**Care & Repair Cymru**

Care & Repair are Wales’s older people’s housing champions. We help our clients to live independently in warm, safe, accessible homes by delivering housing adaptations and home improvements. We offer a holistic casework service including a whole house assessment taken from a national framework, including a falls risk assessment, welfare benefits check and home safety information and advice. In 2022-23 we delivered the following:

* 62,607 older people helped to stay independent at home.
* Completed 20,438 Rapid Response Adaptations to prevent accidents at home.
* Completed 65,127 jobs in the home to a value of £18.3 million.
* Helped clients claim £9.5 million in unclaimed benefits.

Care & Repair is also a project partner with the Gas Distribution Network, Wales & West Utilities, to deliver a dedicated fuel poverty advice and support service *Older Not Colder,* funded via VCMA. This project is due to be launched in April 2024 and will provide support to older households in the owner occupier and private rented sector.

**Proposed RIIO-GD3 specific outputs and uncertainty mechanisms:**

**Vulnerability and carbon monoxide allowance (VCMA)**

**GDQ 31) What are your views on our proposal to retain the use of the VCMA UIOLI allowance, on the alternative option to incentivise vulnerability through an ODI-F, and on which activities to support vulnerability could be funded through baseline allowances**?

The current use of the VCMA UIOLI allowance means that 25% of the allowance is ring-fenced for collaborative projects through at least two Gas Distribution Networks, with the remaining 75% divided between each network based on the number of domestic gas consumers in each area. Whilst this mechanism may result in VCMA funded projects being less effective at targeting specific population groups in specific geographical locations, Care & Repair Cymru believes that Ofgem should retain this use of the VCMA UIOLI allowance. We argue that the use of the UIOLI allowance will ensure continuity in funding. We believe that introducing an alternative option would result in significant funds being directed away from front line services towards management and resource intensive oversight, especially within the implementation stages. These funds would be better spent delivering services and projects with local partners, for example, Care & Repair Cymru, will be offering a fuel poverty service, *Older Not Colder*, working directly with older, vulnerable households to improve the incidence and impact of fuel poverty. Such projects would not be possible without funding through the VCMA UIOLI allowance, which is why we believe it is important to keep this funding mechanism to ensure service continuity.

Secondly, we believe that the ODI-F mechanism, which ‘sets a baseline expectation and then provides financial incentive to invest beyond this’ would make such partnership projects more complicated; the lines would be blurred between funding GDNs through baseline allowances or funding partners, such as Care & Repair Cymru through partnership working and dedicated projects. Whilst we believe that baseline allowances should include set levels of funding to support vulnerability work for gas distribution networks, this should be restricted to certain activities. For example, we argue that specialised vulnerability training for GDN customer service staff, including how to spot and support vulnerable individuals and the different types of vulnerabilities is a suitable activity to be funded through baseline allowances. Overall, Care & Repair Cymru believe that GDNs should have funding in baseline allowances for the aforementioned activity but should continue to use the VCMA UIOLI model for funding specific projects to improve fuel poverty for vulnerable demographics.

**GDQ 32) At what level should VCMA funding be set to ensure its effectiveness and sustainability, and what percentage should be ringfenced for collaborative projects?**

Care & Repair Cymru recognises that Ofgem repurposing unspent funds from the Fuel Poor Network Extension Scheme to support customers facing exceptionally high energy bills was a one-off decision, however, we feel that it would be a mistake to return VCMA funding to a level aligned with the 2018/19 price base. Far more households are living in fuel poverty now than in 2018/2019, and prices have not returned to this level. Returning to the 2019/19 level would be a huge step back literally and metaphorically when it comes to helping vulnerable households.

Care & Repair Cymru argues that the majority of UK households, especially vulnerable households that benefit from VCMA funded projects, are still facing acute pressures from the energy crisis in 2021; energy bills are still critically unaffordable for many consumers. For example, Care & Repair Cymru research into our average client that has used our dedicated fuel poverty service, found that our clients were still spending around 19% of their annual income on their utility bills, 15% of that on gas and electricity alone, in Winter 2023/24. This puts them firmly within Welsh Government’s definition of being ‘fuel poor’, which means that, despite a fall in the energy price cap and an increase of state pension, vulnerable, older households are still spending a large proportion of their income on their energy bills, making them unaffordable. It is this demographic of households, that VCMA projects, such as Care & Repair’s upcoming *Older Not Colder* service, will directly support.

