

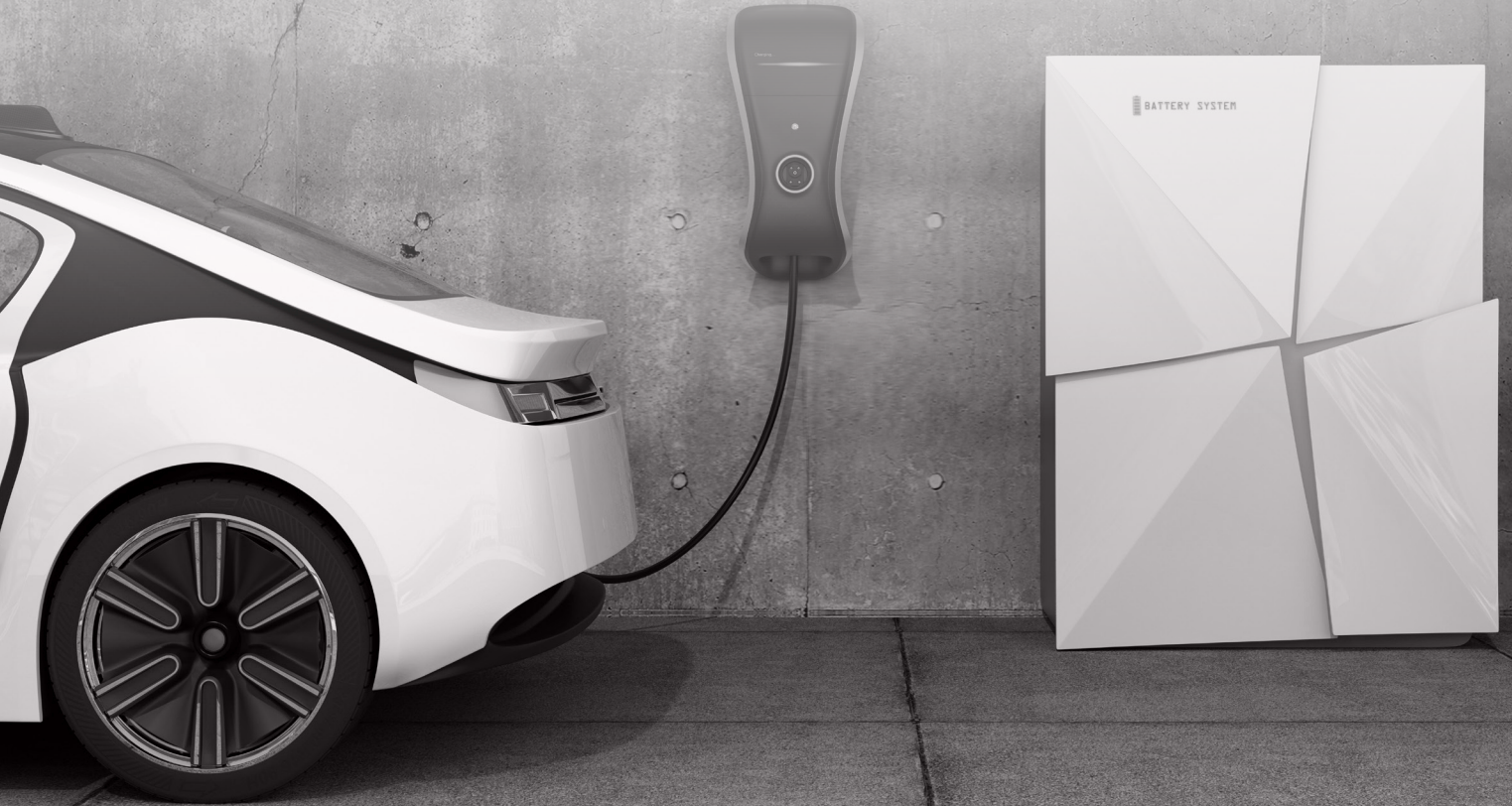


# hies

Home Insulation & Energy Systems  
Quality Assured Contractors Scheme



APPROVED CODE™  
TRADINGSTANDARDS.UK



# ANNUAL REPORT

1<sup>ST</sup> JANUARY 2017 - 31<sup>ST</sup> DECEMBER 2017



“ 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*

*“ I strongly recommend you use a HIES member. ”*  
*Nick Ross*  
*(former BBC Watchdog & Crimewatch presenter)*

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**Please note:** We have changed our annual reporting year from 1st December 2015 - 30th November 2016 to 1st January 2017 - 31 December 2017.

# STATEMENT FROM FOUNDER

“ HIES is a CTSI Approved Code Sponsor operating in the Renewable sector. We were established in 2012 and offer a refreshing and revitalising change in the consumer protection landscape.

Our overriding objective is to promote best practice in the sale, installation and after sale service of renewable products to consumers. Protecting consumers is at the heart of everything we do.

We have a unique and very comprehensive approved Code Of Practice to stop consumers falling through the net and actually be there for them when they need help. It's a different approach, one that will ultimately reflect well on the sector and give confidence that this sector is well run and well policed.

### As of 31/12/17 HIES:

- protected over 84,000 consumer contracts;
- received over 18,000 customer feedback forms on installer performance;
- professionally and speedily handled 2000+ disputes between consumers and traders (members);
- insurers paid out over £1.9 million in insurance claims (deposit claims and guarantee rectification works for consumers).

### Relationship Building

HIES now regularly meets with politicians, civil servants, trade bodies, BEIS, Ofgem, Trustmark, MCS and the Certification Bodies and is fast becoming a respected source of influence and information.

### This Report

I hope this report will give you a flavour of the sweeping nature of HIES' unique protection and comprehensive approach. It is far reaching and all embracing, but much needed.

We welcome your thoughts on improving the sector.”



Tony Pickup, HIES Founder

# THE RENEWABLE SECTOR - 2017 REVIEW

### Where is the industry?

2017 has been a year of transition for many renewable installers. Some have withdrawn from the marketplace and many have diversified into different products to help sustain their business. This can be demonstrated by the below figures which show both a drop in the number of installers registered with the Microgeneration Certification Scheme (MCS) and the number of Solar PV registrations with MCS. There has been a slight increase in the number of Air Source Heat Pump registrations with MCS and this is probably a result of the Domestic Renewable Heat Incentive.

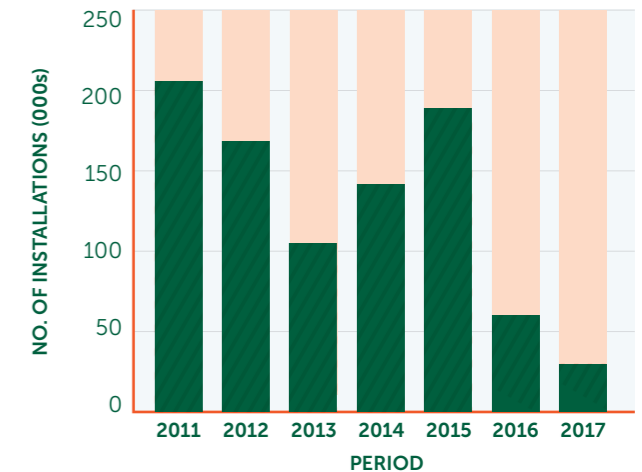
- **37.4%** drop in Solar PV installations registered with MCS in 2017 (37022) compared to 2016 (59178).
- **18.2%** drop in the number of installers registered with MCS in December 2017 (1944) compared to December 2016 (2376).
- **3.9%** increase in the number of ASHP installations registered with MCS in 2017 (7611) compare to 2016 (7323).

