

Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA) "Warmer Nights"

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

Section 1 - Eligibility criteria for company specific projects (other than condemned essential gas appliance repair 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: Provide support to consumers in vulnerable situations, and relate to energy safeguarding, or Provide awareness on the dangers of CO, or 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 appliar replacement projects In order to qualify as a VCMA project, unsafe pipework and essential gas appreplacement must meet the following criteria:	
 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
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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	Centre for Warmth - "Warmer Nights"
Funding GDN(s)	Cadent
Role of GDN(s) *For Collaborative VCMA Projects only	Not applicable – Cadent specific
Date of PEA Submission	October 2022
VCMA Project Contact Name, email and Number	Contact Name: Phil Burrows Role: Head of Customer Vulnerability & Social Programme Delivery Email: phil.m.burrows@Cadentgas.com Number: 07773 545451
Total Cost (£k)	Centre costs (Including 19 x centres combined): £165,667.00 GBP Leaflets & plaques = £10,000.00
Total VCMA Funding Required (£k)	£175,667.00 GBP
Problem(s)	In the current economic climate, the UK is struggling with the cost-of- living crisis. This is made worse by the rise in the energy price cap, the rise in food prices, and the fact that wages and benefits are not increasing at the same rate. Increasing numbers of families are finding themselves in fuel poverty, where they cannot afford to pay for the gas and electricity to heat their homes sufficiently. The cuts in government funding to the community services such as social services, CAB, libraries, etc mean that people with financial difficulties have nowhere to go to seek advice or support.
	The charity-funded Community centres fill this gap by offering services of support to their community. The people who work in these centres are members of the community themselves and understand the different needs of their communities. People also see these centres as safe spaces and somewhere to go to keep warm and connected.
	Centres for warmth are community centres that are situated in the most deprived areas. The communities living in these areas, in many cases, are subject to fuel poverty, food poverty, low employment, poor housing, poor health and high rates of debt.
	Our centres for warmth have been supported by VCMA funding allowing the employment of advice workers who can help with applying for benefits, energy efficiency advice, carbon monoxide awareness, and debt. The centres also provide many vital services that people cannot access elsewhere due to cuts in government spending and the cost-of-living crisis.
	The centres support their communities by offering food pantries, income maximisations and debt advice and run group sessions that help with isolation and loneliness.



Fazakerley Community Federation – The population of Fazakerley is predominantly white British. The rate of unemployment in Fazakerley is both higher than the average for Liverpool and higher than the national average, suggesting that finding a job in this area is difficult. The rate of claiming any benefit (which includes work benefits) is more than 25% higher in Fazakerley than the national average, suggesting that many people may be unemployed or on a low salary according to the 2011 census. This leaves people at risk of living in poverty. 48% of people in Fazakerley are living in rented accommodation again putting them at risk of living in poorer quality housing. Over 28% of people leaving school leave with no qualifications at all.
 Heywood- Back O'th moss Community Centre– The population of Heywood is 95% white British and 2% Asian. Unemployment is higher than the national average and over 20% of people are in receipt of benefits. 29% of school leavers leave with no qualifications at all. 30.7% of children in Heywood and Middleton were in poverty in 2020/21. This means that there are 6574 children living in poverty in Heywood.
 Preston – Intact Community Centre – Ingol in Preston is the worst for income and employment deprivation in Lancashire. 37% of Ingol households are socially rented, compared with 18% in Preston More single-parent families live in Tanterton - 14.4% of all homes are occupied by single-parent families Lower Income – Ingol is 13.8% lower than the average for the northwest A quarter of households in Ingol depend on Tax Credits – 860 families, more than any other ward in Preston; *Lower life expectancy – on average, both men and women have three years lower life expectancy at birth than for England as a whole High incidence of respiratory disease/Stroke – Ingol's Respiratory Disease rate is 50% higher than the national average, and its Stroke rate is 27% higher Greater proportion of mental health issues, particularly self-harm related to alcohol/drug abuse
deprived council wards in the country , with high rates of unemployment, low levels of car ownership and a life expectancy for men which is two years below the national average. One in three 16- to 24-year-olds is unemployed in Gamesley, compared with one in four in the rest of England.
Birmingham – Brandwood Centre for Warmth – According to the indices of deprivation Birmingham is ranked as the 7 th most deprived area in the country.
Six Birmingham constituencies are among the top 13 across England, which has 6.3 million homes in fuel poverty. Hodge Hill where, as of April 1, some 23,041 households, which equates to 54.5 per cent, are in fuel poverty. This is in comparison to 11,575 (27.4 per cent) in 2019.



