



hies

Home Insulation & Energy Systems
Quality Assured Contractors Scheme



APPROVED CODE™
TRADINGSTANDARDS.UK



ANNUAL REPORT

1ST DECEMBER 2015 - 30TH NOVEMBER 2016

WHAT THE INDUSTRY SAY ABOUT HIES

“ Ikano Bank has operated in the renewables sector for 3 years now and we have seen much change in the industry. There has been some significant movement in consumer incentives and many new emerging technologies have come to market. Ikano Bank work closely with HIES to provide support in ensuring that customers are receiving accurate energy performance calculations at the point of sale. ”

Ikano Bank

“ The staff are very helpful when we have a query. The system is quite simple and easy to administer. ”

Martin Dixon Ltd

“ Our membership gives our clients the security that we uphold and adhere to the Consumer Credit Act and that our contracts are protected. ”

Thrift Energy Ltd

“ We have found the guidance we receive from HIES on an ongoing basis to be exemplary and first class. They have really supported us in developing a strong foundation to help grow as a business and become a market leader. We have also received advice on compliance and legislation changes which has saved us time and money. ”

Project Solar UK

WHAT THE INDUSTRY SAY ABOUT HIES

“ I like the ease of being able to get through to somebody for advice relatively quickly, and everybody I have spoken to at HIES has been knowledgeable. They are very hands-on in speaking to our customers and also with their contact with the office, wanting to solve the issue as quickly as possible. Everybody I have spoken to has always been very professional and friendly. ”

Lincs Electrical Wholesalers

“ From visits to HIES's office to discuss the renewable industry's requirements and from the generous invitation to assist our Customer Relations Manager in exploring and experiencing how other customer focused organisations manage customer concerns and complaints, Certsure is impressed with the knowledge and dedication HIES demonstrates to addressing consumer needs. In addition, we were able to see how HIES expressed the importance of this to their members and how they closely monitored compliance with their membership requirements. ”

Certsure

“ Consumer code and insurance protection under one roof with links to finance facilities along with Nick Ross's endorsement. ”

Marshall & McCourt Plumbing & Heating Contractors Ltd



“ With HIES you get accredited installers, independently backed guarantees (even if the firm refuses to help you or goes out of business), free access to industry inspectors at HIES discretion, professional mediators and - if you're unsatisfied - a highly regarded Ombudsman Service which can settle your dispute with the power of the law behind them. There are lots of confusing trade association logos in the building and home improvement sectors, but few offer complete consumer protection. HIES is the real deal. And you don't pay extra for the safeguards. ”

Nick Ross, former BBC Watchdog & Crimewatch presenter

STATEMENT FROM FOUNDER 06

THE RENEWABLE SECTOR - CHANGES OVER THE YEARS.....07

OVERVIEW OF HIES – SINCE OUR INCEPTION 08

QUALITY OF MEMBERSHIP.....10

OUR ETHOS ON CONSUMER PROTECTION14

WHAT DO CONSUMERS THINK OF HIES MEMBERS?16

3 STAGE DISPUTE RESOLUTION18

INSURANCE (INSURANCE BACKED GUARANTEES & DEPOSIT PROTECTION) 20

AUDITING OUR MEMBERSHIP22

DISCIPLINARY – ENSURING COMPLIANCE32

FUTURE PLANS 34

STATEMENT FROM FOUNDER

“ As you will see from this report, HIES is growing; providing comprehensive consumer protection and has a vigorous desire to help this industry succeed.

Nick Ross is a robust advocate and supporter, really believing that we are helping the industry's reputation.

Customer Satisfaction ratings (when using HIES members) are high and with the continuing support of our members, we aim to push this even higher.

In 2016, HIES protected over 14,000 consumers.

In 2016, HIES received 162 membership enquiries but only accepted 48. We want to ensure we work with installation businesses who want to do a good job and improve. We will assist them to do this.

Our 3 Stage Consumer Dispute Resolution Process is extremely impressive with 71.8% of all consumer complaints (about members) being dealt with and resolved within 7 days. The rest are very quickly and effectively managed through to the end of their experience via free mediation, free inspections and free access to an independent Ombudsman.

Our auditing and policing of members is very efficacious, with our Desktop and On-Site audits being very helpful to us and our members in bringing about improvements. We carry these out with a thoughtful and caring attitude to enable members to improve.

We value our relationship with the Chartered Trading Standards Institute (CTSI) and the Consumer Codes Approval Scheme (CCAS) and will endeavour, at all times, to bring about positive changes within this sector.

We will be launching our new 'consumer friendly' Code of Practice and Membership Agreement which will further enhance consumer protection and uphold the values and the integrity of the Scheme. ”

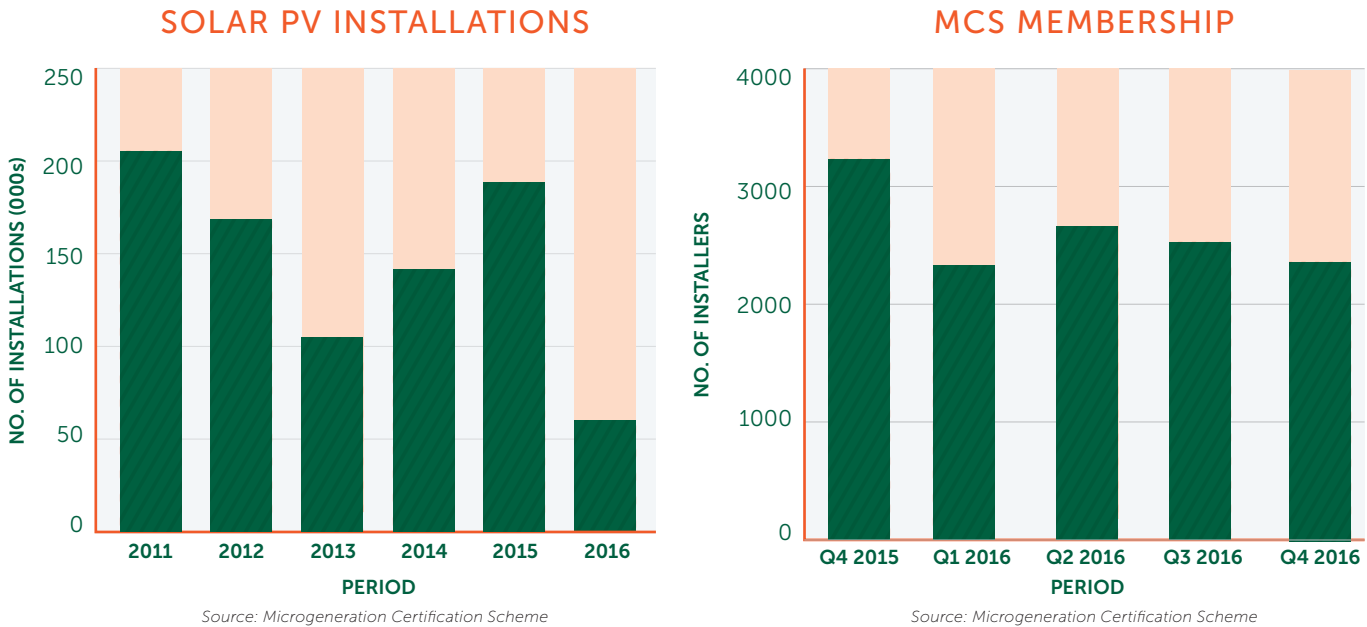


Tony Pickup, HIES Founder

THE RENEWABLE SECTOR - CHANGES OVER THE YEARS

Challenging time for the renewable sector

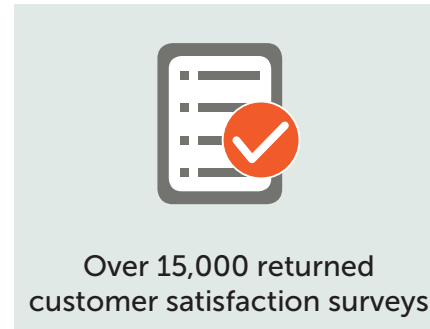
2016 was a challenging year for the renewable sector, with two seismic shifts in the industry with which to contend. Firstly, the government announced a 64% drop in Feed-in Tariff rates dropping to just 4.5p/kwh from 15 January 2016. This led to a significant period of adjustment with many installers withdrawing from the market. This problem was compounded from the summer in 2015 when major finance houses retreated from what they considered to be an increasingly risky marketplace. These changes caused a decrease in consumer uptake in renewable products (in particular Solar PV) and also the reduction in the number of installers registered with Microgeneration Certification Scheme (MCS). This can be demonstrated in the below two graphs:



