



**Consumer
Focus**
Campaigning for a fair deal

As easy as EPC?

Consumer views on the content and format of the energy performance certificate

Liz Lainé



About Consumer Focus

Consumer Focus is the statutory consumer champion for England, Wales, Scotland and (for postal consumers) Northern Ireland.

We operate across the whole of the economy, persuading businesses, public services and policy-makers to put consumers at the heart of what they do.

Consumer Focus tackles the issues that matter to consumers, and aims to give people a stronger voice. We don't just draw attention to problems – we work with consumers and with a range of organisations to champion creative solutions that make a difference to consumers' lives.

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Contents

Executive summary

The Government increasingly looks to the Energy Performance Certificate (EPC) as a standard for other policies, from eligibility for the Renewable Heat Premium to the proposed banning of renting out properties with a poor energy performance. But Government also shares our interest in the EPC as a tool that empowers consumers, whether that is choosing an energy efficient home or in taking up recommended improvements.

This research identifies how changes to the content and format of the EPC, some of which are legally mandated, could help achieve that goal.

Knowing that the current EPC has little impact on consumer decision-making¹, we chose to take a further look at its content and format through seven focus groups. These represented views from a cross-section of British consumers, including buyers and renters. We also heard the views of a group of property professionals, as they have a crucial role in presenting the EPC.

We found that the current EPC is highly unlikely to drive consumers' choice of a particular property, or result in take-up of recommendations once people move in. They do not understand the difference in running costs of different properties, or overestimate the likelihood that they will make changes once they've moved in. Further, consumers are highly unlikely to negotiate on the basis of the EPC's contents as once they have found the home they want, they do not want to 'appear difficult' and 'risk losing out'.

These findings were in line with our survey earlier this year², but we wanted to understand why so little importance is placed on energy efficiency, when we know consumers are very concerned about their energy bills.

We considered the current EPC before looking at a number of alternative ways of presenting the information. These alternatives were based on discussions with fellow members of the Existing Homes Alliance, energy advice professionals, and representatives from DECC, DCLG and the Cabinet Office.

¹ Consumer Focus (2011) *Room for improvement*, <http://consumerfocus.org.uk/g/4o1>

² Consumer Focus (2011) *Room for improvement*, <http://consumerfocus.org.uk/g/4o1>

Our findings suggest that the EPC could be improved to improve its clarity, credibility, and comparability – Consumer Focus's 3Cs test for consumer confidence in green claims³.

Clarity

The current EPC does not give a good first impression: it is too long; the language is too technical; it has an unattractive look and feel; there was scepticism about the method; and confusion between the Energy Efficiency Rating (EER) and Environmental Impact Rating (EIR) graphs.

We think this is because the current EPC was designed to present an energy expert's view of a property, not what the buyer or tenant needs to know. The Government needs to give it clearer objectives, which we think should be to:

- inform consumers of the costs and benefits of the property's energy efficiency, and enable comparison between properties
- set out the potential for improvement
- advise consumers of the presence of any Green Deal charge
- signpost consumers to the Green Deal service, through presentation of recommended measures and finance options

To deliver those objectives, the layout of the document must be improved through use of plain language, colour, iconography and layout. This may require different approaches to design, report generation and requirements for colour-printed EPCs but our simplest recommendation is 'money talks'. Consumers do not understand CO₂ or kWh. As well as using money as the primary unit for communicating energy efficiency, we recommend that financial costs and benefits are communicated in a bigger and brighter format and in terms of a total energy bill, potentially over five years.

Credibility

The A-G rating is a real strength in the EPC, and shows the benefit of common approaches to eco-labelling. Consumers understand that it indicates an independent assessment process has been used. However that strength is undermined by the presentation of two graphs (energy efficiency and environmental impact). Further, the rating is not enough by itself as consumers cannot readily translate a specific rating into a monetary saving or loss.

³ Consumer Focus (2009) *Green Expectations*, <http://consumerfocus.org.uk/g/4n7>

A key aspect of credibility is the presentation of the EPC, either online, in the estate agent window or in face-to-face discussions. In general, our group of property professionals recognised that 'energy efficiency is something we should all be doing' but felt that EPCs were a cost with little to no benefit. Information alone will not drive change, a broader social marketing strategy is needed to address the energy efficiency of homes.

Finally, credibility is reliant on the accuracy of the document. This requires monitoring and addressing poor performance by Domestic Energy Assessors (DEAs), but also ensuring the method is continuously improved in the changing environment of building energy performance. The Government intends EPCs to be valid for 10 years. This means that consumers could be given inaccurate information on:

- current energy performance, as assessment methods improve
- recommended measures, as innovative products reach the market and costs change
- the presence of a Green Deal and the amount payable, where previous owners have paid off the charge early
- the value of measures as fuel prices and financial incentives change

Prospective buyers and tenants must be given accurate information and that should be the key to the validity of the EPC not an arbitrary time period.

Comparability

The EPC could enable comparison of properties with:

- a clearer layout and removal of information that is meaningless to the consumer
- a front page headline that focused on the energy efficiency A-G rating and estimated energy bill

Consumers also showed a preference for approaches that help them make choices in other markets, such as the star-ratings used on TripAdvisor or packages of measures.

Green Deal

While not the main focus of this research, we tested Green Deal messaging in the context of the EPC: as a signpost to the presence of a Green Deal charge; and to inform the consumer that the Green Deal could help them take up energy efficiency recommendations.

The consumer and property professionals' response to the disclosure of the charge is the most challenging finding for policy-makers. In general, these groups would expect the charge to be cleared as part of the sale negotiations and they said it may affect their choice of property. While the Deal is initially attractive, they then begin to perceive it as a form of debt.

Introduction

We know that consumers pay little attention to the Energy Performance Certificate (EPC) that they receive when moving home⁴, yet 76 per cent of consumers say they had to ration their energy last year because they were unable to cope with the cost of heating their home⁵. Of course, it is easy to fall in love with a property (and its location), file away the paperwork and focus only on the purchase or rental price, but in a world of rising energy bills we want consumers to understand what they are getting into.

Energy Performance Certificates (EPCs) contain an assessment of a building's energy efficiency alongside recommendations for cost effective improvements. They were introduced to comply with the requirements of the Energy Performance of Buildings Directive (EPBD). This requires that an EPC is produced on the sale, rent or construction of a building, and from July 2011 an EPC must be provided with all marketing materials.

Energy efficiency is measured using SAP. This calculates how much heat, hot water and light you get in your home per pound spent on fuel bills.

This becomes more important as policy-makers give increasing attention to the EPC:

- Information from EPCs will be made available to help Green Deal providers market relevant services⁶
- The Renewable Heat Premium will have EPC ratings in its eligibility criteria⁷
- The Government has proposed from 2018 no home with an EPC Band F or G can be rented out⁸
- An improved EPC might support the Green Deal⁹
- The EPC may indicate the presence of a Green Deal charge on a property

One area where the link has not been made is in feed-in tariffs: the EPC does not present the value of the tariff where solar panels or other systems are in place.

Outside Government, calls continue for fiscal incentives to drive interest in energy efficiency, such as setting differential council tax or stamp duty rates on the basis of EPC ratings. This is because, if the value of energy efficiency is not recognised by prospective buyers or tenants, other home improvements or other spending will continue to take priority.

⁴ Consumer Focus (2011) *Room for improvement*, <http://consumerfocus.org.uk/g/4o1>

⁵ uSwitch (2011) *14 million go without heating to save on bills*, <http://t.co/WPh5RHw>

⁶ Ibid

⁷ DECC (2011) *Renewable Heat Incentive (RHI) Scheme* <http://bit.ly/mSHOxr>

⁸ DECC(2011) *Huhne gets tough on landlords of draughty homes* <http://bit.ly/kleSA8>

⁹ The Government is establishing a framework to enable private firms to offer consumers energy efficiency improvements to their homes, community spaces and businesses at no upfront cost, and recoup payments through a charge in instalments on the energy bill. See also DECC (2011) *The Green Deal: a summary of the Government's proposals*, <http://bit.ly/mOIFEF>

Retailers moving to sustainable business plans advocate moving 'only half a step ahead' of consumers, or they risk losing them. In the case of the EPC, it seems that there is a potential for such a gap to emerge and if consumers cannot understand the EPC, they will react against any resultant penalties rather than using the information to their advantage.

This appears to be recognised by Government. In December 2010, DECC and DCLG Ministers issued a joint information-gathering exercise to investigate problems over the quality and consistency of the EPC; and have been supportive of our closer look at the consumer perspective. We are particularly pleased to see how these Departments are working together, along with the Cabinet Office, to focus on using the EPC to engage and empower consumers.

Our view, set out to Government as part of a report from the Existing Homes Alliance¹⁰, is that EPCs must be 'SMARTER':

- **S**imple, with only one headline chart and clear information in a market tested format
- **M**eaningful, so that it relates to householder motivations, particularly on cost savings
- **A**ccurate, based on a robust and tested calculation method
- **R**elevant, with householders able to understand the language and marketed so that it has a value
- **T**ransparent, with EPC ratings in the public domain, as well as forming a basis for consumer-facing benchmarking and advice, with the calculation method being subject to public review
- **E**nforced, with rigorous policing and developed redress mechanisms, with compliance results being published
- **R**egulated so that data is useful for future policy and programme development

This report intends to inform how these are achieved in part through a focus on the content and format of the EPC.

¹⁰ Existing Homes Alliance (2010) Key Policies for Accelerating Low Carbon Retrofit in the Existing Domestic Building Stock, <http://bit.ly/iphQ0B>

Our approach

Our questions to the researchers focused on how the EPC can deliver, or support, the following consumer-facing policy objectives:

Table 1 Consumer Focus policy objectives for the EPC, and related research questions

Policy objective	Research questions
EPC to disclose the existence of a Green Deal charge on a property	How can the EPC communicate the presence of a Green Deal charge without harming the value of a property?
EPC to prompt the booking and completion of an appointment from a Green Deal adviser – by a landlord, by a seller, or by the new owner	What information is likely to prompt the uptake of Green Deal advice?
EPC to promote the value of energy efficient properties in the property market	What do consumers want from an EPC?
Synergy between objectives to empower consumers	To what extent can these multiple objectives be supported by one document, without causing confusion through information overload?

What we did

The research comprised two phases, as follows:

I Extended focus groups with consumers

Seven extended focus groups were conducted, each lasting between two and two and a half hours and involving seven to eight participants. Recruitment was undertaken by the specialist recruitment agency Criteria, using a face-to-face approach and a questionnaire. It was targeted specifically at those households who have either (a) moved home in the past two years, or (b) are looking to do so in the next two years. Recruitment was also structured to ensure a:

- mix of discussions with homeowners (four groups), renters (two groups) and 'vulnerable consumers' (defined as low income consumers with a household income of less than £20,000/annum and with gaps in basic literacy and numeracy skills)
- broad geographic spread across Great Britain, with some groups taking place in cities and others in smaller locations with a population of less than 100,000
- mix of household incomes, with groups assigned into one of three broad income groups – high, middle/lower, and low
- broad mix of ages and men/women in each group

The group locations and recruitment mixes are set out in the table below.

Table 2 Focus group recruitment by location

Location	Location type	Owner/rented	Income
London 1	City	Owner	Higher
London 2	City	Renter	Higher
Thatcham	Pop. under 100,000	Owner	Middle/lower
Cardiff	City	Renter	Middle/lower
Chesterfield	Pop. under 100,000	Owner	Middle/lower
Luton	Vulnerable consumers	Mix	Low
Dunfermline	Pop. under 100,000	Owner	Higher

Discussions were framed around a set of professionally designed stimulus materials to outline different ways in which the EPC could be presented. These materials took several forms:

- A series of 16 'showcards', each focusing on a particular element/page of the current EPC and presenting one or more alternative versions
- Two alternative EPCs to consider the full document, not just single elements
- Three mocked up property adverts to test alternative ways of presenting headline information from the EPC on the one/two page summary brochures

Participants were paid a £50 'thank you' for attending the discussions.

II A focus group with property professionals

One focus group was held with property professionals (estate agents, mortgage advisers, conveyancers, surveyors and domestic energy assessors). The session was held in Wimbledon with 10 local professionals, drawing on many of the materials that had been developed for the research with consumers. Recruitment was undertaken by Criteria by phone, using existing contacts and publicly available business directories. Participants were paid a £75 'thank you' for attending.

Structure of the report

This report is divided into four sections:

- 1 Establishing the context – consumers' attitudes to energy efficiency in the home buying/rental process; and their views of the current EPC
- 2 Consumers' reactions to alternative presentations of the EPC
- 3 The property professionals' perspective
- 4 Conclusions

The report includes a series of illustrative quotes from the group discussions which are used to exemplify the findings. These are the views of the participating individuals, not Consumer Focus, Icaro Consulting or Sauce Consultancy. The report also contains extracts from the showcards to enable the reader to understand what was being discussed and the context for their comments.

