

**Minutes of 30th Meeting of the Supervisory Panel
Renewable Energy Consumer Code
11th December 2013**

Present:

David Laird (Chair)

Bryn Aldridge – former Director of Trading Standards and Veterinary Services for The City of London

Dave Sowden – Micropower Council

Mike Landy – REA

Gretel Jones – Independent Social Issues Expert

James Court- Consumer Futures

Walter Carlton- Deloitte

David Frise- B&ES

Philip Wolfe- Independent Renewable Technologies Expert

Tom Chapman- MCS

Observers:

Anna Moule – Ofgem

Paul Rochester- DECC

Sara Godfrey- DECC

Alistair Boon- DECC

In attendance:

Virginia Graham –RECC

Sue Bloomfield -RECC

Mark Cutler – RECC (part)

Sarah Rubinson- RECC (part)

Sumandeep Sohi – RECC (minutes)

Apologies:

Martin Cotterell – Sundog Energy

Neil Schofield – Worcester Bosch

Steve Storey - SSE

Jim Thornycroft- Independent Solar PV Expert

1. Welcome, Introduction and Apologies

The Chair welcomed everyone to the 30th meeting of the Supervisory Panel. Introductions were made and apologies for absence were noted.

2. Minutes of the 29th Supervisory Panel Meeting

The Minutes of the 29th Supervisory Panel Meeting were agreed as an accurate record of the meeting.

3. Matters Arising

The matters arising from the Summary of Actions from the 29th meeting were discussed.

It was noted that the following information had been circulated to the Panel by email: the updated complaint notification letter to members, the breakdown of applications to RECC by technology and REA's notes on the RHI.

It was noted that the dates for the 2014 Supervisory Panel Meetings had also been circulated to the Panel (19 March, 18 June, 17 September and 10 December), and that the panel activity plan for 2014 would be circulated ahead of the March.

It was noted that the EST factsheets had been issued online, consisting of a page on each technology eligible for the Feed in Tariff and RHI as well as some more general guidance.

Suggestions made for the RECC newsletter would be included in the next issue of the newsletter to be published in January 2014.

It was explained that the Heat Pump model document and guidance pack was yet to be finalised. The auditor drafting them was engaged in ongoing talks with DECC, Ofgem and MCS to sort through some of the remaining issues in this complex area.

It was explained that the comparative complaints data including this quarter and previous quarters had been provided in the December 2013 Highlight report and would be discussed in the next item of the agenda.

4. Highlight Report December 2013

The Panel discussed the third Highlight Report, outlining the activities of RECC since the end of September 2013.

Membership

It was clarified that there has not yet been a notable increase in application activity since the domestic RHI announcements in July 2013, although RECC was continuing to receive 3 new applications each day.

It was explained that invoices for membership renewals had been issued in November and that members would be given until March 2014 to settle them. The 2014 Budget was based on RECC

forecasted adjustment of membership levels in keeping with the actual levels in 2013. Some discussion ensued.

Monitoring

Figures were provided on the 7th round of audits carried out in 2013. It was explained that the table in the Highlight Report showed that 12% of audited members had passed the audit straight off; 41% had failed scoring between 9 and 50 negative marks; 23% had failed scoring between 51 and 99 negative marks; and 22% had scored over 100 negative marks. In the case of members that had scored over 100 it had often necessary to carry out a re-audit in past rounds. It was agreed that in the future RECC would charge for re-auditing a member who had scored over 100 negative marks, the cost of which would be £1,000.

Panels

It was explained that the Non Compliance Panel (NCP) aimed to hold 1 – 2 disciplinary hearings each month, although in the previous quarter only one hearing had taken place. Further hearings had been scheduled for the first three months of 2014. It was explained that there were currently some 40 members under review for potential non-compliance, and that the outcomes of monitoring and complaints formed important elements of the evidence in such cases. It was explained that the Executive was required to pull together a large volume of documentation in each case within strict time-scales. This imposed pressures on the Panels Liaison staff.

