

GDN Collaborative Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA)

Warm and Safe Homes 2025-26

Kerry Potter
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March 2025

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) <ul style="list-style-type: none"> i. Have a positive, or forecasted positive Social Return on Investment (SROI), calculated in accordance with a model which the GDNs have developed and submitted to Ofgem including for the gas consumers funding the VCMA Project, and ii. have a positive, or a forecasted positive Net Present Value (NPV); 	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 the requirements in paragraph b;	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	
To qualify as a VCMA Project, essential gas appliance servicing must meet the following criteria:	
a) <ul style="list-style-type: none"> i. GDN has had to isolate and condemn an essential gas appliance following a supply interruption or as part of its emergency service role; or ii. a GDN or its Project Partner has identified an essential gas appliance which has not been serviced in the last 12 months in the owner-occupied home of a customer in a Vulnerable Situation where an occupier of the property suffers from a permanent or temporary health condition that makes them more vulnerable to health risks associated with cold homes; or iii. a GDN or its Project Partner has identified an essential gas appliance which has not been serviced in the last 12 months in a tenant-occupied home of a customer in a Vulnerable Situation where it is the tenant's responsibility to maintain the essential gas appliance, where an occupier of the property suffers from a permanent or temporary health condition that makes them more vulnerable to health risks associated with cold homes; or 	NA
b) the household cannot afford to service the essential gas appliance, as assessed against the affordability criteria in the Energy Company Obligation (ECO4) Guidance: Delivery document; and	NA
c) sufficient funding is not available from other sources (including a social or private landlord and national, devolved, or local government funding) to fund the essential gas appliance servicing.	NA
Section 3 - Eligibility criteria for company specific essential gas appliance repair and replacement	
To qualify as a VCMA Project, unsafe pipework and essential gas appliance repair or replacement must meet the following criteria:	
a) <ul style="list-style-type: none"> i. a GDN has had to isolate and condemn unsafe pipework or an essential gas appliance following a supply interruption or as part of its emergency service role; or ii. A GDN or its Project Partner has had to condemn unsafe pipework, or an essential gas appliance, following an essential gas appliance service and 	NA
b) <ul style="list-style-type: none"> i. The occupier of the property suffers from a permanent or temporary health condition that makes them more vulnerable to health risks associated with cold homes and has a household income as per ECO4 Income thresholds, or 	NA

<p>ii. the household cannot afford to repair or replace unsafe pipework or the essential gas appliance, as assessed against the affordability criteria in the Energy Company Obligation (ECO4) Guidance: Delivery document; and</p>	
<p>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 repair or replacement.</p>	NA
<p>Section 4 - Eligibility criteria for collaborative VCMA projects</p>	
<p>In order to qualify as a collaborative VCMA project, a project must:</p>	
<p>a) Meet the company specific project eligibility criteria set out in sections 1-3 above; and</p>	Yes
<p>b) Have the potential to benefit consumers on the participating networks; and</p>	Yes
<p>c) Involve two, or more, gas distribution companies.</p>	Yes

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

Information Required	Description						
Project Title	Warm and Safe Homes – 2025-2026						
Funding GDN(s)	SGN and NGN						
New/Updated (indicate as appropriate)	New						
Role of GDN(s) *For Collaborative VCMA Projects only	SGN as lead GDN NGN participating GDN						
Date of PEA Submission	March 2025						
VCMA Project Contact Name, email and Number	Kerry Potter kerry.potter@sgn.co.uk						
Total Cost (£k)	£310,323.08						
Total VCMA Funding Required (£k)	£310,323.08 + VAT <table border="1" data-bbox="424 943 1107 1032"> <thead> <tr> <th>Network</th> <th>2025/26</th> </tr> </thead> <tbody> <tr> <td>NGN</td> <td>£58,547.72</td> </tr> <tr> <td>SGN</td> <td>£251,775.36</td> </tr> </tbody> </table>	Network	2025/26	NGN	£58,547.72	SGN	£251,775.36
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Problem(s)	<p>Customers in vulnerable situations across the country continue to experience higher rates of fuel poverty when compared to previous years. A household’s risk of experiencing fuel poverty is influenced by three main factors: the price of fuel, levels of disposable household income, and the property’s energy efficiency. Unprecedented rises in the Ofgem energy price cap in 2023 resulted in sustained higher fuel prices and increases in the rates of fuel poverty. Although the price cap has now decreased since winter 2023, many this winter will still be paying nearly double what they were pre-crisis.</p> <p>In recent times customer have seen dramatic increases in the Ofgem energy price cap when compared to the price customers paid at the start of the RIIO-GD2 price control (£1042.00 - Winter 2020/2021):</p> <ul style="list-style-type: none"> - Winter 2024 = £1,717.00 (64.77% increase) - Winter 2023 = £4,279.00 (310.65% increase) <p>Increases in fuel prices have been a contributing factor to higher rates of fuel poverty across England and Scotland. For instance, the most recent annual fuel poverty statistics for England report that 13% (3.17 million homes) of homes are currently living in fuel poverty - a rise of 0.4% from 2021.</p> <p>The Scottish Fuel Poverty Advisory Panel annual report March 23-April 24 found that there was a significant increase in fuel poverty rates, from 24.6% in 2019 to 31% in 2022.</p> <p>As well as facing challenges with meeting the cost of fuel, customers in vulnerable situations have also experienced price rises in other essentials such as food and housing. The rate of inflation can influence levels of disposable income, that can then in turn be used by customers to afford their required fuel costs.</p> <p>Publicly reported data showed the national interest rate at 1.5% in March 2021, close to the start of the RIIO-GD2 price control. More recently, the national inflation rate (RPI) reached 14% in November 2022 and 13.5% in March 2023 and 3.2% in March 2024 and 3.4 in October 2024.</p> <p>Since 2021 the NEA and The Wise Group have been delivering personalised support to households living in fuel poverty and the demand for these services both in person and over the telephone have increased throughout the GD2 price control.</p>						

<p>Scope and Objectives</p>	<p>The scope and objectives of the VCMA Project should be clearly defined including the benefits which would directly impact customers on the participating GDNs' network(s), and where the benefits of the VCMA Projects lie.</p> <p>The partnership will be delivered across England (by NEA), and Scotland (the Wise Group) in regions served by NGN and SGN.</p> <p>The project's delivery will be split into the following activities, ensuring a range of audiences are reached through a hybrid of remote and face to face engagement.</p> <ol style="list-style-type: none"> 1. Telephone Advice service – delivering energy safeguarding services including, in home energy efficiency, income maximisation, Priority Services Register (PSR) and access to industry funding advice will be delivered remotely through NEA's Warm and Safe Homes (WASH) and the Wise Group's Home Energy Advice Team (HEAT) advice lines. NEA and the Wise Group will also offer in-depth case work support to clients experiencing complex issues. Examples of the areas of support offered through the advice lines and case work activities include energy tariff and switching advice, billing and supplier enquiry resolution, condensation/dampness support, and access to industry grants such as the Warm Homes Discount. 2. In community events – delivering energy safeguarding events providing in person advice on home energy efficiency, income maximisation, PSR, and access to industry funding will be delivered through targeted community events, hosted by specialist advisors from both NEA and the Wise Group. The face-to-face community events will be delivered in areas of significant need; the level of need assessed by measures such as fuel poverty rates, index of multiple deprivation, scale of existing services, and presence of customer demographics most impacted by fuel poverty. 3. The administration of a hardship fund to further support the most vulnerable clients and provide invaluable assistance during a time of crisis. The hardship fund will be used by NEA and the Wise Group on measures that provide immediate support to households in crisis such as emergency prepayment vouchers, the clearing of energy debt, and credit direct to suppliers. The framework of eligibility criteria based on factors such as household income, number of dependents, and access to alternate support to ensure that the hardship funds support those most in need.
<p>Why the Project is Being Funded Through the VCMA</p>	<p>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.</p> <p>The project builds on the national extension of the WASH advice service formally delivered by Cadent, SGN, NGN and WWU collaboratively in 2023-2024 aiming to benefit customers with bespoke advice and support around their energy needs.</p> <p>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 commitment SGN and NGN have to deliver support services customers aligned to our four strategic pillars:</p> <ol style="list-style-type: none"> 1. Services Beyond the Meter 2. Supporting Priority Customer Groups 3. Fuel Poverty & Energy Affordability 4. Carbon Monoxide Awareness
<p>Evidence of Stakeholder/Customer Support</p>	<p>The GDNs regularly seek customer and stakeholder feedback to ensure that the validity of their customer vulnerability strategies. For instance, the GDNs recently submitted updated strategies to Ofgem (shaped on stakeholder/customer feedback) that supported their proposed investment of the newly repurposed VCMA funding.</p> <p>SGN's Vulnerable Steering Group (VSG) SGNs VSG has helped shape their vulnerability strategy and our priorities for GD2 guiding how best to utilise the VCMA to help those most at risk of living in a cold and unhealthy home. The VSG have recommended that we look at ways in which we can build stronger links with other organisations to deliver support services that tackle the fuel poverty gap and the underlying causes of fuel poverty. In 2023 following and increase in the amount of funding available via the VCMA the VSG endorsed SGN's</p>

approach to apportion a minimum of the 40% of the VCMA collaborative allowance to working alongside the other gas networks to provide national initiatives that tackle energy affordability and fuel poverty.

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.

NGN Stakeholder Evidence:

Asking our stakeholders what's important – using our wide range of engagement mechanisms from strategic workshops to customer perceptions, we asked stakeholders to prioritise what is most important to them. Since 2019 we've held regular workshops with our stakeholders, on the subject of Customers In Vulnerable Situations (CIVS). This ensures that we are well informed to address the needs of customers across our network and through collaborative projects.

Stakeholder engagement throughout 2022, told us that fuel poverty and the choice between heating and eating is becoming more prevalent. The energy and cost of living crises have further compounded this issue. This project provides a solution to helping those customers who are financially struggling and need extra help to address energy affordability. The project fully aligns with the need to help vulnerable customers in fuel poverty.

Recent social indicator mapping research carried out in June 2022, indicated that Bradford, Hull, Scarborough, South Tyneside, and Sunderland were the top five places, to emerge as having the greatest concentration of vulnerabilities within NGN's network. This was based on a combination of the following vulnerability factors:

- Fuel poverty
- Benefit claims
- No qualifications
- Long term health problem / disability

Each year we use our annual Customer Perceptions Research to understand the priorities of our customers. Amongst a set of general tracker questions i.e., same questions that are asked year on year, the evidence in the most recent research (February 2023), indicated that keeping bills as low as possible ranked more highly, than providing a safe and reliable supply of gas. This is a clear indication, as to how concerned customers are about the cost of energy and the subsequent impact this will have on other bills.

Our most recent stakeholder engagement during 2023 has informed us that financial hardship is still a key area of focus, alongside the health impacts associated with, or exacerbated by, living in cold and damp homes. Stakeholders also told us that increasing capacity for support within services would be key to addressing the immediate and longer term impacts of fuel poverty and energy affordability. This project addresses this need and ensures additional capacity to support households who may be at risk, through a well-established and trusted advice service.

NGN customer perceptions and priorities research (April 2023) found that providing in-depth support for customers in fuel poverty was ranked #1 out of 23 business priority areas.

The research also suggested that digitally excluded customers may rely more on traditional communication methods like phone calls and letters.

NGN Annual Customers in Vulnerable Situations (CIVS) workshop (April 2024). Stakeholders favoured measurement of quality over quantity in the support that is provided through our projects. They also highlighted the importance of more in depth support to tackle the root causes of issues, rather than only focusing on crisis interventions.

During GD3 business planning engagement in 2024, stakeholders have consistently told us that our future spend VCMA allowance should be focused on more complex and in-depth support for those worse affected. The extension of this project aligns with this feedback with NEA highlighting that past delivery has attracted customers requiring more in depth support to address the root causes of fuel poverty.

NGN's Collaborative Strategy Approach:

NGNs strategy and approach have been developed and influenced by engagement with key stakeholders and by undertaking research to determine areas of greatest customer need.

	<p>Customers' needs can change quickly based upon the economic and social factors and new legislation and regulations. In order to understand what the needs of our customers are, and how, as GDNs we can help to address those needs, we gather insight from multiple sources including engagement with key stakeholders, demographic insight and data, legislation and regulation and supporting the most vulnerable groups in the communities we serve.</p> <p>As a group of gas networks, we have outlined four key pillars for project delivery which cover 'Services Beyond the Meter', 'Fuel Poverty and Energy Affordability', 'Supporting Priority Customer Groups' and 'Carbon Monoxide Awareness'. These themes underpin our ambition and define the projects that we deliver by working collaboratively.</p> <p>NGN will continue to establish and maintain partnerships with trusted organisations, who are already embedded within our communities, to help support some of the most vulnerable people in our area.</p> <p><i>"The winter will be the single biggest challenge that NEA will have experienced. Our support to households, and our partnerships will be ever more important," Adam Scorer, CEO</i></p> <p>Households are being forced to make impossible decisions with how to spend over-stretched incomes and are reaching out to NEA for help. A recent review of our service has shown that cases are becoming more desperate and complex therefore, it is vital NEA is supported by the GDNs to enable us to respond to the increased demand of our services. Our advice service is a lifeline for many people, the quote below demonstrates the impact our advice and support can offer to people in vulnerable situations:</p> <p><i>'If it weren't for this service, my husband and I would have been cold, hungry and in arrears with our mortgage. I had no idea how to get any help or benefits, thank you very, very much for all your help and support.'</i></p> <p>Our advice service is multi-channel so clients can access our support through the most convenient medium for them, whether that be by phone, online or in person at a community event. Accessibility and inclusivity are central to delivery of our activities so that all customers can access our services.</p>
<p>Outcomes, Associated Actions and Success Criteria</p>	<p><u>Project outcomes</u></p> <p>The GDNs will provide NEA and the Wise Group with VCMA funding to deliver a one-year initiative between April 2025 and March 2026. The project's delivery will be split between NEA (England) and the Wise Group (Scotland) and will create the following outcomes:</p> <ul style="list-style-type: none"> • Customers that "raise their hand" and call NEA's Warm and Safe Homes (WASH) and the Wise Group's Home Energy Advice Teams (HEAT) will receive tailored energy efficiency, income maximisation, and access to industry funding advice from specialist advisors. Households will have identified a need for support to avert crisis in order to proactively call the NEA and Wise Group advice lines. • Both NEA and the Wise Group will deliver community events to account for vulnerable households that are unable to "raise their hand", due to factors such as a lack of awareness, trust, or communication barriers. The delivery of community events will create a second mechanism for targeted, vulnerable households to receive support designed to alleviate fuel poverty. • The benefits from much of the advice offered through the remote telephone lines and face to face community events will take time to mature (e.g., energy efficiency behavioural changes and DWP benefit claims etc.) Whilst hugely valuable in the longer term, many households living in fuel poverty require more immediate support to navigate crisis. NEA will manage a hardship fund (£15,000 combined) available to clients across England and Scotland to deliver interventions such as emergency prepayment fuel vouchers, clearing energy debt, and credit direct to suppliers. <p><u>Associated Outcomes</u></p>



	<p>The GDNs, NEA, and the Wise Group will complete the following associated actions in order to achieve the project's outcomes and success criteria:</p> <ul style="list-style-type: none"> • The GDNs will provide NEA and the Wise Group will work together to ensure that outreach with face-to-face community events is delivered in communities where the need is greatest. • NEA and the Wise Group will increase the capacity in their WASH and HEAT advice lines respectively, allowing thousands of fuel poor households to access expert, tailored advice. • NEA and the Wise Group will build links with communities identified as well as their current network of members and partners in order to effectively deliver face to face community event. The events will create focal points in communities where fuel poor households can access in person support. <p><u>Success Criteria</u></p> <p>Meeting of the below criteria will help the GDNs to evaluate the success of the project:</p> <ul style="list-style-type: none"> • 976 England-based clients will be supported through the NEA WASH public facing advice line and face to face community events. This support will be split between initial advice to resolve less complex issues either on the telephone or at events and in-depth case work to support households with more intricate challenges. • 700 Scotland-based clients will receive support through the Wise Group's HEAT public facing advice line and face to face community events. Like the NEA, support delivered through this element of the project will be split between initial advice and follow-on complex case work. • 100 households will receive immediate hardship fund support with measures such as prepayment vouchers, the clearing of energy debt, and credit direct to suppliers. The extension will have access to a fund of £15,000. <p>In addition to the above quantitative criteria, the below qualitative positive indicators will be assessed when measuring the project's success:</p> <ul style="list-style-type: none"> • Households supported through the project will report reduced feelings of stress due to feeling in better control of their energy affordability. • Projects clients will report improved feelings of comfort at home due to increases in their disposable household income, resulting in an increased ability to heat their homes to a healthier temperature.
<p>Project Partners and Third Parties Involved</p>	<p>The project will be delivered in partnership with National Energy Action (England and Wales delivery) and the Wise Group (Scotland delivery).</p>
<p>Potential for New Learning</p>	<p>The project will build on the 2022-2023 partnership between Cadent and SGN and the national extension delivered by Cadent, SGN, NGN and WWU in 2023-2024 and will offer many additional opportunities for new learning.</p> <p>The GDNs will be able to compare uptake in the 2025-2026 WASH/HEAT advice lines and face-to-face community events versus 2024 rates and gain learning on customers' perceived versus actual needs.</p> <p>Project reporting will show any trend changes on the types of support being offered through the project and will highlight the hypothesis of energy debt being an issue for customers in vulnerable situations.</p>
<p>Scale of VCMA Project and SROI Calculations, including NPV</p>	<p>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. From this assessment we forecast a positive net Social Return on Investment of £4.14.</p>

	<p>Social Value Measurement</p> <table border="1"> <tr> <td>Total cost*</td> <td>£310,323.08</td> </tr> <tr> <td>Total gross present value</td> <td>£1,595,193.06</td> </tr> <tr> <td>Net Present Value (NPV)</td> <td>£1,284,869.98</td> </tr> <tr> <td>SROI</td> <td>£4.14</td> </tr> </table> <p><i>*Accounting for inflationary factors over the term of the project.</i></p>	Total cost*	£310,323.08	Total gross present value	£1,595,193.06	Net Present Value (NPV)	£1,284,869.98	SROI	£4.14
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Total gross present value	£1,595,193.06								
Net Present Value (NPV)	£1,284,869.98								
SROI	£4.14								
VCMA Project Start and End Date	VCMA Project Start Date: April 2025 VCMA Project End Date: March 2026								
Geographical Area	The project will be delivered across SGN and NGN distribution networks in England and Scotland.								
Internal governance and project management evidence	<p>SGN and NGN have worked alongside NEA to co-design this partnership and ensure that its ambition contributes to the delivery of their collaborative Vulnerability Strategy and adheres to the updated VCMA governance criteria.</p> <p>The SROI has been internally assessed by SGN using the GDN rulebook as part of the Industry Standard Social Value Framework, the current partnership scope has been forecast at adding an additional £4.14 for each £1 invested, this will be monitored closely to ensure we adhere to the VCMA governance criteria.</p> <p>To support the partnership to deliver the success criteria outcomes as detailed, SGN and NGN will continue to meet quarterly to review partner challenges, review outcomes, learn, share best practices, and address any delivery issues.</p> <p>The PEA has been drafted by the business lead Kerry Potter from SGN and has been reviewed by representatives of the NGN and signed off by the senior leaders of all participating GDNs.</p>								

Gas Network Vulnerability and Carbon Monoxide Allowance (VCMA) Governance Document - PEA Control Table

<p>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.</p>											
<p>Stage 1: GDN Collaboration Group PEA Review Meeting date review completed: Review completed by:</p> <table border="1"> <thead> <tr> <th>GDN:</th> <th>Name:</th> <th>Job Title:</th> </tr> </thead> <tbody> <tr> <td>NGN</td> <td>Laura Ratcliffe</td> <td>Social Strategy Programme Manager</td> </tr> <tr> <td>SGN</td> <td>Kerry Potter</td> <td>Group Social Impact and Vulnerability Manager</td> </tr> </tbody> </table>			GDN:	Name:	Job Title:	NGN	Laura Ratcliffe	Social Strategy Programme Manager	SGN	Kerry Potter	Group Social Impact and Vulnerability Manager
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Step 3: Participating GDN individual signatory sign-off

GDN	Name:	Job Title:	Signature:	Date:
NGN:	Eileen Brown	Customer Experience Director		10/04/2025
SGN:	Maureen McIntosh	Director of Customer Service		01/04/25

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:

Date that Notification Email Sent to Ofgem: