#

**Understanding and reducing Fraud and Error in ECO4**

Central Grants and Loans Fraud Function

NZBI

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# Executive Summary

1.1 DESNZ would like to understand ECO4 unmanaged fraud and error risk exposure in terms of scale and types and if the scheme has weakness allowing fraud, gaming, error non-compliance and other misspends (collectively fraud and error) to go uncontrolled.

1.2 The Energy Company Obligation (ECO) scheme provides energy efficiency and heating measures to low-income and vulnerable households living in the least energy efficient homes across Great Britain. To fund ECO measures being installed, an obligation is placed on the larger energy suppliers. The energy suppliers negotiate and manage contracts with installers and other parties to deliver annual bill savings (ABS) through ECO measures.

1.3 This specification outlines the requirements of the exercise to enable DESNZ to better understand areas of weakness in the delivery and oversight of ECO4 to enable improvements to be made to the design and delivery of current and future ECO schemes.

# Policy Context to the requirement

2.1 DESNZ seeks to commission a comprehensive review of fraud and error risks in ECO4 and of capability of current delivery systems for managing those risks.

2.2 DESNZ needs to better understand the extent to which the scheme is providing support to the correct households and properties to enable evidence-based future policy design and best practice in delivery management.

2.3 Existing reporting via a current scheme evaluation is providing an account of whether the scheme is delivering its objectives. In contrast to that exercise, DESNZ seeks assurance on whether scheme rules are working effectively so that support goes to the correct households and properties. There is some evidence that in a significant number of projects, this may not be the case. We require an evaluation of the scheme to better understand these shortfalls and the causes for them to enable flaws to be addressed for ECO4 and future schemes.

2.4 A review is required of processes and oversight, with evaluation of how the scheme is being delivered, and the extent to which this has diverged from the original design and so is not supporting intended recipients/properties.

2.5 When preparing their bid, bidders must demonstrate how their proposed methodologies for the review will address DESNZ needs within the project timeframe and budget, the rationale for their choices, and how they will be quality-assured.

2.6 In this specification we will outline the requirement for this exercise. Each component is described in a corresponding sub-section below.

# The Requirement

## Requirement aims and objectives

* + 1. DESNZ are seeking to commission a comprehensive evaluation to assure fraud and error exposure and control effectiveness for the ECO4 scheme. The key driver of this requirement is concern over the extent that ECO4 is a target for significant fraudulent behaviour. An evidential issue (explained further below) has produced concern about how widespread manipulation of the scheme may be. We need to better understand levels of exposure and root causes for fraud and error to enable improvements to be made to the design and delivery of current and future ECO schemes.
		2. The exercise aims to understand the extent to which the scheme has weakness allowing fraud, gaming, error, non-compliance and other misspends (collectively fraud and error) to go uncontrolled and how to overcome these, to enable improvements to ECO4 delivery and inform design of future schemes.
		3. Whilst the evidential issue below is a priority area of focus, we believe the scheme is exposed to wider fraud and error risks and this evaluation aims to consider risk levels and propose recommendations for reducing those risk levels through identifying and recommending controls that may be implemented.

## Requirement and capability

* + 1. DESNZ needs to understand ECO4 unmanaged fraud and error risk exposure in terms of scale and types.
		2. DESNZ needs to understand areas of weakness in delivery and oversight of ECO4, this will enable improvements to be made to reduce fraud and error to be within the specified DESNZ tolerance rating. DESNZ has a fraud risk tolerance of ‘low to very low’, which for energy efficiency schemes is considered to be less than 2% of spend, but with allowance for complexity and other factors.
		3. Commercial partners will need capability to be able to understand fraud and error exposure in ECO4. They will need to be able to understand capacity and capability of delivery organisations, and the effectiveness of their processes and oversight in scheme delivery.
		4. To understand exposure and assess the current delivery model's ability to manage that exposure, commercial partners will need suitable capabilities in:
* Data and document analysis.
* Industry knowledge, specifically retrofit, low carbon heating and energy efficiency installation through the construction industry.
* Understanding in similar/comparable scheme/project delivery. Familiarity with government schemes and ideally energy supplier obligation schemes would be beneficial.
* Ability to conduct a low number of on-site audits of domestic properties and installation of funded measures (with national cover) to validate hypotheses around risks.
* Gathering and analysing relevant information, data, accounts, audits, project management artefacts and other relevant information sources.
* Business analysis (including understanding structure, policies and operations, identifying business need, determining solutions) and process modelling.
* Fraud management, analysis, detection and prevention.
* Working knowledge and experience of application of Counter Fraud Functional Standard (GovS 013) requirements.
* Interview design and analysis.
* Inquisitiveness and tactical moulding of approach to optimise effectiveness is expected.
* Ability to recognise issues and their potential and ranked impact to make actionable recommendations both through regular and ad-hoc collaborative meetings and in final reporting with DESNZ.
	+ 1. You will be required to:
* Quickly gain a detailed understanding of ECO4 rules and its delivery and oversight, including of hand-offs and process steps where there may be opportunities for fraud and error (and review strengths and weaknesses of any existing controls for those transactions and steps).
* Review and test the delivery, the delivery processes, and oversight of ECO4 in terms of fraud, error and compliance exposure and management effectiveness and capability.
* Understand, access and analyse data, records, personnel and material provided by the parties listed above concerning properties, householders, installers, installations, assessors and potentially others, including external relevant data or sources where appropriate and adding value.
* Report to DESNZ on progress and the developing picture, escalating any areas of significant threat and risk where more immediate controls need to be considered and deployed.
	+ 1. Further detail on specific requirements is listed below in [Section 7: Scheme evaluation workstreams and themes](#_Scheme_evaluation_workstreams).

# Background ECO Scheme

## The Energy Company Obligation (ECO) scheme provides energy efficiency and heating measures to low-income and vulnerable households living in the least energy efficient homes across Great Britain. The first measures were installed under ECO in January 2013 with subsequent schemes; ECO2 and ECO3. ECO4 is the current iteration, which began in April 2022 and is scheduled to run until March 2026. Since 2013, ECO schemes have delivered around 4.1 million measures in around 2.5 million homes. ECO4 has so far delivered 553,153 measures to 138,534 households between March 2022 and August 2024.

## According to the October 2024 price cap, annual bill savings (ABS) are expected to be up to £430 for homes treated under ECO4. ECO4 is worth £1bn per annum (in 2021 prices): £4bn over the lifetime of the scheme.

## To fund ECO measures being installed, an obligation is placed on the larger energy suppliers. The energy suppliers negotiate and manage contracts with installers and other parties to deliver ABS through ECO measures. Minimum ABS targets are placed on energy suppliers, based on the volume of homes which they supply gas and electricity to. Currently, ECO4 adds £41 on the typical domestic energy bill per year.

