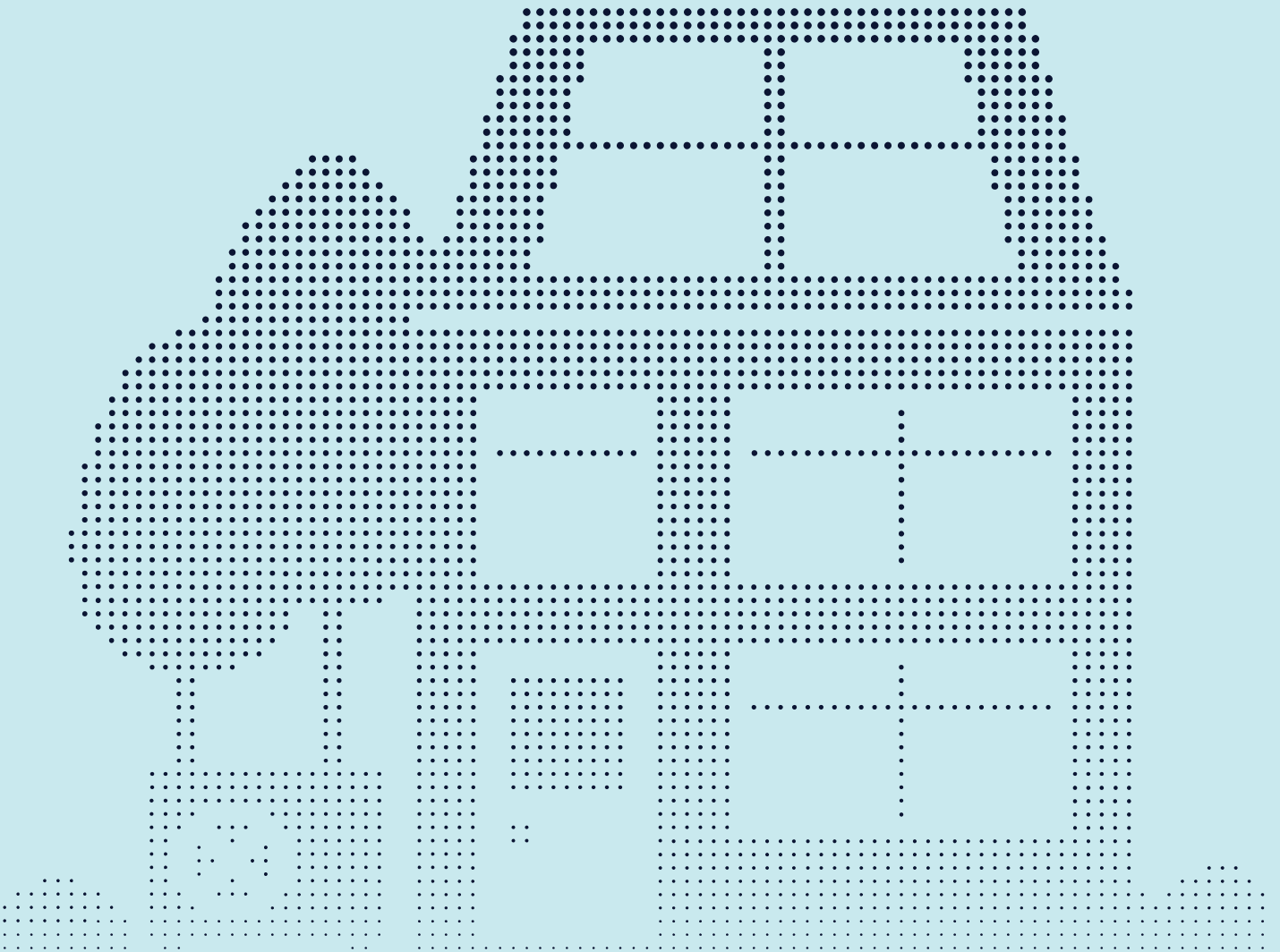


# RAMPING UP RETROFIT: WHAT ARE HOMEOWNERS WILLING TO PAY?





# Ramping up retrofit: what are homeowners willing to pay?

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## **About The MCS Foundation**

Our vision is to make every UK home carbon-free.

The MCS Foundation helps drive positive change to decarbonise homes heat and energy through our work programmes, grants and advocacy.

We support engagement programmes, fund research and facilitate innovative solutions to drive widespread adoption of renewables to help achieve a Net Zero future. In addition, the Foundation oversees the [Microgeneration Certification Scheme \(MCS\)](#) which defines, maintains and improves quality standards for renewable energy at buildings scale.

**Designed by:** Jimmy Davies, [JimmyDavies.com](http://JimmyDavies.com)

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# Foreword



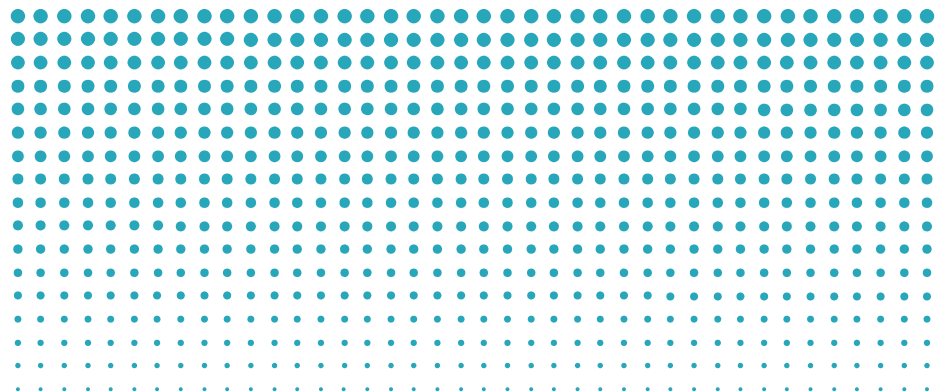
**Alastair Mumford**  
Programme Director  
MCS Foundation

Retrofitting our homes is one of the biggest challenges we face in reaching net zero. The technology and solutions to get millions of homes off fossil fuels and retrofit them to be comfortable, healthy and zero-carbon is available. But retrofitting is about more than technology – it is about people and their attitudes, aspirations, and abilities – and of course, it is fundamentally about what our homes mean to us.

There is a growing body of research on the technical aspects of getting our homes to zero carbon, and growing evidence of some homeowners' willingness to pay for energy efficiency measures. However, there is a gap in the research on homeowners' willingness to pay for retrofit advice services. This report, based on a YouGov survey of more than 2,500 UK homeowners, is a start towards answering some of these questions. It is designed to inform policymakers, local authorities, environmental NGOs, and other stakeholders as they consider how to scale up retrofitting across the population, taking into account homeowners' attitudes and willingness to pay.

We hope this report will provoke further research into the scope and scale of the market for retrofit advice services in the UK. It will also add to understanding of how homeowners perceive "retrofit" – whether as a coordinated project to decarbonise their home, or as a series of one-off measures.

