

Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA) *Centres for Warmth – Ronkswood Hub*

Philip Burrows
Head of Customer Vulnerability Delivery

June 2022

Updated September 2023 (Emma Turnbull)



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

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

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

Information Required	Description
Project Title	Ronkswood – Centre for Warmth
Funding GDN(s)	Cadent
New/Updated	Updated September 2023
Role of GDN(s) *For Collaborative VCMA Projects only	Not applicable - Cadent specific project
Date of PEA Submission	Initial Submission: June 2022 Updated Submission: September 2023
VCMA Project Contact Name, email, and Number	Name: Phil Burrows, Email: phil.m.burrows@cadentgas.com Number: 07773 545451
Total Cost (£k)	<p><u>Original costs</u> Centre costs: £174,584.90 CO Alarm costs: £6,504.00 Project Management costs: £4,391.15 Total costs: £185,480.05</p> <p><u>Updated September 2023</u></p> <p>Due to the success of the project and the increase in demand, we have provided additional funding to employ a third advice worker to offer more appointments to members of the community.</p> <p><u>Additional Funding</u></p> <p>Centres costs: £41,227.95 Slow cooker costs: £2,784.00 Project management costs: £1,760.48</p> <p><u>New total costs</u></p> <p>Centre costs: £215,812.85 CO alarms: £6,504.00 Slow cookers: £2,784.00 Project management costs: £6,151.63 Total = £231,252.48</p>
Total VCMA Funding Required (£k)	<p><u>Original Funding</u> £185,480.05</p> <p><u>Updated September 2023</u> £231,252.48</p>

<p>Problem(s)</p>	<p>Ronkswood is an area located on Cadent's West Midlands network and has high levels of deprivation and one of the most deprived areas in Worcester.</p> <p>High levels of deprivation can and are often linked to broader issues such as fuel poverty, increased carbon monoxide risk, and financial hardship.</p> <p><u>Unemployment</u></p> <p>According to Labour market indicators, working-aged people living in the most deprived areas are more than twice as likely to be unemployed as the national average. Furthermore, the unemployment rate in the top decile of IMD areas is 17%, compared with an average of 8% across England (and 4% in the least deprived areas).</p> <p><u>Fuel poverty</u></p> <p>Statistics suggest that a higher percentage of people living in areas of high deprivation experience unemployment and have a lower income as a result.</p> <p>These households are more at risk of being in fuel poverty, as they may not have enough income to adequately heat their homes. They are more likely to turn their heating off or down, resulting in cold, damp living conditions, and an increased risk of suffering from associated illnesses such as respiratory issues, high blood pressure and depression/anxiety.</p> <p>Many industry observers predict that the rates of fuel poverty national fuel poverty will rise significantly over the year ahead, due to increases in the energy price cap and wider challenges with the cost of living.</p> <p><u>Debt</u></p> <p>According to the Citizens Advice Bureau, households in the lowest income group are three times more likely to be in debt, with the value of the debt being up to six months' worth of their income. Additionally, customers who rent are twice as likely as those who have a mortgage to owe more than six months of their income.</p> <p>When factoring in unemployment, low income, drug and alcohol abuse and mental health, the chances of people being in debt are significantly higher. These people either do not have access to or believe there is a stigma to seeking advice on debt.</p> <p><u>Risk of exposure to carbon monoxide and levels of deprivation</u></p> <p>Around 40 people living in the UK die from carbon monoxide poisoning each year. An additional 4,000 people attend accident and emergency each year as a result of carbon monoxide and 200 people are left hospitalised.</p> <p>Issues such as fuel poverty and high household debt can influence a customer's risk of exposure to the dangers of carbon monoxide. An unavailability of household income can</p>
--------------------------	---

