



ANNUAL REPORT

1ST JANUARY 2020 - 31ST DECEMBER 2020



“ As the Brand Ambassador for HIES, I truly believe it offers the ‘real deal’ in providing robust consumer protection and, even better, they provide strong support for the installer. I know that HIES is serious about raising standards and ensuring that everybody is treated fairly.

George Clarke
Brand Ambassador

CONTENTS

STATEMENT FROM FOUNDER	04	DISPUTE RESOLUTION STATISTICS.....	13
THE RENEWABLE SECTOR - 2020 REVIEW.....	05	INSURANCE CLAIM STATISTICS.....	16
OVERVIEW OF HIES – SINCE OUR INCEPTION..	06	AUDITING OUR MEMBERSHIP.....	18
OUR ETHOS ON CONSUMER PROTECTION	07	RISK PROFILING MEMBERS.....	19
QUALITY OF MEMBERSHIP.....	08	MONITORING CONSUMER COMPLAINTS.....	20
MEMBERSHIP RECRUITMENT	09	ONSITE AUDIT	21
MEMBERSHIP RETENTION	10	MEMBERSHIP REVIEW PANEL.....	22
CONSUMERS USING A HIES MEMBER	11	POLICY REVIEW	23
DISPUTE RESOLUTION	12		

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 very unique and 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 31/12/20, HIES:

- Protected over 138,000 customers;
- Received over 25,900 customer surveys on installer performance;
- Professionally and quickly handled over 3,200 disputes between consumers and traders (members), and;

Relationship Building

HIES now regularly meets with politicians, civil servants, trade bodies, BEIS, Ofgem, Trustmark, MCS, Flexi-Orb and the certification bodies and is now seen as a respected source of influence and information.

This Report

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

We welcome your thoughts on improving the sector. ”



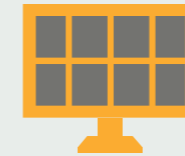
Tony Pickup, HIES Founder

THE RENEWABLE SECTOR - 2020 REVIEW

Where is the industry?

2020 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 as the industry was hit by the COVID-19 pandemic. The Green Homes Grant Scheme launched at the end of September 2020 as a part of investment in a 'green recovery' to make homes more energy-efficient and create local jobs after a tough time with Coronavirus.

HIES has seen an increase in registrations for Air Source Heat Pumps. However, HIES has seen a decrease in registrations for Solar PV, Boilers, Biomass and Battery Storage. The figures below provide you with a snapshot of our experience in the last 12 months:



36% decrease in Solar PV registrations



19% increase in Air Source Heat Pump registrations



54% decrease in Boiler registrations

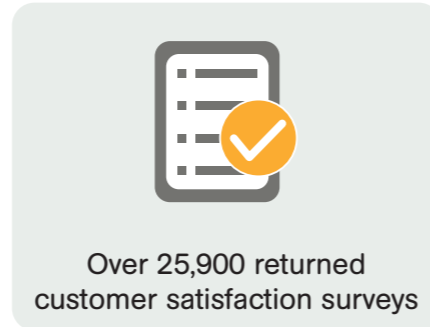


82% decrease in Battery Storage registrations



73% decrease in Biomass registrations

OVERVIEW OF HIES – SINCE OUR INCEPTION



OUR ETHOS ON CONSUMER PROTECTION

HIES's main mission 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 is endorsed by George Clarke (architect and television presenter of Amazing Spaces and Old House, New Home on Channel 4),
- Vetted and accredited installers;
- Deposit and stage payment protection insurance that covers up to 25% of the contract value (maximum £5,000) for a period of 120 days, upon your installation being registered with HIES.;
- Alternative dispute resolution;
- Consumer advice line;
- Insurance Backed Guarantee;
- Access to an Ombudsman should HIES be unable to resolve your complaint.



To receive the protection from our scheme consumers must:

- use a member during their period of membership
- hold a contract directly with the member
- the installation must be on a domestic property

Without the above we may not be able to protect consumers.

