



# GDN Collaborative Vulnerability & Carbon Monoxide Allowance (VCMA)

## Project Eligibility Assessment (PEA)

### *Income & Expenditure (IE) Hub*

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*July 2024*

## 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>
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"> <li>i. Provide support to consumers in vulnerable situations, and relate to energy safeguarding, or</li> <li>ii. Provide awareness on the dangers of CO, or</li> <li>iii. Reduce the risk of harm caused by CO;</li> </ul>	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
<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:	
a) <ul style="list-style-type: none"> <li>i. 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>ii. 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>iii. 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 makes them more vulnerable to health risks associated with cold homes; and</li> </ul>	N/A
b) the household cannot afford to service the essential gas appliance, as assessed against the affordability criteria in the Energy Company Obligation (ECO4) Guidance: Delivery document; and	N/A
c) sufficient funding is not available from other sources (including a social or private landlord and national, devolved, or local government funding) to fund the essential gas appliance servicing.	N/A
<b>Section 3 - Eligibility criteria for company specific essential gas appliance repair, and replacement projects</b>  In order to qualify as a VCMA project, unsafe pipework and essential gas appliance repair or replacement must meet the following criteria:	
a) A GDN must 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 repair or replace unsafe pipework or the essential gas appliance, as assessed against the affordability criteria in the Energy Company Obligation (ECO4) Guidance: Delivery document; 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 repair, or replacement.	N/A
<b>Section 4 - Eligibility criteria for collaborative VCMA projects</b>	

In order to qualify as a collaborative VCMA project, a project must:	
<b>a)</b> Meet the above company specific project eligibility criteria set out in sections 1-3 above; and	<b>Yes</b>
<b>b)</b> Have the potential to benefit consumers on the participating networks; and	<b>Yes</b>
<b>c)</b> Involve two, or more, gas distribution companies.	<b>Yes</b>

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

Information Required	Description																														
Project Title	IE Hub - Collaborative																														
Funding GDN(s)	Cadent, Northern Gas Networks, SGN and Wales & West Utilities																														
New/ Updated	New																														
Role of GDN(s) *For Collaborative VCMA Projects only	Cadent (lead partner), Northern Gas Networks, SGN and Wales & West Utilities																														
Date of PEA Submission	July 2024																														
VCMA Project Contact Name, email, and Number	Name: Phil Burrows Title: Head of Customer Vulnerability Social Programme Delivery Email: Phil.m.burrows@cadentgas.com Number: 07773 545451																														
Total Cost (£k)	<table><tr><th></th><th>% contribution</th><th>Overall split</th><th>Yr 1 Split</th><th>Yr 2 Split</th></tr><tr><td>Cadent</td><td>49.8060%</td><td>£370,522.72</td><td>£102,436.48</td><td>£268,086.23</td></tr><tr><td>NGN</td><td>11.5565%</td><td>£85,972.82</td><td>£23,768.46</td><td>£62,204.36</td></tr><tr><td>SGN</td><td>27.0711%</td><td>£201,390.24</td><td>£55,677.31</td><td>£145,712.93</td></tr><tr><td>WWU</td><td>11.5664%</td><td>£86,046.22</td><td>£23,788.75</td><td>£62,257.47</td></tr><tr><td>Total</td><td>100.0%</td><td>£743,932.00</td><td>£205,671.00</td><td>£538,261.00</td></tr></table> <p>+ SGN only payment in Yr 1 of £1,500 for independent SROI forecast</p>		% contribution	Overall split	Yr 1 Split	Yr 2 Split	Cadent	49.8060%	£370,522.72	£102,436.48	£268,086.23	NGN	11.5565%	£85,972.82	£23,768.46	£62,204.36	SGN	27.0711%	£201,390.24	£55,677.31	£145,712.93	WWU	11.5664%	£86,046.22	£23,788.75	£62,257.47	Total	100.0%	£743,932.00	£205,671.00	£538,261.00
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Total VCMA Funding Required (£k)	£745,432.00																														
Problem(s)	<p><sup>1</sup>During 2024 it is estimated that 13.4% of households are living in fuel poverty in England, 20% of households in Scotland and 14% in Wales.</p> <p>The cost-of-living crisis has had a huge impact on 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>With the cost-of-living crisis affecting more customers the need for advice and support is ever growing.</p> <p>Every year there are billions of pounds in unclaimed benefits which customers are not aware they are entitled to. A new research report by Policy and Practice estimates that the total amount of unclaimed income-related benefits and social tariffs is now around £19 billion a year.</p> <p>The need for up-to-date information for customers on energy savings is greater than ever and those who are living in vulnerable situations and in fuel poverty this seems exceedingly difficult to navigate.</p> <p>There is a direct correlation between fuel poverty and carbon monoxide poisoning. Lower income households are often reliant on older boilers, older heaters or even</p>																														