	<p>mean that many customers do not have the means to regularly service their gas appliances and/or purchase audible carbon monoxide alarms.</p> <p><u>Updated September 2023</u></p> <p>The additional funding to employ an extra advice worker will provide Ronkswood Community centre with the opportunity to continue supporting vulnerable members of the community, meet the growing demand within the community via capacity building and enable the charity to engage in borough-wide outreach that focuses on supporting disengaged members of the community. In turn, this project will continue to create an overall positive social return on investment.</p>
<p>Scope and Objectives</p>	<p><u>Project scope</u></p> <p>Cadent will provide Ronkswood Community Centre with £185,480.05 of VCMA funding over 2 years to enable the delivery.</p> <p>The funding will be utilised by the centre to provide a range of services to local residents living in vulnerable situations.</p> <p>These services include:</p> <ul style="list-style-type: none"> • Delivery of support to residents by issuing a range of advice including home energy efficiency, debt management, benefit entitlement checks/applications and gas safety. • The delivery of slow cooking classes designed to promote slow cooking as an affordable, energy-efficient and healthy method of feeding a family. • Signing up appropriate attendees to the PSR. • The delivery of Carbon monoxide safety advice and where appropriate alarms. • Deliver general gas safety advice. <p>The project aims to reach approximately 4,000 people over the course of the initial 24-month project. This total reach (some people will receive more than one service) will be divided between:</p> <ul style="list-style-type: none"> • 1,220 income maximisation/debt support. • 720 energy efficiency advice. • 2000 carbon monoxide awareness. • Issue 480 CO alarms • 2000 PSR sign-ups. • 80 - 100 customers receiving advice on slow cooking. <p><u>Project objectives</u></p> <p>The project contains a series of objectives that success will be measured:</p>

	<ul style="list-style-type: none"> • To support customers across the project area living in isolation, fuel poverty, and at risk of exposure to carbon monoxide. • To deliver income maximisation/home energy efficiency advice to approximately 1,940 households. • To deliver slow cooking awareness sessions to approximately 90 people. • To encourage and support eligible customers to sign up to the PSR - we forecast that approximately 2,000 customers will register to the PSR through this project. <p><u>Updated September 2023</u></p> <p>Cadent will provide Ronkswood Community Centre with £231,252.48 of VCMA funding over two years.</p> <p>The funding will be utilised by the centre to provide a range of services to residents living in vulnerable situations as per the above.</p> <p>The additional funding will allow the centre to reach an additional 300 individuals with the following services:</p> <ul style="list-style-type: none"> • 300 income maximisation/debt support appointments. • 300 carbon monoxide awareness conversations.
<p>Why the Project is Being Funded Through the VCMA</p>	<p>Cadent believe that this project meets all the required VCMA eligibility criteria.</p> <p>a. The project is forecasted to have a positive SROI. Please see the relevant section for more information.</p> <p><i>We believe this project has the deliverables necessary to create a positive social return on investment - see the below section for more details.</i></p> <p>b. The project will either:</p> <ol style="list-style-type: none"> Provide support to consumers in vulnerable situations, and relate to energy safeguarding, or Provide awareness on the dangers of CO, or Reduce the risk of harm caused by CO <p><i>The project will provide support to customers living in vulnerable situations through energy efficiency advice/income maximisation. The project will also offer customers education on the dangers of CO and issue audible alarms to particularly at-risk households.</i></p> <p>c. The project has defined outcomes and the associated actions to achieve them.</p> <p><i>This project has clearly defined outcomes and associated outcomes, the meeting of which will quantify success. Further information on the project's</i></p>

	<p><i>outcomes and associated actions can be found in the relevant section below.</i></p> <p>d. The project goes beyond the activities funded through other price control mechanisms or required by licence obligations.</p> <p><i>The method of delivering support to customers living in venerable situations is innovative, as it utilises partnerships with key community stakeholders. This will allow Cadent to distribute essential advice to one of a customer groups that has been historically difficult to engage.</i></p> <p>e. Not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved, or local) funding.</p> <p><i>This project will be delivered solely through Cadent's VCMA funding.</i></p>
<p>Evidence of Stakeholder/Customer Support</p>	<p>Cadent conducted extensive stakeholder and customer research in May 2022 following the completion of RIIO-GD2 year one. The research's aim was to assess customer/stakeholder opinion on Cadent's allocation of VCMA spend and gain insight on where we should direct VCMA funding in the future.</p> <p>61% of stakeholders (the highest proportion by individual category) supported Cadent increasing its VCMA allocation on projects aimed at tackling fuel poverty.</p> <p>The Ronkswood Centre for Warmth project focusses on tackling fuel poverty by offering energy/income advice to at risk households.</p> <p>Cadent's ¹independent Customer Engagement Group report for its RIIO-GD2 business plans contains feedback on a variety of proposals, including Cadent's ambitions for tackling fuel poverty.</p> <p>The report supported Cadent's holistic approach to tackling fuel poverty, whereby a household is supported with a combination of services/advice.</p> <p>The Customer engagement group recognised the need for a holistic approach that supports a household with its fuel prices (FPNES), energy efficiency (advice/repair and replacement) and household income (income maximisation).</p> <p>The Centre for Warmth partnership with Ronkswood Community centre will allow Cadent to apply a holistic approach to supporting fuel poor households. Residents will receive a combination of services such as energy advice and benefit entitlement checks, all of which are designed to increase household income and help residents better manage their energy.</p>

