



Department
of Energy &
Climate Change

Research to explore consumer response to the potential use of winter fuel payments to invest in energy efficiency home improvements

Research conducted by TNS BMRB for DECC

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

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Executive summary

Background, objectives and methodology

The Green Deal is a policy that allows households and businesses to make energy saving improvements to their home or business without having to pay all the costs up front.

Previous research has shown that older people were less likely to be interested in the concept of the Green Deal due to a range of factors, including a feeling that they already had sufficient energy efficiency measures in place, not feeling it was worth the effort at their stage of life and an aversion to the idea of loans or credit¹.

At the time of the research DECC were considering ways to encourage older people to take up energy saving home improvements using the Green Deal framework. One concept that was considered was the idea of encouraging people to use winter fuel payments towards energy saving home improvements.

DECC commissioned TNS BMRB to conduct quantitative and qualitative research to assess how attractive 'investing' a winter fuel payment would be in encouraging older people to make their homes more energy efficient. The key objectives were as follows:

- To understand the level of appeal associated with using winter fuel payments to invest in energy efficiency among the target group;
- To understand the relative appeal of two ideas developed for testing, the first proposing early receipt of future winter fuel payments where work is undertaken and the second proposing a matched government contribution to help support the cost of work.

The research consisted of a face-to-face omnibus survey of 1,092 owner-occupiers aged 61 or over in Great Britain and three qualitative discussion groups. All research was conducted between 15th and 26th February 2013.

¹ <https://www.gov.uk/government/consultations/the-green-deal-and-energy-company-obligation>

Key findings

Energy saving home improvements

Energy saving home improvements were seen in a positive light as they enabled people to live in a warm environment, protect their health, and save money. It was however difficult for people to identify the financial value of energy saving home improvements. While there was some recognition that energy saving home improvements could save money on people's energy bills, in the main those who had installed them found it difficult to say whether they had made any savings as energy bills were seen to be continually increasing.

Respondents were generally aware that any energy saving home improvement would have a pay-back time but after being given some indicative information were surprised at how long these could be. This made people think much more carefully about whether energy saving home improvements would be of financial value to them.

Putting winter fuel payments towards energy saving home improvements

Around a quarter (22%) of respondents to the omnibus survey said they were likely to consider putting their winter fuel payment (WFP) towards energy saving home improvements. Around one in ten (9%) respondents to the omnibus survey said they would be very likely to consider using their WFP to pay for energy saving home improvements, with a similar proportion (13%) fairly likely. Most said they would be not very (24%) or not at all (50%) likely to consider this.

The most commonly cited barrier was a perception that they already had all possible energy efficiency measures installed. Other barriers included a need to spend their winter fuel payment on energy bills, having no interest in energy saving home improvements and a feeling that the work was not worth the cost or hassle at their stage of life.

Advanced Winter Fuel Payment

Respondents to the omnibus survey were presented with a scenario where if someone put their WFP towards the cost of improvements, they would automatically receive the next two years of WFPs in advance ('Advanced Winter Fuel Payment') to help pay for the work. Two in ten (20%) said they would be very (7%) or fairly (13%) likely to put their WFP towards energy saving home improvements in this scenario. A quarter (27%) said they would not be very likely to do this with half (48%) saying they would not be at all likely. This suggests that the incentive of receiving future payments early would be unlikely to encourage many people who would not previously have considered using their WFP to pay for energy saving home improvements to do this.

Respondents in the qualitative discussion groups also expressed concerns. For those people who currently used the payment specifically for their energy bills there was a concern that they would not be able to afford future bills, despite some saving as a result of installing energy saving home improvements. For those who saw the payment as 'general income' the pay-back period was a major barrier, especially for those aged 70+. In addition, the expected level of the advanced payment was seen as insufficient to enable people to install more expensive energy saving measures, such as new boilers or double glazing.

Matched contribution

An alternative scenario was presented to respondents to the omnibus survey, with the offer of a matched government contribution to support the cost of work. In this scenario the consumer

would put their £200 WFP towards the cost of installing improvements and the government would match this with a contribution of £200 to help pay for the work. This question was asked of half of respondents; to examine whether there was any 'signalling' by specifically referring to their WFP the other half of respondents were asked the same question but without specific reference to their 'winter fuel payment'.

Responses to the two versions of this question were broadly similar. In both cases around one in ten respondents said they would be very likely to install energy saving home improvements in this scenario with a further two in ten fairly likely. The results suggest that the specific reference to the 'winter fuel payment' did not have a significant impact on likelihood levels.

Differences in the wording between the 'advanced payment' and 'matched contribution' questions mean they should not be seen as directly comparable. However, the results may indicate that the matched contribution option was more positively received than the advanced payment option. This reflected the findings from the qualitative groups, where the matched contribution was seen in a more positive light. However, there was some suspicion about why the government would be offering 'free money' and a feeling that the option would only be suitable for fairly small improvements. The level of funding was felt to be insufficient for larger measures and there were also concerns about possible lengthy pay-back times.

Background and research design

Background

The Green Deal is a policy that allows households and businesses to make energy saving improvements to their home or business without having to pay all the costs up front. From 28th January 2013, customers have been able to take out a Green Deal plan, and take advantage of the Government offer which provides varying levels of cashback depending on the package of energy saving improvements that are taken out.

Research conducted in 2011² showed that older people were one of the sub-groups that were least interested in the concept of the Green Deal. They struggled to engage with it and were less interested than other groups, either as they already had energy efficiency measures in place, or they did not feel it was worth the effort at a later stage of life.

The research also showed that older people were particularly averse to the idea of loans or credit, the idea that the debt stays with the property, the potentially long repayment period and the perceived hassle or disruption caused by the work. However, research also showed that of those who were interested in the Green Deal, older people were most likely to prefer to pay up front, so a scheme which enabled this may be welcomed.

