

Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA) *"British Standard 18477:2010"*

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Updated March 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 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.	No
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	British Standard 18477:2010 BS ISO 22458:2022
Funding GDN(s)	Cadent only
Role of GDN(s) *For Collaborative VCMA Projects only	Not applicable, Cadent only project.
Date of PEA Submission	January 2023 Updated March 2024
VCMA Project Contact Name, email and Number	Name: Gemma Norton Title: Social Programmes Portfolio Manager Email: Gemma.norton@cadent gas.com Mobile: 07867 691679
Total Cost (£k)	£28,510.00 March 2024: Additional costs of £60,000.00 to allow for an annual kitemark reassessment until the end of RIIO-2 Project management costs: £2,400
Total VCMA Funding Required (£k)	£28,510.00 Updated total March 2024: £90,910.00
Problem(s)	<p>The BS 18477:2010 standard focuses on accessibility and ensures that our products, services, processes are accessible to all and are relevant to specific needs, no matter an individuals' personal circumstances. Whilst we have a network of expert stakeholders that we work alongside to help develop our ways of working, we're conscious that organisations such as ours can always do more to become more accessible. We considered a number of ways to make this assessment and identify opportunities for improvement (including asking Citizen's Advice and National Energy Association to complete an independent assessment of our approach – which unfortunately they were unable to complete). We determined the BSI accreditation to be the most appropriate way forward, representing the greatest value to consumers.</p> <p>To further support the need to gain external confirmation that Cadent are supporting accessibility in the relevant ways, BS 18477 also concentrates upon how companies recognise vulnerability, connecting Customers to the PSR and confirms the tools & techniques that are being utilising to achieve this are best in class.</p> <p>Key to this, is raising awareness of the PSR. Helping raise awareness of the PSR is something that Cadent employees and partners are doing daily; as well as capturing how they have supported that customer to register if required. Cadent have systems, training and stretching business commitments to help achieve this – an external view of whether this is embedded helps to continue to build momentum and confidence in our processes to support the estimated 'PSR gap' that we see across our networks.</p> <p>Many customers who would benefit from the PSR & related services are not registered, for a number of reasons. This can include social stigmas</p>

around vulnerability (it's not me) through to a generally lack of awareness. The more people who are correctly registered allows Cadent and other industry colleagues to know, plan and support via safeguarding services as we complete our works.

The estimated PSR gap across Cadent's networks are as below:

Network	PSR Registered	PSR Estimated Gap
NW	1,115,735	1,247,763
EM	936,456	1,145,731
EA	639,079	1,223,387
WM	825,703	1,037,768
NL	695,030	1,107,196
Total	4,212,003	5,761,845

With many opportunities to reach audiences that we engage with in the right way and ensuring that the best accessibility requirements are there to support these interactions – will help ensure consistency, build trust and help to reduce the PSR gap.

Cadent's RIIO-2 commitment is to have 2 million trusted PSR conversations across the regulatory period. We need to make certain that we achieve this in a way that is inclusive and with a quality assurance, such as the British Standard 18477:2010 Inclusive service provision.

We are also aware that to support consistency and trust in our services, we need to ensure that we consider external options to test and confirm compliance. This is a key attribute and therefore we feel it's important to take steps to become accredited to recognised awards such as a BSI – specifically BS18477.

Scope and Objectives

The voluntary British Standard 18477:2010 Inclusive service provision: requirements for identifying and responding to consumer vulnerability ('the Standard') was developed with the involvement of Citizens Advice, Consumer Futures (which was then Consumer Focus), the Office of Fair Trading and government bodies to help organisations better design, market, assist and deliver services to all consumers.

The underlying theme of the Standard is about identifying and responding to consumer vulnerability, but the Standard also addresses how to adopt responsible business practices and improve accessibility to services for all.

The scope of the assessment is to successfully demonstrate our evidence against the defined assessment plan against our emergency call handling, response and repair, and planned work.