It was pointed out that the revised Bye-Laws, if adopted, would allow for the process to be less time-consuming and fairer for all parties. Inter alia the following amendments had been proposed which would allow the Executive to:

- seek a member's agreement to a Consent Order at the first indication of potential non-compliance which would obviate the need for some cases to come to an NCP Hearing at all;
- call an NCP Hearing directly as opposed to going through the current, much lengthier procedure of seeking the views of the NCP at a meeting, which would allow for more NCP Hearings to take place;
- apply to have its costs of investigating and bringing cases awarded if appropriate (as well as for the member to apply to have the costs of defending its case awarded if appropriate);
- publish Non-Compliance Panel Determinations on the website.

It was noted that the Executive currently worked closely with MCS certification bodies, Trading Standards and the Companies Investigation Branch when gathering evidence for a case. The risk of consumer detriment was weighed up based on evidence from all available sources.

Some discussion ensued as to what more might be done to speed up the non-compliance process. Panel Members discussed the need for the Executive to prioritise effectively the order in which members should be invited to attend an NCP Hearing, based on an accurate assessment of risk of consumer detriment. For example this might involve taking account of the number of installations carried out by a member and the number of complaints received as a proportion of it, as well as the severity of such complaints.

It was agreed that a paper would be provided to the next Panel Meeting providing more details about the Non-Compliance process in the light of the Panel's discussions.

Complaints

The Panel noted the information on complaints provided in the Highlight Report.

The Panel noted that there had been a significant increase in the number of complaints received in October 2013. One factor in this increase could be consumers returning home from the holiday period and picking up on faults that had not previously been detected. It was explained that the gap between complaints being registered and acknowledged and complaints being assigned to a complaints handler was currently at 7-8 weeks, and was being carefully monitored.

The Panel asked what happened to complaints where a member had resigned or allowed its membership to lapse. It was explained that all complaints should be resolved before membership was terminated. The revised Bye-Laws, if adopted, would prevent a member from resigning if an independent arbitration process was underway. If a member had ceased to trade it would obviously be more difficult for a consumer to resolve the complaint unless it was connected with workmanship and thus covered by insurance.

The Panel discussed the possibility of charging a fee to members for all complaints registered, perhaps in the form of a hold-back fee. It was explained that the National House Building Council (NHBC) currently imposed a charge for complaints registered and that this provided an incentive for members to resolve complaints before they were registered with the NHBC. It was agreed that this should be considered further and a paper presented to the Panel at a future meeting.

5. Results of TSI's audit of RECC

The Panel reviewed the report of the TSI audit of RECC in September 2013 that had been circulated before the meeting. The Panel considered that TSI's report provided a very positive reflection on RECC's performance and that RECC was to be congratulated. The Panel considered TSI's recommendations in further detail.

It was explained that the recommendations concerning the applications process had already been implemented as far as possible, and that some would be picked up in the revised Bye-Laws. The Panel noted TSI's observation that the gap between complaints being registered and assigned should be monitored.

The Panel discussed how applicants' identities would be verified and the difficulty of doing so through postal and online processes. It was explained that background checks are carried out on the company, applicant and directors on Credit Safe, and a bank account with a recognised bank would be required. The issue surrounding checks on subcontractors was raised and it was noted that all subcontractors need to be MCS certified.

6. Primary Authority Arrangement

It was explained that RECC had applied to set up a Primary Authority Arrangement, under the auspices of the Better Regulation Delivery Office (BRDO). BRDO had recently launched a new initiative which allowed for such arrangements to be set up with trade associations and businesses. RECC was currently drafting a Memorandum of Understanding and a Statement of Shared Compliance with Slough Borough Council, the local authority RECC had selected to work with as the Primary Authority. These would be registered with BRDO and once they had approved the arrangement it would go live.

It was explained stated that the Primary Authority Arrangement would allow RECC to be sure that the Code, model documents and guidance were completely accurate and compliant with the legislation in force, and to seek specific advice about individual complaints or monitoring queries. In this way RECC would also be able to acquire tailor-made advice on specific matters (for example, on complex issues involving credit). Slough Borough Council would charge RECC for its time on a not-for-profit basis at the rate of £60 per hour, excluding VAT.

The Arrangement would also permit members to sign up directly with Slough Borough Council, and for them to be ringfenced from action from other Trading Standards departments so long as they implemented the RECC model documents correctly at all times. This arrangement would be free to members, and so would constitute a considerable member benefit.

It was also noted that RECC was in the process of making arrangements with Citizens Advice to ensure that all enquiries and complaints about small-scale renewables registered on their help line were being dealt with accurately and swiftly.

7. 2014 RECC Budget

The Panel reviewed the draft 2014 RECC Budget. It was explained that a provision had been made for a 28% decrease in Membership Income in 2014 compared with 2013. This was to reflect the ongoing consolidation and restructuring of the solar PV sector. Invoices for 2014 membership had been sent out in November 2013 and members had until the end of March to renew. It was explained that the Cost of Sales heading included applications, audit, non-compliance, conciliation, arbitration and TSI costs. It was noted that the total cost of each individual audit visit had been assumed to be £1000 per audit which was in line with actual out-turn for audit visits in 2013.

The Panel discussed the issue of membership category. It was noted that members were often in the wrong membership, category: 90% of RECC members were in the '1-6 employees' category (defined as the number of staff working in the renewable area, including back-office and freelance staff). It was agreed that, if all members were truthful about the category they fell into, those members who genuinely did fall into the smallest category would be charged less. The Panel debated this issue and made suggestions towards how the situation could be improved. It was noted that from 2014 the membership category would be shown on the certificate and also on the website. It was hoped that this would encourage members to provide accurate information when renewing their membership.

8. Proposed amendments to the Code

It was explained that amendments to the Code would be put before the next meeting of the Supervisory Panel in March 2014. It was explained that amendments were needed to reflect a number of developments in the sector including MCS changes, changes to the complaints-handling process, third party ownership and amendments to the EST's online calculators and the RHI. The Panel noted that a copy of the amendments in track change would be put before the next meeting.

9. Proposed Bye-Law changes

Proposed amendments to the Bye-Laws were circulated to the Panel. Some discussion ensued, particularly in relation to the Applications and Non-Compliance Panels procedures. The process for adopting the amended Bye-Laws was outlined, and Panel Members who had specific comments agreed to submit them by email. The Panel noted that that the REAL Board expected to adopt the amendments to the Bye-Laws by the end of January 2014.

10. Information on the Domestic RHI

Information was provided to the Panel on the proposed Domestic Renewable Heat Incentive (RHI). It was explained that in July 2013 DECC had published its decisions on the RHI. It was explained that there would be a phasing of applications for the domestic RHI enabling 'legacy projects' (equipment purchased from 29th July 2009 up to the date of the official launch, expected in spring 2014) to register for the RHI. Such legacy applications would have to be made within the first year of the scheme.

It was explained that DECC had set out a budget for each technology with the same budget allocation given for biomass, air source and ground source heat pumps. The RHI budget allocation would be £45 million for the first year 2014/2015, out of which £30 million had been allocated to legacy projects and £14 million to new applications.

It was explained that a trigger had been set for the amount that had been spent over the first year, at which point the rates would reduce by 10%. This would be reviewed on a quarterly basis, and deployment would be tracked on a monthly basis. A super trigger would be in place which would allow for a 20% reduction in the budget.

It was explained that any other subsidy from a private company or public subsidies such as "ECO" would be subtracted from the incentive amount offered.

It was stated that Ofgem was currently working on the RHI application process for consumers which would also be linked to the MCS database. Ofgem would have an online registration facility for installers, as well as useful information and guidance for installers. The panel discussed the potential for mis-selling on RHI eligibility as well as the need to look out for new companies selling RHI technologies.

The Panel asked to be kept informed about the impact of the RHI on the work of RECC.

11. AOB and Dates of Future Panel Meetings

The Panel discussed the prospect of multiple codes in the same sector being approved by TSI. The Panel expressed concern over the implications of this for consumer protection, and stressed the need to ensure that the same high standards were met by all Codes. The Panel explained that all Codes would be required to meet the TSI's core criteria, but that otherwise there could be widely differing standards of consumer protection and enforcement between Codes

It was explained that RECC was involved in discussions with TSI, DECC and MCS regarding the implications of multiple codes for consumer protection in the small-scale renewables sector. The Chair requested that a watching brief be kept on this and that the Panel be informed of any developments.

There being no further business to be discussed, it was confirmed that the next panel meeting would take place on the 19th March 2014.