

# Vulnerability & Carbon Monoxide Allowance (VCMA)

Age Concern Herefordshire & Worcestershire

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**November 2023**



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

<b>Section 1 - Eligibility criteria for company specific projects (other than condemned essential gas appliance repair and replacement)</b>	
In order to qualify as a VCMA project, a project must:	
<b>VCMA Eligibility Criteria</b>	<b>Criteria Satisfied (Yes/No)</b>
<b>a)</b> Have a positive, or forecasted positive Social Return on Investment (SROI), including for the gas consumers funding the VCMA project;	<b>Yes</b>
<b>b)</b> Either: <ul style="list-style-type: none"> <li><b>i.</b> Provide support to consumers in vulnerable situations, and relate to energy safeguarding, or</li> <li><b>ii.</b> Provide awareness on the dangers of CO, or</li> <li><b>iii.</b> Reduce the risk of harm caused by CO;</li> </ul>	
<b>c)</b> Have defined outcomes and the associated actions to achieve these;	<b>Yes</b>
<b>d)</b> Go beyond activities that are funded through other price control mechanism(s) or required through licence obligations; and	<b>Yes</b>
<b>e)</b> Not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved or local) funding.	<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:	
<b>a)</b> 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>N/A</b>
<b>b)</b> The household cannot afford to service, repair or replace the unsafe pipework or essential gas appliance; and;	<b>N/A</b>
<b>c)</b> 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>N/A</b>
<b>Section 3 - Eligibility criteria for collaborative VCMA projects</b>	
In order to qualify as a collaborative VCMA project, a project must:	
<b>a)</b> Meet the above company specific and boiler repair and replace (if applicable) project eligibility criteria;	<b>N/A</b>
<b>b)</b> Have the potential to benefit consumers on the participating networks; and	<b>N/A</b>
<b>c)</b> Involve two, or more, gas distribution companies.	N/A

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

<b>Information Required</b>	<b>Description</b>
<b>Project Title</b>	Age Concern Herefordshire and Worcestershire
<b>Funding GDN(s)</b>	Cadent
<b>New / Updated (indicate as appropriate)</b>	NEW
<b>Role of GDN(s) *For Collaborative VCMA Projects only</b>	N/A
<b>Date of PEA Submission</b>	1 <sup>st</sup> October 2023
<b>VCMA Project Contact Name, email and Number</b>	Contact Name: Phil Burrows Role: Head of Customer Vulnerability & Social Programme Delivery Email: phil.m.burrows@Cadentgas.com Number: 07773 545451
<b>£</b>	<i>Total =£382,958.34</i> 4% project management costs = £15,318.33
<b>Total VCMA Funding Required (£k)</b>	£398,276.67
<b>Problem(s)</b>	<p>The impact of the rising cost of living due to increased home energy bills as well as loneliness and rural isolation is a significant challenge for older people in Herefordshire and parts of Worcestershire. There are currently warm spaces, but these are only for a few hours a week and insufficient to meet the demand. Warm spaces provide both a safe, warm space to attend and companionship but also the opportunity to discuss other issues which may be impacting them. Digital exclusion is a significant issue and can limit the confidence and ability of older people to seek advice and support and importantly to access the help that may be available to them as the majority of services are now online.</p> <p><b>Cost of Living</b></p> <p>A recent survey by Age UK National highlighted that three-quarters of older people in the UK – 9.4 million people – are worried about the cost of living. Over half of those surveyed said</p>

	<p>they will have to heat their homes less and 24% said they will need to choose between eating and heating their homes this winter. Fuel poverty disproportionately affects older people with a fifth of households affected having at least one household member aged 60+. The West Midlands has the highest proportion of fuel poor households in the country. In Herefordshire 14,145 households are deemed to be living in fuel poverty, this accounts for 16.7% of the population. In Worcestershire just over 40,000 households are living in fuel poverty which accounts to 15.4% of homes in the county. In Herefordshire, income levels are reported to be significantly lower than the national average.</p> <p>The most recent statistics, published in February 2022, are based on 2019-20 figures, and apply to Great Britain. These figures show:</p> <p>A third (34%) of pensioner households entitled to Pension Credit are not receiving it.</p> <ul style="list-style-type: none"> <li>• On average they are missing out on £37 a week (£1,924 a year) Pension Credit.</li> <li>• 220,000 pensioner households are entitled to, but not receiving, Housing Benefit.</li> <li>• This means nearly one in six (16%) of pensioner households who should be getting Housing Benefit are not receiving it.</li> <li>• On average they are missing out on £76 a week (£3,952 a year) Housing Benefit.</li> <li>• Overall pensioners are missing out on £2.4 billion a year from Pension Credit and Housing Benefit.</li> </ul>
<p><b>Scope and Objectives</b></p>	<p>The overall objective of the programme is to provide support to older people experiencing social isolation and/or bereavement in the Herefordshire and Worcestershire area. This will be delivered via three centres in Hereford, Stourport and Evesham who will provide a range of activities including Creative Arts, Crafty</p>

