

# Vulnerability & Carbon Monoxide Allowance (VCMA)

## Project Eligibility Assessment (PEA)

*Bangladesh Association & Community Project - Centre for Warmth*

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*Emma Turnbull, Safeguarding & Community Partnership Lead*  
*December 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
Project Title	Centre for Warmth - Bangladesh Association & Community Project
Funding GDN(s)	Cadent specific project
Role of GDN(s) *For Collaborative VCMA Projects only	Cadent specific project
Date of PEA Submission	December 2022
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)	Centre costs: £61,000.00 GBP Slow cookers: £2,292.40(100 Slow cookers total: 60x large £27.84 and 40x small £15.55)
Total VCMA Funding Required (£k)	£63,292.40 GBP
Problem(s)	<p>Rochdale is located on Cadent's North West network and has high levels of deprivation. Rochdale is one of the highest deprived areas across Cadent's network. High levels of deprivation are often linked to much wider issues such as fuel debt, fuel poverty, financial adversity, and increased carbon monoxide risk.</p> <p>Rochdale was ranked between 10th and 47th most deprived in the Indices of Deprivation September 2019 measures of deprivation at district level. The pocket of severe deprivation is a particular problem in the borough. BACP is located in the Wardleworth area of Central Rochdale which is amongst the 10% most deprived neighbourhoods in the country.</p> <ul style="list-style-type: none"> <li>• Wardleworth is among the worst 10% nationally in terms of Education, Skill and Training deprivation.</li> <li>• Wardleworth's Employment deprivation is amongst the worst 10% nationally while Rochdale has the highest level of unemployment in Greater Manchester.</li> <li>• Wardleworth's Income deprivation is amongst the worst 10% nationally.</li> <li>• Wardleworth ranks amongst the 10% most deprived in health deprivation and disability domain.</li> <li>• This neighbourhood ranks amongst the 20% most deprived when it comes to barriers of housing and services.</li> <li>• Central Rochdale with Wardleworth ranks the 20% most deprived areas in Income deprivation affecting children and young people.</li> <li>• This area also ranks as the 10% most deprived area in income deprivation affecting older people.</li> </ul> <p>The majority of people living in BACP's catchment areas are of BME origins, predominantly Bangladeshi, Pakistani, Kashmiri, and new</p>

migrant communities. They are described as either 'deprived-most vulnerable' or 'deprived -at risk of becoming vulnerable' (2011-12 Joint Strategic Need Analysis, Rochdale Borough). Almost half of Bangladeshis and about a third of Pakistanis have no formal education. Lack of education, skills, and training, a high number of economically inactive people, poor health and an inactive lifestyle with significant health needs, poverty, language barriers, low confidence, and lack of opportunities for children and young people are all issues within the community.

### Fuel Poverty

<sup>1</sup> Approximately 15% of households in Rochdale are living in fuel poverty and 12% are struggling with fuel affordability. People living in poverty are more likely to be unemployed and on a lower household income. Consequently, reducing the quality of life as houses are poorly insulated and become unsafe. Due to home owners having inadequate funds to have their gas appliances serviced regularly and having to turn their heating down or completely off. Houses become damp due to coldness and lack of air circulation. This puts a strain on front-line services as there is an increase in conditions such as respiratory issues, heart problems, anxiety, depression, and high blood pressure.

### Fuel Debt

Those facing fuel debts are more likely to be living in low-income households. Due to the cost of living and fuel prices rising too high, many households are having to choose between having their heating on or having a warm meal. Living in a cold damp house can result in increased conditions such as heart problems and respiratory issues. Considering, low income, drug abuse, mental health and alcohol, the likelihood of people being in debt is huge. Seeking advice on debt is daunting for some people as they believe there is a stigma to seeking debt advice or they do not know how to access help.

