

Classified as Public



# GDN Collaborative Vulnerability & Carbon Monoxide Allowance (VCMA)

## Project Eligibility Assessment (PEA)

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## The Fuel Bank Foundation – Fuel Crisis Support

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*31 January 2022*

## Gas Network Vulnerability & Carbon Monoxide Allowance (VCMA) Governance Document - Project Eligibility Criteria

<b>Section 1 - Eligibility criteria for company specific projects (other than condemned essential gas appliance repair and replacement)</b>	
In order to qualify as a VCMA project, a project must:	
<b>VCMA Eligibility Criteria</b>	<b>Criteria Satisfied (Yes/No)</b>
<b>a)</b> Have a positive, or forecasted positive Social Return on Investment (SROI), including for the gas consumers funding the VCMA project;	<b>Yes</b>
<b>b)</b> Either: <ul style="list-style-type: none"> <li><b>i.</b> Provide support to consumers in vulnerable situations, and relate to energy safeguarding, or</li> <li><b>ii.</b> Provide awareness on the dangers of CO, or</li> <li><b>iii.</b> Reduce the risk of harm caused by CO;</li> </ul>	<b>Yes</b>
<b>c)</b> Have defined outcomes and the associated actions to achieve these;	<b>Yes</b>
<b>d)</b> Go beyond activities that are funded through other price control mechanism(s) or required through licence obligations; and	<b>Yes</b>
<b>e)</b> Not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved or local) funding.	<b>Yes</b>
<b>Section 2 - Eligibility criteria for company specific essential gas appliance servicing, repair and replacement projects</b>	
In order to qualify as a VCMA project, unsafe pipework and essential gas appliance servicing, repair or replacement must meet the following criteria:	
<b>a)</b> A GDN has to isolate and condemn unsafe pipework or an essential gas appliance following a supply interruption or as part of its emergency service role;	<b>NA</b>
<b>b)</b> The household cannot afford to service, repair or replace the unsafe pipework or essential gas appliance; and;	<b>NA</b>
<b>c)</b> Sufficient funding is not available from other sources (including national, devolved or local government funding) to fund the unsafe pipework or essential gas appliance servicing, repair or replacement.	<b>NA</b>
<b>Section 3 - Eligibility criteria for collaborative VCMA projects</b>	
In order to qualify as a collaborative VCMA project, a project must:	
<b>a)</b> Meet the above company specific and boiler repair and replace (if applicable) project eligibility criteria;	<b>NA</b>
<b>b)</b> Have the potential to benefit consumers on the participating networks; and	<b>Yes</b>
<b>c)</b> Involve two, or more, gas distribution companies.	<b>Yes</b>

