

Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA)

Citizens Advice North Warwickshire

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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; 	
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	North Warwickshire Citizens Advice Bureau
Funding GDN(s)	Cadent
New / Updated (indicate as appropriate)	New
Role of GDN(s) *For Collaborative VCMA Projects only	N/A
Date of PEA Submission	02/01/2024
VCMA Project Contact Name, email and Number	Name: Phil Burrows Title: Head of Customer Vulnerability Social Programme Delivery Email: Phil.m.burrows@cadentgas.com Phone: 07773 545451
Total Cost (£k)	Project Cost: £413,525.00 Project Management Cost @4%: £16,545.00
Total VCMA Funding Required (£k)	£430,070.00
Problem(s)	<p>Approximately 80% of the clients seeking advice from Citizens Advice North Warwickshire, Solihull and Southeast Staffordshire have either a long-term health condition or disability. The majority of these are below state pension age and are therefore reliant on state benefits as a source of income, this also impacts their eligibility for reductions in council tax or access to other state support. Many clients return with recurring issues with the average enquiry having up to 11 issues.</p> <p><u>Fuel Poverty</u></p> <p>Fuel Poverty remains a prominent form of hardship that impacts millions of households across the United Kingdom. The government's latest fuel poverty statistics illustrate the scale of hardship in 2022.</p> <p>For example, the 2022 statistics state that 13.4% UK households are currently living in fuel poverty. Fuel poverty can have many adverse effects on the health of residents living in this form of hardship. For instance, a recent National Energy Action article listed the following negative impacts:</p>

	<ul style="list-style-type: none"> • Households can adopt unsafe energy rationing practices; • Customers may elect to voluntarily self-disconnect from their energy supplies; <p>Fuel poverty can increase the risk of exposure to several health conditions including heart disease, chronic obstructive pulmonary disease (COPD) and asthma. Up to 80% of those accessing the service in this area have a disability or long-term health condition.</p> <p>At the more severe end of the scale, fuel poverty can result in early mortality and excess winter deaths. More people die in the winter than in the summer in England and Wales, due to a higher risk of residents experiencing cold housing conditions. 2017/2018 statistics report that 16,890 excess UK winter deaths were attributable to cold housing conditions. Separate government statistics report the cost of a death to the UK economy £1,897,129.00.</p>
<p>Scope and Objectives</p>	<p>Cadent's VCMA funding will be utilised by North Warwickshire Citizens Advice providing six full-time caseworkers that operate across three districts - North Warwickshire, Solihull and South Staffordshire. The project will be delivered across twenty-four months between October 2023 and September 2025.</p> <p><u>Project Scope</u></p> <p>The Citizens Advice Warwickshire partnership focuses on providing support to vulnerable households across three local authority areas - North Warwickshire, Solihull and South Staffordshire. Customers will be identified through various channels, including direct enquiries to Citizens Advice, referral pathways via social prescribers, local MPs and Councillors and a network of community partners and community events.</p> <p>Cadent's funding will be used to employ a full-time caseworker in each local authority area for an initial 24 months. Caseworker(s) will work on providing self-help advice including detailed instructions of steps the client should follow to resolve the issue. However, in most cases due to individual capability and/or the complexity of the issue the client will require casework.</p>

The caseworkers will be required to resolve queries with multiple strands, up to 11 issues per customer. This can include complex benefits applications including appeals if unsuccessful, or fuel and council tax debts due to income deficit. All clients are offered energy efficiency advice, carbon monoxide safety, and PSR information as standard, with CO alarms issued to those who do not currently have one or who have one that is out of date. The objective of the caseworker is to understand the complexity of issues affecting both the physical and mental health of the client ensuring they access relevant services and are safe and warm in their homes

Project Objectives

Overall, the North Warwickshire Citizens Advice Casework project aims to support approximately 700 clients with over 6,000 issues over a twenty-four-month period

- Income maximisation – **500** individuals
- Fuel Debt written off – **5** individuals
- Energy efficiency advice – **50** individuals
- Tariff and payment options – **1** individual
- Fuel debt payment plan – **21** individuals
- Priority services register – **65** individuals
- SMART meter – **1** individual
- Debt advice – **50** Individuals
- Loneliness and Isolation support- **100** individuals

With regards to the services offered and the benefits to customers, Cadent and Citizens Advice North Warwickshire have forecasted the project to realise approximately £850,000 in monetary outcomes.

