

Feasibility Study Report  
EST Innovation Programme

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# Energy House Points

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Creative Environmental Networks  
Kent Energy Efficiency Partnership  
Southern Private Sector Landlords Association  
EDF Energy  
National Landlord Association  
Amax Lettings & Property Services

October 2004

## 1. INTRODUCTION

### The Aim

The aim of this project was to work with local authorities and private letting agencies to establish a Kent wide private sector housing accreditation scheme called 'Energy House Points' to stimulate the uptake of energy efficiency measures and advice.

### The Need

Traditionally, Energy Conservation Authorities (ECAs) have struggled to engage the private rented sector in programmes of energy efficiency improvements. There are two major reasons for this; tenants are transient and so have little incentive to invest in energy efficiency measures. Landlords are often unwilling to invest in improvements, as they will not receive the financial benefits of any energy savings.

It is an unfortunate fact that people on poor incomes have limited options when it comes to finding good quality accommodation in the private rented sector, especially where demand for properties is high in a particular area and supply limited.

Cheap rents often mask the true cost of living in poor housing, with inefficient homes rapidly escalating utility costs. In a high rent area, this can result in tenants occupying the worst homes, in the worst sector, and paying for the privilege.

Additionally, living in cold and possibly damp homes can have a negative effect on a person's health and wellbeing. The affects of fuel poverty as a result of not being able to heat an energy inefficient home can include; health risks and susceptibility to illnesses, increased accidents and social exclusion.<sup>1</sup>

## 2. THE ORIGINAL PLAN OF ACTION

The Kent Energy Centre planned to coordinated a feasibility study to assess whether an accreditation scheme is a suitable way to encourage landlords to improve their properties. Landlords and letting agents would be interviewed to seek their views on energy efficiency and incentives and, using information collated through this exercise, a Steering Group consisting of the Kent Energy Centre and other partners would work to devise an appropriate accreditation package.

Specifically, it was intended that the feasibility study involve the following steps:

- Setting up and coordinating a Steering Group of stakeholders interested in improving private rented properties
- Conducting a series of interviews with landlords and letting agents to understand how this group could be effectively targeted for energy saving
- Using this information to design a scheme, including:
  - Measures
  - Fiscal incentives
  - Methods of accreditation
  - Methods of marketing
- Testing the approach(es) in a series of pilots

Several options were being explored, including the possibility of offering EEC funded discounts and interest free loans to landlords and the possibility of working with letting agents to include Energy House Points in housing specifications, thus encouraging landlords to increase their score to give them a competitive advantage.

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<sup>1</sup> UK Fuel Poverty Strategy and Kent Health and Affordable Warmth Strategy 2001

The original five key objectives of the project are summarised in the table below:

Aims & Objectives of Feasibility Study							
Objectives	Who	Actions					
		1	2	3	4	5	6
<b>To set up a steering group consisting of stakeholders (letting agents, landlords, tenants, London Energy and other interested individuals and groups)</b>	<b>Kent Energy Centre</b>	Invite various individuals and groups to join the steering group	Agree a steering group that equally represents all stakeholders	Give all stakeholders the opportunity to influence the design of the scheme	Stakeholders discuss/promote the pilot at landlord forums and other relevant groups	Assess initial responses to the scheme and create a scheme based on feedback	Create a strategy for the project and delegate responsibilities
<b>To assess the interest of landlords, tenants and letting agents for a scheme</b>	<b>Kent Energy Centre</b>	Assessing other accreditation schemes and their successes and failures	Design questions for telephone interviews and meetings with letting agents, landlords and tenants. Postal questionnaires where appropriate	Implement interviews, meetings and questionnaires	Collate and evaluate responses. Adapt the scheme according to responses	Feedback the new scheme design(s) to the steering group	Coordinate a pilot run of the scheme and measure its success
<b>To assess incentives for landlords and tenants</b>	<b>Kent Energy Centre and London Energy</b>	Initial meeting to outline exactly what incentives London Energy and Kent Energy Centre may be able to provide. Evaluate other previous loan schemes and similar	Evaluate all other options and accept or reject proposals from London Energy	Create a proposal linking utility incentives to Kent Energy Centre services	Gain agreement for the proposal between all stakeholders and assess interest of landlords and letting agents.	Incorporate incentives into the scheme design	
<b>To design a viable, cost effective method to accredit properties that appeals to landlords and letting agents</b>	<b>Kent Energy Centre and steering group</b>	Evaluate a range of accreditation methods based on SAP ratings and/or energy efficiency measures	Allow the steering group and other stakeholders to discuss the methodology	Take the method(s) with the greatest potential for simplicity and success	Define whether the estimated annual running cost of a property can also be promoted with accreditation	Design a scheme and marketing approach based on outcomes of the evaluation	Determine the time, expertise, computer software and printed resources necessary to efficiently manage the implementation of a scheme
<b>To assess different marketing approaches</b>	<b>Kent Energy Centre and Steering Group</b>	Compile a database of named landlords and letting agents	Test scheme marketing materials and methods. Trial promotions via Letting Agents, Landlords and promotions via both	Evaluate responses to materials and methods	Develop a case study and report	Assess the long-term cost of running and promoting the scheme beyond the funding period	If appropriate apply for implementation funding

### 3. THE PROJECT DELIVERY

For clarity, the actions carried out for the project are described here under the five main objective headings.

#### a. To set up a steering group consisting of stakeholders

As planned, Kent Energy Centre set up a steering group of key stakeholders who met immediately after the offer of grant was confirmed, and in total met 4 times, to provide the ongoing direction of the scheme. A feasibility study time line and action plan was agreed with members of the steering group and the project responsibilities were clarified at the initial steering group meeting in March.

##### *Kent Energy Centre (KEC)*

KEC led this project. A Project Manager from KEC provided strategic direction and was supported by a Project Co-Coordinator<sup>2</sup>. The Project Manager held responsibility for liaising with all partners to ensure that milestones identified were achieved.

##### *Kent Energy Efficiency Partnership (representatives from all local authorities in Kent)*

Representatives from Kent local authorities meet monthly and have formed the main element of the steering group. They have played a vital role in helping gather information on what landlords want in their geographical areas. Individual support was also gained from some local authorities who were keen to help shape the EHP scheme to ensure it was compatible with their own landlord accreditation schemes, either currently operating or being developed.

