

Vulnerability & Carbon Monoxide Allowance (VCMA)

Mobile Food Pantry

Edward Allard
Smart Metering and Social Programmes Manager
February 2023



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;	Not applicable
b) The household cannot afford to service, repair or replace the unsafe pipework or essential gas appliance; and;	Not applicable
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.	Not applicable
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;	Not applicable
b) Have the potential to benefit consumers on the participating networks; and	Not applicable
c) Involve two, or more, gas distribution companies.	Not applicable

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

Information Required	Description
Project Title	Mobile Food Pantry
Funding GDN(s)	Cadent – East Midlands and West Midlands networks
Role of GDN(s) *For Collaborative VCMA Projects only	Not applicable - company-specific project
Date of PEA Submission	February 2023
VCMA Project Contact Name, email and Number	Name: Phil Burrows Title: Head of Customer Vulnerability Social Programme Delivery Email: Phil.m.burrows@cadentgas.com Number: 07773 545451
Total Cost (£k)	£122,155.00
Total VCMA Funding Required (£k)	£122,155.00
Problem(s)	<p>North Warwickshire and South Leicestershire are areas located on Cadent's West and East Midlands networks. 6,241 households¹ live in fuel poverty in North Warwickshire and 4,212 households² live in fuel poverty in South Leicestershire. Both regions contain areas that display high levels of deprivation, fuel poverty, and financial hardship when compared to other parts of Cadent's gas network.</p> <p><u>Fuel poverty</u></p> <p>³In 2022, there were an estimated 13.4 percent of households (3.26 million) in fuel poverty in England under the Low-Income Low Energy Efficiency (LILEE) metric, up from 13.1 percent in 2021 (3.16 million).</p> <p>The aggregate fuel poverty gap (the total amount of additional household income required to lift English fuel poor households out of fuel poverty) for England in 2022 was estimated at £1.10 billion under the LILEE metric up by 37 percent since 2021 (£0.80 billion) in real terms.</p> <p>The average fuel poverty gap for England in 2022 (the reduction in fuel costs needed for an individual household to not be in fuel poverty) was estimated at £338, up by 33 percent since 2021 (£254).</p> <p>Despite improvements in energy efficiency, there has been no increase in the share of households meeting the 2030 fuel poverty target in 2022. Only 52.8 percent of all low-income households live in a property with a fuel poverty energy efficiency rating (FPEER)¹ of band C or better, meaning millions of fuel poor customers are living in the most energy inefficient properties.</p> <p>Looking ahead to future years, it is projected that in 2023, fuel poverty will increase to 14.4 percent (3.53 million) with the average fuel poverty gap rising by 31 percent in real terms to £443 (in 2022 prices).</p>

¹ North Warwickshire - National Energy Action (NEA)

² South Leicestershire - National Energy Action (NEA)

³ Annual Fuel Poverty Statistics LILEE Report 2023 (2022 data) (publishing.service.gov.uk)

Rural households can experience an increased risk of fuel poverty due to factors such as inefficient older housing stock, poor employment opportunities, and a reliance on alternate fuels due to living off the gas grid. The latest government statistics report that ⁴15.9% of rural households live in fuel poverty (2022 data).

Not all people living in fuel poverty are unemployed. Residents in full time employment are facing fuel poverty due to the cost-of-living crisis. This leaves many households worried about the affordability of food and heating and susceptible to conditions such as stress, depression and anxiety.

The Mobile Food Pantry project will support North Warwickshire and South Leicestershire households at risk of, or living in fuel poverty by:

- Increasing households' levels of disposable income by enabling access to affordable food. Cadent and Feed The Hungry UK have applied an assumption that this increase disposable income may be used on meeting other costs such as fuel bills.
- Maximising household income through offering Mobile Food Pantry attendees benefit entitlement checks and income maximisation services. Similar to the above, Cadent and Feed The Hungry UK have applied an assumption that this increase disposable income may be used on meeting other costs such as fuel bills.

Fuel Debt

Fuel debt can lead to anxiety, depression and financial difficulties, forcing many families to choose between feeding their families and keeping their houses warm. The Fuel Bank Foundation's (FBF) "Fuel Crisis Report 2022" reported that:

- 96% of FBF clients were having to make the choice between heating their homes or putting food on the table,
- 14% of clients surveyed were sacrificing hot food daily, and
- 74% of FBF prepayment meter clients are struggling to afford other essential household bills.

