goals.

Externally, there is some uncertainty about Sandbag's advocacy role. Some interviewees described it as purely a data driven organisation and did not think of it in terms of overt advocacy. Others felt that it does have a role in challenging the private sector and government and felt that this could be something Sandbag does more of.

Sandbag is at a juncture. Its Founder and previous Director, Bryony Worthington is still Chair, but is now Director of EDF Europe. Her departure means Sandbag needs to think strategically about its future direction.

Sandbag is also facing a decision about whether to focus more upon the UK or Europe post-Brexit, and what this might mean for its work.

Sandbag's communications, profile and reach

Sandbag has a relatively high profile amongst the specialist press in Brussels; much less so amongst more mainstream UK press. Sandbag's focus on both analysis and advocacy make it distinct, and means it has few competitors in terms of profile, work and brand. It, of course has competition for funding, from a wide range of environmental NGOs.

Sandbag's liabilities

Sandbag rents premises under a license with a private rental company. Notice of termination by either the licensor or licensee is two months. This does not provide any significant security of tenure, but also does not accrue significant long-term liabilities for Sandbag. Sandbag's Finance Officer has confirmed that Sandbag does not have any outstanding loans, liabilities, mortgage or leases (and none are indicated in the financial accounts.)

Sandbag's legal status and governance

The organisation was incorporated 3rd October 2008 as a Community Interest Company ("CIC"), number 6714443, limited by guarantee (rather than having a share capital). It is regulated under UK Law by Companies House, the CIC Regulator and the Companies Act 2006. The Memorandum and Articles of Association were drawn up by a well-known legal firm, Bates Wells and Braithwaite, and so are likely to be properly drafted and fit for purpose.

As a CIC, the company may broadly only transfer its assets for less than full (or zero) consideration to another Asset Locked Body (which includes other CICs, charities and other similar bodies). Unlike registered charities, CICs are not restricted in their campaigning and advocacy activities.

The organisation is not aware of any actual or potential conflict of interest for the Directors of Sandbag in relation to a decision to merge with EDF.

Organisational fit and future options

Sandbag and EDF are perceived by both internal and external interviewees to have very different cultures. EDF is seen to be rather more measured and bureaucratic in comparison to Sandbag's more flexible and adaptable approach. To some extent this reflects their relative size, but also differences in maturity and stature. Sandbag is closely focused upon one aspect of climate change policy, whereas EDF takes a broader approach in its work on forests and oceans. However, there are areas of commonality: both take a pragmatic approach to policy and have established credible voices with which to influence it. Both organisations understand and work with markets and their combined strength (in whatever form) would be highly significant within the sector. Whilst historically, Sandbag had more of a public campaigning focus, its current trajectory is towards relationship-based advocacy. This could fit well with EDF's advocacy wing, EDF Action.

There are a number of options for Sandbag and EDF in taking this report forward. These lie along a spectrum, from Sandbag retaining its independence, to merging fully into/with EDF. Somewhere in the middle sit various possibilities of closer working and collaboration without legally merging.

Few interviewees felt that maintaining the status quo was the most effective way of achieving Sandbag's objectives, whether or not it aligns with EDF. There was also recognition that Sandbag has already been through a process of major change. There was cautious support for a full merger, but significant unresolved questions remain about how in practice that might work. There was also concern that, without access to Sandbag's data and analysis, the sector as a whole would be weaker.

Overall, interviewees saw some kind of middle ground as holding the most advantages and fewest disadvantages for both organisations, as well as for the wider sector. Formal collaboration and funding agreements would help support Sandbag financially, but it was also seen as important to protect its independent voice and, crucially, not remove capacity from the sector. There are three main potential areas of middle ground:

Merge back office functions

One relatively straightforward option would be for Sandbag to share back office functions with EDF. This would save some time and resources yet enable Sandbag to retain brand and independence. There could also potentially be an option for Sandbag to share some of EDF's corporate functions such as communications, development and Human Resources (HR). This could also extend to co-establishing a better resourced European office. In return, EDF could receive a fixed amount of data analysis or research. Robust agreements about the arrangement would need to be drawn up and agreed.

Fund Sandbag directly

Under this option, EDF would assume the role of funding Sandbag. This could potentially be alongside one or two other funders with the intention of maintaining Sandbag as a separate organisation receiving long term funding and support. This could either be in Sandbag's existing guise as a CIC or potentially as a Single Purpose Vehicle (SPV). This would keep Sandbag as an asset to EDF as well as to the sector as a whole and support it to develop in a way that helps joint agendas, whilst keeping EDF at arm's length organisationally.

Incubate Sandbag

A third option would be for EDF to take in Sandbag and nurture it, developing its organisational capacity, financial systems and stability with the explicit intention of 'letting it go' once certain milestones had been reached. This approach is one that EDF has previously taken; however, this could be more challenging to manage with an already established organisation.

Next steps

In any of these scenarios there is a significant amount of detail to work out between EDF and Sandbag. With Sandbag having recently been through a significant period of change, it is critical that decisions need to be made quickly and communicated clearly, with appropriate levels of consultation for Sandbag staff. The disparity in size and power between the two organisations makes this even more pertinent. If either a merger or middle ground is sought, both organisations are likely to need independent legal advice and HR expertise. m2 would recommend an externally facilitated process to mitigate the risk of Sandbag's staff feeling alienated by the process.

Sandbag's financial assets, liabilities and governance

Sandbag climate campaign CIC

1. Introduction

Due diligence can be defined as the steps organisations would need to take to assure themselves that a merger is in the best interests of their organisations and beneficiaries. Directors and Trustees have a legal obligation to act prudently, and must consider carefully the financial, legal, strategic and operational elements of the merger. In particular, they must ensure that any potential risks have been identified before entering into any formal agreement.

Undertaking due diligence is a highly contextual exercise and dependent on the circumstances, size and turnover of the parties involved. The depth and detail of our examination and report is commensurate with the budget provided and the consequent time allocated.

It was necessary to rely significantly on information given by Sandbag employees. Our report ideally requires email signature by the relevant parties to confirm that they have made assurances as to accuracy and will be liable for any errors, misrepresentations or omissions. Unless otherwise stated, we did not seek confirmation of information or assurances from external 3rd parties.

Any information and advice contained in our report will have been provided in good faith and on the basis of information made available to us, either from Sandbag or from publicly accessible sources.

m2 consequently takes no responsibility for any loss or damage arising as a result of such advice and recommendations. Please note that any information provided by the client organisation will be held as confidential by the parties involved, i.e. *m2*, EDF and Sandbag, and will not be divulged to any other agency without the express permission of the parties involved.

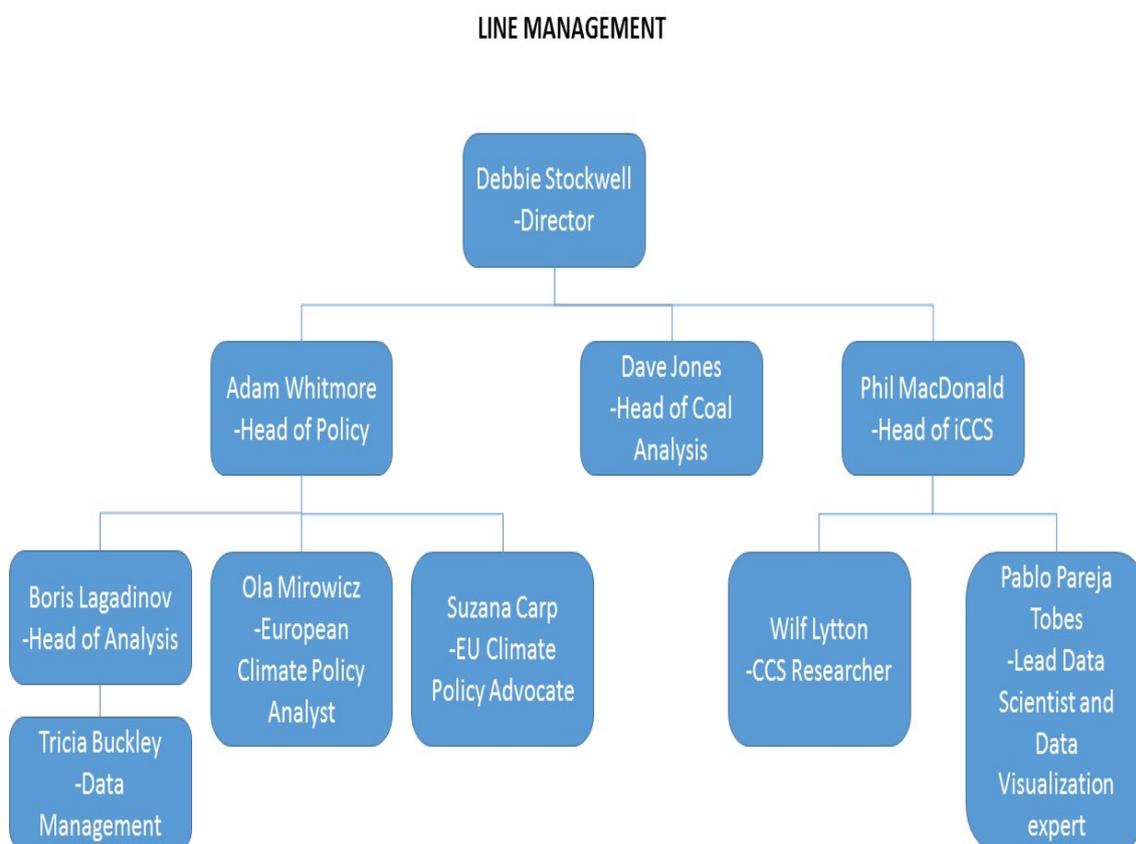
It is noted that this due diligence exercise has been undertaken at short notice to meet the needs of EDF (Europe), and that Sandbag has had to complete and provide detailed information whilst continuing their normal operations. We would particularly like to thank Phil MacDonald and Tricia Buckley at Sandbag for their help with compiling this report.

Without also analysing the cost structure of EDF we are not in a position to comment on the likelihood of potential economies of scale arising from potential merger. However, we do note that in practice where they occur, these are likely to be longer-term savings which accrue from year two onwards. In the short-term, implementation and integration do take and cost time and money, commensurate with the scale and circumstances. Partners would therefore need to identify resources (an allocated budget) for achieving the actual change, which may include redundancy and/or costs related to Transfer of Undertakings (TUPE).