<sup>1</sup> [CBP-8730.pdf \(parliament.uk\)](#)

	<p>gas stoves or cookers to heat their homes. National Energy Action and Gas Safety Trust research found 35% of low income and vulnerable households surveyed exceeded the 10ppm threshold for carbon monoxide levels.</p> <p>[1] People living in deprived areas are also less likely to own an audible CO alarm than homes in non-deprived areas, further increasing the risk of CO poisoning.</p> <p>[2] Older people, pregnant women, and young children have also been found to be particularly vulnerable to CO poisoning, spending more time at home and with a need to stay warm, resulting using the heating more regularly.</p> <p>[3] Social tenants are less at risk due to RSL requirements for annual gas safety checks and higher energy efficiency standards.</p> <p>Carbon Monoxide (CO) can pose a serious threat to human health and even fatality, with around forty deaths caused by CO poisoning each year in the UK and 4,000 people treated in hospital as a result of CO poisoning. Many people in the UK who use carbon fuelled appliances are not aware of the dangers of CO and do not have a working audible CO alarm. Of 8,000 people surveyed in 2020 45% did not know that CO does not have a smell, and only 42% had a working audible CO alarm. Lack of awareness about the dangers of and ways in which to prevent harm from CO are a major contributing factor to why we are still seeing CO related deaths and harm in a time when safety devices such as CO alarms are cheaper and more accessible than ever.</p> <p>The IE Hub offers customers direct budgeting and income maximisation through benefit claims and access to support tariffs.</p> <p>This not only increases income but also decreases the customers financial anxiety.</p> <p>The IE hub is a trusted, 'free to customer' online tool which allows them to create and understand their budget.</p>
<p><b>Scope and Objectives</b></p>	<p>The participating GDNs will provide IE Hub with VCMA funding to deliver a 21-month 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> <li>• 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.</li> <li>• 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.</li> <li>• 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 with which they are dealing. This allows the organisation receiving the information to adjust their processes based on the information the customer has shared.</li> </ul> <p>The project will deliver the following:</p>

- Enable support for c.136,486 customers across the four GDNs.
- Social media targeting will deliver bespoke messaging across each region, reaching a minimum of 1.4 million (with a retention rate expected of 3% 42,000) over the lifetime of the project.
- This will identify c.83,256 customers who are entitled to benefits they are not already in receipt of.
- It will increase annual income of those accessing the tool by a combined £432 million per year.

The total reach per year for each GDN is shown below:

Year 1		YEAR 2	
CADENT	17,032	CADENT	50,871
NGN	3,967	NGN	11,849
SGN	9,268	SGN	27,683
WWU	3,967	WWU	11,849

#### Project objectives

The success of the collaborative project will be assessed by the achievement of the following objectives:

- Estimated that 1.4m customers will be reached (with a retention rate expected of 3%) through the email campaign and social media campaign.
- Estimated that 136,486 customers will receive budgeting, income maximisation, and debt advice through the IE Hub tool.
- 68,243 customers will receive advice on CO awareness through the IE hub tool.
- 68,243 customers will receive advice about the PSR through the IE hub tool.

