

RESEARCH REPORT

Consumer Needs and Wants for the Green Deal

Researching the consumer response to the Green Deal proposition amongst homeowners and small businesses

Undertaken by Ipsos MORI

The views expressed in this report are those of the authors, not necessarily those of the Department of Energy and Climate Change (nor do they reflect Government policy).

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Executive Summary

This study explored the consumer response to the Green Deal proposition. Ipsos MORI was commissioned to conduct this qualitative research by the Department of Energy and Climate Change.

The Green Deal is a new Government scheme that aims to increase the level of energy efficiency measures installed in UK homes and businesses. A number of providers will be free to offer a range of attractive and competitive energy efficiency packages to consumers at no upfront cost. The main components of the scheme will be an on-site assessment, the installation of the measures, the provision of finance and the facility to attach a charge to a property's energy bill, and the delivery of ongoing advice and support to consumers.

The overarching objective of this research was to produce robust evidence to inform the design and content of each component of the Green Deal. The research did not test a market-ready version of the Green Deal but rather the framework behind it. The findings from this research will be used to strengthen the overall proposition offered to consumers, and to inform the design of the policy and legislative framework. They do not however, provide evidence of the likely consumer reaction to commercial offers under the Green Deal. The research also did not explicitly test the idea of using an energy company obligation as a subsidy for some Green Deal packages.

The research process included 142 participants across seven locations in Great Britain. They were recruited to reflect a wide range of property types and lifestyles, including 16 vulnerable homeowners and 16 small and medium sized enterprises (SMEs). Full details of the locations and participants involved in the research are presented in the appendices.

During the research process the Green Deal was referred to only as 'Initiative A'. Participants were not told anything about the involvement of Government in the scheme, and so their expectations about its role were entirely spontaneous. The repayment element of the scheme was referred to as a 'charge'. The researchers did not use language around 'loans' and 'debt' at any point during the events and interviews. Where these terms are used in this report it is the language used spontaneously by participants. The reactions captured by this research are based solely on the stimulus used to present the framework for the Green Deal and need to be interpreted in that context.

Overall response to Green Deal concept

Appeal of the Green Deal

There were a number of aspects of the Green Deal which participants found appealing. The tailored on-site assessment was the most appealing aspect of the scheme. Participants liked the idea of receiving property-specific recommendations about energy efficiency measures. They also liked the description, used in the stimulus for this research, of the assessment as a 'prescription' which could then be taken to any Green Deal provider. Participants thought this was a good approach as it would allow them to shop around for the best deal. It was explained that all individuals and organisations involved in the Green Deal would meet certain standards and qualifications through an accreditation scheme. This element of the scheme was felt to be particularly appealing.

Some participants found the Green Deal appealing for other reasons. The most commonly mentioned were the fact that it created a warmer home at no extra cost and the opportunity it provided to save energy and reduce carbon emissions. The idea of being able to install energy efficiency measures at no upfront cost was one of the immediately appealing elements of the scheme.

Barriers and concerns

Participants highlighted a number of aspects of the Green Deal which they found less appealing, mostly focused on the financing mechanism. Many felt the overall annual cost savings presented in the research stimulus (between £5-£30 each year) were simply too small to make it worth their while investing time and effort in the scheme. They also felt the small annual cost savings would be outweighed by the likely disruption of the installation process.

Many participants wanted a shorter payback period than those shown in the stimulus (ranging from 10-30 years). A payback period of ten or more years was a major barrier to wider interest in the scheme. Some participants, particularly older homeowners, were averse to the idea of getting 'loans' or 'credit'. These were general terms participants used to describe any product or service which they did not pay for upfront. These participants said they preferred to use savings to pay the full cost of a home improvement at the time of purchase or installation.

The long payback period also prompted a number of other concerns, with the largest of these being the cost-effectiveness of the scheme. Participants felt that the interest which would be charged on the repayments would result in them paying more for the product than if they paid upfront or over a more limited period of time. There were also questions about whether they would ever see the benefit from the savings on their energy bills or if they would be stuck in a cycle of Green Deal schemes. This was because participants imagined a situation where, once the payback period was completed, they would need a new boiler, or have to replace the insulation. Evolving technology and updated standards and requirements for energy efficiency measures also concerned participants because they felt they could be paying for measures which had become outdated.

A further key barrier was the idea of passing on the cost of the home improvements to future bill payers. For some participants it simply felt wrong to pass on a cost for improvements that they had decided to make. More substantially, there were concerns that the repayment charge might deter future buyers.

Overall levels of interest in the Green Deal

A small number of participants expressed a strong interest in the Green Deal due to the barriers described above. Those who were interested shared the following attributes:

- either concerned about the thermal comfort of their home, or wanting to reduce their energy usage because of a strong dislike of wastage or for environmental reasons;
- lacking the capital to pay for these measures upfront, or have other more pressing priorities for their capital;
- familiar and comfortable buying products and services on credit; and also
- able, and free, to make structural decisions about their property.

This meant that the participants most interested in the Green Deal were younger freeholders. These participants either had pro-environmental attitudes or were living on stretched incomes which meant they could not afford to pay for these measures upfront. Those SME owner-occupiers who acknowledged that energy costs made up a significant proportion of their expenditure were also among the participants most interested in the Green Deal.

Participants mentioned the following events as key moments at which they would be most interested in the Green Deal:

- the point of purchase of a new property, particularly a long-term investment;
- a major renovation or refurbishment of a property;
- the replacement of a boiler or heating system; or
- the period moving towards retirement and a fixed income.

The participants least likely to be interested in the Green Deal were those with a strong reluctance to take on the repayments. Some of these participants, who had higher household incomes, felt they could afford to pay upfront and did not wish to pay more over time through the accrued interest. Others, particularly vulnerable and older homeowners, wanted to avoid taking on 'debt'.

The type and age of property which participants lived in also affected their level of interest in the Green Deal. For instance, those living in terraced properties or properties built post-1970 were among the least likely to be interested in the scheme, because they considered their properties reasonably well-insulated already. Participants living in old properties, built prior to 1930 were also unlikely to be interested in the scheme. This was often tied into concerns about the disruption and cost of solid wall insulation. Participants who lived in properties built between 1930 and 1970 were the most likely to be interested in the Green Deal.

Visibility and involvement of government

Participants spontaneously talked about the role of government in the Green Deal. There was an immediate assumption, across nearly all participants, that government was involved in the design of the Green Deal. This was because participants themselves made a link between energy efficiency and positive outcomes for the environment, which they considered to be key objectives for government. Many participants also assumed that government must be the driving force behind the scheme and were encouraging private companies to get involved. Participants both expected and wanted government involvement because they felt it would add credibility to the scheme.

Most appropriate role for government

Participants felt a key role for government was the endorsement of the scheme, by which they meant both promotion of the scheme and also its accreditation. They wanted government, at both a national and local level, to communicate the context and rationale for the scheme. In particular, high profile endorsement of the Green Deal by local authorities was considered crucial to increase awareness and interest. Participants also felt this would help abate fears about the future saleability of homes.

Most participants assumed that government would be responsible for the accreditation of Green Deal providers. This role was considered most appropriate for government although participants were not able to express a clear reason for this preference. A few participants did mention alternative options for an accreditation body, such as Ofgem or an industry organisation. Participants felt government would be the most suitable organisation to promote the scheme in order for it to have credibility and to highlight the importance of addressing the energy efficiency of households.

When considering the delivery of **ongoing advice and support**, participants felt it was important that the organisation hosting this service had knowledge about the entire Green Deal process. For participants this included an understanding of which energy efficiency measures best fit different types of property. Crucially participants expected that this organisation would be independent from the Green Deal providers. Participants did not anticipate national government playing a role in providing direct advice and support to customers. A few expressed a desire for local government to be involved as a source of impartial and objective advice. Some homeowners in Scotland explicitly mentioned the Energy Saving Trust Advice Centres as an appropriate body to deliver ongoing advice and support on the Green Deal.

Green Deal customer journey

Delivering the Green Deal

In addition to government, participants expected that energy suppliers would be involved in delivering the Green Deal. When prompted with details of other potential providers, participants welcomed the potential involvement of high street supermarkets and home improvement DIY stores although they were not spontaneously identified as likely to be involved. Participants were more surprised to learn of the possible involvement of supermarkets than they were about DIY stores. However, they felt the merits of both these types of organisation, as high street brands and large national companies, included greater customer care, stability and infrastructure. A few participants said they would prefer a local company to be their Green Deal provider.

Customers wanted Green Deal providers to be accredited and for this to be made visible to the consumer through a prominent certification mark on marketing and correspondence from the provider. This would reassure potential customers that their offers were genuine and that providers have been approved to attach repayments to the property energy bill.

Consumer reactions to each of the three major stages of the Green Deal process, and their requirements for ongoing advice and support, are summarised below.

Assessment

Homeowners and SMEs differed in their needs and wants for the on-site assessment. Homeowners shared the following preferences:

- They felt it should be independent from the Green Deal provider, and accredited in order to guarantee credible and objective recommendations and advice (accreditation should be visible through a certification mark);
- They wanted it to be provided free of charge, although many thought this would be unlikely. Participants felt there should be a range of price options available depending on

the size of the home and level of detail required. Most said they would be prepared to pay around £50 for the assessment, while a few were prepared to pay up to £100. Vulnerable homeowners in particular expected the assessment to be free, and were only prepared to pay up to £20;

- It should be conducted by an experienced assessor, although they did not feel that specific formal qualifications were necessary;
- It should provide a detailed written account of the recommendations which would be left with customers and taken, like a 'prescription', to their choice of provider and installer;
- It should include behavioural advice to ensure customers maximise the potential savings.

SMEs were more likely to be satisfied with Green Deal providers offering free assessments. This was because they were reluctant to pay for what they considered to be a quote and because they felt confident handling negotiations with different suppliers to find the best price for the energy efficiency measures.

Installation

Participants expressed a preference for local tradespeople to conduct the installation. They felt that this was important to support the local economy and also because they associated local tradespeople with high quality workmanship due to the importance of them maintaining a good reputation within the local area. Participants wanted to be able to hold Green Deal providers to account for the quality of an installation. They anticipated a process whereby installers would be on an approved list provided by the overall Green Deal provider, perhaps with the involvement of the local authority to compile and regulate this list. Participants wanted this list to include small local installers as they expressed a strong preference for these companies to not be locked out of the scheme by larger co-corporations.

Participants did not hold any specific preferences for the standards associated with the installation of Green Deal measures compared with other work that would be conducted on their property. For instance, installers would be expected to show their industry and safety qualifications (such as Gas Safe) and to conduct their work to minimum standards. Participants gave the example of a required depth for loft insulation when they spoke about minimum standards and they assumed that similar standards existed for other energy efficiency measures (e.g. solid wall insulation). They also expected this to involve leaving the property as found (aside from redecoration), being polite and courteous and treating the property as a home or workplace rather than a building site.

Finance

The finance mechanism for the Green Deal was unfamiliar to most participants and they wanted clarification on several key points. Their preferences on the finance are detailed below:

- Participants expressed a preference for flexible payment plans. This included flexibility such as part-financing measures, lump sum pay-offs (to avoid passing a repayment charge onto a new occupant) and allowing future occupants to change the repayment structure;

- Participants felt there should be fixed rates of interest. The interest rates included in the stimulus examples shown to participants were set at 3% for homeowners and 5% for SMEs. Participants considered these rates to be reasonable and were in line with their expectations for the scheme. Many participants felt that 10% would be an absolute ceiling for the interest charged on the repayments;
- Participants wanted shorter payback periods than the 10-30 year examples provided in the stimulus. They felt this would enable the real savings on energy bills to be felt sooner.

Demand for a central advice and support system, including for redress

Participants anticipated that they would contact their Green Deal provider to make complaints or for any information needs they had once they had become a customer. There were three points in the customer journey where participants expressed a need for external support, not delivered by the Green Deal provider.

1. Prior to becoming a Green Deal customer, before committing to an assessment. Participants wanted advice on the potential suitability of their property for energy efficiency improvements. At this stage they also thought they might want someone to talk them through the Green Deal process. Participants felt this type of advice would best be delivered through an independent and experienced body.
2. Following the assessment and prior to selecting a provider. Participants anticipated price-comparison information would be sought to identify the best, and most appropriate, offer. Some felt that a website would naturally emerge enabling them to do this.
3. If the Green Deal provider did not handle a complaint satisfactorily then participants wanted to be able to escalate their complaint up to the accrediting body.

Optimising interest in the Green Deal

Participants thought the Green Deal could be of greater interest if the lack of financial incentive was addressed and if the scheme was carefully positioned.

Participants mentioned rebates on council tax, exemption from VAT and brand loyalty points as possible ways of increasing the appeal of the scheme. They also felt increasing the flexibility of the repayment structure, and allowing the full sum to be paid off prior to placing properties on the market, would make the scheme more appealing.

Participants did not always pick up on the fact that the repayments would be offset by the savings the energy efficiency measures would create on their energy bills. They were more interested in the scheme when this was made explicit. Participants were also concerned about the lack of guarantee on the savings they could expect to see as a result of installing measures through the scheme.

Participants expected that energy efficiency measures should deliver substantial annual cost savings on their fuel bills. They did not feel the scheme met this expectation as although the mock-up packages showed annual bill savings between £170 - £393, participants focused solely on the overall annual saving of between £5 - £30 when the repayment charge was factored in. This led many participants to consider alternative ways of how the Green Deal should be marketed. The most frequently mentioned was that it would simply be good for the environment.

Other participants more specifically said the scheme would reduce unnecessary energy use, help tackle climate change or secure a stable energy supply. In this way they could do their bit to support the environment, but it would not cost them anything extra to do so.

Participants also said they would be more interested in the scheme if they were convinced that it would support local tradespeople.

Introduction

This study explored the consumer response to the Green Deal proposition. Ipsos MORI was commissioned to conduct this qualitative research by the Department of Energy and Climate Change.

Background to the research

The Green Deal is a new Government scheme that aims to increase the number of energy efficiency measures installed in UK homes and businesses. Through the Green Deal, the Government plans to create an open and vibrant market where a number of providers are free to provide a range of attractive and competitive energy efficiency offers to consumers. The main components of the scheme will be an on-site assessment, the installation of the measures, the provision of finance and the facility to attach a charge to a property's energy bill, and the delivery of ongoing advice and support to consumers. A new Energy Company Obligation will be integrated into the Green Deal to replace existing obligations which help households in need of additional support, such as the vulnerable and low income, and those living in hard-to-treat¹ homes.

The legislative and policy framework for the Green Deal has been drafted and was set out in the Energy Bill introduced to Parliament on March 15th 2011.

Research objectives

The overarching objective of this research was to produce robust evidence to shape the design and content of each component of the Green Deal. These findings will be used to strengthen the overall proposition offered to consumers and to inform the design of the policy and legislative framework.

A number of key objectives were set for this research, which were to understand:

- The overall response to the Green Deal concept and identify any barriers, concerns or issues from a customer perspective;
- information and communication requirements at each touch point of the customer journey;
- overall and specific customer service expectations;
- the best way to describe and position the overall Green Deal proposition;
- perceptions regarding how visible government involvement should be in the set up and communication of the Green Deal to the public.

¹ Hard-to-treat homes are those properties that have solid walls requiring more expensive measures to insulate.

There were also a series of more detailed research questions specific to each stage of the Green Deal customer journey (assessment, installation, finance) and related to consumers needs and wants for ongoing advice and support, accreditation and redress. These are provided in Appendix 1.

This project complements a quantitative research survey which has assessed potential consumer demand for the Green Deal.

Overview of methodology

Participants involved

The research process included 142 participants across seven locations in Great Britain (Harrow and Wembley in London, Morpeth and Alnmouth in Northumberland, Bridgend in Wales and Edinburgh and North Berwick in Scotland).

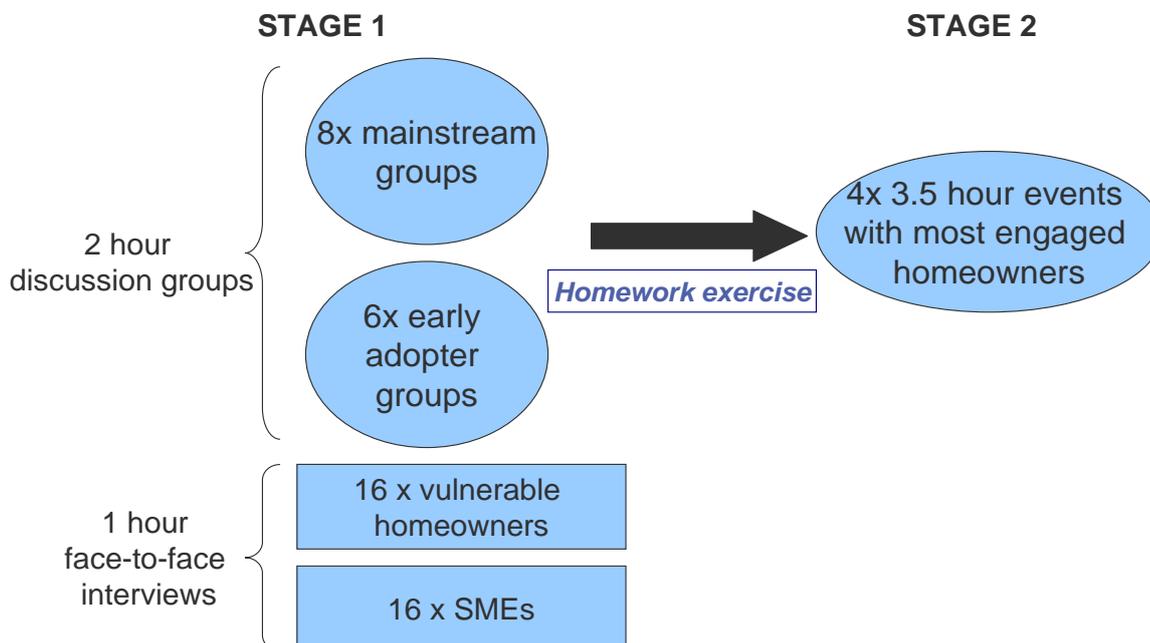
Participants were recruited to reflect a broad range of property types and lifestyles, as well as varying levels of interest in the environment, and with energy efficiency specifically. Sixteen vulnerable homeowners were involved in the research. These were homeowners on low incomes who were either aged 70+ or who considered themselves to have a long-term illness, health problem or disability. There were also 16 representatives from small and medium sized enterprises (SMEs) including both owner-occupiers and tenants.

Full details of the participants involved, and how they were recruited, are included in the appendices.

Research methods

The diagram below sets out the research process which took place across the seven locations.

Figure 1: Research design



The Stage 1 discussion groups included two main audiences; mainstream consumers and early adopters. Mainstream consumers were selected based on their lifestage and income; early adopters were participants who were considered more likely to be interested in the Green Deal, based on findings from existing research and insight.

