

Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA)

Fresh Energy

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April 2024



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 a forecasted positive, Social Return on Investment (SROI) and Net Present Value (NPV) including for the gas consumers funding the VCMA Project (GDNs should use a common SROI model.	Y
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; 	Y
c) Have defined outcomes and the associated actions to achieve these;	Y
d) Go beyond activities that are funded through other price control mechanism(s) or required through license obligations; and	Y
e) Not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved or local) funding.	Y
Section 2 - Eligibility criteria for company-specific essential gas appliance servicing	
To qualify as a VCMA Project, essential gas appliance servicing must meet the following criteria:	
a) Either: <ul style="list-style-type: none"> i. A GDN has had to isolate and condemn an essential gas appliance following a supply interruption or as part of its emergency service role; or ii. A GDN or its Project Partner has identified an essential gas appliance which has not been serviced in the last 12 months in the owner-occupied home of a customer in a Vulnerable Situation where an occupier of the property suffers from a permanent or temporary health condition that makes them more vulnerable to health risks associated with cold homes; or iii. A GDN or its Project Partner has identified an essential gas appliance which has not been serviced in the last 12 months in a tenant-occupied home of a customer in a Vulnerable Situation where it is the tenant's responsibility to maintain the essential gas appliance, where an occupier of the property suffers from a permanent or temporary health condition that 	N/A

makes them more vulnerable to health risks associated with cold homes.	
b) The household cannot afford to service the essential gas appliance, which is assessed against criteria consistent with the Energy Company Obligation (ECO4) Guidance: Delivery document 1 (see Appendix 1).	N/A
c) Sufficient funding is not available from other sources (including a social or private landlord, national, devolved, local government funding) to fund the essential gas appliance service.	N/A

Section 3 - Eligibility criteria for Collaborative VCMA Projects	
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	Fresh Energy
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	01/04/2024
VCMA Project Contact Name, email and Number	Contact Name: Phil Burrows Role: Head of Customer Vulnerability & Social Programme Delivery Email: phil.m.burrows@Cadentgas.com Number: 07773 545451
Total Cost (£k)	Partner costs: £231,666.50 + VAT Project management costs (4%): £9266.66
Total VCMA Funding Required (£k)	Total costs: £240,933.16

<p>Problem(s)</p>	<p>Due to reductions in household incomes, surging energy prices and relatively modest improvements in energy efficiency levels, National Energy Action (NEA) estimates that the number of households in fuel poverty across the UK is 6 million. NEA bases its projections on the 10% definition of fuel poverty which gives a realistic picture of the scale of fuel poverty in periods of more volatile energy prices². As of 1 January, the typical household pays £1,928 a year. In the Autumn Statement 2023 the Chancellor announced no new energy bill support for this winter.</p> <p>Polling by NEA with YouGov revealed that 26% of UK adults – equivalent to 11 million people – say they have struggled to afford to pay their energy bills over the three months prior to the Autumn Statement. Help for fuel poor households is needed now more than ever. For people leaving prison with convictions, life is exceptionally challenging without the added pressures that stem from both the energy crisis and cost of living crisis. Overcoming barriers to employment, education, and housing are paramount to successful reintegration.</p> <p>As of January 2023, more than 12 million people have a criminal record in the UK which is roughly 27% of the working population. The current labour shortages across the UK have made headlines and left businesses crying out for staff. From joining bonuses to bids to engage untapped ‘talent pools’, the crisis has forced the hand of employers who are now viewing inclusive hiring in a new light³</p> <p>One such source of labour is people leaving prison with a conviction. As things stand, only one in seven people find a job within six months of leaving prison. For women this situation is exacerbated as women who commit crime are viewed more harshly by society. In a survey of 511 women 86% cited employment as a problem area with 51% believing the problem they faced having a criminal record was exacerbated by being a woman⁴. Nearly two thirds (59%) of women leaving prison had experienced domestic abuse as some point in their lives. Providing employment opportunities to women leaving prison is a crucial step towards reducing reoffending rates and helping them reintegrate into society; it is equally important to provide support and resources to help them overcome the challenges they face upon release. This project aims to breakdown these barriers by providing employment opportunities to women leaving prison with convictions, helping to build-up their employment history, increase their income, enhance their life skills, whilst simultaneously equipping them with understanding and knowledge on how to manage energy and provide advice and support to NEA’s clients in fuel poverty.</p>
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² <https://www.nea.org.uk/what-is-fuel-poverty/>

³ <https://unlock.org.uk/policy-issues/key-facts/>

⁴ <https://unlock.org.uk/wp-content/uploads/misc/The-impact-of-criminal-records-on-women.pdf>