## Households can receive support if they are on a means-tested benefit; or living in the least energy efficient social housing (SH); or are referred by a local authority or energy supplier participating under the flexible eligibility element of the scheme, 'LA Flex’. Owner occupier households must be in EPC Bands D-G to be eligible to receive support. Privately rented homes and social housing must be in EPC Bands E-G.

## Although energy suppliers fund the measures, the cost is placed upon all households in Great Britian and recouped through energy bills and therefore achieving value for money is essential.

# ECO4 Process Evaluation

## An objective of the process evaluation is to collate and analyse data on scheme delivery mechanisms and scheme oversight, to effectively describe:

* + 1. The extent to which the scheme experiences misspend through fraud, error and gaming in its delivery.
		2. Actionable recommendations for DESNZ along with the stakeholders involved with delivering and monitoring the scheme.

## The process evaluation will collect new and assemble existing evidence from the following stakeholders:

Government department (DESNZ)

Government department (MHCLG)

The scheme administrator (Ofgem)

Obligated energy suppliers

Quality assurance bodies (TrustMark and MCS)

Local authorities

Installers and their sub-contractors

Managing agents

Lead generators

Retrofit coordinators and retrofit assessors

Scheme providers

Certification bodies

Scheme beneficiaries

Further details on these organisations can be found below.

### **Government department (DESNZ)**

DESNZ has responsibility for setting policy for the ECO4 scheme. DESNZ works with stakeholders across government, Ofgem, quality assurance bodies, energy companies and the supply chain to monitor the scheme and ensure the scheme meets the strategic aims and objectives.

### **Government department (MHCLG)**

MHCLG sets policy for Energy Performance Certificate (EPC) and Reduced Data Standard Assessment Procedure (RdSAP) ratings which are used within the ECO4 scheme to assess property characteristics, comparing the SAP ratings in the pre and post assessments.

### **Scheme administrator – Ofgem**

Ofgem is the scheme administrator for ECO4. Their role includes:

* Allocating a proportion of targets to obligated suppliers.
* Monitoring supplier progress and deciding whether they’ve achieved their obligations.
* Rejecting, revoking or rescoring measures as needed.
* Reporting delivery data to the Secretary of State.
* Auditing, ensuring compliance, and reviewing processes suppliers have in place to prevent and detect fraud and non-compliance.

Ofgem’s counter fraud team works with suppliers and delivery partners to detect, prevent, deter fraud and take firm action where there is evidence of fraud across environmental programmes they administer on behalf of the government. On the ECO4 scheme, Ofgem work with suppliers to highlight their role in identifying and notifying Ofgem about suspected fraudulent measures. The counter fraud team will open investigations to establish if they agree with suppliers’ findings and revoke or rescore measures that are found to be non-compliant or fraudulent. However, these powers are limited in the extent to which Ofgem can take action on fraud, and they rely on the supply chain to report instances of fraud. Where fraud is detected, Ofgem can refer cases to the police through Action Fraud, to relevant EPC Accreditation Bodies, and to MCS or TrustMark as relevant.

### **Obligated energy suppliers**

Energy suppliers liaise directly with the frontline delivery organisations to pay for the ABS delivered through ECO4. Accountability should be present to ensure the funds are delivered to households meeting eligibility rules. A full list of obligated suppliers is provided in Table 1.

### **Quality assurance bodies – TrustMark and MCS**

TrustMark is the only government endorsed quality scheme. They aim to ensure quality, assurance and peace of mind for householders. To fit measures under ECO4, an installer must be registered with TrustMark (except in the case of district heating connections). TrustMark took over the Quality Assurance process for DESNZ retrofit schemes from Ofgem on 1 July 2021.

TrustMark maintain a Data Warehouse which contains details of ECO4 projects. TrustMark use this information to audit completed projects (up to 10% of all projects), ensuring they meet Publicly Available Specification (PAS) standards. Under the TrustMark Framework Operating Requirements, scheme providers are responsible for the conduct of their members and must help disputes between businesses and their customers.

MCS certifies low-carbon products and installations used to produce electricity and heat from renewable sources. Specifically, in ECO4, they provide certification for heat pumps and solar PV panels. MCS create and maintain standards that allows for the certification of products, installers and their installations. MCS ensures that equipment meets good standards of performance and that installers are technically safe and competent.

### **The role of MCS in ECO4**

MCS certification is required for all government schemes who deliver microgeneration technologies. Under ECO4, MCS certifies heat pump and solar PV installations. With the future planned transition from RdSAP2012 to RdSAP10, solar PV battery storage could also be a possible measure in ECO and would require MCS certification.

As part of MCS certification, installers are required to provide documentation to householders including but not limited to:

* A declaration signed by the MCS Contractor’s on-site representative, confirming the installation meets requirements.
* Client name and address.
* Contractor’s name, address, contact details, MCS certification body and certification number.
* List of key components installed.
* The estimation of system performance.
* Recommended interval of first periodic inspection.
* MCS contact details (helpdesk telephone number and email address).

MCS review the quality of work and investigate complaints made about the quality of work completed. MCS also delivers through Certification Bodies. Current MCS certification bodies are Simply Certification, APHC, NICEIC, HETAS, OFTEC, NAPIT and the IAA. Those bodies carry out third party certification of MCS installs.

Redevelopment of MCS is planned[[1]](#footnote-2), these changes aim to reduce focus on paperwork in favor of quality, adopting a quality risk model, standardising assessments, centralising customer complaint management and changes to requirements on Consumer Code membership.

### **The relationship between MCS and TrustMark**

MCS shares data with TrustMark through an Application Programming Interface (API) which can be used to monitor the installation of microgeneration technologies. During the Trustmark lodgment process, contractors are required to record the MCS certification number to TrustMark.

The consumer protection set up of TrustMark and MCS differs. TrustMark provides consumer protection through scheme providers in addition to the TrustMark Code of Conduct and Customer charter. Financial protection is provided to cover installation work in the event that they cease trading and are unable to rectify issues.

MCS requires installers to also sign up to a Consumer Code, separate to the certification body, the Consumer code deals with non-installation issues.

Closer ties are planned between the two organisations with opportunities around enhanced checks of ECO4 projects, complaints monitoring and further integration and use of shared data.

### **Local authorities**

LA Flex is a household referral mechanism within the wider ECO4 scheme which enables Local Authorities to widen the eligibility criteria for ECO, allowing them to tailor energy efficiency schemes to their respective area.

