

IncomeMax

Vulnerability and Carbon Monoxide Allowance

October 2024

SGN



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Contents

1	Description	3
2	Problem statement	3
3	Scope and objectives	4
4	Why the project is being funded through the VCMA	5
5	Evidence of stakeholder/customer support	5
5.1	Income Max	5
5.2	Income Max – stakeholder feedback	6
5.3	Case Studies - IncomeMax	6
5.4	SGNs Vulnerability Steering Group	7
6	Outcomes, associated actions and success criteria	8
6.1	Outcomes	8
6.2	Success Criteria	8
7	Project partners and third parties involved	9
8	Potential for new learning	9
9	Scale of VCMA Project and SROI Calculations, including NPV	10
10	VCMA Project start and end date	10
11	Geographic area	10
12	Internal governance and project management evidence	11

1 Description

Project title	IncomeMax
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)	£980,000
Total VCMA funding required (£k)	£980,000

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 energy debt crisis has reached an all-time high of £3 billion, further worsening the plight of the fuel poor. The average fuel poverty gap (the amount needed to bring a household out of fuel poverty) has reached £417 per household—the highest level since measurements began.

The UK government’s decision to means-test the Winter Fuel Allowance has left millions of pensioners and disabled individuals at risk of fuel poverty, particularly during a time of escalating energy prices. The Department for Work and Pensions (DWP) estimates that 83% of pensioners over the age of 80 and 71% of disabled pensioners will no longer receive the Winter Fuel Payment.

In addition, around 780,000 households are expected to miss out on the Winter Fuel Payment because they have not claimed Pension Credit. This leaves many facing a "heat or eat" dilemma this winter, exacerbating a fuel poverty crisis that already affects an estimated 6.5 million UK households as of January 2024.

It’s understood that lower-income households, particularly pensioners and disabled people are more likely to cut energy usage below safe levels or face unmanageable energy debt and self-disconnection.

Despite government campaigns to raise awareness, many pensioners remain unaware of their entitlements to benefits such as Pension Credit, Attendance Allowance, and the underlying Carer’s Allowance. The complexity of the benefits system, coupled with the stigma of claiming, leads to billions of pounds in unclaimed support each year.

This issue is compounded by the fact that Pension Credit and other qualifying benefits act as gateways to energy support measures such as the Warm Home Discount and Winter Fuel Payment.

3 Scope and objectives

The partnership between SGN and IncomeMax aims to address fuel poverty by offering vulnerable households personalised income maximisation support through both expert human advisers and innovative AI tools to support frontline support organisations and customers check if there's unclaimed benefits that can help increase their household incomes.

While the project will target various vulnerable groups, a significant initial focus will be on older people and disabled people who are struggling with the removal of Winter Fuel Payments.

This includes reviewing eligibility for Pension Credit and Attendance Allowance, both of which can provide critical financial support to older individuals facing increasing energy costs. As new vulnerabilities emerge over time, such as changes to energy policies or broader financial challenges, the scope of the project can shift to meet the evolving needs of households.

The core objectives of the project include:

1. **Dedicated Expert Advice team:** a team of expert advisers will provide personalised support covering the following;
 - **Benefit checks** - including advice on entitlement to a wide range of financial support such as Universal Credit, Pension Credit, Attendance Allowance, Carer's Allowance, and other relevant benefits based on the individual's circumstances
 - **Claim support** - assisting customers with completing application forms, making phone calls to government organisations, and following up on claims
 - **Energy advice sessions** - offering practical guidance on energy efficiency measures, advice on smart meters, and checking for cheaper energy tariffs, including switching providers to secure the best deal. Additionally, advisers will help households register for the Priority Services Register, ensuring vulnerable individuals have access to necessary energy support services
 - **Wellbeing and confidence** - providing ongoing emotional support and encouragement, helping people to navigate complex processes with confidence and ensuring they feel supported throughout their journey.
2. **AI Supplementary Support Tool:** development and roll out of MAX an AI-powered benefits advice tool;
 - Alongside expert advisers, Max will be introduced gradually, handling around 50% of the support sessions. Max will focus on providing quick, 24/7 assistance for simpler cases, such as basic benefit checks. Providing triage and simple advice and onward referral into case work delivered by the expert advice team
 - As Max's capabilities improve, MAX will be offered to help SGN's Safe and Warm partnership network to complete claim support, such as phone calls and form filling, for clients who need extra guidance and where needed triage into the expert advice team.
3. **Community outreach and awareness:** The partnership will also include the delivery of **awareness sessions** in collaboration with local community organisations, such as food banks and community groups, as well as through the SGN Safe and Warm partnership network. These sessions will include:
 - **Outreach days:** engaging directly with communities through local events, distributing leaflets, and raising awareness of the available support services
 - **Meetings and presentations:** to organisations and stakeholders, providing information on how they can refer vulnerable individuals to IncomeMax for further support
 - The aim of these sessions is to ensure that vulnerable households are informed about income maximisation opportunities and energy support services and know how to access these critical resources.

Through this partnership, we will provide both immediate hands-on telephone-based support to vulnerable households, and a scalable AI solution that will evolve over time. This combination of expert personalised advice and innovative AI technology will ensure that those most in need receive the help they deserve, while also laying the groundwork for a cost-effective, scalable service in the future.

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 would benefit from dedicated energy safeguarding support and or who are struggling to maintain a safe and warm home.

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 3 with outcomes connected to 2.

5 Evidence of stakeholder/customer support

5.1 Income Max

Founded in 2009 by Lee Healey in response to the global financial crisis, IncomeMax was created to support people facing financial hardship by helping them unlock the income they are entitled to. Over the past 15 years, IncomeMax has become a beacon of hope for vulnerable individuals and families, helping them navigate the complex landscape of benefits, grants, and financial support.

At the heart of IncomeMax's mission is the belief that everyone deserves to feel better about their finances. Every year, millions of people in the UK miss out on billions of pounds in unclaimed benefits and financial aid simply because they don't know where to start or find the system too overwhelming. IncomeMax fills that gap by providing free, confidential money advice, and empowering people to take control of their financial futures.

Since its inception, the organisation has found over £48 million in new income for more than 138,000 households across the UK. The advice provided by IncomeMax can be life-changing: for some, it helps cover essential bills and buy everyday necessities, while for others, it leads to life-altering changes like accessing £20,000 in backdated benefits that can significantly improve their quality of life.

The team at IncomeMax is made up of compassionate, dedicated experts who have won awards for their commitment to helping people in need. From supporting pensioners struggling with rising energy costs to assisting families overwhelmed by financial complexity, IncomeMax's services ensure that people feel less alone in their financial struggles. The organisation continues to evolve, introducing innovative tools like MAX, an AI-powered advice system that complements human support, helping to reach even more people in need.

With a track record of unlocking income for those in desperate circumstances and helping them stay safe, warm, and financially stable, IncomeMax has grown into a trusted partner for thousands of people every year

5.2 Income Max – stakeholder feedback

"Working with IncomeMax has been a game-changer for our clients. Their expertise in helping vulnerable households maximise their income and access essential support has made a real difference to the lives of many. As a trusted partner, IncomeMax ensures that people who are struggling financially are given the help they need to stay warm and manage their bills. I believe their partnership with SGN will bring even more opportunities to extend this vital support to those most in need, at a time when it's needed most."

Caroline Joseph, Community Programmes Director, Agility Eco Services LTD

Utilita has worked closely with IncomeMax, and their ability to provide clear, actionable advice to vulnerable customers has been invaluable. IncomeMax has been able to support thousands of Utilita customers by increasing their financial positions, helping to alleviate fuel poverty and supporting customers out of debt and reducing other widespread financial struggles. IncomeMax consistently goes above and beyond to ensure that households in financial difficulty are able to access the help they need, whether it's unclaimed benefits or energy-saving advice. Their partnership with SGN will undoubtedly extend this support even further, offering a lifeline to many during this challenging time. We highly recommend IncomeMax to everyone.

