

Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA)

*Cadent and Rural Community Council
Warm, Optimistic, Well ("WOW")
Partnership*

*Emma Turnbull Safeguarding Technical Support
October 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 - satisfies all 3 criteria
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	Cadent and Rural Community Council Warm, Optimistic, Well ("WOW") Partnership
Funding GDN(s)	Cadent - East Midlands Network
Role of GDN(s) *For Collaborative VCMA Projects only	Not applicable - Cadent-specific project
Date of PEA Submission	October 2022
VCMA Project Contact Name, email and Number	Name: Phil Burrows Position: Customer Vulnerability Social Programmes Delivery Manager Email: phil.m.burrows@cadentgas.com Phone: 07773 545451
Total Cost (£k)	Partner Costs = £130,819.39 Supporting Materials Costs = £705.39
Total VCMA Funding Required (£k)	£131,524.78.39* *Increased by £3000 in July 2023 to cover unplanned costs.
Problem(s)	<p><u>Rural Fuel Poverty</u></p> <p>There is a common assumption that rural communities are better off, healthier, and generally more privileged places to live than more urban larger towns and cities. For many in rural areas this is true, but there are also significant pockets of deprivation, fuel poverty, and disadvantage hidden within communities.</p> <p>For those facing disadvantage of any kind in rural areas, factors such as geographic and social isolation, unemployment and under-employment, poor connectivity, older and less diverse populations, and sparsity of services and facilities not only worsen the issues they face, but also create bigger barriers to overcoming them.</p> <p>People living in rural areas are more likely to face issues such as loneliness, isolation, digital isolation, poor mental wellbeing, suicide, unemployment, deprivation and the decline of valuable rural facilities and services.</p> <p>Keeping rural homes warm, comfortable, and safe has become increasingly difficult as the cost of fuel, energy, and the overall cost of living has risen so sharply. Analysis by National Energy Action shows that the fuel poverty gap (the extra income needed to remove a household from fuel poverty) across rural households is more than 2.5 times that of more urban equivalents.</p> <p>The latest government fuel poverty statistics also highlight the challenges faced by rural households. For instance, the</p>

	<p>government statistics report that rural households spend an average of £2,319 per/annum (2022 data) on fuel and have an average fuel poverty gap of £956.</p> <p>The project aims to tackle rural fuel poverty by offering previously difficult to reach customers information and practical tips on how to heat their homes more efficiently. The project will also support customers to increase their household income through raising awareness on the affordability benefits of slow cooking and will provide free, inclusive community activities.</p> <p><u>Loneliness and Isolation</u></p> <p>Customers living in rural communities can be at an increased risk of experiencing loneliness due to a number of factors including:</p> <ul style="list-style-type: none"> • Limited public transport networks; • Poor quality broadband and a digital divide; • Support services can be more expensive when compared to urban equivalents; <p>Recent government statistics also support the hypothesis that a large number of customers face feelings of loneliness. According to a ¹2019/2020 survey, approximately 3,000,000 people in England stated that they felt lonely often or all of the time. Furthermore, older age groups can be at an increased risk of experiencing loneliness. For instance, 40% of 65 to 74 year olds reported experiencing feelings of loneliness at frequencies from "occasionally" to "always".</p> <p>Finally, research shows that feeling lonely for a long time can increase the risk of many physical and mental health conditions, even to levels above other risk factors such as smoking and being overweight. WebMD reports similar issues associated with having a pessimistic outlook including depression, low self-esteem, and a weakened immune system.</p> <p>As well as creating a mechanism for rural households to access expert energy efficiency and safety advice, the project will also offer residents activities designed to promote social interaction and togetherness.</p> <p><u>Risk of exposure to carbon monoxide and levels of deprivation</u></p> <p>Around 40 people living in 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.</p> <p>Increased risk of carbon monoxide poisoning due to factors like having less money available to cover regular servicing of gas appliances or being more reliant on burning solid fuel to heat rooms.</p>
<p>Scope and Objectives</p>	<p><u>Project Scope</u></p>

¹ <https://www.gov.uk/government/statistics/community-life-survey-202021-wellbeing-and-loneliness/wellbeing-and-loneliness-community-life-survey-202021#:~:text=Overall%20in%202020%2F21%3A,%2F19%20and%202019%2F20.>

This project is aimed at encouraging low income and hard to reach families to participate in activities, allowing them to access support in an innovative and inclusive manner.

Cadent will provide funding to Rural Coffee Connect (RCC) to enable the design, management, and delivery of three sub-projects:

1. WOW Connect = RCC will utilise a mobile coffee vehicle to deliver community activities across four locations per week in Leicestershire and Rutland. The coffee van will provide a safe and friendly base for outreach work where people can enjoy a coffee, chat, and build connections in their community.
2. WOW Hubs = RCC will engage with community venues across the project area, to secure buildings that will act as a base for outreach work, and also provide a safe warm space for residents to connect with their community.
3. WOW Resources = RCC will design and create a repository of information designed to help WOW clients to alleviate fuel poverty. The resource bank will include a WOW webpage, information sheets, self-help resources, a WOW Directory and practical resources.