As well as meeting the above forecast for the number of customers accessing the project's services and benefits realised, the project also aims to achieve the following objectives:

- Clients report improved wellbeing and reductions in stress due to feeling in better control of their personal finances;

	<ul style="list-style-type: none"> • Clients will report improvements in their levels of comfort due to being able to heat their homes to a healthier temperature. This will be achieved through increasing household income and improving knowledge of energy efficiency techniques;
<p>Why the Project is Being Funded Through the VCMA</p>	<p>We believe that this project meets the required company specific VCMA project eligibility criteria:</p> <p>a. Has a positive, or forecasted positive SROI, including for the gas consumers funding the VCMA project:</p> <p>We believe this project has the deliverables necessary to create a positive social return on investment - see the below section for more details.</p> <p>b. Either:</p> <ul style="list-style-type: none"> i. i. Provide support to consumers in vulnerable situations, and relate to energy safeguarding, or ii. ii. Provide awareness on the dangers of CO. or iii. iii. Reduce the risk of harm caused by CO <p>This project will provide support to consumers in vulnerable situations and relate to energy safeguarding. Project customers will access financial advice and realise additional household income, both of which may result in a customer being able to adequately heat their home to a healthy temperature.</p> <p>c. Have defined outcomes and the associated actions to achieve these:</p> <p>This project has clearly defined outcomes and associated actions to achieve them. Further information on the project's outcomes and associated actions can be found in the relevant section below.</p> <p>d. Go beyond activities that are funded through other price control mechanism(s) or required through licence obligations;</p> <p>We believe that this project goes outside of activities funded through other price control mechanisms due to:</p> <ul style="list-style-type: none"> i. the types of support being delivered, and

	<p>ii. the method through which customers are to be engaged (e.g. not through Cadent's BAU activities)</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>This project will solely be delivered by 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 charity-delivered energy efficiency advice) 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>When looking at specific projects from the first year of VCMA delivery, 61% of stakeholders supported increases in funding in income maximisation activities, with one customer (aged 30-29) commenting "income maximisation can be the step to someone going into debt or becoming vulnerable".</p> <p>Additionally, Cadent asked stakeholders and customers for feedback on where VCMA funding should be prioritised in 2022-2023. Stakeholders commented " We are in the midst of an energy crisis which is likely to continue for the next 18 months to 2 years and will leave clients in very vulnerable situations. Any increase in this support from Cadent would be extremely helpful to fuel poor clients."</p>

	<p>Finally, Cadent 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 households health or financial situation is worse off compared to 2021. • My current households health or financial situation is the same compared to 2021. • My current households 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>Information Required</p>	
<p>Outcomes, Associated Actions and Success Criteria</p>	<p>The partnership with North Warwickshire Citizens Advice will focus on the recruitment of six full-time caseworkers that operate across three districts North Warwickshire, Solihull and South Staffordshire. Workers will offer advice on both issues that customers are able to self-resolve, and more complex cases that require in-depth support. Examples of the types of advice that the caseworkers will issue include:</p> <ul style="list-style-type: none"> • Welfare benefits advice including, • Universal Credit, • Personal Independence Payment (PIP), • Limited Capability to work and attendance allowance. • Support with utility provider issues including debts and meter issues. • Debt, money, and pensions advice; • Referrals to the Priority Services Register; • Advice on CO and alarm distribution • Requesting small measures i.e.. Heated blankets • Referrals to the Warm Homes Discount; • Energy efficiency advice • Referrals to retrofit grants

