

Vulnerability & Carbon Monoxide Allowance (VCMA)

Age Concern Central Lancashire
Partnership 2022-2023

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March 2022



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

Section 1 - Eligibility criteria for company specific projects (other than condemned essential gas appliance repair and replacement)	
In order to qualify as a VCMA project, a project must:	
VCMA Eligibility Criteria	Criteria Satisfied (Yes/No)
a) Have a positive, or forecasted positive Social Return on Investment (SROI), including for the gas consumers funding the VCMA project;	Yes
b) Either: <ul style="list-style-type: none"> i. Provide support to consumers in vulnerable situations, and relate to energy safeguarding, or ii. Provide awareness on the dangers of CO, or iii. Reduce the risk of harm caused by CO; 	Yes
c) Have defined outcomes and the associated actions to achieve these;	Yes
d) Go beyond activities that are funded through other price control mechanism(s) or required through licence obligations; and	Yes
e) Not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved or local) funding.	Yes
Section 2 - Eligibility criteria for company specific essential gas appliance servicing, repair and replacement projects	
In order to qualify as a VCMA project, unsafe pipework and essential gas appliance servicing, repair or replacement must meet the following criteria:	
a) A GDN has to isolate and condemn unsafe pipework or an essential gas appliance following a supply interruption or as part of its emergency service role;	N/A
b) The household cannot afford to service, repair or replace the unsafe pipework or essential gas appliance; and;	N/A
c) Sufficient funding is not available from other sources (including national, devolved or local government funding) to fund the unsafe pipework or essential gas appliance servicing, repair or replacement.	N/A
Section 3 - Eligibility criteria for collaborative VCMA projects	
In order to qualify as a collaborative VCMA project, a project must:	
a) Meet the above company specific and boiler repair and replace (if applicable) project eligibility criteria;	N/A
b) Have the potential to benefit consumers on the participating networks; and	N/A
c) Involve two, or more, gas distribution companies.	N/A

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

Information Required	Description
Project Title	Age Concern Central Lancashire Partnership 2022-2023
Funding GDN(s)	Cadent - North West network
Role of GDN(s) *For Collaborative VCMA Projects only	Not applicable - Cadent company-specific project
Date of PEA Submission	March 2023
VCMA Project Contact Name, email and Number	Name: Phil Burrows Title: Head of Customer Vulnerability Social Programme Delivery Email: Phil.m.burrows@cadentgas.com Number: 07773 545451
Total Cost (£k)	£25,400.00
Total VCMA Funding Required (£k)	£12,700.00 (Electricity North West to provide equal funding from their ED1 regulatory allowance)
Problem(s)	<p>Age Concern Central Lancashire are a county wide charity that specialise in helping to improve elderly, vulnerable residents' quality of life.</p> <p>Elderly demographics can be more at risk of experiencing various forms of vulnerability such as fuel poverty, financial hardship, and loneliness. Additionally, households with elderly occupiers can be more susceptible to harm (e.g., cold related illness) during utilities outages.</p> <p>Like Cadent, Electricity North West hold a series of licence obligations to support vulnerable households connected their distribution network.</p> <p>The North West utility networks have identified an opportunity to work with a specialist local charity to provide support to a particular vulnerable customer group.</p> <p><u>Fuel Poverty</u></p> <p>Fuel poverty is a form of hardship that effects thousands of households across Lancashire. Residents living in this form of hardship can often possess low levels of disposable income and are more likely to live in the most energy inefficient homes.</p> <p>The government released updated ¹fuel poverty statistics in February 2023. These statistics were based on 2022 data and</p>

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1139133/annual-fuel-poverty-statistics-lilee-report-2023-2022-data.pdf

reported a 0.3% increase in fuel poverty nationally (up to 13.4% from 13.1% previously).

The government statistics reported that 3.26 million English households are currently living in fuel poverty, translating to 1,474,000 households on Cadent's network alone.