There were three different types of early adopter group:

- Positive greens – consumers who were pro-environmental in many aspects of their attitudes and behaviours
- Willing but unable – consumers who were interested in pursuing domestic energy efficiency but lacked the funds to pay upfront costs
- Moments of change – consumers who were going through lifestyle or lifestage changes. This could include people who were approaching retirement, starting a family, moving home or facing redundancy. This could also be consumers who were planning a renovation or refurbishment project.

The staged approach presented above was designed to enable this research to capture both spontaneous reactions to the Green Deal concept (Stage 1, involving all 142 participants) as well as more considered responses among a smaller group of participants who expressed interest in understanding more about the scheme (Stage 2, involving 48 participants). It was at Stage 2 that participants were asked to consider the specific needs and wants they might have at each stage of the Green Deal customer journey if they were to take it up.

A homework exercise was given to all homeowners involved at Stage 1. This requested them to consider which measures would be most appropriate for their homes under the Green Deal and to reflect further on their reactions to the scheme. This exercise was designed to capture individual views and also to keep some homeowners engaged with the research between the first and second event.

In-depth face-to-face interviews were held with two specific groups: vulnerable homeowners and SMEs.

Further details on how the research was split across the various locations and audiences are provided in Appendix 2.

Presenting the Green Deal to participants

The reactions captured by this research are based solely on the stimulus used to present the framework for the Green Deal and need to be interpreted in that context. The stimulus used to communicate the Green Deal to participants is provided in Appendix 3

It is important to note that the research did not test a market-ready version of the Green Deal but rather the framework behind it. The findings do not therefore provide evidence of the likely consumer reaction to commercial offers under the Green Deal. The research also did not explicitly test the idea of using an energy company obligation as a subsidy for some Green Deal packages.

It is also important to bear in mind how the Green Deal was described to participants when interpreting the findings of this research.

- The scheme was not referred to at any point as the 'Green Deal' and instead was named Initiative A. This was to ensure the scheme was presented neutrally;
- Participants were not told anything about the involvement of Government in the Green Deal. The preferences of participants around the role of Government and its visibility in the scheme were therefore raised spontaneously. Related to this, the Department of Energy and Climate Change was not named as the commissioner of this research until the end of the events and interviews. This was again to ensure the scheme was presented neutrally;
- The repayment element of the scheme was referred to as a 'charge'. Language around 'loans' and 'debt' was not used by researchers at any point during the events and interviews. Where these terms are used in this report it is the language used spontaneously by participants.

The stimulus used to present the principles of Green Deal, the financing model and the stages of the customer journey to participants during this research is included as Appendix 3.

Presenting the findings

The main body of this report draws on the attitudes expressed by all participants, including vulnerable homeowners and SMEs. Where views differ between the various audiences involved in the research this is made explicit. Chapter 5 sets out the key differences in opinions for vulnerable homeowners and SMEs when compared with participants overall. It should be noted that the views of SMEs and vulnerable homeowners presented in this chapter are each based on 16 interviews and so provides indicative feedback on the attitudes of these types of participants.

Chapter 1: Overall response to the Green Deal

This chapter sets out the aspects of the Green Deal which were liked by participants and also those which were less appealing. It outlines which participants were most interested in the scheme, and what could be done to optimise interest.

Key message

Overall a few participants expressed a strong level of interest in the Green Deal, as it was presented in this research. These were younger homeowners and SMEs, who wanted to improve the warmth of their properties, or wanted to reduce their energy usage and who were familiar and comfortable buying products and services on credit rather than paying the full cost upfront at the point of purchase. The participants least interested in the scheme were vulnerable homeowners, particularly older homeowners, and those living in more modern properties or in terraced properties.

The key concerns, which prevented greater interest in the Green Deal, were the length of the payback period and the limited annual savings. Participants felt that interest in the Green Deal could be encouraged by targeting particular trigger points, for example when a boiler is being replaced or other major renovation work is being planned. Participants also felt the scheme would be more appealing if it provided a more tangible financial incentive, such as VAT exemption on the cost of the energy efficiency measure or a council tax rebate. Positioning the Green Deal as a government-backed scheme which offers environmental benefits at no additional cost would also improve the appeal and credibility of the scheme, according to participants.

Overall response to the Green Deal Concept

Appeals of the Green Deal

There were a number of aspects of the Green Deal which participants immediately found appealing. These were: the **lack of upfront cost**; the **tailored on-site assessment**; the **consumer choice it allowed**; the **standards and qualifications** of the people and organisations involved in delivering the scheme; the **warmer properties** it would create; and the **environmental benefits** it offered. Each of these elements is discussed in more detail below.

Participants liked the fact that there would be **no upfront cost** to install energy efficiency measures under the Green Deal. They acknowledged that this helped overcome one of the main reasons they had not installed some of these measures already. Indeed, the upfront cost of energy efficiency measures has been identified as a core barrier in

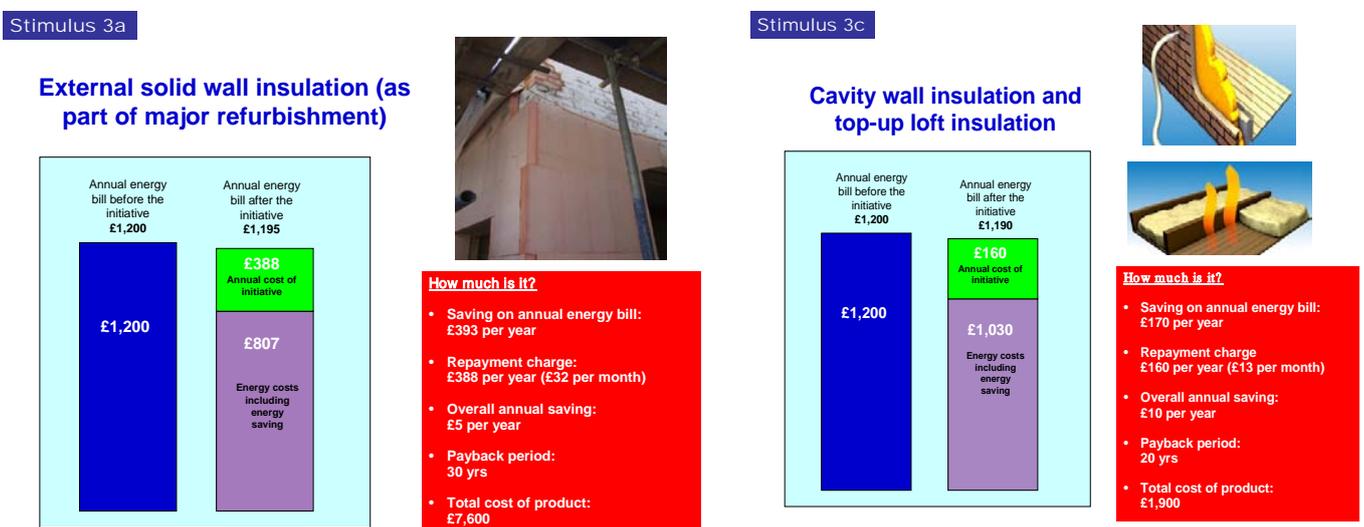
previous research.² In particular, participants felt this aspect of the Green Deal would help those on stretched and low incomes to make these improvements to their property immediately.

Figure 2 below shows two of the mock-up Green Deal packages which participants were shown during this research. These indicated that the overall annual saving on a bill, once the repayment charge has been factored in, would be around £5-£10. For a very few low income householders and some SMEs who were facing financial pressures, the overall annual savings presented in this research were felt to be appealing.

“The payment basis is something that allows me to do something without me having to worry about blowing lots of money and saving up, it can be paid sensibly over a period of time. Yeah, I’d be very interested.”

SME, tenant, Bridgend

Figure 2: Examples repayment structures for Green Deal measures (stimulus shown to participants)



Another aspect of the Green Deal which participants liked was the tailored on-site assessment. This had almost universal appeal, irrespective of their level of interest in financing measures through the Green Deal. This was because they anticipated the advice would be objective and independent from commercial interest, as well as tailored to their property. Some participants felt this was a large improvement on home energy advice which is currently available as this was considered too generic and sometimes biased in favour of the organisation, often an energy supplier, conducting the assessment. The tailored nature of the assessment, which participants assumed would take into account the individual peculiarities of a property, was of particular interest to those living in older or listed properties. They frequently questioned what they could do to save energy and insulate their properties.

² 2009, *The Big Energy Shift, Report from Citizens Forums*, DECC.

“Getting someone actually to come and look particularly at what you might be able to do easily in the property ‘cause I assume it would cover everything, the easy things as well as the more costly suggestions, ... that would be very attractive, then I’ll spread the cost.”

Homeowner, no dependents, high income, detached/terraced pre-1919 property, Alnmouth

The recommendations made at the assessment stage were described to participants as a ‘prescription’ which could then be taken to any Green Deal provider of their choice. This idea was appealing for many as it would create **consumer choice** which would allow them to shop around for the best deal.

It was explained that all individuals and organisations involved in the Green Deal would meet certain **standards and qualifications**. This was an element of the scheme which was felt to be particularly appealing. Participants explained that one barrier to them making home improvements in the past had been a concern about not knowing which organisations were trustworthy, as well as direct experience and hearsay of negative experiences with cowboy builders. This aspect of the Green Deal helped overcome some of these concerns. Participants also thought the standards required by the scheme would ensure there were knowledgeable assessors and high levels of customer care from Green Deal providers; both of which were viewed positively. The guarantees around standards and qualification were less important to participants in more rural communities where they often spoke of having a trusted local builder. It was also less important for SMEs who felt they were able to research the most appropriate organisations to employ.

Some participants found the Green Deal appealing for other reasons, including the **warmer properties it would create** and the **environmental benefits it offered**. They felt that it provided an opportunity to have a **warmer property** at no extra cost, and would help them to do their bit to **save energy** and **reduce carbon emissions**. A warmer home was of particular importance to those living and working in properties with draughts, typically properties built before 1930 and those in more exposed rural areas.

“It’s important to have a warm house because I’m fed up of not having one, so I really want a warm house and if it (the saving) is just £5 a year but I ended up having a warm house I would do that.”

Homeowner, pre-family, low income, detached/semi-detached post-1980 property, Morpeth

While most participants did not feel that the Green Deal would help reduce their fuel bills by a significant amount, based on the mock-up packages they were shown (Figure 2), a few did see it as a way of insuring themselves against expected rises in fuel prices. This was top-of-mind for a number of participants due to the harsh winter, the recent media attention on energy price increases and the unrest in the Middle East³. These participants tended to be from social grades A, B and C1. They recognised that as energy prices increase the financial benefits of having energy efficiency measures improve. They were considering the benefits of Green Deal measures on a longer-term

³ Please note that the fieldwork for this research took place prior to the Japanese nuclear crises in March 2011.

basis, rather than focusing only on the savings created on their bill over the period of one year.

In more detailed discussions with homeowners at the reconvened events, the relatively low interest rate of 3% was an aspect of the Green Deal which was liked by participants. This rate of interest was in line with their expectations, however, it was considered less appealing when they considered the possible role of government in the Green Deal. Some felt that if government was promoting the scheme the interest rate should be lower than 3% or even be 0%.

Effectiveness of Green Deal in overcoming general barriers to uptake of energy efficiency measures

Previous research has highlighted a number of well-established barriers to uptake of energy efficiency measures⁴. These include: the up-front cost; lack of awareness and understanding of the measures and their impact, lack of information or confidence in who to go to for advice and installation; the relative affordability of energy bills for some; a lack of confidence in the degree to which energy measures do result in savings (in particular when energy prices increase); getting agreement from the freeholder (if a leasehold) to take action; a perception that insulation which is hidden from view does not necessarily add value to property; and the potential disruption caused by having the measures installed.

Participants felt that the Green Deal overcame some of these concerns which had prevented them installing energy efficiency measures in the past, and effectively addressed the need for information about appropriate steps to take for a particular property through the tailored assessment. Participants felt the proposed accreditation for assessors and installers would provide them with more confidence in the quality of the work. While they acknowledged the Green Deal removed the up-front cost of measures, the payback periods presented in the mock-up packages (ranging from 10 to 30 years) were considered too long to allow them to benefit from the cost savings they should experience on their energy bills. For many this meant that the scheme lost its immediate appeal.

Participants were reassured that under the Green Deal they could expect the property to be left in the condition it was found, however for some this would still not overcome the disruption and upheaval involved in emptying a loft (particularly for the elderly or those with limited space), or living through the installation of solid wall insulation.

For some who felt their energy bills were affordable and so were not looking to the scheme to provide cost savings, the Green Deal was considered to offer a means through which they could take action to reduce their energy consumption and help the planet. These participants felt the Green Deal did this by providing them with a tailored assessment of the most effective action to take, and providing reassurances that the players in the scheme would be accredited.

⁴ See The Big Energy Shift report, Ipsos MORI/DECC 2009 (<http://www.ipsos-mori.com/researchspecialisms/socialresearch/specareas/environment/understandingenvironmentnewsletter/bigenergyshift.aspx>)

The research found that the proposed Green Deal did little to negate some of the other barriers mentioned above: a lack of confidence in the effectiveness of insulation measures; a need to secure agreement from a freeholder (if a leaseholder); and a lack of belief that insulation measures add value to a property.

Specific barriers to uptake of measures under the Green Deal

Participants felt there were a number of specific barriers to uptake of energy efficiency measures under the Green Deal. These were: the limited annual saving that participants felt they would experience, and the lack of guarantee attached to this; the long payback periods; the high overall cost of the scheme once interest was charged; the concern that customers would continue to pay for measures which had become outdated over the course of the payment period; and the potential impact on the future saleability of properties. Each of these barriers is discussed in more detail below.

When participants were shown examples of the packages of measures which could be delivered through the Green Deal and the financing of these (see Figure 2) almost all felt the scheme only offered **limited annual cost savings** on their energy bills. For instance, participants highlighted the £5 annual overall saving for external solid wall insulation as little incentive to invest their time and effort in engaging with the process. This was particularly the case for those in older properties who had to trade off the likely disruption from solid wall insulation against any benefits in terms of thermal comfort and lower bills. Although initially participants found the lack of upfront cost offered by the Green Deal appealing, this was outweighed by their perception that the annual cost savings were too low to make the likely disruption and effort of navigating the scheme worthwhile.

“My God that’s a lot of work for such a little saving.”

Homeowner, pre-family, low income, detached/semi-detached post-1980 property, Morpeth

The **long length of the payback period** was another major barrier to interest in the Green Deal. Many participants simply felt uncomfortable about paying off what they saw as a **debt** for a period of 20 or even 30 years. Some, particularly older homeowners, were averse to the idea of getting ‘loans’ or ‘credit’ and said they would prefer to use savings to pay for any home improvements upfront.

The long payback period also prompted a number of other barriers. It led some to question the **overall cost** of the scheme as they felt that the interest which would be charged on the repayments would result in them paying more for the product than if they paid upfront or over a shorter period of time. They spontaneously equated the Green Deal to a mortgage, and the payback period seemed disproportionate compared to the capital investment.

Participants also questioned whether they would ever see the benefit from the savings on their energy bills or if they would be **stuck in a cycle** of Green Deal schemes. They imagined a situation where, once the payback period was completed, they would need a new boiler, or have to replace the insulation. They were not convinced that the life span of the measure would outlast the payback period.

The prospect of evolving technology and updated standards were raised by some participants, who feared they would be stuck paying for **measures which had become**

outdated. Participants most commonly mentioned boilers when they discussed this concern although some also referenced an example on changing standards for loft insulation.

“What about if you have to change boiler when a more effective one comes out? In 5 or 10 years, a completely new and better boiler could appear on the market.”

Homeowner, no dependents, low income, detached/
semi-detached 1919-1980 property, Bridgend

“Are the improvements flexible? They meet current standards but if that changes, will more improvements be required and if so does that mean more cost to the householder?”

Early adopter (moment of change), Edinburgh

A few participants, typically those with higher levels of education, had questions about whether the cost of administering the scheme would inflate the cost of having the measures installed.

Following on from their concerns over the length of the payback period, many participants said they would fund those measures they felt most necessary by paying for them upfront (if they could afford to do so), or through alternative credit arrangements.

“My major concern is value for money. The examples provided indicate that the people who use this scheme will pay a far greater price than householders who have the means to pay the upfront cost.”

Homeowner, no dependents, low income, detached/
semi-detached 1919-1980 property, Bridgend

Participants were told the following about the financial savings that could be produced by Green Deal,

“The actual amount you save over the lifetime of the improvement will depend on the actual amount of energy you use and future fuel costs. Savings cannot be guaranteed”.

The phrase ‘**savings cannot be guaranteed**’ raised concerns for many and undermined the credibility of the scheme for them. It prompted some to question the effectiveness of the measures themselves. However, this was largely a presentational issue as participants did understand the reason that savings could not be guaranteed i.e. due to changes in energy consumption.

A further aspect of the Green Deal that worried participants was the idea of **passing on the cost of the home improvements to future bill payers**. This was a new way of thinking in terms of finance and raised two key concerns among participants. Firstly, for some it was an issue of morality; it simply felt wrong to pass on a cost to future occupants for something they had not asked for. Secondly, and more substantially, there were concerns that the cost might deter future buyers. This was more of an issue for homeowners than SMEs whose broader enthusiasm for the Green Deal as a way of financing measures outweighed any anxieties about re-sale.

"I didn't like the way it said that the cost stays with the house. If you get this in your house then you should pay for it. If I decided to get it in, it's my bill, I should pay it."

Homeowner, family, low income, flat/terraced pre-1919 property, Edinburgh

There were a few householders (those with more pro-environmental attitudes), who felt that being part of the scheme could increase the saleability of their property as it would have a higher Energy Performance Certificate rating. However, this was not the general view of participants, who thought the attachment of the repayments to the property's energy bill could harm future saleability. They thought buyers would be deterred by the idea of a fixed charge included in the property's energy bills. In addition, they queried whether the Golden Rule (that over the lifetime of the measure the savings on a property's energy bill should be equal to, or greater than, the repayment charge) would hold true for the new occupants depending on their lifestyle and household composition.

Over the course of the discussions, some participants who initially felt the scheme would negatively impact future saleability of their property acknowledged that the repayment charge would be unlikely to be pivotal to a potential buyer's decision about the property. Participants recognised that there were other overriding priorities for selecting a property such as schools and location.

"It is not a barrier to selling your home. There are so many things you consider when you buy a house. Whether you have a £5 addition to your gas bill, it really won't have much difference. Closeness to schools etc – this is a bigger factor in people's decisions....It may actually be an incentive."

Early adopter (willing but unable), Bridgend

In addition, participants felt that if there was clear government backing to the scheme, and wide-reaching public awareness, that the impact on future saleability would be reduced. For this reason, participants wanted reassurance that the Green Deal would not be a short-lived scheme which would disappear under a future government. A few participants specifically mentioned HIPs when they raised this concern.

A further barrier to interest in the Green Deal was the expectation generated under the Carbon Emission Reduction Target (CERT) scheme, and its predecessors, that energy efficiency measures should be heavily discounted or even free. While householders did not name CERT, they were aware of its impacts, and this generated a reluctance to pay full price for insulation.