Clearly any potential partner will also want to consider the costs of harmonising employment terms and salaries with its own terms and salary scales, and will want to be aware of the additional pension liability arising from the national imposition of mandatory workplace pension schemes, which it is estimated will cost c.£7K annually.

2. Organisational Findings

2.1 Staffing



Sandbag currently has 10 staff. It has a very strong Board and staff team, all highly experienced in climate change, carbon emissions, energy and a range of related campaigning and policy development fields (see [Appendix 3](#) below). Sandbag has significant in-house analytical capability provided by senior staff drawn from industry, the civil service and academia.

The new Managing Director, Debbie Stockwell, was previously a senior civil servant with a strong background in management. She is focusing upon professionalising the organisation and ensuring that policies, procedures and governance are strong. Historically Sandbag may have lacked both directors and staff with discrete professional skills such as fundraising, HR and marketing.

The team is drawing together after a period of considerable change. The discussions about the organisation's future are somewhat unsettling for staff and need to be resolved as quickly as is feasible in order to provide some stability.

Sandbag has a very basic staff manual. This covers staff expenses, TOIL, sickness and annual leave. There are a wide range of areas this does not cover including working arrangements, probation, induction, health & safety, maternity/paternity, disciplinary and grievance, safeguarding, whistleblowing, confidentiality etc. The organisation does not have a formal salary and/or incremental scale.

2.2 Some key employment terms for comparison with EDF include:

Staff are entitled to full pay during sickness absence on account of duly certified sickness or injury for a period of 10 days in any rolling period of 12 months.

Staff receive an annual leave allowance, and a UK statutory leave allowance (currently eight days). The standard allowance(s) is not specified in the handbook, but we understand from the data manager that this is 25 days for the majority of staff (though we understand there are also individual variations.) Staff may carry over up to five days of annual leave to the following calendar year (January-December). TOIL, Flexi time and Statutory Holiday ('Bank Holiday') days may not be carried over.

There do not appear to be any other staff benefits. There are no collective agreements in force in respect of employment. The template contract of employment does, however, contain a restrictive term in relation to other employment as follows:

“You may not outside your hours of work for the Company, without prior written approval (which will not be unreasonably withheld), engage directly or indirectly in any business or employment which is competitive with the business of the Company or which could or might reasonably be considered by the Company to impair your ability to act at all times in the best interest of the Company.”

2.3 Pensions

The organisation does not currently have an occupational pension scheme. It is aware, however, that it will need to implement a workplace pension by April 2017, and is reportedly in negotiations with suitable pension providers, with a decision due in October-November 2016.

The new law means that every employer must automatically enroll workers into a workplace pension scheme if they: are aged between 22 and State Pension age, earn more than £10,000 a year, and work in the UK. The minimum contributions for employers are 1% rising to 2% then 3% over the subsequent two years. This has been estimated to cost an additional £600 per month (£7.2K per annum.)

2.4 TUPE

The Transfer of Undertakings (Protection of Employment) Regulations (TUPE) protects employees' terms and conditions of employment when a business is transferred from one owner to another. Employees of the previous owner when the business changes hands automatically become employees of the new employer on the same terms and conditions. Their continuity of service and any other rights are all preserved. Both old and new employers are required to inform and consult employees affected directly or indirectly by the transfer. TUPE applies when an undertaking or part of it is transferred from one employer to another, e.g.:

- where all or part of a sole trader's business or partnership is sold or otherwise transferred
- where a company, or part of it, is bought or acquired by another (if the second company buys or acquires the assets and then runs the business rather than acquiring the shares only)
- where two companies cease to exist and combine to form a third
- where a contract to provide goods or services is transferred in circumstances which amount to the transfer of a business or undertaking to a new employer.

TUPE is outside the scope of this briefing, and any receiving organisation will need to consult a qualified solicitor experienced in TUPE legislation before accepting transferred staff.

3. Governance

The organisation was incorporated 3rd October 2008 as a Community Interest Company ("CIC"), number 6714443, limited by guarantee (rather than having a share capital). It is regulated under UK Law by Companies House, the CIC Regulator and the Companies Act 2006.

The organisation's registered office address is: 10 Queen Street Place, London, EC4R 1BE.

Its registered company object is:

The Company's object is to carry on activities which benefit the community and in particular (without limitation) to advance the education of the public in effective reduction of greenhouse gases particularly by campaigning to reduce the number of pollution emissions permits in the pollution market.

The company has the power to do anything which is incidental or conducive to the furtherance of its object.

The Memorandum and Articles of Association were drawn up by a well-known legal firm, Bates Wells and Braithwaite, and so are likely to be properly drafted and fit for purpose.

As a CIC, the company may broadly only transfer its assets for less than full (or zero) consideration to another Asset Locked Body (which includes other CICs, charities and other similar bodies). The organisation is not subject to any external regulations or quality mechanisms save that of the stipulations of direct funders, and statutory tax authorities.

In addition, the CIC Regulator will have to approve any transfers (for less than full consideration) to asset-locked bodies which are not nominated in the CIC's Articles (which in this case includes EDF.) The Community Interest Company Regulator's office is part of Companies House, and governed by The Department for Business, Innovation and Skills. Unlike registered charities, CICs are not restricted in their campaigning and advocacy activities.

Any and all Directors may be remunerated. Any decision made by the Directors must be by a unanimous or majority decision. Note that in the event of a tied vote, the Chair has a second or casting vote. The organisation should have a minimum of three Directors, with a quorum for decision making of two Directors.

m2 is not aware of any actual or potential conflict of interest for the directors of Sandbag in relation to a decision to merge with EDF. We do note, however, that one of the former founding Directors (subsequently resigned) of Sandbag is currently Executive Director of EDF (Europe).

Information on the current and previous Directors is contained in [Appendix 1](#) below. The Directors appear highly experienced and are, in some cases, celebrated campaigners and policy developers in relation to climate change, emissions trading, energy policy, research, and related fields. The Board does not, however, appear to include Trustees with generic infrastructure and professional skills in relation to areas such as Finance, Fundraising, Law or HR; although one of the Directors backgrounds includes professional work in Communications.

There are no persons with significant control or statements available for this company. The current directors per Companies House are:

ASSOUS, Pierre-Adrien Jacob
BURSTON, Jane
DUGGAN, Jill Patricia
GILLESPIE, Edward Roger
WORTHINGTON, Bryony Katherine, Baroness
WYNS, Tomas

From the Board minutes provided by Sandbag, it is possible to see that a potential closer working relationship with EDF was discussed at the meeting on 4 August 2016.

4. Finance

4.1 Financial Accounts

Sandbag is a financially solvent organisation which has made profits in the past two financial years (2014 and 2015). It held reserves at 2015 of £25K and cash balances of £100K.

The management accounts to June 2016 indicate a year-end forecast to October 2016 of £491K income, £486K expenditure and a modest surplus of £4K (against an original budget forecast of £21k deficit.)

The organisation is highly dependent on support and funding from ECF. However, Sandbag enjoys an excellent relationship with ECF and shares office space with other ECF funded organisations.

The financial reporting appears comprehensive and robust and is prepared by an external financial advisor. However, there are no written financial procedures (other than expenses in the staff handbook) and this is a financial control weakness.

Per Companies House the last accounts were made up to 31 October 2015 and the last annual return was made up to 3 October 2015. The company is therefore within the guidelines for and up to date with its financial submissions. The reports to 31 October 2015 were prepared in accordance with part 15 of the Companies Act relating to small companies, allowing them to prepare simplified financial statements. See [Appendix 2](#) below.

The Company is entitled to exemption from audit under s.477 of the Companies Act for the year ended 31 October 2015, and hence the accounts submitted are unaudited. See [Appendix 2](#).

The accounts show a significant increase in total operating income to £357K (2014 – £199K), and an operating surplus of £11K (2014 - £1K). With tax due of £3,174, this provided a surplus for the year of **£8,364** (2014 - £388).

The great majority of income comes from grants which totalled £355K (2014 – £196K), with sales of carbon destruction permits generating a net profit of £11K, donations of £3K, and bank interest of £53.

The major expenditure is in relation to Directors salaries which, including social security costs, were £54K (2014 - £34K), and wages of £185K (2014 - £97K). Together these comprise 67% of expenditure.

Significant other expenditure items over £10K were:

Rent & Rates	£31K
Travelling and subsistence	£21K
Accountancy	£10K
Consultancy fees	£35K (in relation to external energy/carbon/climate change skills)

All costs appear *prima facie* commensurate with the organisation's activities.

The notes to the accounts indicate that the organisation follows standard accounting principles with, for example, 25% depreciation on cost of fixed assets, and income and expenditure accrued and matched in the same financial year.

The accounts show modest Fixed Assets of £2,694 Net Book Value, for equipment. The Debtors shown total £26K, all due within one year.

Cash in hand was **£100,306**. The total reserves carried forward was **£25,563**.

4.2 Management Accounts

Management accounts were received to the period 3rd of June 2016. The reports appear to be of a good and comprehensive standard, including written explanations, cash-flow analysis, year-end forecasts, budget/actual comparisons and cost centre analysis.

The original budget for the year forecasted income of £529K, expenditure of £550K and a deficit of £21K. The management accounts indicate a year end forecast to October 2016 of £491K income, £486K expenditure and a modest surplus of £4K. See table below:

<u>Income and Expenditure forecast for 2015-2016</u>					
	Forecast	*	Budget	*	Variance
	£k		£k		£k
<u>Income</u>					
Grant Income	488	99%	525	99%	-37
Permits	2		1		1
Other income	1		4		-2
	<u>491</u>		<u>529</u>		<u>-38</u>
<u>Expenditure</u>					
Salary costs	371	76%	402	73%	-31
Consultants	25	5%	46	8%	-21
Other costs	90	19%	102	19%	-12
	<u>486</u>		<u>550</u>		<u>-64</u>
Surplus/ (Deficit)	<u>4</u>		<u>-21</u>		<u>26</u>
* As percentage of total					

The variance between budget and actual forecast appears to reflect three main factors:

- a small reduction in ECF projects income
- balanced by reduced salary costs (Assistant and Administrative posts)
- significant currency exchange gains.

The accounts are cost-centred by project funding. All projects appear to break even, which is unlikely in a precise calculation, but reflects the not-unusual practice of commensurate cost allocations.

