

## Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA)

*IE Hub – Digital in-depth support*

Kate Clarke – Social Responsibility Specialist

June 2023



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

<b>Section 1 - Eligibility criteria for company-specific projects (other than condemned essential gas appliance repair and replacement)</b>	
In order to qualify as a VCMA project, a project must:	
<b>VCMA Eligibility Criteria</b>	<b>Criteria Satisfied (Yes/No)</b>
<b>a)</b> Have a positive, or a forecasted positive, Social Return on Investment (SROI) and Net Present Value (NPV) including for the gas consumers funding the VCMA Project (GDNs should use a common SROI model.	Y
<b>b)</b> Either: <ul style="list-style-type: none"> <li><b>i.</b> Provide support to consumers in vulnerable situations, and relate to energy safeguarding, or</li> <li><b>ii.</b> Provide awareness on the dangers of CO, or</li> <li><b>iii.</b> Reduce the risk of harm caused by CO;</li> </ul>	Y
<b>c)</b> Have defined outcomes and the associated actions to achieve these;	Y
<b>d)</b> Go beyond activities that are funded through other price control mechanism(s) or required through license obligations; and	Y
<b>e)</b> Not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved or local) funding.	Y
<b>Section 2 - Eligibility criteria for company-specific essential gas appliance servicing</b>	
To qualify as a VCMA Project, essential gas appliance servicing must meet the following criteria:	
<b>a)</b> Either: <ul style="list-style-type: none"> <li><b>i.</b> A GDN has had to isolate and condemn an essential gas appliance following a supply interruption or as part of its emergency service role; or</li> <li><b>ii.</b> A GDN or its Project Partner has identified an essential gas appliance which has not been serviced in the last 12 months in the owner-occupied home of a customer in a Vulnerable Situation where an occupier of the property suffers from a permanent or temporary health condition that makes them more vulnerable to health risks associated with cold homes; or</li> <li><b>iii.</b> A GDN or its Project Partner has identified an essential gas appliance which has not been serviced in the last 12 months in a tenant-occupied home of a customer in a Vulnerable Situation where it is the tenant's responsibility to maintain the essential gas appliance, where an occupier of the property suffers from a permanent or temporary health condition that</li> </ul>	N/A

<p>makes them more vulnerable to health risks associated with cold homes.</p>	
<p><b>b)</b> The household cannot afford to service the essential gas appliance, which is assessed against criteria consistent with the Energy Company Obligation (ECO4) Guidance: Delivery document<sup>1</sup> (see Appendix 1).</p>	<p><b>N/A</b></p>
<p><b>c)</b> Sufficient funding is not available from other sources (including a social or private landlord, national, devolved, local government funding) to fund the essential gas appliance service.</p>	<p><b>N/A</b></p>

<p><b>Section 3 - Eligibility criteria for Collaborative VCMA Projects</b></p> <p>To qualify as a Collaborative VCMA project, a project must:</p>	
<p><b>a)</b> Meet the above company-specific and boiler repair and replace (if applicable) project eligibility criteria;</p>	<p><b>N/A</b></p>
<p><b>b)</b> Have the potential to benefit consumers on the participating networks; and</p>	<p><b>N/A</b></p>
<p><b>c)</b> Involve two, or more, gas distribution companies.</p>	<p><b>N/A</b></p>