"I am a bit sceptical. We are now going to pay for something that previously certain groups got for free or a cheaper rate, the disadvantaged groups are going to be penalised."

Homeowner, post-family, low income, detached/semi-detached 1919-1980 property, Harrow

Finally there were lower levels of interest in the scheme among some participants as they did not fully understand the principles of the Green Deal finance mechanism. These participants tended to be the vulnerable householders, or those with lower levels of education or who were less engaged with the whole idea of saving energy. The Green Deal principles that some participants struggled with included the ideas that:

- the repayment stays with the property via the energy bill
- savings would be seen on the property's energy bill as energy use would be reduced
- future occupants would see savings on their energy bills
- the savings generated by the energy efficiency measures would be seen immediately.

It was only by showing participants worked examples of the finance packages⁵ that most of them fully comprehended how the scheme worked. Even after the examples were shown, a few participants still struggled to understand that their fuel bills should not increase as a result of participating in the Green Deal, or that if they moved the cost would be passed on to the new occupant.

Likely uptake of the Green Deal

A few participants expressed a high level of interest in the Green Deal. Those who did not express a high level of interest in the Green Deal felt that the cost-savings offered by the Green Deal packages shown in this research did not outweigh the effort required to take up a measure through the scheme, as well as having concerns about the length of the payback period. Participants immediately judged the appeal of the scheme on the basis of the financial savings it could generate and these savings were being looked for within the payback period. Participants did not anticipate that they would make cost savings at the end of the payback period as they felt unsure that the energy efficiency measures would still be functioning after this time. However, as outlined later in this chapter, participants felt it could be possible to broaden out the appeal of the Green Deal in a number of ways.

Key audiences interested in the Green Deal

The participants who were most interested in the Green Deal had a number of common attitudes and circumstances. These are discussed in turn below.

The participants most interested in the Green Deal were either concerned about the **thermal comfort** of their home, or wanted to **reduce energy usage** because of a strong dislike of wastage or for environmental reasons (including both energy security and concerns around climate change). Participants concerned about thermal comfort were more likely to be in detached properties or in rural areas and were less likely to live in modern properties (built post-1970). Those driven by a desire to reduce energy usage to prevent waste were likely to be older homeowners, while those concerned about climate change tended to be younger.

In addition, the participants most interested in the Green Deal **also lacked the capital** to be able to pay for these measures upfront, or had other more pressing priorities for their capital (such as saving for a wedding or other essential home improvements). They also felt familiar and **comfortable buying things on credit**, typically, younger people.

⁵ See Appendix 3

Finally, for these participants to be interested in the Green Deal they needed be in a position to make structural decisions about their property. The research found these participants were therefore most likely to be freeholders living in properties that were not listed or in conservation areas. Interested participants tended to **live in properties built between 1930 and 1970** as discussed below.

Taking all of these factors into account the participants most interested in taking up measures under the Green Deal were:

- younger homeowners and pre-family couples (who were often on stretched incomes);
- SME owner occupiers; and
- participants living in properties built between the 1930s and 1970s. Participants living in properties built more recently than this were among the least likely to be interested as thermal comfort was less of an issue for them than inhabitants of older properties. Participants living in properties built prior to 1930 were often concerned about the disruption and longer pay back periods associated with solid wall insulation.

Key trigger points

Participants felt it was unlikely that they would simply see a leaflet about the Green Deal and go ahead with home improvements through the scheme. Instead, a number of key trigger points were identified by participants as times at which they would be most likely to consider installing measures through the scheme. These included:

- Having recently bought a new home, and / or undertaking major renovation work. Participants felt this would be a particular trigger point for interest in the scheme if the property was a long term investment or final move, so that it negated any concerns around passing on the cost and future saleability. Some participants in Scotland and in the north of England mentioned Energy Performance Certificates as possible platforms to present Green Deal measures, the repayment charge remaining and the impact they have had on the efficiency of the home to new buyers. These participants considered EPCs to present independent information which could be trusted;

“I think a lot of people would invest in these if it was a house for life.”

Homeowner, family, low income, flat/ terraced pre-1919 property, Edinburgh

- Having to replace a boiler coming towards the end of the life. It may have broken down several times, and the consumer could have limited capital to replace it;
- Moving towards retirement, when some participants (mostly men) wanted to reduce their bills as they were mindful they would be on a fixed income.

Those least interested in the Green Deal

The participants with the lowest level of interest in the Green Deal included those with a strong reluctance to take on the repayments for a number of reasons. This tended to be those who:

- could afford to pay upfront (including many post-family homeowners), and did not wish to pay more over time through the accrued interest;
- had a strong personal preference for avoiding 'debt' (particularly older homeowners);
- were potentially uncertain about their future income (for instance, because they were approaching retirement or lacked job security) and were concerned about committing to future financial repayments; and those who
- were familiar with current schemes to deliver energy saving measures for free or at highly subsidised rates (often vulnerable and older householders). These participants anticipated that they would continue to benefit from such schemes.

In addition, low levels of interest in the Green Deal were expressed by older participants (aged 70+); some simply struggled to engage with the subject while others were not interested either because they already had energy efficiency measures in place or because they did not feel it was worth the effort (at this late stage in their life) to investigate further.

Participants living in terraced properties were among the least likely to express interest in the Green Deal; they were less likely to believe thermal comfort was a priority as they benefited from the shared warmth of the properties directly beside them.

A final small set of participants that did not engage with the scheme were more self-sufficient individuals, typically middle-aged men (aged 35-55), who had some background in building works or engineering who were not afraid to tackle DIY and felt they could do the work themselves. They were often sceptical of some of the costs shown in the worked examples, and felt they could secure a better deal.

Optimising uptake of the Green Deal

There were a number of suggested improvements, or points of clarity, that participants mentioned which they felt would help encourage interest in the Green Deal and strengthen its appeal. These are detailed in the table below, together with the potential barriers they are designed to overcome.

Barrier to greater participant interest	Proposed solution(s) from participants
Annual savings, shown in the mock-up packages used in this research, do not provide sufficient financial incentive for participants	<p>Rebate on council tax for those householders who take out Green Deal finance.</p> <p>Make measures under the Green Deal exempt from VAT.</p>

to engage with the scheme	Brand loyalty points offered by provider.
Longer payback period prevents homeowners from realising full savings of measures sooner	Allow flexibility in repayment scheme to enable householders to overpay or even pay off the entire amount if they wish to and are able to do so.
Concern around impact of Green Deal repayments on future saleability of property	<p>Provide consumers with the option to pay off sum before they leave.</p> <p>Reduce stamp duty on any property with higher energy efficiency rating (including those with a Green Deal) to make it more attractive to purchase properties of this nature.</p> <p>Rather than calculate potential Green Deal savings on standard energy use, calculate them on low energy use, to ensure that the work carried out will be relevant to a wide range of potential future occupiers and so maximise future selling opportunities.</p>
Concern that they would be paying over the odds for the measures due to the interest rates applied	Make the finance interest free, or at the very least provide fixed interest rates at 3% for homeowners and 5% for commercial property owners.
Having to pay a large sum (e.g. more than £50 for most participants, although up to a maximum of £100 for a few) for an assessment	<p>Provide free objective assessments where possible, delivered by an 'independent agency' funded through interested parties including government, manufacturers, installers and providers.</p> <p>Assessors providing low-cost energy-saving freebies such as draught proofing, excluders, low energy bulbs or Real Time Displays (these were of particular interest for some participants).</p>
Participants interested in generating energy as well as saving energy	Include micro-generation measures where they fit the Golden Rule.
<p>Uncertainty about whether energy efficiency improvements will add value to property and therefore whether prospective buyers will find Green Deal repayment charge attractive or not</p> <p>Insulation measures are hidden from view from participants, and therefore they tend to be seen as functional without enhancing the look, or value of the property</p>	<p>Extend measures to include radiators; 'A'-rated appliances such as fridges or freezers which stayed with the property; and double glazing.</p> <p>Sash window double glazing is of particular appeal for those in older properties or conservation areas as it is in keeping with their properties and felt to enhance the aesthetics. However, the investment required is often beyond participants' current budget.</p> <p>Use the assessment report as an opportunity to state the expected added value, if any, to the property as a result of the energy efficiency improvements.</p>
Comprehension of how the measures work, and the level of likely disruption	<p>Assessor provides householder with leave-behind DVD to explain the installation process and include testimonials of people who have had measures installed and the impact.</p> <p>Potential website to provide forum for customer reviews and share experiences.</p>

Describing and Positioning the Green Deal

Appropriate language to describe the Green Deal

Homeowners were asked what language they would use to describe the scheme. Their reaction to a number of words was also tested to see if they believed they were appropriate to describe the scheme. The findings are presented in the table below, where the words which were mentioned spontaneously before prompting are shown in *italics*.

<i>Potential / interesting</i>	Positive	Many customers found the scheme an interesting idea which had potential, but needed to be revised to widen its appeal.
<i>Innovative</i>	Positive	The finance mechanism was seen as innovative, and one which could help those on stretched incomes to take action.
<i>Individually tailored</i>	Positive	Participants latched on to this phrase used in the stimulus which had strong appeal, as opposed to the generic energy saving advice some had received.
<i>Objective</i>	Positive	Again participants latched on to this phrase, and the majority felt it was vital to receive an objective assessment that they could have confidence in.
Efficiency / Energy / <i>Environmental /</i> Green / Long run / Plan / Save	Positive	As noted, participants felt positively about saving energy and using it more efficiently. This was largely due to a desire to prevent unnecessary wastage although many did make an explicit link between saving energy and helping the environment. Being green was considered by the majority as the right thing to do, and a good idea in the long-run. 'Environment' was a key word which participants spontaneously associated with the scheme as it was described.
Comfort / Improvements / Upgrade	Positive	Participants felt the measure would improve the comfort of their homes, and make them better places to live.
Approved / Certified / Quality / Registered / Standard	Positive	Participants expected and hoped that all parties involved in the scheme would know what they are doing and deliver a good standard of work. These words reassured them.
<i>Government</i>	Positive	Government was seen as appropriate because they are linked to the green agenda, and because they would need to back the scheme to ensure consumer confidence.
<i>Bigger savings / Deal</i> – or rather 'No Deal' / <i>Unappealing / Trick</i>	Negative	These words relate to the core barrier that the scheme does not deliver sufficient financial savings to make it of interest to many participants.
<i>Bureaucracy / Jobs</i> <i>for the Boys</i>	Negative	The flip side of government involvement was fears over bureaucracy, and that it would unnecessarily inflate the cost of these measures.
<i>Opportunist</i>	Negative	Some older homeowners felt that the environment and saving fuel was just about trying to get more cash from participants.
Re-fit / Retrofit	Negative	Participants did not understand what these words meant, and felt they were examples of jargon which should be avoided.

At no point in the research process was the scheme referred to as Green Deal; the words 'Green' and 'Deal' were tested separately, but not the name 'Green Deal'. The reaction to 'Green' was largely positive as participants felt the scheme would help save energy, and reduce carbon emissions and waste which they felt was the right thing to do. However, the reaction to 'Deal' was a negative because in isolation, customers judged 'Deal' against whether it seemed like a good deal financially, and on the basis of the potential Green Deal packages shown in this research, it did not.

Explaining the Golden Rule

The Golden Rule for the Green Deal is that the expected savings on a property's energy bill should always be greater than or equal to the cost of making the improvements.

There was a challenge in communicating the Golden Rule to participants. When shown the initial stimulus explaining the Golden Rule (see Figure 3 opposite) many did not automatically understand that the cost of repaying the measure would be offset by the savings it would create. They fixated on the 'cost' they had seen on the previous stimulus and so expected an increase in their energy bills.

"My bills are too high and I struggle to pay them. I can't pay for 30 years. I'd prefer to save up for the next couple of years, rather than paying a little for the next 30 years."

Early adopter (willing but unable), Bridgend

It was only when they were presented with illustrations of the finance packages (see Figure 3 opposite), which showed both the savings and the repayment cost split out, that most participants understood the Golden Rule. Even then, a few, typically those with lower levels of education and those less engaged with energy efficiency, continued to fixate on the repayment costs, and spoke about not being able to afford this additional charge 'on top' of their bills.

Positioning the Green Deal for consumers

Participants initially thought the Green Deal should be positioned as a way of saving money on energy bills, because they were familiar with the concept of energy efficiency measures saving energy and therefore reducing utility costs. However, as outlined throughout this chapter, participants felt that the financial savings from the scheme as shown in the examples used in this research were too small for it to be appealing on this basis alone. Subsequently, they reassessed the scheme and put forward alternative ways that it could be made appealing to the public. This included the comfort factor in terms of having a warmer home at no extra cost, as well as the wider environmental benefits, both in terms of saving energy and meeting targets on CO₂. Participants felt

Stimulus 2d

The Golden Rule

The **expected savings** on the property's energy bill **should always be greater than or equal to the cost** of making the improvements.



The actual amount you save over the lifetime of the improvement will depend on the actual amount of energy you use and future fuel costs. Savings can not be guaranteed

Stimulus 3a

External solid wall insulation (as part of major refurbishment)

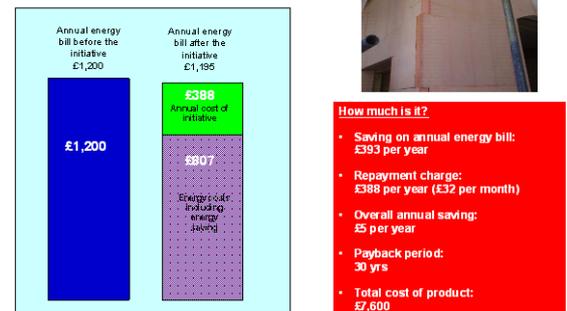


Figure 3: The Golden Rule and example of repayment structure for a Green Deal measure (stimulus shown to consumers)

that it needed to be emphasised that warmer homes and environmental benefits could be achieved at no extra cost.

"If somebody went for the emotional ties and say look you're saving the planet, it's your little contribution, and it's not going to cost you anything extra you might be a bit more tied to doing it than thinking I'm only saving £5."

Early adopter (willing but unable), Morpeth

Some participants felt the environmental message needed to sit under a larger narrative about the need to save energy and reduce emissions. This environmental positioning of the Green Deal was not presented in the research process.

Participants also associated environmental issues and indeed insulation with the government. Older or vulnerable homeowners were particularly likely to make this link between insulation and the government, as they had either benefited themselves, or knew others who had benefited, from government-backed insulation schemes. Nearly all participants spontaneously raised the link between insulating properties and having a positive environmental impact and therefore many assumed the scheme was being led by the current Government. Participants felt that it needed to be clear that the Green Deal was a government backed scheme to encourage buy-in from current and future householders and to ensure confidence in the standards it would operate to.

"Tell people how this fits in with Government aims, targets. Tell us what we're contributing towards."

Early adopter (positive green), Harrow

Participants also felt their interest in the Green Deal would be higher if they had been told upfront about the involvement of both small and large businesses in the scheme. For most homeowners the ideal combination was an objective assessor (from an independent body), and a selection of national providers who would hold details of local installers. The national providers represented stability, but many customers also felt they would be able to offer incentives and provide competitive financial terms. On the other hand, local installers were felt likely to offer a more personal service, and have better knowledge of the housing stock and its peculiarities. In this way the scheme could position itself as supporting local trades-people which many participants felt was a positive thing, particularly in the midst of a difficult economic recovery.

Chapter 2: Assessment and installation

This chapter sets out participants' reactions to the assessment and installation stages of the Green Deal customer journey. It discusses their preferences for these stages and the information needs they would have as customers.

Key message

Consumers were particularly interested in the assessment stage of the Green Deal scheme. They saw it as a useful opportunity to receive tailored suggestions on how to improve the energy efficiency of a specific property. The inclusion of behavioural advice was generally well received.

Consumers' main expectation of the assessment was that it would be conducted by an experienced assessor. There was a strong preference amongst homeowners for an independent assessment which was not linked to a Green Deal provider. Homeowners said they were willing to pay between £50-£100 for an independent assessment. SMEs however preferred the option of a free tied assessment conducted to particular standards by the Green Deal provider. They viewed the assessment as a quote for the work, rather than as the provision of objective advice.

Consumers expected that the installers would be experienced and would show industry and safety qualifications at the time of the work. They also expected the installation would be conducted to the required standard and that this would be set by government. The minimum standard for the quality of the work would be to leave the property as it was found, to fill any holes and re-plaster walls if necessary, but to leave the consumer to do any redecoration.

The Green Deal customer journey was explained to participants through a series of stimulus boards. They were shown the description below for the assessment stage (Stage 1).

Stage 1: Assessment on suitable improvements

Objective energy efficiency assessment carried out in your property by an accredited assessor



Given recommendations on potential energy saving improvements, tailored to your property under the initiative. Also general advice on how you can use energy more efficiently, to reduce any unnecessary wastage



Costs of making recommended improvements outlined together with expected energy savings based on a standard usage for a similar property

Figure 4: Stage 1 of the Green Deal customer journey (stimulus shown to participants)

Appeals of the assessment

The objective assessment was one of the most appealing parts of the Green Deal scheme for all participants. Many liked the fact that the advice or suggestions for energy efficiency measures would be tailored specifically to their property under the Green Deal, rather than being generic, off-the-shelf information which they felt they could pick up themselves. Therefore, participants were encouraged that the assessment would take place on-site, rather than over the phone or internet. Furthermore, they expected and welcomed the fact that the assessment would be conducted by experienced, qualified assessors, who would have a sound understanding of a range of different types of home.

Most thought they would welcome advice on how to improve energy efficiency in their property through quick wins or behavioural changes along with suggestions for any necessary home improvements. Even if participants did not expect to take up one of the Green Deal measures, they believed they would benefit from the assessor's hints and tips about improving their energy efficiency.

Participants generally had very few concerns about the assessment stage. Some mentioned there may be disruption during the assessment, although this was a minor concern. A few participants who were parents had questions about whether the assessor would be taking photographs indoors, and said they would want to know in advance if this was happening.

Preferences around the assessment

Impartial or tied advice

Homeowners and SMEs had different preferences for the delivery of the assessment. Many homeowners, spontaneously, stressed that the assessment should be independent of the providers, as this meant they could trust the recommendations and make an informed decision without worrying about being pressured into expensive or unnecessary home improvements.

"So much would depend on the quality of the initial assessment. If this was provided by real experts who could look at the full range of energy saving options (not just the obvious, high cost ones, but also ways a house and household could function efficiently), it would be really welcome."

Homeowner, high income, no dependents, detached/
terraced pre-1919 property, Alnmouth

If the assessment was tied to a particular Green Deal provider, participants were concerned it would become part of a sales process, and that they would be hassled after the assessment if they decided not to pursue any of the recommended measures.

"Commercial input is dangerous in the decision making side. There needs to be an attempt to keep the impartiality." Early adopter (positive green), Edinburgh

During the research, following a spontaneous discussion about preferences for the assessment, participants were asked to trade-off two potential models for the assessment. Firstly, participants were told they could opt for a free 'tied' assessment conducted by the Green Deal provider. It was explained that these providers would be required to conduct a standard set assessment and that this assessment could then be taken on to any other Green Deal provider. Alternatively, participants were presented the option for an independent assessment, carried out by an organisation independent of any Green Deal providers, which they would have to pay for.

