



# EHC Quality Mark Sub-Committee September 2017

## 1. Aim of the Paper

This paper will set out the final advice and recommendations from the Each Home Counts (EHC) Quality Mark Sub-Committee. Specifically, the paper will provide an overview of the process the sub-committee have taken and make proposals for how the quality mark model previously presented to the board and agreed (12 Sept 2017) can be delivered, and by who, including timescales, a plan of action and next steps.

## 2. Sub-Committee Remit and Approach

The remit for the sub-committee is set out in detail in the Terms of Reference as in Annex A. The sub-committee approach has been to review the quality mark model proposal outlined to the Implementation Board, meet with and evaluate existing schemes and their ability to potentially deliver the model and recommend the preferred delivery option.

## 3. Sub-Committee Initial Findings

The sub-committee met with government and industry representatives responsible for the three main government endorsed standards: Competent Person Schemes, Microgeneration Certification Scheme and TrustMark. A follow up conversation was had with the Renewable Energy Consumer Code, who operates one of the Chartered Institute of Trading Standards Consumer Codes Approval Schemes.

At the meeting with CPS it was recognised that with DCLG being the responsible body for the CPS, there wasn't scope or appetite for it to expand its remit to take on the requirements for the quality mark.

## 4. Quality Mark Model

The current quality mark model has been previously presented to the Implementation Board and was developed by the quality mark workstream, led by Simon Ayers, CEO TrustMark, in conjunction with industry representatives.

High level principles include a single, light touch model with simple installer engagement, a non-commercial scheme with cost recovery from installers where brand recognition is built through consolidation. The brand should use an existing brand/model, be set up as an umbrella brand (could be a rebrand), and should not be a scheme in its own right but rather a set of principles and common description.

The quality mark will have a two tier framework as shown by the model in Annex B. The top tier governance will include an independent board, as detailed in Annex C and elements required to deliver the quality mark model. The lower tier will include scheme operators that align with the

quality mark. Installers will only be able to access the quality mark through scheme operators. The scheme operators will have their own requirements that installers will have to meet.

## 5. Principles agreed by Board

At the Implementation Board meeting on 12 September the sub-committee set out a series of principles to the group. Following minor amendments, the following principles related to the quality mark model were agreed by the Board members as areas they could endorse:

- The scope of EHC should expand beyond energy efficiency and renewable energy to the wider domestic repairs, maintenance and improvement (RMI) market to an agreed timescale.
- The two-tier framework whereby installers access quality mark via an approved scheme.
- The importance of government endorsement.
- The quality mark framework that has been previously presented to the board.

Based upon these principles, the subcommittee also presented views on the quality mark model that:

- They didn't feel that any organisation had the capacity or complete skills at this stage to deliver the full framework.
- There needs to be greater emphasis placed on enforcement and consumer protection within the quality mark model, possibly with the latter separate to the technical aspects.
- A collaboration focusing on different areas of expertise would be beneficial with some elements being procured if need be, e.g. audits.

In particular, areas that the sub-committee identified for further discussion included:

- What level of independence is required for the customer charter be upheld?
- Who is best placed to carry out audits and enforcement, the schemes or overall service organisation?
- How can the renewables market be incorporated into the proposed model, without standards falling?
- What are the next steps to take?

## 6. Proposed solution and recommendations

### Recommended Option

**A joint solution between TrustMark and MCS to deliver the quality mark framework. Both parties are engaged in conversation to find an acceptable solution; however, the detail is yet to be worked through and agreed.**

Following the Board discussion on 12 September, further meetings have taken place between TrustMark and MCS, as the two organisations currently delivering government endorsed standards and still being considered by the sub-committee. The group have reviewed the various delivery options available using TrustMark and MCS including exploring if a joint solution would be possible for delivering the top level governance of the quality mark. There is willingness and

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desire for a joint solution to happen from TrustMark, MCS and their government representatives and this is the model that the sub-committee recommend is pursued. It was noted by the sub-committee that MCS is in the process of being novated with the aim of it being an industry led scheme. The timescales are not yet fixed, however it is likely to be over the coming months. This may impact a possible joint solution because the new MCS structure will not have the power to make decisions until after novation.