Project Objectives

The project aims to meet the following objectives, against which success will be quantified:

- The project will support 2000 individuals using the Coffee van and WOW hubs.
- The project will create 48 wow hubs across the rural communities engaged through the programme's activities.
- The project will recruit and train 48 WOW ambassadors (1 or 2 per community) over the project. WOW ambassadors will take the form of volunteers that have been upskilled to provide important affordable warmth information.
- The project will distribute 200 CO alarms to customers in vulnerable situations across the duration of the project.
- The project will provide gas safety and carbon monoxide awareness through the mechanism of the WOW Connect and WOW Hubs.
- The project will provide energy saving advice through the use of WOW Connect and WOW Hubs.
- The project will provide support on wider wellbeing and health topics to customers engaged through the WOW Connect and WOW Hubs.

	<ul style="list-style-type: none"> The project will promote the PSR and encourage sign ups to 2000 people. <p>As well as meeting the above objectives and quantitative forecast, the project also aims to achieve the following positive indicators:</p> <ul style="list-style-type: none"> Customers report improved senses of wellbeing and togetherness through participating in WOW Connect and WOW hub events. Customers report improvements in their levels of comfort due to being able to heat their homes to a healthier temperature. This will be achieved through reducing attendee's reliance on their home's heating system and improving knowledge of energy efficiency techniques.
<p>Why the Project is Being Funded Through the VCMA</p>	<p>We believe this project meets all of the company specific VCMA criteria:</p> <ol style="list-style-type: none"> Have a positive, or a forecasted positive, Social Return on Investment (SROI) including for the gas consumers funding the VCMA Project; <p>Due to our understanding on social value and experience from previous partnerships, we believe this project has the deliverables necessary to create a positive social return on investment - see the below section for more details.</p> Either: <ol style="list-style-type: none"> Provide support to customers 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. <p>This project meets all three criteria on this point, as customers will receive support with energy/financial advice and carbon monoxide safety.</p> Have defined outcomes and the associated actions to achieve these; <p>This project has clearly defined actions 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.</p> Go beyond activities that are funded through other price control mechanisms or required through other licence obligations; <p>This project innovatively delivers support to customers in a method that goes beyond other price control activities and licence obligations.</p> Not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved or local) funding; <p>This project is delivered solely with VCMA funding, and a clear structure will be in place to ensure that all aspects of the project are allocated against the VCMA 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 categories of activities from 2021-2022 VCMA delivery (e.g., tackling affordability and fuel poverty, protecting our customers from the dangers of carbon monoxide etc.). The Warm, Optimistic, Well project offers support to alleviate fuel poverty, reduce the risk of harm caused by CO, and identify customers' needs/join up support services.</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>Cadent has recognised this stakeholder feedback and has supported various affordability and fuel poverty projects like the RCC partnership.</p> <p>Concerning specific projects, both customers and stakeholders supported increased investment in community projects that tackle loneliness and isolation. For instance, 70% of stakeholders and 57% of customers supported an increase in funding for Warm Spaces and community venue projects. A customer aged >70 commented " <i>Some interaction is vital for people on their own - giving them a safe and warm place to meet up is vital for many peoples mental health</i>"</p>
<p>Information Required</p>	<p>Description</p>
<p>Outcomes, Associated Actions and Success Criteria</p>	<p><u>Project outcomes</u></p> <p><u>Utilising Cadent's funding, RCC will aim to deliver the following outcomes:</u></p> <ul style="list-style-type: none"> • Project attendees will have the opportunity to access activities helping wellbeing and also tackle loneliness and isolation. • Residents will be provided with gas safety and carbon monoxide awareness and will also be offered the opportunity to access free carbon monoxide alarms (on an individual needs basis). • WOW Connect and WOW Hub attendees will be provided with energy saving advice (e.g. practical tips on how to use their appliances more efficiently). • The project will reach approximately 2,000 individuals across the two-year project. <p>As well as achieving the above quantitative outcomes, the project also aims to deliver the following qualitative outcomes:</p>

- Rural households supported through the project will report increased levels of comfort due to being able to afford and have the knowledge to heat their home to a healthy temperature.
- Customers supported through the project will report an improved sense of wellbeing through feeling less lonely.