Most homeowners preferred the latter option where they paid to have an independent assessment conducted. Some expected that the independent assessment would be more detailed and tailored, whereas a tied assessment would be more basic. Whilst homeowners, involved in this research, felt it was reassuring that a Green Deal provider would be required to conduct a standard assessment, there was still concern that this would only recommend selected measures which that organisation could supply.

"Someone who has been trained and is qualified in deciding what is necessary and what isn't, and is not particularly interested in selling it, only the idea and their knowledge."
Vulnerable homeowner, long-term disabled, Llangynwdd

A few homeowners said they would be willing to accept a free assessment from a Green Deal provider, so long as they could take their 'prescription' to different providers to shop around for the best quote.

"I'd probably have the free assessment and then do my own research to double check what they say. So I might go for that option because it is free."

Homeowner, no dependents, low income, detached/
semi-detached 1919-1980 property, Bridgend

In particular, those who were satisfied with their current energy providers said they would welcome an assessment from them. Others thought that they may receive a loyalty bonus in the form of Nectar card points or similar if they were to accept an assessment from one of the high street providers. The main appeal of a tied assessment for these participants was that it would be free-of-charge. However, overall, most homeowners would prefer to pay for a fully independent assessment.

Some participants, particularly from SMEs, said that if the free tied advice option was available, they would put time and effort into having multiple assessment conducted by a range of Green Deal providers. They interpreted the assessment stage as an opportunity to receive a number of quotes from different Green Deal providers and thought this would be their preferred option rather than taking the recommendations from one assessment to a range of providers.

Paying for the assessment

Participants did not arrive at a consensus for a preferred cost for a Green Deal assessment. They were keen to have a range of options and prices depending on their needs.

Most homeowners came to the conclusion that an objective assessment would cost in the region of £50, and possibly up to £100 if it included behaviour advice and came

with more detailed outputs. Vulnerable homeowners estimated, and would only be prepared to pay, a lower cost of £20 for an independent assessment.

“Above £100 I wouldn’t be happy with even if I was going to get it back if I went ahead.”

Homeowner, pre-family, low income, detached/ semi-detached post-1980 property, Morpeth

Many participants suggested a tiered payment structure would be appropriate. They expected a higher price band that included detailed behavioural advice on how to reduce energy consumption, as well as a basic price band just for recommending measures to install. Participants also questioned whether a single homeowner living in a small one-bedroom flat should pay the same for an assessment as a large family in a five-bedroom detached house. There was no clear consensus on this issue.

“The cost should be standard. Obviously there are exceptions if someone has a manor house – that would be complicated. Let’s say, from a flat to a 4 bedroom house, you should have a standard cost. I know an assessment would be quicker in a 1 bedroom flat, but what they lose on one assessment they gain on the assessment of a bigger place.”

Homeowner, no dependents, low income, detached/semi-detached 1919-1980 property, Bridgend

The competitive market element of the scheme was apparent to some who expected to see incentives from Green Deal providers. Some hoped they would receive a refund, either full or partial, from their provider if they chose to install some of the measures.

An optimal approach to delivering the assessment for many participants would be an independent assessment provided free-of-charge. A few suggested that this could be delivered through a central fund created by Green Deal providers and installers.

“Maybe a pool of interested companies who sells the boilers, government subsidies, city council and the energy people, putting it in to pay for it.”

Homeowner, pre-family, low income, detached/ semi-detached post-1980 property, Morpeth

SME representatives were far more reluctant than homeowners to pay for a Green Deal assessment and preferred the option of a tied assessment being provided free-of-charge.

Inclusion of behavioural advice

Most participants would welcome the inclusion of behavioural advice within the on-site assessment.

“Advice on lifestyles stuff would be good. Different people have different needs. Many people don’t have common sense with their energy use and they end up fuel poverty. People get in serious debt with their fuel bills.”

Early adopter (willing but unable) Bridgend

A few participants were more sceptical about the advantages of receiving behavioural advice. They were not convinced that the assessor would be able to give them any advice beyond that which they already knew about using energy efficiently within their property.

“There is no reason they can’t give you advice as that is part of your energy efficiency, but you shouldn’t be pushed into the guilt factor. I have my house warm because I don’t like it cold, so for someone to tell me that the heating is on too much and too high, I already know that and have chosen to do that.”

Homeowner, pre-family, high income, detached/
semi-detached 1919-1980 property, Edinburgh

Many of the people sharing this opinion were older participants (aged 70+) who were already using energy very sparingly within their homes, for instance only heating the rooms they occupied at any one time. For a few older homeowners there was a belief that they had managed to live on, and pay for, the energy level they currently consumed and so had limited interest in now learning how to change this. Conversely, younger homeowners and SMEs appeared more enthusiastic about receiving hints and tips on keeping their homes warm, or using energy within their businesses, at an affordable cost.

Despite this range of opinion, participants generally thought behavioural advice should be included within the assessment. However, participants felt it would be preferable to be given the option of whether or not to receive, and pay for behavioural advice, by offering a tiered pricing system as detailed above. A few also felt this would be best positioned as advice on how best to maximise the potential savings available through the Green Deal measures, as opposed to a lecture on energy saving behaviours.

How should potential customers be approached?

Homeowners were keen to emphasise that the assessment should not be marketed by cold calling and door-to-door salesmen. This would be considered a ‘hard-sell’ approach which all homeowners were keen to avoid. Vulnerable homeowners in particular stressed that they would rather receive information in writing and some would be reluctant to answer the door to a cold-caller.

The assumption that government was involved in the Green Deal also led participants to have certain expectations about how they would be approached as a potential customer. Participants did not associate a government-backed scheme with hard-selling techniques and this led them to express a preference for the assessment to be by invitation and appointment.

“I’ve been bombarded with people knocking on my door asking me to sign things, annoyed when I don’t sign things. As soon as you have private companies in the mix it becomes a bit of a fight.”

Homeowner, family, high income, detached/ semi-
detached 1919-1980 property, Harrow

“There’s no time to do your research at the door step – I’d think there was a catch.”
Early adopter (moments of change), Harrow

Some of the SME participants were less concerned about the manner in which they were approached by either Green Deal providers or independent assessors and would be more tolerant of a cold-calling approach. These participants were more familiar with being approached by a range of suppliers and therefore felt more confident and assertive in handling this type of sales approach.

Customer service expectations about the assessment stage

Service expectations for the assessment were mainly related to the individual assessor. Participants expected that this individual would be an experienced tradesman rather than a teenaged apprentice, who would be confident in answering their questions based on their experience. The most important expectation was that the assessor was someone they could trust. This trust could be earned either through their own personal experience (having used the assessor for building work previously) and word of mouth recommendations, or through formal qualifications and experience. For those who were less experienced in dealing with the building and home improvements trade, qualifications or accreditations were seen as an important factor in establishing trust.

The experience and knowledge of the assessor were seen to be more important than formal qualifications. Furthermore, participants hoped that the assessors were locally based as there was a perception that these assessments would be conducted to a higher quality; participants felt that local tradesman would not risk doing a poor job as this would damage their local reputation.

Most participants anticipated that the assessment would take between one and two hours, depending on the size of the home. A few anticipated the assessment stage to be more involved than this, and expected it to include one or more of the following:

- the use of thermal cameras to monitor heat loss from the home;
- a two stage approach where assessors left energy consumption monitors in the home, and returned one week later to discuss energy usage;
- an assessment of the property’s appliances and white goods; and/or
- the provision of ‘quick fix’ measures, such as low energy light bulbs and draught excluders.

To encourage a range of people to take up the assessment, participants expected that they would be offered weekend or evening appointments so that they would not have to take time off work. To reduce the degree of disruption incurred by the assessment, participants wanted to be able to book a specific appointment time rather than a time slot (e.g. 8am-12 midday).

Consumer information needs around the assessment

Information required prior to assessment

Participants had a wide range of information needs prior to the assessment stage. They would want to know how they needed to prepare their home and where access would be required (for example, the loft) and whether any carpets needed to be pulled up. In advance of arranging an appointment they also wanted to know how much disruption and inconvenience would be caused during the assessment itself, as well as during the installation process.

“I don’t want a building site for four weeks with small children around. Before they waste their time I want to know about the amount of disruption and inconvenience.”

Homeowner, family, high income, detached/ semi-detached 1919-1980 property, Harrow

Participants also stressed the importance of knowing the previous experience of the assessor, and what they could expect in terms of identification at the time of the appointment. They also wanted to know how long the assessment would take and what they would receive in terms of outputs afterwards. Participants expected to receive confirmation of their assessment appointment, and these details, in advance by letter or email.

In advance of arranging an assessment participants would want to be able to find out whether it was likely that their property would be suitable for any energy efficiency measures. They expected some degree of pre-assessment screening to check this so that they could be confident that the assessment could make useful recommendations to them.

Information required at time of assessment

At the time of the assessment, participants expected to receive a verbal debrief or standardised report (1-2 pages based on a pro-forma) that told them of the main recommendations from the assessment. However, to make an informed decision on how to proceed, they expected to receive a more detailed report, a week to 14 days later. Participants thought this detailed report should set out a range of recommendations from the basic needs of the property up to the optimum solution for maximum efficiency. Participants also wanted the report to include a guide to the advantages and disadvantages of the measures proposed, as well as guideline costs and expected savings. For the report to be most useful, participants thought it should be personalised to their property, for example by recognising their current energy usage, household occupancy and where heat was being lost in the home. This was a minimum expectation from participants if there was a charge for the assessment. Some participants also wanted the assessment report to suggest how the value of their property would be affected by the installation of new measures.

To help make an informed decision about whether to proceed with the installation, participants wanted to know what disadvantages there could be, such as whether having cavity wall insulation could result in dampness. The degree of expected disruption and inconvenience was also important. They wanted to know how long the installation would take and what redecoration would be needed afterwards. Participants

were also keen for photographs to be included within the report of what the installation might look like when completed. A few suggested that an interactive DVD would be helpful to show them the installation process, how it would look afterwards and what level of disruption would be involved.

“I’d like to know how all this will affect the house, how much mess it will cause in the house. Will the floor have to come up? I’d like to know the procedures for the treatments. Go through it with diagrams. How is it actually done? You may decide it just isn’t worth the hassle.”

Homeowner, no dependents, low income, detached/ semi-detached 1919-1980 property, Bridgend

Next steps after assessment

If an independent assessment was conducted, and especially if this was paid for, homeowners would not expect to check the recommendations they had received with another assessor or any other organisation. Some homeowners would look to their assessor to provide recommendations on who to contact to install their energy efficiency measures. These participants expected to be able get references on the proposed contractors.

Other participants, including SME representatives, who were more experienced in having property improvements installed, were less likely to need recommendations for Green Deal providers following the assessment as many thought they would use the internet to compare the various deals being offered by different providers. A few participants suggested that a price comparison website would be a useful tool at this stage, and other participants agreed that this would be useful. The provision of such a tool is discussed further in Chapter 4 in relation to providing ongoing advice and support to customers.

Participants from SMEs were more likely to opt for a free assessment from a Green Deal provider. Free assessment would be treated as quotes by SMEs and these participants thought they would be likely to have multiple assessments conducted in order to allow them to shop around for the best deal.

Reactions to the installation stage

Stage 2: Installing improvements

Your energy efficiency assessment is like a prescription and can be taken to any accredited company to undertake the recommended improvements



Qualified and accredited installers visit your property to fit the chosen measures



Your property is left in a suitable condition (minimum standards are set) and a complaints procedure is put in place

Figure 5: Stage 2 of the Green Deal customer journey (stimulus shown to participants)

Customer service expectations

Participants had three main expectations for the service they would receive at the installation stage:

- high quality standard of work;
- polite customer service; and
- workmen leaving the property as close to how it was before work began.

Participants expected that work would be completed to the required standard, as set by a regulatory body. They referred to standards such as the minimum depth for loft insulation when they requested required standards to be met. They assumed that similar minimum standards would be in place for the other measures although they were not able to state what these would be.

Participants thought good practice would include the opportunity for the property owner and contractor to review a checklist of the agreed work and for there to be the opportunity to jointly examine the work together against this checklist. Some participants also suggested a post-installation check-up by a third party, to check that work had been conducted to the required standard. Participants expected that this could either be completed by the individual who had conducted the energy assessment, or perhaps by a local authority surveyor. A minority expressed an interest in a second energy efficiency assessment, maybe five years after the installation, to assess the impact of the newly installed measures on their energy use.

It was expected that contractors would leave the home as they found it, and clean up any mess caused by the installation. Participants recognised that they may need to do some slight redecoration with wallpaper or paint, but everything else including plastering was work they would expect to be done by the installation team. Participants also said that if they were having a new boiler installed, they expected that the workmen would remove the old boiler. They suggested having an agreement in place with contractors as to how the property is left at the end of the work.

“I would expect them to leave it in the same condition. If a window fitter came in and left rubbish behind I wouldn’t be happy. I would expect them to clear away rubbish. If they did cavity wall insulation and had to drill holes they would have to fill in the holes.”

Early adopter (positive green), Edinburgh

Participants also expected a warranty or guarantee for the installation work, as well as for the product itself. Participants tended to use warranties on boilers as an example and some believed that the new, energy efficient boilers had a short life-span and were likely to break down before the repayment period was over. They therefore wanted reassurance at the installation stage, or before, that the products would be covered by a warranty, and would be repaired or replaced if required. If there were any problems with the installation of new measures, over their expected lifetime, participants said they would prefer to contact the Green Deal provider rather than any of the contractors, as they thought the provider, as project manager, would have greater leverage over the contractors. Participants’ preferences for making complaints at different stages in the Green Deal customer journey are discussed further in Chapter 4.

Customer service was considered important by participants, and they expected workmen to be polite, respectful and professional. Importantly, participants expected that workmen treat the site as a home, not as a building site. Another element of a

minimum standard expected by participants was for the work to be completed within the agreed timeframe.

Information requirements at installation stage

As with the assessment stage, participants wanted to see appropriate credentials and identification for contractors as reassurance that they had the qualifications to install the measures. Participants believed this would give them greater confidence that workmen would not only be technically capable of conducting the work, but also have a motivation to do it properly because if mistakes were made then they would be putting their registration at risk. Participants were only able to give the example of the Gas Safe ID card for the installation of a new boiler and were unaware of what the appropriate credentials would be for the other measures.

At the installation stage, participants wanted to receive some information outlining what they could do if they had problems with the installation or the quality of any installed equipment. They wanted this information to also include reference to how the installation was insured and covered as part of the accreditation system.

Chapter 3: Finance

This chapter sets out participants' reactions to the financing of the Green Deal, including some of their concerns and queries. It sets out participants' preferences around interest rates, payback periods and the addition of the repayment cost to an energy bill.

Key message

Participants felt the Green Deal finance mechanism was innovative and had the potential to provide a means by which some property owners could invest in energy efficiency measures. The Golden Rule required careful explanation, and many consumers needed to be taken through illustrative examples before they understood how it worked. Even then, some participants (typically those who were older, with lower levels of education or less engaged with energy efficiency) failed to understand that the debt remained with the property or that the measures would not cost them anything extra on top of their fuel bills.

The length of the payback period was a barrier to many participants. They felt it was akin to a mortgage and had significant concerns about the ultimate cost of the energy efficiency measures due to the interest that would be accrued. This comparison raised expectations and queries over how flexible the finance would be: can they over-pay; can they pay off the sum before selling; will the interest rate be fixed or variable? Participants felt the Green Deal could be made more appealing by making the finance flexible in these ways.

Nearly all participants expressed a preference for fixed interest rates as this would allow them to budget. The interest rates shown to participants through the stimulus were 3% for homeowners and 5% for businesses. These rates were generally perceived to be a good deal, and helped strengthen appeal. A ceiling of 10% was mentioned by participants during the research. Consumers stressed that the repayment charge needed to be shown clearly on the bill.

Stage 3: Paying for measures

The cost of the improvements to your property will be spread over an agreed number of years and added to the energy bill for the property. Only accredited companies can add the cost of the improvement to the energy bill for your property



The cost stays with the property until the end of the agreed payment period



So after you move the cost will pass onto whoever pays the energy bill

Figure 6: Stage 3 of the Green Deal customer journey (stimulus shown to participants)

Reactions to the financing mechanism

The most appealing aspect of the Green Deal financing mechanism to participants was the absence of upfront costs. As noted, in Chapter 1, this was of particular appeal to those on stretched incomes who also felt the need to take action (either because they struggled to heat their home to a comfortable temperature, or because they were conscious of wasting a lot of energy). The scheme appealed to many SMEs who had other priorities for their capital and were comfortable with the concept of paying on credit. The relatively low interest rates of 3% (for domestic properties) and 5% (for commercial properties) were felt to be very competitive and to this extent were appealing.

Conversely, many homeowners were averse to taking on repayments which they described as a 'debt', particularly older people or those able to afford to pay up-front. These homeowners were generally more at ease with saving for the measures or borrowing from family, friends or even the bank if the problem was acute enough, for example, a boiler breaking down.

Concerns and queries about financing

Participants had a number of queries about the financing and the way in which it would work.

The length of the payback period (as presented in the stimulus, see Appendix 3) was one of the core barriers for participants in engaging with the Green Deal. This was an element of the Green Deal where participants were most keen to have flexibility built in. They felt that a shorter payment period with larger repayment amounts, even if not working within the Golden Rule on a monthly or annual basis, would allow them to realise the full bill savings sooner, and reduce the amount of interest they paid. If this flexibility was not permitted, participants feared they would be stuck in a continuing cycle of Green Deal finance, having to replace measures as soon as the payment period ended and never experiencing the full benefits of the savings created on their energy bills. While the initial reaction of many participants was that they would value greater annual cost savings (as discussed in Chapter 1) on further reflection, and when interest rates were considered, a shorter re-payment period was preferred by some participants. This tended to be those who were more financially comfortable and who were willing to wait to see the financial gains from the measures. Some participants, mainly those with a more immediate need to make financial savings on their energy bills, would prefer to see greater annual cost savings than were suggested on the stimulus (£5-£30 per year) and still felt this was a considerable barrier to their level of interest in the scheme.

The desire to be able to negotiate a shorter repayment period was also linked to concerns around the future saleability of the property. As noted in Chapter 1, views on the future saleability were split, with a few participants (more typically SMEs) believing that having the measures installed could enhance the appeal of the property, but with most taking the opposite view that the repayment costs would deter future homeowners. For this reason participants wanted the safety net of being able to pay-off the sum (without a penalty) if they decided to move.

"I think that at 67 years old, we are too old to take out grants that would take 30 years to pay, perhaps if we had been younger. Also I think to ask someone to take on a monthly bill when you sell a house would be a big no."

