



Department
of Energy &
Climate Change

Research into businesses that were not certified Green Deal suppliers

Qualitative and quantitative research with selected businesses that were not certified Green Deal suppliers

December 2014

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URN 14D/473

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Contents

Glossary of Terms and Acronyms	iii
Executive Summary	v
Background to the study	v
Study aims and evaluation questions	vi
Study methodology	vi
Overview of reasons for not becoming GD suppliers	vii
Domestic Energy Assessors	viii
Microgeneration Certification Scheme Installers	viii
Gas Safe Installers	ix
External solid wall insulation and hard-to-treat cavity wall insulation installers	x
Potential Green Deal Providers	x
1. Background and methodology	1
Background to the study	1
Research objectives	3
Study methodology	4
Quantitative surveys of DEAs, MCS installers and Gas Safe installers	4
Qualitative research with HTTCWI and EWI installers and potential Green Deal providers ..	9
Fieldwork and data analysis	10
2. Domestic Energy Assessors	12
A note on reporting and terminology	12
Key messages	12
Overview of the DEA market	13
Awareness and engagement with the Green Deal programme	188
Why DEAs had not tried to become Green Deal advisors/ assessors	20
Future intentions of DEAs as regards becoming a Green Deal supplier	22
Awareness and engagement with the ECO programme	23
DEAs' views on the Green Deal Quality Mark	26
3. Microgeneration Certification Scheme Installers	28
A note on terminology and reporting confidence intervals	28
Key messages	28

Overview of the MCS installer market	2929
Awareness and engagement with the Green Deal programme	35
Why MCS installers had not tried to become Green Deal installers	37
Future intentions as regards becoming a Green Deal installer	39
Awareness and engagement with the ECO programme.....	411
MCS installers' views on the Green Deal Quality Mark	445
4. Gas Safe Installers.....	47
A note on reporting and terminology.....	47
Key messages	47
Overview of the Gas Safe Installer market	48
Awareness and engagement with the Green Deal programme	500
Why Gas Safe installers had not become Green Deal installers	500
Future intentions regarding becoming a Green Deal installer.....	511
Awareness and engagement with the ECO programme.....	52
Installers' views on the Green Deal Quality Mark and PAS2030 standards	533
5. External solid wall insulation and hard-to-treat cavity wall insulation installers	54
A note on reporting and terminology.....	54
Key messages	5454
Overview of the market for EWI and HTTCWI.....	5555
Awareness and engagement with the Green Deal programme	57
Why EWI and HTTCWI installers had not become Green Deal installers.....	58
Future intentions regarding becoming a Green Deal installer.....	59
Awareness and engagement with the ECO programme.....	59
Installers' views on PAS2030 standards.....	61
6. Potential Green Deal providers	62
A note on reporting and terminology.....	622
Key messages	622
Overview of the activities of potential Green Deal providers	63
Awareness and understanding of the Green Deal programme.....	64
Why organisations had not become Green Deal providers	64
Future intentions as regards becoming a Green Deal provider	667
Awareness and engagement with the ECO programme.....	68
7. Conclusions	70

Glossary of Terms and Acronyms

This report uses the following terms and acronyms:

CCA	Consumer Credit Act
CERO	Carbon Emission Reduction Obligation
CERT	Carbon Emissions Reduction Target
CESP	Community Energy Saving Programme
CSCO	Carbon Saving Community Obligation
CWI	Cavity wall insulation
DEA	Domestic Energy Assessor
DECC	Department of Energy and Climate Change
ECO	Energy Companies Obligation
EPC	Energy Performance Certificate
EWI	External wall insulation
FiTs	(Solar) Feed-in Tariffs
GD advisor	Green Deal advisor
GD assessor	Green Deal assessor organisation (GDAO)
GD installer	Green Deal installer
GD ORB	Green Deal Oversight and Registration Body
GD provider	Green Deal provider
GD	Green Deal
GDAR	Green Deal Advice Report
GDFC	Green Deal Finance Company
HTTCWI	Hard-to-treat cavity wall insulation
INCA	Insulated Render and Cladding Association
MCS	Microgeneration Certification Scheme
NIA	National Insulation Association
OA	Occupancy Assessment
PAS2030	Publicly Available Specification 2030
PV	Solar Photovoltaic
RdSAP	Reduced Data Standard Assessment Procedure

RHI	Renewable Heat Incentive
RHPP	Renewable Heat Premium Payment
RSL	Registered Social Landlord
SWI	Solid wall insulation

Executive Summary

Background to the study

In September 2013, ICF International, working with BMG Research, was commissioned by DECC to carry out research with selected businesses that were not registered participants with the Green Deal (GD) supply chain. This study forms part of the evaluation of the Green Deal and Energy Companies Obligation (ECO) programme that is being led by ICF International.

The study focussed on a selection of businesses that could potentially have become certified GD suppliers, but at the time of research (the end of 2013 and the beginning of 2014), had not done so. It was decided to limit the study to five specific categories of business, which were chosen because the nature of the markets within which they operated meant that they were analogous to roles within the GD supply chain (as shown in the following table):

Category of business that formed the basis for this study	Approximate analogous role within the GD supply chain
<p>Domestic Energy Assessors (DEAs). DEAs are individuals that are certified to carry out property assessments and generate Energy Performance Certificates (EPCs)</p>	<p>GD advisors and assessors. Advisors are individuals that are certified to undertake Green Deal assessments (and on the basis of this prepare Green Deal Advice Reports). Assessors are businesses that are certified to provide Green Deal assessments to households</p>
<p>Microgeneration Certification Scheme (MCS) registered installers. MCS is a quality assurance scheme covering the microgeneration installation sector (products that generate electricity and heat from renewable sources)</p>	<p>GD installers, which are businesses that install energy efficiency measures for households</p>
<p>Installers on the Gas Safe Register (any engineer wishing to install gas boilers must be included within the Gas Safe Register)</p>	<p>GD installers (as above)</p>
<p>Installers that are members of the National Insulation Association (NIA) or the Insulated Render and Cladding Association (INCA), which represent insulation installers. This study focussed on installers of hard-to-treat cavity wall insulation (HTTCWI) and external wall insulation (EWI)</p>	<p>GD installers (as above)</p>
<p>'Potential GD providers', which was a category that was created for this study, and consisted of large businesses that were: installers holding a Consumer Credit Act (CCA) Licence; merchants of building products; or, installers or manufacturers of energy efficiency measures</p>	<p>GD providers, which are businesses that organise the financing and installation of energy efficiency improvements, including contracting with other Green Deal suppliers</p>

Study aims and evaluation questions

The aim of this study was to provide evidence on why certain types of business had, thus far, chosen not to become Green Deal suppliers, and to examine whether there were any barriers to entry. The study was also intended to provide information about the market outside the Green Deal, including if and how these businesses engaged with the Green Deal supply chain. To meet these aims, the study was tasked with answering the following evaluation questions:

- Are non-participants aware of the Green Deal and/or ECO programme? If so, what is their understanding of the programme?
- Why have suppliers chosen not to participate in the Green Deal supply chain? Do they plan to do so in the future? Are there any barriers to entry affecting particular types of supplier?
- For any suppliers that have tried or are currently trying to register as a Green Deal supplier, what have been their experiences of the process?
- Do non-participants interact with registered Green Deal suppliers, and if so in what ways?
- Has the Green Deal and ECO programme had an impact on non-participants and on the energy efficiency market more generally?

Study methodology

This study involved a mixture of quantitative and qualitative research with selected businesses and individuals that were not certified GD suppliers. Between January and April 2014, quantitative and qualitative research was carried out with DEAs, MCS installers, Gas Safe installers, EWI and HTTCWI installers, and 'potential' GD providers (see below). Further detail on the study methodology is contained in Chapter 1 of this report and in a Technical Report that has been published separately¹.

Quantitative research consisted of a telephone survey of a random sample of DEAs, MCS installers, and Gas Safe installers located in Great Britain that were not certified GD suppliers as at January 2014. Population data were only available for MCS installers; samples for DEAs and Gas Safe installers were constructed by entering postcodes into online search facilities, and sampling within the records that were returned.

The survey consisted of 209 responses from DEAs, 110 responses from MCS installers, and 83 responses from Gas Safe installers. Response rates ranged from 11% to 28%, and were negatively affected by the timing of the research (winter, which is a busy time for installers), and the fact that respondents were asked to spare time to participate in a survey about a programme that they were not involved with. Data were not weighted as there were no population data available. Confidence intervals for the data generated through the survey (see Figure 1.4 in Chapter 1) were relatively wide; for Gas Safe installers, confidence intervals were too wide to enable quantitative analysis of the data, and qualitative analysis techniques were used instead. Where businesses and organisations are described as 'respondents' in the analysis, this indicates that evidence was generated through the quantitative survey.

Qualitative research consisted of in-depth semi-structured qualitative interviews with a purposely-selected sample of EWI and HTTCWI installers and potential GD providers located in Great Britain that were not certified GD suppliers as at January 2014. Potential providers was a

¹ Available at <https://www.gov.uk/government/publications/research-into-businesses-that-were-not-certified-green-deal-suppliers>

category created by the study team, and consisted of organisations that were selected on the basis of their profile and background, which was similar to the characteristics of certified Green Deal Providers (including providers of consumer credit and/or large installers).

A total of 15 qualitative interviews were completed, consisting of six interviews with EWI and HTTCWI installers and nine interviews with potential GD providers. Readers should thus note that qualitative results were based on very small samples of organisations, and should not be considered representative of the wider populations from which samples were drawn. Where businesses and organisations are described as 'interviewees' in the analysis, this indicates that evidence was generated through the qualitative research.

Overview of reasons for not becoming GD suppliers

Looking across the types of business included within the scope of the study, various commonalities can be identified as to why they had not become Green Deal suppliers. It should be noted that businesses were typically aware of Green Deal (and to a slightly lesser extent ECO), and had therefore made a decision not to participate. Reasons for non-participation included the following:

- *Perceived low demand under Green Deal, especially when compared to opportunities outside of the programme.* Across all categories of organisation this was a common concern (the most frequent *main* reason for non-participation amongst DEAs and MCS installers); with respondents and interviewees uncertain about whether there was sufficient demand to generate enough income. However, many respondents and interviewees also noted that they did not feel sufficiently informed about the scale and nature of the Green Deal market, and so there may be issues with the extent to which non-participants understand demand under Green Deal.
- *Concerns about the design of the Green Deal model.* Respondents and interviewees cited various concerns about what they saw as design or implementation issues with the Green Deal customer journey (e.g. an overly 'complicated' customer journey that was reflected in lower than anticipated levels of demand).
- *A lack of sufficient knowledge about the Green Deal programme, and the role of GD suppliers more specifically.* Some DEAs and installers reported that there were gaps in their knowledge and understanding (e.g. the role and responsibilities of each type of supplier, and the size and nature of the market), and that the availability of additional information would make them consider Green Deal certification.
- *The perceived complexity and cost of the certification process, including the costs of any training that was required.* Respondents and interviewees from all categories of organisation noted concerns about the complexity of certification and the costs that would be incurred (particularly given perceived low demand, and thus reduced scope to recoup these costs through increased income).
- *Concerns about the 'stability' or 'longevity' of Green Deal.* Respondents and interviewees cited past experience of government-led initiatives (e.g. DEAs noted the creation and abolition of Home Improvement Packs), which had made them cautious about committing to Green Deal.

Domestic Energy Assessors

All DEAs reported that they were aware of the Green Deal programme. Most DEAs (82%) had never sought to become a certified Green Deal supplier (note that the population of interest for the study was DEAs that were not certified Green Deal suppliers, so it would be expected a high proportion would not have tried to become GD suppliers). A perception of low demand for Green Deal services was the most commonly cited reason for this decision. DEAs cited a wide range of other reasons for not becoming Green Deal certified, including: dissatisfaction with the certification process (e.g. with the costs of training/ certification and the perceived complexity of the process) and uncertainty about the future of the Green Deal programme.

When asked what might help them to become Green Deal certified (or want to become certified), DEAs suggested: financial support to cover the costs of training/ certification; simplification of the certification process; and the provision of more information (about the role of a Green Deal advisor/ assessor, and also about the scale, nature and direction of change of the Green Deal market).

Some 18% of DEAs had attempted to become a Green Deal supplier in the past, or were in the process of applying when surveyed. Those DEAs that had previously attempted to become Green Deal suppliers reported that they had abandoned their applications due to concerns about low levels of demand for the Green Deal, dissatisfaction with the quality of the training that they received, and/or changes in personal circumstances.

Most (89%) DEAs reported that they were aware of the ECO programme. Around a third (37%) of DEAs reported that they or their organisation had delivered under ECO. Amongst the DEAs that had not delivered under ECO, satisfaction with their workload was the most commonly cited reason for non-participation in ECO.

The majority (70%) of DEAs reported that they charged customers for energy assessments, and another 21% charged 'sometimes' (if they did not charge, it was typically because someone other than the customer was paying – such as an estate agent or a landlord). Most (64%) of the DEAs that charged reported that their fee for an energy assessment was between £50 and £99, and another 31% charged between £0 and £49. A minority of DEAs (12%) had changed their fees in light of the launch of the Green Deal, either increasing (4%) or decreasing (8%) their charges. The latter sub-group cited greater competition due to increased numbers of qualified energy assessors as the reason why they had dropped their prices.

Microgeneration Certification Scheme Installers

Almost all MCS installers (98%²) indicated that they were aware of the Green Deal programme. Of these installers, most (95%) reported that they had not yet sought to become certified Green Deal suppliers. Perceived low demand under the Green Deal was the most common explanation, along with satisfaction with their workload outside of Green Deal. MCS installers also noted some concerns with the cost and complexity of the certification process.

The majority (69%,) of the MCS installers that had not sought to become certified Green Deal suppliers at the point of fieldwork reported that they would consider doing so in the future (despite the concerns listed above). The opportunity to generate more work and more income (again despite concerns over demand under Green Deal) was identified as the main benefit of becoming Green Deal certified in the future. Some 26% of MCS installers that had not sought

² The small sample size (n=110) of MCS installers meant that confidence intervals for data generated through the survey of MCS installers were relatively wide (+/- 9.6% for answers given by 50% of respondents). In the main body of the report all reported data for MCS installers have a footnote on their confidence intervals

to become certified Green Deal suppliers reported that they had no intention of doing so in the future.

Almost three quarters (71%) of MCS installers reported that they were aware of the ECO programme. Of this group, most (93%) reported that they had not installed measures under ECO. Renewable energy measures are only eligible under the Affordable Warmth obligation of ECO, which reduces the potential size of the market for MCS installers. Other reasons for non-involvement included: satisfaction with existing workloads outside of the programme, and a lack of understanding about ECO. More information about ECO (e.g. how to get involved, the size of the market, reporting requirements) was identified by MCS installers as a form of support that might help them to participate in the programme.

Some 18% of MCS installers noted that they had installed measures for customers with a GD Advice Report (this might have been influenced by the requirement for the final round of the Renewable Heat Premium Payment (RHPP) and the Domestic Renewable Heat Incentive that customers had had a GD assessment, and/or it may indicate that MCS installers have carried out installations for Green Deal customers outside of a GD Plan).

Gas Safe Installers

The confidence intervals for data generated through the survey of Gas Safe installers were too wide to enable quantitative analysis of the results; as a result no quantitative data are reported since these would not be generalizable to the population of Gas Safe installers as a whole. Instead, findings have been analysed and presented using qualitative methods (though are still referred to as 'respondents', since the results were derived from the quantitative survey).

Awareness of Green Deal was high amongst the sample of Gas Safe installers; very few were unaware of the Green Deal programme when surveyed. Respondents had chosen not to become Green Deal installers due to: certification costs; a lack of a detailed understanding of the role of a Green Deal installer; and a lack of visible demand under Green Deal. The provision of more information and reduced certification costs were cited as changes that would make the Green Deal installer role a more attractive proposition.

Many Gas Safe installers that were surveyed reported that they would consider becoming a certified Green Deal installer in the future. Perceived benefits to participation included: increased/ diversified income sources and, for some, the strength of association with the Green Deal 'brand'.

The sample of Gas Safe installers was largely aware of the ECO programme, but most had not installed ECO-funded measures. Reasons why these installers had not participated in ECO included: the availability of sufficient work outside of ECO; a lack of understanding of how the programme works; and concerns about the prices that could be achieved under ECO.

Many of the Gas Safe installers that had not delivered under the ECO programme reported that they would consider doing so in the future. Changes that they wished to see introduced included: reduced costs and/or financial support; and greater information about what was required in terms of compliance.

Views amongst Gas Safe installers on the state of the installation market were mixed. Some reported strong growth in demand since the end of the recession, and others noted that consumer confidence remained low. Most respondents did not think that the Green Deal programme had impacted on the wider installation market, though a few respondents had changed their prices in response to Green Deal (both up and down).

External solid wall insulation and hard-to-treat cavity wall insulation installers

Qualitative interviews were undertaken with six installers of EWI and HTTCWI that were not certified Green Deal installers. Readers should note that the findings presented below are thus based on analysis across a relatively small set of cases, and should not be generalised to the population of EWI and HTTCWI installers as a whole.

All of the EWI and HTTCWI installers in the sample of six indicated that they had heard of the Green Deal (though this should not be seen as representative of the wider population because of the small sample size), and typically understood the key features of the programme.

Interviewees had chosen not to become Green Deal installers for a range of reasons, including: the availability of sufficient work outside of the Green Deal; concerns about the process of GD supplier certification; a lack of understanding about the process of becoming a certified Green Deal installer; and concerns about the perceived complexity of the Green Deal customer journey (which was reflected in lower than anticipated demand under Green Deal). Whilst interviewees indicated that they had no intention of becoming Green Deal certified due to these points, other interviewees reported that they were waiting to see how the market developed (i.e. whether demand would pick up and/or whether the rest of the industry would start insisting on Green Deal supplier status).

Awareness of the ECO programme amongst interviewees was also high (again, not representative of the wider population given the small sample size), but interviewees in the sample had not installed ECO-funded measures, or were unaware whether they had installed measures under ECO (when sub-contracted by others).

The reasons for not participating in ECO included: the availability of sufficient work outside of ECO; installing products that were not certified under ECO; concerns about prices and margins; a perceived lack of consistency from energy companies; inadequate understanding of what was seen by businesses in the sample to be a complicated programme; and concerns over what were seen to be complex and burdensome paperwork and reporting requirements.

Interviewees in the sample had mixed views of the impact of the Green Deal and ECO programme on the wider installation market. This included a view that ECO had increased overall demand for EWI and HTTCWI by driving installations, and also a contrasting view that the provision of free or subsidised insulation had meant that some customers were reluctant to pay full price for installations.

Potential Green Deal Providers

Qualitative interviews were undertaken with nine organisations that were selected as 'potential' Green Deal providers, on the basis of their profile and background. Readers should note that the findings presented below are thus based on analysis across a relatively small set of cases, and thus should not be generalised to all organisations that have the profile of a potential Green Deal provider.

All nine of the 'potential' GD providers that were interviewed were aware of Green Deal (though this should not be seen as representative of the wider population because of the small sample size), and had a good understanding of the programme and the role of Green Deal providers.

Interviewees had not become providers for a wide range of reasons, including: doubts about the 'stability' and longevity of the programme, in some cases based on their previous experience with Feed-in Tariffs (FiTs); concerns about the methodology for energy saving calculations, and the resultant liabilities that would be incurred by a Green Deal provider that based a loan on such calculations; concerns about public awareness and understanding of the GD, in part due

to a view that the information available to consumers was inadequate and confusing; and a perception that the customer journey was overly complex and 'rigid' (lacked the flexibility for providers to adapt the model according to consumers' needs).

In spite of these concerns, some interviewees were open to the idea of becoming Green Deal providers in the future. These organisations indicated that they were to some extent waiting for the Green Deal market to 'settle', and for it to become clearer how the provider model could work. Other interviewees reported that their organisation had no interest in the provider role, and would instead look to use 'partnerships' with certified providers in order to access the Green Deal market.

Some interviewees believed that Green Deal finance was an insufficiently attractive offer, due to a perception that the interest rate was too high. Other interviewees felt that, despite this, the comparatively wide availability of Green Deal finance actually made it an attractive proposition.

Interviewees had a comprehensive understanding of the ECO programme. The sample included businesses that were supplying products for installation under ECO, and a housing association that was working with partners to deliver ECO to its tenants. Organisations expressed concerns that the design of ECO was too 'complicated', which had generated additional costs (which were seen by some to be higher than had been the case under CERT and CESP).

1. Background and methodology

Background to the study

- 1.1. In September 2013, ICF International, working with BMG Research, was commissioned by DECC to carry out research with selected businesses that were not registered participants with the Green Deal (GD) supply chain. This study forms part of the evaluation of the Green Deal and Energy Companies Obligation (ECO) programme that is being led by ICF International.
- 1.2. The study focussed on a selection of businesses that could potentially have become certified Green Deal suppliers, but at the time of research (the end of 2013 and the beginning of 2014), had not done so. It was decided to limit the study to specific categories of business, which were chosen because the nature of the markets within which they operated meant that they were analogous to roles within the GD supply chain. As a result the study excluded businesses that operated in unrelated sectors, but which could in theory have 'diversified' and moved into the GD supply chain. However, given finite study resources it was necessary to focus on businesses that most closely matched the profile of existing GD suppliers.
- 1.3. This study included five 'categories' of business:
 - Domestic Energy Assessors (DEAs);
 - Microgeneration Certification Scheme (MCS) registered installers;
 - Installers on the Gas Safe Register;
 - Installers that are members of the National Insulation Association (NIA) or the Insulated Render and Cladding Association (INCA);
 - Large businesses that are: installers holding a Consumer Credit Act (CCA) licence; merchants of building products; or, installers of energy efficiency measures.
- 1.4. Further details about the characteristics of each of these categories of business are summarised in Figure 1.1 and also in each relevant chapter of this report. As noted above, each category of business was selected on the basis that it was approximately analogous to a specific functional role in the Green Deal supply chain (though no comparisons between these 'pairs' have been made in this report). Green Deal suppliers perform the following roles:
 - **Green Deal advisors:** individuals that are certified to undertake Green Deal assessments (and on the basis of this prepare Green Deal Advice Reports – GDARs – for consumers). Green Deal assessments are the first major 'stage' within the Green Deal 'customer journey', and may also form part of the ECO customer journey.

- **Green Deal assessors (also known as Green Deal assessor organisations, or GDAOs):** businesses that are certified to provide Green Deal assessments to households.
- **Green Deal installers:** businesses that install energy efficiency measures for households. Only authorised Green Deal installers may install measures that are funded via the Green Deal finance mechanism.
- **Green Deal providers:** businesses that organise the financing and installation of energy efficiency improvements, including contracting with other Green Deal suppliers. Only Green Deal providers can provide Green Deal finance and prepare Green Deal Plans.

1.5. Also as part of the evaluation of the GD and ECO programme, ICF International has carried out research with certified GD suppliers (with providers and also with advisors, assessors and installers). This piece of research with non-participants thus provides complementary evidence about the nature of the GD supply chain, based on the activities and perspectives of businesses that have not become GD suppliers³.

Figure 1.1: Summary of the categories of business included within the scope of this study, and how they compare to Green Deal supply chain roles

Category of business	Overview of business category	Approximate analogous role within the GD supply chain
Domestic Energy Assessors (DEAs)	DEAs are individuals that are certified to carry out property assessments and generate Energy Performance Certificates (EPCs). EPCs form part of the GDAR (along with an Occupancy Assessment – OA)	GD advisors and assessors
Microgeneration Certification Scheme (MCS) registered installers	MCS is a quality assurance scheme covering the microgeneration installation sector (products that generate electricity and heat from renewable sources). This includes several products that are eligible ‘measures’ under the GD and ECO programme, e.g. solar photovoltaics (PV), ground and air source heat pumps (see Chapter 3 for details)	GD installers
Installers on the Gas Safe Register	Any engineer wishing to install gas boilers (which are eligible measures under the GD and ECO programme) must be included within the Gas Safe Register	GD installers

³ Note that this report does not make any comparisons between participants and non-participants.

Category of business	Overview of business category	Approximate analogous role within the GD supply chain
Installers that are members of the National Insulation Association (NIA) or the Insulated Render and Cladding Association (INCA)	NIA and INCA are trade associations representing insulation installers (various types of insulation are eligible measures under the GD and ECO programme). This study focussed on installers of hard-to-treat cavity wall insulation (HTTCWI) and external wall insulation (EWI)	GD installers
Large businesses that are: installers holding a Consumer Credit Act (CCA) Licence; merchants of building products; or, installers or manufacturers of energy efficiency measures (including certified GD installers)	A purposively created 'category' comprising large businesses whose profile and market activity means that they already carry out many of the functions of a GD provider. This includes businesses that have experience of providing consumer credit (making loans is a key GD provider role) and/or installing, supplying or manufacturing energy efficiency products.	GD providers

Research objectives

- 1.6. The aim of this study was to provide evidence on why certain types of business had, at the time that the study commenced (January 2014), chosen not to become Green Deal suppliers, and to examine whether there were any barriers to entry. The study was also intended to provide information about the market outside the Green Deal, including if and how these businesses engaged with the Green Deal supply chain.
- 1.7. To meet these aims, the study was tasked with answering a number of evaluation questions:
- Are non-participants aware of the Green Deal and/or ECO programme? If so, what is their understanding of the programme?
 - Why have suppliers chosen not to participate in the Green Deal supply chain? Do they plan to do so in the future? Are there any barriers to entry affecting particular types of supplier?
 - For any suppliers that have tried or are currently trying to register as a Green Deal supplier, what have been their experiences of the process?
 - Do non-participants interact with registered Green Deal suppliers, and if so in what ways?
 - Has the Green Deal and ECO programme had an impact on non-participants, and on the energy efficiency market more generally?

