

Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA)

Cadent and Rural Community Council Warm, Optimistic, Well ("WOW")
Partnership

Emma Turnbull Safeguarding Technical Support October 2022 Updated July 2024



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



N/A

Section 1 - Eligibility criteria for company specific projects (other than condemned essential gas appliance repair and replacement)				
In orde	er 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		
,	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		
	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		
	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				
	er 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		

Gas Network Vulnerability and Carbon Monoxide Allowance (VCMA) Governance Document - Project Registration Table 2

c) Involve two, or more, gas distribution companies.

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Information Required	Description Your Gas Network
Project Title	Cadent and Rural Community Council Warm, Optimistic, Well ("WOW") Partnership
Funding GDN(s)	Cadent - East Midlands Network
New/ Updated	Updated July 2024
Role of GDN(s) *For Collaborative VCMA Projects only	Not applicable - Cadent-specific project
Date of PEA Submission	October 2022 (Original) July 2024 (Updated)
VCMA Project Contact Name, email and Number	Name: Phil Burrows Position: Customer Vulnerability Social Programmes Delivery Manager Email: phil.m.burrows@cadentgas.com Phone: 07773 545451
Total Cost (£k)	Original costs Partner Costs = £127,113.00 Supporting Materials Cost = £705.39
	Updated January 2024 Partner Costs = £130,990.50* Supporting Materials Costs = £705.39* Project management costs = £5,267.84*
	*PC Increased by £3,000 in July 2023 as an ancillary fund to support printing of key materials and resources. *PC costs increased by £877.50 in December 2023 to fund storage costs of slow cookers. *PM costs increased by £5,267.84 for project management costs.
	Updated July 2024 Partner Costs = £339,342.50* Supporting Materials Costs = £3,705.39* Project Management costs = £13,721.91*
	*PC increased by £208,352 to extend the running of the project for an additional 18-months *SM costs increased by £3,000 for the distribution of up to 100 slow cookers over the course of the project extension. *PM costs increased by £8,454.07
Total VCMA Funding Required	£128,524.78 (Original)
(£k)	£356,769.80 (Updated)
Problem(s)	Rural Fuel Poverty
	There is a common assumption that rural communities are better off, healthier, and generally more privileged places to live than more urban larger towns and cities. For many in rural areas this is true, but there are also significant pockets of deprivation, fuel poverty, and disadvantage hidden within communities.
	For those facing disadvantage of any kind in rural areas, factors such as geographic and social isolation, unemployment and under-employment, poor connectivity, older and less diverse populations, and sparsity of services and facilities not only

worsen the issues they face, but also create bigger barriers to overcoming them.

Your Gas Network

People living in rural areas are more likely to face issues such as loneliness, isolation, digital isolation, poor mental wellbeing, suicide, unemployment, deprivation and the decline of valuable rural facilities and services.

Keeping rural homes warm, comfortable, and safe has become increasingly difficult as the cost of fuel, energy, and the overall cost of living has risen so sharply. Analysis by National Energy Action shows that the fuel poverty gap (the extra income needed to remove a household from fuel poverty) across rural households is more than 2.5 times that of more urban equivalents.

The latest government fuel poverty statistics also highlight the challenges faced by rural households. For instance, the government statistics report that rural households spend an average of £2,319 per/annum (2022 data) on fuel and have an average fuel poverty gap of £956.

The project aims to tackle rural fuel poverty by offering previously difficult to reach customers information and practical tips on how to heat their homes more efficiently. The project will also support customers to increase their household income through raising awareness on the affordability benefits of slow cooking and will provide free, inclusive community activities.

Loneliness and Isolation

Customers living in rural communities can be at an increased risk of experiencing loneliness due to a number of factors including:

- Limited public transport networks.
- Poor quality broadband and a digital divide.
- Support services can be more expensive when compared to urban equivalents.

Recent government statistics also support the hypothesis that a large number of customers face feelings of loneliness. According to a 12019/2020 survey, approximately 3,000,000 people in England stated that they felt lonely often or all of the time. Furthermore, older age groups can be at an increased risk of experiencing loneliness. For instance, 40% of 65- to 74-year-olds reported experiencing feelings of loneliness at frequencies from "occasionally" to "always".

