

Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA)

One Number Referral Scheme

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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, replacement or servicing)	
In order to qualify as a VCMA project, a project must:	
VCMA Eligibility Criteria	Criteria Satisfied (Yes/No)
a) Have a positive, or forecasted positive Social Return on Investment (SROI), including for the gas consumers funding the VCMA project;	Yes
b) Either: <ul style="list-style-type: none"> i. Provide support to consumers in vulnerable situations, and relate to energy safeguarding, or ii. Provide awareness on the dangers of CO, or iii. Reduce the risk of harm caused by CO; 	Yes
c) Have defined outcomes and the associated actions to achieve these;	Yes
d) Go beyond activities that are funded through other price control mechanism(s) or required through licence obligations; and	Yes
e) Not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved or local) funding.	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;	Yes
b) The household cannot afford to service, repair or replace the unsafe pipework or essential gas appliance; and;	Yes
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.	Yes
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	One Number Referral Scheme
Funding GDN(s)	Cadent - all four networks
Role of GDN(s) *For Collaborative VCMA Projects only	Not applicable - Cadent specific project
Date of PEA Submission	01/04/2022
VCMA Project Contact Name, email and Number	Name: Philip Burrows Email: phil.m.burrows@cadentgas.com Phone: 07773 545451
Total Cost (£k)	£225,148.32
Total VCMA Funding Required (£k)	£225,148.32
Problem(s)	<p>Cadent's role as the UK's biggest gas distribution network places many of our staff in the unique position of entering into the homes of thousands of customers living in vulnerable situations each year.</p> <p>In many instances, our engineer's main focus is to ensure the property and our customers are safe from the dangers of a gas escape and/or carbon monoxide. However, our interactions with customers can often most severely impact those that are living in a vulnerable situation; for example, when condemning or isolating an essential gas appliance.</p> <p>Additionally, through our emergency service and planned mains replacement activities, our employees will often enter into the homes of customers living in vulnerable situations and</p>

	<p>recognise that the residents may need additional support.</p> <p>Customers living in vulnerable situations can often be very hard to identify, and these visits may be the only interaction that a customer has with an organisation equipped to make a positive impact to them, like Cadent. This is often due to a lack of services in a particular area or hesitation from the customer on who to/how to reach out for support, or lack of knowledge that help is available.</p> <p>Customers living in vulnerable situations can be particularly at risk of living in fuel poverty and increased risk of exposure to the dangers of carbon monoxide.</p> <p>Fuel poverty is a form of hardship where residents are unable to afford the cost of fuel to adequately heat their home. There are 3 main factors that influence a home's chances 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. Approximately 1,400,000 of which fall under Cadent's 4 gas distribution networks.</p> <p>Around 30 people living in UK die from carbon monoxide poisoning each year. An additional 4,000 people attend accident and emergency each year as a result of carbon monoxide and 200 people are left hospitalised. Risk of exposure to the dangers of carbon monoxide can be increased by not regularly servicing gas appliances, as well as a lack of knowledge on the signs and symptoms of the presence of carbon monoxide in a property.</p> <p>Through working with partners we know that these customers often have to make a choice between feeding families and purchasing CO alarms or servicing appliances.</p>
<p>Scope and Objectives</p>	<p>The main objective of the project is to support customers living in vulnerable situations (particularly those living in fuel poverty) by offering a range of services including energy/income advice and essential gas appliance servicing, repairs and replacement; all of these services will be offered through an innovative "One-Number" approach. The secondary aim of the project is to further test and refine this delivery model over a larger sample size.</p> <p>Our "One Number" approach allows Cadent employees and select strategic partners to refer a customer living in a vulnerable situation (with their consent) to a single point of contact, in order to</p>

expertly support the customer dependent upon their specific needs.

Cadent successfully trialled elements of this model in partnership with fuel poverty charity National Energy Action (NEA) across 12-weeks in early 2021. Cadent staff and strategic partners were able to refer customers from our BAU activities into NEA for a wide range of services including energy efficiency advice, income maximisation services, support with accessing industry funding (i.e. Green Homes Grant) and the repair/replacement of essential gas appliances. Engineers were also able to refer customers for broader support (e.g. food poverty, hoarding etc.), offering a holistic approach to the household.

