

## Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA)  
*Citizens Advice Essex Casework Project*

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## 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>
<b>a)</b> 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>b)</b> Either: <ul style="list-style-type: none"> <li><b>i.</b> Provide support to consumers in vulnerable situations, and relate to energy safeguarding, or</li> <li><b>ii.</b> Provide awareness on the dangers of CO, or</li> <li><b>iii.</b> Reduce the risk of harm caused by CO;</li> </ul>	Y
<b>c)</b> Have defined outcomes and the associated actions to achieve these;	Y
<b>d)</b> Go beyond activities that are funded through other price control mechanism(s) or required through license obligations; and	Y
<b>e)</b> Not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved or local) funding.	Y
<b>Section 2 - Eligibility criteria for company-specific essential gas appliance servicing</b>	
To qualify as a VCMA Project, essential gas appliance servicing must meet the following criteria:	
<b>a)</b> Either: <ul style="list-style-type: none"> <li><b>i.</b> 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</li> <li><b>ii.</b> 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</li> <li><b>iii.</b> 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</li> </ul>	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

<b>Section 3 - Eligibility criteria for Collaborative VCMA Projects</b>	
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	Citizens Advice Essex Casework Project
Funding GDN(s)	Cadent
New / Updated (indicate as appropriate)	Updated
Role of GDN(s) *For Collaborative VCMA Projects only	N/A
Date of PEA Submission	January 2023. Updated May 2024
VCMA Project Contact Name, email and Number	
Total Cost (£k)	Partner: Costs: £128,409 Updated Costs: £185,646 Combined Costs: £314,055 Project management costs (4%): £12,562.20
Total VCMA Funding Required (£k)	Previous funding £128,409.00 New £326,617.20

**Problem(s)**

The partnership with Citizens Advice Essex will focus on the areas of Essex, Southend with caseworkers working a combined 150 hours a week and operating across four authority areas described as rural by the Office of National Statistics (ONS) 2011 namely Braintree, Maldon, Tendring and Uttlesford. The caseworkers 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:

- Welfare benefits advice;
- Debt, money, and pensions advice;
- Referrals to the Priority Services Register;
- Referrals to the Warm Homes Discount;
- Energy efficiency advice
- Referrals to retrofit grants
- Tariff checks and switching
- Emergency fuel payments
- Active referral and follow up to retrofit programme
- Internal referral to address wider concerns affecting welfare and/or wellbeing.

All of 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, and household income.

Fuel Poverty

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.

For example, the 2022 statistics state that 13.4% UK households are currently living in fuel poverty. Additionally, the data reports that 15.9% of rural households are currently living in fuel poverty. The project areas of Tendring, Braintree and Uttlesford have a combined population of 376,807 (2018 statistics), and applying the 2022 government statistics, an estimated 55,202 customers will be living in fuel poverty.

Fuel poverty can have many adverse effects on the health of residents living in this particular form of hardship. For instance, a recent National Energy Action article listed the following negative impacts:

- Households can adopt unsafe energy rationing practices;
- Customers may elect to voluntarily self-disconnect from their energy supplies;
- Fuel poverty can increase the risk of exposure to several health conditions including heart disease, chronic obstructive pulmonary disease (COPD) and asthma.

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 a higher risk of residents experiencing cold housing conditions. 2017/2028 statistics report that 16,890 excess UK winter deaths

