



Centres for Warmth Strategy 2024-2031

Powered by the Vulnerability and Carbon Monoxide Allowance (VCMA) fund



together
we are
the network

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1. Background

The Vulnerability and Carbon Monoxide Allowance (VCMA) is a fund worth circa £171 million for Gas Distribution Networks (GDNs) over the period April 2021 to March 2026 known as RIIO-GD2 (original allowance of £60m increased in October 2023 as a result of repurposed funds from another mechanism).

The fund is split between all four GDNs in the UK and is determined by the number of customers served. The aim of this fund is to do much more than keep customers safe and warm. The allowance provides funding for GDNs to utilise on projects focussed on vulnerability and/or carbon monoxide (CO) safety initiatives.

GDNs work with a cross section of partners, ranging from large national charities to smaller grassroots community groups, who fully understand the needs of customers in vulnerable situations. Partnership working with trusted intermediaries is key to ensuring that those most in need, are supported to stay safe and achieve affordable warmth.

There is published Ofgem guidance, detailing how the fund can be spent. For Northern Gas Networks (NGN), the amount available to spend is approximately £20m over the five-year period of GD2. This is a “use it or lose it” allowance with a minimum of 25% to be used for collaborative projects with the other GDNs.

All projects must meet strict eligibility criteria in order to qualify and should focus on vulnerability and/or CO safety, that go beyond activities currently funded through other price control mechanisms or required through GDN licence obligations. Projects that meet the criteria will have a Social Return on Investment (SROI) assessment undertaken, to ensure it provides a positive social return. Once this has been determined, the project can be progressed.

1.1 Customers in Vulnerable Situations Strategy

NGN has developed a Customers in Vulnerable Situations (CIVS) Strategy, to deliver on this commitment and other funding streams. This Centre for Warmth Strategy feeds into that broader document.

As a Gas Distribution Network, we serve approximately 3 million gas customers across our region.

Of those, we know that at least 24% are registered on the Priority Services Register (PSR), and many more are facing significant hardship that has been made worse by the COVID19 pandemic and more recently, the energy and cost of living crises.

At NGN, we not only recognise our regulatory obligations to understand and support our customers living in vulnerable situations, but we work tirelessly each and every day to go beyond these obligations to make sure that we improve the lives of customers and communities – helping them to live well and warm.

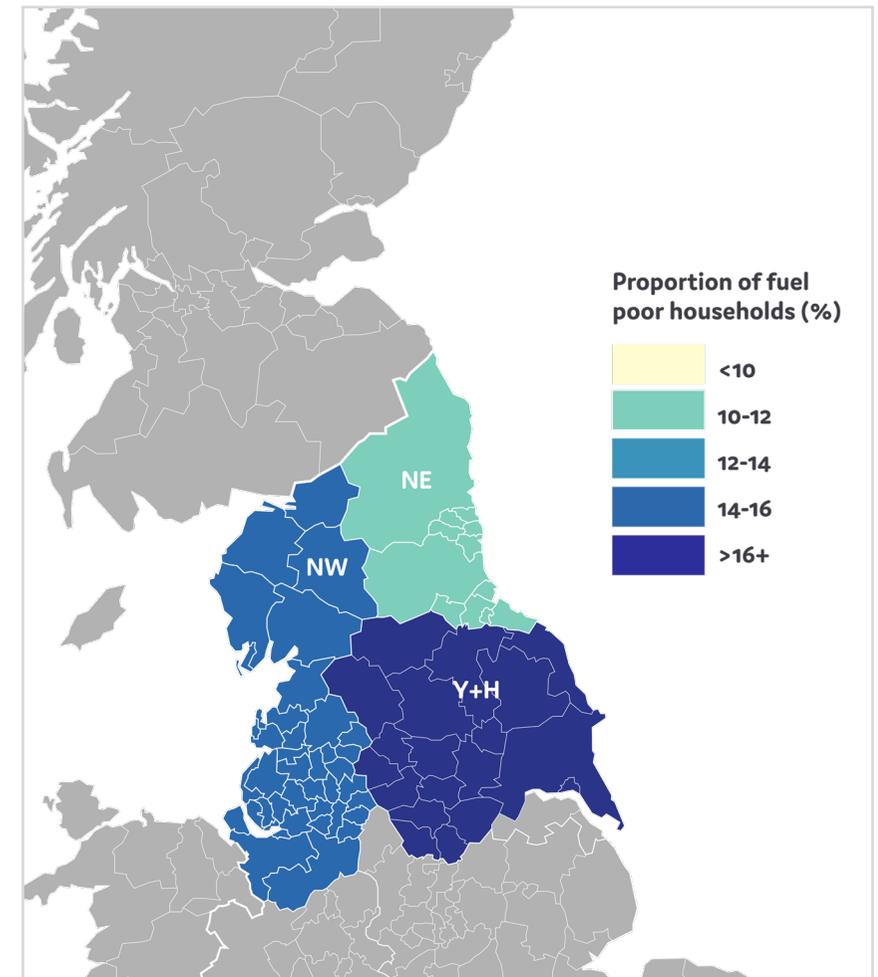
Our approach has always been to take a broad lens on our view of the support we provide. This means not only do we assist those customers who we come into contact with through our operational activities, we also work with a multitude of specialist partner organisations, to reach our seldom heard and under-served communities. Only by doing this can we make sure that we offer a fair and inclusive level of service to all our customers.