## Gas Network Vulnerability and Carbon Monoxide Allowance (VCMA) Governance Document - Project Registration Table 2

Information Required	Description															
Project Title	Fuel Bank Foundation - Fuel Crisis Support															
Funding GDN(s)	The GDN(s) which register(s) the VCMA project Cadent, Northern Gas Networks (NGN), SGN and Wales and West Utilities (WWU)															
Role of GDN(s) *For Collaborative VCMA Projects only	The specific role(s) of GDN(s) participating in a collaborative VCMA Project SGN – project lead Cadent, Northern Gas Networks (NGN) and Wales and West Utilities (WWU) – project participants															
Date of PEA Submission	31 January 2022															
VCMA Project Contact Name, email and Number	Kerry Potter – Group Social Impact and Vulnerability Manager <a href="mailto:Kerry.potter@sgn.co.uk">Kerry.potter@sgn.co.uk</a> 07427 031200															
Total Cost (£k)	£500,000 (exc. VAT) <table border="1" data-bbox="427 792 1161 972"> <thead> <tr> <th>GDN</th> <th>Cost per GDN per year</th> <th>Over the two-year partnership</th> </tr> </thead> <tbody> <tr> <td>Cadent</td> <td>£124,515.25</td> <td>£249,030.50</td> </tr> <tr> <td>NGN</td> <td>£28,891.25</td> <td>£57,782.50</td> </tr> <tr> <td>SGN</td> <td>£67,677.50</td> <td>£135,355.00</td> </tr> <tr> <td>WWU</td> <td>£28,916.00</td> <td>£57,832.00</td> </tr> </tbody> </table> <p>The cost breakdown uses the VCMA % allowance principle based upon gas customers served per network.</p>	GDN	Cost per GDN per year	Over the two-year partnership	Cadent	£124,515.25	£249,030.50	NGN	£28,891.25	£57,782.50	SGN	£67,677.50	£135,355.00	WWU	£28,916.00	£57,832.00
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SGN	£67,677.50	£135,355.00														
WWU	£28,916.00	£57,832.00														
Total VCMA Funding Required (£k)	£500,000 (exc. VAT) over two years															
Problem(s)	<p>This should outline the problem(s) which is/are being addressed by the VCMA Project.</p> <p>During 2021 it is estimated that three million English households are living in fuel poverty (Dept for Business, Energy and Business Strategy). Living in a cold home has significant and demonstrable direct and indirect health impacts. There is strong evidence that shows it is associated with poor health outcomes and an increased risk of morbidity and mortality for all age groups. (Public Health England)</p> <p>Heading into winter against a backdrop of Covid-19, many of our customers have increased levels of anxiety exacerbated by instability in the retail market and a steep rise in utility costs. Our operational teams and our community partner organisations are seeing more customers worried about what is happening with their energy company and how they will afford to keep warm this winter. This is reflected in research by National Energy Action, the Fuel Bank Foundation, Citizens Advice and the Gas Safety Trust which shows the impact this is having on the wellbeing of customers who have limited access to helpful information or funds to maintain a safe and warm home.</p> <p>In the Fuel Bank Foundation's 2021 "Fuel Crisis Report" they reported that they were already seeing that like-for-like fuel voucher need had increased by approximately 23% since the outbreak of COVID-19. In some areas, however, there were spikes in demand of over 300%. The same report found that 96% of people helped had had to make the choice between topping up their prepayment meter and buying food. Of these, 60% have to make that choice daily or weekly, 91% had to ration their heating and hot water, and 76% had to do so every day or weekly.</p> <p>The current cost of living crisis, and the inevitable increase in fuel bills when the Price Cap is again increased on 1 April 2022, means that more and more people are struggling to afford to pay for their energy.</p> <p>There is also a direct correlation between fuel poverty and the increased risk of carbon monoxide poisoning. Lower income householders are often reliant on older boilers, older heaters, or even gas stoves or cookers to heat their homes. National Energy Action and Gas Safety Trust research found that 35% of low income and vulnerable households surveyed exceeded the 10ppm threshold for carbon monoxide</p>															

