

Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA) Marches Energy Action Home Visits

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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 - satisfies all 3 criteria
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
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	Marches Energy Action Home Visits
Funding GDN(s)	Cadent-specific project situated across Cadent's West Midlands & Eastern Networks
Role of GDN(s) *For Collaborative VCMA Projects only	Not applicable - Cadent-specific project
Date of PEA Submission	June 2021
VCMA Project Contact Name, email and Number	Name: Ed Allard Position: Customer Vulnerability Specialist Email: ed.allard@cadentgas.com
Total Cost (£k)	£42,325.00 GBP
Total VCMA Funding Required (£k)	£42,325.00 GBP
Problem(s)	<p><u>Current available support & restrictive eligibility criteria as a barrier to fuel poor households</u></p> <p>The 12-Month Home Visits Project has offered in-depth support with home energy issues to customers living in vulnerable situations, including fuel poverty.</p> <p>GDN projects delivered through the VCMA are not the only source of support for fuel poor households across the country.</p> <p>There are many schemes administered by local authorities, energy suppliers and charities that support customers living in vulnerable situations.</p> <p>However, numerous stakeholders have reported that many of these local authority and energy</p>

supplier lead schemes have strict thresholds for eligibility.

For instance, households within the Midlands project area may have access to existing support, providing they fall into fixed categories (e.g. the customer is aged 60 or over). There are other examples including EPC rating and household income that also illustrate the issue.

Although these programmes offer good support to eligible homes, we recognise that many customers in need of support may fall just outside of the eligibility criteria. Additionally, the households may require help, but for a different reason outside of the fixed services that the local authority or energy supplier scheme provides.

Customer vulnerability is transient, and this project supports in-need customers who have a current lack of access to assistance; either due to the restrictive nature of local programmes, or due their being an absence of support in their area all together.

Fuel poverty in the West Midlands

This project offers essential support to fuel poor customers living in Cadent's West Midlands network.

Fuel poverty is a form of hardship which places residents in the situation of being unable to afford the cost of fuel to adequately heat their home.

There are 3 main factors that influence a home's likelihood of living in fuel poverty: household income, the price of fuel and the household's energy requirements (often linked to efficiency). There are an estimated 2,400,000 homes living in fuel poverty in England, of which approximately 1,400,000 falls under in Cadent's footprint.

Fuel poverty presents many physical and mental health risks to customers living with this form of hardship. Customers are more likely to turn their heating down below an adequate level and are more at risk of living in a cold, damp home which carries associated health risks including:

- Respiratory & circulatory conditions,
- Cardio-vascular disease, and,
- Mental health conditions.

ONS statistics report that there were 50,100 excess winter deaths in 2017-2018 and it is estimated that 10% were directly attributed to fuel poverty.

	<p>Recent statistics report the West Midlands as having the highest rates of fuel poverty in England. 17.5% of homes in the region are living in fuel poverty and not adequately heated compared the 13.4% average across England. Furthermore, a significant portion of the top ten local authority areas (based on the highest rates of fuel poverty) are situated in the West Midlands. Wolverhampton is fifth with 21.1% of homes living in fuel poverty, while Sandwell is seventh (20.9%) and Walsall tenth (19.4%).</p> <p><u>Carbon Monoxide Ownership and Gas Appliance Servicing</u></p> <p>As well as supporting customers with home energy efficiency, this project keeps customers safe against the dangers of carbon monoxide. Marches Energy Agency will install audible carbon monoxide alarms in the homes of engaged customers. Households are also offered awareness information on the signs, symptoms, and dangers of carbon monoxide.</p> <p>The project has demonstrated that the issuing of energy efficiency advice and the offering of support with managing fuel debt results in increases of household income. Customers can use this increase in household income to regularly service their gas appliances, further minimising their risk of exposure to carbon monoxide.</p> <p>The installation of an audible CO alarm remains one of the most effective methods of mitigating the risk of CO poisoning. However, recent statistics report relatively low alarm ownership across Cadent's networks. Reports suggest that between 60%-70% of homes across Cadent's four networks do not have an audible CO alarm installed.</p> <p>The Covid-19 pandemic has led to a lot of UK families experiencing increased financial hardship. Decreases in household income have meant that some families can no longer afford necessary gas appliance servicing and repairs. This is shown by demand for installing, servicing, and repairing boilers shrinking by 34 per cent during a year of the pandemic. This, coupled with many families not having the financial means to purchase a CO alarm greatly increases the risk of exposure to the dangers of CO.</p>
<p>Scope and Objectives</p>	<p><u>Project scope</u></p> <p>This home visits project is delivered in partnership with charity energy specialists Marches Energy Agency (MEA) and runs for a period of 12 months</p>