Study methodology

- 1.8. The nature of the five ‘categories’ of business that formed the basis for this study meant that a blend of quantitative and qualitative research was required. There follows an overview of the study methodology; a more detailed description of the method of approach is provided in a Technical Report that has been published alongside this document⁴.

Quantitative surveys of DEAs, MCS installers and Gas Safe installers

- 1.9. A quantitative survey was chosen as the most appropriate methodology for research with DEAs, MCS installers and Gas Safe installers due to their large and relatively clearly defined populations (since there are registers for all three groups), and the availability of contact databases that could form the basis for sampling frames.
- 1.10. The survey was ‘enterprise-based’ for MCS installers and Gas Safe installers, since the decision not to become certified to deliver Green Deal was likely to be taken at an organisational level rather than individual office level. For DEAs the survey was targeted on an individual basis, because they were accredited as individuals rather than businesses on the EPC register.

Sampling procedure

- 1.11. While the populations of DEAs, MCS installers and Gas Safe installers were clearly defined (by their respective registers), there was a lack of available information on the characteristics of each population, and for DEAs and Gas Safe installers even the exact size of the population was not known. The best available data suggested that there were:
- 10,300 DEAs registered as being RdSAP qualified in the United Kingdom in November 2012⁵
 - 3,722 MCS certified installers in the United Kingdom in January 2014⁶
 - 125,000 Gas Safe registered plumbers in the United Kingdom in January 2014⁷
- 1.12. Contact information for these three populations was accessed at the beginning of January 2014. For MCS installers it was possible to access the full register, though as noted previously this register contained no information on the characteristics of installers. It was not possible to access the complete EPC and Gas Safe registers, and so sample frames had to be developed by the study team. Further details are as follows:

⁴ Available at <https://www.gov.uk/government/publications/research-into-businesses-that-were-not-certified-green-deal-suppliers>

⁵ Based on DCLG estimates that in November 2012 there were 10,299 registered RdSAP qualified DEAs – see http://www.energyassessorsforums.co.uk/cgi-bin/gforum/gforum.cgi?do=post_attachment;postatt_id=29;quest=15599748. Note that whilst population data are for the United Kingdom, the sample frame consisted of DEAs in Great Britain, since neither Green Deal nor ECO are available in Northern Ireland

⁶ <http://www.microgenerationcertification.org>. As above, the sample frame for MCS installers was restricted to installers that were located in Great Britain

⁷ <http://www.gassaferegister.co.uk/about/overview.aspx>. As above, the sample frame for Gas Safe Installers was restricted to installers that were located in Great Britain

- For MCS installers it was possible to download contact details for the entire population. The data was then de-duplicated to ensure that only one individual per organisation was included within the sample frame (e.g. removing multiple entries for businesses offering multiple types of measure).
- For DEAs it was not possible to obtain contact information for the entire population. Instead, a sample was developed by entering postcodes into the EPC register to return lists of the nearest DEAs⁸. Postcodes were randomly selected by calculating how many contact details were required for the sample frame, establishing how many postcodes would have to be entered to generate a sufficient number of contacts, and then selecting postcodes from the full list of GB postcodes from the 2012 BIS Small Business Survey contact sample, using a '1 in n' approach. The sample frames were then de-duplicated so that each DEA was only listed once (e.g. to remove DEAs listed in multiple areas).
- Similarly, it was not possible to obtain contact information for the entire population of Gas Safe installers. The sample frame was therefore developed by entering random postcodes into the Gas Safe register to return lists of the nearest Gas Safe installers⁹ in the same way as described above for DEAs.

1.13. Sample frames also required further de-duplication, as follows:

- There was a very small amount of overlap between the EPC, MCS and Gas Safe sample frames (e.g. where MCS installers were also listed on the Gas Safe register). These businesses were allocated to one sample frame, in the following sequence: MCS installers, DEAs, Gas Safe installers.
- The registers described above did not indicate whether DEAs, MCS installers or Gas Safe installers were already certified Green Deal suppliers. The sample frames thus had to be de-duplicated against the populations of certified GD advisors, assessors, installers and providers¹⁰.

1.14. In each case, a '1 in n' sample was then drawn to select the final samples of 800 DEAs, 600 MCS installers and 800 Gas Safe installers. Sample sizes were based on an expected response rate of: 25% (i.e. 1 in 4) for DEAs, 16.7% (i.e. 1 in 6) for MCS installers and 12.5% (i.e. 1 in 8) for Gas Safe installers.

1.15. The overall population estimates and samples are presented in Figure 1.2.

⁸ The EPC database automatically returns the nearest 20 registered DEAs to the postcode entered. It should be noted that this approach might not yield a completely random sample, since DEAs might be expected to be more likely to have been selected if they worked in postcodes where there were relatively few other DEAs. However, the result is likely to be reasonably close to random, and was the best available method given the lack of access to population data

⁹ The Gas Safe register automatically returns the nearest 50 registered Gas Safe installers to the postcode entered

¹⁰ De-duplication within the sample frames of DEAs and Gas Safe installers indicated that 86% of DEAs were not certified GD suppliers, and 99% of Gas Safe installers were not certified GD suppliers. Amongst MCS installers (the whole population), 84% of MCS installers were not certified GD suppliers

Figure 1.2: Estimated populations of DEAs, MCS installers and Gas Safe installers and corresponding samples

	DEAs	MCS installers	Gas Safe installers
Estimated population (UK)	10,300	3,722	125,000
Sample (Great Britain only)	800	600	800

Pilot and fieldwork

- 1.16. The survey was conducted using Computer Assisted Telephone Interviewing (CATI) and took place from BMG Research’s call centre in Birmingham. Prior to being contacted by telephone, potential respondents from the Gas Safe sample were sent an email explaining the research, with an attached letter on DECC headed paper. This was not possible for DEAs or MCS registered installers because no email addresses were listed in the sample frame.
- 1.17. A pilot took place from 22 to 28 January. Ten surveys were achieved from 100 randomly selected contacts. No major revisions were made to the questionnaire after the pilot, enabling pilot data to be used in the main data set. Mainstage surveying commenced on 4 February 2014, and continued to 4 March 2014. The final average survey length was just under 20 minutes, with the shortest survey being 12 minutes and the longest 48 minutes. All contacts in the sample were given an equal opportunity to be surveyed and each contact was tried a minimum of ten times before being labelled as a non-response.
- 1.18. Figure 1.3 shows the number of completed surveys and response rates for each of the three surveys. Response rates were likely to have been affected by the timing of the research, which took place during the busy winter season when energy efficiency installations often take place. Many businesses could not be reached via telephone, or indicated that they were too busy to participate.

Figure 1.3: Completed surveys and response rates for the surveys of DEAs, MCS installers and Gas Safe installers

	DEAs	MCS installers	Gas Safe installers
Completed surveys	209	110	83
Eligible sample#	735	563	781
Response rate	28%	20%	11%

Excludes those that when contacted, indicated that they were actually certified Green Deal suppliers

Testing for non-response bias

- 1.19. As shown in Figure 1.3, response rates for the three surveys were relatively low (ranging from 11% to 28%). Consequently, upon completion of the survey, the study team checked for evidence of unit non-response bias (i.e. whether there was systematic variation in response rates within the three samples). The scope of this exercise was limited due to the lack of information available about the characteristics of the populations of DEAs, MCS installers or Gas Safe installers, but no evidence was found to suggest that there were significant variations in response rates between types of

business in the sample¹¹ (see the Technical Report published separately for more details).

Post-survey weighting

- 1.20. Survey data were not weighted, since information was not available for key characteristics of the populations of DEAs or Gas Safe installers (due to the process by which the sample frames were constructed, which meant that records were only collected for subsets of the populations) that would enable weights to be developed. For MCS installers data were only available on the date of registration, which was not considered a suitable weighting variable.

Coding

- 1.21. A pilot stage was used to test and establish appropriate and relevant codes for the questions in the quantitative survey. The pilot responses to open-ended questions and questions with an 'other' response option were analysed in order to refine and set the response codes. As part of the mainstage survey, respondents were sometimes asked to specify details whenever they selected 'other' as an option. These verbatim responses were then analysed and, where possible¹², were back-coded to existing codes or to especially created codes.

The use of Gas Safe installer data

- 1.22. Upon completion of the survey of Gas Safe installers, it was decided that the achieved sample was insufficiently large to enable quantitative analysis of the results. This was because the resultant confidence intervals (see Figure 1.2 below) were too wide to provide sufficient precision about true population values, and because there was an increased risk of non-response bias.
- 1.23. Instead, qualitative analysis techniques were applied to the data that were generated through the survey of Gas Safe installers. This included descriptive analysis of responses to questions and, where possible, between-case analysis (i.e. examination of patterns of responses across questions, and whether this varied depending on the characteristics of respondents). Note that there were limitations to the depth of analysis that could be undertaken using these data, since information was collected via a quantitative survey instrument that largely consisted of closed-ended questions. Survey respondents did not have the opportunity to expand on their answers or provide explanations, and so the depth of discussion of the results (Chapter 4) is limited.

Reporting conventions for data from surveys of DEAs and MCS installers

- 1.24. The following reporting conventions are used throughout this report:
- In line with other reports published as part of the evaluation of the Green Deal and ECO programme, results have been omitted where the base size for responses to a question was below 50¹³;

¹¹ In summary, Z-tests were used to test for significant differences in response rates between different 'sub-groups' within the samples. Sub-groups were defined according to the limited information that was available (regions/ devolved administrations for DEAs and Gas Safe installers, and dates of certification for MCS installers)

¹² With the exception of answers that were unclear or too general, or where answers were unique (i.e. given by just one survey respondent)

¹³ Following DWP (October 2013) DWP research reports style guide, available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263009/dwp-research-style-guide-oct-2013.pdf

- All base sizes quoted in the report are unweighted;
- For the data relating to MCS installers in the main body of the report (not including the executive summary or key messages for readability), confidence intervals (expressed as $\pm\%$) have been included as a footnote after each proportion cited in the text, since the small sample size for MCS installers meant that the confidence intervals were relatively wide (see below for further details on confidence intervals);
- Charts indicate the corresponding question number from which data were generated (e.g. “B18”);
- ‘Don’t know’ and ‘refused’ answers have been omitted from the charts except where they are relevant;
- Where businesses and organisations are described as ‘respondents’, this indicates that evidence was generated through the quantitative survey; where they are described as ‘interviewees’ this indicates that evidence was generated through qualitative research.

Confidence intervals

- 1.25. A confidence interval is a measure of the range within which it is probable that a population value lies. The wider the confidence interval, the more variation there is in an estimate of the population value. It is typical to calculate confidence intervals using a 95% confidence level. This means that we are 95% certain that the population value lies within the confidence interval (i.e. that if we drew 100 samples from the population and asked the same question, in 95 of these 100 samples, their response to the question would lie within the range of the confidence interval).
- 1.26. Figure 1.4 shows the confidence intervals for the samples of DEAs, MCS installers and Gas Safe installers, for a selection of sample sizes for a range of survey estimates (i.e. percentages of survey respondents). For example, if 209 DEAs answered a yes/no question and 50% said ‘yes’, we can be 95% certain that between 43.3% and 56.7% of all DEAs in the population would have answered ‘yes’. As this table demonstrates, confidence intervals narrow (meaning greater precision about the true population value) when the sample size increases and/or where responses are more ‘polarised’ (i.e. where a high/low proportion of survey respondents provide a particular response). Note that where analysis of sub-groups has been undertaken, the sample size decreases and thus the confidence intervals widen compared to the values shown in Figure 1.4 (meaning less precision about the true population value).

Figure 1.4: Confidence intervals for the quantitative surveys for a selection of survey responses

Category of business	Achieved sample size	Estimated de-duplicated population	Survey response		
			10% / 90%	30% / 70%	50% / 50%
DEAs	209	10,300	+/- 4%	+/- 6.1%	+/- 6.7%
MCS installers	110	3,000	+/- 5.8%	+/- 8.8%	+/- 9.6%
For illustrative purposes:					
Gas Safe installers	83	125,000	+/- 6.5%	+/- 9.9%	+/- 10.8%

Qualitative research with HTTCWI and EWI installers and potential Green Deal providers

- 1.27. Qualitative interviews were chosen as the most appropriate methodology for research with HTTCWI and EWI installers and potential Green Deal providers. There were two reasons for this decision:
- It was not possible to develop an appropriate population for either category of organisation. For installers of HTTCWI and EWI, this was because the identifiable population was relatively small¹⁴, and preliminary research found that many of these businesses were already certified Green Deal installers (of the 104 businesses that were listed as members of INCA and/or NIA in January 2014, 95 were also listed as certified GD installers on the GD ORB database). For potential Green Deal providers, this was because there were no parameters that could be used to define a manageably-sized population. As discussed above, research¹⁵ has found that certified Green Deal providers come from a diverse range of backgrounds, encompassing installers, financial advisors/ brokers, retailers/ wholesalers, property maintenance/ construction businesses, and DEAs. The potential population was thus too large to be practical.
 - For potential Green Deal providers in particular, research questions were too complex and specific to each organisation, meaning that a quantitative survey with closed questions would not capture sufficient quality of data.
- 1.28. The research study also intended to undertake qualitative interviews with organisations that had recently commenced the Green Deal certification process, but had 'dropped out' before completion. These interviews intended to explore organisations' views about the certification process and Green Deal more widely. However, no contact details were available for organisations that had started and stopped certification. These organisations were instead contacted by certification bodies and asked if they wanted to participate in the study. Only three organisations 'opted-in' in this way, and when re-contacted to request an interview, two refused to participate and one had, in the meantime, re-applied and become Green Deal certified. As a result, this line of research was dropped from the study methodology.

Sample design and recruitment

- 1.29. Qualitative interviews were undertaken with samples of installers of HTTCWI and EWI, and potential Green Deal providers. The samples for the qualitative interviews were purposively selected in order to ensure coverage of a range of different types of organisation.
- 1.30. Two samples were selected, comprising:
- *A total of 38 installers of HTTCWI and EWI that were not certified Green Deal installers.* The sample was based upon membership of INCA and the NIA (though as noted above the vast majority of these were already certified GD suppliers), supplemented by businesses identified through analysis of other construction and

¹⁴ Based on membership of INCA, NIA and construction and general business directories

¹⁵ ICF for DECC (June 2014) Research on the Green Deal Provider Market

general business directories. These contacts were de-duplicated against the Green Deal Oversight and Registration Body (GD ORB) register of Green Deal installers

- *A total of 73 potential Green Deal providers.* These contacts were identified by searching directories of businesses¹⁶ sharing similar characteristics to the existing population of GD providers, such as: providers of consumer credit; facilities management companies; manufacturers and installers of energy efficiency products; and wholesale suppliers of energy efficiency products and other construction materials. Additional contacts were added based on discussions with the Green Deal policy team at DECC, to identify organisations that had contacted DECC about Green Deal provider status and were willing to have their details shared with the study team at ICF and BMG Research. As above, all potential GD Provider contacts were de-duplicated against the GD ORB register of certified Green Deal suppliers.

Fieldwork and data analysis

- 1.31. All organisations in the two samples¹⁷ were sent an email introducing the research project and the overall Green Deal and ECO evaluation (with an attached letter on DECC headed paper), and offering an opportunity to opt-out of the research. All organisations in the two samples were contacted via either email or telephone up to ten times, after which they were labelled as non-respondents if no firm refusal had been given. In total, 15 interviews were completed: six with HTTCWI/ EWI installers, and nine with potential Green Deal providers. Many organisations in the samples declined to be involved in the evaluation, citing a lack of time. Amongst potential providers (a category that was created on the basis that they fitted the profile of a provider), several contacts in the sample indicated that they did not feel sufficiently informed about the Green Deal and ECO programme to participate.
- 1.32. Qualitative interviews were carried out by staff from ICF International and BMG Research between 10 March 2014 and 8 June 2014. All interviews were recorded (interviewees were given an opportunity to opt-out of recording, but none did) and the recordings were transcribed for analysis. A framework approach was applied in order to undertake thematic analysis of qualitative data, based primarily on between-case analysis (i.e. examination of patterns of responses across questions, and whether this varied depending on the characteristics of interviewees).
- 1.33. A profile of the characteristics of the achieved samples is shown in Figure 1.5.

Figure 1.5: Characteristics of the target and achieved samples of qualitative interviews

Sample group	Sample characteristics	Sample categories	Target sample (number)	Achieved sample (number)
HTTCWI and EWI installers	Type of installer	EWI installer	No specific target	4
		HTTCWI installer		2

¹⁶ These directories included: the Consumer Credit register; membership of the Facilities Management Association (FMA) and the British Institute of Facilities Management (BIFM); and general internet searches

¹⁷ It was necessary to contact all organisations in the two samples due to a high level of firm refusals or no contacts (which after ten attempts were treated as non-respondents)

Sample group	Sample characteristics	Sample categories	Target sample (number)	Achieved sample (number)
	Total interviews		15	6
Potential GD providers	Type of organisation	Network body	2+	4
		Builders' merchant	2+	2
		Service contract provider	2+	2
		Manufacturer	2+	1
	Holder of a Category A CCA licence	Yes	7+	3
		No	2+	6
	Total interviews		12	9

2. Domestic Energy Assessors

This chapter presents the results of quantitative research with Domestic Energy Assessors (DEAs) that were not certified Green Deal suppliers. It considers why DEAs had elected not to become Green Deal advisors or assessors

A note on reporting and terminology

- 2.1. The results presented in this chapter were based on an achieved sample of 209 DEAs. As shown in Figure 1.4 in Chapter 1, the confidence intervals for the sample of DEAs reached +/- 6.7% for answers given by 50% of respondents. Data were not weighted.
- 2.2. This chapter refers to survey respondents as 'DEAs' throughout, for ease of presentation. It should be noted, however, that this is more correctly stated as: 'DEAs that were not certified Green Deal suppliers', since it was from this population that the sample was drawn.

Key messages

- All DEAs reported that they were aware of the Green Deal programme. Most DEAs (82%) had never sought to become a certified Green Deal supplier (note that the population of interest for the study was DEAs that were not certified Green Deal suppliers, so it would be expected a high proportion would not have tried to become GD suppliers). Of the DEAs that had never sought to become a certified Green Deal supplier a perception of low demand for Green Deal services was the most commonly cited reason for this. DEAs cited a wide range of other reasons for not becoming Green Deal certified, including: dissatisfaction with the certification process (e.g. with the costs of training/ certification and the complexity of the process) and uncertainty about the future of the Green Deal programme.
- When asked what might help them to become Green Deal certified (or want to become certified), DEAs suggested: financial support to cover the costs of training/ certification; simplification of the certification process; and the provision of more information (about the role of a Green Deal advisor/ assessor, and also about the scale, nature and direction of change of the Green Deal market).
- Some 18% of DEAs had attempted to become a Green Deal supplier in the past, or were in the process of applying when surveyed. Those DEAs that had previously attempted to become Green Deal suppliers reported that they had abandoned their applications due to concerns about low levels of demand for the Green Deal, dissatisfaction with the quality of the training that they received, and/or changes in personal circumstances.
- Most (89%) DEAs reported that they were aware of the ECO programme. Around a third (37%) of DEAs reported that they or their organisation had delivered under ECO. Amongst the DEAs that had not delivered under ECO, satisfaction with their workload was the most commonly cited reason for non-participation in ECO.

- The majority (70%) of DEAs reported that they charged customers for energy assessments, and another 21% charged 'sometimes' (if they did not charge, it was typically because someone other than the customer was paying – such as an estate agent or a landlord). Most (64%) of the DEAs that charged reported that their fee for an energy assessment was between £50 and £99, and another 31% charged between £0 and £49. A minority of DEAs (12%) had changed their fees in light of the launch of the Green Deal, either increasing (4%) or decreasing (8%) their charges. The latter sub-group cited greater competition due to increased numbers of qualified energy assessors as the reason why they had dropped their prices.

Overview of the DEA market

- 2.3. DEAs are individuals that are certified to carry out domestic energy efficiency assessments and to generate Energy Performance Certificates (EPCs).

Characteristics and backgrounds of DEAs

- 2.4. The majority (92%) of DEAs reported that they worked for a micro-sized company¹⁸, and 69% were sole traders (i.e. working as independent assessors). DEAs working for medium and large businesses¹⁹ reported that these businesses typically employed a handful of DEAs (fewer than ten in most cases).
- 2.5. Most DEAs noted that their businesses pre-dated the launch of the Green Deal and ECO programme, with 89% established prior to 2013. Some 59% of DEAs reported that their businesses had been established between 2007 and 2010, inclusive. Home Improvement Packs (HIPs) – which incorporated EPCs – were introduced in 2007 and scrapped in 2010; this period would have been a key market opportunity for DEAs.

Routes to market

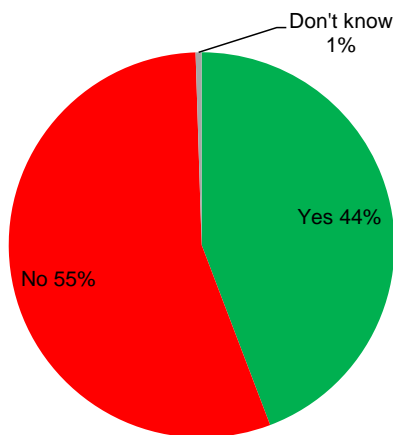
- 2.6. As Figure 2.1 shows, just over half of DEAs (55%) reported that they were not subcontracted to carry out energy assessments for any other organisation.
- 2.7. Just under half (44%) of DEAs reported that they carried out assessments for other organisations. This included organisations involved in property selling or letting, such as letting agents/ landlords (37% of DEAs carried out assessments for this group). Whilst they were not certified Green Deal suppliers themselves, many DEAs also carried out assessments for Green Deal suppliers (Green Deal providers and Green Deal assessor organisations) which could be related to the delivery of assessments under ECO (see below).

¹⁸ Employed fewer than 10 people and with an annual turnover of less than €2m. Based on the EU definition of an SME (http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm)

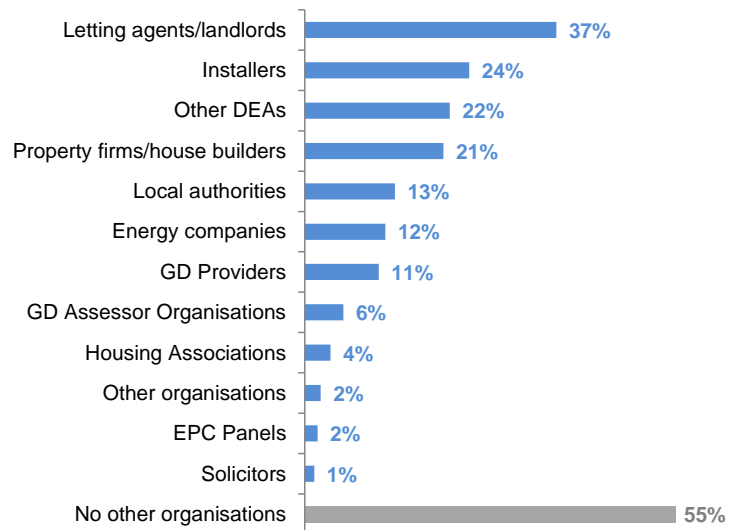
¹⁹ Employed more than 50 people and with an annual turnover in excess of €50m

Figure 2.1: Whether DEAs carried out assessments for other organisations, and for whom

B18. Is your business sub-contracted to provide energy assessments for any other organisations?



B19. Do you undertake energy assessments on behalf of any of the following?



Base: B18. All DEAs (209); B19. All DEAs (209); note: sums to more than 100% because respondents could give more than one answer

2.8. In addition to and/or instead of contracting with other organisations to secure customers, most DEAs (81%) reported that they generated their own leads by directly targeting consumers. Their methods included the following²⁰:

- Around a quarter (26%) of DEAs generated work through informal word-of-mouth recommendations or on repeat work from customers;
- Advertising, for instance using the internet or social media (13% of DEAs) or telesales (8% of DEAs);
- Using a lead generation company (mentioned by 4% of DEAs).

Charging models

2.9. As Figure 2.2 shows, the majority (70%) of DEAs charged home occupiers for assessments, and a further 21% 'sometimes' charged them. Most (64%) of these DEAs that charged²¹ reported that their fee was between £50-99 for an assessment.

