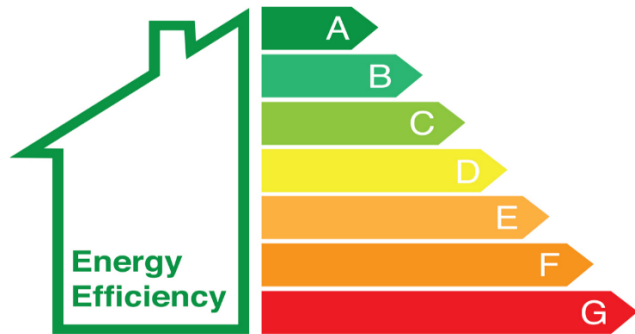


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Household Energy Efficiency – why the older owner is stalled.



Data shows continued failure to meet new-build targets which combined with low current retrofit works means UK housing stock consistently falls behind energy efficiency targets¹. The properties of concern are owned outright and occupied by pensioners. This briefing provides an overview, including the drivers, impacts and current research data finishing with clear policy advice to address the systemic causes. All the necessary infrastructure required to apply policy, regulatory and education levers already exists.

The research reported here was done between 2022-23 in the East Midlands with owner-occupiers via online survey (n=281) and personal interviews (n=11) to establish attitudes and barriers to retrofit for this important sector.

Overview

- This research is about supporting the older home-owner to upgrade their household energy efficiency.
- This needs to be done to meet Net Zero targets for UK housing stock.
- The UK Government currently does not require the owner-occupier to take responsibility to meet targets.
- Strategies are required to provide trusted messengers, support for businesses to identify decision-makers, suitable marketing information for an age-specific audience and long-term, accessible loans.
- Without these the UK will fail to meet legal obligations; with these strategies, the UK could support a booming retrofit industry, reduce health and social care costs and meet its Net Zero targets.
- “POSTNOTE 550 – Future Energy Efficiency Policy”² - is recommended further reading on this topic

Background

Current UK housing stock uses a system of Energy Performance Certificates (EPCs) to rate properties from A-G much the same way as you find on a freezer. Standard ways to improve an EPC may recommend you insulate the structure, improve the heating system or generate your own renewable energy from solar panels. These improvements are recommended in order to reduce the running cost of the property³.

Past and current policy

- **Private Landlords** should have Minimum Energy Efficiency Standards (MEES)⁴ regulating for improvements to properties' efficiency before they are allowed to be let.
- **Social Housing** has Decent Homes Standards⁵ aiming to "bring health benefits to tenants and reducing health inequalities" and it is sought to also bring this to the private rental sector in time. Many of the things that produce a decent living experience also improve the energy efficiency of a property by proxy.
- **Private owner-occupiers**, however, have no oversight nor regulation in terms of standards for either healthy living conditions or energy efficiency at the present time.

The current UK Heat in Buildings Strategy⁶ states:

“Businesses and the public can prepare to decarbonise in a way that suits them...No-one will be forced to remove their existing boilers”

Recent support schemes

Historical insulation schemes targeted fuel poverty on a basis designed to help the more needy in society. Whilst some schemes supported better heating systems and general energy costs, from more recent versions such as ECO4⁷ and the Warm Front Discount⁸, these are not specifically focused on the owner-occupier. Those schemes that were, such as the Feed-in Tariff for solar panels (and to a lesser extent the Renewable Heat Incentive for heat pumps⁹), offered a financial benefit to the owner-occupier unlocked private investment for over 1 million systems to be installed. However, these schemes have effectively ended.

Recent schemes such as the Green Homes Grant¹⁰ or its partial replacement the Boiler Upgrade Scheme¹¹ only either part-fund the up-front costs, or the overall payment return does not cover the full cost of installation. Therefore, the owner-occupier's monthly spending power is negatively affected, or their capital reserve is drained without perceived benefits to them.

Since most schemes for the owner-occupier promote money savings, personal benefits such as improved lifestyle, health and lifespan often do not factor in decision making. Nor does likely improved property values, which might be particularly relevant in times of high energy bills as this would make an energy efficient home more attractive.

Why is this work important?

Prior to Covid-19 the housing sector was estimated to be responsible for around 15% of UK greenhouse gas emissions¹². However, this rose to almost 20% during the UK's Covid-19 lockdown and has only dropped a little since. The new-normal of hybrid working and higher levels of early retirement increases the importance to focus on this issue as the UK is not making the progress it needs towards net zero emissions.

