

Monitoring Strategy

Renewable Energy Consumer Code Monitoring Strategy to be implemented from July 2023.

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Introduction

The Renewable Energy Consumer Code (“the Code”) is an approved code under the Chartered Trading Standards Institute’s (CTSI) Consumer Codes Approval Scheme. The Code is administered by Renewable Energy Assurance Ltd (“the Executive”).

All CTSI approved codes must monitor members’ compliance with the code. This is so that code sponsors can be confident in their code’s performance and continue to satisfy stakeholders that they are working effectively to reduce consumer detriment.

In its administration of the Code, the Executive devotes considerable resource to monitoring Code Members’ compliance. Monitoring results are summarised every 3 months for the [Supervisory Panel](#) and annually for CTSI in the form of an annual report. All annual reports can be found [here](#).

This document sets out the Executive’s Monitoring Strategy (“the Strategy”) to be implemented from July 2023 onwards. Capitalised words used in this Strategy have the meanings set out in the [Code](#) and [Bye-Laws](#), unless otherwise stated.

The aims of the Monitoring Strategy

The Strategy aims to provide, when taken as a whole, a clear picture of:

- the level of compliance across the Code’s membership;
- areas that are causing particular difficulty and may require guidance or other assistance from the Executive;
- how individual Code Members perform against the average;
- improvements in the level of compliance and reduction of consumer detriment over time;
- reported customer satisfaction levels; and
- the aspects of service giving rise to complaints, the level of complaints and the status of their resolution.

Key Compliance Areas

There are 10 key compliance areas (“the Compliance Areas”) of the Code against which Code Members and, as far as possible, Applicants to the Code, are monitored. These were initially developed based on analysis of the results of the monitoring activities between 2006 and 2014 and are reviewed annually to ensure that they are still fit for purpose.

The Compliance Areas are:

1. Awareness of consumer protection and the Code (including staff training)
2. Microgeneration Certification Scheme
3. Marketing and selling
4. Estimates and quotes, particularly performance estimates and financial incentives
5. Finance agreements
6. Contracts and cancellation rights
7. Taking and protection of deposits and advanced payments
8. Completing the installation

9. After-sales (guarantees, workmanship warranties, warranty protection, after sales support and customer service)
10. Complaint numbers, handling and procedures

Gathering data on Code Members' performance against these Compliance Areas gives the Executive a clear picture of the state of compliance of the individual Code Member, of the individual Code Member against the average, and across the Code as a whole.

At an individual Code Member level, monitoring enables the Executive to pinpoint areas where a Code Member needs to improve and to help them reach compliance, as well as to identify instances where disciplinary action may be required.

The Executive has identified several performance indicators under each of the Compliance Areas. These indicators are, wherever possible, assessed in each monitoring activity to give clear results of compliance against each Compliance Area. The performance indicators are reviewed on a regular basis to ensure that they achieve the aims of the Strategy.

Monitoring Targets

As well as reviewing each application for Code Membership, to ensure that that Code Members are meeting their ongoing obligations under the Code, the Executive must, as a minimum, monitor a reasonable percentage of businesses on an annual basis. To ensure that the Strategy delivers the required results, the Executive undertakes to monitor 20 per cent of existing Code Members through one or more of the monitoring activities set out in this Strategy. Whilst some elements of a Code Member's compliance are assessed on an annual and ongoing basis, in achieving 20 per cent monitoring of Code Members, all Code Members should be the subject of a monitoring activity at least once every 5 years. The development and maintenance of a transparent and effective risk-assessment process should ensure that this is achievable.

Monitoring Code Members' compliance with the Code

This section describes the design of the Executive's monitoring of Code Members and the methods it uses. It covers the following monitoring activities and monitoring tools:

1. Membership surveys
2. Compliance Checks
3. Audits
4. Consumer Satisfaction Surveys
5. Complaint records

Risk-based monitoring

This Strategy is designed to be both:

- risk-based, focussing monitoring resources where the potential risk of consumer detriment and/or non-compliance is highest; and
- comprehensive, seeking to ensure that all Code Members' compliance with all key elements of the Code is monitored at regular intervals.

In this way, the Executive can target its most intensive and/or targeted monitoring activities where it considers consumers to be at higher risk of detriment and/or where there is potentially a higher risk of non-compliance. Further, early identifiers of high-risk allow action to be taken in accordance with the disciplinary process rather than requiring further monitoring, allowing the Executive to take fast and effective action where non-compliance has been found.

Assessing risk

Based on its experience operating the Code, the Executive has found the level of risk associated with a Code Member to be related to:

- the level of business being undertaken and the technologies dealt with
- the business model, including where sales leads come from
- whether deposits and further advance payments are taken
- complaints/feedback logged in the past two years

The Executive collects information on all the above by means of information gathered at application, through Consumer Satisfaction Surveys, through complaints received by the Executive and through information received from third parties and stakeholders. The Executive uses this information to identify which Code Members should be subject to monitoring. In the first instance this will be either a Membership Surveys or Compliance Checks.

