

VCMA – VCMA annual reports, NGN and GDN collaborative report

Funding GDN(s)	Northern Gas Networks
For Collaborative VCMA Projects:	Role of GDN(s) N/A
Date of PEA submission:	March 2023
Project contact name:	Jill Walker
Project contact number/email:	JWalker@northerngas.co.uk
Total cost (£k)	*detailed separately
Total VCMA funding required (£k)	*detailed separately

1. Problem(s)

This should outline the problem(s) which is/are being addressed by the VCMA Project

The VCMA allowance is new in GD2, it has been designed to enable the delivery of the gas networks social Business Plan commitments that safeguard vulnerable customers and increases CO awareness in the respective network areas.

The VCMA presentation was also used within the annual showcase. The VCMA annual reports and showcase event are a requirement set by Ofgem as part of the VCMA criteria.

1.1 The solution

Using VCMA funding, we have appointed an external design company to produce a final version of both the NGN VCMA annual report and the GDN collaborative VCMA report.

2. Scope and Objectives

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.

The funding will see the annual VCMA reports and showcase presentation designed and ready to present to Ofgem and our stakeholders. To provide a dedicated service in assisting the delivery of the VCMA annual report and the presentations.

- Delivering a cohesive portfolio of initiatives built upon the principles of collaboration, inclusion and innovation that deliver the strategic ambitions of NGN and the collective ambitions of the GDN's
- To work closely with the NGN to help review / amend the report content

2.1 The objectives of this initiative are:

- Provide support to NGN and the GDN's while designing the VCMA annual reports and VCMA showcase presentation
- Provide amendments when needed
- Develop a presentation and 2 annual reports that can be registered and sent to Ofgem as part of the VCMA governance

2.2 Scope

- Raise awareness of the VCMA allowance
- Produce the annual NGN VCMA report
- Produce the annual collaborative VCMA report
- Work with NGN and the other GDN's to design both reports and the presentation
- Covers all of NGN network

3. Why the Project is being funded through the VCMA

This should include an explanation of why the VCMA Project meets the VCMA eligibility criteria. This is a requirement

This project qualifies for VCMA funding as one of the criteria under VCMA is to produce an annual VCMA report and an annual VCMA collaborative report.

There will be no collaboration from other GDN's nor other funded sources.

3.1 Eligibility criteria

- Has defined outcomes as required (see outcomes section)
- Goes beyond NGN's licence obligations and price control funded mechanisms

4. Evidence of stakeholder/customer support

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.

Within the Northern Gas Networks region, we serve 2.7 million gas-using households. The socio-economic characteristics of our region mean that we operate in many communities that are amongst the most economically deprived in the whole country. This was a key factor in our prioritising engagement with vulnerable and hard-to-reach groups of customers, telling them about our services, about what we do and how we could improve.

Each year, we undertake analysis of all the insight we've heard in the previous year, to prioritise those issues our stakeholders most want to engage on. Over the past 12-18 months, we've done this in a number of ways.

4.1 Customers in Vulnerable Situations (CIVS) Workshops 2020 – 2022

Asking our stakeholders what's important – using our wide range of engagement mechanisms from strategic workshops to customer perceptions, we asked stakeholders to prioritise what is most important to them (including digital engagement in light of CV-19). During 2020-2022 we held multiple workshops with our stakeholders on the subject of customers in vulnerable situations.

During our August 2020 CV-19 specific workshop, our stakeholders identified that there was an increased risk of CO poisoning, due to the impact of the pandemic. This is further compounded when there are cultural differences to also consider, due to alternative ways of heating and cooking. Many people had been furloughed, were on lower incomes and suffered redundancy, which created significant financial challenges. The choice between heating and eating has become more prevalent and further compounded by the energy and cost of living crises. As a further consequence of being on low incomes or in fuel poverty, the maintenance and replacement of appliances is not a priority for these groups, therefore significantly increasing the risk of CO poisoning. Stakeholders said there

needs to be more focus on CO awareness, so customers understand the risks posed by not having appliances repaired or serviced

During our November 2021 Energy Crisis / Partnership Working workshop our stakeholders said the energy crisis will result in people not getting their appliances serviced every year, which increases the risks of CO poisoning. Having been in an energy crisis since November 2021, this continues to impact customers in vulnerable situations and therefore increases these risks.

A CO awareness workshop was held in February 2022. During this workshop our stakeholders identified that gas servicing organisations need to communicate more effectively with customers. They suggested they could collect information whilst attending a property and leave useful information with customers whilst on site. They also commented that they are supportive of NGN's CO approach but felt we could be doing more to raise awareness. This included highlighting specific groups of people with whom we should engage and taking a more person-centred approach in communications and any campaigns.