	<p>All the above support provided by the caseworkers will be aimed at alleviating fuel poverty. Fuel poverty is influenced by several factors including fuel costs, property energy efficiency, additional costs due to disability and household income.</p> <p><u>Financial Hardship</u></p> <p>As well as offering services that will support households to improve energy efficiency, Citizens Advice caseworkers will also be assisting customers with managing debt and maximising income.</p> <p>The project will support households affected by financial hardship by:</p> <ul style="list-style-type: none"> • Helping them to access industry financial benefits (e.g. Warm Homes Discount); • Conducting benefit entitlement checks and claims support; • Supporting with debt and money management advice;
<p>Project Partners and Third Parties Involved</p>	<p>Details of Project Partners or third-party involvement.</p>
<p>Potential for New Learning</p>	<p>The North Warwickshire Citizen’s advice bureau 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 their outreach work with vulnerable communities which Cadent projects have not directly focused on. They will provide both CO education, energy efficiency advice and support with claiming additional benefits including pension credit and carers allowance which many clients are unaware of the eligibility criteria.</p> <p>When assessing the options for VCMA projects, we considered the effectiveness of engaging directly with customers rather than via a project partner. This project will provide insight into the effectiveness of working with community stakeholders such as Citizen’s Advice North Warwickshire. We believe they are not only trusted members</p>

	<p>of the community, but they have relationships with groups that are difficult to reach without those trusted relationships.</p> <p>This partnership with North Warwickshire Citizen’s advice will also provide Cadent with learning on customers' receptiveness to support from Gas Distribution Networks during an energy crisis. Some customers may be unaware of the industry’s structure between suppliers, shippers and GDNs; and the project will offer insight into customers' attitudes toward support offered by energy companies.</p>												
<p>Scale of VCMA Project and SROI Calculations, including NPV</p>	<table border="1" data-bbox="472 790 1458 1093"> <thead> <tr> <th colspan="2" data-bbox="472 790 1458 891">SROI Calculations:</th> </tr> </thead> <tbody> <tr> <td data-bbox="472 891 948 931">5 year Gross:</td> <td data-bbox="948 891 1458 931">£4,442,298.67</td> </tr> <tr> <td data-bbox="472 931 948 972">1 year Gross</td> <td data-bbox="948 931 1458 972">£924,459.73</td> </tr> <tr> <td colspan="2" data-bbox="472 972 1458 1012"></td> </tr> <tr> <td data-bbox="472 1012 948 1052">5 year Net:</td> <td data-bbox="948 1012 1458 1052">£4,020,379.67</td> </tr> <tr> <td data-bbox="472 1052 948 1093">1 year Net:</td> <td data-bbox="948 1052 1458 1093">£714,600.73</td> </tr> </tbody> </table> <p data-bbox="472 1149 735 1182">Ratio SROI to £1:10</p>	SROI Calculations:		5 year Gross:	£4,442,298.67	1 year Gross	£924,459.73			5 year Net:	£4,020,379.67	1 year Net:	£714,600.73
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<p>VCMA Project Start and End Date</p>	<p>Start date 01/10/2023 End date 31/10/2025</p>												
<p>Geographical Area</p>	<p>West Midlands</p>												
<p>Internal governance and project management evidence</p>	<p>Description of GDN(s) review of proposal and project sign-off, with details on how the project will be managed</p>												

**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: 18/02/2024	Review Completed By: Kate Ravenscroft
Stage 2: Sustainability and Social Purpose Team Management Review	
Date Management Review Completed:25/03/2024	Review Completed By: Phil Burrows
Step 3: Director of Sustainability & Social Purpose Sign-Off: Mark Belmega	
Director of Sustainability and Social Purpose Sign-Off Date: 25/03/2024	
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 2024	
Date that Notification Email Sent to Ofgem: March 2024	