There is still a lot of detail to be worked through before it can be said with certainty if this joint solution is viable. The two schemes operate in very different ways.

TrustMark could operate within the top tier governance of the quality mark model either with or independently of MCS, potentially with changes to its structure to ensure suitability. There are two options for how MCS could operate within the quality mark framework: (a) that it operates both within the top and lower tier of the model and is part of the quality mark delivery body, with the MCS charity either becoming part of or operating alongside the quality mark board and the MCS Service Company being part of the quality mark delivery organisation; or (b) that it operates as a scheme and sits completely 'below the line'. Only option (a) would allow a joint solution between TrustMark and MCS.

If a joint solution was possible it would bring together the two main areas of current government endorsed standards that oversee the energy and RMI market and if administered correctly, reduce duplication and administration for traders. For example, at present some traders are a member of a competent person scheme, TrustMark and MCS.

### Plan B Option

**In the event that further discussion proves a joint solution is not viable, or is not viable within an acceptable timescale (most likely to fit with plans to consult on ECO early next year) an alternative will need to be found. A preferred second option has not been agreed by the sub-committee. The sub-committee recognise two alternative solutions: using TrustMark for the quality mark (where MCS is a scheme under the line) or going to the market to propose a solution. It is noted that since Each Home Counts is not a legal entity, and Government has made clear it does not consider a public procurement is compatible with the "industry led" approach of Each Home Counts, it is not currently clear that this second option of a procured solution is feasible.**

In a scenario where option (a) is ruled out due to viability, (MCS operating within the top and lower tier of the model), this would rule out a joint solution, In this case, option (b) would leave only TrustMark as a potential government endorsed organisation to take on the delivery of the quality mark model (operating within the top tier). However as a sub-committee we have not reviewed this option fully to understand what this would mean and reached a joint consensus on whether to recommend this option as a plan B. This is an option the Board may discuss further as an alternative solution, recognising some board members may wish to abstain from any decision making on this point as a result of potential conflicts of interest.

If it was not felt appropriate to evolve TrustMark to deliver the quality mark model then the only option would be to try to appoint a commercial organisation to run the initiative however as EHC is not a legal entity it would not be possible to carry out a procurement exercise and this would also have implications for the ongoing endorsement from government. This is not an option that the

sub-committee is recommending at this stage, unless alternative options are not possible and the group recognise the legal limitations of this option.

## 7. Next steps

Whilst TrustMark and MCS continue to scope how they could potentially work together, the sub-committee has recognised a number of areas that need clarifying to understand how this joint solution could operate.

**Profitability of the service company** – It may be most appropriate for the service body to operate on a not for profit basis to avoid any perception by industry that the quality mark is being operated for someone's commercial advantage, rather than to benefit the industry as a whole. It was stressed by government that state aid related to this option would need to be considered.. MCS have originally stated that their service company will be commercial to generate income for the MCS charity. To operate as a government endorsed standard, any income generated by the service company would need to be generated by and for the benefit of all members and not just for the renewables market. However it was noted that MCS has assets which have been generated by the renewables industry for the purposes of promoting low carbon technologies. Urgent clarity is needed by MCS on the position that they wish to pursue around profitability of the service company.

**The role of government** – The EHC board has recognised the need for government endorsement but it is unclear what this would actually look like. Once novated, MCS will be devolved of government influence yet TrustMark operates under license to government. This needs reviewing to understand what level of government involvement is appropriate for the new quality mark.

**Governance** – The quality mark model approved by the EHC board includes an independent board. This must have sufficient representation from consumer protection bodies to ensure that it is balanced. If MCS does become part of the quality mark delivery model it is proposed that for a transitional period the board includes representatives from the MCS Charity Trustees and the current TrustMark board until permanent board members are appointed. Similarly, if Trustmark forms or is part of the quality mark delivery body, consideration will need to be given to its board structure and whether and when open competitions should be run to appoint new members to ensure it can fulfil the role of overseeing Each Home Counts.