Finally, research shows that feeling lonely for a long time can increase the risk of many physical and mental health conditions, even to levels above other risk factors such as smoking and being overweight. WebMD reports similar issues associated with having a pessimistic outlook including depression, low self-esteem, and a weakened immune system.

As well as creating a mechanism for rural households to access expert energy efficiency and safety advice, the project will also offer residents activities designed to promote social interaction and togetherness.

¹ https://www.gov.uk/government/statistics/community-life-survey-202021-wellbeing-and-loneliness/wellbeing-and-loneliness-community-life-survey-

^{202021#:~:}text=Overall%20in%202020%2F21%3A,%2F19%20and%202019%2F20.

Risk of exposure to carbon monoxide and levels of deprivation

Around 40 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.

Increased risk of carbon monoxide poisoning due to factors like having less money available to cover regular servicing of gas appliances or being more reliant on burning solid fuel to heat rooms.

Updated July 2024

The WOW project has now been successfully running for nearly two years and in that time the team have accessed several different rural community projects providing a wealth of knowledge and expertise to benefit those communities. From these case studies, we have identified a real need in the rural areas that they are covering and feel the learnings from the last 18-months has allowed the project to reflect real change on people's lives. For this reason, we are happy to be extending this project for a further 18-months.

Scope and Objectives

Project Scope

This project is aimed at encouraging low income and hard to reach families to participate in activities, allowing them to access support in an innovative and inclusive manner.

Cadent will provide funding to Rural Coffee Connect (RCC) to enable the design, management, and delivery of three subprojects:

- WOW Connect = RCC will utilise a mobile coffee vehicle to deliver community activities across four locations per week in Leicestershire and Rutland. The coffee van will provide a safe and friendly base for outreach work where people can enjoy a coffee, chat, and build connections in their community.
- WOW Hubs = RCC will engage with community venues across the project area, to secure buildings that will act as a base for outreach work, and also provide a safe warm space for residents to connect with their community.
- 3. WOW Resources = RCC will design and create a repository of information designed to help WOW clients to alleviate fuel poverty. The resource bank will include a WOW webpage, information sheets, self-help resources, a WOW Directory and practical resources.

Project Objectives

The project aims to meet the following objectives, against which success will be quantified:

 The project will support 2000 individuals using the Coffee van and WOW hubs.

- The project will create 48 wow hubs across the rural communities engaged through the programmagisGas Network activities.
- The project will recruit and train 48 WOW ambassadors (1 or 2 per community) over the project. WOW ambassadors will take the form of volunteers that have been upskilled to provide important affordable warmth information.
- The project will distribute 200 CO alarms to customers in vulnerable situations across the duration of the project.
- The project will provide gas safety and carbon monoxide awareness through the mechanism of the WOW Connect and WOW Hubs.
- The project will provide energy saving advice through the use of WOW Connect and WOW Hubs.
- The project will provide support on wider wellbeing and health topics to customers engaged through the WOW Connect and WOW Hubs.
- The project will promote the PSR and encourage sign ups to 2000 people.

As well as meeting the above objectives and quantitative forecast, the project also aims to achieve the following positive indicators:

- Customers report improved senses of wellbeing and togetherness through participating in WOW Connect and WOW hub events.
- Customers report improvements in their levels of comfort due to being able to heat their homes to a healthier temperature. This will be achieved through reducing attendee's reliance on their home's heating system and improving knowledge of energy efficiency techniques.

Why the Project is Being Funded Through the VCMA

We believe this project meets all of the company specific VCMA criteria:

a. Have a positive, or a forecasted positive, Social Return on Investment (SROI) including for the gas consumers funding the VCMA Project.

Due to our understanding on social value and experience from previous partnerships, we believe this project has the deliverables necessary to create a positive social return on investment - see the below section for more details.

- b. Either:
- 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.