##### *Southern Private Landlords Association (SPLA)*

This organisation has 4,000 members of which approximately 500 are based in Kent. It was felt that they offered a key strategic partnership role as part of the EHP project. The SPLA is a not for profit organisation representing good residential landlords throughout Southern England. The Association actively seeks to achieve and maintain quality accommodation for rent and high standards of management in the private rented sector, whilst protecting and furthering landlords' interests at both local and national level.

The SPLA has provided access to their members through their quarterly newsletter, and through events such as the Kent Property Investors' Fair, and helped promote the scheme at meetings. They have attended steering group meetings and have contributed greatly to the content and shape of the EHP scheme.

##### *EDF Energy (formerly London Energy)*

EDF has worked with Kent Energy Centre to investigate various incentives for landlords to get involved in the scheme. EDF has played a key role as part of the project steering group.

The utility has assisted by investigating;

- The use of EEC funding for the scheme
- The potential of using an interest-free loan as an incentive for landlords.

Since the feasibility study began we were also successful in forging new partnerships:

##### *National Landlords Association*

We have received assistance from them in publicising the scheme through their bi-monthly newsletter.

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<sup>2</sup> Project Manger is Mike Bundy, and the Project Co-Ordinator is Rachel Boycott.

*Amax Lettings & Property Services Ltd*

This company is both a letting agent and a landlord and offered invaluable advice and encouragement during the feasibility study.

**b. To assess the interest of landlords, tenants and letting agents for a scheme**

*i. Learning from other schemes*

The first stage in this process was to make an assessment of other accreditation schemes and energy efficiency schemes aimed at landlords and the successes and failures of these.

The following schemes were researched during the feasibility to help define the direction of the project;

- Student Savers, Hillingdon, London
- Warmer Lets, Bristol and Bath
- Rentwise, Manchester
- Southampton Accreditation Scheme for Student Housing

The results of this exercise can be found in the appendix 4 but the main findings are summarised below:

- Complicated schemes do not work
- Quantifying suitable properties to target needs to be realistically assessed
- Large financial inducements do help
- If a scheme can assist landlords in helping to find tenants this can make the scheme popular

Comments from scheme managers included;

- 'landlords are really interested in the money element of the offer rather than the energy efficiency saving potential.'
- 'when you are fishing for landlords, what you need are plenty of hooks, so that if one doesn't get them, another one might'.

The result of the investigation showed that ideally for a scheme to be successful it would have to have the following attributes;

- Scheme should be simple to understand
- Correct quantification of the likely market for the scheme is essential
- Financial assistance to help landlords does work
- The scheme should help landlords in renting out property

These attributes helped shape the Energy House Points scheme and are reflected in the marketing plan going forward.

*ii. Using questionnaires and interviews to define the direction of the project*

The vital stage of this project was the exercise of collating views and opinions on energy efficiency from landlords and letting agents. It was originally intended that tenants should also be questioned but the Steering Group decided against this at an early stage in the project.

To facilitate this, two questionnaire were designed – one for landlords and the other for letting agents (see Annex 1) and this was distributed widely in a variety of ways, described below.

The questionnaire to the Landlords was designed to establish the following:

- What would encourage Landlords to install energy efficiency measures?
- Were they aware of currently available discount grant schemes?
- Were they aware of the energy efficiency standards of their existing properties?
- Did they want further information on energy efficiency grants/discount scheme
- How many properties do they rent out
- Are they part of any current accreditation scheme

We kept the questionnaire as simple as possible to maximise the response rate by limiting it to 2 sides of A4. In most cases we sent a stamped return envelope to encourage landlords to reply.<sup>3</sup>

The questionnaire to the Letting Agents was designed to establish:

- What information, if any, do letting agents provide on the energy efficiency of properties on their books?
- Would they see a property with energy efficiency measures installed as being easier to rent?
- What are their tenants particularly interested in when they are looking for a property to rent?
- If more information was provided about the energy efficiency and running costs of a property, would this influence the choice a tenant would make?
- When a tenant moves into a property, do letting agents provide them with an information pack of some sort?
- Is information/literature provided about housing maintenance good practice?
- Part of the responsibility of a letting agent is checking that a house for rent meets certain standards. What specifically does this include checks on?
- Would letting agents be interested in helping to promote energy efficiency to landlords and tenants?

The partners worked together to distribute the landlord questionnaires. Some were sent out by the Kent Energy Centre using databases compiled from local authority lists, some were sent by the local authorities themselves and others by SPLA. In addition, completed questionnaires were collected during landlord events including two SPLA events (Kent Property Investors Fair, May 2004 and Thanet Southern Private Landlords Association forum, April 2004) and three local authority landlord events, details below:

- Tunbridge Wells Landlord Fora, gave a presentation and had a display, discussed the proposed scheme, gave out the questionnaire. April 2004
- Dartford Landlord Fora, gave presentation to landlords, discussed the proposed scheme, and gave out the questionnaire. 28<sup>th</sup> April 2004
- Gravesham Landlord Fora. Presentation given on September 2004 to update attendees on scheme progress and planned next step of application for implementation funding

All of the letting agents questionnaires were distributed by the Kent Energy Centre.

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<sup>3</sup> The response form allowed landlords to request further information on energy efficiency grants/discount schemes and to put themselves forward as a member of the steering group.

