

# Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA)

*Centres for Warmth*

*Intact - Restoring Reassurance by Building Financial resilience and capabilities*

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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>
a) Have a positive, or forecasted positive Social Return on Investment (SROI), including for the gas consumers funding the VCMA project;	<b>Yes</b>
b) Either: <ul style="list-style-type: none"> <li>i. Provide support to consumers in vulnerable situations, and relate to energy safeguarding, or</li> <li>ii. Provide awareness on the dangers of CO, or</li> <li>iii. Reduce the risk of harm caused by CO;</li> </ul>	<b>Yes</b>
c) Have defined outcomes and the associated actions to achieve these;	<b>Yes</b>
d) Go beyond activities that are funded through other price control mechanism(s) or required through licence obligations; and	<b>Yes</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>Yes</b>
<b>Section 2 - Eligibility criteria for company specific essential gas appliance servicing, repair and replacement projects</b>	
In order to qualify as a VCMA project, unsafe pipework and essential gas appliance servicing, repair or replacement must meet the following criteria:	
a) A GDN has to isolate and condemn unsafe pipework or an essential gas appliance following a supply interruption or as part of its emergency service role;	<b>Not Applicable</b>
b) The household cannot afford to service, repair or replace the unsafe pipework or essential gas appliance; and;	<b>Not Applicable</b>
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.	<b>Not Applicable</b>
<b>Section 3 - Eligibility criteria for collaborative VCMA projects</b>	
In order to qualify as a collaborative VCMA project, a project must:	
a) Meet the above company specific and boiler repair and replace (if applicable) project eligibility criteria;	<b>Not Applicable</b>
b) Have the potential to benefit consumers on the participating networks; and	<b>Not Applicable</b>
c) Involve two, or more, gas distribution companies.	<b>Not Applicable</b>

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

Information Required	Description
<b>Project Title</b>	Intact - Centre for Warmth
<b>Funding GDN(s)</b>	Cadent company - Specific project
<b>Role of GDN(s) *For Collaborative VCMA Projects only</b>	Not applicable
<b>Date of PEA Submission</b>	January 2023
<b>VCMA Project Contact Name, email and Number</b>	Name: Phil Burrows Title: Head of Customer Vulnerability Social Programme Delivery Email: <a href="mailto:Phil.m.burrows@cadentgas.com">Phil.m.burrows@cadentgas.com</a> Number: 07773 545451
<b>Total Cost (£k)</b>	Centre Costs: £140,000.00 Carbon Monoxide Alarm Costs: £5,200.00 (400 x alarms) Slow Cookers: 160 = £3,922.08 (Small Slow Cookers £18.98 x 60 Slow Cookers Large 27.84 x 100)  Total VCMA funding: £149,122.08
<b>Total VCMA Funding Required (£k)</b>	£149,122.08
<b>Problem(s)</b>	<p>Ingol is an area located on Cadent's North West network and is in one of the highest areas of deprivation. Ingol has a population of 7,369 and is in the top 7% most deprived postcodes in England. High levels of deprivation are usually linked to much wider issues such as financial adversity, increased carbon monoxide risk, fuel poverty and fuel debt.</p> <p><u>Fuel Poverty</u>  <sup>1</sup>14.6% of households in the Lancashire area are living in fuel poverty according to a Lancashire County Council report. Statistics from the Ingol Ward profile in 2017 show 37% of Ignol households are in social housing and Ignol has 13.8% lower than average income. People living in fuel poverty are more likely to be unemployed and on a lower household income. As a result, quality of life decreases due to houses being poorly insulated. This puts lives in danger, as homeowners cannot afford to have their gas appliances serviced regularly, so are unaware of any faults with their appliance or turn their heating down or completely off, causing houses to become damp and mould to form. This is a major problem as it increases the risk of conditions like respiratory issues, heart problems, high blood pressure and depression/anxiety. All of these conditions putting strain on front-line services as more seek medical attention.</p> <p><u>Fuel Debt</u>  Those facing fuel debt are more likely to be living in a low-income household. A quarter of households in Ignol depend on Tax credits according to statistics from the Ignol Ward Profile 2017. Due to the cost of living and fuel prices rising to a high, many households are</p>

