

**Minutes of the 42nd Meeting of the Supervisory Panel
Renewable Energy Consumer Code
Wednesday 14th December 2016**

Meeting held at REA office: 6 Spring House, Graphite Square, Vauxhall Walk, London, SE11 5EE

Present:

David Laird – Chairman
Bryn Aldridge – Independent Trading Standards Expert
Steve Lisseter – Independent Consumer Expert
Jim Thornycroft – Independent Solar PV Expert

Apologies:

Walter Carlton – Deloitte
Amanda Clark – Certsure
Zoe Guijarro – Citizens Advice
Gretel Jones – Independent Expert
Anna O'Connor – Ofgem (Observer)
Katy Reid – BEIS (Observer)
Dave Sowden – Sustainable Energy Association

In attendance:

Virginia Graham
Lorraine Haskell (part)
Rebecca Robbins (part)
Abena Simpey (part)
Boris Eremin (minutes)

1. Introduction and apologies

The Chairman welcomed attendees to the 42nd Supervisory Panel Meeting and noted apologies for absence received. He noted that the ongoing Southern Rail train strike had contributed to the reduced turnout.

2. Minutes of last meeting

Panel Members agreed the Minutes of the 42nd Supervisory Panel Meeting as being an accurate record of the meeting and had no further comments.

3. Matters Arising

The Executive confirmed that the key compliance report had been finalised and uploaded to the 'The Scheme' section of the website under a heading entitled 'Research'. Panel members agreed that the quarterly newsletter was going well, and that the previous edition had been a particularly good one.

They proposed that the newsletter include more web links to associated articles, not just legislation or regulations, preferably in plain English.

4. Highlight Report

Membership activity

Panel members noted the changes in membership numbers over the period. They noted that the 2017 renewal process was underway but that it was too early to assess the likely renewal rate. It was possible that the Government's response to the RHI consultation, published that day, could encourage heat pump installers to remain in or enter the sector.

Risk-based audits

The Executive explained that, of the members selected for the 10th round of audit site visits, 21 audits had not progressed for a number of reasons including: the member was no longer working with domestic consumers, the member had had its membership terminated for a variety of reasons, the member had ceased to trade or the member had resigned from RECC. The Executive reported that the remainder of the audit site visits had been completed and that the follow-up actions would shortly be closed out.

The Executive explained that a higher number of desk-based audits would be carried out in 2017 than had been in 2016. They would be based on a bespoke audit questionnaire currently in development. Site-based audits of higher risk-members would continue to be carried out as part of the disciplinary process. Linked to this, mystery shopping exercises would be carried out earlier in the process where appropriate.

Consumer Satisfaction Surveys

The Executive noted that fewer Consumer Satisfaction Surveys had been returned in 2016 than had been in 2015. The majority of feedback had been submitted online since paper questionnaires had not been circulated by insurance providers during the year. This would be resumed in 2017. Panel members requested that the Highlight Report clarify the source of the feedback in future.

Disciplinary and non-compliance activity

The Executive introduced RECC's activity, explaining that there had only been one Non-Compliance Panel Hearing during the period. The remainder of the activity had been concentrated on the earlier stages of the disciplinary procedure. Panel members were keen to know how the Executive might be able to enforce members' compliance without accumulating excessive costs. The Executive explained that the Bye-Laws permitted automatic termination of membership in certain circumstances. For example, this included failure to respond to contact from RECC within 28 days.

Panel members enquired about the procedure for persistent and systematic breaches of the Code and Bye-Laws. They asked whether persistent failure at audit would trigger the disciplinary

procedure. The Executive explained the disciplinary procedure which was set out in the Bye-Laws which were intended to ensure that members were treated fairly in all circumstances. The Executive explained that making Consent Orders and Non-Compliance Panel Determinations available on the website was a valuable tool. Panel members queried whether the fee payable in advance of lodging an appeal was high enough. Panel members then considered a number of case studies showing how the disciplinary procedure is followed through, from Consent Order to Non-Compliance Panel and Appeals Panel Hearing.

Panel members thanked the Executive for its presentation. They concluded that the Disciplinary and Non-Compliance procedures were rigorous, though they noted that they required considerable time and effort to implement. Furthermore, they questioned the value for money involved when a member can simply move to another approved consumer code to evade the consequences of the disciplinary or non-compliance process. The Executive explained that the Memorandum of Understanding between approved consumer codes in the sector was intended to prevent this sort of 'tourism' between codes to find the lowest level of compliance enforcement.

The Executive explained that the processes were not designed to require legal representation. Once lawyers became involved, the costs inevitably rose. The processes were intended to be cost-neutral. However, where a company's membership was terminated at the end of the processes, there had been instances where that company had ceased trading and thus evaded paying any of its debts. Panel members agreed that it was important for the Executive to pursue non-compliance rigorously, and to name and shame non-compliant members publicly.

Panel members agreed that the Executive should continue to explore ways of streamlining its disciplinary and non-compliance processes and that it should set up a small group of experts to do this. One of the Panel members volunteered to take part in this group. The Chairman concluded that RECC was one of the few organisations of its type which has a solid compliance process.

Applications Panel

The Executive went on to outline the Applications Panel process, explaining the circumstances in which an application may be referred to the Applications Panel. These were listed on the website. The process was paper-based, and the Panel was able to review two or three cases at each meeting. Panel members enquired whether the application fee payable was sufficient to cover the costs of escalation to the Applications Panel. They also enquired whether the Executive could refuse applications where the evidence was clear, only making use of the Applications Panel where the evidence was unclear.

The Executive explained that there was no right of appeal, but that the applicant would be free to apply for membership again in due course. It also highlighted the risk that a company whose application had been turned down could apply to join another approved consumer code in the sector. Despite the fact that the Memorandum of Understanding was designed to prevent this, in practice there had been many instances in which it had happened.

Dispute resolution

Panel members discussed the information presented about dispute resolution activity during the period. They noted that the additional dispute resolution data was helpful, in particular the data on disputes received as compared with disputes closed whether resolved or not resolved. Panel members enquired as to why the number of independent arbitration cases had increased. The Executive explained that consumers were offered fast track access to independent arbitration if the member they were in dispute with had a reduced credit rating, or was leaving the sector. Given the dramatic reduction in the Feed-In Tariff rate from March 2016, these scenarios had applied to an increased number of members.

The Executive noted that £400,000 had been awarded to consumers through the independent arbitration process in 2016, while approximately £70,000 had been awarded through RECC's in house mediation process. In 2015 £379,000 had been awarded to consumers through the independent arbitration process. The Chairman highlighted this as a very commendable outcome for consumers and for the dispute resolution process. Panel members suggested that the Executive could flag this up more in its publicity.

5. A.O.B and date of next meeting

A.O.B.

The Executive provided a brief update on BEIS' decisions following the RHI consultation. In summary, the Executive explained that BEIS was proposing: to impose heat demand limits for larger domestic properties; to retain a tariff for solar thermal installations; to require electricity metering with heat pumps; and to maintain the tariffs relating to biomass at the higher end of what had been proposed, and to raise the tariffs relating to air and ground source heat pumps. These changes would come into force in April 2017, along with the updated MCS heat pump standard. BEIS' proposals on the assignment of RHI payments would not now be implemented until later in 2017

The Executive reported on the recent brainstorming session with REAL directors. This had explored possible new options and directions for REAL to consider in 2017. It invited Panel members to contribute any further ideas or suggestions they might have.

Date of next meeting

It was agreed that the Executive should circulate dates for future Panel meetings in 2017. There being no further business, the Chairman thanked those who had attended and closed the meeting.