Monitoring methods

The Executive's methods of monitoring Code Members under this Strategy include monitoring tools and monitoring activities.

Monitoring tools

Consumer Satisfaction Surveys

The Executive's Consumer Satisfaction Survey (CSS) is available for consumers to complete online on the Executive's website. Code Members are required to make consumers aware of their membership of the Code and encouraged to provide consumers with a link to the CSS.

The CCS:

- gives consumers an opportunity to feed back about Code Members;
- asks a series of questions designed to assess the Code Member's compliance (which consumers may not be able to judge for themselves); and
- provides the Executive with key information about the Code Member's business model, focusing on key Compliance Areas.

Every completed CSS is reviewed to see whether it identifies any unusual pattern of behaviour and /or non-compliance. Poor performance reported in a CSS can lead to the Code Member concerned being referred for additional monitoring, usually a Membership Survey or Compliance Check in the first instance. Positive feedback from consumers can lead to a Code Member being unprioritised for further monitoring.

CSS data is summarised and reported at regular intervals to identify overall levels of compliance and satisfaction. The data provides a 'benchmark' against which the Executive can:

- assess individual Code Members;

- identify any that lie outside the norm; and
- build up a picture of trends over time.

Complaints

The Executive is an approved Alternative Dispute Resolution provider under the Alternative Dispute Resolution Regulations 2015. As such, consumers who have a complaint against a Code Member can register a complaint with the Executive to access its dispute resolution process. Consumers may register a complaint where they are seeking a specific resolution through the dispute resolution process and/or where they want to make the Executive aware of a Code Member's business practices. Where a consumer is only seeking to make the Executive aware of the Code Member's business practices, the complaint is recorded as 'feedback'.

The Executive has a comprehensive, bespoke complaints database in which all complaints are registered. Each complaint is categorised by issue against the Compliance Areas. The database:

- enables the Executive to log all activities relating to each individual complaint;
- provides information on individual Code Members to help identify patterns of behaviour and/or non-compliance and to assist those assessing applications to join the Code; and
- enables the Executive to monitor trends in complaints by Compliance Area over time and to analyse the reasons for any changes.

Complaints analysis also:

- feeds into the Code review process;
- helps the Executive identify where it needs to provide additional support and guidance to Code Members and consumers; and
- allows the Executive to alert third parties and stakeholders such as the MCS Service Company, MCS Certification Bodies and Trading Standards, to emerging issues or problems.

Monitoring activities

To inform its selection of members for monitoring, the Executive makes use of all information reasonably available to it (whether positive or negative), including information gathered through the monitoring tools, provided by the Code Member at application, or provided by consumers or other third parties. The Executive's monitoring activities include Membership Surveys, Compliance Checks and Audits. The Membership Surveys and Compliance Checks are used where risk has been identified or where a Code Member has been selected at random for monitoring. These activities are used to better understand the compliance of the Code Member and the risk identified, if any. Based on the outcome of these activities, the Executive may choose to further monitor the Code Member by way of an Audit or to take action in accordance with the disciplinary procedure.

Membership Surveys

Membership Surveys are allocated to Code Members who are active in the sector and meet a qualifying set of criteria, or on a random basis. Surveys will be sent to groups of Code Members on a quarterly basis. The survey is designed to:

- ensure information held about a Code Member is accurate and up to date; and
- to provide the Executive with key information about the Code Member's business model, focusing on certain Compliance Areas.

The results of the Membership Survey are:

- recorded for each Code Member;
- collated to provide a picture of compliance levels by Code Member, by Compliance Area, across the Code and over time; and
- summarised on a quarterly basis for the Supervisory Panel and annually for the annual report.

Where the results of the Membership Survey indicate any risk, action will be taken where necessary. Action may include undertaking a Compliance Check on the Code Member, allocating the Code Member for an Audit and/or taking action in accordance with the disciplinary procedure.

Compliance Checks

A Compliance Check is a desk-based, top-level assessment of a Code Member's compliance with the Code and the Code Member is not normally involved in the process. Compliance Checks are used to determine and understand the risk associated with a Code Member. A sample of Code Members for Compliance Checks is drawn up on a weekly basis. The sample is largely risk-based though it also consists of a small number of Code Members selected on a random basis.

During a Compliance Check we:

- check the Code Member's online business presence including its website, social media and consumer reviews
- carry out financial checks
- review insurance and installation details
- analyse complaint/ feedback information recorded on the Executive's complaints database
- analyse CSS results
- review contractual documentation provided to consumers by the Code Member, where available

The results of each Compliance Check are:

- recorded for each Code Member on a comprehensive database;
- collated to provide a picture of compliance levels by Code Member, by Compliance Area, across the Code and over time; and
- summarised on a quarterly basis for the Supervisory Panel and annually for the annual report.