*Table showing landlord questionnaire distribution and response rates*

<b>Area</b>	<b>Number sent</b>	<b>Sent by</b>	<b>No. returned</b>	<b>% response</b>
Ashford Borough Council	400	Ashford Borough Council	21	5.25
Dartford & Gravesham Borough Council areas	94	Kent Energy Centre	8	8.51
Tonbridge & Malling Borough Council	150	Tonbridge & Malling Borough Council	16	10.66
Tunbridge Wells Borough Council	107	Kent Energy Centre	11	10.28
Dover District Council	750	Dover District Council	26	3.84
Sevenoaks District Council	213	Sevenoaks District Council	58	21.3
Maidstone Borough Council	160	Maidstone Borough Council	8	5
Landlord events	35	NOTE: this is the number completed by landlords at events.	35	100
<b>TOTAL</b>	<b>1,909</b>		<b>183</b>	

*Table showing questionnaire distribution to letting agents and response rates*

<b>Area</b>	<b>Number sent</b>	<b>No. returned</b>	<b>% response</b>
Ashford Borough Council	11	1	11
Canterbury City Council	13	1	13
Dartford Borough Council	8	1	12.5
Dover District Council	5	1	20
Gravesham Borough Council	12	1	8
Maidstone Borough Council	15	2	13
Medway Council	12	0	0
Sevenoaks District Council	11	2	18
Shepway District Council	10	1	10
Swale Borough Council	6	1	17
Thanet District Council	9	2	22
Tonbridge & Malling Borough Council	10	1	10
Tunbridge Wells Borough Council	17	5	29
<b>TOTAL</b>	<b>139</b>	<b>19</b>	

It was generally felt that sending a questionnaire, rather than speaking to letting agents would offer better and uniform data collection so that any data collated could be more easily compared.

However, face to face contact with letting agents in Ashford Borough Council area did take place and 3 letting agents agreed that promoting energy efficiency to landlords was a good thing and were involved in test marketing the scheme. The letting agents were:

- Martins Estates
- Connell's Estate Agency
- Gould & Harrison

### *iii Results*

The full results of the questionnaires are included later in annex 2.

In summary, the following information was used to help design the incentives for landlords:

- 58% of landlords agreed an interest-free loan would be an incentive
- There was generally no interest in a low-interest loan
- 64% agreed that a 50% grant would be an incentive
- 94% said that a 100% grant would be an incentive
- 76% had not heard about existing grants and discounts
- 92% were not members of accreditation schemes
- Only 33% of landlords knew whether their properties were adequately insulated
- 60% of letting agents currently provide new tenants with an information pack
- 88% of letting agents were willing to provide energy efficiency advice to tenants
- 94% of letting agents were willing to provide grants advice to landlords

Also of note was the size of each landlord's portfolio. Some respondents just had the one property while others had hundreds. In total, the landlords responding to the questionnaires owned 8661 properties, therefore averaging 47 houses per landlord.

### **c. To assess incentives for landlords and tenants**

The information gathered from the questionnaires was reviewed by the Steering Group and several options were discussed:

- Accreditation
- Interest free loans
- Grants and discounts

#### *Designing options for accreditation methodology*

When funding was sought for this project it was assumed that the resulting scheme would focus around an accreditation methodology, hence the scheme name 'Energy House Points'. However, during the feasibility study, several things became clear.

Firstly, 94% of landlords responding to the questionnaire were not members of any local authority voluntary schemes. This was confirmed by the local authorities themselves, who found it very difficult to encourage private landlords to join any schemes. Secondly, research carried out into other schemes found that the best schemes tended to be the simplest. Thirdly, the Steering Group were concerned that the term 'accreditation' could be misleading. For example, a property could be well insulated and hence 'accredited' under the scheme but could have other serious problems such as fire hazards or no internal toilet.

The decision was therefore taken to remove the 'accreditation' element of the scheme and replace this with a certificate which would be awarded if landlord had at least one energy efficiency measure installed. This would be either loft insulation, cavity wall insulation or a replacement energy efficient boiler.

#### *Working out models to secure loan fund*

Following discussions with EDF Energy it was initially agreed that £3,000 would be made available to support an interest free loan fund for landlords, which could be offered during the test marketing stage. This decision was supported by the findings from the investigation of existing schemes and the questionnaire, where 58% of landlords said that this would be a good incentive.

However, later in to the scheme EDF Energy found that they could not actually put this funding towards a loan fund. Due to the tight timescales, it was not possible to explore other sources of funding for this so the interest-free loan fund trial could not go ahead.

#### *Assessing options for grants and discounts*

From the questionnaire responses, it was clear that grants and discounts were by far the most popular incentives. 64% of landlords stated they would be encouraged to install measures with a 50% grant. 94% said they would be moved to action by a 100% grant.

The group discussed various options for providing grants and discounts, considering those that were already available:

- Kent Action to Save Heat (KASH) – this is a HECAAction (1999) funded project which provides bulk discounts and EEC funding towards the costs of loft and cavity wall insulation (50% discounts) and condensing boilers (5-20% discounts)
- Warmfront – government grant scheme providing 100% grants to private householders (including those in private rented properties) that fulfil eligibility criteria
- Local authority grants – some areas have 100% grants for private householders (including those in private rented properties) that fulfil eligibility criteria

Landlords and tenants can access all of these grants and discounts from the Kent Energy Centre through the free phone advice line.

Tellingly, 76% of landlords responding to the questionnaire were not aware of these 50% and 100% grants currently available to both landlords and tenants. This was not surprising since no marketing has been carried out to date specifically targeted at either group.

Bearing all of this in mind, the group decided that it would be most appropriate to build on these existing schemes, adding additional incentives where possible. The additional incentives discussed were:

- Providing additional discounts for measures installed by landlords under the KASH scheme – the EDF Energy funding originally earmarked for the loan fund was available for this and possibilities were explored on the basis of providing an extra £20 off CWI, £15 off insulation a 'virgin loft and £10 off a loft 'top up'. While this may have helped as a promotional tool ('special offers for a limited time only' can be popular), administering this additional discount would have actually cost more than the discount itself, making it unattractive to the Steering Group
- Providing free/discounted membership to the SPLA – SPLA kindly offered this incentive for all those installing one or more measures and it was incorporated into the scheme
- Promoting the true benefits of energy efficiency for landlords – while not an incentive as such, the group carefully considered the messages needed to help make the existing schemes plus the SPLA discount more appealing to landlords. This is explored further in the section on marketing.

#### **d. To design a viable, cost effective method of accreditation**

As discussed in the section above, the Steering Group took the decision to remove the 'accreditation' element of the scheme and replace this with a certificate which would be awarded if landlord had at least one energy efficiency measure installed.