The flexible approach to identifying eligible households exists to target low-income households who are unlikely to be in receipt of the scheme’s standard approach to fulfilling eligibility. This approach is available for Local Authorities and Devolved Administrations under the ECO4 scheme. A list of measures installed via Flexible Eligibility and the associated Local Authority District is available on Gov.uk.[[2]](#footnote-3)

Under ECO4 Flex, a participating Local Authority can refer private tenure households that it considers to be living in fuel poverty or on a low income and vulnerable to the effects of living in a cold home. While ECO4 Flex is optional, suppliers can deliver up to 50% of their ECO obligation under this mechanism.

### **Installers and their sub-contractors**

These organisations arrange householder participation in the scheme, assess properties’ characteristics, carry out eligibility checks and complete ECO4 retrofits. There are a number of potential conflicts of interest risk areas to explore and understand. Some examples include where there may be collusion or misrepresentation involving installers, subcontractors, assessors or householders enabling fraudulent benefit to be achieved by any of those involved due to close financial ties and repeated business between retrofit assessors and installer firms for instance.

### **Managing agents**

Managing agents carry out varying roles within ECO schemes. Many have relationships with energy suppliers and contracts with installers to provide energy suppliers with ECO ‘qualifying actions’ to meet their obligations. They may carry out part of the process such as checking for compliance and submitting paperwork or they may manage the end-to-end process.

### **Lead generators**

These individuals or organisations locate suitable properties in the required EPC rating bands and confirm the ultimate beneficiaries meet eligibility rules, before passing the relevant information onto energy suppliers or installers.

### **Retrofit coordinators and retrofit assessors**

Households which may be suitable for ECO4 measures are required to be assessed by a Retrofit Assessor (RA). As part of their role, they collect and provide property data/information which the Retrofit Coordinator (RC) can use when completing an improvement plan. The RA must hold the relevant qualification, and post-project they provide records to confirm the households latest SAP rating. Conflicts of interest may exist due to RAs receiving payment from the frontline delivery organisations.

### **Scheme providers**

Organisations that provide training and software services to accredited members. Accredited members include any business registered with that scheme provider. Scheme providers are also responsible for members’ conduct and ensuring they meet the required standards. RAs working on ECO4 will be routinely audited as part of their membership. Scheme providers can request additional information from RAs during the audit process and can revoke accreditation where standards are not met. More information on scheme providers registered with TrustMark can be found on their website.[[3]](#footnote-4)

### **Certification bodies**

Certification Bodies carry out third party certification of MCS installers. Most Certification Bodies are also Competent Person Scheme providers, with responsibilities under Building Regulations, but not all. Current MCS certification bodies are Simply Certification, APHC, NICEIC, HETAS, OFTEC, NAPIT and the IAA. Installers working on ECO4 projects may also be registered with the following Certification Bodies, Blue Flame Certification, British Assessment Bureau and HIES. There are overlaps with TrustMark Scheme Provider, but not all TrustMark Scheme Providers are certification bodies.

### **Scheme beneficiaries**

Households who meet the eligibility criteria and benefit from measure installation under ECO4.

# Fraud and Error in ECO4

* 1. Across DESNZ Net Zero Buildings and Industry Group, which these schemes sit in, a strategic approach to managing fraud and error has been progressively implemented following success in significantly limiting error and fraud in Green Homes Grant Vouchers. This scheme brought in expertise from the Government Fraud Function (now Public Sector Fraud Authority) to implement a rigorous fraud management and assurance approach. The same approach is being implemented in more recent grants developed and delivered from the same area and is now seeing a tenfold improvement in detected and prevented fraud and error which is set to improve yet further as cross-cutting solutions go live.
	2. Ofgem investigates potential fraud highlighted by energy suppliers as part of their role within the scheme. A summary of their findings can be seen below:

|  |  |  |
| --- | --- | --- |
| **Fraud area** | **ECO3 cases** | **ECO4 cases** |
| False declarations inc. Benefit Evidence. | 12 | 13 |
| Technology/Measure issue (e.g. duplicates, non-install, first time central heating misrepresentation). | 66 | 19 |
| False supporting documentation (e.g. EPC or photographic evidence falsification). | 31 | 16 |
| False application inc. copied and Pasted signatures. | 16 | 19 |

* 1. Above are the main categories of fraud and error detected under ECO3 and ECO4. The number of cases does not directly correlate to number of projects affected. Rather, a single case can contain a varying number of projects. These may be grouped by the installer business affected or any other appropriate means as per Ofgem processes. We know the number of cases listed here is likely to be significantly lower than the true levels of fraud in each area listed. With delivery volumes as they are and comparison to other schemes, we would expect cases to be in the hundreds or thousands. The apparent low levels of identification of fraud and error are likely to indicate underlying problems in fraud management that need to be brought to light. To help design these areas out of ECO4 and future ECO schemes, these categories need to be explored further, along with a root cause analysis, and proposals on how to mitigate fraud risks to tolerable levels.
	2. RdSAP fraud concerns

From investigations completed by TrustMark, DESNZ became aware of potentially fraudulent activity in ECO4. Within the scheme, Retrofit Assessors are responsible for determining the starting and final energy efficiency rating of a property through RdSAP pre- and post- retrofit assessments. Investigation by TrustMark has identified ~5,000 properties highly likely to have been affected by fraud where Retrofit Assessors mis-state or misrepresent some pre-retrofit property characteristics such that they appeared to be less energy efficient than they truly were. This amounts to around 3% of all ECO4 projects. TrustMark is investigating another ~11,000 cases, though its initial analysis suggests these may be lower risk.

# Scheme evaluation workstreams and themes

|  |
| --- |
| **Core components** |
| **No.**  | **Workstream**  | **Topic**  | **Additional detail**  |
| 1 | ECO4 scheme evaluation scoping exercise | 1. Reviewing documents and planning approach to this error and fraud assurance of ECO4.
2. Agreeing with DESNZ the detailed approach the supplier intends to take in executing and delivering the assurance review.
 |  |
| 2 | Fraud and error management: document review | 1. Carrying out a document review of fraud-related products. This may be across delivery partners, who may hold responsibility for some of these documents independently or in a joint function.
 | This workstream requires consideration of policies and processes across each organisation, including reviewing fraud-related documents. Some documents may have certain limitations around access. Where this is the case, we would not expect the winning bidder to review those. Each party with roles in delivering ECO will be responsible for sharing their documents with the winning bidder. DESNZ can also assist in facilitating access to these.  |
| 1. Assessing the ECO4 scheme adherence against Counter Fraud Functional Standard (GovS 013).
 | Reviewing records of governance approaches to understand what requirements were implemented at the start of the scheme for those delivering the scheme. |
| Document review of the Fraud Risk Assessment (FRA), including information on the depth of the FRAs, including whether there are regular reviews and how often, the resources allocated and their experience, the level of proactivity, use of data in the FRAs and the presence of a counter-fraud culture. This should determine the usefulness of the FRAs. |
| Review of ECO4 scheme mobilisation and fraud-related documents against GovS 013 considering whether the ‘accountabilities and responsibilities for managing fraud, bribery and corruption risk are defined, mutually consistent, and traceable across all levels of management’.  |
| Reviewing the DESNZ-specific framework for meeting the counter fraud functional standards and identifying areas which could be strengthened. |
| 3 | Research via qualitative Interviews | 1. Designing a methodology for interviews to capture key information.
2. Interviewing all parties involved in design, administration, assurance and delivery of ECO4. This includes those participants listed in Table 1.

