

Expanded Fuel Crisis support in Scotland

Vulnerability and Carbon Monoxide Allowance

October 2024

SGN



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1 Description

Project title	Expanded Fuel Crisis Support in Scotland
Funding GDN(s)	SGN
New/Updated (indicate as appropriate)	New
Date of PEA submission:	October 2024
Project contact name:	Linda Spence
Project contact number/email:	Linda.spence@sgn.co.uk
Total cost (£k)	£399,962
Total VCMA funding required (£k)	£399,962

2 Problem statement

In 2022 there were an estimated 791,000 households in Scotland living in fuel poverty based on figures published by the Scottish Govt in The Fuel Poverty and House Condition Report, which is 31% of all households in Scotland, this is 6.4% increase from 2019 (around an additional 178,000 households). 18.5% (or 472,000 households of the 791,000 households in fuel poverty) were living in extreme fuel poverty in 2022. National Energy Action's October 2023 figures show 6.5 million UK households are in fuel poverty, based on the definition of low-income households spending more than 10% of their income on their energy bills. Fuel poverty is driven by energy efficiency, energy costs and income. It is recognised that nearly half of low-income households are still living in hard to heat homes, and the rate of improvements was well below what is needed to lift people out of fuel poverty by a target date of 2030.

In the same NEA YouGov polling it was found that 49% of households turned the heating off even though it was cold in the house, 43% of adults had gone to bed early to stay warm and 13% of households had used appliances like ovens to stay warm.

Since launching Fuel Bank Foundation has helped over 1.5 million people and in 2023, helped 639,113 people by providing a crisis fuel top-up and energy advice. 58% of those people were adults and 42% were children.

A total of 331,042 people across England, Scotland, Wales, and Northern Ireland received an emergency fuel voucher from Fuel Bank Foundation between November 2023 and March 2024, as demand for support increased. It is the highest number of people helped by Fuel Bank during winter since it was set up and 34% higher than the previous winter's total, with households continuing to struggle with energy bills. 30% of those supported in winter were living in Scotland. Last winter, at its peak, Fuel Bank Foundation helped more than 21,000 people in a single week and spent nearly £1 million a week on fuel vouchers to keep homes warm.

Typical energy bills are currently around 40 per cent more than they were pre-energy crisis, and unlikely to return to 'normal' levels for some time, on top of higher food bills, increased rent and mortgage payments and paying off previously accrued debts, families are at financial breaking point.

Fuel Bank Foundation have seen that younger people are desperately struggling with people aged 18 - 35 most likely to be living in perpetual Fuel Crisis. As the most likely group to have children at home, their outgoings often far exceed the money coming in. They're also the most likely age group to be 'new' to prepayment meters and struggling to adjust to a new way of planning their energy usage and finances. 15% run out of money to 'top up' daily 26% were already disconnected from their energy supply when they applied for a voucher 80% had young children at home 73% used their voucher to pay off meter debt.

Further insights from Fuel Bank Foundation also highlights the stark reality of those being in fuel crisis or poverty who become consumed by the severity of their situation, limiting the time and capacity to access

additional immediate support, let alone plan for the steps they can take on their personal journey to become more sustainable.

For those in a younger demographic, who are more likely to be in the private rented sector and less likely to have general awareness of energy consumption and likely costs, there are wider concerns because they are often less aware of support available, and the routes to access it. And yet it is these people, at the start of their energy journey, who need to be better supported, to ensure that they have a greater energy awareness, are accessing help available and have an increased level of energy literacy and are better prepared for the transition to a decarbonised future.

3 Scope and objectives

Working in partnership with Fuel Bank Foundation, the project will improve access to and provide energy crisis support and advice that is clearly targeted at those under 35. Through the partnership development of innovative service where inclusion will be at the forefront of the initiative and will provide:

- A network of 'entry points' into Fuel Bank Foundation both new and building on the existing, that is designed to support the target demographic 18 – 35 age group. This network will include youth and family centres to introduce crisis support services into communities where the need is greatest
- The provision of emergency fuel support (circa 10 days) alongside relevant and easy-to-access and act upon energy advice to give additional support and to lower household money spent on energy. This model reduces the propensity for future referral into Fuel Bank for continued crisis help
- The provision of Heat Fund to ensure that financial support and advice is provided to families who are unable to afford heat and are relying on unregulated fuels such as LPG, biomass, and heating oil. This would support rural homes that are not connected to the mains gas grid, and therefore, rely on unregulated fuels for heat, hot water, and even to power cooking appliances
- The provision of safeguarding services that ensures that young households are supported with access to services including the Priority Services Register (PSR), carbon monoxide alarms and heated throw blankets where there needed
- Identify and implement referral pathways across SGN partnership network to maximise support provided to households through facilitating access to additional services.