<sup>1</sup> <https://www.lancashire.gov.uk/lancashire-insight/deprivation/fuel-poverty/>

	<p>finding themselves in unmanageable debt forcing them into a position where there is a choice between heating or eating.</p> <p><u>CO Education</u> Every year around 40 people die of carbon monoxide poisoning. An additional 4,000 people attend accident and emergency each year because of carbon monoxide poisoning. 2,000 people are left hospitalised.</p> <p>High fuel poverty and household debt can have significant impact on a customer's risk of exposure to the dangers of carbon monoxide. As there is a lack of awareness and understanding of carbon monoxide safety. Those in low-income households do not have sufficient income to have their gas appliances serviced regularly. Putting their lives at risk as they are oblivious to any faults with gas appliances and unaware of the serious harm Carbon Monoxide can cause.</p> <p><u>Mental health conditions</u> In 2022, the rises of fuel and cost of living has put a strain on many people's mental health. <sup>2</sup>The uncertainty caused by the cost of living has pushed money worries to the front of individuals minds. Often, those who are experiencing feelings of money worries, experience feelings of embarrassment and are unsure of how to access help. Increasing, levels of depression, anxiety and stress as individuals face difficult decisions about affordability. Consequently, this group become socially isolated and hinders people's ability to make decisions. Putting strain on front-line services.</p>
<p><b>Scope and Objectives</b></p>	<p><u>Project Scope</u> Cadent will provide Ignol and Tanterton Community Trust (Intact) with £149,122.08 VCMA funding to deliver a two-year project.</p> <p>The 2023-2025 agreement replicates other Centre for Warmth model, whereby specialist advisors are employed using VCMA funding.</p> <p>The centre will also provide essential information on carbon monoxide safety and energy efficiency advice. Offering 4 community events yearly, quarterly multi-agency drop-in programmes and monthly community outreach sessions.</p> <p>The project will be to fund two-full time posts, an energy/fuel poverty advisor, and an outreach/ events worker. These staff will support clients experiencing fuel poverty and hardship to maximise household income, reduce outgoings, build financial wellbeing and independence.</p> <p>The funding will enable Intact to continue to provide essential services to clients that need support now more than ever. Funding will help tackle increasing gas, electric and water bills allowing the centre to keep their doors open and support the vulnerable community.</p> <p><u>Project objectives</u> The following objectives are what Cadent will use to measure the success of the Centre for Warmth:</p> <p>The centre will reach approximately 3,125 clients across the initial 2-year period.</p> <ul style="list-style-type: none"> <li>• 300 clients supported to help write off their fuel debt.</li> </ul>

<sup>2</sup> <https://www.mentalhealthandmoneyadvice.org/en/managing-money/cost-of-living-crisis-and-your-mental-health/how-the-cost-of-living-crisis-might-affect-your-mental-health/>