We are also mindful of the transition to net zero, and the targeting support that we need to provide, to ensure that our customers in most need are not left behind.

We understand that vulnerability is complex and can be transitory and multi-faceted. It cannot be pigeon-holed and prescriptive, but must be looked at through a flexible, wide-eyed, and innovative lens. Vulnerability is not just singular; it could be a whole household that needs extra support, or indeed a whole community. Vulnerability is not always acknowledged by those who are most in need and there is often an acceptance that their situation is the norm.

We have a good understanding of the needs of customers across our network and know that in our region, we have some of the highest rates of fuel poverty in the UK. As detailed in the visual, Yorkshire and Humber have an estimated rate of 17% against the national average of 13.1%.

Proportion of households in fuel poverty, by Region in 2021



Many projects have been supported using the VCMA fund to help our vulnerable customers through difficulties further compounded by the cost-of-living crisis. Whether from a single customer or whole household approach, this Centre for Warmth Strategy looks to address vulnerability within a whole community setting.

Research has highlighted that issues around vulnerability are dynamic, particularly in a rapidly evolving landscape such as the energy sector.

Changes within the energy market can significantly impact the movement of customers in and out of fuel poverty. These market factors can impact individuals, households and communities in very different ways, which is why we need to be mindful to consider these with the approach that we take.

The Centres for Warmth model will facilitate and enable community support through trusted intermediaries, in order to respond to the local needs.



Cadent had conducted extensive stakeholder and customer research in May 2022 following the completion of RII0-GD2 year one. Their aim was to assess customer/ stakeholder opinion on Cadent's allocation of VCMA spend, gaining insight on where they should direct future VCMA funding.

61% of their stakeholders supported Cadent increasing its VCMA allocation on projects aimed at tackling fuel poverty. From this research their Centres for Warmth project was developed and has been extremely successful with over 150 centres already established. Based on our customer and stakeholder feedback it was determined that we should follow Cadent's lead. Whilst we replicated this approach, we adapted the model to align with NGN's vision and initially set up six centres by the end of March 2024. To identify the first six geographical locations, we used our bespoke mapping to prioritise areas which were in numerous vulnerability categories. To develop a "most in need" approach.

For the purposes of the first six we omitted Cumbria and Northumberland as there were two large ongoing projects in those areas at that time. The areas identified to focus on first were:

- Bradford
- Kirklees
- South Tyneside
- Middlesbrough
- Scarborough
- Redcar & Cleveland

Further online research was carried out in each identified area to highlight active community centres. This was cross referenced with contacts we had in those areas such as Community Support Officers, Citizens Advice offices, Local Authorities and Local Infrastructure Organisations. We also looked at where future planned maintenance works were being carried out by NGN.

1.2 What does a NGN Centre for Warmth look like?

The NGN Centre for Warmth concept was developed to enable community settings (community centres, churches etc) to continue and expand upon what they do best in the heart of their communities. It represents a trusted and safe environment to engage with vulnerable people, who may not otherwise access advice or services of benefit to them.