A household's risk of experiencing fuel poverty is influenced by three main factors:

1. The price of fuel,
2. The level of disposable household income, and,
3. The property's energy efficiency

Households home to elderly residents can be more susceptible to fuel poverty due to:

- A. Possessing lower levels of disposable income (e.g., reliance on a single pension and an inability to work),
- B. A greater reliance of heating (e.g., spending a greater amount of time at home, and reducing the risk of experiencing cold related illness more prevalent in older demographics), and/or,
- C. Living in older, less energy efficient housing stock.

The latest statistics also illustrate the scale of fuel poverty being faced by older age groups in England. For example, 1,006,000 English fuel poor households are occupied by >60 residents. Furthermore, these >60 households have an average fuel poverty gap (the amount of additional disposable income required to remove the household from fuel poverty) of £401.00.

The project aims to support elderly residents living in fuel poverty by delivering services such as energy efficiency advice and income maximisation. Additionally, the project will signpost to wider sources of support such as Citizens Advice, Cosy Homes Lancashire, and Social Services.

Mental Health

The project will deliver support to elderly households across Lancashire, including the Blackpool local authority area.

A recent Public Health England report illustrated that the prevalence of depression, both identified by GPs and self-reported within the GP patient survey, is significantly higher in Blackpool than the England average.

The statistics reported that rates of depression diagnosed by Blackpool GPs is the highest in England with 18.5% of patients being diagnosed with the condition. The national average for England is 11.6%. Additionally, Blackpool GP practitioners have some of the highest rates of antidepressant prescribing in the country. The costs of fielding the depression-based BP visits and prescribing the subsequent medication have a cost to the local NHS.

	<p>Loneliness and the burden of debt are often risk factors associated with poor mental health. The project aims to support elderly residents at risk of experiencing loneliness and fuel debt through:</p> <ul style="list-style-type: none"> A. Offering services to alleviate fuel poverty and energy debt (e.g., energy efficiency advice, income maximisation, and wider referrals to specialist agencies). B. Delivering a Warm Spaces initiative between Autumn - Winter 2022/2023. The Warm Space will offer vulnerable, elderly residents the opportunity to participate in social activities and build connections in their community.
<p>Scope and Objectives</p>	<p>Project Scope</p> <p>Cadent and Electricity Northwest (ENWL) will each provide Age Concern Central Lancashire with £12,700 to deliver a 12-month project. The project will focus on two main deliverables:</p> <ol style="list-style-type: none"> 1. The recruitment of a Community Outreach Officer (COO) that will provide targeted support to vulnerable, elderly residents living in the Blackpool and Fylde coast region of Lancashire. The COO will reach vulnerable, elderly residents through a combination of 1-2-1 home visits and community events. The COO will receive referrals from Age Concern Central Lancashire's wider programme and partner agencies. The COO will directly deliver a range of support including energy efficiency advice, Priority Services Register (PSR) awareness conversations, and assisting customers to register to the PSR. Additionally, the COO will refer vulnerable, elderly residents to partner agencies for specialist support including income maximisation, benefit entitlement checks, and Fire & Rescue home safety checks. 2. Age Concern Central Lancashire will also deliver a Warm Spaces project over the colder months of Winter 2022-2023. The project will be delivered out of an existing Age Concern Central Lancashire community space located in Preston. The Warm Space will offer vulnerable, elderly residents a safe, friendly, and warm venue on a two day per week basis. The space will allow customers to avoid the risk of cold related illness and build connections in their local community, reducing their chance of experiencing feelings of loneliness. The Warm Space will also enable Age Concern Central Lancashire to reach a broader audience with important PSR and energy efficiency messaging. <p><u>Project Objectives</u></p> <p>Cadent and ENWL will evaluate the success of the project against the achievement of the following objectives:</p> <ul style="list-style-type: none"> • The COO will reach 1,200 members of the public and offer services designed to keep vulnerable, elderly residents safe and independent in their homes. • In addition, the COO will engage 150 local stakeholders for the purpose of raising awareness of Cadent's,