#### **e. To assess different marketing approaches**

Following consultation with the Energy Saving Trust, the Steering Group decided to test market the offer to landlords in two local authority areas – Ashford Borough Council and Tonbridge & Malling Borough Council.

From these results, a marketing plan has been developed which will take the project into implementation stage (Annex 3). Agreement was reached on the content of the plan at the final steering group meeting. The plan covers a range of options for promoting the scheme, ranging from direct mail and advertising through to PR activity.

*Test marketing*

The marketing undertaken during the feasibility stage involved testing three ways to promote the uptake of energy efficiency measures: directly to the landlord, indirectly via letting agents and indirectly via an independent support agency. The promotions took place from mid-August to mid-September. In all cases, the offer being promoted was the existing 50% grant from KASH with funding from EDF Energy as part of their Energy Efficiency Commitment, together with the addition of half price membership of the Southern Private Landlords Association.

Since this was a test marketing exercise and the numbers of landlords contacted would be low, the Steering Group decided that, rather than print a dedicated leaflet for the scheme, it would be more resource-efficient to use existing literature but with a covering letter tailored to the needs of the audience. However, a dedicated leaflet has been designed for the scheme which can be used during the implementation stage.

i. To market the scheme direct to landlords

A letter was written specifically with the landlord in mind, stressing the benefits of energy efficiency to them and their properties and highlighting the grants and discounts available to them. These were printed on to local authority letter headed paper as it was felt that this could have a higher impact than the Kent Energy Centre.

400 letters introducing the scheme were mailed directly to Ashford landlords together with the KASH leaflet and 150 landlords were mailed in the Tonbridge & Malling area. The landlord letters were coded EHP1 so that the source of any interest could be recorded by the advice team.

ii. To market the scheme through letting agents

Three letting agents agreed to distribute the same letter with the KASH leaflet in Ashford, either by giving the letter/leaflet to landlords that visit the offices or by including the letter/leaflet in any communication with existing landlords and potential new landlords.

It was intended that this would help us judge the effectiveness of presenting the same branding and marketing messages through different media during a short time period.

These letters were coded EHP2 to enable us to distinguish the responses.

iii. To market the scheme through an independent third party

The Southern Private Landlords Association (SPLA) gave one page to help promote the project in the Spring 2004 edition of their newsletter. The article was titled 'Make your property easier to rent and sell' and highlighted how the project was planned to work and asked for landlords to complete a questionnaire to help in the process.

*Results of marketing*

The promotion ended less than one month ago in mid September 2004 and, to date, we have received a total of just 3 calls from landlords:

EHP1 source code (via	2 calls	0.36% response rate
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landlords)		
EHP2 source code (via letting agents)	1 call	0.67% response rate

To date, there here have been no installations as a result of these enquiries.

While disappointing, there are several reasons that could have resulted in this low response and these are discussed below.

#### 4. KEY ISSUES AND LESSONS LEARNT

##### Feedback from landlords

The feedback received from landlords, who represented a total of 8661 properties, was the most important and useful aspect of this feasibility study. From the research carried out into other landlord programmes (section 3b), it seems very rare for this kind of consultation to be completed before a scheme is designed which could be one of the reasons that many of them have struggled to achieve results.

The information that has been most useful to us is that 64% of landlords stated they would be encouraged to install measures with a 50% grant. Furthermore, a massive 94% said they would be moved to action by a 100% grant. Tellingly, 76% were not aware of the 50% and 100% grants that are currently available to both landlords and tenants.

In addition, 90% of the landlords responding would not get involved in a voluntary accreditation scheme.

This information surprised us – we had been planning to run an accreditation scheme of some kind but this information, coupled with feedback from other schemes, encouraged us to keep things simple. As a result, we identified huge economies of scale by ‘piggy-backing’ on to existing schemes and adding additional incentives, all of which would then be marketed with a message appropriate to the client group. This approach received unanimous support from the Steering Group, all of whom are very aware of the importance of best value.

##### Feedback from letting agents

Also of vital importance to the study was the feedback received from letting agents. 78% of these saw energy efficiency as a selling point when letting a property, although 71% of these interpreted this as having heating and 72% as having double glazing while only 46% included insulation as an important aspect.

Interestingly, 93% said that they saw low fuel bills as a good selling point but, strangely, then went on to say that only 27% of tenants would let this influence their choice of property. Unsurprisingly, the main factors that influence tenant choice are location, price and number of bedrooms.

This reinforced the view that landlords would not be inclined to install energy efficiency measures just to attract tenants, as this is not seen a priority when choosing a property. This information was used to help define the marketing messages used during the scheme.

The opportunities for working with letting agents as a route to this market were promising, with 60% of letting agents currently providing new tenants with an information pack which could be used to distribute information (88% of letting agents were willing to provide energy

efficiency advice to tenants) and 94% of letting agents being willing to provide grants advice to landlords.

The final conclusion that could be drawn from this exercise was that some letting agents seem a lot more willing to become involved in schemes than others and their level of involvement also varies. This demonstrates the importance of working closely with each letting agent to design a relevant initiative rather than assuming a 'one size fits all' approach.

### **Designing an effective incentive**

All of the information gathered above and from the research into existing schemes was used to design an incentive suitable for landlords. As discussed previously, it became clear that a complicated accreditation scheme really would not be an effective way forward and a much more effective route (both in terms of design and administration costs and responses) would be to design appropriate marketing messages to market existing 50% and 100% discount schemes and grants to this hard to reach group that have not been targeted in the county to date.

Even the certificate that was promoted to landlords as a 'toned down' version of accreditation was no incentive, with landlords not being interested in any kind of certification that it not a legal requirement (such as the current gas safety checks). It was therefore decided by the Steering Group that, should the scheme go to full implementation, the certificate offer would be removed from the scheme.

However, the Steering Group are keen to maintain the offer of discounted membership to SPLA for two reasons. Firstly, this would distinguish the offer from that available to owner occupiers and would highlight the fact that it was aimed at landlords. Secondly, keeping this offer also helps promote the SPLA to landlords which means that the SPLA are more inclined to promote us to landlords in return.