**Technical standards** – The quality mark would need to adopt the MCS standards. However if MCS operates 'below the line', this may contradict the assurance given to MCS that on novation government will not do anything that could be detrimental to MCS. This would be discussed further and resolved with input from the standards workstream.

**Skills and capability** – The initial findings presented to the EHC board identified concern that neither TrustMark nor MCS currently had sufficient skills or capability to fully operate the new quality mark model as currently configured. This has not changed and it will be for the new quality mark board to make careful decisions around how the entity expands or outsources to ensure all the requirements of EHC are met. This will also be an area for the EHC funding sub-committee to consider.

**Auditing** – The compliance and enforcement workstream are reviewing where the responsibility for audit sits. The sub-committee felt that there would be a role for UKAS and the certification bodies but also a central role to oversee the audit process and to ensure that standards are met

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across the board. Once the compliance and enforcement workstream concludes, this will need to be considered by the funding sub-committee to ensure that the funding, skills and capacity exist to the right level, whilst aspiring to maintain the commitment made to industry to not increase costs.

**The role of Trading Standards** – MCS standards currently require installers to be a member of a Chartered Institute of Trading Standards Consumer Codes Approval Scheme. This would need to be incorporated within the quality mark structure and the role of trading standards clarified in this respect to ensure that standards do not fall for the renewables market.

**The quality mark** – there is recognition that ultimately the quality mark needs to operate under a single brand. This has not been discussed further but if the schemes do align this would need to be carefully investigated to ensure consumer awareness is maintained.

It was felt that discussions can continue between MCS and TrustMark on a joint solution, however, recognising novation needs to be completed, so that the MCS Director Designates and trustees can be in a position to take decisions on behalf of MCS and make a full commitment to this option; this should happen well before Christmas. Once novated, there would be the option for the MCS charity and TrustMark to merge. TrustMark 2005 Limited holds the license with government to operate TrustMark government endorsed standards. Practically it was felt that the transition would be smoother and quicker if the current license agreement was not broken, however it would be possible to change the board, name and standards that the scheme operates to, in order to accommodate the requirements of EHC and to bring in the MCS Trustees. It was recognised that a transitional process would be required but that getting a central governance structure in place is the priority.

If the EHC Board are happy to allow TrustMark and MCS to continue their discussions they, along with other workstreams, would need to have made sufficient progress by Christmas in order for EHC to be referenced in the ECO consultation. Specific timelines have not been discussed by the sub-committee but establishing the new governance structure was seen as a priority. We understand from Government colleagues that “sufficient progress” in this context is likely to mean clear agreement on a delivery model and concrete steps having been taken to put it in place. There would then be a further six months to develop the detail for the regulations and for installers to be able to join the quality mark before ECO launches in October 2018.

It is important for the EHC board to discuss the contingency option if the joint solution is not possible and whether TrustMark could take on this role alone, whilst recognising the previous considerations around the need to upskill, expand or outsource to take on the additional requirements of EHC.

**Chair** – Susan Jones

**Members** – Peter Broad, Claire Curtis Thomas, Rich Hampshire, Philip Sellwood

### **Aim**

**To consider the quality mark model proposed to the Each Home Counts Implementation Board and other existing models. Provide recommendations and advice on the purpose, scope, evaluation criteria and governance arrangements for the quality mark. Make formal recommendations on next steps at EHC Implementation Board meeting in October 2017.**

### **Approach**

To agree the requirements for the quality mark framework and the organisation that delivers against these responsibilities.

To establish the evaluation approach for the quality market against the principles and requirements.

Consider existing schemes for delivery of a quality mark, their structure, governance, scope and delivery models - taking input from those involved in government endorsed schemes (e.g. Trustmark, Microgeneration Certification Scheme, Competent Persons Schemes, etc) and considering if and how alternative schemes should also be evaluated.

To review the current quality mark proposal outlined to the EHC Implementation Board against the proposed evaluation approach.

To provide guidance to the EHC Board on how well the proposed quality mark structures match the objectives of the scheme and identify omissions and gaps to be addressed.

