

Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA)
Centres for Warmth – Blackpool Council

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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;	N/A
b) The household cannot afford to service, repair or replace the unsafe pipework or essential gas appliance; and;	N/A
c) Sufficient funding is not available from other sources (including national, devolved or local government funding) to fund the unsafe pipework or essential gas appliance servicing, repair or replacement.	N/A
Section 3 - Eligibility criteria for collaborative VCMA projects	
In order to qualify as a collaborative VCMA project, a project must:	
a) Meet the above company specific and boiler repair and replace (if applicable) project eligibility criteria;	N/A
b) Have the potential to benefit consumers on the participating networks; and	N/A
c) Involve two, or more, gas distribution companies.	N/A

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

Information Required	Description
Project Title	Centre for Warmth - Blackpool Council
Funding GDN(s)	Cadent
Role of GDN(s) *For Collaborative VCMA Projects only	The specific role(s) of GDN(s) participating in a collaborative VCMA Project
Date of PEA Submission	August 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)	Project Cost - £300,000.00 Slow cookers – 250 x £27.84 =£6,960.00 Project Management costs = £12,000.00
Total VCMA Funding Required (£k)	£318,960.00
Problem(s)	<p><u>Background</u></p> <p>Eight of Blackpool's twenty-one wards are in the ten most deprived areas nationally according to the index of multiple deprivation. Blackpool is the most deprived Local Authority in the country on both rank and score and is one of the highest areas for income and employment deprivation. Blackpool also has the second highest rate of inflation in England at 11.4% (Feb 2023 – Centre for Cities).</p> <p>Both men and women in Blackpool have the lowest life expectancy from birth of any local authority in England. Blackpool's life expectancy is 5.3 years below England and 3.9 years below the Northwest in males.</p> <p>Blackpool has one of the highest rates of fuel poverty at 16.3% with an estimate 11,748 households being fuel poor. 75% of properties are below EPC grade C. We know there are a considerable number of people that are not accessing energy because they have pre-payment meters or are at a high risk of disconnection.</p> <p>These factors mean that residents in Blackpool are more likely to be in fuel poverty, live in homes and situations more liable to carbon monoxide poisoning and be in debt.</p>
Scope and Objectives	<p>Cadent will provide Blackpool Council with £318,960.00 of VCMA funding to deliver a 2 year Centre for Warmth project.</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</p>

provided vulnerable households with essential financial support and also created a very strong SROI.

Alongside specialist benefits advice, the centres will also offer essential information on carbon monoxide safety and the priority services register.

Project Scope

The project will be delivered by Blackpool council by employing the following staff :

1 x Project Co-ordinator

- This person will manage the project and ensure all targets are being met across the two years. They will be responsible for supplying a quarterly report from all advisors to Cadent.

2 x Advice Workers

- These staff will provide intensive 1:1 support on a wide range of issues relating to financial hardship, energy advice, food poverty and fuel poverty with a focus on achieving a positive well-being.
- They will also run a slow cooker course to educate people on how to cook more efficiently to help save money and to offer healthy cheap meals to their family.
- They will run sessions to offer advice on Carbon Monoxide awareness and offer CO alarms to the most vulnerable and those who cannot afford to purchase one.
- They will host sessions on energy efficiency to help people reduce their usage and therefore save money.
- They will organise slow cooker sessions where customers will learn how to cook more efficiently and receive a free slow cooker.

1 x Admin staff

- This person will deal with all the admin duties required to deliver the project.
- Collect and collate data to be forwarded to Cadent.

Objectives

The project aims to reach approximately 1,800 households/customers over the course of the initial 2-year project. The total reach will be divided as below:

- 1,800 households will receive income maximisation advice on a range of topics including benefit checks, budgeting money etc.
- 1,800 households will receive energy efficiency advice including, setting heating hot water controls, turning appliances off standby etc.
- 1,800 will engage with others to tackle isolation.
- 1,800 people will receive advice on the PSR and will aim to sign up 180 to the register.
- 1,800 will engage in CO sessions to improve CO awareness.