Following the completion of a Compliance Check, the level of risk is assessed based on the findings and action is taken where necessary. Action may include allocating the Code Member for an Audit and/or taking action in accordance with the disciplinary procedure.

AUDITS

An Audit can be:

- desk-based, conducted by an Auditor or by the Executive; or
- site-based conducted by an Auditor.

Desk-based Audits

Code Members considered to be medium to low-risk following a Membership Survey and/or Compliance Check are subject to a desk-based Audit. A Code Member may also be subject to a desk-based Audit as part of the disciplinary process or the conditions of its Temporary Code Membership, in which case the

Audit will be at its own expense. Each Code Member allocated for a desk-based Audit is required to complete a compliance assessment answering key questions about its business and to submit evidence for review. The response is reviewed by an Auditor, who will also, amongst other things, run checks on the Code Member's trading and business history, online presence and complaints history, before completing a standard desk-based Audit questionnaire. The questionnaire covers the Compliance Areas and includes questions for each Compliance Areas to help identify whether the Code Member is meeting the requirements of the Code. It is reviewed and updated on a regular basis to ensure it is fit for purpose.

Site-based Audits

Code Members considered to be high risk following a Membership Survey and/or Compliance Check are subject to a site-based Audit. A Code Member may also be subject to a site-based Audit as part of the disciplinary process or the conditions of its Temporary Code Membership, in which case the Audit will be at its own expense. An site-based Audit consists of a visit to the Code Member's business premises from an Auditor. Ahead of the visit, the Code Member is required to provide key information and evidence designed to facilitate the Audit. At the Code Member's premises, the Auditor will use this information along with answers and evidence given by the Code Member at Audit to complete a standard site-based Audit questionnaire. The questionnaire covers the Compliance Areas and includes questions for each Compliance Areas to help identify whether the Code Member is meeting the requirements of the Code. It is reviewed and updated on a regular basis to ensure it is fit for purpose.

Audit Results

Audit results are:

- recorded for each Code Member by the Auditor;
- collated to provide a picture of compliance levels by Code Member, by Compliance Area, across the Code and over time; and
- summarised on a quarterly basis for the Supervisory Panel and annually for the annual report.

Passing the Audit

The Audit questionnaires cover the Compliance Areas with a number of questions within each area. Each Compliance Area is weighted such that 7 of the 10 are high priority and 3 are medium priority. Code Members are assessed as compliant or non-compliant on each question within a Compliance Area and on each Compliance Area overall. The questionnaires use a comprehensive scoring mechanism to determine whether a Code Member has met the requirements for each Compliance Area. This mechanism is reviewed on a regular basis to ensure that it is fit for purpose. The questionnaire allows for questions to be marked as 'not applicable' if, for example, the Code Member does not take deposits, so that the scoring within each Compliance Area is an accurate reflection of a Code Member's business and practices.

To pass the Audit overall, Code Members must be compliant:

- in all 7 high priority sections; and
- in 2 out of the 3 medium priority sections.

On its review of the completed Audit questionnaires and the overall results, the Executive will identify non-compliances as well as opportunities for improvements (OFI). An OFI is an area where the Code Member's business is technically compliant with the Code but does not necessary represent best practice, or where a specific practice is identified as non-compliant but does not result in a failed Compliance Area and/or Audit. The Code Member will be provided with an explanation of best practice in this area and/or

how to ensure it brings itself into compliance. These OFIs do not form part of an Audit follow-up but will be focused on in any further monitoring to ensure improvement steps have been taken where required.

Audit follow-up

All Code Members audited as part of the Strategy receive a follow-up.

If the Code Member has passed the Audit, it will receive confirmation in writing and be provided with an explanation of the OFIs identified at Audit, if any.

If the Code Member has failed the Audit, it will receive a written follow-up which sets out:

- the areas of non-compliance identified at Audit;
- the action the Code Member is required to take to achieve compliance in these areas; and
- any OFIs identified at Audit.

If an Audit identifies extensive non-compliances, or a non-compliance of serious concern, the Audit follow-up will be undertaken in accordance with the disciplinary process. This action will depend on how severe the non-compliance is and whether the Code Member is making efforts to achieve compliance.

Learning lessons

The Executive makes good use of the findings of its monitoring tools and activities by:

- feeding into the Code review process;
- developing the key performance indicators within each Compliance Area;
- following up results with individual members. Code Members are notified of non-compliances and given the opportunity to correct them; and
- identifying problem areas i.e. aspects of the Code which a significant number of Code Members appear to find it difficult to comply with. In response, the Executive provides model documents, guidance and training to help Code Member better understand the Code's requirements and how to evidence compliance with those requirements.

The monitoring tools and activities themselves and their outcomes are reviewed quarterly by the Supervisory Panel and annually by CTSI.



REAL has achieved certification of its Quality Management System to the ISO 9001:2015 standard.



Renewable Energy Consumer Code (RECC) is part of [Renewable Energy Assurance Limited](#).

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