

Policy Connect, secretariat to the All Party Parliamentary Carbon monoxide Group (APPCOG) response to governance document v.2 VCMA

We welcome the updated governance document and the concise October consultation response summary, in particular we are delighted with the proposal to double the VCAM fund from £30million to £60million. This recognition of the need to increase carbon monoxide safety has already generated much discussion and enthusiasm across the CO stakeholder community.

In the updated governance document, the Eligibility Criteria has been clarified, combining the criteria for SROI and potential Net benefit. This will reduce the burden of registering projects. We also support Ofgem's acknowledgement that "sometimes funding may exist but not be available", and the amendment to the requirement that only projects which cannot be delivered through other funding are eligible for registration. This will support GDNs to take a less risk-averse approach to registering projects, enabling a greater volume and scope of projects to be progressed.

Policy Connect recognise that Ofgem has expressed "we encourage GDNs to develop [a common SROI methodology] during RIIO-GD2 so we can look to implement an SROI metric in the future." Without a metric or methodology, GDNs are developing their own approach to and interpretation of SROI requirements. Policy Connect encourages Ofgem to consider providing clarity on the scope of SROI, for example whether this can include returns on investment which take many years to come to fruition, and are not guaranteed. As a research body and public policy think tank, we know the value of long term project work, and the reality that measurable impact takes time to develop.

This situation is illustrated by our own carbon monoxide work. In 2017, the APPCOG published a report "Carbon Monoxide Alarms: Tenants Safe and Secure in their Home", in which recommendations are made to bring greater consistency and wider scope to the regulations mandating CO alarms in rented properties. These recommendations have only recently been taken forward in a consultation held by the Ministry of Housing Communities and Local Government, which opened in November 2020. The APPCOG report is praised in the consultation document, but it has taken several years, many roundtable discussions, working groups and collaboration with a range of stakeholders to achieve this impact.

In order to ensure that the GDNs are confident and assured when registering projects, we feel it would be immensely beneficial to clarify that SROI and Net Benefit:

- Can only be estimated
- Cannot be guaranteed
- Applies to long term benefits as well as short term
- Applies to potential social benefits as well as measurable benefits (e.g. attitude shift)

At present, there is a perception that at the end of the RIIO-2 period Ofgem may assess projects and may claw back funding if the predictions made for SROI and Net Benefit do not materialise or cannot be proven. Clarity on whether this process would occur and if so under what terms it would operate would enable GDNs to plan projects and registrations accordingly and with confidence.

At present there is concern about the potential for VCMA funding to be clawed back Ofgem, it would be highly useful to know under exactly what, if any, circumstances this might occur.