 This project meets all three criteria on this point, as customers will receive support with energy/financial advice and carbon monoxide safety.

	c. Have defined outcomes and the associated actions to achieve these. 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. d. Go beyond activities that are funded through other price control mechanisms or required through other licence obligations. This project innovatively delivers support to customers in a method that goes beyond other price control activities and licence obligations. e. Not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved or local) funding. 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.	
Evidence of Stakeholder/Customer Support	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. Cadent obtained stakeholder feedback on categories of activities from 2021-2022 VCMA delivery (e.g., tackling affordability and fuel poverty, protecting our customers from the dangers of carbon monoxide etc.). The Warm, Optimistic, Well project offers support to alleviate fuel poverty, reduce the risk of harm caused by CO, and identify customers' needs/join up support services. 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. Cadent has recognised this stakeholder feedback and has supported various affordability and fuel poverty projects like the RCC partnership. Concerning specific projects, both customers and stakeholders supported increased investment in community projects that tackle loneliness and isolation. For instance, 70% of stakeholders and 57% of customers supported an increase in funding for Warm Spaces and community venue projects. A customer aged >70 commented " Some interaction is vital for	
Information Required Outcomes, Associated Actions and Success Criteria	people on their own - giving them a safe and warm place to meet up is vital for many people's mental health" Description Project outcomes Utilising Cadent's funding, RCC will aim to deliver the following outcomes:	
	outcomes:	

Project attendees will have the opportunity to access activities helping wellbeing and also tackle loneliness network and isolation.

- Residents will be provided with gas safety and carbon monoxide awareness and will also be offered the opportunity to access free carbon monoxide alarms (on an individual needs basis).
- WOW Connect and WOW Hub attendees will be provided with energy saving advice (e.g., practical tips on how to use their appliances more efficiently).
- The project will reach approximately 2,000 individuals across the two-year project.

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

- Rural households supported through the project will report increased levels of comfort due to being able to afford and have the knowledge to heat their home to a healthy temperature.
- Customers supported through the project will report an improved sense of wellbeing through feeling less lonely.

Associated Actions

Cadent and RCC will perform the following associated actions in order to achieve the Warm, Optimistic, Welcome project outcomes and success criteria:

- Cadent will provide RCC with the necessary funding, approved educational materials (e.g., energy efficiency, PSR, and carbon monoxide), and training to ensure that all information disseminated through the project is informative and accurate.
- RCC will conduct an eight-week period of stakeholder engagement, research, and social mapping to understand the needs of communities and identify potential WOW Connect and WOW Hubs venues.
- RCC will operate the WOW Connect coffee vehicle on a four day per/week basis, providing a safe and friendly base for outreach work with previously difficult to engage customers.
- RCC will create 48 WOW Hubs across Leicestershire and Rutland. These buildings will act as a base for outreach work and will provide a safe, warm space for customers to access support and connect with their community.

Success Criteria

Cadent will work collaboratively with Rural Coffee Connect to capture data throughout the duration of the 24 months project. This data will help all parities understand whether the following success criteria has been met.

 The project will realise a positive social return on investment - see below section for more details. 2,000 individuals to take part in activities that may help improve their mental wellbeing over the 24-months Network programme

- 2,000 individuals will receive information on carbon monoxide safety and the Priority Services Register.
- Free carbon monoxide alarms will be distributed to 200 households on a needs basis. Need will be assessed on factors such as a household's ability to purchase an alarm through their own financial means, customer awareness levels, and property fuel types.
- 200 individuals will receive information on energy efficiency and practical tips to alleviate fuel poverty.

Cadent and RCC will also measure customers' attitudes towards the positive indicators listed in the Project Outcomes section of this document (e.g., residents supported through the project will report an improved sense of wellbeing through feeling less lonely).

Finally, Cadent will evaluate a positive social return on investment on the VCMA funding invested in the Warm, Optimistic, Welcome project.

Updated January 2024

Cadent will provide RCC funding of £3,000 as an ancillary fund to support printing of key materials and resources as well as an additional £877.50 for the storage of the slow cookers.

Updated July 2024

WOW will continue to provide their services based on the successful implementation by their team over the past 18 months, with a few minor amendments to the service using past learnings, these include;

- WOW Hub Session booked and hosted by the team and based around their Barista Coffee Van, held in communities that lack social spaces.
- WOW Outreach Sessions sessions held in existing social groups or events and services can be accessed easily.