<p>Scope and Objectives</p>	<p>We believe passionately that everyone has the fundamental right to live in a warm, healthy, and affordable home, regardless of income or circumstance. Females with a criminal record face significant barriers gaining housing and employment following a custodial sentence. In addition, this may be a prerequisite to them regaining custody of their children if they have been taken into care following their incarceration.</p> <p>Cadent will provide NEA with VCMA funding to deliver a 24 month project. The project aims to:</p> <ul style="list-style-type: none"> • Provide employment for up to 4 females on a part -time basis or 2 fulltime roles. • NEA will lead delivery of the project working closely with A Fairer Chance, a CIC who work with employers, people with convictions and those at risk of offending to remove barriers to jobs and reduce crime and its impact on communities. They help employers recruit from a pool of talent they would not usually have access to whilst supporting individuals to use their skills and aspirations to find employment and reach financial freedom. They also provide a range of trauma informed, tailor made, interventions with the end goal of gaining sustainable employment. <p>Objectives</p> <p>The success of the project will be measured by meeting the following objectives over 24 months;</p> <ul style="list-style-type: none"> - Securing 4 part-time or 2 full time jobs for women who have been previously incarcerated therefore helping to break the cycle of reoffending. - Providing advice to 2,808 customers on CO safety, PSR awareness and energy efficiency in the home.
<p>Why the Project is Being Funded Through the VCMA</p>	<p><i>We believe that this project meets the required company specific VCMA project eligibility criteria.</i></p> <p>a. Has a positive, or forecasted positive SROI, including for the gas consumers funding the VCMA project:</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. Either:</p> <p>a. Provide support to consumers in vulnerable situations, and relate to energy safeguarding,</p> <p>or b. Provide awareness on the dangers of CO.</p> <p>or c. Reduce the risk of harm caused by CO.</p>

	<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> <p>a) the types of support being delivered, and</p> <p>b) the method through which customers are to be engaged (e.g. not through Cadent's BAU (business as usual) 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><i>This project will solely be delivered by Cadent's VCMA funding.</i></p>
<p>Evidence of Stakeholder/Customer Support</p>	<p>Cadent conducted and continues to obtain extensive stakeholder and customer engagement on its RIIO-GD2 business plans and subsequent VCMA delivery. For instance, we regularly seek to obtain the feedback of stakeholders such as Citizens Advice and National Energy Action (NEA) to understand the needs of customers in vulnerable situations. These regular conversations allow Cadent to gain feedback on the initiatives we are, or should be supporting, and ensure that our VCMA-funded projects are in the best interests of our customers.</p> <p>Stakeholders have provided consistent feedback on the need for energy networks to focus their funding on supporting households most impacted by the cost-of-living crisis.</p> <p>This project takes this feedback into account by creating a partnership with a trusted local charity, positioned in an area with levels of deprivation and fuel poverty significantly higher than the national average. Additionally, the customer demographic of >65 years old can be disproportionately impacted by fuel poverty, due to factors such as being more at risk of cold related illness, generally having lower levels of household income, and spending a greater proportion of time at home.</p>

	<p>In terms of customer engagement, we asked customers for their views on which of the below statements best described their health and financial situation in 2022-2023, when 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>This project aims to act upon this customer insight and feedback, through supporting customers in Birmingham impacted by a downturn in their financial health. This will be achieved through offering services such as income maximisation and benefit entitlement checks along with a wraparound support service.</p> <p>A report by Unlock, a charity which supports individuals with criminal records and funded by the Barrow Cadbury Trust specifically recommends a government workstream which recognises the particular challenges for women leaving prison⁵. An estimated 17,000 children are affected by maternal imprisonment with only 9% cared for by their father when their mother is in prison. Half (50%) of women who have been involved in the criminal justice system, including conviction, caution or prison sentence, are claiming out-of-work benefits two years later, compared to just over a third (35%) of men.⁶</p> <p>Without employment a mother is significantly less likely to be able to regain custody of her children as she will not have the means to support them.</p> <p>Supporting women who have offended will have an indirect positive impact on any dependent children.</p>
Information Required	Description
Outcomes, Associated Actions and Success Criteria	<p><u>Project Outcomes</u></p> <p>Provide 2,808 individuals living in fuel poverty access to a National Energy Action (NEA) Warm and Safe Homes (WASH) Coordinator who will provide individuals with general advice and triage the individuals with complex needs onto further support. The planned and measurable outcomes for the project are:</p> <ul style="list-style-type: none"> • Add capacity to a service which provides a single point of contact for people on low incomes or living in vulnerable circumstances to address their energy issues and ensure a customer journey which is easy to engage with and streamlines its approach to make both internal and external communications clear and ensure a client is

⁵ https://unlock.org.uk/wp-content/uploads/misc/The-impact-of-criminal-records-on-women_Exec-summary.pdf

⁶ <https://prisonreformtrust.org.uk/wp-content/uploads/2022/08/Why-women-2022-briefing.pdf>