	<p>ENWL's, and Age Concern Central Lancashire's important safety and income maximisation messaging.</p> <ul style="list-style-type: none"> • The COO and Age Concern Central Lancashire employees will deliver at least 600PSR awareness conversations and assist 250 households to register to the PSR. • 200 households will be offered advice on affordable warmth and in-home energy efficiency. • The COO will engage 50 residents for the purpose of raising awareness of Cadent's Locking Cooker Valve and ENWL's Locking Socket Covers. This engagement will be done on a needs basis as assessed by the COO.
<p>Why the Project is Being Funded Through the VCMA</p>	<p>Cadent believes that this project meets all the required VCMA company-specific eligibility criteria.</p> <p>A. The project is forecasted to have a positive SROI. We believe that the project has the deliverables necessary to create a positive social return on investment. This is based on our understanding of the social value created by past energy efficiency, income maximisation, and PSR projects. Please see the below section for more details.</p> <p>B. The project will either:</p> <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 <p>The project will provide support to consumers living in vulnerable situations and relate to energy safeguarding Cadent aims to demonstrate the meeting of this criteria through the offering of energy efficiency advice/income maximisation to vulnerable, elderly residents.</p> <p>C. The project has defined outcomes and the associated actions to achieve them. 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>D. The project goes beyond the activities funded through other price control mechanisms or required by licence obligations. We believe that this project goes outside of activities funded through other price control mechanisms due to:</p> <ul style="list-style-type: none"> a) the types of support being delivered, and, b) the method through which customers are to be engaged (e.g., not through Cadent's BAU activities). <p>E. The project goes beyond the activities funded through other price control mechanisms or required by licence obligations. The project will be solely delivered with Cadent's VCMA funding and ENWL's regulated ED1 funding.</p>

<p>Evidence of Stakeholder/Customer Support</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 delivering cost of living focussed energy efficiency and income maximisation support in vulnerable customers' homes) and categories of activities (e.g., tackling affordability and fuel poverty).</p> <p>For instance, one stakeholder commented that "<i>Cost of living is high on everyone list of priorities. Support in this area will be very beneficial</i>". The partnership with Age Concern Central Lancashire aims to deliver support to a group of customers disproportionately impacted by the cost-of-living crisis - vulnerable, elderly residents.</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>Secondly, we regularly seek to obtain the feedback of stakeholders such as Citizens Advice and National Energy Action (NEA) in order to understand the needs of customers in vulnerable situations. These regular conversations allow Cadent to gain feedback on the initiatives we are or should be supporting and ensure that the projects are in the best interests of our customers. Stakeholders have provided consistent feedback on the need for energy networks to focus their funding on supporting households most impacted by the cost-of-living crisis.</p> <p>Additionally, 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"> • My current household's health or financial situation is worse off compared to 2021. • My current household's health or financial situation is the same compared to 2021. • My current household's health or financial situation is better off compared to 2021. <p>60% of participants responded that their households' health or financial situation was worse off this year compared to 2021 levels.</p> <p>Finally, Cadent sought the views of the other network members of the Utilities Together group - a community of North West-based utility networks covering gas, electricity, and water.</p> <p>Stakeholders from United Utilities and Northern Gas Networks supported the funding of this initiative, highlighting a number of benefits of collaborative working including:</p> <ul style="list-style-type: none"> • The potential to maximise social return on investment through reducing the duplication of project management costs (e.g. avoiding the scenario of both Cadent and ENWL individually funding similar initiatives), and,
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	<ul style="list-style-type: none"> • A reduced risk of alienating customers and causing confusion. Vulnerable, elderly customers will be experience a single source of support with consistent messaging, rather than energy networks competing for the same customer with mixed messaging. <p>Overall, we believe that the partnership between Cadent, ENWL, and Age Concern Central Lancashire accounts for the views of customers and stakeholders. The project will support a particularly vulnerable customer group with services identified as high priority by stakeholders.</p>
<p>Information Required</p>	<p>Description</p>
<p>Outcomes, Associated Actions and Success Criteria</p>	<p><u>Project Outcomes</u></p> <p>The project aims to provide support to Lancashire based vulnerable, elderly residents and achieve the following outcomes:</p> <ul style="list-style-type: none"> • 1,200 residents will be reached by the COO with important safety, PSR, and income maximisation services. • 150 local stakeholders will be engaged by the COO with the view to improving community awareness of Cadent's, ENWL's and Age Concern Central Lancashire's important messaging. • At least 600 residents will receive an improved awareness of the PSR and be offered a means to register. Cadent, ENWL, Age Concern Central Lancashire forecast that 250 households will register to the PSR. • 200 vulnerable, elderly households will access affordable warmth and energy efficiency advice. • An average of 1,200 residents will attend Warm Spaces sessions to reduce their risk of experiencing loneliness and/or cold related illness. <p>As well as achieving the above qualitative outcomes, the project also aims to deliver the following quantitative outcomes:</p> <ul style="list-style-type: none"> • Residents supported through the project report improved levels at comfort at home due to increases in their disposable income and understanding of energy efficiency. • Residents supported through the project report decreased levels of stress due to having less of a reliance on their home heating and higher levels of disposable income. • Residents attending the Warm Spaces events report reduced feelings of loneliness. <p><u>Associated Actions</u></p>