### CO Education

<sup>2</sup> Around 40 people per annum die of carbon monoxide poisoning. A further 4,000 people attend accident and emergency each year as a result of CO poisoning and around 2000 are left hospitalised. High household debt and fuel poverty issues can significantly impact a customer's risk of exposure to the danger of carbon monoxide, as there is a lack of awareness and understanding of CO safety. Those in low-income households do not have the funding to have their gas appliances serviced regularly or purchase a CO alarm. Consequently,

<sup>1</sup> Rochdale News | News Headlines | 50% of children in Rochdale's most deprived area are living in poverty - Rochdale Online

<sup>2</sup> Carbon monoxide poisoning sends 4,000 people to A&E each year (2011) GOV.UK. GOV.UK. Available at: Economy of Peterborough (2020) Varbes. Available at: Cambridgeshire & Peterborough Local Economic Recovery Strategy (LERS) (2021) Document.ashx. Document.ashx. Available at: <https://cambridgeshirepeterboroughcagov.cmis.uk.com/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=g2SI9k%2BGVsFTmIGIgyfbFduImJGMTJfAayH8RgRq9U%2F9exz1Mymow%3D%3D&rUzwRPF%2BZ3zd4E7lkn8Lyw%3D%3D=pwRE6AGJFLDNIh225F5QMaQWctPHwdhUfCZ%2FLUQzgA2uL5jNRG4jdQ%3D%3D&mCTIbCubSfXsDGW9IXnlg%3D%3D=hFflUdN3100%3D&kCx1AnS9%2FpWZQ40DXFvdEw%3D%3D=hFflUdN3100%3D&uJovDxwdjMPoYv%2BAJvYtyA%3D%3D=ctNJFf55vVA%3D&FgPIIEJYlotS%2BYGoBi5oIA%3D%3D=NHdURQburHA%3D&d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3D&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3D&WGewmoAfeNQ16B2MHuCPMRKZMwaG1PaO=ctNJFf55vVA%3D> (Accessed: October 27, 2022). (Accessed: October 27, 2022). (Accessed: October 31, 2022).

	<p>putting their lives at risk as they are unaware of the harm CO can cause and are oblivious to any faults with their gas appliances.</p> <p><u>Language barriers</u></p> <p>With English not being the first language for many living in this deprived area, this can make it difficult for those to seek help, as they feel isolated and an outsider to the community, they are living in. Consequently, living conditions worsen and the dangers of CO poisoning rise. <sup>3</sup>Many are scared to leave their homes and believe they will be misunderstood when they seek help. This puts strain on front-line services as they turn to the council for advice on how to claim entitled benefits.</p> <p><u>Unemployment</u></p> <p>According to statistics 5.7% of Rochdale's population is unemployed which results in low household income. Inadequate household income reduces quality of life because house owners cannot afford to have their gas appliances serviced regularly, so are oblivious to any faults. Rochdale has one of the highest numbers of children living in fuel poverty. 41% of children in Rochdale are living in fuel poverty. <sup>4</sup>Those who are born into poverty are more likely to achieve little or no academic achievements. Children face inequalities in education as they are disadvantaged in accessing support and facilities. Those with low academic achievements have low skills for the workplace and struggle to find employment opportunities. Increasing the amount of people unemployed now and for future generations.</p>
<p><b>Scope and Objectives</b></p>	<p>Cadent will provide the Bangladesh Association &amp; Community project - Centre for Warmth with £63,292.40 of VCMA funding to deliver a one-year project.</p> <p>The one-year 2022-2023 agreement replicates other Centres for Warmth, whereby specialist benefits advisors are employed using the VCMA.</p> <p>Alongside specialist benefits advice, the centre will also offer essential information on carbon monoxide safety and the priority services register.</p> <p>This will enable the centre to offer the service to a much wider number of clients from various communities.</p> <p><u>These services include:</u></p> <ul style="list-style-type: none"> <li>• Issuing a range of advice including home energy efficiency, debt management, benefit entitlement checks/applications and gas safety</li> <li>• Signing up appropriate residents to the PSR</li> </ul>

<sup>3</sup> S.N. Ramlan, S.N. et al. (2018) *The impact of language barrier and communication style in organizational culture on expatriate's working perform*, *Growing Science*. ManagemScience Letters. Available at: [http://www.m.growingscience.com/msl/Vol8/msl\\_2018\\_38.pdf](http://www.m.growingscience.com/msl/Vol8/msl_2018_38.pdf) (Accessed: October 27, 2022).