Asking questions to collect qualitative evidence on the topics listed in the column to the right. This list is not exhaustive, and we would expect the winning bidder to identify additional topics.We expect this activity to be split with having initial interviews but followed by more focused interviews where necessary to resolve discrepancies or to increase understanding in potentially high relevance areas. | Scheme role, with a focus on role in fraud and error management (inc. compliance and gaming). |
| Effectiveness of existing controls and processes including sanctions.  |
| Gaps in knowledge, process or detection.  |
| Overarching fraud and error management. |
| Capabilities and culture.  |
| Perceived responsibilities.  |
| Barriers and limitations.  |
| Escalation routes and thresholds for acting on fraud and error.  |
| Possible areas requiring upskilling or increased maturity.  |
| Areas where more collaboration is needed between organisations delivering the scheme to reduce friction and transfer findings to the appropriate authority.  |
| Data collection – Understanding existing data collection and identifying any recommendations for information capture within the measure and project lodgement process.  |
| 4 | Fraud and error risk around individual measures | 1. Reviewing measures installed under the scheme to assess if some pose a greater fraud risk than others.
 | Assess if measures are open to fraud and error risk and if controls are in place at a suitable level to prevent gaming.  |
| Review if mitigations are currently in place including who monitors them and if they are sufficient to prevent fraud and error on specific measures or measure groups. |
| 1. Policy analysis / recommendation – assessing components of scheme design for areas most exposed to fraud and error or most likely to enable fraudulent activity or behaviour.
 | A particular focus on heating controls and loft insulation which may have an elevated fraud risk. This is due to the lower cost of these measures and ease at which existing heating controls or loft insulation can be replaced, even when it is not required. |
| 5 | Domestic Building fraud and error | 1. Reviewing key fraud risks identified by DESNZ, Ofgem, quality assurance bodies and others in the delivery supply chain and using evidence gathered in interviews to assess fraud landscape.
 | Scheme fraud and error exposure assessment including review of end-to-end scheme delivery journey. |
| Gaps in detection. |
| Poor fraud and error management. |
| Specific areas of policy design causing higher risk levels: assessing components of scheme design for areas most exposed to fraud and error or most likely to enable fraudulent activity or behaviour in relation to domestic buildings. |
| Proportion of funding/spend which may be affected by each type of fraud and error and a breakdown (where possible) of which areas may be diverting funding.  |
| 1. Critical assessment of approaches to assessing energy performance:
 | Considering use of RdSAP assessments and how these can be manipulated. |
| Critically assessing use of XML files and controls to prevent misuse. |
| Critically assessing use of Energy Performance Reports (EPRs) as opposed to Energy Performance Certificates (EPCs). |
| 1. Carrying out thorough testing of counter-fraud and error management approaches and controls.
 | Manual processes – critical assessment and recommendations for where digitally-led approaches or technologies could be put in place to improve accuracy and efficiency. |
| 1. Policy analysis / recommendation – assessing components of scheme design for areas most exposed to fraud and error or most likely to enable fraudulent activity or behaviour.
 |  |
| 6 | Recipient eligibility fraud and error | 1. Reviewing key fraud risks identified by DESNZ, Ofgem, quality assurance bodies and others in the delivery supply chain and using evidence gathered in interviews to assess fraud landscape. It is important to note there may be other fraud types not yet identified and we would welcome any further identification of these.
 | Scheme fraud and error exposure assessment including review of end-to-end scheme delivery journey. |
| Gaps in detection.  |
| Poor fraud and error management.  |
| Specific areas of policy design causing higher risk levels.  |
| Proportion of funding/spend which may be affected by each type of fraud and error and a breakdown (where possible) of which areas of fraud may be diverting funding. |
| 1. Policy analysis / recommendation – assessing components of scheme design for areas most exposed to fraud and error or most likely to enable fraudulent activity or behaviour.
 |  |
| 1. Carrying out thorough testing of fraud and error approaches.
 | Manual processes – critical assessment and recommendations for where digitally-led approaches or technologies could be put in place to improve accuracy and efficiency. |
| 7 | On-site property audits | Clarification of extant characteristics of property, heating, architype, pre-existing and installed measures and any other relevant observations and findings.  | Carrying out around 30 on-site audits of properties which have been treated by the ECO4 scheme. The contractor would need to identify the sample set based on all information available and ensure the scale and volume represents the size of the data available. DESNZ acknowledges there may be some issues with carrying out on-site audits which are detailed further below.  |
| 8 | Reporting | A final summary report with actionable recommendations to strengthen fraud prevention and detection measures.  | Summarising findings and providing detailed recommendations for each workstream, with an assessment of who is responsible, feasibility and timeline to implement. The findings will be used to inform current and future scheme design. DESNZ may publish findings of error and fraud rates and associated guidance on ongoing assurance checks and corrective action. |
| Sharing industry best practice and standards approaches which are not currently utilised in the scheme.  |
| Evidence-based feedback on fraud approaches, having thoroughly tested these. |
| Providing any recommendations for fraud awareness and prevention training to enhance future vigilance and inclusion of comprehensive fraud assessment in policy design.  |
| **Additional desirable components** |
| 9 | Gaming review | Carrying out similar assessments to those listed above but with a focus on areas exposed to gaming of the scheme; via lack of clear expectations in policy design or scheme guidance. | Unclear policy rules. |
| Unclear delivery guidance. |

When preparing their bid, bidders must demonstrate how their proposed methodologies for the evaluation will address DESNZ needs within the project timeframe and budget, the rationale for their choices, and how they will be quality-assured.

The methodology of how you deliver this exercise will require different approaches to navigate from building knowledge, through evidence capture to report stage. Although we have recommended how this is done, we accept that a degree of flexibility by agreement may be required to optimise the effectiveness of the review.