	<p>were attributable to cold housing conditions. Separate government statistics report the cost of a death to the UK economy is £1,897,129.00.</p> <p>This project aims to support customers at risk of or living in fuel poverty by creating access to expert advice and casework services. Many of the services offered by the caseworker(s) will be aimed at increasing household income and improving properties' and customers' energy efficiency/behaviours.</p> <p><u>Financial Hardship</u></p> <p>As well offering services that will support households to improve energy efficiency, Citizens Advice Essex's caseworkers will also assistance customers with managing debt and maximising income.</p> <p>Government and charities such as the Joseph Rowntree Foundation use the metric of Minimum Income Standard (MIS) to measure a household's ability to afford all of the necessities required to live with dignity and good health.</p> <p>A 2023 Joseph Rowntree Foundation report stated that 29.1% of all individuals in the UK were living in households with incomes below MIS. This percentage equates to 109,650 people across the project area of Tendring, Braintree and Uttlesford that do not have the finances to afford to live with dignity.</p> <p>The project will support households affected by financial hardship by:</p> <ul style="list-style-type: none"> <li>• Helping them to access industry financial benefits (e.g. Warm Homes Discount);</li> <li>• Conducting benefit entitlement checks and claims support;</li> <li>• Supporting with debt and money management advice;</li> </ul>
<p><b>Scope and Objectives</b></p>	<p>Cadent's VCMA funding will be utilised by Citizens Advice Essex to deliver casework support to customer in vulnerable situations living in Tendring, Braintree, and Uttlesford. The project will be delivered across twelve months between January 2023 and April 2024.</p> <p><u>Project Scope</u></p> <p>The Citizens Advice Essex partnership focusses on the provision of support to vulnerable households across three local authority areas of rural Essex. Customer will be identified through a range of channels including direct enquiries to Citizens Advice, referral pathways, and advertised community events.</p> <p>Cadent's funding will used to employ a full-time caseworker in each local authority area for an initial twelve months (project duration is fifteen months to account for recruitment and training). The caseworker(s) will work on two main activities:</p> <ol style="list-style-type: none"> <li>1. Casework Advice = The caseworkers will perform this service to resolve less-complex queries that are raised by customers who are able to self-help in the majority of cases. The casework advice service will cover topics</li> </ol>

	<p>including welfare benefits, energy efficiency advice, carbon monoxide safety, and PSR.</p> <p>2. Casework - Full Support = The caseworkers will perform this service to resolve queries with multiple strands (e.g. helping a client with a benefits decision or supporting a household to make a formal complaint against their energy supplier). The service will also include support on a number of topics including welfare benefits, energy efficiency advice, carbon monoxide safety, and PSR</p> <p><u>Project Objectives</u></p> <p>Overall, the Citizens Advice Essex Casework project aims to support approximately 1,050 households across the duration of the partnership. This forecast will be split between 300 clients that require the casework advice service and 750 clients that receive the casework - full support service.</p> <p>With regards to the services offered and the benefits to customers, Cadent and Citizens Advice Essex have forecasted the project to realise approximately £650,000 in monetary outcomes.</p> <p>As well as meeting the above forecast for the number of customers accessing the project' services and benefits realised, the project also aims to achieve the following objectives:</p> <ul style="list-style-type: none"> <li>• Clients report improved wellbeing and reductions in stress due to feeling in better control of their personal finances;</li> <li>• 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;</li> </ul> <p><u>Updated May 2024</u></p> <p>An additional area Maldon has been added and the total number of individuals has been increased to 1220 with 1020 clients receiving full advice. This change is based on the level of enquiries received during the initial 12 month period.</p>
<p><b>Why the Project is Being Funded Through the VCMA</b></p>	<p>We believe that this project meets all of the necessary company-specific VCMA criteria - see below:</p> <p><b>A. The project is forecasted to have a positive SROI.</b> 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 (£650,000) and Cadent's wider experience of social value - see the below section for more details.</p> <p><b>B. The project will either:</b></p> <p><b>I. Provide to consumers in vulnerable situations, and relate to energy safeguarding, or</b></p> <p><b>II. Provide awareness on the dangers of carbon monoxide, or</b></p>