	<ul style="list-style-type: none"> <li>• Support 300 clients to manage their fuel debt.</li> <li>• The centre will reach around 400 clients on Carbon Monoxide awareness and 400 audible Carbon Monoxide alarms.</li> <li>• The centre will reach around 450 with energy efficiency advice.</li> <li>• The centre will reach around 1,200 with energy advice.</li> <li>• The centre will reach around 300 with budgeting and money management advice.</li> <li>• The centre will reach around 3125 clients by raising awareness of the PSR and supporting 400 eligible households to register with the support from centre staff.</li> </ul> <p>The total reach of services = 3125 Total footfall through centre= 3750</p> <p>Centre Volunteers will reach around 625 clients, providing advice and awareness of carbon monoxide, energy efficiency, PSR, income maximisation and debt. Which is the difference between the total reach of services and footfall through the centre.</p>
<p><b>Why the Project is Being Funded Through the VCMA</b></p>	<p>Cadent believes this project meets all the Vulnerability and Carbon Monoxide Allowance eligibility criteria:</p> <p>a) Social Return on Investment (SROI) is forecasted to be positive. We believe that this project has the deliverables to create a positive SROI including for the gas consumers funding the VCMA project:</p> <p>The project delivers a positive forecasted return on investment based on achieving the target for registrations to the PSR and carbon monoxide education.</p> <p>b) The project will either:</p> <ol style="list-style-type: none"> <li>i. Provide support to consumers in vulnerable situations, and relate to energy safeguarding or,</li> <li>ii. Provide awareness of the dangers of CO, or</li> <li>iii. Reduce the risk of harm caused by CO</li> </ol> <p>The project meets all three elements of the criteria. Offering support to customers living in vulnerable situations through energy efficiency advice, carbon monoxide education.</p> <p>c) Project has defined outcomes and associated actions to achieve these:</p> <p>The project's defined outcomes have been agreed upon by Cadent and Intact following the service agreement. Further information can be found in the appropriate section below.</p> <p>d) The project goes beyond the activities funded through the price control mechanisms or required license obligations.</p> <p>This method of delivering support to customers living in vulnerable situations falls outside the scope of Cadent's BAU activities. This project utilises partnerships with community stakeholders to reach communities with Cadent messaging to benefit those customers who are difficult to reach.</p> <p>e) Not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved, or local) funding.</p>

	Delivered solely through Cadent's VCMA funding.
<b>Evidence of Stakeholder/Customer Support</b>	<p>The 'Restoring Reassurance by Building Financial resilience and capabilities' project at Ingol and Tantarion Community Trust (Intact) aims to offer those living in vulnerable situations support. Especially, single parent families, lower income households and those who suffer with mental health conditions.</p> <p>This project aims to help disadvantaged people who are on lower incomes, tax credits, food, and fuel insecurity.</p> <p><u>Intact's main strands of focus are:</u></p> <ol style="list-style-type: none"> <li>1. The Centre for Warmth partnership with Intact will enable Cadent to support fuel poor households in a holistic approach. Clients will receive a combination of services such as energy advice and benefit entitlement checks, all of which are designed to increase household income and help residents better manage their energy.</li> <li>2. To provide a service to ensure income maximisation, through benefit entitlement checks and effective budgeting advice. Making referrals to local councils, other agencies that administer crisis payments including provision of household items that will conserve or reduce energy consumption.</li> <li>3. To provide excellent community advice which will enhance and contribute to the quality of life to residents living in Ingol.</li> </ol> <p><u>Aims and Objectives</u></p> <ul style="list-style-type: none"> <li>• Tackling isolation, fuel poverty and promoting awareness of carbon monoxide, recognising these as important issues in communities.</li> <li>• Provision of advice, support, and information to members of the community. By engaging with public bodies, service provider, institutions, and organisations to help adapt services and activities to benefit the needs of the community.</li> <li>• Promotion of inclusion within the community building more relationships with local people. Helping address fuel debt, fuel efficiency and hardship issues. Spreading awareness of services available and what benefits clients are eligible for.</li> <li>• Provide impartial energy efficiency, fuel poverty/debt and CO advice via telephone, in the centre, at community events or at general planned events.</li> </ul>
<b>Information Required</b>	<b>Description</b>
<b>Outcomes, Associated Actions and Success Criteria</b>	<p>The VCMA project forms part of Cadent's wider Centre for Warmth network. The Centre for Warmth project model ensures resources, materials and VCMA funding are allocated to a community centre located in an area of high deprivation. Enabling, the community centre to enhance and expand existing support for customers in vulnerable situations.</p> <p>This project will be delivered in partnership with Ingol and Tantarion Community Trust (Intact). The project aims to support around 3,125</p>



clients with energy/safety/health and debt issues over a two-year period.

### Project Outcomes

The 'Restoring Reassurance by Building Financial resilience and capabilities' Centre for Warmth aims to achieve the outcomes listed below:

- Provide tailored made programme to provide training/awareness of energy saving measures
- Provide weekly drop-in service, providing services to support with fuel poverty, housing debt and benefits problems.
- Provide carbon monoxide sessions quarterly to promote awareness of the dangers of CO.

