

Winter crisis fund Fuel Bank Foundation

Vulnerability and Carbon Monoxide Allowance 2 initiative

February 2023
SGN



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1 Description

Funding GDN(s)	SGN
For Collaborative VCMA Projects:	N/A
Date of PEA submission:	February 2023
Project contact name:	Kerry Potter
Project contact number/email:	Kerry.potter@sgn.co.uk
Total cost (£k)	£150,000
Total VCMA funding required (£k)	£100,000

2 Problem statement

Against a backdrop of the UK’s energy prices doubling in the past 12 months it is currently estimated that there are over 6.7 million households living in fuel poverty in the UK.

On the 1st October 2022, the government implemented an energy price guarantee, which limited the amount households can be charged per unit of gas or electricity in response to the Energy Price Cap rises, helping to address the inflated costs, and keep the average cost of energy to around £2.5k per household.

We know that those on pre-payment meters have been impacted throughout the energy and cost of living crisis, this is evident in the data collated by Citizens Advice in the February 2023 [Cost of Living Crisis dashboard](#). Customers on pre-payment meters are often low-income households, those who use the pay as you go method to either avoid going into debt or are needing to repay accrued energy debt.

However, extracts from the February 2023 Cost of Living Crisis dashboard highlight that in 2022, record numbers of people required support as a direct result of not being able to top up their pre-payment meter, leaving them without energy at the property.

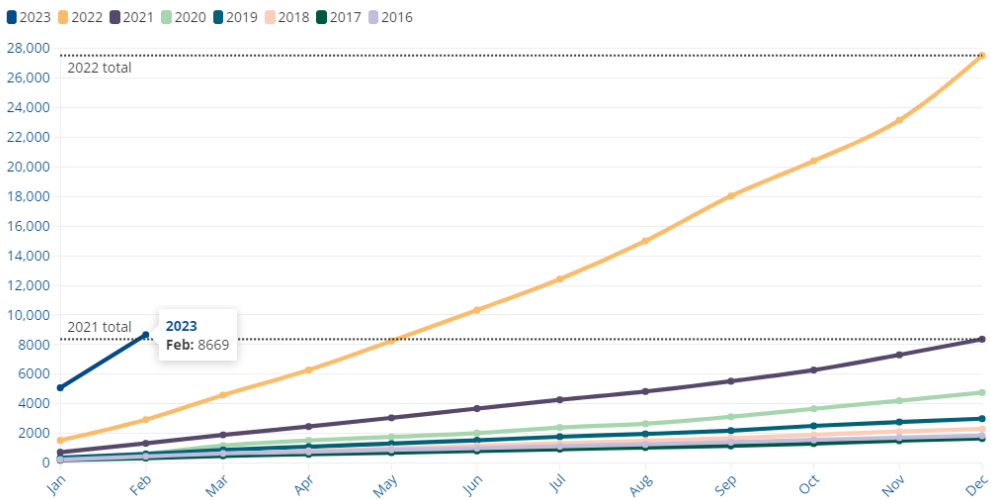


By the end of February 2023 we had seen more than 8,500 people who can't afford to top up their prepayment meter.

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This is nearly three times as many as we had seen by this point in 2022, and it's already more than the whole of 2021, the year energy prices started to rise.

Cumulative number of people we've seen who've been unable to top up their prepayment meters each year



You can access this visualisation directly here - Data for England Wales. Data from Local Citizens Advice Offices and the Consumer Service. The 2022 projection is based on average monthly cases in the first 6 months of 2022 (1st January to 31st June). More advisor capacity mobilised in December helped respond to more demand but this does not explain the full extent of December's increase.



This growth trend has increased in 2023 and has also been reflected in the number of households accessing crisis funds from community organisations accessing pre-payment vouchers via the Fuel Bank Foundation.

In 2022 the Fuel Bank Foundation who provide fuel vouchers to people who can't afford to top up their pre-payment meter, found that in the 12 months prior to receiving help from the Fuel Bank Foundation more than half (59%) had to make the choice between heating or eating at least once a week, with 15% saying daily. 51% of people sacrificed a hot meal more than once a week to save energy, while 44% of those surveyed rationed heating and hot water every day. Other money and energy saving measures included not using electrical appliances, skipping meals altogether, buying cheaper or less food, not showering or bathing as often, and not buying clothes for children.

At the time of receiving support from the charity, 61% were either using emergency credit on the meter or had already run out of credit and the gas and electricity was switched off. 18% of the people surveyed said their meter was about to run out in the next couple of days and they couldn't afford to top it up, while 16% said they were keeping the electricity on but were having to make significant sacrifices elsewhere. In addition to paying for fuel, almost all (96%) said they were struggling to pay other essential household bills, including groceries, travel, Council Tax, water, and rent/mortgage.

<https://www.fuelbankfoundation.org/wp-content/uploads/2022/02/Fuel-Bank-Whitepaper-3.2.2022-fbf013-1.pdf>

It's clear that people on lower incomes and those on pre-payment meters have and continue to make difficult decisions to stay safe and warm in their homes and providing additional and immediate support through trusted support agencies is making the difference this winter.

3 Scope and objectives

The partnership with the Fuel Bank Foundation will deliver direct financial support and practical help to maintain a safe and warm home to vulnerable households identified via a network of community support partners. The provision of support will be tailored to meet household need with the overall ambition to provide immediate help but not a long-term dependency on aid to maintain a safe and warm home.