### **Designing an effective marketing approach**

Producing an effective incentive is just part of the battle. The next is to market this to landlords, using effective routes and meaningful marketing messages. 76% of landlords stated that they were not aware of existing grants and discounts and it would be the aim of the implementation programme to reverse this statistic.

The marketing messages used, designed using the results of the questionnaire were:

- Did you know there are generous discounts and 100% grants available to landlords to install energy efficiency boilers and insulation?
- A network of trained and accredited installers, with quality assurance checks, will give you the peace of mind of top quality workmanship
- Improve the condition of your properties and reduce maintenance costs
- It couldn't be simpler – phone us today and we will do the rest

Unfortunately the test marketing undertaken was not very effective and this can be attributed to the following reasons:

- Seasonal marketing – the importance of marketing energy efficiency during autumn and winter months is well documented but, due to the tight timescales with the feasibility project, this was not possible. As a result, marketing materials were distributed during a very warm and sunny August and September, a time when we would not normally market energy efficiency in any area
- Leaflet content – due to the fact that the target group for the marketing was small, the group decided not to print the leaflets that had been designed which described the offer and, vitally, linked this to the key marketing messages for landlords. While the existing leaflets which were sent contain the grant information, the messages are wrong for

landlords. We tried to get round this by including the important messages in the covering letter but the importance of reinforcing the message in the leaflet is recognised and will be taken forward in the implementation phase (subject to funding)

- Perseverance – in marketing it is recognised that a marketing message needs to be repeated many times to the same audience before they register it and, ultimately, take action on it. It could be said that this is particularly true for a subject seen to be as ‘dull’ as energy efficiency. This helps to explain the low interest in the test marketing and reinforces the need to secure funding to continue the scheme into full implementation
- Tailoring approaches – as described above, the letting agent feedback demonstrated the importance of tailoring work packages to suit the needs and preferences of each agent. While time, and therefore cost, intensive this could be time well spent if landlords can be encouraged to invest in energy efficiency and tenants can be encouraged to implement behavioural changes. This was not done adequately in the test marketing phase but time and funding would be allocated to this if implementation funding was granted.

A marketing proposal has been developed based on this feedback and this will be applied if implementation funding is granted.

### **Working in partnership**

Building good partnerships was a vital key to success in this scheme. In addition to the local authorities, the partnerships with the SPLA, the National Landlords Association and Amax Lettings and Property Services were vital in receiving specialist advice in this sector. EDF Energy’s involvement increased access to match funding which, in turn, increase options available to the scheme.

## **5. RECOMMENDATIONS FOR IMPLEMENTATION**

The points discussed above in section 4 would be used to influence the way forward during implementation. In brief, the following strategy would be implemented:

- Maximise the uptake of existing grants and discounts
  - Market Warmfront, KASH and other relevant schemes in an appropriate way to the target audience
  - Produce a leaflet specifically for the target audience, stressing the key messages:
    - Did you know there are generous discounts and 100% grants available to landlords to install energy efficiency boilers and insulation?
    - A network of trained and accredited installers, with quality assurance checks, will give you the peace of mind of top quality workmanship
    - Improve the condition of your properties and reduce maintenance costs
    - It couldn’t be simpler – phone us today and we will do the rest
  - Facilitate the application and installation process to provide a seamless service to the customer
- Target landlords with appropriate literature:
  - Work with local authorities to target landlords through their landlord forum newsletters and events
  - Work with SPLA and NLA to distribute information to landlords
  - Tailor the messages to appeal to this group, based on views received during the consultation and through existing research available from the BRE
  - Produce a website with links to other agencies
- Target landlords indirectly by working with letting agents

- Work with the letting agents identified during the feasibility and seek to build new partnerships with other agencies
- Discuss preferred approach with agent and tailor accordingly
- Provide information to be distributed to landlords registered with each letting agent
- Explore opportunities for including energy efficiency information and running costs on housing specifications
- Provide information sheets (heating system instructions, top tips), joint branded with agent if preferred, for inclusion within tenant welcome packs
- Target landlords indirectly via tenants
  - Design literature with a specific marketing message and advice for this group
  - Send out via letting agents as described above
  - To reach those landlords not registered with letting agents and/or local authority fora, use the Hotspots data to target output areas (100 households or less) where 50% or more of the residents are living in private rented accommodation

The scheme would no longer be marketed as 'Energy House Points' since this was a name devised when an accreditation was planned so it is therefore meaningless.

We believe that, with a strong marketing plan in place, the overall concept behind this scheme is very workable. Therefore, pending the above additions/alterations to the scheme, Energy House Points will be successful at implementation.

## **6. CONCLUSION**

It is getting more and more vital that the private rented sector is tackled in an appropriate and effective way: not only is it the least energy efficient sector resulting in high carbon emissions, but it is also home to the largest proportion of fuel poor.

The Energy House Points feasibility study has successfully demonstrated the needs and wants of landlords and letting agents in Kent. Landlords do not want fussy, accreditation schemes, nor do they need other complicated incentives to install measures. What they do want is generally out there already but this has never been promoted in anyway to this group in the past.

The Steering Group for this project has responded to this by identifying a simple, hassle free approach which gains best value from existing schemes by clearly marketing them using messages tailored towards this audience which can be reached directly, via partners and via tenants.

While the six month project allowed us to collect and interpret this valuable information, it did not allow for a full trial of marketing methods nor for a full marketing programme. However, to ensure that the time and funding was not wasted on valuable research that is never followed up, the Steering Group will pursue implementation funding to role the project out to receive real carbon savings in this sector.

# **ANNEXES**

## ANNEX 1

### Example questionnaire for landlords

Dear Landlord

#### Energy House Points

The Kent Energy Centre, working in partnership with Canterbury City Council and Kent Local Authorities, is developing a new scheme to promote the benefits of energy efficiency to landlords. We would like this scheme to be designed by landlords for the benefit of landlords.

We are currently looking at many options, including offering loans and discounts, promoting available grants and 'scoring' properties according to their energy rating. However, we want to ensure that this sort of thing appeals to you as a Landlord.

Therefore we would be extremely grateful if you could take a couple of minutes to complete the questions below and overleaf and fax or post it back to me at:

Kent Energy Centre, International House, 3<sup>rd</sup> Floor, Dover Place, Ashford, TN23 1HU  
Fax 01233 646966  
Tel 01233 646806

Thank you for your assistance.