4.3 Currency Exchange

One notable issue is in relation to currency fluctuations. Many of the grants and income received are awarded in Euros. Given the degree of fluctuation in rates over the preceding three years this is an area of potential risk. However, the organisation has benefited particularly in the past 12 months from the devaluation of the pound against the Euro, and the management accounts include a calculation indicating that, due to the exchange rate, the organisation has benefited considerably in 2015/16 to a figure approaching £42K over 10 months.

4.4 Cash flow

The organisation's management accounts include a cash flow report and chart. This indicates that the organisation should maintain a positive cash balance of between £0K to £150K over the period up to February 2017. The notes to the accounts do, however, also identify a history of delayed payment by certain funders particularly ECF, which may risk the organisation having temporary negative bank balances during the year. However, the cash-flow forecast itself anticipates that the organisation will fall no lower than a positive balance of £8K (December 2016.)

4.5 Investments and/or Intellectual Property

Sandbag's Finance Officer has confirmed that Sandbag does not hold any stocks, financial investments, or registered intellectual property or trademarks.

4.6 Liabilities/Costs

Sandbag rents offices from the Neighbourhood Office Ltd (NO), a private rental company. The monthly rental is £2,800 excluding VAT. NO is responsible for business rates, water rates, utilities and the premiums for insurance of the Property, provision of furniture, reception, security and common areas. The rental is paid under a license agreement which does not provide significant security of tenure, but also does not incorporate significant future liabilities for Sandbag. Sandbag's Finance Officer has confirmed that Sandbag does not have any outstanding loans, liabilities, mortgage or leases (and none are indicated in the financial accounts.)

Similarly, he has confirmed that the organisation is not facing or anticipating any major pending expenditure or notable increase in costs. Furthermore, he has confirmed that the organisation is not facing or anticipating any actual or threatened legal action.

We were not in a position to be able to check whether the organisation is up to date with HMRC returns and payments and so this would be an area to check in subsequent diligence work. We note that Sandbag recently registered for VAT.

4.7 Assets Register

At the time of writing the organisation was not in a position to supply an up-to-date assets register. However, the net book value of assets indicated by the financial accounts is comparatively low.

4.8 Endowments and Legacies

The organisation does not hold any permanent endowments and is not aware of any outstanding or anticipated legacy income. (However, just in case in the event of a merger it would be as well to ensure that the Charity Commission's Registry service is aware of any change.)

4.9 Risk Management

At the time of writing, the organisation was not in a position to supply an up to date risk register.

4.10 Management Information Systems

At the time of writing, the organisation was not in a position to supply an up-to-date summary of IT systems.

4.11 Financial procedures and Core original documents

We understand that the organisation holds financial and operational records from its inception in 2008.

Aside from the expenses policy in the staff handbook, the organisation does not have written financial procedures, which is a control weakness. The reporting is, however, undertaken by a financial advisor, Barbara Le Fleming, an independent chartered accountant and a former Director of Sandbag.

The organisation appears underdeveloped in relation to other elements of infrastructure, and was unable to supply at the time of writing a Fundraising Strategy, assets register, risk register, or IT systems summary. In addition, the staffing handbook as supplied is very short, and clearly inadequate since it is lacking in a wide range of appropriate and necessary policies including disciplinary, and health & safety procedures.

Please note that the time and budget available for this due diligence briefing did not allow for independent verification of core original documents including, for example, bank statements, copies of insurance certificates or a site visit.

5. Income

In broad terms, Sandbag is primarily funded from three sources: charitable foundation grants; a small level of carbon destruction brokerage fee and donations from the permit cancellations service; and ad hoc analysis, data provision and/or research. Work-streams under which it operates are as follows:

POLICY	ADVOCACY	CORPORATE	UPCOMING
ETS	Poland	Data and IT	Zero emission 2050
ESD		<u>Comms</u>	UK policy
Coal		Corporate	Member State ambition and action
CCS and industrial			

The organisation was, however, not in a position to supply an Income and Fundraising strategy within the timeframe of this briefing.

Originally, Sandbag was established and intended to be funded from selling carbon destruction permits. However, this is now a very minor part of its income and, save for income from the modest administration fee of 10%, this is cost neutral.

Core costs are funded from the following sources:

- The European Climate Foundation
- The Esmée Fairbairn Foundation.

Clearly the organisation is highly dependent on income from ECF (for nine of its 10 projects) and the ongoing relationship with this organisation is of paramount importance to Sandbag’s financial position. ECF core funding streams are predominantly awarded annually in November/December. Sandbag is, however, attempting to negotiate multi-year contracts.

Additional project funding for research and campaigning work has also previously come from the organisation’s work with other organisations which include:

- The Ecofin Foundation
- The Wuppertal Institute
- BUND (Friends of the Earth Germany)
- WWF-Greece
- WWF-Belgium
- UK Foreign & Commonwealth Office (in relation to work on the South Korean ETS.)

The main grant from Esmée Fairbairn has now expired: however, Sandbag have just been awarded a smaller grant of £15K for a 6-month project on the potential merger with EDF. The other existing grant, from Ecofin, expires officially in January/February 2017, but is flexible and the project work may be extended beyond this period.

Whilst we understand that Sandbag enjoys an excellent relationship with ECF and shares offices with them - along with other ECF funded organisations - we are not in a position within this report to establish the likelihood or value of future funding streams from these or other sources.

Whilst reliance on a small number of funders clearly makes Sandbag somewhat financially vulnerable, their unique niche puts them in a relatively strong position to seek further funding. In addition, not being answerable to multiple donors will make it easier for them to make decisions about the future direction of the organisation.

Sandbag

Introduction

Sandbag is a UK-based, not-for-profit, think tank conducting research and campaigning for environmentally effective climate policies. Its research focus includes the phase-out of old coal in Europe through leveraged interventions, i.e. carbon pricing; deep decarbonisation of industry through technologies including Carbon Capture & Storage; reform of the EU Emissions Trading System (EU ETS); and increasing ambition in the EU 2020 and 2030 climate & energy packages.

Sandbag and EDF Europe have a similar interest in climate policies relating to carbon pricing and a similar way of working: data driven, pragmatic and politically neutral.

Work strands

“Sandbag strikes a balance between underlining the merits of the EU ETS and criticising the weaknesses.” *Connie Hedegaard, former European Commissioner for Climate Action.*

Sandbag has three principal thematic approaches:

1. Pricing carbon (EU ETS)
2. Phasing out coal (unabated coal power)
3. Capturing carbon (decarbonising and carbon capture and storage (CCS)).

Current focus

Sandbag is currently focusing its efforts within these themes on:

1. Effort Sharing Regulation
2. EU ETS reform

3. Influencing the UK government strategy on CCS and working with ECF on their funding for industrial CCS
4. Climate governance in Europe.

It is worth noting here that coal now has less of a focus for Sandbag, in part because of specialist analyst David Jones's decision to move to E3G.

Sandbag's Theory of Change

Sandbag focuses upon what ambitious yet realistic changes can be made in order to set the global trend in emissions on a rapidly declining path. Sandbag's approach to this is to look for the highly leveraged points of intervention that influence a large number of political and policy decisions and apply pressure using a solid evidence base of robust data and analysis.

Key successes

- Taking two billion tonnes out of the EU carbon market by the end of the decade
- Highlighting the extent of the EU's coal problem. Sandbag created a database of power station emissions by fuel and published a report illustrating how large the EU's coal problem is. Its analysis has led to action in the UK and Germany to address their legacy of 'old coal'
- Exposing 'carbon fat cats' and overcompensation to industry. Using its own analysis of company ownership of polluting installations, Sandbag exposed for the first time which big companies were profiting from huge surpluses of free allocations. New rules came in in 2013 which helped tackle this issue
- Winning a ban on certain types of carbon offset credits: Sandbag was able to link where the vast number of international offsets entering into the EU were coming from and which projects were generating them. Subsequently, the cheapest and biggest volume sources of offsets were banned from use in the scheme
- HFCs: data analysis from Sandbag helped the European Commission to clamp down on a £1.6bn carbon trading scam originating from China
- Amending the market stability reserve (MSR) legislation in order to take millions of tonnes of CO2 out of the market.

Key theme

Sandbag is seen by stakeholders to have had partial success in meeting its objectives. In part, this reflection is due to the notoriously difficult problem of attributing impact when there are multiple stakeholders, but it is also because of the challenges inherent within the EU ETS. Sandbag is perceived to be at its most successful in using data cleverly and robustly to contribute to the debate around EU ETS. It is politically very well connected, particularly in the UK but also with key stakeholders in Brussels.

Key quotes

Yvon Slingenberg: “It’s hard to measure Sandbag’s success in terms of legislation. But it is an important player, working alongside a number of other NGOs. It has worked a lot on EU ETS and agreed an amendment to the MSR Directive. Sandbag was clever in developing a model on the threshold which underpinned their presentation in the EU Parliament and helped people feel more comfortable about how the amendment would work in practice.”

Laura Bowman: “Sandbag is a highly successful, professional, data analysing organisation and has demonstrated success around the EU ETS. It is well regarded.”

Kate Hampton: “It is an elite influencer but needs to link up with campaign muscle in order to drive change.”

Nick Mabey: “What we’ve done with Sandbag on demand and on coal really works.”

Wendel Trio: “Its biggest impact is in putting facts on the table coming from their analyses, calculating emissions on EU ETS, how much money companies have been making.”

James Anderson: “Everyone accepts that the EU carbon market doesn’t work and that awareness is partly down to Sandbag.”

Ben Garside: “The EU ETS has been struggling for eight years so Sandbag, in looking to achieve its reforms and objectives, have not been successful in making ETS a powerful instrument: but they have got their key messages across the spectrum.”

Ben Garside: “The original idea was great but given the way the market has panned, was not really sustainable; the way the market turned out meant it lost significance.”

Leo Hickman: “They are specialist, experienced and authoritative. They spot what the implications are and lay it out for journalists. That’s where their success lies. And it’s not just EU ETS. They also provide very good analysis and methodology around emissions auditing and EU/UK comparisons: and operate effectively in the MRV (monitoring, reporting and verification) space.”

Positioning

m2 suggests there could be value in encapsulating Sandbag’s ‘offer’ as the ‘2As’: *Analysis and Advocacy*.