	<p>levels. They found that people living in deprived areas are also less likely to own an audible CO alarm than homes in non-deprived areas, further increasing the risk of CO poisoning. Unwell people, older people, pregnant women, and young children have also been found to be particularly vulnerable to CO poisoning, spending more time at home and with an increased need to stay warm, resulting in them using the heating more regularly.</p> <p>As we enter into winter, the Fuel Bank Foundation have seen an unsupportable volume of organisations reach out for access to fuel vouchers limiting their capability to support those most in need.</p>
<p><b>Scope and Objectives</b></p>	<p>The scope and objectives of the VCMA Project should be clearly defined including the benefits which would directly impact customers on the participating GDNs' network(s), and where the benefits of the VCMA Projects lie.</p> <p>The partnership with the Fuel Bank Foundation will deliver direct financial support and practical help to maintain a safe and warm home to vulnerable households identified via a network of community support partners and where required by direct referral from the funding networks.</p> <p>Through the partnership and directly provided by the Fuel Bank Foundation existing and new organisations requiring support for financially vulnerable households will have a pathway to access immediate or next day emergency fuel funds and the provision of additional support services to address long term debt and poverty. The provision of support will be tailored to meet household need with the overall ambition to provide immediate help but not a long-term dependency on aid to maintain a safe and warm home.</p> <p>The partnership aims to;</p> <ul style="list-style-type: none"> <li>• Provide emergency fuel vouchers to households in fuel crisis so they can access immediate financial support and where needed ongoing assistance to increase financial resilience and avoid dependency on emergency funds</li> <li>• Broaden the network of organisations working to identify households in crisis based upon a growing need in the community in partnership with the regional gas network</li> <li>• Introduce a referral pathway for gas networks to refer into the Fuel Bank Foundation where they identify a household in crisis</li> <li>• Provide an audit on the allocation of funds allocated to ensure that household level usage is monitored to avoid creating a dependency on the scheme and to mitigate the fraudulent use of the scheme</li> <li>• Introduce the provision of CO safety information and a pathway to access CO alarms where required</li> <li>• Make a positive social impact as we work together to alleviate the pressures on community organisations and the NHS, reducing the need to use key care services</li> </ul>
<p><b>Why the Project is Being Funded Through the VCMA</b></p>	<p>This should include an explanation of why the VCMA Project meets the VMCA eligibility criteria.</p> <p>This project operates across all the GDN networks and aligns to our GDN strategic mission to reflect and understand our changing customers' needs, and to respond with support to meet these needs together, as the UK's Gas Distribution Networks. This project meets the VCMA eligibility criteria as it will provide energy safeguarding for those most in need and increase awareness on the dangers of CO through a defined set of outcomes. The initiative will support customers to access the help they need to live in a safe and warm home ensuring that the funding achieves a positive Social Return on Investment.</p>
<p><b>Evidence of Stakeholder /Customer Support</b></p>	<p>This should provide information of the customer engagement that has taken place in the development of VCMA Projects where appropriate. If there is no evidence of stakeholder engagement or customer support, this should justify why it was not appropriate to engage with stakeholders and customers.</p> <p><b>SGN Customer Engagement Group and Vulnerable Steering Group Engagement</b></p> <p>During the shaping of the SGN business plan we committed to, over the 5-year price control, to support over 250,000 vulnerable customers to use gas safely, affordably and efficiently. To ensure that we adapt to market conditions we continue to engage</p>

	<p>our SGN Vulnerable Steering Group, they help us shape our vulnerability and CO strategies and our priorities for GD2 based on current need. Our expert stakeholders representing a range of vulnerable customer segments guided us to work with existing organisations that already support those in crisis and where we are able to broaden the reach or increase the capacity of those established charities that support people most in need. It is with guidance and support from our dedicated Vulnerable Steering Group that SGN prioritise support for those most likely to need help from their utility company due to low incomes, in extreme financial vulnerability and fuel crisis.</p> <p><b>GDN GD2 Consumer Vulnerability and Carbon Monoxide Steering Group</b></p> <p>The GDN GD2 VCMA steering group work membership includes senior leaders from each representative gas network and representation from key consumer advocacy groups including Citizens Advice, National Energy Action and Energy UK. The steering group ensures that the VCMA is managed in accordance with Ofgem guidelines and the strategic ambitions of the group. This initiative was reviewed and recognised as meeting an urgent and current need in the community.</p> <p>Feedback from Matt Copeland member of our strategic steering group and Head of Policy and Public Affairs at NEA said “I support the Fuel Bank Foundation partnership going through the VCMA. This winter, and throughout next year, it will be increasingly important to provide additional practical support to struggling energy consumers. These projects will look to give additional advice, but also, crucially, financial support to those households that need it most, so that they can stay warm and well at home through this period of extended high energy prices”</p> <p><i>Matt Copeland, Head of Policy and Public Affairs at NEA</i></p> <p><b>Fuel Bank Foundation</b></p> <p>The number of people seeking help from foodbanks and advice agencies in the UK has risen significantly in the last few years, where families face difficult decisions around what to spend their limited income on. We find that these same families are often also in ‘fuel crises’ too and have to make the choice between ‘heating or eating’, which can lead to a series of health issues if they are forced to ‘self-disconnect’. Whilst we understand the rationale behind price cap rise, for people on pre-payment meters £87 is a significant increase and could result in more people living in fuel poverty, unable to pay for gas and electricity to heat and power their homes and at risk of self-disconnection. Household finances are already under increased pressure as a result of the Covid-19 pandemic, with higher food and fuel costs due people having to stay at home, on top of the usual seasonal increase in energy usage. For families juggling already stretched budgets, the prospect of a price increase in April will be of great concern and worry. Fuel poverty can’t be tackled by the energy industry alone. It needs a coordinated effort by energy companies, government, industry bodies, charities and other stakeholders to come up with a sustainable, long term solution to the problem.</p> <p><i>Matthew Cole, Chair of Trustees - Fuel Bank Foundation</i></p>
<p><b>Outcomes, Associated Actions and Success Criteria</b></p>	<p>Details of the VCMA Project, outcomes and the associated actions to achieve these, interim milestones and how the Funding Licensee will evaluate whether the project has been successful. Each action should have a proportion of the funding allocated.</p> <p>The partnership will enable the Fuel Bank Foundation to broaden the scale of support they can provide by removing the constraints that it currently has on its existing partner network to increase capacity and ensure that a minimum of 8,000 more households receive help, when and where they need it. In addition, the Fuel Bank Foundation will actively seek to increase the referral partnership network equally across the gas networks geographic footprints to build greater support for those in fuel crisis.</p> <p><b>Outcomes and success criteria</b></p> <p>The partnership will demonstrate the following outcomes for households in fuel crisis:</p>