Establishing the context

This section of the report establishes the context for the discussions and the backdrop to participants' reactions to the EPC, by focusing specifically on:

- The salience of energy efficiency in the home buying and renting process
- Current awareness and use of the EPC
- Headline reactions to the current EPC

1.1 The salience of energy efficiency in the home buying/renting process

Energy efficiency is a weak influence in the context of the home buying and renting process. When asked what they look for in a property, energy efficiency considerations did not appear in participants' first or even second considerations. In line with our survey findings earlier this year, their priorities were locational factors, price and home condition issues (like the age, character and structure of the property). While running costs were acknowledged in some form by participants, it was nonetheless a low priority at the point of making sale/rental decisions. Quite often it had to be prompted in the discussions.

Once it had been raised and/or prompted, participants frequently referred to it as 'nice to have' but not essential factor (often saying that they would only really consider energy efficiency under rather artificial situations where all other factors are equal, eg if there were two houses that were equally priced, equally well located and that they liked equally).

'If you've got two properties and you loved one but the other was more energy efficient... I imagine the majority would go with the house that they love. Because I don't think there's that much in it'

Consumer, Chesterfield

'It would be a nice added extra if it had a good rating. But it wouldn't sway my decision one way or the other'

Consumer, Thatcham

For anything other than a new build there was a default assumption among participants that they would have to budget for improvement works. This was a much more common response than attempting to use energy efficiency considerations to negotiate on the price of a property (a finding which notably differs from research by the Energy Savings Trust¹¹ which found that 70 per cent of people would consider re-negotiating the price they pay for a property if they discovered it was highly energy inefficient). This revealed a wider perception that energy efficiency is something that is addressed in the course of living in a property, not at the point of sale. This was to the point where several participants stated that they considered it 'normal' to seek out energy efficiency appliances but less so to seek an energy efficient home.

'If I like the house I'd go for it warts and all, even if it's not the most energy efficient because you can change it. You can change things as time goes on'

Consumer, Thatcham

¹¹ EST (2008) *Energy Performance Certificates: Home Truths*. Green Barometer 6

'The way that I look at these kind of things [energy efficiency] is in the appliances that I buy for my house, I look for the higher ratings because it saves you money. But I'm not used to looking at it for the house as a whole'

Consumer, London

The research also suggests that, among renters, energy efficiency is afforded an even lower priority when making choices about where to live. This is because the payback on investment is longer than the time they intend to stay in the property, alongside the fact that it is considered to be the landlord's responsibility. This was true even among those participants who were environmentally aware and who said that they would actively consider energy efficiency when they come to buy their own home. This impacted negatively on the likelihood that they would attempt to use energy efficiency as a means to negotiate on the rental price. Some participants noted that they did not want to raise this and miss out on the property.

'I'm not a savvy consumer and it's just a stressful experience, you just want to move in and you're scared that someone else is going to get in there before you. I wouldn't want any niggles with the landlord, I'd just put this [the EPC] in my file, I know I would, and just close the door and forget about it'

Consumer, Cardiff (renters)

However, there were some exceptions to this general trend. For example, some participants in the Luton group (with vulnerable consumers) did place higher priority on the running costs of the property. In other groups, and specifically among some of the older participants approaching retirement, there was more sense that running costs are, or could be, an important issue.

'Yes it does matter to me, with fuel prices going up all the time'

Consumer, Luton

'I think efficiency and whether you can afford to run the property is important. In my circumstances approaching retirement, my income's not going to be as much, so a £1,000/year energy bill is affordable now but what is going to be like in say three or four years' time? So that has to be a consideration'

Consumer, Chesterfield

1.2 Current awareness/use of the EPC

Recognition and general awareness of the EPC was relatively high across the groups with homeowners, somewhere in the region of half to two thirds of participants. However, this did not extend to a detailed level of awareness, nor subsequent use. In most cases they said that they remembered seeing the EPC but had not acted upon it (neither to select their home nor improve it once they had moved in), and saw it instead as a document for reference. A few others noted that it seemed to them that the result was 'always the same' (ie around the average of a D grade). Recognition was notably lower among renters, only a few of which remember being shown the EPC when they moved into their current property (indeed, many assumed that it was only applicable when buying a home).

'When I was looking for a house I compared it to the other particulars I was looking at just to get an idea of what was average, but I didn't pay much attention to it after initially doing that'

Consumer, Thatcham

'They just all seem to be 'D' so they don't really show any real difference that you'd want to take any action on'

Consumer, Chesterfield

1.3 Headline reactions to the EPC

Participants were presented with an example of the current EPC and asked to outline which elements they found most or least helpful. Overall, reactions were largely negative (Table 1) – on a few key grounds:

- *the length* of the document (the most frequently cited issue)
- *the language* (which was often criticised for being too technical)
- the overall '*look and feel*'
- *scepticism about the methodology*
- *the value of the Energy Efficiency Rating (EER) and Environmental Impact Rating (EIR) graphs* – partly because it was a prompted point of discussion. (Given the significance of the subsequent discussion in Sections 2.3 and 2.4, this is focused upon in more detail below)

Table 3 Consumer comments on the content and format of the EPC

Aspect of the EPC	Comments
Length	<p><i>'After I got half way through page 2 I didn't want to read any more. Ay ok, it just starts to – maybe not baffle you – but get too much'</i> Consumer, Dunfermline</p> <p><i>'There's some good information in here but it's a lot. A lot of general stuff in it which could be separated out from the report, to keep the report specific to the house. If you keep it focused people might take more notice of it'</i> Consumer, Dunfermline</p>
Language	<p><i>'The text on here, after the first couple of sentences I've lost the will to live because it's far too technical for me. I want a sheet of paper that tells me, in everyday terms, whether the property is energy efficient or not'</i> Consumer, Chesterfield</p>
Look and feel	<p><i>'I would change the typography, radically, because I fall to sleep if I see the same thing page after page. There must be some prioritisation with the things you want people to read. This is 40 years out of date. My 16-year-old daughter could do a better job with her Apple Mac'</i> Consumer, London</p>
Scepticism about the method	<p><i>'I don't know if it's just me but I'm always sceptical about the accuracy of these ratings and the measurements – when they were done, is it just done by – I don't know – KWh reading on meters versus floor space, I don't know how it's calculated, wouldn't have a clue'</i> Consumer, Cardiff (renters)</p>

Turning specifically to the EER and EIR graphs, it was evident that – at this early point in the discussions – comments tended towards the negative. Almost all participants recognised the A-G graph and, without exception, could easily and intuitively identify that something that was 'A rated' was better than something that was 'G rated'. However, two things were evident:

i Participants tended to largely ignore the EIR (Figure 1), often because they perceived the two graphs as synonymous and, out of the two, the EER to be of greater value to them personally in terms of cost savings.

ii Participants had no real sense of what the EER (Figure 2) meant in terms of their preferred yardstick – money. Many struggled to translate a rating into a specific monetary saving or loss (eg the move from a current D to a potential B would save £x). Furthermore, the numerical score led to some confusion. However, most participants intuitively guessed that it refers to a point-based scoring system with an eventual score out of 100.

Figure 1 Consumer comments on the Environmental Impact Rating (EIR) chart

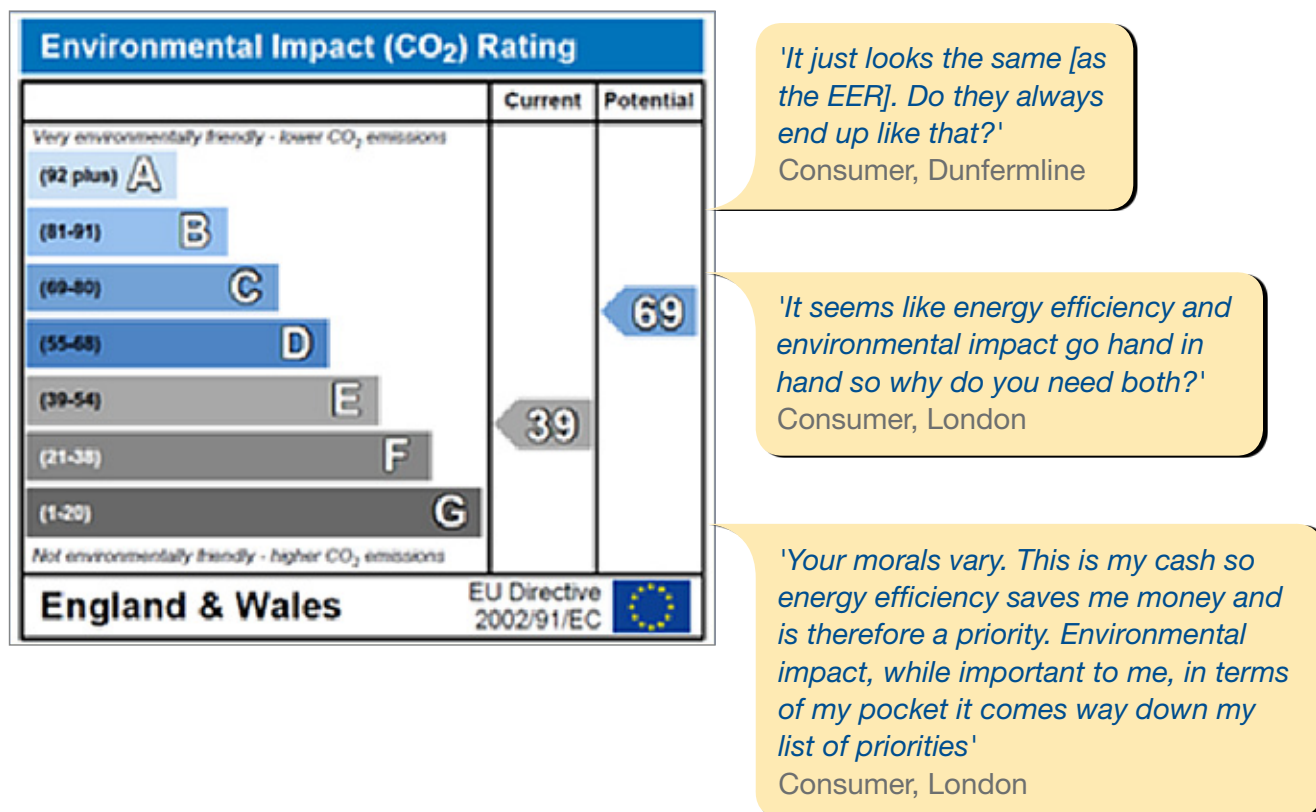
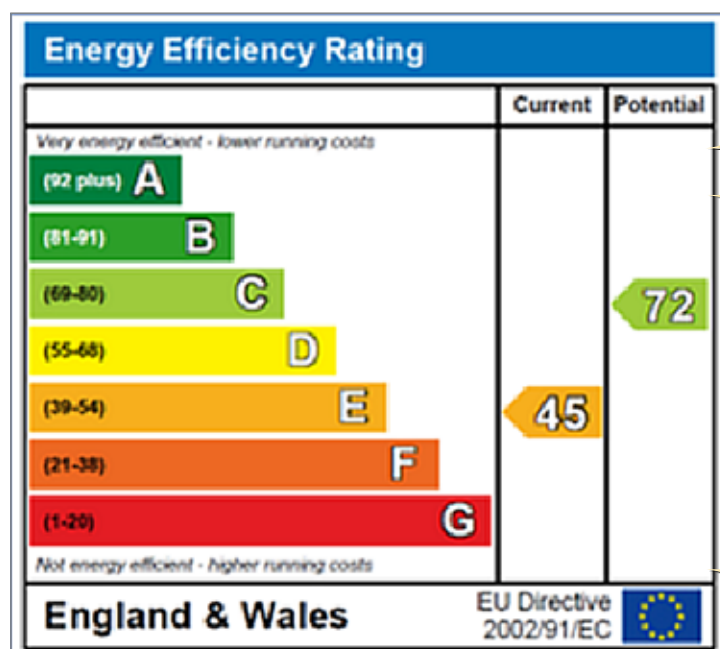


Figure 2 Consumer comments on the Energy Efficiency Rating (EER) chart



'I can read it and I can see what's more efficient and what's less efficient. I see it says '35' – what does that mean? Ok, it's towards the bottom and not as energy efficient and it should be higher up. But it doesn't mean anything to me?'

Consumer, Dunfermline

'I wouldn't have a clue if the current was in G and the potential was in A, how much that would save me as an actual figure. I wouldn't know that off the top of my head or even a ballpark figure. I'd guess a couple of hundred pounds'

Consumer, Cardiff (renters)

'With the rating I'd look at this one and go 'oh, it's B', and I'd look at the other and go 'it's E'. Then I'd put it down and forget about it. But if it said that one were £300 less per quarter then I'd think, hang on a minute, that's not good'

Consumer, Chesterfield

Consumers' reactions to alternative EPCs

This section reports on the core of the focus group discussions, outlining participants' reactions to a series of showcards that broke the EPC down into individual constituent elements/pages and presented alternative versions. Alongside these showcards, the research also deployed two alternative EPCs that presented different versions of the document in its entirety.

The research findings are presented according to different sections of the EPC, as follows:

- The introductory text
- Cost/savings figures
- EER graph
- Graph or no graph?
- Fuel costs table
- Recommendations
- Green Deal
- Summary of the home's energy performance
- What can I do today?
- Reactions to the alternative EPCs

2.1 The introductory text

Alongside the current introductory passages (Figure 3), participants were shown an alternative in the form of a 'Use this document to' explanation (Figure 4). They expressed a clear preference for the new text over the current version, which few understood and/or paid much attention to. While some participants did not feel that they needed the new introduction, they were nonetheless comfortable just to skip over it and felt that others, particularly first time buyers, would benefit from the information. Others said that it was helpful to have something to flag that the EPC is more than just a reference document.

2.2 Costs and savings

Participants were presented with a version of the EPC with the estimated annual energy bill¹² and potential annual savings displayed at the top of Page 1 (Figure 5). Given the previous criticism that the EER graph – on its own – does not translate readily into a monetary figure, it is unsurprising that there was near universal approval for the introduction of this information. Some participants noted that this simple addition, so prominent in the document, made the EPC 'a million times better'.

There was, however, still a level of confusion as to how the potential saving could be achieved, in particular a misconception among some participants that all of the recommendations had to be undertaken (even the further measures which included expensive technologies like solar PV). This perception served to dampen the initial enthusiasm since the potential savings suddenly appeared much smaller in relation to the large and upfront outlay.

Participants were also shown an alternative version with the costs and savings calculated over five years (Figure 6), which sparked an interesting, and divided, debate as to which was more effective. The five year figures undoubtedly had the bigger initial impact in terms of catching the eye and stimulating interest, although a significant number of participants – on further reflection – went on to question how accurate the figures could be over such a long time period (ie given fluctuations in energy prices or their own energy consumption).

¹² The challenge facing policy-makers is that SAP only predicts energy use for heating, hot water and lighting. Other appliances are unknown as the property is changing hands and so electricity use from other appliances would need to be modelled, potentially using BREDEM-12 and assumptions on appliance type and usage

Figure 3 Introductory text current version

Energy Performance Certificate

17 Any Street
District
Any Town
YY3 5XX

Dwelling type: Detached house
Date of assessment: 03 March 2009
Date of certificate: 22 October 2010
Reference number: 0182-2077-9473-0601-9571
Type of assessment: RdSAP, existing dwelling
Total floor area: 165 m²

This home's performance is rated in terms of the energy use per square metre of floor area, energy efficiency based on fuel costs and environmental impact based on carbon dioxide (CO₂) emissions.

'I prefer the 'use this document' bullet points. It's just much clearer to read. It's not lost like this is one, which is pretty much lost in all the other data at the top there. It's just more concise and punchy because I'm not a science-y kind of person so this seems quite hard going'

Consumer, Cardiff (renters)

Figure 4 Introductory text, a consumer focused approach

Energy Performance Certificate

Use this document to:

- Compare current ratings of properties to see which properties are more energy efficient
- Consider the potential for improvement from installing basic measures
- Use the attached recommendations and advice services to find out more

'It tells you at the top 'use this document to' and tells you what the document's actually for. So if someone gives you that [the current EPC] you just go 'alright, thanks', whereas this one tells you what you're supposed to be looking out for'

Consumer, Chesterfield

Figure 5 Introductory text, introducing headline costs and savings

Energy Performance Certificate

Use this document to:

- Compare current ratings of properties to see which properties are more energy efficient
- Consider the potential for improvement from installing basic measures
- Use the attached recommendations and advice services to find out more

Estimated annual energy bill for space/water heating and lighting	£1812
Potential annual savings with recommended measures	£905

'The potential savings, is that if you install all nine items? So I have to spend £40K to save £1K per year?'

Consumer, Dunfermline

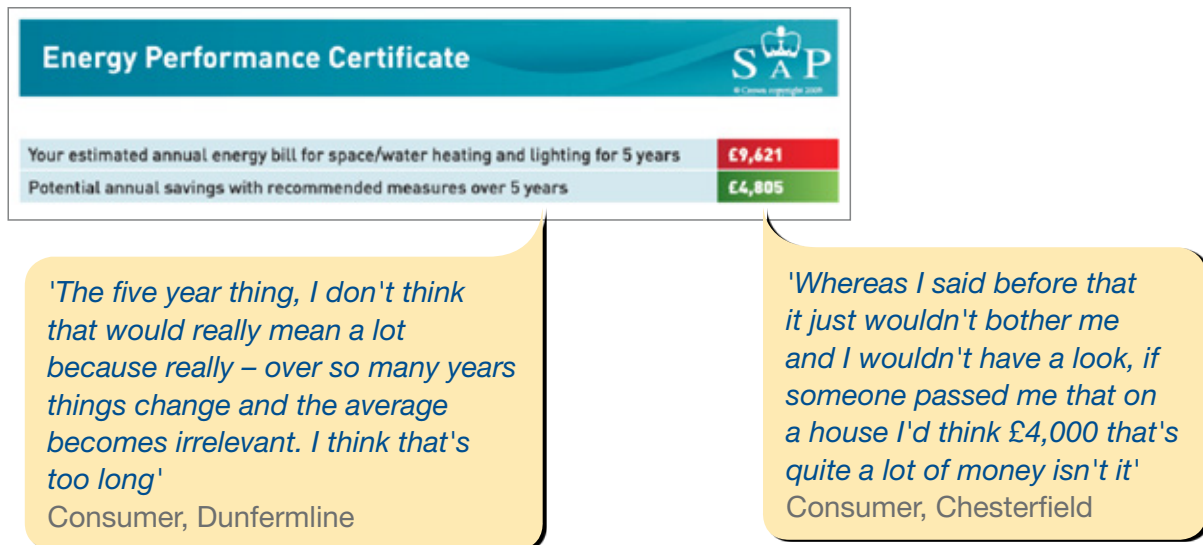
'It catches your eye straight away and so you read on, don't you. For me as a single mum I would definitely follow this. Anything to save some money!'

Consumer, Luton

'Just because it's got the costs on it telling you what you could save, alongside the graph, it's already a million times better.'

Consumer, Chesterfield

Figure 6 Introductory text, presentation of costs and benefits over five years



2.3 Graphs

In total, participants were shown four alternative presentations of the EPC headline graphic:

- 1 the version from the current EPC (commented upon in section 1.3), and three versions of the EER on its own
- 2 retaining the letters A-G and the numerical scale (Figure 7)
- 3 removing the letters and numbers (Figure 8)
- 4 using a graduated scale from A+ to G- (Figure 9)

There was a clear preference for Figure 7 – the EER graphic in the context of a 'new' EPC and accompanied by prominent cost and savings information and some new explanatory text. This preference was based on three factors: *the close proximity of the new financial information*

(which gave participants a means of translating an efficiency rating into a ballpark cost/saving to them); *the simple fact that the graph was bigger and more prominent without the distraction of the EIR*; and *the new explanatory text offset to the right hand side with bold type* to highlight key information for participants to pay attention to. However, there was still some confusion relating to the numerical scale and participants would have welcomed a short line to explain this more clearly.

In contrast, the other two versions of the graph suffered, respectively, from the loss of the A-G letters (which participants seemed to have strong affinity to in terms of facilitating easy and obvious comparisons between homes) and – in the case of the graduated scale – from being unnecessarily complicated and 'too much'.

Figure 7 Presentation of EER chart with explanatory text

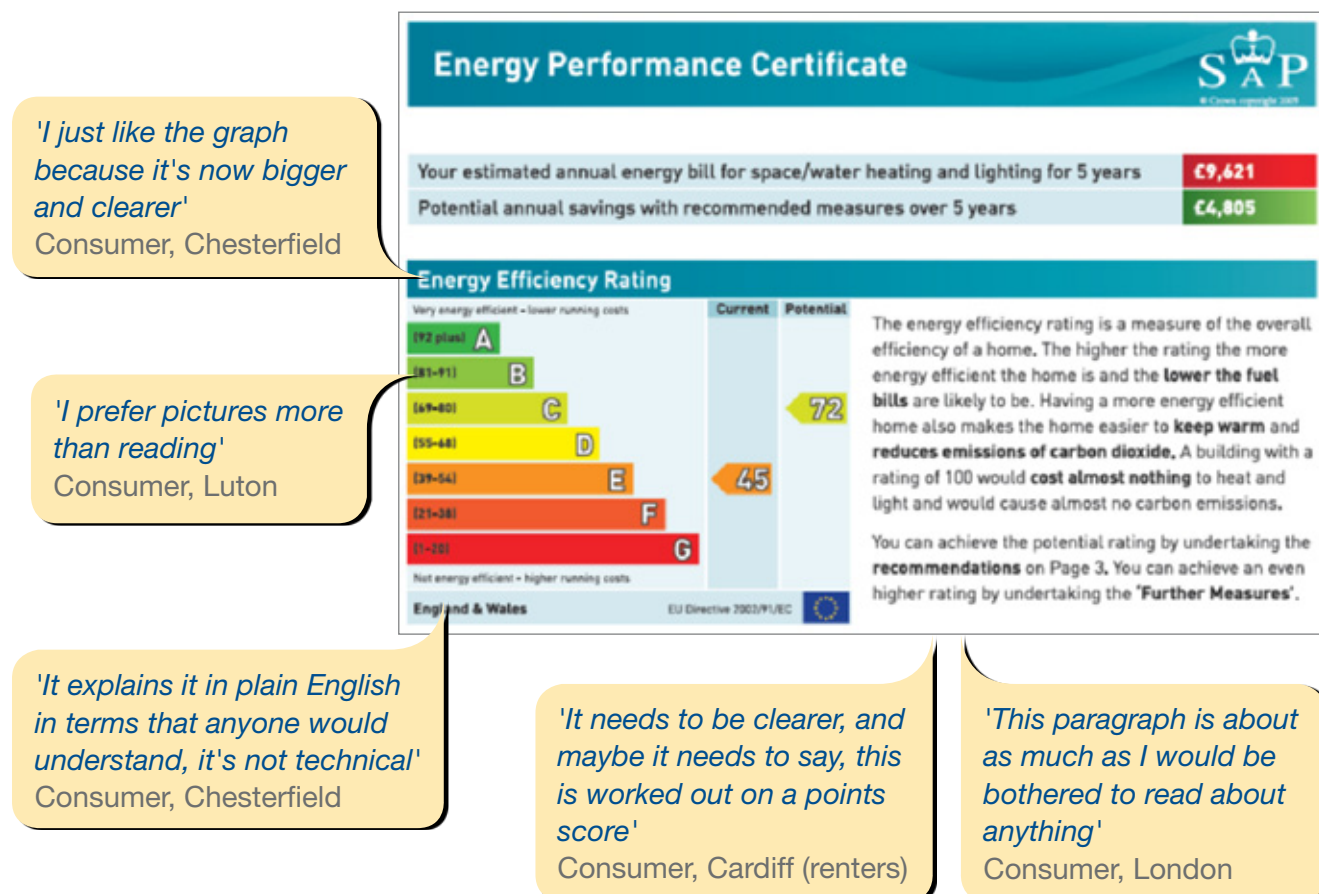


Figure 8 Presentation of EER without A-G lettering

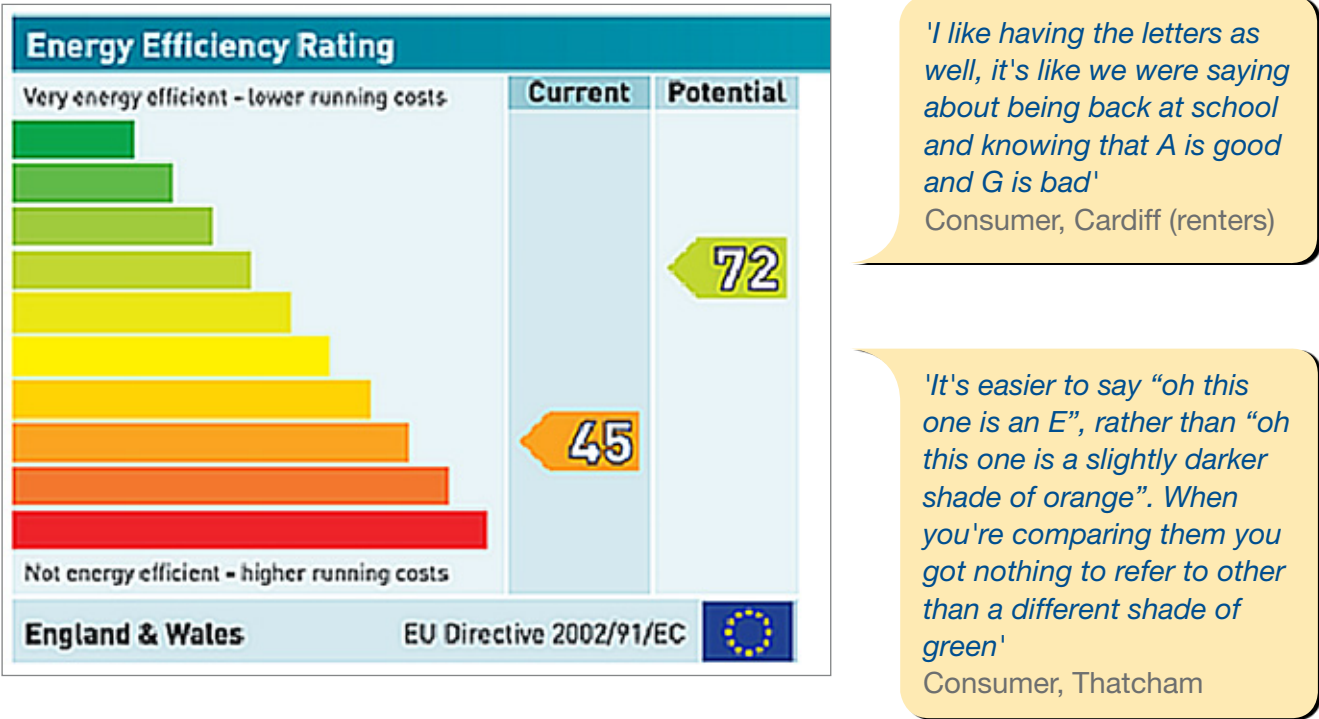
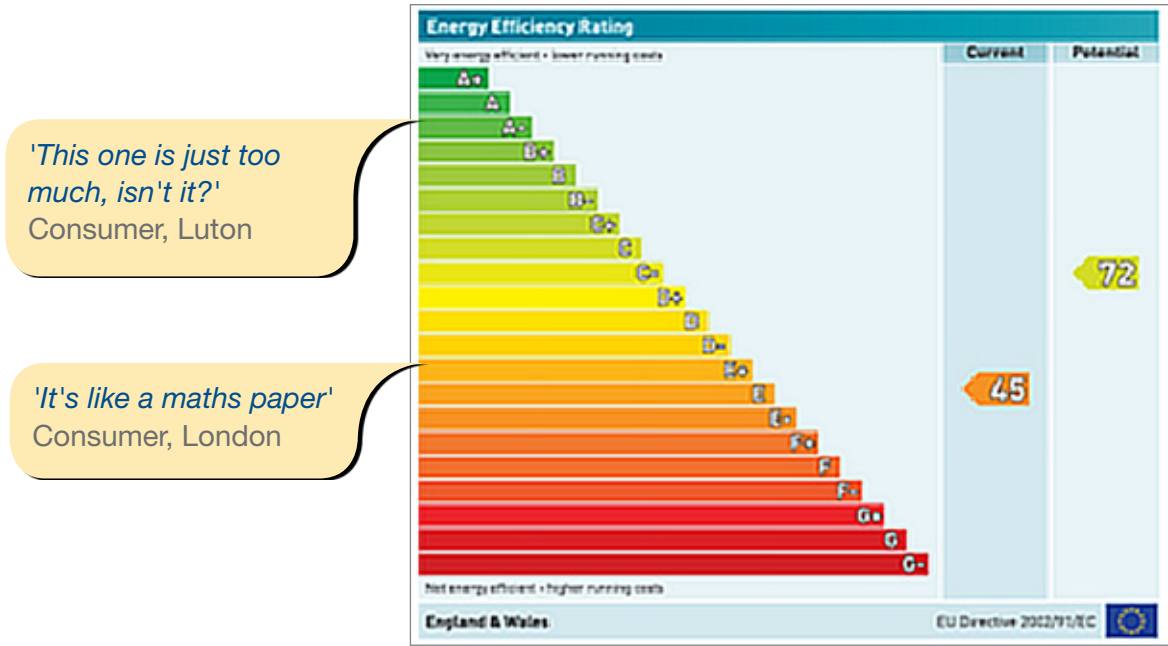


Figure 9 Presentation of EER with a graduated scale from A+ to G-



2.4 Graph or no graph?

Alongside the three alternate presentations of the EER, a fourth (graph-less) version of the EPC was presented to participants (Figure 10). This tested what role, if any, the EER graphic has in a future EPC document – given that:

- the EER on its own had already been criticised by some participants for providing only a very general sense of energy efficiency
- there was a very positive reaction to the introduction of costs and savings

The question, therefore, was whether the preference for costs and savings was such that the graph had become redundant.

The research demonstrates that participants, in actual fact, strongly preferred the version with *both the graph and the costs and savings* (ie Figure 7) – and rejected the version with no graph. This was true even among those who had previously questioned the meaningfulness of the graph and who suddenly – at this point in the discussion – began arguing for its re-inclusion. Other participants commented that they 'missed the graph'. Participants' reactions seemed to be governed by a combination of four factors:

At the simplest level, the A-G graphic has **visual appeal**, breaking up the text in the document and providing something that is eye catching. The intuitive appeal of the A-G graph was also an important factor.

Figure 10 Testing the removal of the EER chart

The image shows a sample Energy Performance Certificate (EPC) form. At the top, it has a blue header with the text 'Energy Performance Certificate' and the SAP logo. Below the header, there are two columns of information. The left column contains the address: '17 Any Street', 'District', 'Any Town', and 'YY3 5XX'. The right column contains details about the dwelling: 'Dwelling type: Detached house', 'Date of assessment: 03 March 2009', 'Date of certificate: 22 October 2010', 'Reference number: 0182-2077-9473-0601-9571', 'Type of assessment: RdSAP, existing dwelling', and 'Total floor area: 165 m²'. Below this information, there are two main sections. The first section is titled 'Current Cost of Heating this Home' and contains the text 'The heating, lighting and hot water costs for this home over 5 years are currently:' followed by a red box containing the value '£9,060'. The second section is titled 'These Costs Could be Reduced' and contains the text 'The potential savings over 5 years if it is made more energy efficient are:' followed by a green box containing the value '£4,535'.

Energy Performance Certificate	
17 Any Street District Any Town YY3 5XX	Dwelling type: Detached house Date of assessment: 03 March 2009 Date of certificate: 22 October 2010 Reference number: 0182-2077-9473-0601-9571 Type of assessment: RdSAP, existing dwelling Total floor area: 165 m²
Current Cost of Heating this Home	
The heating, lighting and hot water costs for this home over 5 years are currently:	£9,060
These Costs Could be Reduced	
The potential savings over 5 years if it is made more energy efficient are:	£4,535

'I prefer the original graph, it catches your eye a bit more'

Consumer, Luton

'I've suddenly realised how iconic the graph has become. Even though I didn't particularly like it at the beginning, it is recognisable and you do see it on appliances – so it feels weird without the graph'

Consumer, Cardiff (renters)

The criticism of the graphs on the current EPC – ie that there was no means of translating the information into tangible costs and savings – had already been remedied in the form of Figure 7, giving participants the option of having the graph and the financial information.

The costs and savings figures on their own did not readily provide a means for participants to make **relative comparisons**. While participants reacted to the figures in absolute terms (eg £9,060 over five years is 'a lot of money'), they nonetheless also wanted some means of anchoring this against a benchmark.

'I don't like it. If someone passed me that, yeah it's great that I can save all that money, but I don't know if that's good or bad. Whereas if that's on a graph and 'E', I know that it's poor'

Consumer, Chesterfield

'From looking at that I really don't know if it's energy efficient or not. I don't have a scale or a comparison'

Consumer, Cardiff (renters)

The graphs also seemed to give several participants confidence in the **credibility of the figures**. In this sense the graph inferred a sense of standardisation and regulation behind the calculation that the figures alone did not.

'The graph is based on a standard scale that is regulated whereas that one seems like a number out of thin air'

Consumer, Cardiff (renters)

2.5 Fuel cost table

Participants were shown four alternative presentations of the table outlining 'estimated energy use, carbon dioxide emissions and fuel costs'. The current version is outlined in Figure 11, compared to one of the four variants (Figure 12).

Participants expressed a clear preference for the four alternative versions over the existing design, which can be explained by three factors:

- *Their visual appeal* – largely based on the inclusion of more colour and iconography, the use of less text in general, and the use of text in bold type
- *The length of the text in the current EPC and the number of caveats and exclusions* – this is such that participants began to focus upon, and increasingly question, the meaningfulness and credibility of the figures. This seemed less true of the text in the alternative versions even though, by and large, it was saying exactly the same thing
- *The use of a shortened table* – removing the two rows containing kWh/M² and tonnes of carbon, neither of which had much meaning to participants

Figure 11 Current presentation of energy use, carbon dioxide emissions and fuel costs

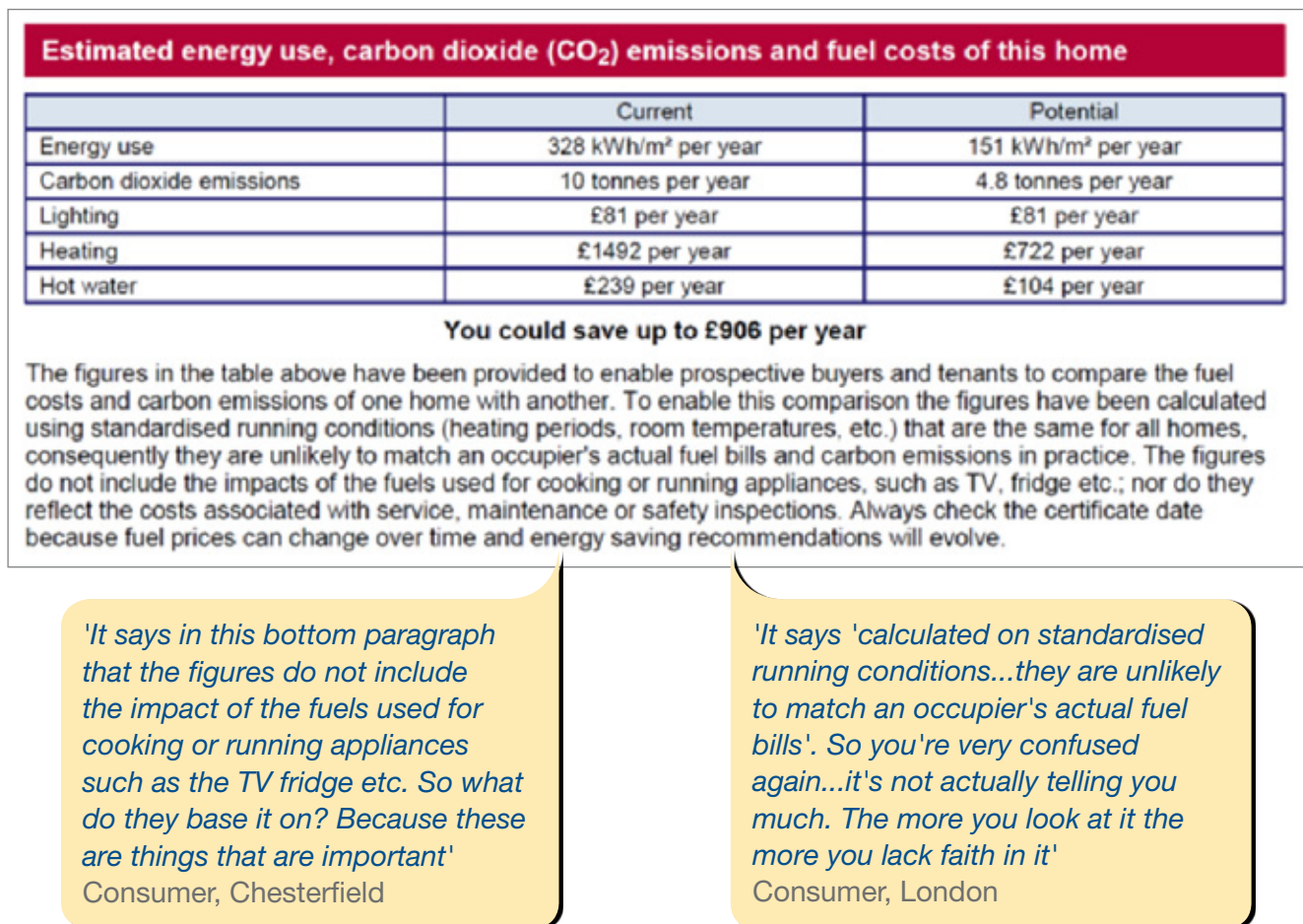
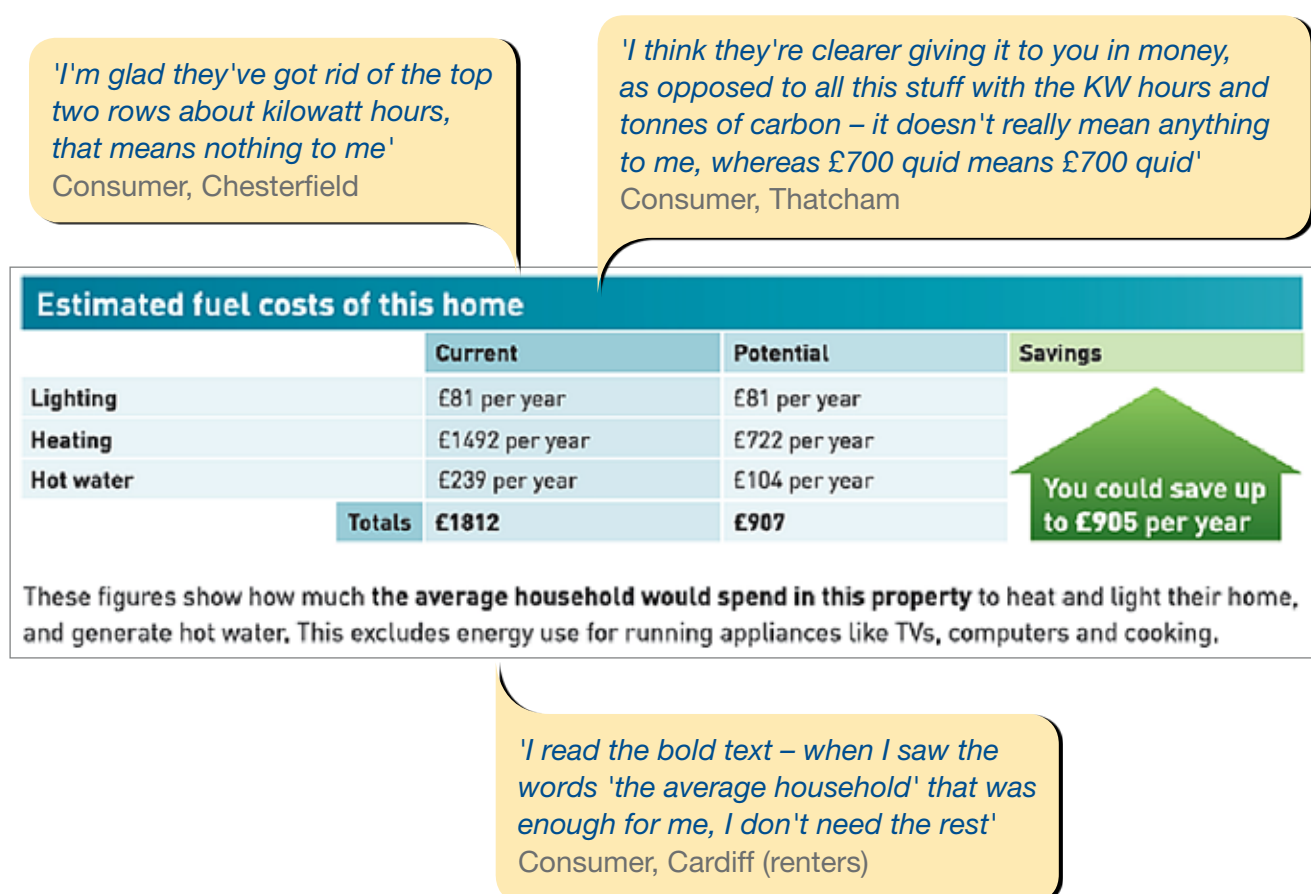


Figure 12 Testing a concise table of fuel costs and savings



Turning to preferences among the four alternative versions, there was no outright 'winner' (unsurprisingly, given their relative similarity). Nonetheless, most participants preferred the word 'save' to 'waste' because it is more positive (whereas 'waste' was taken by some to imply that they are a wasteful person and thus perceived more as a 'lecture').

'I think I prefer the word 'save' to 'waste'... because waste you're already spending it anyway. Whereas 'save' says you can get some money back and it's more of an incentive'
Consumer, Chesterfield

Furthermore, the majority of participants said that they thought the green arrow was more effective than the red arrow, although again this preference appeared relatively 'soft' and not something that was deemed to be a significant factor. Other subtle preferences included the direction of the arrow, which seemed to make more sense to participants when pointing up (if vertical) or to the right (if horizontal), ie 'this way to savings'.

2.6 Recommendations

Participants were shown five alternative ways of presenting the 'Recommendations' section of the EPC – two in table format (eg Figure 13), and three using a graphic of a house (eg Figure 14). Taking reactions to the tables first – which both converted costs, savings and payback figures into various symbols (taken from the approach to the EPC in France and Portugal) – these were poorly received. In fact, this was one of few instances where the current EPC was preferred to an alternative presentation. Participants felt the alternatives were 'too busy' and, crucially, they did not like the conversion of actual numbers into banded approximations.

Reactions were much more positive to the versions which used a house graphic. Even though participants went on to note that the graphic itself was almost superfluous, it nonetheless performed an important visual role in breaking up the text and initially drawing attention to the content. In terms of preferences between the different versions, there was no single stand out 'winner', with some participants responding well to one version that others were less keen on.

'It very simply gives you costs and savings but I don't like the lines because I'm focusing on tracking those rather than the information'

Consumer, London

'I prefer the individual ones because then you can 'pick and mix' yourself'

Consumer, Dunfermline

'But there's a lot of keys and ticks and gimmicks on that one, I prefer the one with the three boxes, personally'

Consumer, Cardiff (renters)

Overall, however, there was a slight preference for the version with different 'packages' of options (Figure 14). This retained the actual costs and savings but was also more visually appealing to participants by virtue of maximising the amount of free/white space. However, this design did suffer as some participants' default assumption was that the packages were discrete and separate from one another (eg you start off with 'quick wins' and then move on to 'quick wins plus'). The fact that some measures appeared in all three (eg cavity wall) led to some confusion and seemed slightly counter intuitive for some participants.

Figure 13 Testing iconography to communicate costs and savings

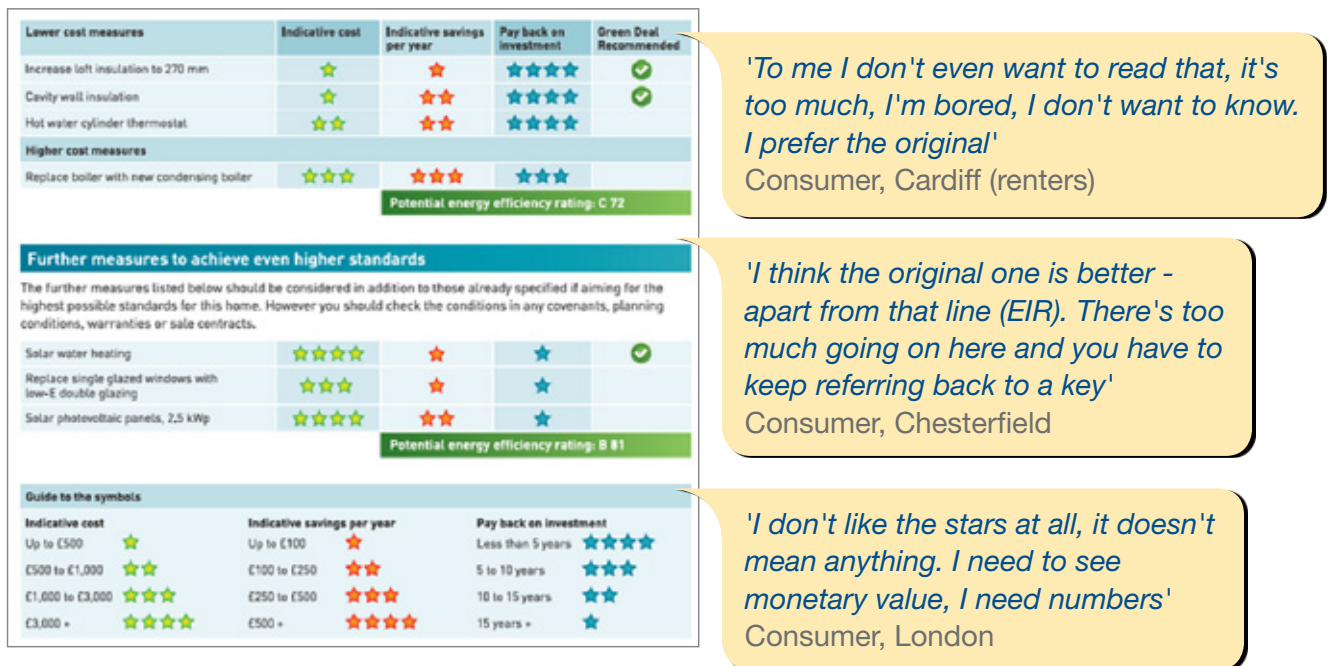
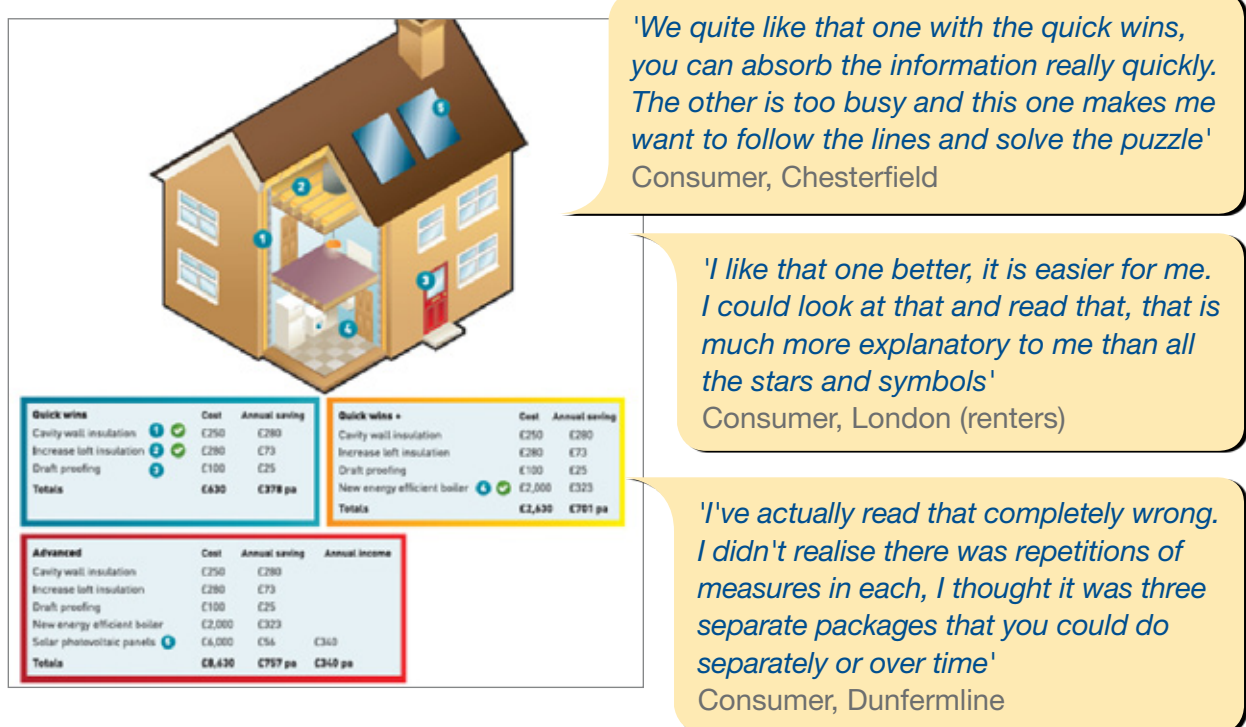


Figure 14 Testing reactions to packages rather than lists of measures



2.7 Green Deal

While it was not a core objective to explore the Green Deal concept in detail, the research did test the inclusion of two types of information that could appear in the EPC from 2012 onwards – (i) a brief explanation of Green Deal as a signpost to consumers' seeking further information (Figure 15); and (ii) the disclosure of the presence of any Green Deal finance already attached to the home (Figure 16).

