

# Vulnerability & Carbon Monoxide Allowance (VCMA)

## Project Eligibility Assessment (PEA) *"Energy Efficiency Campaign"*

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*Emma Turnbull*  
*Customer Safeguarding Technical Support*  
*September 2022*



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

<b>Section 1 - Eligibility criteria for company specific projects (other than condemned essential gas appliance repair and replacement)</b>	
In order to qualify as a VCMA project, a project must:	
<b>VCMA Eligibility Criteria</b>	<b>Criteria Satisfied (Yes/No)</b>
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"> <li>i. Provide support to consumers in vulnerable situations, and relate to energy safeguarding, or</li> <li>ii. Provide awareness on the dangers of CO, or</li> <li>iii. Reduce the risk of harm caused by CO;</li> </ul>	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
<b>Section 2 - Eligibility criteria for company specific essential gas appliance servicing, repair and replacement projects</b>	
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

<b>Section 3 - Eligibility criteria for collaborative VCMA projects</b>	
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
<b>Project Title</b>	Energy Efficiency Campaign
<b>Funding GDN(s)</b>	Cadent - specific project
<b>Role of GDN(s) *For Collaborative VCMA Projects only</b>	Not applicable - Cadent specific project across all 5 networks.
<b>Date of PEA Submission</b>	October 2022
<b>VCMA Project Contact Name, email and Number</b>	Name: Phil Burrows Position: Head Customer Vulnerability Social Programme Delivery Email: Phil.m.burrows@cadentgas.com Phone: 07773 545451
<b>Total Cost (£k)</b>	£370,000.00 GBP
<b>Total VCMA Funding Required (£k)</b>	£370,000.00 GBP
<b>Problem(s)</b>	<p><u>Fuel Poverty</u></p> <p>Energy bills in the UK are rising to unprecedented levels and have pushed millions of people into fuel poverty. An estimated 6.32 million households are now predicted to be in fuel poverty and this could rise to 8.5 million by the end of 2022. 96% of UK home owners are concerned about home energy efficiency. Almost a third (32%) of those who said their cost of living had risen are cutting back on their use of fuel such as gas or electricity. More than half (53%) said they were spending less on non-essentials, and around a quarter (26%) using their savings. <sup>1</sup>96% of UK home owners are concerned about home energy efficiency.</p> <p><sup>2</sup>The End Fuel Poverty Coalition predicts that over half (55.7%) of lone-parent households will be in fuel poverty from 1 April 2022. The figure is 33.4% for couples with dependent children.</p> <p>Prolonged periods when households struggle to pay their bills can lead to debt and create a cycle that is difficult to break. A Public Health England report found that cold homes and poor housing conditions have been linked with a range of health problems in children, and a Childhood Trust report found that fuel poverty can also have a number of indirect impacts, such as lower rates of educational attainment in school, and a strain upon young people's mental health.</p> <p>Children growing up in cold, damp, and mouldy homes with inadequate ventilation have higher than average rates of respiratory infections and asthma, chronic ill health, and disability. They are also more likely to experience depression, anxiety, and slower physical growth and cognitive development.</p>

<sup>1</sup> [Most Brits concerned about energy efficiency - Energy Saving Trust](#)

<sup>2</sup> [Children set to suffer as energy bills rocket – End Fuel Poverty Coalition](#)

The NHS also advises to reduce the risk of infant death syndrome (SIDS), babies should sleep in rooms heated between 16c and 20c. Being unable to afford your household energy bills could lead to living in a cold home which can cause or worsen a range of serious health conditions such as heart attacks. These serious health conditions can lead to repeat GP visits or hospital admissions adding further strain to the NHS. Knock-on issues such as reduced social contact and a more pessimistic outlook on life also have negative impacts on wellness which can play a huge part in our mental well-being.

