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Elmhurst Energy Response to Consultation: “Review of Energy Assessor Accreditation Scheme Operations”

Prepared for DCLG

July 2016



Domestic

Commercial

On Construction



1. Introduction

Elmhurst Energy are pleased that DCLG are reviewing the current Scheme Operating Requirements and we are delighted to respond to the Consultation “Review of Energy Assessor Accreditation Scheme Operations”.

The review asked 8 questions and we have answered them all below.

2. Questions and Answers

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?

Yes

No

It is widely agreed amongst Assessors, Schemes and the Industry as a whole that the current Quality Assurance (QA) auditing regime is too bureaucratic and often focuses more on the QA process than the actual quality of the EPC itself. The present system is also overly-complex and is slow to react to specific industry concerns. Smart Auditing is an opportunity to take a fresh approach to QA and adopt an alternative process which is more ‘fit for purpose’.

Smart Auditing is reactive and takes a risk-based approach to QA. Using a defined set of ‘smart rules’, Schemes would be able to target areas of concern, including unusual data inputs or lodgement patterns, and select specific EPCs for audit. Examples could include ‘no heating controls’ to the main boiler or large number of lodged EPCs with ‘no loft access’ or overwritten U-Values. Where technical errors are identified, Schemes would ensure that appropriate corrective action is completed by the assessor to ensure these errors are not repeated and, over time, help to increase the quality and consistence of EPCs lodged on the central register. Smart Auditing is also expected to highlight malpractice and fraudulent activity more easily, in which case a strict disciplinary procedure would lead to the assessor being ‘struck-off’ if appropriate.

It should also be noted that assessors who fail a smart audit, would only have 1 ‘follow on’ audit (not two more random audits as is the case with current system) and that the ‘follow on’ audit is only called if the same smart audit rule is triggered again in the future. Effectively this should mean less auditing for good assessors, and those who learn from these issues and more auditing on riskier EPCs.

Elmhurst would also like to raise the importance of the Transaction Type within the dataset so that it can be used better within the smart auditing framework.



Question 2 - Should error margins, as shown in table 1, be tightened?

Yes

No

If yes, what should the acceptable margin of error be in each case?

In our opinion the levels are correct, there is no evidence to suggest otherwise.

In regards to properties that border E and F ratings in terms of the new MEES standards, all policy decisions will be based on some kind of standard or measurement element. Smart Auditing can be set to ensure that unusual or misappropriate data is identified and those people performing this are appropriately dealt with. The decision to tighten or widen the standards would in our opinion be incorrect.

The EPC needs to be correct full stop, but if an attempt is made to make them narrower, more EPCs will fail. The current standards are correct, EPC were deemed to be a good guide to the energy efficiency of properties without undertaking a full SAP calculation and intrusive analysis/inspection. The fact that a rating is within a small but meaningful margin is correct.

People talk about accuracy, but we must all ensure that we understand the difference between actual accuracy and relative accuracy. Actual accuracy is impossible to aim for, but a good relative accuracy that is fundamentally repeatable is essential for the success of EPCs. So if two assessors visit the same property they would obtain an EPC within 5 SAP points in our opinion is repeatable and a good standard to aim for. People seem to be claiming that RdSAP needs to get to within a few pence of peoples real fuel bills. We think that this is missing the point of what a standard methodology is trying to achieve.

Smart Auditing will get to the heart of the issue over quality of EPCs.

Question 3 - Will allocating each energy assessor a unique identification number help to provide safeguards against abuse of Accreditation Scheme systems?

Yes

No

This should have been a prerequisite of the system in the first place. The method by how new entrants obtain one – needs to be quick and efficient, and the method by which current assessors obtain theirs is key. A simple system has been suggested between the present central register holder and all Schemes. This would seem like the first starting place.

At present, Assessors can ‘scheme hop’ in attempt to cheat the system. At present Schemes and Central Registers, do share data and so assessors can be sanctioned appropriately; however the process is rather clumsy and longwinded.