Associated Actions

Cadent and RCC will perform the following associated actions in order to achieve the Warm, Optimistic, Welcome project outcomes and success criteria:

- Cadent will provide RCC with the necessary funding, approved educational materials (e.g. energy efficiency, PSR, and carbon monoxide), and training to ensure that all information disseminated through the project is informative and accurate.
- RCC will conduct an eight week period of stakeholder engagement, research, and social mapping to understand the needs of communities and identify potential WOW Connect and WOW Hubs venues.
- RCC will operate the WOW Connect coffee vehicle on a four day per/week basis, providing a safe and friendly base for outreach work with previously difficult to engage customers.
- RCC will create 48 WOW Hubs across Leicestershire and Rutland. These buildings will act as a base for outreach work and will provide a safe, warm space for customers to access support and connect with their community.

Success Criteria

Cadent will work collaboratively with Rural Coffee Connect to capture data throughout the duration of the 24 months project. This data will help all parties understand whether the following success criteria has been met.

- The project will realise a positive social return on investment - see below section for more details.
- 2,000 individuals to take part in activities that may help improve their mental wellbeing over the 24-month programme
- 2,000 individuals will receive information on carbon monoxide safety and the Priority Services Register.
- Free carbon monoxide alarms will be distributed to 200 households on a needs basis. Need will be assessed on factors such as a household's ability to purchase an alarm through their own financial means, customer awareness levels, and property fuel types.
- 200 individuals will receive information on energy efficiency and practical tips to alleviate fuel poverty.

	<p>Cadent and RCC will also measure customers' attitudes towards the positive indicators listed in the Project Outcomes section of this document (e.g. residents supported through the project will report an improved sense of wellbeing through feeling less lonely).</p> <p>Finally, Cadent will evaluate a positive social return on investment on the VCMA funding invested in the Warm, Optimistic, Welcome project.</p>
<p>Project Partners and Third Parties Involved</p>	<p>Cadent will principally work in partnership with Leicestershire based rural communities charity - Rural Coffee Connect.</p> <p>As part of the project, Rural Coffee Connect will be encouraged to utilise their network of existing partners to offer additional services based on the needs of the customers identified.</p>
<p>Potential for New Learning</p>	<p>We believe that this project offers Cadent the opportunity for new learning in various areas.</p> <p>Firstly, much of the research and data on the cost of living crisis focusses on the impacts felt by urban communities. Cadent and RCC believe that some rural communities may be disproportionately affected by the cost of living crisis due to factors such as higher housing costs, expensive support services, and a lack of employment opportunities. The project will offer Cadent insight on the extent of the impact of the cost of living crisis on rural communities.</p> <p>Secondly, Cadent funded several projects that supported rural communities in 2021-2022. The decision to fund the partnership with RCC in 2022-2024 will offer Cadent a comparison on customers' needs. For instance, the 2021-2022 projects were launched in the immediate aftermath of the pandemic and looked to tackle loneliness and isolation that was exacerbated by months of lockdown. The vast majority of Covid-19 restrictions have lifted and Cadent wants to understand if there is still a need for activities that tackle loneliness now that communities face the new challenge of the cost of living crisis.</p>
<p>Scale of VCMA Project and SROI Calculations</p>	<p><u>Project scale</u></p> <p>The project will be delivered in the Leicestershire and Rutland area of Cadent's East Midlands network across a two year duration. .</p> <p>The Warm, Optimistic, Welcome project aims to reach an audience of 2,000 individuals with information on energy efficiency, carbon monoxide safety, and PSR.</p> <p><u>SROI Summary</u></p> <p><u>Investment = £130,819.39</u> <u>5-year gross social return on investment = £337,596</u> <u>1-year gross social return on investment = £67,519.20</u> <u>5-year net present value = £206,776.61</u> <u>1-year net present value = £38,995.32</u></p> <p>Cadent has conducted its own research and has worked with specialist from energy and utilities consultants at SIA Partners to evaluate the gross present value generated by activities</p>

typically funded through the VCMA. This work has produced a bank of one to five year average gross present values that incorporate financial, environmental, and societal benefits of VCMA activities.

Gross present value created through tackling loneliness and isolation

As referenced in the Problem(s) section of this document, rural communities can be at an increased risk of experiencing loneliness, particularly residents from older age groups.

A ²2017 London School of Economics research paper reported that the cost to individuals, their families, and society that arises from loneliness related poor health could be estimated conservatively at £6000 in older people. This figure was across a 10-year period and equates to an annual cost of £600.

Age UK's ³2018 Rural Ageing (England) report found that 24.3% of England's rural population are aged 65 and over.

Rural England's 2016 research project reports that 10.5% of residents aged 65 and over report feelings of loneliness.

The Warm, Optimistic, Welcome project to reach approximately 2,000 individuals over the two year duration of the project, 24.3% of which will be aged 65 and over. This equates to 486 individuals.

10.5% of the individuals will have experienced feelings of loneliness based on Rural England's research. This translates to a total of 51.03 people.