It will ensure a holistic structured approach, tackling an immediate need to support fuel poor households within a community setting. Centre users benefit from a combination of services, all will include the following:

- Energy advice
- CO awareness and advice
- Income maximisation through benefit entitlement checks and managing debt
- Free or reduced cost food/clothing
- Fuel top up vouchers
- Links to other NGN funded partner information/assistance
- PSR information and registrations

In addition to the above, customers will be offered training, information, advice and services completely bespoke to their individual communities, including support with the digital switchover.

Centres for Warmth will be a vital channel to support and engage underserved communities in the fair and just transition to net zero. This will be achieved through education that enables people to be informed and ready for change in a timeframe that works for them. GDNs are committed to supporting a just and fair transition for households that are at risk of being left behind in this journey, and trusted community settings are a key channel to mitigating this risk for vulnerable households.

All this is provided in a warm safe environment designed to:

- Improve health, mental health and wellbeing
- Increase household income
- Help communities better manage their energy consumption



1.3 Benefits of becoming a Centre for Warmth

The Centres themselves benefit from funding from NGN. This affords an opportunity to pay, retain and upskill their staff and volunteers to expand on their current service provision. The aim of which is to empower them to provide the above range of services, helping their communities deal with the significant impacts of food and fuel poverty.

The Centres also benefit from support from a Centre for Warmth Co-ordinator who is their point of contact within NGN, for any resources and advice that is required. Information and education around emerging policy and funding streams to help in reducing their carbon footprint through renewable technologies, will be made available when appropriate.

The Centres will be known for “getting the word out” by acting as a conduit for NGN and its’ partners, to disseminate information throughout their communities. This can be in relation to any emergencies, supply interruptions or planned maintenance works in their localities, which may affect the residents and businesses there.

They will become a known entity to our engineers and our Community Care Officers in helping us to provide a better customer experience. To further improve the experience for our customers, Centres for Warmth are invited to attend our regular Partner Networking call. This encourages all partner organisations to share their experiences, challenges and any potential services they or their partners provide, which may be complementary to each other.

A similar networking call has been established for the Centres for Warmth alone, assisting with their longer-term sustainability through the sharing of knowledge of best practice and wider funding availability. Held on a quarterly basis, specific to those Centres to provide a platform to discuss mutual challenges, barriers and solutions to address these. These calls also provide support for the Centres in preparing their quarterly monitoring returns and evaluation reports for their projects.



2. Our Ambition

The cost-of-living crisis has compounded issues in particular, around fuel and food poverty but also around housing costs and other essential items. Our ambition is to alleviate as much of this where possible within our network, by providing support to address needs specific to our communities.

Homes that are cold due to fuel poverty exacerbate health inequalities. Cold homes can cause and worsen respiratory conditions, cardiovascular diseases, poor mental health, dementia, hypothermia and problems with child development. Certain groups are more adversely affected by the impacts of fuel poverty; older adults, children, ethnic minority groups, people from other cultures and those living with chronic illness and disability. Centres for Warmth know their communities and are a trusted resource within them.

Interventions through these vital centres will address a number of inequalities faced by customers in vulnerable situations within our most deprived communities.

Based on learning from the first six centres, our ambition is to further scale up a programme of Centres for Warmth across our network and to provide priority support that will benefit those most.

Our long-term ambition is to continue rolling out Centres for Warmth beyond GD2 and into GD3, subject to approval and funding availability.

In GD3 these centres could evolve into Centres for Future Warmth, which will lead the way in our community education ambition, for the preparation and transition to net zero. The Centres for Future Warmth, as our trusted partners, will act as a vehicle to play an active role during this transition, in a timeframe that suits their communities.

Although in GD2 we are targeting the communities who would benefit the most, we know each of the 26 areas identified through our bespoke mapping, are large geographically and ideally would benefit from numerous Centres for Warmth in each area. These centres will ultimately become the local intelligence for our entire network. This will help extend our reach into, and knowledge of, the communities we serve. They will therefore become a critical friend in helping shape future strategic direction.