	<p>across Cadent's West Midlands and Eastern networks.</p> <p>The partnership supports at least 300 households through a combination of home visits and equivalent case work (at least 200 homes) and detailed advice calls (at least 100 homes).</p> <p>The project delivers essential support to fuel poor households within the project area including:</p> <ul style="list-style-type: none"> • Home energy efficiency advice; • Support with understanding energy bills; • Switching tariffs and suppliers; • Managing and clearing fuel debt; • Efficient use of appliances, heating and hot water controls; • Issuing carbon monoxide alarms and safety advice <p><u>Project objectives</u></p> <p>The project has a number of objectives, the achievement of which will determine the success of the programme:</p> <ol style="list-style-type: none"> 1. To support 300 customers living in vulnerable situations (including fuel poverty) with their home energy usage, particularly around helping them to efficiently heat their home to stay safe and warm. 2. To offer 300 customers advice with tariffs, switching and fuel bill management. This will support customers living in vulnerable situations and help alleviate the risk of them living in fuel poverty. 3. To return a positive SROI, demonstrating an effective investment of regulatory funding. 4. To support customers benefitted directly by the project with external referral services, ensuring that every contact counts. 5. To support up to 200 customers with carbon monoxide safety, ensuring that they understand the signs, symptoms and dangers of CO, and that audible CO alarms are installed.
<p>Why the Project is Being Funded Through the VCMA</p>	<p>We believe this project meets all of the company specific VCMA criteria:</p> <ol style="list-style-type: none"> a. Have a positive, or a forecasted positive, Social Return on Investment (SROI)

	<p>including for the gas consumers funding the VCMA Project;</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"> • The deliverables necessary to create a positive social return on investment - see the below section for more details. <p>b. Either:</p> <ol style="list-style-type: none"> i. Provide support to customers 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. <ul style="list-style-type: none"> • This project meets all three criteria on this point, as customers will receive support with energy/financial advice and carbon monoxide safety. <p>c. Have defined outcomes and the associated actions to achieve these;</p> <ul style="list-style-type: none"> • 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. <p>d. Go beyond activities that are funded through other price control mechanisms or required through other licence obligations;</p> <ul style="list-style-type: none"> • This project innovatively delivers support to customers in a method that goes beyond other price control activities and licence obligations. <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> <ul style="list-style-type: none"> • 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.
<p>Evidence of Stakeholder/Customer Support</p>	<p>Cadent have conducted extensive stakeholder and customer feedback to shape our approach for</p>

	<p>supporting customers living in vulnerable situations in RIIO-GD2.</p> <p>For example, we introduced regional customer forums, distributed stakeholder surveys and chaired focus groups to really understand views from across the industry on how to best support our customers living in vulnerable situations in RIIO-GD2.</p> <p>Many stakeholders including Citizens Advice, National Energy Action and Trussell Trust supported our "whole home" approach to tackling fuel poverty. Historically, GDNs have often relied on the FPNES as a provision for alleviating fuel poverty in the homes. However, stakeholder feedback reported that customers require further support and advice beyond the installation of a gas connection and central heating system.</p> <p>Cadent has recognised this feedback and are working in partnership with Marches Energy Agency to offer in-home energy advice including:</p> <ul style="list-style-type: none"> • Efficient use of appliances, • Supplier and tariff switching advice, • Support with accessing industry grants • Fuel debt management. <p>Stakeholder feedback also reported that customers already hesitant around home visits are even more cautious around organisations and third parties entering their homes as a result of the pandemic.</p> <p>Many customers have shielded for the past 15-months whilst others have been left socially isolated by government guidelines and national/local lockdowns. As such, it is important that any services Cadent aims to deliver via VCMA funding is suitable for the disposition or sentiment of the customer(s).</p> <p>We have therefore implemented remote detailed advice calls as part of the project, offering services in a method tailored to the needs of the customer.</p>
<p>Outcomes, Associated Actions and Success Criteria</p>	<p><u>Project outcomes</u></p> <p>In partnership with Marches Energy Agency, Cadent expects to achieve the following project outcomes:</p> <ul style="list-style-type: none"> • To reach at least 300 households through home visits (or equivalent case work) and detailed advice calls. The customers reached stand to benefit from advice around in-home energy usage, carbon monoxide awareness and support with registering on the PSR (if applicable).

