



Department for
Communities and
Local Government

Review of energy assessor accreditation scheme operations

Government's Response



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December 2016

ISBN: 978-1-4098-4979-7

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Introduction

1. DCLG is responsible for implementing the requirements of the Energy Performance of Buildings Directive in England and Wales and for overseeing certain aspects of the system that has been put in place for that purpose. As part of this, the Department is responsible for overseeing the Energy Assessor (EA) Accreditation Schemes (schemes) approved by the Secretary of State in accordance with Regulation 25 of the Energy Performance of Buildings (England and Wales) Regulations 2012 (as amended).
2. There are currently seven schemes who oversee the work of approximately 15,000 accredited energy assessors who produce energy certificates for domestic, public and commercial buildings, and air conditioning inspection reports for air conditioning systems with an effective rated output in excess of 12kW. The proposed changes arose from a review of Scheme requirements that was conducted in 2015.
3. In May this year, the Government published a consultation document seeking views on a number of proposed changes to the operational requirements placed on schemes as a condition of their approval: <https://www.gov.uk/government/consultations/review-of-energy-assessor-accreditation-scheme-operations> . The proposals focused on changes aimed at improving quality assurance, tackling bad practice and detecting and preventing fraud. The responses have been carefully considered and this document sets out the Government's response and next steps.
4. This consultation response aligns closely with the Each Home Counts Review, an independent review of Consumer Advice, Protection, Standards and Enforcement for home energy efficiency and renewable energy measures in the UK. The review findings have been published on 16 December 2016 and are also available on gov.uk.

Summary of responses and the Government's response

5. There were 61 responses to the consultation. Of these, the majority (42) were from individual energy assessors. Responses were also received from the Alliance of Energy Assessor Associations, the Green Deal Advisor Association, the Property Energy Professional Association, Ofgem and schemes. Some responses took the form of short letters and emails setting out views on the proposals and other responses included general views on the content of the Energy Performance of Building Regulations 2012 and associated systems, but did not address the specific questions asked. The responses were assessed with an indication of whether the correspondent was broadly supportive of the proposals or not.
6. The responses are split into three categories: outright "yes" and "no" answers, plus not applicable (N/A) for those who had no view on the individual question, or where it was not clear from the views expressed whether the respondent was for or against the proposal.

Summary of responses

7. Table 1 below summarises the responses received to the questions asked in the consultation.

	Questions	Yes	No	N/A
1	Do you consider that smart auditing would improve quality assurance procedures for energy certificates, particularly in relation to consumer protection and prevention and detection of fraud?	85%	8%	7%
2	Should error margins, as shown in table 1, be tightened?	21%	62%	17%
3	Will allocating each energy assessor a unique identification number help to provide safeguards against abuse of accreditation scheme systems?	67%	13%	20%
4	If you consider that a unique identifier does not provide sufficient safeguards, should individual energy assessors be limited to one scheme membership for each type of certificate that they produce?	18%	57%	25%
5	Would the introduction of clearer rules about when it is both proportionate and reasonable for schemes to strike off energy assessors, in cases of persistent or serious misconduct or malpractice, help to improve professional standards in the energy assessment industry?	70%	10%	20%
6	Should accreditation schemes have the right to charge for the cost of referring complaints to the independent third party in those cases that are not brought by the building owner or occupant and where the complaint is not upheld?	39%	33%	28%

7	For the specific purposes of preventing and detecting fraud should accreditation schemes: <ul style="list-style-type: none"> • have greater access to data stored on the Energy Performance of Buildings Registers? • be required to share data that might be indicative of fraud with regulatory bodies such as Ofgem and Action Fraud? 	72%	8%	20%
8	Do you consider that the Department should place an express duty on accreditation schemes to ensure that data held by both them and their members are held securely and are retained or processed only for purposes specified by the Secretary of State?	55%	17%	28%

Question 1

Do you consider that smart auditing would improve quality assurance procedures for energy certificates, particularly in relation to consumer protection and prevention and detection of fraud?