Through collaboration the partnership will directly alleviate the financial stress caused by rising fuel bills for vulnerable households at a time of need, helping prepay customers to keep their homes safe and warm.

4 Why the project is being funded through the VCMA

This project is proposed for funding through the Vulnerability and Carbon Monoxide Allowance (VCMA) as it aims to provide energy advice to those residents who have previously not been able to access it and who may be in crisis. This project aims to tackle this by evolving their current energy advice service, to suit the needs of clients via mobile advice and targeted outreach.

The project delivers against SGNs Vulnerability Strategy, by targeting support to households in energy crisis and young families access energy safeguarding services.

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 households in energy crisis by providing information and practical support to use 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 all of the strategic pillar 3 (with outcomes in 2 & 4)

5 Evidence of stakeholder/customer support

5.1 Fuel Bank Foundation – annual report insights

In the 12 months before receiving a fuel voucher 51% were choosing between food and energy at least once a week 75% were rationing heating and/or hot water at least once a week. Those with a critical need for energy were more likely to be trading off food for warmth and power daily.

For the people Fuel Bank support, an emergency fuel voucher relieves a great deal of stress.

- 92% - tell us they don't know what they would have done without one, suggesting they couldn't get help elsewhere
- 43% of the people we supported had a critical need for energy, whether for managing common conditions such as asthma, COPD and other respiratory problems that get worse in the cold or for powering medical equipment
- 60% of Fuel Bank clients told us that receiving the voucher helped improve their physical wellbeing.
- 65% said the voucher helped alleviate the strain on their mental wellbeing
- Our client group is making a number of financial sacrifices such as skipping meals, rationing heating, hot water, and appliances usage and buying less food. 99% are making at least 1 financial sacrifice, 21% making 4 or 5 and 23% are making 7 or more.

The Fuel Bank Fuel Crisis 23/24 report highlighted the difference a Fuel Bank emergency fuel voucher makes, for the people that were supported.

- 94% agree It made a big difference to their stress levels
- 90% agree It made a big difference to their ability to manage finances in the short term
- 89% agree It will make a big difference to how often they run out of money to top up the meter

5.2 SGNs Vulnerability Steering Group

Our Vulnerability Steering Group has helped us shape our vulnerability strategy and our priorities for GD2 from strategy into delivery. With their guidance we intend to prioritise key initiatives to support our most vulnerable customers.

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 develop programmes that support those most in need across SGNs geographic areas including at risk communities where there are barriers to accessing support and require targeted engagement.

In 2024 our strategic steering group re-iterated 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

Through the partnership SGN & Fuel Bank will increase resilience to fuel poverty by:

- Increasing the network of community organisations including charities working to identify households in crisis with a focus on those supporting younger people and underrepresented groups as identified through Fuel Bank insights

- Increasing the distribution of emergency fuel vouchers to households in fuel crisis as well as support to help reduce energy usage and increase household income
- Extending 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
- Extending the reach to households in fuel crisis with information on CO safety and how to access a CO alarm where income or information is a barrier to safety
- Making a positive social impact as we work together to alleviate the pressures on community organisations reducing the need to use key care services
- Making a positive impact on the health and wellbeing of people within the households supported.

6.2 Success Criteria

To support at least 5,914 households over an 18-month period addressing the issues of fuel poverty and cold homes with a crisis fuel credit and using this as an enabler to provide specific advice and guidance. Around a minimum of 10 new or upgraded entry points into Fuel Bank will be established to broaden younger household access to support, including in a mix of diverse communities.