#### **Why the Project is Being Funded Through the VCMA**

**We believe that the project meets all the Vulnerability and Carbon Monoxide Allowance eligibility criteria:**

- a. Have a positive, or a forecasted positive, Social Return on Investment (SROI) including for the gas consumers funding the VCMA Project:**

*The project delivers a positive forecasted social return on investment. This is based on achieving the target reach for, registrations to the PSR and education on carbon monoxide and Energy efficiency. More information can be found in the relevant section below.*

- b. Either:**

- Provide support to consumers in Vulnerable Situations and relate to energy safeguarding, or,**
- Provide awareness of the dangers of CO, or,**
- Reduce the risk of harm caused by CO.**

*The project delivers services that meet all three elements of this criteria. The project will also raise awareness of the dangers of CO and promote registration to the PSR and offer.*

- c. Have defined outcomes and the associated actions to achieve these:**

*The GDNs and IE Hub have entered into a Service agreement that will contain the project objective and actions. Further detail can also be found below.*

- d. Go beyond activities that are funded through other price control mechanism(s) or required through licence obligations, and,**

*This method of delivering support to customers in vulnerable situations falls outside of the GDNs' BAU activities and other licence conditions.*

	<p>This partnership aligns to the gas networks joined up commitment to deliver support services for customers aligned to our four strategic pillars:</p> <ol style="list-style-type: none"> <li>1. Services Beyond the Meter</li> <li>2. Supporting Priority Customer Groups</li> <li>3. <b>Fuel Poverty &amp; Energy Affordability</b></li> <li>4. Carbon Monoxide Awareness</li> </ol> <p>This project aligns to strategic pillars 3 (with outcomes in 2 and 4).</p>
<b>Evidence of Stakeholder/Customer Support</b>	<p><b><u>Cadent stakeholder evidence</u></b></p> <p>Cadent conducted extensive stakeholder and customer engagement to obtain feedback on its RIIO-GD2 business plans and subsequent VCMA delivery.</p> <p>Firstly, we conducted "Energy Diaries", a piece of research aimed at gauging the customer's attitudes towards the rises in energy prices, as well as the support offered by organisations such as Cadent. The Energy Diaries demonstrated 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.</p> <p>The partnership between Dads Unlimited recognises this feedback by offering vulnerable households essential support with income maximisation and energy efficiency services.</p> <p>Secondly, we regularly seek to obtain the feedback of stakeholders such as Citizens Advice and National Energy Action (NEA) to understand the needs of customers in vulnerable situations. These regular conversations allow Cadent to gain feedback on the initiatives we are or should be supporting and ensure that the projects are in the best interests of our customers. Stakeholders have provided consistent feedback on the need for energy networks to focus their funding on supporting households most impacted by the cost-of-living crisis.</p> <p>This project takes this feedback into account by creating a partnership with a trusted local charity, positioned in an area with levels of deprivation and fuel poverty significantly higher than the national average.</p> <p>Finally, Cadent asked customers for their views on which of the below statements best described their health and financial situation compared to 2021:</p> <ul style="list-style-type: none"> <li>• My current household's health or financial situation is worse off compared to 2021.</li> <li>• My current household's health or financial situation is the same compared to 2021.</li> <li>• My current household's health or financial situation is better off compared to 2021.</li> </ul> <p>60% of participants responded that their households' health or financial situation was worse off this year compared to 2021 levels.</p> <p><b><u>SGN stakeholder evidence</u></b></p> <p>SGN's Vulnerable Steering Group has helped shape SGN's vulnerability strategy and priorities for GD2 from strategy into delivery. With their guidance we intend to prioritise key initiatives to support our most vulnerable customers.</p> <p>With a data driven approach to identify communities most likely to suffer detriment from living in a cold and unhealthy home, it was identified that we should prioritise programmes those most in need, include priority customers groups.</p> <p>In 2023 our strategic steering group re-iterated the vital impact we could have by co-ordinating our activities with others to identify and support those most in need, those most impacted by the cost of living and energy cost crisis</p> <p><b><u>Wales and West Stakeholder evidence</u></b></p> <p>Through our business planning for RIIO GD2, priority customers research and stakeholders told us that tackling fuel poverty was a priority for WWU alongside raising awareness of the PSR and the dangers of CO.</p> <p>Our continued engagement with stakeholders such as the NEA, Citizens Advice, and charities supported by fuel poverty statistics shows due to high inflation and record energy prices that fuel poverty is impacted more homes than ever. People</p>

