

## Wales & West Utilities Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA)

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*Somerset Warm Connections Advice Service*

Auriga Services

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*Rachele Verdini*

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*July 2024*

## 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:

- a) have a positive, or a forecasted positive, Social Return on Investment (SROI) including for the gas consumers funding the VCMA Project;
- b) either:
  - i. provide support to consumers in Vulnerable Situations and relate to energy safeguarding, or
  - ii. provide awareness of the dangers of CO, or
  - iii. reduce the risk of harm caused by CO;
- c) have defined outcomes and the associated actions to achieve these;
- d) go beyond activities that are funded through other price control mechanism(s) or required through licence obligations; and
- e) not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved or local) funding.<sup>1</sup>

## Eligibility criteria for company specific essential gas appliance servicing, repair, and replacement

In order to qualify as a VCMA Project, unsafe pipework and essential gas appliance<sup>2</sup> servicing, repair or replacement must meet the following criteria:

- a) a GDN has to isolate and condemn unsafe pipework or an an essential gas appliance following a supply interruption or as part of its emergency service role;
- b) the household cannot afford to service, repair or replace unsafe pipework or the essential gas appliance; and
- c) sufficient funding is not available from other sources (including national, devolved or local government funding) to fund the unsafe pipework or the essential gas appliance servicing, repair or replacement.

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<sup>1</sup> If part, but not full, funding is available through an external funding source for an eligible project, VCMA funding can be used for the remaining amount.

<sup>2</sup> Essential gas appliances are gas fuelled heating systems (including gas boilers and gas fires), and gas cookers.

## Criteria

### Information required for the registration of VCMA projects

Information required	Description
Project title	Somerset Warm Connections Advice Service
Funding GDN(s)	Wales & West Utilities
New/ Updated PEA	New
VCMA Project contact name, email and number	Rachele Verdini <a href="mailto:Rachele.verdini@wwutilities.co.uk">Rachele.verdini@wwutilities.co.uk</a> 07811 795210
Total cost (£k)	£414,000
Total VCMA funding required (£k)	£414,000
Problem(s)	<p>Fuel poverty, particularly for lower income families and households, is now a national crisis. Auriga Services, in partnership with Somerset Council, propose to address this inequality by maximising household incomes and tackling unmanageable debt for people living in Somerset.</p> <p>In October 2023 National Energy Action reported that over 11% of households in the Southwest of England were living in fuel poverty and that, given the time lag of the data they used, it is likely that the picture is now far worse. Somerset Community Foundation also reported that around 10,000 pensioners will find themselves living in fuel poverty, and Department for Work and Pensions figures now show that over 17% of children in Somerset West and Taunton live in relative poverty. All the above factors determine that, for low-income households living in fuel poverty, who are often also adversely affected by the cost-of-living crisis, the need for advice to both maximise income and reduce debt is key to them being able to live in a warm, safe and healthy home.</p> <p>Policy in Practice reported in June 2023 that there is an estimated £19 billion in unclaimed welfare benefits and social tariffs. Additionally, they also reported that maximising income is key to supporting households during the current cost of living crisis and helps to prevent further financial hardship for families. However, the demand for money advice is at a record high, with appointment waiting times now often months rather than weeks, and advice services being stretched to capacity. The</p>

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	<p>complexity of navigating the welfare benefit system, applying for grants and negotiating with creditors often creates barriers which prevent many people from accessing the financial help they are entitled to. This is especially true for people that are unable to obtain access to quality advice.</p> <p>Auriga currently work with a diverse portfolio of clients to deliver a variety of advice services. Their partners include local authorities, utility companies, and NHS trusts. During 2023/24 They advised approximately 5,300 unique customers. For those customers they identified over £5.4 million in additional income and realised more than £2 million on behalf of those who they supported to make claims. The highest individual gain we achieved in the last financial year was £31,500.</p> <p>They have previously administered similar VCMA funded advice projects for Cadent Gas.</p> <p>In 2021/22 they ran a project which supported 304 fuel poor households in North London. This service included income maximisation advice and identified over £140,000 in unclaimed benefits for customers. Additionality, emergency fuel vouchers for pre-payment meter customers were also distributed, which was a vital lifeline for many families during the onset of the cost-of-living crisis. The following year they delivered a debt advice service for Cadent customers living in the northwest. This service supported almost 150 individuals to manage their problem debt which totalled over £950,000.</p> <p>In partnership with Wales &amp; West Utilities, Auriga are proposing to build on their existing and highly successful partnership work with Somerset Council and provide income maximisation and debt advice.</p> <p>They have worked together for two years to successfully deliver the household support fund. This partnership has seen over 10,000 households in Somerset receive an award and has allowed the authority to engage with members of the public through the council's</p>
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	<p>social workers and health visitors, as well as their extensive social media channels. Offer.</p>
<p>Scope and Objectives (what are you providing)</p>	<p>This will be a money advice project, which will both build on and enhance existing partnerships in Somerset. It will ensure that Wales and West Utilities customers receive the help and advice they need, whilst also alleviating some of the ever-increasing demands being placed on existing advice services in the county.</p> <p>To maximise the reach of our proposed project, customers will be referred into the Auriga Assist advice team via an established collaborative network of trusted local organisations, Connect Somerset.</p> <p>Connect Somerset is a partnership between Somerset Council, Somerset NHS, voluntary, community, faith, social enterprises, schools and colleges. Having such a wide range of referral partners will ensure the project will be accessible to customers across the entire county, and from a range of demographics.</p> <p>This collaboration will enable the alleviation of fuel poverty, by utilising the extensive reach of Connect Somerset's network to engage with communities, identify those most in need, and generate referrals at a local level.</p> <p>Once identified as requiring help and support, customers will be referred by Connect Somerset partner organisations, social workers, health visitors and other professionals into Auriga via a secure portal.</p> <p>Once the referrals have been made, Auriga's team of specialist welfare benefits and debt advisers will contact customers and assess their individual needs and circumstances. Based on that assessment, they will then provide help and advice tailored to that individual, with the intention of tackling fuel poverty.</p> <p>The Auriga Services advice element of the project will be delivered entirely remotely, and</p>

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	<p>to meet each individual customer’s needs predominantly by either telephone or email.</p> <p>The customers will then also receive a leaflet to promote the benefits of signing up to the Priority Services Register, sharing CO safety information and energy efficiency tips. This will be achieved by distributing an information leaflet to customers, either via email in PDF format or through the post with a paper leaflet, when they first engage with the advice team. However, once Auriga’s advisers have completed the additional training on CO awareness, they can incorporate this advice into their advice sessions, in addition to sending the leaflet.</p> <p>The overriding objective of this VCMA project is to increase customers incomes, make savings on their outgoings and reduce unmanageable debt. This proactive approach will ensure that households and families who are either in, or at risk of, fuel poverty are supported with advice and interventions that provide tangible financial outcomes, driving positive change and enabling customers to heat their homes efficiently.</p> <p>From our previous experience in delivering similar projects and services the advice work will also yield non-financial supplementary outcomes, such reducing hospital admissions, and GP appointments, improving diets, quality of life and health &amp; wellbeing improvements. However, these outcomes are often captured anecdotally and by way of case studies, rather than by using statistics.</p>
<p>Why the Project is being funded through the VCMA, and how this aligns to GDN’s VCMA Strategy</p>	<p>Wales &amp; West Utilities does not own or bill customers for their gas consumption, however, through stakeholder engagement, we recognise our role in making sure gas is used safely, and efficiently. This project goes above and beyond our core responsibilities as a Gas Distribution Network, and is eligible under the VCMA funding criteria as it will provide energy efficiency advice and CO safety advice/interventions, empowering each householder to use energy safely, efficiently, and affordably.</p>

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	<p>All GDNs have committed to spending VCMA money within four strategic pillars:</p> <ol style="list-style-type: none"> <li>1. Fuel Poverty &amp; Energy Affordability</li> <li>2. Services Beyond The Meter</li> <li>3. Supporting Priority Customer Groups</li> <li>4. Carbon Monoxide Awareness</li> </ol> <p>This project aligns to strategic pillar one.</p>
<p>Evidence of Stakeholder/ Customer support</p>	<p>Through our business planning for RIIO GD2, priority customers research and stakeholders told us that tackling fuel poverty was a priority for WWU alongside raising awareness of the PSR and the dangers of CO.</p> <p>Our continued engagement with stakeholders such as the NEA, Citizens Advice, and charities supported by fuel poverty statistics shows due to high inflation and record energy prices that fuel poverty is impacted more homes than ever. People who were struggling are now not using the heating or limiting use to unhealthy levels and appliances are not being serviced leading to future safety risks. The crisis has meant people who have never been in trouble now find themselves needing help but not knowing where to turn for advice.</p> <p>We have tested support for projects under the VCMA which target fuel poverty through our Independent Stakeholder Group, Citizens panels, VCMA showcase events and Regional Workshops with overwhelming support to continue and do even more.</p>
<p>Outcomes, associated actions, and success criteria (how many people are you reaching?)</p>	<p>Auriga Services will reach approximately 2,200 individuals over the course of the project and the outcomes for the project can be broken down below:</p> <ul style="list-style-type: none"> <li>• Approximately 1,650 customers will receive income maximisation and welfare benefits advice, with this resulting in over £2 million of unclaimed income being identified for Wales &amp; West Utilities customers.</li> <li>• 550 customers will be reached with debt management support, expecting to see over £2 million in customer debt</li> </ul>

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	<p>managed by our debt advisers during the project.</p> <ul style="list-style-type: none"> <li>• 2200 customers reached via email/post with energy efficiency advice, PSR and CO awareness.</li> </ul> <p>Customers who fully engage with the advice process will on average each see a realised financial gain of over £1,500 per annum.</p>
<p>Project Partners and third parties involved</p>	<p>This project is being funded by Wales &amp; West Utilities and delivered by our principal partner Auriga Services.</p> <p>Auriga Services will work with the newly formed Somerset Council which brings together the services provided by the four district councils in Somerset (Mendip, Sedgemoor, Somerset West and Taunton and South Somerset) alongside the services provided by Somerset County Council.</p> <p>They will also be working with Connect Somerset which is a partnership between Somerset Council, Somerset NHS, Voluntary, Community, Faith and Social Enterprises, Schools, Colleges, and Early Years settings. Local hubs will provide communities with a place to go to get support, training and connection with others, and more early help will ensure fewer people will face escalating needs.</p>
<p>Potential for new learning</p>	<p>The project will give us the opportunity to analyse the effectiveness of our safety messaging being delivered by localised support organisations; This in turn can shape the way we work with smaller communities in our overall network which may not engage with us on a regular basis.</p>
<p>Scale of VCMA Project and SROI calculations, including NPV</p>	<p>We have taken the forecasted numbers expected by Auriga Services throughout the delivery period and calculated the following SROI over the duration of the project:</p> <p>Total Gross Present Value = 751,687.38        Net Present Value = 332,688.83        Positive SROI per £1 spent = 0.79</p>



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	Note: this was calculated as part of the trialling for the most recent GDN-shared SROI model and rulebook, which generates much lower SROI NPVs than previous models.
VCMA Project start and end date	This project will begin August 2024 and last until March 2026.
Geographical area	Somerset

### WWU sign off

Nigel Winnan	Customer & Social Obligations Strategy Manager	Date: 3/9/2024	Signature: <i>Nigel Winnan</i>
David Robinson	Director of Business Services	Date 4 <sup>th</sup> September 2024	Signature <i>DR</i>