Success Criteria

Building on the success that the team have already delivered during the past two years, the team will now deliver an additional target of:

- Deliver 300 WOW Connect sessions
- Visit 50 different communities
- Host 120 WOW Hub sessions
- Visit 50 different groups or events
- Connect with 1,500 different people

The WOW team will focus conversations on the following topic areas:

- Fuel Poverty and saving money on household bills
 - CO Safety
 - PSR
 - Pension Credits & other forms of financial support

	Caden
	Loneliness and mental wellbeing Your Gas Network The state of t
	Success Criteria
	 1,500 conversations about saving on bills and affordable warmth 1,375 conversations about CO awareness and alarms 1,275 conversations about to the PSR 225 sign ups to the PSR 375 conversations about pension credits and other forms of financial support/benefits Distribute 1,000 WOW information packs Key work cases with at least 300 people 150 CO alarms distributed
	150 onward referrals to other agencies and/or groups
Project Partners and Third Parties Involved	Cadent will principally work in partnership with Leicestershire based rural communities' charity - Rural Coffee Connect.
	As part of the project, Rural Coffee Connect will be encouraged to utilise their network of existing partners to offer additional services based on the needs of the customers identified.
Potential for New Learning	We believe that this project offers Cadent the opportunity for new learning in various areas.
	Firstly, much of the research and data on the cost-of-living crisis focusses on the impacts felt by urban communities. Cadent and RCC 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.
	Secondly, Cadent funded several projects that supported rural communities in 2021-2022. The decision to fund the partnership with RCC in 2022-2024 will offer Cadent a comparison on customers' needs. For instance, the 2021-2022 projects were launched in the immediate aftermath of the pandemic and looked to tackle loneliness and isolation that was exacerbated by months of lockdown. The vast majority of Covid-19 restrictions have lifted and Cadent wants to understand if there is still a need for activities that tackle loneliness now that communities face the new challenge of the cost-of-living crisis.
Scale of VCMA Project and SROI Calculations	Project scale
ONOI Galculations	The project will be delivered in the Leicestershire and Rutland area of Cadent's East Midlands network across a two-year duration.
	The Warm, Optimistic, Welcome project aims to reach an audience of 2,000 individuals with information on energy efficiency, carbon monoxide safety, and PSR.
	SROI Summary - Original
	Investment = £127,819.39 5-year gross social return on investment = £337,596.00 1-year gross social return on investment = £67,519.20 5-year net present value = £209,776.61 1-year net present value = £41,995.32



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 one-to-five-year average gross present values that incorporate financial, environmental, and societal benefits of VCMA activities.

<u>Gross present value created through tackling loneliness and isolation</u>

As referenced in the Problem(s) section of this document, rural communities can be at an increased risk of experiencing loneliness, particularly residents from older age groups.

A ²2017 London School of Economics research paper reported that the cost to individuals, their families, and society that arises from loneliness related poor health could be estimated conservatively at £6000 in older people. This figure was across a 10-year period and equates to an annual cost of £600.

Age UK's ³2018 Rural Ageing (England) report found that 24.3% of England's rural population are aged 65 and over.

Rural England's 2016 research project reports that 10.5% of residents aged 65 and over report feelings of loneliness.

The Warm, Optimistic, Welcome project to reach approximately 2,000 individuals over the two-year duration of the project, 24.3% of which will be aged 65 and over. This equates to 486 individuals.

10.5% of the individuals will have experienced feelings of loneliness based on Rural England's research. This translates to a total of 51.03 people.

The Warm, Optimistic, Welcome project will run for a period of two years, and as such, Cadent can point to £1,200 per customer (£600 per/annum x two years) in monetary benefit. This equates to a total gross present value of £61,236.00

<u>5-year gross present value of supporting customers to use their appliances more efficiently</u>

Cadent's work with SIA Partners calculated an average 5-year gross present value of £367.77 per efficient use of appliances and behaviours conversation. This value is based on a number of factors including average savings from Energy Savings Trust, reductions in negative impacts of cold weather on customer's health, and carbon emissions savings.

Although there will be some face-to-face conversations, the vast majority of advice will be delivered through printed literature. Therefore, Cadent has modified the retention rate of the social value proxy to account for information being distributed through leaflets, rather than face to face conversations.

Cadent has applied a retention rate of 20% based on past VCMA projects that were delivered in partnership with expert advertising agencies. The expert agencies were able to provide

² https://www.lse.ac.uk/business/consulting/assets/documents/making-the-economic-case-for-investing-in-actions-to-prevent-and-or-tackle-loneliness-a-systematic-review.pdf

prevent-and-or-tackle-loneliness-a-systematic-review.pdf ³ https://www.ageuk.org.uk/globalassets/age-uk/documents/policy-positions/housing-and-homes/ppp rural ageing uk.pdf

insight on the retention rates of a range of communication channels.