### Associated Actions

- Clients' mental health will be improved through receiving support with fuel poverty. Having confidence in the advice they are receiving, understanding the information, and allowing a trusted relationship to form.
- The project will tackle mental health and food insecurity.
- An increased awareness of carbon monoxide safety and the dangers of the poisonous gas. There will be a reduced risk of harm to CO and a decrease in hospital admissions. This will be accomplished by quarterly carbon monoxide awareness sessions on CO and distributing audible alarms to the households at greatest risk.
- Increased levels of awareness in specific topic areas and an increase in household income. Cadent will fund one full time advisor and one outreach/events worker. Supporting clients on energy efficiency, debt, benefit entitlement checks and mental health.

### Success Criteria

The project's success will be assessed against the project objectives:

- Approximately, 3,125 clients will be reached through the project across the initial two-year period.
  - The centre will reach around 300 clients fuel debt written off.
  - The centre will reach around 300 fuel debt managed
  - The centre will reach around 400 clients on Carbon Monoxide awareness and 400 audible Carbon Monoxide alarms.
  - The centre will reach around 450 with energy efficiency advice.
  - The centre will reach 1,200 with energy advice.
  - The centre will reach around 300 with budgeting and money management advice.
  - The centre will reach around 3,125 clients raising awareness of the PSR and supporting 400 eligible households to register with the support from centre staff.

Total reach of services = 3125

Total footfall through centre= 3750

Centre Volunteers will reach around 625 clients, providing advice and awareness of carbon monoxide, energy efficiency, PSR, income maximisation and debt. Which is the difference between the total reach of services and footfall through the centre.

<b>Project Partners and Third Parties Involved</b>	<p>Cadent will work in partnership with Ingol and Tanterton Community Trust (Intact) to deliver the project.</p>
<b>Potential for New Learning</b>	<p>The 'Restoring Reassurance by Building Financial resilience and capabilities' Centre for Warmth project offers several areas of potential learning that Cadent can adopt for other VCMA funded projects in RIIO-GD2.</p> <p>One of the main rationales behind funding the project is the number of residents living in deprived and vulnerable situations. In 2022, there have been significant rises in fuel and cost of living. Through the VCMA funding, Cadent can support these changes. The VCMA project will give insight for Cadent to identify the new challenges faced by communities in 2022, with findings shares Cadent's VCMA programme.</p>
<b>Scale of VCMA Project and SROI Calculations</b>	<p>Cadent will invest £149,122.08 in partnership with Intact for the project 'Restoring Reassurance by Building Financial resilience and capabilities' Centre For Warmth. Delivering support and a range of services to 3,125 clients over a two-year period.</p> <p>SROI Calculations:</p> <p>Investment: £149,122.08</p> <ul style="list-style-type: none"> <li>• 300 fuel debt written off =£252,822</li> <li>• 300 fuel debt managed = £46,965</li> <li>• 400 CO awareness = £3,491.90</li> <li>• 400 CO alarms = £2,181.93</li> <li>• 400 income maximisations= £686,844</li> <li>• 300 food pantry = £29,610</li> <li>• 1,425 energy efficiency advice = £524,072.25</li> <li>• 230 people social isolation and loneliness= £431,250</li> <li>• 320 people slow cookers = £75,654.40</li> <li>• Total reach around 3125 per year</li> </ul> <p>*Per annum</p> <p>5-year gross present value= £1,837,266.48  5-year social return on Investment= £1,688,144.40</p> <p>(minus investment Centre Costs:  Carbon Monoxide Alarm:</p> <p>Slow cooker costs: £3,922,08 (60) x small £1,138.80 and (100) x large slow cookers £2,784</p> <p>1year Gross Present Value= £367,453.296  1year Social Return on Investment= £337,628.88</p> <p><u>Supporting households to maximise their income</u></p> <p>Cadent worked with SIA Partners to evaluate the average 5-year gross present value of supporting households to maximise their income. SIA Partner's based their analysis on the "actual" data from a 3-month project between Cadent and NEA and historic data from NEA over the past 3 years.</p>



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

### Educating customers on the dangers of Carbon Monoxide

Cadent also employed SIA Partners to evaluate the forecasted social return on investment of several RIIO-GD2 business plan elements. These elements included CO education, CO alarm distribution and the repair/replacement of gas appliances.