Households that struggle to pay their bills for a prolonged period can experience an increased risk of incurring debt, creating a cycle that is challenging for the household to break.

The Mobile Food Pantry will help households experiencing fuel debt by increases their levels of disposable income. This will be achieved by enabling access to affordable food and providing income maximisation and benefit entitlement checks.

Food Insecurity

It is not only unemployed households that face food insecurity. It is often the case that households in full time employment also struggle with the affordability of weekly essentials, due to the increases in the cost of living and inflation.

⁴ How many people can't pay their energy bills? Fuel poverty in the UK - The Big Issue

	<p>Food insecurity and a lack of access to affordable nutritious food can lead to serious health conditions such as diabetes, obesity, mental health disorders and heart failure.</p> <p>Fuel poverty also influences people's diets, as it places households in the difficult position of having to choose between heating their home or eating. Many fuel poor customers skip meals to be able to afford to heat their home. There are links between a poor diet and serious health conditions such as disabilities, heart failure and asthma.</p> <p>The Mobile Food Pantry project will alleviate households' risk of experiencing poor diet related health conditions through enabling access to affordable, healthy, and varied food.</p>
<p>Scope and Objectives</p>	<p><u>Project Scope</u></p> <p>Cadent will provide Feed The Hungry UK with £122,155.00 of VCMA funding to deliver a 15-month project.</p> <p>The first 3-months of the project will be focussed on research and establishing links with communities most in need of the service. Communities' needs will be assessed on factors such as levels of deprivation, fuel poverty and financial hardship, as well as the presence of existing infrastructure (e.g., fixed food banks etc.).</p> <p>Feed The Hungry UK will research and establish three locations and set up agreements with third parties for the provision of income maximisation services.</p> <p>The remaining 12-months of the project will focus on the delivery of the Mobile Food Pantry. The project will be to fund the mobile food pantry on a 3-day per/week basis.</p> <p>The project will run in five quarters:</p> <p>Q1- 17/02/2023 –16/05/2023 (Project mobilisation) Q2- 17/05/2023 –16/08/2023 Q3- 17/08/2023 –16/11/2023 Q4- 17/11/2023 –16/02/2024 Q5- 17/02/2023 – 6/05/2024</p> <p>Members of the food pantry pay a small fee a week of £5 this allows a family access to the food pantry once a week. Collecting a weekly food parcel worth £30 retail price. So a £25 saving per customer.</p> <p>The project focuses on providing disadvantaged households with affordable food – these households will be situated in communities that do not have access to an existing service.</p> <p>The project will deliver advice to clients who attend the food pantry, covering topics such as income maximisation, debt advice, and benefit entitlement checks.</p> <p>Priority Services Register (PSR) leaflets will be handed out to all food pantry members and those eligible will be supported to register onto the PSR. Additionally, carbon monoxide (CO) leaflets will be handed out to all food pantry members to educate and spread awareness of the dangers of CO.</p> <p><u>Project objectives</u></p>

	<p>Overall, the Mobile Food Pantry project aims to achieve the following objectives:</p> <ul style="list-style-type: none"> • The project will benefit a total of 12,525 people over a 12-month period. Cadent and Feed The Hungry UK have calculated this total benefit based on the average household size of the project's client group, and the total number of Mobile Food Pantry visits. • The project will accommodate 4,175 visits to the Mobile Food Pantry across a 12-month period. • Feed The Hungry UK will support 1,080 individuals to register for a Mobile Food Pantry membership. The service is only accessible to registered households and Feed The Hungry will work with households to understand their financial positions, ensuring that the limited food reaches customers most in need. • Based on historic data from past Feed the Hungry projects, the parties forecast that 10% of members will have a need for and receive income maximisation services. • All food pantry members will receive a PSR leaflet, and 32 members (3%) will register to the PSR. • All food pantry members will receive a carbon monoxide (CO) leaflet to educate and spread awareness of the signs, symptoms, and dangers of CO. <p>As well as meeting the above forecast for the number of total beneficiaries, food pantry members, PSR registrations, and Co-educational materials distributed, the project also aims to achieve the following objectives:</p> <ul style="list-style-type: none"> • Food pantry members report reduced feelings of financial worry and stress due to witnessing increased levels of disposable household income
<p>Why the Project is Being Funded Through the VCMA</p>	<p>Cadent believes this project meets all the Vulnerability and Carbon Monoxide Allowance eligibility criteria:</p> <p>A. The project is forecasted to have a positive Social Return on Investment (SROI) We believe that this project has the deliverables to create a positive SROI for gas consumers on Cadent's network. This is based on our understanding of the social value created by income maximisation, PSR registrations, and improved awareness on the signs, symptoms, and dangers of CO.</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 of the dangers of CO, or Reduce the risk of harm caused by CO <p>The project will provide support to consumers in vulnerable situations, relate to energy safeguarding, and provide awareness of the dangers of CO. This will be illustrated through assisting food pantry members</p>