¹ <https://cadentgas.com/nggdwsdev/media/Downloads/business-plan/Cadent-CEG-report-with-appendices.pdf>

	<p>Cadent sought feedback from national rural communities' charity ACRE on our proposals, particularly how we ensure that rural and semi-rural communities stand to receive benefit from Cadent's management of the VCMA.</p> <p>ACRE supported Cadent's strategy of using projects that promote togetherness in rural and semi-rural communities. The charity also supported Cadent's strategy of tackling isolation, fuel poverty and promoting awareness of carbon monoxide, recognising these as important issues in communities.</p> <p>Although parts of Worcester are urban, many Ronkswood Community Centre clients live in surrounding rural/semi-rural communities; some which suffer from a lack of employment opportunities, expensive fuel (e.g., LPG/oil etc.), and poor transport infrastructure. The Centre for Warmth project will support rural/semi-rural households by maximising their income and helping them to better manage their home energy.</p> <p><u>Updated September 2023</u></p> <p>Ronkswood has identified the need to amend and adapt some of their service provisions and highlighted that its charity is currently under pressure to meet the growing needs within the community, particularly in relation to fuel poverty.</p>
<p>Information Required</p>	<p>Description</p>
<p>Outcomes, Associated Actions and Success Criteria</p>	<p><u>Project outcomes</u></p> <p>The VCMA project will be delivered in partnership with Ronkswood Community Centre and aims to support approximately 4,000 residents with energy/safety/loneliness issues across an initial 24-month project period.</p> <p>The Ronkswood Community Centre for Warmth project aims to achieve the following outcomes:</p> <ul style="list-style-type: none"> • Provide support and advice to customers on numerous topics including benefit entitlement checks, homelessness, energy advice, fuel bank vouchers, income maximisation and mental health support. • Provide slow cooking classes to local residents to promote the potential affordability, efficiency, and health benefits • Provide support to lonely local residents, ensuring that they can access the community centre and the services it offers. • Provide residents with energy efficiency advice and carbon monoxide awareness and general gas safety. <p><u>Associated actions</u></p> <ul style="list-style-type: none"> • Cadent's funding will be principally used to employ and train two community advisors. The advisors will have the skills to provide services aimed at tackling fuel poverty,

provide support on energy efficiency measures, assist with debt consolidation, and deliver benefit entitlement checks. The advisors will also be skilled at providing awareness on the dangers, signs and symptoms of CO, and facilitating community activities that support lonely and isolated residents.

- Ronkswood community centre will deliver slow cooking classes which promote affordable, healthy, and efficient cooking. Slow cookers will then be provided free of charge to those who attended the classes.
- Cadent will provide funding for the additional staff members, cooking classes and ingredients as well as providing slow cookers and CO alarms

Success criteria

The success of the project will be evaluated against the meeting of the project's objectives. These objectives include:

1. The project will reach approximately 4,000 customers across the course of the initial 24 months. Customers will be engaged through a variety of methods including: 1-2-1 sessions, home visits, or community centre drop in clinics;
2. 80 - 100 residents will receive support with learning how to use slow cookers as an affordable, efficient, and healthy means of cooking;
3. 1,500 customers will attend large quarterly community engagement events;
4. Approximately 2,000 people will sign-up to the PSR;

As well as aiming to reach a target number of customers, Cadent and Ronkswood Community Centre will review the qualitative benefits/indicators of the project as part of the final evaluation.

Meeting of the below indicators will help Cadent determine the success of the project:

- Customers will realise increases in household income through ensuring that they are claiming the benefits that they are entitled to;
- Homeless local residents are supported with financial, wellbeing and safety advice;
- Customers will report a decrease in anxiety and stress due to receiving support with home energy, financial and wider issues;
- Customers will be able to utilise slow cooking to make affordable and healthy meals whilst reducing their energy and food bills;

