

The net zero protections puzzle

Helping people piece together home energy improvements

**citizens
advice**



Introduction

➤ Achieving the UK's climate change goals will require changes to every single household. These changes could potentially be disruptive and involve asking people to pay for new technologies. People will have to change the way they interact with energy in their homes.

➤ Every household is going to have to make these changes - and people shouldn't have to be climate experts to understand them. Since 2014, Citizens Advice has been the statutory advocate and advice provider for energy consumers. We know that public trust and confidence will be crucial to ensuring people make the necessary adaptations.

The changes most households will have to make will include:

- Switching to low carbon heat technologies
- Installing energy efficiency measures
- Using smart energy products and services.



As well as concerns about upfront costs, our research shows two clear barriers to people taking action:

- ☹️ The process is currently too complicated
- ⚠️ Things go wrong too often

➤ Our recommendation

Citizens Advice is calling on the government to invest in improving information, protection and support for consumers. Cutting through the current confusion caused by the number of protection schemes, codes and bodies is going to be vital. **The government should establish a mandatory accreditation scheme for businesses and firms who want to be active in this market.**

This single accreditation and inspection body should:

- ✔️ Be equipped to authorise companies that are active in this market
- ✔️ Have powers to audit providers and prevent a company that falls below minimum standards from operating
- ✔️ Take action to set clear, enforceable consequences if companies break the rules.

People should be at the heart of the transition to net zero. A scheme like this will give people the confidence to engage, knowing that government has ensured they'll be protected if things go wrong.

The scale of the challenge

There's widespread agreement about the challenge of the scale and pace of changes needed to get homes ready for net zero.

Direct emissions from buildings account for 17% of all UK greenhouse emissions¹. The Heat and Buildings Strategy sets out a plan to drive down the cost of low carbon heating technologies like heat pumps, with the aim of making them no more expensive to buy and run than fossil fuel boilers are. This is a great start - we know people want financial help and support, and focusing on driving down the costs and investing in the skills needed to install them is crucial.

Citizens Advice is concerned that the Government is not planning to make the whole process easier for people making changes to get their homes ready for net zero

We know about the sorts of challenges people face when it comes to making these changes. Our research shows that people are willing to make changes to their homes - but are concerned that it's confusing and costly. We know that people aren't going to make these changes if it feels too complicated or if they hear horror stories of things going wrong.

We commissioned ICM Unlimited to interview 6000 adults living in the UK. They conducted an online survey between 15 July and 2 August 2021. Demographic quotas and weighting were used to be representative of age, gender, region and socio-economic characteristics.

70% of people are aware of the UK net zero emissions target.



When people are told about the net zero target, 79% support it.

60% of people are aware that they might need to make changes to their insulation and heating systems as a result.



54% A majority of people are willing to make these changes...

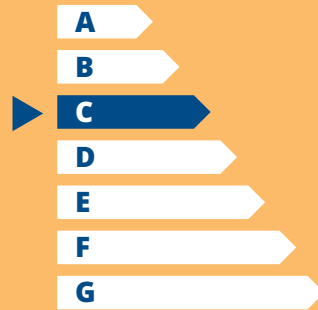
35% But this drops to around a third when they are made aware of the costs

¹ The Committee on Climate Change, **Sixth carbon budget: buildings sector summary report**

The scale of the challenge

To achieve Net Zero by 2050 and a 78% cut in emissions by 2035, significant steps will need to be taken quickly to decarbonise home heating and improve the energy efficiency of our homes.

➤ To meet its climate targets, the UK has an ambition to retrofit all existing homes to **EPC band C standard by 2035.**



But only 29 percent of homes today meet this standard¹

The UK's current policy approach is nowhere near ambitious enough to tackle the remaining 71 percent.

¹ Green Alliance, 2019, **Reinventing retrofit: how to scale up home energy efficiency in the UK.**



Across England and Wales, 11.5 million owner-occupied homes are below EPC band C²



By 2050 over 90% of homes in the UK will need low carbon heating systems

Up from just 4.5% today.

² Environmental Audit Committee, 2020, **Energy Efficiency of Existing Homes**; Citizens Advice calculations based on Welsh Government and Statistics for Wales: **Dwelling Stock Estimates for Wales, 31 March 2019** and **Welsh Housing Conditions Survey 2017-18: Energy Efficiency of Dwellings.**

The retrofit challenge

In 2020¹ in Britain...

