

Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA)

*Centre for Warmth - Fazakerley
(Liverpool)*

*Philip Burrows
August 2021*



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, all 3
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	Fazakerley Centre for Warmth (Liverpool)
Funding GDN(s)	Cadent
Role of GDN(s) *For Collaborative VCMA Projects only	N/A
Date of PEA Submission	August 2021
VCMA Project Contact Name, email and Number	Philip Burrows Philip.m.burrows@cadentgas.com 07773545451
Total Cost (£k)	£28,000.00
Total VCMA Funding Required (£k)	£28,000.00
Problem(s)	<p>This project aims to tackle several problems faced by people living in the Fazakerley, Liverpool. This is one of the most deprived areas in the North West of England.</p> <p>Out of the top 20 most deprived areas in the UK, 11 are in the North West.</p> <p>The Indices of Multiple Deprivation is a measure of deprivation, which the government defines separately to poverty. As stated in the September 2019 Statistical Release of the English Indices of Deprivation. These measures include:</p> <ul style="list-style-type: none"> • Income • Employment • Education • Skills & Training • Health & Disability • Crime • Barriers to Housing • Living environment

Fazakerley has a community centre at the heart of its community and the local people rely on its presence. The centre and the staff working there are trusted and is relied upon to support with everything from food to financial advice.

There are various problems and issues within the Fazakerley community, and these include;

Unemployment

According to Labour market indicators working-age people living in the most deprived areas are more than twice as likely to be unemployed as on average: The unemployment rate in the most deprived 10% of areas is 17%, compared with 8% across England as a whole (and 4% in the least deprived areas)

Along with unemployment comes low income, fuel poverty, mental health issues and debt.

Fuel poverty

Since a high percentage of people in deprived areas are unemployed and have a low income, they are more at risk of being in fuel poverty as they do not have enough income to heat their homes. They are more likely to turn their heating off or down which in turn brings about cold, damp living conditions which presents the risk of associated diseases like:

- Respiratory disorders
- Cardiovascular problems
- Mental Health issues

ONS statistics report that there were 50,100 excess winter deaths in 2017-2018 and it is estimated that 10% were directly attributed to Fuel Poverty.

Furthermore, reports suggest that many customers live in energy inefficient homes that often score poorly in terms of EPC rating. This coupled with the lack of local employment opportunities and insufficient affordable housing means fuel poverty can be a serious problem.

Debt

According to the CAB those in the lowest income group are three times more likely to be in debt up to six months' worth of their income and people 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 or are embarrassed about seeking advice to get them out of debt.

	<p><u>Lack of Awareness on the Dangers of Carbon Monoxide</u></p> <p>Many customers who live in deprived areas have little or no awareness of the dangers of CO. Appliances are often left un-serviced due to financial constraints and CO alarms are often viewed as a luxury item. Families that are struggling to provide food for their family do not see staying CO safe as a priority.</p>
<p>Scope and Objectives</p>	<p><u>Project Scope</u></p> <p>The Centre for Warmth aims to redress the problems listed in the problem section of this document. This is done by facilitating and funding the centre to be able to offer the following services:</p> <ul style="list-style-type: none"> • Funding a fully trained advisor in debt management and money maximisation to help support with unclaimed benefit, debt management and switching. • Providing people with access to energy efficiency, carbon monoxide and home gas safety advice; • Providing people with skills to cook using a slow cooker. <p><u>Project objectives</u></p> <p>The Centres for Warmth contains a series of objectives that will define its success;</p> <ul style="list-style-type: none"> • To support vulnerable customers who are living in and around the Fazakerley community centre • To residents with advice and support on their doorstep in an environment they trust. • To generate a positive social return on investment (SROI) on funding provided by Cadent through the Vulnerability & Carbon Monoxide Allowance (VCMA) • To provide key messaging on gas safety, carbon monoxide awareness and in-home energy efficiency advice to people in deprived areas in the North West.
<p>Why the Project is Being Funded Through the VCMA</p>	<p>Cadent is proposing to fund this project via the VCMA due to:</p> <ul style="list-style-type: none"> • The Community centre being the centre of peoples lives who live in deprived communities and it facilitates Cadent to be able to get important messages across regarding fuel poverty, debt consolidation, gas safety and CO awareness. • Poor mental health, debt issues and monetary problems can mean that people are reluctant to accept health from outside of the local community.