NEA reports show that 11,400 winter deaths are caused by people living in cold homes and early half of low-income households are still living in energy-leaking homes. Due to the fuel crisis, people have limited household income which means that many customers do not have the funds to have their gas appliances serviced regularly

Fuel poverty can also have a significant impact on mental health and is a known risk factor for suicide.<sup>3</sup> Fuel poverty puts households more at risk from the worst effects of Covid-19. The Public Health England have declared that there is clear evidence on the links between cold temperatures and respiratory problems. Resistance to respiratory infections is lowered by cool temperatures and can increase the risk of respiratory illness and reducing preventable ill health arising from cold homes will be vital in protecting NHS and care services.

### Fuel Debt

Fuel debt can cause worry, depression and leave people in financial hardship, resulting in many families having to make the difficult decision of heating their homes or feed their families. People with existing mental health problems, people aged 65 and over, children under 5, low-income families, people living with disabilities, and pregnant women may be more vulnerable to harm from cold temperatures this winter.

The Fuel Bank Foundations "Fuel Crisis Report 2022" has reported that 96% of people they have supported were having to make the choice between heating their homes or putting food on the table, and 14% of people supported were sacrificing hot food daily. The same report confirms that 74% of people are struggling with other essential household bills.

A majority of homes across England (86.3%) used gas central heating as their main heating source in 2019, according to the English Housing Survey. However, homes with poor fuel efficiency will be hit hardest by energy price rises. According to the English Housing Survey, fewer than half (46%) of homes in England in 2020 had a Standard Assessment Procedure (SAP) rating of C or higher. For those with lower SAP ratings, energy bills can be considerably higher. Average (median) fuel costs for a home in England with a D rating are 21% higher than those with an A-C rating (£1,279 compared with £1,057). This rises to more than double (£2,226) for a property with an F rating and around three times higher (£3,071) with an G rating.

The strain financial hardship can all have a significant impact on mental health and is a known risk factor for suicide. An article written

<sup>3</sup> <https://www.endfuelpoverty.org.uk/about-fuel-poverty/>

	<p>for Psychology Today sights that increasing your connections and becoming more socially active can help you live longer, enjoy better physical and mental health, and generally help you to maintain a more optimistic outlook on life. It is also widely recognised that the better your social network, the lower your risk is of suffering issues such as unemployment, isolation, and loneliness. Sadly, if you are dealing with fuel poverty or struggling with the rising cost of living it is generally your social life that is negatively impacted first. You are less likely to have the money to go out and grab a coffee with friends, invite visitors into your home, afford the fuel to travel and see family, or to top up your mobile data to connect via social media.</p>
<p><b>Scope and Objectives</b></p>	<p><u>Project scope</u></p> <p>The "Energy Efficiency" campaign will be delivered in partnership with Brandwalk to focus on behavioural changes to engage the public in a conversation on saving money, reducing energy usage and the role of hydrogen in the future.</p> <p>It is estimated to reach at least 47 million individuals. The project will run through the winter months when people will be at home more and using energy to cook warming winter meals.</p> <p>The campaign will use a variety of channels to reach the public including but not limited to:</p> <ul style="list-style-type: none"> <li>• Information packs</li> <li>• Media channels</li> <li>• Radio advertising</li> <li>• Outdoor advertising</li> <li>• Warm hubs</li> <li>• Email communication</li> <li>• Social media</li> <li>• Digital engagement</li> <li>• Distributor partners</li> </ul> <p><u>Project Objectives:</u></p> <p>The project has several objectives, the achievement of which will determine the success of the programme:</p> <ul style="list-style-type: none"> <li>• Engagement through multiple channels to 47 million people living in the UK.</li> <li>• Use a multichannel marketing-based approach to showcase how to save money on energy bills.</li> <li>• Promote energy efficiency to support households to use their household energy more effectively.</li> </ul>
<p><b>Why the Project is Being Funded Through the VCMA</b></p>	<p>We believe that this campaign meets all of the necessary VCMA project eligibility criteria as evidenced below. As such, Cadent considers this project to be a very effective spend of its regulatory allowances.</p> <p style="text-align: center;"><b>a. Have a positive, or a forecasted positive, Social Return on Investment (SROI) including for the gas consumers funding the VCMA Project;</b></p> <p>We have forecasted a positive social return on investment for this project based on the below rationale:</p>