We will ensure we provide the evidence against the following areas of the assessment plan over stages 1 and 2 audit:

3. Guiding principles for inclusive service provision

- 3.1. General
- 3.2. Commitment to customer service and inclusivity
- 3.3. Resources
- 3.4. Competence
- 3.5. Transparency
- 3.6. Accessibility
- 3.7. Communication
- 3.8. Confidentiality
- 3.9. Fairness
- 3.10. Awareness

	<p>4. Understanding risk factors</p> <ul style="list-style-type: none"> 4.1. Identifying consumer vulnerability 4.2. Identifying the needs of individual consumers 4.3. Dealing with consumer vulnerability <p>5. Planning, delivery and development of inclusive service delivery</p> <ul style="list-style-type: none"> 5.1. General 5.2. Reviewing existing service 5.3. Identifying areas requiring attention 5.4. Planning for inclusive provision of services 5.5. Policies and procedures 5.6. Billing 5.7. Provision of information 5.8. Promotions and marketing 5.9. Sales activities 5.10. Contracts and sales documentation 5.11. Customer satisfaction, enquiries, and complaints 5.12. Resources (including training) <p>6. Compliance, evaluation, and improvement</p> <ul style="list-style-type: none"> 6.1. Commitment 6.2. Responsiveness 6.3. Proactive approach 6.4. Foresight 6.5. Monitoring 6.6. Review of policies and procedures 6.7. Continual improvement
<p>Why the Project is Being Funded Through the VCMA</p>	<p>We believe that this project meets all the necessary company-specific VCMA criteria - see below:</p> <p>A. The project is forecasted to have a positive SROI. We have forecasted that the project will achieve a positive social return on investment due to the estimated monetary outcomes to be achieved by the project and Cadent's wider experience of social value - see the below section for more details.</p> <p>B. The project will either:</p> <ul style="list-style-type: none"> I. Provide to consumers in vulnerable situations, and relate to energy safeguarding, or II. Provide awareness on the dangers of carbon monoxide, or III. Reduce the risk of harm caused by carbon monoxide <p>The project will ensure that the service we offer are available and are made accessible to all customers equally, regardless of their personal circumstances and help support the number of customers who are made aware of the PSR.</p> <p>C. The project has defined outcomes and the associated actions to achieve them 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 other price control mechanisms or required by licence obligations. We believe that this project goes outside of activities funded through other price control mechanisms due to:</p> <ul style="list-style-type: none"> a) the type of activity being delivered, and,

	<p>b) 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. This project will be delivered solely through Cadent's VCMA funding.</p>
<p>Evidence of Stakeholder/Customer Support</p>	<p>In a report published by Citizens Advice, they stated they will continue to press for regulatory and/or government intervention for as long as companies providing essential services cannot clearly show they are inclusive and are treating consumers fairly.</p> <p>Citizens Advice considers that if all energy companies (and other companies providing essential goods and services) adopted the understanding of consumer vulnerability in the Standard and integrated their engagement with consumers in ways highlighted in this report, consumers would:</p> <ul style="list-style-type: none"> • Get a fairer deal • Face less detriment • Need to seek redress less often <p>Key UK statistics below, support the importance and scale of an accessible and inclusive services to all businesses:</p> <p>According to the RNIB, estimates suggest that there are more than 2 million people in Britain living with significant sight loss. It is estimated this will increase to 2.7 million by 2030 and 4 million by 2050.</p> <p>Colourblindawareness.org stated that approximately 1 in 12 adult males and 1 in 200 adult females have some form of colour blindness. That represents about 3 million people in Britain.</p> <p>The NHS also estimate about 1.5 million people in the UK have a learning disability, with 350,000 of these severe.</p> <p>The British Dyslexia Association state that Dyslexia influences at least 1 in 10 people and is a genetic difference in an individual's ability to learn and process information. Over 6 million individuals in the UK have dyslexia and may not have received a diagnosis.</p> <p>In addition, statistics estimate that around 10% of the UK population (6.7 million people) have dyspraxia, with 2% of the population (1.3 million people) having dyspraxia which affects them 'severely'¹</p> <p>Hearing Link Services advise 1 in 6 of the UK adult population is affected by hearing loss. 8 million of these are aged 60 and over. 6.7 million could benefit from hearing aids but only about 2 million people use them. About 900,000 people are severely or profoundly deaf.</p> <p>Cadent's Insights Team through their RII02 Engagement, advised that when focus groups were asked about communication, good accessible communication and customer service was a reoccurring response across groups. Participants wanted to be up to date with on-going or planned work. Participants suggested that updates could be made available through social</p>