2.10. DEAs were also asked whether the Green Deal had had an impact on the fees that they charged. The majority (87%) reported that they had not changed their fees following the introduction of Green Deal²². Some 4% of DEAs reported that they had increased their fees, with some citing increased demand ("*more demand for assessors, more work*") across the energy assessment market. Some 8% of DEAs reported that they had decreased their fees since the Green Deal's launch. Respondents noted that this was due to increased competition in the market, with a greater number of qualified assessors

²⁰ Base: All DEAs (209); note that DEAs listed a wide range of methods, and only the most common are listed here

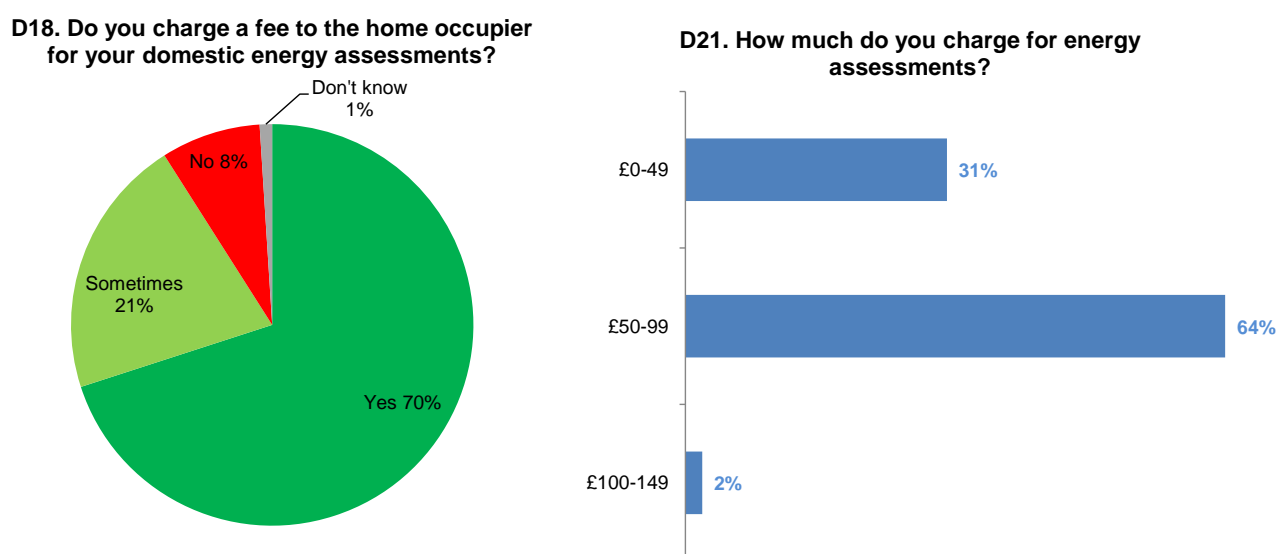
²¹ Base: DEAs that charged or charged sometimes (190)

²² Base: All DEAs (209)

than had previously been the case (“there’s a lot of people doing EPCs, cost cutting. If I charge £50 someone might charge less”).

- 2.11. Some 29% of DEAs did not charge home occupiers for assessments or only charged ‘sometimes’. For most (89%) of this sub-group of DEAs²³, they did not charge consumers because assessments were paid for by someone else (e.g. estate agents, landlords, energy companies, installers or local authorities). Some 2% of DEAs did not charge because the assessment was seen as a ‘loss-leader’ for their company, in order to facilitate a subsequent sale (e.g. an installation). Some DEAs reported that they did not charge because they (or an affiliated company/ landlord) owned the property that was being assessed.

Figure 2.2: Whether DEAs charged customers for assessments



Base: D18. All DEAs (209); D21. All DEAs that charged or sometimes charged for assessments (190), note: excludes don't knows and refused answers (4%) so does not sum to 100%

Whether DEAs arranged credit / finance for their customers

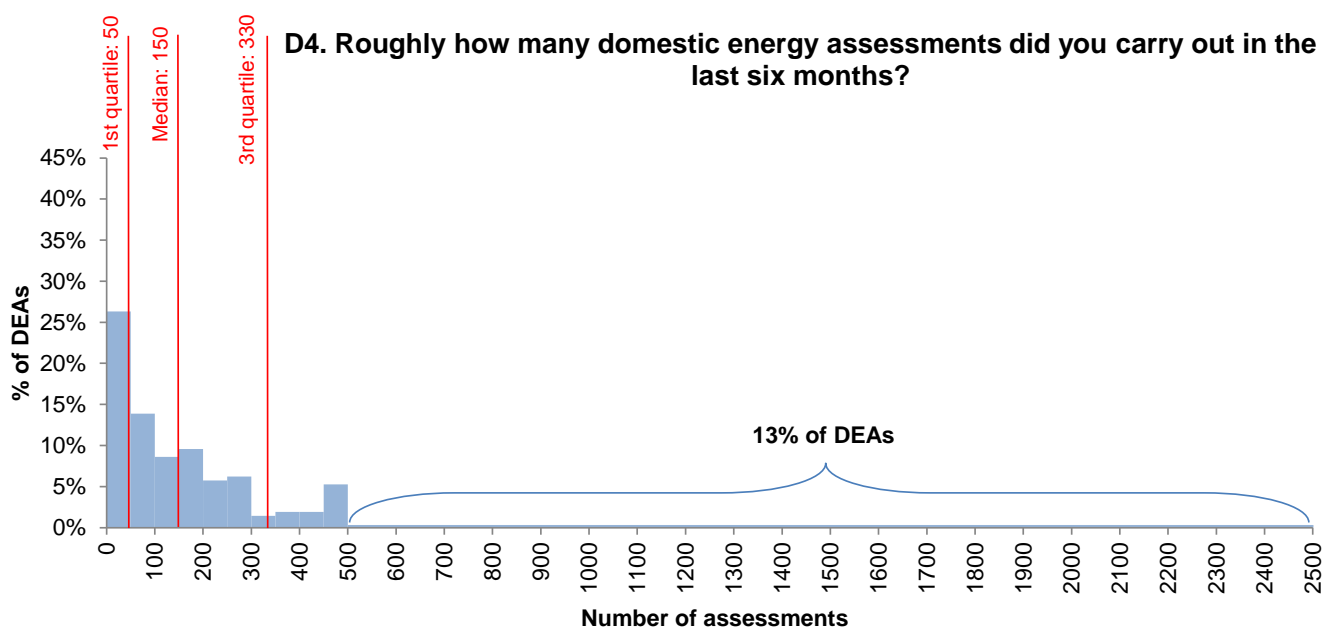
- 2.12. Almost all (98%) DEAs reported that they did not arrange credit or finance for their customers in order to pay for installations following an energy assessment.
- 2.13. Four survey respondents reported that they did arrange credit for their customers. These DEAs offered various types of finance, including finance provided by their own company and brokering finance provided by another company. These DEAs also reported that they provided customers with information about other sources of finance that might be available, including re-mortgaging, and personal loans from banks.

The energy assessment market outside of the Green Deal and ECO programme

- 2.14. DEAs were asked to indicate how many domestic energy assessments they had carried out in the six months prior to the survey (i.e. during the second half of 2013 and the beginning of 2014). As shown in Figure 2.3, DEAs reported that they had carried out a (median) average of 150 assessments in the preceding six months, equal to around 25 assessments per month. A quarter of DEAs had completed 50 or fewer assessments in the six months prior to the survey.

²³ Base: DEAs that did not charge or charged sometimes (61)

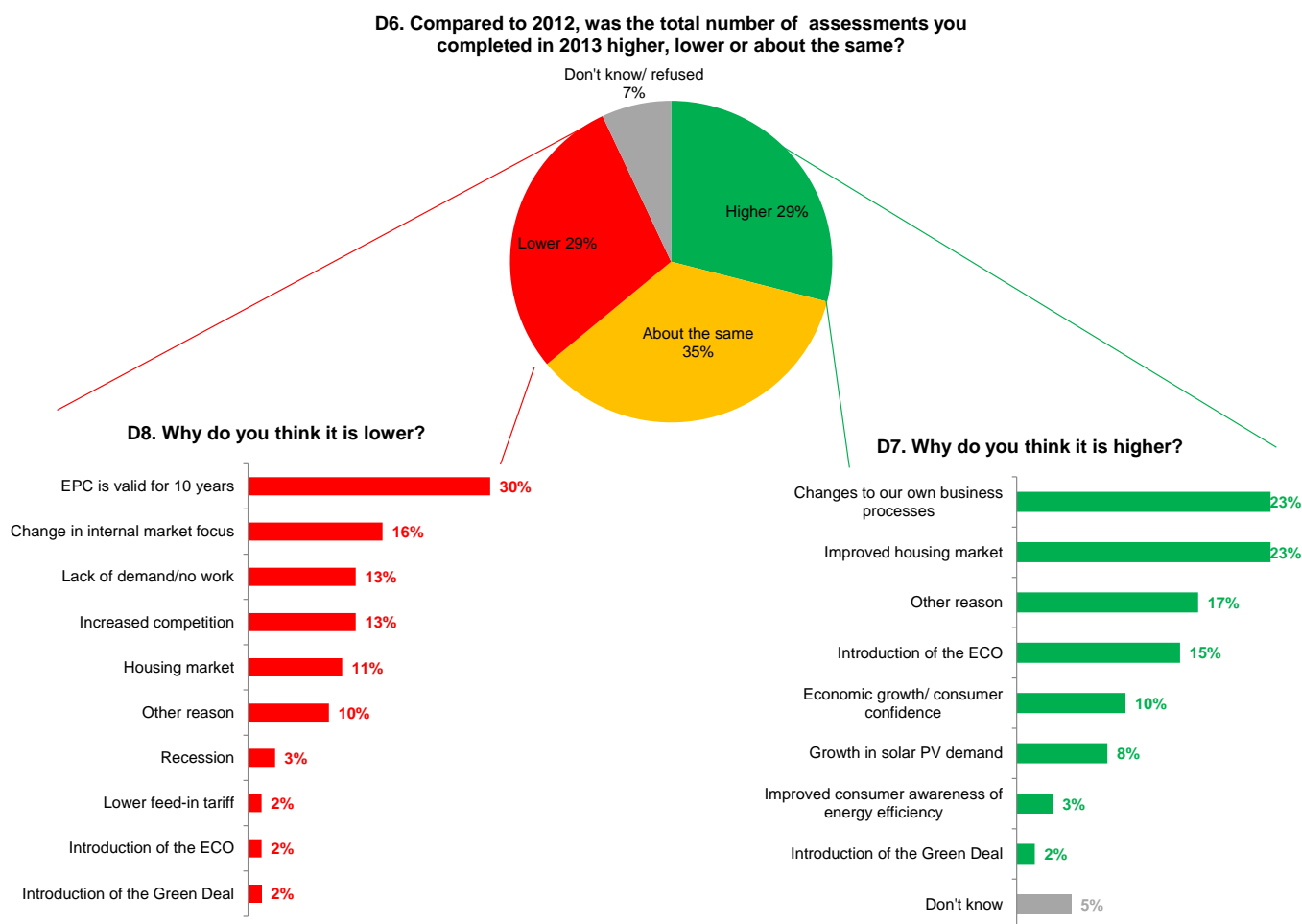
Figure 2.3: Histogram showing the number of domestic energy assessments completed by DEAs in the six months prior to the survey



Base: All DEAs (209), note: don't knows have been omitted (equal to 6%) so does not sum to 100%

- 2.15. DEAs were asked to compare the number of assessments they had completed in 2013 with the number that they had completed in 2012, and to explain any differences (Figure 2.4). Just over a third of DEAs (35%) reported that their volume of work in 2013 had been much the same as in 2012.
- 2.16. Just under a third (29%) of DEAs reported that they had completed more assessments in 2013 than they had in 2012. Reasons given for this increase included changes to business processes, and the influence of external forces (e.g. the upturn in the housing market and/or more general growth in consumer confidence). Some 15% of DEAs attributed the growth in the number of assessments that they had completed to the introduction of the ECO programme (just 2% identified the impact as being due to the launch of the Green Deal).
- 2.17. A similar proportion (29%) of DEAs reported that they had carried out fewer assessments in 2013 than they had in 2012. The single most common explanation was that the validity of EPCs had been extended to ten years (prior to 2010 it was valid for three years), which had reduced the number of EPCs that were required. DEAs also identified a number of other market factors that had exerted a negative influence, including a depressed housing market, and the impact of the recession on demand and consumer confidence. Some 2% of DEAs believed that the launch of the Green Deal and/or ECO programme had had a negative impact on the number of assessments that they had undertaken.

Figure 2.4: Whether the number of assessments carried out by DEAs in 2013 had changed from 2012, and if so what was the reason for this change



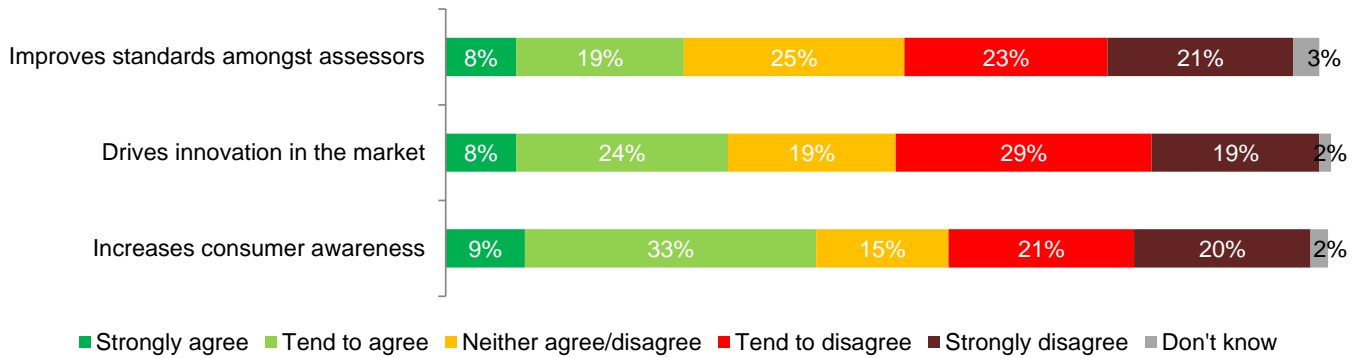
Base: D6. All DEAs (209); D7. All DEAs that had carried out a higher number of assessments (60); D8. All DEAs that had carried out a lower number of assessments (61); note: sums to more than 100% because respondents could give more than one answer

Other impacts of the Green Deal on the energy assessment market

2.18. DEAs were provided with three statements concerning potential impacts of the Green Deal programme on the energy assessment market, and were asked whether or not they agreed with each statement (Figure 2.5). Some 42% of DEAs agreed that the Green Deal had increased consumer awareness of energy assessments, though the same proportion – 41% – disagreed. A minority (between a quarter and a third) of DEAs agreed that the Green Deal had improved standards amongst assessors or driven innovation in the market; in both cases higher proportions (around 40% to 50%) disagreed that the Green Deal had had such an impact.

Figure 2.5: Whether the Green Deal had had an impact on the wider energy assessment market

D17. To what extent do you agree or disagree with these statements about the GD?



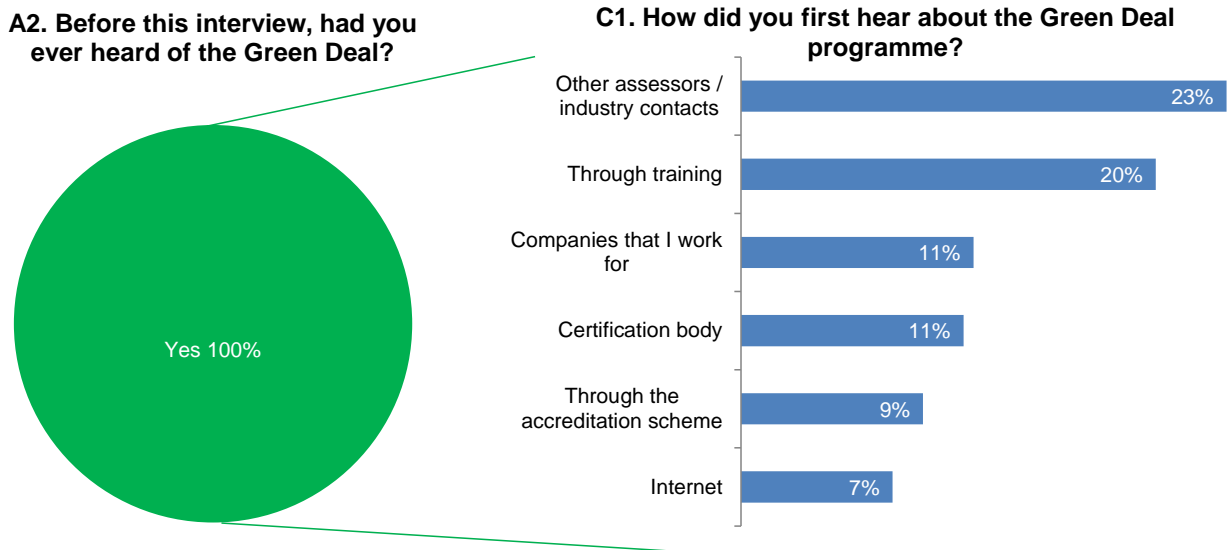
Base: All DEAs (209); note: does not sum to 100% due to rounding

Awareness and engagement with the Green Deal programme

Awareness of the Green Deal programme

2.19. As Figure 2.6 shows, all DEAs were aware of the Green Deal programme when they were surveyed²⁴. Many had heard of the programme from sources within their industry or supply chain (23% had heard of the Green Deal from other assessors or industry contacts and 11% had heard from businesses that they worked for), or as part of their training/ accreditation as DEAs.

Figure 2.6: If and how DEAs had heard of the Green Deal programme



²⁴ It is possible that the contacts that agreed to be surveyed were more likely to have been aware of the Green Deal than those that refused to participate, since contacts might hypothetically be less likely to participate in research if they were unaware of the subject of interest. However, no data were available that would enable us to test the extent to which this hypothesis was true

Base: A2. All DEAs (209); C1. All DEAs that had heard of the Green Deal programme (209), note: only responses that were mentioned by at least 5% of DEAs are shown; note: C1 sums to more than 100% because respondents could give more than one answer

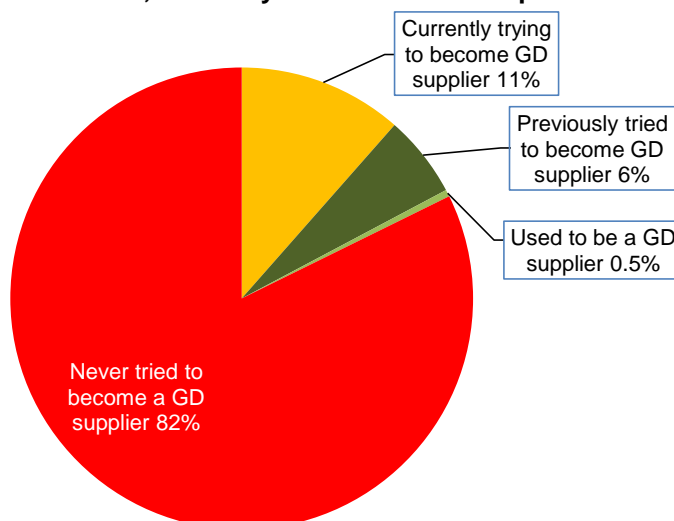
Engagement with the Green Deal programme

2.20. DEAs were asked whether they had ever considered becoming a certified Green Deal supplier, or indeed had ever tried to become a certified Green Deal supplier (Figure 2.7). In summary:

- The majority of DEAs (82%) had never sought to become certified Green Deal suppliers (reasons why are explored in the next section)
- Some 11% of DEAs were applying to become Green Deal suppliers when surveyed
- A further 6% of DEAs (12 individuals) reported that they had previously sought to become certified suppliers, but had not completed the process (two DEAs had applied for certification as a Green Deal assessor organisation and ten had applied for certification as a Green Deal advisor)
- One DEA had previously been a Green Deal advisor, but had stopped when the Green Deal assessor organisation that they were contracted with went out of business. They had not sought to find a replacement assessor organisation since *“the fees with Green Deal aren't worth the trouble”*, and so were no longer operating as a Green Deal advisor

Figure 2.7: Whether DEAs had ever sought to become Green Deal suppliers

A6. Are you currently applying to become a GD certified assessor or advisor, or have you been one in the past?



Base: All DEAs that were aware of the Green Deal programme (209)

Experiences of DEAs that had sought to become certified Green Deal suppliers

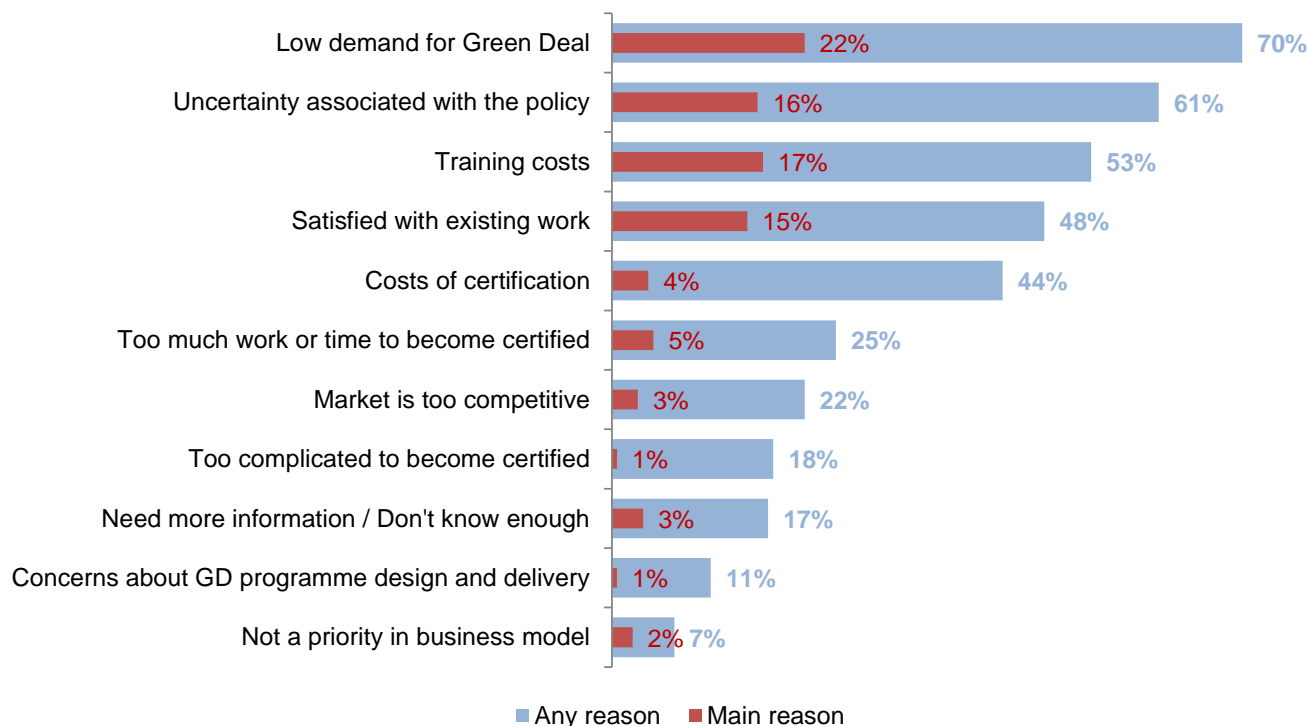
- 2.21. As shown in Figure 2.7, 18% of DEAs were going through or had in the past experienced the Green Deal supplier certification process. These DEAs were asked about their views on the quality of the certification process. Those DEAs that rated the certification process as 'poor' or 'very poor', explained that this was mostly due to concerns about the quality of the training provided ("*certain training companies jumped on the back of the scheme and are exploiting the situation*", according to one DEA).
- 2.22. As shown in Figure 2.7, 6% of DEAs had previously sought to be certified as Green Deal suppliers, but had not completed the process. These DEAs were asked why they had not completed their certification:
- Some DEAs had stopped due to a change in personal circumstances rather than anything inherent to the Green Deal or certification process (e.g. illness, or a career change)
 - Other DEAs had elected not to complete their certification because of perceived low demand under the Green Deal and, relatedly, the availability of sufficient work outside of the Green Deal (including work under ECO that did not require Green Deal supplier certification)

Why DEAs had not tried to become Green Deal advisors/ assessors

- 2.23. This sub-section presents analysis of the sub-group of 172 DEAs that indicated that they had never sought to become a Green Deal supplier. This sub-group of DEAs was asked why they had never sought to become a GD supplier (Figure 2.8):
- Perceived low demand under the Green Deal was the most common reason mentioned by DEAs who had not sought to be a GD supplier (70%), and was also the most common *main* reason (where respondents could only provide one answer) for not becoming a Green Deal supplier (for 22% of DEAs that had never sought to become a Green Deal supplier). It was not clear from the survey responses whether DEAs were referring to demand for assessments or installations, or indeed what levels of activity they were expecting under the Green Deal;
 - Uncertainty about the future of the Green Deal programme was another important reason for non-participation amongst DEAs (16% saw this as the main reason not to participate). For example, one respondent attributed their reluctance to participate in GD to their experiences of participating in a previous government-backed scheme (the creation and subsequent abolition of Home Improvement Packs);
 - Dissatisfaction with the certification process – training costs, certification costs and/or the complexity and time required for certification were all commonly identified as reasons why DEAs had not sought to become Green Deal suppliers;
 - Some 11% of DEAs raised various concerns with the design and delivery of the GD programme. For example, a survey respondent explained that they were reluctant to become a GD supplier due to their doubts about the software underpinning the GD assessment process, which they described as "*not robust technically*" in their survey response.

Figure 2.8: Reasons why DEAs had not tried to become a Green Deal supplier

C2. Which of these are reasons for not becoming a GD supplier so far?
 C3. What is the main reason for not becoming a GD supplier so far?



Base: C2. and C3. DEAs that had never tried to become a Green Deal supplier (172), note: only includes responses where at least 5% of DEAs identified this as 'any reason'; excludes 'don't knows' (2%) and C3. omits from the figure those DEAs that could not identify the single main reason (10%); note: C2 sums to more than 100% because respondents could give more than one answer

Help and support that DEAs would find useful

2.24. The sub-group consisting of 172 DEAs that had not sought to become Green Deal suppliers was asked whether there was anything that would help them become a Green Deal supplier, including whether there was any information or support that they would find helpful. Respondents identified the following changes that they would like to see made:

- Financial support (e.g. a grant) towards the costs of training and certification, or reduced cost/ free training and certification. There was concern amongst DEAs that the costs of training and certification would not be recouped through income from Green Deal assessments, due to the level of demand under the programme.

