

Fuel Bank Foundation – Further expand Fuel Bank across Northern England

Funding GDN(s)	Northern Gas Networks
For Collaborative VCMA Projects:	Role of GDN(s) N/A
Date of PEA submission:	March 2024
Project contact name:	Laura Ratcliffe
Project contact number/email:	LRatcliffe@northerngas.co.uk
Total cost (£k)	*detailed separately
Total VCMA funding required (£k)	*detailed separately

1. Problem(s)

The Fuel Bank Foundation (FBF) is an independent charity that aims to support families who pay in advance for energy, typically via a prepayment energy meter and are at risk of self-disconnection or severe rationing or indeed have self-disconnected. Self-disconnection is an unfortunate term: people don't choose to self-disconnect, when the money runs out the electricity and gas switch off too. And in the current climate we are seeing more people than ever turn to the Foundation for much-needed support.

Across the UK there are approximately 4m households who prepay for energy and increasing levels of fuel poverty in all four nations, with 29% of households in England currently defined as being in fuel poverty. FBF insight highlights that a material number of households in fuel poverty who have a prepayment meter often struggle to maintain regular top ups, especially during the peak winter heating season, and as a result ration energy, skip other essentials such as hot food or daily showering, or worst, have periods living without energy. We currently estimate that approximately 1.2m households in GB with a prepayment meter are therefore at risk.

The FBF has delivered support since 2015, however their network of partners significantly increased from 2022, with support from Northern Gas Networks via the VCMA Programme enabling the charity to expand to meet some of the increased demand we saw following the COVID pandemic, and then the cost-of-living crisis. This funding removed some of the barriers to expansion where previously their network shape and the support we could provide was constrained by the funding we had available.

Solution

Given that their Fuel Bank infrastructure is already in place, that we have already tested and proven the provision of support to households across the country, and the short time required to launch new Fuel Bank centres they now have the ability to expand with a further 75 partners over the colder winter months providing longer-term surety as we move into 2024. In peak winter 2023-24 we forecast average monthly prepayment meter top up will approach £300, a 74% increase on the winter 2021-22 peak, further demonstrating the need for crisis fuel support being made available. This expanded project would allow an expansion of their existing estate across the north of England, allowing us to provide their core Fuel Bank service through additional centres in a number of rural and coastal communities, that are often typically over-looked.

This would benefit around 13k people in 5k households who will receive crisis Fuel Bank financial help, alongside advice and support with an objective of mitigating or addressing root cause of their crisis.

To complement their traditional Fuel Bank programme, they will expand their Heat Fund across the north of England, coupled with targeted marketing to ensure full awareness of

the help that is available across those parts of the region and within the communities that rely on unregulated fuels such as LPG, biomass, and heating oil. Heat Fund would be rolled out and accessed through all live Fuel Bank centres operating in or benefiting families in northern England. They will also extend their Heated Throw campaign, building upon the success of the pilot that operated in Scotland and Wales, and expanding into northern England, providing the opportunity for existing English Fuel Bank clients in the NGN region to access a Heated Throw in preparedness for winter 2023-24. This project would enable an expansion of their 'Heat' propositions, through which they would aim to provide Heat Fund support to 100 households who live off the gas network.

As a fully independent charitable foundation 'Fuel Bank' has supported over 1 million people – who in turn are supplied by all UK energy suppliers – since launch eight years ago. They have developed a network of 675 partners across the country who act as an entry point into Fuel Bank. A mix of national bodies and local, community-based organisations, what unites them and makes them part of Fuel Bank is that they target distinct demographic groups or particular types of need and identify households in Fuel Crisis. These families are referred into and provided with same-day help from Fuel Bank, to get 'the lights back on and the gas reflowing by tea-time', alongside being provided by relevant and easy-to-access energy advice to give additional support and to lower household money spent on energy. The key target is that they provide support and help to people within hours of them being referred; currently they achieve this over 98% of the time. This shows the enabler that advice provided can be acted upon, with an aim to reduce the propensity for future referral into Fuel Bank for continued crisis help.