Emily Hayes, Regulatory Scheme Delivery Manager, Utilita Energy

5.3 Case Studies - IncomeMax

Case Study 1

A customer was referred to IncomeMax by their energy supplier after struggling to manage energy bills and accumulating £1,145 in debt. With limited income and rising costs, the customer was facing an impossible choice: increase her payments and risk not affording food, or stay trapped in debt. Already under immense stress, her situation was made worse by incorrect benefits payments.

Before contacting IncomeMax, she had applied for Pension Credit but was told she wasn't eligible. This added to her feelings of helplessness and anxiety. The emotional toll of being in debt was overwhelming—she was constantly worrying about whether she could keep the lights on, stay warm, or even afford the next meal. The customer felt trapped, uncertain about how to move forward, and had no idea where to turn for help.

IncomeMax's team stepped in, not only to provide expert financial advice, but also to ease the emotional burden this customer was carrying. After conducting a full benefits check, our adviser identified that her Housing Benefit and Council Tax Support were both calculated incorrectly. We also discovered that her Severe Disability Premium had not been included in her applicable benefits. The IncomeMax adviser offered reassurance and personalised support, helping to draft a letter to the council, explaining the mistakes and requesting corrections. Throughout the process, we provided emotional encouragement and kept in close contact, ensuring the customer didn't feel alone in navigating this challenging process.

After a couple of months, the council corrected the benefits, backdating the payments and issuing two lump sum payments totalling £12,000. This outcome didn't just resolve the customer's financial worries—it lifted an enormous weight off her shoulders. She no longer had to make contributions towards her rent and council tax, saving £42.36 per week on rent and £54 per month on council tax. With these changes in place, she was finally able to pay her energy bills and no longer had to worry about how she would manage rising energy costs. The additional support meant she could now focus on her household's needs without the constant stress of balancing energy bills and daily living expenses. The real impact extended beyond just financial relief. By easing her financial burden, we helped lift the weight of constant worry she had been carrying. With this newfound stability, she could focus on her family's well-being and make plans for the future, without the anxiety of how to cover essential bills. IncomeMax didn't just improve her financial situation—we helped her regain a sense of security and control over her life.

Customer - "Thank you for your help—you did so well for me. I can now afford my energy bills with the money I am saving. The emotional pressure has lifted, and I finally feel like I can breathe again."

Adviser - "I'm extremely glad that I was able to help this customer. Financially, she will be much better off, which will give her a better quality of life without the constant financial worries."

Case Study 2

A customer was referred to IncomeMax by their energy company after struggling to afford their energy bills. The customer lives alone with her disabled child, and due to her child's health conditions, the household needed to use more heating than usual.

At the time of referral, the customer was receiving Universal Credit, Carer's Allowance, and Disability Living Allowance for her child. During the initial benefit check, we asked whether she was also receiving Child Benefit, which the customer wasn't sure about. We advised her to investigate and let us know. Additionally, the amount of Universal Credit she was receiving seemed lower than expected based on her circumstances. After conducting some detailed investigative work, we discovered that the customer was missing the disabled child element in her Universal Credit claim. She had been unaware that she needed to notify Universal Credit about her child's award.

IncomeMax supported the customer in reporting the change, which led to her being awarded the disabled child element of £487.58 per month going forward, as well as a backdated payment of £1,462.74.

While waiting for the outcome of this application, the customer contacted Child Benefit to check her payments, as advised. She discovered that she had not been receiving Child Benefit for the past four years. As a result this was reinstated, providing her with an additional £25.60 per week.

As a result, the customer received both ongoing financial support through the disabled child element of Universal Credit and backdated payments. The additional £25.60 per week from Child Benefit further helped her stabilise her financial situation. This financial relief didn't just help her cover the immediate cost of energy bills, but also allowed her to begin paying off debts. More importantly, it gave her the opportunity to seek additional support for her son's disabilities, which had previously been out of reach due to financial constraints. IncomeMax's support gave the customer not only the resources to manage her bills, but also a sense of control over her family's future and a way to provide better care for her child.

