

Northern Gas Networks – Vulnerability Economic Evaluation Analyst

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
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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

A dedicated role is required to implement best-practice economic evaluation methodologies, models, and metrics to support investment decision-making, and to quantify the value impact of NGN's Customers in Vulnerable Situations Strategy, VCMA Strategy and associated commitments for GD2, by carrying out CBA's and SROI's for projects funded through the Vulnerability & Carbon Monoxide Allowance.

The role will also oversee the SROI of new VCMA projects being introduced over the coming years, continuing to the end of GD2 ie 31st March 2026. The role will support projects covering all types of vulnerabilities and will involve working with the Vulnerability Team. The role may also involve speaking with social partners such as charities, community groups and those working at grass roots level, who deal with hard-to-reach communities, to ensure that project scopes and SROI's are correct. The role will also include responsibility for reporting in line with the VCMA governance document and associated requirements. There is a requirement for a dedicated, single point of contact to work closely with the vulnerability team for all project CBA's and SROI's until the end of GD2.

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 role will involve validating all community initiatives and projects against the VCMA eligibility criteria and they will need to have a close working relationship with NGN's Economic Evaluation Lead, to ensure a positive social return on investment is achieved.

The role also will involve supporting an annual stakeholder showcase event and promote the work of NGN as widely as possible, in accordance with procedures agreed with partners. This may involve representing NGN at appropriate forums and events to support customers in vulnerable situations.

In summary, the scope of the role will involve identifying, defining, and controlling the outputs associated with all of NGN's projects funded from VCMA.

2.1 The objectives of this initiative are:

- Defining and leading the economic appraisal of NGN's approach to decision making for all vulnerability projects, including those relating to fuel poverty and carbon monoxide awareness raising
- Testing and embedding the GDN new joint SROI tool, and finalising GDN specific guidance and practice. Producing internal SROI governance documents and procedures. Embedding

the process of review of SROI delivery, delivering SROI training sessions to colleagues and partners

- Providing regular reporting on the performance and impact of initiatives, identifying action-oriented insights to drive business performance
- Developing and implementing reporting frameworks aligned to the NGN Vulnerability Strategy and GD2 business plan commitments
- Supporting colleagues in the delivery of the annual vulnerability report, detailing all customer outcomes and impacts aligned to vulnerability commitments
- Supporting the Customer Vulnerability Leads in assessing and adopting best practice initiatives from across the industry, based on analysis of impact, including SROI and Net Present Value
- Providing data and analysis that will allow Vulnerability Leads to effectively engage with key stakeholders to strategic decision making
- Incorporating customer valuation into economic analysis to ensure customer priorities are reflected and embedded into investment planning
- Supporting Asset Strategy and Investment Planning teams in the development and application of economic evaluation and whole life cost assessment to inform investment decisions and the creation of investment strategies for vulnerability projects

2.2 Scope

- Covers all of NGN's geographical area
- All projects link into vulnerability and raising awareness of the dangers of carbon monoxide (CO) and PSR
- Project alignment with NGN's Vulnerability Strategy

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 under the criteria for VCMA funding, as the dedicated role will be to identify new projects and creating action plans in response to data around social indicator mapping, vulnerability mapping, customer perceptions research and internal and external stakeholder engagement activities related to fuel poverty and, or other types of vulnerabilities, identified in NGN's Consumer Vulnerability Strategy. Each project will align with at least one of NGN's Vulnerability Strategy themes - physical disability, mental health, rural isolation, financial hardship and temporary vulnerability.

There will be no collaboration from other GDN's nor other funded sources for this specific role.

3.1 Eligibility criteria

- This project will have a positive SROI

- This project will support NGN’s Vulnerability Strategy by supporting projects with partners that align with all of the themes, namely: financial hardship, rural isolation, physical disabilities, mental health and temporary vulnerabilities
- Has defined outcomes as required
- 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. There is clearly a need to support these communities, through projects that can be overseen by a dedicated resource. The socio-economic characteristics have been a key factor in our prioritising engagement with vulnerable and hard-to-reach groups of customers, often through our partners, 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.

During our January 2021 workshop, our stakeholders said we need more streamlined ways of working together. This role addresses that needs as the Vulnerability Economic Evaluation Analyst will ensure that the projects have a positive SROI and can therefore progress to become live projects. The role also ensures projects are meeting the VCMA criteria.

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:

1. Physical challenges, inclusive of communication issues, physical space
2. Mental wellbeing
3. Financial hardship
4. Temporary vulnerability – including post hospital recovery and pregnancy / maternity
5. Socio Demographic
6. Household composition
7. Rural Vulnerability
8. Accessibility Including language
9. Medical Dependant on Energy
10. Cultural

4.2 The Independent Stakeholder Group (ISG)

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 CIVS, which meets the needs of our stakeholders. The introduction of a dedicated role to support VCMA projects has been welcomed by the ISG.

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. All of the themes within the strategy will be covered by projects being coordinated by this dedicated role.

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

- Preparing reports to Ofgem
- Defining and leading the economic appraisal of NGN's approach to decision making for all vulnerability projects, including those relating to fuel poverty and carbon monoxide awareness raising
- Testing and embedding the GDN new joint SROI tool, and finalising GDN specific guidance and practice. Producing internal SROI governance documents and procedures. Embedding

the process of review of SROI delivery, delivering SROI training sessions to colleagues and partners

- Providing regular reporting on the performance and impact of initiatives, identifying action-oriented insights to drive business performance
- Developing and implementing reporting frameworks aligned to the NGN Vulnerability Strategy and GD2 business plan commitments
- Supporting colleagues in the delivery of the annual vulnerability report, detailing all customer outcomes and impacts aligned to vulnerability commitments
- Supporting the Customer Vulnerability Leads in assessing and adopting best practice initiatives from across the industry, based on analysis of impact, including SROI and Net Present Value
- Build and maintain strong relationships with internal, new and existing external stakeholders and identify which stakeholders are required for the successful delivery of VCMA projects
- Support GDN and industry working groups
- Support business cases for potential VCMA projects

5.2 Success criteria

- Carrying out SROI evaluations on new potential VCMA projects
- Providing data and analysis that will allow Vulnerability Leads to effectively engage with key stakeholders to strategic decision making
- Incorporating customer valuation into economic analysis to ensure customer priorities are reflected and embedded into investment planning
- Supporting Asset Strategy and Investment Planning teams in the development and application of economic evaluation and whole life cost assessment to inform investment decisions and the creation of investment strategies for vulnerability projects
- Developing existing and new relationships with partners
- Demonstration of supporting customers in vulnerable situations by way of financial savings, CO awareness sessions, PSR registrations and other quantitative and qualitative outcomes
- Comprehensive reporting and SROI – this will be measured for each project

6. Project Partners and third parties involved

Details of Project Partners or third-party involvement

The role will involve close liaison with other Gas Distribution Networks for collaborative VCMA projects

7. Potential for new learning

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

As this is a new role it will evolve over time. Any learning will be shared internally, with all GDN's and other partners. The role will be reviewed at 6/12 monthly intervals with NGN internal stakeholders. Learning will be captured on a Lessons Learnt log.

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

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.

September 2023 – 31st March 2026

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.

All of NGN's geographical area

Approved by

Eileen Brown

Customer Experience Director