	<p>To achieve the project outcomes and success criteria, Cadent, ENWL, and Age Concern Central Lancashire will conduct the following associated actions:</p> <ul style="list-style-type: none"> • Utilising Cadent's and ENWL's funding, Age Concern Central Lancashire will employ and train a COO to deliver support to vulnerable, elderly households located in Blackpool and the Fylde coast. • The COO will build relationships with local stakeholders to engage 1,200 vulnerable, elderly households with essential energy efficiency, income maximisation, and PSR services. • The COO will engage 150 stakeholders with the view to growing awareness of Cadent's, ENWL's, and Age Concern Central Lancashire messaging. • Age Concern Central Lancashire will design and deliver Warm Spaces events from an existing Preston community venue. <p><u>Success Criteria</u></p> <p>The Age Concern Central Lancashire Partnership 2022-2023 project's success will be measured through a variety of metrics including:</p> <ul style="list-style-type: none"> • Evaluating the number of residents and stakeholders reached by the COO during the term of the project. • Evaluating the number of residents receiving energy efficiency, PSR, and wider referral services from the COO. • Measuring customers' attitudes towards the positive indicators listed in the Project Outcomes section of this document (i.e., residents will report decreased levels of stress due to having less of a reliance on their home heating and higher levels of disposable income). • Evaluating a positive social return investment on the VCMA funding invested in the project - see the below section for the project's SROI forecast.
<p>Project Partners and Third Parties Involved</p>	<p>Cadent will principally work in partnership with ENWL and Age Concern Central Lancashire.</p>
<p>Potential for New Learning</p>	<p>The partnership with ENWL and Age Concern Central Lancashire will provide Cadent with a range of new learnings.</p> <p>Firstly, the project will further test the approach of regulated energy networks combining funding into a single initiative. Past feedback from a range stakeholders reported a series of issues including:</p> <ul style="list-style-type: none"> • Funders (such as GDNs and DNOs) can often work in silos, creating a higher risk of duplication of effort and inefficient spend. • Customers can be presented with a range of messaging from several regulated funding-backed charities. This