We have taken the decision to use a third party (NEA) for this project based on the below rationale:

- We don't as yet have the capacity within Cadent and it is critical that we use experts in this field to best support our customers;
- The process of accurately assessing customers' needs and eligibility can be quite lengthy. Our engineers can often not have the time to fulfil this role, as they need to ensure that they are able to keep other customers safe through the course of our emergency work and may be required to leave site as soon as is safe to do so.
- An engineer making a referral by phone or through an on-line form takes around 2-3 minutes.

The scope and objectives of the One Number Referral scheme will support approximately 900 customers, comprised of the following services:

- Issuing home energy efficiency advice to approximately 600 customers.
- Supporting over 100 customers with income maximisation and benefit entitlement checks.
- Servicing over 100 essential gas appliances in the homes of customers living in vulnerable situations. As per the VCMA eligibility criteria, the customers shall be unable to afford to service the appliance(s) through their own means.
- Repair or replace 60 essential gas appliances in the homes of customers living

	<p>in vulnerable situations. As per the VCMA eligibility criteria, the customers shall be unable to afford to repair/replace their condemned appliance through their own means.</p> <p>Our aim is for this range of customers to be offered multiple services from a single, trusted, and expert organisation, in order to really maximise the benefit that each customer can stand to receive. Through this strategy, we expect that not only will each customer benefit from a wide range of energy and income support, but also investing VCMA funding in this way will result in higher levels of social return on investment (SROI).</p> <p>The secondary project objective is further testing and evaluation of the "One-Number" approach and the services delivered via the model. Cadent will use the 12-month project to offer services to customers living in vulnerable situations across all 4 of its distribution networks. The approach of delivering services based on the needs of customers, as assessed by industry experts, will give Cadent a clearer understanding of customer's needs by geographic area, as well as which service(s) offer greater social value. This learning can then be applied to future VCMA projects across the price control.</p>
<p>Why the Project is Being Funded Through the VCMA</p>	<p>Cadent has elected to fund this project through the VCMA, as the services and method of delivery go beyond its business-as-usual activities funded by other price control mechanisms. The project also stands to support customers living in vulnerable situations as well as giving carbon monoxide advice.</p> <p>The project also offers Cadent the chance to trial an innovative approach, that if successful, could be adopted by all GDNs through collaboration. We feel that this project, once tested, has the potential to benefit customers living in vulnerable situations across all distribution networks and could form part of a GDN's core activities for supporting its customers.</p> <p>The project will deliver a positive social return on investment and will allow the opportunity to gather more insight and intelligence throughout the 12-months. We will apply expertly analysed industry proxies and assumptions when evaluating the project's social return on investment. Using these proxies and assumptions as part of a forecast, we predict a positive social return on investment - see below section.</p>

	<p>Finally, we have recognised through previously delivered customer vulnerability projects that support with home energy efficiency, income maximisation and the use of safe gas appliances is needed now more than ever. Covid-19 has impacted both customers who were already struggling and has created a new demographic of customers living in a vulnerable situation as a direct result of the pandemic.</p> <p>This newly created group customers has also been identified by our strategic partners and experts in this area. This project has the potential to help lift customers out of fuel poverty, through the delivery of energy efficiency and income maximisation advice. The project will also help protect customers against the dangers of carbon monoxide through the repair, replacement, and servicing of essential gas appliances.</p>
<p>Evidence of Stakeholder/Customer Support</p>	<p>Cadent has conducted extensive stakeholder and customer feedback to shape our strategy for supporting customers living in vulnerable situations in RIIO-GD2.</p> <p>We implemented 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.</p> <p>To further shape our approach, we engaged with 19 charities who specialised in supporting customers living in a wide range of vulnerabilities. These discussions helped Cadent understand the different considerations required when engaging customers living in vulnerable situations and also helped us recognised the importance of working in partnership with trusted experts. This supported our decision to work with National Energy Action who have a strong track record of supporting customers living in fuel poverty.</p> <p>Focussing on this project's unique approach, we undertook acceptability testing interviews with respected stakeholders including Citizens Advice, Gas Safe Trust, Trussell Trust food banks, national fire and rescue services and recognised fuel poverty charities. Cadent received widespread positive feedback on the One-Number model, particularly for its ability to maximise our engineer's privileged position of entering into the homes of thousands of customers each year.</p> <p>Having worked with NEA on the previous iteration of this project between 11/01/2021 - 31/03/2021, we</p>