Overarching themes

Analysis

Sandbag offers expert analysis, delivered by in-house experts. It driven by both data and mission, differentiating it from most other NGOs in this field, who often rely upon data to back up pre-existing arguments rather than starting with the numbers. Critically, Sandbag is greatly valued for the service it offers to the wider sector, enabling relatively small organisations that lack capacity and in-house expertise to commission and draw upon Sandbag’s research. If Sandbag did not exist, a commensurate and accessible function would need to be invented to provide this service; why bother when an organisation is already functioning? Sandbag arguably has a better reputation amongst key stakeholders in Europe than does EDF, along with a better understanding of the institutional decision making structures of the EU.

Advocacy

Alongside its analysis, Sandbag undertakes strategic advocacy; working with politicians in both the UK and Brussels. It currently does not have dedicated communications or campaigns capacity and is not a campaigning organisation like Greenpeace. It is seen as more pragmatic and moderate than, for example, Carbon Market Watch. When Sandbag first launched, it focused more upon public facing work, but over time has focused upon political and policy relationships to achieve its advocacy goals. It uses the media as strategically as it can, given its limited capacity and the lack of a communications strategy.

Externally, there is some uncertainty about Sandbag's advocacy role. Some interviewers described it as purely a data-driven organisation and did not think of it in terms of overt advocacy. Others felt that it does have a role in challenging the private sector and government - and felt that this could be something Sandbag does more of. There was also a partial perception that Sandbag should stick to data, and that their media and public messaging sometimes lacks subtlety in comparison to its technical analysis.

In thinking about future positioning, were Sandbag to continue as a separate entity, a useful comparison might be with the Institute of Fiscal Studies (IFS). IFS' expertise and rigour is greatly respected on all sides of the political debate, and it uses its data and independent research to influence economic policy making.

Key quotes

Theresa Griffin: "With its focus primarily on EU ETS they (Sandbag staff) are very effective and knowledgeable. If they give you an argument, they can back it up with relevant facts. If we have questions they get straight back to us: on ETS but also market stability reserves, renewables, and binding targets. Sandbag is technical, creative: it's a bit different - both campaigning and analytical. Though Sandbag is a not-for-profit, this combination of research and campaigning is crucial – if it was just a campaigning organisation, they couldn't back it up. I don't perceive them as lobbyists, I see them as doing the right thing for people, so it's much easier to trust them."

Kateřina Konečn: "I know Sandbag as a UK-based not-for-profit think tank conducting research, providing expert analysis, and campaigning for climate policies. They are constantly providing real numbers to the Commission. Because I am a shadow rapporteur on the current ETS reform I have met their people several times."

Yvon Slingenberg: "In the EU it is well recognised and offers a compelling combination of expertise, political outreach and eloquent argument. What makes it distinctive is the fact it has the capability to do its own analysis and number crunching – it can back up its statements and scenarios."

Laura Bowman: "Sandbag strikes the right note on coal, phasing out old coal technology. They have weight behind them."

Kate Hampton: "Sandbag is the first really data-driven advocacy organisation working in the EU."

Nick Mabey: “Sandbag is kind of a stand-alone institution, but is also part of an ecosystem where it plays a particular role. Other organisations have more communications and advocacy capacity whereas Sandbag has added value in terms of having a highly numerate, focused, team who not only work on EU ETS, but also work on efficiency and the demand side. It produces rapid, policy focused, reliable data - whether it’s on coal, efficiency or ETS - and analyses it in a mission-focused way, rather than us having to rely on larger, expensive, consultancies. They’re an NGO partner rather than a consultancy partner. And they’re familiar with the numbers so they can get around it a lot faster and offer better quality than most of the commercial outfits. We love them as partners because they have enough work from the sector to get really good at what they do. So that’s how we see them in this space. If it didn’t exist, we’d have to fill that function in another way. They’ve achieved economies of scale. Sandbag works best when it’s in partnerships. It hasn’t got the political front-end. It’s very London-based, very analytical, no advocacy wing. It’s never worked out its advocacy model as opposed to its analytical model going forward and therefore became neither fish or fowl. It’s part of its growing pains and part of the issue it’s got to look at.”

Femke De Jong: “Sandbag combines advocacy with data – it’s very good at that. They are the ‘go to people’ around EU ETS transparency, surpluses in different sectors, and carbon markets; other NGOs don’t have its extensive database and knowledge. They are at their most effective when they bring forward what they have seen from their data and modelling and then make recommendations. It’s so good to have this information in the NFO community - if it was not there NGOs would have to pay think tanks for analysis for advocacy purposes. Some of its tools are replicated by Thomson Reuters, but with them you have to subscribe. There’s a need for a think tank open to everyone: NGOs and policy makers. It’s good that Sandbag is there.”

Wendel Trio: “The analytical part no one else really does. There’s not enough organisations working on EU ETS and European climate policy, so more would be useful. The analytical part provided by Sandbag would be missed.”

Ben Garside: “Sandbag’s is a more constructive voice amongst environmental groups. Some look to reject ideas and adjustments to current policy whereas Sandbag is prepared to take up realistic solutions. This helps it engage with lawmakers and decision makers when compared to others.”

Unattributable: “Sandbag has a good technical reputation to hold EU ETS transitions to accountability - the first in the field.”

Unattributable: “It has a curated database of all the emission sources under the EU ETS which is probably second to none in terms of its granularity.”

Brand

Theme

Sandbag’s brand is strong amongst its core audiences in Brussels and the UK. It is seen to hold considerable technical expertise, and utilise highly knowledgeable staff; and these are perceived to be its greatest strengths. Despite its small size and relative lack of capacity, Sandbag is quick to respond whilst retaining its credibility.

Key quotes

Lord Barker: “It wasn’t very visible at Ministerial level, more amongst my advisors.”

Theresa Griffin: “Sandbag staff are helpful and accessible; sometimes it’s difficult to meet with them but you can talk via phone and email - they’re small so it’s a capacity issue. But they’re fleet of foot and you can’t fault them in terms of expertise.”

Yvon Slingenberg: “It’s a ‘quick actor’. Its capacity’s not large but it covers an incredible amount of ground.”

Jos Delbeke: “Their analysis is very strong, and more thorough than most NGOs and think tanks. They fill an important gap. Sometimes, though, Sandbag has alienated key stakeholders, particularly the private sector, when their messages have lacked nuance.”

Laura Bowman: “They communicate technical issues in ways people can understand. This is not always true of others.”

Kate Hampton: “Sandbag is rigorous, honest, original.”

Femke De Jong: “Its brand profile is in the middle of think tank and environmental group. Sandbag is more the former.”

Wendel Trio: “It’s a strong brand in the sense it is well respected, is often used as a source and reference because of their technical expertise - but it’s a limited circle. In terms of Brussels institutions, only 50-100 people know them but those who know have respect for them. The technical level of EU ETS debate does not attract public attention but they have been able to make it more attractive than many other organisations. Sandbag has played a leading role in terms of analysis, thinking, and innovative proposals. It has been a think tank around EU ETS - how it functions, how it should it be improved - and, more broadly, they’ve been adding value in terms of number crunching: greenhouse gas emissions; projections linked to ETS but also the coal sector. They are a prime centre of number analysis.”

Ben Garside: “Sandbag does a lot of analysis themselves; they focus more on EU ETS reform than other environmental groups. I know them for working in this area. In terms of UK decarbonisation efforts, I’m not so sure. But with regard to EU ETS reforms in Brussels, they are prominent and are called upon for their expertise. They are referenced a lot and are at the forefront of discussion; they’re part of the debate and their views are listened to.”

Leo Hickman: Largely we think of them as an NGO or think tank - what are they to the wider world? Are they campaigners, analysts, what? I have a benign feeling about the brand; the original launch idea was you could buy and retire carbon allowances. It was fun and got good press but it was more of a campaigning idea - you can do something if you care. But it fizzled away. Now the focus is more on being sharp analysts.”

What's in a name?

Sandbag now positions itself as primarily a research and policy advocacy organisation. To set it apart from other organisations working to address the issue of climate change, it therefore deliberately did not include the words 'climate' or 'carbon' in its name. The name Sandbag was intended to symbolise the coordinated action people take to protect themselves from natural disasters. It was seen as especially apt given the link between sea level rise, flooding and climate change. In the US, 'to sandbag' in poker or legal cases is to pretend you have a weak hand only to later emerge victorious.

However, all this means the name in itself does not convey the organisation's mission; it has to employ a strapline: 'Defending against climate risk.'

The name or strapline were never tested with the organisation's key audiences and stakeholders and in *m2*'s view may have outlived its usefulness. It better reflects a more public facing role rather than the increasing research and policy focus of the organisation. However, the brand has built up equity and trust.

Key quotes

Yvon Slingenberg: "When it was set up I was puzzled about what it was supposed to be - the name is not very clear in Brussels. They are well known now - if they did change their name there would be a risk."

Femke De Jong: "I'm not so sure about the name but is now quite well known in the carbon market world."

Unattributable: "In Brussels the Sandbag brand is maintained. Which doesn't mean that you can't transition over to an EDF brand over time. But because the brand is well respected and helps get effective access, it's not something that I would wish to lose - even though it's probably a terrible name. But it's a well-known terrible name by now."

Media profile

Key themes

Sandbag has a relatively high profile amongst the specialist press in Brussels; much less so amongst more mainstream UK media given the technical nature of its work.

Sandbag's social media presence on Twitter is active and relatively strong given the size and nature of the organisation – nearly 5,000 'followers'. However, its Facebook profile is weak – just 308 'likes'. It needs to develop its presence on this platform. However, its website is accessible and fit for purpose.

Key quotes

Theresa Griffin: "Sandbag uses social media well; it also has a media profile but - and this is not a criticism - the press doesn't find the issue interesting. It's difficult to get our subjects covered long-term, they're complex: even the specialist press doesn't always cover it."

Yvon Slingenberg: "In the specialist press it is well known and recognised on EU ETS, e.g. Bloomberg News. But Financial Times etc. - no."

Nick Mabey: “Its work is really good; it just didn’t have the people kind of following up on it in a way that really lands the punches. The media pick it up quite a lot, but it tends to spike and then drop. The culture of the organisation is analysis-led not communication-led. Otherwise you would end up with a different organisation.”

Wendel Trio: “Those following EU policy development know them. But otherwise they have not got a high media profile.”

James Randerson: “Their voice can be a bit wonkish, they don’t have a great public profile. They can be rather cautious in their statements and could have a more aggressive and proactive output.”

