

## Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA)  
*Cadent and Plain Numbers Partnership Programme*

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## 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.	<b>Yes</b>
<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>	<b>Yes</b>
<b>c)</b> Have defined outcomes and the associated actions to achieve these;	<b>Yes</b>
<b>d)</b> Go beyond activities that are funded through other price control mechanism(s) or required through license obligations; and	<b>Yes</b>
<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.	<b>Yes</b>
<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>	<b>N/A</b>

makes them more vulnerable to health risks associated with cold homes.	
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 1 (see Appendix 1).	N/A
c) 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.	N/A

<b>Section 3 - Eligibility criteria for Collaborative VCMA Projects</b>	
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 Plain Numbers Partnership Programme
Funding GDN(s)	Cadent Ltd
New / Updated (indicate as appropriate)	New
Role of GDN(s) *For Collaborative VCMA Projects only	N/A
Date of PEA Submission	July 2024
VCMA Project Contact Name, email and Number	Jo Giles jo.giles@cadentgas.com
Total Cost (£k)	£135,200.00  2024-25 15 practitioners £40,000 – Plain Numbers Partnership including 5 Practitioners and 5 Certification Credits for the year £10,000 for additional 10 extra places

	<p>£5,000 for 5 Certification Credits</p> <p>£20,000 for quantitative research on 2 chosen pieces of Cadent's literature portfolio (each before and after) to establish with an audience of 500 levels of comprehension.</p> <p>£75,000 total for part 1</p> <p><u>2025-26</u> 15 practitioners £40,000 – Plain Numbers Partnership including 5 Practitioners and 5 Certification Credits for the year £10,000 for additional 10 extra places £5,000 for 5 Certification Credits</p> <p>£55k total for part 2</p> <p>Cadent Project Management costs @ 4% of overall project cost = £5,200</p>
<b>Total VCMA Funding Required (£k)</b>	£135,200.00
<b>Problem(s)</b>	<p>Almost half of working-aged adults have the numeracy skills expected of an eleven-year-old or below (Government Skills for Life Survey, 2011), indeed poor numeracy is the vulnerability that impacts the largest number of adults of the vulnerabilities identified within the Financial Conduct Authority (FCA)'s Occasional Paper 8: Consumer Vulnerabilities, 2015.</p> <p>Research also suggests that at least one in five adults' experiences maths anxiety – an emotive reaction to working with numbers characterised by stress, worry and panic (Maths Anxiety Trust). 80% of adults have never heard of the term Maths Anxiety and 20% of adults in Great Britain have felt anxious when confronted with a mathematical problem.</p> <p>The FCA has been leading the way among regulators in this area and the final guidance for A New Consumer Duty calls on firms to take account of poor numeracy (Guidance 8.34) and references the work of Plain Numbers as a way to substantially increase consumer comprehension (Guidance 8.13).</p> <p>In energy, Ofgem have stated that they will focus their vulnerable consumer protection activities on areas including:</p> <ul style="list-style-type: none"> <li>• Improving identification of vulnerability</li> <li>• Driving significant improvements in customer service for vulnerable groups.</li> <li>• Encouraging positive and inclusive innovation.</li> <li>• Working with partners to tackle issues that cut across multiple sectors.</li> </ul> <p>Given the data on numeracy as a vulnerability above and that key messages communicated by firms in the energy sector are almost always inherently numerical, it is vital that organisations working in the sector start to first take steps to recognise that poor numeracy is a vulnerability that affects around ½ of all customers. This is the starting point on a journey to improving customer service for all these customers who struggle with numbers. This is an issue that cuts across multiple sectors – and a partnership with Plain Numbers is a positive, innovative, and evidence-based way to start to address this issue; independent Randomised Controlled Trials have shown that by using the Plain Numbers Approach, organisations can double the number of customers who understand key communications. The trials report is available <a href="#">here</a>.</p>