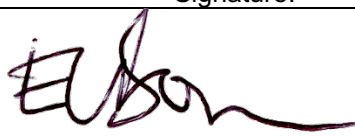
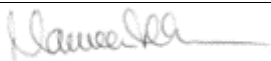
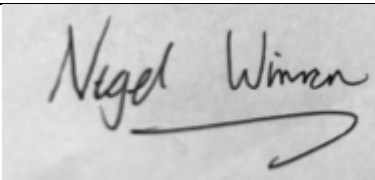

	<p>who were struggling are now not using the heating or limiting use to unhealthy levels and appliances are not being serviced leading to future safety risks. The crisis has meant people who have never been in trouble now find themselves needing help but not knowing where to turn for advice.</p> <p>We have tested support for projects under the VCMA which target fuel poverty through our CEG, Citizens panels, VCMA showcase events and Regional Workshops with overwhelming support to continue and do even more.</p> <p><b><u>NGN Stakeholder evidence</u></b></p> <p>Our most recent stakeholder engagement throughout 2023 has informed us that financial hardship is still a key area of focus, alongside the health impacts associated with, or exacerbated by, living in cold and damp homes. Stakeholders also told us that increasing capacity for support within services would be key to addressing the immediate and longer-term impacts of fuel poverty and energy affordability.</p> <p>Financial hardship has continued to be the dimension of vulnerability that most customers prioritised, with more customers in the most recent survey selecting this as their top priority.</p> <p>CIVS Annual Strategic Workshop – April 2023 Stakeholder's number one priority for the next 12 months was to invest all available allowances to deliver maximum benefit.</p> <p>Stakeholders said NGN need to support people to (affordably), be able to keep their home safe and warm. Financial hardship is giving great cause for concern.</p>
<p><b>Outcomes, Associated Actions and Success Criteria</b></p>	<p>The partnership with IE Hub will allow the GDNs' to support fuel poor households by offering the IE Hub to their customers to help them manage their budget and gain access to benefits and social tariffs. Individuals will receive advice, benefit entitlement checks and CO and PSR awareness through the online tool.</p> <p>The funding will enable IE Hub to ramp up its existing support for customers in vulnerable situations residing on all GDN networks. It will also give them the consistency of offering the same support across all areas covered.</p> <p><b><u>Project Outcomes</u></b></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 the GDN's customers of the financial support that households are entitled to.</li> </ul> <p>Customers utilise the IE Hub digital tool to access their eligibility for benefits, in turn maximising their disposable household income.</p> <ul style="list-style-type: none"> <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><b><u>Associated Actions</u></b></p> <ul style="list-style-type: none"> <li>• The GDNs will embed the IE Hub digital tool into their websites to provide an accessible and efficient means for customers to receive financial support.</li> <li>• They will amplify the customer communications relating to the IE Hub tool through their internal/external comms channels and projects.</li> <li>• IE Hub will measure the impact by reporting to the GDNs on: <ul style="list-style-type: none"> <li>○ The total number of customers using the GDN-sponsored link and/or alternative route,</li> </ul> </li> </ul>