# Workstreams

Below is expanded detail on the proposed list of activities or “workstreams” which DESNZ believes is necessary to deliver the specified ECO4 evaluation. This includes both core components, and one additional desirable component, should there be time to include this. If issues arise with progressing other workstreams due to difficulty in access to information or individuals/companies, then DESNZ may agree to reprioritise accordingly. Please note, that there is overlap between some activities, and we welcome bids that would deliver workstreams in parallel or a different order, as long as output deadlines are met, and the methodology is justified. DESNZ expects the winning supplier to be resourced sufficiently to be able to manage overlapping activities.

**Core components: Workstreams 1-8**

**Additional desirable component: Workstream 9**

DESNZ requires that bidders provide **clear and detailed descriptions of each proposed workstream in their bids**, describing and justifying the proposed methodology, and identifying where there may be challenges in delivering that workstream and how they could overcome these.

## Workstream 1: ECO4 scheme evaluation scoping exercise

This stage should focus on identifying the best ways to gather strong evidence. This would enable the supplier to further familiarise themselves with the area before mapping out data sources and identifying fraud management gaps and having conversations with DESNZ colleagues to get a better sense of what is possible. This should enable development of an agreed approach to the evaluation and outline plan across the activities.

## Workstream 2: Fraud and error management

**Document review**

### One of the starting points of strong fraud management practice is ensuring the right documents have been drafted and utilised to assess key fraud risks and identify mitigation approaches. The Counter Fraud Functional Standard (GovS 013)[[4]](#footnote-5) was launched in October 2018 and is being implemented across government. It applies to all government departments and their arms-length bodies. Both DESNZ and Ofgem are within the remit of that standard. The standard sets out the expectations for the management of fraud, bribery, and corruption risk in government organisations.

### This workstream requires the successful bidder to review fraud-related documents across DESNZ, Ofgem, energy suppliers and quality assurance bodies and consider the extent to which they are comprehensive and being utilised in the correct ways to tackle and reduce opportunities for fraud.

### The successful bidder needs to evaluate the effectiveness of fraud-related documents and ensure the right governance is in place regarding the:

* Governance and management framework
* Strategy
* Action plans and metrics
* Policy and response plans
* Assurance
* Decision making
* Roles and responsibilities

and the right practices are in place regarding:

* Risk Assessments
* Reporting Routes
* Loss Reporting
* Access to trained investigators
* Proactive detection activity
* Awareness training

###

### **Assessing the ECO4 scheme against Counter Fraud Functional Standard (GovS 013)**

#### As mentioned above, GovS 013 applies to all government departments and arms-length bodies. DESNZ counter fraud teams have interpreted how these requirements relate specifically to the department and applied internal controls to ensure DESNZ is meeting those standards. We would like the successful bidder to critically evaluate how well the DESNZ teams responsible for the ECO4 scheme are meeting those requirements. This may include ensuring the objectives are aligned and staff have the skills, awareness and capability to draft documents to ensure controls are in place and these are regularly reviewed to meet evolving threats and protect the organisation against fraud, bribery and corruption. This includes comparing the requirements outlined in the document to the way they are implemented in DESNZ as a benchmark to identify areas for further development and improvement. This may include considering the initial approach taken when developing the ECO scheme and reviewing agreed governance arrangements from the start of the scheme to determine whether we are currently acting in accordance with what was agreed, and whether there were gaps in that process. This may include answering questions such as:

* How was governance of the scheme originally set up?
* What were delivery partners (TrustMark, MCS & Ofgem) originally asked to do in their roles?
* What did those delivery partners listed above ask their supply chains to do in their roles (e.g. Scheme providers, energy companies, installers)

## Workstream 3: Research via Qualitative Interviews

### We expect the winning bidder to produce a plan for carrying out interviews. This should include addressing the following topics:

* Development of interview/topic questions.
* Proposed interview length.
* How you will minimize participant burden.
* Key anticipated challenges and how you will overcome these.

### **Table 1: Overview of interview participants**

|  |  |
| --- | --- |
| **No.** | **Interview participants**  |
|  | Government department (DESNZ)  |
|  | Government department (MHCLG)  |
|  | Scheme administrator (Ofgem)  |
|  | Local authorities  |
|  | Quality assurance bodies (TrustMark)  |
|  | Quality assurance bodies (MCS)  |
|  | Scheme providers (responsible for installer conduct) |
|  | Delivery supply chain: Installers  |
|  | Delivery supply chain: Retrofit coordinators  |
|  | Delivery supply chain: Retrofit assessors  |
|  | Managing agents  |
|  | Lead generators  |
|  | Obligated suppliers: British Gas, Ecotricity, EDF Energy, E Energy, EON Energy, Foxglove Energy, Octopus, Ovo Energy, Scottish Power, So Energy, Utilita and Utility Warehouse. |

### For all listed interview participants, DESNZ will provide contact details as required/available and will support the process of booking required interviews in a timely manner, should there be any issues making contact with parties.

### In explaining their approaches to interviews, bidders should illustrate how these will ensure a credible and impartial outcome and set out any potential limitations or sources of bias.

## Workstream 4: Fraud risk of individual measures

### A wide range of measures can be installed as part of an ECO4 project. Heating controls and loft insulation are the lowest cost options for installers, whereas a heat pump and solid wall insulation are more time consuming to install and attract higher costs. We would like a review of the measures installed under ECO4 to understand if some are more prone to fraud, error and/or gaming than others. Historic information for reference is at this link for [Household Energy Efficiency - Statistical Release](https://assets.publishing.service.gov.uk/media/65de0a69f1cab3863afc46f0/HEE_Stats_Release_-_February_2024.pdf).

### A review of existing monitoring and controls is required to ensure risk is managed along with an assessment of fraud and error exposure by volume/value/types and ranked recommendations for improvement to enable management of identified risks.

## Workstream 5: Domestic building fraud

### We know that property eligibility is one of the highest risk areas for fraud and gaming. We want to thoroughly assess the gaps and loopholes which are enabling domestic properties to be targets for fraudulent activity on ECO4.

### The fraud risks identified in relation to domestic buildings include:

* Property eligibility rules not followed - the building should be in the correct EPC band prior to ECO measures being installed.
* RdSAP or supporting documentation manipulation – building characteristics being altered to attract increased reward for the supply chain.
* Measures installed incorrectly and not within scheme rules – measures should be installed in line with scheme guidelines and therefore not duplicated or incorrectly declared, for example as first-time central heating when that is not the case.
* Minimum requirements not met – scheme rules being followed to install minimum levels of insulation.

### For context, ECO4 has a requirement to treat the equivalent of a minimum number of E, F and G rated properties. Properties must be improved by a minimum amount, e.g. from an E to a C. The obligation is set in notional annual bill savings (ABS), with the amount of ABS based on the energy efficiency improvement. The energy efficiency improvement is determined by the Reduced Data Standard Assessment Procedure (RdSAP). The market price per ABS also differs by the starting energy efficiency rating, e.g. the price for treating an E property is higher than treating a D. Therefore, there are multiple incentives for a property to be assessed as an E rather than a D.