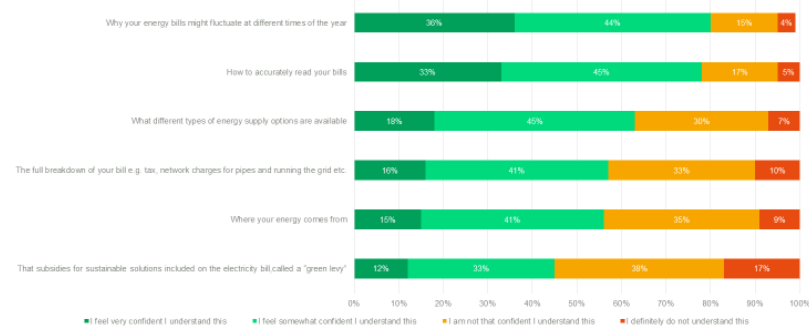
	<p>Cadent (like others) not only have existing customer interactions that we &amp; our partners need to improve in line with the above, but we also need to ensure that customers are not left in a vulnerable situation due to lack of comprehension of our current messages around the Priority Services register (PSR), energy efficiency &amp; gas safety. We also have a duty to support our customers by communicating fairly, especially as we progress some of the largest changes seen in the industry for decades. We need to do this by ensuring that there is a true comprehension of what options that households have as part of the energy transition, what these look like in a meaningful way and in-turn supporting what choices they end up making.</p>
<p><b>Scope and Objectives</b></p>	<p>Working in partnership with Plain Numbers, we will apply this evidence-based approach to Cadent’s communications (including partners) over a 18 month period. The Plain Numbers Partnership model is designed to deliver the genuine, sustainable and scalable change for organisations that would not be possible from a simple stand-alone training programme. Plain Numbers help organisations put their unique and tested Approach to improving consumer understanding at the heart of their culture.</p> <p><u>With Cadent’s support, Plain Numbers will provide the following services:</u></p> <p>The partnerships will begin with Plain Numbers training an agreed number of Cadent staff &amp; it’s partners (for example Centres for Warmth) to become Plain Numbers Practitioners. This training provides Practitioners with a deep understanding of their methodology – the Plain Numbers Approach – and provides Cadent with in-house &amp; Partner expertise to support all customer interactions. Trained Practitioners and the Plain Numbers Partner Management Team have a shared language to use, which will enable them to support us in our approach effectively and efficiently. Cadent will nominate those people who are responsible for creating new customer communications or amending existing ones to be Practitioners and they will attend Plain Numbers’ online course alongside attendees from other Partner organisations.</p> <p>The training course is made up of four online training sessions lasting an hour and a half each over five weeks. The interactive programme is supported by an activity workbook allowing participants to practice the skills they have learned and receive feedback from the expert team at Plain Numbers. The training programme has received excellent feedback from participants working at dozens of firms across multiple sectors and has allowed organisations to have sustainable resource to apply the approach.</p> <p>Once trained, Practitioners have access to the Plain Numbers team for support for as long as their firm is a Plain Numbers Partner. This could be through formally organised mechanisms such as Practitioner drop-in sessions but more often they provide informal support and feedback on an on-demand basis.</p> <p>Practitioners can contact the Plain Numbers team for feedback on their communications which can be delivered through video calls or email depending on the Practitioners needs. Review of communications in this way throughout the Partnership is unlimited, provided the Practitioner provides a first draft of the communication they are working on to them first.</p> <p>Within the Plain Numbers Partnership, Cadent (&amp; relevant partners) can also gain Plain Numbers Certification on some of our key communications. In these cases, the Plain Numbers team will work with one of our Practitioners to take the communication through a stringent quality assurance process involving several rounds of feedback, so the communication reaches the highest possible standards of clarity within reasonable constraints.</p>



	<p>At the end of this process, Cadent (&amp; relevant partners) will earn the right for the communication to carry the Plain Numbers Certified logo – demonstrating to consumers, regulators, and other relevant stakeholders the commitment you have made to making things as clear as possible.</p> <p>The package also comes with additional support for Cadent (working with relevant partners) to meet its objectives for the Partnership. This includes annual top-up training for Practitioners, support to influence key stakeholders in the business, Plain Numbers awareness sessions for wider groups of staff and support for both internal and external communications around the Partnership.</p> <p>We will complete two trials via an independent third party, assessing the effectiveness a small number of Cadent communications pre and post Plain Numbers support. To do this, we will recruit separate UK general population samples of 1,000 for each experiment, we will test one original and one optimised document in each trial using five comprehension questions fitted to that document, and a range of other demographic, attitudinal or other survey questions up to a maximum duration of ten minutes. We will report the results to inform the second year.</p> <p>Overall, Plain Numbers Partnerships are all about supporting organisations to make changes happen which benefit consumer understanding and the firms’ objectives and our team commit fully to supporting out Partners to achieve their aims.</p> <p><u>Programme Objectives</u></p> <ul style="list-style-type: none"> <li>• The overall objective is to ensure and improve the numerical content in Cadent communications in a positive, innovative, and evidence-based way, with the goal of helping customers who struggle with numerical literacy to better comprehend these communications.</li> <li>• Develop a partner relationship with Plain Numbers to actively work to improve the way in which numbers are communicated to support a greater comprehension of current and future key communications.</li> <li>• Train and accredit Plain Numbers Practitioners within Cadent and relevant Cadent Partnerships (for example Centres for Warmth) – these will all become known as ‘Cadent Plain Numbers Practitioners’.</li> <li>• Cadent’s Plain Numbers Practitioners implement the Plain Numbers Approach with Cadent to relevant communications. Individual documents that are assessed as meeting the Plain Numbers standard allowing Cadent to display a badge/accreditation.</li> <li>• Gather Cadent colleague, partner and customer feedback where key documentation has been redesigned and used with customers to assess the impact of the changes.</li> <li>• Assess the effectiveness a small number of Cadent communications in year 1 and will report the results to inform the second year.</li> </ul>
<p><b>Why the Project is Being Funded Through the VCMA</b></p>	<p>Cadent believe that this project meets all the required VCMA eligibility criteria.</p> <p>A. The project is forecasted to have a positive SROI. We believe this project has the deliverables necessary to create a positive social return on investment - see the below section for more details.</p>

	<p>B. The project will either:</p> <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> <p>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 and issue audible alarms to particularly at-risk households. The project will also address the emerging vulnerability of numerical literacy providing a deeper understanding across customers to support behavioural change on key messages for both important current and future communications.</p> <p>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.</p> <p>D. The project goes beyond the activities funded through other price control mechanisms or required by licence obligations. The method in which energy efficiency, gas safety and income maximisation advice is issued to clients on this project is innovative and goes beyond BAU.</p> <p>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.</p>
<p><b>Evidence of Stakeholder/Customer Support</b></p>	<p>There is wide stakeholder engagement with Plain Numbers' work. For example, their initial trials with ClearScore, Octopus Energy, Direct Line Group, Atlanta Insurance and Thames Water were supported by the Bank of England. HM Treasury soon joined as an Advisory Partner along with the ABI (Insurance) and the BSA (Building Societies).</p> <p>Plain Numbers have presented their findings to the UK Regulators Network Vulnerable Customer Working Group and are in frequent contact with the FCA, particularly in relation to their groundbreaking <a href="#">A New Consumer Duty</a> work.</p> <p>Mike Ellicock, (Plain Numbers' Founder and Chief Executive) is also on the Lord Mayor's steering group for Financial Literacy &amp; Financial Inclusion – details of the action plan resulting from this work can be found <a href="#">here</a> where points 2 &amp; 6 are specifically relevant to this proposal.</p> <p>As part of the report, Alderman Nicholas Lyons, The Rt Hon. The Lord Mayor of London stated,</p> <p><i>"Low numeracy is one of the largest consumer vulnerabilities affecting the UK. Around half of working-age adults in the UK have the numeracy level expected of a primary school child while millions of adults across the UK do not feel confident to manage their money day-to-day. Not only does this impact the most vulnerable households across the country, it also places an often underestimated deadweight on economic growth."</i></p> <p>Research carried out by Cadent through <a href="#">The Energy Diaries</a>, showed that over half of the general population don't understand energy as a whole.</p>

**Customers indicate an understanding of energy bills with respect to usage but have less understanding of industry charges with the 55% not feeling they understand subsidies for sustainable solutions**



Q2. We'd next like to know how confident you feel about various aspects of your energy bills and usage. How well do you think you understand each of the following things? n=2080

