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## **Written Evidence submitted by Citizens Advice Scotland**

Citizens Advice Scotland (CAS) seeks to improve outcomes for consumers. We use research and other 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.

It is most relevant for CAS to respond to the consultation question:

**“Lessons to learn: What lessons can be learnt from the devolved administrations on delivering energy efficiency measures?”**

### **Summary**

CAS has published three research reports relevant to this consultation –Warming Scotland Up to Energy Efficiency: Putting Consumers First (2017)<sup>1</sup>, Bad Company: finding solutions for people ripped off by HELMS (2018)<sup>2</sup> and Taking the Temperature: A review of energy efficiency and fuel poverty schemes in Scotland (2016)<sup>3</sup>.

Key learnings:

- Energy efficiency policy must be designed around people. To secure consumer buy-in, substantial efforts to lead and transform public opinion on the benefits of energy efficiency must be made.
- Attractive incentives need to be in place to promote energy efficiency in the owner occupier sector. A prompt Council Tax rebate was the most popular and motivating of the incentive options considered by our research participants.

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<sup>1</sup> <https://www.cas.org.uk/publications/warming-scotland-energy-efficiency-putting-consumers-first>

<sup>2</sup> <https://www.cas.org.uk/publications/bad-company>

<sup>3</sup> [https://www.cas.org.uk/system/files/publications/taking\\_the\\_temperature\\_-\\_a\\_review\\_of\\_energy\\_efficiency\\_and\\_fuel\\_poverty\\_schemes\\_in\\_scotland.pdf](https://www.cas.org.uk/system/files/publications/taking_the_temperature_-_a_review_of_energy_efficiency_and_fuel_poverty_schemes_in_scotland.pdf)

- Strong consumer protections must be in place for those installing energy efficiency measures, particularly routes to redress.

Overall, the success of the UK Government’s approach to energy efficiency depends on getting the foundations right: public acceptance and support for the objectives; consumer confidence and trust; making the installation of energy efficiency measures as easy as possible for consumers; providing the strongest possible protections for consumers; and putting in place robust redress procedures<sup>4</sup>.

## 1. The Scottish Context

In 2015, the Scottish Government designated energy efficiency as a National Infrastructure Priority – as previously advocated by CAS<sup>5</sup>. National infrastructure generally implies substantial government investment which benefits all citizens and the country as a whole. Originally branded as Scotland’s Energy Efficiency Programme, the Scottish Government launched its Energy Efficient Scotland Route Map in May 2018.<sup>6</sup> This set out several targets:

- By 2040, all Scottish homes will be Energy Performance Certificate C (where technically feasible and cost effective).
- Privately rented homes will be required to achieve an Energy Performance Certificate rating of Band E from April 2020 at change of tenancy, and then Band D from 2022.
- All private rented properties will need to be EPC Band E by end March 2022 and Band D by end March 2025.

CAS’ consultation response on the Route Map is available [here](#).

The table below shows the progress in energy efficiency in Scotland since 2014, with the percentage of Scottish houses in more energy efficient bands B and C improving from 35% in 2014 to 43% and the number in less efficient bands D-G decreasing from 64% to 58%.

	2014	2015	2016	2017
<b>EPC Bands B and C</b>	35%	36%	39%	43%
<b>EPC Band D-G</b>	64%	64%	62%	58%

<sup>4</sup> [https://www.cas.org.uk/system/files/publications/2018-01-26\\_cfu\\_briefing\\_-\\_warming\\_scotland\\_up\\_to\\_energy\\_efficiency\\_1.pdf](https://www.cas.org.uk/system/files/publications/2018-01-26_cfu_briefing_-_warming_scotland_up_to_energy_efficiency_1.pdf)

<sup>5</sup> <https://www.cas.org.uk/news/cas-welcomes-swinney-announcement-new-funds-energy-efficiency>  
[http://existinghomesalliancescotland.co.uk/wp-content/uploads/2015/10/EXHAS\\_jointstatement\\_Oct15.pdf](http://existinghomesalliancescotland.co.uk/wp-content/uploads/2015/10/EXHAS_jointstatement_Oct15.pdf)

<sup>6</sup> <https://www.gov.scot/publications/energy-efficient-scotland-route-map/>

Source: Scottish House Condition Survey 2014-17<sup>7</sup>

## **2. Lessons to be learnt from Scottish Energy Efficiency Schemes**

### **Taking the Temperature: A review of energy efficiency and fuel poverty schemes in Scotland**

#### **Key findings**

CAS' research in June 2016 had three stages: reviewing consumer impacts likely from large scale energy efficiency interventions; reviewing past and current energy efficiency and fuel poverty schemes; and mapping the reach of past and current energy efficiency schemes across Scotland.

It found that:

- Area based schemes have been successful in distributing energy efficiency measures across different parts of the country, although some local authorities require additional support to ensure consistent delivery.
- There can be a tension between improving energy efficiency and tackling fuel poverty as they do not always go hand in hand.
- Consumer demand for energy efficiency installations is low.
- Potential energy efficiency benefits are rarely realised because of a lack of awareness and understanding about how to change consumer behaviour.
- The remaining opportunities for basic insulation measures such as loft and cavity wall insulation are increasingly limited. Measures such as solid wall insulation are more expensive and disruptive.
- Delivering interventions in rural areas tends to be more expensive.
- There are significant differences between modelled data to inform energy efficiency schemes and 'real world' outcomes.
- Receipt of benefits is often a poor proxy for fuel poverty and there is a need to develop more effective ways of targeting fuel poor households.

## **3. How to incentivise home owners to improve the energy efficiency of their homes**

### **Warming Scotland Up to Energy Efficiency: Putting Consumers First**

#### **Key findings**

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<sup>7</sup> <https://www.gov.scot/publications/scottish-house-condition-survey-2017-key-findings/> - data for EPC band A is not collected by the Scottish House Condition Survey

- Attractive incentives need to be in place to promote energy efficiency. A prompt Council Tax rebate was the most popular and motivating of the incentive options considered by our research participants.
- Energy efficiency policy must be designed around people. To secure consumer buy-in, substantial efforts to lead and transform public opinion on the benefits of energy efficiency must be made.

CAS' in-depth deliberative consumer research explored what balance of incentives would be most likely to encourage homeowners to invest in improving the energy efficiency of their homes. The main finding was that an incentive system based upon a level of prompt Council Tax rebate (but funded at national level) would be, by some margin, the most popular and motivating of the incentive options considered by the research participants. Other options that were considered included various loan schemes, and also a Stamp Duty-type tax incentive. CAS therefore recommended that a prompt Council Tax rebate should be the headline consumer incentive of the Scottish Government's energy efficiency programme. The report stated that 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. A comparative study on the effectiveness of incentives in other countries by Climate Xchange concluded that "overall, tax rebates appear to perform consistently well."<sup>8</sup> It also noted that "interventions need to address many of the non-financial barriers if they are going to be effective – an attractive financial proposition on its own is not enough to generate sufficient demand."

Our research similarly called for substantial efforts to be made to lead and transform public opinion on the real benefits of installing energy efficiency measures, to increase consumer buy-in. This would require a large-scale, long-term and well-funded national public education campaign.

It called for the Scottish Government to set out simple objectives:

- that an EPC rating of 'C' or better is a good outcome – as 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.
- making an energy efficient home something that people aspire to live in.

The report also called for the installation of energy efficiency measures to be as easy as possible for consumers, ideally via a single, streamlined 'customer journey' and a 'one-stop shop' for advice, assessment and support. It highlighted the need for robust governance at a

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<sup>8</sup> <https://www.climatexchange.org.uk/research/projects/comparative-review-of-housing-energy-efficiency-interventions/>

very high level, including regular reporting and scrutiny. It also stated the need for eye-catching features and communications, to capture the attention, support and ideally enthusiasm of the public.

CAS believes these recommendations are worthy of consideration by the UK Government as it considers the best way to support and incentivise energy efficiency.

#### **4. Lessons to be learnt from the Green Deal**

##### **Bad Company: finding solutions for people ripped off by HELMS**

###### **Key finding**

- Strong consumer protections must be in place for those installing energy efficiency measures, particularly routes to redress.

CAS' report 'Bad Company' raised concerns over the practices of one, now liquidated, Green Deal supplier – Home Energy and Lifestyle Management Systems (HELMS). 72% of HELMS customers were in Scotland (3,054 out of 4,226). Our Citizens Advice Bureaux reported a variety of issues relating to HELMS including:

- > pressure selling
- > misleading information
- > unexpected costs
- > the vulnerability of some customers
- > mis-representation
- > installation issues
- > the transfer of the Feed-in Tariff and multiple financial tools
- > failure to get Building Warrants and appropriate permission from homeowners
- > long contracts
- > issues with redress

CAS sought legal advice to further understand the issues facing these consumers. In the detailed cases presented for legal analysis there was evidence of widespread breaches of the Code of Practice, Green Deal Framework Regulations and existing consumer protection law. The report sets out extensive consumer detriment amongst customers of the company. Taking one example for a Citizens Advice Bureau:

- *"The company had fitted a home insulation package in 2013/14 but had damaged the client's lift from his back door into his garden. He has had a number of visits from HELMS*

*but has not had any satisfaction. The client is paralysed from the chest down and uses an electric wheelchair, so with the lift broken he could not get out of the house in case of an emergency. The client wrote to HELMS but they said they did not get the letter. A suitable second hand lift, which he has the option to purchase from a neighbour, would cost around £2,500."*

CAS called on the UK Government to urgently address four points:

1. Instruct an independent body to contact all HELMS customers to inform them of potential issues and to provide guidance to consumers who feel like they have been affected on how to complain. Independently review all complaints to determine just how widespread the practice of mis-selling was.
2. If this review confirms widespread breaches of the rules of the scheme, then we call on the UK Government to set up a dedicated redress scheme for HELMS customers to fast track complaints and provide satisfactory compensation for those affected.
3. We also believe a solution is required for consumers who were mis-sold Feed-in Tariffs so any lost payments are refunded and affected householders are the registered beneficiaries for future payments.
4. Finally, we request bespoke solutions for specific issues, including a fund to repair faulty goods and a means to provide Building Warrants for those who require them.

We believe these actions are crucial to assist affected customers and avoid tarnishing the re-launched Green Deal financing options and any future government led energy efficiency schemes. CAS recognised the pay-as-you-save model of the Green Deal as providing an opportunity for many consumers to benefit from home energy efficiency and renewable energy improvements. However, the success of future energy efficiency schemes hinges on trust amongst the public, so lessons must be learned from the case of HELMS, and robust protections put in place for future consumers.

If you have any questions about anything in this response please don't hesitate to get in touch.

Yours sincerely,

Marcus Wilson,  
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