According to one respondent:

"I seek some form of guarantee that the costs of becoming Green Deal certified would be low enough to make sure it was viable for me to recoup my initial costs. I live in a rural area and consider that there is not enough Green Deal/ ECO work to warrant the investment required at the moment. As far as I can see, householders are not signing up to the programme"

DEA, sole trader

- Simplification of the certification process (*“the process of registering needs to be made more simple because at the moment it is too complicated, with far too many forms to fill out”*);
- The provision of more information and guidance on what was required of a Green Deal advisor and the required steps from application through to certification;
- More detailed market performance data, to aid commercial decision-making, such as in-depth data on the scale of Green Deal assessments, including local take-up rates;
- More publicity for the Green Deal and ECO programme, in order to increase take-up rates. Concerns about demand under Green Deal was a key ‘deterrent’ for DEAs, and it was suggested that a renewed advertising and promotion campaign might boost the market and provide reassurance to DEAs that Green Deal was a viable proposition.

Future intentions of DEAs as regards becoming a Green Deal supplier

2.25. As Figure 2.9 shows, over half (56%) of the sub-group of 172 DEAs that had never applied to become a Green Deal supplier indicated that they would consider applying to become a Green Deal supplier in the future. Respondents identified a range of benefits to becoming a Green Deal supplier²⁵:

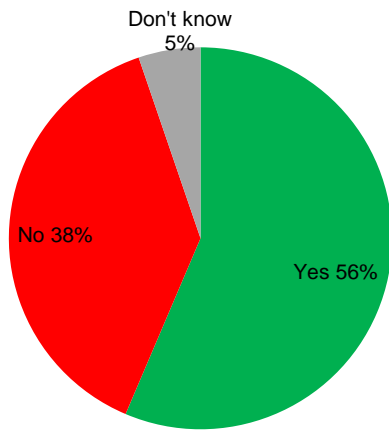
- A third (35%) of the DEAs that would consider becoming a Green Deal supplier in the future indicated that the main benefit of doing so was increased revenue. Related to this a further third (30%) reported that the main benefit would either be more work or a chance to diversify into new markets;
- Linkages with ‘other’ initiatives were not a major reason for taking on the Green Deal supplier role, with only 3% of the sub-group of DEAs indicating that the main benefit would be to access work under ECO, and 1% indicating that the benefit would be access to customers under the Domestic Renewable Heat Incentive (RHI)²⁶. It is not compulsory to be a certified Green Deal supplier to participate in either scheme.

²⁵ Base: DEAs that had never sought to become a GD supplier and that indicated that they would consider doing so in the future (97)

²⁶ The Domestic RHI was introduced in April 2014. The non-Domestic RHI was introduced in November 2011. The RHPP grant scheme was introduced to support the market prior to the Domestic RHI being introduced

Figure 2.9: Whether DEAs would consider becoming a Green Deal supplier in the future

C4. While you are currently not registered as a GD supplier, would you consider becoming one in the future?



Base: DEAs that had never tried to become a Green Deal supplier (172)

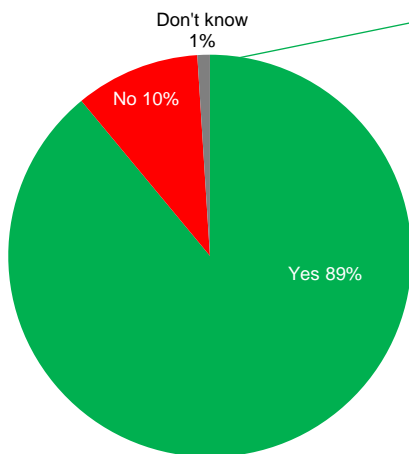
Awareness and engagement with the ECO programme

Awareness of the ECO programme

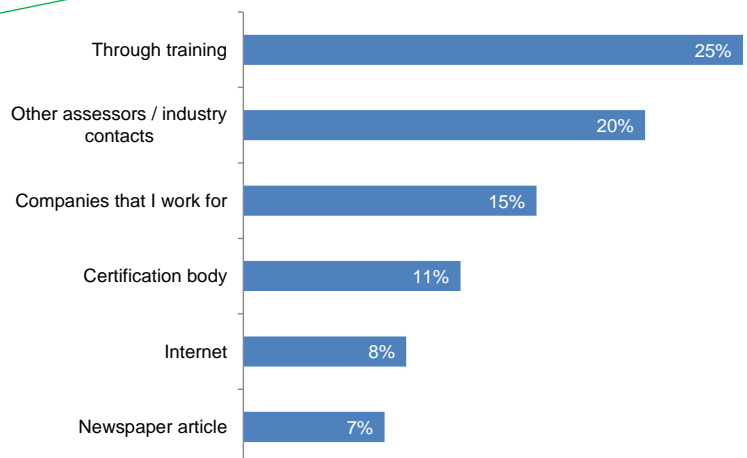
- 2.26. As Figure 2.10 shows, most (89%) of all DEAs sampled reported that they were aware of the ECO programme.
- 2.27. DEAs had heard of ECO through their DEA training (25% of DEAs that had heard of ECO), and from colleagues/ through their supply chain (20% had heard of ECO from other assessors and industry contacts, and 15% from businesses that they worked for).

Figure 2.10: If and how DEAs had heard of the ECO programme

A3. Before this interview, had you ever heard about ECO?



C8. How did you first hear about ECO?



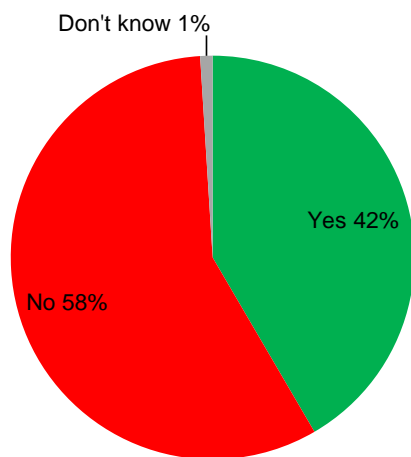
Base: A3. All DEAs (209); C8. All DEAs that had heard of the ECO programme (186), note: only responses that were mentioned by at least 5% of DEAs are shown; note: C8 sums to more than 100% because respondents could give more than one answer

Delivery under ECO

- 2.28. DEAs that were aware of ECO were asked if they or their business had ever delivered property surveys or energy assessments under the ECO programme. Green Deal supplier certification is not required in order to work under ECO, unless a Green Deal Advice Report is needed (which is an option under the Carbon Emission Reduction Obligation (CERO) and Carbon Saving Community Obligation (CSCO) obligations).
- 2.29. As Figure 2.11 shows, just under half (42%) of DEAs that were aware of ECO reported that they had worked under ECO. This suggests that ECO was important to many DEAs, even where they had not become Green Deal suppliers.

Figure 2.11: Whether DEAs had carried out energy assessments or property surveys under ECO

A12. Do you or your business undertake any property surveys or energy assessments under ECO?



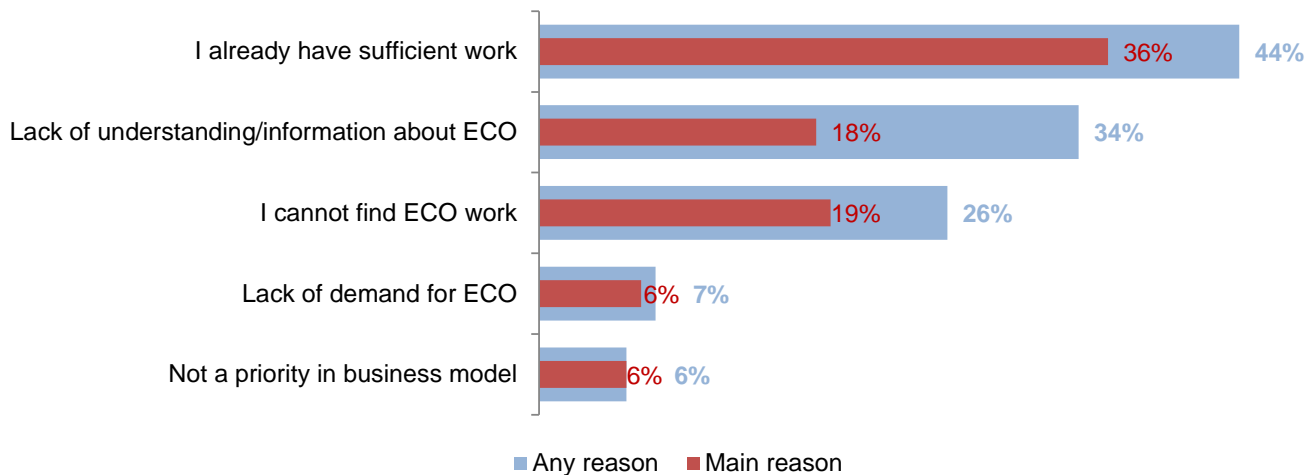
Base: All DEAs that were aware of the ECO programme (186); note does not sum to 100% due to rounding

Why DEAs had not delivered under ECO

2.30. DEAs that had not carried out energy assessments or property surveys under ECO were asked why this was the case (Figure 2.12). The availability of sufficient work outside of ECO was the most commonly identified reason, with a third (36%) of DEAs that had not delivered under ECO identifying this as the main reason why. A lack of information about ECO was also a commonly cited explanation for non-involvement.

Figure 2.12: Why DEAs had not carried out energy assessments or property surveys under ECO

C9. What have been the reasons for not doing assessments under ECO?
C10. What is the main reason for not doing assessments under ECO?



Base: C9. and C10. DEAs that had never carried out energy assessments or property surveys under ECO (108), note: only includes responses where at least 5% of DEAs identified this as 'any reason'; excludes 'don't knows' (1%); C9 sums to more than 100% because respondents could give more than one answer and C10. omits from the figure those DEAs that could not identify the single main reason (6%)

Future intentions regarding delivery under ECO

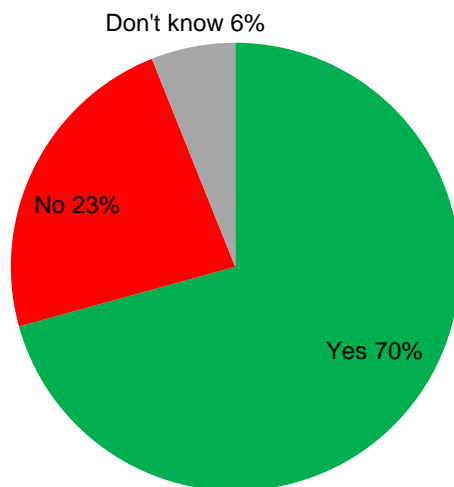
2.31. As shown in Figure 2.13, the majority (70%) of the DEAs that were aware of ECO but had not delivered energy assessments or property surveys under the programme would consider doing surveys for ECO in the future.

2.32. DEAs were asked what support, if any, might help them to work under ECO. Responses included:

- A better rate of pay per assessment/ property survey (one respondent believed that they should receive “£60 as opposed to [the] £20 offered”);
- More information about ECO and its requirements, including more information on the scale of the market and how to access work; and
- Free/ reduced cost training, and support in understanding what is required to work under ECO.

Figure 2.13: Whether DEAs would consider working under ECO in the future

C11. Would you consider doing surveys under the ECO in the future?



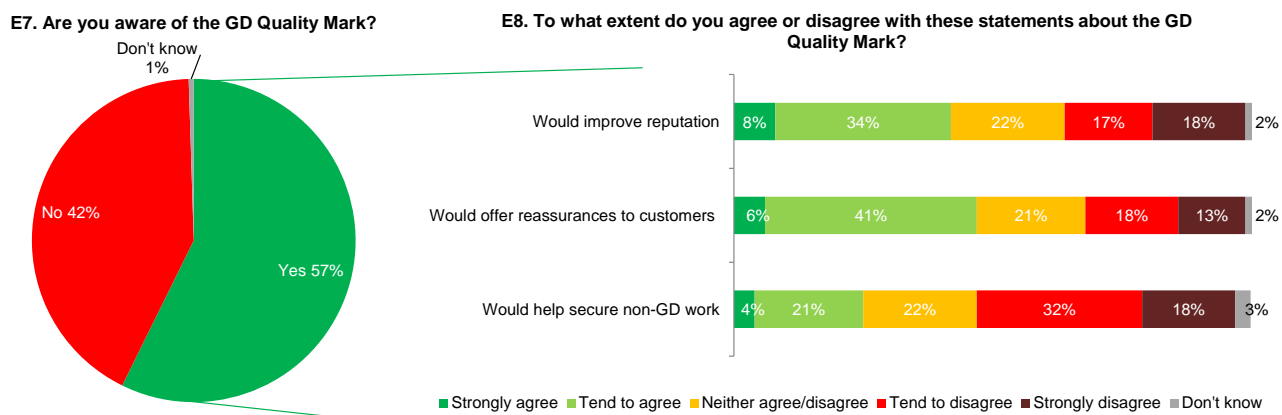
Base: DEAs that had never carried out energy assessments or property surveys under ECO (108)

DEAs' views on the Green Deal Quality Mark

Views on the Green Deal Quality Mark

- 2.33. The Green Deal Quality Mark is a symbol that Green Deal suppliers must include as part of identifying documents and marketing material associated with the Green Deal. DEAs that are not certified Green Deal advisors or assessors cannot make use of the Green Deal Quality Mark.
- 2.34. DEAs were asked whether they were aware of the Green Deal Quality Mark (Figure 2.14). Over half (57%) of DEAs reported that they were aware of the Quality Mark.
- 2.35. Those DEAs that reported that they were aware of the Green Deal Quality Mark were asked whether they agreed with a series of statements about the potential benefits of holding the Quality Mark. Some 42% of this sub-group of DEAs agreed that the Quality Mark would improve their reputation, and 47% agreed that it would offer reassurances to customers (35% and 31% of DEAs respectively disagreed with these statements). Only a quarter (25%) of DEAs agreed that the Quality Mark would help them win non-GD work, compared to half (50%) of DEAs who disagreed with the statement.

Figure 2.14: Whether DEAs had heard of the Green Deal Quality Mark, and if so whether they believed that the Mark would bring them selected benefits



Base: E7. All DEAs (209); E8. All DEAs that had heard of the Green Deal Quality Mark (120)

3. Microgeneration Certification Scheme Installers

This chapter presents the results of a survey of installers that were registered with the Microgeneration Certification Scheme (MCS), but were not certified Green Deal suppliers. It explores their views of the Green Deal and ECO programme, including why they had not become Green Deal suppliers

A note on terminology and reporting confidence intervals

- 3.1. The results presented in this chapter were based on an achieved sample of 110 MCS installers. As shown in Figure 1.4 in Chapter 1, the confidence intervals for the sample of MCS installers were relatively wide (+/- 9.6% for answers given by 50% of respondents). For this reason, in the main body of this chapter, all figures quoted in the text have a footnote on their confidence interval (presented as a '±' value, which should be added to and subtracted from the figure quoted to give a range). For presentational reasons the confidence intervals have not been included in the key messages section below or within the charts. It is recommended that readers present the confidence intervals when using these data. For example, when it is stated that 95% (±4%) of surveyed MCS installers that had heard of Green Deal reported that they had never sought to become certified Green Deal suppliers, it is probable that between 91% and 99% of all MCS installers that had heard of GD had never sought to become a certified Green Deal supplier. Data were not weighted.
- 3.2. This chapter refers to 'MCS installers' throughout, for ease of presentation. This is more correctly stated as: 'MCS installers that were not certified Green Deal suppliers', since it was from this population that the sample was drawn.

Key messages

- Almost all MCS installers (98%²⁷) indicated that they were aware of the Green Deal programme. Of these installers, most (95%) reported that they had not yet sought to become certified Green Deal suppliers. Perceived low demand under the Green Deal was the most common explanation, along with satisfaction with their workload outside of Green Deal. MCS installers also noted some concerns with the cost and complexity of the certification process.

²⁷ The small sample size (n=110) of MCS installers meant that confidence intervals for data generated through the survey of MCS installers were relatively wide (+/- 9.6% for answers given by 50% of respondents). In the main body of this chapter, all reported data for MCS installers have a footnote on their confidence intervals

- The majority (69%) of the MCS installers that had not sought to become certified Green Deal suppliers at the point of fieldwork reported that they would consider doing so in the future (despite the concerns listed above). The opportunity to generate more work and more income (again despite concerns over demand under Green Deal) was identified as the main benefit of becoming Green Deal certified in the future. Some 26% of MCS installers that had not sought to become certified Green Deal suppliers reported that they had no intention of doing so in the future.
- Almost three quarters (71%) MCS installers reported that they were aware of the ECO programme. Of this group, most (93%) reported that they had not installed measures under ECO. Renewable energy measures are only eligible under the Affordable Warmth obligation of ECO, which reduces the potential size of the market for MCS installers. Other reasons for non-involvement included: satisfaction with existing workloads outside of the programme, and a lack of understanding about ECO. More information about ECO (e.g. how to get involved, the size of the market, reporting requirements) was identified by MCS installers as a form of support that might help them to participate in the programme.
- Some 18% of MCS installers noted that they had installed measures for customers with a GD Advice Report (this might have been influenced by the requirement for the final round of the RHPP and the Domestic RHI that customers had had a GD assessment, and/or it may indicate that MCS installers have carried out installations for Green Deal customers outside of a GD Plan).

Overview of the MCS installer market

- 3.3. The MCS is a quality assurance scheme covering the microgeneration installation sector. Microgeneration consists of products designed to generate electricity and heat from renewable sources, such as: air and ground source heat pumps; solar PV and solar thermal; biomass boilers; and micro combined heat and power systems. Installations under FiTs or the Domestic RHI – and before this the Renewable Heat Premium Payment (RHPP) – must be carried out by MCS certified installers.

Installer characteristics and backgrounds

- 3.4. The majority of MCS installers (78%²⁸) were micro-sized businesses, and most of the remainder were small businesses (19%²⁹)³⁰.
- 3.5. Most MCS installers reported that their businesses were established before the Green Deal and ECO programme was launched, with 94%³¹ started prior to 2013. Some 27%³² of MCS installers were established between 2010 and 2012 (inclusive), a period which saw the introduction of the FITs scheme (in 2010) to promote solar PV, and the

²⁸ ±8%

²⁹ ±7%

³⁰ Both based on the EU definition of an SME (http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm), where: Micro = <10 employees and turnover ≤£1.6m; Small = <50 employees and turnover ≤£8m; Medium = <250 employees and turnover ≤£40m; Large = ≥250 employees and turnover >£40m

³¹ ±4%

³² ±8%

launch of the RHPP (in 2011) to promote renewable heating technologies (solar thermal panels, heat pumps and biomass boilers).

- 3.6. Most MCS installers (92%³³) reported that they did not deliver under the CERT or CESP programmes (which pre-dated the ECO programme)³⁴.

Routes to market

- 3.7. As Figure 3.1 shows, most MCS installers (67%³⁵) reported that they were not subcontracted to carry out installations for any other organisation, and thus worked directly for customers. Some 33%³⁶ of MCS installers reported that they carried out installations for other organisations. This included property firms and house builders (23%³⁷), and also other installers (19%³⁸).
- 3.8. Relatedly (not shown in Figure 3.1), MCS installers were also asked whether they had ever carried out an installation for a customer with a GD Advice Report (GDAR)³⁹. Some 18%⁴⁰ of installers reported that they had done so. The final 'round' of the RHPP scheme (which targeted many of the energy efficiency products offered by MCS installers) required customers to have had a GD assessment. The Domestic RHI also required a GD assessment (though not launched at the time of the fieldwork, it is possible that customers had had GD assessments in anticipation of the start of the scheme. It is thus possible that this requirement might have led to MCS installers carrying out work for customers with a GDAR though the survey did not include any follow-up questions on this topic. In addition, whilst they were not certified Green Deal suppliers (and thus could not install measures under a Green Deal Plan, for example), some MCS installers may still have been part of a wider supply chain that served customers who, having had a GDAR, found ways other than Green Deal finance to fund installations.

³³ ±5%

³⁴ The Carbon Emissions Reduction Target (CERT) and the Community Energy Saving Programme (CESP), which finished in December 2012 and were 'precursors' to the ECO programme. CERT and CESP included various products that MCS installers provide (e.g. heat pumps, solar thermal, biomass boilers and solar PV), but under both programmes, 'micro-generation' measures formed a relatively small share of total installations.

³⁵ ±9%

³⁶ ±9%

³⁷ ±8%

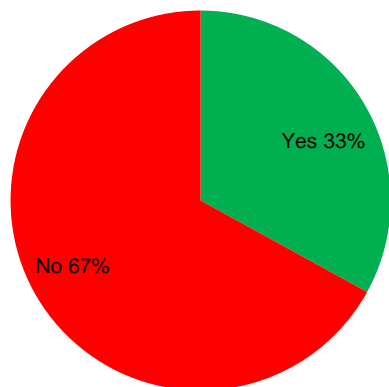
³⁸ ±7%

³⁹ Base: All MCS installers (110)

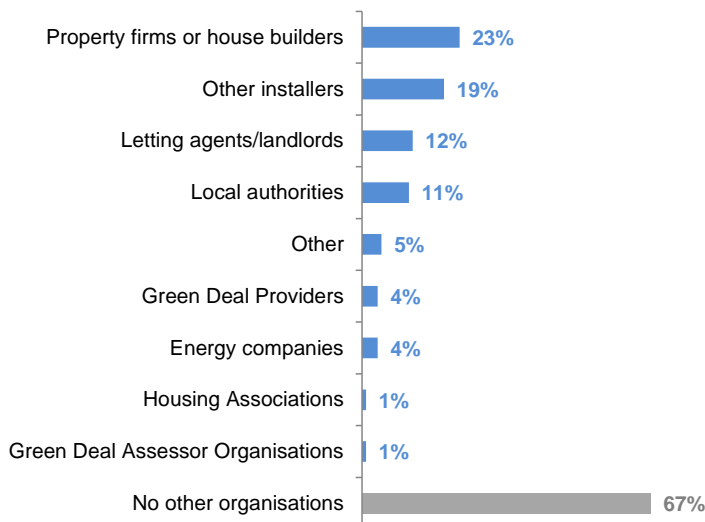
⁴⁰ ±7%

Figure 3.1: Whether MCS installers carried out installations for other organisations, and for whom

B18. Is your business sub-contracted to provide installations for any other organisations?



B19. Do you undertake installations on behalf of any of the following?



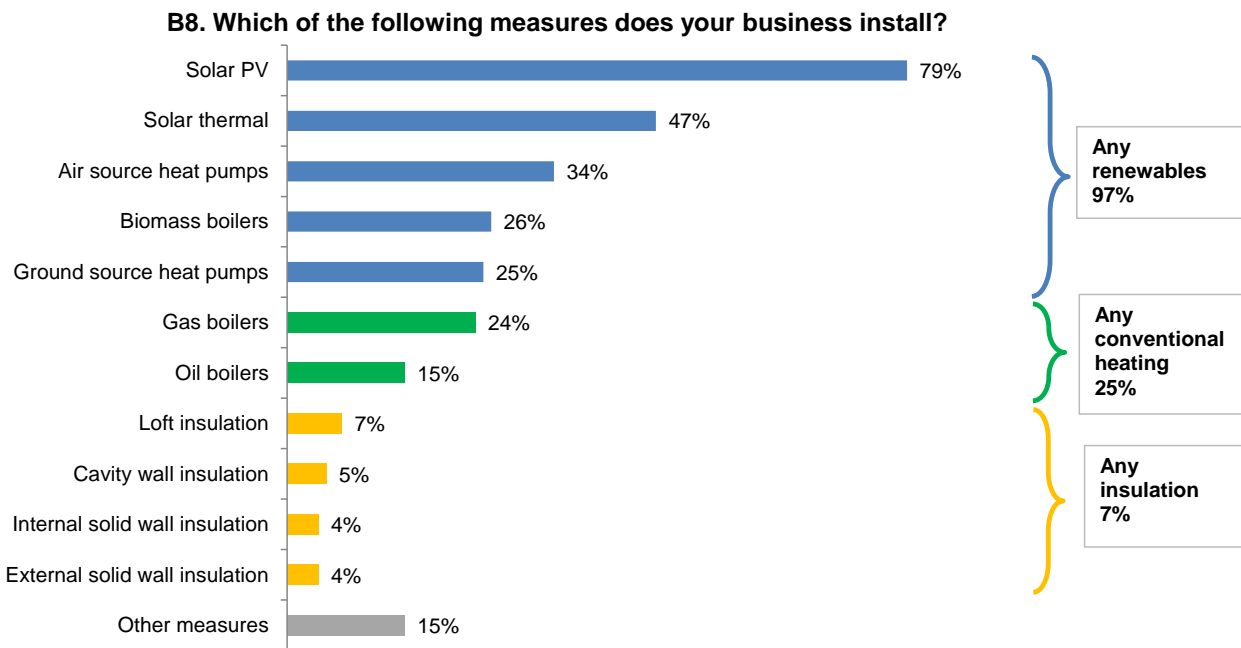
Base: B18. All MCS installers (110); B19. All MCS installers (110); note: sums to more than 100% because respondents could give more than one answer

Service offers

3.9. As Figure 3.2 shows, renewable energy products (shaded blue) were the most common measures offered by MCS installers (which is to be expected given that the MCS is a scheme aimed at installers of renewable energy products). Solar PV was the single most commonly offered product (provided by 79%⁴¹ of installers). MCS installers also offered a range of other types of energy efficiency product, including conventional heating technologies (e.g. gas boilers) and various types of insulation.