Stakeholders also mentioned that as a consequence of living costs rising and an increase in those in or at risk of fuel poverty, there would be an impact on CO safety, with more people taking measures to save costs, such as not getting appliances serviced regularly. NGN recognise this is an increasing challenge and risk for our customers and will use this to inform our approach over the GD2 period.

NGN have also recently undertaken a large doorstep survey with customers to understand levels of CO awareness. The survey helped to identify areas across the region where we need to target more specific CO awareness information, free CO alarms were provided to vulnerable customers during the doorstep surveys.

Recent social indicator mapping research carried out in June 2022, indicated that Bradford, Hull, Scarborough, South Tyneside and Sunderland were the top five places, to emerge as having the greatest concentration of vulnerabilities within NGN's network. This was based on a combination of the following vulnerability factors:

- Fuel poverty
- Benefit claims
- No qualifications
- Long term health problem / disability

Due to the financial challenges, currently experienced in these areas, makes it even more important to raise awareness of the signs and symptoms of CO. These localities need to be key areas for consideration, both in terms of ensuring service delivery is aware of challenges people may face, and in relation to targeting potential support. Northumberland and the East Riding of Yorkshire are the two more rural districts that are close to fitting the bill, in relation to the vulnerability factors above. Raising awareness of CO needs to be a priority in these areas, due to the fact that many communities will be off the gas grid and using other fossil fuels such as, oil, coal and wood burning stoves.

This research supports NGN when approving new projects which address these gaps within our network.

Each year we also use our annual Customer Perceptions Research to understand the priorities of our customers. Amongst a set of general tracker questions i.e., same questions that are asked year on year, the evidence in the most recent research (June 2022), indicated that keeping bills as low as possible ranked more highly than anything else, than providing a safe and reliable supply of gas, for the first time. This is a clear indication, as to how concerned customers are about the cost of energy and having to prioritise how they spend their money.

The NGN annual report will showcase the different types of projects NGN have committed to in the previous 12 month to help with the emerging energy and cost of living crises. It will also show how we have invested the VCMA spend in the previous 12 month and the different projects that cover the subjects of CO, PSR and vulnerability.

4.2 Customer Engagement Group (CEG)

This group provides an independent oversight into the actions we take to support our customers in vulnerable situations. Checking we've got it right – using a range of engagement mechanisms to assess and challenge our response to stakeholder feedback, ensuring we are responding in the right way. This has offered us robust challenges into how we deal with customers in vulnerable situations which meets the needs of our stakeholders. The CEG work with NGN, to create the content of the Customers In Vulnerable Situations (CIVS) workshops, previously detailed in the document.

4.3 Vulnerability Strategy - AAA Framework

Within our Customers In Vulnerable Situations Strategy, which we developed with the help of our stakeholders, there is a 'AAA' framework. This helps us support our customers in vulnerable situations. Awareness, Accessibility and Action are the key principles and by adopting this principles-based approach, we will ensure that all customers are treated fairly and consistently. Some or all of the vulnerability themes within NGN's CIVS Strategy will be addressed, depending on what support is identified.

5. Outcomes, associated actions, and success criteria

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.

5.1 Outcomes

Part of the success criteria will be identified through our stakeholder feedback from the VCMA reports and the annual showcase event.

- Provide support to NGN and the GDN's while designing the VCMA annual reports and the presentation for the annual showcase event
- Enables consistency with the format for the annual reports and the showcase event
- Develop a presentation and 2 annual reports that can be registered and sent to Ofgem as part of the VCMA governance
- Raise awareness of the VCMA allowance

5.2 Success criteria

- Increased knowledge and awareness of CO through the content of both reports and the presentation
- Increased knowledge of the VCMA allowance
- May generate more project ideas through showcasing current VCMA projects

6. Project Partners and third parties involved

Details of Project Partners or third-party involvement

NGN have partnered with Tom, Dick and Harry who are a communication specialist company based in Leeds.

7. Potential for new learning

Details of what the GDN(s) expect to learn and how the learning will be disseminated.

Any new learning will be shared with GDN's and other partners as well as internally and with social stakeholders.

8. Scale of VCMA Project and SROI calculations

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.

This project has a positive SROI return.

VCMA Project start and end date

Detail start and end date of the VCMA Project and, where relevant, the VCMA Project that preceded this initiative.

1st April 2022 – 31st July 2022

Geographic area

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.

This project will take place within NGN geographical area

Approved by

Eileen Brown
Customer Experience Director