### **Output**

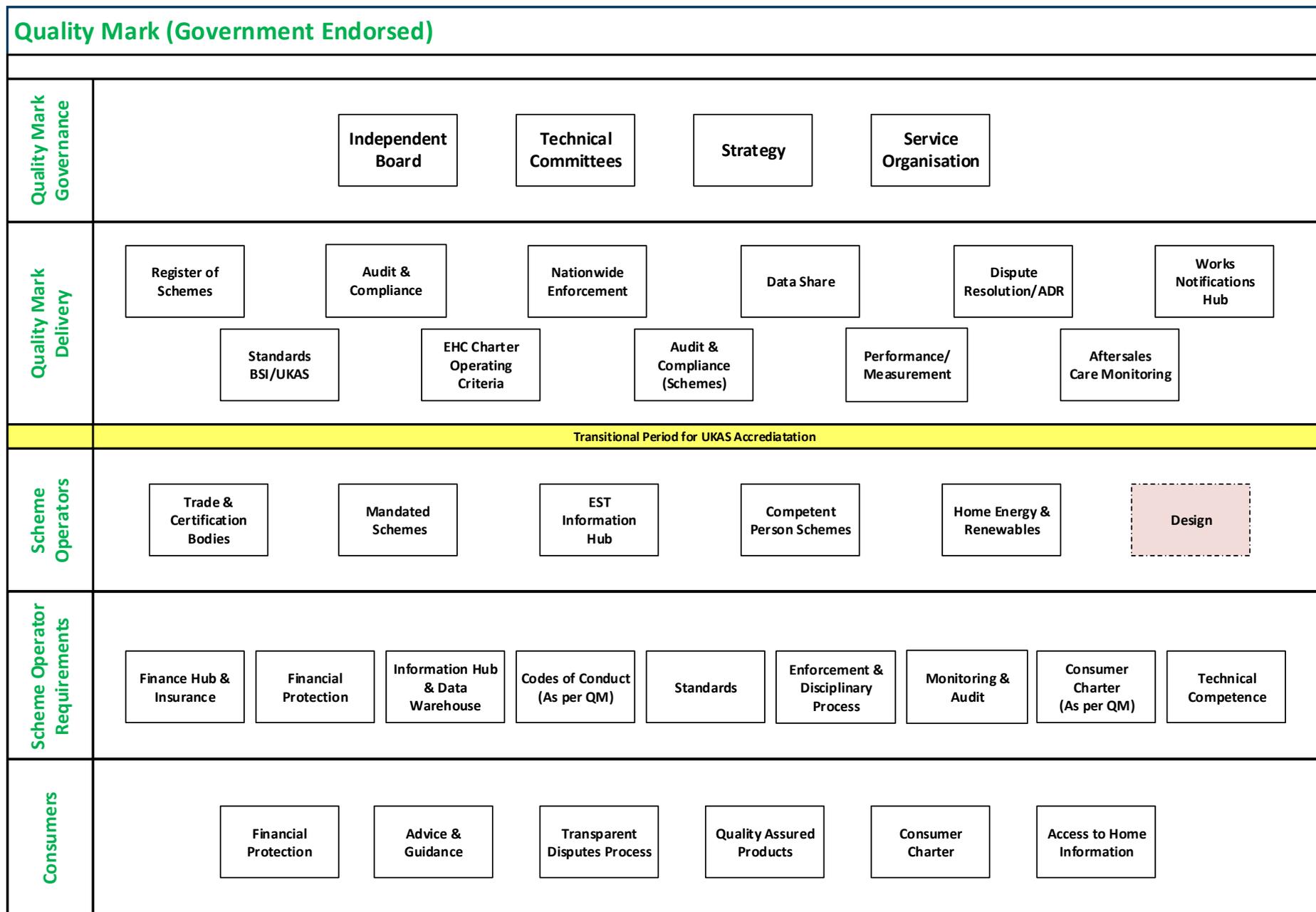
To prepare advice and recommendations for the Each Home Counts Implementation Board in October 2017 to include, but not be limited to:

- Confirmed principles of the quality mark delivery model
- Evaluation criteria
- Review of existing delivery options – scope, compatibility, governance

Recommendations to include

- Preferred option – with explanation of pros and cons considered
- Actions required to establish quality mark model, approach required to establish structure, with owners and key milestones, to deliver by end 2017
- Plan of actions for the Implementation Board to implement recommendations

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Annex B –Quality Mark two tier structure



## Quality Mark (Government Endorsed)

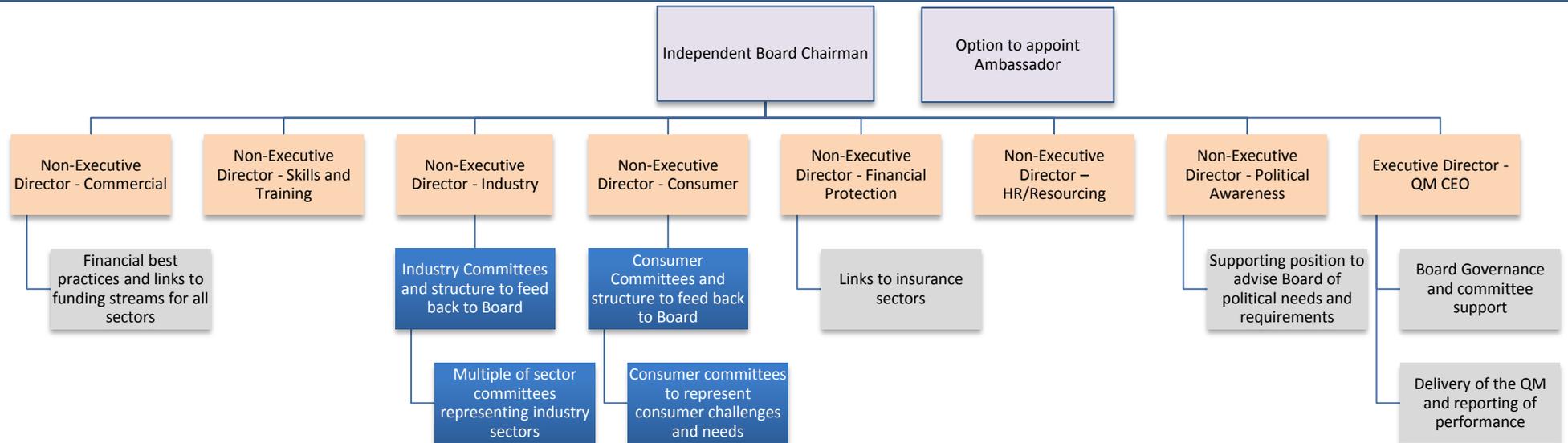
<b>Quality Mark Governance</b>	<b>Independent Board</b>	<ul style="list-style-type: none"> <li>• Elected members from within Scheme Operators</li> <li>• Consumer Representative</li> <li>• Elected members from outside of Industry</li> <li>• Government Authorised Observers/attendees</li> <li>• Figure head</li> </ul>
	<b>Technical Committees</b>	<ul style="list-style-type: none"> <li>• Scheme &amp; Industry Representatives</li> <li>• British Standards Institute</li> <li>• Home Fabrication &amp; Renewables Representatives</li> <li>• Contract &amp; Installer Representatives</li> </ul>
	<b>Strategy</b>	<ul style="list-style-type: none"> <li>• Elected members that drive the direction of the Quality Mark as industry and change of regulations dictates</li> <li>• Policy recognition and delivery into QM</li> </ul>
	<b>Service Organisation</b>	<ul style="list-style-type: none"> <li>• Information Hub</li> <li>• Areas outside of QM delivery</li> <li>• Information Warehouse</li> <li>• Governance support</li> <li>• Communication platform</li> </ul>
<b>Quality Mark Delivery</b>	<b>Register of Schemes</b>	<ul style="list-style-type: none"> <li>• Application and vetting of scheme applications</li> <li>• Review and compliance function</li> <li>• One-Stop shop for consumers to see and validate accreditations</li> <li>• Responsible for the approval process, on an agreed criterion, for all schemes wishing to become part of the Quality Mark</li> <li>• Scheme review and disciplinary process with option to remove scheme if it fails to deliver QM requirements</li> </ul>
	<b>Standards BSI/UKAS (Schemes and Firms)</b>	<ul style="list-style-type: none"> <li>• A transition process for non-UKAS accredited Schemes wanting in to the Quality Mark</li> <li>• Passport system for those accredited</li> </ul>
	<b>Audit &amp; Compliance</b>	<ul style="list-style-type: none"> <li>• Revitalised and regimented audit plan for Scheme Operators (frequency to be agreed)</li> <li>• Continual improvement and adoption of best practices as industry and scheme evolves</li> <li>• Adopt and implementation of new standards</li> </ul>
	<b>EHC Charter Operating Criteria</b>	<ul style="list-style-type: none"> <li>• New 'criteria' to encompass QM &amp; best industry practices, as established by EHC</li> <li>• A Consumer Charter (Best Practice)</li> <li>• Consumer Protection Organisations</li> </ul>