Yours sincerely



Mike Bundy, Project Manager  
Tel 01233 646806, e-mail mike@cen.org.uk

#### Questions

1. What would encourage you to install insulation and/or energy efficient boilers in your property/properties?

	<b>Strongly agree</b>				<b>Strongly disagree</b>
Interest free loan	5	4	3	2	1
Low interest loan	5	4	3	2	1
50% grants	5	4	3	2	1
100% grants	5	4	3	2	1
Higher rents	5	4	3	2	1
Lower maintenance	5	4	3	2	1
Better re-sale value	5	4	3	2	1
Other (please give details)					

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2. If you/your letting agent were required to publish information on the energy running costs of your property/properties, would you be more likely to improve the energy efficiency of the buildings?

Yes       No       Don't know

3. Do you participate in any accreditation schemes?

Yes  No

If yes, please give details:

4. Are your properties insulated to current standards (ie 10" loft insulation and cavity wall insulation where possible)?"

Yes  No

5. Are you aware that there are grants and discounts available for a range of energy efficiency measures for landlords and their tenants?

Yes  No  Please send me details

If yes, have you/your tenants received grants or discounts for any of this work?

Yes  No

If yes, please give details:

6. Do you find tenants through a Letting Agent?

Yes  No

7a. How many properties do you rent out? \_\_\_\_\_

7b. How many of these properties are rented to students, if any? \_\_\_\_\_

Any other comments?

8. Please supply your contact details

The Kent Energy Centre (KEC) is collecting your data for the purpose of devising an energy efficiency scheme tailored to landlords. KEC will retain your data for the purpose of carrying out research and statistical analysis. Your local Energy Conservation Authority may receive this data for the purposes of energy efficiency monitoring, targeting and reporting.

## Example questionnaire for letting agents

Dear Lettings Manager

### Energy House Points

The Kent Energy Centre, working in partnership with Kent Local Authorities, is starting a scheme to promote the benefits of energy efficiency to letting agents and landlords. We would like this scheme to be designed by letting agents and landlords to increase the take up of the scheme.

We are currently looking at several options and are keen to agree a scheme that you would be happy to support, and raise awareness of the scheme.

Therefore we would be extremely grateful if you could take a couple of minutes to complete the questions below and overleaf and post it to me in the prepaid envelope enclosed or fax it to me at 01233 646966.

We will communicate details of the scheme to you within the next few weeks.

Thank you for your assistance.

Yours sincerely



Mike Bundy

### Questions

1. When you have a property to let, if it had energy efficiency measures installed would you use this fact as a selling point?

Yes  No  Don't know

If yes, what features would be important from your point of view?

	<b>Strongly agree</b>				<b>Strongly disagree</b>
Energy efficient heating system, i.e. warmth	5	4	3	2	1
Loft insulation/cavity wall insulation, i.e. warmth	5	4	3	2	1
Fuel bills, i.e. lower energy costs	5	4	3	2	1
Double Glazing, i.e. warmth	5	4	3	2	1

2. What geographical area does your office cover? If you are part of a chain what other areas in Kent do you cover?

Please give details:

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3. In your experience what are your tenants/customers particularly interested in when they are looking for a property to rent? Please indicate order of preference with 5 as most important factor and 1 least important.

Location	5	4	3	2	1
Price	5	4	3	2	1
Size/number of bedrooms	5	4	3	2	1
Age of property	5	4	3	2	1
Provision of full central heating system	5	4	3	2	1
Gas heated property	5	4	3	2	1
Double glazing	5	4	3	2	1
Low energy bills	5	4	3	2	1
Warmer property	5	4	3	2	1

4. Do you currently provide information on any of the following for your properties?

	Yes	No
Heating type		
Hot water heating type		
Double glazing		
Insulation		
Costs of heating		

5. If more information was provided about the energy efficiency and running costs of a property, do you think this could influence the choice a tenant would make?

Yes  No  Don't know

6. When a tenant moves into a property, do you provide them with an information pack of some sort?

Yes  No

If yes, does this include information on heating controls? please give details:

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7. Do you provide information/literature to the landlords on your books about housing maintenance good practice?

Yes  No

## ANNEX 2

### Responses to questionnaire sent to landlords

#### PRIVATE LANDLORDS QUESTIONNAIRE - DATA ANALYSIS

Question 1- What would encourage you to install insulation and/or energy efficient boilers in your property/ies?

(5=strongly agree...1=strongly disagree)

<b>Interest free loan</b>					
	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Total	60	25	22	23	18
%	41	17	15	16	12

<b>Low interest loan</b>					
	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Total	22	18	26	35	37
%	16	13	19	25	27

<b>50% grants</b>					
	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Total	43	48	36	11	5
%	30	34	25	8	3

<b>100% grants</b>					
	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Total	155	6	0	1	3
%	94	4	0	1	2

<b>Higher rents</b>					
	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Total	35	28	38	23	21
%	24	19	26	16	14

<b>Lower maintenance</b>					
	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Total	58	36	35	14	10
%	38	24	23	9	7

<b>Better resale value</b>					
	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Total	39	33	35	19	16
%	27	23	25	13	11

Question 2 - If you/your letting agent were required to publish information on the energy running costs of your property/ies would you be more likely to improve the energy efficiency of the buildings?

	Y	N	?
Total	70	46	50
%	42	28	30

**Question 3 - do you participate in any accreditation schemes?**

	Y	N
Total	14	152
%	8	92

**Question 4 - Do you know whether your properties are adequately insulated?**

	Y	N	?
Total	55	73	39
%	33	44	23

**Question 5 - Are you aware that there are grants and discounts available for a range of energy efficiency measures for landlords and their tenants?**

**If yes, have you/your tenants received grants or discounts for this type of work?**

	Y	N
Total	39	123
%	24	76

	Y	N
Total	5	74
%	6	94

**Question 6 - Do you find tenants through a Letting Agent?**

	Y	N
Total	64	110
%	37	63

**Question 6a (Dartford only)- Do you find tenants through Dartford Borough Council's Private Letting Scheme?**

**If no, would you want details of the scheme sent to you?**

	Y	N
Total	0	6
%	0	100

	Y	N
Total	6	0
%	100	0

**Question 7 - How many properties do you rent out?**

Total	8661
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**Question 7a (Tonbridge and Malling only) - how many in T&M?**

Total	29
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**Question 7b (Sevenoaks only) - how many in Sevenoaks?**

Total	252
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*Responses to questionnaire sent to letting agents are listed below.*

## LETTING AGENTS' QUESTIONNAIRE - DATA ANALYSIS

Question 1 - When you have a property to let, if it had energy efficient measures installed would you see this fact as a selling point?