Derby -St James' Community Centre – In 2020 the DECC reported that in Derby 16.4% of households were living in fuel poverty which equates to 18,008 families.
Office for National Statistics data show 47.1% of households in Derbyshire Dales were deprived in at least one of these "dimensions" when the most recent census was carried out. It meant the area stood below the average across England and Wales, of 51.7%.6 Nov 2022.
Warrington- 10 community Centres - Warrington is ranked 147 in the indices of deprivation report of 2019.
¹ Within this, 24 of the Warrington LSOAs are in the top 20% most deprived in England and these are the areas that the CFW project will cover. In Warrington North, 5269 households which is 12.2% are living in fuel poverty according to NEA statistics ²
10 of the Community Centres in Warrington will host a Warm Nights programme as below:
Culcheth Community Centre Fearnhead Community Centre Greenwood Community Centre Nora Street Community Centre Oakwood Community Centre Radley Common Community Centre Sandy Lane Community Centre Sankey Bridge Community Centre Westy Community Centre Whitecross Community Centre
Widnes/Runcorn-Halton Brook Community Centre - Halton is a borough in Runcorn and in the latest Index of Multiple Deprivation (IMD) this area was ranked 519 out of 32,844 in England , where 1 was the most deprived and 32,844 the least.
49.3% of lower super output areas (LSOAs) were in the top 20% of the most deprived areas nationally, with 31.6% being in the top 10% highlighting large areas of high deprivation.
Barnsley- Cortonwood Comeback Centre – Barnsley is ranked as 38 th out of 317 areas on the indices of deprivation. Of this 21.8% of LSOAs are in the 10% most deprived in England.9.7% of households in Barnsley live in Fuel poverty.
The unemployment rate is also above average which impacts on people's finances and adds to their mental health problems
Newham East London- Bonny Downs Community Association - Based in Newham, East London with a population of 16,577. In the latest Index of Multiple Deprivation (IMD) this area was ranked 8,775 out of 32,844 in England , where 1 was the most deprived and 32,844 the least.

¹ www.warrington.gov.uk/sites/default/files/2020-02/warrington_2019_deprivation_profile_report.pdf ² <u>Warrington North - National Energy Action (NEA)</u>