	<ul style="list-style-type: none"> <li>• Increase the network of community organisations including charities working to identify households in crisis</li> <li>• Increase the distribution of emergency fuel vouchers to households in fuel crisis</li> <li>• Extend the reach of additional support to increase household income and address debt and or access services specific to energy schemes including the PSR and ways to reduce utility costs</li> <li>• Extend the reach to households in fuel crisis with information on CO safety and how to access a CO alarm where income or information is a barrier to safety</li> <li>• Make a positive social impact as we work together to alleviate the pressures on community organisations reducing the need to use key care services</li> <li>• Make a positive impact on the health and wellbeing of people within the households supported</li> </ul>
<b>Project Partners and Third Parties Involved</b>	<p>Details of Project Partners or third-party involvement.</p> <p><b>Funding Partners;</b> Cadent, NGN, SGN and WWU SGN to lead the partnership providing programme support and training to the Fuel Bank Foundation's delivery team working closely to ensure that the objectives of the partnership are managed and met.</p> <p><b>Delivery Partner;</b> Fuel Bank Foundation</p>
<b>Potential for New Learning</b>	<p>Details of what the GDN(s) expect to learn and how the learning will be disseminated.</p> <p>We will work closely with the Fuel Bank Foundation to monitor the impact the partnership has on our mapped outcomes, through onward engagement with the support networks accessing the service.</p> <p>The following activities will be in place to monitor and evaluate project progress and impacts:</p> <ul style="list-style-type: none"> <li>• Quantitative and qualitative service user outcomes</li> <li>• Service user before-and-after-support surveys and follow-up engagements</li> <li>• Feedback, indicators, outputs, and outcomes reported on quarterly</li> <li>• Project progress monitored: these include monthly and quarterly partner meetings to share ideas and challenges through individual and organisational partnership case studies.</li> </ul> <p>Through ongoing monitoring of the impact of our initiative on frontline support organisations and service users our partner Fuel Bank Foundation will produce insights and an annual evaluation report including case studies that will provide insights for GDNs into; customer behaviour, barriers faced, effective engagement, and the impact of accessing independent support to use energy safely, efficiently and affordably.</p> <p>The Fuel Bank Foundation will disseminate the annual evaluation report and case studies through their broader network, front line representatives and to other partners who may find this relevant e.g. utility companies and regulatory bodies.</p>
<b>Scale of VCMA Project and SROI Calculations</b>	<p>The Funding Licensee(s) should justify the scale of the VCMA Project – including the scale of the investment relative to its potential benefits. As part of this it should provide the SROI calculation.</p> <p>Working with SIA partners we've assessed some of the core outcomes the initiative looks to measure. In addition, working with leading social impact research consultancy Simetrica SGN have developed a bespoke social value bank of financial and wellbeing outcomes applicable to our services for vulnerable customers. We will continue to measure all the outcomes for service users using this approach, which is used to estimate social value based on best practice endorsed by HM Treasury for the evaluation of social policy and utilises values from the Treasury's 'Green Book' where applicable.</p> <p>Through the outcomes detailed below we forecast from a subset of outcomes that the SROI is £5.95 for every £1 spent.</p>