### **The ECO market**

Lead generators usually sell leads on properties suitable to have measures installed to installers at a certain price per ABS. They employ RAs and sell leads having already assessed the property, provided its starting efficiency and estimated what can be achieved with which measures. Installers also get paid per ABS by managing agents or energy suppliers.

RAs are usually self-employed but work as contractors for lead generators. RAs have to be registered with certification bodies which have to be registered with TrustMark.

### **Topics within this workstream**

1. Reviewing key fraud risks identified by DESNZ, Ofgem, quality assurance bodies and others in the delivery supply chain and using evidence gathered in interviews to assess fraud and error landscape.

This workstream requires a comprehensive assessment of the exposure of domestic buildings within the scheme to fraud and error. We would like to understand what specific scheme design principles are enabling fraud to take place. There may be gaps in the way those involved in the design, administration and delivery of the scheme detect and manage fraud. We expect bidders to use the evidence gathered in interviews to consider where those involved in delivering the scheme may not be clear on their roles or where there may be a misinterpretation of who is responsible for certain elements of fraud detection, management and mitigation.

We are also keen to understand how much scheme funding might have been/is at risk of being diverted to the specific types of fraud within the domestic buildings workstream. Where possible, we would like a breakdown of the areas most at risk, shown as a proportion of total scheme funding.

1. Critical assessment of approaches to assessing energy performance.

ECO4 requires a starting and finishing RdSAP assessment to be completed per property and lodged with TrustMark. This is not the same as a formal Energy Performance Certificate (EPC).

As mentioned above, we know evidence exists that this approach is subject to significant fraud and would like to understand different mechanisms or controls that may be put in place to prevent further activity like this.

1. Carrying out thorough testing of fraud and error approaches

Considering the information and tasks outlined above, we would like to know how robust current fraud and error approaches and processes for fraud risks affecting domestic buildings are. The ECO schemes have been long-running and there could be areas or processes which have not been reviewed and adjusted to meet ever-changing fraud risks or increasing sophistication of fraud. The use of AI and increasing use of digital methods for streamlining delivery provide opportunities for fraud and error to go undetected. However, there is likely to be a positive aspect to digitalisation with a parallel sophistication in technologies or digital methods that could improve the accuracy and efficiency of fraud and error detection. We want to understand processes that need modernising, and where possible, recommendations for digitally led improvements.

## Workstream 6: Recipient Eligibility fraud

### We also know that individual eligibility of recipients of the scheme is another high-risk area in terms of exposure to fraud. Utilising the same methods as for workstream 3 (where relevant), we would like to understand gaps and loopholes which are enabling individuals to be targets for fraudulent activity on ECO4. This may extend to methods used by ineligible individuals trying to access the scheme, either through their own assessment of a route of access, or in collusion with those delivering the scheme for mutual gain.

### The main areas of recipient eligibility fraud we are aware of are:

* False declarations made – not in receipt of qualifying benefits but applying for ECO4 support.
* False application – forged signatures.
* Incorrect claimant – stating another person resides at the address in order to claim support.
* There will be other risks in this area linking to identity and address residence to be considered also.

### DESNZ is undertaking an exercise with DWP to assess levels on non-compliance with householder declaration of DWP Benefits receipt. Results from this should be available for this broad assurance review of ECO4. Any findings from this can be fed into this workstream to create a fuller picture alongside assessment of the broader risks and controls present and effectiveness in making recommendations for improvement.

## Workstream 7: Site Audits

### In more detail, we would expect site audits to incorporate a visit to ECO4-retrofitted properties. This would include viewing the original assessment taken of property characteristics (energy performance, archetype, dimensions, heating type, etc), considering if the property was likely eligible and meeting the criteria and then consider whether the ECO 4 installation met the standards required and billed for. This includes testing property assessment and installations to assure compliance with the requirements of the relevant Publicly Availably Specification (PAS – a framework of new and existing standards for conducting effective energy retrofits - PAS 2030/2035) and MCS standards for ECO4.

### As part of existing quality checks, TrustMark complete on site audits of ECO4 projects. TrustMark have a developed a digital solution for their representatives to record the quality of work and building characteristics. An outline of TrustMark’s on site audit requirements and supporting information will be made available. TrustMark have agreed to shadowing on site audits to share best practice.

### We know that there can be challenges in gaining householder agreement to site visits to assure work completed and would welcome any input on how this could be improved. We acknowledge the risks associated with this workstream in that this might be difficult to take forward in the duration of this contract (5 months) therefore we are specifying around 30 audits to take place, but within the bounds of what is possible, note there is a dependency on households agreeing to participate therefore we expect to see strategies to manage this (e.g. oversampling and careful consideration of communications).

## Workstream 8: Reporting

### Following the investigations and analysis made, we will need a comprehensive report detailing findings, summarising root causes and actionable recommendations to strengthen fraud prevention and detection measures. There should be a consideration of:

* Findings.
* A narrative focus.
* Analysis.
* The report should have a logical structure including executive summary, key findings, quantified estimate of key risks and a prioritised list of recommendations.
* Recommendations against each organisation/entity involved in the scheme as listed above in the topics and themes table. DESNZ will share feedback and recommendations with stakeholders e.g. (Ofgem and internally) to encourage continuous improvement
* All relevant areas including processes, oversight, fiduciary and diligence controls, audit effectiveness, control gaps or weaknesses, culture and capability.
* Analysis to include data utilised or gathered, approach to assurance, documents utilised or produced, interviews, audits considered, and conclusions or hypotheses reached and tested about why this has happened.
* Any general recommendations to take forward in future scheme design and delivery specifically for ECO4 but also noting where other Government energy efficiency schemes may benefit from the same recommendations.
* The report should explicitly reach conclusions about the gaps in scheme design and delivery including how these contribute to permitting pervasive fraud, error, non-compliance and gaming on the scheme, and offer an actionable set of ‘lessons learned’ and recommendations for current and future schemes.

### Presentation to DESNZ – a presentation to DESNZ colleagues on the findings from each workstream. We anticipate these will be approximately one hour long each and include time for questions. We suggest these are typically delivered between the early and final draft stages of completing the accompanying research report, so that relevant discussions may be incorporated in the final report. DESNZ will approach this flexibly to best meet business needs. By default, these presentations will take place on Microsoft Teams and be recorded.