	<p>to maximise their income, and providing materials on the signs, symptoms, and dangers of CO.</p> <p>C. Project has defined outcomes and associated actions to achieve these: This project has clearly defined outcomes and associated outcomes, the meeting of which will quantify success. Further information on the project's outcomes and associated actions can be found in the relevant section below.</p> <p>D. The project goes beyond the activities funded through the price control mechanisms or required license obligations. We believe that this project goes outside of activities funded through other price control mechanisms due to:</p> <ol style="list-style-type: none"> a) the types of support being delivered, and, b) the method through which customers are to be engaged (e.g. not through Cadent's BAU activities) <p>E. Not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved, or local) funding. The project will be delivered solely through Cadent's VCMA funding.</p>
<p>Evidence of Stakeholder/Customer Support</p>	<p>Cadent has sought the views of a wide range of stakeholders to support its strategy for shaping VCMA projects. For instance, Cadent conducted extensive stakeholder engagement to gather the views of organisations on its year one VCMA delivery.</p> <p>Cadent obtained stakeholder feedback on individual projects (e.g., the model of enabling customers to access emergency grants and income maximisation services) and categories of activities (e.g. tackling affordability and fuel poverty).</p> <p>With regards to categories of activities, tackling affordability and fuel poverty saw the highest percentages of support for increasing funds, with 61% of stakeholders and 43% of customers supporting an increase in funding when compared to 2021-2022 levels.</p> <p>Cadent also asked customers for their views on which of the below statements best described their health and financial situation compared to 2021:</p> <ul style="list-style-type: none"> • My current household's health or financial situation is worse off compared to 2021. • My current household's health or financial situation is the same compared to 2021. • My current household's health or financial situation is better off compared to 2021. <p>60% of participants responded that their households' health or financial situation was worse off this year compared to 2021 levels.</p> <p>The Mobile Food Pantry project will support customers whose health and financial situations have deteriorated in recent years by enabling access to affordable food and advice services.</p> <p>Finally, Cadent works with various stakeholders to understand the needs customers living in vulnerable situations across its networks. We conduct regular conversations and check ins with organisations</p>

	<p>such as Citizens Advice, National Energy Action and Groundwork. These regular check ins allow us to gain feedback on the projects we are or should be supporting and ensuring that the projects are in the best interests of our customers. The guidance we are being given is consistently around supporting customers living in fuel poverty and especially in light of the current energy crisis.</p> <p>The Mobile Food Pantry takes this feedback into account, offering holistic advice to households in need of affordable food due to their financial circumstances. Mobile Food Pantry members are principally struggling to afford the cost of food but may also be unable to meet the cost of other essentials such as fuel, housing, and healthcare.</p>
<p>Information Required</p>	<p>Description</p>
<p>Outcomes, Associated Actions and Success Criteria</p>	<p>The Mobile Food Pantry will visit areas of high deprivation and fuel poverty. The VCMA will fund the mobile food pantry on a 3-day per/week basis. This will enable staff to support customers living in vulnerable situations and alleviate the stress of food affordability.</p> <p>This project will be delivered in partnership with Feed the Hungry UK. The project aims to support a total of 12,525 beneficiaries with affordable food. Additionally, members will receive information on the PSR, CO safety, and the opportunity to access income maximisation, debt advice, benefit entitlement checks.</p> <p><u>Project Outcomes</u></p> <p>Utilising Cadent's VCMA funding, Feed The Hungry UK aim to deliver the following outcomes:</p> <ul style="list-style-type: none"> • 12,525 beneficiaries (based on average member household size) will receive affordable, healthy, and varied food. • The project will accommodate 4,175 visits from members across a 12-month period. • 1,080 low income and vulnerable households will register for Mobile Food Pantry membership. • 108 members (10%) will receive additional support through accessing specialist income maximisation, benefit entitlement check, and debt advice • Each Mobile Food Pantry member will receive literature on the PSR, and 32 households (3%) will be supported to register. • 1,080 food pantry members will receive a carbon monoxide (CO) leaflet to educate and spread awareness of the signs, symptoms, and dangers of CO. <p>As well as achieving the above quantitative outcomes, the project also aims to deliver the following qualitative outcome:</p> <ul style="list-style-type: none"> • Food pantry members will report reduced feelings of financial worry and stress due to witnessing increased levels of disposable household income <p><u>Associated Actions</u></p>