<p>Why the Project is Being Funded Through the VCMA</p>	<p>We believe that the project meets all of the Vulnerability and Carbon Monoxide Allowance eligibility criteria:</p> <ul 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: <p>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.</p> 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 of the dangers of CO, or, iii. Reduce the risk of harm caused by CO; <p>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.</p> c. Have defined outcomes and the associated actions to achieve these: <p>Cadent and Blackpool Council have entered into a service agreement that will contain the project objective and actions. Further detail can also be found below.</p> d. control mechanism(s) or required through licence obligations, and, <p>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>This project will be solely delivered through Cadent's VCMA funding.</p>
<p>Evidence of Stakeholder/Customer Support</p>	<p>Cadent conducted extensive stakeholder and customer research in May 2022 following the completion of RIIO-GD2. The research's aim was to assess customer/stakeholder opinion on Cadent's allocation of VCMA spend and gain insight on where we should direct VCMA funding in the future.</p> <p>61% of stakeholders (the highest proportion by individual category) supported Cadent increasing its VCMA allocation on projects aimed at tackling fuel poverty.</p> <p>Cadent's independent Customer Engagement Group report for its RIIO-GD2 business plans contains feedback on a variety of proposals, including Cadent's ambitions for tackling fuel poverty.</p>

	<p>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 Customer engagement group recognised the need for a holistic approach that supports a household with its fuel prices (FPNES), energy efficiency (advice/repair and replacement) and household income (income maximisation).</p> <p>This project focusses on tackling fuel poverty by offering energy/income advice to at risk households.</p> <p>Cadent work with over 40 strategic partners to continually feed into our strategic thinking and project prioritisation (in support of customers in vulnerable situations). The Centres for Warmth initiative has proven a huge success and receives excellent feedback from charities such as National Energy Action and Age UK. We use the ongoing engagement with these key partners to inform our decision making, as we have with this project.</p>
<p>Information Required</p>	<p>Description</p>
<p>Outcomes, Associated Actions and Success Criteria</p>	<p>The Centre for Warmth partnership with Blackpool Council will allow Cadent to apply a holistic approach to supporting fuel poor households. Residents will receive a combination of services such as energy advice and benefit entitlement checks, all of which are designed to increase household income and help residents better manage their energy.</p> <p><u>Project Outcomes</u></p> <p>The VCMA project will be delivered in partnership with Blackpool Council and aims to support approximately 1,800 people with home energy, income, and CO advice over 2 years.</p> <p>The Centre for Warmth Project aims to achieve the following outcomes:</p> <ul style="list-style-type: none"> • Provide advice to customers on numerous topics including benefit entitlement checks, energy advice and income maximisation. • Provide customers with advice on CO and offer free alarms to vulnerable customers. • Provide slow cooking classes to local families to promote the potential affordability, efficiency, and health benefits. • Provide families with awareness and a means of registering to the priority services register. <p><u>Associated Actions</u></p> <p>Cadent's funding will be used to employ 4 staff to manage and deliver the Centre for Warmth project. The advisors will have the skills to provide services regarding benefit checks and income maximisation, debt, housing issues, CO awareness and the PSR.</p>