During the identification process, a number of community organisations are visited in each of our priority areas, to determine which is most aligned to the Centre for Warmth criteria. Those that are not, are provided with as much help and support as possible through our network of partners, training opportunities and advice on other funding routes. These centres will receive our regular newsletters and invitations to any events, providing enriched intelligence around our customer needs and broadening our network of stakeholders. They may also become a Centre for Warmth in future years as the landscape changes and we continue to roll out this concept across our region.

Cold homes can cause and worsen respiratory conditions, cardiovascular diseases, poor mental health, dementia, hypothermia and problems with child development.

3. Data and Research

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.

In 2023 we reviewed how we categorise vulnerabilities, as it was recognised that our previous 5 broad categories were limiting our understanding of the complexity of need. This independent research, from various sources, considered:

- **Gaps in current categorisation**
- **Applying evolving best practice thinking**
- **Determine appropriate level of granularity**

As a result of this research, we have expanded our categories to 10 more granular themes of vulnerability that reflect complexity of need.

In addition to defining additional themes and a more detailed breakdown of vulnerability subcategories for NGN to consider, the bespoke mapping research also considered the proportion of customers across our network. This provided us with insights into which of these themes included the highest proportion of customers across our network, with the themes and subcategories below being most prominent:

- 1. Physical challenges**
- 2. Mental wellbeing**
- 3. Financial Hardship**
- 4. Temporary vulnerability**
- 5. Socio-demographic**
- 6. Household composition**
- 7. Rural vulnerability**
- 8. Accessibility**
- 9. Medically dependant on energy**
- 10. Cultural is intended**

This learning has allowed us to understand the impact of NGN's engagement for these groups, identify gaps, and seek to target support towards the relevant customers and communities accordingly. Utilising this data has enabled us to identify the priority areas within which to establish Centres for Warmth.

4. Approach

Our approach will continue to follow a similar process to identify suitable geographic areas and community settings for Centres for Warmth but will further utilise intelligence from Local Infrastructure Organisations (LIOs) to assist with the identification of future centres. This will build a robust strategic partnership with LIO's who already have established links with their communities, at a grassroots level.

We will look to provide funding for an initial period of 12 months for each centre, with the potential for an extension of continued support if required. This will be dependent upon future levels of VCMA funding, as well the individual performance of each centre and the specific ongoing need in each locality.

Moving forward, we plan to continue to utilise this more robust mapping rationale. Taking into account all of NGN's geographical footprint area.

We will:

- **Look at the data from the bespoke mapping / Vulnerability Mapping Tool (VMT) to be able to identify ranking for social indicators / vulnerability categories**
- **Overlay the data looking at each geographical area in NGN's footprint**
- **Score each area on various social indicators e.g. health, fuel poverty, rurality**
- **Divide each area's total score by the number of 'vulnerability' categories they are identified in**

This will produce a ranking with the lowest number being the most affected, highlighting the order of priority to target resources effectively.

5. Evaluation and Reporting

All GDNs use a consistent Social Return on Investment Model (SROI), which has been effective from early 2024.

This will be used for all Centres for Warmth prior to approval for funding.

Each centre will provide quarterly monitoring reports detailing performance against objectives. This will be submitted to the Centre for Warmth Co-ordinator to demonstrate progress made against their recorded outputs. The report will also highlight any challenges, trends and learning experienced in the delivery of their services.

NGN will collate and report this information to Ofgem on an annual basis.

6. Governance

We have a well-established independent VCMA Governance Group to review all NGN regional projects. The panel is made up of strategic key partners who meet every month to review applications for VCMA funding. Partners on the panel are representatives from a range of organisations e.g. water, electricity and Citizens Advice who come from a vulnerability background. The panel membership is reviewed on an annual basis.

In relation to Centres for Warmth, individual applications will be reviewed internally within the Social Strategy Team. The SROI calculation will be undertaken by a representative from NGN's Economic Evaluation Team. Applications which meet the objectives of this strategy and have a positive SROI will be approved internally.

There may be occasions where applications meet some, but not all of the eligibility criteria. Where they are deemed suitable to meet an identified local need, they will be required to be submitted to the Governance Group for consideration.

This Centres for Warmth Strategy was approved by our Governance Group on 30th July 2024.



For further details, please contact
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