	<p><b>III. Reduce the risk of harm caused by carbon monoxide</b>  The project meets all three of the above criteria through providing fuel poor households with energy efficiency/income maximisations services and raising awareness on the dangers of carbon monoxide.</p> <p><b>C. The project has defined outcomes and the associated actions to achieve them</b>  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><b>D. The project goes beyond the activities funded through other price control mechanisms or required by licence obligations.</b>  We believe that this project goes outside of activities funded through other price control mechanisms due to:</p> <ul style="list-style-type: none"> <li>a) the types of support being delivered, and,</li> <li>b) the method through which customers are to be engaged (e.g. not through Cadent's BAU activities)</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>  This project will be delivered solely through Cadent's VCMA funding.</p>
<p><b>Evidence of Stakeholder/Customer Support</b></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 "<i>income maximisation can be the step to someone going into debt or becoming vulnerable</i>".</p> <p>Additionally, Cadent asked stakeholders and customers for feedback on where VCMA funding should be prioritised in 2022-2023. Stakeholders commented "<i>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</i>".</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"> <li>• My current households health or financial situation is worse off compared to 2021.</li> <li>• My current households health or financial situation is the same compared to 2021.</li> <li>• My current households health or financial situation is better off compared to 2021.</li> </ul> <p>60% of participants responded that their households' health or financial situation was worse off this year compared to 2021 levels.</p> <p>Overall, Cadent has received strong stakeholder support and justification for funding its partnership with Citizens Advice Essex to deliver casework advice in 2023-2024.</p> <p><u>Updated May 2024</u></p> <p>A cost of analysis by Citizens Advice shows that more than 2.1 million households are in a negative budget. That's 5 million people - including 1.5 million children - who are in households that can't afford basic essentials and are at risk of being pushed into debt.</p> <p>The number of people in the red has jumped by more than 54% since the start of the pandemic - that's an increase of nearly 1.75 million people.<sup>2</sup></p> <p>Citizens Advice also reported that they have received a record number of enquiries from those who cannot afford to top up their pre-payment meter every month, they have also seen a similar increase in the number of referrals to foodbanks.<sup>3</sup></p> <p>This is consistent with the reports from local areas including Essex who are receiving increasing numbers of enquiries with multiple issues.</p> <p>Overall, Cadent has received strong stakeholder support and justification for funding its partnership with Citizens Advice Essex to deliver casework advice in 2024-2025.</p>
<b>Information Required</b>	<b>Description</b>
<b>Outcomes, Associated Actions and Success Criteria</b>	<p><u>Project Outcomes</u></p> <p>Utilising Cadent's funding, Citizens Advice Essex will recruit three full-time caseworkers to deliver income maximisation, energy efficiency, carbon monoxide safety, and PSR advice across the Tendring, Braintree, and Uttlesford areas of Essex.</p>

<sup>2</sup> <https://www.citizensadvice.org.uk/policy/publications/the-national-red-index-how-to-turn-the-tide-on-falling-living-standards/#h-3-who-is-in-a-negative-budget>

<sup>3</sup> <https://www.citizensadvice.org.uk/policy/publications/cost-of-living-trends/>

The recruitment and training of the three caseworkers will achieve the following project outcomes:

- Approximately 1,050 customers will receive casework (either advice or full support) throughout the duration of the project.
- Approximately 300 households will receive casework advice to resolve less complex energy/income maximisation queries.
- Approximately 700 households will receive full casework support to resolve complex queries with multiple strands (e.g. benefit entitlement claims representation, and liaison with suppliers to resolve billing queries).
- Approximately 1,050 customers will receive information on the dangers of carbon monoxide and the benefits/process for registering to the PSR.
- Approximately £650,000 in monetary outcomes will be realised for customers through the casework advice and full support services.
- All attendees will have a PSR conversation

As well as achieving the above quantitative outcomes, the project also aims to deliver the following qualitative outcomes:

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

#### Associated Actions

Cadent and Citizens Advice Essex will perform the following associated actions in order to achieve the project outcomes and success criteria:

- Cadent will provide Citizens Advice Essex with funding and training to the caseworkers on how to hold effective carbon monoxide safety and PSR registration conversations.
- Citizens Advice Essex will train the recruited caseworkers to a standard consistent with the City & Guilds Energy Awareness Level 3 qualification - this will ensure the robustness and accuracy of the energy efficiency advice offered through the project.
- Citizens Advice Essex will embed referral pathways and plan community events to engage customers in vulnerable situations who stand to benefit most from the casework services.

	<p><u>Success Criteria</u></p> <p>The Citizens Advice Essex Casework project's success will be measured through a variety of metrics including:</p> <ul style="list-style-type: none"> <li>• Evaluating the number of customers benefitting from the casework advice and casework - full support forecasts referenced in the Scope and Objectives section of this document.</li> <li>• Measuring customers' attitudes towards the positive indicators listed in the Project Outcomes section of this document (e.g. 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).</li> <li>• Evaluating a positive social return on investment on the VCMA funding invested in this project - see below section for the project's SROI forecast.</li> </ul> <p><u>Updated May 2024</u></p> <p>The number of areas covered by the project has increased to four and the caseworkers are now calculated in hours as opposed to headcount. This will allow flexibility in areas where recruitment has been challenging.</p>
<p><b>Project Partners and Third Parties Involved</b></p>	<p>The project will be principally delivered in partnership with Citizens Advice Essex. Citizens Advice Essex operate a consortium model and will work with local partners in Tendring, Braintree, and Uttlesford.</p> <p><u>Updated May 2024</u></p> <p>An additional area Maldon has been added to the above.</p>
<p><b>Potential for New Learning</b></p>	<p>We believe that this project offers Cadent the opportunity for new learning in various areas.</p> <p>Firstly, the project will operate across three local authority areas, of which, a significant proportion of households are situated in rural communities. Cadent and Citizens Advice Essex believe that some rural communities may be disproportionately affected by the cost of living crisis due to factors such as higher housing costs, expensive support services, and a lack of employment opportunities. The project will offer Cadent insight on the extent of the impact of the cost of living crisis on rural communities.</p> <p>Secondly, the selection of local authority areas for this project will offer Cadent insight on IMD data versus the actual level of customer need. The average IMD decile for the 222 LSOAs across Tendring, Braintree, and Uttlesford is 6. Cadent will evaluate the actual levels of deprivation, fuel poverty, and need against the government IMD statistics.</p>