	have been able to clearly demonstrate the value, reach and need the services.
Information Required	Description
Outcomes, Associated Actions and Success Criteria	<p>Customers living in vulnerable situations who stand to benefit from the project's services will be identified through Cadent engineers, customer teams, sub-contractors, strategic partners, and NEA's other activities. Individuals from all of these stakeholders will refer into the NEA.</p> <p>Although all referrees will be vigilant to a wide range of vulnerabilities (as NEA will refer customers to other trusted partners such as Step Change and Citizens Advice if not related to energy safeguarding), employees will mainly refer customers at risk of exposure to carbon monoxide and/or living in fuel poverty.</p> <p>All customers that are referred will go through and eligibility criteria check as per Ofgem's guidelines and existing criteria.</p> <p>Based on trends from past initiatives and trialling this approach previously on a smaller scale, we reasonably expect the following number of outcomes to be delivered to customers living in vulnerable situations:</p> <ul style="list-style-type: none"> • Approximately 600 customers offered in-home energy efficiency advice, • Over 100 customers will receive support with income maximisation and benefit entitlement checks. • Over 100 essential gas appliances will be serviced in the homes of customers living in vulnerable situations. • Approximately 60 essential gas appliances repair/replaced in the homes of customers living in vulnerable situations. <p>Cadent and NEA will take the following associated actions in order to ensure these outcomes are delivered:</p> <ul style="list-style-type: none"> • Make use of innovative social mapping tools to ensure that the customers offered the advice on in-home energy efficiency and benefit entitlement stand most to benefit and gain the most value from the services, • Cadent will ensure effective comms across its operations to ensure that no opportunity is

	<p>missed to refer a willing, eligible customer into NEA, when entering into their home for planned/emergency gas works.</p> <ul style="list-style-type: none"> • Cadent will ensure accurate, effective, and safe data capture throughout the referral and service delivery process in order to calculate social return on investment. • NEA will utilise trained and expert staff to offer in-depth, accurate and reliable energy efficiency advice to customers referred into the project. • NEA will coordinate a network of highly skilled, safe and knowledgeable subcontractors to deliver gas appliance repair, replacement and servicing work in the homes of customers referred into the project. <p>One of the main measures of success for the project will be in demonstrating a positive social return on investment. Cadent have been able to forecast a positive SROI based on recent project evaluation work completed by SIA Partners. This work has enabled Cadent to assign a proxy for gross present value to each service offered by NEA.</p>
<p>Project Partners and Third Parties Involved</p>	<p>For this initiative, project partners can be divided into two categories.</p> <p>Firstly, our principal partner will be National Energy Action (NEA) who will be responsible for receiving, understanding, and processing all referrals of customers living in vulnerable situations.</p> <p>NEA will either retain the customer and deliver services directly (such as energy efficiency advice and benefit entitlement checks) or employ a trusted sub-contractor to deliver gas appliance work.</p> <p>Secondly, Cadent will co-ordinate selected key strategic partners that support some of the most vulnerable, fuel poor homes across its footprint. These partners will be encouraged to refer customers living in vulnerable situations into NEA for services such as energy efficiency and income maximisation advice.</p> <p>Use of strategic partners will be in line with the latest VCMA governance document and an agreement is in place with NEA to ensure the governance is applied correctly when processing referrals.</p> <p>Finally, Cadent will encourage NEA to introduce referred customers to wider welfare services (such as mental health, hoarding and financial poverty</p>