In order for a successful industry the Register must be the manager of a Unique Person Identifier. This has been referred to in the past as the UPI. The Register would structure the UPI in a parent/child relationship where the Parent is the Unique Person and the child can exist in multiple accreditation schemes and be in the same scheme multiple times.

New unique people require a new UPI. When an assessor joins individual schemes they are assigned a child relationship. Assessors can have multiple child accounts. This is essential as market forces require flexibility to allow lodgements of certificates through various schemes.

This simple process ensures that individual persons can be held accountable for issues across schemes. An example would be where an assessor is found to be acting fraudulently by one scheme, the status can be appropriately set so that the assessor can’t lodge certificates via all schemes that he/she is a member of.

We think that for robustness the UPI should piggy back on the back of an existing unique identifier such as National Insurance etc.

Please note even if an assessor has his/her membership revoked, they may still be accepted by another scheme, should the assessor and the scheme be confident that lessons have been learnt. This is not about blocking people from working and entitlement to make a living.

Finally by invoking this, it will also answer once and for all, how many assessors are actually out there in industry. This is not a number that can be guaranteed with certainty at the moment, due to many different accreditations with multiple schemes.



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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?

Yes

No

No, a Unique Identifier is absolutely sufficient if enacted correctly. It is anti competitive to suggest that assessors can't join more than one scheme. For many genuine reasons some assessors need to be in different schemes. Also to get this to work a unique identifier is required, if one can be created then it doesn't matter where the assessor lodges the central register and schemes can prevent lodgements.



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?

Yes

No

The current SORs are far too prescriptive, with too many loops and inconsistencies. We at Elmhurst have assessors who can fail the majority of their audits, and by following the current SORs, they simply keep going through loop after loop and whilst having a draconian audit regime placed on them, which still doesn't get to the heart of the issue.

We think if an assessor deliberately misleads consumers and brings EPCs into disrepute – by acting fraudulently or malpractice – that we can revoke their membership. If another scheme wished to take these individuals on, then that is up to them. If all schemes place quality over quantity, then the assessors that want to bend and cheat the rules will be correctly removed from the industry.

If the move is made to smart audit which we believe is the correct approach, we think that if an assessor fails a smart audit e.g. an incorrect U-value. They are warned and given guidance e.g. read conventions, user guides technical bulletins etc. If they fail the 'same' smart audit again – they are given a final warning, and given sterner consequences e.g. some update training/cpd. If they fail the 'same' smart rule again, then they are either incompetent or fraudulent. We think a three strikes and you are out rule is a fair and the correct approach. This will ensure good honest assessors who will occasionally make mistakes (human nature) will be rewarded and the assessors who do not take creating EPCs in a professional manner will be found relatively quickly.

It is important to realise that assessors may make odd/honest mistakes and this is what QA is all about, educating individuals and making EPCs better. If an individual has lodged three EPCs with exactly the same error, and has had three clear warnings, we believe it is fair to the whole Industry that they are stopped from producing new EPCs.



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?

Yes

No

Here at Elmhurst all complaints are investigated, whether from homeowner, occupant or the assessor. We value EPCs and the process by which they are created; we want to work with likeminded individuals and companies that have our same vision.

In our current system, the complainant (or Assessor) has many chances to appeal decisions by Elmhurst.

1. If the complainant is by an occupant or homeowner – the complaint is discussed and the complainant is directed in the first instance to the Assessor who created the EPC. If they can resolve the issue between them, then the case is complete.

If this doesn't resolve the issue, then we move to step 2.

2. If there is then a complaint about an EPC (and it can't be addressed in discussion with the original assessor), then the issue is thoroughly investigated by Elmhurst. The EPC is called for auditing by Elmhurst, which is undertaken by an appropriately qualified auditor and:
 - a. If found to be 'dismissed' then the complainant and the assessor are duly informed of the outcome.
 - b. if found to be 'upheld' then the assessor in question has consequences applied following the guidance in the SORs.

If either the complainant or the assessor appeals the result then we move to step 3:

3. This is then raised with the appropriate business unit team at Elmhurst (non domestic, on construction or existing dwellings) in the first instance; who were not involved in the original audit investigation. They will relook at the evidence provided and make a new judgement based on all the facts.