<sup>4</sup> <https://www.rochdaleonline.co.uk/news-features/2/news-headlines/115597/over-a-third-of-children-live-in-poverty-in-rochdale-borough>

	<ul style="list-style-type: none"> <li>• The delivery of carbon monoxide safety advice and where appropriate alarms</li> </ul> <p>The service will help both the clients but also the front-line agencies as this will reduce the pressure on their services. The centre's ethos includes empowering people to learn new skills and to become less dependent on services.</p> <p>The funding will also enable them to support the advisers with training and equipment that will enable them to the work efficiently.</p> <p>The project aims to reach approximately 900 people over the course of the initial 12-month project. This total reach (some people will receive more than one service) will be divided between:</p> <ul style="list-style-type: none"> <li>• 700 income maximisation/debt support</li> <li>• 900 energy efficiency advice</li> <li>• 900 carbon monoxide awareness</li> <li>• 900 PSR sign conversations</li> <li>• 200 PSR signs ups</li> <li>• 200 CO alarms</li> <li>• 900 general gas safety conversations</li> </ul> <p><u>Project objectives:</u></p> <p>The project contains a series of objectives that success will be measured against:</p> <ul style="list-style-type: none"> <li>• To support customers across the project area living in isolation, fuel poverty and at risk of exposure to carbon monoxide.</li> <li>• To deliver income maximisation to approximately 700 customers.</li> <li>• To deliver home energy efficiency advice to approximately 900 customers.</li> <li>• To deliver carbon monoxide awareness advice to approximately 900 customers.</li> <li>• To encourage and support signing up to the PSR for those customers that will benefit.</li> </ul>
<p><b>Why the Project is Being Funded Through the VCMA</b></p>	<p>We believe that the project meets all of the Vulnerability and Carbon Monoxide Allowance eligibility criteria:</p> <ol style="list-style-type: none"> <li>Have a positive, or a forecasted positive, Social Return on Investment (SROI) including for the gas consumers funding the VCMA Project:             <p>The project delivers a positive forecasted social return on investment. This is based on achieving the target reach for income maximisation, registrations to the PSR and education on carbon monoxide. More information can be found in the relevant section below.</p> </li> <li>Either:             <ol style="list-style-type: none"> <li>Provide support to consumers in Vulnerable Situations and relate to energy safeguarding, or,</li> <li>Provide awareness of the dangers of CO, or,</li> <li>Reduce the risk of harm caused by CO;</li> </ol> </li> </ol>

	<p>The project delivers services that meet all three elements of this criteria. For example, the specialist advisors will help households maximise their income, enabling residents to afford the cost of heating their home to an adequate level. The project will also raise awareness of the dangers of CO and promote registration to the PSR.</p> <p>c. Have defined outcomes and the associated actions to achieve these:</p> <p>Cadent and Bangladesh Association &amp; Community Project have entered into a service agreement that will contain the project objective and actions. Further detail can also be found below.</p> <p>d. Go beyond activities that are funded through other price control mechanism(s) or required through licence obligations, and,</p> <p>This method of delivering support to customers in vulnerable situations falls outside of Cadent's BAU activities and other licence conditions.</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 be solely delivered through Cadent's VCMA funding.</p>
<p><b>Evidence of Stakeholder/Customer Support</b></p>	<p>Cadent's independent customer engagement group report for its RIIO-GD2 business plans contains feedback on a variety of proposals, including Cadent's ambitions for tackling fuel poverty.</p> <p>The report supported Cadent's holistic approach to tackling fuel poverty, whereby a household is supported with a combination of services/advice.</p>
<p><b>Information Required</b></p>	<p><b>Description</b></p>
<p><b>Outcomes, Associated Actions and Success Criteria</b></p>	<p>The partnership with Bangladesh Association &amp; Community Project will form part of Cadent's wider Centres for Warmth network. The Centre for Warmth project model relies on the provision of VCMA funding, materials and resource to a community centre located in an area of high deprivation, fuel poverty, and carbon monoxide risk. The increased levels of funding, resource and materials enable the community centre to ramp up its existing support for customers in vulnerable situations.</p> <p><u>Project Outcomes</u></p> <p>The Bangladesh Association &amp; Community Project - Centre for Warmth Project aims to achieve the following outcomes:</p> <ul style="list-style-type: none"> <li>• Individuals will report increased levels of household income.</li> <li>• Individuals will report an increased awareness on the dangers of carbon monoxide (CO) and have a reduced risk of harm caused by CO.</li> <li>• Provide support to lonely local residents, ensuring that they can access the community centre and the services it offers.</li> </ul>

