

Warm Home Prescription[®]

Vulnerability and Carbon Monoxide Allowance

September 2024

SGN



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1 Description

Project title	Warm Home Prescription
Funding GDN(s)	SGN
New/Updated (indicate as appropriate)	New
Date of PEA submission:	October 2024
Project contact name:	Kerry Potter
Project contact email:	kerry.potter@sgn.co.uk
Total cost (£k)	£1,550,000
Total VCMA funding required (£k)	£1,550,000

2 Problem statement

According to the Department for Energy Security and Net Zero (DESNZ), the number of households who are required to spend more than 10 per cent of their income (after housing costs) on domestic energy rose in 2023 to 36.4 per cent of households (8.91 million), up from 27.4 per cent in 2022 (6.66 million). Lower income households are more likely to respond to higher energy prices by cutting energy use below safe levels. Some will find themselves in the situation where energy will become unaffordable, resulting in self-disconnection or unmanageable energy debt.

Typical energy bills under the January to March 2024 price cap were almost 60% higher than in winter 2021/22 and with a further 10% increase from October 1st 2024, and a forecast increase again for 2025 energy costs remain unaffordable for many. DESNZ have also reported “after considering energy rebates, energy efficiency and household changes the overall required energy costs increased by 27 per cent between 2022 and 2023 in real terms”.

Nationally, Citizen’s Advice helped over 220,000 people with crisis support in 2023 – their highest figure to date, this trend has continued in 2024. They are reporting a marked increase in people presenting with complex problems, and multiple debts so when someone presents with energy issues, such as affordability, billing, and customer service, they also need support in other areas.

The consequences of people not being able to adequately heat their home significantly affects individuals, the organisations that support them and the NHS. It is estimated that cold homes cost the NHS £1.4billion a year in England with broader societal costs at over £18billion. Addressing cold homes could prevent 28,000 deaths in England alone. Hospital beds are under intense pressure during winter when more people tend to be admitted from A&E, particularly as a result of respiratory diseases and the challenges in in discharging patients. Beds taken by patients waiting to be discharged are often 15% or more of the beds occupied at any one time¹.

Finding and delivering solutions to this issue is urgent given current energy price rises, cost of living increasing and the reduction in the number of households receiving Winter Fuel Payment.

The UK’s thought leader on solutions in this space recommended prescribing warm homes with the health sector following the Catapult’s work on Warm home Prescription. This solution has the potential to also ensure that the most vulnerable are not left behind as the UK housing stock is upgraded to be more energy efficient, reducing damp and mould and ensuring the most vulnerable are included as the energy system changes between now and 2050.

Long term home energy improvement support is often difficult for the most vulnerable to take up, especially those with health conditions who are eligible. In 2021, it was estimated that only 40% of people receiving

¹ <https://www.kingsfund.org.uk/insight-and-analysis/data-and-charts/number-hospital-beds>

Energy Company Obligation grants were fuel poor and ECO4 design is only expected to take 2% of all fuel poor households out of fuel poverty².

The Catapult is a not-for-profit innovation centre accelerating the transition to Net Zero for all consumers. Having invented the Warm Home Prescription service, the Catapult and partners have supported over 1,000 households over the last 4 years.

Warm Home Prescription is embedded within the health sector to identify those most at risk from hospitalisation if they live in a cold home and with the energy sector to provide households what they need to stay warm and comfortable immediately and long term through providing the delivery of a holistic programme with energy credit, energy advice, energy debt relief, energy efficiency and heating system improvements.

The Catapult has shown that the Warm Home Prescription can decrease primary health care use, improve physical and mental health, increase people's willingness to do energy efficiency and low carbon heating improvements to their house and improve people's confidence to achieve healthy indoor temperatures in the winter. In the latest trial, 2023/24 winter, all households were able to achieve healthy indoor temperatures, avoiding risks of heart attacks, strokes and respiratory complications if temperatures weren't above 16-18 degrees C. This ultimately means the service provides immediate and long-term warmth to households that would otherwise use the health service because they live in a cold home.

Last winter, more than 3 million people using prepayment meters disconnected from their energy with more than 50% of these households saying it negatively affected their health. Also, people with a disability or long-term health condition are more likely to disconnect for longer periods of time³. Last year, 43% of people that were supported by the Fuel Bank Foundation had a critical need for energy i.e. where they relied on energy-using equipment for their health⁴.

Fuel Bank Foundation research indicates that people aged 18 - 35 are most likely to be living in perpetual fuel crisis. This age group commonly has children at home and their outgoings often far exceed the money coming in. One in four (28%) children who live in cold homes are at risk of multiple mental health symptoms, such as anxiety and depression. They are also far too likely to be absent from school because of illnesses associated with damp and mould. When they do attend school, they cannot engage or learn well because they're hungry and were too cold to get a good night's sleep. Without good health or a good education, these children have a much smaller chance of being able to pull themselves out of poverty when they grow up.