At the time of the research DECC were considering ways to encourage older people to take up energy saving home improvements using the Green Deal framework. One concept was the idea of encouraging people to use winter fuel payments towards energy saving home improvements.

Winter fuel payments are made to older people to help with the costs of heating their homes. For winter 2012-13 the payment was £200 for people born on or before 5 July 1951, increasing to £300 for people aged 80 or over in the qualifying week (which in 2012-13 was 17 to 23 September 2012)³.

Social research was required to provide some in-depth insights into older peoples' attitudes towards links between winter fuel payments and energy efficiency. The two options tested were:

- **"Advance Winter Fuel Payment"** – this option would provide a payment equivalent to a number of years of winter fuel payment (WFP) up front to the consumer, providing a lump sum to invest in Green Deal energy saving home improvements. This option overcomes the barrier presented by finance which is particularly unattractive to this group. It also creates a link with the WFP, ensuring that this existing funding stream is used more sustainably, reducing ongoing fuel costs rather than simply paying for energy used. Under this option, as the consumer would be receiving their WFP early, they will not receive the payment for a limited time in future years.

² <https://www.gov.uk/government/consultations/the-green-deal-and-energy-company-obligation>

³ For further details of winter fuel payments see: <https://www.gov.uk/winter-fuel-payment/what-youll-get>

- **"Matched Winter Fuel Payment"** – this option requires the consumer to commit their WFP to install Green Deal energy saving home improvements and in return the value is matched with the same amount in cashback, on top of the published cashback amounts.

For the purposes of the research, the questions were, as far as possible, targeted at those who would be most likely to benefit from this concept, i.e. owner occupiers who are eligible for the WFP and who are not eligible for other support policies (e.g. Energy Company Obligation affordable warmth⁴), and those needing low cost Green Deal measures such as loft insulation and cavity wall insulation.

Research aims and objectives

The aim of the project was to provide both qualitative and quantitative evidence of how attractive 'investing' a future winter fuel payment would be in encouraging older people to make their homes more energy efficient. The key objectives were as follows:

- to understand the level of appeal associated with the concept of using winter fuel payments to invest in energy efficiency was to the target group, and
- to understand the relative appeal of the two ideas.

The research sought to provide evidence in relation to a number of key questions, including the following:

- How likely would consumers be to consider the idea of using WFPs to improve the energy efficiency of their homes?
- What do they think of the proposal to use WFPs to improve the energy efficiency of their home?
- Is there any signalling or mental accounting associated with this idea? Would people be more willing to consider the idea if the proposition was the same but the funds were not coming from the WFP?
- What is the relative appeal of the two different ideas tested?
- What are the specific motivations and barriers to energy efficiency in this group? What are the specific barriers associated with the idea of using WFPs?
- Would having to pay up front and be reimbursed act as a barrier?
- How far does the proposal go to overcome known barriers to engaging in energy efficiency for older people?
- Would the decision be affected if the consumer had to pay £50 / £100 for an initial assessment of what measures their property could benefit from?

⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/65551/6631-get-help-to-keep-your-home-warm-the-energy-company.pdf

- What else would make older consumers more likely to install energy efficiency measures?
- To which sub groups within the older population are the proposals more/less appealing?

Research method and sample

In order to address the key research questions both quantitative and qualitative research was undertaken. A summary of the methods employed is included below.

Quantitative research

The quantitative research involved an omnibus survey conducted on the TNS face-to-face omnibus.

The omnibus uses a random location sample design. This is a high quality quota based sampling approach which avoids most of the biases of simple quota methods by minimising interviewer discretion regarding where to interview.

The survey questions were jointly developed by DECC and TNS BMRB in response to the research objectives. A total of seven questions were included in the questionnaire (see Annex B for a copy of the questionnaire).

Each wave of the omnibus involves around 2,000 interviews with GB adults aged 16+. To ensure the minimum target sample size of 1,000 could be met, the survey questions were included over two full waves and one half wave. This was based on an expected penetration of c. 20%. In total, 1,092 interviews were achieved with owner occupiers aged 61+ in Great Britain. Fieldwork was conducted between 15th and 26th February 2013. Standard omnibus weights were applied to the data to bring it in line with the GB population.

Unless otherwise stated, any reported differences between subgroup in the quantitative results are significant at a 95% confidence level. Strictly speaking, significance tests can only be applied to probability samples and are not applicable to the random location design adopted for this survey. However, it can be assumed that the variance of a random location sample is similar to that of an equally specified probability sample.

Qualitative research

Qualitative research was carried out to provide further understanding and insight into the issues surrounding the use of winter fuel payments for energy saving home improvements.

The qualitative research comprised three group discussions with owner occupiers, aged 60-69, 70-79 and 80+. Respondents were recruited on the basis of their property having neither loft insulation nor cavity wall insulation, or one of these, but not both.

The group discussions were undertaken using a topic guide to structure the flow of the discussions (see Annex A) and analysed thematically. Prior to the discussions the topic guide was developed by TNS BMRB and DECC based on the key objectives of the research, with particular emphasis on any areas that were not possible to cover in the omnibus survey. The group discussions were carried out in Coventry and Birmingham on 20th and 21st February 2013.

Findings

This chapter includes the findings from both the quantitative and qualitative elements of the research. Separate sections are included for each element but where relevant findings from the two stages have been cross-referenced.

Quantitative survey findings

Overview of sample

The results presented in this section are based on 1,092 interviews with owner occupiers aged 61+ in Great Britain. The total sample included 873 respondents aged between 61 and 79 and 219 respondents aged 80 or over.