Ben Garside: “Their stuff is quite punchy. They attempt to make things clear in dealing with something technical. I frequently refer to them and quote their stuff, but it’s a narrow audience; the UK press is not focussed on EU ETS so not much profile there. But they’re fairly successful in getting their message(s) in the media; getting decarbonisation into the energy bill for example. My UK-based peers would know who they are.”

Leo Hickman: “They’re quite relaxed about not having their name in lights. Sometimes it’s the right strategic decision not to have your name linked to the article/story, it reflects its niche role. Sandbag doesn’t have a particularly ‘loud’ or dominant presence. Just after last general election was the last time they had a moment in the media, when Sandbag was in our calendar. Our perspective, as journalists, is its sharpness of analysis especially around the EU ETS – they provide good background information and on-the-record comments. They provide helpful analysis on coal and emissions. They are authoritative and trustworthy and quick to spot what the issue is.”

Unattributable: “Obviously to get reports into the media you have to spice them up a bit but their messages are worded moderately, they’re not inflammatory.”

Communications collateral

Sandbag’s well-received collateral largely falls under three categories:

Website. “Probably the most creative anti-climate change website around.” *Alok Jha, The Guardian.* “They have quite a bit of data analysis and tools on their website. They make the stuff presentable and provide tools that will be used - unlike other organisations.” *Ben Garside.*

Climate Tracker App. “It’s a very useful App; by adding CO₂ in the mix Sandbag does this best.” *Leo Hickman.* Sandbag’s app provides a live feed of three numbers to monitor progress towards CO₂-free energy systems:

1. For the UK: How clean is the electricity we are using; now and in the next 24 hours
2. For Europe: How much does it cost polluters to emit greenhouse gases to the atmosphere?
3. For the world: What is the current atmospheric concentration of greenhouse gases?

Reports, briefings, modelling, events, blogs and new media. “Getting the narratives right, accepted not just by green minded but also conservatives and a wide-range of politicians, it is very useful.”

Femke De Jong.

In 2016 Sandbag’s major reports include:

- Europe's Dark Cloud
- Bend it, Don't Break it
- The Effort Sharing Dinosaur
- Cement – the final Carbon Fat Cat

“Sandbag has been able to ‘sell’ their numbers, blending the boring bits with attractive ways of presentation – e.g. the ‘Fat Cats’ report.” *Wendell Trio.*

Competitors & relationships with other NGOs

Theme

Sandbag's '[2As](#)' make it distinct and means it has relatively few 'competitors' in terms of profile, work and brand. It, of course, has competition for funding, from a wide range of environmental NGOs.

Interviewees identified the following in particular as competitors:

- E3G www.e3g.org
- Change Partnership www.changepartnership.org
- Euractive www.euractive.com
- Carbon Market Watch www.carbonmarketwatch.org
- Climate Strategy www.climatestrategy.es
- WWF www.panda.org
- Thomson Reuters www.thomsonreuters.com

Key quotes

Theresa Griffin: “E3G and the Change Partnership are its main competitors. They cover the same ground but this is not a huge issue.”

Yvon Slingenberg: “Euractive - it has a climate policy profile. Nobody else has this in-house expertise - e.g. Carbon Market Watch always outsource which makes it less effective, less immediate.”

Jos Delbeke: “Their contribution has been important. I hope they stay in the game”

Laura Bowman: “The way it works with other organisations in the sector is very positive.”

Kate Hampton: “It has no competitors. Sandbag is an essential part of the EU ecosystem.”

Nick Mabey: “In the non-profit ecosystem, I don't think there are any competitors. Its competitors are clearly in the commercial realm. Everybody used to do short-term pieces of work to a greater or lesser success. When we did the strategic analysis for funders for the foundation of ECF, it came out very clearly. People thought there was a gap in the ecosystem; people framed it as economic analysis, number crunching, and that was never filled. When it comes to shorter-term, reactive, high quality data, there is an absence in 'professional' NGOs as opposed to 'utility' NGOs - like E3G and Climate Earth.”

Nick Mabey: “Sandbag is really the only one doing this kind of work. Climate Strategy is a competitor but its time horizon takes so much longer because they rely on academics, so they can’t do quick two, three, month pieces of work, and then stay with you through a campaign reworking, rebalancing, re-using numbers, getting the better value out of fundamental research. Numbers work for communications better than anything else, better than carefully worded phrases. We used to use Climate Change Capital for investment numbers. That’s dropped off, and no one has really filled the space. There’s discussion with Carbon Tracker because they have a lot of money to build databases, but they not focusing on the same avenues we are. So there’s still quite a lot of gaps. We think counting Euros is a little more important than counting tonnes.”

Femke De Jong: “We are a competitor! Its uniqueness is its great database and some of its reports – e.g. ‘Carbon Fat Cats’ – talking about the profits companies are making. As part of the think tank community we’re all competitors for money though. Thomson Reuters is being asked to present findings too and there are also NGO competitors like WWF. Sandbag is part of the NGO community but there has sometimes been difficulty in coordination and finding synergies with other organisations in order to have the maximum impact. In a spectrum of NGOs, Sandbag sometimes takes outlier position, e.g. on renewables, energy efficiency targets, nuclear; this has sometimes prohibited effective collaboration with other NGOs.”

Wendel Trio: “Sandbag has one specific competitor, Carbon Market Watch, which has the same focus on EU ETS reform. They are less analytical, but have profiled themselves as an effective organisation on ETS.”

Ben Garside: “There’s a coalition of green groups and they divide up work according to their skills, with messages being delivered together. Sandbag would be included in that. It’s a louder voice if doing it collectively. They’re not competitors.”

Leo Hickman: “There’s no one else on the UK scene. It is an important part of a wider voice that’s calling for EU ETS reform and oversight. They represent many sectors, and give the impression they are watching every move, every policy change. Sandbag has carved out a unique niche for itself, as a watchdog rather than a campaigning organisation. If it didn’t exist it’d be noticeable that someone isn’t closely monitoring what’s going on in the ETS and in terms of verification of emissions. It would fall on another NGO to recruit a dedicated head of EU ETS/policy lead. As a media person I need a quote, and there would be a hole.”

UK or Brussels based?

Key theme

Post Brexit, Sandbag needs to consider the role of a European base. Interviewees largely felt that Sandbag’s Brussels presence could be enhanced and that it misses opportunities by being too UK-focused. In addition, if Sandbag was to be based in Brussels it would be able to plug into EU funding more easily.

Key quotes

Theresa Griffin: “I’m not a great believer that everyone needs a Brussels office; one can use new technology. It’s about being there at critical times in terms of legislation.”

Nick Mabey: “To be in the flow they can’t not be in Brussels. Brexit does require you to re-orientate and Sandbag would be required to build a stronger visible presence in Brussels - especially when working around things like EU ETS. You can’t have an overly strong UK element and still be seen as credible; you need a strong European network that outweighs your UK network. So, for example, E3G will be growing in Brussels, but we won’t be moving over all our European capacity from the UK.”

Femke De Jong: “Though it’s primarily based in London, it has most impact through its analysis: they present at policy events in Parliament for example. However, it is still coming to grips with advocacy in terms of contacts and the sense of how lobbying in a Brussels context is done. With someone now based in Brussels focussing on the EU, Sandbag’s lobbying is getting better - knowing what’s going on in Parliament - because previously it was distant. To be effective advocates in Brussels you need to be in Brussels - you need to know what’s going on, timings etc. Or you don’t need to be there but then you need to collaborate with other NGOs. Analysis can also come from a UK base, but in terms of advocacy and trying to influence decision making round ETS, and knowing UK won’t have a role, Sandbag should prioritise being in Brussels.”

Ben Garside: “Being predominantly based in London, yet with reform efforts in Brussels, means Sandbag miss out on day-to-day ponderings.”

Strategic direction post-the 2Bs - Bryony (Worthington) & Brexit

Theme

Sandbag is at a juncture. Its founder and previous Director, Bryony Worthington, is Chair, but is now Director of EDF Europe. Interviewees commented that Baroness Worthington is a major figure within UK politics and the environmental movement, and that her departure from Sandbag necessarily means it will be a different type of organisation. There was some concern expressed about the extent to which her role as Chair means Sandbag may not have the space to grow independently.

Sandbag is also facing strategic decisions about whether to focus more upon the UK or Europe post-Brexit, and what this might mean for its work, resources and capacity. Whilst this is a potentially challenging time, it also provides an opportunity for Sandbag to position itself strongly and strategically.

Sandbag post-Bryony Worthington

Key quotes

Theresa Griffin: “It is a threat if Bryony moves on - what is the succession strategy? She is a fantastic asset; she has gravitas and can command the room. But when we get to know the organisation better - separate from Bryony - and the people we could work with directly, this will be valuable.”

Yvon Slingenberg: “Few NGOs have this political figure: unaggressive, conscious of the politics, experienced. Bryony would try and understand in order to adjust her approach. Where some did find her rigid, I would say she is ‘tough with a purpose.’”

Kate Hampton: “Losing Bryony was a big hit to the organisation. Nonetheless, the staff are very smart and driven and a key asset.”

Nick Mabey: “Sandbag would never have got off the ground without Bryony. People invested in her, and her knowledge. Obviously when your CEO then becomes an active politician, unless you have a very strong leadership team, it’s very hard to keep an institution going. I don’t think there was much they could do about that though. Sandbag is Bryony’s baby and was seen as Bryony’s baby. When it spoke, it was Bryony speaking. And so post-Bryony, it has a chance to make its own way.”

Leo Hickman: “With Bryony gone, they have lost their figurehead. It’s in transition, different people coming in who haven’t yet settled down. This might affect the longer-term perception of what Sandbag do and is. But there’s no noticeable difference in how we make use of them.”

Unattributable: “My concern is can it survive – let alone thrive – without Bryony?”

Unattributable: “Bryony is so impressive and has such a reputation that clearly having her leave was a blow. But that doesn’t mean Sandbag can’t survive it.”

Sandbag Post-Brexit

Key quotes

Theresa Griffin: “If the UK leaves the internal energy market, it would be released from EU targets, it would not participate with ETS, there would be a negative impact on climate change and energy. The Conservatives vote against binding targets but without them we won’t achieve this stuff. On fuel poverty it would have to be conducted at an UK level not EU – and will they take on the big 6 power companies? Collective action would disappear and, though the UK would still be beholden to Paris and emissions targets, it may put less emphasis on renewables. Where does the protection lie for UK policy therefore? Who’s going to hold the government to account? It would fall to campaigners to maintain high environmental standards, ambitions on renewables.”