Installers diversifying into new products

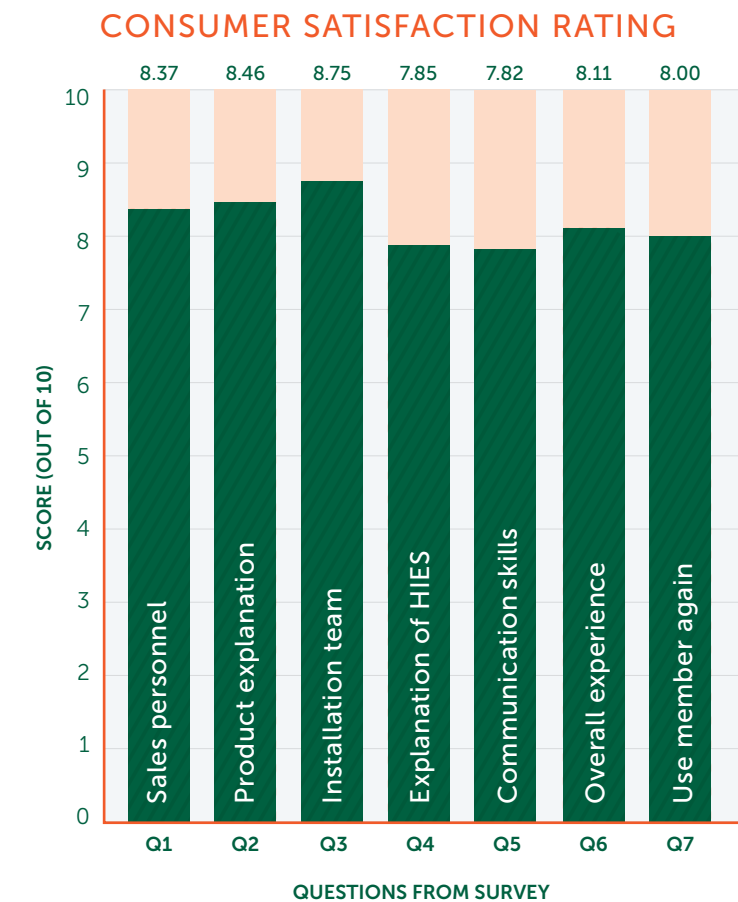
HIES are helping members look at ways to diversify their product range and safeguard their business. We are working with manufacturers to introduce accredited new technology opportunities to members including: Thermodynamic, Solar PV Batteries, Central Heating Management Products, Infrared Heating Systems, etc.

OVERVIEW OF HIES – SINCE OUR INCEPTION

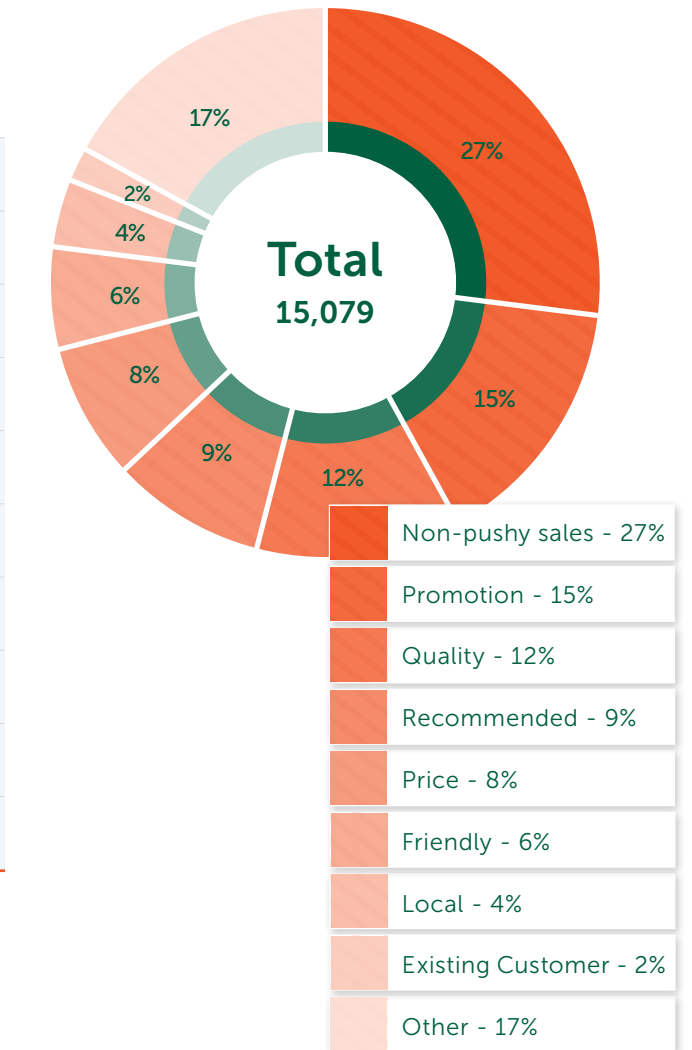


ALL TIME CUSTOMER SATISFACTION RATINGS

The below diagrams display the customer satisfaction results our membership has achieved since the inception of HIES.



WHY CONSUMERS CHOSE HIES MEMBERS (SINCE INCEPTION)



QUALITY OF MEMBERSHIP

Since HIES was granted Consumer Code approval on 21st July 2015, installers had, for the first time, a choice between Consumer Codes in order to comply with MCS legislation, access government incentives such as Feed-in Tariff or Renewable Heat Incentive and provide consumers with deposit protection and an Insurance Backed Guarantee.

At the start of 1st December 2015, our membership stood at 74.

Accreditation Process

HIES accreditation team carry out the following checks:

- Company and director background checks
- Financial stability and accounts
- Competency and qualifications
- Accreditations and MCS membership
- Advertising and marketing materials
- Contractual paperwork and terms
- Insurance protection
- Product guarantees and service plans
- Complaint handling procedures

If an applicant does not meet the HIES minimum accreditation criteria, it may be rejected or referred to the internal Membership Review Panel (MRP) for further consideration (see page 32). If the MRP decide to refuse membership then the applicant may request a decision to be referred to the Independent Applications Panel as per the Memorandum of Understanding between the current Code Sponsors and Chartered Trading Standards Institute (CTSI).

MEMBERSHIP RECRUITMENT

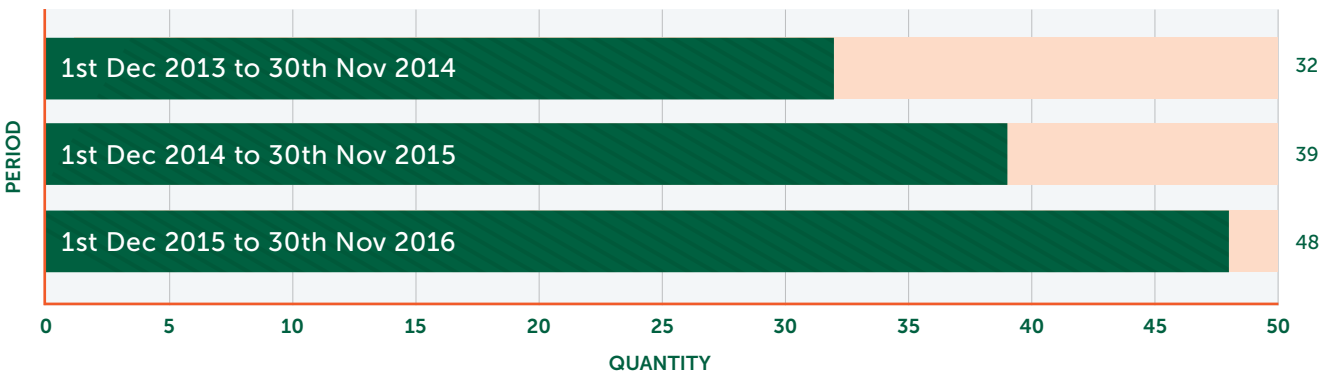
Within the last 12 months we have received 162 enquiries from installers interested in HIES membership. We only accepted 48 of these 162 enquiries. At the start of the year we had 12 installers in the accreditation process from the previous year. Below is a breakdown of what happened next:

	Quantity
No. of membership enquiries generated	162
No. of installers already in accreditation from previous year (as of 30/11/15)	12
No. of installers entering accreditation	51
No. of installers not progress to accreditation	111
No. of installers failed accreditation/ didn't complete process	8
No. of installers remaining in accreditation (as of 30/11/16)	7
No. of installers passed accreditation and accepted as HIES Members	48

Main reasons why installers fail accreditation

- Background checks uncovers past history of multiple phoenixing or county court judgements, etc.
- Applicant not willing to provide undertaking to protect consumer guarantees for previous linked business
- Applicant not willing to pay off any outstanding debt from previous Code Sponsor
- Applicant doesn't want to register all retail jobs with HIES
- Have outstanding complaints or are in disciplinary process with another Consumer Code

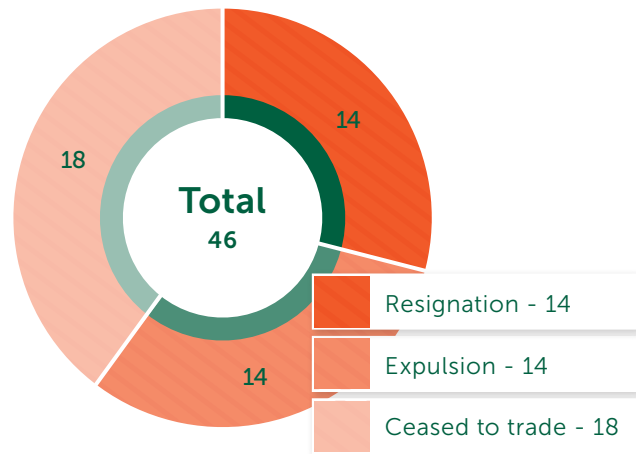
NEW MEMBERS RECRUITED TO HIES



MEMBERSHIP RETENTION

Within the last 12 months there were 46 installers whose membership ceased with HIES.
Our current membership stands at 76 (as of 30/11/16). This compares to 74 members at the same period last year (30/11/15).