	<ul style="list-style-type: none"> <li>• Provide individuals with energy efficiency advice and carbon monoxide awareness.</li> </ul> <p><u>Associated Actions</u></p> <p>The Bangladesh Association &amp; Community Project - Centre for Warm will implement the following associated actions to deliver the project's outcomes:</p> <ul style="list-style-type: none"> <li>• Individuals will report increased levels of household income through working with the centre's specialist benefits advisors. The specialist benefits advisors will support households to identify and access previously unclaimed benefits.</li> <li>• Individuals will report reduced levels of anxiety in fearing a utility outage through being assisted to register to the Priority Services Register (PSR). Centre staff will all receive awareness of the PSR and will help eligible households through the registration process.</li> <li>• Clients will report an increased awareness of the dangers of carbon monoxide (CO) and have a reduced risk of harm caused by CO. This will be achieved through the centre's staff providing CO awareness conversations and distributing CO alarms to the most at-risk households.</li> </ul> <p><u>Success Criteria</u></p> <p>The success of the project will be measured by meeting the below criteria:</p> <ul style="list-style-type: none"> <li>• The project will reach approximately 900 customers across the course of 12 months.</li> <li>• Around 700 households will receive specialist advice on identifying and accessing previously unclaimed benefits.</li> <li>• Around 900 households will receive help and support on energy efficiency</li> <li>• Around 900 individuals will receive an awareness conversation on the dangers of CO. Approximately 200 of the most at-risk households will also receive a CO alarm.</li> <li>• Around 900 households will improve their awareness of the PSR. Approximately 200 eligible households will also be supported to register.</li> <li>• Isolated members of the community will report an improvement in mental well-being through experiencing lower feelings of loneliness.</li> </ul>
<p><b>Project Partners and Third Parties Involved</b></p>	<p>Cadent will work in partnership with the Bangladesh Association &amp; Community Project Community Centre to deliver the project.</p>
<p><b>Potential for New Learning</b></p>	<p>One of the main rationales behind funding the project is the number of local residents living in vulnerable situations and fuel poverty. The centres also focus on supporting BME members of the community, an area that previous Cadent projects had not directly focused on. We believe that these stakeholders are trusted members of communities, and Cadent's partnerships with them allow us to engage previously difficult-to-reach customers with VCMA-funded services.</p> <p>There have been significant rises in the cost of living and fuel in 2022, and it is important that Cadent's support through the VCMA meets these changes. This Centre for Warmth agreement will offer</p>