Kateřina Konečn: “It is danger of losing their people in the post-Brexit era so should focus on securing their expert base.”

Yvon Slingenberg: “Some on the Commission feel that Sandbag has a strong UK perspective and that if we only see the issues in a UK context, then where are the political compromises one needs to make? But it’s also a useful perspective as UK industry is less concerned about international competitiveness than the more defensively-minded continent. Sandbag is not out-of-touch in Brussels. On EU climate policy there is likely to be as good cooperation with the UK as before. If Sandbag would prefer to stay UK-focused, then it’d be interesting for them to look at how the UK and EU could work together - there’s hardly any dispute in energy and climate policy in terms of the UK position. And in terms of international climate negotiations, the UK will always be with the EU position. But Sandbag works on very specific things, so this might need to be considered - which orientation (UK or EU) they would prefer. Legally it will be difficult because it will be EU legislation so the UK will not be able to vote, but there will still be room for cooperation, sharing best practice.”

Kate Hampton: “Sandbag’s priority should be sorting out policy at the carbon price/industrial competitiveness nexus.”

Wendel Trio: “It’s seen very much as a UK organisation, so in EU policy circles that is always the image they carry with them. This has meant limitations in the past and in the future given Brexit as far as we can foresee. Sandbag is linked to the fact that, following Brexit, the impact of UK government on EU policy development is in decline so there is a corresponding limitation on its political influence.”

Wendel Trio: “A future decision has to be made, not just its relationship with EDF, but also whether it wants to focus on EU or UK policy development. If EU, it would need to show it has a base in the EU and move from the UK. But it would also have a reason to focus on the UK which will remain an important player. The UK’s intention will be to remain collective to most of EU climate policies, stay part of EU ETS, and become part of effort-sharing legislation. So the UK contributes to an improvement to those policies; not sitting around the table but still influencing them through lobbying work. It’ll still have an impact, the UK’s economy strong, and currently it is still a member. So there’s a value in making the UK its focus. So it’s hard to predict the atmosphere post-Brexit - Sandbag could do both. But, arguably, if UK is out it’s out - you can’t then be seen as a UK organisation.”

Leo Hickman: “There needs to be an assessment of opportunities and risk associated with Brexit. Sandbag will need to pivot its focus to some degree: if the delivery of EU ETS goes pear-shaped, what do they do? Every organisation has to have this at the back of their mind at this uncertain time.”

Options

Introduction

“You talk about climate change in Europe, and we want to know where your money comes from, where your position, what your line is. That’s how Europe works. So EDF’s culture should reflect Europe’s culture, and in that sense, Sandbag is not a mismatch.” *Nick Mabey:*

Change is a constant; partnerships are sometimes a necessary and highly advisable strategy, and can be extremely successful in re-harnessing and re-shaping the original power and energy that brought organisations into existence in the first place.

It is worth stressing that whatever structure is chosen, whether merger or absorption by one organisation, the new entity will *de facto* be to an extent a new organisation. The process will inevitably involve some sense of removal from the past but also most probably provide an opportunity, through the necessity of concentrating on implementation and integration, to focus on the present and future, and thereby forge a new culture. In this sense it does indeed require a leap of faith and trust.

Sandbag has received funding from Esmée Fairbairn Foundation to look into the possibility of a merger with EDF Europe. The funding guidelines state that to receive funding, the potential merger should:

1. Be likely to improve policy and practice more widely or lead to wider benefits for the local, regional or national sector
2. Have an impact on the efficiency and effectiveness of merged service, whether that be in increased numbers of beneficiaries, improved methodologies, expanded networks, longer term sustainability or increased quality
3. Have an impact on the wider sector beyond the immediate interests of the two organisations.

Key questions for EDF and Sandbag

In thinking about the ways forward, several key questions and considerations emerged from *m2*'s analysis:

- What structure is most likely to advance respective organisational causes and objectives?
- How can Sandbag's role in cross-sectoral data provision best be protected?
- How can any change ensure that staff within Sandbag support the process?
- What would the relationship between Bryony Worthington and Sandbag look like, whatever the outcome of these discussions?
- Where would Sandbag fit into EDF's overall climate work in Europe?
- Might a formal relationship help bring financial stability to Sandbag?

Organisational focus and culture

Sandbag and EDF are perceived by both internal and external interviewees to have very different cultures. EDF is seen to be rather more measured and bureaucratic in comparison to Sandbag's more flexible and adaptable approach. To some extent this reflects relative size, but also differences in maturity and stature. Sandbag is closely focused upon one aspect of climate change policy, whereas EDF takes a broader approach in its work on forests and oceans. However, there are areas of commonality: both take a pragmatic approach to policy and have established credible voices with which to influence it. Both organisations understand and work with markets and their combined strength (in whatever form) would be highly significant within the sector. Whilst historically Sandbag had more of a public campaigning focus, its current trajectory is towards relationship-based advocacy. This approach could fit well with EDF's advocacy wing, EDF Action.

Key quotes

Jill Duggan: "Would Sandbag's youthful enthusiasm disappear?"

Jos Delbeke: "EDF is more thoughtful and qualified in its approach."

Nick Mabey: "You can be really robust if you've got really good evidence, and be really mainstream like the IFS is. You don't have to kind of 'dull yourself down' to pretend to fit in, and not make waves. To be honest, that's a little bit of EDF's culture. You know, start with the projects and work back whereas actually Sandbag start with the data, and work forward."

Practical considerations

There are several practical points for both EDF and Sandbag to consider:

- **Office location**: Both offices are located in London Bridge, London SE1. Sandbag currently benefits from being in a shared office space with other ECF-funded organisations.
- **Data protection**: Sandbag has around 400 'customers' who have bought and cancelled permits, and about 5,000 subscribers to its newsletter.

- **Staffing:** Sandbag staff are paid considerably less than their EDF counterparts. This would need to be addressed relatively early on in the process, to prevent resentment growing over unequal treatment. If a full merger goes ahead, consideration would need to be given whether to TUPE staff over, or to re-hire staff into similar roles on new contracts. There would likely be redundancies in either scenario.
- **Management:** In thinking through how this fits with EDF's work, careful consideration would need to be given to management structures and how reporting lines might work; in particular, the extent to which Bryony Worthington oversees the work.
- **Branding:** If a merger goes ahead, a decision will have to be made about whether to maintain the Sandbag brand and name, or whether to phase this out over time.
- **Funding:** If a formal relationship was established, this could bring some financial security and stability to Sandbag.

A spectrum of options

There are a number of options for Sandbag and EDF to consider in taking this relationship forward. These lie along a spectrum, from Sandbag retaining its independence, to merging fully into EDF. Somewhere in the middle, sit various possibilities of closer working and collaboration, without legally merging.

Independence

Key quotes

Jill Duggan: "EDF works very differently with corporates. Sandbag might not be a natural fit with this – it could lose its ability to challenge."

Nick Mabey: "It is better kept as an independent capacity."

Few interviewees felt that maintaining the status quo was the most effective way of achieving either organisation's mission. There was also recognition that Sandbag is already in the process of major change. A number of interviewees argued that if Sandbag does remain independent, it will be important for Bryony Worthington to formally withdraw from it.

There is a perception that it may be difficult for Sandbag to remain financially viable in the longer-term without some kind of merger or partnership. Clearly Sandbag's expertise is valued by the sector and, should it disappear, there will be a loss to the sector as a whole, as well as potentially to EDF Europe who may wish to use that data. It is worth considering whether the sector and debate is best served by EDF and Sandbag having separate voices or speaking with one voice. Sandbag is undoubtedly somewhat more provocative in style than EDF; the question is whether it is better to keep that as a separate entity admittedly amongst many, often more, provocative voices. The prospect of Sandbag's expertise vanishing due to financial instability serves no one; but equally some interviewees were concerned by the prospect of that expertise being subsumed into EDF's agenda.

<i>Advantages to Sandbag</i>	<i>Advantage to EDF</i>	<i>Advantage to the sector</i>
Retain autonomy over brand and overall strategy; no need to compromise on issues such as corporate engagement.	Can use Sandbag’s data, whilst remaining at arm’s length from any policy or political disagreements.	Sandbag continues to provide robust evidence and data to NGOs and think tanks.
This could be an opportunity to re-focus strategically upon new opportunities.		
Keeps its ability to challenge corporates where it feels this is strategically necessary.		

<i>Risks to Sandbag</i>	<i>Risk to EDF</i>	<i>Risk to the sector</i>
Financial instability means it cannot continue as an independent entity.	Extra time and resources are spent building up European capacity on climate change, when this exists already.	Sandbag no longer exists in its current form if funding is unstable.
Post Brexit, Sandbag would need to decide strategically whether to focus more upon the UK or Europe: the latter would require more capacity.		

Full merger

Key quotes

Lord Barker: “I’m not convinced you need an organisation focusing specifically on carbon pricing. Amalgamation into another organisation might make sense. However, EDF would give Sandbag more clout – but where’s the additionality for EDF? It has a results-driven culture, what’s the deliverable that Sandbag brings? Do you want the Sandbag team or their brand? EDF has very clear priorities and I’m not sure where Sandbag fits into those. You have to be very careful it’s not a reverse takeover; you don’t want EDF Europe to be a ‘souped up’ Sandbag.”

Yvon Slingsberg: “Often Sandbag’s analysis is based on UK industry. To build its capacity, in order to better understand the market, would require a big investment.”

Jos Delbeke: “I see Sandbag as a good fit with EDF; they could learn from them. At the same time the climate agenda is under pressure; the sector needs to align forces across the Atlantic so this is a good opportunity for EDF.”

Nick Mabey: “If it was a full takeover Sandbag would only be able to support EDF’s communications and brand. That would be a shame because I think other people benefit from having that type of capacity.”

There was cautious support from some for a full merger, but major unresolved questions remain about how in practice that might work - for instance, would the line management of key Sandbag staff be spread across different teams in the US? There was also concern that, without access to Sandbag's data and analysis, the sector overall would be weaker. Another option would be to merge in the most pertinent areas of Sandbag's work - likely to be carbon markets and EU ETS - without taking on the entire organisation.