Most respondents had basic insulation measures installed in their property⁵:

- 91% had double glazing
- 88% had loft insulation
- 63% had cavity wall insulation
- 9% had at least one other energy saving home improvement.

Six in ten respondents (58%) had all three basic insulation measures installed⁶. A further three in ten (29%) had two of the three measures installed. Eight per cent had just one of these measures installed and four per cent had none of the basic insulation measures installed in their property.

One in ten respondents (9%) said that they or their partner was in receipt of pension credit. This question was asked as a proxy for people who might be eligible for other support policies such as Energy Company Obligation affordable warmth. Responses to this question were self-claimed and may not reflect official statistics on levels of people in receipt of pension credit.

All respondents were asked how well they were keeping up with their energy bills. A third (36%) said that they were managing very well with a further third (33%) managing fairly well. A quarter (25%) said they managed to get by. Overall four per cent said they had difficulties keeping up with their energy bills, including one per cent who said they had severe difficulties.

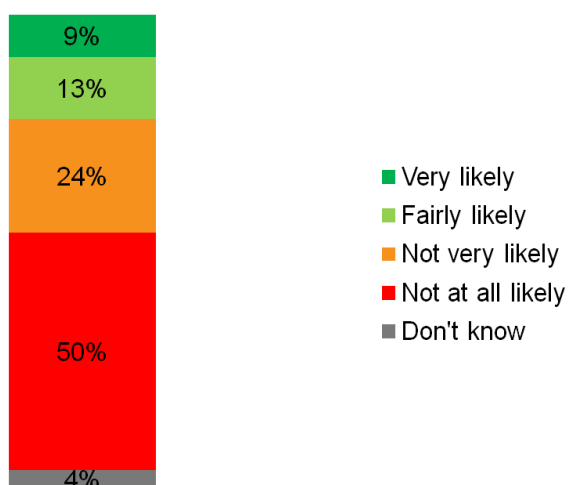
⁵ It should be stressed that these figures were 'self-claimed' and no checks were conducted over the accuracy of responses. Therefore the figures reported may differ from statistics on the proportion of households with various measures installed.

⁶ Loft insulation, cavity wall insulation and double glazing.

Likelihood to consider using winter fuel payments to pay for energy saving home improvements

The research sought to explore how likely older people would be to consider the idea of using their winter fuel payment (WFP) to improve the energy efficiency of their home. Before being presented with the specific propositions all respondents were asked how likely they would be to consider using their WFP to pay for energy saving home improvements (Figure 1). A little over two in ten (22%) said they would be very (9%) or fairly (13%) likely to consider using their winter fuel payment to pay for energy saving home improvements. A quarter (24%) said they would not be very likely while half (50%) said they were not at all likely. Four per cent said they did not know if they would be likely to consider this.

Figure 1: Likelihood to consider using WFP to pay for energy saving home improvements



Q2. Anyone in the UK born on or before 5th July 1951 is eligible to receive a winter fuel payment. Most eligible households receive an annual payment of £200 from the Government to help towards paying for heating bills. How likely would you be to consider using your winter fuel payment to pay for energy saving home improvements?

Base: All owner occupiers aged 61+ (1,092)

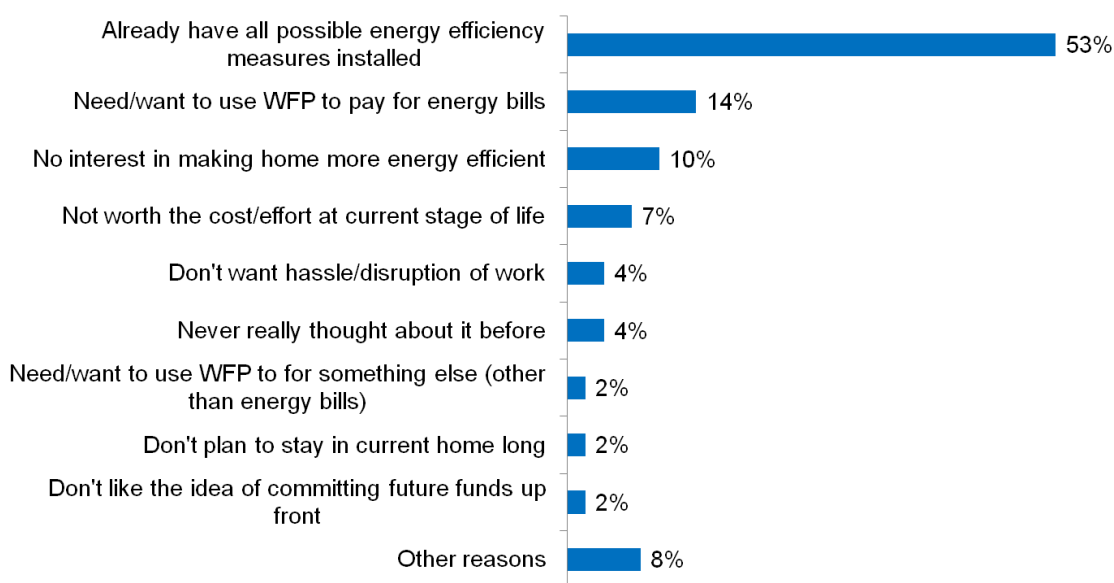
Barriers

All respondents who were not very or not at all likely to consider using their winter fuel payment to pay for energy saving home improvements were asked their reasons for this (Figure 2). By far the most common reason put forward was that they already had all possible energy efficiency measures installed which was spontaneously⁷ cited by over half of respondents to the question (53%). This, combined with the high proportions who said they had all basic insulation measures installed, suggests that the perception that there is nothing more that can be done may be a key barrier to installing energy saving home improvements. It should however be noted that the level of interest in using their WFP to pay for energy saving home improvements was not markedly higher among those who had fewer measures installed (27% of respondents with none, one or two basic measures compared with 18% of those with all three basic measures), suggesting that other barriers exist.