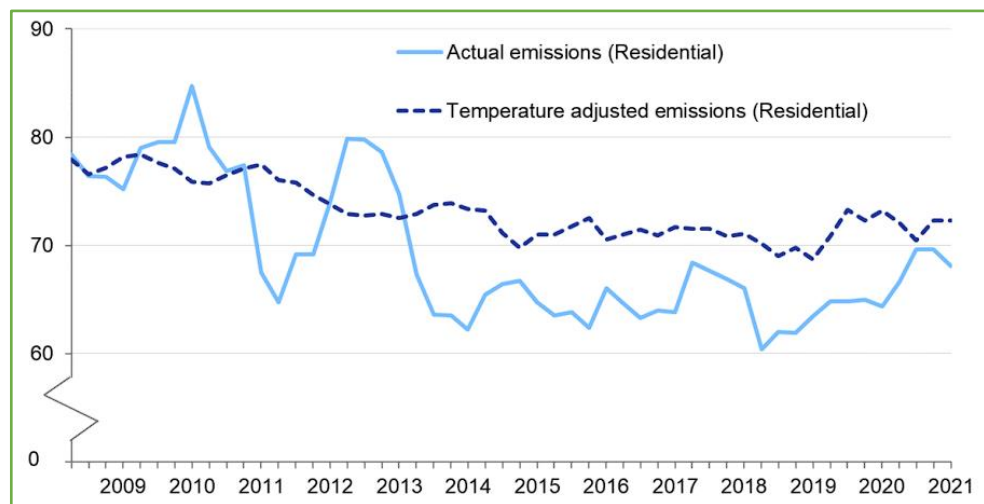


Image: 2021 Residential greenhouse gas emissions trend, MtCO₂ by year¹²

Why is this of interest to policymakers?

- The main stakeholders in the failure of (or solution to) energy efficiency upgrades are the older owner-occupiers who make up a significant bloc of UK voters and the Small to Medium Enterprises (SME) who act as the primary delivery arm of retrofit policy and its related schemes.

- The over-65's demographic commonly votes more often than younger people with a likelihood of over 80%, and they also form 74.5% of owner-occupiers under discussion.
- The construction industry delivers retrofit schemes and makes up 17% of all business, with 99% of these being Small and Medium Enterprises (SMEs). The success of this industry and SMEs has distinct effects on jobs, training, tax income and GDP.
- Making homes more energy efficient helps to address the cost-of-living crisis and remove underlying causes of fuel poverty.

What is the problem at present?

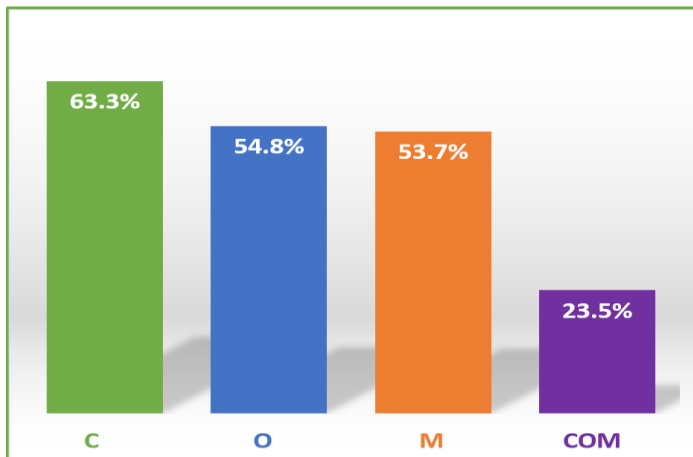
The owner-occupier receives a lack of engaging information, incentives or regulations, which creates a lack of personal drivers for them. This results in lower than desired demand for holistic energy efficiency retrofit in key areas such as fabric, heating and renewable energy. The vast majority of owner occupiers are either very or fairly satisfied with their accommodation (95%)¹⁴.

Few **SMEs** have expertise in whole-house retrofit (combining fabric, renewables and ventilation), nor is installation experience of key technologies such as heats pumps or external insulation widespread. This leads to a challenge of accessing trusted and experienced advice. For their part, **Government** has failed over many years to motivate and incentivise whole house retrofit for householders or to develop the capacity of SMEs to deliver this on the scale required.

What does this new research tell us?

- Demographics of survey sample
 - 62.7% of all properties are a 'D' rated EPC or worse.
 - Their average tenure length is 23.5 years.
- 96.5% of all owner-occupiers are happy with their home.
- Women solely or jointly authorise 75% of spending.
- Older people see risk differently when considering a renovation project compared to when they were younger.