	<p>organisations), dependent on the customer's needs. Cadent will not use its VCMA to fund these downstream referrals, but we recognise that wider support should be offered to the customer.</p>
<p>Potential for New Learning</p>	<p>The further testing of the One-Number referrals approach across all 4 Cadent networks has the potential to provide new learning. This project will allow us to understand whether this model is a suitable method for delivering a number of our ambitious services across the GD2 price control.</p> <p>This project will also allow Cadent to further understand what services are most essential to support customers living in vulnerable situations. This is due to the structure of the project, whereby NEA deliver services based on customer need, and not on targets set by Cadent.</p> <p>Finally, the project will help Cadent shape how we engage customers living in vulnerable situations in future VCMA projects. For instance, the project should give real insight on whether customers feel comfortable to be referred by our field force in person, or whether a "softer" approach is preferred by customers.</p> <p>Our ambition is to first test this project on a Cadent specific scale, capturing key learnings from across the 12-months.</p> <p>We would then utilise our collaborative VCMA fund to expand the project with other GDNs to benefit customers across all four GDN's networks.</p>
<p>Scale of VCMA Project and SROI Calculations</p>	<p><u>Project Scale</u></p> <p>We believe a 12-month sample size will allow an in-depth indication into the needs of individual groups of customers within each Cadent network, expected volumes for future projects and any geographical discrepancies that we will need to consider for future VCMA projects.</p> <p>We also believe the £225,148.32 investment demonstrates effective spend of Cadent's VCMA, as approximately 876 customers will be supported with detailed, in-depth advice and/or essential gas appliance works.</p> <p><u>Social Return on Investment Calculations</u></p> <ul style="list-style-type: none"> • Forecasted net social return on investment (5-years) = £247,882.79 • Total project investment = £225,148.32

- Total 5-year gross present value created by the project = £473,031.11
- Total 5-year gross present value created by the issuing of home energy advice = £92,193.96
- Total 5-year gross present value created by supporting customers with income maximisation and benefits entitlement checks = £185,447.88
- Total 5-year gross present value created by repairing/replacing essential gas appliances = £195,389.27

The issuing of home energy advice

Cadent and NEA employed SIA Partners to evaluate the 5-year gross present value created by the individual energy advice topics to be offered through this project.

Customers referred into NEA will receive advice on one/a number of the below topics dependent on their needs. As such, the project's SROI forecast places assumptions on the number of customers that will receive support with each topic.

SIA Partners utilised actual historic NEA data, industry averages and the DNO proxy bank to calculate the below 5-year gross present values:

Trust fund support (fuel related)

5-year gross present value = £822.84

Number/percentage of customers forecasted to receive support = 6 customers/1.07%

5-year gross present value = £4,937.04

ECO availability and measures

5-year gross present value = £803.38

Number/percentage of customers forecasted to receive support = 10 customers/1.6%

5-year gross present value = £8,033.80

Loft/cavity wall insulation

5-year gross present value = £620.04

Number/percentage of customers forecasted to receive support = 2 customers/0.3%

5-year gross present value = £1,240.08

Water debt managed

5-year gross present value = £543.05

Number/percentage of customers forecasted to receive support = 2 customers/0.27%
5-year gross present value = £1,086.10

Efficient use of appliances and behaviours
5-year gross present value = £367.77
Number/percentage of customers forecasted to receive support = 8 customers/1.34%
5-year gross present value = £2,942.16

Heating and hot water controls
5-year gross present value = £332.33
Number/percentage of customers forecasted to receive support = 8 customers/1.34%
5-year gross present value = £2,658.64

Switching tariffs/fuel payment options
5-year gross present value = £223.36
Number/percentage of customers forecasted to receive support = 43 customers/7.24%
5-year gross present value = £9,604.48

Condensation/dampness support
5-year gross present value = £183.82
Number/percentage of customers forecasted to receive support = 64 customers/10.73%
5-year gross present value = £11,764.48