	<ul style="list-style-type: none"> • Cadent believe that by working with the partners at these centres to deliver advice on fuel poverty, debt consolidation, cooking on a budget and CO / gas safety awareness is in line with Ofgem’s guidance on using the VCMA funding.
<p>Evidence of Stakeholder/Customer Support</p>	<p>Before starting this journey Network Plus carried out Customer Impact assessments in the areas where Gas Mains Replacement was to commence. It was at this time that the centre was identified as a possible location for a Centre for Warmth.</p> <p>The centre was assessed on numerous occasions to ensure that the provision was suitable for VCMA funding and was able to reach communities that needed support the most.</p> <ul style="list-style-type: none"> • What the centre for local people • What support could we off the local community? • How many people use the centre? • If it was a charity? • Ensure that there wasn’t already central funding from local or national government funding. <p>Cadent also conducted extensive stakeholder and customer engagement as part of its business plans formation prior to RIIO2. The over arching theme was that we need to do more for customers living in vulnerable situations.</p>
<p>Outcomes, Associated Actions and Success Criteria</p>	<p><u>Project Outcomes</u></p> <p>The Centre for Warmth Project aims to achieve the following outcomes:</p> <ul style="list-style-type: none"> • Advice on debt (an average of 150 families per year) • Fuel poverty support and advice (an average of 150 families per year) • Gas safety and CO safety and knowing the signs and dangers (an average of 150 families per year) • Issuing CO alarms to those that need them most (an average of 150 families per year) • Support with switching (an average of 150 families per year) • Energy Efficiency advice (an average of 150 families per year) • Cooking on a budget for a family (50 families per year) • Running Safety Seymour and education sessions throughout the school holidays (reach 80-120 children and their families) <p>It is expected that a positive social return will be received for the project (see calculations below)</p> <p>As well as reaching our target number of customers Cadent and The Centre will review the qualitative</p>

	benefits/indicators of the project as part of the final evaluation.
Project Partners and Third Parties Involved	Fazakerley Community Centre
Potential for New Learning	The Centre for Warmth 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 are most vulnerable and deprived.
Scale of VCMA Project and SROI Calculations	<p>The below 5-year gross present values are based on averages calculated by Sia Partners in April 2021. The averages are based on data from the DNO proxy bank, publicly available statistics and actual values from previously delivered Cadent projects.</p> <ul style="list-style-type: none"> • Advice on debt (an average of 150 families per year) $150 * £842.72 = £126,408$ • Fuel poverty support and advice (an average of 150 families per year) combination of fuel debt written off, Trust fund support for fuel, ECO availability and measures= $£842 + £822 + £803 = £1727 * 150 = £259,050$ • Issuing CO alarms to those that need them most (an average of 150 families per year)- $150 * £10.90 = £1,635$ • Support with switching (an average of 150 families per year) $150 * £223.36 = £33,504$ • Energy Efficiency advice (100-200 families per year) • Cooking on a budget for a family (50 families per year) • PSR sign up - (150 people) $150 * £143.89 = £21,583$ • Running Safety Seymour and education sessions throughout the school holidays (reach 80-120 children and their families) <p>5-year social return on investment = £414,180</p> <p>1-year social return on investment = £60,436</p> <p>Investment = £28,000</p> <p>Total 5-year gross present value = £442,180</p> <p>Please note that these figures are calculated on the average number of services and are from research conducted by SIA partners and NEA.</p>
VCMA Project Start and End Date	The project will commence August 2021 and run for 1 year

Geographical Area	The Fazakerley Centre for Warmth is in Liverpool in Cadents North West network.
Remaining Amount in the Allowance at Time of Registration	TBC

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: 15/03/2022	Review Completed By: Gemma Norton
Stage 2: Sustainability and Social Purpose Team Management Review	
Date Management Review Completed: 10/03/2022	Review Completed By: Phil Burrows
Step 3: Director of Sustainability and Social Purpose Sign-Off: Mark Belmega	
Director of Customer Strategy Sign-Off Date: 15/03/22	
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:

Date that Notification Email Sent to Ofgem:

