

Project Eligibility Assessment (PEA)

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| Project title: | Fuel Bank Foundation – extension Feb. '25 to Mar. '26 |
| Funding GDN(s) <i>The GDN(s) which register(s) the project</i> | Northern Gas Networks |
| New or updated <i>(indicate as appropriate by removing the option that does not apply)</i> | Updated / project extension |
| Collaborative VCMA Projects <i>Specific role(s) of GDN(s) participating in a collaborative VCMA Project:</i> | N/A |
| Date of PEA Submission | March 2025 |
| VCMA Project contact <i>Name:</i> <i>Email:</i> <i>Number:</i> | Laura Ratcliffe lratcliffe@northerngas.co.uk 07928501779 |
| Total cost (£k): | *detailed separately |
| Total VCMA funding required (£k): | *detailed separately |

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| Problem(s) | <p>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.</p> <p>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.</p> <p>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. This enabled 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.</p> <p>Solution</p> |
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The Fuel Bank infrastructure is already in place and they have already tested and proven the provision of support to households across the country. In addition, it takes a short amount of time to launch new Fuel Bank centres. They previously had the ability to expand with a further 75 partners over the colder winter months providing longer-term surety as we move into 2024/25. In peak winter 2023-24 they forecast average monthly prepayment meter top up to approach £300, a 74% increase on the winter 2021-22 peak, further demonstrating the need for crisis fuel support being made available. As well as financial help, advice and support will be provided, with an objective of mitigating the root cause of their crisis situation.

To complement their traditional Fuel Bank programme, they previously expanded 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. They also previously extended 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 enabled an expansion of their 'Heat' propositions, through which they would aim to provide Heat Fund support to around 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 a number of years ago. They have developed a network of around 700 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.

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

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| | <ul style="list-style-type: none"> 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 <p>Reason for extension</p> <p>People in fuel crisis are continuing to require Fuel Bank emergency financial support and advice. We anticipate over a quarter of a million people in the UK will ask us for emergency help this winter (2024/25) to keep their lights, power and heating on, because they must prepay for energy but cannot afford to.</p> <p>This extended project would allow a further 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. Locations for the extension will be focused on rural and coastal areas in the north of England / Yorkshire and NGN's Centres for Warmth localities</p> |
| Scope and Objectives | <p>Objectives of this extension are:</p> <ul style="list-style-type: none"> To improve health and wellbeing To reduce fuel poverty To increase income through benefit maximisation and debt management advice To provide CO awareness and advice To increase awareness and registrations of the PSR <p>Scope</p> <ul style="list-style-type: none"> Fuel vouchers Heat fund support / heated throw blankets CO awareness PSR registrations On and off gas grid customers |
| Why the Project is being funded through the VCMA | <p>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 rural and coastal northern England and Yorkshire. As the project has a financial hardship theme, it also aligns with NGN's CIVS Strategy.</p> <p>There will be no collaboration from other GDN's nor other funded sources.</p> <p>Eligibility criteria</p> <ul style="list-style-type: none"> This project has a positive SROI |

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| | <ul style="list-style-type: none"> • This project will support NGN's CIVS Strategy by aligning with the financial hardship theme and the wider vulnerability categories of: <ul style="list-style-type: none"> ○ 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 |
| Evidence of stakeholder or customer support | <p>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.</p> <p>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.</p> <p>Customers in Vulnerable Situations (CIVS) Workshops</p> <p>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.</p> <p>Stakeholder engagement throughout 2022/23, 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.</p> <p>Recent social indicator mapping research carried out in June 2022, indicated that Hull and Scarborough, were amongst 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:</p> <ul style="list-style-type: none"> • 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 support to households who may be at risk, through a well-established and trusted financial and 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

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| | <p>Through the research carried out, the findings show that the 5 original NGN vulnerability categories have now evolved to 10 categories. These are:</p> <ul style="list-style-type: none"> • 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 <p>Independent Steering 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 customers in vulnerable situations, which meets the needs of our stakeholders.</p> <p>Customers in Vulnerable Situation (CIVS) Strategy Our dedicated Customers in Vulnerable Situations Strategy is continually reviewed to reflect changes in need. The most recent update was in June 23, reflecting the increase in the Vulnerability and Carbon Monoxide Allowance from c£7m to £20m.</p> <p>The six key priority areas identified by our stakeholders are summarised below:</p> <ul style="list-style-type: none"> • Increased focus on health • Collaboration and linking up partners and funding • Increasing capacity for support within partner organisations • Connecting and responding to different aspects and complexities of vulnerability • Continued support for those in financial hardship • Scaling up existing projects <p>The themes of rural and financial vulnerability within the project, align to NGN's Vulnerability Strategy</p> |
| <p>Outcomes, associated actions and success criteria</p> | <p>This project would allow a further 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.</p> <p>Additional outcomes relating to extension</p> |

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| | <ul style="list-style-type: none"> • Provide circa 6,800 households with crisis fuel vouchers at an average value of £61 • Provide at least 770 heated throw blankets to households identified in fuel crisis • Support up to 80 households who live off the gas network • Awareness of the PSR with at least 245 registrations • Awareness of CO safety a minimum of 100 CO alarms expected to be distributed <p>Success criteria</p> <ul style="list-style-type: none"> • 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/Heated throws |
| Project Partners and third parties involved | <p>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:</p> <ul style="list-style-type: none"> • Trussell Trust (the umbrella organisation for the majority of local foodbanks across the UK) • Money Advice Trust, • Christians Against Poverty • Citizens Advice • Macmillan Cancer Support • Scope • Age UK • Big Issue |
| Potential for new learning | Any learning will be shared with stakeholders, including GDN's, DNO's and water companies. |
| Scale of VCMA Project and SROI calculations, including NPV | <p>This project has a positive SROI return.</p> <p>SROI: £1.39</p> <p>NPV: £1,256,616.42</p> |
| VCMA Project start and end date | 15 th February 2025 – 31 st March 2026 |
| Geographical area | This project will take place within NGN geographical area |
| Internal governance and project management evidence | <p>VCMA Governance Group Meeting: 31st January 2025</p> <p>Outcome of meeting: Approved</p> |
| Approved by: Job Title: | <p>Eileen Brown</p> <p>Customer Experience Director</p> |
| Signature: |  |