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 the Feed-In Tariff, which stopped in March, or Renewable Heat Incentive) and provide consumers with deposit protection and an Insurance Backed Guarantee.

As of 31st December 2020, our membership stood at 434.

Accreditation Process

HIES's accreditation team carry out the following checks:

- Company and director background checks;
- Financial stability and accounts;
- Competency and qualifications;
- FCA direct authorisation;
- Accreditations and MCS membership;
- Advertising and marketing materials;
- Contractual paperwork and terms;
- Number of corporate insolvencies of directors above £10k;
- Insurance protection;
- Consumer compliance calls;
- Product guarantees and service plans, and;
- Complaint handling procedures.

If an applicant does not meet the HIES minimum accreditation criteria, it may be rejected or the applicant may request a decision to be referred to the Independent Applications Panel as per the Memorandum of Understanding (MOU) between the current Code Sponsors and the Chartered Trading Standards Institute (CTSI).

Accreditation Scoring

Accreditation scoring is applied and membership considered based on the following scoring mechanism:

Total Score	Risk rating
751 - 1000	Low risk
501 - 750	Average risk
251 - 500	High risk
0 - 250	Maximum risk

MEMBERSHIP RECRUITMENT

Within the last 12 months we have received 238 enquiries from installers interested in HIES membership. We accepted 132 members who met the HIES accreditation criteria. At the start of the year we had 22 installers in the accreditation process from the previous year. Below is a breakdown of what happened next:

	2019	2020
No. of membership enquiries generated	228	238
No. of installers already in accreditation from previous year	12	22
No. of installers entering accreditation	227	180
No. of installers not progressed to accreditation	1	20
No. of installers failed accreditation/ didn't complete process	135	48
No. of installers remaining in accreditation	2	22
No. of installers passed accreditation and accepted as HIES Members	90	132

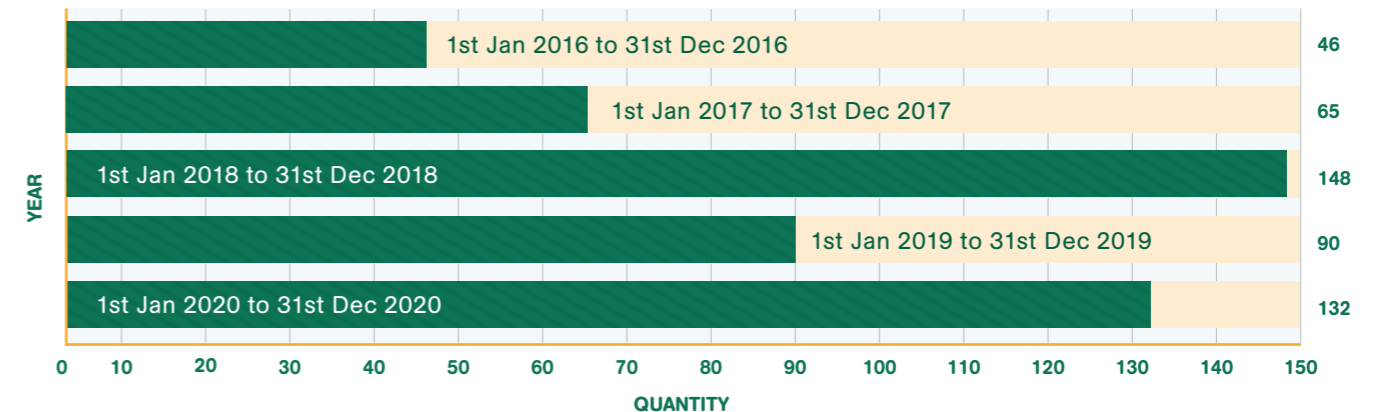
2020 vs 2019

- 27% of installers who applied for membership either failed accreditation or didn't complete the process in 2020 compared to 59% in 2019.