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

Information Required	Description
<b>Project Title</b>	IE Hub – Digital in depth support
<b>Funding GDN(s)</b>	Cadent
<b>New / Updated (indicate as appropriate)</b>	New PEA and partnership
<b>Role of GDN(s) *For Collaborative VCMA Projects only</b>	Cadent specific
<b>Date of PEA Submission</b>	June 2023
<b>VCMA Project Contact Name, email and Number</b>	Philip Burrows <a href="mailto:Phil.m.burrows@cadentgas.com">Phil.m.burrows@cadentgas.com</a> 07773545451
<b>Total Cost (£)</b>	Partner costs: £68,340 Project management costs (4%): £2,733.60
<b>Total VCMA Funding Required (£k)</b>	£71,073.60
<b>Problem(s)</b>	<p>The IE hub – Digital In-Depth Support project falls under the affordability and fuel poverty VCMA pillar and aims to support digitally included households with concerns around their ability to afford their required energy costs.</p> <p>The cost-of-living crisis has had a huge impact on UK household affordability, with Citizens Advice reporting an increase in the number of people accessing their crisis support service for the first time. Additionally, the not-for-profit sector has experienced two challenges because of the cost-of-living crisis:</p> <ul style="list-style-type: none"> <li>• Support services are oversubscribed often with longer waiting times than usual.</li> <li>• Customers who were previously managing without the assistance of a third party now need affordability related guidance.</li> </ul> <p>The result of these two challenges is that more people are living in fuel poverty and require advice and support to help them out of it, and many of these do not know where to turn.</p>
<b>Scope and Objectives</b>	<p>Cadent will invest £71,073.60 of the VCMA funding to deliver a one-year project.</p> <p>The IE Hub project aims to maximise the success of participants identifying and claiming their full entitlement of benefits. This will be achieved by facilitating access to an accessible, expert, online tool – the IE Hub through the following means:</p> <ul style="list-style-type: none"> <li>• Income maximisation tool - Using the information shared, the tool will alert the customer to any additional income they may be eligible for based on their situation. This could be benefits, discretionary payments, water &amp; telecoms social tariffs and grants.</li> </ul>

- Signposting to specialised support - IE Hub is designed to be a self-serve tool for those who are digitally included. In instances where a customer feels they could benefit from some further support or advice, a list of organisations who they can contact for specialised support will be provided.
- Sharing their budget – Giving customers the ability to choose to share their completed budget, along with any supporting documents to any organisation they are working with. This allows the customer the opportunity to easily share their financial information with several organisations at the same time, evidencing their affordability when negotiating payment arrangements to ensure a sustainable agreement is made. Sharing their information also allows the customer to evidence their eligibility for support from organisations such as energy trust funds.
- Vulnerability declaration - While completing their budget, the customer has the option to record any medical condition, impairment, or circumstance they would like to share with the organisations they are dealing with. This allows the organisation receiving the information to adjust their processes based on the information the customer has shared.

The project will consist of four key activities:

#### Email Campaign

IE Hub will send an email campaign to all current customers who reside in the Cadent region - approximately 15,000 customers. The email campaign will provide customers with key information on the Priority Services Register (PSR) and carbon monoxide (CO) awareness. Additionally, the communication will encourage existing IE Hub clients to revisit their account to ensure that the budgeting and income maximisation advice provided is based on the household's most up to date circumstances.

#### Cadent Referral Material

IE Hub will provide a dedicated customer landing page, that will allow Cadent to direct customers engaged through other VCMA activities to the support offered through IE Hub's services. IE Hub will also provide a co-branded leaflet for Cadent to share within their networks which will include information on PSR, CO awareness and the IE Hub tool. Cadent will share this information with customers through their own online and physical communications, as well as through their community initiatives such as Centres for Warmth.

#### Providing Proactive Support to IE Hub Customers within the Cadent Region

IE Hub will continue to support all customers who use the tool who live within the Cadent region. These customers may have been referred by another organisation such as a charity partner or financial service, or they may have identified the support offered through IE Hub through an online search.

IE Hub will provide customers with access to a free budgeting tool, income maximisation, signposting, vulnerability declaration and sharing features. In addition, the tool will provide access to PSR and CO awareness information for all customers within the Cadent region.