3 Scope and objectives

By working in partnership SGN and the Catapult and Fuel Bank Foundation will work together to help households at risk of health consequences from living in a cold home achieve a warm home immediately and make progress on the journey to long term resilience to a warm, energy efficient home.

This project will focus on households that are most at risk from cold homes and are most at risk of being left behind in the Net Zero transition.

Our partnership will target households where there are people being admitted to emergency respiratory and winter clinics and people with young children at risk of respiratory complications from living in a cold home.

² Committee on Fuel Poverty annual report 2021 <https://www.gov.uk/government/publications/committee-on-fuel-poverty-annual-report-2021#:~:text=The%20Committee%20on%20Fuel%20Poverty,fair%20transition%20to%20net%20zero>.

³ Citizens Advice (2024) Shock proof: Breaking the cycle of winter energy crises <https://www.citizensadvice.org.uk/wales/policy/publications/shock-proof-breaking-the-cycle-of-winter-energy-crises/>

⁴ Fuelbank Foundation 2023 Fuel Crisis Report <https://www.fuelbankfoundation.org/news/energy-becoming-a-luxury-millions-of-people-cant-afford/>

We're looking to focus on action in the "protecting groups at high risk from cold-related morbidity and mortality" that the Institute for Health Equity recommends⁵.

The scope of the partnership will include:

- Identifying and supporting households struggling to maintain a safe and warm home by working with health partners to proactively identify households at risk (e.g. that have come through paediatric services or with hospital discharge teams)
- Providing the energy support that they need to have immediate warmth (through energy credit and energy advice)
- Providing support and exploring options for households to progress on the journey to Net Zero (through smart meter installations, referrals and handholding through to energy efficiency and low carbon heating schemes)

The project will improve the health and wellbeing immediately and in the long term of all members of the household. The project will deliver a broader social impact as we alleviate the pressures on the NHS, avoiding the need to use hospital services and improving household's ability to stay warm and well affordably in future years.

The project will initially engage and deliver services via telephone, email, text message, post and with in-person home assessments, where appropriate, to ensure that the support works in the most effective way for the patients themselves.

4 Why the project is being funded through the VCMA

This project meets the Vulnerability and Carbon Monoxide Allowance (VCMA) eligibility criteria as it provides direct support to vulnerable households who are struggling to maintain a safe and warm home, empowering households to achieve healthy temperatures now and in the future.

The project delivers against SGNs Vulnerability Strategy, by providing targeted support to households living in fuel poverty based upon their personal circumstances.

This partnership service goes above and beyond our core responsibilities as a Gas Distribution Network and is eligible under the VCMA funding criteria as it will provide support to those people in some of the priority groups and in the regional communities most at risk, providing information on using energy safely, efficiently and affordably.

This partnership aligns to the SGN commitment to deliver support services customers aligned to our four strategic pillars:

1. Services Beyond the Meter
2. Supporting Priority Customer Groups
3. **Fuel Poverty & Energy Affordability**
4. Carbon Monoxide Awareness

This project aligns to strategic pillar number three with focussed fuel poverty outcomes connected to improved health and wellbeing of priority customer groups.

5 Evidence of stakeholder/customer support

5.1 Energy Systems Catapult

The Catapult has delivered the first of its kind England and Scotland-wide trial of Warm Home Prescription i.e. a proactive service guaranteeing warm homes are achieved for those at greatest health risk from cold homes.

⁵ <https://friendsoftheearth.uk/climate/how-are-uks-cold-homes-impacting-our-health#:~:text=Cold%20homes%20are%20associated%20with,risk%20of%20exacerbating%20existing%20conditions.>

By partnering with different parts of the NHS across England and Scotland, the service was able to reach over 1,000 people in a single winter 2022/23 with positive outcomes for both those receiving and delivering the service.

Warm Home Prescription Stakeholder feedback:

- 90% of health professionals delivering the service agreed patients found WHP easy to understand and 95% agreed delivering or prescribing WHP was quick.
- 90% of health and energy professionals believe scaling up WHP will help reduce NHS costs overall
- Health professionals believe WHP could reduce NHS costs across primary, social, secondary and personalised care.
- Over 90% of delivery staff would like to see the NHS offering WHP to patients next winter

“A key takeaway from delivering the project was that support was reaching households that had never previously received any. These households tended to be more isolated, less likely to reach out for support or they contained working parents who earn too much for financial support but not enough to help mitigate the increased cost of living.” Energy advisor

“I spoke to a lot of patients with complex health issues who were scared to put on their heating. These people can develop serious complications that are not only life threatening but are expensive and time consuming to treat.” Health professional

Previous analysis by Sheffield Hallam⁶ shows SROI for Warm Home Prescription to be £5.10 for every £1 invested.