WHY MEMBERSHIP CEASED



Main reasons for resignation of membership

- No longer working in the renewable sector
- Diversifying into non-renewable products
- Scaling back the business in line with sector reduction
- Trying to save money due to downsizing
- Not willing to register all retail contracts

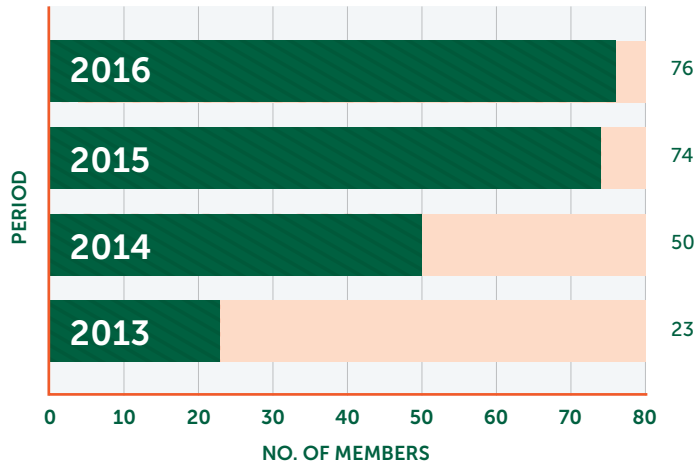
Main reasons for ceasing to trade

- Withdrawal of consumer finance
- Reduction in Feed-in Tariff (FITs)
- Harder to sell Solar PV without finance (finance lenders withdrew)
- Current sales not able to support business
- Directors decided to move into a new sector

Main reasons for expulsion of membership

- Audit identified serious non-compliance issues
- Non-registration of all retail contracts
- Withholding payment for invoices
- Not handling complaints in a timely manner
- Failing to disclose/notify link to previous directors

TOTAL HIES MEMBERSHIP



MEMBERSHIP SUPPORT

We work closely with members to provide excellent support for our Code of Practice; providing comprehensive point of sale materials, industry information, new product innovations and ongoing assistance. We believe in co-operation and working in partnership with installers.

Trading Standards - Primary Authority

HIES are proud to announce that we have a Primary Authority relationship with West Yorkshire Trading Standards (WYTS). We will be working very closely with WYTS in producing standardised suites of documentation that members may adopt (i.e. standard contracts and T&Cs, guarantees, quotation paperwork, etc.). This will make it easier for our members to comply with law e.g. Consumer Rights Act 2015 and significantly reduces their costs by giving them clear instructions on how to meet regulatory requirements.

Model Contracts

We have created **FIVE** Model Contracts for our members to adopt. These Model Contracts have been signed off by our Primary Authority West Yorkshire Trading Standards. The FIVE contracts are:

- **MODEL A** – For businesses selling goods that are being specifically made to the customer's measurements in advance of delivery (like bespoke heating systems)
- **MODEL B** – For businesses selling goods that are being cut to fit or installed on site (like solar panels)
- **MODEL C** – For supply only or fit only contracts
- **MODEL D** – For businesses where the contract is signed at a showroom, office or other premises owned or controlled by the member
- **MODEL E** – A lightweight contract, keeping terms to an absolute minimum, where no deposits are taken and the member is not wanting to have significant protections from the customer (customer rights are implied by law even if they're not stated).

Guidance Notes

Our philosophy is to guide our members to help them run their business in an efficient and compliant manner. We have formed a range of guidance documents which cover:

- **Corporate identity** - how to ensure members use the correct legal identity on their business documents to comply with the HIES code of practice and the law.
- **Health & Safety** - how to prepare a Health and Safety Policy to comply with the HIES code of practice and health and safety regulations.
- **Installation Plan** - how to plan for and communicate the installation plans with the householder

83.6%

of members believe HIES membership gives them an edge over the competition.

(based on 61 responses)

OUR ETHOS ON CONSUMER PROTECTION

HIES’s raison d’être is to protect consumers. The HIES Code of Practice requires that consumers are dealt with professionally, courteously and sympathetically. Any products installed by HIES members must be fit for purpose, installed professionally and come with comprehensive guarantees which are covered by specialist insurance providing consumers with a high level of protection and peace of mind.

Benefits to consumers using a HIES member:

- HIES Scheme is endorsed by Nick Ross (former BBC Watchdog & Crimewatch Presenter)
- Vetted and Audited Installers
- Free Consumer Advice Line: 0800 505 3412
- Free Deposit & Stage Payment Protection (up to 25% of the contract value)
- Free Insurance Backed Guarantee (for every customer)
- Free Mediation (to help fully resolve any disputes should they arise)
- Free Independent Inspections (to assist with installation/product defects at HIES discretion)
- Free access to an independent Ombudsman (to conclude disputes without incurring legal fees or costs)
- All members installing products covered by the Feed-in Tariff (FITs) will be MCS registered

Consumer Tips & Advice Leaflet

We have also put together a leaflet which guides consumers throughout their buying, installation and after sales experience. The leaflet provides them with information about what to do if they change their mind about the installation or encounter a problem.

Consumer Advice Line

Our dedicated customer service team is available to answer any questions consumers may have; whether it’s looking to commission a HIES member, understand how HIES can protect them or they need some specialist guidance on dealing with an existing member. Our team is always on hand to provide support and direction.



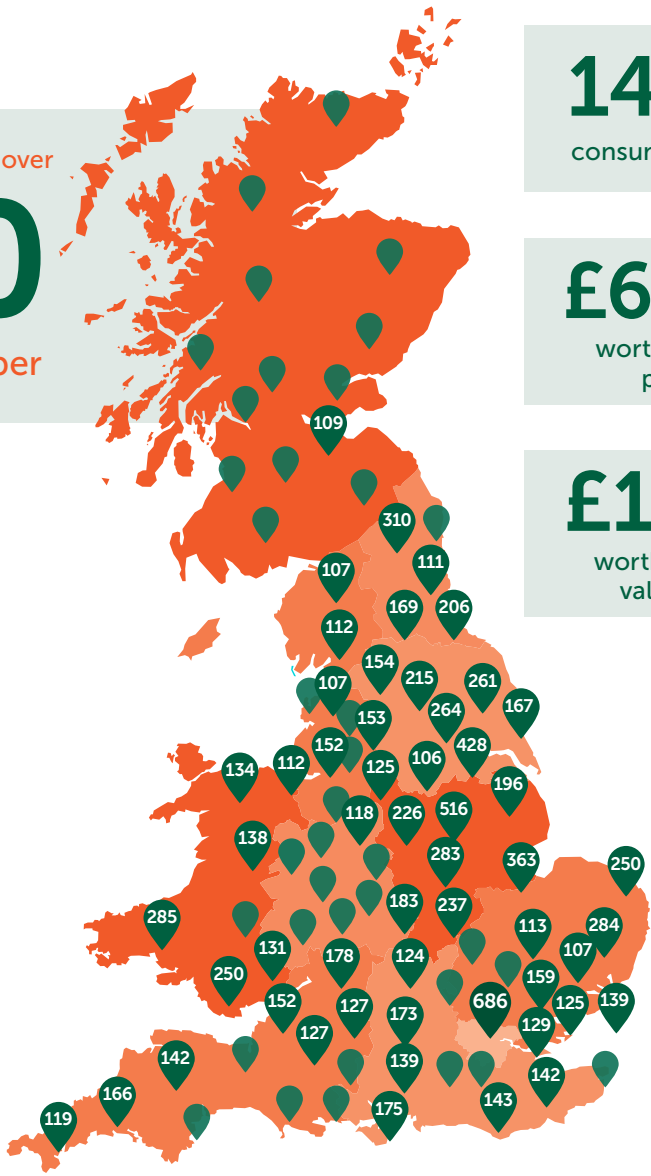
CONSUMERS USING A HIES MEMBER

Within the last 12 months we have seen over

14,000

consumers use a HIES member

Type of Product Installed by HIES Members	QTY
Solar PV	11702
Boilers	1518
Heat Pumps	268
Battery Storage	178
Biomass	172
Other	205



14,043
consumers protected

£6.85m
worth of deposits protected

£104m
worth of contract value insured

WHAT DO CONSUMERS THINK OF HIES MEMBERS?

We monitor the performance of our members in order to reduce consumer detriment. We do this by writing to every customer who has placed an order with a member and asking them to complete a Customer Satisfaction Questionnaire. The survey asks customers 8 important questions (and asks them to rate Q1 to Q7 on a scale of 0-10) that cover the whole buying experience, from the initial meeting with the sales personnel to the after sales service they received. The customer completes this questionnaire and posts it back to HIES in a pre-paid envelope provided. The results are displayed on two graphs (see across) and offer important feedback on how members can improve their customer service and helps HIES to identify the specific areas where consumer detriment may be occurring.