	<ul style="list-style-type: none"><li>○ The average savings that could be achieved by GDN customers (broken down by region),</li><li>○ The total number of customers accessing the IE Hub through both the GDN and alternative link (broken down into agreed regions), and,</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.1.4m 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.136,486 customers will access support through the IE Hub tool. This customer group will be split by those who are referred directly using the GDN-sponsored link, and those who discover the support offered by the IE Hub through an alternative route.</li><li>• c.68,243 customers will receive an improved awareness of the benefits and route to register to the PSR.</li><li>• c.68,243 customers will receive an improved awareness of the signs, symptoms, and dangers of CO.</li></ul>									
Project Partners and Third Parties Involved	IE Hub, Cadent, Northern Gas Networks, SGN and Wales & West Utilities.									
Potential for New Learning	<p>The project offers the GDNs 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/Wi-Fi 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>									
Scale of VCMA Project and SROI Calculations	<p>The collaboration will deliver a 21-month project with IE Hub and reach 136,486 customers across all GDN networks.</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> <p>We worked with leading social impact research consultancy Sirio Strategies to carry out an assessment of the financial and wellbeing outcomes applicable to our services for vulnerable customers incorporated in this partnership. Carrying out an in-depth assessment of the predicted outcomes we forecast a positive net social return of £4.73</p> <table><tr><td rowspan="4">Economic</td><td>Cost in real terms*</td><td>£723,295.70</td></tr><tr><td>Total gross present value</td><td>£4,143,540.76</td></tr><tr><td>NPV</td><td>£3,420,245.06</td></tr><tr><td>SROI</td><td>£4.73</td></tr></table> <p>*Costs are reflected in real terms (i.e. future costs are expressed in 2024 prices) for the activities measured via the SROI model</p>	Economic	Cost in real terms*	£723,295.70	Total gross present value	£4,143,540.76	NPV	£3,420,245.06	SROI	£4.73
Economic	Cost in real terms*		£723,295.70							
	Total gross present value		£4,143,540.76							
	NPV		£3,420,245.06							
	SROI	£4.73								
VCMA Project Start and End Date	Start date: 01/08/24 End date: 31/03/26									

<b>Geographical Area</b>	This project will be delivered across all GDN networks and will benefit customers living in all networks.
<b>Internal governance and project management evidence</b>	The project will be led by the Director and overseen by a multi-agency steering group including the GDNs. Each element of the work will have a nominated lead who will be supported by a small group of key professionals that will form task and finish groups for each module. The leads will report to the Director and the task and finish groups will report into the steering group.

**Gas Network Vulnerability and Carbon Monoxide Allowance (VCMA) Governance Document - PEA Control Table**

<p>Stage 1: GDN Collaboration Group PEA Review  <b>Meeting date review completed:</b>  <b>Review completed by:</b></p>				
GDN	Name	Job Title		
NGN	Laura Ratcliffe	Social Strategy Programme Manager		
SGN (Southern)	Kerry Potter	Group Social Impact and Vulnerability Manager		
WWU	Sophie Shorney	VCMA Manager		
Cadent	Gurvinder Dosanjh	Social Programmes Manager		
<p>Stage 2: GD2CVG Panel Review  <b>Meeting date sign off agreed:</b>  <b>Review completed by:</b></p>				
GDN	Name	Job Title		
NGN	Eileen Brown	Customer Experience Director		
SGN	Maureen McIntosh	Director of Customer Services		
WWU	Nigel Winnan	Customer & Social Obligations Strategy Manager		
Cadent	Phil Burrows	Head of Customer Vulnerability Social Programme Delivery		
<p>Step 3: Participating GDN individual signatory sign-off</p>				
GDN	Name:	Job Title:	Signature:	Date:
NGN:	Eileen Brown	Customer Experience Director		23/06/24
SGN:	Maureen McIntosh	Director of Customer Services		13/06/24
WWU:	Nigel Winnan	Customer & Social Obligations Strategy Manager		14/6/24
Cadent	Phil Burrows	Head of Customer Vulnerability Social Programme Delivery		26/07/24
<p>Step 4: Upload PEA Document to the Website &amp; Notification Email Sent to Ofgem (vcma@ofgem.gov.uk)</p>				

Date that PEA Document Uploaded to the Website:
Date that Notification Email Sent to Ofgem: