

Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA)

Centre for Warmth - L30 Community Centre

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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
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;	Not Applicable
b) The household cannot afford to service, repair or replace the unsafe pipework or essential gas appliance; and;	Not Applicable
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.	Not Applicable
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;	Not Applicable
b) Have the potential to benefit consumers on the participating networks; and	Not Applicable
c) Involve two, or more, gas distribution companies.	Not Applicable

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

Information Required	Description
Project Title	Centre for Warmth – L30 Community Centre
Funding GDN(s)	Cadent
Role of GDN(s) *For Collaborative VCMA Projects only	N/A
Date of PEA Submission	January 2023
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)	Centre for warmth - £70,254 for 2 years. Slow cookers – £3,712.80 = 144 cookers over 2 years (120 large x £27.83 = £3,339.60 24 small x £15.55 £373.20)
Total VCMA Funding Required (£k)	£73,966.80
Problem(s)	<p>The L30 community centre is based in the Netherton area of Liverpool.</p> <p>In the latest Index of Multiple Deprivation (IMD) this area was ranked 6,291 out of 32,844 in England, where 1 was the most deprived and 32,844 the least. Liverpool is ranked as number 4 in the IMD¹ as of 2019 and due to the cost-of-living crisis, unemployment, and fuel poverty this has become worse.</p> <p>The people of Netherton have a high dependency on benefits, high health inequalities and low life expectancy. Due to these issues, they are more likely to be in Fuel poverty.</p> <p>This project aims to tackle several problems that are faced by people living in Netherton.</p> <p><u>Fuel Poverty</u></p> <p>Due to the cost-of-living crisis and the pandemic more and more families are finding themselves living in fuel poverty.</p> <p>In a report by CPAG in August 2022 it stated that; By January 2023, over half of households in the UK (15 million) will be in fuel poverty – spending over 10 per cent of net income on fuel.²</p>

¹ modgov.sefton.gov.uk/documents/s112131/Enc.%201%20for%20Cost%20Of%20Living%20Crisis.pdf

² [Fuel poverty: updated estimates for the UK | CPAG](#)

Richard Jones, head of intelligence and analytics stated that almost 20% of Liverpool is said to be in fuel poverty according to the 2020 figures, placing it more than 5% above the national average.³

The residents in Netherton have a high dependency on benefits due to unemployment and poor physical and mental health. Having a lower income impact on people's wellbeing but add to this health inequalities and it means that many are suffering with illnesses.

If we also factor in living in cold damp homes this increases the probability of illness.

The National Institute of Care Excellence (NICE) has a list of groups it considers most at risk from living in damp, cold living conditions, these include the following:

- Individuals with respiratory conditions
- Individuals with cardiovascular problems
- Individuals with disabilities
- Individuals over the age of 65
- Young children
- Pregnant women

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

Unemployment

The rate of unemployment in Netherton is both higher than the average for and higher than the national average, suggesting that finding a job in this area maybe hard. The rate of claiming any benefit (which includes in work benefits) is more than 25% higher in Netherton than the national average, suggesting that many people maybe under employed or on a low salary.

Due to high unemployment and low-income salaries people also find themselves struggling with debt and paying their fuel bills.

Loneliness and Isolation

In Netherton many people are suffering from loneliness and isolation. This comes from not having much disposable income, being in fuel poverty and suffering with mental health issues.

All the above problems contribute to people withdrawing themselves. Being unemployed means they are not mixing with others in a workplace environment and can go days without even speaking to anyone.

In a 2015 study, researchers found that loneliness was related to long-lasting changes in the body. The study showed that when someone is lonely, they feel socially threatened, and so their

³Fuel poverty 'could become endemic in months' in Liverpool - Liverpool Echo

	<p>brain triggers the 'fight or flight' reaction in non-threatening situations. This response means that the body produces fewer infection-fighting white blood cells, which leads to a less active immune system and increased inflammation within the body. In short, lonely people are less able to fight off viruses, and if they do get sick their bodies are slow to recover.⁴</p> <p>There is a clear link between loneliness and poor mental and physical health, with lonely and socially isolated adults being more likely to be admitted to residential care and individuals who are socially isolated being between two and five times more likely than those who have strong social ties, to die prematurely</p> <p>Alleviating loneliness and isolation in older people is inexpensive but results in substantial gains including fewer GP visits, less use of medication, fewer falls, and reduced risk factors for long-term care.</p> <p><u>Risk of exposure to carbon monoxide and levels of deprivation</u></p> <p>Around 30-40 people living in the UK die from carbon monoxide poisoning each year. An additional 4,000 people attend accident and emergency each year because of carbon monoxide and 200 people are left hospitalised</p> <p>Issues such as fuel poverty and high household debt can influence a customer's risk of exposure to the dangers of carbon monoxide. An unavailability of household income can mean that many customers do not have the means to regularly service their gas appliances and/or purchase audible carbon monoxide alarms.</p>
<p>Scope and Objectives</p>	<p><u>Project Scope</u></p> <p>Cadent will provide £73,966.80 of the VCMA funding to deliver a two-year centre for warmth project in partnership with the L30 Community centre.</p> <p><u>Centre for Warmth</u></p> <p>The two-year 2023-2025 agreement replicates the previous project model in other Centres for Warmth, whereby specialist benefits advisors are employed using the VCMA. This service provided vulnerable households with essential financial support and created a very strong SROI.</p> <p>Alongside specialist benefits advice, the centre will also offer essential information on carbon monoxide safety and the priority services register.</p> <p><u>1 Part-Time Advice worker</u></p> <ul style="list-style-type: none"> • Work 21 hours per week. • Offer advice on benefits, debt, housing, and energy efficiency. This will be done in groups and 1:1 to help people maximise their income.

⁴ Health Impacts of Loneliness - WaveLength

- Give advice and tips on energy efficiency e.g., how to set heating controls.
- Hold group sessions within the centre to offer information on how to keep warm and energy efficiency.
- Hold group sessions to increase Carbon Monoxide awareness and offer CO alarms to vulnerable people who cannot afford to purchase one.

Slow cooking classes

This aims at educating people on what and how to cook using a slow cooker. In the current climate it is much more energy efficient to use a slow cooker than conventional cooking on a hob or in an oven.

By replacing 2 meals per week to be cooked in a slow cooker it can produce a saving for a family of approximately £203.36 over 1 year.

It also helps people think outside the box and use up items of food they wouldn't normally use.

The classes also aim at learning people how to cook a healthy balanced meal from scratch rather than relying on convenience foods.

If people are eating healthier this improves their overall health and therefore improves their immunity and results in less GP visits.

Carbon Monoxide awareness and advice

The centre will host sessions with groups of people to raise awareness of CO and offer alarms to vulnerable people who need one or cannot afford to purchase one.

Loneliness and isolation

The centre and staff will also focus on attracting new people into the centre to help alleviate loneliness.

Many are still feeling the effects of covid and are frightened to go out and mingle so are very lonely and isolated. They know that people attend the centre on word-of-mouth recommendations and the people attending report a gain in confidence and a feeling of belonging.

L30 encourage the community to set up new groups and listen to what their community wants and facilitates by putting them in touch with various other partners.

The project aims to reach 2,000 people over the course of the 2-year project. This reach will be divided as below:

- 1,088 people will receive advice on income maximisation and benefits entitlement.
- 1,376 people will receive advice on energy efficiency.
- 2,000 people will engage with others to tackle social isolation and loneliness.
- 1,000 will receive advice on the PSR.
- 500 will be registered on the PSR.
- 144 families will engage in slow cooker sessions.

Project Objectives

	<p>Cadent will measure the success of the Centre for Warmth – L30 Community Centre against the achievement of the following objectives:</p> <ul style="list-style-type: none"> • To deliver income maximisation/home energy efficiency advice to approximately 544 households per annum. • To deliver Carbon monoxide safety advice to approximately 1,000 per annum. • To alleviate stress and anxiety regarding keeping the home warm and feeding approximately 1,000 customers per annum. • To support 250 people to sign onto the PSR register per annum. <p>To generate a positive social return on investment - see the below relevant section for more details.</p>
<p>Why the Project is Being Funded Through the VCMA</p>	<p>We believe that the project meets all the Vulnerability and Carbon Monoxide Allowance eligibility criteria:</p> <ol style="list-style-type: none"> a. Have a positive, or a forecasted positive, Social Return on Investment (SROI) including for the gas consumers funding the VCMA Project: <ul style="list-style-type: none"> The project delivers a positive forecasted social return on investment. This is based on achieving the target reach for income maximisation, registrations to the PSR and education on carbon monoxide. More information can be found in the relevant section below. b. Either: <ol style="list-style-type: none"> i. Provide support to consumers in Vulnerable Situations and relate to energy safeguarding, or, ii. Provide awareness of the dangers of CO, or, iii. Reduce the risk of harm caused by CO. <ul style="list-style-type: none"> The project delivers services that meet all three elements of this criteria. For example, the specialist advisors will help households maximise their income, enabling residents to afford the cost of heating their home to an adequate level. The project will also raise awareness of the dangers of CO and promote registration to the PSR. c. Have defined outcomes and the associated actions to achieve these: <ul style="list-style-type: none"> Cadent and L30 Community Centre 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, <ul style="list-style-type: none"> This method of delivering support to customers in vulnerable situations falls outside of Cadent's BAU activities and other licence conditions.

	<p>e. Not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved or local) funding,</p> <p>This project will be solely delivered through Cadent's VCMA funding.</p>
<p>Evidence of Stakeholder/Customer Support</p>	<p>Cadent continues to conduct extensive stakeholder and customer engagement to obtain feedback on its RIIO-GD2 business plans and subsequent Vulnerability and Carbon Monoxide Allowance (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 Centre for Warmth - L30 partnership 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"> • My current household's health or financial situation is worse off compared to 2021. • My current household's health or financial situation is the same compared to 2021. • My current household's health or financial situation is better off compared to 2021. <p>60% of participants responded that their households' health or financial situation was worse off this year compared to 2021 levels.</p> <p>This project aims to support households most impacted by a downturn in the financial health through offering services such as income maximisation and benefit entitlement checks.</p>

Information Required	Description
<p>Outcomes, Associated Actions and Success Criteria</p>	<p>The partnership with L30 Community Centre will form part of Cadent's wider Centres for Warmth network. The Centre for Warmth project model relies on the provision of VCMA funding, materials and resource to a community centre located in an area of high deprivation, fuel poverty, and carbon monoxide risk. The increased levels of funding, resource and materials enable the community centre to ramp up its existing support for customers in vulnerable situations.</p> <p><u>Project Outcomes</u></p> <p>The L30 Community Centre - Centre for Warmth Project aims to achieve the following outcomes:</p> <ul style="list-style-type: none"> • Individuals will report increased levels of household income. • Individuals will report an increased awareness on the dangers of carbon monoxide (CO) and have a reduced risk of harm caused by CO. • Provide a healthy, nutritious, warm meal for people that attend the centre through the "Warmer Nights" project. • Provide support to lonely local residents, ensuring that they can access the community centre and the services it offers. • Provide individuals with energy efficiency advice and carbon monoxide awareness. • Individuals will report reduced levels of anxiety in fearing a utility outage. <p><u>Associated Actions</u></p> <p>The L30 Community Centre will implement the following associated actions to deliver the project's outcomes:</p> <ul style="list-style-type: none"> • Individuals will report increased levels of household income through working with the centre's specialist benefits advisors. The specialist benefits advisors will support households to identify and access previously unclaimed benefits. • Individuals will report reduced levels of anxiety in fearing a utility outage through be assisted to register to the Priority Services Register (PSR). Centre staff will all receive an awareness on the PSR and will help eligible households through the registration process. • Clients will report an increased awareness on the dangers of carbon monoxide (CO) and have a reduced risk of harm caused by CO. This will be achieved through the centre's staff providing CO awareness conversations and distributing CO alarms to the most at-risk households.

	<ul style="list-style-type: none"> Customers will report a better understanding of how to cook more efficiently and healthier through attending slow cooker classes hosted by L30. <p><u>Success Criteria</u></p> <p>The success of the project will be measured against meeting the below criteria:</p> <ul style="list-style-type: none"> The project will reach approximately 2,000 customers across the course of the 2 years. Around 1,088 households will receive specialist advice on identifying and accessing previously unclaimed benefits. Around 1,376 households will receive help and support on energy efficiency Around 1,000 individuals will receive an awareness conversation on the dangers of CO. The most at-risk households will also receive a CO alarm. Around 2,000 households will improve their awareness of the PSR. Approximately 500 eligible households will also be supported to register. Around 120 Families will receive education and guidance on cooking using slow cookers.
<p>Project Partners and Third Parties Involved</p>	<p>Cadent will work with L30 to deliver the 2-year project.</p>
<p>Potential for New Learning</p>	<p>During this project Cadent has realised that in all areas of our network our customers seem to be suffering from the same issues, for example fuel poverty and low income, but, we have also found that each area seems to be tackling issues that are specific to that area and how they deal with these are quite different.</p> <p>Due to this we have decided to set up a focus group where all Centres for Warmth come together to share best practice, hints, tips, and experiences. This builds strong connections across our Networks with the Centres supporting each other.</p> <p>It has also become clear that by Cadent partnering with the Community centres our reach to vulnerable customers has increased significantly more than if we had attempted this alone.</p>
<p>Scale of VCMA Project and SROI Calculations</p>	<p><u>Scale of VCMA Project</u></p> <p>Cadent will invest £73,966.80 in partnership with L30 Community Centre over 2 years.</p> <p>This VCMA project will be delivered across a two-year partnership with L30 Community Centre. The project will support approximately 2,000 households with a range of services.</p> <p>The project will benefit households in close proximity to the community centre, and those in the wider area through the specialist benefits advisors and community outreach workers.</p>

SROI Calculations

Total investment = £73,966.80

SROI Calculations

- 1,088 people supported with benefits and debt advice: £1,868,215.68
- 1,376 people supported with energy efficiency advice: £506,051.52
- 1,000 people advised on CO: £17,455.46
- 500 PSR sign-ups: £71,945
2,000 tackling loneliness and isolation £276,000 (2x years only)

Total reach of around 2,000 across the duration of the project.