	<ul style="list-style-type: none"> <li>• The deliverables necessary to create a positive social return on investment - see the below section for more details.</li> </ul> <p><b>b. Either:</b></p> <ol style="list-style-type: none"> <li><b>i. Provide support to customers in vulnerable situations and relate to energy safeguarding, or;</b></li> <li><b>ii. Provide awareness on the dangers of CO, or;</b></li> <li><b>iii. Reduce the risk of harm caused by CO.</b></li> </ol> <ul style="list-style-type: none"> <li>• This project meets all three criteria on this point, as customers will receive support with energy/financial advice and carbon monoxide safety.</li> </ul> <p><b>c. Have defined outcomes and the associated actions to achieve these;</b></p> <ul style="list-style-type: none"> <li>• This project has clearly defined actions 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.</li> </ul> <p><b>d. Go beyond activities that are funded through other price control mechanisms or required through other licence obligations;</b></p> <ul style="list-style-type: none"> <li>• This project innovatively delivers support to customers in a method that goes beyond other price control activities and licence obligations.</li> </ul> <p><b>e. Not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved or local) funding;</b></p> <ul style="list-style-type: none"> <li>• This project is delivered solely with VCMA funding and a clear structure will be in place to ensure that all aspects of the project are allocated against the VCMA funding.</li> </ul>
<p><b>Evidence of Stakeholder/Customer Support</b></p>	<p>Many stakeholders including Citizens Advice, National Energy Action and Trussell Trust support our "whole home" approach to tackling fuel poverty. Previously, GDNs have relied on the FPNES as a provision for alleviating fuel poverty in the homes. However, stakeholders have provided feedback that customers need further support and advice beyond the installation of a gas connection and central heating system and require more advice as to where savings can be made.</p> <p>Cadent also received stakeholder feedback on the importance of a cohesive approach to supporting customers and making every contact count. Cadent has acknowledged this stakeholder feedback and we have specifically chosen these methods of communication because of the high customer reach the important messaging will be received by.</p> <p>In April 2022 we started an in depth, qualitative customer research programme called Energy Diaries. Individuals within 12 households, classed as living in fuel poverty (under Ofgem's definition) kept diaries of their engagement with their energy solutions (mainly gas central heating and one heat pump user) pre and post the increase in energy prices in April. We then worked with these customers, alongside experts from CAB, NEA and other charities to co-create potential solutions / actions for Cadent and others to undertake to support customers with the cost of living crisis. Overwhelmingly the main action determined was a comprehensive, yet simple campaign to</p>



	raise awareness of measures people could take to reduce their energy usage and cut costs. This research was one of the main drivers for this project.
<b>Information Required</b>	<b>Description</b>
<b>Outcomes, Associated Actions and Success Criteria</b>	<p>The project centres around Cadent increasing awareness of energy efficiency and how customers can save money on their energy bills by making simple behaviour changes.</p> <p>The "Energy Efficiency" campaign will be broken down into a series of separate activities.</p> <p><u>Project outcomes and delivery:</u></p> <p><b>Radio Adverts</b>  <u>Project delivery:</u>            A 30 second off- peak advert, which will be aired through a variety of stations and DAX over a 2 week period to reach individuals on their commute.  <u>Project outcome:</u>            Estimated reach 5 million+</p> <p><b>Digital engagement</b>  <u>Project delivery:</u>            Reach users of "Hey google" and "Alexa" at home with campaign facts.  <u>Project outcome:</u>            Estimated reach 297,000+</p> <p><b>Distribution Partner</b>  <u>Project delivery:</u>            Send assets out to distribution partners such as digital media, regional media newspaper/ digital media advertorial costs in network areas where there aren't Centres for Warmth or Warm Hub partners. Approach supermarkets about free distribution (targets include Asda, Iceland, Morrisons, Aldi, Lidl) and continue conversations with partners, including Turn2Us.</p> <p>Brandwalk to commence school trusts and community centre research post launch-week in priority areas.</p> <p><u>Project outcome:</u>            Estimated reach approx. 8 million</p> <p><b>Current warms hubs and current networks</b>  <u>Project delivery:</u>            Ensuring reach is spread across current networks by reaching out to centre leads to share the energy efficiency messaging and provide materials such as leaflets and the safeguarding booklet.</p> <p><u>Project outcome:</u>            Estimated reach 10,000</p> <p><b>Outdoor advertising</b>  <u>Project delivery:</u>            Travel space ads (undergrounds, buses, services etc).  <u>Project outcome:</u>            Estimated reach 20 mil+</p>