#### Providing Reactive Support to Customers referred to IE Hub by Cadent Activities

	<p>IE Hub will provide access to the free tool for all customers referred by any Cadent activity. Customers will receive support from our budgeting tool, income maximisation, signposting, vulnerability declaration and sharing features. Referred customers will also be provided with PSR and CO awareness information.</p> <p><u>Project Objectives</u></p> <p>The success of the project will be assessed by the achievement of the following objectives:</p> <ul style="list-style-type: none"> <li>• Estimated that 15,000 customers will be reached (with a retention rate expected of 3%) through the email campaign.</li> <li>• Estimated that 12,000 customers will receive budgeting, income maximisation, and debt advice through the IE digital tool.</li> <li>• Estimated that 6,000 customers will receive an awareness of the Priority Services Register.</li> <li>• Estimated that 6,000 customers will receive an awareness of the dangers of Carbon Monoxide.</li> </ul>
<p><b>Why the Project is Being Funded Through the VCMA</b></p>	<p>Cadent believes this project meets all the Vulnerability and Carbon Monoxide Allowance eligibility criteria:</p> <p><b>a) The project is forecasted to return a positive Social Return on Investment (SROI).</b></p> <p>Based on the learning gathered from previous VCMA projects, we believe that this project has the deliverables necessary create a positive SROI – more information can be found in the relevant section below.</p> <p><b>b) The project will either:</b></p> <ol style="list-style-type: none"> <li><b>i. Provide support to consumers in vulnerable situations, and relate to energy safeguarding or,</b></li> <li><b>ii. Provide awareness of the dangers of CO, or</b></li> <li><b>iii. Reduce the risk of harm caused by CO</b></li> </ol> <p>The project meets all three elements of the criteria through offering support to customers living in vulnerable situations across a variety of topics including PSR/CO awareness and income maximisation advice.</p> <p><b>c) Project has defined outcomes and associated actions to achieve these:</b></p> <p>The project has a clearly structured project plan that contained the agreed outcomes and the associated actions to achieve them. Further information can be found in the appropriate section below.</p> <p><b>d) The project goes beyond the activities funded through the price control mechanisms or required license obligations.</b></p> <p>This method of delivering support to customers living in vulnerable situations falls outside the scope of Cadent’s BAU activities. For instance, the partnership with an expert delivery partner (IE Hub) and the</p>

	<p>mechanisms through which advice will be delivered (online landing page) goes outside of BAU for Cadent.</p> <p><b>e) Not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved, or local) funding.</b></p> <p>This project will be exclusively funded through Cadent's VCMA.</p>
<p><b>Evidence of Stakeholder/Customer Support</b></p>	<p>Cadent's independent customer engagement group reports that supported the formation of the RIIO-GD2 business plans contained feedback on a variety of proposals, including Cadent's ambitions to tackling fuel poverty. The report supported Cadent's holistic approach to tackling fuel poverty, whereby a household is supported with a combination of services/advice.</p> <p>The addition of IE Hub – Digital in Depth Support will allow Cadent to expand its holistic approach to supporting households impacted by fuel poverty, through the addition of an online self-service tool that delivers income maximisation services. The IE Hub tool offers customers in vulnerable situations free, expert advice on how to better manage their household finances, ultimately resulting in greater levels of disposable income to afford their required fuel costs.</p> <p>More recently, Cadent conducted stakeholder and customer engagement on its updated customer vulnerability strategy. This engagement activity acted as a temperature check and ensured that Cadent's approach to investing its VCMA remains up to date and reflects the needs of communities.</p> <p>Cadent conducted a customer and stakeholder insights project following the completion of financial year 2022-2023. The project was specifically aimed at gauging customers' and stakeholders' perceptions of Cadent's RIIO-GD2 year two VCMA delivery and built upon a similar project conducted in July 2022 – allowing us to identify both trends and differing views year on year. The customer surveys element of the 2022-2023 project found that tackling affordability and fuel poverty was top of mind. Every customer engaged as part of the project reported affordability as a concern, with many pointing to the mental and physical health impacts that they had directly experienced because of the cost of the living/fuel crisis.</p>
<p><b>Information Required</b></p>	<p><b>Description</b></p>
<p><b>Outcomes, Associated Actions and Success Criteria</b></p>	<p>The IE Hub – Digital in Depth Support project will provide a digital solution to support customers living in vulnerable situations. Project clients will be provided with tools to help improve their financial position and become more financially stable, in turn reducing the likelihood of them experiencing fuel poverty.</p> <p>The project will be delivered in partnership with IE Hub. The project aims to engage 27,000 customers with financial support over the 12-month duration of the project. Additionally, the initiative will provide customers with key information on the benefits and routes to register to the PSR, as well as important CO safety messaging.</p> <p><u>Project outcomes</u></p> <p>The project aims to provide customers with income maximisation advice and a pathway towards financial stability. Overall, the project aims to achieve the following outcomes:</p> <ul style="list-style-type: none"> <li>• An increased awareness amongst Cadent's customers of the financial support that households are entitled to.</li> </ul>

