



3rd Floor North  
200 Aldersgate Street  
London EC1A 4HD  
Tel: 03000 231 231  
[citizensadvice.org.uk](https://citizensadvice.org.uk)

Alice Siri  
Ofgem

**17 August 2023**

Dear Alice,

Citizens Advice welcomes the opportunity to respond to Ofgem's Consultation on modification to the Vulnerability and Carbon Monoxide Allowance (VCMA) Governance Document. We are responding as part of our statutory role to represent energy consumers in Great Britain. This response is non-confidential.

Our concerns with Ofgem's decision to repurpose funding from the Fuel Poor Network Extension Scheme (FPNES) into the VCMA using the volume driver, essentially almost trebling vulnerability spend available to GDNs, have been laid out in our previous consultation response.<sup>1</sup> As Ofgem intends to go ahead with increasing total VCMA funding by £111 million to a total of £171 million, it is only right that it increases its scrutiny over GDN spending to ensure this money is spent effectively.

While we agree with the specific changes made by Ofgem to the Governance Document (see answers below), it is missing other details that could offer additional scrutiny and ensure funding delivers on its objectives. Though Ofgem has laid out its expectations that most of the additional money should be spent on fuel poverty initiatives, it has not mandated a minimum proportion, which would help to set expectations for GDNs when formulating their strategies and ensure that funding is directed towards those who need it most during the ongoing cost of living crisis. It has also not increased the

---

<sup>1</sup> Citizens Advice, [Response to Ofgem's Statutory Consultation to modify the Price Control Financial Instruments and Licence conditions for Gas Transmission, Gas Distribution and Electricity Transmission](#), May 2023

**Patron HRH The Princess Royal**      **Chief Executive Dame Clare Moriarty**

Citizens Advice is an operating name of the National Association of Citizens Advice Bureaux.

Charity registration number 279057. VAT number 726 0202 76. Company limited by guarantee. Registered number 1436945.

England registered office: 3rd Floor North, 200 Aldersgate Street, London EC1A 4HD.

amount that must be spent on collaborative projects (25%). Collaborative projects allow for GDNs to learn from each other and share best practice, create economies of scale, and reduce the risk of making postcode lotteries where certain support is only available on a regional basis.

Ofgem's current priority should be in ensuring that this money is spent in the interests of consumers in vulnerable circumstances, and that this level of funding is sustainable for future price controls. As outlined in our discussion paper, unstable or stop and start funding has negative outcomes for the energy advice and charity sector.<sup>2</sup>

### **1) Do you agree with the proposed amendments to the VCMA eligibility criteria to allow an expanded scope for essential gas appliance servicing?**

Yes. This work falls in line with GDNs' remits, and it meets the requirement to address vulnerability in relation to their existing areas of competence, activity and consumer interaction. We recognise that leaving customers without a working essential gas appliance (and waiting for another organisation or source of funding to repair or replace it) would be a poor outcome for those in vulnerable circumstances.

We agree with the decision to restrict eligibility to owner occupiers, as the responsibility should fall on landlords to replace faulty appliances for social and private renters, and the use of ECO4 eligibility criteria to assess household financial vulnerability. However, the eligibility criteria may be too restrictive in limiting recipients to those with health conditions, as those who cannot readily afford to replace a faulty appliance themselves could be left for some time without an essential appliance in their homes.

We believe that whilst essential gas appliance servicing should be allowed under VCMA guidance, fuel poverty schemes should remain the primary purpose for the reallocated funds. In the absence of a mandated minimum proportion of spending allocated to help customers in fuel poverty, Ofgem should use the GDN's annual draft strategies as an opportunity to assess the proposed breakdown of spending on different themes and prompt GDNs to reallocate funding where appropriate.

### **2) Do you agree with the introduction of a common SROI model?**

---

<sup>2</sup> Citizens Advice, [Tackling gaps and overlaps: a discussion paper addressing the energy advice challenge](#), April 2022

Yes. Using a common SROI model will allow for more effective benchmarking of GDN projects, and make it easier for stakeholders to scrutinise how well the projects are working for those in vulnerable circumstances.

Ofgem should consider mandating a minimum SROI for projects in future price controls, once a common metric is established. It should also ensure that the SROI is given as a forecast number on GDN's PEA submissions, as currently many only state that it is positive. This makes it more difficult to assess how effectively money is being spent for customers in vulnerable circumstances.

**3) Do you support the additional requirements for GDNs to provide project information in respect of high value projects to Ofgem prior to internal sign-off?**

Yes. This ensures additional scrutiny over proposed GDN spending and also reduces the risk of cancelling projects and clawing back money where they do not meet the guidelines, which could have a detrimental impact on charity and advice partners. Ofgem should make it clear that project information should be sent 'at least' 10 days prior to sign-off, to allow enough time for GDNs to implement any suggested changes.

**4) Do you support the potential for the annual showcase event to be held online if GDNs' consultation with their stakeholders shows that such format best serves the purposes of 'showcasing work and presenting ideas including, but not limited to, future projects to support consumers in vulnerable situations'?**

Yes. Holding the annual showcase event online may ensure greater levels of attendance and also offer more inclusive and accessible options for stakeholders to participate.

However, Ofgem should consider whether the showcase event offers the best chance of scrutinising GDN spend. Other options, such as a price control Open Hearings format, would provide a more structured and robust format, and likely act as a better incentive for the GDNs.

Yours sincerely,

**Alice Williams**  
**Senior Policy Researcher**  
**Citizens Advice**

**Patron HRH The Princess Royal**      **Chief Executive Dame Clare Moriarty**

Citizens Advice is an operating name of the National Association of Citizens Advice Bureaux.

Charity registration number 279057. VAT number 726 0202 76. Company limited by guarantee. Registered number 1436945.

England registered office: 3rd Floor North, 200 Aldersgate Street, London EC1A 4HD.