Addressing the 17% of UK carbon emissions that come from our homes must be a national priority. While this report shows a promising degree of interest in retrofit among UK homeowners, it is nowhere near enough on its own to reach our net zero goals. As a first step, we would urge the government to introduce a national public awareness campaign on the benefits of retrofitting homes, one that is much broader in reach and easier to find than current public awareness efforts. Retrofitting the UK's homes will need public engagement – and we hope this report provokes wider and more effective engagement with homeowners. Doing so would be a welcome first step in helping to ramp up retrofit in the UK.



# Executive summary

Energy efficiency measures and low-carbon heating technologies are not being installed into UK homes at the pace and scale needed to meet important net zero targets. Research to date has suggested that a lack of support for homeowners can be a major barrier to retrofit, contributing to this slow progress.

Currently, we do not have a free national support and advice service in England and Wales, such as Home Energy Scotland. However, in recent years there has been a rise in the number of private companies offering homeowners retrofit support for a fee. These are commonly known as 'paid one-stop-shops'.

## Common services provided by one-stop shops

1.

### Retrofit assessments

A qualified individual or company provides a costed retrofit plan based on an assessment of the home and taking a step-by-step approach to spread the financial cost as much as possible.

The plan sets out how to achieve the desired benefits - ranging from reducing carbon emissions to improving living conditions - with the least disruption and most financial gain.

2.

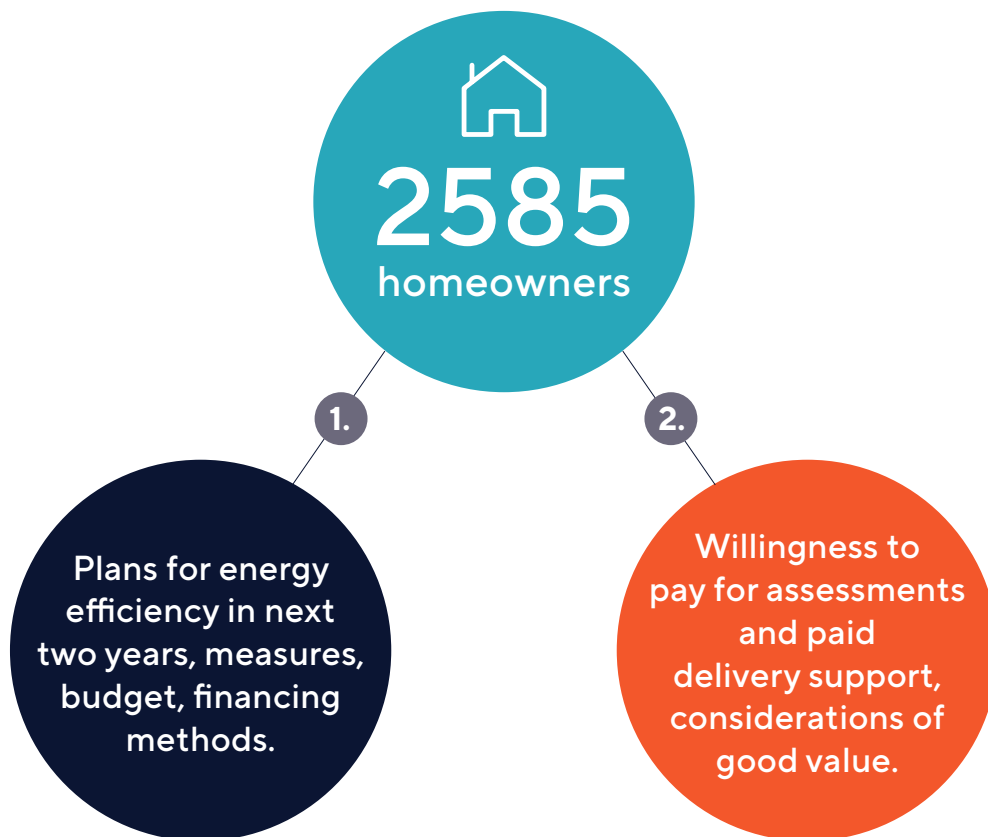
### Retrofit support services

A qualified individual or company provides:

- assistance in contracting a business from a pre-approved list of suppliers;
- help with technical plans for improvement measures;
- monitoring of work progress;
- assurance that contractor guarantees and product warranties are in place before final payment is made.

Paid-for service organisations could help to build resilience in the sector. However, to date there has been limited research on the scalability and national demand for these private models to drive widespread retrofitting.

This report presents key insights from a YouGov survey commissioned by the MCS Foundation to help understand the current demand for these types of services and the potential scalability. The survey, conducted across a UK representative sample of 2,585 homeowners, was two-fold. The first part focused on assessing homeowners' plans for energy efficiency improvements in the next two years, the measures they were planning to carry out, their budget allocation, and preferred financing methods. The second part explored respondents' willingness to pay for home retrofit assessments and paid delivery support services, as well as the cost they consider to be good value.



## Key findings:

1.

# 43%

of homeowners are planning to carry out energy efficiency improvements to their home

# 36%

in the next two years

The most commonly cited reason for homeowners not carrying out projects was that they had already made all the necessary improvements to their home.

2.

## Using finance to pay for upgrades was not popular

with only 16% intending to use secured or unsecured loans to pay for the upgrades. The majority (81%) of homeowners are planning to use personal savings to pay for the measures. Additionally, for those who are not installing measures in the near future, two commonly cited reasons were that they were either unwilling or unable to take on more finance to pay for the measures.

# 81%

of homeowners are planning to use personal savings to pay for the measures.

# 16%

intending to use secured or unsecured loans

3.

# 36%

were willing to pay for retrofit support services

The price at which respondents felt that it would be **'great value'** peaked at **£101-200 with 18% of respondents.**

Only 2.49% of those willing to pay for retrofit support services considered anything over £1,001 as 'good value.'

and a cumulative total of 85% with the remainder answering 'don't know' consider anything up to and over £1,001 to be expensive.



4.

### Almost half were willing to pay for a retrofit assessment

Of the homeowners planning to undertake energy efficiency home improvements in the next two years, almost half were willing to pay for a retrofit assessment (46%).

**The price at which respondents felt that it would be 'good value' peaked at £101-200** with 22% of respondents, with a total of 47% considering prices bands up to £300 as 'great value'.

5.

### Most are planning to install cheaper measures

such as loft insulation and new radiators, with the total budget remaining low for the majority of homeowners.

Over half are intending to spend between £0-£5,000, and only 1 in 10 are budgeting more than £10,000 for the project. This could imply that most homeowners do not see 'retrofit' as a project, but instead energy efficiency improvements as a series of one-off measures.

Over half are intending to spend between £0-£5,000

Only 1 in 10 are budgeting more than £10,000



#### Is there national demand for private one-stop-shops?

These results extrapolated across the country suggest that 19% of homeowners may be willing to pay for a retrofit assessment and 15% for retrofit support services. This is a significant proportion of homeowners from which to build national demand for paid retrofit services. However, the replicability and scalability of this type of model could be limited by the amount of money households are willing to pay for these services, especially retrofit support services.

