



Consumer Futures Unit

Warming Scotland up to Energy Efficiency

Putting Consumers First

Background

- ▶ Scotland's climate change targets imply significant change in consumer behaviour, including a transformation in the standards of energy efficiency of our existing housing stock.
- ▶ The biggest challenge to this transformation will be improving the standards of energy efficiency in owner-occupied properties.
- ▶ Buy-in from owner-occupiers is critical to achieving these targets and realising the stated ambition of the government, but at present owner-occupiers are not installing energy efficiency measures at a sufficient rate.
- ▶ The Scottish Government is developing Scotland's Energy Efficiency Programme (SEEP) and has stated it will introduce specific legislation for that programme if required.
- ▶ The CFU has undertaken innovative deliberative consumer research, and developed policy recommendations intended to ensure that SEEP is designed around consumers.

Key Issues

- ▶ Owner-occupier support for the SEEP scheme and its objectives will be critical to its success. CFU evidence suggests that people do not strongly associate using less electricity at home with meeting climate change targets.
- ▶ The CFU's deliberative research confirmed that there is a significant challenge to be met before consumers – and homeowners in particular – can be persuaded to accept regulation of their 'private domain' to achieve minimum standards of energy efficiency.
- ▶ Substantial efforts should be made to lead and transform public opinion on the real benefits of installing energy efficiency measures. This should be supported by a suite of motivating incentives.
- ▶ SEEP needs to be accessible, affordable and as easy as possible for consumers to take action. A 'one stop shop' could go some way towards achieving a single, streamlined 'customer journey' for advice, assessment and support.
- ▶ To date there have been a range of national energy efficiency incentive schemes but they have not achieved the level of uptake required to address the c.1.54 million homes rated below an EPC Band C.
- ▶ Scottish Local Authorities currently offer council tax reduction schemes to those who install energy efficiency measures. There has been limited take-up however, possibly due to the relatively low level of discount available (typically £50), lack of awareness and administrative complexities. Additionally, they are operated as local authority schemes rather than a national one.

SEEP PRIORITIES

TRANSFORMING PUBLIC
OPINION

REWARDS AND INCENTIVES

CONSUMER FRIENDLY

Approximately **1.54**
million homes rated
below the 'good' EPC
'C' standard

Around **1 million**
of these are
owner-occupied

480,000 homes
rated in lower EPC
bands of E, F or G

Around **40,000**
homes are currently
being upgraded to
energy efficiency
rating D or above
annually

Recommendations

SEEP foundations

- ▶ The development of milestones and targets for SEEP must take into account the importance of getting the foundations right: public acceptance and support for the objectives; consumer confidence and trust in the scheme; and making the installation of energy efficiency measures as easy as possible for consumers.

Branding & communications

- ▶ Substantial efforts should be made to lead and transform public opinion on the real benefits of installing energy efficiency measures, to increase consumer buy-in.
- ▶ SEEP will need a new identity and robust governance at a very high level, including regular reporting and scrutiny. It will need eye-catching features, and communications, to capture the attention, support and ideally enthusiasm of the public.
- ▶ There is a pressing need for SEEP to set out simple objectives:
 - > that an EPC rating of 'C' or better is a good outcome – there is little awareness presently of what 'good' is.
 - > the ultimate long-term objective in terms of EPC ratings for housing stock.
 - > a headline ambition to eliminate energy inefficiency as a cause of fuel poverty.
 - > SEEP should seek to make an energy efficient home something that people aspire to live in.
- ▶ An explicit reference to energy efficiency should be included in the vision statement for the Scottish Government's new Energy Strategy.

Incentives

- ▶ A prompt Council Tax rebate should be the headline consumer incentive of SEEP. Our research showed a £500 rebate the year following the installation of energy efficiency measures was significantly more popular than £100 pa for ten years, or than a Land & Buildings Transaction Tax rebate.
- ▶ Subsidised loans are beneficial in some circumstances, so should continue to be available as part of a suite of incentives to install energy efficiency measures, but not as the primary option.
- ▶ The use of the phrase 'able to pay' households in this policy context (as a description of households which are not fuel-poor, it is not objective) should be re-considered.

Delivery

- ▶ Advice, assessment (independent and quality-assured) and support should be freely available to consumers via a 'one-stop shop' – building on Home Energy Scotland's existing offering and designed in accordance with recognised consumer principles. The optimal solution for homeowners, tenants (and individual landlords who need it) would be a single, streamlined 'customer journey'.

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The Consumer Futures Unit (CFU), part of Citizens Advice Scotland, uses research and evidence to put consumers at the heart of policy and regulation in the energy, post and water sectors in Scotland. We work with government, regulators and business to put consumers first, designing policy and practice around their needs and aspirations.

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