Figure 15 Explaining the Green Deal and signposting further advice services

Recommendations

The measures below are **cost effective**. The performance ratings after improvement listed below are **cumulative**, that is they assume the improvements have been installed in the order that they appear in the table.

The 'Green Deal' can help you to cut your energy bills by making energy efficiency improvements at **no up-front cost**. Use the Green Deal to find trusted advisers who will come to your home, recommend the measures that are right for you, and help you access a range of **accredited installers**. Look out for the "**Green Deal Recommended**" tick below for improvements that can be covered by Green Deal finance. The Deal also offers you the option of paying for the measures over time from savings on your energy bill. **Responsibility for repayments** stays with the property – whoever pays the energy bills enjoys the benefits so they also take on responsibility for repayments.

Find out more and book an appointment with a local Green Deal adviser by visiting www.direct.gov.uk/greendeal or contacting **0800 800 800**



Figure 16 Disclosing the presence of a Green Deal charge on a property

This property has benefitted from a Green Deal to make it a warmer and more energy efficient home. The Green Deal Plan is paid for through the resulting energy bill savings. An annual Green Deal Charge of £74 is payable as part of the energy bill until 2020.

Some of the headline and spontaneous reactions to Green Deal were positive, primarily because of the removal of the upfront costs and particularly in some of the (higher income) groups (eg London, Dunfermline). There was also evidence that something like Figure 15 could prompt participants to find out more, while some participants spontaneously said that they liked the Green Deal logo (which was designed for the purposes of this research only). Participants did, however, want the website and phone number to be in a larger font size, and also noted that it is at the margins of what they consider to be an acceptable length for a passage of text. Furthermore, the fact that the website in the showcard was a DirectGov site reinforced a perception that Green Deal is a Government-led scheme (which, as we go on to discuss, proved to be a double-edged sword).

'I really like the Green Deal logo, you'd get used to seeing it in different places'

Consumer, Cardiff (renters)

'If it's a website to find the people to do it, I think that would be quite interesting and you can then choose who you want'

Consumer, Chesterfield

However, reactions took on a notably more negative tone as the discussion progressed and, in particular, as the nature of the repayment was picked up on (ie it stays with the home and transfers to the new home owner). Four issues were identified, as follows:

Most participants perceived Green Deal as a **form of debt**, even when they were able to acknowledge and rationalise the overall cost savings.

'I think when you come to sell your house someone will say 'pay that debt off''

Consumer, Luton

'Your bills are low but you're still paying for it. You're still putting out money, so I'm thinking financially that I'm not making that saving that I'm supposed to. I still see it as a cost, although I know there is a saving element'

Consumer, Dunfermline

There was an objection to a **perceived lack of choice** in taking on, and being stuck with, the previous homeowners' decisions.

'I don't like the fact that I would have to pay for something that someone else has decided on'

Consumer, Thatcham

'It's a bit like they've had an extension put in but they haven't fully paid for it so you have to when you move in'

Consumer, Cardiff (renters)

Some participants could not understand how **savings and repayments could be guaranteed** in light of fluctuations in energy prices and/or their own consumption.

'Would there be any guarantees with it? What if your energy use goes up or down? Or energy prices go up or down?'

Consumer, Dunfermline

Participants wanted assurances that **suppliers would be regulated**. Some assumed the Government would provide some form of accreditation, along the lines of the CORGI mark¹³. At the same time, though, there was concern that accreditation would limit choice and prevent them from securing a more competitive deal with a local supplier. And, furthermore, others took the perceived involvement of Government as a negative factor.

'As long as there was a regulatory body – something like the CORGI mark – to make sure that some rogue trader wasn't knocking at your door then great. The fact that this is an official Government scheme helps'

Consumer, Cardiff (renters)

'I'm afraid that the fact it has something to do with the Government puts me off totally. From what I know about organisations who deal with the Government, the organisation is not particularly in it to satisfy the end client, but to line their own pockets with as much money as they can possible get'

Consumer, Chesterfield

2.8 Summary of the home's energy performance

Participants were shown three alternative versions of this section of the EPC – a star-system rating similar to the current EPC (Figure 17), a traffic light system, and a traffic light system reinforced with smiley/sad faces (Figure 18).

The star rating approach was preferred overall, based on:

- a tweaked version of the current EPC to include larger stars
- a common structure of five stars that are then filled in according to the rating
- the removal of the Environmental Impact information
- less text

Participants were comfortable with this scoring system (and cited similar examples in terms of the ratings for hotels and restaurants) and liked the more graduated five point scale. By contrast, while some participants did prefer the smiley faces, they were often considered 'cheesy' and 'child-like'.

¹³ Gas Safe Register replaced CORGI as the gas registration body in Great Britain on 1 April 2009

Figure 17 Use of star ratings to summarise energy performance

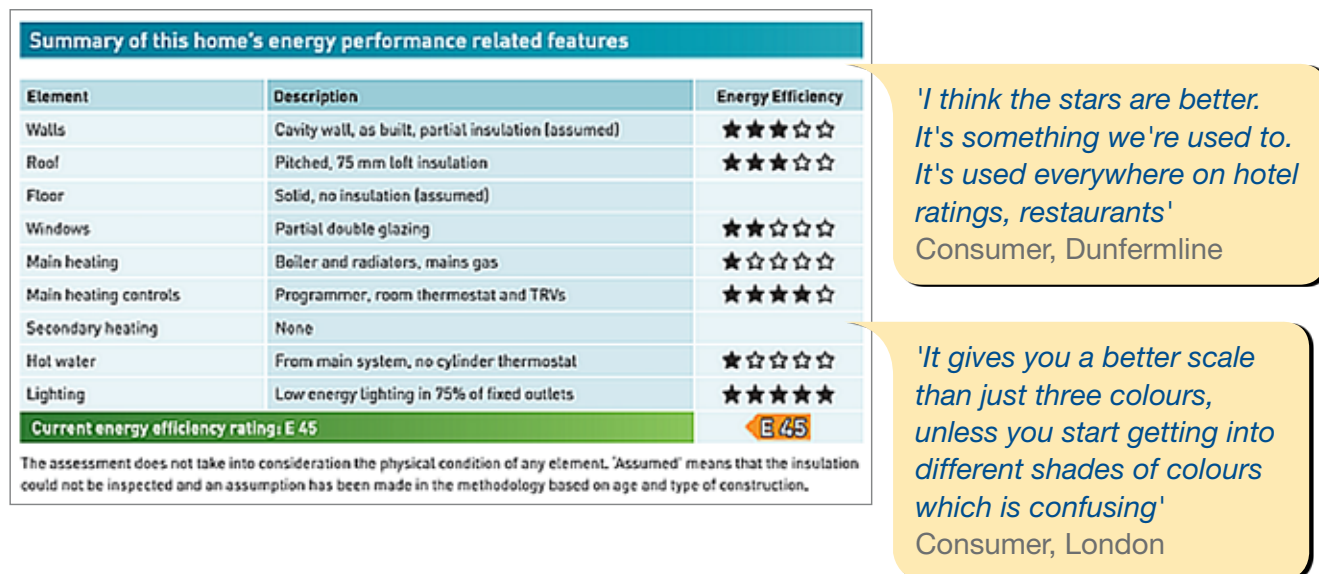
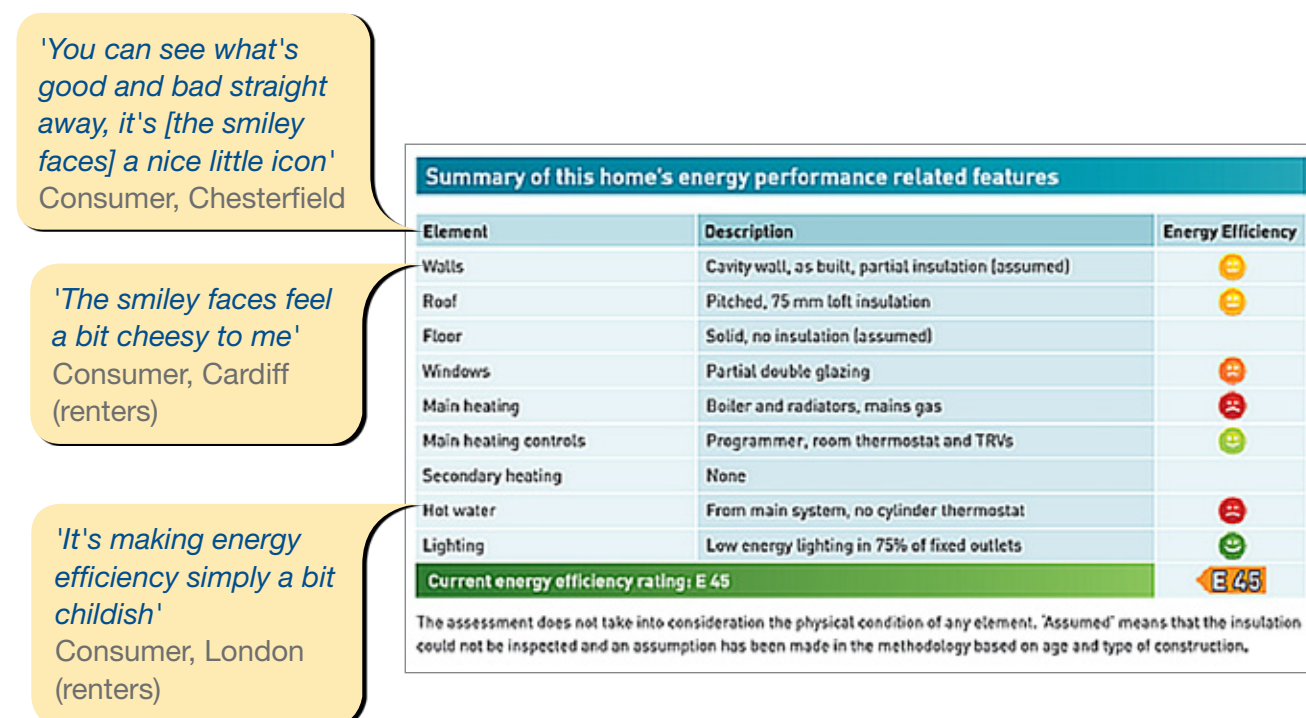


Figure 18 Use of happy/sad faces to summarise energy performance



It was also evident that participants did not make the link – with any of the versions – between this information and the headline rating in the EER graph (which is derived from it). When this link was specifically prompted in the discussions, some participants were confused as to why this information was so detached – and so many pages back – from the EER graph, while others began to query why the rating scale was not based on the A-G letters, in line with the graph.

'Why don't they keep the same across the board, like in the main graph? So your roof is a B and your walls are a C. It sort of confuses things a little bit' [switching to stars from letters]
Consumer, Thatcham

'If this is how the headline graph is calculated then why is it so far back in document and nothing to do with the graph?'
Consumer, Dunfermline

We did not test whether this information was wanted. Another alternative would be to simply state the energy efficiency features that the home already had, and focus more quickly on the costs and benefits improvements.

2.9 What can I do today?

With the notable exception of one group, the majority of participants did not think that this information should appear in the EPC – on the grounds that it both adds to the length of an already long document and repeats 'common sense' tips that they have been told many times before (Figure 19). The exception was the Chesterfield group, where several participants thought that the information is still highly relevant and argued for its inclusion. Others suggested a compromise approach whereby it could be removed from the main EPC and included as an accompanying flyer that people could choose to read if they needed to, rather than distracting from the core purpose of the EPC.

Figure 19 'What can I do today?' text in current EPC

What can I do today?


You can start saving money on fuel bills right away and reduce the impact of your home on the environment, through simple actions and decisions when you next buy household items. Some of these actions won't cost you a penny!

Heating and hot water systems

- Make sure you know how to get the best out of your heating and hot water systems, and that the systems are working efficiently – talk to your heating engineer at the next service.
- Turning your thermostat down by 1°C can reduce CO₂ emissions and cut your fuel bills by up to 10 per cent.
- Fitting your hot water tank with an insulating jacket will only cost a few pounds and, with all the heat it traps, it pays for itself within six months. Fit one that's at least 75mm (3 inches) thick and you could save around £30 a year.
- Turn the hot water cylinder thermostat down to 60°C to save more.

Lighting and electrical equipment

- Households can save £30 a year by turning off appliances when not in use.
- Energy efficient light bulbs can save £60 over their lifetime compared to a traditional 100 watt bulb (and save even more by turning off lights when they are not needed).
- Switch on the washing machine when you have a full load, and wash clothes at 30°C.
- Look out for the Energy Saving Trust Recommended logo, which can only be used by the most efficient products. Replace white goods like fridge freezers with energy saving recommended appliances, and you could save around £30 each year.