	<p>always provided with holistic advice. The project aims to provide individuals with numerous types of support to achieve the following outcomes:</p> <ul style="list-style-type: none"> • 2,808 Individuals receive financial and energy advice through a WASH Coordinator. The individuals reached stand to benefit from advice around in-home energy usage, carbon monoxide awareness and support with registering on the Priority Services Register (PSR) (if applicable). <p>Associated Outcomes</p> <p>In addition to the above quantitative outcomes, the project also aims to achieve the following qualitative associated outcomes:</p> <ol style="list-style-type: none"> 1. Individuals supported through the project will report reduced feelings of stress due to feeling in better control of their energy affordability. 2. Individuals supported through the project will report improved feelings of comfort at home due to increases in their disposable household income, resulting in an increased ability to heat their homes to a healthier temperature. 3. Newly appointed WASH coordinators report improved feelings of financial stability and self-worth. 4. Newly appointed WASH coordinators have increased knowledge and skills.
<p>Project Partners and Third Parties Involved</p>	<p>NEA and A Fairer Chance CIC</p>
<p>Potential for New Learning</p>	<p>This project provides the opportunity to understand both the practical and emotional challenges that face females leaving the criminal justice system and the issues which precluded their conviction. I will identify if there was an enhanced level of support available to manage finance and debt related issues in addition to flexible employment options could their conviction and subsequent imprisonment have been avoided. It will also look at how we can break the stigma around criminal records by taking an individual risk-based approach rather than having a generic policy. Creating opportunities for paid employment on or above the national living wage reduces dependence on benefits and the risk of falling into debt.</p>
<p>Scale of VCMA Project and SROI Calculations, including NPV</p>	<p>Scale of VCMA project Cadent will invest £240,933.16 in Partnership with National Energy Action. The Project will be delivered across a 2-year duration and is forecasted to reach up to 2808 individuals living in fuel poverty across the Cadent Network.</p> <p>The reach will be divided as follows: <u>SROI Calculations</u></p> <ul style="list-style-type: none"> • 2808 individuals will receive advice regarding the dangers of Carbon Monoxide and the importance of having a working CO alarm = £24, 513.84

- 2808 individuals will receive advice on the most efficient use of energy and appliances to increase safety and reduce fuel costs = £1,032, 698.16
- 2808 individuals will be made aware of the PSR and following conversations to identify eligibility it is anticipated that 10% 280 individuals will register =
- £40,289.20

Total investment = £240,933.16
 1-year gross value = £219,500.24
 5-year gross value = £1,097,501.20

1-year net value = ££99,568.04
 5-year net value = £856,568.04

SROI £1:£3.55

Initiative	Overall Gross Pr	of Customers	total SROI for 5 ye
Income Maximisation Services	£1,717.11		£0.00
Fuel Debt Written Off	£842.74		£0.00
Trust Fund Support (Fuel Related)	£822.84		£0.00
ECD Availability & Measures	£803.38		£0.00
Lof/Cavity Wall Insulation	£620.04		£0.00
Water Debt Managed	£543.05		£0.00
efficient Use of Appliances & Behaviour	£367.77	2808	£1,032,698.16
Heating & Hot Water Controls	£332.33		£0.00
Tariffs & Payment Options Switching	£223.36		£0.00
Condensation/Dampness Support	£183.82		£0.00
Water Social Tariffs (advice)	£172.70		£0.00
Fuel Debt Managed (payment plan)	£156.55		£0.00
Priority Services Register	£143.89	280	£40,289.20
Warm Homes Discount	£140.00		£0.00
SMART Meters and Associated Equipment	£32.71		£0.00
Debt Advice	£3,000.00		£0.00
CO Education	£8.73	2808	£24,513.84
Heated throw	£805.09		£0.00
Providing a slow cooker	£236.42		£0.00
Loneliness and isolation 2 years	£600 for 1 year only (You will need to manually work this out depending on the duration of the project)		
Loneliness and Isolation	£600 for 1 year only		
Totals			£1,097,501.20
Total Investment (5 year):	£240,933.16		
Investment 1 year costs:	£120,466.58		
SROI Calculations:			
5 year Gross:	£1,097,501.20		
1 year Gross	£219,500.24		
5 year Net:	£856,568.04		
1 year Net:	£99,033.66		

VCMA Project Start and End Date

1st April 2024 – 31st March 2026

Geographical Area

All Cadent areas

Internal governance and project management evidence

Description of GDN(s) review of proposal and project sign-off, with details on how the project will be managed.

**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: 11/07/24	Review Completed By: Amanda Jones
Stage 2: Sustainability and Social Purpose Team Management Review	
Date Management Review Completed: 02/08/24	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: 22/08/24	
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: November 2024	
Date that Notification Email Sent to Ofgem: November 2024	