Customer - "Thank you so much for your help. I can now afford my ongoing energy bills, and I have used some of the extra money to pay off my debts. I am also going to use some of the money to go towards investigations for my son's disabilities."

Adviser - "It was really great to help the customer and identify what she was missing out on. She was struggling to keep up with her bills, and knowing that with this extra support she can keep on top of everything and get the extra help her son may need is very rewarding."

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

The partnership between IncomeMax and SGN is designed to deliver tangible and measurable outcomes that will directly impact vulnerable households. By providing personalised support and advice, this project will ensure that households at risk of fuel poverty can maximise their income and access essential energy-saving measures.

The key outcomes we aim to achieve include:

Increased Income for Vulnerable Households: Through 3,000 Income Maximisation Support Sessions, we aim to help households secure £2 million - £4 million in additional income. This includes unclaimed benefits such as Pension Credit, Attendance Allowance, and other forms of financial support that many households are unaware they are eligible for.

Improved Energy Efficiency and Affordability: By providing 1,875 Energy Advice Sessions, we will empower households to reduce their energy costs through practical advice on energy efficiency, switching tariffs, and using smart meters. These sessions will help households save money while maintaining a safe and warm home.

Emotional and Practical Support: While some customers will choose to use our AI-powered tool, Max, they will always have the option to switch to human support if they need emotional guidance or more personalised assistance. For those who prefer or require human help, we will provide ongoing emotional support to relieve the stress and anxiety that often accompany financial difficulties.

In terms of practical support, we will assist customers with complex processes such as claim support, helping with application forms and making phone calls to government organisations. These tasks can be both practically and emotionally challenging for many households, and expert team will be there to provide hands-on support. By offering both personalised, phone-based guidance and AI-driven options, we aim to help vulnerable households regain control over their finances and well-being, ensuring they feel supported throughout their journey with IncomeMax.

Community Outreach and Awareness: We will deliver up to 30 awareness sessions raising awareness of the support available through IncomeMax and SGN. These sessions will directly engage with vulnerable households through community events and partnerships with local organisations, providing a clear route for their customers to access our services. By collaborating with community groups, charities, and other local stakeholders, we ensure that people know how to access the help they need, expanding our reach and ensuring that more vulnerable households are supported.

Improved Access to Energy Support Services: By providing advice on registering for the Priority Services Register and ensuring that vulnerable customers receive information on energy-saving initiatives, we aim to improve access to essential energy support services for those most at risk.

6.2 Success Criteria

To measure the success of this project, we will track key performance indicators (KPIs) throughout the 15-month period. These criteria will ensure that the project delivers meaningful outcomes for vulnerable households, while recognising the practical challenges of confirming all income secured.

- **Development of MAX** – the development of an AI powered benefits check tool that is accessible and can support both advisers without skills in benefits checks and customers alike
- **3,000 Income Max Support sessions** - aiming for a target of £2 million - £4 million. This includes unclaimed benefits such as Pension Credit, Attendance Allowance, energy savings and other financial support
- **1,875 Energy Advice sessions:** focusing on the specific discussions we have around energy savings, switching tariffs, managing energy debt, and adopting energy efficiency measures
- **500 provided access to energy crisis vouchers through Fuel Bank Foundation:** for households in energy crisis, access to emergency funds to help avoid self-disconnection

- **800 Smart Meter discussions:** We will also track the number of households we engage with in conversations about smart meters, discussing their benefits and providing guidance on installation and usage (target: 800 smart meter discussions)
- **30 Community Awareness Sessions:** to reach at least 300 front line support workers and households with the information they need to identify, triage and support people struggling to maintain financial resilience and a safe and warm home
- **2,000 Priority Services Register conversations conducted,** with support provided to sign up where needed along with other relevant energy support services – expectation of 20% sign up.

7 Project partners and third parties involved

- **SGN and Safe and Warm Partnership Network:** IncomeMax will be working closely with SGN throughout this project. We aim to leverage SGN's Safe and Warm partner network to receive referrals and reach vulnerable households in need of income maximisation and energy support.
- **Local Organisations and Community Groups:** In addition to working with SGN's network, IncomeMax will establish relationships with local organisations, community groups, and charities in the areas where this project focuses. These partnerships will help us secure additional referrals and ensure that our services reach households most in need. Although specific partners are yet to be confirmed, we will engage with:
 - Local food banks and other community outreach organisations
 - Charities focused on fuel poverty and financial hardship
 - Housing associations and local authorities in SGN's regions
 - Energy advocacy groups and other relevant stakeholders.
- **Referrals from Awareness Days:** Another source of referrals will be the community outreach and awareness days we conduct. These events will provide an opportunity to engage directly with households, raising awareness of the support available and connecting individuals to our services. These sessions will not only create new partnerships with local organisations but also generate self-referrals from individuals who attend and engage with the events.

8 Potential for new learning

Monitoring and Evaluation

IncomeMax is a recognised expert in supporting vulnerable households through income maximisation and benefits advice. IncomeMax's team of expert human advisers has consistently delivered outstanding results, helping thousands of individuals unlock vital financial support.

This partnership with SGN builds on that expertise, extending our reach and building capacity by integrating new technology to enhance our existing services.

As we progress with delivery, the following activities will be implemented to monitor and evaluate project outcomes and impacts:

- **Quantitative and qualitative customer outcomes:** We will track key performance indicators (KPIs) such as identified income, confirmed income, energy advice sessions, and customer satisfaction to ensure we are delivering meaningful support
- **Feedback questionnaires:** Customer surveys will be conducted to gather feedback on the value of the services provided. This will help assess not only financial outcomes but also emotional and practical support
- **Monthly reviews:** Each month, we will review the progress of the support service against the success criteria outlined in section 6.2. This includes assessing identified income, claim support outcomes, energy advice delivery, and engagement through awareness days

- **Case study reviews:** We will regularly review individual and organisational case studies to assess how well the service is performing, with a focus on learning from both successful interventions and challenges faced. These case studies will help us refine our approach as the project evolves.

Learning

We are committed to learning from this partnership and incorporating successes and lessons into future projects. The insights gained through this partnership will help us continue to refine and improve the services we provide, ensuring we meet the evolving needs of those we support. IncomeMax will use these learnings to shape future service offerings and enhance our approach to income maximisation and energy advice.

In addition to IncomeMax's internal learning, SGN will share the outcomes via stakeholder mechanisms, including:

- **SGN Safe and Warm partnership network:** Insights will be shared to strengthen the collaborative efforts of the network and ensure that best practices are disseminated across all partners
- **GDN Vulnerability Working Group:** We will present findings and key lessons from this partnership, contributing to broader conversations about how to best serve vulnerable households
- **VCMA Annual Showcase and Annual Report:** This project's outcomes will be included in the annual showcase and report to demonstrate its value and impact.

AI and Technology-Enhanced Human Support: An important learning from this project will be how emerging technologies, such as AI and chatbots, can work alongside human advisers to improve service delivery. By incorporating AI into the advice process, we aim to explore the balance between technology and human intervention, focusing on how these innovations can drive efficiency while maintaining the personal touch that vulnerable households often need.

By embedding learning and ongoing evaluation into the project, we ensure that both IncomeMax and SGN are able to adapt and improve, leading to a more effective and impactful service for the households we aim to support.

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 £10.63

Social Value Measurement

Total cost*	£955,062.72
Total gross present value	£11,111,983.26
Net Present Value (NPV)	£10,156,920.54
SROI	£10.63

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

10 VCMA Project start and end date

The project will run from October 2024 to March 2026

11 Geographic area

The project will take place across the SGN Southern Network

12 Internal governance and project management evidence

SGN has worked alongside Income Max 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 £10.63 for each £1 invested, this will be monitored closely to ensure we adhere to the VCMA governance criteria.

SGN and Income Max 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 Kerry Potter and the Director of Customer Services Maureen McIntosh.