<b>Quality Mark Delivery</b>	<b>Nationwide Enforcement</b>	<ul style="list-style-type: none"> <li>• Agree PAP enforcement for matters arising such as contractual disputes and brand misuse</li> <li>• Option to engage TS and embed TS/LBC enforcement within QM</li> </ul>
	<b>Audit &amp; Compliance (Schemes)</b>	<ul style="list-style-type: none"> <li>• Revitalised and regimented audit plan for Scheme Operators (frequency to be agreed)</li> <li>• Continual improvement and adoption of best practices as industry and scheme evolves</li> <li>• Adopt and implementation of new standards</li> </ul>
	<b>Data Share</b>	<ul style="list-style-type: none"> <li>• Creation of a centralised hub where Schemes can add data and access to allow consistent process, data should be linked through API functions rather than single source</li> <li>• Aim to mitigate risk to Consumers/Schemes on 'phoenix' businesses</li> <li>• Create access longer term for consumers to 'self-serve' when seeking information on property</li> </ul>
	<b>Performance/ Measurement</b>	<ul style="list-style-type: none"> <li>• Work with information hub to ensure correct performance information is delivered.</li> <li>• Provide services through schemes for failure to deliver performance measures</li> </ul>
	<b>Dispute Resolution/ ADR</b>	<ul style="list-style-type: none"> <li>• A consistent approach for all Scheme that are within the Quality Mark</li> <li>• Defined sign-posting for Consumers to mitigate lengthy resolution</li> <li>• Use established scheme services to avoid further confusion</li> <li>• QM to provide back-stop where schemes do not deliver effective service</li> </ul>
	<b>Aftersales Care Monitoring</b>	<ul style="list-style-type: none"> <li>• Work with schemes to deliver a 'continual improvement system' looking at the after care and delivery performance of the QM businesses</li> <li>• Independent review and research option</li> </ul>
	<b>Works Notification Hub</b>	<ul style="list-style-type: none"> <li>• Further discussion required but a requirement for all work undertaken under the QM must be notified as per the current BR requirements.</li> <li>• Possible revenue fund to support QM delivery</li> </ul>

**Annex C – Proposed Quality Mark Governance Structure**

**Government Agreement for Endorsed Standards**  
 – Requirement for independent reporting and audit

*Articles of Association – Not for profit – Social enterprise – Open book accounting*



Board Structure based upon feedback from sectors and taking into account best practice requirements

- Board will be an entity with requirements to ensure delivery and protection for all parties
- Model is based upon established Governance within regulated sectors
- Number of Directors should be between 6 -10 for best practice
- Observer roles will be enacted as and where required to ensure representation.
- Selection and Appointments committee to appoint Directors (as per AoA), suggested 3 year terms for Directors
- Board Directors will be required to lead committees for Risk, Audit, Brand Values and Remuneration
- Consumer and Industry Directors will be required to lead on feedback from all committees