If this doesn't resolve the issue, and either the complainant or assessor appeals the result, then we move to step 4.



4. This is then raised with the manager/team leader of the business unit (existing dwellings, on construction or non domestic), this manager was not involved in any of the previous audit investigations. They will relook at the evidence provided and make a new judgement based on all the facts

If this doesn't resolve the issue , and either the complainant or assessor appeals the result, then we move to step 5.

5. This is then heard by an Accreditation Panel, which is made up of senior management at Elmhurst. Who were not party to the previous audit investigations. They will review the evidence provided and make a new judgement based on all the facts Complainants and or Assessor can come to this meeting to represent themselves if they wish

This for Elmhurst is the final outcome from the Scheme.

We at Elmhurst believe this appeals process is rigorous, fair and impartial. In our opinion this is great oversight and perfectly defends Homeowners, Occupants, Assessors, the Scheme and the quality of EPCs.

6. If the Complainant or Assessor still wants to appeal the decision: Elmhurst have to request a sitting of an external panel of independent experts at great cost. The Complainant/Assessor can also be represented at this meeting. They meet and take evidence from all parties. It must be said that this has been offered for free at the moment and of all cases referred this far, no Elmhurst verdict has been overturned. We are happy to arrange this meeting but in our opinion any appeal at this stage has gone beyond what we can be reasonably expected to provide for free.

We would however be happy to have a 'monetary' value placed on this last stage only (step 6) and the complainant or defendant pay the fee (where the fault lies) should they lose the verdict. This is how other professional schemes operate such as employment tribunals. Our openness and fairness will see that all complaints are dealt with in a professional way before hand; that is auditable and equitable to all parties. Complaints that go to a third party oversight body ought not to be frivolous and both parties need to be prepared to pay should they lose.

Question 7 - For the specific purposes of preventing and detecting fraud should Accreditation Schemes:

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

Yes

No

To enable smart auditing to be effective it is imperative that the data held in the national register can be used for QA purposes. The central repository is therefore in a unique position as being able to help drive standards by helping to identify risky EPCs based on 'big data'. The data is there, it must be used to drive standards and ensure accurate EPCs.

A scheme operating on its own will not necessarily be able to see any unusual trends occurring. For example an EPC is lodged whose floor area for a property is completely out of kilter from previous lodgements. There could be a very good reason for this, as extensions are added – however a property whose floor area increases and then decreasing above and beyond acceptable margins would be identified as a risky EPC – and through smart auditing the 'unusual' EPC could be called for audit. As most people would agree this is a smart way to audit, not to continue the rather cumbersome random only approach at the moment, penalising assessors for minimal mistakes – but getting to the heart of good quality EPCs. Re-Educating and ultimately suspending and removing assessors who bend the rules for their own gains. This will ultimately mean the good assessors will have less auditing, those assessors who are undertaking riskier EPCs will have more.

Smart Auditing is about ensuring quality EPCs, and only by using the central pot of data, can trends be used to identify riskier EPCs and to protect the public. However, as it can be argued that the details of EPCs (including volumes) lodged through each Scheme is commercially sensitive, there must be a clear audit trail when data is accessed and Schemes must be able to demonstrate that the data was accessed for the purposes of QA auditing only.

Elmhurst has no issue, with passing evidence of any fraud with any appropriate authorised body. It is envisaged that some data would need to be redacted when appropriate. It is vital that this is reciprocal and that the other regulatory bodies should also be allowed to share data with us Schemes. It is a two way street.



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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?

Yes

No

Elmhurst hold all data in a secure way and only use the data for the effective operational running of a successful Scheme and for any purposes requested by us by the Minister of State.

Individual Members all sign up to our Code of Conduct which expressly states requirements of data security. The entrance qualifications indeed also train individuals on data security issues and implications.

It is appropriate the Schemes hold data in a secure way and we expect the members do likewise. However, we can't be held responsible for members own actions.



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3. Contact Details

Should you require any further clarifications please contact us at:

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