⁴¹ ±7%

Figure 3.2: Types of product installed by MCS installers

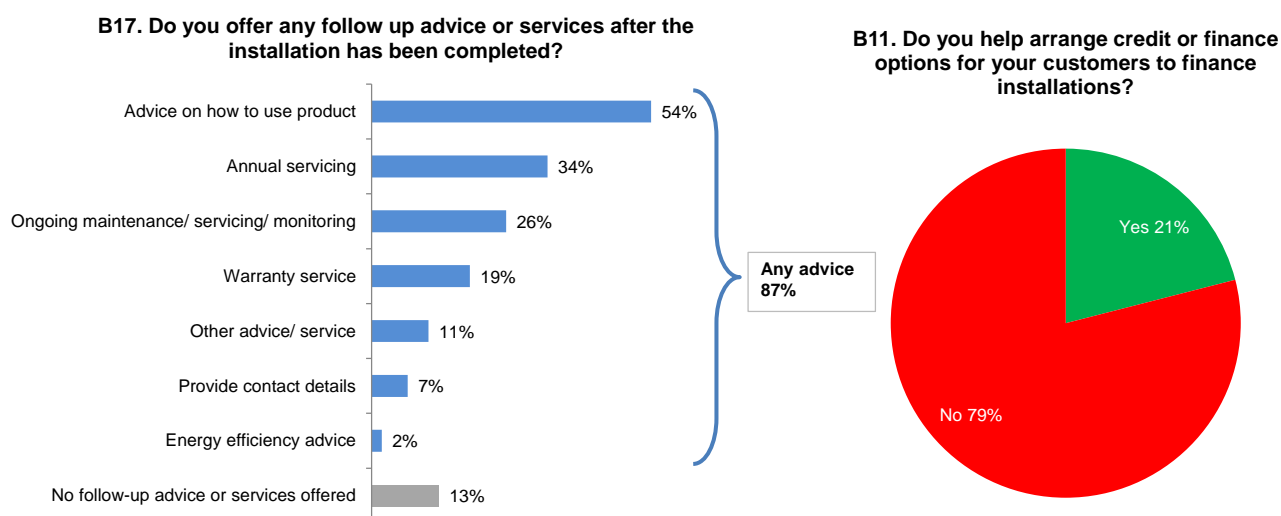


Base: All MCS installers (110); note: sums to more than 100% because respondents could give more than one answer

- 3.10. MCS installers were asked whether they offered any follow-up advice or services in addition to the installation of products (Figure 3.3). The majority (87%⁴²) of MCS installers reported that they did offer some form of follow-up advice or services to customers. Common services included: advice on how to use the product(s) that had been installed (offered by 54%⁴³ of installers), and annual servicing (offered by 34%⁴⁴ of installers). Some 13%⁴⁵ of MCS installers reported that they did not offer any follow-up services other than the installation of products.
- 3.11. MCS installers were also asked whether they helped to arrange credit or finance on behalf of customers in order to fund installations (Figure 3.3). The majority (79%)⁴⁶ of MCS installers reported that they did not arrange credit or finance on behalf of their customers. Those installers that did arrange credit were asked what type of finance this involved. Responses included: government subsidy schemes, such as FiTs and/or RHPP (and Domestic RHI now that it has been launched); and finance provided by other businesses (e.g. personal loan providers).

⁴² ±6%
⁴³ ±9%
⁴⁴ ±9%
⁴⁵ ±6%
⁴⁶ ±7%

Figure 3.3: Whether MCS installers offered additional advice or services to customers, including arranging credit

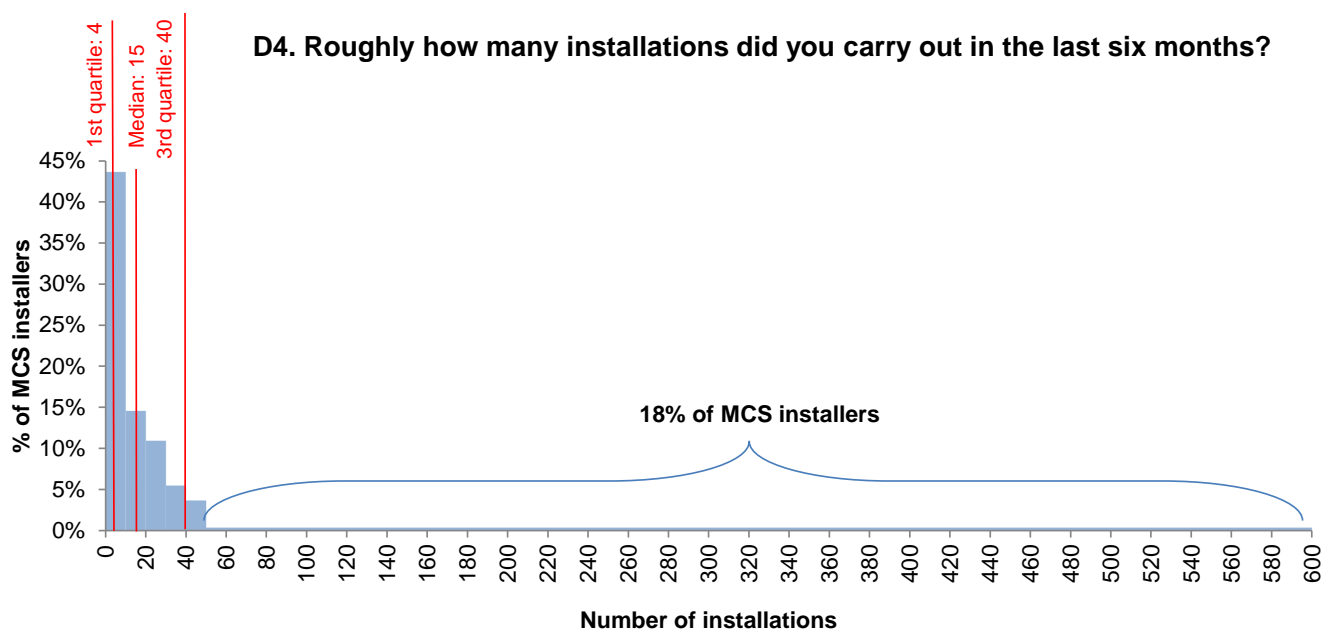


Base: All MCS installers (110); note: B17 sums to more than 100% because respondents could give more than one answer

The installation market outside of the Green Deal and ECO programme

3.12. MCS installers were asked to indicate how many installations they had carried out in the six months prior to the survey (i.e. during the second half of 2013 and the beginning of 2014). As shown in Figure 3.4, MCS installers reported that they had carried out a (median) average of 15 installations in the preceding six months, equal to between two and three installations per month. A quarter of MCS installers had completed four or fewer installations in the six months prior to the survey.

Figure 3.4: Histogram showing the number of installations completed by MCS installers in the six months prior to the survey

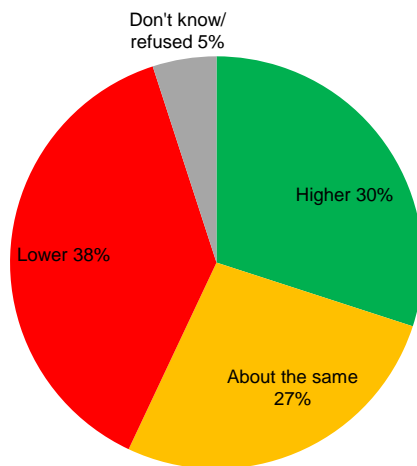


Base: All MCS installers (110); note: excludes 'don't knows' (4%) so does not sum to 100%

- 3.13. MCS installers were asked to compare the number of installations they had completed in 2013 with the number that they had completed in 2012 (Figure 3.5). Some 30%⁴⁷ of MCS installers reported that the number of installations that they had completed had increased in 2013. The drivers of these increases were reported to include: growth in consumer awareness of energy efficiency; increased energy bills; general growth in demand linked with rising consumer confidence; growth in the housing market; and the launch of the Domestic RHI.
- 3.14. Another 38%⁴⁸ of MCS installers reported that they had carried out fewer installations in 2013 compared to the preceding year. These businesses identified a number of reasons for this drop, including: a decrease in the value of the FiTs, with an associated impact on demand for solar PV; and a more general decrease in demand, which some respondents attributed to the continuing effects of the recession.

Figure 3.5: Whether the number of installations carried out by MCS installers in 2013 had changed from 2012

D6. Compared to 2012, was the total number of installations you completed in 2013 higher, lower or about the same?



Base: All MCS installers (110)

Other impacts of the Green Deal on the installation market

- 3.15. MCS installers were asked whether they had changed their prices in response to the introduction of the Green Deal programme⁴⁹. Most (89%)⁵⁰ installers reported that they had not changed their prices because of the Green Deal; 3% ($\pm 3\%$) noted that they had increased their prices, and 5%⁵¹ had decreased their prices⁵².
- 3.16. In order to explore more general market impacts, MCS installers were provided with three statements concerning potential market impacts of the Green Deal programme,

⁴⁷ $\pm 8\%$

⁴⁸ $\pm 9\%$

⁴⁹ Base: All MCS installers (110)

⁵⁰ $\pm 6\%$

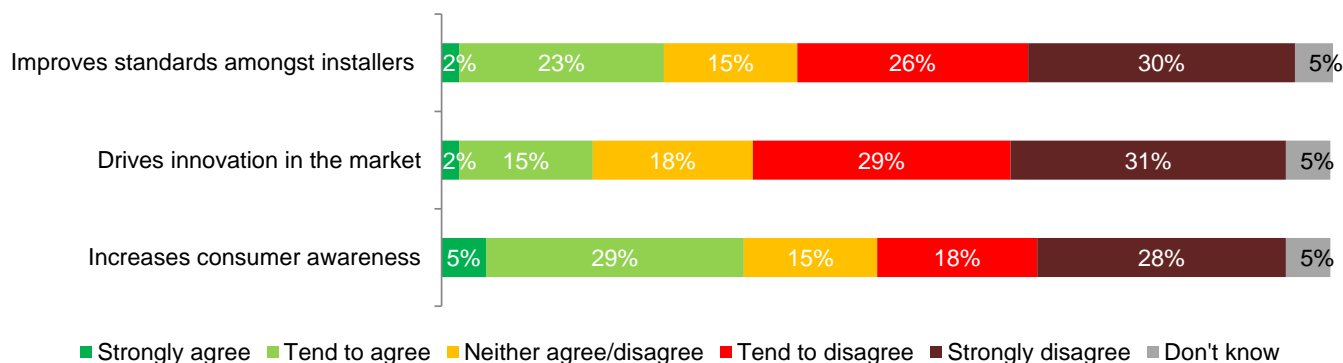
⁵¹ $\pm 4\%$

⁵² 2% did not know, and 1% refused to answer

and were asked whether or not they agreed with each statement (Figure 3.6). A high proportion (almost a third of respondents in each case), strongly disagreed with each of the three statements. The majority of MCS installers disagreed that GD had driven innovation in the market (60%⁵³) and/or disagreed that GD had increased consumer awareness of energy efficiency products (56%⁵⁴).

Figure 3.6: Whether Green Deal had had an impact on the wider installation market

D17. To what extent do you agree or disagree with these statements about the GD?



Base: All MCS installers (110)

Awareness and engagement with the Green Deal programme

Awareness of the Green Deal programme

3.17. As Figure 3.7 shows, almost all MCS installers (98%⁵⁵) were aware of the Green Deal programme when they were surveyed⁵⁶. They had heard of the programme from a wide range of sources, including from other installers and contacts within their industry (18%⁵⁷) and via a trade magazine (16%⁵⁸).

⁵³ ±9%

⁵⁴ ±9%

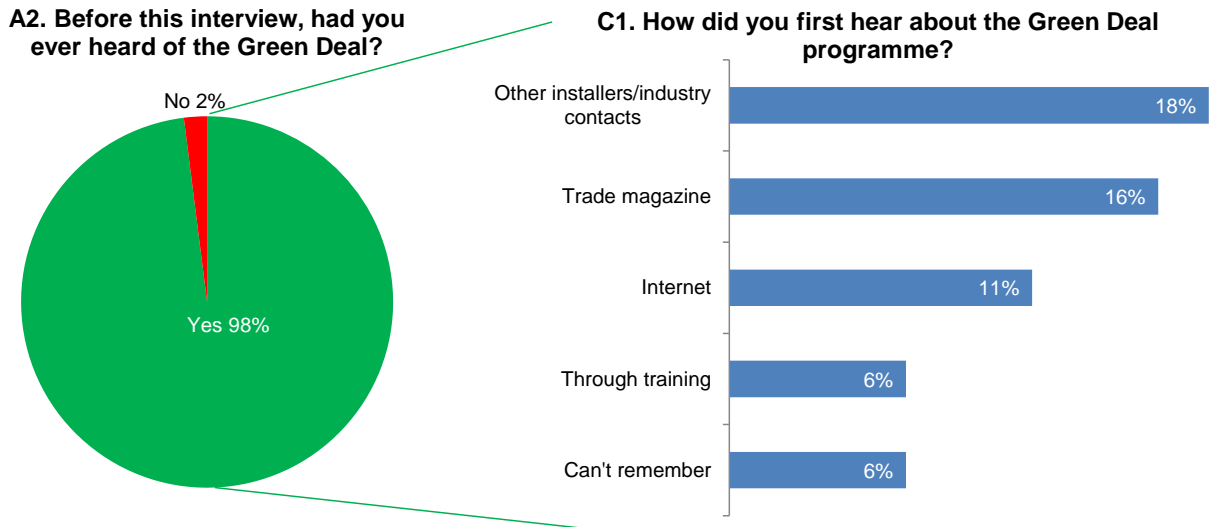
⁵⁵ ±2%

⁵⁶ As previously, readers should note that it is possible that MCS installers that agreed to be surveyed were more likely than those that declined, to have heard of the Green Deal (since they might not be willing to participate if they were unaware of the subject of the research). However, we cannot test the extent to which this was the case.

⁵⁷ ±7%

⁵⁸ ±7%

Figure 3.7: If and how MCS installers had heard of the Green Deal programme



Base: A2. All MCS installers (110); C1. All MCS installers that had heard of the Green Deal programme (108), note: only responses that were mentioned by over 5% of MCS installers are shown; note: for C1 respondents could give more than one answer

Engagement with the Green Deal programme

3.18. MCS installers were asked whether they had ever considered becoming a certified Green Deal supplier, or indeed if they had ever tried to become a certified Green Deal supplier (Figure 3.8). In summary:

- The majority (95%⁵⁹) of MCS installers that had heard of Green Deal reported that they had never sought to become certified Green Deal suppliers (explanations are discussed below);
- Some 3%⁶⁰ of MCS installers were applying to becoming Green Deal suppliers when surveyed, and a further 2%⁶¹ had applied to be certified in the past, but had not completed the process (see below).

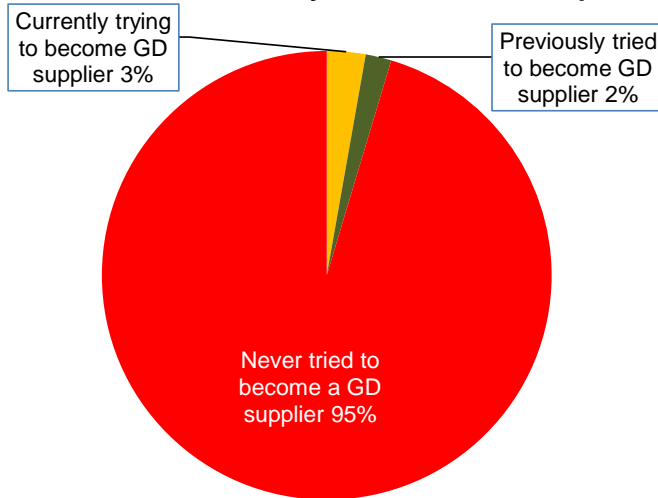
⁵⁹ ±4%

⁶⁰ ±3%

⁶¹ ±2%

Figure 3.8: Whether MCS installers had ever sought to become Green Deal suppliers

A6. Are you currently applying to become a GD certified installer, or have you been one in the past?



Base: All MCS installers that were aware of the Green Deal programme (108)

Experiences of MCS installers that had sought to become certified Green Deal installers

- 3.19. As shown in Figure 3.8, 5% of MCS installers reported that they were applying to be Green Deal suppliers when surveyed, or had applied in the past but not completed the process. These MCS installers were asked about their views on the quality of the certification process. A few of these MCS installers rated their experience as 'poor' or 'very poor', because they felt that 'their' certification body had not provided them with sufficient information or guidance about the certification process or the role of a Green Deal supplier and how the Green Deal programme worked.
- 3.20. As shown in Figure 3.8, 2% of MCS installers had tried to become Green Deal certified but had not completed the process. These installers explained that they had decided that there was insufficient demand under the Green Deal programme to justify the time and cost association with completing the certification process.

Why MCS installers had not tried to become Green Deal installers

- 3.21. MCS installers that indicated that they had never tried to become a certified Green Deal supplier were asked why this was the case. The results are shown in Figure 3.9, which indicates that:
- Perceived low demand under the Green Deal was the most commonly mentioned reason for not becoming a Green Deal supplier (mentioned by 79%⁶² of MCS installers that had never sought to become a Green Deal supplier). Low demand was also the most common 'main' reason for not becoming a certified supplier (29%⁶³). It was not clear from the survey responses whether installers were

⁶² ±8%

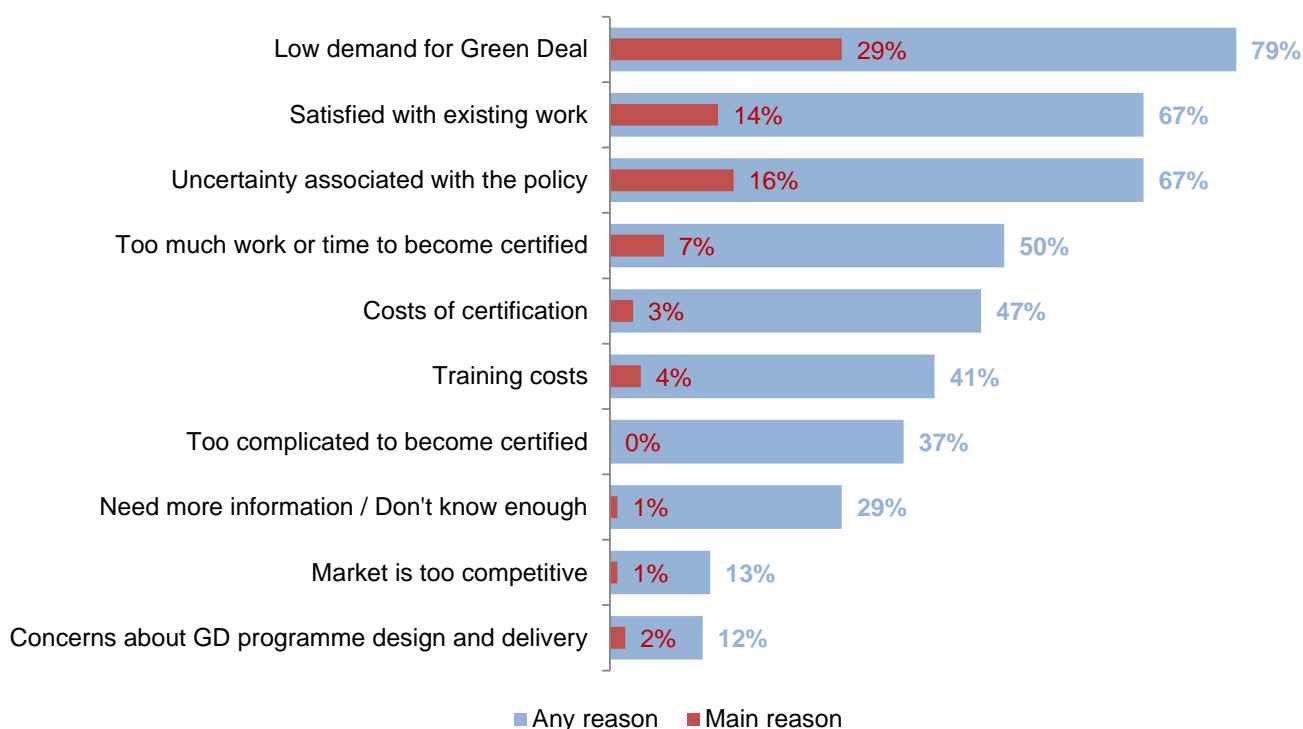
⁶³ ±9%

referring to demand for assessments or installations, or indeed what levels of activity they were expecting under the Green Deal.

- Satisfaction with existing workloads outside of the Green Deal was also a commonly cited reason for not becoming a Green Deal supplier (mentioned by 67%⁶⁴ of MCS installers). Some 67%⁶⁵ of MCS installers noted concerns about what they perceived to be the ‘uncertainty’ associated with the Green Deal policy (i.e. its longevity and stability).
- Dissatisfaction with the process of certification (e.g. the time taken to become certified, the costs of training or certification and the general complexity) was also commonly given as a reason for not becoming a certified Green Deal supplier.

Figure 3.9: Reasons why MCS installers had not tried to become a Green Deal supplier

**C2. Which of these are reasons for not becoming a GD supplier so far?
C3. What is the main reason for not becoming a GD supplier so far?**



Base: C2. and C3. MCS installers that had never tried to become a Green Deal supplier (103), note: only includes responses where at least 5% of MCS installers identified this as ‘any reason’; excludes ‘don’t knows’ (2%); note: C2 sums to more than 100% because respondents could give more than one answer; and C3. excludes MCS installers that could not identify the single main reason (19%)

⁶⁴ ±9%

⁶⁵ ±9%

Help and support that MCS installers would find useful

3.22. MCS installers that had not sought to become Green Deal suppliers were asked whether there was anything that might help them to become a Green Deal supplier, including whether there was any information or support that they would find useful. Responses included the following:

- Financial support (e.g. a grant) towards the costs of training and certification was a common request amongst respondents, particularly given concerns about the extent to which there was sufficient demand under the Green Deal to enable installers to recoup costs;
- Respondents requested improved information and guidance about the Green Deal programme, including in relation to: the functioning of the Green Deal; the process of becoming a certified Green Deal installer; and, improved statistics on the size and characteristics of the Green Deal market (to aid commercial decision-making);
- Some respondents believed that the ‘financial offer’ within the Green Deal should be made more attractive to consumers, with improved/ amended incentives to participate. For some installers this meant finding a way to reduce the interest rate attached to Green Deal finance: *“if the government can subsidise the interest rate and make it cheaper, then we would consider [GD]”*;
- Several respondents suggested that solar PV should be included within GD (*“if solar PV installations were included, then I might consider [GD]”*). Given that solar PV is an eligible measure under the Green Deal and that energy savings from such installations (though not income through FiTs) can be included within the Golden Rule calculations, this perhaps suggests some confusion about the scope of the Green Deal programme (potentially related to the extent to which information about the Green Deal is reaching MCS installers). Alternatively, since solar PV is not an eligible measure under the GD cashback scheme, it is possible that respondents were confusing the ‘main’ GD programme with the GD cashback scheme.

Future intentions as regards becoming a Green Deal installer

3.23. As Figure 3.10 shows, most MCS installers that had never applied to become a certified Green Deal supplier (69%⁶⁶) reported that they would consider becoming a Green Deal supplier in the future.

3.24. A chance to generate increased income was the most commonly identified benefit of becoming a certified Green Deal supplier: some 30%⁶⁷ of those MCS installers that would consider becoming a Green Deal supplier⁶⁸ identified ‘more work’ as a benefit. Installers also cited increased revenue and/or market diversification as benefits (in the latter case, one respondent noted that the Green Deal would move them away from a reliance on solar PV installations in the non-domestic market).

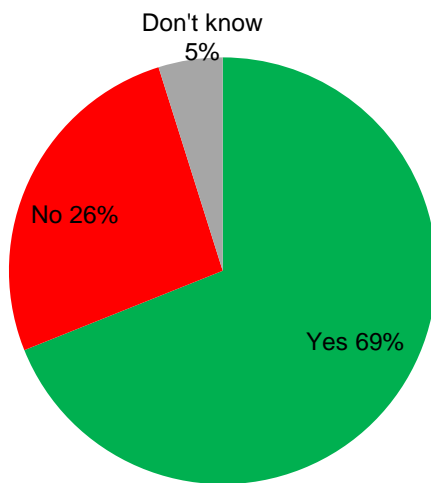
⁶⁶ ±9%

⁶⁷ ±10%

⁶⁸ Base: MCS installers that had never sought to become a GD supplier and that indicated that they would consider doing so in the future (71)

Figure 3.10: Whether MCS installers would consider becoming a Green Deal supplier in the future

C4. While you are currently not registered as a GD supplier, would you consider becoming one in the future?



Base: MCS installers that had never tried to become a Green Deal supplier (103)

Intentions as regards becoming a Green Deal provider

- 3.25. Green Deal providers play a key role within the Green Deal supply chain. They organise the financing and installation of energy efficiency improvements, and are the only organisations that are able to provide Green Deal finance within the framework of the Green Deal Plan. Green Deal providers are also the only organisations that are allowed to use the ECO Brokerage platform, which is one mechanism to gain access to contracts with energy companies to deliver ECO obligations on their behalf. Many Green Deal providers are also registered as Green Deal installers, and/or have come from an installation background.
- 3.26. MCS installers were asked whether they had ever considered becoming a Green Deal provider (Figure 3.11). A third (32%⁶⁹) of installers reported that they had considered becoming a Green Deal provider and were asked why they had decided not to proceed. The reasons given were largely similar to the reasons why they had not become Green Deal installers: insufficient evidence of demand under the Green Deal; the costs of certification – respondents did not specify whether this was the costs of registering as a Green Deal provider or the costs of onboarding with the Green Deal Finance Company (GDFC)⁷⁰; and a need for more information about the role of a Green Deal provider and the certification process.
- 3.27. The majority (60%⁷¹) of MCS installers reported that they had not considered becoming a Green Deal provider (another 7%⁷²) noted that they might consider doing so in the

⁶⁹ ±9%

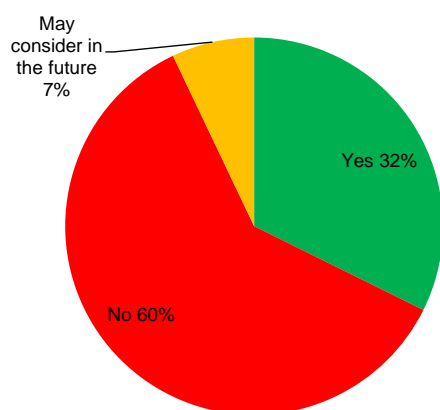
⁷⁰ In order to access credit from the GDFC, GD providers must first complete an 'onboarding' process. Onboarding consists of due diligence checks on GD providers, including a review of financial performance and operational systems

⁷¹ ±9%

future). Those installers that had not considered becoming a Green Deal provider were asked what – if anything – would make them consider becoming a Green Deal provider in the future. Suggestions included: more information about the role of a Green Deal provider and the scale of the Green Deal market; and financial support to cover the costs of certification. Respondents also noted that concerns about the benefits of participation in Green Deal (e.g. whether there was sufficient demand) would need to be addressed if they were to participate as either Green Deal installers or Green Deal providers.