Your Gas Network

Advice on efficient use of appliances and behaviours will be delivered to 2,000 individuals over the duration of the project. This equates to a 5-year gross present value of £735,540.00 applying the high face to face retention rate. Through applying a 20% retention rate for printed literature, Cadent has calculated a 5-year gross present value of £147,108.

5-year gross present value of providing customers with affordable warmth advice

Cadent's work with SIA Partners calculated an average 5-year gross present value of £332.33 per heating and hot water controls conversation. This value is based on a number of factors including Energy Saving Trust data, reductions in negative impacts of cold weather on customers' health, and reduced pressure on the NHS when treating cold related illness.

Although there will be some face-to-face conversations, the vast majority of advice will be delivered through printed literature. Therefore, Cadent has modified the retention rate of the social value proxy to account for information being distributed through leaflets, rather than face to face conversations.

Cadent has applied a retention rate of 20% based on past VCMA projects that were delivered in partnership with expert advertising agencies. The expert agencies were able to provide insight on the retention rates of a range of communication channels.

Advice on affordable warmth will be delivered to 2,000 individuals over the duration of the project. This equates to a 5-year gross present value of £664,660.00 applying the high face to face retention rate. Through applying a 20% retention rate for printed literature, Cadent has calculated a 5-year gross present value of £132,932.00

5-year gross present value from assisting customers to register to the PSR

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.

Although some customers may be supported to register to the PSR in person, the majority of clients will receive printed literature signposting them to register to the PSR. Therefore, Cadent has modified the retention rate of the social value proxy to account for information being distributed through leaflets, rather than face to face conversations.

Cadent has applied a retention rate of 20% based on past VCMA projects that were delivered in partnership with expert advertising agencies. The expert agencies were able to provide insight on the retention rates of a range of communication channels.

Information on the benefits of the PSR and the process for registration will be delivered to 2,000 households over the duration of the project. This equates to a 5-year gross present value of £287,780.00 applying the success rate of SIA Partner's calculations. Through applying a 20% success rate, Cadent has calculated a 5-year gross present value of £57,556.

	It is worth noting that the SROI is less than that typically as Network attained through another of our initiatives, Centres for Warmth (C4W). This is largely due to the fact that the C4Ws work well where footfall is high, and communities engage well with existing centres offering alternative support and spaces to use. It can be more difficult to get to customers living in vulnerable situations in rural areas, and naturally the average reach (of customers) in rural areas is much less, yet the cost of establishing a centre / mobile centre is pretty fixed. It is important that we support a wide range of customers living in fuel poverty and other vulnerable situations through our VCMA funded projects, hence the approach here. SROI Summary – updated July 2024 Investment = £357,504.45 5-year gross social return on investment = £2,213,205.55 1-year gross social return on investment = £442,641.11 5-year net present value = £1,855,701.10 1-year net present value = £371,140.22
VCMA Project Start and End Date	Project start date: 01/10/2022 Project end date: 01/10/2024 Updated: Project end date: 31/03/2026
Geographical Area	Areas of Leicestershire and Rutland situated on Cadent's East Midlands networks.

Gas Network Vulnerability and Carbon Monoxide Allowance (VCMA) Governance Document - PEA Control Table

October 2022 (Original)

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 PEA Peer Review		
Date Immediate Team Peer Review Completed: December 2022	Review Completed By: Edward Allard - Social Programmes Manager	
Stage 2: Sustainability and Social Purpose management Review		
Date Management Review Completed: 16/03/23	Review Completed By: Phil Burrows	
Step 3: Director of Sustainability and Social Purpose Sign-Off: Mark Belmega		
Director of Sustainability and Social Purpose Sign-Off Date: 16/03/23		



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

July 2024 (Updated)

Stage 1: Sustainability and Social Purpose PEA Peer Review			
Date Immediate Team Peer Review Completed: 07/08/2024	Review Completed By: Gemma Norton		
Stage 2: Sustainability and Social Purpose management Review			
Date Management Review Completed: 19/07/2024	Review Completed By: Gurvinder Dosanjh		
Step 3: Director of Sustainability and Social Purpose Sign-Off: Mark Belmega			
Director of Sustainability and Social Purpose Sign-Off Date: 07/08/2024			
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: August 2024			
Date that Notification Email Sent to Ofgem: August 2024			