SIA Partners pointed to a number of factors that influenced the social value generated by educating customers on the dangers of carbon monoxide:

- A reduction in A&E visits linked to CO;
- A reduction in long-term hospitalisations linked to CO;
- A reduction in deaths caused by CO;
- A reduction in time of work due to injury caused by CO;
- A reduction in ambulance call-outs linked to CO;

SIA Partners calculated the average 5-year gross present value of a Co-educational conversation to be £8.73 - this is based on a 1-2-1 conversation with an 80% retention rate.

### Distributing carbon monoxide alarms to the most at-risk households

Approximately 400 of the most at-risk households will receive a free Carbon Monoxide alarm over the course of the two-year project.

SIA Partners calculated the average 5-year gross present value of issuing a Carbon Monoxide alarm to be £10.91

### The Cost of Loneliness

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

<sup>3</sup>BBC report found that 46% of England's urban population are aged 65 or over.

<sup>4</sup>One-fourth of the population aged 65 years and older reported feelings of loneliness.

<sup>5</sup>Social Psychiatry and Psychiatric Epidemiology reported a net present value of £6,000 for people who reported being lonely most of the time. This figure was across a 10-year period and equates to £600 per annum. This research concluded that older people who feel lonely are at greater risk of developing conditions such as dementia and depression.

<sup>6</sup>The health foundation reported that 21% of older people who live alone, or face feelings of loneliness visit their GP at least once a month. This places pressure on front-line services since many people who experience loneliness think of their GP as someone they can

<sup>3</sup> <https://www.bbc.co.uk/news/uk-43316697>

<sup>4</sup> <https://www.cdc.gov/aging/publications/features/lonely-older-adults.html#:~:text=Older%20adults%20are%20at%20increased,the%20amount%20of%20social%20contact.>

<sup>5</sup> <https://link.springer.com/content/pdf/10.1007/s00127-019-01733-7.pdf>

<sup>6</sup> <https://www.health.org.uk/news-and-comment/news/older-people-living-alone-are-50-more-likely-to-visit-ae-than-those-who-live-with>

	<p>relate to and who will listen to them, engaging in an open, friendly dialogue.</p> <p>The Centres for Warmth project aims to reach 3,125 urban customers. 46% of which will be aged 65 and over. This equates to 1,437.5 customers.</p> <p><sup>7</sup>Campaign to end loneliness reported that over 700,000 people aged 65 and over are experiencing feelings of loneliness. 46% of this age group living in urban areas this equates to 322,000 people.</p> <p>Social Psychiatry and Psychiatric Epidemiology research suggests a potential saving of £600 per annum for each older customer supported that was previously experiencing feelings of loneliness.</p> <p>The Centre for Warmth project will run for 2 years, equating to a saving of £1,200 per customer.</p> <p>This equates to an overall benefit of £431,250 for 2x year only as the risk of experiencing loneliness and isolation can increase again after the project stops delivering support.</p> <p>3125 people using centre  46% of the population are over 65 = 1437.50 people  25% of 1437.50 people are lonely with health conditions = 359.375 people  359.375 people X £1200 (£600 per annum) = £431,250</p>
<b>VCMA Project Start and End Date</b>	Start Date: January 2023 End Date: January 2025
<b>Geographical Area</b>	The project will be delivered in Cadent's North West network.
<b>Remaining Amount in the Allowance at Time of Registration</b>	To be confirmed upon receipt of Director of Sustainability and Social Purpose sign off.

<sup>7</sup> <https://campaigntoendloneliness.org/guidance/wp-content/uploads/2015/06/StatisticsGFLA.pdf>



## 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: 04.01.23	Review Completed By: Gemma Norton
Stage 2: Sustainability and Social Purpose Team Management Review	
Date Management Review Completed: 04.01.23	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: 12/01/23	
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: February 2023	
Date that Notification Email Sent to Ofgem: February 2023	