<i>Advantages to Sandbag</i>	<i>Advantages to EDF</i>	<i>Advantages to the sector</i>
Greater financial stability; access to corporate functions such as legal and HR advice; communications.	Bringing analytical and research expertise in-house.	Potentially a stronger, more unified and global voice on climate change.
Opportunities for staff to develop within a larger organisation.	Brings credibility in Europe to EDF, including existing relationships.	Potential cost savings might be spread to the wider sector.
Could share office costs, both European and London.	Brings understanding of Europe (including the parliamentary scene and knowledge of institutional decision making) in-house.	
Would help Sandbag professionalise and get better pay and conditions for staff.		

<i>Risks to Sandbag</i>	<i>Risks to EDF</i>	<i>Risks to the sector</i>
Loss of voice and strategic level of autonomy; may lead to weakened ability to work effectively.	If Sandbag staff are unhappy they might leave; this would considerably reduce the value of the merger.	Loss of capacity to provide data-driven evidence to think tanks and other NGOs. Individually they do not generate enough work to have in-house capacity.
Potential loss of momentum whilst branding and management issues are resolved.	Cultural differences, working practices and different pay grades might mean the merger is ineffective or fails.	Loss of a data-driven voice to challenge government(s) and the private sector.
	Considerable time taken up resolving internal management issues.	The sector needs technology and ideas to move on in leaps not increments; it needs 'horizon-scanning.' Sandbag is more likely than EDF to attract that kind of radical thinking.

Formal partnership

Key quotes

Femke De Jong: “There’s a need for a think tank that’s open to everyone: NGOs and policy makers.”

Dr Wolff: “Sandbag should maintain their USP; work in Europe on those three or four technical areas and complement EDF. Its analytical focus and presence of brand should be kept but EDF could bring financial stability.”

Nick Mabey: “If you are going to run a bunch of number crunchers, you have to have enough numbers to crunch to keep more employed. And there are economies of scale about their facility and understanding of databases. There’s a lot of merger talk going on at the moment about Single Purpose Vehicle (SPV) creation. So there is an argument for ECF, and EDF, and perhaps E3G, to take on Sandbag as an asset to community and evolve in a way that supports joint agendas.”

Unattributable: “The worst case scenario is a halfway house with Bryony still involved; this would distract her from EDF and not allow Sandbag to grow in independence.”

Overall, interviewees saw some kind of middle-ground as holding the most advantages and fewest disadvantages for both organisations as well as the wider sector. Formal collaboration and funding agreements would help support Sandbag financially, but protect its independent voice and, crucially, not remove capacity from the sector. Interviewees agreed that in this scenario it would be desirable for Bryony Worthington to leave her formal role at Sandbag, in order to establish clear management lines and communications. There are three main potential areas of middle ground:

1. Merge back office functions

There could be an option for Sandbag to share some of EDF's corporate functions such as communications, fundraising, development and HR. This would save considerable time and resources, yet enable Sandbag to retain brand and independence. This could extend to co-establishing a better resourced European office. In return, EDF could receive a fixed amount of data analysis or research (*to be negotiated*). Robust agreements about the arrangement would need to be drawn up.

2. Funding Sandbag

EDF could assume the role of funding Sandbag. This could potentially be alongside one or two other funders with the intention of maintaining Sandbag as a separate organisation, receiving long-term funding and support. This could either be in Sandbag's existing guise as a CIC or potentially as a SPV. This would keep Sandbag as an asset to EDF as well as to the sector as a whole and support it to develop in a way that helps joint agendas - whilst keeping EDF at arm's length from it organisationally. Alternatively, EDF and Sandbag could work on joint funding proposals, leveraging EDF's organisational clout to bring in funding for Sandbag.

3. Incubate Sandbag

A third option would be for EDF to 'take in' Sandbag and nurture it; developing its organisational capacity and financial systems with the explicit intention of 'letting it go' once certain milestones had been reached. This approach is one that EDF has previously taken. However, this could be more challenging to do with an already established organisation.

Next steps

In any of these scenarios there is still a significant amount of detail to work out between EDF and Sandbag. With Sandbag already having been through a major period of change, it is critical that decisions need to be made quickly and communicated clearly, with appropriate levels of consultation for Sandbag staff. The disparity in size and power between the two organisations makes this even more pertinent. If either a merger or middle ground is sought, both organisations will need to access independent legal advice and HR expertise.

m2 would also recommend an externally facilitated process to mitigate the risk of Sandbag's staff feeling alienated or bypassed by the process.

Appendix 1 – Current and previous directors

ASSOUS, Pierre-Adrien Jacob

Correspondence address **10 Queen Street Place, London, England, EC4R 1BE**
 Role **ACTIVE Director** Date of birth **November 1968**
 Appointed on **22 April 2014** Nationality **French**
 Country of residence **France** Occupation **Investment Banker**

BURSTON, Jane

Correspondence address **10 Queen Street Place, London, England, EC4R 1BE**
 Role **ACTIVE Director** Date of birth **April 1981**
 Appointed on **24 February 2012** Nationality **British**
 Country of residence **United Kingdom** Occupation **Manager**

DUGGAN, Jill Patricia

Correspondence address **10 Queen Street Place, London, England, EC4R 1BE**
 Role **ACTIVE Director** Date of birth **July 1957**
 Appointed on **29 January 2013** Nationality **British**
 Country of residence **England** Occupation **Government Affairs/ Policy Director**

GILLESPIE, Edward Roger

Correspondence address **10 Queen Street Place, London, England, EC4R 1BE**
 Role **ACTIVE Director** Date of birth **June 1972**
 Appointed on **13 May 2010** Nationality **British**
 Country of residence **United Kingdom** Occupation **Company Director**

WORTHINGTON, Bryony Katherine, Baroness

Correspondence address **10 Queen Street Place, London, England, EC4R 1BE**
 Role **ACTIVE Director** Date of birth **September 1971**
 Appointed on **3 October 2008** Nationality **British**
 Country of residence **England** Occupation **Manager**

WYNS, Tomas

Correspondence address **10 Queen Street Place, London, England, EC4R 1BE**

Role **ACTIVE Director** Date of birth **June 1974**

Appointed on **1 November 2014** Nationality **Belgian**

Country of residence **Belgium** Occupation **Doctoral Researcher**

Baroness Bryony Worthington is an experienced climate campaigner who has worked for Friends of the Earth, the government and in the private sector. Bryony developed the concept of 'carbon budgets' whilst at FOE and was a key member of the team that drafted the UK's Climate Change Bill. She has a detailed understanding of emissions trading policy and has experienced first-hand the lobbying that surrounds this important policy - which is why she was inspired to set up Sandbag.

Ed Gillespie is the Founder and co-Director of Futerra, a sustainability communications agency. His interesting career history includes working for the Natural History Film Unit, as a marine biologist in Australia, New Caledonia and Orkney and on environmental issues for Transport for London. Ed has Masters degrees in both Marine Conservation and Sustainable Development and writes regularly for the Guardian. Ed was also recently appointed as a London Sustainable Development Commissioner.

Jane Burston leads the Climate Science and Low Carbon Technology work at the National Physical Laboratory. In 2008 she co-founded Carbon Retirement, a social enterprise taking an innovative approach to carbon offsetting. For this she won several awards, including being named in Management Today's '35 high-flying women under 35' list and as Square Mile magazine's 'Social Entrepreneur of the Year' for 2011.

Jill Duggan has worked in the private and public sector on climate and energy policy for many years. Jill has led the cross-government UK policy team for the EU ETS, served as a visiting Senior Fellow at the World Resources Institute in Washington DC, worked with the European Commission DG Climate Action, acted as an advisor for the Western Climate Initiative in North America, and given expert testimony to a Congressional Committee in the US. Jill currently holds the position of Director at The Prince of Wales' Corporate Leaders Group, Director of Policy at Doosan Power Systems, and Director at Carbon Policy Associates Ltd.

Tomas Wyns was the director of the CCAP Europe office in Brussels, Belgium until 2013. From 2007-11 Tomas was the European Union Emissions Trading Scheme Policy Adviser of Climate Action Network Europe and NGO representative in European Climate Change Policy working groups on the EU Emissions Trading Scheme. Tomas coordinated the NGO campaign on the 2008 EU Climate and Energy package. Prior to that, Tomas worked as a climate change policy adviser for the Flemish Ministry of the Environment with a focus on the ETS. Tomas was the Flemish negotiator at the ENV Council Working Group and represented the Flemish Government within the EU Working Group III in the Climate Change Committee.

Adrien Assous is a Director at Natixis where he has been working on carbon asset management and renewable energy financing. He has worked with the Climate Markets & Investment Association, the Climate Group, and Bloomberg New Energy Finance. He has been involved in the carbon market since 2004 and in financial markets since 2000. Adrien has an MSc in engineering from Ecole Centrale de Lyon, and a Masters in International Economic Policy, specialising in climate change, from Buenos Aires.