	<ul style="list-style-type: none"> <li>• Customers utilise the IE Hub digital tool to access their eligibility for benefits, in turn maximising their disposable household income.</li> <li>• Customers will increase their levels of awareness on the signs, symptoms, and dangers of CO.</li> <li>• Project clients will improve their understanding on the benefits of the PSR and the route to register.</li> </ul> <p><u>Associated Actions</u></p> <ul style="list-style-type: none"> <li>• Cadent will embed the IE Hub digital tool into its website to provide an accessible and efficient means for customers to receive financial support.</li> <li>• Cadent will share co-branded leaflets across its network which will include information on the PSR, CO safety, and the availability of the new IE Hub tool.</li> <li>• Cadent will amplify the customer communications relating to the IE Hub tool through their internal/external comms channels and initiatives such as Centres for Warmth.</li> <li>• IE Hub will measure the impact by reporting to Cadent on: <ul style="list-style-type: none"> <li>○ The total number of customers using the Cadent-sponsored link and/or alternative route,</li> <li>○ The average savings that could be achieved by Cadent customers (broken down by region),</li> <li>○ The total number of customers accessing the IE Hub through both the Cadent and alternative link (broken down into agreed regions), and,</li> </ul> </li> </ul> <p><u>Success Criteria</u></p> <p>The success of the project will be evaluated against the achievement of the project's objectives. These objectives include:</p> <ul style="list-style-type: none"> <li>• c. 15,000 customers will be engaged through an email campaign delivered by the IE Hub. The campaign communications will contain information that showcases the benefits of IE Hub use and encourages uptake in the tool. Additionally, the campaign will contain essential messaging on CO safety and PSR registration process/benefits.</li> <li>• c. 12,000 customers will access support through the IE Hub tool. This customer group will be split by those who are referred directly using the Cadent-sponsored link, and those who discover the support offered by the IE Hub through an alternative route.</li> <li>• c. 6,000 customers will receive an improved awareness of the benefits and route to register to the PSR.</li> <li>• c. 6,000 customers will receive an improved awareness of the signs, symptoms, and dangers of CO.</li> </ul>
<b>Project Partners and Third Parties Involved</b>	Cadent, the IE Hub, and third party VCMA partners who will be used to promote awareness and uptake in the service.