	<p><u>Updated May 2024</u></p> <p>Due to issues with staff recruitment the initial phase of the project took longer than expected to achieve outcomes but has gathered paced during the last six months as demand has increased.</p>
<p><b>Scale of VCMA Project and SROI Calculations, including NPV</b></p>	<p><u>Scale of VCMA Project</u></p> <p>Cadent and Citizens Advice Essex will deliver a fifteen month project (3-months recruitment/mobilisation and 12-months delivery) between January 2023 and April 2024. The project aims to support 1,050 households across the project area with a variety of income maximisation, energy efficiency, carbon monoxide safety, and PSR advice.</p> <p><u>SROI Summary</u></p> <p>Investment = £128,409.00  5-year social return on investment = £545,865.95  1-year social return on investment = £6,445.99  5-year gross present value = £674,274.95  1-year gross present value = £134,854.99</p> <p>Cadent has conducted its own research and has worked with specialist from energy and utilities consultants at SIA Partners to evaluate the gross 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. Additionally, Citizens Advice Essex have provided a forecast for the financial outcomes to be achieved for the 1,050 customers reached through the project. Citizens Advice have forecasted that £650,000.00 in financial benefit will be achieved through the project's casework services.</p> <p><u>5-year gross present value created by registering customers to the Priority Services Register</u></p> <p>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 utilities outage.</p> <p>Citizens Advice Essex forecast to speak to 1,050 customers regarding the benefits, and the process to register to the PSR. Supported by data, Cadent has worked on the understanding that approximately 20% of households connected to its network are PSR-eligible. Applying this as a conservative percentage to the customers reached by Citizens Advice Essex, 210 households will be eligible for the PSR. This equates to a total 5-year gross present value of £30,216.90. However, some of the eligible customers may already be registered to the PSR. Therefore, Cadent has applied a success rate of 50% to account for the customer group who will already be receiving the benefits of PSR registration. Resultingly, £15,108.45 of social value will be attributable to the project.</p> <p><u>Updated May 2024</u></p>

	<p>Due to issues with recruitment the project did not commence full mobilisation until June 2023. It does however expect to meet its original target for the year 2023-2024.</p> <p><u>SROI Summary –2023- 2024</u></p> <p>Investment = £128, 409  5-year social return on investment = £2,991,466.59  1-year social return on investment = £497,486.12  5-year gross present value = £6,25895.12  1-year gross present value = £3,119, 875.59</p> <p>This is based on actual data to 31<sup>ST</sup> March 202</p> <p><u>SROI Summary –2024- 2025</u></p> <p>Investment £326,617.20</p> <p>5 year net =£3,866,071.30  1 year net = £497,486.12  5 year gross = £4,064, 278.50  1 year gross = £625, 895.12  SROI per £1 – £11.84</p>
<b>VCMA Project Start and End Date</b>	<p>Original Date – December 2022 to April 2024</p> <p><u>Updated May 2024 – June 2025</u></p>
<b>Geographical Area</b>	<p>The project will be delivered across the Tendring, Braintree and Uttlesford local authority areas of Cadent's East of England network.</p>
<b>Internal governance and project management evidence</b>	<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:	Review Completed By: Amanda Jones 12/7/2024
Stage 2: Sustainability and Social Purpose Team Management Review	
Date Management Review Completed: 22/07/24	Review Completed By: Gemma Norton
Step 3: Head of vulnerability Sign-Off: Phil Burrows	
Director of Sustainability and Social Purpose Sign-Off Date: 22/07/24	
Step 4: Upload PEA Document to the Website & Notification Email Sent to Ofgem ( <a href="mailto:vcma@ofgem.gov.uk">vcma@ofgem.gov.uk</a> )	
Date that PEA Document Uploaded to the Website: November 24	
Date that Notification Email Sent to Ofgem: November 24	