- To achieve a positive social return on investment. This has been calculated through:
 - Applying transferable learning from previously delivered projects, and,
 - Conversations with SROI consultancy experts such as SIA Partners and Social Value Business.
- Customers living in vulnerable situations across the project geographic area report improved levels of:
 - Comfort at home due to their properties being adequately heated,
 - Improved understanding on techniques to improve in-home energy efficiency,
 - Understanding on the signs, symptoms and dangers of carbon monoxide,

The Home Visits project centres around the delivery of two services to customers living in vulnerable situations:

Home Visits or equivalent case work

Cadent and MEA are working in partnership to deliver a 12-month project with activities focussed on home energy efficiency, as well as offering householders wider support on issues they may be facing. The support offered to householders through home visits includes:

- Assistance using heating controls effectively to maximise energy efficiency,
- CO safety information and a CO detector if needed,
- Tariff checks and switching advice,
- Help signing up for support such as the Warm Home Discount, Priority Services Register, etc.
- Support with fuel debt/billing queries,
- Home energy efficiency advice and information about funding (ECO, Green Homes Grants, etc.),

- Short-term interventions such as prepayment meter vouchers and seat warmers,
- Referrals to partner agencies for support with other issues – i.e. income maximisation, benefit checks, support with non-fuel debts.
- For householders that may require support with non-energy related matters, MEA will utilise their existing network of relationships with organisations such as AgeUK, food banks and CAB to refer the client to further support.
- Crises support for customers i.e. liaising with suppliers on behalf of clients to resolve debt/obtain ECO funding.

Detailed Advice Calls

As well as offering home visits in person, this project also funds MEA to be able to offer detailed advice calls to householders. These clients are introduced to MEA through referrals or by contacting Marches directly.

The detailed advice calls offer clients a channel to receive information similar to that of a home visit (i.e. tariff advice, crisis support and home energy advice). The detailed advice differs in complexity to the home visits and typically are shorter, higher-level conversations.

Associated Actions

Cadent and MEA are implementing the following associated actions in order to achieve the desired project outcomes:

- Cadent are providing training, materials, advice and carbon monoxide alarms to Marches Energy Agency to enable them to educate Home Visits customers on the dangers, signs and symptoms of CO.
- Cadent are working with Marches Energy Agency to make use of social mapping data and local knowledge to ensure services are offered to customers based on need.
- Marches Energy Agency home visits coordinators are ensuring that the in-home energy services offered are tailored to needs of the customer receiving the service.

Success Criteria

	<p>Project partners are working cohesively to ensure that data is captured accurately throughout the duration of the project. This supports Cadent to conduct project evaluation at the end of the 12 months, including calculations on SROI. The achievement of a positive social return on investment will be one of the main metrics of measuring the success of the project.</p> <p>Cadent are measuring the success of the project based on achieving the target number of customers that benefit from the project:</p> <ul style="list-style-type: none"> • 200 customers (50 per quarter) to receive a home visit or equivalent case work, • 100 customers (25 per quarter) to receive support via a detailed advice call. <p>As well as reaching the target number of customers, Cadent and Marches Energy Action plan to review the qualitative benefits/indicators of the project as part of the final evaluation.</p> <p>Meeting of the below indicators will help Cadent determine the success of the project:</p> <ul style="list-style-type: none"> • Customers supported under the project report improved comfort and warmth at home. • Customers supported under the project feel safer at home due to registration on the PSR (where applicable), increased awareness of the signs, symptoms and dangers of carbon monoxide and receiving a carbon monoxide detector (in appropriate circumstances). • Customers reached through the project are supported with wider referral services where a need is identified as part of Marches Energy Agency's Home Visits/Detailed Advice Calls.
<p>Project Partners and Third Parties Involved</p>	<p>Cadent is working in partnership with charity energy specialist Marches Energy Agency.</p> <p>As part of the project, Marches will be encouraged to utilise their network of existing partners to offer additional services based on the needs of the customers identified.</p>

<p>Potential for New Learning</p>	<p>The opportunity to work with specialist partners at Marches Energy Agency will afford Cadent the chance to learn:</p> <ul style="list-style-type: none"> • What approaches are most effective for engaging customers that stand to benefit most from the in-home energy and safety messaging this project delivers. • What energy and in-home safety services offer the most benefit to customers that the VCMA fund is designed to support. Additionally, which of these services is the most popular with customers in terms of ease of implementation. <p>The project also allows Cadent an opportunity to understand the popularity of different in-home energy efficiency services across rural and urban communities.</p>
<p>Scale of VCMA Project and SROI Calculations</p>	<p><u>Project scale</u></p> <p>In terms of project scale, Cadent's has reached in excess of 300 households across the 12 months of the project.</p> <p>The project operates across urban and rural communities in Shropshire, Telford & Wrekin, Derbyshire, and the Black Country. These communities stretch across Cadent's West Midlands and Eastern Networks, and we feel this scale presents Cadent with the opportunity to understand the needs of different customers. For instance, the challenges faced by customers in urban parts of the Black Country may differ from those faced by customers living in rural parts of Shropshire.</p> <p>We also feel that supporting 300 households across the duration of the project will represent success, as the advice offered through the home visits and detailed advice calls will be in-depth, multi-faceted and tailored to the needs of each household. Funding Marches Energy Agency to spend longer lengths of time supporting each customer ensures that customers with complex needs received the required levels of support.</p> <p><u>Social return on investment calculations</u></p> <ul style="list-style-type: none"> • Forecasted 5-year social return on investment = £105,701.63 • Forecasted 1-year social return on investment = -£12,719.67 (all project costs occur in year 1)