Former Directors

CROW, Louise Rebecca, Dr

Correspondence address **2-6, Cannon Street, London, EC4M 6YH**
 Role **RESIGNED** **Director** Date of birth **February 1974**
 Appointed on **3 October 2008**
 Resigned on **17 April 2013** Nationality **British**
 Country of residence **United Kingdom** Occupation **Computer Programmer**

LE FLEMING, Barbara Maria

Correspondence address **2-6, Cannon Street, London, EC4M 6YH**
 Role **RESIGNED** **Director** Date of birth **September 1971**
 Appointed on **3 October 2008**
 Resigned on **27 November 2011** Nationality **British**
 Country of residence **England** Occupation **Accountant**

MASON, Paul Michael

Correspondence address **4 Charterhouse Square, London, London, Great Britain, EC1M 6EE**
 Role **RESIGNED** **Director** Date of birth **August 1953**
 Appointed on **13 May 2010**
 Resigned on **10 December 2010** Nationality **British**
 Country of residence **Great Britain** Occupation **Director**

Appendix 2 – Financial Statements to 31/10/15

Sandbag Climate Campaign CIC

Income and Expenditure Account for the Year Ended 31 October 2015

	Notes	31 10 15 £	31 10 14 £
TURNOVER		39,101	10,859
Cost of sales		27,607	8,865
GROSS SURPLUS		11,494	1,994
Administrative expenses		357,620	199,566
		(346,126)	(197,572)
Other operating income		357,611	197,991
OPERATING SURPLUS	2	11,485	419
Interest receivable and similar income		53	76
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		11,538	495
Tax on surplus on ordinary activities	3	3,174	107
SURPLUS FOR THE FINANCIAL YEAR		8,364	388

Sandbag Climate Campaign CIC

Income and Expenditure Account
for the Year Ended 31 October 2015

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SURPLUS FOR THE FINANCIAL YEAR		<u><u>8,364</u></u>	<u><u>388</u></u>

Sandbag Climate Campaign CIC

Detailed Income and Expenditure Account
for the Year Ended 31 October 2015

	31 10 15		31 10 14	
	£	£	£	£
Turnover				
Sales	18,659		10,859	
Reimbursed expenditure	<u>20,442</u>		<u>-</u>	
		39,101		10,859
Cost of sales				
Purchases	7,165		8,865	
Reimbursed expenditure	<u>20,442</u>		<u>-</u>	
		<u>27,607</u>		<u>8,865</u>
GROSS SURPLUS		11,494		1,994
Other income				
Grant income	355,164		196,674	
Donations	2,447		1,317	
Deposit account interest	<u>53</u>		<u>76</u>	
		<u>357,664</u>		<u>198,067</u>
		369,158		200,061
Expenditure				
Insurance	591		772	
Directors' salaries	48,064		30,510	
Directors' social security	5,513		3,112	
Wages	172,558		88,203	
Social security	14,954		8,320	
Rent and Rates	31,069		19,268	
Telephone	687		1,531	
Post and stationery	490		498	
Advertising	-		900	
Travelling and subsistence	21,821		8,875	
Design	2,320		450	
Printing, reports and products	633		1,737	
IT expenditure	2,457		3,088	
Recruitment costs	1,440		-	
Accountancy	10,461		8,532	
Consultancy fees	34,952		21,824	
Subscriptions	1,642		824	
Legal fees	150		150	
Advertising	1,020		-	
Entertainment	6,122		692	
Depreciation of tangible fixed assets				
Computer equipment	<u>667</u>		<u>278</u>	
		<u>357,611</u>		<u>199,564</u>
		11,547		497
Finance costs				
Bank charges		<u>9</u>		<u>2</u>
NET SURPLUS		<u>11,538</u>		<u>495</u>

Sandbag Climate Campaign CIC

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Finance costs				
Bank charges		<u>9</u>		<u>2</u>
NET SURPLUS		<u>11,538</u>		<u>495</u>

Appendix 3 – Staff list

Debbie Stockwell - Sandbag's Managing Director. Debbie is an experienced senior leader in the climate change field, with 15 years' experience in government, most recently at the Department of Energy and Climate Change (DECC). As a Government official, Debbie has been deeply involved in the delivery of policies in the UK (the Review of the UK Climate Change Programme, smart meters rollout) and the EU (ETS review and Energy Efficiency Directive). Most recently, she has overseen the award of £billions to renewable projects in the UK through early Contracts for Difference (CFDs) and led the team managing negotiations for bespoke CFDs including for Swansea Bay Tidal Lagoon and the State aid process for Drax's conversion to biomass.

Adam Whitmore - Head of Policy. Adam has nearly 20 years' experience of working on climate change issues in both consultancy and industry. He had several consulting roles, working mainly on energy, including as a Director responsible for Energy Economics Consulting at Deloitte, and worked at Hydrogen Energy as Chief Economist working on policy support for CCS. He then spent five years as Chief Advisor, Energy and Climate Change Policy for Rio Tinto. Adam is a member of the supervisory board of the British Institute of Energy Economics, and a guest lecturer on MSc courses at several universities. He has a BSc and MPhil in Chemistry from the University of Southampton.

Dave Jones - Carbon & Power Analyst. Dave leads the team focused on power sector decarbonisation. Dave spent 13 years at the power company E.ON, analysing electricity and carbon markets. Dave is currently involved in a multi-environment-group campaign to bring an end to unabated coal in Europe.

Boris Lagadinov - Head of Analysis. Boris has over 12 years of experience in international carbon markets. He was part of the negotiating team of one of the first ever emission reduction transactions back in 2002 and later worked with one of the first companies set up specifically to trade EU allowances and international credits. Subsequently, Boris spent over nine years at the trading arm of a major European electricity generator and energy trader. Boris holds an MSc in Economics from Sofia University and an MBA from IESE Business School.

Phil MacDonald - Head of Industrial Decarbonisation at Sandbag. Phil leads the team focused on industrial process change and Carbon Capture Utilisation & Storage (CCUS). He has previously worked as a campaigner with the UK Liberal Democrats and the USA Democratic party. He holds an MSc in Evolution, Ecology & Conservation from Imperial College.

Patricia Buckley joined Sandbag on a part-time basis in 2014 and supports the team with data collation and management, policy analysis and other lobbying activities. Previously, Patricia was working on carbon and energy data management, supporting UK Carbon Reduction Commitment (CRC) Energy Efficiency Scheme participants. Patricia gained extensive data management and analysis experience in the UK and across Europe while working in electronics manufacturing.

Aleksandra Mirowicz (Ola) - European Climate Policy Analyst. Ola's work focuses on EU ETS reform, covering Sandbag's policy development and lobbying in Brussels. Ola is also a lead on Sandbag's outreach to Spain and Poland. In the past she has worked on sustainability research and policy at the London School of Economics and Political Science, where she graduated with an MSc in Social Policy.

Wilf Lytton - Researcher on industrial decarbonisation. Wilf has a focus on CCS. He holds a master's degree in Geology from UCL and has worked in consultancy and with NGOs.

Suzana Carp - EU Climate Policy Advocate, with a current focus on the Effort Sharing Decision. Suzana was a Schuman fellow with the European Parliament's DG Presidency, in the Directorate for National Parliaments, having also previously worked as a civil servant in a national Parliament. Suzana graduated from the College of Europe, where she specialised in the energy and climate diplomacy of the EU in the European Neighbourhood countries. Additionally, she voluntarily coordinated the campaigns of the Romanian environmental NGO, Eco Dobrogea.

Pablo Pareja – Lead Data Scientist and Data Visualisation expert. Prior to working at Sandbag, Pablo specialized in Big data, Graph databases, Cloud Computing and Data Visualisation as a bioinformatics researcher at Era7 Bioinformatics.

Appendix 4 – m2’s team biography

m2 offers insights and a creative approach to enable our clients to achieve more - together.

m2 was launched in January 2016 by Matthew Davis and Miranda Lewis and we are currently also working with The King’s Fund, Comic Relief, and Talk Action.

Matthew and Miranda have both worked as consultants for 10 years after holding senior positions in major organisations. By merging, we bring together our expertise in evaluation and learning; leadership development; research; communications and campaigns.

Matthew Davis, BSc (Econ), PGCE, FRSA, established *3C consult create communicate* in 2006. 3C specialises in environment and development issues but also operates in other sectors including health, music and education.

Matthew previously worked in senior management positions for a number of major national and international NGOs. Latterly, Matthew was at WWF where he held various senior positions: Head of Press & Campaigns; Director of both the Marine and Climate Change Campaigns; and Communications Director/Deputy Director for WWF-International's Global Species Programme.

For three years Matthew was guest lecturer on environmental communications at Birkbeck University, while platforms Matthew has written for include The Guardian On-line, Young People Now, and PRS News. Matthew also blogs on campaigning under the aegis of the Directory of Social Change and has appeared regularly as a spokesperson and commentator on national TV and radio. Matthew is a published songwriter (EMI Music) and young person’s fiction writer (IPC magazines.)

3C clients include:

- ACRO (communications audit and restructuring)
- BBC Media Action (research & analysis)
- Campaign for Better Transport (communication materials)
- Carbon Gold (media planning and delivery)
- Cathedral Group (company giving strategy)
- Climate & Development Knowledge Network (media strategy and delivery; editorial)
- CTC (communication materials; brand development)
- Defra (training)
- E3G (campaign evaluation; training; branding; media delivery)
- Earthworks (USA) (media planning and delivery)
- EDF Energy (sectoral analysis)
- Environment Agency (communications and training)
- Fonehouse (media delivery; sustainability strategy)
- Friends of the Earth (organisation and campaign audit)
- Global Campaign for Education (facilitation)
- Global Witness (facilitation)

- Good Energy/Forster (research and analysis)
- Green Alliance (media strategy & delivery; training; facilitation)
- Marine Conservation Society (campaign and stakeholder strategy; training; mentoring)
- Practical Action Consulting (training)
- RSPCA (facilitation)
- Save the Children (audience analysis, stakeholder engagement evaluation, facilitation)
- Scope (facilitation)
- South Downs National Park Authority (communications strategy)
- Wastewatch (branding)
- WWF-International (climate change communications audit and evaluation.)

Miranda Lewis, MSc, MA, FRSA, has worked in the voluntary sector for 20 years. She works closely with IVAR (the Institute for Voluntary Action Research) as an Associate. *Recent projects include:*

- Merger studies for several different organisations (including large national bodies)
- Clore Social Leadership Programme (impact evaluation)
- CollaborationNI (evaluating the impact of collaboration support on the sector and on service users)
- BBC Children in Need and the Premier League (learning partner to a pilot programme on reducing youth violence)
- Porticus (evaluating the impact medium sized charities have upon social change)
- Atlantic Philanthropies (learning partner and evaluator of the Atlantic Institute).

Other recent clients include

- ActionAid
- Demos
- Mencap
- The Open Society Foundation
- PLAN UK
- Royal Society for the encouragement of Arts Manufactures and Commerce (RSA)

Miranda is a qualified personal and performance coach and specialises in working with voluntary sector leaders and senior campaigners. She is Acting Chair of Richmond CVS, and recently led the organisation through a major re-structure.

Before setting up her consultancy, Miranda was Associate Director and Head of Qualitative Research at the IPPR think tank. Miranda published widely whilst at IPPR and, as a media spokesperson regularly appeared on most major news channels. She previously worked in the advocacy team at Voluntary Service Overseas.

m2 Associate

Marcus Ward L.L.B. is a highly experienced, innovative and accredited management consultant and former charity CEO. Marcus originally studied law, and began his career in management and finance in the commercial sector, but then moved into senior management in the voluntary sector, with the last 15-years consultancy focused on the interface between the voluntary and the statutory sectors. His previous work with Matthew includes supporting a major evaluation project for Friends of the Earth. Marcus is an approved ACEVO consultant.

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