Of the households last surveyed, 60% of families they supported talked about their emergency help delivering a significant improvement in both physical health and mental wellbeing, with 91% stating that their intervention has a very positive impact on their financial health too. The anecdotal feedback received also highlights how critical the Fuel Bank service is.

The over-riding principle for the Fuel Bank Foundation is that financial support is provided to individuals and households whose need has been verified by an expert, independent third party. The Foundation does not ordinarily accept requests for Fuel Bank vouchers that are made directly without a formal referral, although energy savings advice and recommended next steps are provided, with robust processes in place to respond to absolute crisis cases.

A number of simple, yet straight-forward criteria are used to determine when third parties refer a client for Fuel Bank support:

- The consumer must pre-pay for energy.
- They must also be in intense financial crisis, unable to fund the basic essentials for everyday living (including food, rent or mortgage, energy, water, council tax, and essential travel).

- The consumer must be at immediate risk of self-disconnection, or indeed have self-disconnected, or is making choices that may be of a significant detriment to ensure that energy is funded.
- The third party who identifies that financial Fuel Bank support is required has also identified some additional steps and actions needed to provide additional help. This can include, but isn't limited to benefits entitlement checks, debt advice, money and household management support, and energy efficiency advice and measures. Based on our most recent analysis 96% of clients are struggling with other essential household bills.

2. Scope and Objectives

To expand with a further 75 partners over the colder winter months providing longer-term surety as we move into 2024. In peak winter 2023-24 we forecast average monthly prepayment meter top up will approach £300, a 74% increase on the winter 2021-22 peak, further demonstrating the need for crisis fuel support being made available. This expanded project would allow an expansion of their existing estate across the north of England, allowing us to provide their core Fuel Bank service through additional centres in a number of rural and coastal communities, that are often typically over-looked.

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2.1 The objectives of this initiative are:

- To improve health and wellbeing
- To reduce fuel poverty
- To increase income through benefit maximisation and debt management
- To provide CO awareness and advice
- To increase awareness and registrations of the PSR

2.2 Scope

- Fuel vouchers
- Heat fund support
- CO awareness
- PSR registrations

3. Why the Project is being funded through the VCMA

This project qualifies under the criteria for VCMA funding, as it will support vulnerable customers who are living in financial hardship and fuel poverty across the Jarrow locality, as well as raising awareness of CO and the PSR. As the project has mental wellbeing and financial hardship themes, it aligns with NGN'S Vulnerability Strategy too.

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

3.1 Eligibility criteria

- This project has a positive SROI
- This project will support NGN's Vulnerability Strategy by aligning with the Financial hardship theme and the wider vulnerability categories of:
 - Financial hardship
 - Accessibility, including language
 - Socio-demographic
 - Cultural
 - Mental Wellbeing themes
- Has defined outcomes as required
- Goes beyond NGN's licence obligations and price control funded mechanisms

4. Evidence of stakeholder/customer support

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

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. Since 2019 we've held regular workshops with our stakeholders, on the subject of Customers In Vulnerable Situations (CIVS). This ensures that we are well informed to address the needs of customers across our network and through collaborative projects.

Stakeholder engagement throughout 2022, told us that fuel poverty and the choice between heating and eating is becoming more prevalent. The energy and cost of living crises have further compounded this issue. This project provides a solution to helping those customers who are financially struggling and need extra help to address energy affordability. The project fully aligns with the need to help vulnerable customers in fuel poverty.

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

Our most recent stakeholder engagement during 2023 has informed us that financial hardship is still a key area of focus, alongside the health impacts associated with, or exacerbated by, living in cold and damp homes. Stakeholders also told us that increasing capacity for support within services would be key to addressing the immediate and longer term impacts of fuel poverty and energy affordability. This project addresses this need and ensures additional capacity to support households who may be at risk, through a well-established and trusted advice service.