For advice on how to take action and to find out about offers available to help make your home more energy efficient, call 0800 512 012 or visit www.energysavingtrust.org.uk.

ACT ON CO₂

Find out what else you can do to reduce your impact on the environment by visiting <http://actonco2.direct.gov.uk/home/what-you-can-do/in-the-home/Reduce-your-CO2-emissions.html>

'We already know this, like turn your thermostat down, use less water, etc'

Consumer, London (renters)

'Some of the information at the end is just common sense. Everyone knows to turn their thermostat down. Do you really need that in something like this document? Because you're like "how much more do I need to read because I'm getting a bit bored now".'

Consumer, Dunfermline

'I like it – it's common sense but it does jog the memory'

Consumer, Chesterfield

'You've got to think that people starting out in their first home they wouldn't know all this stuff'

Consumer, Chesterfield

2.10 Reactions to the alternative EPCs

Participants were shown two 'alternatives that, unlike the showcards, presented the EPC in its entirety. Both alternative EPCs were shortened to test participants' reactions to a four page document, and both incorporated different elements of the showcards that had been shown and discussed previously. The main difference between the two alternative EPCs was the sequence of information and – in particular – the content on Page 1.

Both alternative EPCs were overwhelmingly preferred to the existing EPC, largely and initially thanks to the new design and format. For example, one of the key changes was the short length (four pages), followed by the booklet-style presentation which opened up into a centre page spread. Both of these changes increased participants' willingness to engage with the content.

'It doesn't look like a management report anymore. It's user friendly, you're not scared to read it. You'd quite happily look at that one. Whereas that [current version] is a wee bit daunting if you've never come across it before'
Consumer, Dunfermline

'I think the size straight away. When you see this document [current EPC] it does put you off because there's a lot to sit and read through. Whereas this is only a couple of pages long, you could scan it and then go back to have a proper read once you've picked up your major points'
Consumer, Chesterfield

'It makes a big different that it's in a booklet with a centre page so you can compare without having to flick backwards and forwards'
Consumer, London

All materials shown to participants were in colour so they did not have the opportunity to compare colour and black and white version. However, colour was clearly important – in terms of readability, giving emphasis to key pieces of information, and reinforcing notions of 'good' and 'bad'.

This was most noticeable in relation to the A-G graph.

'Personally I'd be going on colour alone as in green is good and red is bad, simple as that'
Consumer, Cardiff (renters)

'The colour chart is quite clear what the current is and what the potential could be... but apart from the fact that G is red which is obviously bad, I don't know what, like if A is living in a caravan?'
Consumer, Thatcham

But also in relation to...
...the costs and savings:

'I like the figures so big and bold and coloured in to draw your attention to it'
Consumer, Chesterfield

...the fuel costs of home

'The red arrow shows 'look what you are actually wasting' that would make me sit up and take more notice'
Consumer, London

...and in general

'The coloured diagrams and tables make it easier and quicker to read, rather than the big blocks of text'
Consumer, Dunfermline

Any final design work should incorporate guidance on accessibility, for example some found it difficult to read white text against a green background.

One issue left unresolved was the preferred format for page 1. While there was agreement on what information should appear in the top half of Page 1 – ie the graph and accompanying costs and savings – this was not the case with the bottom half of the page. Initially there was a three way split of opinion between those who preferred the fuel costs table, the summary of recommendations and the summary of the home's energy performance. While the fuel costs table was liked in terms of its visual appeal, some participants did note that it was repeating, albeit with more detail, the headline costs/savings figures at the top of the page. That then set up a two way split between those who liked the 'recommendations summary' (with the document moving quickly from 'this is what you could save' to 'this is how to save it'), and those who wanted the 'summary of home's performance' to follow straight on from the headline rating in the EER graph (which, to them, made more sense in terms of the flow of the document, ie page 1 – the house is currently like this; page 2 – recommendations).

'I think for me, I would go "ok I can save £905, but how do I do that". I would want the recommendations on the front because the savings figures would be grab my attention and the recommendations tell you how to do it'
Consumer, Dunfermline

'But you're giving recommendations before you've read the breakdown for your house – how the graph was calculated'
Consumer, Chesterfield

2.11 Reactions to EPC information on property ads


In addition to the full EPC document itself, the research explored participants' reactions to the inclusion of headline EPC information on property adverts (ie the 1 page flyers that appear in Estate Agents' windows). Three alternative presentations were tested – one with a single EER graph; one with an A-G letter banner; and one with two A-G letter banners – one 'current' and the other 'potential', alongside an estimated annual energy bill and council tax band (Figure 20). A discussion was also had on whether information on energy efficiency should be included so prominently at this stage in the home-hunting process.

Taking the design considerations first, while none of the versions was preferred outright two things were evident:

- participants liked the Figure 20 version better, primarily because of the estimated annual bill and, in particular, the inclusion of the council tax band
- many asked for this latter version but with the EER graph replacing the A-G letter band, and also with a potential annual savings calculation added alongside the estimated energy bill

This once more reinforces the power of the A-G graph over and above an A-G letters (which some participants felt would not be as clear and lead some to confuse whether 'A' was better than 'G' or not).

Figure 20 Presentation of A-G ratings on property adverts



'I think a combination, in as much as this [the A-G graph] has got a certain amount of meaning. I think if you had the estimated energy bill and council tax banding with the graph, I think it would work'
Consumer, Cardiff (renters)

'If you combine this one (with the council tax information) with the A-G graph alongside it and the potential bill as well, job done'
Consumer, Dunfermline

'It gives you council tax costs and energy bill costs. And it tells you what your potential is and what you actually are'
Consumer, Thatcham

'I still want the graph though as with this one you have to know that A is good and G is bad'
Consumer, Thatcham

Turning to the question of whether this information, however designed, should be this prominent or not, there was some disagreement in the group. Some participants, for example, welcomed additional information as early as possible in the process (especially the Council Tax band), whereas others felt that it afforded energy efficiency too high a priority and that it was not an important enough issue to warrant inclusion, or this level of prominence, at this point.

Furthermore, some participants switched their mind-set from that of a buyer to that of a seller and, with this, began to consider this information as a threat to an 'easy sale'. Some, for example, deliberately and openly said that they wanted to see only the A-G letter included (the least preferred option of the three) because it was more vague and would make less sense to a buyer. While only one or two participants flagged energy efficiency as an important issue to them personally as a buyer/renter, there was a sense that – if it began to appear more prominently and, crucially, at this earlier stage in the process – then it might take on more importance.

'It might stop people coming and doing that first viewing. Whereas if you've got them in the house and they like the house then they might be prepared to consider a big range [between current and potential]'

Consumer, Dunfermline

'As a buyer I'm not really that fussed and as a seller it would annoy me because it might dissuade people from coming to see my property. If I had to choose I would have that rating – just the letter. Because then people can see B and decides what it means to them, rather than say "oh look he's got 'F", look how low down it is, I'm not even going to give it the time of day'.

Consumer, London

The property professionals' perspective

This section of the report outlines the key findings from a focus group with property professionals, held in the Wimbledon area of London and involving a range of professions (eg estate agents, conveyancers, solicitors, building assessors). The discussion was structured in a similar way to the groups with consumers, beginning with general views of energy efficiency and the relevance and value of the current EPC, before looking at reactions to alternative EPCs. The findings are presented as follows:

- General perceptions about energy efficiency
- Awareness of, and views towards, the EPC
- Reactions to alternative presentations
- Reactions to Green Deal

As an overarching finding and reflection, the diversity of the professionals involved in the discussion hinted at some noteworthy differences between them. For example, the three estate agent participants tended to be much more engaged with the EPC on a day to day basis, whereas other professionals (eg the solicitors) had clearly had very little engagement with the EPC and therefore had less to add to the discussions. Furthermore, it was evident that estate agents play an important 'gatekeeper' role at the interface between consumers and the EPC. There was a sense that estate agents have a negative influence on consumers' attitudes.

3.1 General perceptions about energy efficiency

Participants made a clear distinction between energy efficiency in the context of a new build – when it is considered a valuable selling point – and older properties where it is considered almost in conflict with the aspiration for period features and character.

'If you were a purchaser buying a new build, I would expect it to be the highest possible rating'
Conveyancer

'It goes against the very fabric of what people want [in an older property], which is character'
Estate Agent (Sales)

Turning to the rental sector, the lettings estate agent considered energy efficiency a low order priority that has little bearing on the selection of a property.

'In this current rental climate, even if there was a benefit [tenants paying less in fuel consumption], unless they were 50:50 on two homes it is not going to be a big enough influence'
Estate Agent (Lettings)

3.2 Awareness of, and views towards, the current EPC

Awareness of EPCs was high but, without exception, they were seen as an added cost with little or no added benefit in the buying, selling and renting market. Unlike consumers, whose comments very quickly focused in on the design and the content of the EPC itself, property professional participants focused on different issues. For example, and principally, negative attitudes towards the EPC evidently stemmed, to a significant extent, from a lingering resentment towards Home Information Packs (HIPs). The association between EPCs and HIPs tended to cloud participants' perspectives and block any serious consideration of the EPC's potential benefits.

'Nobody understands them, it's just a tick-box exercise'

Estate Agent (Sales)

'From a solicitor's point of view, I agree. They are a waste of time; they don't actually sway the tenant or purchaser to buy or not to buy'

Solicitor

'It's not one of these important bits of paper, if you are buying, selling or letting out'

Estate Agent (Sales)

However, some did note that EPCs could be useful but, in their view, they had been badly sold and communicated to the industry. There was, furthermore, recognition that EPCs were potentially more valuable in the commercial sector.

'I wasn't against the principle of HIPs, just how it was done. They actually took out at last minute the bits that were relevant and useful'

Estate Agent (Sales)

'I think EPCs are the most badly sold concept I can think of, in reality we should all be doing it'

Mortgage Adviser

'With a larger building, that's where you have good figures you can get stuck in to and make substantial savings'

Estate Agent (Sales)

In addition to this 'HIPs hangover', several participants raised concerns about the robustness of the EPC assessment – based largely on previous negative experiences. While some of the participants in the consumer groups had raised this, this appeared a more pressing issue for property professionals.

'We have had three different energy performance assessors to look at the same property within a very short space of time... and they came up with wildly different ratings... it shouldn't be subjective'

Estate Agent (Sales)

'EPC surveyors are unqualified and don't even look at the insulation depth. That just ruins the recommendations because they are assuming something that they haven't and can't test'

Surveyor

Unlike consumers, participants did not focus on the actual content and design of the document in nearly as much detail. Some noted that they considered the document to be too long and using too much technical language, but by and large the discussion focused on the premise of EPCs, rather than the presentation.

'It's pretty hard to understand for the layman'
Conveyancer

'Some of the recommendations are useful. Useful if you can be bothered to go and look at it'
Estate Agent (Sales)

3.3 Reactions to the alternative designs

Reactions to the alternative presentations were resoundingly more positive in comparison with the existing EPC, with comments focusing on the shorter length, visual appeal and use of graphics. Nonetheless, discussions continued to revert back to comments about the assessment, rather than the design and content. And, for the lettings estate agent, they still did not think the revised versions would trigger any particular interest among renters – although noted that it might be different for home buyers.

'This is a much better, visual sexier document isn't it?'
Estate Agent (Sales)

'I still don't believe that the more domestic tenant will give a monkey's personally... But I think it will affect the sales market'
Estate Agent (Lettings)

There was also an interesting discussion on the effectiveness of making cost savings the most prominent aspect of the document, with some participants arguing that broader benefits needed to be added (such as warmth and a 'newer', 'better' property), while others welcomed the prominence of financial information and considered this to be the main thing that consumers are interested in.

'The whole concept we are going down is saving money. But I don't think people quite grab it when they can't touch the money. It should be about warmth, the home will be more comfortable, the hot water will be more reliable, the heating will be better. There needs to be that little bit more, than just you will save £10'
Surveyor

'I would say the opposite, it is all about money to the consumer'
Estate Agent (Sales)

'The existing version doesn't consume or pull you in, in any way. But this one is immediately starting to look at figures'
Solicitor

3.4 Reactions to Green Deal

Property professional participants, in much the same way as consumers, had a mixed reaction to the Green Deal concept that ultimately tended towards the negative. While there was initially some acknowledgement of the reduction in upfront costs, the focus quickly turned to both the practicalities of the scheme and the conceptualisation of Green Deal as a form of debt that needs to be settled at the point of sale.

'Who subsidises these trusted advisers?'

Estate Agent (Lettings)

'I'd be concerned about the paper trail, and how when someone comes to sell their house, the person who made the improvements doesn't have the paper work to back up whether it is guaranteed'

Estate Agent (Sales)

'When someone moves the Green Deal should be paid off'

Solicitor

A number of alternative suggestions were also discussed in the group, most notably reductions in council tax for those who undertake Green Deal-type works, as well as simply mandating energy efficiency to sellers and buyers (which was slightly at odds with their own resentment at the mandating of HIPs).