**Information Required**

**Description**

**Outcomes, Associated Actions and Success Criteria**

- In other Plain Numbers trials, they have demonstrated that on average, double the number of people correctly answered comprehension questions when comparing the original document and the Plain Numbers enhanced version. Therefore, we expect to see a similar percentage increase in comprehension of the subject matter that we enhance as part of this project to support strategic vulnerability pillars. Including energy efficiency, income maximisation, PSR awareness and CO safety.
- We expect this to drive a greater behavioural change within the communities we support.
- 30 Cadent colleagues/partners across the business and Cadent Partner activity successfully complete the practitioner course across the 18 month period.
- Individual documents are assessed as meeting the Plain Numbers standard are able to display the plain numbers badge.
- Through independent research, a small number of Cadent communications in year 1 are reviewed by a population sample of 1000 to quantitatively understand the impacts of working with Plain Numbers.
- Key customer facing external documentation will be in scope and the methodology applied to review them:
  - Relevant Partners such as specific Centres for Warmth (CFW) supporting the development of documentation used in daily interactions in the community around key topics such as the PSR, energy efficiency and gas safety. (Yr1 = 3, Yr 2 = 7)
  - Cadent learning experience team – ensure the training is suitable for Cadent (Yr1 = 1, Yr 2 = 1)
  - Cadent External Communications Team – impacting upon all communication channels including social media posts (Yr1 = 3, Yr2 = 2)
  - Customer Centre – loss of business communications, Guaranteed Standards of Performance (GSOP) payment communications and/or complaints (Yr1 = 3, Yr2 = 1)
  - Connections – quotation and billing for new connections (Yr1 = 3, Yr2 = 1)



	<ul style="list-style-type: none"> <li>○ Hynet – introduction of how to communicate options, allowing customers to make the right choice for them. What are the impacts in the home and the cost of living. (Yr1 = 2, Yr2 = 3)</li> <li>• Post-project, the confidence that the 30 practitioners within Cadent and its partner’s communications provide a network of active advisors to ensure future communications supports higher comprehension levels.</li> <li>• Cadent will share the good practice approaches with other networks to allow greater consistency and fairness for customers in future communications.</li> <li>• Cadent will understand the impact of including partners to become practitioners and establish if the plain numbers approach should be a standard option for a broader range of partners.</li> </ul>
<b>Project Partners and Third Parties Involved</b>	<p>Plain Numbers (Plain Numbers Project Ltd registered in England and Wales, company number: 13066229) is the Project Partner. They have demonstrated they can deliver the solution proposed here through partnerships with organisations of all shapes and sizes. They range from some of the UK’s biggest Financial Services brands such as Aviva, Nationwide and Standard Life to smaller organisations such as Manchester Credit Union and PayPlan. They also work with the Financial Services Compensation Scheme to support their communication.</p> <p><i>Independent research company to be confirmed via procurement process once project progresses.</i></p>
<b>Potential for New Learning</b>	<p>Given that poor numeracy has not been a prominent consideration within the Energy Sector and the research showing that by using the Plain Numbers Approach, organisations can double the number of customers who understand key communications, the potential for new learning cannot be overstated.</p> <p>Cadent will be the first utility to work with Plain Numbers and it will allow us to establish the next relevant steps. Through sharing the results with partners, we will understand further opportunities across the organisation and the GDNs.</p>
<b>Scale of VCMA Project and SROI Calculations, including NPV</b>	<p>Cadent will invest £135,200.00 in partnership with Plain Numbers. Training selected Cadent employees and partners to become Plain Number Practitioners.</p> <p>5-Year Gross Present Value = £2,702,944.10  1-Year Gross Present Value = £500,081.83</p> <p>5-Year Social Return on Investment = £2,572,911.79  1-Year Social Return on Investment = 450,081.83</p> <p>SROI Ratio: £19.79</p>
<b>VCMA Project Start and End Date</b>	2 <sup>nd</sup> September 2024 – 31 <sup>st</sup> March 2026
<b>Geographical Area</b>	The project will train Cadent and its partners, such as the Centres for Warmth. The Centre for Warmth trainees will be located across the Cadent Networks in England (North West, West Midlands, East Midlands, North London, East Anglia). Cadent staff will be Coventry or home-based in England.
<b>Internal governance and project management evidence</b>	

**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: 08/07/24	Review Completed By: Gemma Norton
Stage 2: Sustainability and Social Purpose Team Management Review	
Date Management Review Completed: 08/07/24	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: 22/08/24	
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: November 2024	
Date that Notification Email Sent to Ofgem: November 2024	