5-year gross present value= £2,733,667.66

1-year gross present value= £630,733.52

5-year Social Return on Investment = £2,659,700.86

1-year Social Return on Investment = £504,340.17

Supporting households to maximise their income

Cadent worked with SIA Partners to evaluate the average 5-year gross present value of supporting households to maximise their income. SIA Partner's based their analysis on the "actual" data from a 3-month project between Cadent and NEA, and historic data from NEA over the past 3 years.

SIA Partners calculated an average 5-year gross present value of supporting households to maximise their income of £1,717.11.

An average of 1,088 clients will receive this service over the course of the project, equating to a total 5-year gross present value of £1,868,215.68.

Educating customers on the dangers of carbon monoxide

Cadent also employed SIA Partners to evaluate the forecasted social return on investment of several RIIO-GD2 business plan elements. These elements included CO education, CO alarm distribution and the repair/replacement of gas appliances.

SIA Partners pointed to a number of factors that influenced the social value generated by educating customers on the dangers of carbon monoxide:

- A reduction in A&E visits linked to CO;
- A reduction in long term hospitalisations linked to CO;
- A reduction in deaths caused by CO;
- A reduction in time of work due to injury caused by CO;
- A reduction in ambulance call outs linked to CO;

SIA Partners calculated the average 5-year gross present value of a CO-educational conversation to be £8.73 - this is based on a 1-2-1 conversation with an 80% retention rate.

Supporting households to register to the Priority Services Register

Cadent worked with SIA Partners to evaluate the average 5-year gross present value of supporting households to register to the PSR. SIA Partner's based their analysis on the DNO proxy bank value for an avoided stress management course.

SIA Partners evaluated an average 5-year gross present value of £143.89 for a single PSR registration.

The Cost of Loneliness

The Centre for Warmth project will reach customers living in urban areas of Cadent's network.

⁵BBC report found that 46% of England's urban population are aged 65 or over.

⁶One-fourth of the population aged 65 years and older reported feelings of loneliness.

⁷Social Psychiatry and Psychiatric Epidemiology reported a net present value of £6,000 for people who reported being lonely most of the time. This figure was across a 10-year period and equates to £600 per annum. This research concluded that older people who feel lonely are at greater risk of developing conditions such as dementia and depression.

⁸The health foundation reported that 21% of older people who live alone, or face feelings of loneliness visit their GP at least once a month. This places pressure on front-line services since many people who experience loneliness think of their GP as someone they can relate to and who will listen to them, engaging in an open, friendly dialogue.

The Centre for Warmth project aims to reach 7,392 urban customers. 46% of which will be aged 65 and over.

⁹Campaign to end loneliness reported that over 700,000 people aged 65 and over are experiencing feelings of loneliness. 46% of

⁵ <https://www.bbc.co.uk/news/uk-43316697>

⁶ <https://www.cdc.gov/aging/publications/features/lonely-older-adults.html#:~:text=Older%20adults%20are%20at%20increased,the%20amount%20of%20social%20contact.>

⁷ <https://link.springer.com/content/pdf/10.1007/s00127-019-01733-7.pdf>

⁸ <https://www.health.org.uk/news-and-comment/news/older-people-living-alone-are-50-more-likely-to-visit-ae-than-those-who-live-with>

⁹ <https://campaigntoendloneliness.org/guidance/wp-content/uploads/2015/06/StatisticsGFLA.pdf>

	<p>this age group lives in urban areas which equates to 322,000 people.</p> <p>Social Psychiatry and Psychiatric Epidemiology research suggest a potential saving of £600 per annum for each older customer supported that was previously experiencing feelings of loneliness.</p> <p>The Centre for Warmth project will run for 2 years, equating to a saving of £1,200 per customer.</p> <p>This equates to an overall benefit of £276,000 for 2x year only as the risk of experiencing loneliness and isolation can increase again after the project stops delivering support.</p> <ol style="list-style-type: none"> 1. 2,000 people using centre 2. 46% of the population are over 65 = 920 people 3. 25% of 920 people are lonely with health conditions = 230 people <p>230 people x £1,200 = £276,000 for 2x years.</p>
<p>VCMA Project Start and End Date</p>	<p>Start date Feb 2023 End date Jan 2025</p>
<p>Geographical Area</p>	<p>The project will be delivered in Cadent's North West network. Supporting communities and benefitting customers located in Liverpool.</p>
<p>Remaining Amount in the Allowance at Time of Registration</p>	<p>Remaining funding left in the Licensee's/ Licensees' funding pot.</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: 20/03/23	Review Completed By: Emma Turnbull
Stage 2: Sustainability and Social Purpose Team Management Review	
Date Management Review Completed: 20/03/23	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: 23/02/23	
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 23	
Date that Notification Email Sent to Ofgem: March 23	