	<p>Cadent insight into the new challenges faced by communities in 2022. This new learning will be circulated across Cadent's entire VCMA programme beyond just Centre for Warmth.</p> <p>This project will also offer good learning on customers' attitudes towards support offered by energy companies.</p>
<p><b>Scale of VCMA Project and SROI Calculations</b></p>	<p><u>The scale of VCMA Project</u></p> <p>Cadent will invest £63,292.40 in partnership with the Bangladesh Association &amp; Community Partnership Project over 12 months.</p> <p>The project will support approximately up to 900 households with a range of services.</p> <p>The project will benefit households in close proximity to the community centre, and those in the wider area through the specialist benefits advisors and community outreach workers.</p> <p><u>SROI Calculations</u></p> <p>Investment = £63,292.40 GBP</p> <ul style="list-style-type: none"> <li>• 700 families supported with benefits and debt advice – £1,201,977.00</li> <li>• 900 families given advice on energy efficiency – £330,993.00</li> <li>• 900 families advised on CO £7,854.96</li> <li>• 200 PSR sign-ups £28,778.00</li> <li>• Loneliness and social isolation: £62,100.00 (Calculation is for the duration of the project only as there is no evidence that when the project comes to an end individuals will still feel isolated).</li> </ul> <p>Total reach of around 900 households across the duration of the project.</p> <p><b><u>5-year SROI calculations:</u></b></p> <ul style="list-style-type: none"> <li>• 5-year Gross Present Value = £1,631,702.96</li> <li>• 5-year Social Return on Investment =£1,568,410.56</li> </ul> <p>(Minus Centre costs: £61,000.00          Slow cookers: £2,292.4 100 Slow cookers 60x large £27.84 and 40x small £15.55          Total costs: £63,292.40)</p> <p><b><u>1-year SROI calculations:</u></b></p> <ul style="list-style-type: none"> <li>• 1- year Gross Present Value = £344,970.52</li> <li>• 1-year Social Return on Investment = £332,312.112</li> </ul> <p><u>Supporting households to maximise their income</u></p> <p>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 data from NEA over the past 3 years.</p>

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

### Educating customers on the dangers of carbon monoxide

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

### Supporting households to register to the Priority Services Register

Cadent worked with SIA Partners to evaluate the average 5-year gross present value of supporting households to register to the PSR. SIA Partner's based their analysis on the DNO proxy bank value for an avoided stress management course.

SIA Partners evaluated an average 5-year gross present value of £143.89 for a single PSR registration.

### The cost of loneliness

The Centre for Warmth project will reach customers living in urban areas of Cadent's network.

<sup>5</sup>BBC report found that 46% of England's urban population is aged 65 or over.

<sup>6</sup>One-fourth of the population aged 65 years and older reported feelings of loneliness.

<sup>7</sup>Social Psychiatry and Psychiatric Epidemiology reported a net present value of £6,000 for people who reported being lonely most of the time. This figure was across a 10-year period and equates to £600 per annum. This research concluded that older people who feel lonely are at greater risk of developing conditions such as dementia and depression.

<sup>8</sup>The health foundation reported that 21% of older people who live alone, or face feelings of loneliness visit their GP at least once a month. This places pressure on front-line services since many people who experience loneliness think of their GP as someone they can

<sup>5</sup> <https://www.bbc.co.uk/news/uk-43316697>

<sup>6</sup> <https://www.cdc.gov/aging/publications/features/lonely-older-adults.html#:~:text=Older%20adults%20are%20at%20increased,the%20amount%20of%20social%20contact.>

<sup>7</sup> <https://link.springer.com/content/pdf/10.1007/s00127-019-01733-7.pdf>

<sup>8</sup> <https://www.health.org.uk/news-and-comment/news/older-people-living-alone-are-50-more-likely-to-visit-ae-than-those-who-live-with>

	<p>relate to and who will listen to them, engaging in an open, friendly dialogue. This equates to an overall benefit of £1,656,000 across the entire customer group supported through the project.</p> <p>This project aims to reach 900 people through the 12- month project, equating to a saving of £600.00 per customer.</p> <p>This equates to an overall benefit of £62,100.00 across the entire customer group supported through the project.</p>
<b>VCMA Project Start and End Date</b>	<p>Start date: October 2022 End date: October 2023</p>
<b>Geographical Area</b>	<p>The project will be delivered in Cadent's North West network</p>
<b>Remaining Amount in the Allowance at Time of Registration</b>	<p>To be confirmed upon receipt of Director of Sustainability and Social Purpose sign-off.</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: 12/12/22	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: 17.02.23	
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: March 2023	
Date that Notification Email Sent to Ofgem: March 2023	