	<b>Y</b>	<b>N</b>	<b>?</b>
Total	14	1	3
%	78	6	17

If yes....  
 ee heating system

	<b>5(strongly agree)</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1(strongly disagree)</b>
Total	7	3	4	0	0
%	50	21	29	0	0

If yes....  
 loft/wall insulation

	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Total	3	3	6	0	1
%	23	23	46	0	8

If yes....  
 fuel bills

	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Total	8	5	1	0	0
%	57	36	7	0	0

If yes....  
 double glazing

	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Total	6	4	4	0	0
%	43	29	29	0	0

Question 3 - In your experience what are your tenants particularly interested in when they are looking for a property to rent?

location

	<b>5(most important)</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1(least important)</b>
Total	7	8	0	0	0

%	47	53	0	0	0
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price

	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Total	9	5	1	0	0
%	60	33	7	0	0

size/number bedrooms

	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Total	7	5	3	0	0
%	47	33	20	0	0

age of property

	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Total	0	0	5	4	5
%	0	0	36	29	36

full central heating

	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Total	5	5	3	2	0
%	33	33	20	13	0

gas heated

	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Total	0	8	5	2	0
%	0	53	33	13	0

double glazing

	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Total	0	3	9	2	1
%	0	20	60	13	7

low energy bills

	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Total	3	1	5	5	1
%	20	7	33	33	7

warmer property

	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Total	2	4	4	4	1
%	13	27	27	27	7

Question 4 - Do you currently provide information on any of the following for your properties?

heating type

	<b>Y</b>	<b>N</b>
--	----------	----------

hot water type

	<b>Y</b>	<b>N</b>
--	----------	----------

Total	14	1
%	93	7

Total	8	7
%	53	47

double glazing

	<b>Y</b>	<b>N</b>
Total	12	3
%	80	20

insulation

	<b>Y</b>	<b>N</b>
Total	0	15
%	0	100

heating costs

	<b>Y</b>	<b>N</b>
Total	0	15
%	0	100

Question 5 - If more information was provided about the energy efficiency and running costs of a property, do you think this could influence the choice a tenant would make?

	<b>Y</b>	<b>N</b>	<b>?</b>
Total	4	2	9
%	27	13	60

Question 6 - When a tenant moves into a property, do you provide them with an information pack of some sort?

	<b>Y</b>	<b>N</b>
Total	9	6
%	60	40

If yes...controls advice

	<b>Y</b>	<b>N</b>
Total	7	3
%	70	30

Question 7 - Do you provide information/literature to the landlords on your books about housing maintenance good practice?

	<b>Y</b>	<b>N</b>
Total	10	6
%	63	38

If yes....heating

	<b>Y</b>	<b>N</b>
Total	7	3
%	70	30

If yes....reducing cond./damp

	<b>Y</b>	<b>N</b>
Total	5	5
%	50	50

If yes....ee insulation

	<b>Y</b>	<b>N</b>
Total	2	7
%	22	78

If yes....others

	<b>Y</b>	<b>N</b>
Total	0	0

%	0	0
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Question 8 - As a letting agent you would be responsible for checking that a house you are marketing meets certain standards. Does this include checks on:

provision of heating

	Y	N
Total	16	0
%	100	0

type of heating

	Y	N
Total	15	1
%	94	6

ee insulation

	Y	N
Total	1	15
%	6	94

insulation

	Y	N
Total	1	15
%	6	94

other

	Y	N
Total	0	0
%	0	0

Question 9 - If a house had no heating provision, would you still offer the property for rent?

	Y	N
Total	8	9
%	47	53

Question 10 - Would you be interested in helping to promote energy efficiency to landlords and tenants by doing any of the following?

property check

	Y	N
Total	5	9
%	36	64

ee publicity

	Y	N
Total	7	8
%	47	53

ee advice

	Y	N
Total	15	2
%	88	12

grants info

	Y	N
Total	16	1
%	94	6

## **ANNEX 3**

### **Draft Marketing Plan for Energy House Points Implementation**

#### **Product**

This scheme promotes carbon reduction and energy efficiency measures to private sector landlords:

- Insulation measures – loft and cavity wall insulation
- Condensing boilers/heating systems - installation or upgrade

The scheme integrates with existing schemes KASH (HECAAction 1999) and Warmfront, building on their success and bringing them to a new audience.

#### **Price**

The scheme has been designed to be as attractive as possible to the client. This has been achieved by

- i. Drawing in significant EEC funding (for discounts and 100% funding) and sign posting to Warmfront
- ii. Maintaining quality levels by using a network of trained, accredited installers who are quality checked for a minimum 5% of their jobs and who are re-tendered in an open and transparent process once a year
- iii. Facilitating the entire process to ensure simplicity for the client
- iv. Including free and impartial energy advice to all clients

It offers landlords the following financial offers

- 50% off the normal cost of cavity and loft insulation for gas heated properties
- 70% off the normal cost of cavity and loft insulation for electrically heated and coal heated properties
- Significant discounts on energy efficient heating systems
- 100% off the normal cost of cavity and loft insulation and heating for landlords with eligible tenants (EEC and Warmfront)
- 50% off the normal cost of membership to the Southern Private Landlords Association
- Trained, accredited installers

#### **Promotion**

The scheme will target private sector landlords with rented properties within the 13 local authorities in Kent. This is an audience owning 9% of the housing in Kent.