The partnership aims to:

- Provide emergency fuel vouchers to households in fuel crisis so they can access immediate financial support and where needed ongoing assistance to increase financial resilience and avoid dependency on emergency funds
- Provide an audit on the allocation of funds allocated to ensure that household level usage is monitored to avoid creating a dependency on the scheme and to mitigate the fraudulent use of the scheme
- Make a positive social impact as we work together to alleviate the pressures on community organisations and the NHS, reducing the need to use key care services

4 Why the project is being funded through the VCMA

This project aligns to our strategic ambition to support customers in energy crisis, helping those in fuel poverty to access immediate and longer-term help that keeps them safe and warm at home.

This project meets the VCMA funds eligibility criteria as it provides energy safeguarding for those most in need through a defined set of outcomes that also achieves a positive Social Return on Investment.

5 Evidence of stakeholder/customer support

5.1 SGN Customer Engagement Group and Vulnerable Steering Group

During the shaping of the SGN business plan we committed to, over the 5-year price control, to support over 250,000 vulnerable customers to use gas safely, affordably, and efficiently. To ensure that we adapt to market conditions we continue to engage our SGN Vulnerable Steering Group, they help us shape our vulnerability

and CO strategies and our priorities for GD2 based on current need. Our expert stakeholders representing a range of vulnerable customer segments guided us to work with existing organisations that already support those in crisis and where we are able to broaden the reach or increase the capacity of those established charities that support people most in need. It is with guidance and support from our dedicated Vulnerable Steering Group that SGN prioritise support for those most likely to need help from their utility company due to low incomes, in extreme financial vulnerability and fuel crisis. As we prepared for winter 2023/23 our Vulnerable Steering Group and our Senior Stakeholder panel, we're in support of pushing more crisis funds that supported grass root crisis agencies with funding and resources to support those in energy crisis.

5.2 Fuel Bank Foundation

The number of people seeking help from foodbanks and advice agencies in the UK has risen significantly in the last few years, where families face difficult decisions around what to spend their limited income on. We find that these same families are often also in 'fuel crises' too and have to make the choice between 'heating or eating', which can lead to a series of health issues if they are forced to 'self-disconnect'. Whilst we understand the rationale behind price cap rise, for people on pre-payment meters £87 is a significant increase and could result in more people living in fuel poverty, unable to pay for gas and electricity to heat and power their homes and at risk of self-disconnection. Household finances are already under increased pressure as a result of the Covid-19 pandemic, with higher food and fuel costs due people having to stay at home, on top of the usual seasonal increase in energy usage. For families juggling already stretched budgets, the prospect of a price increase in April will be of great concern and worry. Fuel poverty can't be tackled by the energy industry alone. It needs a coordinated effort by energy companies, government, industry bodies, charities, and other stakeholders to come up with a sustainable, long-term solution to the problem. Matthew Cole, Chair of Trustees - Fuel Bank Foundation

6 Outcomes, associated actions, and success criteria

6.1 Outcomes

The partnership will enable the Fuel Bank Foundation to broaden the scale of support they can provide by removing the constraints that it currently has on its existing partner network to increase capacity and ensure that a minimum of 2,900 more households receive help, when and where they need it.

The partnership will demonstrate the following outcomes for households in fuel crisis:

- Increase the network of community organisations including charities working to identify households in crisis
- Increase the distribution of emergency fuel vouchers to households in fuel crisis
- Extend the reach of additional support to increase household income and address debt and or access services specific to energy schemes including the PSR and ways to reduce utility costs
- Make a positive social impact as we work together to alleviate the pressures on community organisations reducing the need to use key care services
- Make a positive impact on the health and wellbeing of people within the households supported

6.2 Success Criteria

To administer at least 2,900 fuel vouchers to households in energy crisis with the additional provision of relevant interventions and offers of longer-term support including onward support for benefits checks, debt support and access to the Priority Services Register where eligible.

7 Project partners and third parties involved

SGN and Scottish and Southern Electricity Networks will provide funding for fuel vouchers for customers in our respective network areas

Fuel Bank Foundation will distribute the fuel vouchers and provide onward support via a network of organisations across Scotland and Southern England.

8 Potential for new learning

Monitoring and evaluation

We will continue to work closely with the Fuel Bank Foundation to monitor the impact the partnership has on our mapped outcomes, through onward engagement with the support networks accessing the service.

The following activities will be in place to monitor and evaluate project progress and impacts:

- Quantitative and qualitative service user outcomes
- Service user before-and-after-support surveys and follow-up engagements
- Feedback, indicators, outputs, and outcomes reported – with a post winter review

Learning

Through ongoing monitoring of the impact of our initiative on frontline support organisations and service users our partner Fuel Bank Foundation will produce insights including case studies to ensure that we're supporting those in fuel poverty. The Fuel Bank Foundation will include insights and recommendations in their annual evaluation report to be shared with industry participants, their broader network, front line representatives and to other partners who may find this relevant.

9 Scale of VCMA Project and SROI Calculations

Working with SIA Partners we've developed a number of social proxy values aligned to the work and outcomes we and our partners are delivering. Some of which are aligned to the provision of fuel vouchers for households experiencing fuel poverty. Using these along with the DNO SROI assessment tool and methodology we have carried out an assessment of the financial and wellbeing outcomes associated with this project, and we forecast a positive net SROI of £4.52.

Social Value Measurement

5-year reporting figures		
Economic	Total cost	£150,000.00
	Total gross present value	£827,347.94
	NPV	£677,347.94
	SROI	£4.52

10 VCMA Project start and end date

The project will run from 01 February 2023 to 01 May 2023

11 Geographic area

SGN's geographic footprint

12 Approval

Rob Gray - Director of Stakeholder Relations and Communications