	<p>Cadent and Feed The Hungry UK will perform the following associated actions in order to achieve the Mobile Food Pantry's project outcomes and success criteria:</p> <ul style="list-style-type: none"> • Feed The Hungry will conduct an initial 3-month period of community engagement and research to define the three North Warwickshire/South Leicestershire food pantry locations. These locations will be selected on customer need and the levels of existing infrastructure in place (e.g. existing food banks). • Cadent and Feed The Hungry will create links with community advice organisations (e.g. small charities, local authorities, Citizens Advice) to coordinate income maximisation advice with Mobile Food Pantry visits. • Feed The Hungry UK will manage the delivery of the Mobile Food Pantry on a three day per week basis across communities in North Warwickshire/South Leicestershire. • Feed The Hungry UK will distribute CO and PSR materials to Mobile Food Pantry members throughout the 12-month delivery phase of the project. • Feed The Hungry UK will recruit a project evaluator to measure the social benefit of the 15-month partnership. <p><u>Success Criteria</u></p> <p>The Mobile Food Pantry's success will be measured through a variety of metrics including:</p> <ul style="list-style-type: none"> • Evaluating the number of new memberships and food pantry visits against the forecasts referenced in the Scope and Objectives section of this document. • Measuring members' attitudes towards the positive indicator listed in the Project Outcomes section of this document (i.e. food pantry members will report reduced feelings of financial worry and stress due to witnessing increased levels of disposable household income). • Evaluating a positive social return investment on the VCMA funding invested in the Winter Warm Hubs project - see the below section for the project's SROI forecast.
<p>Project Partners and Third Parties Involved</p>	<p>Cadent will work in partnership with Feeding the Hungry UK. Feed The Hungry has delivered more than £300 million of food and supplies to hungry, hurting people in 92 nations around the globe⁵.</p>
<p>Potential for New Learning</p>	<p>The Mobile Food Pantry project offers several areas of potential learning that Cadent can adopt for other VCMA funded projects in RIIO-GD2.</p> <p>Firstly, the project will offer Cadent and Feed The Hungry UK insight on the demographic of households facing food poverty, and the proportion of households entitled, but not in receipt of benefits.</p>

⁵ Our Mission - (feedthehungry.org.uk)