⁷ The response list at this question was not displayed to respondents to enable 'top of mind' responses to be obtained. Respondents could offer as many reasons as they liked and an 'other specify' code was included to cover any reasons not covered by the main response list.

The only other barriers mentioned by at least one in ten respondents were that they need or want to use their WFP to pay for energy bills (14%) and that they had no interest in making their home more energy efficient (10%). Other issues mentioned included it not being worth the cost or effort at the current stage of life (7%), not wanting the hassle or disruption of undertaking work (4%) and having not thought about it before (4%). The responses to this question closely related to the reasons put forward in the qualitative groups for not undertaking energy saving home improvements.

Figure 2: Reasons for being unlikely to use winter fuel payments to pay for energy saving home improvements



Q5. You said earlier that you are unlikely to use your winter fuel payment to invest in energy saving home improvements. Why is this?

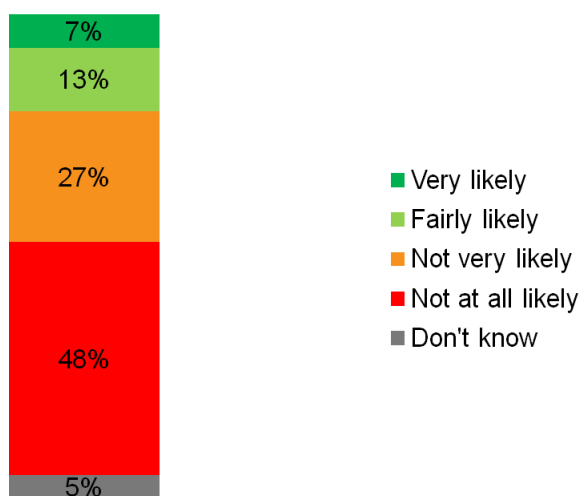
Base: All owner occupiers aged 61+ who would be not very / not at all likely to consider using the WFP to pay for energy saving home improvements (810)

Advanced Winter Fuel Payment

Two ideas were tested relating to encouraging people to put their WFPs towards the cost of energy saving home improvements. The first option is the "Advanced Winter Fuel Payment", which would provide a payment equivalent to a number of years of WFPs up front to the consumer, providing a lump sum to invest in energy saving home improvements. In the questionnaire a specific scenario was put forward where if someone put their WFP towards the cost of improvements they would automatically receive the next two years of WFPs early, to help pay for the work. Respondents were asked how likely they would be to install energy saving home improvements in this scenario. This question was asked of all respondents, including those who earlier said they would not be likely to consider using their WFP to pay for energy saving home improvements (without any further incentive).

Two in ten respondents (20%) said they would be very (7%) or fairly (13%) likely to put their WFP towards energy saving home improvements if they would receive the next two years of payments early. A quarter (27%) said they would not be very likely to do this with half (48%) saying they would not be at all likely (Figure 3).

Figure 3: Likelihood to install energy saving home improvements under advanced payment scenario



Q3. Now consider a scenario where if you put your winter fuel payment towards the cost of energy saving home improvements you would automatically receive the next two years of winter fuel payments early, to help pay for the work. How likely would you be to install energy saving home improvements in this scenario?

Base: All owner occupiers aged 61+ (1,092)

It was notable that responses to this question were very similar to the earlier general question about putting WFPs towards energy saving home improvements (Q2). This may suggest that the incentive offered (receiving two years of WFPs early) failed to encourage people who would not previously have considered putting their WFP towards energy saving home improvements to change their view⁸. The qualitative research found that views were largely negative in relation to the advanced payment scenario, even among those who expressed a general interest in energy saving home improvements.

Matched contribution

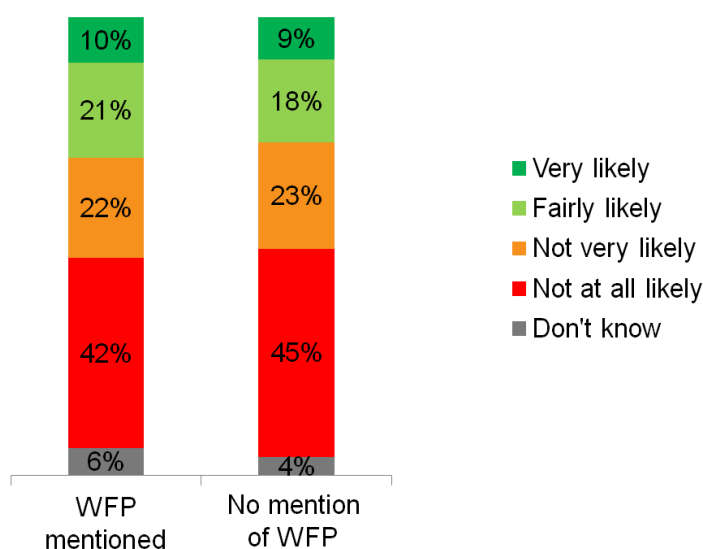
The second possible option to encourage people to put their WFP towards energy saving home improvements involves a matched contribution. This would require a consumer to commit their WFP to installing an energy saving home improvement and in return receive a matched contribution in cashback. Respondents were asked to consider a scenario where their home would benefit from £400 of energy saving home improvements. In this scenario they would put their £200 WFP towards the cost of installing improvements and the government would match this with a contribution of £200 to help pay for the work. Respondents were then asked how likely they would be to install energy saving home improvements in this scenario. This question was asked of half of respondents; to examine whether there was any 'signalling' by specifically referring to their WFP⁹. The other half of respondents were asked the same question but without specific reference to their 'winter fuel payment'.