	<p><b>Media relations and editorial content</b>  <u>Project delivery:</u>            Reaching regional media outlet existing and new audiences.  <u>Project outcome:</u>            Estimated reach 5million +</p> <p><b>Regional media campaign partnerships</b>            Schedule media outreach for each different region and have a spokesperson for each network area.</p> <p>Develop media pitches and releases for key cities and towns in the network regions.</p> <p>Cadent Foundation team to provide case studies for regional media outreach.</p> <p><u>Project delivery:</u>            Reaching regional medias existing and new audiences. Three month paid campaign with regional media (figures based on one example).  <u>Project outcome:</u>            Estimated reach 7million +</p> <p><b>Social asset packs &amp; video pack</b>            Social media posts copy based on 3x a week for Instagram and 2x a week for Twitter and Facebook. Cadent will schedule the posts around existing and reactive social media comms.</p> <p><u>Project delivery:</u>            To be utilised by most channels as the educational piece.  <u>Project outcome:</u>            Estimated reach 60,000+</p> <p><b>Door drop Leaflets:</b>  <u>Project outcome:</u>            Estimated reach 800,000</p> <p><b>Project Outcomes:</b>            EXPECTED TOTAL CAMPAIGN REACH: 47.167 million +            - Expected engagement 1%</p>
<p><b>Project Partners and Third Parties Involved</b></p>	<p>Cadent is working in partnership with Brandwalk LTD.</p> <p>As part of the project Brandwalk Ltd will be encouraged to utilise its network of existing partners to offer additional service.</p>
<p><b>Potential for New Learning</b></p>	<p>The uptake in messaging and the number of actions/views will help inform Cadent of the most effective channel of engagement to our customers.</p> <p>This new found understanding will help shape future projects aimed at engaging customers on VCMA related messaging.</p>
<p><b>Scale of VCMA Project and SROI Calculations</b></p>	<p><u>Project scale</u></p> <p>The project will run through the winter months October 2022 - December 2022. Based on the forecast provided by Brandwalk, we estimate that &gt;47.167+ million customers will be reached through the entire of the campaign.</p>