	49% of children in Newham live in poverty, this is a much higher rate than the London average.
	In Newham, 24.5% of residents were estimated to be earning below the Living Wage in 2021. This was around the same as the average London Borough.
	Fuel poverty
	Statistics suggest that a higher percentage of people living in deprived areas experience unemployment and have a lower income as a result.
	They are more at risk of being in fuel poverty, as they may not have enough income to adequately heat their homes. They are more likely to turn their heating off or down, which in turn brings about cold, damp living conditions, increasing the risk of associated conditions like respiratory issues, high blood pressure and depression/anxiety.
	<u>Debt</u>
	According to the Citizens Advice Bureau those households in the lowest income group are three times more likely to be in debt, with the value of the debt being up to six months' worth of their income. Additionally, customers who rent are twice as likely as those who have a mortgage to owe more than six months of their income.
	When we factor in unemployment, low income, drug and alcohol abuse and mental health, the chances of people being in debt are huge. These people often do not have access to advice or believe there is a stigma to seeking advice on debt.
	Risk of exposure to carbon monoxide and levels of deprivation
	Around 30-40 people living in the 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.
	Issues such as fuel poverty and high household debt can influence a customer's risk of exposure to the dangers of carbon monoxide. An unavailability of household income can mean that many customers do not have the means to regularly service their gas appliances and/or purchase audible carbon monoxide alarms.
Scope and Objectives	Project scope
	Cadent will provide the 19 Community Centres with £175,667.00 of VCMA funding to enable the delivery of up to 6-months of Warmer Nights.
	The centres will extend their opening hours to help families who are struggling to pay for energy and food. This will allow people to attend the centres one-two days per week for 3 hours, receive a hot healthy meal, hot drink, advice on a range of topics and an opportunity to socialise and interact with friendly faces in a safe warm space where
	they will not feel judged.
	These services include:
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	Offer a safe warm place for families struggling with fuel and food costs.
	 Supply a nutritious, healthy, warm meal for all who attend. Generate awareness of other services on offer and provides advice on CO and general gas safety awareness, PSR, energy efficiency, and Income maximisation. Have a diverse and inclusive space where people feel part of the community. Tackle loneliness and isolation. Build strong relationships with the community and help them address any issues.
	The project aims to reach approximately 11,400 individuals over the course of the initial 6-month project. This total reach will be divided between (per centre):
	 600 Individuals per centre receiving income maximisation/energy efficiency advice. 600 Individuals per centre receiving energy efficiency advice. 600 Individuals per centre will engage with others to tackle social isolation and loneliness. 600 Individuals per centre will receive a warm, nutritious, healthy meal, alleviating stress and anxiety regarding keeping their homes warm and feeding their family. 400 PSR sign ups.
	Project objectives
	The project contains a series of objectives that will allow success to be measured:
	 To support approximately 600 Individuals per centre across the project area living in isolation per centre. To deliver income maximisation/home energy efficiency advice to approximately 600 Individuals per centre. To deliver carbon monoxide safety advice to approximately 400 Individuals. To alleviate stress and anxiety regarding keeping the home warm and feeding approximately 600 Individuals per centre. To support 400 Individuals to sign onto the PSR register per centre.
Why the Project is Being Funded Through the VCMA	Cadent believe that this project meets all the required VCMA eligibility criteria.
	a. The project is forecasted to have a positive SROI. Please see the relevant section for more information.
	We believe this project has the deliverables necessary to create a positive social return on investment - see the below section for more details.
	b. The project will either:
	 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



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	The project will provide support to customers living in vulnerable situations through energy efficiency advice/income maximisation. The project will also offer customers education on the dangers of CO to particularly at-risk households.
	c. The project has defined outcomes and the associated actions to achieve them.
	This project has clearly defined outcomes 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. The project goes beyond the activities funded through other price control mechanisms or required by licence obligations.
	The method of delivering support to customers living in venerable situations is innovative, as it utilises partnerships with key community stakeholders. This allows for some of the hardest to reach communities to benefit from Cadent's messaging
	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 will be delivered solely through Cadent's VCMA funding.
Evidence of Stakeholder/Customer Support	Temperature Checks – we complete periodic 'temperature checks' with a cross section of our customer base, including our Customer Forum. These demonstrate that customers continue to support the key measures that we identified when developing our RIIO-2 plan, with a heightened requirement to support people with the cost-of- living crisis – hence this.
	The Energy Diaries research – through extensive research with customers living in fuel poverty over a period of several months, we then engaged with experts such as Citizen's Advice, NEA and a suite of other charities operating in this space to co-create several additional initiatives that Cadent could offer to its customers. This was one of these initiatives.
	Charity Partnerships – we have strategic level partnerships in place with around 40 consumer advice organisations and charities. We engage regularly to assess the benefits of existing projects and consider options elsewhere, taking the opportunity to benchmark against others and seek to learn.
	Centres for Warmth – the teams running the centres also fed into the development of this initiative, when considering the successes of the existing centre projects and opportunities for enhancements, based on the specific needs of the customers / households already being supported.
	Stakeholder feedback – Working with various Stakeholders we can understand the needs of customers living in vulnerable situations across our networks. Regular conversations and check ins with organisations such as Citizens Advice, National Energy Action and Groundwork. These regular check ins allow us to gain feedback on the projects we are or should be supporting and ensuring that the