Figure 3.11: Whether MCS installers had considered becoming a Green Deal provider

F1. Has your business considered becoming a GD Provider?



Base: All MCS installers that were aware of the Green Deal programme (108)

Awareness and engagement with the ECO programme

Awareness of the ECO programme

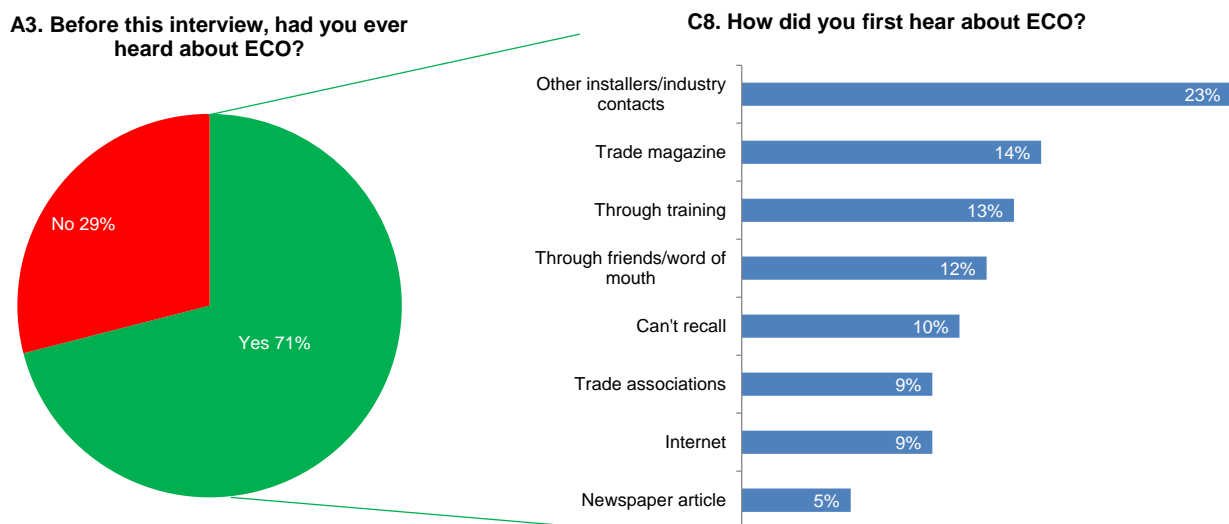
- 3.28. As Figure 3.12 shows, most (71%⁷³) MCS installers reported that they were aware of the ECO programme.
- 3.29. MCS installers had heard about ECO through a range of sources, including via industry contacts (23%⁷⁴) and through other trade-related sources (such as trade magazines, trade associations, and via word of mouth).

⁷² ±5%

⁷³ ±8%

⁷⁴ ±9%

Figure 3.12: If and how MCS installers had heard of the ECO programme



Base: A3. All MCS installers (110); C8. All MCS installers that had heard of the ECO programme (78), note: only responses that were mentioned by at least 5% of MCS installers are shown; data note: for question C1, MCS installers could select more than one response

Delivery under ECO

3.30. MCS installers that were aware of ECO were asked if they had ever installed measures under the programme (Green Deal supplier certification is not required in order to install measures under ECO)⁷⁵. As Figure 3.13 shows, the vast majority (93%⁷⁶) of installers that were aware of ECO reported that they had not installed measures under the programme. It should be noted that it is likely that not all of the MCS installers would have been able to install measures under ECO, since renewable energy measures of the type installed by MCS installers are only eligible measures under the Affordable Warmth obligation of ECO⁷⁷. Even then there are some restrictions (e.g. solar PV can only be included if electric heating is the primary heating source in a household). As shown in Figure 3.14 and discussed below, around a third of MCS installers reported that the measures that they installed were not eligible under ECO.

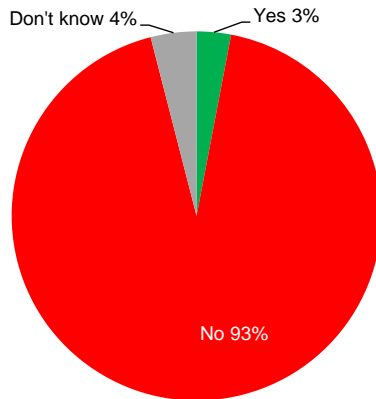
⁷⁵ Note that it is possible that MCS installers might not know whether or not they had installed measures that had been funded through the ECO programme. For example, if they were sub-contracted by another company to install a measure, then it is possible that they might not know how this installation had been financed (and thus whether ECO money had been involved). However, we have no evidence either way about the extent to which this is true, and instead bring this to the attention of the reader as a caveat when interpreting Figure 3.13.

⁷⁶ ±6%

⁷⁷ <https://www.ofgem.gov.uk/ofgem-publications/83100/copyofecomeasurestable-mar2014url.pdf>

Figure 3.13: Whether MCS installers had installed measures under the ECO programme

A12. Do you or your business install measures under ECO?



Base: MCS installers that were aware of the ECO programme (78)

Why MCS installers had not delivered under ECO

3.31. MCS installers that had not carried out installations under ECO were asked why this was the case (Figure 3.14):

- Availability of sufficient work outside of ECO was a commonly cited reason for non-participation in ECO: it was cited as a reason for non-participation by 41%⁷⁸ of MCS installers, and was cited as the most important reason for 21%⁷⁹ of installers. Perhaps relatedly, a lack of demand under ECO was also a commonly cited reason for not delivering under the programme (mentioned by 36%⁸⁰ of MCS installers);
- As noted above, renewable energy products are only eligible under one of the three ECO obligations (Affordable Warmth), which might be a contributing factor to the proportion of MCS installers reporting that the measures they installed were not covered by ECO (this was the main reason for non-participation for 24%⁸¹ of installers).

⁷⁸ ±11%

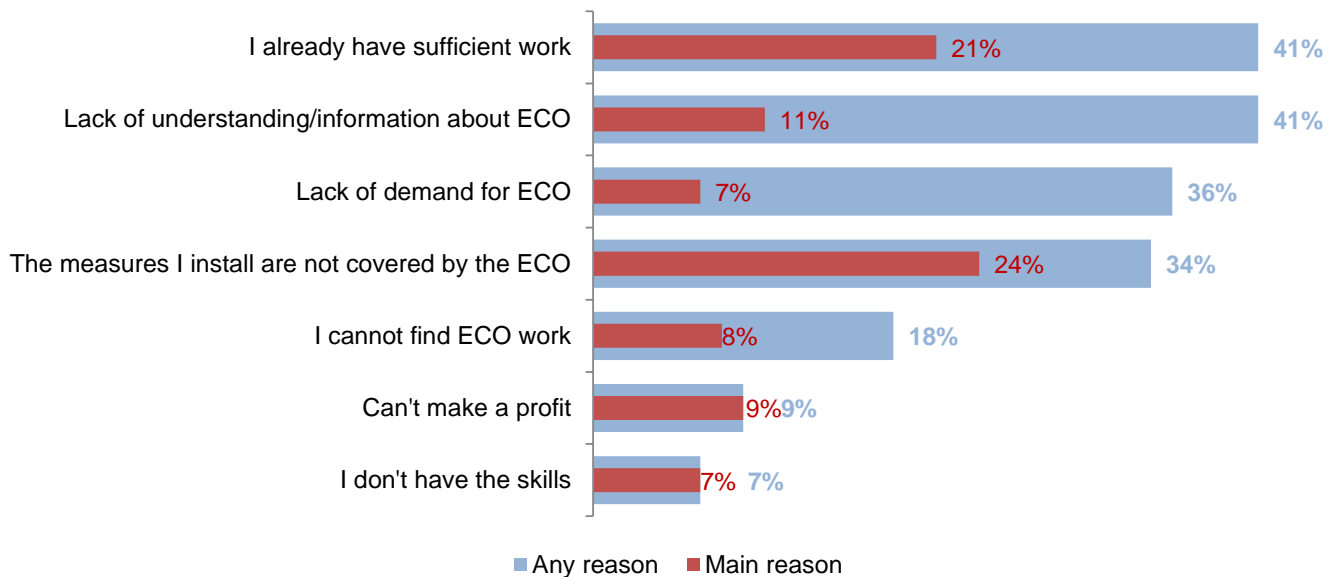
⁷⁹ ±9%

⁸⁰ ±11%

⁸¹ ±9%

Figure 3.14: Why MCS installers had not carried out installations under ECO

**C9. What have been the reasons for not doing assessments under ECO?
C10. What is the main reason for not doing assessments under ECO?**



Base: MCS installers that had not carried out installations under the ECO programme (76); note: only includes responses where at least 5% of MCS installers identified this as 'any reason'; excludes 'don't know' (3%); note: C9 sums to more than 100% because respondents could give more than one answer; and C10. excludes MCS installers that could not identify the single main reason (4%)

Future intentions as regards delivery under ECO

3.32. As shown in Figure 3.15, the majority (75%⁸²) of MCS installers that were aware of ECO but had not delivered under the programme reported that they would consider carrying out installations under ECO in the future.

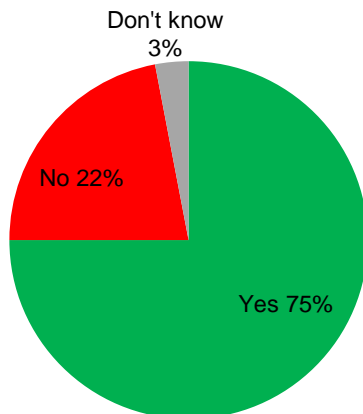
3.33. When asked what, if anything, would help them to carry out installations under ECO, MCS installers identified the following:

- More information about ECO, relating to: how businesses can access opportunities, what standards and certifications they must have, and the size of the market (“*I know a lot more about Green Deal than ECO*” according to one respondent); and
- Simplification of reporting and compliance requirements in relation to delivering ECO.

⁸² ±10%

Figure 3.15: Whether MCS installers would consider working under ECO in the future

C11. Would you consider doing installations under the ECO in the future?



Base: MCS installers that had not carried out installations under the ECO programme (76)

MCS installers' views on the Green Deal Quality Mark

- 3.34. As Figure 3.16 shows, 60%⁸³ of MCS installers reported that they were aware of the Green Deal Quality Mark.
- 3.35. Those MCS installers that were aware of the Quality Mark were asked whether they agreed or disagreed with a series of statements about its potential impacts on their business. Since this was a sub-group of survey respondents (65 businesses), the confidence intervals are relatively wide, and thus the results should be treated with some caution. Some 41%⁸⁴ of MCS installers agreed that the Quality Mark would offer reassurances to customers, though a similar proportion (45%⁸⁵) disagreed with this statement. Some 53% and 59%⁸⁶ of MCS installers disagreed that the Quality Mark would improve their reputation and/or would help them secure non-Green Deal work.

⁸³ ±9%

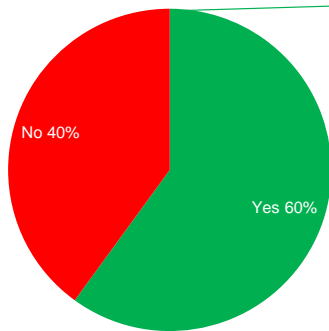
⁸⁴ ±12%

⁸⁵ ±12%

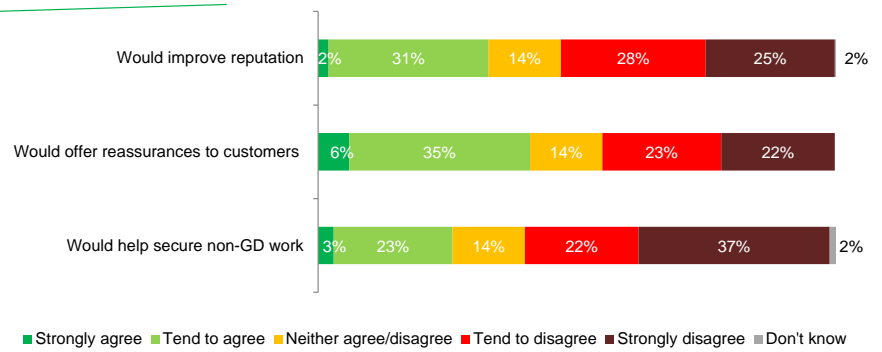
⁸⁶ ±12% in both cases

Figure 3.16: Whether MCS installers had heard of the Green Deal Quality Mark, and if so whether they believed that the Mark would bring them selected benefits

E7. Are you aware of the GD Quality Mark?



E8. To what extent do you agree or disagree with these statements about the GD Quality Mark?



Base: E7. All MCS installers that had heard of the Green Deal (108); E8. All MCS installers that were aware of the Green Deal Quality Mark (65)

4. Gas Safe Installers

This chapter analyses the results of the survey of registered Gas Safe installers that were not certified Green Deal installers. It looks at the installation market outside of Green Deal and ECO, and considers why Gas Safe installers had elected not to become Green Deal installers

A note on reporting and terminology

- 4.1. As discussed in Chapter 1, the confidence intervals for data generated through the survey of Gas Safe installers were too wide to enable quantitative analysis of the results. As a result, the findings have been analysed and presented using qualitative methods and reporting conventions. This chapter thus does not contain any quantitative data generated through the survey, since these would not be generalizable to the population of Gas Safe installers as a whole. Readers should also note that there are limitations to the extent to which qualitative methods can be applied to quantitative survey data. Survey questions were for the most part closed-ended, and did not provide as rich a source of evidence as would be generated from a semi-structured qualitative interview.
- 4.2. This chapter refers to 'Gas Safe installers' throughout, for ease of presentation. This is more correctly stated as, 'Gas Safe installers that were not certified Green Deal suppliers', since it was from this population that the sample was drawn.

Key messages

- Awareness of Green Deal was high amongst the sample of Gas Safe installers; very few were unaware of the Green Deal programme when surveyed. Respondents had chosen not to become Green Deal installers due to: certification costs; a lack of a detailed understanding of the role of a Green Deal installer; and a lack of visible demand under Green Deal. The provision of more information and reduced certification costs were cited as changes that would make the Green Deal installer role a more attractive proposition.
- Many Gas Safe installers that were surveyed reported that they would consider becoming a certified Green Deal installer in the future. Perceived benefits to participation included: increased/ diversified income sources and, for some, the strength of association with the Green Deal 'brand'.
- The sample of Gas Safe installers was largely aware of the ECO programme, but most had not installed ECO-funded measures. Reasons why these installers had not participated in ECO included: the availability of sufficient work outside of ECO; a lack of understanding of how the programme works; and concerns about the prices that could be achieved under ECO.
- Many of the Gas Safe installers that had not delivered under the ECO programme reported that they would consider doing so in the future. Changes that they wished to see introduced included: reduced costs and/or financial support; and greater information about what was required in terms of compliance.

- Views amongst Gas Safe installers on the state of the installation market were mixed. Some reported strong growth in demand since the end of the recession, others noted that consumer confidence remained low. Most respondents did not think that the Green Deal programme had impacted on the wider installation market, though a few respondents had changed their prices in response to Green Deal (both up and down).

Overview of the Gas Safe Installer market

- 4.3. The Gas Safe Register is the register for all gas engineers in the United Kingdom. Any engineer who installs gas boilers must be included on the Gas Safe Register. There are over 125,000 registered engineers, and over 70,000 registered businesses (which may consist of sole traders or businesses that employ multiple gas engineers)⁸⁷.

Installer characteristics and backgrounds

- 4.4. Amongst the Gas Safe installers that were surveyed, almost all were micro-sized businesses⁸⁸ (many were sole traders). Many of the remainder were small-sized businesses, and a few were medium-sized and large businesses. Many Gas Safe installers reported that they served a single UK region.
- 4.5. Many Gas Safe installers had been established prior to the launch of the Green Deal and ECO programme, and most had not delivered any installations under the CERT or CESP programmes (which pre-dated the ECO programme)⁸⁹.

Service offers of installers

- 4.6. Many Gas Safe installers that were surveyed reported that gas boilers were the only energy efficiency measure that they installed. Some also offered oil boilers. Some offered alternative types of energy efficiency measure, such as insulation or renewable energy products (e.g. solar PV or heat pumps). These businesses included micro-sized and larger businesses, but tended to be active in multiple British regions.
- 4.7. Many Gas Safe installers that were surveyed offered some form of follow-up advice or service to their customers after they had completed an installation. Typically this consisted of annual servicing and/or advice and guidance on how to use the product that had been installed. In some cases this extended to a more comprehensive ongoing maintenance and support service (e.g. answering customers' follow-up questions about how to use a product). Few of the installers that were surveyed reported that they discussed energy efficiency more generally with their customers. Of those that did, few installed measures other than gas boilers (i.e. insulation and renewable energy products), and would thus have not been in a position to install any products that a customer requested following these discussions.
- 4.8. Only one of the Gas Safe installers that were surveyed reported that they helped to arrange credit or finance options for customers in order to finance installations. This installer reported that their company offered to broker customers a loan (the source of

⁸⁷ http://www.gassaferegister.co.uk/about/stakeholder_hub/key_stats_and_prosecutions.aspx

⁸⁸ Employed under 10 people with an annual turnover of less than £1.6 million. Based on the EU definition of an SME (http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm)

⁸⁹ The Carbon Emissions Reduction Target (CERT) and the Community Energy Saving Programme (CESP), which finished in December 2012 and were 'precursors' to the ECO programme. CERT and CESP funded the replacement of "G-rated" boilers with a more efficient model, but in both cases the installation of insulation was the primary activity

finance was unspecified) to pay for installations. The installer was from a micro-sized company that was in the process of applying to become a certified Green Deal installer.

Routes to market

- 4.9. Gas Safe installers within the sample were asked how they generated leads for installations. Most installers reported that this process took place internally, with their own company responsible for identifying potential customers. In many cases, respondents reported that customers tended to approach them, having heard about their company through word of mouth recommendations. Other installers used advertising to promote their company, for instance via the internet, business directories and/or local magazines and newspapers.
- 4.10. Gas Safe installers also generated work through referrals from other organisations, or by carrying out installations on behalf of other organisations. The latter included installations undertaken for: other installers; housing associations; letting agencies and landlords; property developers and builders; and energy companies.

The size of the installation market outside of the Green Deal and ECO programme

- 4.11. Gas Safe installers within the sample were asked how many installations they had carried out in the six months prior to the survey (i.e. during the second half of 2013 and the beginning of 2014). Within the sample of respondents, answers ranged from zero (some installers were inactive), up to 400 installations (a large company that also installed insulation and renewables). Most respondents from micro-sized businesses reported that they had carried out between one and twenty installations in the past six months.
- 4.12. Gas Safe installers that were surveyed had mixed views on the nature of the market in 2013 when compared to the market in 2012. Many reported that the number of installations that they had carried out was similar, and that the market was thus stable.
- 4.13. Some respondents reported that the number of installations they had carried out was higher in 2013 compared to 2012. For the most part this was primarily attributed to an increase in consumer demand and consumer confidence following the recession: "*the economy got better and people needed their old boilers replaced*". A few installers reported that there had been a reduction in the price of boilers, which had stimulated demand.
- 4.14. Other Gas Safe installers reported that they had undertaken fewer installations in 2013 than they had in 2012. Beyond internal changes (e.g. retirement of key staff and 'downsizing'), this reduction was attributed to a downturn in demand caused by the lingering impacts of the recession on consumer spending.

Impacts of the Green Deal and ECO programme on the installation market

- 4.15. In order to explore whether the launch of the Green Deal and ECO programme had had any impact on the installation market, Gas Safe installers were asked whether they thought any differences in demand in 2013 compared to 2012 could be attributed to Green Deal and/or ECO. None of the installers in the sample reported that they had carried out more installations in 2013 compared to 2012 believed that this growth could be attributed to Green Deal and/or ECO. One installer reported that they had carried out fewer installations in 2013 compared to the preceding year, and attributed this to the fact that "*customers are taking the Green Deal initiative*" (presumably meaning that customers are installing gas boilers using GD finance, though it is possible that the installer was referring to ECO rather than GD, as boilers are available for free or at a subsidised rate under ECO).

- 4.16. Gas Safe installers were also asked whether they had changed their fees in light of the launch of the Green Deal programme. Many respondents reported that their fees had not changed following the introduction of the Green Deal. A few respondents indicated that they had had to decrease their fees, which they attributed to “*competition*” resulting from new entrants to the installation market following the launch of the Green Deal. Conversely, a few installers reported that they had increased their fees. In one case this was because “*there is more work*”, whilst another installer reported that “*the public has better awareness [of energy efficiency], therefore [we] increased prices*”.

Awareness and engagement with the Green Deal programme

Awareness and engagement with the Green Deal programme

- 4.17. Most Gas Safe installers within the sample indicated that they were aware of the Green Deal programme when surveyed. ‘Industry’ sources were the most common way that they had first heard about the programme, including trade magazines (e.g. the ‘Registered Gas Engineer’ magazine), contact with other installers, and through suppliers. Some installers had first heard of the Green Deal through advertising and promotion, though this was less common. ‘Customers’ were rarely mentioned as a way in which installers had heard of Green Deal.

Experiences of Gas Safe installers that had sought to become certified Green Deal installers

- 4.18. Two Gas Safe installers within the sample reported that they had tried to become certified as a Green Deal installer in the past. Both businesses indicated that they had dropped out of the process due to the time and cost associated with certification. A further three businesses were in the process of becoming certified Green Deal suppliers at the time of the survey, but did not express an opinion on their satisfaction with the process.

Why Gas Safe installers had not become Green Deal installers

- 4.19. Gas Safe installers that had heard of the Green Deal programme but had never sought to become a certified Green Deal installer were asked why they had made this decision. The following reasons were identified:
- The costs associated with certification and/or training requirements. These costs could be a particular issue for smaller businesses, as one installer noted: “*I’m a sole trader and I can’t afford the high training costs*”;
 - A lack of sufficient information about the role of a Green Deal installer;
 - A lack of visible demand under Green Deal, which in some cases did not compare favourably to the volume of work available outside of the programme;
 - The effort and/or complexity associated with becoming a Green Deal installer: some Gas Safe installers did not consider this to be a worthwhile investment of their time (some respondents, for instance, noted that they planned to retire in the near future).

Support and information that would help Gas Safe installers to become certified

- 4.20. Gas Safe installers were asked whether there was anything that might help them become (or consider becoming) a certified Green Deal installer. Responses included:
- Financial support, and/or free or reduced certification fees: some respondents suggested that a grant could be made available in order to cover some or all of the

costs of certification. Other respondents believed that certification costs should be reduced, or even eliminated, in order to incentivise installers to enter the Green Deal market.

- More information about the certification process, and the Green Deal programme more generally: “*more information*” was the most common request amongst respondents. Topics that were identified included:
 - Details on the certification process, including the costs and the duration of certification, as well as precisely what is required to become certified
 - Market information, including predictions of the likely scale of the Green Deal market, which installers could use to weigh up the costs and benefits of participation
 - Transparency in price rates for installers under the Green Deal
 - A general ‘guide’ to the Green Deal, setting out what the programme involves and the roles of installers within the process

4.21. Information on the role of a Green Deal installer is available to prospective applicants, and it is potentially the case that the Gas Safe installers in the sample were not aware of this information, or had not accessed it.

Future intentions regarding becoming a Green Deal installer

4.22. Gas Safe installers were asked whether they would consider becoming registered Green Deal installers. Most Gas Safe installers in the sample indicated that they would consider becoming a registered Green Deal installer in the future. The potential to generate more work/ revenue was the single most common reason why installers would consider joining the Green Deal supply chain in the future. Many Gas Safe installers wished to “*diversify*”, and saw the Green Deal and ECO programme as a way of securing new customers and entering new markets. A few installers noted the potential of the Green Deal ‘brand’, which, according to one installer, meant that “*marketing information looks more credible*”. Finally, a few respondents noted that the Green Deal and ECO programme had environmental and social benefits, and thus that participation would help customers to “*save money*” and would enable them to “*help people who are on low incomes*”.

4.23. A few respondents reported that they would not consider becoming Green Deal installers in the future. For the most part, these were installers that, thus far, had elected not to enter the Green Deal supply chain due to concerns about perceived low levels of demand under Green Deal, or because they planned to retire in the near future.

Future intentions regarding becoming a Green Deal provider

4.24. Gas Safe installers were asked if they had ever considered becoming a Green Deal provider (see Chapter 3 for a summary of the role).