8. 85% of respondents were in favour of changing the current approach to quality assurance from random to smart auditing. Many considered that smart auditing would enable schemes to improve the overall reputation of the industry by identifying and removing the worst performing energy assessors. They also felt that allowing schemes to target known risk factors such as improbable values, data items that impact on eligibility for grant funding programmes and multiple energy performance certificates entered onto the Register for the same property, would be an improvement on the existing system. The proposal would also enable schemes to reduce the number of audits on competent energy assessors, making better use of their resources. Conversely, amongst the views expressed by those against the proposals were that the entire quality assurance system is dysfunctional, and the changes being proposed will merely place additional burdens on energy assessors without delivering any tangible benefits.

Government Response

9. The Government has carefully considered the responses to this question. These demonstrate a clear majority in support of introducing smart auditing. The Government has also taken account of the trial of smart auditing that has been taking place since April this year. This has demonstrated that smart auditing is a practical means of targeting known risk factors that can be clearly understood by all those working in the industry. The Government has therefore decided to adopt the smart auditing approach to quality assuring energy certificates and will work with industry to incorporate this into a revised set of Scheme Operating Requirements.

Question 2

Should error margins, as shown in table 1, be tightened?

Energy Certificate Strand	Margin of Error
Existing Dwellings	+ or – 5 Sap Points
Newly Constructed Dwellings	The Dwelling Emission Rate calculation exceeds either 4% or 1 kgCO ₂ /m ² /annum difference from the true figure
Display energy Certificates	The absolute sum of errors exceeds + or - 5% or 5 absolute points from the true figure
Non-Domestic buildings Level 3 and level 4	The Building Emission Rate (BER) exceeds either 5 kgCO ₂ /m ² or 10% difference from the true figure
Non- Domestic buildings level 5	The absolute sum of any BER errors identified exceeds either 10% of the BER calculated or 5 kgCO ₂ /m ² of the value calculated
Air Conditioning Inspection Report	Not applicable as Air Conditioning Inspection Reports do not involve any specific calculations and QA audits are based on assessment against a range of criteria

10. An energy certificate is currently defined as defective if the difference between the energy certificate produced by an assessor and the “true value” exceeds those error margins defined in table 1. The “true value” is defined as the energy certificate produced by the quality assurance auditor from the same evidence as that recorded by the assessor. The difference between the energy certificate produced by the assessor and the quality assurance auditor respectively should be the sum of the absolute errors associated with each data entry or field. If the sum of absolute errors is in excess of the margin set out above, the energy certificate should be marked as defective and replaced. An energy certificate can also fail an audit, but not be defined as defective, if the absolute sum of errors is less than the margin set out above. In these circumstances, an energy assessor may be required to take action to address the underlying cause of the error, but replacement of the energy certificate is at the discretion of the scheme.

11. 62% of respondents were in favour of retaining the current error margins. Most felt that tightening the error margins would not necessarily improve the quality of energy performance certificates. Some argued that only accreditation schemes, who charge for lodgement of energy certificates, would derive any benefit. Such a change would therefore lead to an increase in the price of energy certificates with little or no benefit to consumers. Some respondents argued that tightening error margins would be meaningless as energy performance certificates are only intended to provide a basis for comparing the relative energy efficiency of different buildings.

12. 21% of respondents felt that the current error margin should be tightened. Some felt that, since energy performance certificates have been required since 2007, the permissible error margin could be reduced from 5% to 3% or lower. Some also felt that tightening the error margins would help to improve the stature of the industry. There was some support amongst those against change in this area for considering tighter error margins in

the case where correcting the cumulative effect of errors could lead to a change in EPC band rating.

Government response

13. No clear evidence was provided in any of the responses that tightening error margins would deliver any meaningful benefits or lead to a significant improvement in the robustness of energy performance certificate assessments. Nor was there any clear evidence about the distribution of errors within the permissible range. This makes it difficult to gauge what the impact of tightening error margins might be. There was also a clear majority against tightening error margins. The suggestion put forward by some of introducing differentiated error margins where correcting the errors would move the EPC from one band rating to another, would be difficult to define and complex to administer. The Government is therefore minded to retain the error margins currently in place. However, the Government proposes to work with industry to gather more evidence what the distribution of errors is, and what the impacts of tightening error margins would be if they were changed at some future point.

Question 3

Will allocating each energy assessor a unique identification number help to provide safeguards against abuse of Accreditation Scheme systems?

14. Currently assessors are permitted to have multiple memberships both within one scheme, and across a number of different, schemes. As a consequence, it is not always possible to track efficiently all of the activity of individual assessors. This creates the possibility that assessors who act improperly are able to spread their activity across different schemes and thus avoid detection.

15. 67% of respondents were in favour of having a unique identification system for individual energy assessors, because it would allow all energy certificates connected with an individual to be traced back to that individual irrespective of the scheme through which they may have entered them onto the Register. Of the 13% respondents against, where reasons were put forward, some felt that the current system of name and date of birth should be sufficient to trace activity back to individual assessors. Others argued that greater cooperation between schemes would achieve the same outcome without introducing a new unique ID system.

Government Response

16. The Government has carefully considered responses and is minded to work with industry and the operator of the Energy Performance of Buildings Register to introduce a system of unique energy assessor identification numbers going forward.

Question 4

If you consider that a unique identifier does not provide sufficient safeguards, should individual energy assessors be limited to one scheme membership for each type of certificate that they produce?

17. 57% of respondents were against the idea of individual energy assessors being limited to one scheme membership for each type of certificate that they produce. Many respondents felt this to be impractical as many of the organisations with whom they have contracts, or which commission them to carry out energy assessments, require them to lodge energy certificates through a specific scheme. They also felt that restricting assessors to membership of a single scheme would lessen competition in the energy performance certificate market place, and could possibly lead to one scheme gaining a monopoly, with no solid evidence that it would produce any measurable benefits.
18. The main argument put forward by the 18% of respondents in favour of restricting the number of scheme memberships was that it would help accreditation schemes to accurately monitor the performance of assessors and ensure any imposed sanctions are enforced without the risk of an assessor continuing to operate under an alternative accreditation scheme.

Government Response

19. Government is not minded to introduce a limit on the number of schemes an energy assessor can be a member of at any given time. The arguments that it would be anti-competitive and unduly limit the ability of individual energy assessors to work for clients who will only commission work from assessors who are members of a particular scheme were particularly persuasive factors in reaching this conclusion.

Question 5

Would the introduction of clearer rules about when it is both proportionate and reasonable for schemes to strike off energy assessors, in cases of persistent or serious misconduct or malpractice, help to improve professional standards in the energy assessment industry?

20. 70% respondents were in favour of clearer rules about when accreditation schemes can strike off energy assessors, especially in cases of persistent or serious misconduct or malpractice. Many felt this would help to improve professional standards in the energy assessment industry. Others felt that the introduction of clearer rules would also help improve consistency across accreditation bodies. Clearer rules would also help to ensure that persistent offenders who are unable to address their shortcomings can be struck-off. However, suspension must be consistently applied across all accreditation schemes to prevent unscrupulous energy assessors moving between different accreditation schemes to avoid the consequences of poor practice and remove from the industry any assessor found to be persistently creating inaccurate energy performance certificates.

21. Of the 10% against, where reasons were given, some that the existing rules were sufficiently clear while others felt that it would not be in the commercial interest of schemes to strike off energy assessors.

Government Response

22. Government has carefully considered responses and is minded to update the Scheme Operating Requirement to include clearer rules about when it is both proportionate and reasonable for accreditation schemes to strike off energy assessors, in cases of persistent or serious misconduct or malpractice. We consider that this will help to improve professional standards in the energy assessment industry.

Question 6

Should accreditation schemes have the right to charge for the cost of referring complaints to the independent third party in those cases that are not brought by the building owner or occupant and where the complaint is not upheld?

23. The responses to this question were balanced, with 39% of respondents in agreement and 33% against. It was uncertain what view the remaining 28% took. The fact that the majority of respondents to this consultation were accreditation schemes and industry bodies, rather than consumers, should be borne in mind.