5.2 Energy Systems Catapult – Stakeholder feedback

“Delivering warm homes to the most vulnerable as the Net Zero energy system develops is a huge challenge facing the UK. Progress will be down to designing, testing and learning how services, such as Warm Home Prescription, can be scaled by large players in the energy sector as part of their usual business. This is why this project with SGN and Energy Systems Catapult is so important as it will provide evidence for how the energy sector and the Net Zero transition can result in meaningful progress on providing warm homes for those whose lives are at risk without it.” Guy Newey, Energy Systems Catapult CEO

5.3 Case study: Warm Home Prescription 2022 trial across England and Scotland

All beneficiaries were households previously struggling to afford their energy bills and all had severe respiratory or cardiovascular conditions made worse by the cold. More than half had been admitted to an emergency respiratory clinic during winter in the previous 24 months.

The Warm Home Prescription supported these households with a range of support including energy credit to pay for their heating for the winter, energy efficiency and debt advice and home energy improvements. The results should be a measurable improvement in mental and physical health, evidence of a reduction in the use of primary healthcare services, increased willingness to make long term changes to the energy efficiency of their home and increased confidence in achieving healthy indoor temperatures in future.

Impact:

- 95% of staff delivering the service would like to see the NHS offering WHP to patients next winter
- 90% of healthcare staff delivering the service believe scaling up WHP will help reduce NHS costs overall

Direct feedback from staff delivering the service: “A key takeaway from delivering the project was that support was reaching households that had never previously received any. These households tended to be more

⁶ <https://es.catapult.org.uk/project/warm-home-prescription/>

isolated, less likely to reach out for support or they contained working parents who earn too much for financial support but not enough to help mitigate the increased cost of living" - Energy advisor

Direct feedback from people receiving the service:

"[Heat is] so important and until you actually live with the heat you don't realise. I haven't realised that I was freezing cold."

"I really don't know how I would have got through winter without your help - I would certainly have had to eat less and probably ended up with a fair bit of debt. So thank you."

5.4 SGNs Vulnerability Steering Group

Our Vulnerability Steering Group has helped us shape our vulnerability strategy and our priorities for GD2 from strategy into delivery. It is with their guidance we develop key initiatives to support our most vulnerable customers, those most in need of help to maintain a safe and warm home.

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 that people most likely to suffer detriment by living in a cold and unhealthy home.

In 2024 our strategic steering group reiterated the vital impact we could have by coordinating our activities with others to identify and support those most in need, those most impacted by the cost of living and energy cost crisis.

6 Outcomes, associated actions and success criteria

6.1 Outcomes

In partnership with the Catapult and Fuel Bank Foundation, we will keep customers Safe and Warm by delivering immediate and long-term warmth to the most vulnerable. Over the duration of the partnership, we aim to deliver the following outcomes:

More people will:

- Have increased awareness in high-risk communities of what a healthy indoor environment is
- Be healthy and warm as they live in healthy indoor temperatures
- Have improved health and wellbeing over winter
- See improved willingness to undertake home energy improvements that can reduce mould and damp
- Be supported by their utility companies through the benefits of the Priority Services Register
- Be more aware of the risks of Carbon Monoxide and how to mitigate the risks
- Be confident and willing to heat their home to healthy temperatures in subsequent winters

It is expected that this will result in:

- Reduction in hospital re-admissions and primary care use
- Reduction in use of acute respiratory medication
- Improvement in educational attainment and achievement of children in the household
- Improvement in energy efficiency of homes and reduction in the carbon emissions
- Increase in willingness and ability to take part in future energy flexibility events and access smart energy tariffs

6.2 Success Criteria

Through the partners we aim to support 2,000* households at risk of health complications because they are living in a cold home by providing immediate and long-term support to be warm and well at home as the energy system evolves:

- 3,000 households reached by the NHS via letter and phone call to offer extra help to those who are financially vulnerable with a medical condition made worse by living in a cold home
- 2,000 households reached via a phone call from the energy advisors and a dedicated website with information about warm and healthy home environments and where to get help from via the service.
- 1,800 households with energy credit to pay for their heating over the winter period (November to March). The amount of energy credit received be tailored for the household needs. Total amount will be capped at £245 per household across the winter months. Based on past experience, most households will receive the full amount. This bill credit is funded from the VCMA fund.
- A home visit is included for those most in need of support to understand or benefit from advice (est. c180 based on experience to date)
- 1,800 households provided with information and support on smart meters in initial phone call
- 1,800 households to be supported to sign up to the Priority Services Register and other relevant utilities vulnerability support in initial phone call
- 1,800 households to have a CO safety conversation and 900 households provided with a CO alarm
- 1,800 households provided with a home energy audit to assess and refer on for energy efficiency schemes;
- of these we anticipate 900 households will progress to claiming relevant energy efficiency schemes (e.g. ECO4), handled by the energy advisor team and which includes a in person home survey
- 500 households supported with relevant items from the following depending on household need
 - benefits check
 - debt management
 - debt write off through relevant supplier schemes
 - grant applications (where available locally/ eligible)
 - water efficiency schemes (where available)
 - other local support schemes (regional variations)

*Numbers of households shown and therefore the unique beneficiaries are expected to be higher due to more than one resident per household.

Health service outcomes will include reduced readmissions and faster discharge times as a minimum.

7 Project partners and third parties involved

Working together the following organisations

Energy Systems Catapult – will work with its network of referring partners e.g. NHS trusts, other referring partners to identify eligible households. Bill credits are processed via our network of regional energy advisors, specific prepayment processing via Fuel Bank Foundation. The energy advice service, household support and referral to supporting schemes is provided by energy advice experts. The installation of low carbon measures is provided by approved contractors in the relevant energy efficiency schemes e.g. ECO or Home Energy Scotland.

The Fuel Bank Foundation (FBF) is an independent charity that aims to support families who pay in advance for energy, typically via a prepayment energy meter and are at risk of self-disconnection or severe rationing or have self-disconnected. Prepayment vouchers can be redeemed at PayPoint or Post Office locations.

SGNs Safe and Warm Partnership network

8 Potential for new learning

Monitoring and evaluation

This partnership has been co-designed by the Catapult, Fuel Bank Foundation and SGN.

As we continue to evolve the partnership and progress with the delivery, the following activities will be in place to monitor and evaluate project progress and impacts:

- Response rates from initial engagement methods monitored

- Numbers and type of NHS household referrals monitored
- Quantitative response rates from different source referrals within the health service
- Quantitative indicators on the ability of this service to reach people that are newly vulnerable given the worsening economic climate
- Quantitative service use metrics reported monthly or quarterly/available in real time to partners and SGN
- Quantitative and qualitative householder outcomes
- Each month we will review the progress of the support service against the detailed success criteria in section 6.2 and work through challenges and opportunities where required, including the review of individual and organisational partnership case studies.

Learning

We are keen to learn from this project and for successes to be incorporated into ongoing projects that engage with people at risk to their health of living in a cold home and being left behind in the energy transition. Good practice will be captured and shared between the partners delivering the service in different geographical regions. We'll work with partners to run showcase of results so far at the end of each winter period.

SGN will share the outcomes via stakeholder mechanisms including the SGN Safe and Warm partnership network the GDN Vulnerability Working Group as well as via the VCMA Annual Showcase and VCMA Annual Report.

9 Scale of VCMA Project and SROI Calculations, including NPV

We and the other Gas Distribution Networks worked with leading social impact research consultancy SIRIO Strategies on the development of the Industry Standard Social Value Framework and supporting GDN Rulebook. We have used that GDN Rulebook 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 assessment of the predicted outcomes we forecast a positive net Social Return on Investment of £3.12.

Social Value Measurement

Total cost*	£1,508,093.28
Total gross present value	£6,219,040.22
Net Present Value (NPV)	£4,710,946.94
SROI	£3.12

**Accounting for inflationary factors over the term of the project.*

10 VCMA Project start and end date

The project will run from December 2024 to March 2026

11 Geographic area

SGNs Scotland and Southern network areas

12 Internal governance and project management evidence

SGN has worked alongside Energy Systems Catapult and Fuel Bank Foundation to co-design this partnership and ensure that its ambition contributes to the delivery of our Vulnerability Strategy, the guidance from our Vulnerable Customer Steering Group and adheres to the updated VCMA governance criteria.

The SROI has been assessed internally using the GDN Rulebook developed by SIRIO Strategies as part of the Industry Standard Social Value Framework. As detailed above we have reviewed the partnership extension scope which has been forecast at adding an additional £3.12 for each £1 invested, this will be monitored closely to ensure we adhere to the VCMA governance criteria.

SGN and the partners will review the monthly and quarterly outcomes to learn, share best practices and address any delivery issues.

The PEA has been reviewed and approved by the business lead Kerry Potter and the Director of Customer Services Maureen McIntosh.