Main reasons why installers fail accreditation:

- Ongoing/previous issues with another Code Sponsor
- No response to queries in relation to their application
- Non-submission of required documentation
- Directors' previous trading history
- Mis-selling statements on their website

NEW MEMBERS RECRUITED TO HIES

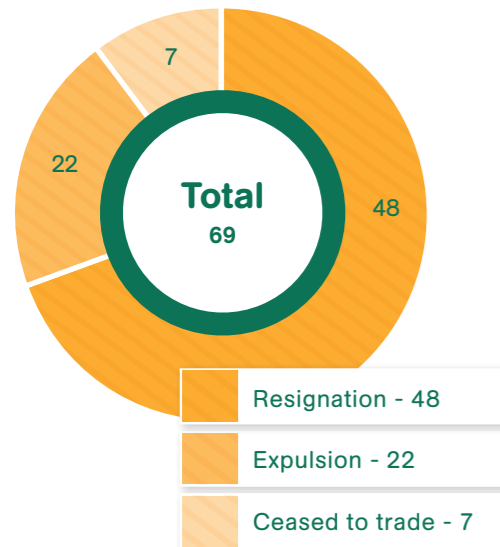


MEMBERSHIP RETENTION

Within the last 12 months there were 70 installers whose membership ceased with HIES.

Our current membership stands at 434 (as of 31/12/20). This compares to 336 members at the same period last year (31/12/19).

WHY MEMBERSHIP CEASED



Main reasons for resignation of membership:

- No longer in renewables
- No longer doing domestic installations
- Switched code sponsors

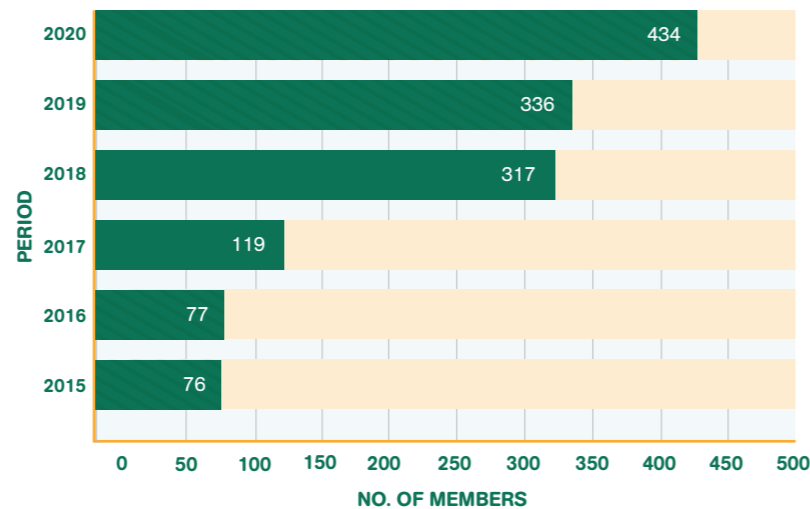
Main reasons for ceasing to trade:

- No longer trading in renewables
- Company in debt or liquidation

Main reasons for expulsion of membership:

- High volume of complaints received against the company
- Non-payment of membership/registration fees
- Non-registration of contracts/adherence to the Code of Practice