24. Those in favour considered that allowing charging in some limited circumstances would dissuade vexatious referrals. With the exception of all but one, schemes were in favour of charging. The main argument they put forward is that they already have rigorous procedures in place, and complaints already go through a number of internal appeals procedures before they are referred to third parties for adjudication. This is particularly true of cases involving EA complaints about quality assurance audit outcomes.

25. Those against believe that introducing costs for referring complaints would discourage some genuine complaints from being raised. Others also argued that Government schemes such as the Energy Company Obligation have led to the interrogation of a large number of energy performance certificates by individuals and companies (aside from building owners or occupants) identifying issues for accreditation bodies to investigate. In many such cases, a defective EPC would not impact the building owner or occupier so they may not be likely to raise a complaint themselves.

Government Response

26. Government has carefully considered all of the responses. Scheme concerns about the costs associated with appeals procedures are not unreasonable, but need to be balanced against the wider interests of the industry being seen to operate transparent and objective appeals procedures, of which appeals to an independent third party are an indispensable part. The argument that allowing schemes to charge for appeals could dissuade those with legitimate concerns from pursuing them is persuasive. The Government is therefore not minded to change the current rules about the cost of referring complaints to an independent third party.

Question 7

For the specific purposes of preventing and detecting fraud should accreditation schemes:

- **have greater access to data stored on the Energy Performance of Buildings Registers?**
- **be required to share data that might be indicative of fraud with Regulatory bodies such as Ofgem and Action Fraud?**

27. 72% of respondents agreed that more data stored on the Energy Performance of Buildings Register should be shared with organisations such as Ofgem and Action Fraud in order to improve Government's ability to investigate and take appropriate action in cases of suspected fraud. The same proportion also agreed that extended access to data stored on the Energy Performance of Buildings Register would provide accreditation schemes with the tools to be able to assess whether suspected fraudulent activity may be occurring.

28. Of the 8% against, none were against both allowing schemes greater access to data and requiring schemes to share data with relevant bodies where there are indications of potential fraud occurring. Those against greater access to data argued that detecting and reporting fraud should be left to energy assessors, and that the only benefit would be to schemes which would have access to a greater amount of data to exploit commercially. Of those against requiring schemes to share data, the main argument put forward was that sharing data with organisations that may not understand it may lead to misinterpretation. This could ultimately lead to greater costs for schemes in having to explain it, with no obvious benefits.

Government Response

29. Government has carefully considered the responses and is minded to extend the access that accreditation schemes have to data stored on the Energy Performance of Buildings Register. We are also minded to introduce a requirement for schemes to share data with Regulatory bodies such as Ofgem and Action fraud in cases where potentially fraudulent activity has been identified. We are likely to seek to do this through administrative procedures in the first instance.

Question 8

Do you consider that the Department should place an express duty on accreditation schemes to ensure that data held by both them and their members are held securely and are retained or processed only for purposes specified by the Secretary of State?

30. 55% of respondents agreed with this proposal. Some felt that whilst the current Data Protection responsibilities already apply to accreditation schemes and their members, there are no checks to ensure that they comply. Some respondents also felt that an express duty has the potential to stop schemes being bought out by third parties specifically with a view to gaining access to their databases. It would also help to prevent any energy assessor with a large database of energy performance data selling it on for a profit.
31. Of the 17% against, some argued that energy performance certificates do not in their view contain personal data, and restricting use of data by both schemes and energy assessors could undermine some other Government programmes. Others argued that the energy assessors are already legally responsible for managing data appropriately. A significant proportion of responses, 28% had no strong opinion and felt that the current data protection arrangements were sufficient.

Government Response

32. Government has carefully considered the responses. No persuasive arguments were put forward as to why it would be inappropriate to put in place measures to ensure that data relating to the energy performance of buildings is managed appropriately. The Government is therefore minded to place an express duty on accreditation schemes to ensure that data held by them and their members are held securely and are retained or processed only for purposes specified by the Secretary of State. We are likely to seek to do this through administrative procedures in the first instance.

3. Next Steps

33. The Government will work with industry and the operator of the Energy Performance of Buildings Register to implement those measures that we are minded to take forward following this consultation. We will also revise all of the documentation relating to the Scheme Operating Requirements to take on board the changes set out above.