4.25. Most Gas Safe installers in the sample reported that they had not considered becoming a Green Deal provider. These businesses were asked what, if anything, would make them consider becoming a Green Deal provider in the future. “*More information*” was a common response, particularly for smaller installers that lacked the time and resources to research the role of the Green Deal provider. Other installers believed that the costs of authorisation were too high and should be reduced, and/or that grant funding should be available to pay for training. One installer reported that in order to consider becoming a Green Deal provider they needed:

“...more information to be able to make a decision really, about the amount of profit to be made and whether it is worth the business going into this. Big companies can afford to spend thousands on this, it is more difficult for smaller companies like my own. I would also like to see accreditation and certification processes made simpler”

- 4.26. Several installers within the sample indicated that they had considered becoming a Green Deal provider. This included a few micro-sized businesses. Interestingly, none of these businesses arranged credit or finance for customers in order to pay for installations (which is one of the roles of a Green Deal provider).
- 4.27. Installers that had considered becoming a Green Deal provider were asked why they had not (yet) become a Green Deal provider; respondents gave the following reasons:
- A lack of a clear understanding of the role of a Green Deal provider
 - The cost of the Green Deal provider authorisation process (it is not clear whether this covered authorisation as a Green Deal provider or onboarding with the Green Deal Finance Company)
 - Insufficient demand under Green Deal to justify entering the market as a provider
 - A lack of ‘time’ – presumably the spare time needed in order to research the role and/or achieve authorisation

Awareness and engagement with the ECO programme

- 4.28. Gas Safe installers were asked whether they were aware of the ECO programme. Many installers within the sample indicated that they had heard of the ECO programme.
- 4.29. Those Gas Safe installers that had heard of ECO were asked whether they had installed any measures under the ECO programme (note that it is not necessary to be a certified Green Deal installer in order to deliver under the ECO programme). Most Gas Safe installers within the sample had not installed any measures under ECO. When asked why this was the case, respondents gave the following reasons:
- They already had sufficient work available outside of ECO;
 - They did not understand how ECO worked, and/or what was required of installers;
 - They did not believe that prices under ECO were high enough to justify their involvement;
 - They did not have Publicly Available Specification 2030 (PAS2030) certification (which is often required by contractors of work under ECO, such as energy companies);
 - The costs associated with training and compliance requirements.
- 4.30. Some Gas Safe installers in the sample had installed measures under ECO. These businesses were considering becoming Green Deal installers, and some were also considering becoming Green Deal providers. Many of these respondents reported that they had installed gas boilers under the ECO programme (which reflects the limited range of measures that Gas Safe installers reported that they provided).
- 4.31. Those Gas Safe installers that had not delivered under ECO were asked whether they would consider doing so in the future. Many respondents in the sample indicated that they would consider doing so (those installers that would not consider working under

ECO reported that they already had sufficient work). Respondents identified the following as factors that might help them to start delivering measures under ECO:

- Greater demand for installations under ECO;
- More information about the role of installers under ECO, and compliance requirements;
- Financial support to pay for training costs, and/or reduced PAS2030 certification fees;
- A downturn in the market outside of ECO: *“I’m happy with what I’m doing now. If this work dried up, I would go down that way”.*

Installers’ views on the Green Deal Quality Mark and PAS2030 standards

Views on the Green Deal Quality Mark

- 4.32. The Green Deal Quality Mark is a symbol that Green Deal suppliers must include as part of identifying documents and marketing material associated with the Green Deal. It is intended to build trust and confidence in the Green Deal.
- 4.33. Many Gas Safe installers that were surveyed indicated that they were not aware of the Green Deal Quality Mark. Amongst those installers that were aware of the Quality Mark, opinions were mixed as to whether or not it would offer any benefits. Some respondents believed that it either would or would not improve their firm’s reputation as an installer, or would or would not offer reassurances to clients, whilst others believed that the Quality Mark would or would not help them to secure non- Green Deal work.

Views on PAS2030 standards

- 4.34. Many installers within the sample were not certified or applying for certification to PAS2030 standards. Given the limited involvement of the sample of respondents with ECO or Green Deal, this is perhaps not surprising.
- 4.35. Amongst the few Gas Safe installers in the sample that were certified or applying for PAS2030 certification, most were also applying to be certified as Green Deal installers. This sub-group of installers for the most part believed that PAS2030 was fit for purpose, with the exception of one installer who felt that PAS2030 did not add value, since *“if you’re Gas Safe registered, that should suffice for installations under the Green Deal”.*

5. External solid wall insulation and hard-to-treat cavity wall insulation installers

This chapter analyses the results of qualitative interviews with installers of EWI and HTTCWI that were not certified Green Deal installers. It looks at awareness of Green Deal and ECO amongst installers, and considers why businesses had elected not to become Green Deal installers

A note on reporting and terminology

- 5.1. Qualitative interviews were undertaken with six installers of EWI and HTTCWI that were not certified Green Deal installers. As noted in Chapter 1, there was a very limited 'pool' of EWI and HTTCWI installers that were not already certified Green Deal installers, and so it was not possible to achieve a larger sample of interviewees. Consequently, there were limitations to the breadth of analysis that was possible given the limited number of cases. Furthermore, a need to avoid presenting disclosive information about businesses meant that it was not possible to present more detailed case studies of interviewees. Consequently, readers should note that the findings presented below are based on analysis across a relatively small set of cases, and should not be generalised to the population of EWI and HTTCWI installers as a whole.
- 5.2. This chapter refers to 'installers of EWI and HTTCWI' throughout, for ease of presentation. This is more correctly stated as, 'installers of EWI and HTTCWI that were not certified Green Deal suppliers', since it was from this population that the sample was drawn.

Key messages

- All six of the EWI and HTTCWI installers interviewed indicated that they had heard of the Green Deal (though this should not be seen as representative of the wider population given the small sample size), and typically understood the key features of the programme.
- Interviewees had chosen not to become Green Deal installers for a range of reasons, including: the availability of sufficient work outside of the Green Deal; concerns about the process of GD supplier certification; a lack of understanding about the process of becoming a certified Green Deal installer; and concerns about the perceived complexity of the Green Deal customer journey (which was reflected in lower than anticipated demand under Green Deal). Whilst interviewees indicated that they had no intention of becoming Green Deal certified due to these points, other interviewees reported that they were waiting to see how the market developed (i.e. whether demand would pick up and/or whether the rest of the industry would start insisting on Green Deal supplier status).

- Awareness of the ECO programme amongst interviewees was also high (again, not representative of the wider population given the small sample size), but interviewees in the sample had not installed ECO-funded measures, or were unaware whether they had installed measures under ECO (when sub-contracted by others).
- The reasons for not participating in ECO included: the availability of sufficient work outside of ECO; installing products that were not certified under ECO; concerns about prices and margins; a perceived lack of consistency from energy companies; inadequate understanding of what was seen by businesses in the sample to be a complicated programme; and concerns over what were seen to be complex and burdensome paperwork and reporting requirements.
- Interviewees in the sample had mixed views of the impact of the Green Deal and ECO programme on the wider installation market. This included a view that ECO had increased overall demand for EWI and HTTCWI by driving installations, and also a contrasting view that the provision of free or subsidised insulation had meant that some customers were reluctant to pay full price for installations.

Overview of the market for EWI and HTTCWI

Installer characteristics and backgrounds

- 5.3. The sample of six installers consisted of businesses with the following characteristics:
- Businesses ranged in size, from micro-sized businesses with under ten employees, through to medium-sized firms
 - Businesses that served a few regions (or even just one region), and businesses that provided national coverage
 - Businesses that were established prior to the launch of the Green Deal and ECO programme, and businesses that had been established after the programme was launched
 - A business with prior experience of the CERT and CESP initiatives, that was also involved in the delivery of FiTs, the RHPP and the RHI

Service offers and business models of installers

- 5.4. The installation of EWI and HTTCWI was part of a wider service offer for the six installers within the sample. Installers offered a wide range of additional services, including other insulation products (easy-to-treat CWI; internal wall insulation; and/or loft insulation), and potentially renewable energy products (solar PV).
- 5.5. The sample of six EWI and HTTCWI installers did not include any businesses that provided or brokered loans to customers. Interviewees were asked why this was the case, and indicated that they did not think this service was necessary, since they were sub-contracted to other businesses and did not usually involve themselves in discussions about how a customer would pay for an installation. It was reported that most of these businesses' customers were cash buyers, or preferred to source their own credit and did not need their installer to be able to provide finance. For example, one installer of EWI and HTTCWI stated that:

“...some of the jobs we price up could be put on a credit card... and [the customer could] just settle it as they want, so, no, we wouldn't get involved in finance”

- 5.6. EWI and HTTCWI installers in the sample of six included businesses that indicated that they would consider providing finance in the future. It was reported that this service would be useful if customers did not have access to sufficient up-front capital to cover the full cost of installations. According to one interviewee:

“[offering finance] would be useful for the capital costs in the works, because the process we undertake costs maybe £3,500 per house”

- 5.7. However, interviewees that were considering providing finance to customers noted concerns that interest rates on this finance would have to be competitive with the personal loans available through high street lenders if they were to generate sufficient levels of demand.

Routes to market and supplier networks

- 5.8. The sample of six EWI and HTTCWI installers was asked how they generated leads for their installation work. Installers used a range of lead generation techniques. For example, a medium-sized installer had invested in lead generation by employing their own sales team. Conversely, a micro-sized installer was reliant on generating leads from their existing client base. The full list of lead generation techniques identified amongst the sample of installers included:

- Online lead generation via their own websites (and search engine optimisation functions to enhance visibility)
- Advertising in specialist trade publications
- In-house sales teams
- Door to door sales
- Leads from existing client base of customers and builders
- Referrals from other companies

- 5.9. The sample of six EWI and HTTCWI installers reported generating at least some of their work through referrals from other organisations or by carrying out installations on behalf of other organisations. These other parties included large organisations such as house builders, other construction companies, local authorities and registered social landlords (RSLs). One HTTCWI installer in the sample was also linking with, and undertaking more specialist work on behalf of, other insulation installers that did not have the ability to deliver HTTCWI themselves:

“We have been generating leads by speaking to other insulation companies who were fitting cavity wall and loft insulation but didn't have the ability to do 'hard to treat', so we were offering that service to them”

Issues and risks in the wider EWI and HTTCWI market

- 5.10. Interviewees described some of the key issues and risks associated with operating in the EWI and HTTCWI market. Some of these risks involved the introduction of the Green Deal and ECO, and the resulting impact on levels of demand in the wider market, and are discussed below. However, interviewees also described issues and risks associated with sub-contracting to larger organisations, which included having to work to lower margins and a greater risk of non-payment compared to working independently. For example, one EWI installer stated that:

“We find larger contractors are just looking to keep rates as low as possible... so, wherever possible, we try and work independently, as the main contractor if you like.”

- 5.11. Another issue highlighted by the research was a lack of demand for EWI and HTTCWI amongst private households. Interviewees reported that demand for their EWI and HTTCWI installations had been driven by local authorities and RSLs, while demand from private clients had been much lower. Interviewees provided a number of explanations, which included: the relatively high cost of EWI and HTTCWI products and installations; the disruption caused to homes during the installation process; and a lack of understanding amongst consumers of the benefits of EWI and HTTCWI. According to one HTTCWI installer:

“People don’t really understand how much benefit you can get from treating ‘hard to treat’ cavities. They don’t want the disruption and they don’t understand the benefits.”

Impacts of the Green Deal and ECO programme on the EWI and HTTCWI market

- 5.12. EWI and HTTCWI installers in the sample of six were asked whether they thought the introduction of the Green Deal and ECO programme had impacted on the wider market for EWI and HTTCWI. Interviewees noted that the ECO programme had increased overall demand for EWI and HTTCWI installations by raising awareness and making funding available to consumers.
- 5.13. One installer in the sample was delivering installations through ECO, and reported that their business had benefited significantly from the introduction of the programme: “[ECO has] *increased volume* [of EWI installations], *so we’ve obviously employed more staff and invested money in a new plant. So, it’s delivered a general increase in business*”.
- 5.14. In contrast, other installers in the sample reported that ECO had negatively affected demand for their own products because their customers were now aware that they could access ECO funding rather than paying the full cost of installations themselves, as one interviewee noted: “we do very little EWI because it’s all funded now so people don’t want to pay for it.”

Awareness and engagement with the Green Deal programme

Awareness and understanding of the Green Deal programme

- 5.15. All six of the EWI and HTTCWI installers in the sample indicated that they had heard of the Green Deal. However, as discussed in Chapter 1, some of those businesses who declined to be interviewed did so because they believed that they did not have a sufficient understanding of the Green Deal, and so it is likely that there are areas of the EWI and HTTCWI market where awareness and understanding of GD amongst installers is limited. This section discusses the depth of understanding amongst the six interviewees, but readers should not consider these results to be representative of the wider population of EWI and HTTCWI installers.
- 5.16. Installers in the sample of six businesses were able to provide a reasonably thorough description of the Green Deal programme. The exception was one business that reported that their understanding of the Green Deal programme was limited. They had “*heard the name*” but were not able to explain what the Green Deal was or how it worked. For example, the interviewee was unable to explain how the Green Deal was different from getting a bank loan to pay for the installation of measures:

“All I know is you have an energy assessment done on your property and there’s a loan involved of some description... [but] what’s the difference in the Green Deal or just going and getting a bank loan? That’s what I don’t understand.”

- 5.17. The sample of EWI and HTTCWI installers was asked how they had first heard about the Green Deal. Interviewees had been made aware of the Green Deal from a variety of sources including: trade associations, other industry contacts, social media and TV advertising.

Experiences of an installer that had sought to become a certified Green Deal installer

- 5.18. The sample of six EWI and HTTCWI installers included one business that had started the Green Deal certification process but had stopped before completion. Readers should note that the results of this interview are not representative of the installer population as a whole, but instead provide an example of one business’s experience of the certification process. The installer had previous experience of the CERT and CESP schemes, and was delivering under FITs, the RHPP and the RHI. Whilst they had started the Green Deal certification as a logical ‘extension’ of this activity, they stopped when they became concerned that PAS2030 certification would create considerable additional administrative burdens without increasing standards of installations beyond their existing MCS certification. The interviewee described their decision-making process as follows:

“It’s very onerous [the PAS 2030 standard]. We were halfway through [the certification process] and obviously we’ve scrapped it now. It doesn’t [raise the quality of installations], it just creates more headaches for people and [the administrative requirements are] less focused [than MCS certification]... It’s good practice to have it [PAS 2030 certification], but it doesn’t make installations any better.”

Why EWI and HTTCWI installers had not become Green Deal installers

- 5.19. The six EWI and HTTCWI installers in the sample were asked why they had decided not to become certified Green Deal installers. Interviewees gave the following explanations:

- **The availability of sufficient work outside of the Green Deal.** Interviewees felt that they had access to sufficient levels of installation work outside of the Green Deal programme, and thus did not see the benefits to participation.
- **Concerns about the process of GD supplier certification.** Interviewees reported that they perceived the certification process as time-consuming, complex and burdensome. Where installers had started or investigated the certification process, they reported being put off by what they saw as the administrative burden associated with certification. For example, the installer discussed above that had dropped out of the certification process reported that they felt that it was taking too much time and resources (particularly in light of their concerns about whether there was sufficient demand upon certification to justify the expense). Another installer had obtained a certification application pack but reported that they had been deterred by the amount of paperwork:

“The problem is I don’t really like paperwork and there’s a lot of it. At the moment there’s no great incentive for me to do it, to be honest. It [an application] has been sat in my office for months. It’s three inches thick and I just haven’t got the energy to go

and have a look at it... I just wish these things would be made a bit easier for people to get onboard”

- **A lack of understanding of the process of becoming a Green Deal installer.** Interviewees reported that they did not feel fully informed about what was required as part of certification, and how long the process would take. For example, one interviewee was confused about where to go for information, noting that they were aware that there were multiple certification bodies operating in the installation sector, but that they did not know which ones served Green Deal, and indeed which would be the best option to select.
- **The perceived complexity of the Green Deal customer journey.** Interviewees expressed concern about the perceived complexity of the customer journey under Green Deal, and thus whether the programme would be able attract sufficient numbers of customers to make it a commercially viable proposition for installers. For example, interviewees believed that consumers would be confused by the need to undertake an initial Green Deal assessment prior to an installation (which would typically be contracted directly by a customer), the range of Green Deal, ECO and other finance options available, and the range of parties (and supplier roles) involved in the whole process. According to one interviewee:

“My one big comment about Green Deal, is that the whole thing is too complicated. If it’s complicated for us that work in the industry, it’s going to be much too complicated for the consumer.”

Future intentions regarding becoming a Green Deal installer

- 5.20. The six EWI and HTTCWI installers in the sample were asked whether they would consider becoming certified Green Deal installers in the future. The sample was split between interviewees that would not consider certification in the future (for the reasons given above as to why they had not done so thus far), and interviewees that reported that they were ‘undecided’, but open to the idea. The latter sub-group reported that they were largely waiting to see how the Green Deal market developed, in terms of whether demand would increase, and also how the industry as a whole would react to the programme (e.g. whether the companies that they worked for would put pressure on them to become Green Deal certified). According to one such interviewee from a micro-sized business, *“we think there’s still time for the whole process to settle down”*.

Awareness and engagement with the ECO programme

Awareness and understanding of the ECO programme

- 5.21. All six of the EWI and HTTCWI installers in the sample confirmed that they had heard of the ECO programme (readers should not take this as representative of the installer population as a whole). These businesses had heard about ECO through a variety of sources including: via social media, through government-led briefings, their customers, energy companies and other trade contacts.
- 5.22. Levels of understanding of ECO amongst the six businesses in the sample was varied, and ranged from installers that were aware of the programme but did not understand the

detail, through to installers that had already delivered under ECO and reportedly understood the programme well.

5.23. Amongst installers that reported limited understanding of ECO, one interviewee appeared to be unclear about its coverage, suggesting that it was not really relevant for them given its *“limited focus on insulation”*⁹⁰. Another installer reported that they were confused by the acronyms used for the different schemes and was able to list the ECO, CERT and CESP initiatives but was unclear about the differences between the schemes (or which were currently active).

5.24. Installers that reported that they understood ECO were able to offer accurate descriptions of the programme. One such installer reported that they had already delivered installations under ECO and thus understood the programme. In another case an installer noted that they had attended a government-led briefing session about ECO, and thus had a clear understanding of the detail. For one interviewee, the proposed changes to the ECO programme that were announced in the Chancellor’s 2013 Autumn Statement⁹¹ meant that they no longer had sufficient information to be able to develop an appropriate business model around the ECO programme. As this interviewee noted:

“We probably did have [a good understanding of the ECO programme] up until the recent Government announcement where all the goalposts were changed and now nobody really knows what’s happening”

Engagement with the ECO programme

5.25. The six EWI and HTTCWI installers in the sample were asked if they had delivered installations under the ECO programme. As noted above, only one installer in the sample had delivered installations for ECO. However, other installers in the sample suggested it was not always clear whether or not they were delivering installations under ECO if they were sub-contracted to carry out installations on behalf of other companies (since they had not been involved in discussions about the funding of the installations). For example, one installer reported that they were doing a lot of work on behalf of RSLs and housing associations, but were not sure if this work was funded by ECO or not.

5.26. Interviewees gave the following explanations for not participating in ECO:

- Already having sufficient levels of work outside of the ECO programme
- Providing products that were not approved for installation under the ECO programme
- A perception that the ECO programme did not offer an acceptable profit margin, as the prices offered by contractors (e.g. energy companies) were seen to have fallen too far to generate sufficient income. For example, one interviewee reported that:

“Prices have been driven down, which in itself isn’t necessarily a bad thing, but it is a bad thing when they’re driven down the supply chain so the guy that’s doing all the hard work actually gets a very low rate compared to the people up the chain”

⁹⁰ In reality, the CERO obligation under ECO is focussed on EWI (including SWI) and HTTCWI

⁹¹ Shortly before fieldwork commenced, the Chancellor’s 2013 Autumn Statement set out a number of proposed changes to the ECO programme. At the time of fieldwork, these changes included:

- A reduction in the scale of the CERO target, which would primarily affect targets for the delivery of solid wall insulation and/or hard-to-treat cavity wall insulation
- An extension of the targets under CSCO and Affordable Warmth through till 2017

- A perceived lack of ‘consistency’ within the ECO programme, with the energy companies changing their compliance and reporting requirements too frequently (*“it’s too turbulent, things are forever getting changed, the energy companies have got too much say”*)
- Limited understanding of what interviewees often saw as a complicated programme, with a lack of clear and accessible guidance available to potential participants. For example, one EWI installer reported that “[ECO is] a very, very complicated and wide-ranging system. You know, there’s an awful lot of information you’ve got to read through to get to what you’re looking for”
- The perceived complexity of reporting requirements associated with delivery under the ECO programme, particularly for smaller businesses. According to one interviewee:

“There’s too much bureaucracy and paperwork involved now, and we’re actually a paperwork-based company, we’re not a man in his van who’s great at fitting but can’t do paperwork. Our business is doing paperwork, but it’s just too much”

Installers’ views on PAS2030 standards

- 5.27. The sample of six EWI and HTTCWI installers had mixed views of PAS2030 standards and certification processes (note that none of the sample of installers were certified under PAS2030, but all bar one were aware of the standards). The sample of installers did, however, include businesses that held other certifications (e.g. under the MCS and the British Board of Agrément (BBA) scheme).
- 5.28. Installers in the sample felt the PAS2030 standards were fit for purpose and believed that PAS2030 certification had raised the quality of installations across the market. Others suggested that the PAS2030 standards had failed to raise the quality of installations. Reasons given by the latter group included:
- A belief that PAS2030 focused on the most ‘common’ measures (such as loft conversions), rather than providing full market coverage
 - A (somewhat contrasting) view that PAS2030 had become too broad and the quality had been compromised by being generalised and applied across such a wide range of different products

6. Potential Green Deal providers

This chapter presents the results of qualitative interviews with selected organisations that were not certified Green Deal providers, but which could potentially fulfil this role. It looks at their views of Green Deal and ECO and their reasons for not becoming Green Deal providers

A note on reporting and terminology

6.1. Qualitative interviews were undertaken with nine organisations that were selected as 'potential' Green Deal providers, on the basis of their profile and background. As noted in Chapter 1, there was no clear population of potential Green Deal providers, and so it was not possible to achieve a larger sample of interviewees. Consequently, there were limitations to the breadth of analysis that was possible given the limited number of cases. Furthermore, a need to avoid presenting disclosive information about businesses meant that it was not possible to present more detailed case studies of interviewees. Consequently, readers should note that the findings presented below are based on analysis across a relatively small set of cases, and should not be generalised to all organisations that have the profile of a potential Green Deal provider.

Key messages

- All nine of the 'potential' GD providers that were interviewed were aware of Green Deal, and had a good understanding of the programme and the role of Green Deal providers.
- Interviewees had not become providers for a wide range of reasons, including: doubts about the 'stability' and longevity of the programme (in some cases based on their previous experience with FiTs); concerns about the methodology for energy saving calculations, and the resultant liabilities that would be incurred by a Green Deal provider that based a loan on such calculations; concerns about public awareness and understanding of the GD, in part due to a view that the information available to consumers was inadequate and confusing; and a perception that the customer journey was overly complex and 'rigid' (lacked the flexibility for providers to adapt the model according to consumers' needs).
- In spite of these concerns, some interviewees were open to the idea of becoming Green Deal providers in the future. These organisations indicated that they were to some extent waiting for the Green Deal market to 'settle', and for it to become clearer how the provider model could work. Other interviewees reported that their organisation had no interest in the provider role, and would instead look to use 'partnerships' with certified providers in order to access the Green Deal market.
- Some interviewees believed that Green Deal finance was an insufficiently attractive offer, due to a perception that the interest rate was too high. Other

interviewees felt that, despite this, the comparatively wide availability of Green Deal finance actually made it an attractive proposition.

- Interviewees had a comprehensive understanding of the ECO programme. The sample included businesses that were supplying products for installation under ECO, and a housing association that was working with partners to deliver ECO to its tenants. Organisations expressed concerns that the design of ECO was too 'complicated', which had generated additional costs (which were seen by some to be higher than had been the case under CERT and CESP).

Overview of the activities of potential Green Deal providers

Characteristics and backgrounds of potential Green Deal providers

- 6.2. As noted above, a total of nine in-depth interviews were undertaken with organisations that were selected as 'potential' Green Deal providers. To recap, this consisted of:
- Four 'network bodies', which included trade associations representing installers of energy efficiency products; and organisations set up to support consumers and facilitate consumer choice;
 - Two service contract providers: one a housing association, and the other a facilities management company;
 - Two wholesale suppliers of energy efficiency products and other construction materials;
 - One manufacturer of energy efficiency products, that also supplied these products to wholesalers.

Provision of finance and help with finance

- 6.3. Some organisations within the sample did not provide finance to customers. Interviewees from these organisations reported that they saw this as sitting outside of their business model (e.g. network bodies).
- 6.4. The sample of potential Green Deal providers included organisations that held a Category A CCA licence, meaning that they were entitled to provide loans to consumers (holding such a licence is a pre-requisite of being a Green Deal provider). These interviewees were asked about their experiences of providing credit to consumers, which included:
- Providing credit to customers using their own capital reserves or by brokering finance on behalf of other organisations. For example, one interviewee reported that they provided loans to fund the purchase of energy efficiency products. This organisation offered loans with a term of up to five years, with a reported interest rate of between 4% and 5%.
 - Partnering with organisations that provided finance. In order to avoid the complication of providing finance directly, some interviewees had set up arrangements with other organisations (e.g. credit unions) that would provide loans to consumers. This included partnership arrangements with Green Deal providers. One interviewee reported having established a partnership with a Green Deal

provider that would offer consumers GD finance, and also would offer other finance along a similar model to Green Deal finance (i.e. 'pay as you save'). According to this interviewee: *"We're also talking to manufacturers, who are willing to extend credit where we install their products, on a 'Green Deal investment' type basis, where it's repaid from the savings generated."*

Awareness and understanding of the Green Deal programme

6.5. All potential Green Deal providers in the sample were aware of the Green Deal and reported that they had a good understanding of the programme. Some of the interviewees had been involved in the development of Green Deal and had participated in various Green Deal forums.