	<p>The project will utilise £370,000 of Cadent's company specific VCMA funding and will operate across Cadent's four gas distribution networks.</p> <p><u>Investment calculations:</u></p> <ul style="list-style-type: none"> <li>- Investment = £370,000.00</li> <li>- 1-year SROI = £34,470,323.00</li> <li>- 1-year SROI gross value = £34,840,323.00</li> </ul> <table border="1" data-bbox="523 600 1407 1120"> <thead> <tr> <th>Service</th> <th>Reach</th> <th>£</th> <th>Retention Rate</th> <th>5-year Social Value</th> </tr> </thead> <tbody> <tr> <td>Information Packs</td> <td>60000</td> <td>£367.77</td> <td>0.01</td> <td>£220,662.00</td> </tr> <tr> <td>Media campaign partnerships</td> <td>7,000,000</td> <td>£367.77</td> <td>0.01</td> <td>£25,743,900.00</td> </tr> <tr> <td>Media relations and editorial content</td> <td>5,000,000</td> <td>£367.77</td> <td>0.01</td> <td>£18,388,500.00</td> </tr> <tr> <td>Outdoor advertising</td> <td>20,000,000</td> <td>£367.77</td> <td>0.01</td> <td>£73,554,000.00</td> </tr> <tr> <td>Warm hubs &amp; current networks</td> <td>10,000</td> <td>£367.77</td> <td>0.01</td> <td>£36,777.00</td> </tr> <tr> <td>Radio</td> <td>5,000,000</td> <td>£367.77</td> <td>0.01</td> <td>£18,388,500.00</td> </tr> <tr> <td>Digital engagement</td> <td>297,000</td> <td>£367.77</td> <td>0.01</td> <td>£1,092,276.90</td> </tr> <tr> <td>Distributor partner</td> <td>8,000,000</td> <td>£367.77</td> <td>0.01</td> <td>£29,421,600.00</td> </tr> <tr> <td>Influencer marketing</td> <td>1,000,000</td> <td>£367.77</td> <td>0.01</td> <td>£3,677,700.00</td> </tr> <tr> <td>Door drop leaflets</td> <td>1,000,000</td> <td>£367.77</td> <td>0.01</td> <td>£3,677,700.00</td> </tr> <tr> <td><b>Total SROI</b></td> <td></td> <td></td> <td></td> <td><b>£174,201,615.90</b></td> </tr> </tbody> </table> <p style="text-align: center;"><b>Forecasted 5-year gross present value to be created by the issuing of home energy and income advice total based on 1% retention rate= £174,201,615.90.00</b></p> <p style="text-align: center;"><b>5 year SROI = £173,831,614.00</b></p> <p>Total campaign SROI calculations: It's difficult to calculate a precise social return on investment as it is based on the proportion of those who saw the key messages retaining the messages and taking appropriate action. We can estimate that a good engagement reach is 1%. The 5 year SROI is an estimate as we know that in years to come the energy rates will fluctuate.</p> <p>Cadent has employed social return on investment consultants SIA Partners to understand the value generated by in-home energy advice.</p>	Service	Reach	£	Retention Rate	5-year Social Value	Information Packs	60000	£367.77	0.01	£220,662.00	Media campaign partnerships	7,000,000	£367.77	0.01	£25,743,900.00	Media relations and editorial content	5,000,000	£367.77	0.01	£18,388,500.00	Outdoor advertising	20,000,000	£367.77	0.01	£73,554,000.00	Warm hubs & current networks	10,000	£367.77	0.01	£36,777.00	Radio	5,000,000	£367.77	0.01	£18,388,500.00	Digital engagement	297,000	£367.77	0.01	£1,092,276.90	Distributor partner	8,000,000	£367.77	0.01	£29,421,600.00	Influencer marketing	1,000,000	£367.77	0.01	£3,677,700.00	Door drop leaflets	1,000,000	£367.77	0.01	£3,677,700.00	<b>Total SROI</b>				<b>£174,201,615.90</b>
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<p><b>VCMA Project Start and End Date</b></p>	<p>July 2022 - February 2023</p>																																																												
<p><b>Geographical Area</b></p>	<p>All five of Cadent's networks</p>																																																												
<p><b>Remaining Amount in the Allowance at Time of Registration</b></p>	<p>TBC upon registration of the project.</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: 07/02/23	Review Completed By: Gemma Norton
Stage 2: Sustainability and Social Purpose Team Management Review	
Date Management Review Completed: 07/02.23	Review Completed By: Phil Burrows
Step 3: Director of Sustainability and Social Purpose Sign-Off: Mark Belmega	
Director of Sustainability and Social Purpose Sign-Off Date: 07/02/23	
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: February 2023	
Date that Notification Email Sent to Ofgem: February 2023	