Specifically, over the 18-month period our ambition is to;

- Establish a new or upgraded network of at least 10 entry points into Fuel Bank that are targeted at those of a younger demographic
- Provide crisis Fuel Bank financial help to over 5,914 households supporting over 14,500 people, alongside advice and support with an objective of mitigating or addressing root cause of their crisis. Through this partnership Fuel Bank Foundation will provide circa 5,914 households with crisis fuel vouchers at an average value of £46. The value of a fuel voucher may vary on a monthly basis, Fuel Bank will respond to changing factors such as energy prices, ensuring we can support as many people as possible when they need help. The amount is calculated based on the price of energy as per the average value set out by Ofgem in the Price Cap and average consumption costs for the time of year. It will provide clients with approximately ten days' worth of heat, light, and power
- Promoting the Priority Services Register and supporting people in signing up for the free service, where relevant It is planned that there will be an awareness of the PSR for at least 5,000 households with at least 590 registrations. This will be a targeted campaign via text message to register for the PSR with registrations tracked
- Raising awareness of carbon monoxide (CO) safety, focusing on those activities more likely to be pursued by a younger demographic that presented heightened levels of CO risk and those using unregulated fuels to heat their home. It is planned that there will be an awareness of the CO safety for at least 5,900 households with 350 CO alarms expected to be distributed. This will be a targeted campaign via text message and fulfilled by Fuel Bank
- Provide at least 350 heated throw blankets to households identified with health conditions requiring additional heat.

We forecast that these interactions will result in:

- Younger people in or at risk of fuel crisis will report improved mental and physical wellbeing
- Individuals improved awareness of the PSR and CO safety. Eligible households will register onto the PSR. Individuals will have reduced detriment and anxiety in fearing a utility outage

7 Project partners and third parties involved

- **SGN** – Lead gas network providing funding and support to the delivery team, including training, access to broader referral partners, and direct services for customers including but not limited to the Priority

Services Register, Locking Cooker Valves and CO alarms as well as access to the broader SGN Safe and Warm partnership network

- **The Fuel Bank Foundation (FBF)** – 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. FBF also provides support to those not connected to the mains gas grid, and therefore, rely on unregulated fuels such as heating oil, LPG, and wood.

8 Potential for new learning

Monitoring and evaluation

- Monitoring and reporting against the detailed success criteria outcomes in 6.2
- Quantitative and qualitative service user outcomes are in place to monitor and evaluate the project
- The number of vouchers issued, redeemed and unredeemed is reported and monitored in the proposed locations across our partners
- Fuel Bank track KPI's which focus on:
 - Provision of same day help, which is our ability to provide a fuel voucher to a client same day where the partner has referred them to us by late afternoon.
 - Quality score, we have robust procedures in place to detect any potential cases of fraud and to ensure that only people genuinely in "fuel crisis" receive help.
- Regular longitudinal research activity with Fuel Bank clients is completed to assess impact of Fuel Bank support
- Regular communications with Fuel Bank network partners with two-way feedback enables Fuel Bank to continue to improve the service offered and work together to support people living in fuel crisis and have real time understanding and to respond to issues in communities

Learning

Through ongoing monitoring of the impact of the service on frontline support organisations and service users Fuel Bank Foundation will produce insights and an annual evaluation report including case studies that will provide insights for SGN into; customer behaviour, barriers faced, effective engagement, and the impact of accessing independent support to use energy safely, efficiently, and affordably.

Fuel Bank Foundation publish the annual report including case studies across a broad audience including front line representatives and to other stakeholders who may find this relevant e.g. utility companies and regulatory bodies. This supports policy and process change to deliver better customer outcomes for people in fuel crisis.

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 £2.42

Social Value Measurement

Total cost*	£390,349.90
Total gross present value	£1,336,205.68
Net Present Value (NPV)	£945,855.78
SROI	£2.42

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

10 VCMA Project start and end date

The project will run from October 2024 – March 2026

11 Geographic area

SGNs Scotland network

12 Internal governance and project management evidence

SGN has worked alongside FBF 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 current partnership scope which has been forecast at adding an additional £2.42 for each £1 invested, this will be monitored closely to ensure we adhere to the VCMA governance criteria.

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

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