	<p>Historically, many agencies have reported that a significant proportion of food bank/pantry attendees are unemployed. However, the recent rises in the cost of living, energy, and inflation have led to many middle to low income residents struggling to afford household essentials.</p> <p>The project will offer the parties insight on the changes in food pantry member demographics as a result of the changes in 2022 national landscape.</p> <p>Additionally, the project will offer learning on any changes to the previous links between food pantry/bank use and rates of benefit eligibility and claims.</p> <p>Finally, the partnership will offer Cadent insight on the links between fuel poverty and food poverty. Cadent's belief is that there are intrinsic links between food and fuel poverty, as low income households can often face challenges with meeting their required fuel costs and putting adequate, healthy food on the table. This partnership will offer additional and updated learning on those links, helping to inform future VCMA projects.</p>
<p>Scale of VCMA Project and SROI Calculations</p>	<p><u>Scale of the VCMA project</u></p> <p>Cadent will invest £122,155.00 in partnership with Feed The Hungry UK. Delivering a 15-month project benefitting approximately 12,525 people. The total number of beneficiaries is based on the average household size of food pantry members, the total number of memberships (1,080), and the total number of food pantry visits (4,175).</p> <p><u>SROI Summary</u></p> <ul style="list-style-type: none"> • Investment = £122,155.00 • 5-year social return on investment = £459,505.89 • 1-year social return on investment = £307,135.18 • 5-year gross present value = £581,660.89 • 1-year gross present value = £429,290.18 <p><u>The gross present value created by enabling access to affordable food</u></p> <p>Cadent has based its social value calculations on the average value of food that food pantry members will receive and the predicted reductions in financial stress from accessing affordable food.</p> <p>⁶Data support the average UK weekly food shop costing around £63.70. Additionally, the DNO proxy bank sites the cost of stress management £35 per occurrence. Food pantry has an immediate cost saving per customer and helps relieve family's stress. Members will pay a £5.00 fee per use, and therefore, the offering of affordable food creates a total social value of £93.70 per food pantry use.</p> <p>4,175 individuals will use the food pantry service throughout the duration of the project, equating to a total gross present value of £391,197.50</p> <p><u>The gross present value created by maximising households' income</u></p>

⁶ <https://www.moneyhelper.org.uk/en/blog/supermarket-savings/how-does-your-household-food-spend-compare>

Cadent worked with SIA Partners to evaluate the average 5-year gross present value of supporting households to maximise their income. SIA Partner's based their analysis on the "actual" data from a 3-month project between Cadent and NEA, and historic NEA data between 2018-2021.

For supporting households to maximise their income, SIA Partners calculated an average 5-year gross present value of £1,717.11 per household.

Cadent has forecasted that 108 of members (10%) will receive 1-2-1 advice on maximising their income. This equates to a total 5-year gross present value of £185,447.88. 37,089.58

The gross present value created by registering customers to the Priority Services Register

Cadent worked with SIA Partners to evaluate the 5-year gross present value of registering a household to the Priority Services Register. SIA evaluated a 5-year gross present value of £143.89 per household based on a 5-year reduction in stress linked to utility outages.

Food pantry members will receive PSR literature in their food parcels, signposting them to the PSR and the process for registration.

Based on research conducted by expert advertising and communications partners, we have forecasted that 32 (3%) of food pantry members will ultimately register to the PSR. This equates to a total 5-year gross present value of £4,662.04.

The gross present value created by educating customers on the signs, symptoms, and dangers of CO

Cadent employed SIA Partners to evaluate the forecasted social return on investment of several RIIO-GD2 business plan elements. These elements included CO education, CO alarm distribution and the repair/replacement of gas appliances.

SIA Partners pointed to a number of factors that influenced the social value generated by educating customers on the dangers of carbon monoxide:

- A reduction in A&E visits linked to CO;
- A reduction in long-term hospitalisations linked to CO;
- A reduction in deaths caused by CO;
- A reduction in time of work due to injury caused by CO;
- A reduction in ambulance call-outs linked to CO;

SIA Partners calculated the 5-year gross present value of an educational CO conversation to be £8.73 - this is based on a 1-2-1 conversation with an 80% retention rate.

Similar to the PSR awareness element of the project, each of the 1,080 food pantry members will receive CO educational literature alongside their food parcel.

This activity generates a 5-year gross present value of £353.47 when applying the expert-supported 3% retention rate.

VCMA Project Start and End Date	Project Start Date: February 2023 Project End Date: May 2024
Geographical Area	The project will be delivered in Cadent's East Midlands and West Midlands networks and will target customers living in North Warwickshire and South Leicestershire.
Remaining Amount in the Allowance at Time of Registration	To be confirmed upon receipt of Director of Sustainability and Social Purpose sign off.

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 Purpose Team PEA Peer Review	
Date Immediate Team Peer Review Completed: March 2023	Review Completed By: Edward Allard
Stage 2: Sustainability and Social Purpose Management Review	
Date Management Review Completed: 20/03/23	Review Completed By: Phil Burrows
Step 3: Director of Sustainability and Social Purpose Sign-Off: Mark Belmaga	
Director of Sustainability and Social Purpose Sign-Off Date: 21/03/23	
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: March 23	
Date that Notification Email Sent to Ofgem: March 23	