## Workstream 9: Gaming review

### In the context of government schemes, gaming and fraud are terms that refer to different behaviours. Gaming is often used to describe the act of exploiting loopholes or weaknesses in government schemes to gain an advantage or benefit that is within the letter of the law but against the spirit of the scheme. It is not illegal, but it’s often seen as unethical because it can lead to unintended consequences and may undermine the purpose of the scheme.

### Both gaming and fraud can have negative impacts on government schemes by diverting resources away from their intended purposes and beneficiaries. However, the key difference lies in legality and intent. Gaming operates within the boundaries of the law, albeit unethically, while fraud is a clear violation of the law with malicious intent.

### With that in mind, it would be desirable to understand how scheme design may also be vulnerable to gaming or loopholes. Due to the duration of ECO, there will be aspects of the scheme which have been built upon over many years, with possibly unintended consequences and outcomes resulting from this.

### A log of gaming concerns will be made available to the winning bidder, and we would expect them to review this document, considering other areas susceptible to gaming not currently listed, as well as identifying areas of policy design or scheme guidance which should be amended to remove the opportunities for gaming-style behaviour.

### Bidders must detail how they propose to assemble and **synthesise the analysis from workstreams 1 – 9** into a final **summary report.**

### Ad-hoc requests - In line with anticipated changes in policy maker priorities, DESNZ anticipates that our managing team may make ad-hoc requests to the winning supplier for minor additional research focus outside the agreed specification for the ECO4 scheme evaluation. Through this evaluation exercise, the Supplier may also identify additional Workstreams, or hypotheses to test, that would add value to this exercise, which can be presented to the Authority as an ad-hoc request. This will allow the evaluation to be more agile and able to respond to emerging questions as they arise. Please note that any additional works presented by the supplier **must** be signed by the Authority before commencing. If DESNZ decides to take this up, all work in this strand will be priced within a separate contract variation before being signed off. Commissioning of this work will proceed using the contract variation process. As specified in the ITT and Pricing Schedule, 15% of the budget has been ringfenced for this.

### If this need for additional research arises, DESNZ would endeavour to be reasonable in its requests and give as much notice as possible, and dates for completion will be agreed between DESNZ and the winning supplier. It is expected that the winning supplier will be as flexible as possible with regards to any additional research activities and should be able to mobilise a team to begin work within two weeks of any agreement.

### DESNZ also requires that copies of any datasets created in the course of delivering these workstreams are delivered to the department on or before the end of this contract.

### Outputs arising from this evaluation exercise will not routinely be published, however the final report and any data tables will be expected to be written within a DESNZ report template and should meet all departmental accessibility and style guidelines which are in place at the time of delivery. DESNZ will provide this guidance.

# Timeline of key phases, milestones, indicative dates and expected outputs

|  |  |
| --- | --- |
| **Milestone** | **Estimated Delivery date** |
| Contract start  | Est Jan 2025 |
| Knowledge Gathering (data) | Month 1 |
| Clarify and agree scope with DESNZ including regular reporting with DESNZ on planned approach  | Month 1 |
| Identify sampling data  | Month 1 |
| Knowledge gathering via interviews with DESNZ/Ofgem  |  Month 1-2 |
| Document reviews  | Month 1-2 |
| Weekly check ins with DESNZ including progress updates  | Month 1 – 4 |
| Interviews with participants listed in Table 1  | Complete within Month 2 |
| Site Audits of measure recipients identified  | Complete within Month 3 |
| Initial findings reported to DESNZ | Complete by Month 3 |
| Final report to DESNZ | Complete by Month 4 |
| Report Recommendations to DESNZ  | Complete by Month 4 |
| Meet with DESNZ to talk through reports  | Complete by Month 4 |

#  Annexes

## Annex A Background

**Scheme aims & objectives**

The ECO4 Impact Assessment (IA), modelled expected uptake of energy efficiency measures between April 2022 – March 2026 as follows:

|  |  |
| --- | --- |
| Final government position |  |
| Floor insulation | 25,000 |
| Filled Cavity wall insulation | 165,000 |
| Loft insulation (including room in roof) | 105,000 |
| External wall insulation | 90,000 |
| Broken heating systems repair/replacements | 45,000 |
| Heat Pumps | 60,000 |
| Heating controls | 225,000 |
| Draught-proofing | 30,000 |
| Solar Photovoltaic | 15,000 |
| HWT insulation and/or thermostat | 35,000 |
| Total measures | 800,000 |

By delivering these measures across Great Britain, ECO4 aims to reduce the number of households in fuel poverty whilst also reaching low-income groups. Fuel poverty is a devolved area, however in England, the scheme aims to treat 125,000 households which are in fuel poverty. Further detail on measures delivered to date under ECO4 can be found on gov.uk[[5]](#footnote-6).

**The objectives of ECO4 are to:**

* Contribute to the Government’s statutory target to improve as many fuel-poor homes as is reasonably practicable to a minimum FPEER rating of Band D by the end of 2025 and Band C by the end of 2030. The scheme targets the worst homes by restricting ECO4 eligibility to households with an Energy Performance Certificate (EPC) band D, E, F or G and continuing to focus 100% of support on low income and vulnerable households to better target the fuel poor. To ensure ECO4 contributes to statutory targets, a minimum improvement requirement was put in place to ensure as many homes are upgraded to C or D as possible.
* Reduce bills for low income and vulnerable households. By imposing a minimum improvement requirement, the scheme aims to deliver larger reductions in bills for recipients than a single measure approach.
* Helps towards our Net Zero future by reducing carbon emissions from our housing stock. By targeting the worst homes, the scheme will achieve larger carbon reductions. New fossil fuel-based heating systems will also be limited under ECO4 to help make progress towards the Government’s goal of Net Zero by 2050.
* Focus support mainly on owner occupied households and those living in the least efficient social housing and private rented accommodation, aligned with other Government energy efficiency policies. ECO4 will support tenants living in EPC E, F and G private rented homes where high-cost measures are required. Tenants living in EPC E, F and G social housing will also be eligible for specific measures and EPC D social housing properties will be eligible for innovation measures.

**Lessons learnt**

On a regular cadence, the Project Management team in ECO leads ‘lessons learnt’ sessions with the team to review and implement learnings within current schemes, or consider these for future design. A summary of these is listed below for information, however the winning bidder will be able to access further information on lessons learnt upon contract mobilisation.

The lessons learnt sessions have highlighted several positive outcomes. Ofgem was commended for its contributions to policy development during previous iterations of ECO and GBIS. Early engagement with Ofgem’s Counter Fraud team meant fraud and gaming concerns were identified during scheme development. Positive engagement across internal teams within DESNZ led to improved ways of working. Additionally, lessons learnt discussions captured and shared valuable knowledge, aiding future schemes in cost management, scoring accuracy, and understanding market dynamics.