⁸ It should however be noted that the wording of the two questions (Q2 and Q3) was not directly comparable. Specifically, Q2 asked people whether they would *consider* using their WFP for energy saving home improvements while Q3 asked whether they would use their WFP to *install* energy saving home improvements.

⁹ For example, did specifically mentioning their '£200 winter fuel payment', as opposed to simply '£200' make them more or less positive towards this option?

Responses to the two versions of this question were broadly similar (Figure 4). When 'your £200 winter fuel payment' was specifically mentioned, three in ten (31%) said they would be very (10%) or fairly (21%) likely to spend this on installing energy saving home improvements if they received a matched contribution from the government. When the WFP was not specifically mentioned again around three in ten (27%) said they would be very (9%) or fairly (18%) likely to install energy saving home improvements. This suggests that the specific reference to the 'winter fuel payment' did not have a significant impact on likelihood levels¹⁰.

Figure 4: Likelihood to install energy saving home improvements under matched contribution scenario¹¹



Q4a/b. Now consider a scenario where your home would benefit from energy saving home improvements which would cost around £400. In this scenario you would put [£200 / you £200 winter fuel payment] towards the cost of installing energy saving home improvements and the government would match that with a further £200, to help pay for the work. How likely would you be to install energy saving home improvements in this scenario?

Base: All owner occupiers aged 61+ in sub-sample A (570) / sub-sample B (522)

Differences in the wording between the 'advanced payment' and 'matched contribution' questions mean they should not be seen as directly comparable. However, the results may indicate that the matched contribution option was felt to be more positive than the advanced payment, with around three in ten saying they would be likely to install energy saving home improvements under the former proposition compared with around two in ten for the latter. This also reflects the findings from the qualitative research, where views were less positive in relation to the advanced payment option.

Subgroup differences

There were a number of differences in response to the omnibus survey questions between members of different subgroups. As these differences tended to apply to all scenarios they are reported in this section, with reference to specific questions where appropriate.

¹⁰ While there was a four percentage point difference in the combined very/fairly likely scores for the two versions of the question (with the version with WFP specifically mentioned achieving the higher level), this was not statistically significant.

¹¹ Percentages do not sum to 100% due to rounding.

Differences based on age

Those aged 80 or over were less likely to consider energy saving home improvements under any scenario compared with those aged 61-79. This was also a finding from the qualitative groups, where older people were particularly likely to question whether it would be financially worthwhile for them, given the initial cost and pay-back times of many energy efficient home improvements. In the omnibus survey the difference was particularly apparent for the advanced payments scenario, with 11% of those aged 80+ saying they would be very or fairly likely to install energy saving home improvement under this scenario compared with 23% of respondents aged 61-79. The difference in response to the question on general likelihood to consider using the WFP for energy saving home improvements (without any further incentive) was less marked, with 17% of those aged 80+ likely to consider this compared with 23% of respondents aged 61-79. This might point to particular concerns over future winter fuel payments being 'lost' in the older age group.

Differences based on how well people were coping with energy bills

Respondents who were coping less well with their energy bills at present were more likely to consider using their winter fuel payment for energy saving home improvements. A quarter (24%) of those who said they were 'getting by' or having difficulties managing their energy bills said they would be likely to consider using their WFP to pay for improvements compared with 17% of respondents managing very well. This difference was also apparent under the advanced payments scenario, with 25% of those 'getting by' or having difficulties saying they would be likely to install improvements in this scenario compared with 15% of those managing very well. It should however be noted that those managing very well with energy bills were more likely to have installed insulation measures compared with those managing less well and so this at least partly explains the difference (with those who had installed more measures less likely to consider undertaking further work).

Differences based on self-reported receipt of pension credit

There was no significant difference between those respondents in receipt of pension credit and those that were not in terms of a) general likelihood to consider using their WFP for energy saving home improvements or b) level of interest in undertaking work under the advanced payment option¹². Excluding those in receipt of pension credit from the analysis base also makes no difference to the results at these two questions.

Differences based on amount of energy saving home improvement work already done

While a perception that all possible work had already been done was noted as a major barrier to considering further energy saving improvements, it did not entirely follow that the majority of those who had installed fewer measures responded positively to the scenarios. Even among consumers who had installed just one basic insulation measure only three in ten (30%) said they would be very or fairly likely to install further measures under the future payments scenario compared with 17% of those who had installed all three basic measures. This suggests that while having already made all possible improvements - or at least a perception

¹² The base sizes for those in receipt of pension credit were too small to make a comparison at the matched contribution questions.

that this was the case – acts as a major reason for not considering further work, there are a number of other barriers to be overcome in order to encourage older people to take up further energy efficiency improvements.

Qualitative findings

About their homes

This section briefly describes the homes in which the qualitative respondents were living, together with the energy saving measures they had implemented. This is to provide a picture of the qualitative sample and should not be taken as indicative of the general population.

When discussing their home, most of the respondents said that since their children had left home they now lived in houses that were too large for them, typically, three- or four-bedroom properties for a single person or a couple. Whilst they were aware that this was not a very effective use of space, they had no intention of moving to a smaller property because of associated memories or local friends and amenities.

'To be honest the house is too big for us really. But we've lived there all our married life and it would be too much to move now...too many memories...probably too expensive for us as well...We just don't heat the spare rooms.'
(Aged 70-79)

Whilst income data was not collected, it was clear that there was a range of affluence with some having a good pension and savings and others relying solely on their state pension for their income and with minimal savings. Nevertheless, respondents mentioned how their income was virtually static but their bills were thought to be increasing substantially.