	<ul style="list-style-type: none"> • Isolated members of the community will report an improvement in mental wellbeing through experiencing lower feelings of loneliness; • Customers will report an increased awareness of the dangers of carbon monoxide and an increased feeling of safety at home; <p><u>Updated September 2023</u></p> <p>The Ronkswood Community Centre for Warmth project aims to achieve the outcomes across six of their community centres. The additional funding will also ensure the centres can reach more individuals from the community with income maximisation appointments and CO awareness conversations.</p>
<p>Project Partners and Third Parties Involved</p>	<p>Ronkswood Hub, Horizon Hub, KGV Hub, Green hub, Tolly Hub, Warndon Hub</p>
<p>Potential for New Learning</p>	<p>The Ronkswood Community Centre for Warmth project offers many potential areas of learning that Cadent can adopt for other VCMA-funded projects in RIIO-GD2.</p> <p>One of the main rationales behind funding the project is the number of local residents living in vulnerable situations and fuel poverty. The centres also focus on supporting isolated members of the community, an area where previous Cadent projects had not directly focused on. This project will combine the VCMA-focussed services of CO education and energy efficiency advice, with activities that support the mental wellbeing of lonely residents. This will provide Cadent with learning on the effectiveness of combining both types of support and the best method(s) of delivering it.</p> <p>When assessing options for VCMA projects, we considered the effectiveness of directly engaging with end customers (rather than using a project partner). This project will provide insight on the effectiveness of working with community stakeholders such as Ronkswood Community centre. We believe that these stakeholders are trusted members of communities, and Cadent's partnerships with them allow us to engage previously difficult to reach customers with VCMA-funded services. The partnership with Ronkswood Community Centre will also provide Cadent with learning on customers receptiveness to support from Gas Distribution Networks in the midst of an energy crisis. Some customers may be unaware of the industry's structure between suppliers, shippers and GDNs; and the project will offer good learning on customer's attitudes towards support offered by energy companies.</p> <p><u>Updated September 2023</u></p> <p>The centres have been under increased pressure to meet the growing demands to support with many different aspects. Therefore, this provides Cadent with the opportunity to understand the changing and continuing needs of different communities and how to best support them with overcoming these challenges. In turn, it can also support cross network learning.</p>

<p>Scale of VCMA Project and SROI Calculations</p>	<p><u>Scale of VCMA project</u></p> <p>The Ronkswood Centre for Warmth project will deliver support for an initial 24-month duration. The project will focus on the provision of advice to approximately 4,000 customers.</p> <p>Social return on investment calculations</p> <ul style="list-style-type: none"> • 1,220 income maximisation/debt support • 720 energy efficiency advice • 2,000 carbon monoxide awareness. • 2,000 PSR sign ups • 80 - 100 customers receiving advice on slow cooking <ul style="list-style-type: none"> • Forecasted 5-year social return on investment = £2,664,904.07(gross) • Investment = £185,480.00 • Forecasted 5 year social return £2,470,424.07 (net) • Forecasted 5-year gross present value from the issuing energy advice = £264,794.40 • Forecasted 5-year gross present value from income maximisation = £2,094,874.20 • Forecasted 5-year gross present value from providing customers with CO awareness = £17,455.47 • Forecasted 5 year gross present value from registering customers to the PSR = £287,780.00 • SROI Ratio: £1:13 <p><i>The SROI calculations from data provided by SIA partners and are conservative They also don't include the slow pot cooking SROI.</i></p> <p><u>Updated September 2023:</u></p> <p><u>SROI Calculations</u></p> <p>Total investment = £231,252.48</p> <ul style="list-style-type: none"> • 1,500 individuals supported with benefits and debt advice: £2,575,665.00 • 720 individuals supported with energy efficiency advice: £264,794.40 • 2,300 individuals advised on carbon monoxide: £20,079.00 • 2,300 PSR sign-ups: £330,947.00 • 460 individuals supported by tackling social isolation: £552,000.00
---	--

	<ul style="list-style-type: none"> 100 individuals will receive a slow cooker and will be advised on how to cook a healthy meal on a budget: £23,642.00 <p>Five-year gross present value = £3,767,127.40 One-year gross present value = £919,025.48</p> <p>Five-year Social Return on Investment = £3,535,874.92 One-year Social Return on Investment = £826,285.45</p> <p>SROI Ratio: £1:15</p>
VCMA Project Start and End Date	Project start date: 01/09/2022 Project completion date: 31/08/2024
Geographical Area	The project will be delivered to communities in and around the Ronkswood area of Worcester in our West Midlands Network.

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: Sustainability and Social PEA Peer Review	
Date Immediate Team Peer Review Completed: 24/06/2022	Review Completed By: Edward Allard
Stage 2: Sustainability and Social Purpose Team Management Review	
Date Management Review Completed: 08/07/2022	Review Completed By: Philip Burrows
Step 3: Director of Customer Sustainability and Social Purpose Sign-Off: Mark Belmega	
Director Sign-Off Date 12/07/2022	
Step 4: Upload PEA Document to the Website & Notification Email Sent to Ofgem (vcma@ofgem.gov.uk)	
Date that PEA Document Uploaded to the Website: August 2022	
Date that Notification Email Sent to Ofgem: August 2022	