

## Evidence on barriers to uptake of funding schemes for retrofitting/energy efficiency improvements to housing

### Background

Industry (often banks and other financial institutions) and Government have commissioned research into understanding barriers of uptake of energy efficiency schemes. This research focuses on barriers from the perspective of:

- Private homeowners
- Social housing organisations
- Private rented landlords

Given that funds are available from the Government, via Coventry City Council, for private homeowners for retrofitting for energy efficiency, I focus this brief evidence overview on literature related to this. I have, for reference, also included some evidence on barriers social housing organisations and private landlords face later in this document. A study from 2011 highlighted three primary barriers to home improvement were “[Information & Awareness, Hassle and Cost](#)”. This appears true for housing retrofitting for energy efficiency, too, albeit in a different order. In the literature I found, cost appeared to be the biggest barrier by far. It seems particularly important, from an intervention perspective, that there are schemes that could mitigate a lot of this cost that people are not accessing or aware of. In December 2023, [The Health Foundation](#) published a report outlining what a ‘healthy home standard’ could look like and how this can be achieved, as well as some useful background references on the link between housing and health.

### Barriers facing private homeowners:

- [Lloyds Banking Group](#) survey from 2023 – biggest barrier is cost, followed by lack of knowledge and the inconvenience and hassle of building work.
- The [Social Market Foundation](#), in 2023, found that:
  - o Cost may be the biggest barrier to installing energy efficiency measures, but poor awareness and tenure type are also significant. 54% of homeowners do not believe they need any/more insulation. Homeowners say that “other” barriers exist, but further research is required to identify them.
  - o Majority of homeowners (74%) would be willing to co-contribute some of their own money for insulation (alongside a government energy

efficiency scheme). That said, homeowners likely underestimate how difficult some upgrades may be.

- Not all groups experience the same barriers in the same way. Who lives in a property and the type of property they live in can have notable effect on which barriers are most significant to them. As it stands, dwelling and tenure characteristics account for greater variation in energy efficiency ratings than household characteristics.
- A study [conducted in Ireland](#) took a behavioural science approach to identifying barriers to retrofitting homes. They used the COM-B (Capability, Opportunity, Motivation, and Behaviour) model, and found:
  - “Capability barriers, which affect the homeowners’ psychological and physical ability to retrofit. These include lack of awareness, difficulty in navigating the large number of options and decisions, and lack of financial literacy.
  - Opportunity barriers, which refer to environmental factors that can discourage homeowners from retrofitting. These include high costs, split incentives between landlords and tenants, a lack of skilled installers, and a lack of visibility of retrofitting.
  - Motivation barriers, which affect our mental processes and ultimately drive homeowners’ decision to retrofit. These include friction costs and hassle, moderate perceived benefits of retrofitting, aversion to risk, and low consumer trust.”
- The Department for Culture, Media & Sport, Department for Energy Security & Net Zero, and the Department for Levelling Up, Housing & Communities published “[Adapting historic homes for energy efficiency: a review of the barriers](#)”. This report focuses on homes with listed building status, although the barriers identified were similar to that of the other reports I found – such as the guidance for retrofitting being not easy to understand and complex.
- [Surrey County Council](#), as of December 2023, are piloting – with £745,000 of funding from the Local Energy Advice Demonstrator (LEAD) project – an in-person advice and One Stop Shop to provide energy advice to ~3,000 residents. The One Stop Shop is “an online platform which will help residents to create an energy efficiency and retrofit plan for their home, based on building type, budget, and potential grants and reductions in cost of technology.”

#### Social housing organisations:

- A [survey](#) of housing associations found that 74% of associations say lack of funding is the biggest barrier to retrofitting social housing. Whilst social housing makes up 17% of the UK’s housing stock, it produces 10% of the carbon emissions from housing.
- A report produced for the [Department for Business, Energy and Industrial Strategy](#) in 2018 found that work was hampered by limited knowledge about thermal retrofit – either by the housing provider or their suppliers. Inevitably,

limited funding was raised as an important barrier, and staff cuts in housing providers have also made it harder to undertake retrofit work. Several interviewees also said that retrofit is a low priority in their organisations, and replacing bathrooms or kitchens, or new homes, are seen as more important.

#### Private rented landlords:

- A report from [Citizens Advice Scotland](#) used qualitative interviews of landlords, letting agents, and estate managers to understand opportunities and barriers to energy efficiency in the private rented housing sector.
  - o “While there is clearly appetite in the sector to install energy efficiency measures, those surveyed provided a range of barriers preventing or disincentivising them from doing more in this area. The key barrier identified was cost; participants felt there was a high initial cost to installation yet a slow and small return on investment; they also noted that they perceive there to be a lack of clear and useful information about financial support available to the sector. Time, unfit standards, and lack of information are also preventing the private rented sector from completing energy efficiency retrofit.

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