'My pension hardly goes up...2% last year I think...but I heard that gas is going up by 18%...certainly my bills are going up faster than my pension.'
(Aged 60-69)

In terms of energy use, with the exception of one person who used electric storage heating, all the others used gas central heating.

Everyone in the qualitative research claimed to have had implemented some form of energy saving measure, although the research was not able to verify this:

- Most had loft insulation but in only two cases did this meet the current recommended thickness;
- Some had cavity wall insulation; some had insulation on all external walls, others only on one external wall; most of those with cavity wall insulation did not have any loft insulation; a couple had very thin or partial loft insulation;
- Most had radiator thermostats, although most people did not know how to use them;
- A few had bought draught excluders for doors;
- Most had double glazing; in most cases this had been installed many years ago and would not meet current recommendations;
- Most, but not all, had hot water tank jackets;
- Most had energy saving light bulbs in all, or part, of their home;

- Most people adopted various measures to keep their energy bills down. These included: heating only occupied rooms by turning the radiators off; turning off the central heating when they were out; turning the central heating room thermostat down by one or two degrees; keeping curtains closed; putting curtains across external doors; generally being careful with their heating; turning off lights as they leave the room; only partially filling kettles; and wearing additional or thicker clothing.

'I'm never sure what the best way to heat the house is though. My husband and I turn the heating off until 4 o'clock, unless we get really cold. But I'm not sure if this is really the best way to heat the house.'

(Aged 70-79)

Overall, there was a keen sense of managing their energy bills as best as they could without compromising their warmth. They would prefer to cut down on other expenses, such as social activities and food, in order to keep a warm place to live.

In the past they said that they had tried to make their home as energy efficient as possible by installing double glazing, loft insulation, etc. They now felt that, in the main, they had done as much as they were likely to and, with one or two exceptions, had not given any further thought in recent years to upgrading their home for energy efficiency reasons. This reflects the finding from the omnibus survey, where a large proportion of respondents said they had already installed all possible energy saving home improvements.

The Green Deal was launched on the 28th January 2013. As the group discussions were conducted just three weeks after the launch it is perhaps not surprising that none of the respondents were aware of the Green Deal.

Use of the winter fuel payment

Respondents were very specific about how they used their winter fuel payment (WFP). The most frequent use was to specifically pay for winter fuel bills. The remainder either used their WFP for utility bills or it was treated as 'general income' which paid for utility bills and food. One used their WFP to buy Christmas presents.

'...[winter fuel payment] it goes into the pot, the housekeeping pot...it pays the bills... it doesn't change the lifestyle...it just gives you a bit of reassurance that you can pay the fuel bill...it's a bit of security, especially if it gets a bit cold...I would still turn the heating off during the day but if it's a bit cold then I know I have the security of the extra money.'

(Aged 70-79)

'It's just a part of my pension.'

(Aged 60-69)

'I think of it [winter fuel payment] as paying for at least one month [of bills]. It's paid for. It's one month I don't have to worry about it.'

(Aged 80+)

'I used it to immediately pay towards my bill. I sent it all to the gas company to pay my bill.'

(Aged 70-79)

In a couple of instances, respondents used the Winter Fuel Payment to increase the warmth of their home.

'I always used to keep my house at 18 degrees. When the [winter fuel] payment came along I thought, "I'm cold", so I put it up to 20 degrees.'

(Aged 80+)

Current status and attitudes in relation to energy saving home improvements

Without exception, respondents in the qualitative research thought that saving energy was very sensible as this saved them money. Any improvements that could be made to the home that would improve energy efficiency were initially seen in a very positive light, especially if they would also reduce their energy bills.

'They've [energy saving home improvements] got to be good haven't they...we had a special product put on the outside walls in the bedroom and the room is much warmer now.'

(Aged 60-69)

Respondents mainly associated the use of energy with heating their home, and to a lesser extent lighting. Heating was thought to take up the larger proportion of their energy consumption. Keeping warm was a very high priority, especially for those 70+, as they equated keeping warm with keeping healthy. From their perspective an energy efficient home meant that they would be able to have an affordably warm home and allow them to keep the heating on longer.

However, with few exceptions, the respondents considered that they had already undertaken sufficient energy saving improvements to their home, even though these were installed many years ago and may not be to current recommendations. In some instances, respondents were not aware that there were new standards for energy efficiency measures. For example, while some respondents said that their lofts were insulated, the insulation was only to the thickness standard of twenty years ago.

Overall, there was some desire for increasing the energy efficiency of their homes through upgrading or replacement. This included:

- New loft insulation, or increasing the thickness of existing insulation;
- Cavity wall insulation;
- New central heating boilers;
- New, or upgraded, double or triple glazing;
- Radiator thermostats;
- Double lined curtains;
- Better fitting doors;
- Draught excluders; and
- Low energy light bulbs.

The question arises as to why these respondents had not carried out further energy saving home improvements. There were many reasons:

1. A lack of knowledge about the change in energy efficiency standards since they had undertaken energy efficient improvement to their homes;

'I didn't know that they used different thickness loft insulation...you learn something every day don't you?'

(Aged 80+)

2. Recognition, based on research that they had carried out, that the improvements they wanted to make were too expensive for them. This was particularly the case for new central heating boilers and double glazing installation;

'We got a quote for a new boiler...we decided to make do until the current one can't be serviced anymore.'

(Aged 70-79)

3. The perceived cost of making energy efficient improvements:

'It's bound to be expensive and I don't have the money.'

(Aged 80+)

4. The lack of government funding, or experiences of funding being cut.

'We were going to have cavity wall insulation. And on the evening before we got a call from the company saying that the funding had been cut. And so that was it. It happened to us twice. We've never bothered since.'