<p><b>Potential for New Learning</b></p>	<p>The project offers Cadent the opportunity to learn about customers receptiveness to self-service, online tools as a means of receiving advice. Learning from previous projects has suggested that some customers feel that there is a stigma associated with publicly receiving advice, and this more discrete, but equally as expert online tool may provide a solution to this customer group.</p> <p>Alternatively, the project may offer insights on the level of digital exclusion across a customer base that stand to benefit most from these types of services. Customers in vulnerable situations can face challenges with A) affording the costs of smart phones/laptops/wifi and/or B) encounter difficulties in navigating the complexity of online tools. Data on the uptake of support versus the forecasts may provide learning on our customers' current ability to access online services.</p>																																												
<p><b>Scale of VCMA Project and SROI Calculations, including NPV</b></p>	<p>Cadent will deliver an initial 12-month proof of concept project with IE Hub between June 2023 and June 2024. The project aims to reach a total of 27,000 customers across the initial term.</p> <p>Customers will be supported with a range of offerings including income maximisation advice, budgeting tips, CO safety information, and guidance on the benefits/process to register to the PSR.</p> <table border="1" data-bbox="472 1003 1519 1361"> <thead> <tr> <th>Initiative</th> <th>Overall Gross Present Value (5 Years)</th> <th>Customers Supported</th> <th>Total SROI for 5 years</th> </tr> </thead> <tbody> <tr> <td>Income Maximisation Services</td> <td>£1,717.11</td> <td>190.8</td> <td>£327,624.59</td> </tr> <tr> <td>Priority Services Register</td> <td>£143.89</td> <td>180</td> <td>£25,900.20</td> </tr> <tr> <td>Priority Services Register</td> <td>£143.89</td> <td>150</td> <td>£21,583.50</td> </tr> <tr> <td>CO Education</td> <td>£8.73</td> <td>180</td> <td>£1,963.74</td> </tr> <tr> <td>CO Education Email</td> <td>£8.73</td> <td>150</td> <td>£1,636.45</td> </tr> <tr> <td><b>Totals</b></td> <td></td> <td></td> <td><b>£378,708.48</b></td> </tr> </tbody> </table> <table border="1" data-bbox="472 1406 1129 1485"> <tbody> <tr> <td><b>Total Investment (5 year):</b></td> <td><b>£355,368.00</b></td> </tr> <tr> <td><b>Investment 1 year costs:</b></td> <td><b>£71,073.60</b></td> </tr> </tbody> </table> <table border="1" data-bbox="472 1525 1129 1709"> <thead> <tr> <th colspan="2">SROI Calculations:</th> </tr> </thead> <tbody> <tr> <td><b>5 year Gross:</b></td> <td>£378,708.48</td> </tr> <tr> <td><b>1 year Gross</b></td> <td>£75,741.70</td> </tr> </tbody> </table> <table border="1" data-bbox="472 1749 1321 1827"> <tbody> <tr> <td><b>5 year Net:</b></td> <td>£307,634.88</td> <td>SROI Ratio</td> </tr> <tr> <td><b>1 year Net:</b></td> <td>£4,668.10</td> <td>£4.33</td> </tr> </tbody> </table>	Initiative	Overall Gross Present Value (5 Years)	Customers Supported	Total SROI for 5 years	Income Maximisation Services	£1,717.11	190.8	£327,624.59	Priority Services Register	£143.89	180	£25,900.20	Priority Services Register	£143.89	150	£21,583.50	CO Education	£8.73	180	£1,963.74	CO Education Email	£8.73	150	£1,636.45	<b>Totals</b>			<b>£378,708.48</b>	<b>Total Investment (5 year):</b>	<b>£355,368.00</b>	<b>Investment 1 year costs:</b>	<b>£71,073.60</b>	SROI Calculations:		<b>5 year Gross:</b>	£378,708.48	<b>1 year Gross</b>	£75,741.70	<b>5 year Net:</b>	£307,634.88	SROI Ratio	<b>1 year Net:</b>	£4,668.10	£4.33
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<p><b>VCMA Project Start and End Date</b></p>	<p>June 2023 – June 2024</p>																																												
<p><b>Geographical Area</b></p>	<p>The project will provide benefit to customers across all Cadent's network.</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 Team PEA Peer Review	
Date Immediate Team Peer Review Completed: June 2023	Review Completed By: Ed Allard
Stage 2: Sustainability and Social Purpose Team Management Review	
Date Management Review Completed: 18/03/24	Review Completed By: Phil Burrows
Step 3: Director of Sustainability & Social Purpose Sign-Off: Mark Belmega	
Director of Sustainability and Social Purpose Sign-Off Date: 18/03/24	
Step 4: Upload PEA Document to the Website & Notification Email Sent to Ofgem ( <a href="mailto:vcma@ofgem.gov.uk">vcma@ofgem.gov.uk</a> )	
Date that PEA Document Uploaded to the Website: March 24	
Date that Notification Email Sent to Ofgem: March 24	