	<p>Blackpool Council will deliver slow cooking classes which promote affordable, healthy, and efficient cooking. Slow cookers will then be provided free of charge to those who attended the classes.</p> <p><u>Success criteria</u></p> <p>The success of the project will be evaluated against meeting the project's objectives. These objectives include:</p> <ol style="list-style-type: none"> 1. The project will reach 1,800 customers across the course of the 2-year contract. 2. 1,800 customers will receive in-depth 1-2-1 advice on income maximisation advice. 3. 1,800 customers will receive energy efficiency advice. 4. 1,800 customers will receive advice on CO. 5. 180 Customers will receive support to sign up to the PSR. 6. 1,800 customers will receive advice on the PSR. <p>As well as aiming to reach a target number of customers, Cadent and Blackpool Council will review the qualitative benefits/indicators of the project as part of the final evaluation. Meeting the above indicators will help Cadent determine the success of the project.</p>
<p>Project Partners and Third Parties Involved</p>	<p>Blackpool Council</p>
<p>Potential for New Learning</p>	<p>Over the last 18 months of the project, Cadent have realised how vital the community centres are.</p> <p>These centres pick up services which are no longer available or are at saturation point, for example, benefits advice. CAB are so busy they refer to the Centre for Warmth advisors. Many organisations refer into these centres for food, housing, general advice and support.</p> <p>These centres are safe spaces for many customers living in vulnerable situations and are the hub of community life.</p> <p>The staff are trusted members of the community and can get to the root cause of their issues to offer a wraparound service.</p> <p>Friendships are forged and confidence built in this environment as everyone is treated the same, no judgement or inequality exists.</p> <p>These centres really are lifelines to many of our customers and we will continue to listen and learn from the partnerships.</p>
<p>Scale of VCMA Project and SROI Calculations</p>	<p>The Blackpool Council - Centre's for Warmth will deliver support for a 2 year duration. The project will focus on the provision of advice to approximately 1,800 customers.</p> <p>This reach will be divided between:</p> <ul style="list-style-type: none"> • 1,800 customers receiving income maximisation/ benefit advice = £3,090,798.00 • 1,800 customers receiving energy efficiency advice = £661,986.00

- 1,800 customers receiving CO advice = £15,714.00
- 180 customers receiving support to register to the PSR = £25,900.20
- 1,800 customers alleviating loneliness and isolation = £248,400

Total Investment = £318,960.00

5 Year Gross Present Value = £4,042,798.20

1 Year Gross Present Value = £1,007,279.64

5 Year SROI = £3,723,838.20

1 Year SROI = £847,799.64

SROI ratio = £1: £12.40

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 1,800 clients will receive this service over the course of the project, equating to a total 5-year gross present value of £3,090,798.00

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.

¹BBC report found that 46% of England's urban population are aged 65 or over.

²One-fourth of the population aged 65 years and older reported feelings of loneliness.

³Social 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.

⁴The 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.

Campaign to end loneliness reported that over 700,000 people aged 65 and over are experiencing feelings of loneliness. 46% of this age group lives in urban areas which equates to 322,000 people.

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.

The Centre for Warmth project will run for 2 years, equating to a saving of £1,200 per customer.

This equates to an overall benefit of £55,200 for 2x year only as the risk of experiencing loneliness and isolation can increase again after the project stops delivering support.

¹ <https://www.bbc.co.uk/news/uk-43316697>

² <https://www.cdc.gov/aging/publications/features/lonely-older-adults.html#:~:text=Older%20adults%20are%20at%20increased,the%20amount%20of%20social%20contact.>

³ <https://link.springer.com/content/pdf/10.1007/s00127-019-01733-7.pdf>

⁴ <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>

	<ol style="list-style-type: none"> 1. 1,800 people using centre. 2. 46% of the population are over 65 = 828 people 3. 25% of 828 people are lonely with health conditions = 207 people <p>207 people X £1200 (£600 per annum) = £248,400.00</p>
VCMA Project Start and End Date	Start date 1 st August 2023 End date 31 st July 2025
Geographical Area	This project will be delivered in Cadent's Northwest network.
Remaining Amount in the Allowance at Time of Registration	Remaining funding left in the Licensee's/ Licensees' funding pot.

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: 17/07/2023	Review Completed By: Kerry Doyle
Stage 2: Sustainability and Social Purpose Team Management Review	
Date Management Review Completed: 24/07/23	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: 07/12/23	
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: December 2023	
Date that Notification Email Sent to Ofgem: December 2023	