(Aged 60-69)

5. The 'hassle' of having the work undertaken. There was also some reluctance to have loft insulation because they were full of bric-a-brac, which was seen as a hassle to remove;

'My loft only has very thin insulation. I've had the house decorated so I'm not going to have the loft done now. I'll live with it as it is.'

(Aged 70-79)

'...it's [loft] full of things. At my time of life I don't want to be bothered with clearing it out.'

(Aged 80+)

6. There were examples of respondents that had applied for loft insulation under previous government, local authority, or utility company initiatives but were refused because their loft was part boarded. This had dissuaded them from considering loft insulation, and other energy saving measures;

'We couldn't get the grant because there was some of it [the loft] already boarded out...just a bit by the tank, but they wouldn't give us the grant.'

(Aged 60-69)

7. Amongst respondents aged 80+ there was a degree of questioning about whether it would be financially worthwhile for them, given the initial cost and pay-back times of many energy efficient home improvements;

'We thought about it but it wasn't worth it in the end...because of our age.'

(Aged 80+)

8. Inertia. Respondents said that in many cases they had not thought about improving the energy efficiency of their homes. In part this was because these sorts of tasks were seen as the role of a late husband; in part it was because it was not something they had thought about.

'At our time of life there are better things to be thinking about.'

(Aged 80+)

'I just don't think about it. I don't come in the house and think, "oh, I should have the walls insulated".'

(Aged 60-69)

9. Concern that the installation will be sub-standard.

'How do you know they have filled the cavity walls up? With some of these things you just can't tell if it has been done properly. There are so many cowboys about.'

(Aged 60-69)

While energy saving home improvements were generally welcomed there was some discussion about whether houses should be completely insulated and that improvements such as cavity wall insulation promoted increased humidity and damp.

'My husband looked into cavity wall insulation but he didn't like it at all. He thought that having a fully insulated house and no through draughts would make the house damp.'

(Aged 70-79)

In discussing energy efficient home improvements, the issue of 'pay-back' times was raised by the participants, although they had very little idea of what they might be for different types of home improvements. However, they made the assumption that they would be quite lengthy. Following discussion, respondents were shown some typical pay-back times that were provided by DECC. They were generally surprised at how long they were, especially for home improvements such as cavity wall insulation and double glazing. In a couple of instances, where respondents had been toying with the idea of either of these home improvements, they decided to review their decision. This was especially so for those aged 80+.

'We were interested in solar panels but decided not to as we wouldn't get our money back...because of our age...We don't know how long we've got, you see!'

(Aged 70-79)

'I'm surprised how little you save with some of these things [improvements]...changing the boiler...if you only save about £100 a year and a new boiler is about £2,500 then I would only think about it if the boiler was on its last legs...otherwise it's not worth it.'

(Aged 70-79)

'It takes so long to get your money back I wouldn't consider anything unless there was a grant.'

(Aged 60-69)

A major difficulty for respondents was establishing the effectiveness of energy saving home improvements as there were thought to be few tangible benefits.

With energy bills said to be constantly rising, respondents could not see the effect of energy saving home improvements on their energy bills. While they said that their energy bills probably would not rise as much as they might if they did not have energy saving home improvements, because there is no obvious reduction in their energy bills the perceived effectiveness of any improvements is lost.

Despite the recognition that energy saving home improvements could save them money on their energy bills, the lack of an obvious financial saving, together with the other barriers discussed earlier, meant that there was some reluctance to consider further energy efficiency measures, although there were some exceptions.

'I had cavity wall insulation but I can't say that I have noticed any change in my bills...may be the house stays warmer for longer, but I don't know.'
(Aged 70-79)

'...double glazed windows are still cold...to the touch... so are they energy saving?'
(Aged 80+)

'We had cavity wall insulation and I'm convinced it has saved us money off our bills...but my brother in law had it done and he doesn't think it has made a scrap of difference.'
(Aged 60-69)

However, there were some respondents, primarily amongst the 60-69 age group, who were still interested in improving the energy efficiency of their homes. Cost was often seen as prohibitive, especially for higher value improvements such as new boilers and double glazing.

In considering lower cost energy saving home improvements, such as loft insulation and draught excluders, none of the respondents would consider using a commercial loan to pay for them – this group of people were very debt-averse. Some would use their savings if they thought the investment was worthwhile; others would save up out of their pension income. In each case, they would need to be assured of its value as they would not want to compromise their standard of living in order to install an energy saving home improvement.

'I would have to pay out of the housekeeping... monthly. I couldn't afford to dip into savings.'
(Aged 60-69)

'I don't want to dip into savings because I will never be able to pay it back.'
(Aged 70-79)

Although there was a general aversion to debt, a couple of respondents spontaneously raised the idea of an interest-free loan which they would consider, providing they thought that the energy saving home improvements would have a clear impact on their energy bills, and the loan was backed by the government.

Using the winter fuel payment to pay for energy saving home improvements

Those who were financially better off and treated their winter fuel payment as general income would be prepared to use this money to purchase energy saving home improvements. They

may also be prepared to add £200 - £300 from their own savings, but would need to be convinced that the improvements were financially worthwhile.

'Yes, if we needed anything. But I would need to make sure it was worthwhile.'
(Aged 60-69)

Those respondents that ring-fenced their WFP either for utility bills generally or energy bills specifically, would not want to use it for energy saving home improvements. Their reasons were many:

- The WFP has been assimilated into their overall budgeting. It is not seen as a bonus and is an expected additional payment that is allocated in specific ways;
- A fear that by using their WFP to pay for energy saving home improvements they would not have enough money to pay their winter fuel bills, an issue that was particularly pertinent for the less affluent;
- A fear of having unpaid bills;
- A fear of having to reduce their heating in order to manage their winter fuel bills;
- A major concern that the energy savings made from the energy saving home improvements would not be matched by the reduction in their energy bills.

'It's not extra. It's used to pay the bills. I rely on it.'
(Aged 60-69)

Perceptions of an 'Advanced Winter Fuel Payment' to help with energy saving home improvements

Reactions to the Advanced Winter Fuel Payment option were virtually identical to reactions to using the WFP for the installation of energy saving home improvements.

Interviewer: *'Is this idea of interest to you and of some value?'*

Respondents: *'None whatsoever...it's not cost effective...it will take years to get the money back...and in the meantime we still have to pay our winter fuel bills.'*
(Aged 60-69)

While the more affluent and those that treated the WFP as general income may consider the proposition of an advanced payment, the same barriers discussed earlier apply, particularly the pay-back periods for many of the home improvements. In the main, these respondents had already installed the lower cost home improvements such as loft insulation or cavity wall insulation and considered that the advanced payment available would not cover the type of changes they would like to make, such as improved double glazing or a new boiler. While they had some savings, they generally were not keen to spend many hundreds of pounds on improvements that had long pay-back times.

'I would be really concerned about doing this. I just can't see that it would be worthwhile, especially if it takes so much time for them [home improvements] to become worthwhile.'
(Aged 60-69)

Should the more affluent respondents consider installing further energy saving home improvements, they would like to receive the advanced payment as soon as possible after installation in order that they do not have to use their own money.

Respondents that ring-fenced their WFP to pay for their utility or energy bills would not consider the proposition at all. They were particularly concerned that they would not be able to afford their future winter energy bills.

'My concern would be that I would pay £600 for the improvements but it wouldn't generate the same amount of money saved, if you see what I mean, which would mean I would still have a big gas bill – perhaps not as big – but still a big bill and I wouldn't have the winter fuel payment to help me pay for it.'

(Aged 60-69)

Participants in the qualitative research were presented with the idea that the advanced payment option could be seen as guaranteeing the WFP for a further two years. However, respondents did not see it like this. In their view, government can make changes as it wishes and even though someone may have signed up for the advanced payment – and perhaps had installation work undertaken – government was seen at liberty to change the nature of the deal in a future budget. This links to their level of trust in government initiatives (discussed in a later section).

Equally, if the WFP was increased over the next two years, there was a concern that by accepting the advanced payment people would miss out on any increase.

'And what would happen if the winter fuel payment went up? Would we get the additional amount?'

(Aged 60-69)

Energy assessment

Once respondents started to think about the energy efficiency of their homes, they realised that they would need additional help to work out what sort of energy saving home improvements they might need. The moderator then introduced the idea of an energy assessment and this was further discussed. Overall, there was a positive view about the idea of an energy assessment for their home but a considerable strength of negative feeling about paying for the energy assessment. In part, this was because they thought that an energy assessment would be expensive and wipe out a large proportion of the advanced payment, and in part a view that as government are *'asking'* people to consider this then government should support the proposition by paying for the energy assessment.

'The government are asking us to do this [Advanced Winter Fuel Payment] and then they expect us to pay for the assessment too.'

(Aged 80+)

Additionally, there was also concern that an assessment would *'always find something to do'* and that if the costs of the identified energy saving home improvements were expensive and would not be covered by the level of the advanced payment they would then have wasted some of their WFP on a redundant energy assessment.

Perceptions of a matched funding Winter Fuel Payment to help with energy saving home improvements

The matched funding proposition was viewed more positively than the Advanced Winter Fuel Payment - although with a great deal of suspicion. Having discussed the advanced winter fuel payment at length respondents were rather disbelieving that the government would gift them £200 with no effect on their future WFPs.

'I'm a bit suspicious about this. Why is the government giving us free money? And it's not fair really. What about people who already have a well insulated home – they miss out on the free money. It's difficult isn't it?'
(Aged 60-69)

With the exception of those respondents who were reliant on their WFP for paying utility or energy bills and who were not interested in this proposition, others would consider it.

Respondents who were more affluent expressed some interest in the matched funding proposition. They would only consider using it if the cost of the energy saving home improvements were low – around £200 to £300 – and that the pay-back times were short. Other barriers, such as concerns about the quality of work undertaken and the potential hassle of having installer in the home also applied.

'Yes, I like the idea. But the same things hold true. I could do it because I don't rely on it [winter fuel payment]. But I couldn't afford much more than £200 additional...and I would need to know that it [energy saving home improvements] would be worthwhile.'
(Aged 60-69)

Trust

Throughout the discussions, it is notable how little trust respondents had in government initiatives. In these discussions, the lack of trust was also underpinned by the plethora of government, local authority and utility company initiatives, particularly those concerned with loft insulation, that are seen to frequently come and go or are only available if one is in receipt of certain benefits.

At the time of the research there had been some discussion in the press about the future of the winter fuel payment. Respondents picked up on this and expressed concern that the advanced payment option was a precursor to its demise.

'Is this the thin edge of the wedge? Does this mean the winter fuel payment is going to be axed?'
(Aged 70-79)

Additional suggestions

Respondents called for much better information about the pay-back time for different types of energy saving home improvements, together with the continuation of government grants¹³.

'What we want to know is how much we will save, over what period, and what the government will give us.'
(Aged 60-69)

In addition, respondents suggested that if energy saving home improvements were zero-rated VAT they would be more inclined to consider them.

'Reduce the VAT. A 20% saving is very considerable.' (Aged 60-69)

¹³ This is an incorrect perception held by some of the participants as the government does not provide grants for energy saving home improvements.

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