The questionnaire asks consumers to rate:

- Q1** The sales personnel (helpful, friendly, etc.)
- Q2** The explanation of your products
- Q3** The installation team (courtesy, cleanliness, etc.)
- Q4** The sales personnel's explanation of HIES
- Q5** The communication skills of your company
- Q6** Their overall experience with your company
- Q7** Whether they would use the business again
- Q8** The main reason why they chose the business



Publication of results

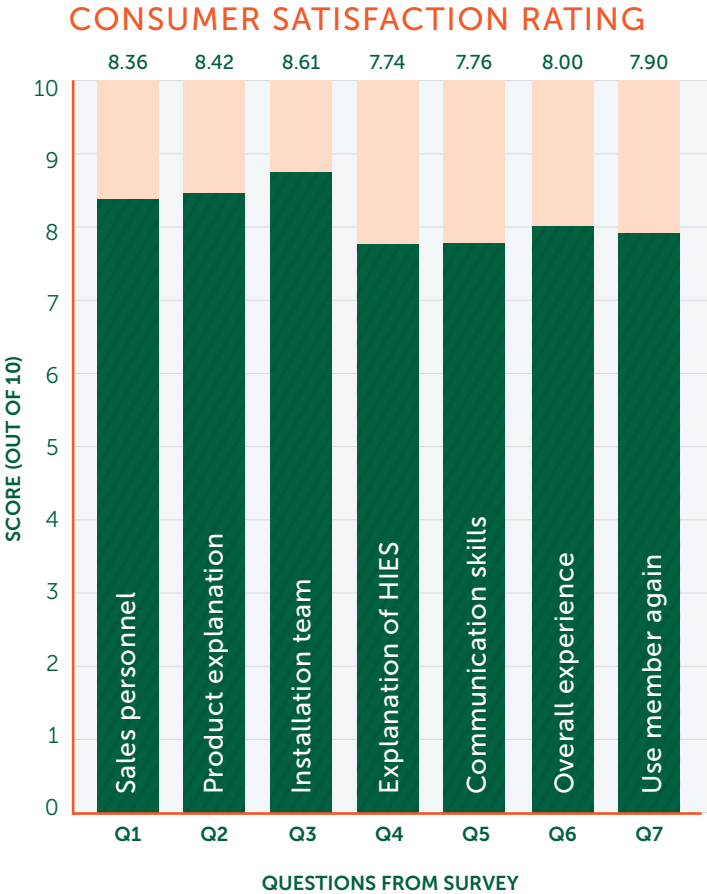
We received 1,821 completed surveys within the last 12 months. The results of the survey for the HIES membership are displayed on the two graphs to the right.

How members can use the results

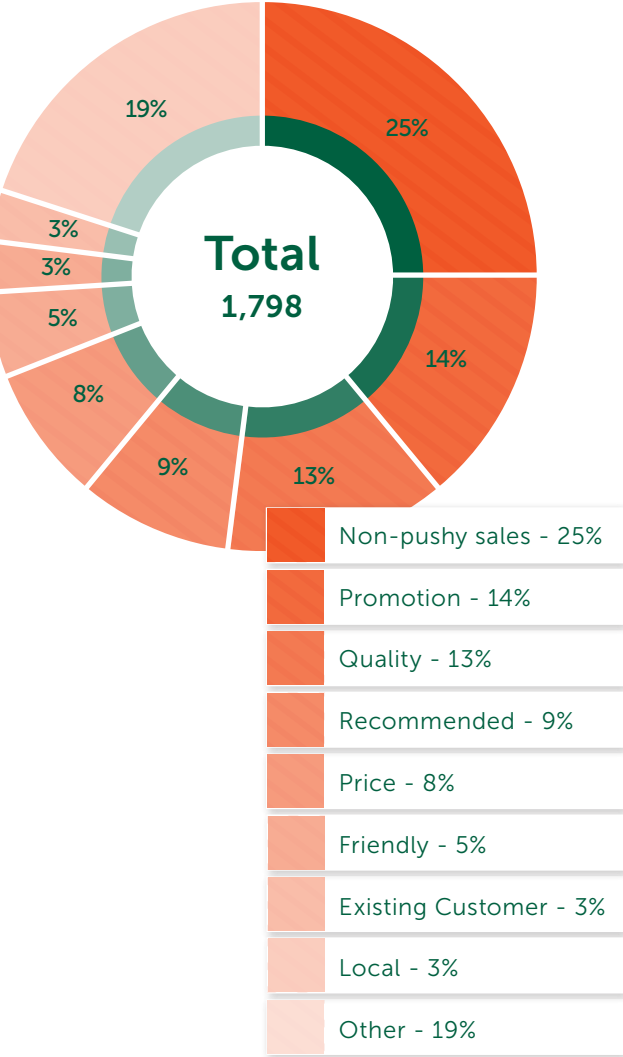
The results of the customer satisfaction surveys are displayed on two graphs on the member's dashboard. The graph shows how they compare against the national average and by downloading their performance report they can identify how their sales people and fitting teams are rated by the customers.

CONSUMER SATISFACTION RESULTS

The below diagrams display the customer satisfaction returned results our membership achieved between 1st December 2015 to 30th November 2016:



WHY CONSUMERS CHOSE HIES MEMBERS (LAST 12 MONTHS)



3 STAGE DISPUTE RESOLUTION

We aspire to deliver world class dispute resolution services for consumers and members of our schemes. In order to reduce consumer detriment HIES provide a single point of contact for consumer complaints. We know from experience that complaints handling is critical to the development of the renewable sector and that consumers with complaints can be very easily confused.

Our 3 stage dispute resolution process includes:

- **Stage 1: 1st Line Complaints** - We employ experienced, professional, fully trained officers to handle all 1st line complaints.
- **Stage 2: Mediation** - We employ professional, fully trained mediators to resolve disputes. Mediators can commission an independent forensic detailed analysis report at no cost to the consumer where they deem it necessary to help resolve the dispute.
- **Stage 3: Ombudsman** - Consumers have free access to an Independent Ombudsman (HIES pays the fees for this) to settle disputes without incurring legal costs. The Ombudsman's decision is binding on the member.

Our process is designed to provide transparency, speedy resolution of disputes, protect consumers and the industry's reputation. HIES 'takes ownership' and investigates all complaints. When we receive complaints, we work in partnership where appropriate with MCS and Certification Bodies to resolve technical issues, but we don't send consumers from pillar-to-post attempting to get their complaint resolved.

Ombudsman Services

HIES appointed Ombudsman Services Ltd on 1st October 2015 to investigate and settle any disputes between members of our schemes and their consumers that may not have been settled at an earlier stage.

Ombudsman Services are the UK's leading independent multisector ombudsman and are approved by the appropriate regulatory bodies to provide their services. Ombudsman Services provide independent dispute resolution and run national, private-sector ombudsman schemes including in the communications, energy, property, copyright licensing sectors and Green Deal. Ombudsman Services currently employ more than 500 people at their head office based in Warrington.



Main reasons for consumer complaints

- Installation issue with works completed by member e.g. solar panels, etc.
- Misselling of solar panels and benefits by member
- Consumer not satisfied with remedial work carried out
- Member not refunded consumer's deposit (after consumer has cancelled contract)
- Roof leaking following installation of solar panels
- Compensation offered by member but not enough for consumer to accept

DISPUTE RESOLUTION STATISTICS

The below table is a breakdown of the complaints we handled between 1st December 2015 to 30th November 2016:

	QTY
1st Line Complaints	No. of complaints brought forward from previous year (as of 30/11/15)
	16
	No. of new complaints received
	830
	Total no. of complaints handled by 1st Line
	846
	No. of complaints resolved by 1st Line
	826
Mediation	No. of complaints still ongoing in 1st Line
	18
	No. of complaints passed to mediation
	2
	% 1st Line success rate
	99.8%
Mediation	No. of complaints brought forward from previous year (as of 30/11/15)
	7
	No. of new complaints received
	34
	Total no. of complaints handled by mediation
	41
	No. of complaints concluded in mediation
	36
Ombudsman	No. of complaints still ongoing in mediation
	3
	No. of complaints passed to Ombudsman
	2
Ombudsman	% Mediation success rate
	94.7%
No. of cases handled by Ombudsman	
12	

38.6%

of consumer complaints resolved within 24 hours

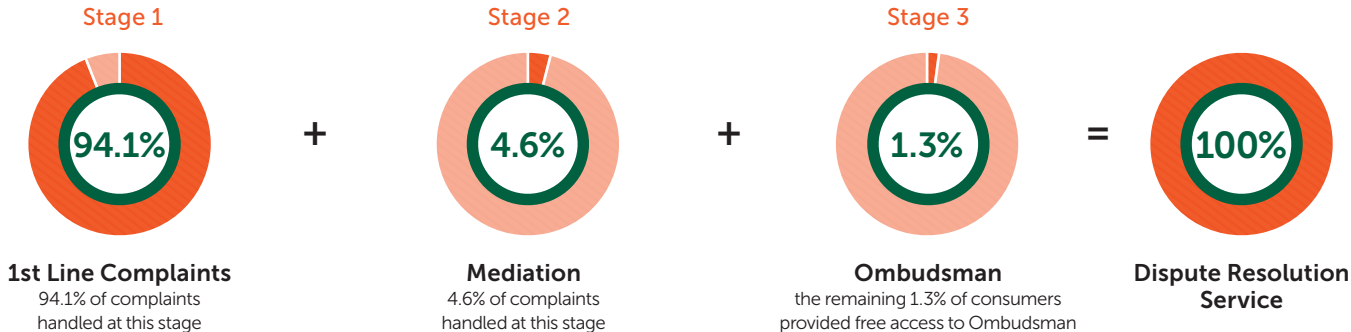
33.2%

of consumer complaints resolved within 2-7 days

71.8%

of consumer complaints resolved within 7 days

From the above table, we can determine HIES's 3 Stage Dispute Resolution Process achieved the following results:



INSURANCE (INSURANCE BACKED GUARANTEES & DEPOSIT PROTECTION)

All consumers using a HIES member receive Deposit Protection and an Insurance Backed Guarantee free of charge. This provides consumers with protection in the event the HIES member ceases to trade and is unable to fulfil the terms of its guarantee.