"When considering a new efficiency project do you have –



Capability - to manage a project

Opportunity – able to recognise it & feel socially supported

Motivation – desire to do it

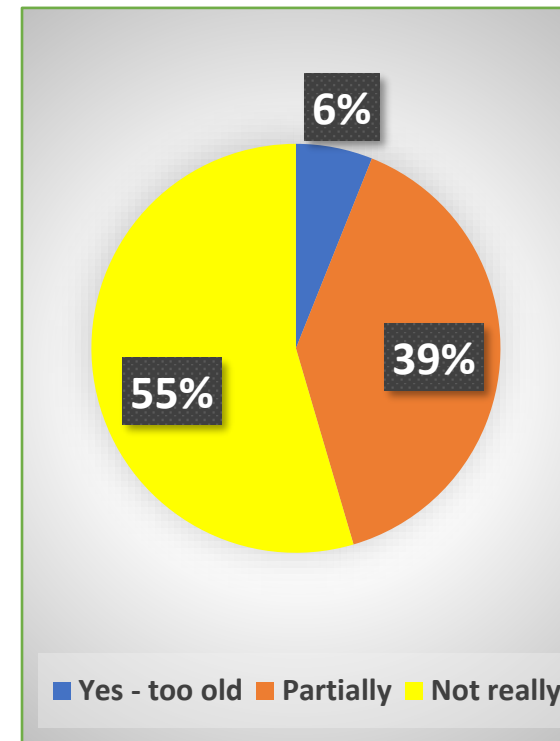
COM – Can do all three together"

- To bring about behaviour change, people need to feel all three at the same time or else it is unlikely they will act on a new project.
- Trust was a major issue with the owner-occupiers, whether it was around seeking trusted installers or about general messaging.
- 71% of all survey respondents said that finding trusted installers was their number one barrier to feeling capable of taking action.

"Please rank [from 1 to 7] this list of potential trusted messengers from whom you would like to receive information concerning energy efficiency – from most trusted to least." Table shows average ranking (n=281).

Independent building service engineers – not paid to sell a product.	1.8
Experienced home-owners who have already had an installation.	3.2
Charities or NGOs – i.e. Energy Savings Trust or National Energy Action.	3.2
Local companies - community-based installers and family businesses.	4.1
Local councils - a specialist department of trained advisers.	4.1
Central government - Parliament, MPs and Whitehall sources.	5.4
National installers - large chain installers such as Anglian Windows etc	6.0

"Is your age influential on your likelihood of installing an energy efficiency measure, i.e., you feel that you won't get value for money? (n=66)



Of the 66 respondents who stated they felt **C**apable, **M**otivated and had **O**pportunity, 30 (45%) were disinclined to act due to their age. Thus, considering "COM" and age, only 13% of surveyed elderly owner-occupiers are likely to act. This may further explain the poor uptake of schemes such as the "Green Homes Grant".

Policy options

The recommendations below respond to findings from this research and follow the general trend of recommendations from the recent House of Lords publication “In our hands: behaviour change for climate and environmental goals”¹⁵

Communication policy recommendations

- It is important for both policy makers and SMEs to **understand who is the likely decision-maker** in the owner-occupied home.
- Create a public engagement strategy to “communicate and fill in the gaps about the type of changes needed to reach Net Zero” but also expand this by **researching trusted data on the personal benefits** for the owner-occupier of increased energy efficiency.
- **Research and engage trusted messengers** whom the owner-occupier and the SME markets would most likely respond to and by which preferred channels. A good example of a trusted messenger about the natural world might be **Sir David Attenborough** - finding who might play this role for domestic energy efficiency for a range of audiences would be worthwhile.

Socio-economic recommendations

- To address the issue of successful engagement with the average owner-occupier it is important to **recognise them as elderly** which affects their future planning and thinking processes. As this will affect all factors of policy such as communication, decision making

and finance. Every factor or point of action could usefully be considered from a user-led design process with their age being allowed for.

- To address the issue of **a shortage of outreach skills within SMEs** there should be a nationally trusted marketing department for energy efficiency they can access to prove product benefits.
- To address the issue of motivation, government could create or fund the delivery of targeted marketing campaigns showing **an energy efficient home as aspirational and desirable** for owner-occupiers.
- To address the issue of age and fixed incomes, **long-term, low-interest loans linked to the property** could be made available for energy efficiency, potentially provided by Local Authorities accessing direct loans via the National Infrastructure Bank.
- To address the issue of delivering whole-house retrofits a better Energy Performance Certificate system, ideally linked to measured annual energy usage, and the creation of a “**Home Energy Digital Passport**” could allow all stakeholders to understand the suitability of upgrades and provide better dwelling-specific recommendations.
- To manage the risk of low retrofit rates in owner occupied homes due to long tenure length, when a property changes ownership a **backstop requiring energy efficiency upgrades to be done** (as needed), would ensure the UK meets its legal Net Zero targets.

Policy recommendations

To facilitate the processes above and in recognition of many years of slow progress, an innovative approach may be required. One option could be the creation of a cross-bench body in government with the following characteristics: it is apolitical, with long-term leadership, ring-fenced funds which do not drain away if not spent in a short term and a mandate to enact change within a 2–5-year period. Fiscal benefit from economic growth or cross-departmental savings are accrued back to

this body for future expenditure. A key principle of this body is to decarbonise housing stock to the benefit of the tenant, not to make a profit for the government nor specifically for business. It would, however, support the current SME delivery market promoting growth and skilled jobs in an equitable and just transition for all parties. If the above actions are done then there is hope for a cleaner and better future where nobody has to lose in the process, and it could result in improved circumstances for all.

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