The Warm, Optimistic, Welcome project will run for a period of two years, and as such, Cadent can point to £1,200 per customer (£600 per/annum x two years) in monetary benefit. This equates to a total gross present value of £61,236.00

5-year gross present value of supporting customers to use their appliances more efficiently

Cadent's work with SIA Partners calculated an average 5-year gross present value of £367.77 per efficient use of appliances and behaviours conversation. This value is based on a number of factors including average savings from Energy Savings Trust, reductions in negative impacts of cold weather on customer's health, and carbon emissions savings.

Although there will be some face to face conversations, the vast majority of advice will be delivered through printed literature. Therefore, Cadent has modified the retention rate of the social value proxy to account for information being distributed through leaflets, rather than face to face conversations.

Cadent has applied a retention rate of 20% based on past VCMA projects that were delivered in partnership with expert advertising agencies. The expert agencies were able to provide

² <https://www.lse.ac.uk/business/consulting/assets/documents/making-the-economic-case-for-investing-in-actions-to-prevent-and-or-tackle-loneliness-a-systematic-review.pdf>

³ https://www.ageuk.org.uk/globalassets/age-uk/documents/policy-positions/housing-and-homes/ppp_rural_ageing_uk.pdf

insight on the retention rates of a range of communication channels.

Advice on efficient use of appliances and behaviours will be delivered to 2,000 individuals over the duration of the project. This equates to a 5-year gross present value of £735,540.00 applying the high face to face retention rate. Through applying a 20% retention rate for printed literature, Cadent has calculated a 5-year gross present value of £147,108.

5-year gross present value of providing customers with affordable warmth advice

Cadent's work with SIA Partners calculated an average 5-year gross present value of £332.33 per heating and hot water controls conversation. This value is based on a number of factors including Energy Saving Trust data, reductions in negative impacts of cold weather on customers' health, and reduced pressure on the NHS when treating cold related illness.

Although there will be some face to face conversations, the vast majority of advice will be delivered through printed literature. Therefore, Cadent has modified the retention rate of the social value proxy to account for information being distributed through leaflets, rather than face to face conversations.

Cadent has applied a retention rate of 20% based on past VCMA projects that were delivered in partnership with expert advertising agencies. The expert agencies were able to provide insight on the retention rates of a range of communication channels.

Advice on affordable warmth will be delivered to 2,000 individuals over the duration of the project. This equates to a 5-year gross present value of £664,660.00 applying the high face to face retention rate. Through applying a 20% retention rate for printed literature, Cadent has calculated a 5-year gross present value of £132,932.00

5-year gross present value from assisting customers to register to the PSR

Cadent's work with SIA Partners calculated an average 5-year gross present value of £143.89 per registration to the PSR. This value was based on a customer's reduction in stress during a utilities outage.

Although some customers may be supported to register to the PSR in person, the majority of clients will receive printed literature signposting them to register to the PSR. Therefore, Cadent has modified the retention rate of the social value proxy to account for information being distributed through leaflets, rather than face to face conversations.

Cadent has applied a retention rate of 20% based on past VCMA projects that were delivered in partnership with expert advertising agencies. The expert agencies were able to provide insight on the retention rates of a range of communication channels.

Information on the benefits of the PSR and the process for registration will be delivered to 2,000 households over the

	<p>duration of the project. This equates to a 5-year gross present value of £287,780.00 applying the success rate of SIA Partner's calculations. Through applying a 20% success rate, Cadent has calculated a 5-year gross present value of £57,556.</p> <p>It is worth noting that the SROI is less than that typically attained through another of our initiatives, Centres For Warmth (C4W). This is largely due to the fact that the C4Ws work well where footfall is high and communities engage well with existing centres offering alternative support and spaces to use. It can be more difficult to get to customers living in vulnerable situations in rural areas, and naturally the average reach (of customers) in rural areas is much less, yet the cost of establishing a centre / mobile centre is pretty fixed. It is important that we support a wide range of customers living in fuel poverty and other vulnerable situations through our VCMA funded projects, hence the approach here.</p>
<p>VCMA Project Start and End Date</p>	<p>Project start date: 01/10/2022 Project end date: 01/10/2024</p>
<p>Geographical Area</p>	<p>Areas of Leicestershire and Rutland situated on Cadent's East Midlands networks.</p>
<p>Remaining Amount in the Allowance at Time of Registration</p>	<p>To be confirmed upon receiving Director of Sustainability and Social Purpose sign-off</p>



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 PEA Peer Review	
Date Immediate Team Peer Review Completed: December 2022	Review Completed By: Edward Allard - Social Programmes Manager
Stage 2: Sustainability and Social Purpose management Review	
Date Management Review Completed: 16/03/23	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: 16/03/23	
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 2023	
Date that Notification Email Sent to Ofgem: March 2023	