Enterprise Insurance Company Plc

HIES placed some of the insurance with an underwriter in Gibraltar called Enterprise Insurance Company Plc (EIC). This firm was a well-established international insurer used by many large blue-chip companies and which underwrote various insurance products including motor related policies for the AA. Enterprise was planning major expansion, hoping to become a £¼ billion company, but it appears to have overreached itself. On 22nd July 2016, the Gibraltar Financial Services Commission instructed EIC to cease issuing insurance policies of any sort.

The only customers affected are those whose Insurance Backed Guarantees were insured by EIC between July 2012 and July 2016. Even if the guarantee was written between those dates the policies are all still live and valid. Consumers can make a claim in the normal manner and will need to request a claim form from The Insurance Backed Guarantee Company who has been appointed to continue to manage claims for submission to the UK's Financial Services Compensation Scheme (FSCS) who cover 90% of the cost of all valid claims from eligible claimants.

Following EIC ceasing to issue insurance policies, HIES needed to find an insurer in order to provide deposit protection and Insurance Backed Guarantees. As part of the business continuity plan HIES appointed Safe World

Insurance Group International Ltd as the new insurer to issue policies from 23rd July 2016 thereby providing HIES members and their customers with continuous coverage.

Safe World Insurance Group International Ltd (SWIG)

HIES insurance intermediary arranged an exclusive deal with Safe World Insurance Group International Ltd, who are a Guernsey based international insurer, to underwrite all insurance policies as of 23rd July 2016. SWIG is authorised and regulated by The Guernsey Financial Services Commission (GFSC) and meets all the capital adequacy requirements required of GFSC as a registered international insurer.

Guernsey is the established European Centre for managed insurance companies (captives) and the island is home to over 800 licensed insurers. It has the necessary expertise and infrastructure to support the business. Guernsey's insurance regulatory regime is specifically geared towards specialist and niche insurers with internationally mandated capital requirements, a robust but pragmatic and accessible regulator and an excellent track record of successful insurance companies stretching back to 1922 when the world's first captive, the Commercial Insurance Corporation, was formed in Guernsey.

The regulatory regime in Guernsey has a recognised equivalent to the Financial Ombudsman Service (FOS), the Channel Islands Financial Ombudsman (CIFO) www.ci-fo.org who like FOS are also a member of the International Network of Financial Services Ombudsman Schemes (INFO Network).

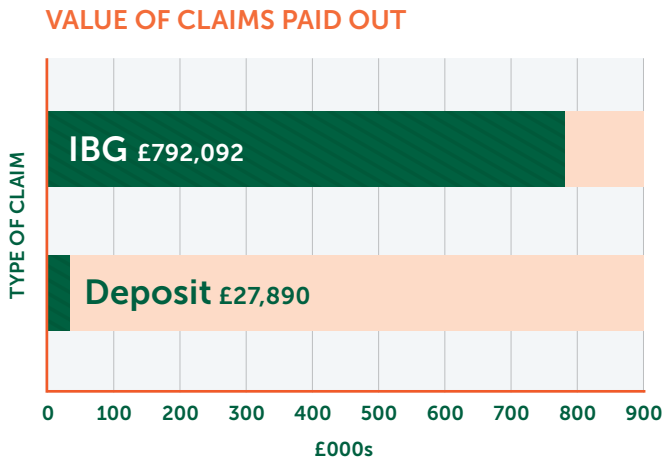
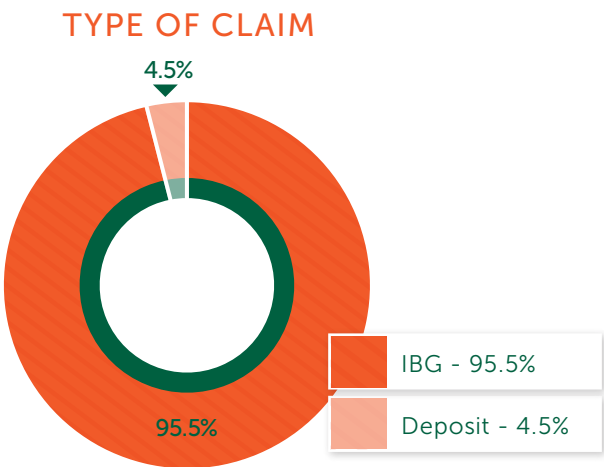
INSURANCE CLAIMS STATISTICS

The below table is a breakdown of the insurance claims handled between 1st December 2015 to 30th November 2016:

	QTY
Number of existing claims brought forward from previous year (as of 30/11/15)	40
Number of claim forms sent	856
Number of completed claim forms received	662
Number of claims no further action required	62
Number of validated claims	543
Number of paid out claims	194
Number of ongoing claims (as of 30/11/16)	287
Number of validated claims not progressed*	62
% Claims Validation Ratio	88.59%

*Main reasons for validated claims not being progressed:

- Customer paid a third-party contractor
- Misselling claim which is not covered by IBG
- Original Installers Workmanship Guarantee expired
- Work not covered under guarantee (i.e. annual servicing)
- Customer gone ahead with the contract/remedial work with someone else without authorisation



AUDITING OUR MEMBERSHIP

The auditing function ensures that members are complying with the Scheme Rules & Code of Practice and also assesses the financial stability of an existing member. The two types of audits undertaken are:

- **Onsite audit** - comprising an independent auditor visiting the members premises to carry out a hands-on audit and rate the member's business against the Scheme Rules. This is normally carried out on an annual basis unless the Scheme has cause for concern to accelerate the audit. In order to pass, the member must score a minimum 65 out of a possible 89. This function is carried out on a minimum 10% of the entire HIES membership every year.
- **Desktop/Remote audit** - involving a member completing a postal/email questionnaire and sending the appropriate evidence to the audit team. The audit team then score the questionnaire. This is carried out on an annual basis. In order to pass, the member must score a minimum 51 out of a possible 69. This function is carried out on 90% of the entire HIES membership every year.

If a member fails an audit then, dependent upon the seriousness of the breach, they will either:

- have 28 days to rectify the issue/s;
- be suspended until non-conformities have been rectified e.g. insurances in place;
- be issued with a warning;
- be expelled with immediate effect.

Additional ad hoc auditing as required

- **Financial Health Checks** - this check can be performed on any potential new member or existing member. Its aim is to assess the financial stability of an installer and the potential of them ceasing to trade. It scores the company in three key areas: solvency, profitability and gearing. An overall score is given to the company and a grading is allocated dependent upon the overall score i.e. outstanding, good, satisfactory or unsatisfactory.
- **Compliance Advice Checks** - this check can be performed on any potential new member or existing member. Its aim is to provide an applicant advice on the gaps within their current procedures which require development in order to be considered for HIES membership and for existing members advice on how to improve their current policy and procedures to ensure continual compliance with the HIES Scheme Rules & Code of Practice.

RISK PROFILING MEMBERS

We measure and score our members against a range of performance indicators to determine the level of risk a member poses to the scheme, the insurers and also consumers. This 'risk profiling' enables us to assess and monitor our members on a regular basis. The performance indicators used are:

- Credit score
- FCA direct authorisation
- Length of time trading
- Average contract value
- Average deposit value taken
- Length of HIES membership
- Overall customer satisfaction score
- Number of days to complete a contract
- Current unsatisfied consumer CCJs
- Number of corporate insolvencies of directors above £10k in value
- Number of complaints in the last 12 months
- Number of Ombudsman cases in the last 12 months
- Any unsatisfied Ombudsman Awards
- Number of weeks in compliance default with Scheme Rules

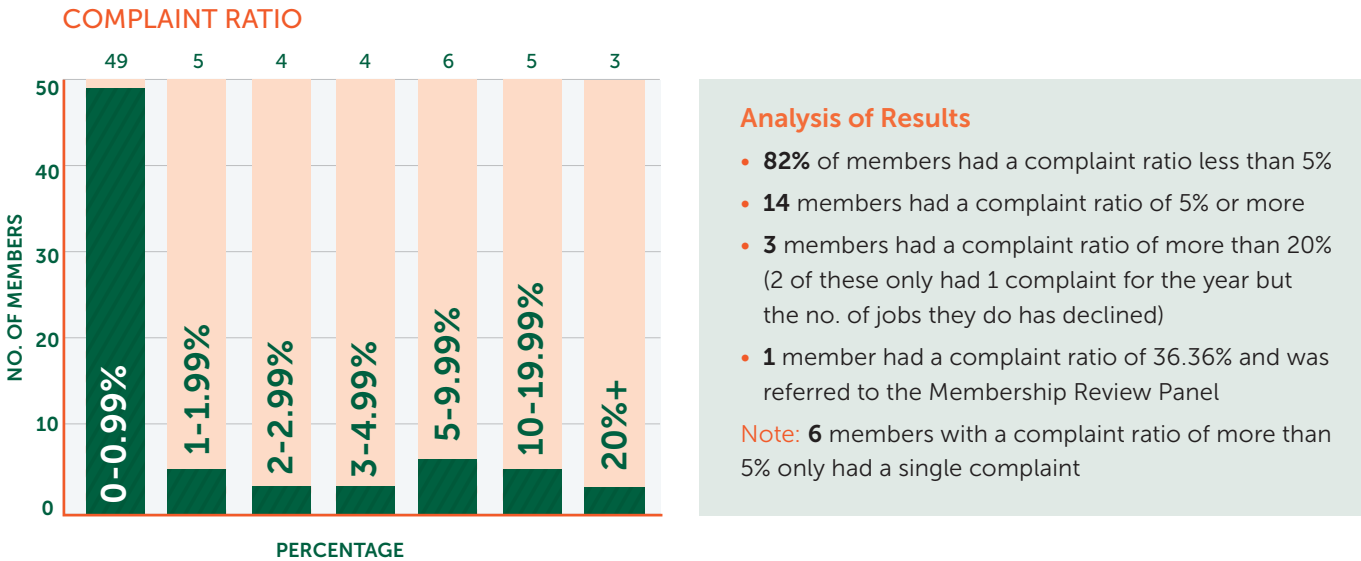
The member can score a maximum of 650 points from the above indicators and depending on the number of points scored by the member, they will be rated in the following bracket:

- **High Risk** - 0 to 249 pts
- **Medium Risk** - 250 to 349 pts
- **Low Risk** - 350 to 449 pts
- **Minimal Risk** - 450 to 650 pts

If any of the members are rated '**High Risk**' then they will be referred to the Membership Review Panel which could result in further Onsite Audits, Financial Health Checks or Compliance Advice Checks (see page 22).