### What has HIES experienced?

HIES has seen a decrease in registrations for Solar PV and Biomass. However there has been an increase in registrations for both Air Source Heat Pumps and Battery Storage. The below provides you with a snapshot of what has taken place in the last 12 months:

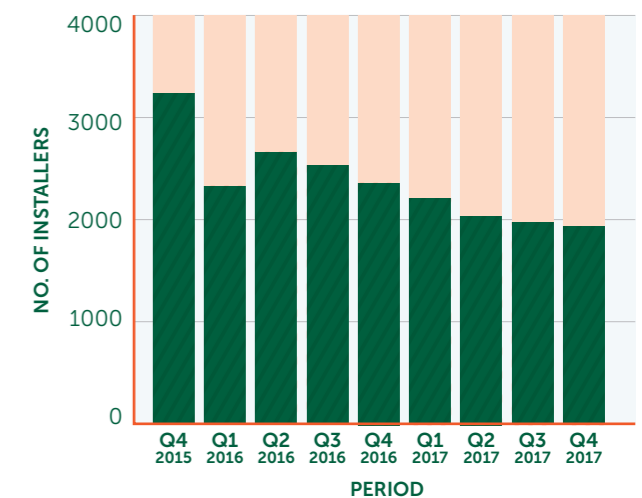
- **24%** decrease in Solar PV registrations
- **433.2%** increase in Heat Pump registrations
- **108.8%** increase in Boiler registrations
- **254%** increase in Battery Storage registrations
- **93.6%** decrease in Biomass registrations

### SOLAR PV INSTALLATIONS



Source: Microgeneration Certification Scheme










### MCS MEMBERSHIP



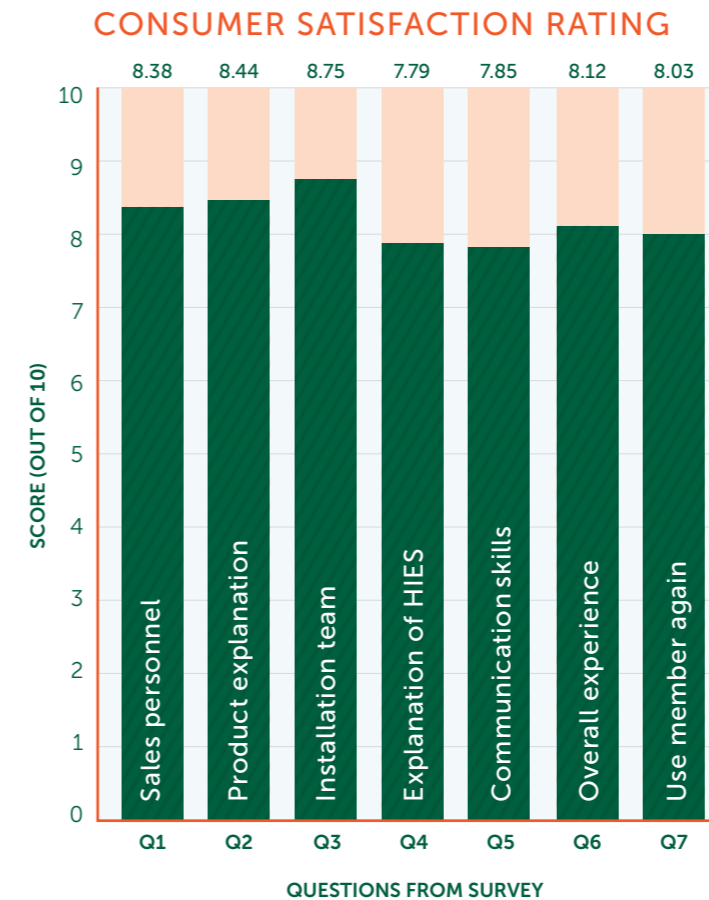
Source: Microgeneration Certification Scheme

# OVERVIEW OF HIES – SINCE OUR INCEPTION

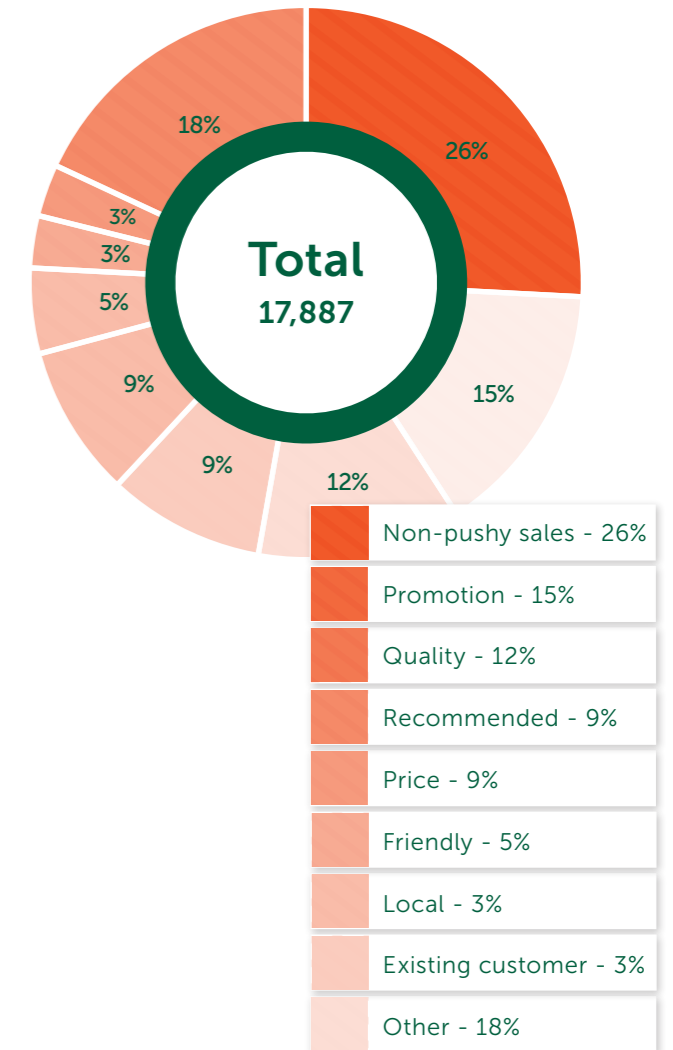
# ALL TIME CUSTOMER SATISFACTION RATINGS

 <p>Over 200 members recruited</p>	 <p>Over 84,000 consumers protected</p>	 <p>Over 18,000 returned customer satisfaction surveys</p>
 <p>Over £45 million worth of deposits protected</p>	 <p>Over £655 million worth of contract value insured</p>	 <p>Over 2000 consumer disputes handled</p>
 <p>Over 1100 validated insurance claims received</p>	 <p>Over £1.9 million paid out in insurance claims</p>	 <p>86.7% of validated claims successfully completed</p>

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 January 2017, our membership stood at 77.

## 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 267 enquiries from installers interested in HIES membership. We only accepted 65 of these 267 enquiries. At the start of the year we had 7 installers in the accreditation process from the previous year. Below is a breakdown of what happened next:

	2015/16	2017
No. of membership enquiries generated	162	267
No. of installers already in accreditation from previous year (as of 31/12/17)	12	7
No. of installers entering accreditation	51	229
No. of installers not progressed to accreditation	111	38
No. of installers failed accreditation/ didn't complete process	8	53
No. of installers remaining in accreditation (as of 31/12/17)	7	118
No. of installers passed accreditation and accepted as HIES Members	48	65

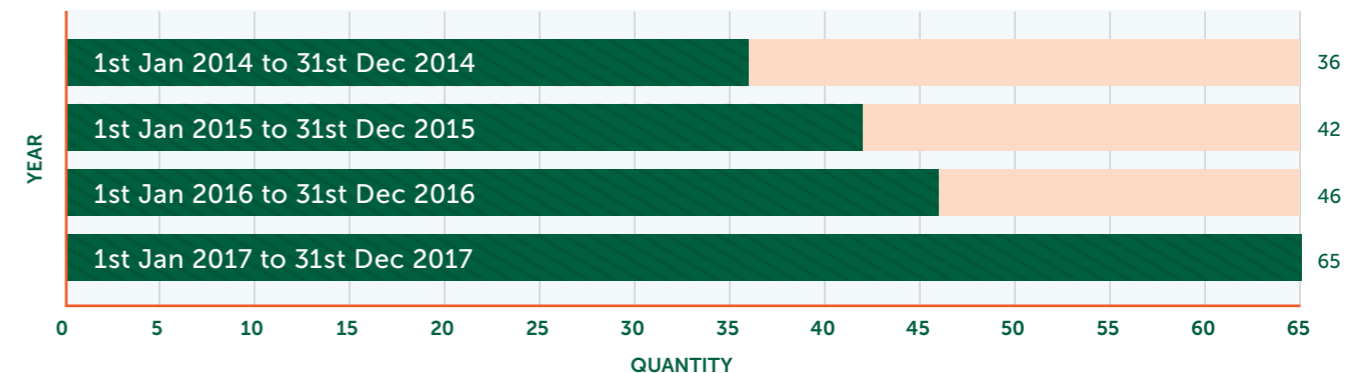
## 2017 vs 2015/6 Highlights

- **64.8%** increase in membership enquiries
- **35.4%** increase in the number of members recruited
- **44.9%** of installers who applied for membership either failed accreditation or didn't complete the process in 2017 compared to 14.3% in 2015/6