Only a very small proportion of the willing to pay households (2.4%) considered anything over £1001 to be good value for retrofit support services. As paid one-stop-shop models are often operating in a subsidy-free environment in which they must be financially self-sustaining, the service charge is likely to need to be more than £101-200 and could be more than £1001 in some cases. What this research has importantly uncovered are some gaps in knowledge that should be addressed with further research, including consumer perceptions of 'retrofit' as a project, rather than a series of one-off measures, as well as homeowners' perception of different finance models. These are important questions in need of answering to turn the 29 million existing homes across the UK into homes that are fit for the future.



Based on the research findings, we make the following key recommendations:

**1. More detailed work needs to be done regarding homeowners' willingness to pay for retrofit advice and support services.**

The findings presented here indicate that there is a potential market, but a better understanding of its scope and scale is needed if we are to have a better understanding of the ability of one-stop models to scale both nationally and within the area in which they operate, or if they are likely to require some form of subsidy-scheme to remain viable. This work should include a detailed assessment of the perceived benefits of assessment and support services from those who have paid for services to inform future engagement strategies.

**2. Further research should be undertaken to explore homeowners' attitudes towards finance for energy efficiency measures or 'whole house retrofit'.**

Around one in six (16%) of those planning works were considering finance to pay for it, there is a potential base demand for lenders and service providers to tap into with innovative financial products. While some work is already being undertaken in this space such as through the Green Home Finance Accelerator,<sup>1</sup> we would argue that there is much greater scope for innovation across the sector than is currently present.

**3. A larger piece of work is required to understand consumer perceptions of 'retrofit' as a project, rather than a series of one-off measures.**

The research presented here reinforces earlier findings that homeowners do not see 'retrofit' as a project, but instead energy efficiency improvements as a series of one-off (or multiple, lower cost) measures designed to increase comfort and energy efficiency. How, if at all, can that perception be shifted?

**4. Further research should be conducted on the wider perceptions of the benefits of energy efficiency improvements to the home.**

Research is needed into what messaging particularly resonates both with those who are planning to make improvements, but equally importantly with those who are not currently planning improvements but, based on their EPC ratings, could do so.

**5. Government should introduce a national, public awareness-raising campaign on the benefits of making energy efficiency and low carbon heating improvements to the home, along with providing greater promotion to support the transition to low-carbon heating.**

At present promotion is narrow, difficult to find, and poorly targeted. Decision-making is a complicated process that relies on trusted messengers providing consistent messaging of the need for action. When it comes to retrofitting our homes and transitioning to low-carbon heating, Government has a crucial and currently under-developed role to play here.

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# Introduction

**29 million**

existing homes across the UK are not fit for the future

**2019**

The 2019 Climate Change Committee report 'UK Housing: Fit for the future?'<sup>1</sup> stated that the 29 million existing homes across the UK are not fit for the future, and that they:

'must be made low-carbon, low-energy and resilient to a changing climate. This is a UK infrastructure priority and should be supported as such by HM Treasury.'

**7x**

The current rate of retrofitting needs to increase by 7 times if we are to meet our net zero targets.

The UK has some of the least energy efficient housing in Europe,<sup>2</sup> and progress in insulating homes and installing renewables is not happening at the pace and scale necessary. The current rate of retrofitting needs to increase by around 7 times if we are to meet our net zero targets. This figure itself masks a disparity in the rates required between the devolved nations.

For example, in England the rate needs to increase by a factor of 9, compared to a factor of 2.5 in Scotland.<sup>2</sup>

To get all UK housing stock to EPC C or better by 2035, we need to retrofit:

**2.5x**

In Scotland

**9x**

In England

Number of dwellings:

**Over 1 million a year**

**Over 19,000 a week**

**2,740 a day**

**1.9 a minute**

**EPC C  
or better  
by 2035**

But why is progress so slow, and more importantly, what steps can we take to increase the rate at which we are retrofitting UK housing?

The MCS Foundation recently commissioned YouGov to conduct a survey on our behalf to gain insights into some of these points by exploring homeowners' intention to carry out retrofit works in the next two years, as well as their willingness to pay for retrofit assessments and support services.

Retrofit is the process of upgrading our existing homes to make them more energy efficient. This usually involves improving the fabric of the house through installing insulation, upgrading building services and introducing renewable energy and heat sources, such as solar panels and heat pumps.

In 2023, surveys by Which<sup>3</sup> and Citizens Advice<sup>4</sup> evidenced a lack of support for homeowners as a prevalent barrier to home energy efficiency improvements. This was echoed in a report commissioned by the MCS Foundation which called on the government to 'support and enable homeowners to make appropriate energy improvements to their homes'.<sup>5</sup>

Currently, there is not a free government funded national retrofit advice service in England and Wales that mirrors Home Energy Scotland in Scotland,<sup>6</sup> and FranceRenov in France.<sup>7</sup>

However, there are some private retrofit service providers in the UK, often referred to as paid one-stop-shops. These include some locally based service providers, including RetrofitWorks and Cosy Homes Oxfordshire, as well as some national service providers such as Furbnow. Paid one-stop-shops models operate by households paying for retrofit assessment and support services.

A privately funded sector could help to reduce the impact of these peaks and troughs.

A retrofit assessment is when a qualified individual or company provides a costed retrofit plan based on an assessment of the home and taking a step-by-step approach to spread the financial cost as much as possible. The plan would set out how to achieve the desired benefits - ranging from reducing carbon emissions to improving living conditions - with the least disruption and most financial gain. Retrofit support services involve a qualified individual or company providing assistance in contracting a business from a pre-approved list of suppliers, helping with technical plans for improvement measures, monitoring work progress, and ensuring contractor guarantees and product warranties are in place before final payment is made.

Paid-for service organisations could help to build resilience in the sector. Historically, public funding into improving homes has followed a boom-and-bust cycle, with the introduction of a new short-term government scheme seeing new people being recruited to deliver works which cannot be sustained beyond the end of the scheme. This lack of continuity and long-term certainty has a detrimental effect on the sustainable growth of the retrofit supply chain.<sup>8</sup>

In a country without long-term funding schemes for owner-occupiers, a privately funded sector could help to reduce the impact of these peaks and troughs.

These organisations may also build local resilience by being embedded within their communities, as exemplified by People Powered Retrofit in Manchester and Retrofit Works in Oxfordshire. Research by the Institute of Public Affairs indicates real value in local, placed-based strategies.<sup>9</sup>

However, up to now there has been limited research to understand the national demand of these types of models to determine whether or not they are scalable, and could help drive mass-scale retrofit. One of the few examples of this type of research was a national survey of over 5,000 adults<sup>10</sup> conducted by Nesta which asked UK households questions to determine:

1. What are the main barriers to adoption of energy efficiency measures and green heating, and what is their relative importance?
2. What might incentivise the adoption of energy efficiency and green heating? Which incentives are most likely to drive change?

Whilst the report found that 47% of respondents were open to considering energy efficiency measures in the future, it did not provide detail on the types of measures, the timescales of these potential interventions, nor consumers' willingness to pay for retrofit support services.



In one of the only large-scale surveys to address some of these points in more detail, Citizens Advice<sup>11</sup> commissioned YouGov to understand consumer views on the topic of energy efficiency, affordability, and home improvements.