39,000 cavity walls were insulated



33,000 lofts were insulated



26,000 heat pumps were installed²



8,000 solid walls were insulated

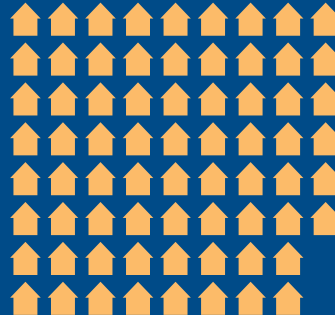


By 2025² Britain needs to...

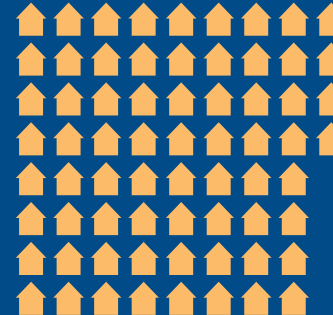
Insulate 200,000 cavity walls every year



Insulate 700,000 lofts every year



Install 600,000 heat pumps every year³



Insulate 250,000 solid walls every year



 = 10,000 installations

¹ BEIS, 2021 [Household Energy Efficiency detailed release: Great Britain Data](#).

² Element Energy, 2021, [Residential Heat Trajectories for 6th carbon budget](#).

³ The heat pump target is for 2028 as set out in [The ten point plan](#).

Government schemes are accredited - but not everyone can get help this way

The government has started to make membership of TrustMark an entry requirement for work carried out under the home energy improvement schemes it runs.

The government's Energy Company Obligation scheme requires the largest energy suppliers to carry out energy efficiency improvements on homes occupied by people on a low income and in vulnerable circumstances. The scheme aims to help towards the government's legal target of getting fuel poor homes to EPC band C by 2030. (There is an interim milestone of band D by 2025).

From January 2020, the government made TrustMark registration mandatory for all firms doing work under ECO.

The government recently published proposals for a new four-year extension of the scheme, worth £1 billion a year, from April 2022 to March 2026, which will continue this requirement.

It is also expected that the forthcoming Boiler Upgrade Scheme will require that systems are installed using MCS accredited registered installers.

The scheme is due to launch in April 2022 and will run for 3 years. The scheme is intended to increase the demand for heat pumps. It will provide upfront funding of up to £6,000 per household to help pay for installation of either a heat pump or a biomass boiler.

It has been nearly five years since the government's **Each Home Counts review** made its recommendations (see box on the right). However, it is only recently that the government has set rules that require government funded schemes to use TrustMark accredited installers.

For people who are paying for energy related improvements themselves, rather than as part of these schemes, it's harder to understand whether there is a difference between TrustMark and other customer facing approved installer schemes.

About TrustMark

TrustMark is the Government-endorsed quality scheme covering work a consumer chooses to have done in or around their home. It is a not-for-profit social enterprise that operates under a licence agreement from the government. The scheme aims to provide assurance that accredited installers carry out work to an approved standard. It requires that installers are audited to make sure those standards are met. Where standards are not met, it requires enforcement action and makes sure consumers protected through a clear redress process.

In 2015, the government launched the Each Home Counts review to look at consumer advice, protection, standards and enforcement for home energy efficiency and renewable energy measures in the UK. In its final report in 2016 the review recommended establishing a quality mark for the domestic retrofit sector. This led to an agreement to expand the remit of TrustMark to include energy efficiency and retrofit measures.