Water social tariffs/advice
5-year gross present value = £172.70
Number/percentage of customers forecasted to receive support = 8 customers/1.34%
5-year gross present value = £1,381.60

Fuel debt managed/payment plan
5-year gross present value = £156.55
Number/percentage of customers forecasted to receive support = 24 customers/4.02%
5-year gross present value = £3,757.20

Priority Services Register
5-year gross present value = £143.89
Number/percentage of customers forecasted to receive support = 143 customers/23.89%
5-year gross present value = £20,576.27

Warm Homes Discount
5-year gross present value = £140
Number/percentage of customers forecasted to receive support = 140 customers/23.35%
5-year gross present value = £19,600.00

SMART meters and associated equipment
5-year gross present value = £32.71
Number/percentage of customers forecasted to receive support = 141 customers/23.48%

5-year gross present value = £4,612.11

Supporting customers with income maximisation

The One Number Referrals scheme will also enable Cadent's engineers, partners, and 3rd parties to refer customers into the NEA for income maximisation and benefit entitlement checks.

NEA will dedicate an expert team of claim handlers to support households, ensuring that applications are made for all unclaimed benefits/incomes.

As part of the smaller 12-week trial between January 2021 - March 2021, SIA Partners worked with NEA to understand the average realised income that could be forecasted as a gross present value.

Based on SIA Partner's analysis, Cadent is placing a proxy of £1717.11 in gross present value for each customer that receives income maximisation/benefit entitlement checks services through this project.

We have forecasted that 108 customers will receive this service, equating to a total gross present value of £185,447.88.

Repairing/replacing essential gas appliances

Customers referred into the project will also be able to benefit from fully funded repairs/replacements to their essential gas appliances following a Cadent engineer's visit to condemn/isolate supply.

Evaluations conducted by SIA Partners as part of Cadent's RIIO-GD2 business plan formation analysed the social value created by repairing/replacing essential gas appliances that are used as sources of heat, e.g. gas fires and gas central heating systems.

SIA Partners divided the social benefits of repairing/replacing these appliances into the following categories:

- Avoided deaths caused by CO;
- Avoided long-term hospital stays;
- Cost of time off work due to injury;
- Reduced risk of illness through living in a warm home;
- Reduce risk of excess winter death through living in a warm home;
- Energy bill savings;

	<p>Customers referred into the project will be able to benefit from /replacement repairs to essential gas appliances that are not a source of heat (e.g. gas cooker, hobs etc.).</p> <p>As such, Cadent have factored in an assumption that 50% of all appliances repaired/replaced through this project will either be gas fires or gas central heating systems.</p> <p>We forecast that a total of 60 customers will receive support with essential gas appliance servicing through this project - meaning that 30 households will require repair/replacements to essential gas appliances that are sources of heat.</p> <p>Based on SIA Partner's analysis, we forecast that 30 essential gas appliance repairs/replacements will create the following gross present value:</p> <ul style="list-style-type: none"> • Avoided deaths caused by CO = £313 • Avoided long-term hospital stays = £3.71 • Cost of time off work due to injury = £0.29 • Reduced risk of illness through living in a warm home = £2,024.64 • Reduce risk of excess winter death through living in a warm home = £176,727 • Energy bill savings = £16,320.00 <p>This creates a total gross present value of £195,389.27.</p>
<p>VCMA Project Start and End Date</p>	<p>Project start date: 01/04/2021 Project end date: 31/03/2022</p>
<p>Geographical Area</p>	<p>The 3-month pilot would take place across all 4 of Cadent's networks:</p> <ul style="list-style-type: none"> • Eastern • North West • West Midlands • North London <p>Social mapping within each network will be used to identify areas of particular need for advice services on energy efficiency and income maximisation.</p>
<p>Remaining Amount in the Allowance at Time of Registration</p>	<p>N/A at this time</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: 23/03/2021	Review Completed By: Edward Allard
Stage 2: Sustainability and Social Purpose Team Management Review	
Date Management Review Completed: 29/03/2021	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: 28/03/22	
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	