## Main reasons why installers fail accreditation

- Prior trading activities of the company/linked companies
- Prior trading activities of directors
- Low credit score
- Adverse history with another Code Sponsor
- Insurer unwilling to underwrite the company's business

## NEW MEMBERS RECRUITED TO HIES

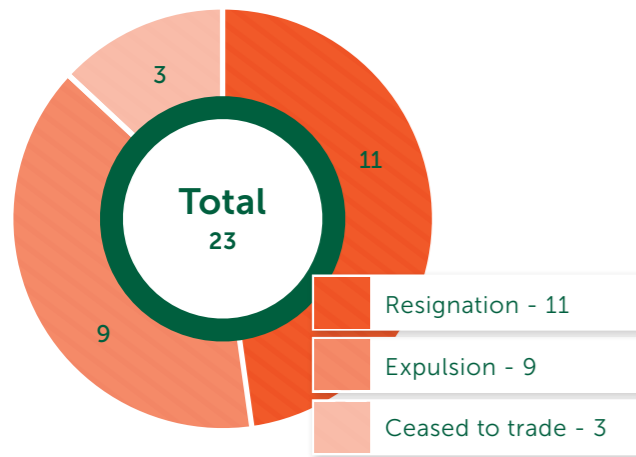


# MEMBERSHIP RETENTION

Within the last 12 months there were 23 installers whose membership ceased with HIES.

Our current membership stands at 119 (as of 31/12/17). This compares to 77 members at the same period last year (31/12/16).

## WHY MEMBERSHIP CEASED



### Main reasons for resignation of membership

- Not willing to comply with HIES requirements
- No longer installing
- No longer working in renewable sector
- Not satisfied with HIES
- Not willing to register all retail contracts

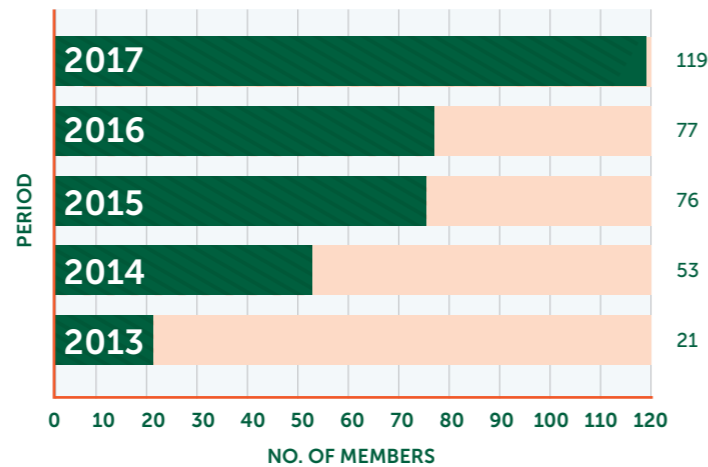
### Main reasons for ceasing to trade

- Reduction in Feed-in-Tariff (FITs)

### Main reasons for expulsion of membership

- Audit identified serious non-compliance issues
- Withholding payment for invoices
- Failing to disclose/notify link to previous directors
- Non-registration of all retail contracts
- Would not comply with scheme rules
- Would not sign new membership agreement

## 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.

## Membership Survey

We asked our members what they liked about HIES and below are a selection of the responses we received (as quoted by the members):

- Easy to deal with, friendly staff, telephone contact is good
- Supportive and fair when a customer has complained
- Simplicity of your website
- The service offered and ease of use of the portal
- Security for us and our clients
- Support and improving industry
- HIES is a good selling tool that offers a good service
- Good communication
- Everything
- Peace of mind for consumers
- Nick Ross endorsement gives the consumer confidence
- Being there for the consumer but also for the installer
- Marketing materials and Nick Ross affiliation
- Ability to work together constructively
- Makes us stand out
- Guarantee that the customer will never be out of pocket
- Security of knowing our customers are protected
- Proactive keeping me up to date
- The accountability and the dispute resolution
- It's a recognised organisation
- Allows me to sell finance
- Consumer code, helpful advice and professionalism
- Great communication with the team and a fair resolve for both parties
- Their commitment to the customer and the company to resolve any issues
- Transparent consumer protection

# 66.3%

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

(based on 86 responses from HIES members)

# 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)

## 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.



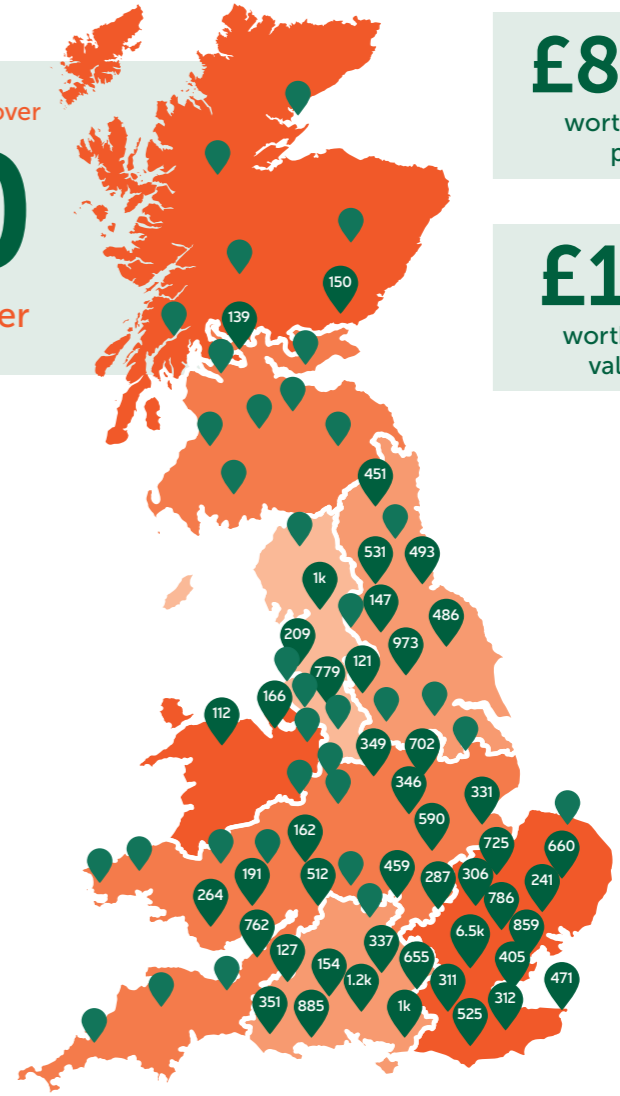
# CONSUMERS USING A HIES MEMBER

Within the last 12 months we have seen over  
**16,000**  
consumers use a HIES member

**£8.34m**  
worth of deposits protected

**£113m**  
worth of contract value insured

Type of Product Installed by HIES Members	2015/16	2017
Solar PV	11702	8893
Boilers	1518	3170
Heat Pumps	268	1429
Battery Storage	178	630
Biomass	172	11
Other	205	2329
<b>Total</b>	<b>14043</b>	<b>16451</b>



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



## Publication of results

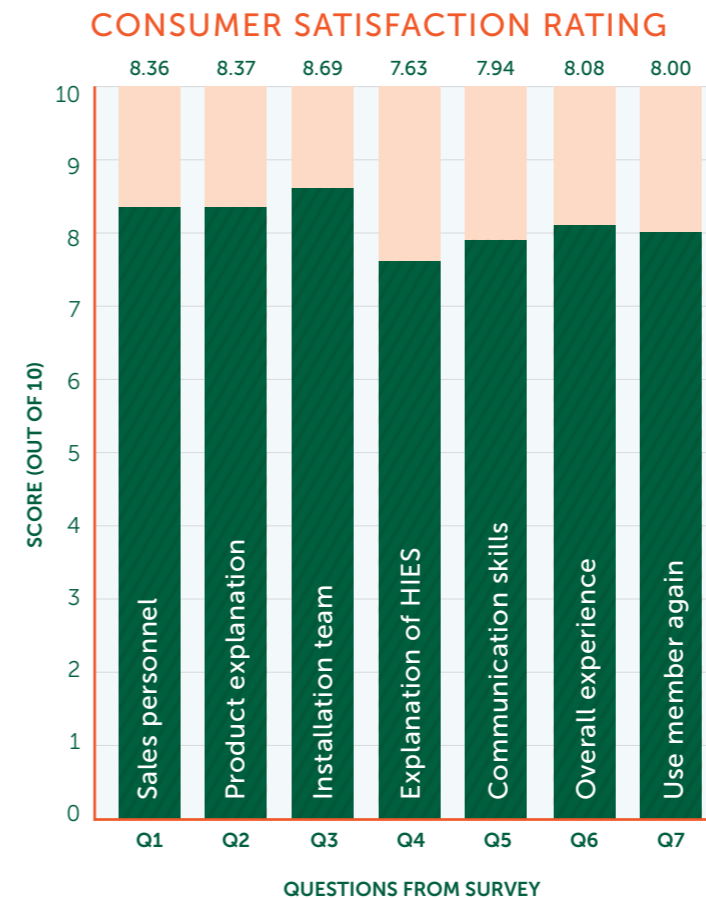
We received 2,606 completed surveys within the last 12 months. The results of the survey for the HIES membership are displayed on the two graphs to the right.