MONITORING CONSUMER COMPLAINTS

We analyse the number of complaints our members receive within a 12-month period compared to the number of installations registered with HIES. This then gives us the 'Complaint Ratio' for each member. Members who have a complaint ratio of less than 5% are considered within tolerance. However, all complaints are taken very seriously and any complaints may result in the member being referred to the Membership Review Panel for investigation. Below is the result of our analysis across the membership:



The next step

The audit team analyse the results of the complaint ratio for each member and also look at the type of complaints the members receive. The audit team then determine the level of risk the member poses to the scheme, the insurer and consumer. The audit team can write to the member asking for clarification, refer the member to the Membership Review Panel or request an onsite audit to further investigate matters.

MONITORING CONSUMER SATISFACTION

We analyse the returned customer satisfaction surveys we receive about our membership within a 12 month period. Measuring the results of the returned satisfaction surveys for each member will enable HIES to establish the customer's overall experience with individual members and the membership as a whole. We calculate each member's average score for each question which gives us the 'Customer Satisfaction ratio' for that member. Members who have a customer satisfaction ratio of 70% or more are considered within tolerance. Below is the result of our analysis across the membership:

AVERAGE % SCORE & NO. OF MEMBERS

Question	No Average	Less than 50%	50-59%	60-69%	70-79%	80-89%	90-100%	Total
Q1: Sales personnel		1		1	7	20	15	43
Q2: Product explanation	1		1	1	6	21	13	43
Q3: Installation team				2	4	18	19	43
Q4: Explanation of HIES		1	1	5	12	15	9	43
Q5: Communication skills			2	5	13	10	13	43
Q6: Overall experience				2	14	12	15	43
Q7: Use member again		4	8	15	9	6	1	43

Please note: If a member has not been included in the results table, the following reasons apply: 1) their membership started on or after 1st September 2016 therefore we didn't receive survey results back before the end of November 2016, 2) they have not registered any jobs with HIES, 3) we have not received any satisfaction surveys from consumers.

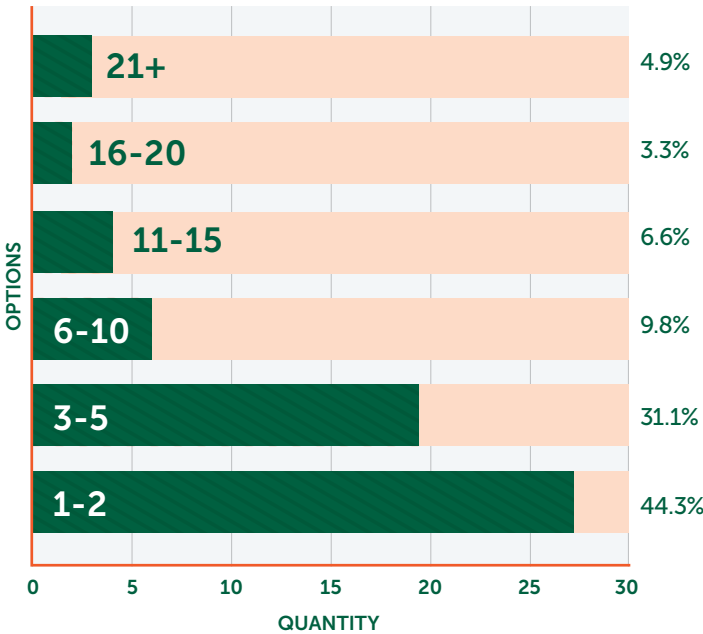
The next step

The audit team analyse the results of the customer satisfaction ratio. A member could be classed as high risk if we find that a member is scoring less than 50% on average for any of the questions within the survey. The first step is for the audit team to look into the member achieving less than 50% for any questions and as you can see from the above table six members received a score less than 50% for Q1, Q4 and Q7. Therefore, the audit team would investigate this and following the investigation would either write to the member asking for clarification, refer the member to the Membership Review Panel or request an onsite audit.

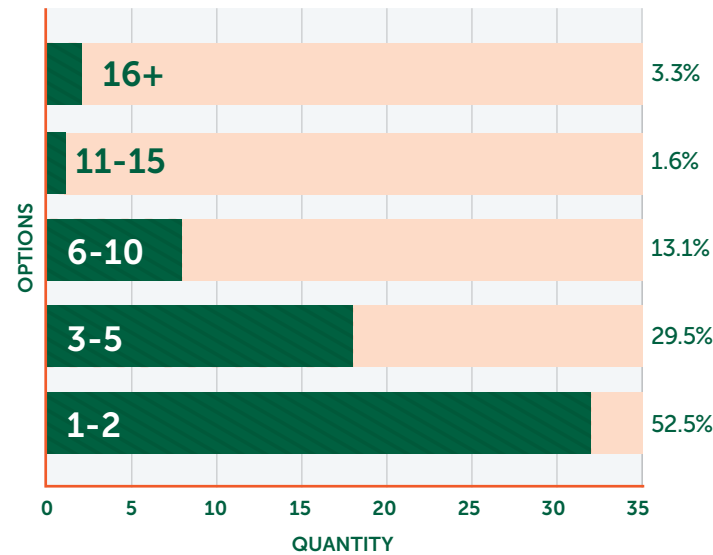
REMOTE AUDIT RESULTS

We carried out 61 remote audits on members within the last 12 months. The aim of the remote audit was to understand the member's business and what they are currently doing (particularly since the turbulence of the last 12-15 months of the reduction in government incentives such as Feed-in Tariff and the withdrawal of major finance lenders). Please find below the results.

1 HOW MANY SALES PEOPLE DO YOU HAVE?



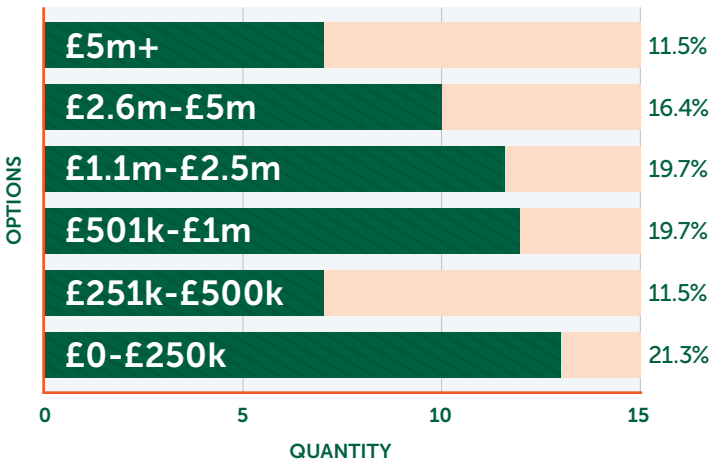
2 HOW MANY INSTALLATION/FITTING TEAMS DO YOU HAVE?



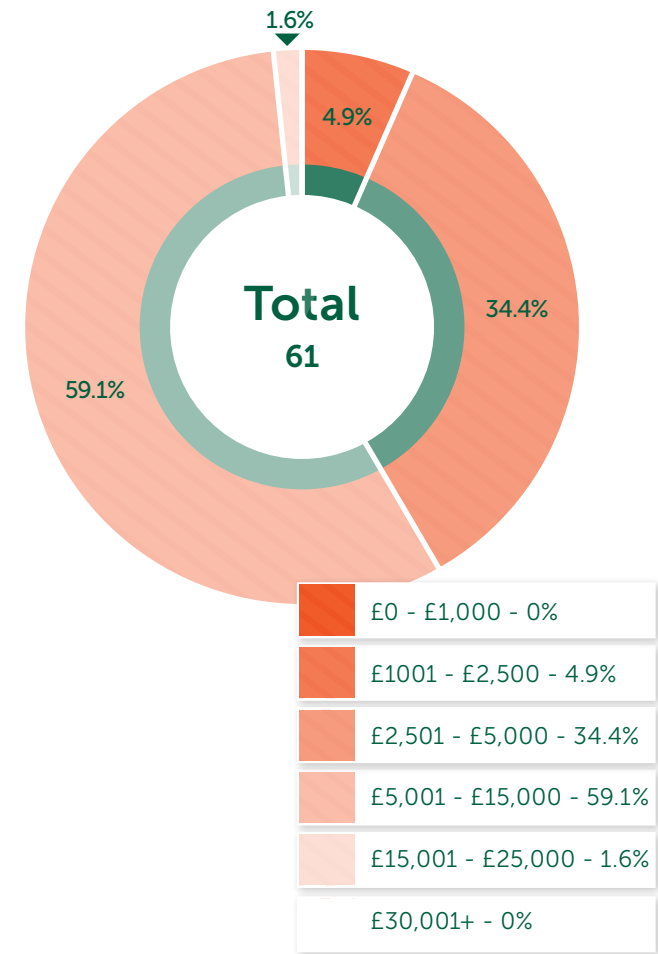
3 HOW MANY SHOWROOMS DO YOU HAVE?



4 HOW MUCH DOES YOUR BUSINESS TURNOVER ANNUALLY?

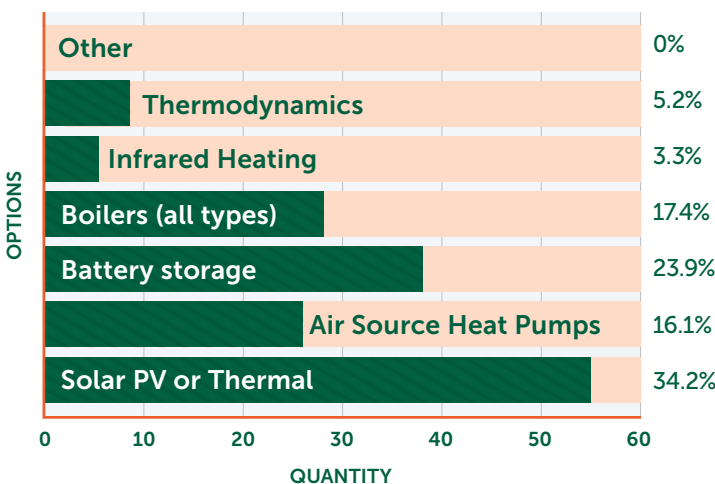


5 WHAT IS THE AVERAGE ORDER VALUE OF PRODUCTS YOU SELL/INSTALL?

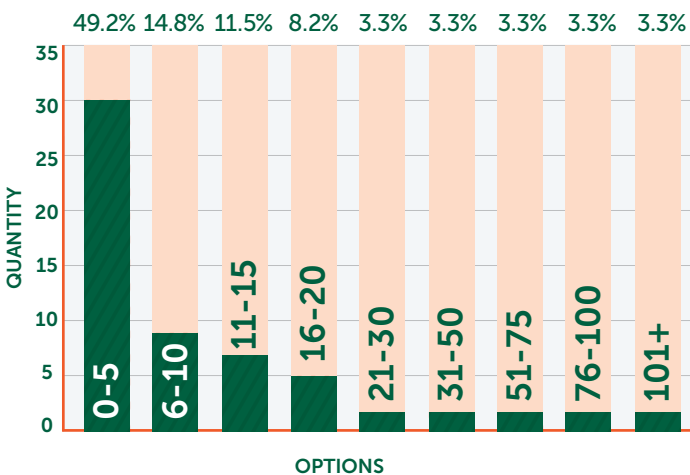


REMOTE AUDIT RESULTS

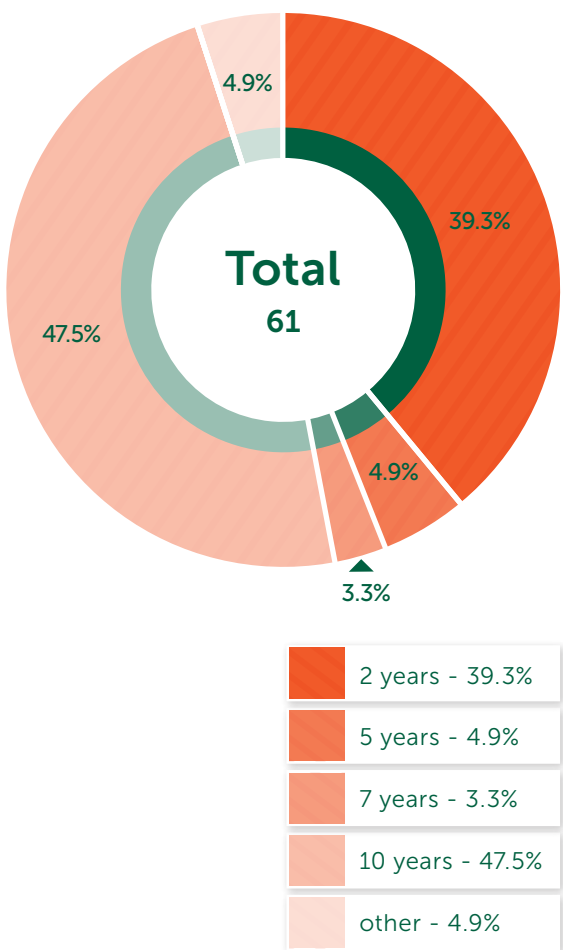
6 WHAT PRODUCTS DO YOU SELL TO CONSUMERS?



7 HOW MANY CONTRACTS ON AVERAGE DO YOU UNDERTAKE EACH MONTH?

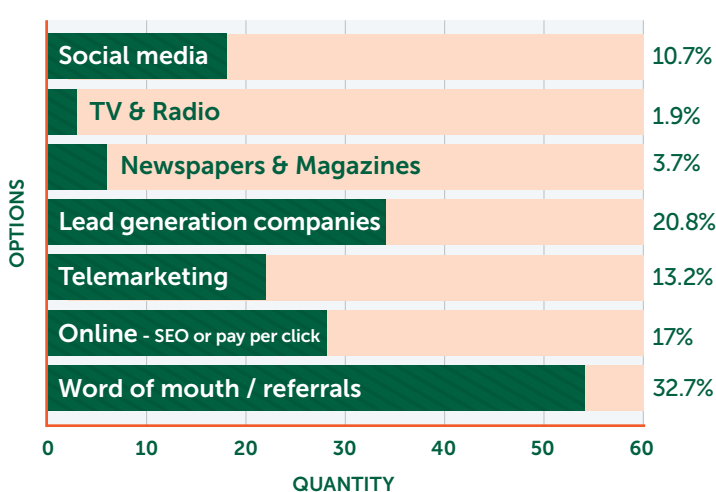


8 WHAT IS THE AVERAGE LENGTH OF YOUR WORKMANSHIP WARRANTY PROVIDED TO CONSUMERS?

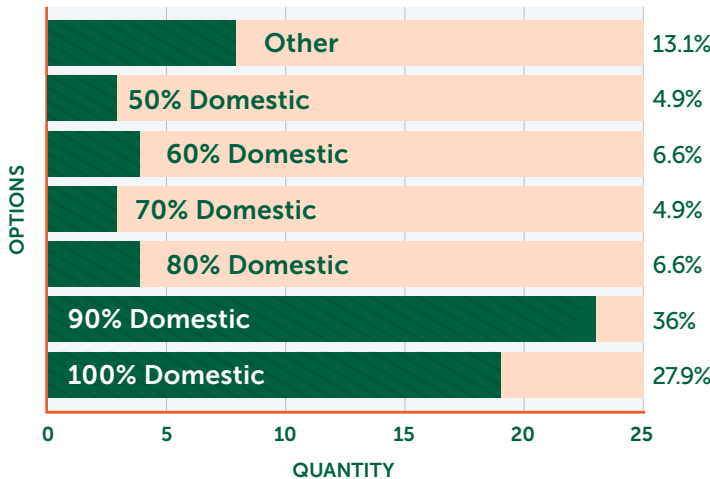


REMOTE AUDIT RESULTS

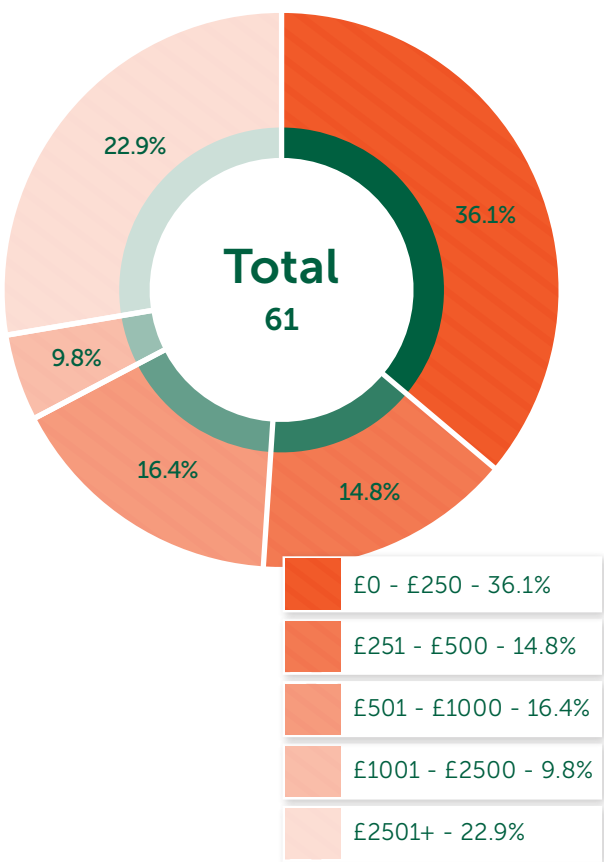
9 WHERE DO YOU OBTAIN YOUR LEADS?



10 WHAT IS THE PERCENTAGE SPLIT BETWEEN DOMESTIC/RETAIL AND COMMERCIAL REVENUE?



11 HOW MUCH DO YOU SPEND PER MONTH ON MARKETING, ADVERTISING, PR, WEBSITE, SOCIAL MEDIA, SEO, PAY PER CLICK, ETC.?



ONSITE AUDIT

The onsite audit is conducted by a trading standards professional, together with the HIES internal auditor on occasion. The audit is conducted against the HIES Scheme Rules and Code of Practice and can be broken down into four principal areas:

- 1. About the member:** involves looking at the business structure, status, trade memberships and insurance/licences.
- 2. How the member generates custom:** involves looking at how they attracted customers. This includes looking at their advertising and canvassing techniques.
- 3. How the member manages installations:** involves looking at how they completed their orders, from the date of customer order, through the pre-installation process, the installation (including any use of sub-contractors) and the sign off of a completed job.
- 4. How the member deals with consumers:** involves looking at how they dealt with cancellations and any complaints from consumers.

At the conclusion, the auditor assesses their score against the Priority Scoring System as set out in Appendix 4 of the Scheme Rules and Code of Practice (Monitoring). In order to pass the audit, the company must satisfactorily demonstrate compliance against all of the high priority rules and an overall score of at least 65 points out of 89.

The auditor provides an overall assessment of the performance of the company in meeting the objectives of the HIES Scheme Rules and Code of Practice. This results in one of four findings:

- **Excellent** - the company meets or exceeds all of the audit requirements and has clear, effective and efficient record keeping systems in place to ensure full compliance throughout all installations. Any areas for improvement are minor and contribute to continuous business improvement.
- **Adequate** - the company meets the majority of the audit requirements and was able to identify all of the relevant evidence for the audit, but has room for improvement with their systems and procedures to ensure ongoing compliance.
- **Inadequate** - the company was unable to satisfy all of the audit requirements or was unable to provide all of the relevant evidence for the audit. The areas identified for improvement will require some remedial action to be taken to ensure ongoing compliance.
- **Weak** - the company was unable to satisfy all of the audit requirements including some that are categorised as high risk. The areas identified for improvement require immediate action to be taken to ensure ongoing compliance.

ONSITE AUDIT RESULTS

The number of onsite audits undertaken within the last 12 months was six. The below table is a breakdown of the results for each onsite audit:

Member	Score (out of 89)	Assessment	Pass or Fail
A	68	Weak	FAIL*
B	78	Adequate	PASS
C	84	Adequate	PASS
D	76	Adequate	PASS
E	83	Adequate	PASS
F	83	Adequate	PASS

*Failed as not all of the high priority risks being adequately addressed

Significant Non-Compliances found

- Customer facing documentation is inaccurate and contains misleading statements
- Quotation document does not give the company registration details
- Contracts are not being registered with HIES within 48 hours of receipt
- No accurate method for recording customer complaints and any actions arising
- Below average customer satisfaction scores achieved

Other Non-Compliances found

- Customer documentation not being available in a different format
- Terms and Conditions do not state correct wording regarding cancellation rights
- Inadequate policies and procedures which require attention
- Displaying the HIES logo on all customer facing documents, stationery, websites, etc.

If a member fails an audit or has a non-conformity, dependent up the seriousness of the breach, the audit team will either:

- Give the member 28 days to rectify the issue/s;
- Suspend the member until any non-conformities have been rectified e.g. insurances in place;
- Issue the member with a warning or non-conformity notice;
- Expel the member with immediate effect.

DISCIPLINARY – ENSURING COMPLIANCE

Membership Review Panel

This is a HIES internal panel.

The objective of the Membership Review Panel (MRP) is to ensure that any breach of the HIES Scheme Rules and Code of Practice is dealt with effectively, impartially and as quickly as possible. Anyone internally or externally can refer a member or an applicant to the MRP for consideration detailing their concerns/alleged breaches. The MRP shall be drawn from a member of the HIES Board plus at least two members of the HIES Executive. The MRP has a range of powers to include: issue a formal warning, suspend a member, decline membership, request enhanced monitoring or expel the member.

Non-Compliance Panel

This is an external panel.

The Non-Compliance Panel shall be empowered to consider any allegation of a breach of the HIES Scheme Rules & Code of Practice referred to it by the Membership Renew Panel (MRP) or an appeal against a decision made by the MRP. The Panel consists of at least three members to be drawn from a pool of seven and is able to make judgement/s on the behaviour of the HIES member referred to it. No panel members may be connected to any parties in the matter. Any decisions shall be on the balance of probabilities and conducted in accordance with the principles of natural justice and fairness.

Appeals Panel

This is an external panel.

A member aggrieved by any decision made by The Non-Compliance Panel (NCP) has a right of appeal directly to The Appeals Panel. The Appeals Panel shall be able to review any decision of the NCP and may alter, revoke, uphold or suspend that decision and shall be able to substitute any decision that would have been open to the NCP to make in accordance with these Scheme Rules & Code of Practice. The Appeals Panel’s decision will be final and binding on both the member and HIES.

RESULTS FROM PANELS

There were 34 members referred to the Membership Review Panel within the last 12 months. The below tables outline the reasons why and the outcome of the MRP.

Reasons why members are referred to MRP	QTY
Credit rating decreased / new CCJs	2
Non-compliance with audit	4
Increase in consumer complaints	5
Ceasing to trade	6
Not registering jobs	8
Not paying invoices	2
Membership states resigned from HIES	1
Links to previous company who liquidated	3
Non-compliance with Ombudsman Award	1
Non-compliance with Code of Practice	2
TOTAL	34

Results of MRP	QTY
Warning issued	6
Cancel / terminate membership	8
Enhanced monitoring / audit	10
Improvements required (credit rating, complaint handling)	4
Expelled	2
No further action	2
Suspended	1
Request information from previous Code Sponsor	1
TOTAL	34

There were no members referred to the Non-Compliance Panel or the Appeals Panel between 1st December 2015 and 30th November 2016.

FUTURE PLANS

New Code of Practice

We will be launching our new ‘consumer friendly’ Code of Practice in the next year, which is based on ten core principles:

Scheme members will:

1. act with professional integrity at all times;
2. treat their customers fairly and with respect;
3. be honest and truthful about the products and services they supply;
4. respect each customer’s home;
5. provide clear and accessible information at all stages of the work they carry out;
6. offer clear rights for customers to change their mind;
7. professionally and competently deliver and install products;
8. protect customers’ deposits and guarantees;
9. identify consumers with additional needs and provide appropriate support; and
10. recognise the value of effective complaint-handling systems.

Online Membership Portal

Over the upcoming year, we will be investing in a new Job Registration System for members to register their retail contracts and view their customer satisfaction performance compared to the national average. This system will become a central hub for our members to access in order to gain key information about their business, the HIES Consumer Code and also access training materials/point of sale materials. This infrastructure investment will provide the foundation for the members to grow and increase their operational efficiency.

Membership Agreement

We will also be implementing our new Membership Agreement where the members enter into a binding contractual relationship in accordance with the terms. The member’s principal obligations created by this agreement are:

- to comply with the terms of the Code of Practice;
- to register all jobs in accordance with the Terms of Membership Agreement and pay the relevant fees in accordance with the Schedule of Fees and Charges;
- to promote membership by using the point-of-sale/ marketing materials provided;
- to notify HIES of any significant changes to their business activity;
- to maintain adequate financial resources and responsible accounting practices for maintaining their business as a going concern;
- to provide HIES with information which is at all times correct, accurate and complete and not mislead HIES in any way;
- not to bring the Scheme into disrepute; and
- to cooperate with HIES and the Dispute Resolution Service.

FUTURE PLANS

Energy Performance Validation Scheme

The renewable industry has suffered considerably over the past several years. One of the biggest problems being the misselling of renewable products with consumers receiving inaccurate and often over-inflated energy performance calculations (products such as Solar PV, Air/Ground Source Heat Pumps, Solar Thermal, etc.). Many consumers have been sold these products based on the fact that the products would pay for itself which could be misleading. This led to a number of major finance lenders pulling out of the renewable market and removing finance facility from many installers because they were receiving consumer claims and complaints regarding non-performance of guarantees (Section 75) and misselling (Section 56). HIES recognises the important part finance lenders play in our industry and we have been working with them to mitigate their Section 75 liabilities and re-enter the industry, not just for Solar PV but for many other renewable and home improvement products. This has resulted in the development of the Energy Performance Validation Scheme (EPVS).



EPVS requires installers to upload all contractual, and supporting information (e.g. for solar: images of the property, orientation, current energy usage, etc.) to the EPVS online management system. EPVS analysts then review, audit and certify that the energy performance calculations are correct. EPVS covers all energy generating, saving and storing products such as Solar PV, Solar Thermal, Air/Ground Source Heat Pumps, Infrared Heating, Battery Storage, etc.). EPVS ensures that the energy performance calculations and any monetary savings/generation that a consumer receives are accurate and valid. EPVS is helping the renewable sector to regain confidence and trust from key stakeholders such as the finance lenders.

Energy Storage - The Future of Renewable Sector

The UK is facing a shortage of electricity at peak times which could lead to blackouts or brownouts next winter. The British government and Ofgem are looking for solutions to this problem. What is needed is a way to load shift power from periods of excess capacity to peak periods to level the grid. Currently the regulators only recognise people who consume energy or generate energy, not store energy. Currently people with battery storage solutions are not recognised or protected by the regulators. HIES is working to change this.

We are bringing about change by working with key stakeholders within the energy storage arena where batteries and other forms of storage are recognised and could be placed in all buildings from domestic to commercial. This could then be controlled remotely by aggregators and the power traded on to the grid. This solution could help consumers become more ‘energy independent’.



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