- Actual social return on investment (as of 31/01/2022) = £54,715
- Investment = £42,325.00
- Total forecasted gross present value to be created by the project = 148,026.63
- Total actual gross present created by the project (as of 31/01/2022) = £97,040
- Forecasted 5-year gross present value to be created by the issuing of home energy advice = £144,009
- Forecasted 5-year gross present value to be created through the issuing of CO alarms and education = £3,927.63

Cadent has employed social return on investment consultants SIA Partners to understand the value generated by in-home energy and carbon monoxide measures.

The issuing of home energy advice

Each household supported through the project has received energy advice, with the exact areas of advice dependent on the specific needs of the occupiers.

SIA Partners used historic data from national fuel poverty experts, industry averages and the DNO proxy bank to calculate 5-year gross present values to be created through the issuing of energy advice topics.

These topics covered a range of issues including switching tariffs and suppliers, managing fuel debt, ECO availability and measures, PSR registration, Warm Homes Discount and tackling condensation and damp.

Our experience to date suggests that on average, each household supported through a Cadent-funded energy advice project receives £480.03 per case. This average is based the actual support offered to customers through the One Number Referrals Scheme in partnership with NEA.

Based on an average of £480.03 per household, we have forecasted that a 5-year gross present value of £144,009 will be created.

The issuing of CO alarms and awareness advice

Analysis conducted by SIA Partners that contributed towards Cadent's RIIO-2 business plans submission evaluated the social return on investment generated by the issuing of carbon monoxide alarms and education.

The gross present value of distributing CO alarms and issuing CO education can be broken down into the below categories:

1. The avoidance of A&E visits linked to CO.
2. The avoidance of long-term hospital stays linked to CO.
3. The avoidance of time off work due to CO-related injuries.
4. Avoided deaths caused by CO poisoning.
5. Avoidance ambulance calls to treat CO patients.

The CO alarm and education proxies are based on national statistics/costs for CO-related illness, the cost to the NHS to treat them and the financial impact to UK PLC for time off work.

SIA Partner's analysis separates the issuing of alarms and education due to the fact that a retention rate needs to be applied to advice. A retention rate is the likelihood that a customer will understand, retain, and use the education delivered through a project.

Our research suggested that a retention rate of 80% is reasonable on the projects where in-depth CO advice is issued in person face to face.

The gross present value created by issuing CO alarms

Cadent forecasts that the issuing of 200 alarms will create a gross present value of £2,181.93.

The gross present value created by educating customers on the signs, symptoms and dangers of CO

Cadent forecasts that the educating of 200 customers will create a gross present value of £1,745.70.

Further information on the calculations behind these values can be found at

	<p>..\SROI\Information Library\1.1 CO Education v1.0.docx</p> <p>..\SROI\Information Library\1.2 CO Alarms v1.0.docx</p>
VCMA Project Start and End Date	<p>Project start date: 01/04/2022</p> <p>Project end date: 31/03/2022</p>
Geographical Area	<p>The VCMA funded project has been delivered across areas within Cadent's West Midlands and Eastern networks.</p> <p>Particular focus has been given to supporting homes situated in locations with higher levels of deprivation & fuel poverty. Additional attention has also been given to areas where a greater need for this project is identified. For example:</p> <ul style="list-style-type: none"> • Locations in Shropshire, Telford and Wrekin containing householders under 65 living in vulnerable situations, as the existing AgeUK funded home visits partnership does not extend to this age bracket. • Locations across Derby City and the wider county that contain high levels of fuel poverty, but where local support is limited. MEAs existing Warmer Derby and Derbyshire project is currently facing a great deal of demand, meaning that the Cadent funding will enable MEA to assist householders with a wider range of needs. • Regions of the Black Country where MEAs recent work has identified a significant need for support in tackling fuel poverty.
Remaining Amount in the Allowance at Time of Registration	TBC upon registration of the project.

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 & Social Purpose Team PEA Peer Review	
Date Immediate Team Peer Review Completed: 01/03/2022	Review Completed By: Edward Allard - Customer Safeguarding Specialist
Stage 2: Sustainability & Social Purpose Team Management Review	
Date Management Review Completed: 01/03/2022	Review Completed By: Phil Burrows Head of Customer Vulnerability Social Programme Delivery
Step 3: Director of Sustainability & Social Purpose Sign-Off: Mark Belmega	
Director of Sustainability & Social Purpose Sign-Off Date: 11/03/2022	
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 2022	
Date that Notification Email Sent to Ofgem: March 2022	