	 projects are in the best interests of our customers. The guidance we are being given is consistently around supporting customers living in fuel poverty and especially in light of the current energy crisis. Stakeholder feedback – We have sent out questionnaires to organisations we deal with and some that have an interest in the customers we are looking to support, and we have received overwhelming support and confirmation that the projects we are supporting are appropriate and are helping those most at risk.
Information Required	Description
Outcomes, Associated Actions and Success	Project outcomes
Criteria	The VCMA project will be delivered in partnership with 19 community centres and aims to support approximately 11,400 residents with energy/safety/loneliness issues across a project during the winter months.
	The Warmer nights project aims to achieve the following outcomes:
	• Provide support to lonely local residents, ensuring that they can access the community centre and the services it offers.
	 Provide residents with energy efficiency advice and carbon monoxide awareness.
	 Provide support and advice to customers on numerous topics including benefit entitlement checks, homelessness, energy advice, income maximisation and mental health support.
	 Provide a healthy, nutritious, warm meal for people that attend the centre.
	Associated actions
	• Cadent's funding will for each centre to open an extra 3 hours in the evening through the winter months.
	 Cadent's funding will enable the centres to pay staff wages to the staff that will run these centres.
	• Cadent's funding will enable the centre to buy all the ingredients to make a healthy, nutritious hot meal using the slow cookers that Cadent's we have already provided through the Centres for Warmth project.
	• The centres will deliver Carbon Monoxide awareness and safety advice, energy efficiency advice, income maximisation support, debt advice, support with registrations to the PSR and promote healthy means of cooking.
	• Cadent's funding enabling the centres to open for longer hours through the winter will tackle loneliness and social isolation.
	Success criteria
	The success of the project will be evaluated against the meeting of the project's objectives. These objectives include:



	1. The project will reach approximately 11,400 Individuals across the course of 6 months.
	2. 600 Individuals per centre will receive income maximisation/energy efficiency advice.
	3. 600 Individuals per centre will receive energy efficiency advice.
	4. 600 Individuals per centre will engage with others to tackle social isolation and loneliness
	5. 600 Individuals per centre will receive a warm meal, alleviating stress and anxiety regarding keeping their homes warm and feeding their family.
	6. PSR sign-ups 400
	* Per centre
	Meeting the below indicators will help Cadent determine the success of the project:
	 Customers will realise increases in household income by ensuring that they are claiming the benefits that they are entitled to.
	 Homeless local residents are supported with financial, well- being and safety advice.
	• Customers will report a decrease in anxiety and stress due to receiving support with home energy, financial and wider issues.
	• Customers will have reduced stress levels due to knowing they can go to a warm space and receive a nutritious, healthy warm meal.
	 Isolated members of the community will report an improvement in mental well-being through experiencing lower feelings of loneliness.
	• Customers will report an increased awareness of the dangers of carbon monoxide and an increased feeling of safety at home.
Project Partners and Third Parties Involved	Fazakerley Community Centre, Gamesley Community Centre, Intact Community Centre, Back O'th Moss Community Centre, Brandwood Community Centre, Cortonwood Comeback Centre, St James' Community Centre, 10 Warrington Community centres (as above), Halton Brook Community Centre and Bonny Downs Community Association.
Potential for New Learning	The Centre for Warmth - "Warmer Nights" project offers learning opportunities for other VCMA projects that Cadent may look to support. It will allow us to understand whether we can have a positive impact on communities by our presence that is the most vulnerable and deprived.
Scale of VCMA Project and SROI Calculations	The Warmer Nights project will deliver support for an initial 6-month duration. The project will focus on creating a warm, safe space for people to go through the winter months and receive a warm, healthy