TOTAL HIES MEMBERSHIP



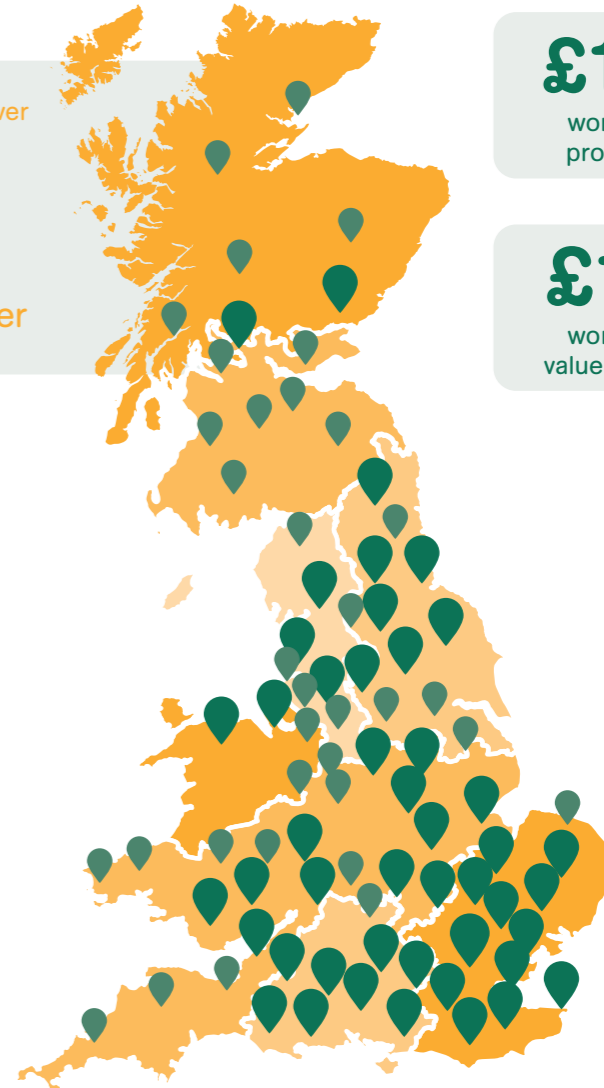
CONSUMERS USING A HIES MEMBER

Within the last 12 months we have seen over

14,000

consumers use a HIES member

Type of Product Installed by HIES Members	2019	2020
Solar PV	11,834	7,591
Boilers	2,117	968
Heat Pumps	2,810	3,347
Battery Storage	6,047	1,083
Biomass	22	6
Other	370	414
Total	23,200	13,409



£12.6m

worth of deposits protected in 2020

£127m

worth of contract value insured in 2020

DISPUTE RESOLUTION

We aspire to deliver industry leading dispute resolution services for consumers and members of our schemes. In order to reduce consumer detriment HIES provides a single point of contact for consumer complaints. We know from experience that complaints handling is critical to the development of the renewable sector.

Alternative Dispute Resolution is a service that is used to resolve disputes between consumers and traders, preventing the need to go to court.

- **Mediation** - We employ professional, trained mediators to resolve disputes. Mediators can commission independent forensic defect analysis reports at no cost to the consumer or member (in most cases) where they deem it necessary to help resolve the dispute. Should a dispute not be resolved in 1st stage mediation, it would be escalated to 2nd stage where the process becomes more formal.
- **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, quick resolution of disputes, protect consumers and the industry's reputation. HIES takes ownership and investigates all complaints.

The Dispute Resolution Ombudsman

HIES use The Dispute Resolution Ombudsman to investigate and settle any disputes between members of our schemes and their consumers that may not have been settled at an earlier stage.

The Dispute Resolution Ombudsman are an independent, not-for-profit, government approved organisation set up to help resolve disputes and raise standards. Their decisions are binding on members, but are not binding on consumers, so using our The Dispute Resolution Ombudsman does not prevent a consumer from using the Courts.



DISPUTE RESOLUTION STATISTICS

The table below is a breakdown of the Dispute Resolution statistics for 2020

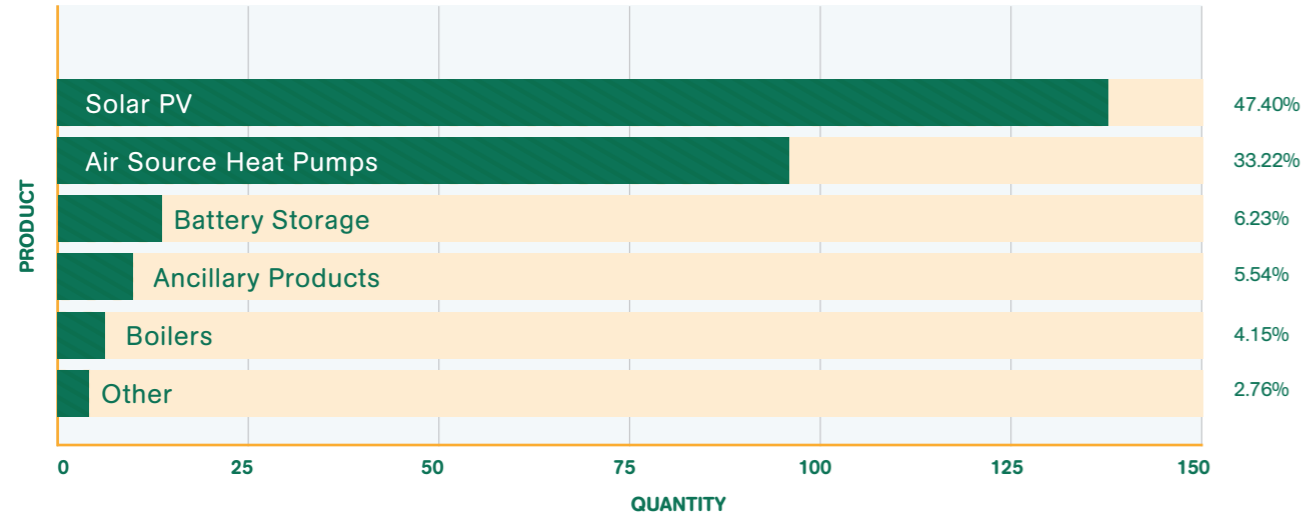
1st stage		
1st stage	No. of new complaints received	289
	No. of complaints resolved by 1st stage ADR	238
	% 1st stage ADR success rate	82.35%
2nd stage		
2nd stage	No. of new complaints passed to 2nd stage ADR	51
	No. of complaints resolved by 2nd stage ADR	47
	% 2nd stage ADR success rate	92.16%
Ombudsman		
	No. of complaints referred to the Ombudsman	4

Main reasons for complaints in 2020:

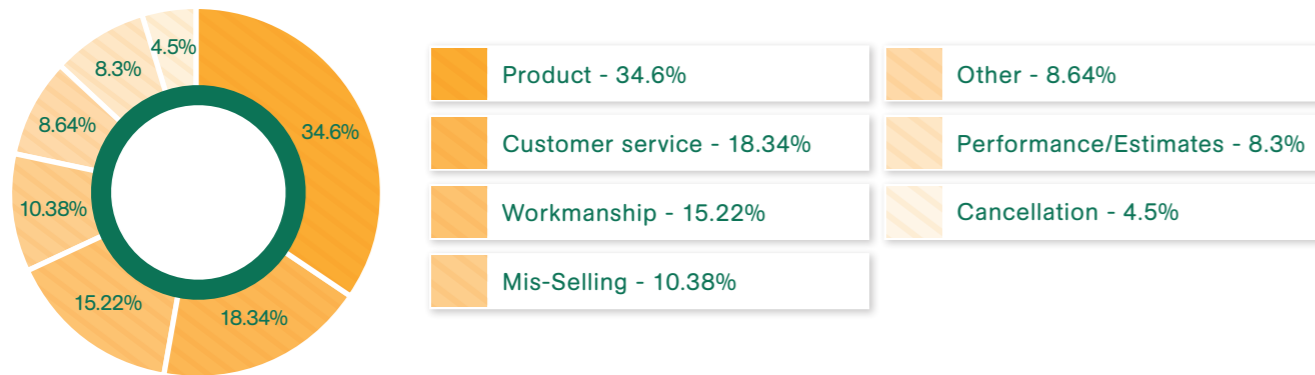
- Poor workmanship
- Products
- Performance estimates
- Mis-selling
- Finance/payments
- Customer service
- Compensation
- Certification
- Cancellations
- Feed-In-Tariff
- General complaint

DISPUTE RESOLUTION STATISTICS

TYPE OF PRODUCTS COMPLAINED ABOUT IN 2020

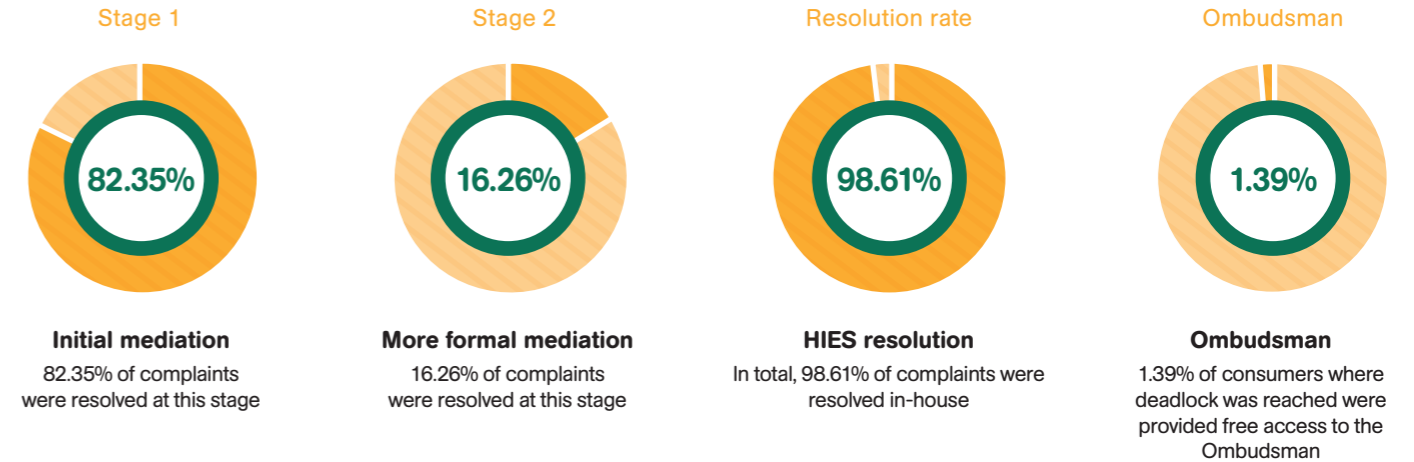


TYPE OF COMPLAINTS RECEIVED IN 2020



DISPUTE RESOLUTION STATISTICS

HIES's dispute resolution process achieved the following results in 2020:



5 days*

was HIES's 2020 average dispute resolution time

Please note that due to national lockdown from 1st April to 30th June 2020 we have not included these months.

INSURANCE CLAIMS STATISTICS

In 2020, consumers using a HIES member received Deposit & Stage Payment 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 insurers are Safe World Insurance Group UK Ltd, Safe World Insurance Group Interational Ltd and Enterprise Ltd.

The table below is a breakdown of insurance claims handled:

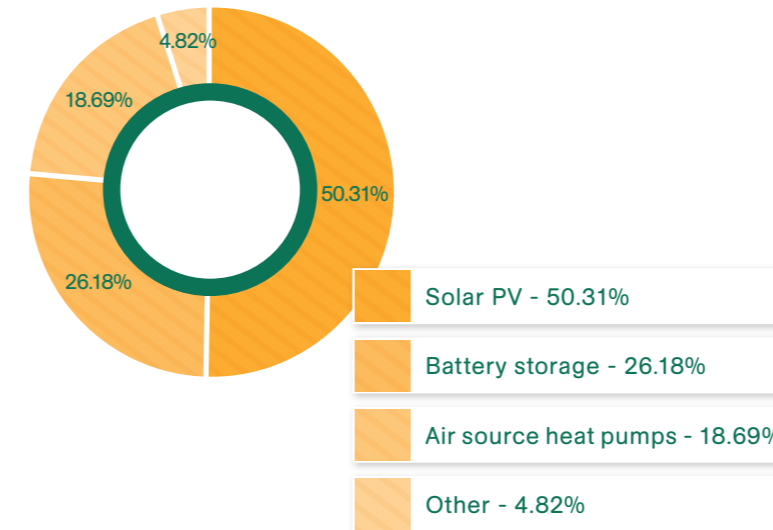
	2020
No. of claims received	187
Total number of claims successfully completed (includes claims from previous year)	197
Amount of money paid out or cost insurers to remedy installations in 2020 for ex HIES members	£303,514.75

***Main reasons for rejected claims:**

- IBG issued but work never completed
- No IBG issued despite work being completed
- Paid by credit card
- Performance issues not covered
- Policy expired
- Installers warranty expired
- General exclusions of T&C's
- Not covered under installer's guarantee

INSURANCE CLAIMS STATISTICS

TYPE OF CLAIM PAID OUT BY PRODUCT IN 2020



£2,697.22

average Solar PV claim payout

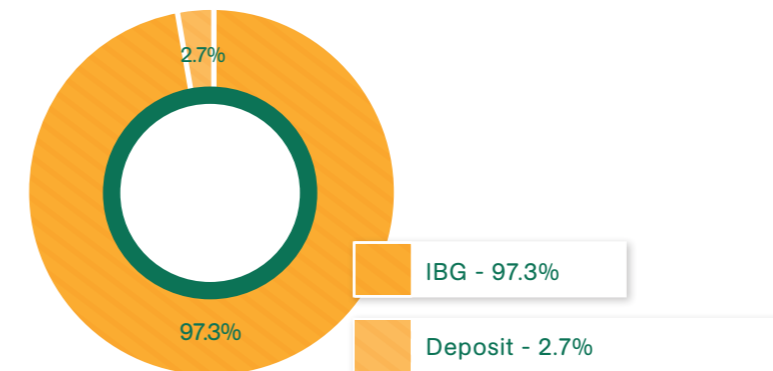
£2,277.48

average Air Source Heat Pump claim payout

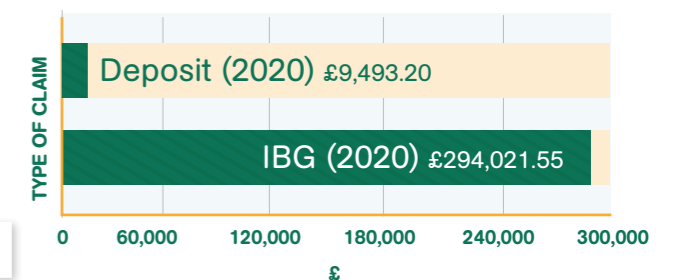
£437.08

average Battery Storage claim payout

TYPE OF CLAIM IN 2020



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 however due to the COVID-19 pandemic, no onsite audits were carried out in 2020..
- **Annual health check** - 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 the entire HIES membership every year. In 2020, we had 70 returned audits and from those, 56 (80%) of members passed. All members are subject to an annual health check ahead of renewal of membership, any members that did not return their desktop audits will be picked up during this process.

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, or:
- 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 insurer and consumers. This 'risk profiling' enables us to assess and monitor our members on a regular basis. The performance indicators used are:

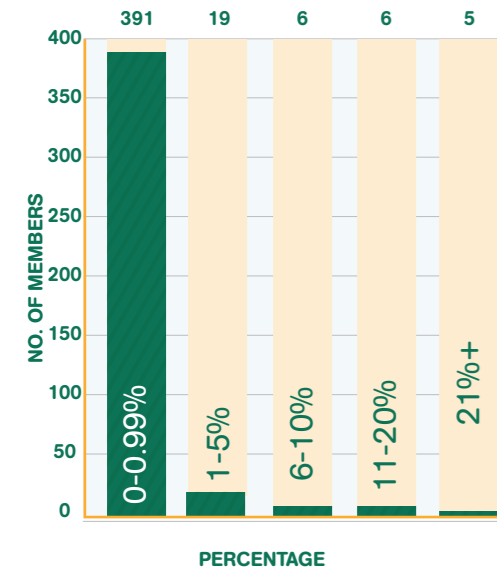
- Credit score
- Length of time trading
- Average contract value
- Average deposit value taken
- Length of HIES membership
- Overall customer satisfaction score
- Current unsatisfied consumer CCJs
- Number of complaints in the last 12 months
- Number of Ombudsman cases in the last 12 months
- Any unsatisfied Ombudsman Awards

Where members are below the percentage score required the reasons for this are investigated and discussed with the member. Where the score is less than required for a successful 3-month period the member may be placed on enhanced monitoring with the potential for an onsite audit..

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 a 'complaint ratio' for each member. Members who have a complaint ratio of less than 5% are considered within tolerance. However, all complaints are taken extremely seriously and any complaint may result in the member being referred to the Membership Review Panel for investigation. The graph below shows the results of our analysis across the membership:

COMPLAINT RATIO



Analysis of Results

- 95.8% of members had a complaint ratio between 0-5%
- 66.67% was the largest complaint percentage
- 0.15% was the lowest complaint percentage (excluding members with 0 complaints)
- 18 members had a complaint ratio of more than 5%
- 6 members had a complaint ratio more than 21%
- 391 members had 0 complaints

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 the 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.

ONSITE AUDIT

No onsite audits were carried out in 2020 due to the COVID-19 pandemic however below is a breakdown of how HIES usually conduct an annual 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 attract 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 deal 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.

There were 4 installers referred to the Membership Review Panel (MRP) within the last 12 months of which 3 were expelled. The tables below outline the reasons why and the outcome of the MRP.

Reasons why members are referred to the MRP
Appeal against the rejection of HIES membership
Non-registration of domestic installations
Issues regarding complaint handling
Non-compliance to HIES Standard Terms of Membership and Code of Practice
Member being non-compliant to MCS or Certification Bodies rules

Results of the MRP
Enhanced monitoring
Termination of membership

There were no members referred to the Non-Compliance Panel or the Appeals Panel in 2020.

2020 will of course be remembered for the changes to daily life caused by Coronavirus. The domestic renewables market, like many other industries, closed down overnight. Initially it was unclear whether installers and maintenance engineers could even visit consumers homes but over time it became clear that in most areas of the UK the government wanted and indeed needed the construction industry (which includes home maintenance and improvement) to carry on as normal.

Consumers seemingly embraced home improvements and instead of spending money on cars and holidays, the money went on their homes. With working from home now the norm, and likely to be for some time, we saw a lot of consumers invest in home offices.

At the end of summer 2020 we were all surprised by Rishi Sunak MPs announcement launching the Green Homes Grant Scheme. This scheme which aimed to fund two-thirds of energy efficient home improvements seemingly came out of nowhere. As well as improving home energy efficiency the scheme was supposed to lead to more jobs in the green economy. Unfortunately many installers and consumers experienced significant problems with the scheme including slow payments to installers, consumer quotes being rejected for being too high, and not enough heat pumps being available.

HIES had to move quickly in order to become TrustMark approved so that our installers could join the scheme. We also worked very closely with the Department for Business Energy and Industrial Strategy to get the answers to questions from members.

We continue to work with key decision makers to ensure that consumers who use our members are able to buy with confidence.

This year we have worked with:

- The Department for Business, Energy and Industrial Strategy to get the Green Homes Grant Scheme in place. We have also brought consumer and installer problems to their attention.
- The National Home Improvement Council, to provide leadership and advice on Covid-related sector recovery.
- The Office for Gas and Electricity Markets on the Assignments of Rights Scheme.
- The Chartered Trading Standards Institute to keep in place our schemes approval and provide consumers with advice.
- TrustMark to get our members on the Green Homes Grant Scheme.
- Trading Standards Services to provide technical advice and support with enforcement work.

2021 will hopefully see the launch of new schemes aimed at increasing consumer uptake of renewable energy. We hope to see that key decision makers have learnt from past mistakes and that installers who take part in government schemes will see benefits to their businesses and that consumers will see the benefits of renewable energy technology.



www.hiesscheme.org.uk

T 0344 324 5242 E info@hiesscheme.org.uk

The Home Insulation and Energy Systems Quality Assured Contractors Scheme (HIES) is a division of The Integrity Foundation, a Company Limited by Guarantee. Registered address: Centurion House, Leyland Business Park, Centurion Way, Farington, Leyland, England, PR25 3GR. Registered in England and Wales (Company Number 07972075).

HIES-AR-001-17Jun21