	<p>Cuppa, Walking, and bereavement support including anticipatory grief.</p> <p>They will also provide home energy advice and a handy person for minor repairs and advice on income maximisation. The total reach is forecasted at <b>6624</b> individuals, <b>4896</b> through group sessions targeting loneliness, <b>1728</b> via handyperson/energy advice, <b>1152</b> with income maximisation and <b>360</b> with at home support.</p>
<p><b>Why the Project is Being Funded Through the VCMA</b></p>	<p>We believe that this project meets the required company specific VCMA project eligibility criteria.</p> <p><b>a. Has a positive, or forecasted positive SROI, including for the gas consumers funding the VCMA project:</b></p> <p>We believe this project has the deliverables necessary to create a positive social return on investment - see the below section for more details.</p> <p><b>b. Either:</b></p> <ul style="list-style-type: none"> <li><b>a. Provide support to consumers in vulnerable situations, and relate to energy safeguarding, or</b></li> <li><b>b. Provide awareness on the dangers of CO. or</b></li> <li><b>c. Reduce the risk of harm caused by CO</b></li> </ul> <p>This project will provide support to consumers in vulnerable situations and relate to energy safeguarding. Project customers will access financial advice and realise additional household income, both of which may result in a customer being able to adequately heat their home to a healthy temperature.</p> <p><b>c. Have defined outcomes and the associated actions to achieve these:</b></p>

	<p>This project has clearly defined outcomes and associated actions to achieve them. Further information on the project's outcomes and associated actions can be found in the relevant section below.</p> <p><b>d. Go beyond activities that are funded through other price control mechanism(s) or required through licence obligations.</b></p> <p>We believe that this project goes outside of activities funded through other price control mechanisms due to:</p> <ul style="list-style-type: none"> <li>a) the types of support being delivered, and,</li> <li>b) the method through which customers are to be engaged (e.g. not through Cadent's BAU activities)</li> </ul> <p><b>e. Not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved, or local) funding.</b></p> <p>This project will solely be delivered by Cadent's VCMA funding</p>
<p><b>Evidence of Stakeholder/Customer Support</b></p>	<p>Cadent has sought the views of a wide range of stakeholders to support its strategy for shaping VCMA projects. For instance, Cadent conducted extensive stakeholder engagement to gather the views of organisations on its year one VCMA delivery.</p> <p>Cadent obtained stakeholder feedback on individual projects (e.g. the model of charity-delivered energy efficiency advice) and categories of activities (e.g. tackling affordability and fuel poverty).</p> <p>With regards to categories of activities, tackling affordability and fuel poverty saw the highest percentages of support for increasing funds, with 61% of stakeholders and 43% of customers supporting an increase in funding when compared to 2021-2022 levels.</p>

	<p>When looking at specific projects from the first year of VCMA delivery, 61% of stakeholders supported increases in funding in income maximisation activities, with one customer (aged 30-) commenting "income maximisation can be the step to someone going into debt or becoming vulnerable".</p> <p>Additionally, Cadent asked stakeholders and customers for feedback on where VCMA funding should be prioritised in 2022-2023. Stakeholders commented " We are in the midst of an energy crisis which is likely to continue for the next 18 months to 2 years and will leave clients in very vulnerable situations. Any increase in this support from Cadent would be extremely helpful to fuel poor clients".</p> <p>Finally, Cadent asked customers for their views on which of the below statements best described their health and financial situation compared to 2021:</p> <ul style="list-style-type: none"> <li>• My current households health or financial situation is worse off compared to 2021.</li> <li>• My current households health or financial situation is the same compared to 2021.</li> <li>• My current households health or financial situation is better off compared to 2021.</li> </ul> <p>60% of participants responded that their households' health or financial situation was worse off this year compared to 2021 levels.</p> <p>Overall, Cadent has received strong stakeholder support and justification for funding its partnership with Age Concern Hereford and Worcestershire from October 2023 – September 2025</p>
<b>Information Required</b>	<b>Description</b>
<b>Outcomes, Associated Actions and Success Criteria</b>	The project focuses on customer vulnerabilities due to age and additional factors including bereavement, illness, loneliness, and income challenges. The support is organised on a local basis via co-ordinated group activities and 1:1 support. It covers a wide

range of activities from social events to slow cooking lessons and practical advice on energy efficiency and scam prevention.