¹ Although there seems to be a lot of overlap between the symptoms, dyslexia is used to describe a learning difficulty to read write and spell whereas dyspraxia is the term used to describe a difficulty in motor coordination skills

	media, email, face-to-face and over the phone. The importance of easily accessible information – both online and offline – was also highlighted particularly among participants in the Future Generations (18-24 yrs) and Urban customers with English as a second language (ESL) Groups.
Information Required	Description
Outcomes, Associated Actions and Success Criteria	<p>Outcomes</p> <ul style="list-style-type: none"> • Cadent will demonstrate the commitment to providing services that are fair and accessible to all. This would be demonstrable across our entire organisation from the chief executive officer and senior management through to our customer facing staff. • The objective of the assessment is to conduct a certification assessment to ensure the elements of the proposed scope (as above) and the requirements of the standard are effectively addressed. <p>Associated Actions</p> <ul style="list-style-type: none"> • Cadent will host the audit over stages 1 and 2 and ensure all evidence is presented in accordance with the requirements of the standard. • Create an action for plan any non-conformances identified through the audit and ensure they are closed within the required timescales. <p>Success Criteria</p> <ul style="list-style-type: none"> • Cadent will have a more detailed understanding of the many and varied situations that can lead to vulnerability across the communities we serve. • Our services will be fair and accessible for all. • Support our PSR conversations in a way that is inclusive.
Project Partners and Third Parties Involved	British Standards (BSI)
Potential for New Learning	<p>We recognise that an absence of gas to people’s homes and businesses can leave anyone vulnerable and seek to provide a range of additional welfare and technical support, especially to those who need it most.</p> <p>The application of the standard will identify areas for improvement to which the required action plans will be put in place.</p>
Scale of VCMA Project and SROI Calculations	<p>Scale of VCMA Project</p> <p>The assessment carried out by BSI will be carried out over a 6-month period between October 2022 and March 2023. By achieving the standard, the aim is to have more inclusive PSR conversations with customers in vulnerable situations</p> <p>SROI Summary</p> <p>Investment = £28,510.00 5-year social return on investment = £8,262,208.77 1-year social return on investment = £1,652,441.75 5-year gross present value = £8,290,718.77 1-year gross present value = £1,658,143.75</p> <p>Cadent has conducted its own research and has worked with specialists from energy and utilities consultants at SIA Partners to evaluate the gross</p>

	<p>present value generated by activities typically funded through the VCMA. This work has produced a bank of five-year average gross present values that incorporate financial, environmental, and societal benefits of VCMA activities.</p> <p>For the purposes of the SROI calculation, this has been based on reducing the PSR gap of 5,761,845 by 1%. Cadent's work with SIA Partners calculated an average 5-year gross present value of £143.89 per registration to the PSR. This value was based on a customer's reduction in stress during a utility's outage.</p> <p>Updated March 2024 SROI Summary</p> <table border="1" data-bbox="472 636 1461 815"> <tr> <td>Total Investment (5 year):</td> <td>£90,910.00</td> </tr> <tr> <td>Investment 1 year costs:</td> <td>£48,510.00</td> </tr> </table> <table border="1" data-bbox="472 842 1461 1151"> <thead> <tr> <th colspan="2">SROI Calculations:</th> </tr> </thead> <tbody> <tr> <td>5 year Gross:</td> <td>£8,290,654.02</td> </tr> <tr> <td>1 year Gross</td> <td>£1,658,130.80</td> </tr> <tr> <td>5 year Net:</td> <td>£8,199,744.02</td> </tr> <tr> <td>1 year Net:</td> <td>£1,609,620.80</td> </tr> </tbody> </table> <p>Ratio £1:90</p> <p>For the purposes of the SROI calculation, we have continued to base this on reducing the PSR gap of 5,761,845 by 1%.</p>	Total Investment (5 year):	£90,910.00	Investment 1 year costs:	£48,510.00	SROI Calculations:		5 year Gross:	£8,290,654.02	1 year Gross	£1,658,130.80	5 year Net:	£8,199,744.02	1 year Net:	£1,609,620.80
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<p>VCMA Project Start and End Date</p>	<p>24th October 2022 until 31st March 2023 Updated end date – 31/03/2026</p>														
<p>Geographical Area</p>	<p>Company wide (all networks)</p>														
<p>Remaining Amount in the Allowance at Time of Registration</p>	<p>To be confirmed at the point of sign off.</p>														

Gas Network Vulnerability and Carbon Monoxide Allowance (VCMA) Governance Document - PEA Control Table

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: 20/03/23	Review Completed By: Jo Giles
Stage 2: Sustainability and Social Purpose Team Management Review	
Date Management Review Completed: 21/03/23	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: 23/03/23	
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	