We urge Ofgem to also recognise the consequences of the energy crisis, despite a fall in the energy price cap, households living in fuel poverty have accumulated more debt due to the hike in energy prices, alongside other price increases caused by the Cost-of-Living crisis. The aftermath of these challenges has meant that energy debt has hit record highs of £3.1 billion[[1]](#endnote-2) whilst the number of households in energy debt has decreased, meaning this figure is concentrated in fewer households, resulting in larger amounts of debt per household. Overall, we believe that energy bills have not yet come back down to 2018/19 levels of affordability. In fact, alongside increased energy debt, standing charges for energy bills have continued to rise, up 64% from 2019 levels, which means that it would be unfair to bring VCMA funding to a level aligned with the 2018/19 price base.

In regard to ringfencing VCMA funding for collaborative projects between two or more GDNs, we accept that this funding is important to promote innovation and cross-partnership working to increase the scope of a particular service or project. However, we urge Ofgem to consider the benefits of having projects delivered by one GDN as opposed to multiple. For example, Wales is supplied by a singular Gas Distribution Network, *Wales & West Utilities*, meaning that with VCMA funding they are able to work with local partners, such as *Care & Repair Cymru* to deliver Wales-specific fuel poverty projects. Therefore, we are concerned that an increase in ring-fenced funding for VCMA projects between two or more GDNs may detract from delivering fuel poverty projects dedicated to Wales only. Whilst we appreciate the benefits of collaborative working between GDNs, Wales has the oldest housing stock in the UK, with an older and sicker population, which results in a high level of households in fuel poverty and serious health and wellbeing consequences of living in a cold home. This is why it is important to continue to deliver fuel poverty support services within Wales instead of directing more resource to across the border. Overall, we feel that the current percentage ringfenced for collaborative projects is sufficient.

**GDQ 33) How should VCMA funding be allocated to ensure maximum impact for consumers in vulnerable situations?**

Care & Repair Cymru recognises that all GDNs have consumers with varying degrees of vulnerability, which is why it important that VCMA funding is allocated in all areas across the UK. However, it is true that some areas experience higher levels of fuel poverty and vulnerability than others, such as rural areas with older, inefficient properties. The Welsh Housing Conditions Survey found that areas such as Gwynedd and Ceredigion had higher levels of fuel poverty than areas of South Wales such as Cardiff and the Vale of Glamorgan. This is why we recommend Ofgem to ensure GDNs make the most out of local data to identify areas in which fuel poverty and vulnerability is higher and then direct more VCMA funding into these areas. GDNs should work with local authorities and local third sector organisations to gather data to understand areas which has higher eligibility for support packages and benefits such as Warm Homes Discount and pension credit to identify areas with higher levels of vulnerability. We recommend that GDNs are able to maximise cross sector data sharing to gauge consumers that would benefit from further support. For example, Dŵr Cymru offers a *HelpU* tariff, a social tariff for low-income households; it would be beneficial for this data to be shared across the energy sector to target vulnerable households. Overall, Care & Repair Cymru recommends that there should be a baseline amount of VCMA funding for every network area with GDNs then using local data across different partners in different sectors to identify further areas with more need. VCMA funding should then be distributed accordingly across different areas that have varying degrees of vulnerability.

**GDQ 340) How can learnings from VCMA projects better inform the GDNs' organisational approaches to consumer vulnerability?**

Care & Repair Cymru is a project delivery organisation that has partnered with Wales & West Utilities to deliver a dedicated fuel poverty advice and support service for people aged 60 and over. We have 13 local agencies across Wales and excellent links with local authorities and other third sector partners which means we have the ability to use VCMA funding to directly reach vulnerable, older households experiencing fuel poverty; in 2022/23 alone, we reached 62,000 older households in Wales. In order to effectively cultivate partnerships with project delivery partners such as us, we argue that it is important for GDNs to work with partners to develop a comprehensive evidence base and evaluation methodology for VCMA funded projects. Such collaborative partnership projects have the potential to reach thousands of vulnerable households experiencing fuel poverty and implement measures to relieve this. It is then key to build a comprehensive evidence base on effective interventions for improving fuel poverty and energy efficiency to inform best practice in this sector. This is why we recommend that GDNs work with project partners to develop robust evaluation methodology and provide resource to undertake data collection that can sufficiently support an impact report that can be shared widely with other stakeholders working within this sector. Overall, we feel that project partners should be given the opportunity to integrate insights from the projects we deliver into an evidence based on effective interventions to improve vulnerability within the energy sector. We argue that this evidence base should be used to further inform government policy on how to best support those struggling with their energy bills and keeping their home warm.

1. Ofgem (2024) Press Release: fall in the energy price cap. Available at: <https://www.ofgem.gov.uk/publications/welcome-fall-price-cap-high-debt-levels-remain> [↑](#endnote-ref-2)