The key marketing messages are as follows

- Did you know there are generous discounts and 100% grants available to landlords to install energy efficiency boilers and insulation?
- A network of trained and accredited installers, with quality assurance checks, will give you the peace of mind of top quality workmanship
- Improve the condition of your properties and reduce maintenance costs
- It couldn't be simpler – phone us today and we will do the rest
- We want to give you ½ price membership of the SPLA

In addition, the messages could be updated to include information on recent government pledges on help to allow landlords to spend up to £1,500 on energy efficiency measures and offset against profits at end of financial year.

The key communication methods will be:

- Target landlords with appropriate literature:
  - Work with local authorities to target landlords through their landlord forum newsletters and events
  - Work with SPLA and NLA to distribute information to landlords
  - Tailor the messages to appeal to this group, based on views received during the consultation and through existing research available from the BRE
  - Produce a website with links to other agencies
- Target landlords indirectly by working with letting agents
  - Work with the letting agents identified during the feasibility and seek to build new partnerships with other agencies
  - Discuss preferred approach with agent and tailor accordingly
  - Provide information to be distributed to landlords registered with each letting agent
  - Explore opportunities for including energy efficiency information and running costs on housing specifications
  - Provide information sheets (heating system instructions, top tips), joint branded with agent if preferred, for inclusion within tenant welcome packs
- Target landlords indirectly via tenants
  - Design literature with a specific marketing message and advice for this group
  - Send out via letting agents as described above
  - To reach those landlords not registered with letting agents and/or local authority fora, use the Hotspots data to target output areas (100 households or less) where 50% or more of the residents are living in private rented accommodation

## **ANNEX 4**

### **Summary of the investigation into other accreditation schemes**

#### Student Savers

A scheme to promote energy efficiency to student landlords in the Hillingdon area of London. This scheme is run by Creative Environmental Networks. The project has so far had disappointing results. The initial information was that 5000 properties were available to target but the actual figure was around 300. It was also decided that the original offer was too complicated for landlords to understand. This has now been adjusted and the offer is now based around additional discounts under the existing EEC scheme together with an energy rating of the property for students. The revised scheme will link into the London University property list that has 1,500 rented properties. A comment from the project manager running the scheme was that 'landlords are really interested in the money element of the offer rather than the energy efficiency saving potential.' The additional discounts for energy efficiency measures will increase the attractiveness of the scheme to landlords.

NOTE: Student Savers is a CEN co-ordinated project that targets student landlords. It was established before the EHP project that we would work closely with the Student Savers Project Manager to ensure any repetition of work was avoided and to establish best practice in accreditation methodology.

#### Warmer Lets

Landlord accreditation scheme run in 3 local authority areas (South Gloucestershire Council/Bristol City Council/Bath & N.East Somerset Council) and has just completed its

third year of operation. It has been extremely successful with grants totalling £250,000 and a total cost of approved associated works at almost £1 million.

This scheme has the benefit of £60,000 funding per year over 3 years – made up of £20,000 from each authority. The EST gave match funding over the 3 years to cover the launch, marketing and administration costs. It meant that the offer of a grant up to the value £1,000 was available for energy efficiency measures, and not surprisingly this has turned into a successful scheme.

A key comment from the agent running the scheme was 'when you are fishing for landlords, what you need are plenty of hooks, so that if one doesn't get them, another one might'.

#### Rentwise

Run by Manchester City Council. This is not strictly simply a landlord accreditation scheme. The scheme matches up decent homes with families who want them.

It was advertised as 'a great deal for landlords' as it introduces them to tenants, and gives a guarantee to cover the landlord against damage and, in some cases, rent arrears if the tenant leaves. And it's free.

The Council checks that the property is safe and meets certain standards covering areas such as; management/structure of the property/kitchens/bathrooms and sinks/decoration/heating insulation and ventilation/electrics/fire safety/outside boundaries, etc.

If these are acceptable the landlord will be awarded with accredited landlord status. The Rent Officer will then to decide how much housing benefit would be payable on the property. Then the council will introduce a family looking to rent.

The scheme is about to be relaunched as the take up has been relatively low. There are currently 36 properties in the scheme and the revisions will mean a target to attract double the number of properties registered.

A council representative said that the problem seems to be that some landlords do not want to make improvements to get the property up to the required standard as laid down by the City Council. The changes will aim to address this with an introduction of a £200 cash incentive to landlords who make improvements, plus a possible 'buffer' payment to landlords who complain of having to wait for payment through housing benefit payments. The scheme will be simplified to encourage take up and the council also wishes to promote the scheme through estate agents/letting agents and this will happen with the revised scheme.

#### Southampton Accreditation Scheme for Student Housing (SASSH)

This scheme is a joint scheme between Southampton University, who manage the scheme, and the City Council. It was launched in June 2003 and has been very successful. There are currently 993 properties accredited through the scheme and no financial incentives are offered to improve properties. The chief incentive for a landlord is that details of the property (ies) to let are advertised for free on the university intranet.

According to Southampton City Council the success of the scheme is due to the excellent relations the University has with landlords.

The scheme awards landlords a bronze, silver, gold or platinum 'standard' according to features in the property. These range from security features, window locks etc, through to insulation and heating measures.

NOTE; It was decided at an early stage that the Energy House Points scheme would be flexible enough to dovetail into any existing or planned landlord accreditation scheme. However, as a scheme in itself some steering group members thought that it was wrong to call it an accreditation scheme. It was felt that a landlord who had energy efficiency measures installed may use the term accreditation to unjustifiably promote the property as safe to live in – this is something that is out of the remit of the EHP project, which specifically and solely looks at energy efficiency measures. The design of EHP will allow it to become the energy efficiency element of any local authority accreditation scheme.

We also gained valuable information from landlords regarding the likely success of loans, discounts, grants, etc. Overall it was felt that landlords were not aware of existing grant/discount schemes that could help. This prompted the idea that although the schemes and benefits were already in place it was a marketing and promotional issue that was holding back development of energy efficiency installations by landlords.

Investigation of these schemes showed that success would be assisted by big financial inducements (e.g. Warmer Lets) and/or developing excellent relationships with landlords (e.g. SAASH).

## **ANNEX 5**

**Financial information (see attached)**