Chaos and confusion

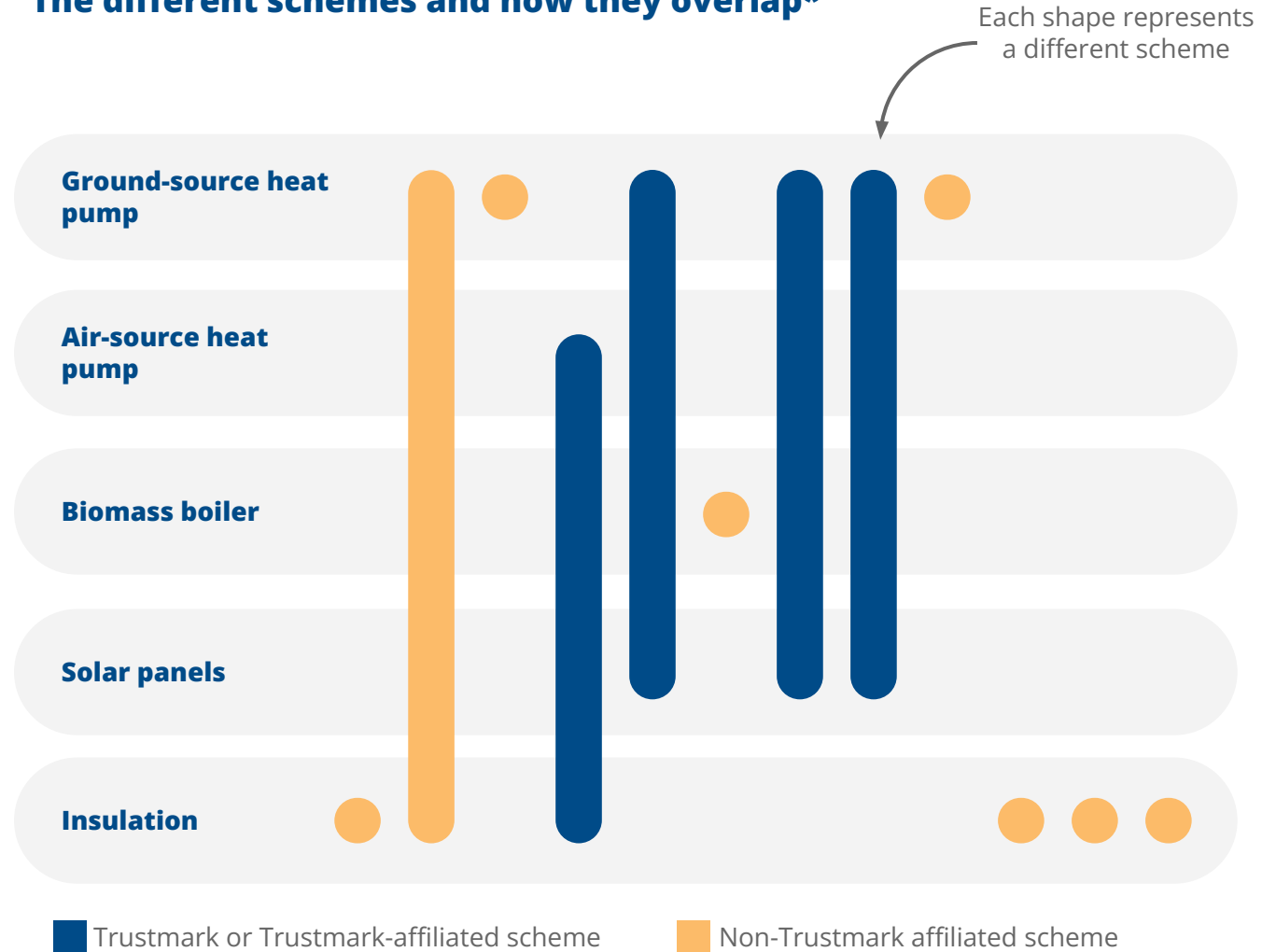
People across Britain will need the tools to find and purchase the right low-carbon heating technologies and energy efficiency options for their home.

They'll need to be equipped with the skills to ensure they have picked an installer who can fit them correctly, and explain how to use them effectively.

Currently, there are at least **12 different consumer schemes** covering the various different energy efficiency, low carbon heat and small-scale renewable/microgeneration energy changes people can make. Many of these schemes imply a level of consumer protection through requiring their installer members to sign up to a code of conduct or consumer charter. Consumers can then search for an "approved installer" through a scheme or association's website.

It's difficult for people to know who to trust or how to be confident about choosing providers and installers that are of sufficiently high quality. The number and varied scope of the different accreditation schemes makes it hard to know which ones are rigorous and reliable.

The different schemes and how they overlap*



*see page 15 for full list of schemes

The current consumer experience

Currently, for consumers considering home energy improvements there are too many opportunities for things to go wrong. It all needs to be a lot simpler.

The diagram on the right shows the kinds of issues a consumer can currently face at different stages of the consumer journey. This reflects the cases we see through our Consumer Service helpline as well as our research with consumers.



How the consumer experience could look

The consumer journey should be designed with the consumer at heart

The diagram on the right shows what the consumer journey should look like, in order to make it easier for people to engage with the process.



Cut the complexity - and give people the confidence to engage

It's welcome that government schemes to improve energy efficiency or install low carbon heat technologies will require people to use the Simple Energy Advice website and TrustMark accredited installers.

But our evidence suggests it's not enough. The scale and pace of the changes needed to get homes across Great Britain ready for net zero is staggering. People who aren't using government schemes to finance changes to their homes are not sufficiently aware that there are government approved options or accreditations that they should be looking for when appointing an installer.

We asked people:

Where would you go if you were looking for information about making changes like upgrading insulation or changing your heating system to a low-carbon alternative?

Most popular sources

The gov.uk website¹

40%

Their local council

26%

Money Saving Expert

25%

Least popular sources

Local neighbourhood or community websites, for example Facebook groups

6%

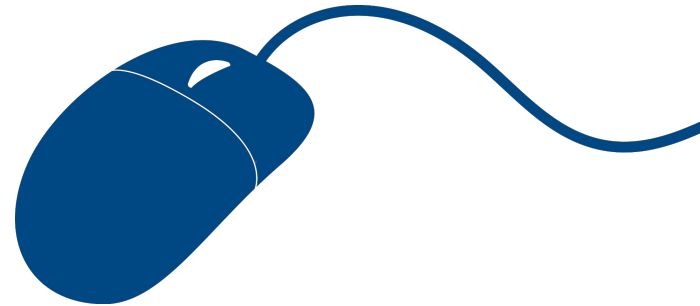
Other websites not listed here

4%

TrustMark

3%

Citizens Advice data and insight continues to show that in today's market people cannot navigate the process of making energy-related changes to homes, and all too often things go wrong. The government must prioritise people and take action to make it simpler and help people if things go wrong.



How markets compare

	There is a compulsory scheme To offer this service companies: <ul style="list-style-type: none"> • must be on an approved register or • have a license or accreditation from a regulatory body 	Protection if things go wrong due to mis-selling, scams or rogue traders	A set of guidelines and procedures businesses have to follow	Complaints process that guarantees a response and outcome
Installing energy efficiency (for example insulation)	⊖ Only if using government funding, otherwise voluntary	⊗	⊗	⊗
Installing low carbon heat (for example heat pumps)	⊖ Only if using government funding, otherwise voluntary	⊗	⊗	⊗
Installing micro generation (for example, solar panels)	⊖ Only if using government funding, otherwise voluntary	⊗	⊗	⊗
New mobile phone contract ¹	✓	✓	✓	✓
New broadband contract ¹	✓	✓	✓	✓
New energy supply contract (electricity or gas) ²	✓	✓	✓	✓
Taking out a bank loan ³	✓	✓	✓	✓
Home insurance ³	✓	✓	✓	✓
Car insurance ³	✓	✓	✓	✓
Investing in a pension ³	✓	✓	✓	✓

① Ofcom: Telecoms regulation regulation

② Ofgem: Licences and licence conditions

③ Financial Conduct Authority Handbook

Options for future

Citizens Advice has considered the complexity of the current system. The government has three options:

- 1 Maintain the status quo**
- 2 Implement a consumer-led approach**
- 3 Introduce a mandatory accreditation framework**

1. Maintain the status quo

Under this option the government would not take any action to change the current system. It would ensure that any future government funded schemes to support and encourage people to make energy improvements to their homes would require people to use TrustMark accredited installers (and the Simple Energy Advice website). We understand that Trustmark began to audit participating businesses in 2020 with the introduction of Green Home Grant Voucher Scheme and Local Authority Delivery Scheme. Work completed under the ECO scheme after 1 July 2021 is also within TrustMark's scope. Because of the short timescale it's difficult to assess the effectiveness of the process and any associated enforcement action.

This option does not address the consumer confusion currently caused by multiple schemes and accreditations. It also remains voluntary for firms who are doing work that is not paid for through a government scheme.

2. Implement a consumer-led approach

For this option the government would create a new role for an auditor of accreditation bodies. This audit process would sit above the numerous existing schemes and would explicitly work to ensure that the current existing schemes and accreditation firms are carrying out rigorous audit, monitoring and enforcement activity. It should hold them to account and strive to be a recognisable brand (or be able to demonstrate that it's activity is actively improving consumer understanding of using an officially recognised scheme).

This option does not address the consumer confusion that the current number of schemes and accreditations currently cause.

3. Introduce a mandatory accreditation framework

For this option the government would create a new, strong regulatory structure that would oblige installers to register in order to be active in this market. It would involve the creation of a single accreditation and inspection body, with defined standards across a wide range of technologies related to energy improvements in the home. This body should have enforcement powers to take action when companies are not meeting their obligations. All competing schemes would effectively be forced to shut down by law.

This option would require careful and close working with the existing schemes to ensure that there is a smooth transition. Giving people a clear process to find a supplier and one accreditation scheme will reduce confusion. Introducing clear protections for if things go wrong should also contribute to giving people the confidence to engage with making energy related changes to their homes and help incentivise people to participate to willingly engage in the net zero transition.



Citizens Advice's recommendation

In order to achieve this once in a generation upgrade to homes across the country, Citizens Advice recommends that the government adopt Option 3, and establish one, single accreditation and inspection system.

The system should have defined standards that are monitored and enforced. The government must take action to make this market easier to navigate and end the current confusion of having multiple schemes and systems.

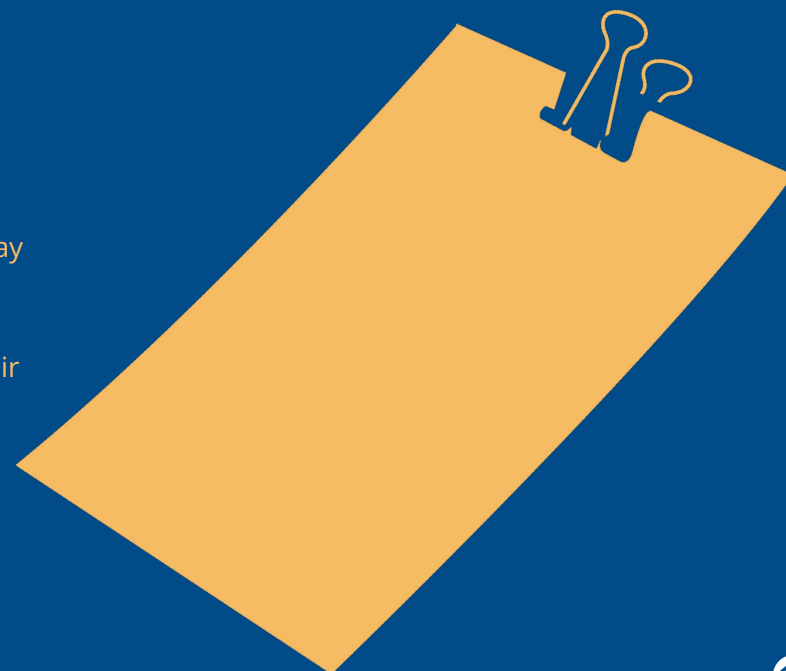
This means creating one accreditation and inspection body that's equipped to authorise companies to be active in this market. It should have powers to audit providers and prevent a company that falls below standards from operating. We think this is necessary to give people the confidence to engage. It should also have the powers to set clear, enforceable consequences if companies break the rules.

There are models in other markets with one system for accreditation that give consumers confidence. One example is the **Gas Safe Register** for the home gas heating sector. This operates under an agreement with the Health and Safety Authority. There are laws that require all engineers undertaking gas work to be on the register. Another is **FCA's Financial Services Register**. In the UK, nearly all financial service activities must be authorised by the Financial Conduct Authority. Consumers can search the register for firms and individuals and the activities they have permission to deliver.

Alongside new strengthened consumer protections, people will need to be able to access independent and high quality personalised advice to help them understand what changes are right for their homes.

Decarbonising the power sector has led the way for the UK's transition to net zero so far. The next step is much more complicated. It will involve people making physical changes to their homes and also their behaviour, using and interacting with energy quite differently to the way we do today.

Everyone is going to have to make these changes - regardless of tenure, income, where they live or how they use energy. The government should act now to give people the information, protection and support they need to get homes ready for net zero.



Consumer schemes included in this analysis:

- Trustmark*
- Renewable Energy Consumer Code (RECC)*
- HIES*
- MCS*
- Ground Source Heat Pump Association
- Kensa Heat Pumps
- Which? Trusted Trader Scheme
- HETAS
- Cavity Wall Insulation Guarantee Agency (CIGA)
- Solid Wall Insulation Guarantee Agency (SWIGA)
- British Urethane Foam Contractors Association (BUFCA)
- National Insulation Association (NIA)

* denotes a scheme that is a TrustMark Scheme Provider (some businesses registered with these schemes can also apply to be TrustMark registered installers)

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