Each year we 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 (March 2023), indicated that keeping bills as low as possible ranked more highly, than providing a safe and reliable supply of gas. This is a clear indication, as to how concerned customers are about the cost of energy and the subsequent impact this will have on other bills. Customers were also asked to prioritise the list of vulnerabilities listed below:

- Mental wellbeing
- Rurality
- Temporary vulnerability
- Physical challenges
- Financial Hardship

This was the order of priority from the customers surveyed:

- Financial Hardship
- Physical challenges
- Mental wellbeing
- Rurality
- Temporary vulnerability

Financial hardship continued to be the dimension of vulnerability that most customers prioritised, with more customers in the most recent survey selecting this as their top priority. Physical challenges were second, closely followed by Mental well-being third. Rurality and Temporary vulnerability were ranked fourth and fifth.

Very recent (Autumn 2023) Bespoke Vulnerability Stakeholder Mapping research identified categories of stakeholders that are hard to reach, this included:

- People living with a disability
- Senior citizens with long term conditions
- Pregnancy and maternity
- Mental health

Health conditions which are prevalent in the NGN region are:

- Cancer and chronic kidney disease
- Musculoskeletal conditions
- Respiratory
- Mental health

Through the research carried out, the findings show that the 5 original NGN vulnerability categories have now evolved to 10 categories. These are:

- Physical challenges, inclusive of communication issues, physical space
- Mental wellbeing
- Financial hardship
- Temporary vulnerability – including post hospital recovery and pregnancy / maternity
- Socio Demographic
- Household composition
- Rural Vulnerability
- Accessibility Including language
- Medical Dependant on Energy
- Cultural

4.2 Customer Engagement Group (CEG)

This group provides an independent oversight into the actions we take to support our customers in vulnerable situations (CIVS). 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.

4.3 Vulnerability Strategy AAA Framework

Within our vulnerability strategy we have developed, with the help of our stakeholders, the 'AAA' framework. This helps us support our customers in vulnerable situations. Awareness, Accessibility and Action. By adapting this principles-based approach into our AAA framework, we will ensure that all customers are treated fairly and consistently. The themes of rural and financial vulnerability within the project, align to NGN's Vulnerability Strategy.

5. Outcomes, associated actions, and success criteria

This project would allow an expansion of the Fuel Bank Foundation existing estate across the north of England, allowing them to provide their core Fuel Bank service through additional centres in a number of rural and coastal communities, that are often typically over-looked.

5.1 Outcomes

- Current network can expand from around 650 to between 750-775 by Easter 2024
- Provide Heat Fund support to 100 households who live off the gas network
- Engage with 75 new partners
- 13,000 people supported across Northern coastal England
- Refer 300 customers onto the PSR
- Provide CO awareness to 100+ households

5.2 Success criteria

- 13,000 people will receive crisis Fuel Bank financial help, alongside advice and support with an objective of mitigating or addressing root cause of their crisis.
- 100 households who live off the gas network will receive Heat Fund support.

6. Project Partners and third parties involved

The Fuel Bank Foundation delivers Fuel Bank services through partners in the community; they do not operate local Fuel Banks directly, electing to place their services in locations where consumers in crisis are most likely to present. Their current partners include:

- Trussell Trust (the umbrella organisation for the majority of local foodbanks across the UK),

- the Money Advice Trust,
- Christians Against Poverty,
- Citizens Advice,
- Macmillan Cancer Support,
- Scope,
- Age UK,
- Big Issue

7. Potential for new learning

Any learning will be shared with stakeholders, including GDN's, DNO's and water companies.

8. Scale of VCMA Project and SROI calculations

This project has a positive SROI return.

VCMA Project start and end date

January 2024 - December 2024

Geographic area

Whole of the NGN Region

Approved by

Eileen Brown
Customer Experience Director