The sessions also identified challenges including where ways of working posed difficulties, highlighting the need for appropriate meetings to support various work areas. It was suggested Ofgem and DESNZ could enhance counter fraud efforts with more regular meetings to address ongoing issues, timelines, and escalations, thereby improving working relationships and avoiding backlogs.

Fraud management processes were not developed until scheme delivery. Administrative complexity and the risk of measure rejection increased challenges for the supply chain. There were also some challenges with fraud and gaming in the scoring framework for partial and full project scores under ECO. One finding was the need for a balance between policy design and how this may impact delivery to ensure schemes are effective and manageable for the supply chain.

## Annex B: Terminology

|  |  |
| --- | --- |
| **Term** | **Description**  |
| **Annual bill savings**  | ECO4 sets a main obligation called the Home Heating Cost Reduction Obligation (HHCRO), which requires energy suppliers to achieve a total of £224.3 million in annual bill savings for domestic premises. The obligation is divided between energy suppliers based on their respective shares of the domestic gas and electricity market. ECO4 also contains two sub-obligations, the solid wall minimum requirement and the ‘EFG’ minimum requirement. |
| **Energy Performance Certificate (EPC)**  | An EPC is a document that provides a rating of a building’s energy efficiency, ranging for A to G. EPCs are crucial for understanding a building’s energy consumption and identifying ways to improve energy efficiency, thereby reducing costs and environmental impact. EPCs contain current energy efficiency compared to potential, recommendations for measures to enhance energy efficiency and details on building energy use and typical costs.  |
| **Energy Performance Report (EPR)**  | TrustMark’s Energy Performance Report (EPR) Conventions for use in ECO and GBIS should be followed for the pre and post retrofit RdSAP assessment. Further information can be found on TrustMark’s website.  |
| **Fraud** | A false representation, or failure to disclose that is dishonest, or the abuse of position with the intention to cause financial gain or loss (as set out in the Fraud Act 2006). |
| **Fuel Poverty Energy Efficiency Rating (FPEER)** | The FPEER rating is designed to assess and improve the energy efficiency of homes occupied by fuel-poor households. It helps identify how well a home can maintain a comfortable temperature at a reasonable cost, which is crucial for reducing fuel poverty. The FPEER rating is primarily used for compiling and preparing the Annual Fuel Poverty National Statistics Report. It helps track progress towards government targets for reducing fuel poverty and improving the energy efficiency of homes. |
| **GovS 013**  | **GovS 013** is the Government Functional Standard for Counter Fraud, Bribery, and Corruption. It sets the expectations for managing these risks within UK government organizations. GovS 013 aims to ensure that government bodies have robust measures in place to prevent, detect, and respond to fraud, bribery, and corruption. The standard is mandatory for all government departments and their arm’s-length bodies, ensuring a consistent approach across the public sector. It was developed with input from counter fraud experts and is regularly updated to reflect best practices and emerging threats. |
| **PAS 2030**  | **PAS 2030** is a standard developed by the British Standards Institute (BSI) that outlines the requirements for installing energy efficiency measures in existing buildings. PAS 2030 ensures that installations of energy efficiency measures, such as insulation, heating systems, and renewable energy technologies, are carried out to a high standard. Installers must be certified to PAS 2030 to participate in government energy efficiency schemes such as ECO.  |
| **PAS 2035**  | **PAS 2035** is a comprehensive standard developed by the British Standards Institution (BSI) for retrofitting existing buildings to improve their energy efficiency.[PAS 2035 aims to ensure that retrofit projects deliver the intended energy efficiency improvements while avoiding unintended consequences such as damp, mould, and poor indoor air quality.](https://www.bsigroup.com/siteassets/pdf/en/insights-and-media/insights/brochures/pas_2035_2023.pdf)Compliance with PAS 2035 is mandatory for retrofit projects completed under government schemes, such as the Energy Company Obligation (ECO). |
| **PSFA**  | The **Public Sector Fraud Authority (PSFA)** is a UK government organization dedicated to combating fraud within the public sector. The PSFA works with government departments and public bodies to understand, prevent, and reduce the impact of fraud. It aims to protect public funds and ensure that resources are used effectively. |
| **Quality assurance bodies**  | Both TrustMark and MCS play crucial roles in promoting high standards and consumer confidence in home retrofit. TrustMark is a government-endorsed quality scheme that covers work a consumer chooses to have carried out in or around their home. It ensures that tradespeople meet required standards and provides a level of consumer protection. TrustMark covers a wide range of trades and services, including energy efficiency improvements, and is designed to give homeowners confidence in the quality and reliability of the work being done. MCS is a certification scheme for low-carbon products and installations used to produce electricity and heat from renewable sources. It certifies products like solar panels, wind turbines, and heat pumps, as well as the installers who fit them. MCS certification is a mark of quality and demonstrates adherence to industry standards, ensuring that installations are performed to a high standard and are eligible for government incentives. |
| **Reduced Data Standard Assessment Procedure (RdSAP)**  | **RdSAP** is a simplified version of the Standard Assessment Procedure (SAP) used in the UK to assess the energy performance of existing residential properties. RdSAP is designed to provide a cost-effective and efficient way to generate Energy Performance Certificates (EPCs) for existing homes. |
| **Scheme administrator**  | Ofgem is appointed by DESNZ to be the administrator of the ECO scheme. Ofgem’s role includes: * Allocating a proportion of targets to obligated suppliers.
* Monitoring supplier progress and deciding whether they’ve achieved their obligations.
* Rejecting, revoking or rescoring measures as needed.
* Reporting delivery data to the Secretary of State.
* Auditing, ensuring compliance, and reviewing processes suppliers have in place to prevent and detect fraud and non-compliance.
 |
| **XML file**  | An **XML file** (Extensible Markup Language file) is a plain text file that uses custom tags to define the structure and features of the data it contains. During an RdSAP assessment, data is collected about the property. The collected data is formatted into an XML file.  |

1. https://mcscertified.com/mcs-scheme-redevelopment/ [↑](#footnote-ref-2)
2. Table 3.5 in the Household Energy Efficiency Statistics contains information on measures installed by Local Authority District under ECO: <https://www.gov.uk/government/collections/household-energy-efficiency-national-statistics> [↑](#footnote-ref-3)
3. https://www.trustmark.org.uk/business/information-guidance/scheme-providers [↑](#footnote-ref-4)
4. <https://www.gov.uk/government/publications/government-functional-standard-govs-013-counter-fraud> [↑](#footnote-ref-5)
5. <https://www.gov.uk/government/collections/household-energy-efficiency-national-statistics> [↑](#footnote-ref-6)