meal and receive advice to approximately 11,400 customers across the 5 centres.
Social return on investment calculations across all 19 centres.
Total Investment = £175,667.00 GBP
SROI Calculations
 11,400 people supported with benefits and debt advice: £19,575,054.00 11,400 people supported with energy efficiency advice: £4,192,578.00 11,400 people advised on CO: £99,496.15 7,600 PSR sign-ups: £1,093,564.00 11,400 tackle social isolation: £393,300
Total reach of around 11,400 individuals across the duration of the project.
5-year SROI calculations:
5-year gross present value= £25,353,992.2
5-year Social Return on Investment = £25,178,325.2
(minus investment Centre costs: £165,667.00
Leaflets & plaques £10,000.00)
1-year SROI calculations:
1- year Gross Present Value = £5,070,798.44
1-year Social Return on Investment = £5,035,665.04
(minus investment Centre costs: £165,667.00
Leaflets & plaques £10,000.00)
Supporting households to maximise their income
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.
SIA Partners calculated an average 5-year gross present value of supporting households to maximise their income of £1,717.11 per household and £19,575,054.00 across the average 11,400 clients over the 5 years.
Offering households in-home energy efficiency advice



Cadent worked with National Energy Action and SIA Partners to evaluate the social value created through offering customers a range of different energy efficiency topics.
These topics ranged from writing off fuel debt (£842.74) through to support with SMART meters and associated equipment (£32.71). All proxies calculated from the project were based on a 5-year gross present value.
The energy efficiency advice offered through the Warmer Nights project will focus on efficient use of appliances and behaviours.
SIA Partners attributed a 5-year gross present value of £367.77 to the efficient use of appliances and behaviours.
11,400 customers will each receive support with in-home energy efficiency advice across the project, equating to a total 5-year gross present value of £4,192,578.00.
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 off 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 $\pounds 8.73$ - this is based on a 1-2-1 conversation with an 80% retention rate.
Supporting households to register to the Priority Services Register
Cadent worked with SIA Partners to evaluate the average 5-year gross present value of supporting households to register to the PSR. SIA Partner based their analysis on the DNO proxy bank value for an avoided stress management course.
SIA Partners evaluated an average 5-year gross present value of £143.89 for a single PSR registration and an average of 5 - year gross present value of 7,600 PSR sign-ups £1,093,564.00



	The Cost of Ioneliness
	The Centre for Warmth project will reach customers living in urban areas of Cadent's network. ³ BBC report found that 46% of England's urban population is aged 65
	or over. ⁴ One-fourth of the population aged 65 years and older reported feelings of loneliness. ⁵ Second Development and Development of the property of
	⁵ 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.
	⁶ 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 relate to and who will listen to them, engaging in an open, friendly dialogue. This equates to an overall benefit of £1,656,000 across the entire customer group supported through the project.
	This project aims to reach 11,400 people through the 6-month project, equating to a saving of £300.00 per customer. This equates to an overall benefit of £393,300.00 across the entire customer group supported through the project.
VCMA Project Start and End Date	Start date: 1 st October 2022 End date: 1 st April 2023
Geographical Area	The project will cover centres across Cadent's network in the North West, West Midlands, and East Midlands
Remaining Amount in the Allowance at Time of Registration	Remaining funding left in the Licensee's/ Licensees' funding pot.

those-who-live-with



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 ReviewDate Immediate Team Peer Review
Completed:10/01/23Review Completed By: Gemma NortonStage 2: Sustainability and Social Purpose Team Management ReviewDate Management Review Completed: 08/12/22Date Management Review Completed: 08/12/22Review Completed By: Phill BurrowsStep 3: Director of Sustainability and Social Purpose Sign-Off: Mark BelmegaDirector of Sustainability and Social Purpose Sign-Off Date: 10/03/23Step 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 2023Date that Notification Email Sent to Ofgem: March 2023Date that Notification Email Sent to Ofgem: March 2023