	<b>Outcome</b>	<b>Total Social Value over 5 years</b>
	8,000+ households provided with emergency funding	£1,544,000 (SIA)
	35% households referred in accept help for resolved utility assessment (water and energy)	£509,169.61 (Sim)
	8,000 households provided with CO safety information and access to a CO alarm where required (CO alarm value ex)	£896,000 (SIA)
	35% of households provided with information about the PSR take up the offer of a pathway to support registration	£24,276.60 (Sim)
	<b>Total</b>	<b>£2,973,446.21</b>
<b>VCMA Project Start and End Date</b>	Detail start and end date of the VCMA project and, where relevant, the VCMA project that proceeded this initiative.  01 January 2022 – 01 January 2024	
<b>Geographical Area</b>	Details of where the VCMA Project will take place. If the VCMA Project is collaborative, the Funding Licensee area(s) in which the project will take place should be identified.  England, Scotland and Wales	
<b>Remaining Amount in the Allowance at Time of Registration</b>	Remaining funding left in the Licensee's/ Licensees' funding pot.  Collaborative amount before this project: £12,617,734 based on the following initiatives; <ul style="list-style-type: none"> <li>• CO in Pregnancy</li> <li>• Scouts – CO awareness</li> <li>• CA National – Energy Advice Service England and Wales</li> </ul> Fuel Bank Foundation Project costs: £500,000  Remaining following this project: £12,117,734	

**Gas Network Vulnerability and Carbon Monoxide Allowance (VCMA) Governance Document - PEA Control Table**

In order to ensure that a VCMA project is registered in accordance with the Ofgem VCMA governance document (incl. project eligibility assessment), the below table should be completed as part of the project registration process.		
Stage 1: GDN Collaboration Group PEA Review <b>Meeting date review completed:</b> <b>Review completed by:</b>		
GDN:	Name:	Job Title:
Cadent	Phil Burrows	Head of Customer Vulnerability Social Programmes Delivery
NGN	Eileen Brown	Customer Experience Director
SGN	Kerry Potter	Group Social Impact and Vulnerability Manager
WWU	Nigel Winnan	Head of Customer and Social Obligations
Stage 2: GD2CVG Panel Review <b>Meeting date sign off agreed:</b> <b>Review completed by:</b>		

GDN:	Name:	Job Title:
Cadent	Phil Burrows	Head of Customer Vulnerability Social Programmes Delivery
NGN	Eileen Brown	Customer Experience Director
SGN	Maureen McIntosh	Head of Customer Experience
WWU	Nigel Winnan	Head of Customer and Social Obligations

## Step 3: Participating GDN individual signatory sign-off

GDN	Name:	Job Title:	Signature:	Date:
Cadent:	Phil Burrows	Head of Customer Vulnerability Social Programmes Delivery		03/12/2021
NGN:	Eileen Brown	Customer Experience Director		03/12/2021
SGN:	Rob Gray	Director of Stakeholder & Communications	Rob Gray	03/12/2021
WWU:	Nigel Winnan	Head of Customer and Social Obligations	Nigel Winnan	03/12/2021

## Step 4: Upload PEA Document to the Website &amp; Notification Email Sent to Ofgem (vcma@ofgem.gov.uk)

Date that PEA Document Uploaded to the Website:

Date that Notification Email Sent to Ofgem: