

# Holistic energy advisory service – YES

Vulnerability and Carbon Monoxide Allowance

31 March 2023

Update May 24

SGN



# SGN

Your gas. Our network.

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## 1 Description

Funding GDN(s)	SGN
For Collaborative VCMA Projects:	N/A
New/Updated	Updated May 2024
Date of PEA submission:	31 March 2023
Project contact name:	Kerry Potter
Project contact number/email:	Kerry.potter@sgn.co.uk
Total cost (£k)	£151,647 <b>Update May 2024</b> £172,677.70
Total VCMA funding required (£k)	£151,647 <b>Update May 2024</b> £172,677.70 – additional £21,030.70 for CO alarms and fuel vouchers

## 2 Problem statement

In October 2021, it was estimated that four million UK households were living in fuel poverty (National Energy Action). It was recognised that nearly half of low-income households were 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. Since then, the UK's energy prices have more than doubled rapidly and it is currently estimated that there are over 6.7 million households living in fuel poverty in the UK.

From 1 October 2022, the government implemented an energy price guarantee, which limits the amount households can be charged per unit of gas or electricity. The energy price guarantee has been amended many times throughout its introduction in October 2022, however it has recently been announced in the 2022 Autumn Statement that the energy price guarantee will last until March 2024. It is worth noting, the energy price guarantee stays as it is until the end of March 2023, after which it will rise by about 20% (so an 'average' household will pay £3k instead of £2.5k).

It is predicted that such price rise will increase the number of households into fuel poverty to almost 11 million, that is one in three households, many of which will be in extreme fuel poverty (NEA, Fuel Poverty Coalition, Cornwall Insight).

The current cost of living crisis, including high energy costs, is placing significant financial pressure on those on middle to low incomes and forcing around one in three UK households into fuel poverty. This includes many people in the previously 'just about managing' demographic who may be facing financial hardship for the first time; a significant number of whom are new to seeking support as they have not accessed it in the past and are unsure of where to turn and who to trust. Energy costs are exacerbating other household costs, such as food, fuel and housing, and as recent Government efforts to limit bill increases show, are at the heart of the cost-of-living crisis.

As part of SGN's well-established customer service pathways, customers are already showing 'warning signs' of financial struggles. As a trusted utility company, we are uniquely placed, through our customer touchpoints, to take meaningful action to support these customers. While a range of support services are available, they are fragmented, differ by local authority region, and require significant effort from a demographic of customers who may lack the confidence, trust, and knowledge to do so, and thus may remain in deprived and vulnerable situations, disengaged from the support which could have a meaningful, positive impact.

### 3 Scope and objectives

Working in partnership SGN and YES Energy Solutions will look to address the complexity and deliver a holistic energy advisory service for customers within its region. The scope of the service would pull together the disparate support services currently available, in order to deliver a comprehensive set of interventions that are tailored to the individual circumstances and energy needs of each customer via a single provider. This approach will reduce the risk of hand-offs and signposting to other agencies which can cause confusion and require significant effort from the customer to contact a number of companies.

The objective of this initiative is to provide holistic support to customers who are looking for suitable ways to address the underlying causes of fuel poverty through a centralised and independent energy advisory service tailored to the customer's needs and circumstances.

The scope of the initiative covers;

1. A holistic energy support service, that provides a range of energy related interventions including but not limited to;
    - a. energy saving advice, which includes help to understand ways in which you can use energy more efficiently, assess EPC and be guided on appropriate small measure recommendations
    - b. assessment of eligibility for energy schemes, funding and grants that improve the energy efficiency and or reduce the cost to heat the property including FPNES, WHD and Winter / Cold Weather payments
    - c. review of potential income maximisation opportunities including benefit entitlement checks, crisis fuel vouchers, water social tariff and debt support
    - d. providing information on gas safety, support to sign up to the Priority Services Register and who to contact in an emergency (eg. 0800 111 999 and 105) as well as information on the benefits of smart meters
    - e. supporting eligible customers to access the SGN broader network of partners via a warm referral on to other specialists for help where needed including Scope, Mental Health and Money Advice Service, Age UK / Age Scotland with the outcomes of improving the quality of people's lives, their mental, physical, and financial wellbeing.
- Update May 2024**
- f. provision of fuel vouchers for customers most in need

The identification of customers for this scheme will broadly fall into two categories:

#### 1) Utilising every available SGN customer-touchpoint

SGN will ensure processes are in place to identify customers in vulnerable situations who may benefit from this support as part of its day-to-day customer service channels. For example, this will include customers contacting SGN to report a gas outage or new connection, as well as those notified as part of planned shutdowns, repairs, and major capital investment programmes. This will utilise the customer's initial engagement to offer these additional services.

#### 2) Targeted campaigns and outreach to identify hard-to-reach vulnerable customers

Utilising available social indicator data, we will target areas of high likely deprivation (for example where there is a concurrence of key indicators, such as: fuel poverty; poor housing stock/EPC rating; >age 65; health conditions and high local deprivation markers) for specific recruitment campaigns. These campaigns will include advice associated with SGN's core services (for example, resilience to outages, winter readiness information and Priority Services support), alongside the provision of fuel poverty support via holistic, targeted energy advice. We would also target areas where data reveals high concentrations of customers eligible for the Priority Services Register, but low existing take-up. Finally, we will utilise community drop-in sessions hosted by SGN to explain significant network investment/upgrade schemes to offer these additional energy advice services to the customers in each region.

## 4 Why the project is being funded through the VCMA

This project will provide support for households including help to those at risk of living in fuel poverty and energy safeguarding whilst delivering a positive Social Return on Investment. It will deliver support that tackles the root causes of fuel poverty, helping to build enduring capabilities for customers that enhance their energy capabilities, wellbeing, and comfort in the long term. Investment is therefore focussed on securing enduring benefits rather than short-term one-off fixes.

Our initiative also supports those in fuel poverty with access to information around suitable heating systems for their home including our fuel poverty network extension scheme. This project will be in place specifically to support those in need of advisory services to access support needed to maintain a warm home.

## 5 Evidence of stakeholder/customer support

### 5.1 Yorkshire Energy Solutions (YES)

YES is a multi-award-winning Community Interest Company delivering services to people in vulnerable situations to:

- alleviate fuel poverty,
- deliver energy efficiency measures and advice services,
- and reduce CO2 emissions.

It has over 22 years of experience in delivering effective energy saving initiatives on behalf of Local Authorities, Housing Associations and Energy Companies - reducing customer fuel bills and supporting the most vulnerable householders through a range of sustainable actions. In 2022, it delivered support measures to more than 3,000 households, directly leading to more than £46 million in lifetime fuel bill savings. Building on this platform over the last twelve months the provision of a holistic, wrap around energy advice service has delivered a range of support to directly benefit customers in vulnerable circumstances. This has helped to lower their energy costs, deliver exceptional customer satisfaction, and achieve significant social return on investment. Support centres on the delivery of advice in relation to a minimum of 17 interventions, within four categories, as follows:

#### A. Energy efficiency measures

1. EPC checker and measure recommendations
2. Funding and grants
3. Available projects / delivery schemes in the area

#### B. Income maximisation

4. Warm homes discount
5. Benefit entitlement checks
6. Access to cold weather payments
7. Winter fuel payments
8. Fuel vouchers
9. Hardship funds

#### C. Saving energy

10. Smart meters
11. Support when struggling with energy bills
12. Understanding your energy bill

13. Tariff switching

14. Saving water

**D. Further support**

15. Befriending services

16. Priority Services Register

17. Gas safety information (including carbon monoxide awareness)

The current performance Yes Energy Solutions service, based on the steps covered on average each customer could make an average of saving of £495 per year. Where customers elect to receive an in-depth support service, including a live household energy assessment, the average savings achieved rise to more than £1,500 per supported customer (based on pilot schemes we have delivered to date). The nature of this service is to deliver support services that are tailored to the individual needs of the customers supported – identifying the highest impact options to improve their energy efficiency and materially reduce customers’ risk of fuel poverty.

## 5.2 SGNs Vulnerability Steering Group

Our Vulnerability Steering Group has helped us shape our vulnerability strategy and our priorities for GD2. With their guidance we intend to prioritise key initiatives to support our most vulnerable customers. It is with guidance and support that SGN use data to prioritise and target communities most likely to be living in a cold and unhealthy home. More recently our strategic steering group re-iterated the vital impact we could have by co-ordinating our activities with others to 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 YES Energy Solutions team will work to directly support 2,375 people who would benefit from or are seeking independent advice and impactful solutions to using energy safely, efficiently, and affordably.

The partnership will be a published service with an integrated marketing campaign designed to identify those customers most likely to benefit from tailored energy advice services, with tangible outcomes that reduce energy consumption and costs.

The primary outcomes will be the direct financial savings that customers can be expected to make as a result of the advice received. In addition, we will robustly report on additional health and wellbeing impacts, to enable an indication of the likely social value achieved by these outcomes. Finally, the energy saved as a result of the energy efficiency advice and measures will enable a positive carbon impact to be reported.

The project aims to provide the following direct outcomes to service users;

- Assess the household for eligibility to energy efficiency schemes including the FPNES
- For eligible people to be supported by their utilities Priority Services Register, providing them with the security and support they will need during an outage and tailored support with costs
- For people who are seeking energy advisory services, safe ways to stay safe and warm, information on what support is available and help to manage and pay their own utility bills going forward
- Provide households with access to Carbon Monoxide (CO) safety advice and CO alarms
- For those identified as being in energy crisis – provide support to deal with the immediate needs including access to fuel vouchers and hardship funds.
- For those on a low income/fuel poverty provide assess households for income maximisation and benefit entitlement checks helping to lift them out of fuel poverty.

## 6.2 Success Criteria

Working together, YES Energy Solutions and SGN will provide access to independent and trusted information on ways to increase your home energy costs and save money, as well as access support services / schemes designed for vulnerable households. It is essential that these services are of consistently high quality, with customers receiving a bespoke service that meets their specific requirements. As such, we anticipate a ramp up in the volumes of customers supported (and associated benefits and savings achieved) throughout the first 12 months of delivery to refine the support offering, referral pathways and user journeys to ensure that processes are efficient and enduring, and most importantly, these schemes deliver excellent customer satisfaction. We therefore predict the following initial volumes:

Q1 (April-June 2023)	Q2 (July-September 2023)	Q3 (October-December 2023)	Q4 (January-March 2024)
275	525	750	825

We therefore aim to deliver the following customer outcomes, which has formed the basis of our Social Return on Investment modelling.

- 2,375 customers provided with support to use energy safely, efficiently, and affordably via information packs and up to three attempted calls to discuss this general advice.
- 1,425 customers provided with ‘telephone triage appointments’ that carry out an initial assessment of the customer’s individual energy needs and specific characteristics of their property to provide tailored advice information
- 1,425 energy efficiency scheme assessments including eligibility for FPNES
- 238 customers provided with ‘in depth support’ that provides tailored assistance in relation to: a specific home energy assessment and energy efficiency measures schemes, income maximisation support (incl. benefit entitlement checks, debt advice and energy grants) and access to grants and schemes the households may be eligible for based upon the customers circumstances
- 70 customers provided crisis funding including fuel vouchers and access to hardship funds
- 712 customers supported to join the PSR
- 2,375 customers provided with CO awareness advice and where required free CO alarm
- 2,375 customers provided with energy saving packs

### Update May 2024

- 200 customers identified as most in need provided with £50 crisis funding fuel vouchers
- 1,000 customers provided with a free CO alarm

To understand the impact of our programme we will monitor outcomes of those using the services provided by capturing data on who is using the service including demographics, vulnerabilities and needs. We will work closely with our partners to ensure that we all understand the issues faced to continue to develop our services by need. The Yes Energy Solutions team will survey users of the service and provide case studies of the impact of the programme on frontline support and impact of individuals supported by the initiative (partner and individual).

## 7 Project partners and third parties involved

SGN

YES Energy Solutions and their partners

## 8 Potential for new learning

### Monitoring and evaluation

The following activities will be in place to monitor and evaluate project progress and impacts:

- Quantitative and qualitative customer outcomes including insights into the needs of those who are using the service (demographics / location / interventions)
- Customer before-and-after-support surveys and case studies to understand the impact of the services and support provided

### Learning

The outcomes of the project will be shared as a minimum across our partnership network and with other energy network / energy supplier organisations and the Utilities Customer Safeguarding working groups.

## 9 Scale of VCMA Project and SROI Calculations

We worked with leading social impact research consultancy SIA Partners 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 in-depth assessment of the predicted outcomes we forecast a positive net social return of £3.60

### Social Value Measurement

5-year figures		
Economic	Total cost	£151,647.00
	Total gross present value	£696,881.10
	NPV	£545,234.10
	SROI	£3.60
	Gross present value per person	£293.42

### Update May 2024

We have updated the SROI forecast carried out by SIA Partners to incorporate the additional costs and social value for the additional outcomes added in this update; CO alarms and fuel vouchers. Following these updates, we now forecast a positive net social return on investment (SROI) of £3.41.

5-year figures		
Economic	Total cost	£172,777.70
	Total gross present value	£761,183.68
	NPV	£588,405.98
	SROI	£3.41
	Gross present value per person	£320.50

## 10 VCMA Project start and end date

The project will run from 31<sup>st</sup> of March 2023 until 30 April 2024.

### Update May 2024

Project extended to run until 31 May 2024

## 11 Geographic area

SGN geographic areas



## 12 Internal governance and project management evidence

Update May 2024

SGN worked alongside YES Energy Solutions 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 was externally assessed by SIA Partners using the DNO rulebook with GDN proxies and updated to incorporate the additional costs and social value generated by the outcomes added in this update. As detailed above this partnership has been forecast at adding an additional £3.41 for each £1 invested, this will be monitored closely to ensure we adhere to the VCMA governance criteria and over deliver.

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