6.6. The sample of potential providers also expressed views about how they saw the role of Green Deal provider, which included:

- **Providing services that were tailored to the individual needs of customers.**

Interviewees suggested that consumers can be put off by the complexity of the Green Deal and stressed the need for Green Deal providers to work with consumers to simplify and tailor the customer journey as much as possible. According to one interviewee:

"If you're a Green Deal provider, you really do need to think out of the box in terms of wrapping your service round what that customer needs. I don't think there's an off the shelf thing which says, 'I'm a Green Deal provider, and this is what I do'...I think it should depend on tailor-made solutions to meet personal circumstances and the needs of individual households."

- **Providing a single point of contact to manage installers and guide customers through the Green Deal process.** Interviewees also suggested that Green Deal providers can help to further simplify the customer journey by managing the whole process on behalf of customers, and ensuring that there is a single, dedicated contact available. It was suggested by some interviewees that this is particularly important for more comprehensive and complicated installations involving multiple measures and potentially multiple installers. As one interviewee noted:

"What I would like all Green Deal providers to do, is... provide one main person so that [the customer] can relate to that person all the way through. You may have different tradesmen coming in but you know there's one person who is looking after your interests and making sure that the whole project is done as a whole."

Why organisations had not become Green Deal providers

6.7. The sample included a mixture of organisations that had never considered becoming Green Deal providers, and organisations that had explored the option but had elected not to proceed with an application (views about Green Deal were consistent across both groups). One interviewee was in the process of applying to become a Green Deal provider at the time of interview.

6.8. Interviewees noted that they had not become Green Deal providers due to a range of concerns about the design and delivery of the Green Deal ‘model’. These included the following issues (see below for a detailed description in each case):

- Concerns about the ‘stability’ and ‘longevity’ of the Green Deal programme;
- Concerns about energy saving calculations, and the resultant liabilities;
- A belief that the Green Deal programme had not been sufficiently marketed to the public;
- A lack of clear information about how consumers could access Green Deal;
- An overly complex and ‘rigid’ customer journey;
- The attractiveness of Green Deal finance.

Concerns about the ‘stability’ and ‘longevity’ of the Green Deal programme

6.9. Some interviewees noted that they had concerns about the ‘stability’ and ‘longevity’ of the Green Deal programme, particularly in light of past experiences of the FiTs scheme, and Home Improvement Packs (HIPs), and the proposed changes to the Green Deal and ECO programme.

6.10. One of the interviewees explained that, as part of their response to the launch of FiTs, they had “spent an awful lot of money setting up quite complex legal arrangements to install a significant number of solar panels”. When the value of the FiT was reduced, their organisation model ceased to work, and they reported losing confidence that Green Deal would not be altered or changed too. Another interviewee suggested that the proposed changes to the ECO programme, particularly in relation to the CERO targets for solid wall insulation, had fuelled similar concerns for the future stability and longevity of the Green Deal and ECO programme. According to this interviewee “there’s a lot of dissatisfaction in what’s gone on [with the proposed changes to ECO], and a lack of trust in anything that’s being said at the moment.”

Concerns about energy saving calculations, and the resultant liabilities

6.11. One interviewee reported that they had carried out research into the RdSAP model that is used to calculate energy savings as part of Green Deal, and believed that there were too many uncertainties for them to commit to providing finance on the basis of the projected savings. As this interviewee noted:

“We looked at the research done by other associations...which suggested that the actual savings achieved by the tenant were massively overestimated within SAP, and we couldn’t [commit to becoming a Green Deal provider], particularly as it wouldn’t necessarily be the same tenant within that property for the entire life of the Green Deal finance.”

A belief that the Green Deal programme had not been sufficiently marketed to the public

6.12. Several interviewees reported that they did not believe that the Green Deal had been sufficiently and adequately marketed to the public⁹². As a result, it was thought that

⁹² Note that a key feature of the Green Deal programme was that it was a ‘market-led’ instrument, in that there was an expectation from within government that suppliers would lead on the marketing and promotion of the initiative. However, interviews with a small sample of potential Green Deal providers indicated that there was some confusion about this model, with interviewees apparently under the impression that it was DECC that would lead with marketing and promotion activities

consumer awareness and understanding of the Green Deal programme was 'limited'. Several interviewees believed that the marketing campaigns carried out to date had not adequately explained the benefits of the Green Deal and there was a need for further government-led marketing (including case studies) to raise awareness and 'sell' the concept to the homeowners and tenants. One interviewee explained their concerns as follows, noting that they believed government should lead with Green Deal marketing, with the market then able to 'follow' with more detailed promotional activity:

6.13. *"The government has got to be prepared to put some money into raising consumer awareness and interest [in the Green Deal], which they haven't really done up until now. They've left it to the market, but I think that they need to put some serious money behind promoting Green Deal to the general public, as the government, so that people have got some confidence, and then other people can market under it."*

6.14. Related to this point about marketing Green Deal, interviewees also indicated that they felt that there was a need for DECC to go further and provide a more detailed vision and strategy regarding household energy use and energy efficiency, in order to provide leadership and context for the Green Deal and ECO programme. For example, one interviewee suggested:

"We need DECC to come up with a high-level, serious narrative about what's happening in the future, and why things like switching energy supplier, making homes more energy efficient, using smart meters, the whole host of things that are out there need to be brought together in one compelling narrative so people can see the full picture and understand why it's important."

A lack of clear information about how consumers could access Green Deal

6.15. Interviewees reported that they believed that there was a lack of clear information for consumers about what they needed to do to access Green Deal, and what they could expect from the programme. Some interviewees expressed concerns about the information provided to customers about the entirety of the 'customer journey', and that the information that was provided by suppliers was often fragmented. For example, there were concerns amongst interviewees that some Green Deal assessors were focusing on selling Green Deal assessments to customers without providing additional information, advice and support on how to progress with their Green Deal journey.

6.16. Interviewees were also critical of the functionality of the Green Deal ORB website. It was suggested that the website should be more user-friendly and should be modified to address gaps in search functionality (e.g. the inability for consumers to search for Green Deal providers that offer cashback and Green Deal installers that offer multiple measures, such as searching for installers that offer both gas boilers and cavity wall insulation).

An overly complex and 'rigid' customer journey

6.17. Several interviewees believed that the complexity of the Green Deal customer journey was a barrier to take-up, and that greater flexibility was needed. One interviewee described their view of the Green Deal customer journey as:

"...very one-dimensional, and very complicated... there was one way of doing it, which was: you have an assessment, then you have a plan, then you have Green Deal finance over [up to] 25 years, but customers want different choices and different options...and I think the GDFC itself needs to provide a range of options, rather than being so one-dimensional."

- 6.18. A number of potential improvements to the customer journey were suggested by interviewees within the sample. These included: a more joined up approach with greater scope for 'referrals' between Green Deal advisors, assessors, providers and installers to simplify and encourage progression through the customer journey; and the ability for Green Deal finance to offer more flexible packages, including aspects such as interest-free credit and 'buy now pay later' offers.
- 6.19. Interviewees also reported that the rules regarding the Green Deal assessment process were too rigid for some low cost measures such as cavity wall and loft insulation. One interviewee suggested that it should be possible, in certain cases, to tailor the assessment process so that consumers can avoid the cost of a full Green Deal assessment (which could be a barrier to engagement for some consumers who are only interested in these types of measures):

"The Green Deal assessment is obviously helpful, because it's a thorough and comprehensive assessment of the property, but in some cases it's too thorough. If you just want some fairly straightforward measures, like cavity wall and loft insulation for example, then you don't really want to have to go to all the effort and cost of having a full Green Deal assessment."

The attractiveness of Green Deal finance

- 6.20. For some interviewees, the interest rate charged on Green Deal finance was perceived to be too high, and could not compete with alternative sources of finance for some customers. For example, one interviewee stated: *"I think the lack of competitive interest rates holds [Green Deal] back...[Many people] will arrange their own finance because they've probably got access to cheaper capital than can be raised through the Green Deal"*.
- 6.21. Other interviewees reported that the interest rate charged on Green Deal finance was reasonable for those without a good credit rating (and indeed could be the only finance available). For example, as one interviewee explained:

"I think it's actually quite a good deal because you've got to have an extremely good credit rating to be able to go to the high street and borrow at anything less than 7% on an unsecured loan...there are an awful lot of people who haven't got a [very good] credit rating, who will find that it's only through the Green Deal finance package that they're going to get the money that they need up-front to pay for the improvements."

- 6.22. One interviewee suggested that the way in which Green Deal finance had been 'marketed' to consumers could have been improved, by stressing that: there is no net increase in cost to the consumer; these are unsecured loans so there are fewer risks compared to secured loans; and the credit eligibility criteria are likely to be less stringent than those associated with other lenders. For this interviewee, the marketing of Green Deal finance had, to date, been too focussed on the interest rate: :

"A lot of people aren't getting that, they're just seeing the headline and they're comparing it with mortgage rates, etc., but they're not comparing like with like. I personally think it's a good deal, but I don't think it's been properly sold."

Future intentions as regards becoming a Green Deal provider

- 6.23. In spite of the concerns raised above, some interviewees indicated that they would consider becoming Green Deal providers in the future. Some interviewees noted that they supported the concept underpinning the Green Deal (i.e. borrowing money over the

long term to fund installations and achieve energy savings), but were waiting for the model to 'settle' and for problems to be resolved before they entered the market. According to one interviewee:

"It would make business sense for us to keep control of the process, keep control of the loans, and offer the best service to tenants...but that's a long way down the line. [We would need] to see the market pick up and see other people making a success of it"

- 6.24. Another interviewee was intending to become a certified Green Deal installer, and saw this as the first step towards becoming a Green Deal provider, by giving them an opportunity to 'test the water':

"We're actually looking at Green Deal accreditation ourselves for [the installation of] lighting and for boilers...we're going to go down the installer route first and see what response that generates, and if that's favourable and people are starting to say 'can you be a provider', or we're seeing quite a bit of Green Deal activity, then we'll certainly look at that [becoming a Green Deal provider], that would seem the next logical step."

- 6.25. Other interviewees indicated that their organisations had no intentions of becoming Green Deal providers, due to their concerns about the role and the Green Deal programme more generally. However, it should be noted that most of these organisations had still engaged with the Green Deal programme, but were 'signposting' consumers towards certified Green Deal providers rather than becoming a provider themselves. Interviewees saw this as a 'partnership' model, with Green Deal providers responsible for financing, and their organisation responsible for identifying customers (and potentially carrying out installations). One interviewee described this model as follows:

"We preferred to partner with a specialist business, established to provide Green Deal provider services to the market. We do not believe that the relatively onerous responsibilities and liabilities of being a Green Deal provider are suited to installer businesses either, and the evidence suggests that many who originally intended to become Green Deal providers have decided that the 'partner' route is preferable."

Awareness and engagement with the ECO programme

Awareness and engagement with the ECO programme

- 6.26. Interviewees in the sample of potential Green Deal providers had heard of ECO and engaged with the ECO programme to varying degrees:

- Some organisations were signposting, promoting and encouraging uptake of the ECO programme (e.g. a network body promoting the programme to its members)
- The sample of interviewees included a housing association that was working with partners to deliver ECO-funded installations within its properties:

"We work with the contractors to negotiate with the funding partners, and get the best rate per tonne, and we go to the negotiation meetings with the utility companies. [Working with contractors] de-risks it for us because the contractor carries out the work and is paid directly by the utility company, so we don't have to take any risk if there's issues on site or maladministration or something like that."

- Some interviewees (builders' merchants and manufacturers) were supplying products for installation under ECO

Potential Green Deal providers' views of the ECO programme

6.27. Interviewees were asked what they thought of the ECO programme. It was noted that significant numbers of energy efficiency measures had been installed under the programme, and that ECO had successfully attracted some new suppliers and new products to the market. According to one interviewee: *"I think [the introduction of ECO] did promote new products and new thinking [increasing the uptake of SWI and HTTCWI and providing support to households on low incomes] and some parties that weren't involved in it before, realised they had to get involved, so I think that has been beneficial."*

6.28. However, the sample of interviewees also raised a number of issues with the design of ECO, and the impacts of the proposed changes to the programme that were announced in the Chancellor's 2013 Autumn Statement⁹³. The key issues included:

- The complexity associated with the delivery of ECO, which was seen to have raised delivery costs. According to one interviewee: *"ECO has been an absolute nightmare for the industry because it's hellishly complicated, it's cost companies a lot of money to invest, to meet those complications...and in gearing up systems, processes and people to administrate the scheme... [which is] very, very complicated and labour intensive"*. The interviewee provided an example of the increased costs associated with the installation of EWI for a block of flats. To obtain ECO funding, it would be necessary to complete Energy Performance Certificates for each flat before and after installation, which the interviewee suggested was an unnecessary cost given that these are external works and the change in the energy performance of each flat is likely to be similar. The interviewee also contrasted ECO with the preceding CERT and CESP programmes:

"We achieved quotes for cavity wall work pre-ECO, back in the CESP and CERT days, and post-ECO, and despite the technical element of the work being identical, and getting quotations from the same company, costs went up by about 7%, purely due to the administrative burden."

- The proposed changes to the ECO programme were largely seen by interviewees as a 'backwards step', since it was believed that there would be much less work commissioned by the energy companies. Interviewees expressed frustration that they had made investments on the basis of an expected market size that would not be achieved. According to one interviewee:

"Whilst I understand the political side of things, people must remember that a model was created and companies invested to deliver that market-driven model, but when the market is taken away overnight, after the investment has been put in place, then it leaves a pretty nasty taste in peoples' mouths."

⁹³ Shortly before fieldwork commenced, the Chancellor's 2013 Autumn Statement set out a number of proposed changes to the ECO programme. At the time of fieldwork, these changes included:

- A reduction in the scale of the CERO target, which would primarily affect targets for the delivery of solid wall insulation and/or hard-to-treat cavity wall insulation
- An extension of the targets under CSCO and Affordable Warmth through till 2017

7. Conclusions

This final chapter brings together the results of the preceding chapters and sets out conclusions of the ICF International's study team in respect of the research questions outlined in Chapter 1

Are non-participants aware of the Green Deal and/or ECO programme? What is the extent of their understanding of the programme?

The Green Deal programme

- 7.1. Awareness of the Green Deal programme was high amongst DEAs and MCS installers, the vast majority of whom reported that they were aware of the Green Deal⁹⁴.
- 7.2. The depth of understanding (as opposed to awareness) of Green Deal amongst survey respondents and qualitative interviewees was more varied. Amongst DEAs and MCS installers there was a small but notable minority (around 20% to 30%) that, when surveyed, cited a 'lack of sufficient information' as a reason why they had not sought to become certified GD suppliers. This suggests that there are gaps in their understanding of the programme. The survey did not explore the precise nature of these gaps, however, and so cannot draw any firm conclusions about the breadth and depth of understanding. Some DEAs and MCS installers requested more information about the role of a GD supplier and the size and characteristics of the Green Deal market. This again suggests that there some DEAs and MCS installers who may not have fully understood the operation of the Green Deal programme.
- 7.3. Qualitative interviews with EWI/HTTCWI installers and potential Green Deal providers found that interviewees had a reasonable understanding of the Green Deal programme (though it is possible that they agreed to participate in the research because they understood Green Deal and thus felt they could contribute to the research). Some interviewees (particularly the sample of potential Green Deal providers) reported that they had benefited from having been involved in Green Deal design and/or participating in Green Deal forums.

The ECO programme

- 7.4. The majority of DEAs and MCS installers reported that they were aware of ECO, having been informed of the programme through a range of sources (e.g. as part of professional training or through industry contacts).
- 7.5. Some Gas Safe installers identified a lack of understanding of how ECO worked as a reason why they had not installed measures under ECO, and requested more in-depth information about the role of installers under ECO and compliance requirements. As

⁹⁴ It is possible that contacts that agreed to be surveyed were more likely to have been aware of Green Deal than those that did not, but there is no evidence that this was the case

above, this suggests that there may be gaps in businesses' understanding of how ECO works.

Why have suppliers chosen not to participate in the Green Deal supply chain? Do they plan to do so in the future? Are there any barriers to entry and do they affect particular types of supplier?

Reasons for non-participation in the Green Deal supply chain

7.6. Fieldwork with non-participants in the Green Deal supply chain identified a range of reasons why they had chosen not to become certified Green Deal suppliers. These reasons can be summarised as follows:

- *Perceived low demand under Green Deal (especially when compared to opportunities outside of the programme).* Amongst both DEAs and MCS installers, low demand under Green Deal was the most commonly identified reason for non-participation, and also the most commonly cited *main* reason for non-participation. Gas Safe installers and EWI/HTTCWI installers also noted that a perception of low demand under the Green Deal was a major reason why they had chosen not to become certified suppliers. It was not clear from the research undertaken whether respondents and interviewees were commenting on demand for Green Deal assessments or installations, or what their expectations of demand had been. Furthermore, it was not clear how well respondents and interviewees understood the Green Deal market or where they were getting their evidence of demand from (especially in the context of requests from respondents and interviewees for more Green Deal market data – see below).
- *Concerns about the design of the Green Deal model.* Respondents and interviewees identified various concerns about what they saw as design/implementation issues with the Green Deal customer journey, which had deterred them from becoming Green Deal suppliers. Foremost was a perception that the customer journey was overly 'complicated', and that this was reflected in lower than anticipated levels of demand. More specifically, DEAs noted concerns about the quality of the software underpinning the Green Deal assessment, a concern shared by some potential Green Deal providers (who were worried about the potential liabilities associated with loans based on predicted energy savings).
- *A lack of sufficient knowledge about the Green Deal programme, and the role of Green Deal suppliers more specifically.* Some DEAs and installers cited their lack of a detailed understanding of Green Deal as a reason why they had not sought to become certified Green Deal suppliers. This included a lack of knowledge about the role of a Green Deal supplier, and the size and nature of the Green Deal market (e.g. localised market data on assessments or installations). Relatedly, respondents and interviewees identified the provision of additional information as a factor that would make them consider Green Deal certification.
- *The perceived complexity and cost of the certification process, including the costs of any training that was required.* Respondents and interviewees from all categories of organisation noted concerns about the perceived complexity of the certification process, and the time and effort that would be required to complete the process. The costs of certification (including the costs of any associated training) were also

cited by respondents and interviewees as a reason why they had not sought to become Green Deal suppliers.

- *Concerns about the 'stability' or 'longevity' of the Green Deal programme.* Some respondents and interviewees noted that they were reluctant to participate in Green Deal due to past experiences of a lack of 'stability' within government-led initiatives (DEAs cited the creation and abolition of Home Improvement Packs, MCS installers cited the reduction in the FiT). The proposed changes to the ECO programme that were announced in the Chancellor's 2013 Autumn Statement had also affected suppliers' perceptions of the stability of the Green Deal and ECO programme more widely.

Reasons for not becoming certified Green Deal providers

- 7.7. Most MCS installers reported that they had not considered becoming a Green Deal provider; those that had considered such a move had been deterred for much the same reasons why they had not become Green Deal installers (e.g. lack of demand under the Green Deal, the costs of certification). Interviews with Gas Safe installers and EWI/HTTCWI installers found evidence of similar concerns acted as a deterrent to becoming a Green Deal provider.
- 7.8. Interviews with organisations that were selected as potential Green Deal providers discussed these issues in more depth. For the most part their concerns related to the Green Deal model as a whole rather than the Green Deal provider role specifically: a belief that the Green Deal had not been adequately marketed to consumers; the perception of an overly complex customer journey; and a view that the information available to consumers was confusing, including search functions to identify suppliers using the Green Deal ORB website. However, interviewees also noted concerns about their ability to make the Green Deal provider business model work effectively, given a perception that the customer journey was too 'rigid' and lacked scope for Green Deal providers to tailor the process to meet customer needs. There was also a view amongst some interviewees that the cost of Green Deal finance was too high to be competitive when compared with other finance available.

Future plans as regards becoming certified Green Deal suppliers

- 7.9. Despite their concerns about the Green Deal programme and the process of becoming a Green Deal supplier, a majority of both DEAs and MCS installers reported that they would consider Green Deal supplier certification in the future. Both groups identified the potential for increased revenue as the main reason why they would seek to participate in the Green Deal.
- 7.10. Qualitative interviews also explored the future intentions of organisations. For some interviewees, the barriers that had prevented participation in the Green Deal thus far were considered too much of a problem to overcome. However, amongst Gas Safe installers, EWI/HTTCWI installers and potential Green Deal providers, some respondents reported that the potential benefits of Green Deal supplier status (most notably the market opportunity should demand reach levels that they considered necessary) were sufficient to make them consider certification in the future. EWI/HTTCWI installers also noted that their decision as to whether to seek Green Deal certification was affected by take-up within the industry as whole; if other parts of their supply chains were to put pressure on them to participate, then they would consider doing so.

Barriers to entry affecting specific types of supplier

7.11. There was limited evidence that specific types of supplier were facing barriers to entry to the Green Deal supplier market. Reasons for non-participation in the Green Deal were fairly consistent across the five categories of supplier that formed the basis for this study. It might be surmised that some deterrents to participation would be more of a problem for smaller businesses that lacked staff or resources to deploy towards Green Deal supplier certification (e.g. the costs of training and certification), but there was no evidence that this was the case.

For any suppliers that have tried or are currently trying to register as a Green Deal supplier, what have been their experiences of the process?

7.12. Experiences of Green Deal certification were fairly consistent across each of the categories of organisation that were included within this study (though it should be noted that this was typically based on responses from a small number of respondents and interviewees):

- There was some dissatisfaction with the quality and cost of the training available to support applicants to become certified Green Deal suppliers, though no details were provided as to exactly what the nature of this problem had been.
- Some MCS installers were critical of their experiences with their certification body, specifically due to a perception that they had not been provided with sufficient information about the certification process or the operation of the Green Deal.
- Some businesses had applied to become Green Deal certified but had ‘dropped out’ before completing the process. For DEAs and MCS installers this was mostly due to concerns about the Green Deal model and doubts as to whether there was sufficient consumer demand to justify the time and cost of completing the certification process (see above). Some DEAs had stopped their application due to a change in personal circumstances (e.g. illness or a career) rather than anything inherent to the Green Deal.

Do non-participants interact with registered Green Deal suppliers, and if so in what ways?

7.13. Some DEAs reported that they had undertaken energy assessments on behalf of Green Deal suppliers, including certified Green Deal providers and Green Deal assessors. Since Green Deal advisor status is a requirement for a Green Deal assessment, these relationships could be related to the delivery of energy assessments under ECO (just under half of DEAs reported that they had carried out property surveys or energy assessments under ECO).

7.14. A small minority of MCS installers reported that they had carried out installations directly for Green Deal providers or Green Deal assessors. It is not necessary for businesses to hold Green Deal installer status provided an installation is paid for using a source of finance other than Green Deal finance, and so MCS installers could still be contracted by certified Green Deal suppliers to install measures for customers with a GDAR. Many MCS installers reported that they had installed measures for customers with a GDAR, though the survey did not collect information on whether other Green Deal suppliers were involved in that process. It should also be noted that some of this activity might have been related to the requirement that customers within the final round of RHPP and the Domestic RHI – which included measures that MCS installers provided, such as solar PV – have a GDAR before they received support.

- 7.15. Some potential Green Deal providers reported that, whilst they had no intention of becoming a certified Green Deal supplier, they had established 'partnership' arrangements with Green Deal providers. Under this model, the Green Deal provider was responsible for financing, and they were responsible for identifying customers (e.g. a housing association working with its tenants) and/or carrying out the installation.

Has the GD and ECO programme had an impact on non-participants, and on the energy efficiency market more generally?

- 7.16. Very few DEAs attributed any change in the number of energy assessments that they had carried out in 2013 compared to 2012 to the influence of the Green Deal programme. Instead, other market factors (e.g. a change in the validity period of an EPC, recovery from recession) were identified as the main drivers of change within the energy assessment market. Additionally, most DEAs also reported that the Green Deal had not had any impact on the fees that they charged to carry out assessments. The ECO programme was identified by some DEAs as a reason why they had carried out more assessments in 2013 than they had in 2012, though as noted above, only a minority of DEAs reported that they had delivered under ECO.
- 7.17. Amongst MCS installers, neither the Green Deal nor ECO were identified as notable drivers of change in the numbers of installations that they had carried out in 2013 compared to 2012. Other market factors (such as a decrease in the value of the FiT and the recovery from recession) were instead identified as key drivers of demand for the installation of renewable energy products. Several MCS installers reported carrying out installations for customers with GDARs, though this could have been related to the final round of the RHPP and/or in anticipation of the launch of the Domestic RHI (both of which require that customers must first have had a GD assessment). The scope for ECO to influence the renewable energy products market was limited by the fact that these products are only eligible measures under the Affordable Warmth obligation.
- 7.18. Other types of installers – Gas Safe installers and EWI/HTTCWI installers – did not cite Green Deal as a major influence on their respective markets. EWI/HTTCWI installers did note the role of ECO within the solid and cavity wall markets. Interviewees reported that overall demand for these products had increased as a result of ECO, by raising awareness and also by making subsidy funding available to consumers. It was noted, however, that the availability of funding to subsidise installation costs meant that it was harder to sell either solid or cavity wall insulation at full price, since consumers understood that there was finance available to cover costs.
- 7.19. In relation to impacts on the energy efficiency market more generally, there was some agreement – but not majority support – amongst both DEAs and MCS installers with the statement that Green Deal had 'boosted consumer awareness' of energy efficiency.

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