	<p>messaging can confuse and alienate customers, who may prefer a single, consistent source of support.</p> <p>This partnership looks to act upon the above stakeholder feedback by providing vulnerable, elderly Lancashire residents with a single source of PSR, energy efficiency, and income maximisation support.</p> <p>Secondly, the partnership with Age Concern Central Lancashire focuses on a specific audience - vulnerable, elderly households.</p> <p>Cadent has funded past elderly customer-focussed projects on a national scale (see Age UK collaborative project), however, this partnership will offer more local insight on the cost-of-living challenges faced by vulnerable, elderly households.</p>
<p>Scale of VCMA Project and SROI Calculations</p>	<p><u>Scale of VCMA Project</u></p> <p>The partnership between Cadent, ENWL, and Age Concern Central Lancashire will deliver a 12-month project across the Blackpool and Preston areas of Lancashire. The project will be comprised of two main deliverables:</p> <ul style="list-style-type: none"> • The appointment of a COO to deliver 1-2-1 and group support to vulnerable, elderly residents living in Blackpool and the Fylde coast. • The design and delivery of a Warm Spaces project situated in Preston. The project will operate on a two day per week basis from an existing community venue. <p><u>SROI Summary</u></p> <p>Investment = £12,700 5-year social return on investment = £75,813.25 1-year social return on investment = £32,002.65 5-year gross present value = £88,513.25 1-year gross present value = £44,702.65</p> <p><u>The gross present value created by supporting customers to register to the PSR</u></p> <p>Cadent worked with energy and utilities consultants from SIA Partners to evaluate the average gross present value created by a range of customer vulnerability activities, including assisting customers to register to the PSR.</p> <p>SIA Partners evaluated a 5-year gross present value of £143.89 per registration based on the alleviation of stress during an outage.</p> <p>The project will register 250 households to the PSR, equating to a total 5-year gross present value of £35,972.50. Cadent is funding half of the project's charges and as such, will be accountable for the creation of half of the social value - £17,986.25 in the case of PSR registrations.</p> <p><u>The gross present value created by supporting customers with affordable warmth and energy efficiency advice</u></p>

Alongside PSR registrations, Cadent's work with SIA Partners also evaluated the gross present value created by delivering energy efficiency advice.

Cadent and SIA Partners evaluated a 5-year gross present value of £367.77 per conversation. This value was based on factors such as:

- Financial savings to customers through reduced energy bills,
- Environmental savings through reductions in carbon emissions, and,
- Societal savings such as a reduction in NHS spend to treat cold related illness.

The project will deliver energy efficiency advice to 200 households, equating to a total 5-year gross present value of £73,554.00.

Similarly, to PSR registrations, Cadent can apportion 50% of the value to its funding, equating to a total 5-year gross present value of £36,777.00

The gross present value created by supporting lonely and isolated customers

The Warm Spaces element of the project will offer vulnerable, potentially lonely households with a space to build connections with their community, avoiding the risk of experiencing loneliness.

An average of 1,200 residents will visit a Warm Spaces event over Winter 2022-2023.

A 2018 BBC report found that 46% of residents living in UK cities were aged 65 and over. This percentage is conservative for this project, as the services are aimed at a specific older customer group. As such, Cadent has made an assumption that 75% of the Warm Spaces attendees will be aged 65 and over.

Additionally, a recent Alzheimer's report found that one fourth of people aged 65 and over are considered to be socially isolated.

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.

Applying these statistics, 900 of the Warm Spaces attendees will be aged 65 and over.

Of this customer group, one quarter may experience feelings of loneliness and be considered socially isolated - this equates to 225 individuals.

The Warm Spaces project will run for a period of three months over Winter 2022-2023. As such, the annual cost of treating loneliness of £600 needs to be decreased to £150.00, equating to a total gross present value of £33,750.00.

VCMA Project Start and End Date	Project Start Date: April 2022 Project End Date: March 2023
Geographical Area	The project will be delivered in the Blackpool and Preston areas of Cadent's North West network.
Remaining Amount in the Allowance at Time of Registration	To be confirmed upon receipt of Director of Sustainability and Social Purpose sign-off.

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: 21/03/2023	Review Completed By: Edward Allard - Social Programmes Manager
Stage 2: Sustainability and Social Purpose Team Management Review	
Date Management Review Completed: 23/03/23	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: 23/03/23	
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 23	
Date that Notification Email Sent to Ofgem: March 23	