Success will be measured by the number of participants engaged in the activities below and the level of positive engagement from those who access additional support. It is anticipated that not all participants will be experiencing financial hardship however for those living alone, experiencing symptoms of early dementia or with a partner who has a life limiting illness this may support them in dealing with grief which could impact their personal health.

**Group sessions - Maintenance Cognitive Stimulation Therapy (MCST) for those with mild to moderate dementia, Creative Arts, Crafty Cuppa, Walking, bereavement support**  
4896 clients over a 2-year period

**Home Energy Advice/ Handyperson** – 1728 interventions over a 2-year period

**Income maximisation-** 1152 interventions over a 2-year period

**Drybridge/ Stourport, hot meals companionship, slow cooker course** -1080 clients over a 2-year period

**DWS Anticipatory Grief, Admin @ Home Group sessions Home Energy Advice Income Max Warm Hubs Bereavement Support-** 720 clients over a 2-year period

Staff follow the ethos of making every contact count where routine interactions include advice on improving health and wellbeing. It is therefore anticipated that those co-ordinating the programmes will build relationships with participants and gain an understanding of their individual financial circumstances and any practical challenges they may be facing which may include issues with keeping warm or healthy eating. This should increase the probability of their offer of support with applications for pension credit or other benefits being accepted.



<b>Project Partners and Third Parties Involved</b>	Cadent will work principally in partnership with Age Concern Herefordshire & Worcestershire
<b>Potential for New Learning</b>	<p>The Age Concern Hereford and Worcestershire project offers many potential areas of 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 their outreach work with those customers in rural communities who may be experiencing vulnerability due to age but will additional factors including bereavement, anticipatory grief, illness, loneliness, and income challenges which Cadent projects have not directly focused on. They will provide practical support via CO education, energy efficiency advice and support with claiming additional benefits including pension credit and carers allowance which many clients are unaware of the eligibility criteria. They will also provide an opportunity for socialisation including general social activities for example walking or cookery lessons but also specific support for those experiencing symptoms of early dementia, supporting someone with a life limiting illness or who have experienced a bereavement.</p> <p>When assessing the options for VCMA projects, we considered the effectiveness of engaging directly with customers rather than via a project partner. This project will provide insight into the effectiveness of working with community stakeholders such as Age Concern Herefordshire and Worcestershire We believe they are not only trusted members of the community, but they have experience in dealing with the more complex personal issues which elderly customers can face.</p> <p>This partnership with will also provide Cadent with learning on customers' receptiveness to support from Gas Distribution Networks during an energy crisis. Some customers may be unaware of the industry's structure between suppliers, shippers and GDNs; and the project will offer insight into customers' attitudes toward support offered by energy companies.</p>

<b>Scale of VCMA Project and SROI Calculations, including NPV</b>	The Funding Licensee(s) should justify the scale of the VCMA Project – including the scale of the investment relative to its potential benefits. As part of this it should provide the SROI calculation, including GPV and NPV. Note: The value in numbers of the SROI and NPV must be provided, rather than confirmation of positive impact.  1-year SROI £4,269,644 5-year SROI £10,127,459 Ratio SROI to £1 spent 26:1
<b>VCMA Project Start and End Date</b>	1 <sup>st</sup> October 2023 to 30 <sup>th</sup> September 2025
<b>Geographical Area</b>	West Midlands
<b>Internal governance and project management evidence</b>	Description of GDN(s) review of proposal and project sign-off, with details on how the project will be managed

### **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: 18/02/2024	Review Completed By: Kate Ravenscroft
Stage 2: Sustainability and Social Purpose Team Management Review	
Date Management Review Completed: 05/03/24	Review Completed By: Phil Burrows
Step 3: Director of Sustainability & Social Purpose Sign-Off: p.p Mark Belmega	
Director of Sustainability and Social Purpose Sign-Off Date: 22/03/2024	
Step 4: Upload PEA Document to the Website & Notification Email Sent to Ofgem ( <a href="mailto:vcma@ofgem.gov.uk">vcma@ofgem.gov.uk</a> )	
Date that PEA Document Uploaded to the Website: March 2024	
Date that Notification Email Sent to Ofgem: March 2024	