## How members can use the results

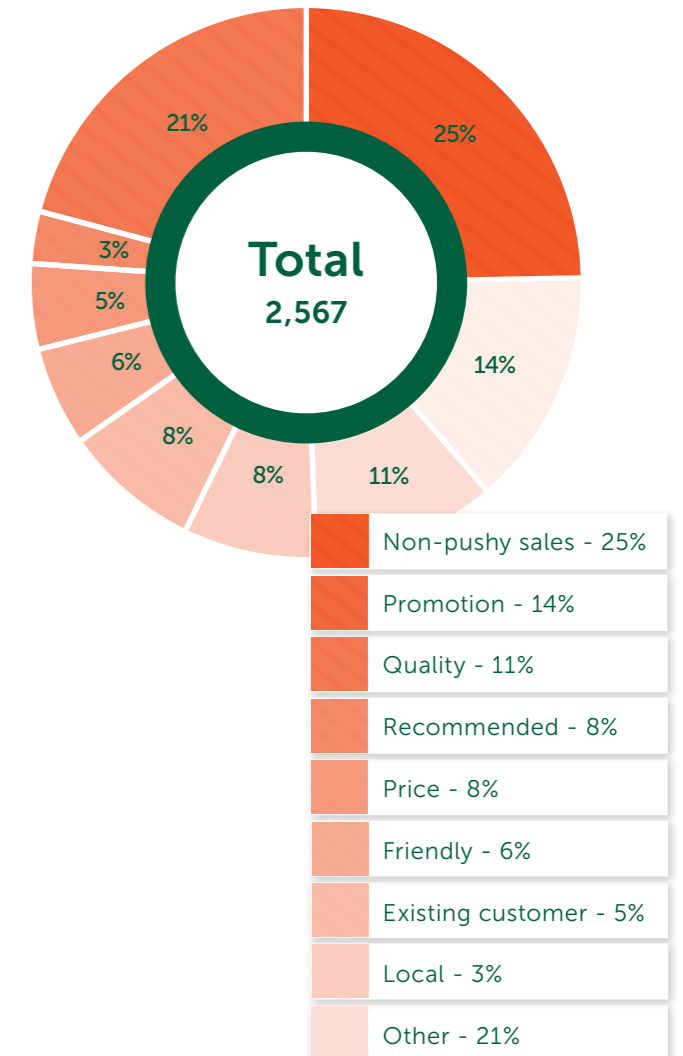
The results of the customer satisfaction surveys are displayed on two graphs on the member's dashboard. The graph shows how they compare against the national average and by downloading their performance report they can identify how their sales people and fitting teams are rated by the customers.

# CONSUMER SATISFACTION RESULTS

The below diagrams display the customer satisfaction returned results that our membership achieved between 1st January 2017 to 31st December 2017:



## 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 or member (in most cases) 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 a 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.

# DISPUTE RESOLUTION STATISTICS

The below table is a breakdown of the complaints we handled:

	2015/16	2017	
1st Line Complaints	No. of complaints brought forward from prev. year (as of 31/12/17)	16	14
	No. of new complaints received	830	489
	Total no. of complaints handled by 1st Line	846	503
	No. of complaints resolved by 1st Line	826	454
	No. of complaints remaining in 1st Line	18	4
	No. of complaints passed to mediation	2	45
<b>% 1st Line success rate</b>	<b>99.8%</b>	<b>91%</b>	
Mediation	No. of complaints brought forward from prev. year (as of 31/12/17)	7	5
	No. of new complaints received	34	45
	Total no. of complaints handled by mediation	41	50
	No. of complaints concluded in mediation	36	46
	No. of complaints remaining in mediation	3	3
	No. of complaints passed to Ombudsman	2	1
<b>% Mediation success rate</b>	<b>94.7%</b>	<b>97.9%</b>	
No. of cases handled by Ombudsman	12	1	

## Main reasons for complaints in 2017

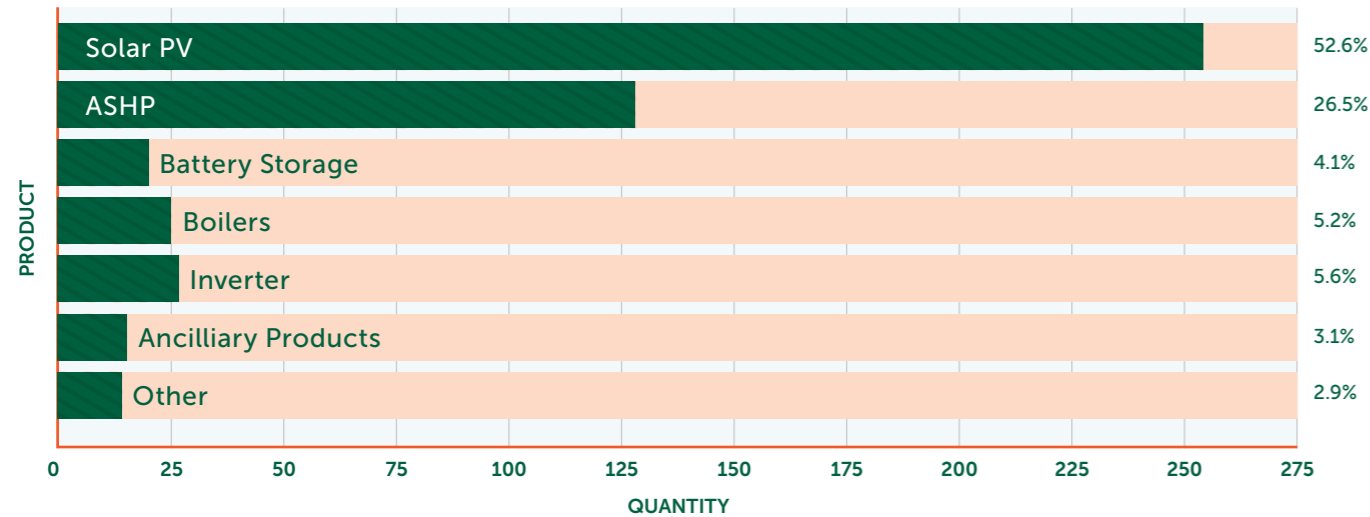
- Poor workmanship
- Faulty products
- Customer service
- Paperwork issues
- Underperformance of system i.e. solar panels
- Misselling of system
- Damage to property/furniture