'Sellers should be made to make basic changes such as putting in loft insulation and you should make buyers have to act to a certain standard within a time period'

Estate Agent (Sales)

'Council tax is horrendously expensive; I therefore think it is something in people's psyche that can be tapped into. If people can see their council tax come down because of it, it might be something they choose'

Mortgage Adviser

Conclusions and recommendations

Energy efficiency currently plays – at best – a weak role in consumers' decision making processes in the home buying process. While consumers are concerned by their energy bills, and the A-G energy efficiency rating is understood and used in the purchase of White Goods, concern about running costs has not yet affected the purchase or rental of properties.

Why does this matter? Firstly, energy efficiency is the best way for a consumer to protect themselves from rising energy prices. Secondly, if the property market does not place a positive value on energy efficiency, there is a real risk that this will hinder take-up of the Green Deal. Consumers will continue to prioritise other spend, and be put off a deal that places a charge on the property that could deter potential buyers or tenants.

There are a number of potential drivers to the value that the property market places on energy efficiency:

- Regulation, such as the proposal to ban the renting out of homes rated EPC F or G
- Fiscal incentives, such as a link to differential taxes
- Clear communication of running costs

However, to vary the price on the basis of energy efficiency, the market must be able to place a value on it. The EPC should be able to do this, as a standalone document and in its use by property professionals, but at the moment it has little impact on consumer decisions.

In our review of consumer confidence in green claims, *Green Expectations*, Consumer Focus concluded that companies must follow the 3Cs of Clarity, Credibility and Comparability. As the EPC forms the principle channel for green (or not-so-green) property claims, we use these principles here to test how the EPC performs and make recommendations for its improvement.

Clarity

'Consumers are looking for, as a minimum, claims that are clear and easy to understand. There is demand for information on green issues that is direct and to the point. Ambiguous and overly technical terms are not widely understood or liked by consumers' ¹⁴

Recognition and general awareness of the EPC among home owners appears relatively high, but there is less evidence of a detailed understanding of the document, nor significant actions taken in response to it. Instead, the EPC was characterised as a reference document, rather than for something to be acted upon. Among renters, general awareness is lower and far fewer recall being presented with it when they moved into their current home.

Reactions to the EPC as it stands are largely negative, because of four main reasons:

- The length of the document
- The language
- The overall 'look and feel'
- For some, scepticism about the underpinning method

Three of these four barriers to confidence result from the format of the document. While formatting changes may appear obvious or relatively trivial in relation to the content, our judgement is that these changes had the most significant impact on participants' initial reaction to the EPC and the likelihood of them subsequently engaging with the content.

¹⁴ Consumer Focus (2009) *Green Expectations*, <http://consumerfocus.org.uk/g/4n7>

Recommendations for a clearer EPC

- Substantially shorten the document, preferably to a maximum of four pages
 - For example, remove the 'what can I do today?' section since, for an increasing number of consumers, it is superfluous
- Reduce the overall amount of text
 - Use links to the Green Deal advice service, which should incorporate the EPC online tool, to provide additional information
- Money talks
 - Prominent costs and savings information, alongside the EER graph, should be the headline feature of the document. Five year savings and costs are more eye-catching and therefore arguably perform a better immediate draw to the document
 - Kilowatt hours and CO₂ emissions generally mean nothing to consumers and can deter them from reading on. The financial value of costs and savings is much more likely to grab their attention, particularly if it is not crowded by other data. Information on CO₂ emissions could be available via the online EPC tool, but should be removed from the EPC. Information on kWh should be limited, and is most likely to be useful if given as a basis for the calculation of energy costs
 - Packaging measures in the recommendations section helps consumers understand how the costs and benefits of measures stack up. It could also inform consumers of any minimum energy efficiency requirements for uptake of renewable incentives, and clarify what savings result from which packages of measures
 - Consumers are deterred by the upfront costs of renewable energy generation. The value of financial incentives should be included so consumers can see the full value of such systems
- Help consumers use the document: tell them how they can use the document, but then help them read it through engaging use of plain language, colour, iconography and layout
 - The use of the house graphic helped grab readers' attention, but could undermine the credibility of the document if it leads them to dismiss it as 'not about my house'

Credibility

'Consumers want realistic, accessible and verifiable claims. They deploy a series of perceptual filters to make rapid judgements, based on intuitive and in-built rules of thumb'¹⁵

We learnt that consumers are sceptical about the method underpinning the EPC. The challenge is that explanatory text in the current EPC drowns out the key messages, and so the right balance must be found between:

- technical information that 'shows the working' and
- the financial headlines that will influence consumer decision-making

We know that consumers dislike small text, asterisks and footnotes, but they will also question claims that are not verifiable. With such a broad range of understanding of and views on energy efficiency among the British population, the challenge is to present the right balance of information.

The following elements of the EPC assist its credibility:

- 1 The A-G ratings imply there is some form of independent verification
- 2 The EER A-G rating has the right 'fit' as consumers are used to using it when purchasing White Goods
- 3 Green Deal badge suggests assurance of that product

But these are undermined by the following:

- 1 Neither the EER or EIR have as big an impact as they do in the context of White Goods
- 2 It is not clear what the EER or EIR are based on
- 3 The EIR is largely ignored since it is assumed to be very similar to the EER and less relevant to them personally
- 4 The EIR potentially distracts from the EER
- 5 The EER suffers in the context of home purchases and renting because consumers cannot readily translate a specific rating into a monetary saving or loss
- 6 Lack of reference to the household energy bill

The removal of the EIR may be challenged by manufacturers of higher cost but lower carbon technologies, but presenting two charts is not a consumer-focused solution.

The value of EPCs could also be undermined by the influence of third parties. Friends and family are particularly influential, but we took a particular look at the role of estate agents and other property professionals. Our conclusions are only built on a single focus group, and further research would be welcome as this group is vital in giving the EPC credibility.

¹⁵ Consumer Focus (2009) Green Expectations, <http://consumerfocus.org.uk/g/4n7>

Too often we hear that consumers do not get EPCs or are told to file it, as it is simply a bureaucratic exercise. However, regulating for the presentation of the EPC by property professionals is challenging:

- Estate agents are not acting on behalf of the buyer or prospective tenant, why would they encourage a closer examination of the EPC?
- If professionals find the EPC as difficult to navigate as consumers, how can they explain something they do not understand?
- There is a hangover from HIPs that means resistance to centrally-required information, despite their potential benefit to consumers
- Consumers clearly place a value on well-presented information, but will estate agents print in colour, let alone to the same quality as their other marketing materials?

It seems that the answer starts with the training of property professionals to ensure they can use the EPC to:

- explain why a higher EPC rating is beneficial to a prospective buyer or tenant
- explain the potential benefits from upgrading a property both to a seller and to prospective buyers or tenants
- signpost consumers to independent advice services

However, they would only be interested in this if it helped them sell the property or earn income through referrals. We are not keen on the latter, but the introduction of regulation of the private rental sector on the basis of EPCs should provide one prompt for informing the buyer about the benefits of higher EPC ratings.

Furthermore the property market has shifted online over the past decade, and this offers the opportunity to ensure the consumer sees EPCs without external influence. In particular, we want consumers to be able to see EPC ratings in any search results (not after multiple clicks) and access the EPC online tool from property search engines.

Credibility is also reliant on the accuracy of the document and property professionals raised concerns about this. There is no value attributed to the EPC in the property market, which means a downward pressure on their costs. In turn this may affect the accuracy of assessments.

Accuracy also requires continuous improvement to the assessment method and DEA knowledge as new products emerge and understanding of building energy performance develops. In a changing landscape, we are concerned that the Government intends EPCs to be valid for 10 years. This means that consumers could be given inaccurate information.

Table 4 Potential inaccuracies arising from 10 year validity period for EPCs

Element	Impact
Current energy performance	Under new Government proposals for the private rental sector, this could affect property-owners' ability to rent out the property in future if a later EPC rates the property as a Band F due to developments in understanding about energy performance.
Recommended measures	The Green Deal should kickstart innovation and efficiencies in the energy efficiency supply chain. This will affect the type and affordability of measures. Changing fuel prices will also affect the predicted savings from measures. It is inappropriate to present consumers with ten year old information in a changing marketplace
Presence of a Green Deal charge and the amount payable	A previous owner may have paid off the Green Deal charge early, or the interest rate may have changed and affected the monthly amount payable. The Green Deal charge disclosure may affect the value of the property so must be accurate, for the benefit of both the seller and buyer, or for prospective tenants.

Recommendations for a more credible EPC

- Retain the EER but remove the EIR from the hardcopy EPC
- Include the estimated impact on energy bills to make it relevant
- Keep caveats short but signpost where consumers can get more information, preferably through an independent Green Deal advice service so links can be made to related energy efficiency services
- Ensure EPCs are accurate through improved training and checks. When judging claims, consumers draw on their own experiences and if they know the EPC for the house they are selling is of poor quality, they will have no confidence in one presented to them for their next potential home
- Provide training for estate agents on why the EPC matters in the housing market, including potential future regulation in the rental sector, their responsibility for presenting information, and communicating the Green Deal
- Link the EPC to a one-stop shop for Green Deal advice services to help consumers whether they want to complain about the quality of their EPC, or want to enquire about taking up recommendations
- Prospective buyers and tenants must be given accurate information, and the planned validity period of ten years does not work in a changing market

Comparability

*'Consumers want simple, meaningful and like-for-like comparisons. The sheer amount of information may drown out the ability of consumers to make like-for-like comparisons and ceases to provide them with any useful means of differentiation'*¹⁶

Consumer Focus had hoped to identify what elements of an EPC could empower prospective buyers or tenants in the property market, as comparability should aid choice and negotiation. However, it seems the ability to compare the energy performance of properties could have a greater impact on sellers and landlords.

We know from our survey earlier in the year that energy efficiency is a factor only in around 14 per cent of domestic property transactions, and that location, cost and the size of a property are the key factors in decision-making. This was borne out in our focus groups but another trend emerged: once consumers saw themselves as sellers (or perhaps landlords), they appeared to place much more weight on the ability to compare. And so when faced with looking at an A-G rating on a property advert, a seller could value the risk much more highly than the buyer/tenant would value the benefit. After all, people only fall in love with homes after visiting them. If buyers/tenants decide only to visit homes above a certain EPC rating (perhaps encouraged by the Government's proposal to ban the rental of EPC F and G homes), then those sellers who have not installed basic energy efficiency measures could miss out.

Recommendations for a more comparable EPC

- Relative and absolute comparisons are needed, and can be provided through the use of the EER A-G rating alongside headline financial figures on the overall energy bill (for standard occupation) and potential savings
- Consumers won't compare meaningless information and all groups struggled with the use of CO₂ and kWh measures. As above, money talks
- Use recognised iconography and visuals
 - Retain star ratings over smiley faces or traffic light indicators, but adapt the presentation of the stars – most notably to always include five empty stars (ie to demonstrate the scale and range), which are then 'filled' according to the rating
 - Retain the A-G rating as this is a recognised tool for comparison in the White Goods market, and appears to have consumers' confidence

¹⁶ Consumer Focus (2009) Green Expectations, <http://consumerfocus.org.uk/g/4n7>

Green Deal

While not the main focus of this research, we tested Green Deal messaging in the context of the EPC. There are two ways in which the Green Deal may appear on the EPC from 2012:

- to signpost the presence of a Green Deal charge (although the detail will have to be provided in a separate consumer credit agreement)
- to provide the consumer with information on how the Green Deal can help them take up energy efficiency recommendations

The consumer and property professionals' response to the disclosure of the charge is the most challenging finding for policy-makers. In general, these groups would expect the charge to be cleared as part of the sale negotiations, and they said it may affect their choice of property. This suggests that owner-occupiers could be better off taking advantage of the Green Deal's 'professionalisation' of the energy efficiency sector, but paying through a mortgage rather than taking up Green Deal finance.

Our concern is that owner-occupiers will discover this the hard way, and it will be the early adopters that test the market on the Government's behalf. Our owner-occupier groups had an initially positive response to the concept, before concluding they would be taking on an unwanted debt. This makes it even more important that estate agents are able to 'sell' the value of energy efficiency, so that consumers know they are not putting their investment at risk, but also the Government must ensure that sellers in this position are not hit with punitive penalties for paying off a Green Deal early.

In the rental sector, landlords will be concerned about the impact of the Green Deal charge on their ability to rent out a property. Of course this depends on many other factors, but again, landlords will need property agents to be able to help tenants understand the balance of costs. This should be easier if they are able to easily compare EPCs for a Green Deal home with a similar one without the Green Deal.

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