Homeowner, post-family, high income, detached/
terraced pre-1919 property, Alnmouth

Another area where participants wanted greater flexibility and reassurance was if their personal circumstances changed. For example, if they became redundant or a partner died, what would happen if they were unable to continue to pay both their energy bill and the charge? Some spoke of being able to renegotiate the terms or take a payment holiday. This was of particular importance to those on very low incomes who felt they could control their energy use to some degree, but were worried about having an ongoing commitment that was a fixed sum.

"But what happens if during that period somebody falls on hard times? Is there going to be a grace period? I'm sorry I'm on sick pay and I can't for the next six months."

Homeowner, pre-family, low income, detached/
semi-detached post-1980 property, Morpeth

Participants were also critical of the fact that the explanation of the Golden Rule (see Figure 7 below) did not seem to provide them with sufficient reassurance that they could expect savings, or more importantly, that they would not be paying extra. Consideration was given by some as to whether the savings should be calculated on a low energy user, so the average occupant could have greater certainty over the expected savings.

Stimulus 2d

The Golden Rule



The **expected savings** on the property's energy bill **should always be greater than or equal to the cost** of making the improvements.

The actual amount you save over the lifetime of the improvement will depend on the actual amount of energy you use and future fuel costs. Savings can not be guaranteed

Figure 7: Stimulus shown to participants to explain the Golden Rule

For some participants who accepted the premise that the savings would outweigh the repayment costs, there was an additional obstacle in trading off the hassle and inconvenience of going through the installation process. For SMEs in particular the disruption could mean a loss of revenue which would undermine the Golden Rule. For example if a shop needed to close for the day or a bed and breakfast was unable to occupy a room.

The research highlighted the challenge policy makers face in being able to clearly articulate the principles of the Green Deal to consumers. Some participants, particularly

older homeowners and those with lower levels of education, and those less engaged with saving energy, struggled to understand the idea that the debt stayed with the property and was not attached to the person. Some believed they would need to pay it off before they were able to move property.

As noted, some participants suggested large-scale renovations would be a trigger point for using Green Deal finance, but a few also had questions as to how it would work in practice in these situations. If they were contracting an agency or builders to undertake the renovation, participants wanted to know whether they would be able to bring in the Green Deal finance, or whether they would need to get a separate accredited contractor. Some participants thought they would be more likely to take out a single loan to pay for the whole project (where possible) rather than arranging separate payment schemes. Some participants also questioned how long it would take to arrange the finance for the Green Deal. They were concerned that this process would be too lengthy, and in particular felt this would be problematic in the instance of a boiler break down.

A few SMEs assumed it would be more attractive to refinance bank loans to pay for the measures (where possible) as they felt they could negotiate better terms and conditions (for example the repayment period). This was based on their perception rather than knowledge and experience.

Many participants were aware that a number of grants and subsidies have been available for installing energy efficiency measures, referring to local government, Warm Front, the boiler scrappage scheme or the Carbon Trust. Some anticipated these grants or subsidies would no longer be available in future due to squeezes on public spending, and saw the Green Deal as an alternative finance mechanism. However, others, in particular vulnerable homeowners, anticipated they would continue to receive these subsidies.

Finally participants were curious as to whether they would ever be able to see whether the savings which were estimated at the assessment stage had been realised. They were sceptical that due to the ever increasing price of fuel and general lack of transparency in the billing system that this would be possible. This acted as a further barrier for some to engage with the Green Deal concept.

Comparisons to current financial products

Participants did make spontaneous comparisons between the Green Deal and mortgages as a financial product. This was primarily because of the long payback period. This informed queries and expectations about being able to over-pay, or take payment holidays, as well as perceptions of what the interest rates should be.

“I think it [the interest rate] should be the same as you would expect for a mortgage. A percentage above the base rate so that the companies make some money back.”

Homeowner, pre-family, high income, flat/ terraced pre-1919, Edinburgh

Nearly all participants perceived the Green Deal finance as a debt or a loan. Some also failed to understand that they would only be liable for repayments while they were living

in the home, and that their home would not be at risk of repossession if they did not pay the charge.

Key information requirements

The key information requirements which participants had about the Green Deal financing mechanism were similar to many other financial products. They wanted to know the length of the repayment period; the total amount repayable; the interest rate and whether it was fixed or variable, the terms and conditions of payment; and what happens in changes of circumstances or in the event of defaulting. Participants expected to receive much of this information at the assessment stage as it would influence their decision to participate in the scheme, and they expected it to be repeated at key points throughout the process, especially when signing up to the terms and conditions of the repayment package.

As with other agreements they might enter into, participants also wanted the finance agreement, as far as possible, to be set out in plain English and free of jargon, so it was easily understood.

Preferences on Green Deal finance

Interest rates and payback periods

Nearly all participants wanted fixed interest rates, as they wanted to be able to plan future payments, and have greater certainty over their out-goings.

“People want to budget each month, no one wants variable.”

Homeowner, pre-family, low income, detached/
semi-detached post-1980 property, Morpeth

Both SMEs and homeowners spontaneously said an interest rate of anywhere between 3% and 6% would be good, and homeowners in particular, were impressed by the suggested interest rate of 3% (it was 5% for SMEs). The absolute ceiling for the finance varied with different groups, but anything above 10% or approaching credit card levels was felt to have a serious impact on interest in the scheme.

Participants spontaneously assumed that government was involved in the design and development of this scheme and that they would be endorsing it given the environmental benefits it would create. Participants questioned who was providing the finance for administering this scheme and many assumed it would come from government. These assumptions had implications for the expected interest rates attached to the repayments as participants expected these to be kept low, or even at zero, if it was being promoted by government.

“I thought for energy efficiency changes they be helping us out, base rate is only 0.5% and now this is 5% to do this. It should be lower; maybe 2% or 3% would be OK for us.”

SME, owner occupier, Bridgend

As noted above, there was a strong desire for greater flexibility within the repayment scheme, so that consumers could change the payment period after starting to pay it back. Most participants were looking to payback more over a shorter period of time, as

opposed to less over a longer period. However, the key for participants was for the repayment set-up to be flexible to the circumstances of the individual.

Addition of repayment to energy bill

There was no widespread objection to the inclusion of the repayment costs on the energy bill as long as it was clear and transparent. Participants wanted an easy and simple breakdown of the charge on their energy bills. They thought it should be itemised and provide details of savings, and comparisons with their previous energy bills to help demonstrate the impact of the measures.

Chapter 4: Delivering and accrediting the Green Deal

This chapter sets out participants' perceptions of likely Green Deal providers and their potential reach. It discusses participants' preferences for accreditation and their needs and wants for ongoing advice and support, including redress. It concludes by presenting the expectations, and preferences, for the involvement and visibility of government.

Key message

Participants instantly assumed that both energy suppliers and government had a role in the Green Deal as they were both known to have a role in promoting energy efficiency. While high street stores and DIY retailers were not anticipated as potential providers, they were regarded positively when participants were told that they could be players in the Green Deal market. Participants felt that the private sector would offer high standards of customer care and the stability and infrastructure needed for such a long-term scheme. A few were less positive about this as they did not believe that these companies had the necessarily expertise and due to a desire to support local businesses.

Overall, participants would prefer an accredited private company as the Green Deal provider. They would then like the freedom to choose an installer from an approved list of suppliers generated by the provider, perhaps with the assistance of the local authority. Participants, particularly homeowners, wanted this list to include small, local specialist installation businesses.

National government was assumed to be the accrediting body. Another key role for national and local government was felt to be high profile endorsement of the Green Deal.

Participants anticipated that the individual Green Deal providers would be the hosts for customer advice and support, and for lodging complaints. A separate contact line would be needed for advice upfront, prior to committing to an assessment, and for any escalated complaints. A price comparison tool would also be useful prior to selecting a provider.

Reactions to possible Green Deal providers

Participants spontaneously assumed that **energy suppliers** would be involved in the delivery of the Green Deal as they knew that suppliers currently communicate with their customers on issues around energy efficiency, including insulation and heating measures. The attachment



of the repayment charge to a property's energy bill was also central to an underlying assumption that suppliers would be heavily involved. Participants particularly expected energy suppliers to be involved in the assessment and installation stages as they knew that energy suppliers have the expertise required to do this.

There was also an expectation across nearly all participants that **government** was involved. It was generally assumed government's role was in the design and promotion of the Green Deal, in order to encourage consumers to be environmentally-friendly in both their homes and work spaces. There was also an instant assumption that the accrediting body would sit within government. The desired role of government in the Green Deal is discussed in more detail later in this chapter.

A few participants mentioned third sector bodies, such as Age Concern, as organisations which could potentially be involved to help promote warmer, cheaper to run homes for vulnerable householders.



Participants did not anticipate the involvement of **high street stores** such as supermarkets and home improvement DIY stores when they discussed how the scheme might be delivered. However, many participants would welcome the involvement of such companies as they are recognised and trusted household brands. This was considered important to ensure the credibility of a Green Deal offer, particularly given the complicated finance scheme involved and the length of the payback period. Participants, particularly from SMEs, had greater confidence in the long-term stability of these large companies than they did more local businesses. They also felt that the involvement of large national high street companies would provide reassurance to potential customers about the level of customer care they could expect.

"You'd have to have large multinationals involved, with a track record and known by the public... Once you have small contractors you're likely to have cowboys."

Homeowner, post family, low income, flat/ semi-detached post-1980 property, Wembley

"We welcome big companies, the costs for them are less, they can spread their costs... big reputable companies not a small local builder as with big companies we would be covered, as you can see small companies are shutting down, this company is bust and then that."

SME, owner-occupier, Bridgend

The involvement of large national high street brands, particularly supermarkets, was not welcomed by all participants however. In rural areas particularly, the potential involvement of these companies was met with hostility because there was a strong desire to support **small local businesses**. This view was also shared by some SMEs located in more rural communities.

Most participants wanted small, local, specialist businesses to carry out the installation. The role of personal recommendation was a crucial tool which participants used to select tradespeople to work on their properties. The quality of work was expected to be high given the need to uphold local reputation.

Some of these participants were concerned that increased costs would be passed on to customers by supermarkets because they would have to subcontract specialists because energy efficiency is not their line of business.

“There’s a benefit to the consumer by keeping it to local companies and it’s a benefit to the local economy because goodness knows Wales needs jobs.”

Homeowner, no dependents, low income, detached/
semi-detached 1919-1980 property, Bridgend

“They [supermarkets] don’t have specific technicians to do this work, they have to subcontract out whereas the others already have their own engineers, it will cost you more.”

SME, owner-occupier, Bridgend

A few participants’ interest in the Green Deal was dependent on being able to take up the entire offer through a local business, including the provision of finance. However, after further consideration, many others said they would value the involvement of large national companies as the overall provider for the reasons discussed above and would only use local specialist businesses for the installation stage.

Accreditation and the Green Deal

Understanding of accreditation and certification marks

Participants understood accreditation to mean that the organisations involved in delivering the Green Deal have been approved and can be trusted to undertake high quality work to agreed standards and to offer products and services to consumers at fair prices. Accreditation was also considered to provide consumer protection as it acts as insurance if something goes wrong.

There was an immediate assumption across most participants that the government would be responsible for accreditation. A few mentioned Ofgem as a suitable accrediting body and a few expressed a preference for an industry organisation, such as a large manufacturer or an existing industry regulator, to be the accrediting body. This type of organisation was preferred to government by a few participants because they were perceived to have greater knowledge of the industry and therefore to have greater credibility in a regulatory role.

Not all associations with accreditation made by participants, particularly homeowners, were positive however. Some interpreted it to mean a restricted choice of people and organisations that could be used by Green Deal customers. This was highlighted particularly in relation to the installation stage and the involvement of small local businesses. A few participants raised queries about whether accreditation favours only larger providers and installation companies because smaller local businesses may not be able to afford the time or cost of the accrediting process. There were also a few who were concerned that the costs of managing the accreditation process would be passed

on to Green Deal customers or that accredited organisations would come at a premium price. For a few, the accreditation process was considered to be in the interests of creating jobs and generating further revenue rather than in the interests of customers.

“Sometimes these accredited people that come in to do this work, they’ve got a guaranteed income, job, then they can charge what they like really. And they’ll get paid for it because it’s, I presume, a government sponsored initiative.”

Homeowner, high income, no dependents,
detached/ terraced pre-1919 property, Alnmouth

Overall, SMEs were more positive about the role played by accreditation and the need for it within the Green Deal than homeowners. SMEs placed a great deal of value on the insurance provided by an accreditation scheme. They felt that the proof of quality of the installation would be important at the point of re-selling the property in future.

Preferences for accreditation and certification mark

Participants initially expected that all organisations involved in delivering the Green Deal would be accredited. This included the overall providers, the assessors, the installers and the finance providers. Similarly, participants initially said they would want to see the certification mark proving this accreditation at all stages of the customer journey. However, following further consideration and when participants were asked to put themselves in the shoes of a Green Deal customer these preferences altered.

Participants wanted the **overall Green Deal provider** to be accredited and for this to be made visible to the consumer through a prominent certification mark on their advertising and correspondence about their Green Deal offer. Participants felt this would provide reassurance that the organisation had been approved to oversee Green Deal packages and were able to claim repayment via a property’s energy bill.

Participants also wanted the organisation providing the **assessment**, which is preferably separate from the provider as discussed in Chapter 2, to be accredited. Most participants felt accreditation at the assessment stage would signal the independence and objectiveness of the assessor from any one provider and also provide proof of their experience. Similarly to overall providers, participants wanted an assessment organisation to make its accredited status known to them through a certification mark displayed on its advertising and correspondence. Participants thought that the assessor visiting the property should also display the certification mark on their ID badge.

Homeowners assumed that the **accreditation attached to the Green Deal providers would cover the installers** carrying out the work on their properties. While participants stated that the individual installers themselves did not need to have a specific accreditation status, they considered the accreditation of the overall Green Deal provider sufficient guarantee on the quality of work undertaken at the installation stage. Participants would expect the provider to issue a list of approved installers, including both national and local businesses, for customers themselves to select from. The inclusion of the installer on an approved supplier list would mean the Green Deal provider organisation itself would be ultimately responsible for the installation work

carried out according to participants. It was assumed that this process would ensure installers completed their work to the required standards.

“Because the scheme is being organised under the eye of these big companies, the contractors that actually do the work will have quality criteria set by energy companies/providers”.

Early adopter (positive green), Harrow

Participants considered the required standards to be requirements such as the minimum depth of loft insulation or safe practices when installing boilers. They assumed that similar standards were in place for all the measures included within the Green Deal. The individual installer visiting the property would be expected to display proof of industry qualifications, such as Gas Safe.

“I don’t know if they need to be accredited, they just need to have a standard. A minimum standard they have to meet. Like windows have to be standard.”

Homeowner, family, low income, flat/
terraced pre-1919, Edinburgh

There was no demand from participants for further accreditation and certification in relation to the **finance** deal as this would again be covered by the overall Green Deal provider. A few participants also mentioned that the financial industry is already regulated and therefore would not require any further accreditation under the Green Deal.

“Certification is not really necessary for finance, you’re talking about money and people doing that would be accredited in that area.”

Early adopter (moment of change), Harrow

Participants from SMEs were more likely to want visible accreditation at every stage in the Green Deal process, including both installation and finance. These participants were the most concerned with having clear accountability for the work that had been done. Some SMEs thought that proof of accreditation would be vital when selling their business property with a Green Deal repayment charge attached.

Customer expectations for redress

Participants expected to contact their Green Deal provider in the first instance for complaints they had about any aspect of the scheme. Those who preferred a large private sector company as the overall provider expected that such companies would be suitably set up to deal effectively with complaints procedures. Those who preferred a small local provider (primarily rural homeowners and SMEs) believed that they would take action to address complaints in order to preserve their local reputation. If either a small local provider or large national provider did not adequately address a customer problem, participants wanted to be able to escalate their complaint to the accrediting body.

The channel for lodging customer complaints would also depend on the nature and extent of the problem. The preference for small local businesses to undertake the installation was influenced by an expectation that they would be able to respond quickly

to small problems encountered after installation. Many participants felt they would give the installer an opportunity to fix the problem before taking the complaint to the provider.

Delivery of advice and support throughout the customer journey

Similarly to expectations around the channelling of complaints, participants said they would contact their Green Deal provider for any information needs they had once they had become a customer, for instance, queries about the installation process, complaints or enquires about repayments.

“I don’t think it [a central advice and support line] would be used a lot, as if the providers are good the issues you have should be resolved with them and you won’t have to go higher.”

Homeowner, pre family, high income, detached/ semi-detached 1919-1980 property, North Berwick

There were two points prior to selecting a Green Deal provider where participants wanted a separate advice and support line to be available. The first of these was **before consumers signed up to an assessment** to receive further information on the process of the assessment and the outputs they would receive. A pre-screening exercise was also suggested at this stage by a few participants. This would entail taking basic information about property type and age, and the measures already installed, to provide assurance on whether the assessor would be able to recommend further energy efficiency improvements. At this stage participants thought they would also want to be able to contact an advice and support line to receive further information about the whole Green Deal process and for queries about the financing of the scheme answered.

The second point of demand for advice and support was **following the assessment and prior to selecting a Green Deal provider and installer**. Some participants suggested an online price comparison site would be useful at this stage to find the different deals being offered across providers so that they could quickly identify the offer most suitable for them.

Preferences for delivery of ongoing advice and support and lodging complaints

Most participants imagined they would conduct their own online research before committing to an assessment or selecting a Green Deal provider. However, there was an expectation among participants that a staffed telephone helpline would also be available. This would be expected to operate primarily within working hours, although should provide some out-of-hours access (for example by operating for some hours during the evening and weekend). These expectations also applied to the complaints service provided by individual providers and by the accrediting body.

Many participants saw merit in an online channel supporting a staffed telephone helpline in order to enable the submission of documents, for instance, so that customers could submit photographs to check the eligibility of their property or examples of poor workmanship if making a complaint. If email queries or complaints were submitted participants would expect there to be a maximum response time limit, for instance 24 hours.

Participants wanted the staff on the telephone support line to be knowledgeable about the entire Green Deal process so that they could respond to enquiries about any stage, including the financing. They would also need to be able to answer basic questions about the appropriateness of different measures for different types and ages of property. Beyond this, participants did not expect call centre staff based with the provider, or the accrediting body, to have any particular experience or qualifications.

While a number of participants felt a price comparison website for Green Deal providers would be useful, they had no firm opinion as to should host this. Some imagined this would be a tool that emerged naturally following the launch of the Green Deal. There was agreement across participants that the telephone service should be provided by an independent, objective organisation. This would reassure potential customers that the information they were given, particularly about the potential suitability of their property, was trustworthy and objective. Again, participants overall had no firm opinion as to who should host this, although some homeowners in Scotland explicitly mentioned the Energy Saving Trust Advice Centres.

It would have to be someone like the Energy Saving Trust giving you the information so that they are not swaying you in any way. They have to be impartial. Like Changeworks, so it is an environmental thing at council rather than a company with an influence.”

Early adopter (positive green), Edinburgh

A few participants also suggested that local government could host an advice and support line, although this was considered more important if assessments were tied to particular Green Deal providers. In this instance, some participants wanted local government to provide an impartial source of advice to consult following the assessment. A few participants highlighted the permanence of local government as a supporting argument for it to host an advice and support line, and they contrasted this with a private provider.

“Perhaps this should be done by a local council. A provider might cease to trade. Government involvement might be needed to act as a safety net. The provider could provide whatever advice and support they want, but if they go under, there should still be somebody who step in to help, who knows what they are doing.”

Homeowner, no dependents, low income, detached/semi-detached 1919-1980 property, Bridgend

Desired role of government and level of visibility

The final section in this chapter brings together the expectations, and preferences, of participants for the role of government in the Green Deal.

Participants assumed that government would be involved in the Green Deal and wanted both national and local government to be visibly involved in promoting the scheme to businesses and householders.

“It’s the country’s image internationally, people’s health, CO₂ emissions, people’s houses, pollution levels, everything is in the country’s interests and so the government needs to take a significant part in this.”

Early adopter (positive green), Harrow

Government endorsement of the Green Deal in this way, at both a national and local scale, was felt to overcome a number of barriers for participants. Firstly, it reduced cynicism about the motivations for the private sector, and in particular energy suppliers, to be involved in the scheme. Participants struggled to understand why private companies would be willing to offer such long repayment periods unless there was a government push for them to do so; and in the case of energy suppliers, struggled to understand why they would be promoting energy-saving measures. Secondly, participants felt that government endorsement of the scheme would reduce the concerns they had about selling a property that had a Green Deal repayment charge attached to it. This was because the government endorsement was felt to be something which would increase awareness and interest in the scheme. Participants considered there to also be fairly distinct roles for national and local government within the Green Deal. These are discussed in the sections below.

“I don’t want to feel alone taking this sort of thing out and I think if it’s adopted by the local council, it is more widespread and more knowledgeable, I think it would attract a lot more people.”

Homeowner, no dependents, low income, detached/
semi-detached 1919-1980 property, Bridgend

The visible involvement of government in supporting the Green Deal was considered particularly important by SMEs. This was felt to provide an incentive for uptake as it would allow current occupants to say they had improved the energy efficiency of the premises in line with government recommendations. SME representatives also thought it would help persuade landlords to grant permission for the measures to be installed as well as help at the time of sale of the business premises.

Desired role for national government

National government should set the standards for work carried out under the Green Deal according to participants. This was felt to encompass setting the standards to which the work had to be carried out, for instance, the minimum depth for loft insulation. While a few participants suggested an industry body would be best placed to do this, most assumed, and wanted, it to be government’s role.



National government was instantly assumed to be the accrediting body for Green Deal providers. The independent assessors desired by participants for the assessment stage were expected to be either government-employed or government-accredited. There was not a particular preference either way as the independence of the assessor from the Green Deal provider was the key criteria.

“The government should have firm rules and laws set in place for accredited companies I think and for assessors...it’s very, very difficult for us as individuals to know when somebody is doing a good job or know how to do their job well, unless there’s some regulatory format.”

Homeowner, high income, no dependents,
detached/ terraced pre-1919 property, Alnmouth

Some participants expected government’s role to include providing additional assistance, usually in a financial sense, to vulnerable homeowners. This view was expressed by some mainstream participants as well as vulnerable homeowners.

Participants did not distinguish between different areas of national government for these roles.

Desired role for local government

There was a desire for local government to be involved in promoting and endorsing the Green Deal as stated above. Beyond this, the desired level of involvement for government at a local level depended on the local reputation of the council and participants’ personal past experiences with it.

Some participants thought local government could play a role in approving local contractors for the installation stage. It was felt council employees would have better working knowledge of local businesses than a national agency or body.

Government, including local government, was not considered suitable as an overall Green Deal provider by most participants. A better customer service was expected from the private sector as well as positive elements of competition, in relation to both quality of work and pricing. However, there were a few participants who thought their local council could be a suitable provider. These participants tended to be from rural areas where there were high levels of distrust for large private sector companies, particularly high street brands and a big support of local businesses. For these participants, the council would be a trusted and reassuring provider as it is considered more permanent than a private company. This was important for this minority of participants given the long payback commitment involved in the Green Deal. Vulnerable homeowners were also more likely to consider the local council as a potential provider. As well as the reasons stated, these participants were familiar with receiving information about schemes related to energy efficiency which had links to their local authority.

Chapter 5: Specific customer groups

This chapter highlights the key differences between the needs and wants of vulnerable homeowners and small to medium-sized enterprises when compared with the reactions of participants overall.

Key differences for vulnerable homeowners

Vulnerable participants were people interviewed who were most prone to suffering detrimental impacts as a result of living in cold housing. For the purposes of this research, these participants were considered to be homeowners on low household incomes who were either aged 70 and over or who considered themselves to have a long-term illness, health problem or disability that limited their daily activity and the work that they do (this included problems due to old age).

Overall response to the Green Deal

Vulnerable homeowners were the least likely to find the Green Deal appealing. The major barrier to these home owners being interested in the Green Deal was the repayment model. They expressed a strong principle for paying upfront for goods and services, rather than buying them 'on credit'. This was true of both disabled and older homeowners although it was expressed most strongly among the older group.

"If I can't afford to have it done and pay for it, I don't have it done, simple as that. You don't know what's going to happen around the corner and things could go downhill fast...everything is going up and our pensions are going down." Vulnerable homeowner, long-term disabled, Llangynwydd

Older homeowners did not feel they should take on repayments over very long time periods as they would be unlikely to see the whole deal through. This group of participants were the most likely to raise the moral issue of whether it was fair to pass on a cost to a future occupant.

"If I moved into a house and I had to pay for something someone else had done, I don't think I'd want to do that, if I wanted to change it then I couldn't." Vulnerable homeowner, aged 70+ Llangynwydd

Many vulnerable homeowners were aware, either through direct experience or hearsay, that energy efficiency home improvements are currently being subsidised or offered for free through local councils, energy suppliers and charities. This led to some opposition towards the idea of charging for these types of measures under the Green Deal. There was an expectation across this group that these energy efficiency measures would continue to be delivered free of charge.

Some disabled homeowners had additional barriers to taking up energy efficiency measures generally, which also applied to the Green Deal. Some of these homeowners

would need additional hands-on support to prepare their properties for the installation of energy efficiency measures, for instance, clearing the loft.

“I haven’t been able to actually get into the loft for 30 years... and there is so much stuff put up there and I couldn’t just have a skip outside to put it all in, I’d have to go through everything but I’d need help to do that.”

Vulnerable homeowner, long-term disabled, Llangynwydd

Assessment and Installation

Similarly to participants overall, vulnerable homeowners expressed a preference for an independent assessment rather than an assessment conducted by a Green Deal provider. Older participants in particular were concerned about being pressured into accepting a Green Deal package through a hard sell approach. These homeowners often assumed that the assessment would be conducted free-of-charge. When prompted, they said they were only willing to pay around £20 for an independent assessment.

Older homeowners tended to be less interested in receiving behavioural advice at the time of the assessment. These participants were not hostile about receiving this information but they would be sceptical about its value and relevance for them. For a few this was because they felt they already knew what they should be doing to improve the warmth of their home. Many of these homeowners were already very economical with their use of heating, and energy more generally, and did not feel they could be given any further advice. Older homeowners were less interested in behavioural advice either because they could afford their current level of energy usage, or because they were accustomed to a certain level of usage, and did not consider it a priority to change this.

Vulnerable homeowners said that personal recommendation was an extremely important consideration for them when choosing an installation company. The appeal of the Green Deal would depend, for many, on being able to use a local installer. Many, especially among the older group, would be unlikely to have someone who is unknown, either to them personally or to a wider support circle of family and friends, in their home to conduct work, due to fears over personal security.

Finance

As stated above, the repayment model would be a large barrier to uptake among this group of participants as they hold a strong aversion to taking on ‘debt’. The views of vulnerable homeowners towards other aspects of the Green Deal financing were the same as for participants overall as they preferred a fixed rate of interest and a shorter payback period. In principle, vulnerable homeowners were happy to have the repayment charge added to their energy bill. However this group of participants were highly unlikely to consider themselves a target audience for the scheme, and so these preferences were generally hypothetical responses.

Delivering and accrediting the Green Deal

The independence of the advice and assessment was of key importance to this group. Vulnerable homeowners were among the most likely to express concerns about being pressured by assessors who were tied to a particular provider. Many expressed a preference for the involvement of local government in the role of providing advice and support as it was a trusted source of contact.

Key differences for small to medium-sized enterprises

Overall response to the Green Deal

SMEs were among the participants who found the Green Deal the most appealing. These participants often said they were working within tight budgets (due to the economic situation) and they viewed the annual cost savings, presented within the mock-up packages (see Figure 2) favourably.

SMEs were more familiar than homeowners with a finance model based on long payback periods and so this was less of a barrier for them. They welcomed the opportunity to make improvements to their businesses at no upfront cost.

“The payment basis is something that allows me to do something without me having to worry about blowing lots of money and saving up, it can be paid sensibly over a period time, yeah I’d be very interested.”

SME, tenant, Bridgend

For a few SMEs the Green Deal was less appealing. This was often due to the specific nature of their business. For instance, for some very small businesses energy efficiency, and the associated cost savings, was not a priority due to very low energy consumption. For others, such as retail outlets, cafes or bed and breakfasts, the disruption and loss of business that would be incurred during the installation phase was off-putting. Participants from small specialist businesses felt that the Green Deal would only be appealing if it allowed small local businesses to act as the provider. A few of these participants said they would not be interested in the scheme if it was only delivered through high-street chains. These attitudes were driven by a desire to support the local economy.

Participants working in owner-occupied premises were more likely to express a firm interest in taking up the Green Deal. Tenants varied in their opinions on how easy it would be for them to take up measures through the scheme, depending on the length of their lease and their existing relationship with their landlord. However, both owner occupiers and tenants were positive about the concept.

Despite being presented with a range of packages of measures which could be delivered through the Green Deal, SMEs focused on the improvements they needed to make to lighting in particular. Many felt this area of their business could be more cost and energy efficient. These participants therefore discussed the Green Deal in relation to financing lighting measures more so than heating measures. For instance, retail outlets have spot lights on areas of a shop to create atmosphere. However, there was some lack of certainty over the effectiveness of energy efficient lighting and concerns about the strength of light emitted.

Assessment and Installation

There was a broader mix of attitudes towards the need for an independent assessment among SMEs than among homeowners. Some SMEs were more comfortable with the idea of using Green Deal providers for free assessments which included a standardised assessment but which also recommended particular measures and installers. These SMEs would be far more likely than homeowners to have multiple assessments of this kind conducted. This was because they perceived the assessment stage as a 'quote' and felt confident in their ability to negotiate the best deal.

Finance

SMEs tended to feel more comfortable with the Green Deal finance model than homeowners. This was because they were used to buying products and services for their business on credit. They did not share the same reticence over 'debt' as many homeowners. They also had fewer concerns than homeowners about the long payback periods. In part this was because they were less concerned about the impact of the Green Deal charge on their ability to resell the premises.

However, a few SMEs were sceptical about the value for money offered by the Green Deal. One SME mentioned the low-interest loans available to small businesses through the Carbon Trust and others felt they could negotiate a better deal through their bank.

Delivering and accrediting the Green Deal

Accreditation at all stages of the Green Deal was even more important to SMEs than homeowners. SMEs valued accreditation due to the consumer protection it would offer. Most SMEs assumed government (either local or national) would act as the accrediting body, similarly to homeowners. For SMEs this was especially important as it would strengthen the 'business case' for making improvements to the premises under the Green Deal when either trying to gain landlord permission or when passing on the premises to new occupants.

Preferences around Green Deal providers were more mixed for SMEs than for participants overall. Some SMEs had a strong preference for large national companies to act as overall providers given the stability of these brands compared to small local companies. In many areas of the country small businesses were considered to be struggling and threatened with closure. For many SMEs this meant small businesses would be too much of a risk in relation to the long financing commitment of the Green Deal. For other SMEs however, a strong desire to support the local economy and to provide local businesses with custom led them to prefer a local provider. For a few, their likely uptake of the Green Deal would be dependent on the inclusion of local firms as providers.

Appendices

The Appendices provide further detail on the objectives for the research, its methodology and the research materials, including stimulus, used to explore the concept of the Green Deal.

[Appendix 1 - Detailed research objectives for each element of the Green Deal](#)

[Appendix 2 - Detailed research methodology](#)

[Appendix 3 – Stimulus used to communicate Green Deal](#)

[Appendix 4 – Discussion guides](#)

Appendix 1 – Detailed research objectives

Underpinning the principle objectives, set out in the report introduction, are specific questions that the research findings should help to answer.

Assessment

- a. To determine customer views on what the role of government and commercial partner provided information is.
- b. To understand where objective assessment is critical or where tied advice is acceptable.
- c. To get initial feedback on perceptions of the Energy Performance Certificate and its presentation of information on energy consumption and energy efficiency measures.
- d. To understand customer needs and wants for an in-building assessment service (for example, number of visits, quality of service provided, type of assessor visiting properties).
- e. To understand the type of information that customers will need to help them make informed decisions to embark on a Green Deal journey.
- f. To understand how to ensure the assessment service is trusted.
- g. To understand whether behaviour elements could be explored in the in-home assessment.
- h. To assess whether different techniques need to be used to provide services to vulnerable households, those in remote locations or other households with specific needs, or whether the same technique can be used for all.

Installation and Accreditation

- i. To understand expectations for a government accreditation scheme.
- j. To identify examples of other trusted accreditation schemes and key learning points for the Green Deal.
- k. To understand what factors customers consider when deciding whether to use an independent or unaccredited builder or a company with independently accredited standards for building improvement work.
- l. To determine perceptions of likely Green Deal providers and their potential reach.

Finance and Redress

- m. To determine how best to explain the 'Golden Rule' most effectively to consumers.
- n. To determine the requirement for a central redress system.

Demand Issues: Barriers and triggers

- o. To identify any barriers or issues with the overall concept or any individual components
- p. To identify and test what nudges and/or incentives could be implemented to optimise important trigger points, such as moving house.
- q. To identify what other behavioural influencers DECC could leverage to increase likely take up of the Green Deal.
- r. To determine customer perceptions on the role of other partners or intermediaries in building customer confidence in the uptake of the Green Deal.
- s. To identify the most appropriate language for describing the concept and the associated quality mark

Appendix 2 – Detailed research methodology

More detail is provided here about the breakdown of participants across the seven different locations.

In each area the following fieldwork took place:

- four two-hour discussion groups with up to 10 participants in each (N.B. in Wales this was halved to two discussion groups);
- One three and a half hour reconvened session with up to 20 of the most engaged participants (N.B. in Wales this was halved to include up to 10 participants);
- four one-hour in-depth face-to-face interviews with vulnerable homeowners; and
- four one-hour in-depth face-to-face interviews with SMEs.

Research with domestic audiences

The following applied to all homeowners involved in the research -

- All owner-occupiers (this could include shared ownership)
- All responsible for making key decisions about the house e.g. home improvements, energy bills
- All aged 16+
- None lived in properties built after 2002
- None lived in fully insulated properties which already have energy efficiency measures – that is a property which has ALL of the following installed already:
 - loft insulation
 - cavity wall or solid (external or internal) wall insulation
 - a high efficiency condensing boiler
 - individual radiator controls

A summary of the locations, dates and typologies for each group discussion is provided overleaf.

Participants were recruited by specialist qualitative Ipsos MORI recruiters. The recruitment was done face-to-face on-street and through door-knocking. Participants received £35 as thank-you for their participation in the group discussions and a further £45 if they attended the second workshop. SME participants received £50 and vulnerable participants received £30 to take part in the in-depth interviews.

Group	Date and time of group discussion	Location	Group type summary	Date and time of second workshop
1.	Mon 28 th Feb, 6-8:00 pm	Harrow	Mainstream – Family, high income	Saturday 5 th March, 10am – 1:30pm
2.	Mon 28 th Feb, 8:15-10:15 pm	Harrow	Early adopters – Positive Greens	
3.	Thurs 3 rd March, 6-8:00 pm	Wembley	Mainstream – Post-family, low income	
4.	Thurs 3 rd March, 8:15-10:15 pm	Wembley	Early adopters – Moments of change	
5.	Thurs 3 rd March, 6-8:00 pm	Llangwyd	Mainstream - Independent, low income	Saturday 5 th March, 10am – 1:30pm
6.	Thurs 3 rd March, 8:15-10:15 pm	Llangwyd	Early adopters – Willing but unable	
7.	Weds 9 th March, 6-8:00 pm	Edinburgh	Mainstream – Family, low income	Saturday 12 th March, 10am – 1:30pm
8.	Weds 9 th March, 8:15-10:15 pm	Edinburgh	Early adopters – Moments of change	
9.	Thurs 10 th March, 6-8:00 pm	North Berwick	Mainstream – Pre-family, high income	
10.	Thurs 10 th March, 8:15-10:15 pm	North Berwick	Early adopters – Positive Greens	
11.	Weds 9 th March, 6-8:00 pm	Morpeth	Mainstream – Pre-family, low income	Saturday 12 th March, 2pm – 5:30pm
12.	Weds 9 th March, 8:15-10:15 pm	Morpeth	Early adopters – Willing but unable	
13.	Thurs 10 th March, 6-8:00 pm	Alnmouth	Mainstream – Post-family, high income	
14.	Thurs 10 th March, 8:15-10:15 pm	Alnmouth	Mainstream – Independent, high income	

The following instructions were provided to recruiters to ensure the required mix of participants were recruited for Stage 1 and Stage 2 and for the vulnerable homeowner depth interviews.

Recruiter instructions for Mainstream groups

Across all of these groups please recruit a mix of:

- Education levels
- Freehold and leasehold (maximum 2 leaseholders per group)
- Household size (according to both number of bedrooms and the number of people in the household)
- Perceived levels of energy consumption (high/average/low users of gas and electricity)
- Attitudes towards energy efficiency/ levels of concern for energy efficiency

Each of these groups will be characterised by a different set of participants according to their **lifestage** and their **social grade**. We are also looking for different mixes of **property type** and **property age** in each.

Income - For all the groups please consider a high income to be total household income of above £30,000. Anyone with a total household income below £30,000 should be considered for the low income groups. However, please do use your discretion as we are interested in high and low levels of *disposable* income. If a participant has a total household income of £25-30,000 but consider themselves to have a lot of disposable income please consider them for a high income group.

Please see pen portraits for each group below.

Group 1 –“Family, high income” These participants will be part of a family with children living at home. They are likely to be young or in their middle ages (perhaps aged 24-45). They will consider themselves to be reasonably financially well-off and to have disposable incomes which could be spent on things such as travel, home improvements, leisure pursuits etc. They are likely to fall in social grades A, B or C1.

They will be living in suburban areas in detached or semi-detached properties. We are looking for people who live in properties built between 1919 and 1980.

Group 3 –“Post-family, low income” These participants are likely to be older (perhaps aged 50+) as their children have now moved out of home. They will be consider money to be tight in their household without much disposable income to spend on things other than the essentials (food, bills, school, transport to work etc) - - perhaps on only a state pension if over retirement age. They are likely to fall in social grades C2, D or E.

They will be living in urban areas in flats or semi-detached properties. We are looking for people who live in properties built after 1980s.

Group 5 –“Independent, low income” These participants will be a mix of ages but will all be people who do not have children. This might be because they are single or because they have chosen not to have children due to careers or other lifestyle choices. They will consider money to be tight in their household without much disposable income to spend on things other than the essentials (food, bills, school, transport to work etc). They are likely to fall in social grades C2, D or E.

They will be living in rural areas in detached or semi-detached properties. We are looking for people who live in properties built between 1919 and 1980.

Group 7 –“Family, low income” These participants will be part of a family with children living at home. They are likely to be in young or in their middle ages younger (perhaps aged 24-45). They will consider money to be tight in their household without much disposable income to spend on things other than the essentials (food, bills, school, transport to work etc). They are likely to fall in social grades C2, D or E.

They will be living in urban areas in flats or terraced properties. We are looking for people who live in properties built before 1919.

Group 9 –“Pre-family, high income” These participants have yet to start a family and are likely to be younger (perhaps aged 24-30). They will consider themselves to be reasonably financially well-off and to have disposable incomes which could be spent on things such as travel, home improvements, leisure pursuits etc. They are likely to fall in social grades A, B or C1.

They will be living in suburban areas in detached or semi-detached properties. We are looking for people who live in properties built between 1919 and 1980.

Group 11 – “Pre-family, low income” These participants have yet to start a family and are likely to be younger (perhaps aged 24-30). They will be consider money to be tight in their household without much disposable income to spend on things other than the essentials (food, bills, school, transport to work etc). They are likely to fall in social grades C2, D or E.

They will be living in suburban areas in detached or semi-detached properties. We are looking for people who live in properties built after 1980.

Group 13– “Post-Family, high income” These participants are likely to be older (perhaps aged 50+) as their children have now moved out of home. They will consider themselves to be reasonably financially well-off and to have disposable incomes which could be spent on things such as travel, home improvements, leisure pursuits etc.- perhaps receiving a private pension if over retirement age. They are likely to fall in social grades A, B or C1.

They will be living in rural areas in detached or terraced properties. We are looking for people who live in properties built prior to 1919.

Group 14– “Independent, high income” These participants will be a mix of ages but will all be people who do not have children. This might be because they are single or because they have chosen not to have children due to careers or other lifestyle choices. They will consider themselves to be reasonably financially well-off and to have disposable incomes which could be spent on things such as travel, home improvements, leisure pursuits etc - perhaps receiving a private pension if over retirement age. They are likely to fall in social grades A, B or C1.

They will be living in rural areas in detached or terraced properties. We are looking for people who live in properties built prior to 1919.

Recruitment instructions for Early adopter groups

Across all of these groups please recruit a mix of:

- Education levels
- Freehold and leasehold (maximum 2 leaseholders per group)
- Household size (according to both number of bedrooms and the number of people in the household)
- Perceived levels of energy consumption (high/average/low users of gas and electricity)

Group 2 and 10 – “Positive Greens” These participants are very concerned about the environment and consider it to be a priority issue that needs to be tackled. They believe that we are facing an environmental crisis and they believe that climate change is happening. They are likely to believe that humans have had a significant role in leading to this situation. They believe that people should change their behaviours for the sake of the environment and to help mitigate climate change. They are likely to already be doing environmentally-friendly things themselves within their home, when they travel etc.

These people are most likely to be social grade A or B and will consider themselves to be reasonably financially well-off and to have disposable incomes which could be spent on things such as travel, home improvements, leisure pursuits etc. They are likely to be in their middle ages (45-60). If they read a newspaper it is likely to be the Guardian, Observer, Independent or Times. They are likely to be highly educated to degree level.

Some useful questions to gauge whether potential recruits are “positive greens” are:

- *How serious an issue is climate change or has it been exaggerated?*
- *How important do you think it is that individuals change their behaviours to help the environment?*
- *How willing are you to make personal sacrifices for the sake of the environment?*

Groups 4 and 8 – “Moments of change” These participants fall into one of two broad categories:

- they are planning to undertake renovation work on their property in the near future. They have an idea of the work they want to carry out and the budget they have available for it.
- they are going through a lifestyle change – this could be something like:
 - o preparing to move from an urban area to a rural areas or vice versa
 - o moving into a bigger property soon with the intention of starting a family
 - o preparing for children to leave home for the first time
 - o preparing to move to a fixed income – perhaps to due retirement or redundancy
 - o preparing for a first child

Please recruit people across a range of these situations.

Groups 6 and 12 – “Willing but unable” These participants express a great deal of interest in installing energy efficiency measures (such as insulation) in their homes but feel that they cannot afford to do so. They may have already taken small, low-cost steps to reduce the amount of energy they use within their home (e.g. using draught excluders, using a timer to control heating, ensuring curtains do not block radiators etc). Although they are interested in other energy efficiency measures they have other more pressing needs for their disposable income – this might be due to having children or elderly parents to support, large houses to run etc.

These participants will consider money to be tight in their household without much disposable income to spend on things other than the essentials (food, bills, school, transport to work etc). They are likely to be in social grades C2, D or E.

Recruitment instructions for In-depth interviews with vulnerable homeowners

Vulnerable homeowners are those who are more prone to suffering detrimental impacts as a result of living in cold housing. This is people who are on a low income AND who are either elderly or have a long-term illness or disability.

In each location please recruit 4 people who are on a low income – this below £13,400 for the total household. These participants will be in social grades D or E. In each location please recruit:

- **2 x** aged 70 or over
- **2 x** consider themselves to have a long-term illness, health problem or disability which limits their daily activity and the work that they do (this may include problems due to old age)
- **Minimum 2 x** live in properties built prior to 1970

Research with non-domestic audiences

The following applied to all non-domestic consumers involved in the research:

- All work in SMEs (defined as 1-249 employees)
- All pay their energy bills rather than having bills tied into their overall rent.
- All are responsible for making key decisions about their energy bills for their organisation
- None work in properties built after 2002
- None work in fully insulated properties which already have energy efficiency measures – that is a property which has ALL of the following installed already:
 - o Loft insulation
 - o Cavity wall insulation or solid wall insulation (external or internal)
 - o Heating controls e.g. programmable thermostats
 - o Energy efficient lighting e.g. LEDS
 - o Lighting controls e.g. timers, presence detectors
 - o Heating & cooling e.g. condensing boiler, energy efficient heating ventilation or air conditioning (HVAC)

There were two categories of SME participant. Across each location, four interviews were conducted with two each of the following:

- 2 x owner occupiers – that is people who own the main property their business is based in
- 2 x tenants – that is people who rent the main property their business is based in

Due to the predominance of very small businesses within the SME sector (less than 50 employees), at least one non-domestic consumer in each area came from an organisation with 50-249 employees.

Business sample was purchased by Ipsos MORI and specialist business-to-business recruiters were used to contact potential participants for the research by telephone. The following types of business were sampled for recruitment:

SIC Code	Maximum Quota (all areas)
52 - Building Materials, Hardware Garden Supply	3
53 - General Merchandise Shops	3
54 - Food Shops	3
55 - Automotive Dealers & Petrol Stations	3
56 - Apparel & Accessory Shops	3
57 - Home Furniture, Furnishings & Eqpt Shops	3
58 - Eating & Drinking Places	3
59 - Miscellaneous Retail	5
60 - Banks & Licensed Deposit Takers	3
61 - Non-depository Credit Institutions	3
62 - Security & Commodity Brokers, Dealers	3
63 - Insurance Carriers	3
64 - Insurance Agents, Brokers & Services	3
65 - Real Estate	3
67 - Holding & Other Investment Offices	3
70 - Hotels, Rooming Houses, Camps & Other Places	1
72 - Personal Services	3
73 - Business Services	6
75 - Automotive Repairs, Services & Parking	3
76 - Miscellaneous Repair Services	3
78 - Motion Pictures	2
79 - Amusement & Recreation Services	3

Appendix 3 – Stimulus used to communicate Green Deal

The following stimulus were used to explain the key principles of the Green Deal at the Stage 1 group discussions and during the in-depth interviews with vulnerable homeowners and SMEs.

Stimulus 2a

What is initiative A?

- You request an **objective energy efficiency assessment** to be carried out in home /onsite by an accredited assessor. The assessment will make **recommendations on potential energy saving improvements**, tailored to your property under the initiative.
- There will also be general advice on how you can use energy more efficiently, to reduce any unnecessary wastage.
- The assessment will outline the cost of making the recommended improvements together with the expected energy savings based on a standard usage for a similar property.

Stimulus 2c

How is it paid for?

The cost of the improvements to the property will be spread over an agreed number of years and **added to the energy bill** for the property.

Whoever pays the energy bill (gas/electricity) will pay for the cost of the improvements.



The **cost stays with the property** until the end of the agreed payment period, even when you move. So after you move the cost will pass onto whoever pays the energy bill.

Only accredited companies can add the cost of the improvement to the energy bill for your property.

Stimulus 2e

Standards & Accreditation

- All accredited assessors and installers will be qualified and registered under the initiative to ensure a consistent and high standard.
- However, if you have any issues or problems with your assessment or assessor, or the installer and the work they undertake you will have consumer protection.
- A complaints procedure will be in place.

Stimulus 2b

What happens next?

- You are under **no obligation** to undertake any recommended improvements following the assessment.
- Your energy efficiency assessment is like a prescription and can be **taken to any accredited company** to undertake the recommended improvements.
- You do not need to use the same company for assessment and for the installation.

Stimulus 2d

The Golden Rule

The **expected savings** on the property's energy bill **should always be greater than or equal to the cost** of making the improvements.

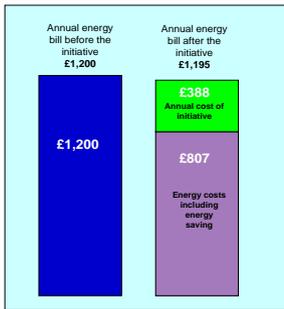


The actual amount you save over the lifetime of the improvement will depend on the actual amount of energy you use and future fuel costs. Savings can not be guaranteed

The following stimulus were used as examples of how measures under the Green Deal could be financed. These were shown to all homeowners at both Stage 1, Stage 2 and the in-depth interviews. Vulnerable homeowners were shown the same examples although Stimulus 3a indicated that the overall cost of the measure would be £2-4,000 less (because of additional financial support).

Stimulus 3a

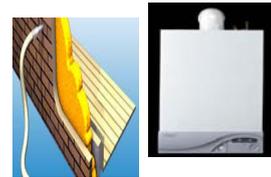
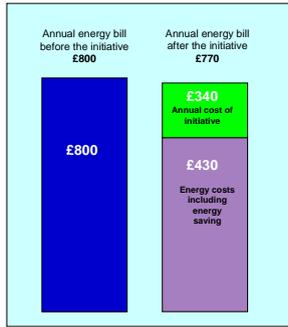
External solid wall insulation (as part of major refurbishment)



- How much is it?**
- Saving on annual energy bill: £93 per year
 - Repayment charge: £388 per year (£32 per month)
 - Overall annual saving: £5 per year
 - Payback period: 30 yrs
 - Total cost of product: £7,600

Stimulus 3b

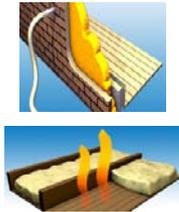
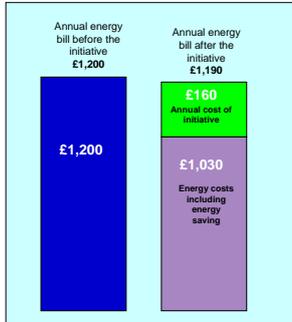
Boiler upgrade (rating G to A), plus cavity wall insulation



- How much is it?**
- Saving on annual energy bill: £370 per year
 - Repayment charge: £340 per year (£28 per month)
 - Overall annual saving: £30 per year
 - Payback period: 10 yrs
 - Total cost of product: £2,880

Stimulus 3c

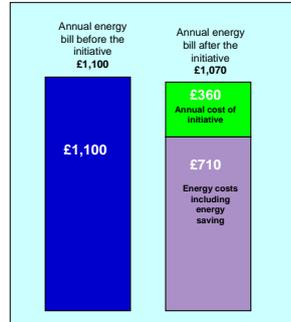
Cavity wall insulation and top-up loft insulation



- How much is it?**
- Saving on annual energy bill: £170 per year
 - Repayment charge: £160 per year (£13 per month)
 - Overall annual saving: £10 per year
 - Payback period: 20 yrs
 - Total cost of product: £1,900

Stimulus 3d

Internal solid wall insulation



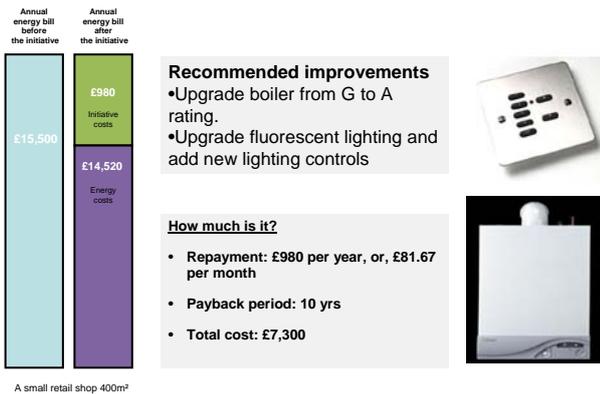
- How much is it?**
- Saving on annual energy bill: £390 per year
 - Repayment charge: £360 per year (£30 per month)
 - Overall annual saving: £30 per year
 - Payback period: 30 yrs
 - Total cost of product: £7,000

The following stimulus were used as examples of how measures under the Green Deal could be financed for SMEs.

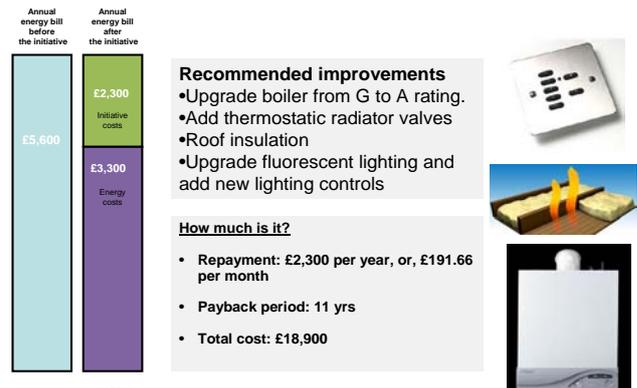
A commercial example of how it works

Property improvement recommended	Costs	Expected fuel savings based on standard usage for a similar property	Cost per year added to the energy bill for the property	The payment term
Small retail shop 400m ² • Upgrade boiler from G to A rating. • Upgrade fluorescent lighting and add new lighting controls	£7,300 (Includes £250 for the assessment)	£980 per year or £81.67 per month	£980 per year or £81.67 per month	10 years
A small office 400m ² • Upgrade boiler from G to A rating. • Add thermostatic radiator valves • Roof insulation • Upgrade fluorescent lighting and add new lighting controls	£18,900 (Includes £250 for the assessment)	£2,300 per year or £191.66 per month	£2,300 per year or £191.66 per month	11 years
2000m ² office floor space • New controls (Building energy Management System) • Lighting upgrade • Roof insulation • Cavity wall insulation	£30,000 (Includes £500 for the assessment)	£9,000 per year or £750 per month	£9,000 per year or £750 per month	4 years

Small retail shop 400m²



Small retail shop 400m²



2000m² office floor space



The following logos were shown to all participants after a spontaneous discussion of the expected and desired providers and organisations involved in the Green Deal from a participant perspective.

Stimulus 4



The following words were shown to homeowners during the Stage 1 discussion groups. These were used to test the most appropriate language to use to describe the Green Deal following a spontaneous discussion where participants thought of words themselves.

Stimulus 5

Registered
 Plan Retrofit Energy
 Deal Approved Certified
 Efficiency Upgrade
 Improvements Re-fit Save
 Comfort Quality
 Green Standard

Each word to be printed on separate A4 laminate

The following stimulus were used to detail the main stages of the Green Deal customer journey at the Stage 2 reconvened events and during the in-depth interviews.

Stage 1: Assessment on suitable improvements

Objective energy efficiency assessment carried out in your property by an accredited assessor



Given recommendations on potential energy saving improvements, tailored to your property under the initiative. Also general advice on how you can use energy more efficiently, to reduce any unnecessary wastage



Costs of making recommended improvements outlined together with expected energy savings based on a standard usage for a similar property

Stage 2: Installing improvements

Your energy efficiency assessment is like a prescription and can be taken to any accredited company to undertake the recommended improvements



Qualified and accredited installers visit your property to fit the chosen measures



Your property is left in a suitable condition (minimum standards are set) and a complaints procedure is put in place

Stage 3: Paying for measures

The cost of the improvements to your property will be spread over an agreed number of years and added to the energy bill for the property. Only accredited companies can add the cost of the improvement to the energy bill for your property



The cost stays with the property until the end of the agreed payment period



So after you move the cost will pass onto whoever pays the energy bill

In addition, the following stimulus was shown to SMEs.

Tenants and Landlords

- The assessment can be requested by either the tenant or landlord of the premises.
- However, consent for any work and for the cost to be added to the energy bill needs to be obtained from both the tenant and landlords.
- Any information relating to energy efficiency improvements, the annual charge and payment term will be added to the Energy Performance Certificate for new tenants .

The following stimulus are examples of the information made available to all participants about the measures which could be delivered under the Green Deal.

Cavity wall insulation



What is it?

In most houses built after 1930, the external walls are made of two layers with a small air gap or 'cavity' between them which means a considerable amount of heat is lost outside.

Filling the gap with an insulating material decreases the amount of heat which escapes through the walls and helps prevent condensation.

How do I get it?

A qualified adviser will assess your house, agree a quote and a qualified installer will do the work.

A qualified installer can complete the work in 1 day.

Internal solid wall insulation



What is it ?

Insulation/plaster board laminates are fitted directly to the inside of your wall. The thicker the board the better the insulation.

They reduce the amount of heat that would otherwise pass through your walls and outside.

The boards usually consist of plasterboard backed with insulating material with a total thickness of 9cm.

You will not need to redecorate the whole house.

How do I get it?

A qualified adviser will assess your house, agree a quote and a qualified installer will do the work.

The time it takes a qualified installer to complete the work varies from house-to-house.

Loft Insulation



What is it?

It acts as a blanket, trapping heat rising from the house below. You should also consider insulating your pipes at the same time for optimum efficiency.

Some properties already have some loft insulation but you could increase this level to the optimal 30cm/12inches to further reduce your energy bills.

Your existing loft insulation may also have deteriorated over the years.

How do I get it?

A qualified assessor will survey your house, agree a quote and a qualified installer will do the work.

A qualified installer can complete the work in around 1 to 2 days.

External solid wall insulation



What is it?

A decorative weather-proof insulating treatment is added to the outside of your wall.

The insulation needs to be between 5 – 10 cm thick.

It helps stop heat being lost from your home and helps prevent condensation.

How do I get it?

A qualified adviser will assess your house, agree a quote and a qualified installer will do the work.

The time it takes a qualified installer to complete the work varies from house-to-house.

High efficiency condensing boiler



What is it?

Condensing boilers get their name because they enter what is called 'condensing mode' at regular intervals.

They start to extract heat from the exhaust gases that would otherwise escape through the flue, in the process releasing water vapour from the gas back as liquid water or condensate so using less energy.

How do I get it?

A qualified adviser will assess your house, agree a quote and a qualified installer will do the work.

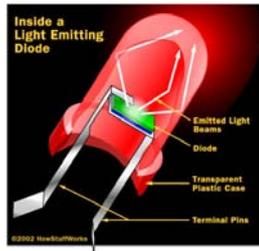
A qualified installer can complete the work in around 1-2 days.

The following stimulus are two measures which would only be available to non-domestic customers under the Green Deal and were therefore shown to SME respondents.

Energy Efficient Lighting

Light Emitting Diodes (LEDs)

- Small, solid and extremely energy efficient – rely on a pure semiconductor to emit light (but not heat or noise) as a response to an electric current
- Offer the prospect of longer lifetimes compared to all existing technologies
- Common business applications include illuminated signage, auto lighting, traffic lights, and emergency lighting
- Recent advances in technology have led to a new generation of LEDs which often, can be fitted directly into existing fittings



- LED bulbs can be manufactured in ways that allows either very focused light or wider beam angles – this has led to new possible applications, such as downlighters, display lighting and flood lighting

Heating, Ventilation and Air Conditioning (HVAC) Temperature/Time Controls

- An efficient HVAC system provides just the right temperature and environmental conditions whilst using the least amount of energy
- Time controls ensure systems only operate when and where the building is occupied
- Temperature controls ensure systems provide the correct required temperatures



The following certification marks were shown to participants to aid discussions around the need for a Green Deal certification mark.



Appendix 4 - Discussion guides

The following discussion guides are included within this appendix.

- Stage 1 discussion group with homeowners
- Stage 2 discussion group with homeowners

The discussion guides for the in-depth interviews with both vulnerable homeowners and SMEs were an amalgamation of these two guides.

Green Deal Customer Needs and Wants: Facilitation Guide for Stage 1 Group Discussions

Welcome from Ipsos MORI – independent research company, introduce team, explain viewing facility (*when appropriate*) *NB. At this stage we will not be introducing who the client is as will influence reactions*

Ground rules for discussion – all views valid, confidential with no direct attribution, permission to record, end time

Introductions around the table: First name, a quick description of the type of house you live in and who you live with

Discussion of home improvements – First of all we'd like to discuss any changes you've made to your home or are planning to make in the future

- Have you recently done/changed anything to your property? What have you done? Why did you do it?
- Do you have any home improvements planned for the future? What? Why? What's stopping you making these changes now?
- Have you thought about doing anything within your home to help keep it warm? What have you thought about doing?
- Have you already done anything to help keep your home warm? What have you done? Why?
-

If have not done anything:

- Why have you not done anything to make it easier to keep your home warm?

(MODERATOR NOTE: allow spontaneous mentions only, likely to include: cost, age of property, type of property, levels of disruption, plans to move etc).

Facilitator to write up any barriers/concerns mentioned on a flipchart

Introduce Initiative A – Show and read out **Stimulus 1** (task for today)

Note-taker to uncover **Stimulus 2a-e** (principles/ how it works) displayed in chronological order along wall to replicate start of customer journey. Also show **measures** at this stage so participants can see what could be delivered through the initiative.

Can you all spend a few minutes reading walking around looking at this information.

Discussion on principles of Initiative A

- What are your immediate reactions to this? Do you understand everything? Is anything unclear?
- What do you immediately like about this idea? Why?
- What do you immediately dislike? Why?
- Does anything in particular stand out for you among these descriptions? Why?

Facilitator to go through each board in turn to check understanding/reactions

- What do you understand by this? Do you have any questions about it? *Facilitator to write all questions raised on flipchart*

Facilitator to summarise that - This initiative would enable you to install measures at no up-front cost. The cost of the improvements would be spread over an agreed number of years and added to the energy bill for the property. The cost stays with the property until the end of the agreed payment period, even when you move. The expected savings on the bills, based on an average home, will be greater than or equal to the cost of making the improvements.

- Do you have any immediate concerns about this? What? Why?
- How important is it that the assessors and installers are qualified?
- Looking at this list of questions we've created, what key pieces of information do you think you need about the idea we've just presented to you?

Facilitator to refer back to flipchart listing barriers/concerns mentioned earlier

- Does anything you've read about on the principles of Initiative A or the Golden Rule help overcome the barriers you've already mentioned about installing measures in your home? How does it help? Why does it not help?

Discussion of different packages and financing – show Stimulus 3a-d (packages of measures)

We have 4 examples of how these measures could be packaged together. These are purely illustrative as in reality the packages would be tailored for your property. Split group into 2 or 3 mini groups giving each 2 packages to discuss. Ask mini groups to read their packages and consider the information provided.

Ask each mini group to feed back their thoughts on the packages they've discussed to the whole group, facilitator probe:

- What are your reactions to the information you have seen? Do you understand everything? Is anything unclear?
- Has this raised any more questions about the new initiative?
- How do your reactions differ across the various packages you have been looking at?

Discussion of providers- The assessment and the installation of home improvements will be offered by a wide range of companies.

- Who would you expect to be delivering this initiative? Why this organisation/body/company?
- Are there any that could be involved in advice but not in installation, and vice versa? Which? Why these?
- What would your preferences be?

Please take a look at these organisations. Show **Stimulus 4** (laminated provider logos). Ask participants to arrange logos into 3 piles:

- Providers they would expect, and can imagine, being involved
 - Providers that they would not have thought about in relation to the initiative but could imagine being involved
 - Providers they think should definitely not be involved
-
- Why have you placed these organisations in these piles? What were you thinking about as you made these decisions?
 - What impact would it have for you if the organisations you've placed in the 'definitely not' pile were involved in delivering this initiative?
 - Which organisations did you disagree over? Why?
-
- What involvement, if any, should government have in this initiative? At what stages? What difference would this make?
 - What would the role of government be? Prompt around how important is independent government advice if available vs provider advice?

Interest in taking-up initiative

Thinking about everything we've discussed about the initiative so far...

- What advantages do you think this initiative offers householders?
- What disadvantages do you think this initiative has?

- What do you find most appealing about the initiative?
 - How interested do you think you'd be in installing and financing measures within your home through this initiative? Why do you say this?
 - When/at what stage do you think you'd be interested in making changes to your home?
- PROBE: when re-decorating/ when planning to move / when first move in to new property?

If participants say they are not interested:

- What, if anything, is stopping you wanting to take this up?
- What, if anything, could encourage you to install and finance a measure under this initiative? Is there anything that could be done to encourage you at the points you mentioned earlier – such as moving home/redecorating etc?

Describing the initiative – split group into four pairs and give flipchart sheet to each.

- If you were asked to describe the new initiative we've been discussing today what words and language do you think you'd use?
- Give pairs 2 minutes to write down words/phrases/language which they associate with the initiative*

Show **Stimulus 5** (laminated words). *Facilitator to take out words which match with the words given by participants.*

Please now take a look at these words.

- What connotations do you think these words have? What do they say about the initiative? What do they make you think of?
- Are any of these words appropriate to use when talking about this new initiative? Which are the MOST relevant? Why these? Why not others?

Winding up

Bring discussion to a close – final comments/points participants would like to make

Green Deal Customer Needs and Wants: Facilitation Guide for Stage 2 Reconvened Groups

Welcome back – re-introduce team and remind participants about ground rules for discussion – all views valid, confidential with no direct attribution, permission to record, end time

Lead facilitator to recap on key points coming out of first set of group discussions (*prepare key points on flipcharts prior to session*). Recap on:

- The appealing aspects of the initiative
- The barriers to taking up the initiative

The key questions participants had about the initiative

Introductions around each table: First name, property type, who you live with, and which measure you focused on for the homework exercise

Feedback on homework exercise

Did you learn anything new doing your homework exercise? Did you find out anything which made you feel differently about the initiative? What? How has your opinion changed?

What difference has this made to how likely you would be to take up an energy-saving home improvement under this initiative?

How interested do you feel now in having energy-saving changes made to your home under this initiative? Why do you say this?

Do you have any new questions about the initiative now?

Lead facilitator to outline topic for session: Today we are going to discuss the different stages you would go through as a customer of this initiative. We will start at the time that you either seek, or are offered, an assessment of the home improvements that could help you heat your homes more easily and cheaply. We will then talk about the installation of these measures and the process of paying for them. At each stage we will be considering the information you might need as a customer and discussing how that information could be given to you, and by whom.

*Lead facilitator to show whole group headings across customer journey **stimulus** with textual points covered to help explain agenda for discussion.* We'd like you to imagine that you have been approached by an organisation interested in installing measures within your home through the initiative or that you have seen an advert for this and are interested in following it up

Discussion of Stage 1 – Assessment of suitable home improvements (*uncover this stage*)

Show **Stimulus** (Assessment) and ask participants to take 1 minute to re-read key facts (MODERATOR NOTE: they have seen this information before so this is to re-cap)

- What do you understand this stage to involve? Can you describe what you think would happen?
- Do you have any questions about what you've read?

Expectations of assessment

- Who/what type of organisation do you think you would be approached by for an energy efficiency assessment such as this? What type of organisation do you think would be suitable?
- Would you need any information in advance of the assessment to decide whether you wanted to have one? What information?
PROBE: reassurance around process of assessment, cost of assessment, objectiveness of assessment, non-committal nature of quote
- Would you want to be given any other information at the time of the assessment? What would you want this information for?
- Do you think the assessor needs to have any formal qualifications? How would you know if they did?
PROBE: ID/badge/certificate – when would you want to be shown this information?
- How important is it that the advice will be provided by an 'accredited assessor'? Why is it important/not important?
- What do you think this means? Who do you think the accreditation would be given by? Who do you think it should be? Why?
- *If not mentioned*- Would you expect government to be involved at all in accrediting assessors? Why/why not?
- What do you think about being given advice about how to use energy efficiently within your home during this assessment? Why do you say that? Are you comfortable receiving advice on your energy use at the same time as the assessment that is being carried out?
PROBE: What are the advantages of being given this information at this time? What do you not like about this idea, if anything?
Facilitator note: this refers to behavioural advice about homeowners usage

Paying for assessment

- How would you expect this assessment to be paid for? How much would you expect to pay? When would you expect to pay?
PROBE: Would you expect the cost of the assessment to be included within the charge added to your energy bill if you decided to install changes to your home? What if you decided not to install anything? Would you expect it to be provided free?

Facilitator to **describe 2 potential options for paying for the assessment:**

- 1) A free assessment is given by the potential supplier which includes a standard assessment plus tailored advice on behalf of the company
 - 2) A completely independent assessment is made which is not attached to the supplier that will do the work for you, but you have to pay for this assessment upfront
- Which of these two options do you prefer? Why?

Next steps following assessment

Following the assessment you would receive a recommendation on the changes to make to your home, the estimated cost of this work and the expected savings it would create on your energy bills.

- What do you think you would do once you received this recommendation and cost information?
- How would you decide whether to follow the advice given from the assessment?

PROBE: both advice on which options to install and advice on how to change the way you use energy within home

- Would you feel the need to check the information you were given?

PROBE: Would you trust the quote? What does this depend on? (*allow spontaneous mentions around common sense, whether provider is familiar and trusted organisation, prior experiences of having quotes/assessments done*)

- Would you want any further information or advice about the quote you had been given? What? Where would you want to get this support from?
- Do you think you would approach other organisations to give you a second assessment or cost? Why? How would you choose between organisations?

Overall reactions to Stage 1

- What do you like about this stage of the process? Why?
- What do you not like? Why?

What concerns, if any, do you have about the assessment stage?

Discussion of Stage 2 – Installing home improvements (uncover this stage)

Show **Stimulus** (*Installation*) and ask participants to take 1 minute to read key facts

- What do you understand this stage to involve? Can you describe what you think would happen?
- Do you have any questions about what you've read?

Choosing an installer

- Would you stick with the same provider that made the assessment? Why/Why not?
- Would you expect the installer to have any specific experience? Would you expect them to have any formal qualifications? Would you want to see proof of this experience/qualification? When would you want to see this?

PROBE: At time of assessment when you are being advised on suitable measures to install / prior to installation / at time of installation

- How important is it that the installation will be carried out by an 'accredited installer'? Do you feel the same as you did about the assessment? Is there anything different about what accreditation means to you in relation to the installation process?

PROBE: on desired role of involvement for government and whether this differs to assessment stage

- What are your expectations about the standard to which the work should be carried out? What do you think "minimum standard" should mean? PROBE: expected standards for quality of work, expected standards for customer service
- What would you do if you were not happy with the work that had been done on your property?

IF WANT ANOTHER CHANNEL OTHER THAN PROVIDER: Who would you want to be able to contact?

Overall reactions to Stage 2

- What do you like about this stage of the process? Why?
- What do you not like? Why?
- What concerns, if any, do you have about the assessment stage?

One person from each group (or facilitator) to feedback on key points from discussion of Stage 1& 2. To cover:

- Positive and negative aspects of assessment and installation stage
- Key concerns (if any)
- Key pieces of information needed by consumer at assessment and installation stages

Is there anything else anyone would like to feed back to the group at this stage?

Discussion of Stage 3 – Paying for measures

These are some of the things we discussed in the first session about how the payment under this initiative works (*prepare key points on flipchart prior to session*). Looking again at how these measures (prompt to look at Stimulus 3 and 4) will be paid for do you have any other:

Queries or question?
Concerns?

There are a number of ways in which you could pay for these measures. Stick **Stimulus** (payment period trade-off) up on wall. Please can you take a look at each of these and place a dot on the option you would personally prefer.

Gather feedback on reasons behind choice. To participants who choose each option ask:

- Why did you choose this payback model? What makes this option better?

Looking back at the packages of measures (prompt to look at Stimulus 5) which included costs, what do you expect the interest rate to be on this initiative? Why? What makes you say that? What are you comparing this with?

If variable and fixed interest rates have not already been discussed, ask:

A fixed interest rate would mean that you pay back the same amount every month. A variable interest rate would mean that the amount you pay back fluctuates based on the level of interest rates at that time.

Please can I have a show of hands for those who would prefer a variable interest rate? And a fixed interest rate?

- Why do you prefer one to the other?

What do you think about having the repayment charge added to your energy bill? What do you think about this charge being passed onto the next bill payer if the property is sold? What advantages do you think this financial model has? What disadvantages do you think it has

Something we discussed last time was whether the inclusion of **high-standard double-glazing** would have any impact on the appeal of the initiative. Under the initiative you would not be able to have the total upfront cost paid for. Instead, you would pay the upfront cost of basic double-glazing and the initiative would help you pay the additional premium to install high standard double-glazing. i.e. it would help you in paying the difference between standard glazing and high standard glazing. This difference in cost would then be paid back by you through your energy bills for as long as you occupy the property as with the other measures we've discussed.

- How interested would you be in installing double-glazing through the initiative in the way I've described? Why?

- Do you think you would have any ongoing advice and support needs throughout the process? What? *One person from each group (or facilitator) to feedback on key points from discussion of Stage 3. To cover:*
 - *Positive and negative aspects of financing stage*
 - *Most similar financial products to initiative*
 - *How initiative be delivered? Who provides advice, installation and finance? Why this model?*
- Is there anything else anyone would like to feed back to the group at this stage?
- Does it have any impact on the overall appeal of the initiative to you? Why?

Task about ongoing advice and support.

I'd now like you to think back over the three stages we've discussed - assessment, installation and payment. I'd like you to think about the information, advice or support you think you would need at each stage if you were a customer of this initiative.

Split groups into pairs/threes depending on which measure they are most interested in /or the measure they researched for homework exercise. Provide with blank copy of customer journey (**Stimulus**). Ask participants to fill in the information they think they would need at each stage, who this information would ideally come from and how it would ideally be delivered (i.e. in printed leaflet, in person, through telephone advice line, on internet)

Ask each mini-group to feedback to their group on the task.

- How would you like to seek advice and support throughout the stages of the customer journey?
 - What would your expectations of the advice and support service be? PROBE:
 - Contact method – How suitable would a web-based advice and support service be?
 - Opening hours
 - Qualifications of advisors
 - Scope of advice available (on suitable measures, validating quotes, checking accreditation, complaints?)
- Source of advice – Who should be providing this advice? (provider, independent party, government?)

PROBE – if the advice was given by the initiative provider what difference, if any, would it make if this was endorsed by another body? Why? Who could it be endorsed by?

Allow spontaneous and the prompt with – local authority? Third party? Independent body? What does this look like?

PROBE on role of government in providing advice and support:

What involvement, if any, do you think government should have in providing advice and support about the initiative, if any? At what stages should they be involved? How should they be involved? What role should they play in this initiative?

- When you talk about government, who or what exactly do you mean? PROBE: central government, a particular government department or local government/councils/authorities or a regulator (along the lines of Ofgem/Ofcom)
- What difference would it make if government was involved in this way?
- Would the initiative be more appealing to you if government was involved or not?

Discussion of Certification Mark

Facilitator to introduce: Throughout our discussion of the initiative we have been talking about the standards you would expect to see at the assessment and installation stage. We'd now like to discuss with you the idea of having a certification mark for this initiative. By a certification mark we mean something like this - show **Stimulus** (existing certification marks)

- What do you think about the idea of having a certification mark attached to this initiative? What do you think this would mean? What would it tell you about the initiative?
- What impact, if any, do you think having a certification mark would have on the appeal of this initiative for you?
- At what points in the customer journey do you think you would want to see this mark? Why this particular stage? Are there any stages where you think a certification mark is less necessary?
PROBE: At assessment stage? At installation stage? At any other stages?

Facilitator note – if participants are immediately saying certification mark needs to be shown at all stages, push back and ask..

- Why would you need to see a kite mark when being contacted by the financial provider? What about the usual consumer protection guarantees that are already in place for any financial product?

If there was a certification mark attached to this initiative, who should be in charge of deciding which organisations can be awarded it? Why this organisation? PROBE: should government have a role in this? Why? What difference would that make?

One person from each group (or facilitator) to feedback on key points from discussion of kite mark and advice/support.

- *Likely impact of certification mark and which stages of customer journey it needs to be visible*

- *Key pieces of information and suitable model for delivering ongoing advice and support to customers.*

Final summary - Please think back and reflect on everything we've discussed over the last two sessions. If you were able to pass back some key comments on this initiative what would they be? Please think about any of the aspects we've discussed or anything else that has occurred to you over the course of these discussions.

Lead facilitator to run this discussion whilst other facilitator writes up key comments on flipchart.

- Are there any final questions?
- Are there any final comments?

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