## 2017 vs 2015/6 Highlights

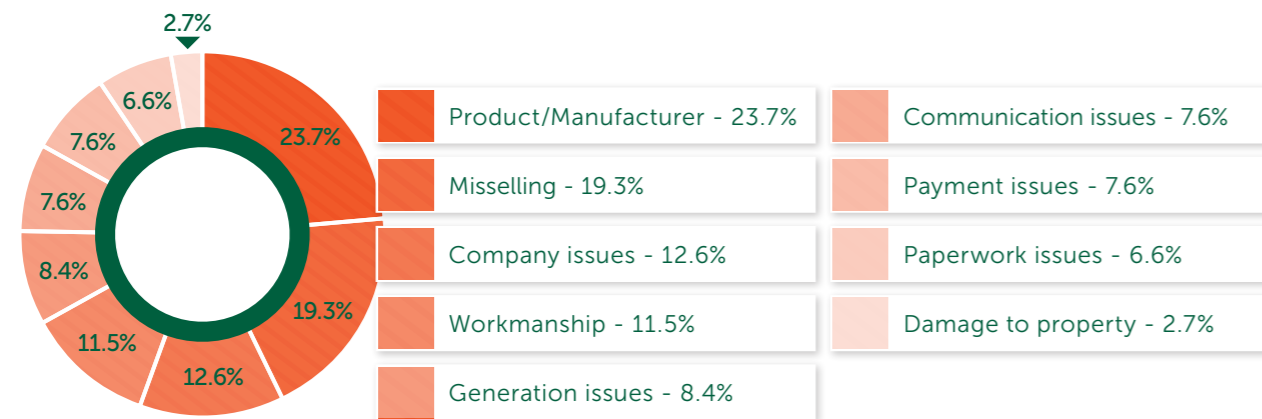
- **91%** of complaints resolved at 1st line complaints in 2017 compared to 99.8% in 2015/6
- **97.9%** of complaints resolved at mediation in 2017 compared to 94.7% in 2015/6
- **1 case** handled by the Ombudsman in 2017 compared to 12 in 2015/6

# DISPUTE RESOLUTION STATISTICS

## TYPE OF PRODUCTS COMPLAINED ABOUT IN 2017

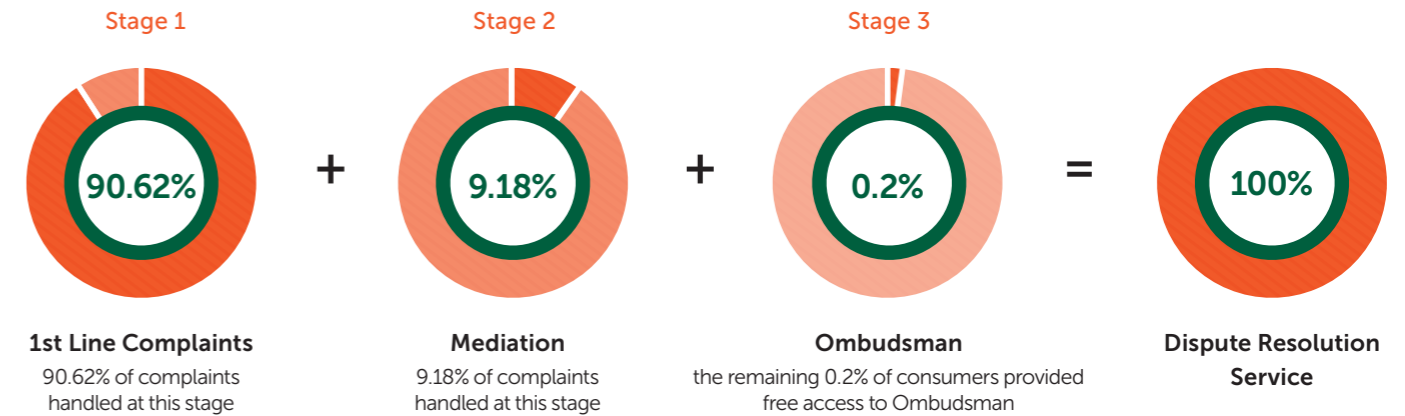


## TYPE OF COMPLAINTS RECEIVED IN 2017



# DISPUTE RESOLUTION STATISTICS

HIES's 3 Stage Dispute Resolution Process achieved the following results in 2017:



**41.5%**  
of consumer complaints resolved within 24 hours

**37.3%**  
of consumer complaints resolved within 2-7 days

**78.8%**  
of consumer complaints resolved within 7 days

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. The insurer is Safe World Insurance Group International Ltd.

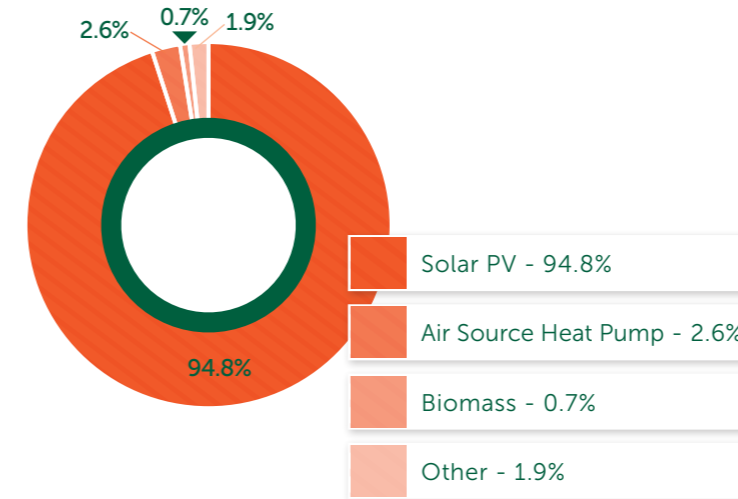
The below table is a breakdown of the insurance claims handled:

	2017
No. of claims brought forward from previous year (as of 31/12/17)	287
No. of validated claims received	257
No. of validated claims that have not progressed	55
No. of validated claims that progressed	202
Total number of completed claims during the financial year	392
Total number of claims remaining at the end of the financial year	37
<b>Ratio of completed claims vs validated claims received</b>	<b>86.7%</b>

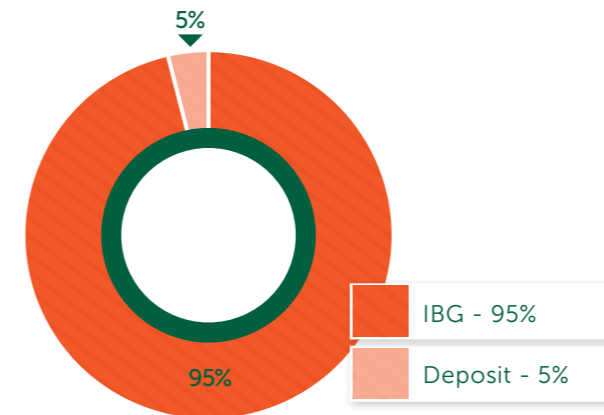
**\*Main reasons for validated claims not being progressed:**

- Customer cannot provide required documentation to support claim
- Original installer's Workmanship Guarantee has expired
- Misselling claim which is not covered by IBG
- Work not covered under guarantee (i.e. annual servicing)
- Customer gone ahead with contract/remedial work with an alternative contractor without authorisation

**TYPE OF CLAIM PAID OUT BY PRODUCT IN 2017**



**TYPE OF CLAIM IN 2017**



**£1,960**

average Solar PV claim payout

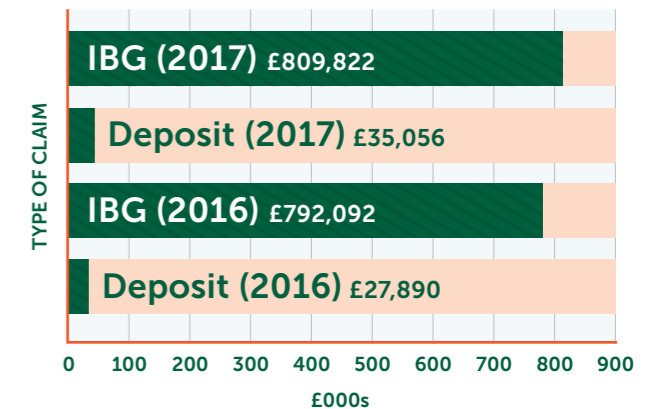
**£2,747**

average Air Source Heat Pump claim payout

**£3,585**

average Biomass claim payout

**VALUE OF CLAIMS PAID OUT**



## 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 member's 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. 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. 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

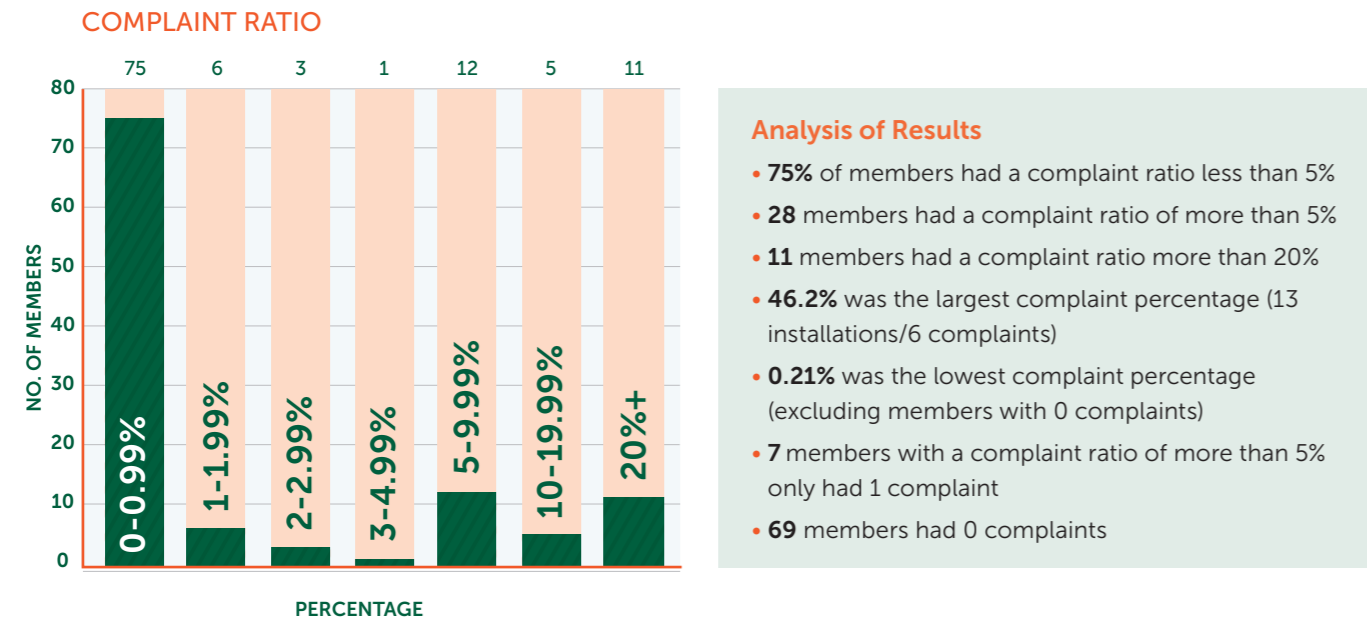
The member can score a maximum of 650 points from the above indicators and depending on the number of points scored by the member, they will be rated in the following bracket:

- **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 received 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 are the results 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 are the results 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	59	2	0	3	7	28	20	119
Q2: Product explanation	59	0	1	6	6	33	14	119
Q3: Installation team	59	0	1	0	8	24	27	119
Q4: Explanation of HIES	59	2	5	12	21	12	8	119
Q5: Communication skills	59	2	3	5	12	23	15	119
Q6: Overall experience	59	1	3	3	14	24	15	119
Q7: Use member again	59	5	1	5	8	24	17	119

**Please note:** If a member has not been included in the results table, the following reasons apply: 1) we have not received any satisfaction surveys from consumers before the end of December 2017, 2) they have not registered any jobs with HIES, 3) we have not received any satisfaction surveys from consumers.

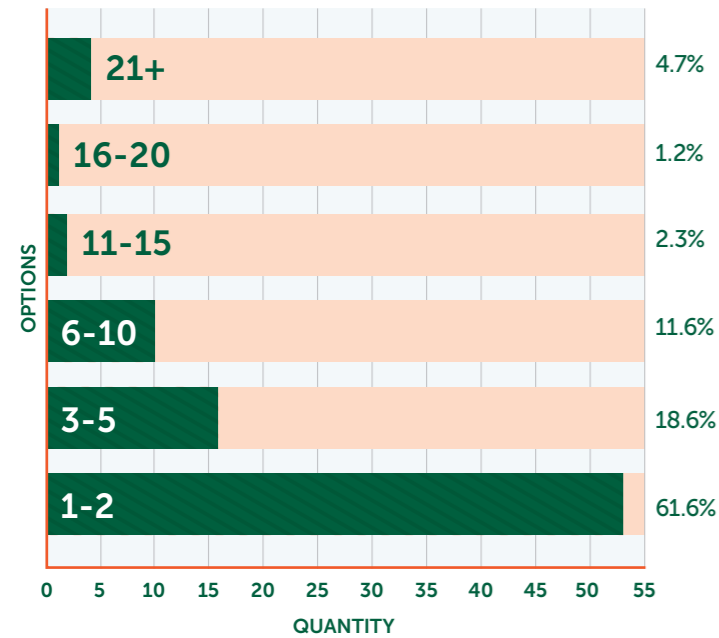
## The next step

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 twelve members received a score less than 50% for Q1, Q4, Q5, Q6 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.

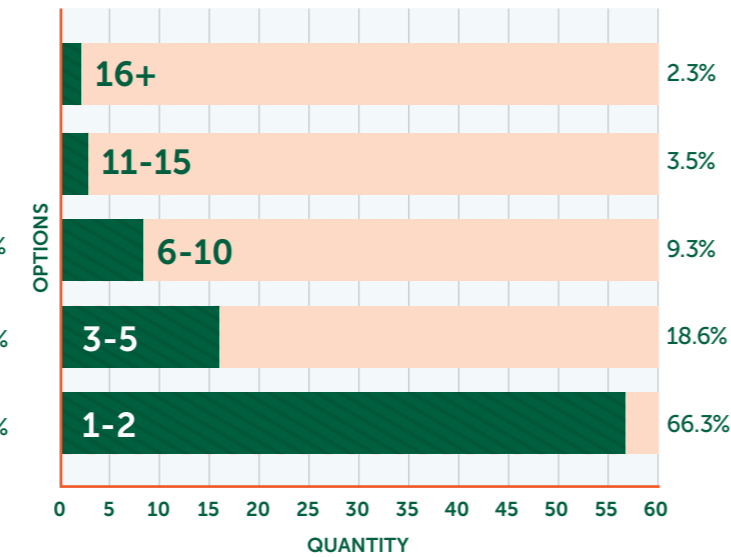
# REMOTE AUDIT RESULTS

We carried out 86 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. Please find below the results.

## 1 HOW MANY SALES PEOPLE DO YOU HAVE?

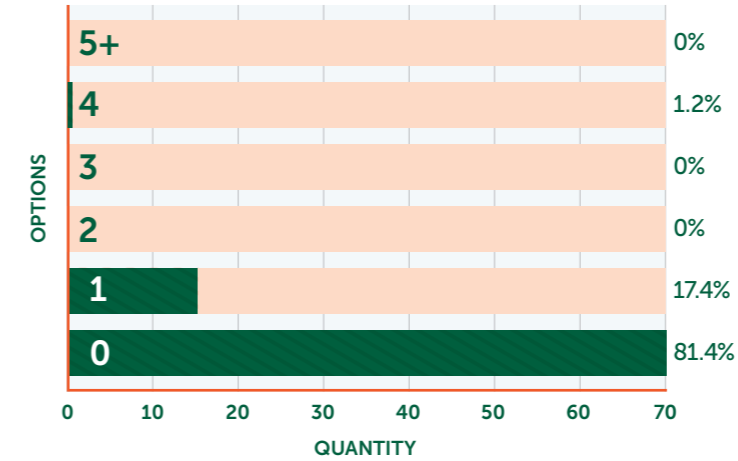


## 2 HOW MANY INSTALLATION/FITTING TEAMS DO YOU HAVE?

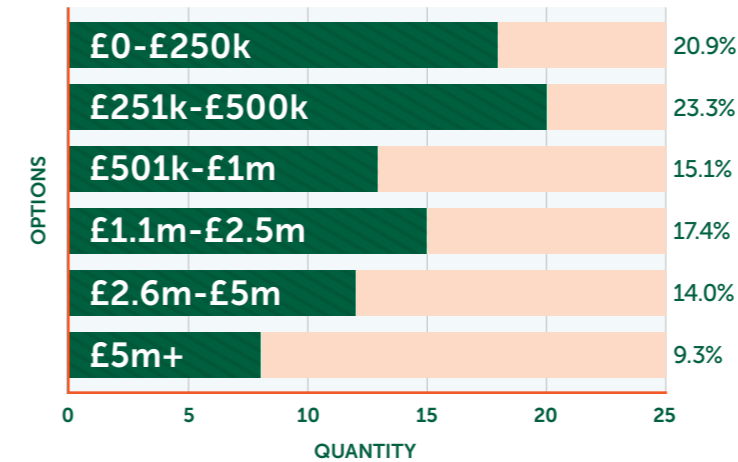


# REMOTE AUDIT RESULTS

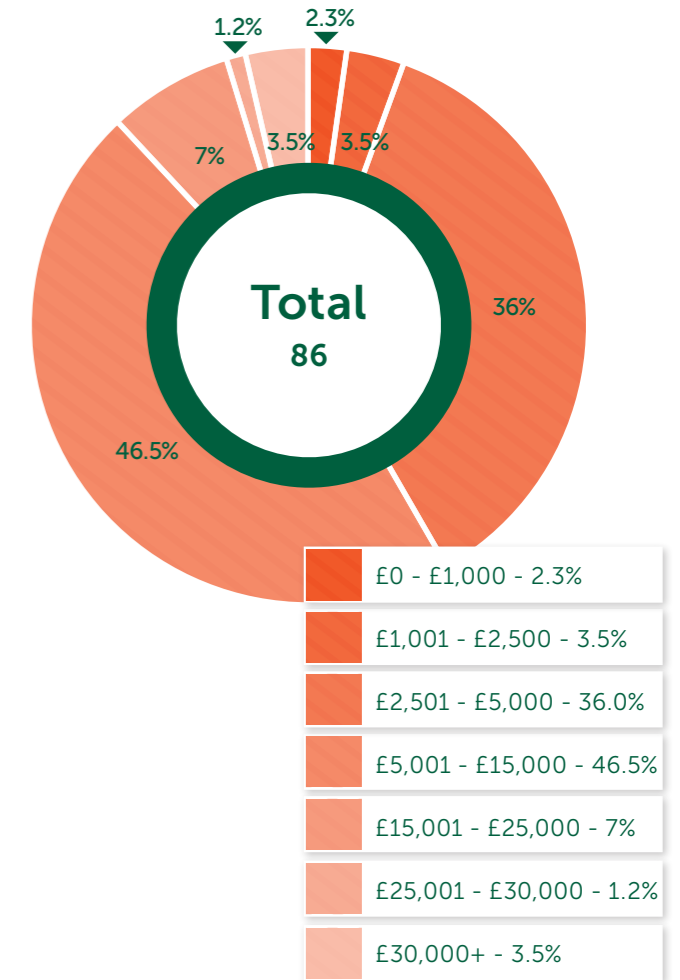
## 3 HOW MANY SHOWROOMS DO YOU HAVE?



## 4 HOW MUCH DOES YOUR BUSINESS TURNOVER ANNUALLY?

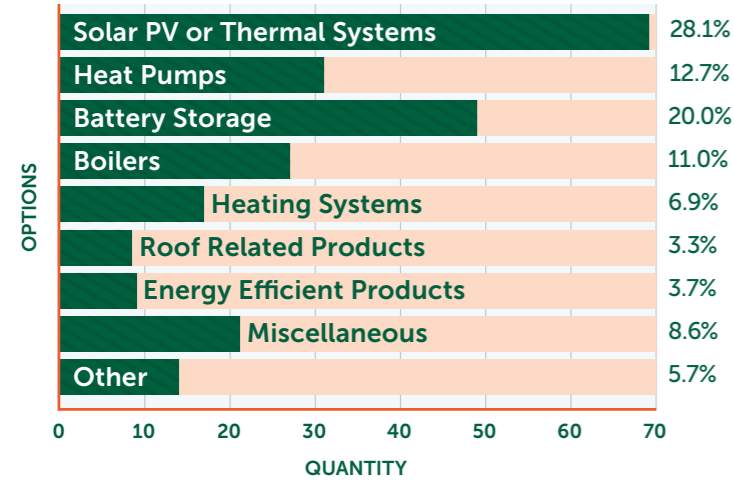


## 5 WHAT IS THE AVERAGE ORDER VALUE OF PRODUCTS YOU SELL/INSTALL?

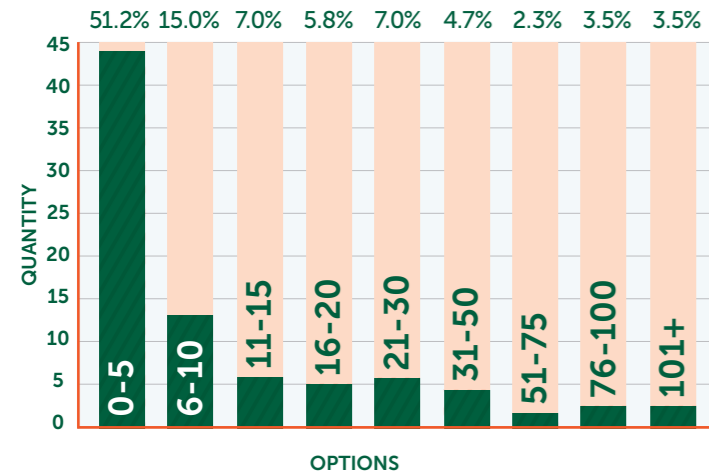


# REMOTE AUDIT RESULTS

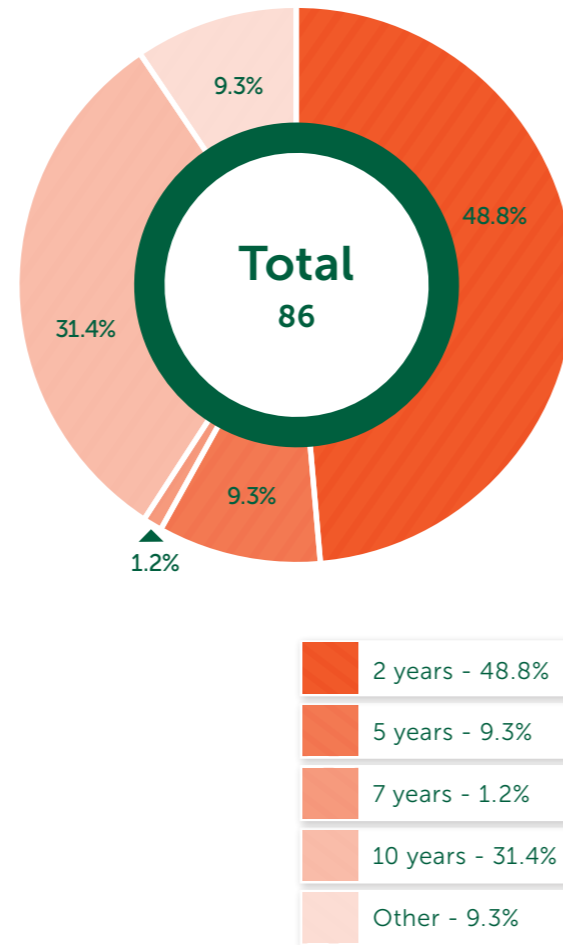
6 WHAT PRODUCTS DO YOU SELL TO CONSUMERS?



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

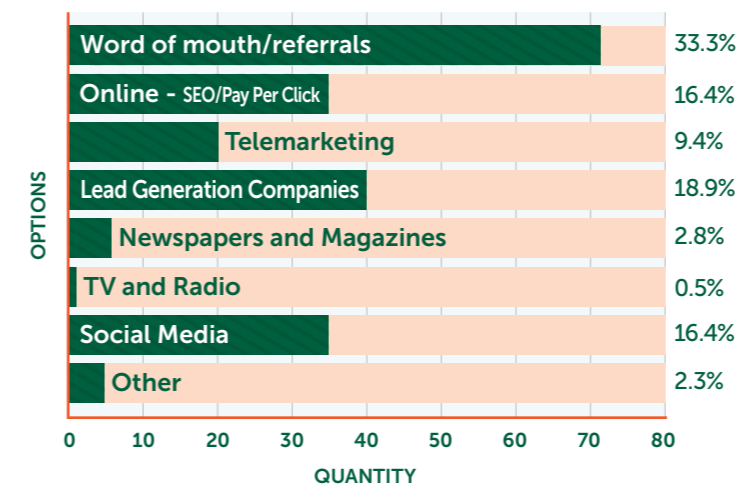


8 WHAT IS THE AVERAGE LENGTH OF YOUR WORKMANSHIP WARRANTY PROVIDED TO CONSUMERS?

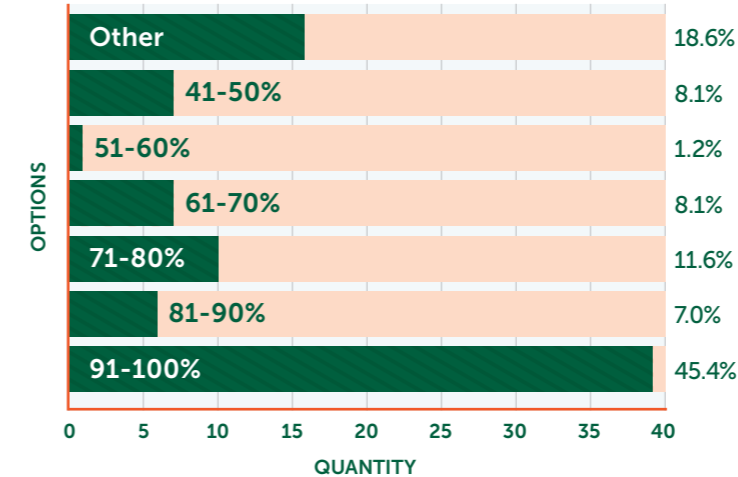


# REMOTE AUDIT RESULTS

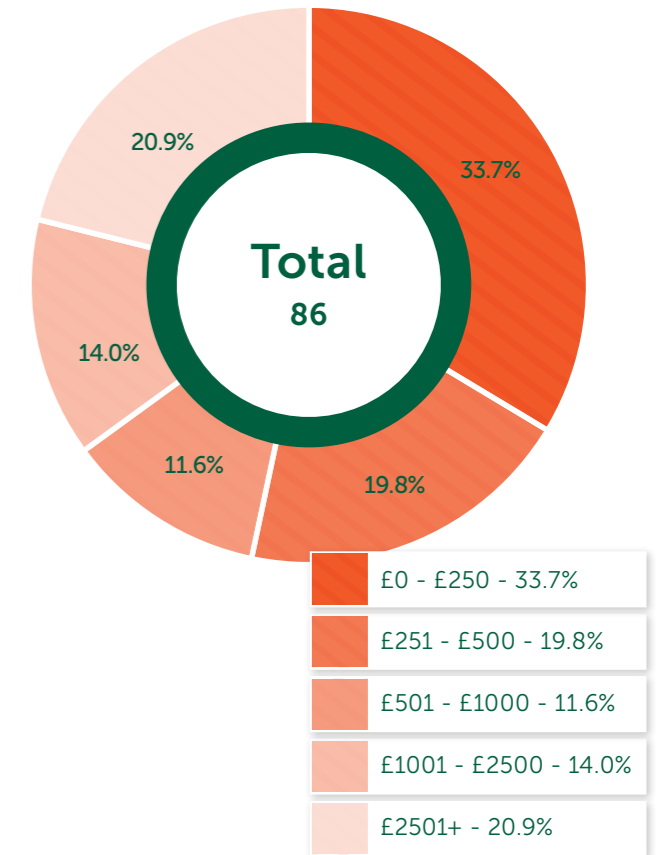
9 WHERE DO YOU OBTAIN YOUR LEADS?



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 & 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.

The auditor provides an overall assessment of the performance of the company in meeting the objectives of the HIES Scheme Rules & 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 9. The members selected for an audit were based on the potential risk to the Scheme and consumers. The below table is a breakdown of the results for each onsite audit:

Member	Assessment
A	Weak
B	Weak
C	Weak
D	Inadequate
E	Inadequate
F	Inadequate
G	Inadequate
H	Adequate
I	Adequate

## Significant Non-Compliances found

- Customer facing documents not displaying full company details or appropriate logos
- Incorrect/no workmanship guarantees provided to the consumer
- Not having guidance to provide to consumers on how to ensure safety of children on site
- Terms and conditions incorrect
- Incorrect projected energy savings and FIT provided

## Other Non-Compliances found

- No policy to ensure documentation can be provided to consumers in an alternative format
- Failure to provide a document to consumers explaining how to make a complaint should they need to
- Out of date staff training including training regarding HIES
- No policy in place to ensure deposits exceeding 25% are not taken

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;
- Place the member in compliance default;
- 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.



## 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 & 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 has a range of powers to include: issue a formal warning, 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 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 HIES Scheme Rules & Code of Practice. The Appeals Panel's decision will be final and binding on both the member and HIES.

There were 22 installers referred to the Membership Review Panel (MRP) 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
Suspension from MCS/CB	1
Suspension from HIES	1
Offering supermarket loans	1
Outstanding debt	1
Consumer complaints	3
Operating business as a going concern	3
Non-compliance with terms of membership	5
Decision on application for membership	2
Appeal against decision to reject application for membership	4
Audit results	1
<b>TOTAL</b>	<b>22</b>

Results of MRP	QTY
Warning issued	6
Enhanced monitoring / audit	2
Further investigation / obtain documents	4
Rejection of application for membership	4
Suspend HIES membership	1
Accept application for HIES membership	2
Meeting with the company	1
No further action required	1
Place company in compliance default	1
<b>TOTAL</b>	<b>22</b>

There were no members referred to the Non-Compliance Panel or the Appeals Panel in 2017.

# FUTURE PLANS

## Combat Misselling

Misselling of home energy products is a troubling subject and something that is actually happening. The first question is why is it happening, as products which can make you and your home more energy efficient are a sure thing aren't they? Well they are, but it comes down to price and affordability. Some products are a considerable investment, for example an average Solar PV system could cost you in the region of £6,000 and an Air Source Heat Pump could cost £12,000. They are high-ticket items and how its sold to consumers is via a 'payback' method i.e. when a consumer will get their money back from savings, etc. Now the greater the payback, the more chance the consumer will agree to the purchase. A consumer will receive some savings and maybe even earn some money via government incentives but the key is to not overpromise and underdeliver because that just leaves a sour taste in all our mouths and could hinder the growth of the industry. We are therefore looking very closely at misselling to help reduce it for the good of everyone.

We have also been working closely with Yougen which is a trusted, award-winning and independent advice service for consumers to find out more about renewables. Our work with Yougen has been on helping educate consumers and the industry about misselling.



*"HIES have made an invaluable contribution to the YouGen blog this year as we've developed a consumer resource based on misselling practices in the solar industry. We would certainly work with them again and look forward to collaborating in future."*

**Sam Tonge, Yougen**

## Working Closely with Key Parties

It's always vitally important to work collaboratively with other bodies within any sector to ensure high standards are developed and maintained. We are always developing relationships and are looking forward to working closely with the likes of RECC, GGF, MCS, CTSI, BEIS, Ofgem, NICEIC, Napit, etc. to ensure a robust mechanism is in place to protect consumers and protect the reputation of the industry.

# FUTURE PLANS

## Each Home Counts

In October 2015 DECC and DCLG commissioned Dr Peter Bonfield (Chief Executive of BRE) to chair an Independent Review of Consumer Advice, Protection, Standards and Enforcement for UK Home Energy Efficiency and Renewable Energy Measures.



Several hundred organisations provided their feedback to include: trade bodies, energy providers, manufacturers, installers, trainers, standards bodies and consumer groups. The findings and recommendations of the review were published in December 2016 in a report entitled Each Home Counts.

Each Homes Counts has a total of 27 recommendations and sets out a new quality and standards framework for all those operating in the sector. This includes the setting up of:

- A **Quality Mark** against which all those engaged in design and installation of energy efficiency and renewable energy measures will be assessed and certified
- A **Consumer Charter** to set out the positive experience that the consumer can expect under the quality mark including response times, financial protection and access to redress procedures when things go wrong
- A **Code of Conduct** to set out clear requirements and guidance on how companies behave, operate and report in order to be awarded and hold the quality mark
- **Technical Codes of Practice and Standards** for the installation of home renewable energy and energy efficiency measures so that the risk of poor quality installation is minimised
- Development of an **Information Hub and Data Warehouse**.

We have been very much actively involved in trying to help the implementation of the recommendations and are looking forward to seeing the results in 2018.

## HIES joining Trustmark

TrustMark was developed in 2005 and is a Government endorsed standards scheme for trades in and around the home - also known as Repair, Maintenance and Improvement sectors (RMI). TrustMark's goal is to achieve a position where consumers can engage firms with confidence to undertake work that is of high quality, protected and at the agreed costs. TrustMark delivers quality firms through its licence agreements with Scheme Operators and Registered Firms. The Scheme Operators and Registered Firms commit to meeting the requirements of the TrustMark Core Criteria.



HIES has applied to become a Scheme Operator as we want to develop a robust approach in the RMI sectors and believe by working together with TrustMark we can make real change for the betterment of consumers and also the industry.



**hies**



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