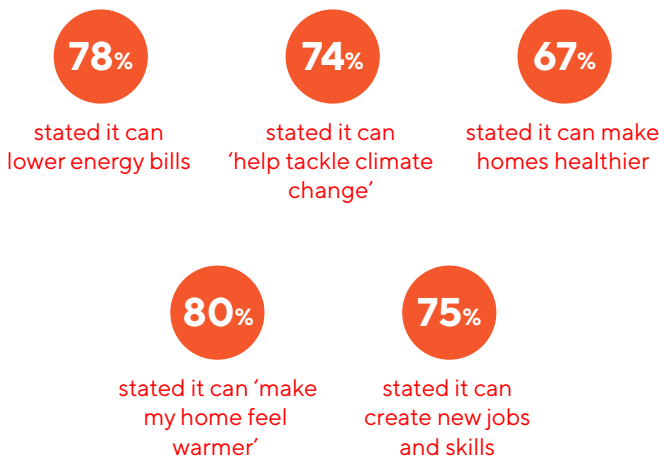
An online survey of 12,102 respondents covered consumer interest in, and affordability of, heat pumps and some of the most common energy efficiency measures such as loft, cavity wall, solid wall, floor insulation, and double or triple glazing.

#### Key findings of the research were:

- Across all measures explored, an average 2 in 5 homeowners were interested in installing them.
- The report suggests that a barrier to home efficiency improvements was in part the lack of personalised advice.
- Over 1 in 3 homeowners cited concerns related to suitability or effectiveness when asked why they weren't interested in retrofit measures.
- For those who were interested, only a minority could afford measures without borrowing.
- Findings suggest that while 1 in 2 homeowners could afford cheaper retrofit measures, this falls to only 16% for heat pumps.
- For homeowners unable to afford upfront costs, borrowing was not seen as an attractive option. Fewer than 1 in 5 homeowners were willing to borrow either through a mortgage or unsecured loan to fund improvements.
- Almost 2 in 5 homeowners surveyed were more willing to pay for energy efficiency measures when they understood the potential financial benefits of an energy efficient home.

In another YouGov poll, this time conducted on behalf of the Greater London Authority, over 1,100 Londoners<sup>12</sup> were asked a series of questions related to retrofit.

Seventy-one percent of respondents had either never heard the term retrofit, or if they had, knew nothing about it. More encouragingly, of those who had (n=321), the benefits of retrofit seemed clear:



However; there were also some negative associations:



When the full cohort of participants was presented with a list of possible benefits of retrofitting, the top five factors that were more likely to encourage people to retrofit their home were: 'cheaper energy bills' (77%), 'more even temperatures all year round in your home' (65%), 'improved air quality' (63%), 'Reduced risk of illness caused by living in a poor-quality environment (e.g. asthma, colds)' (62%) and 'Improved energy performance rating for your home if you sell it or rent it' (59%).

67% of respondents said it would be useful if the GLA published information on where to go to for advice on retrofitting homes, 64% on the environmental benefits of retrofitting your home, and 69% on the extent to which different retrofitting measures could make their home more energy efficient and the impact on their energy bill.

The Nesta, Citizens Advice and GLA research are useful additions to the emerging body of work on public attitudes towards retrofit. However, none of the research asks if respondents are planning to do any work on their homes in the near future. Instead, it focusses on their attitudes towards the potential positives and negatives of doing so, and does not ask their willingness to pay for the types of retrofit services many one-stop shop models provide.

There has been some research into people's attitudes towards retrofit services. However, this has tended to be small-scale, location based, and, in a number of cases, based on the responses of people directly engaged with a one-stop shop model or some other form of 'green living initiative' already. For example, research from the Centre for Sustainable Energy (CSE) aimed "to understand the motivations and needs of a group of Bristol Able to Pay (ATP) retrofit consumers that applied for a Bristol City Council Bright Green Homes scheme grant in March 2021."<sup>13</sup>

The report showed that of 77 respondents, 87% had a high interest in retrofit support or advice. However, "only 6% of those surveyed reported having a home retrofit plan done to inform their home improvements." Research by People Powered Retrofit on "Exploring Consumer Needs for Retrofit Lending"<sup>14</sup> found that:

"Credit Union members have a keen interest in energy efficiency. 90% felt that energy efficiency is important to them in some way, and 59% had completed some retrofit or energy efficiency measures on their homes already."

Furthermore, the report also noted that "Credit Unions are in a strong position to provide finance for retrofit, as they're perceived by members and non-members alike as trusted community organisations." However, the sample size of twenty-nine Credit Union members makes robust conclusions difficult to draw.

What the small but emerging body of research shows, such as that of the CSE and People Powered Retrofit, is that locally delivered one-stop shop models can have an impact with certain groups of residents. This is generally either characterised in the research as ‘early adopters’ of technology, or people already involved in some form of green living initiative.

What the findings also suggest is that these households do not approach retrofit as a ‘project’, and that the term ‘retrofit’ itself is not well understood. Instead, most of these households install a series of single measures such as solar PV, and the costs associated with a full retrofit can be a barrier to engagement.

Furthermore, given the small-scale and localised nature of this research, any conclusions on the wider replicability or scalability of the one-stop shop model approach must be made with caution. The evidence does suggest that there is a group of people who would be willing to engage with the model, but whether that can expand and accelerate beyond the groups identified to unlock ‘mass-scale retrofit’ remains unknown.

The survey results presented in this report build on existing research by including questions focussing on respondents’ willingness to pay for a home retrofit assessment and retrofit delivery support services.

Conducted across a UK representative sample of 2,585 homeowners, the survey first looked at whether homeowners are planning to make energy efficiency improvements to their home in the next two-years, including what measures, the budget and how they are planning to finance them.

The second section focused on respondents’ willingness to pay for retrofit services, including a price sensitivity analysis around the cost of both the home retrofit assessment and project delivery support.

### Key findings of the report are:

- 43% of respondents are planning to carry out energy efficiency improvements to their homes, 36% in the next two years.
- 53% of homeowners who are planning to undertake measures are aiming to spend between £0-£5,000 and only 11% are planning to spend more than £10,001. This suggests that the majority are planning to carry out either single or less expensive measures, as opposed to a whole house retrofit (several measures, including low-carbon heating).
- The most popular measures that households are planning to install are loft insulation (22%), new radiators (22%), new double-glazed windows (22%), followed closely by solar panels (20%) and draughtproofing windows and doors (19%).
- 10% of respondents plan to install a heat pump, whilst 14% are planning to install a new oil or gas boiler.
- The reason stated by most for carrying out these energy efficiency measures was to reduce energy bills (64%), but this was closely followed by respondents wanting to make the home more comfortable (60%). Environmental benefits were only listed as a motivation by 26% of those planning to undertake energy efficiency improvements.
- Of the homeowners planning to undertake energy efficiency home improvements in the next two years, almost half were willing to pay for a retrofit assessment (46%).
- Of those willing to pay for an assessment, the price at which respondents felt that it would be ‘good value’ peaked at £101-200 with 22% of respondents, with a total of 47% considering prices bands up to £300 as ‘great value’.
- 36% were willing to pay for retrofit support services.
- Of those willing to pay for retrofit support services, the price at which respondents felt that it would be ‘great value’ peaked at £101-200 with 18% of respondents.
- Only 2.49% of those willing to pay for retrofit support services considered anything over £1,001 as ‘good value’.
- A cumulative total of 85% - with the remainder answering ‘don’t know’ consider anything up to and over £1,001 to be expensive.

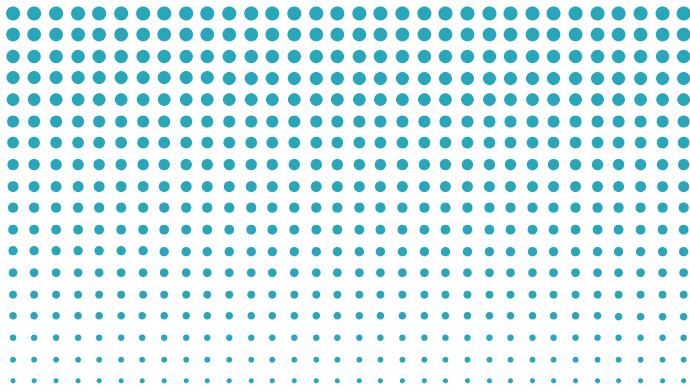




# Planning for energy efficiency improvements

1.

36% of respondents are planning on carrying out energy efficiency improvements to their home in the next 2 years



**30%**

who don't feel they need to do anything to their home and/or have already carried out all improvements they wish to.

36% of respondents to the YouGov survey are planning to carry out energy efficiency improvements to their homes in the next two years.

This mirrors the Citizen's Advice research, which found that 2 in 5 respondents were interested in carrying out similar measures.<sup>15</sup>

The main reason noted by 30% of respondents who were not planning to do any work on their home in the next two years was that they did not feel they needed to make any additional improvements to the property and/or that they had already carried out all the improvements they wished to make to the property.

From an energy efficiency perspective, this is perhaps understandable given that 36% of owner-occupier homes in 2019 had an EPC rating between A-C.<sup>16</sup> However, this is concerning from a heat decarbonisation perspective as there are only around 370,000 heat pumps installed in the UK,<sup>17</sup> which makes up only 1.3% of households.

The Nesta survey investigated in greater detail consumers' perception of gas and electric heating and found that:<sup>18</sup> "Consumers were most likely to associate gas with being easy to use (56%), convenient (54%) and reliable (50%), ranking higher than electricity on each of these attributes."

This is perhaps not surprising given the majority of UK households are more familiar with gas central heating and may well have nothing to compare it against – a case of you only know what you know. However, as heating contributes 17% of the UK's carbon emissions,<sup>19</sup> transitioning households away from fossil fuels will be essential to the UK meeting its net zero targets.

Given that more respondents to this survey were planning to install a new boiler (14%) than a heat pump (10%), more public engagement will be needed in the next decade to emphasise the benefits of transitioning away from fossil fuel to low-carbon heating options. In addition, the findings imply a need to better understand households' perceptions of the energy transition, and how it applies to their heating system.

Other prevalent reasons were that respondents were either unwilling (23%) or unable to afford (22%) additional borrowing to finance the improvements. This result implies that standard secured and unsecured loans, and innovative green finance packages could have a limited impact in supporting certain households to make improvements—regardless of their interest in doing so. This seems particularly important in light of the recent rises in interest rates from historically low-levels close to 0% to the now more common 6%. This points to the need to implement alternative support mechanisms, including improved Government subsidies for 'able-to-pay' households, some of whom may not be eligible for current grants, and yet still unable to afford energy efficiency improvements.

Moreover, the introduction of new business models could appeal to some homeowners who are unwilling to take on traditional secure and unsecured loans.

These innovative business models include 'heat as a service',<sup>20</sup> and 'energy as a service' whereby energy companies or manufacturers pay the upfront costs for a low-carbon technology in exchange for households signing up to a long-term contract. In a 'heat as a service' type model consumers can pay for a certain level of comfort, instead of per kWh.<sup>21</sup> There is also a subscription-type model, just launched in the UK<sup>22</sup>, whereby customers pay a monthly subscription to have a heat pump installed with no upfront costs.<sup>23</sup> However, there is some doubt as to how successful these types of models would be, especially those provided by energy companies. For example, a 2023 YouGov survey found that only 9% of respondents had a favourable opinion of energy providers.<sup>24</sup> This suggests a challenge in energy providers also acting as providers of energy-efficiency services. Given the relative infancy of such models in the UK, further research should be undertaken to explore

households' willingness to participate in these types of schemes as a potential alternative to using traditional types of finance.

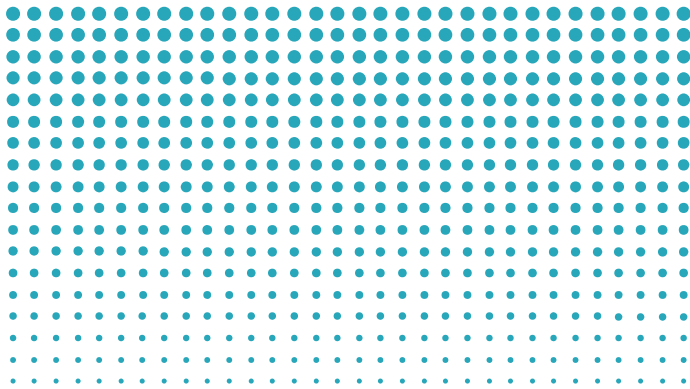
Of the remainder, seven percent of respondents stated 'Other' reasons for not carrying out energy efficiency measures to their home. One recurring reason being that homeowners were planning to move house in the next two years so were unwilling to carry out the works. For example, one respondent explained, "We are looking to move house so do not want to undertake any more improvements with regard to energy savings."

Also known as the "payback period barrier", this moving inertia has already been identified as a barrier to retrofit. This is when homeowners are discouraged from carrying out retrofit works as the energy bill savings will not be enough to make it financially worthwhile. In other words the payback period is too long.<sup>25</sup>

As a potential counter to this issue, a new finance model called Property Linked Finance (PLF) is being developed and tested by the Green Finance Institute. PLF is where the upfront costs for renewables would be covered in full and paid back via a service charge applied to the property. The advantage of this finance product is that it effectively de-risks the investment, as it allows homeowners to future proof their homes without the burden of the loan remaining with them after they move home. The new homeowner benefits from an already retrofitted home, saving them the need to do so. The monthly service charge should cost less than what they are saving in energy bills from living in a more energy efficient home. Early research into potential demand for PLF has suggested that this type of finance is more attractive to consumers looking to finance home improvements than existing loans.<sup>26</sup> However, a more comprehensive piece of work should be undertaken to investigate this further.

2.

Over 50% of those planning to carry out works are looking to spend a maximum of £5,000 .



Over 50% of homeowners who are planning to undertake measures are aiming to spend between £0-£5,000 and only 11% are planning to spend more than £10,001.

This implies that most households are carrying out either single or less expensive measures, as opposed to a whole house retrofit, which usually comprises of a whole house plan and several measures being installed at the same time,<sup>27</sup> including a low-carbon heating system.

This finding supports other research in this area, such as a survey carried out by People Powered Retrofit on credit-union members, in which the respondents did not view 'retrofit' as a one-off, all-encompassing project but instead a series of measures installed one at a time, and seemingly self-funded instead of financed.<sup>28</sup>

As a result, a larger piece of work is required to understand consumer perceptions of 'retrofit' as a project, rather than a series of one-off measures, along with their wider perceptions of making energy efficiency improvements to their home.

Of those who are planning to undertake energy efficiency measures in the next two years, the majority (81%) intend to use personal savings to carry out the work. It is positive to see that even during a cost-of-living crisis a proportion of homeowners are choosing to invest their savings in installing energy efficiency measures.

Even though there were some homeowners who were unable or unwilling to take out additional loans and therefore unable to make energy efficiency improvements, around one in six (16%) respondents carrying out works in the next two years are planning to use loans to finance the measures; 10% a secured loan, and 8% an unsecured loan.

This suggests that there is a potential market for more innovative green finance products in the future which could help to make installing these technologies more accessible and open to households who do not have access to personal savings. However, as stated previously, more detailed work should be undertaken to explore this further.

**81%**

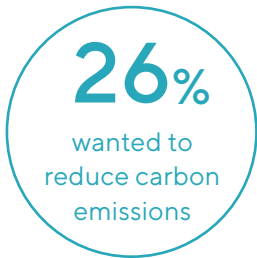
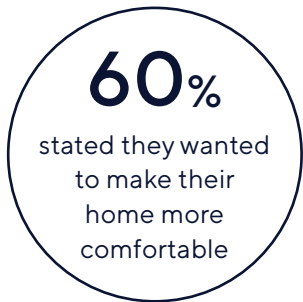
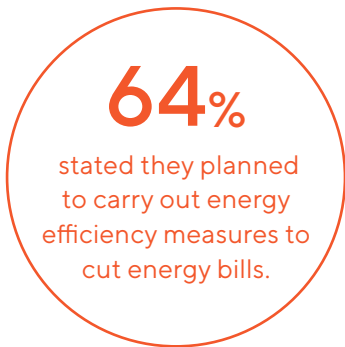
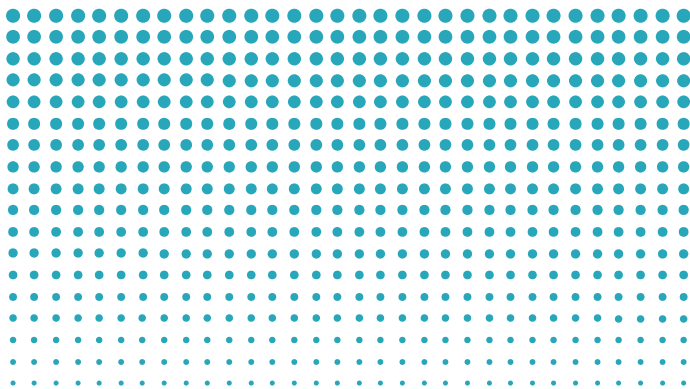
Intend to use personal savings to carry out energy efficiency measures.

**16%**

intend to use loans to finance the measure

3.

The three most popular measures are loft insulation, new double or triple glazing windows, and new radiators.



The most popular measures that households are planning to install are loft insulation (22%), new radiators (22%), new double or triple-glazed windows (22%), followed closely by solar panels (20%) and draughtproofing windows and doors (19%).

This further contributes to the impression that homeowners are mainly focused on installing single or cheaper fabric efficiency measures. There also seems to be a preference for energy generation, through installing solar panels, as opposed to transitioning to low carbon heating; 10% of respondents plan to install a heat pump, whilst 14% are planning to install a new oil or gas boiler.

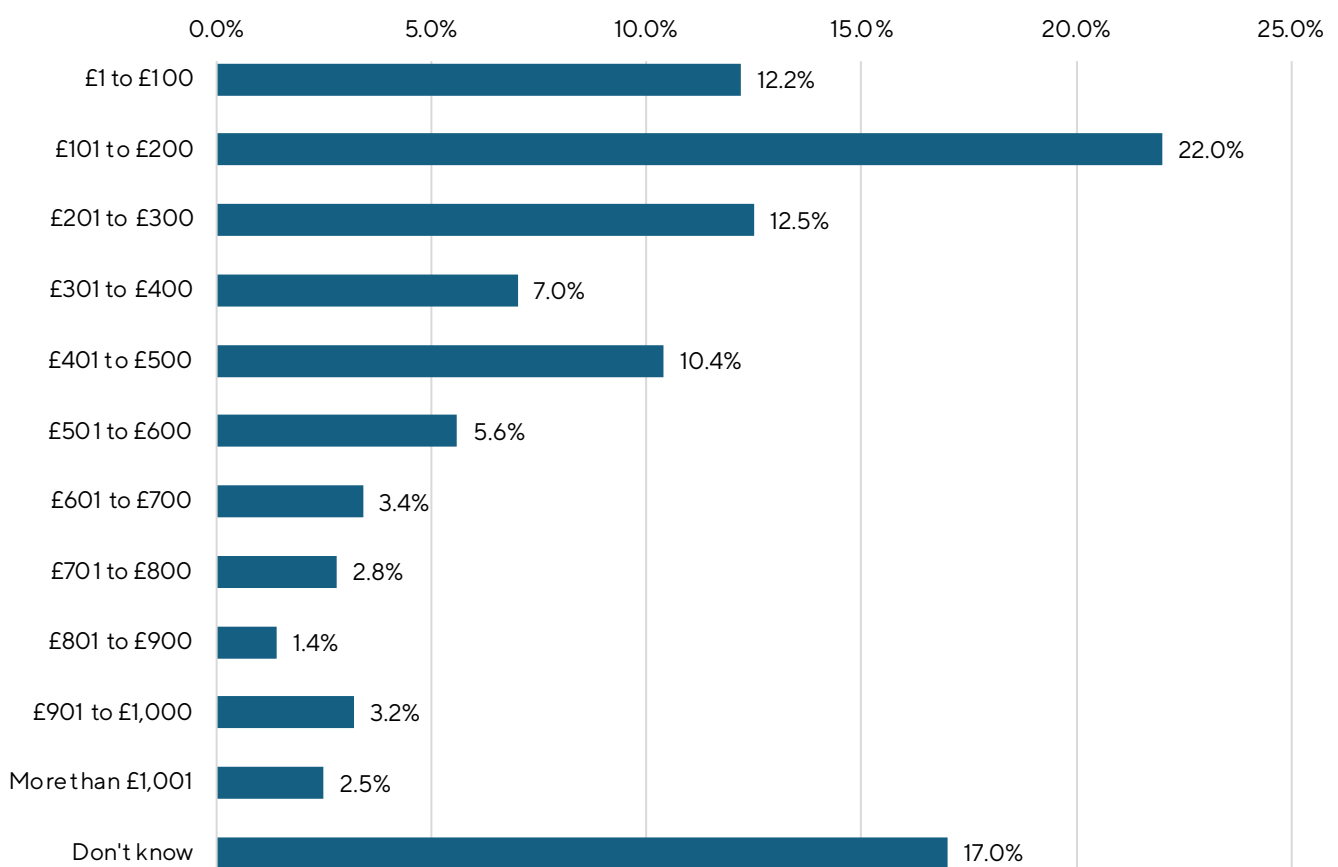
The reason stated by most for carrying out these energy efficiency measures was to reduce energy bills (64%), but this was closely followed by respondents wanting to make the home more comfortable (60%). Interestingly, reducing carbon emissions and climate impact was only listed by 26% of homeowners, which is less than the number of households wishing to future proof their home 29.2%. This seemingly marks an interesting shift from previous research. For example, a survey carried out in 2015 of 500 homeowners who participated in the Kirklees Warm Zone Scheme (a locally led scheme that provided energy efficiency measures to homes free of charge) found that the second most noted reason for participation (82%) was to reduce their environmental impact.<sup>29</sup> People wanting to save on energy bills and make their homes warmer were still significant reasons for participation, listed by 76% and 67% respectively, but less so than environmental reasons. This shift could be due to the energy crisis and the rising energy bills, in which the number of homeowners finding it difficult to pay their energy bills tripled between 2021 and 2022.<sup>30</sup>

The GLA survey found that 69% respondents wanted more information on the extent to which different retrofitting measures could make their home more energy efficient and the impact on their energy bill. The results of this survey reinforce this and suggest there is a greater urgency among homeowners to retrofit their homes for economic and comfort reasons. Consequently, messaging around retrofit should focus as much on bill reductions and increased comfort, as it does on the environmental benefits.

# Willingness to pay for a retrofit assessment

Fig.1 Retrofit Assessment - Value Perception

Which, if any, of the following price levels do you consider the product/service is a great value for money?



Of those willing to pay for an assessment, the price at which respondents felt that it would be 'good value' peaked at £101-200 (see Fig1.), with 22% of respondents, with a total of 46.7% considering prices bands up to £300 as 'great value'. 41% of respondents considered anything up to £500 as 'getting a little expensive', and with all those who provided a value answer to this question (87% - with the remainder answering 'don't know') considering anything up to and over £1001 to be expensive.

**41%**

of respondents considered anything up to £500 as 'getting a little expensive'



This suggests a 'sweet spot' for the assessment of around the £100-200 price point.

This supports earlier research by BEIS, now DESNZ,<sup>31</sup> that identified recipients of a retrofit assessment plan from the Cosy Homes Oxfordshire one-stop shop, as:

'providing about the right level of information and offering good/excellent value for money at the current £175 price.'

There is, however, a challenge for the one-stop delivery model in the conversion rate from assessments to support services. As the BEIS research noted, converting interest in the retrofit assessment to on-site retrofit is a challenge, and "the low conversion rates carry implications for the likelihood of uptake of the project offers at scale" which in turn is a risk to the long-term goal of retrofitting UK housing.

The lower demand for retrofit support services compared to assessment represents a challenge for one-stop shops. Business models need to allow for assessment customers not going through to being a support service customer. Others may develop business models primarily around doing lots of assessments.

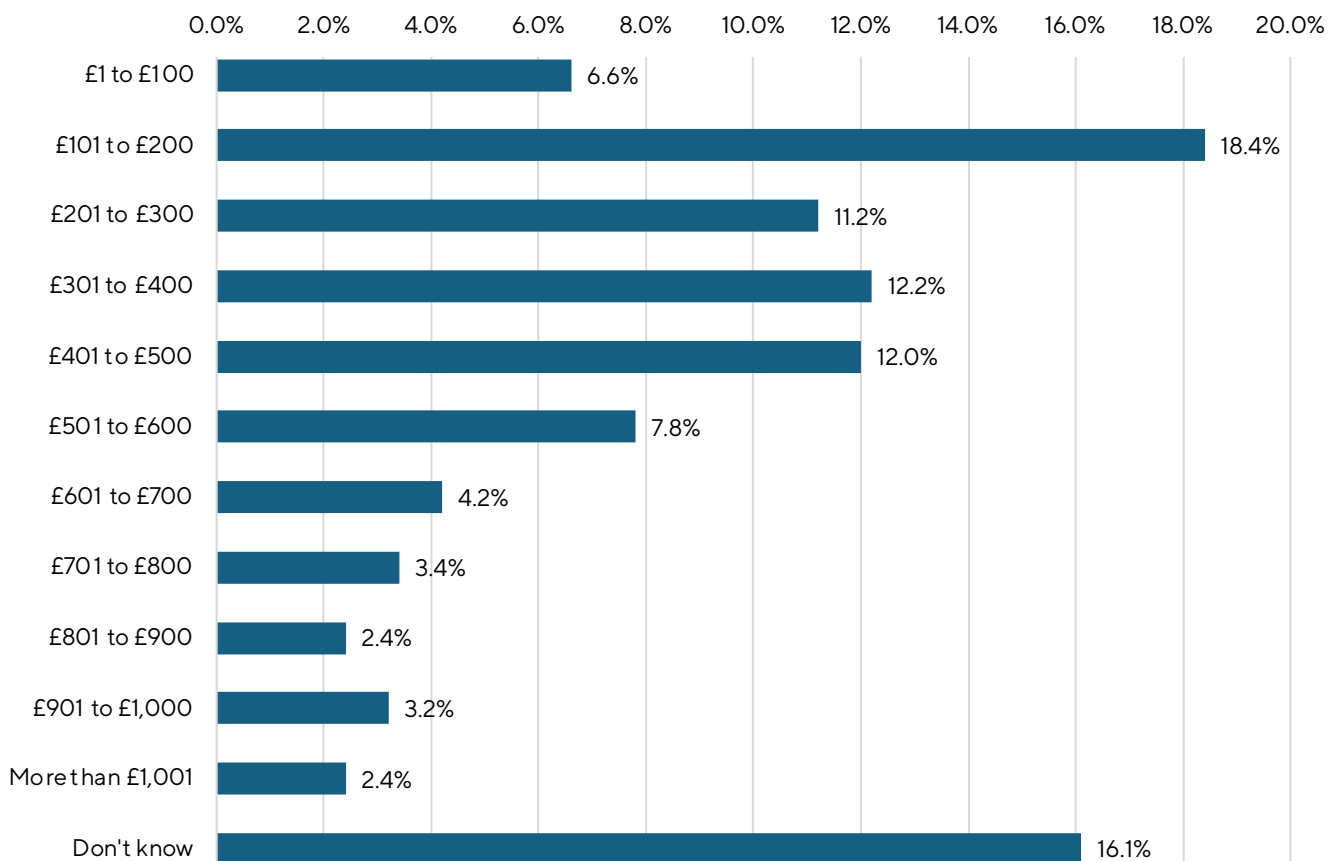
#### At least three further possibilities emerge:

1. The need for some form of subsidy for one-stop shop providers to help cover the costs of providing home assessment within the financial 'sweet spot', if doing so is otherwise financially unsustainable for them.
2. One-stop shop business models need to be adaptable and reflect local demand. Some may develop business models based primarily around doing lots of assessments, while others may develop that only work with customers going through to using support services.
3. Further research on homeowners understanding of what is involved in a home assessment and its potential usefulness as a retrofit planning tool.

# Willingness to pay for retrofit support

Of the homeowners planning to undertake energy efficiency home improvements in the next two years (n=1106), less were willing to pay for retrofit support (36%) than for the retrofit assessment report (46%).

Fig.2 Bargain Perception for Fee-Based Services (Good Value)







10%

of homeowners  
between 18-24  
considered £1001+ to  
be good value

The willingness to pay followed a similar trend with the price that those willing to pay considered as 'good value' peaking between £101-200 at 18% of respondents, with only a very small proportion of households (2.4%) considering anything over £1001 to be good value.

Interestingly, a higher proportion of homeowners between 18-24 (10%) considered £1001+ to be good value.

These results in particular must be taken with a degree of caution, as it is difficult in a quantitative survey of this nature to convey the full offering of the retrofit support service. That said, the results do provide an indicator of the likely population level response to any fee-based retrofit delivery service.

The sample size for this research was 2,585 homeowners, 398 of whom would consider paying for a retrofit support service. Extrapolated across the country, The MCS Foundation estimates this equates to roughly 15% of all homeowners that would consider paying for a retrofit support service, which is not an insignificant number from which to build national demand for a paid for service.

However, one-stop-shops that are not supported through some form of grant or subsidy scheme (i.e. operating as a standalone commercial or social enterprise) could face challenges based on the amount of money homeowners are willing to pay for these services.

Only a small proportion of homeowners willing to pay for retrofit service thought that paying over £500 was good value (23%), and an even smaller proportion (2.4%) considered paying over £1,001 was good value.

# Discussion, conclusions and recommendations

This survey investigated the proportion of homeowners intending to carry out energy efficiency measures in the next two years, also their willingness to pay for the types of services provided by existing self-funding one-stop shop models. The aim was to provide a valuable contribution to the existing research in determining potential national demand for these types of services and their potential to drive mass-scale retrofit.

The findings presented here both support and extend the work of Nesta, Citizens Advice and the GLA regarding homeowners' attitudes towards retrofit.

Where this work differs and offers a new and important contribution to the debate regarding how to accelerate the rate at which we are retrofitting UK housing stock is through its direct emphasis on willingness to pay for retrofit assessments and support services. It therefore extends both the large-scale surveys of Nesta, Citizens Advice and the GLA, and the findings of the People Powered Retrofit and CSE research.

Closely mirroring the Nesta and Citizens Advice findings, the survey found that 36% are planning to undertake energy efficiency improvements to their home in the next two years. The majority of those planning works (81%) are using personal savings to finance the works. This positively demonstrates a significant national demand for energy efficiency from the able-to-pay market in the UK, despite the fact that we are in a cost-of-living crisis.

However, only 11% are expecting to pay over £10,001 which suggest that most of these homeowners are planning to carry out single and/or cheaper measures, instead of a whole house retrofit. This is further implied as the most popular measures are loft insulation, new double or triple glazing windows, and new radiators, with only 10% of these homeowners planning to install a low-carbon heating system. These findings raise a

question of whether homeowners are viewing these works in terms of a 'whole house retrofit project' or more as single, piecemeal interventions. If the latter is true for the majority of homeowners planning to carry out works, this could limit the value of homeowners seeking retrofit support services in one-stop-shop models. The slow conversion to low-carbon heating also suggests that much more effort is needed from both government and industry to encourage a transition away from fossil-fuel heating systems.

Of those planning to carry out energy efficiency improvements to their home, almost half were willing to pay for a retrofit assessment (46%) and 36% were willing to pay for further retrofit support services (e.g. help to find a supplier). Interestingly, the willingness to pay was higher amongst younger respondents compared to homeowners over 55 years old.

These findings suggest that paid one-stop-shop models may appeal to a proportion of households. Extrapolated across the country this corresponds to 19% of homeowners willing to pay for a retrofit assessment and 15% for retrofit support services. This is a significant proportion of homeowners from which to build national demand for retrofit services.

However, the price at which consumers considered good value peaked at £101-200 for both a retrofit assessment and support services. This suggests that there is less willingness to pay as the cost of the service increases. Only a very small proportion of the willing to pay households (2.4%) considered anything over £1001 to be good value for retrofit support services.

As paid one-stop-shop models are often operating in a subsidy-free environment in which they must be financially self-sustaining, the service charge is likely to need to be more than £101-200, and could be more than £1001 in some cases.

Based on the research findings, we would make the following key recommendations:

**1. More detailed work needs to be done regarding homeowners' willingness to pay for retrofit advice and support services.**

The findings presented here indicate that there is a market for them – but a better understanding of the scope and scale of the potential market is needed if we are to have a better understanding of the ability of one-stop models to scale both nationally and within the area in which they operate, or if they are likely to require some form of subsidy-scheme to remain viable. This work should include a detailed assessment of the perceived benefits of assessment and support services from those who have paid for services to inform future engagement strategies.

**2. Further research should be undertaken to explore homeowners' attitudes towards finance for energy efficiency measures or 'whole house retrofit'.**

It should examine homeowners' perception of different types of finance models, including heat as a service, energy as a service, subscription models, and a range of secured and unsecured loans. This is particularly important given the slow pace of retrofit in the UK, meaning our housing stock remains inefficient and reliant on fossil fuel heating systems. Given that around 1-in-6 (16%) of those planning works were considering finance to pay for it, there is a significant potential base demand for lenders and service providers to tap into with innovative financial products. While some work is already being undertaken in this space such as through the Green Home Finance Accelerator<sup>32</sup>, we would argue that there is much greater scope for innovation across the sector than is currently present.

**3. A larger piece of work is required to understand consumer perceptions of 'retrofit' as a project, rather than a series of one-off measures.**

The research presented here reinforces earlier findings that homeowners do not see 'retrofit' as a project, but instead energy efficiency improvements as a series of one-off (or multiple, lower cost) measures designed to increase comfort and energy efficiency. How, if at all, can that perception be shifted?

**4. Further research should be conducted on the wider perceptions of the benefits of energy efficiency improvements to the home.**

Research is needed into what messaging particularly resonates both with those who are planning to make improvements, but equally importantly with those who are not currently planning improvements but, based on their EPC ratings, could do so.

**5. Government should introduce a national, public awareness-raising campaign on the benefits of making energy efficiency and low carbon heating improvements to the home, along with providing greater promotion to support the transition to low-carbon heating.**

At present promotion is narrow, difficult to find, and poorly targeted. Decision-making is a complicated process that relies on trusted messengers providing consistent messaging of the need for action. When it comes to retrofitting our homes and transitioning to low-carbon heating, Government has a crucial and currently under-developed role to play.

Some gaps in knowledge should be addressed with further research.

### Conclusion

In conclusion, the findings from this survey suggest that there is potential demand for paid one-stop-shops models providing retrofit assessments and retrofit support services to households.

However, the replicability and scalability of this type of model could be limited by the amount of money households are willing to pay for these services, especially retrofit support services.

What this research has importantly uncovered are some gaps in knowledge that should be addressed with further research, including consumer perceptions of 'retrofit' as a project, rather than a series of one-off measures, as well as homeowners' perception of different finance models. These are important questions in need of answering to turn the 29 million existing homes across the UK into homes that are fit for the future.



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