

The MCS logo consists of the letters 'MCS' in a white, pixelated font, centered within a white square. This square is positioned on the left side of a black horizontal bar at the top of the page.

Giving you confidence  
in home-grown energy

# Proposed Changes to MCS

## MCS response to scheme redevelopment consultation

3 October 2023

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# Chief Executive Foreword



I want to start by thanking those that have contributed to the proposed changes to MCS. Since becoming the first MCS Chief Executive following novation in 2018, I have been inspired by those in the industry who want MCS to succeed to underpin the reputation of our sector and the contribution it makes to our decarbonisation goals.

We have consulted on a series of proposed changes to MCS so that we could look collaboratively at the issues and barriers facing the sector, in part exacerbated by the structure of MCS and how it works today. The consultation included several proposals that we considered, with stakeholder input, to advance the sector’s consumer protections and increase the scheme’s accessibility and effectiveness with a new relationship directly with the sector’s contractors.

I’m pleased to see that the majority of our proposals were endorsed. We’ll start to move forward with these now. Some, however, just didn’t address the recognised barriers in the right way, so there are some that we won’t take forward, or we’ll find another solution.

## Advancing consumer protection

Under new leadership, MCS committed to a mission “To give people confidence in low-carbon energy technology by defining, maintaining and improving quality”. I know that the current scheme is not always as effective as it needs to be in delivering this mission. It is now essential that we address the shortcomings in complaint management and weaknesses in the sector’s financial protections.

We have welcomed existing research that has found issues with the sector’s delivery of consumer protections. I am referring specifically to the Each Home Counts<sup>1</sup> review and reports published by Citizens Advice. Worthy of specific note is the Citizens Advice report – The Net Zero Protections Puzzle<sup>2</sup>. Our own research suggests that their analysis of the market still largely prevails today. Taken together, this makes the case for change to the sector’s consumer protections and has informed a significant part of the proposed changes to MCS described in our recent consultation.

## Increasing scheme effectiveness

Our ambition is to deliver a reformed MCS that contractors can be proud to belong to and offer to their consumers as their mark of quality. The reformed MCS will celebrate the great work that many in the sector do, that helps inspire future consumers to adopt the technology for their homes and businesses and as a result, secure the benefits of home-grown energy and the contribution this makes in the fight against climate change.

Equally, I pledge to defend the integrity of the scheme in support of a more responsive industry that is now coming of age. A reformed MCS will be underpinned by an outcome-based assessment and information gathering process that will allow high quality installers to flourish, unencumbered by excessive bureaucracy, whilst holding those that fall short of our quality standards and scheme requirements to account.

I have therefore been especially pleased to see that more than half of respondents to the consultation are contractors. It was mainly contractors who engaged with our online polls and collectively shared over 4,000 individual responses for our analysis. Thank you to everyone who provided this valuable feedback.

To ensure the industry offers consumers the best possible outcomes we’ve worked closely with the Competition & Markets Authority to align the design and delivery of a reformed MCS to meet their ‘good practice principles for standards bodies’<sup>3</sup>.

My thanks again to those who responded, helping shape the future of MCS and the sector that we support.

**Ian Rippin**, MCS Chief Executive

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<sup>1</sup> Each Home Counts (2016) [Review of Consumer Advice, Protection, Standards and Enforcement for Energy Efficiency and Renewable Energy](#)

<sup>2</sup> Citizens Advice (2021) [The net zero protections puzzle](#)

<sup>3</sup> CMA (2023) [Good practice for standards bodies – raising standards in the green heating and insulation sector](#)

# Contents

Chief Executive Foreword.....	2
Introduction.....	4
Context.....	4
Overview of Changes.....	5
Annex A: Analysis of consultation responses .....	8
Introduction.....	8
Who responded.....	8
Proposal 1: New scheme structure.....	9
Proposal 2: Certificates for replacement, extended and adopted systems.....	12
Proposal 3: Risk-based compliance assessments.....	14
Proposal 4: Technical responsibility for each installation.....	19
Proposal 5: Pending (conditional) certification.....	22
Proposal 6: MCS Contractor Agreement.....	25
Proposal 7: Centralised complaint management.....	27
Proposal 8: Implementation of new financial protections.....	29
Proposal 9: Retirement of existing documents.....	33
Annex B: Cross-reference to CMA principles.....	34
Contacting us.....	36

# Introduction

## Context

*References made throughout this document to the “scheme” and MCS as the Microgeneration Certification Scheme are interchangeable. The scheme comprises the quality assurance of design and installation contractors, operating as businesses, and their installations. It extends to consumer protections associated with the consumers of installations of low carbon technologies in scope for MCS, including but not limited to, solar PV, battery storage and heat pumps.*

Our consultation, published on the 5 June 2023 and closed on the 17 July 2023, proposed changes to MCS in response to numerous independent reports reflecting the challenges the sector’s consumers can face, our own experience of the effectiveness of the current scheme in ensuring quality installations all of the time for all consumers, and the independent research we had commissioned last year that culminated in the MCS report “Consumer protection in small-scale renewables”<sup>4</sup>.

The development of our proposals to reform MCS also benefitted from input from a wide range of stakeholders, including contractors, trade associations, certification bodies and government officials.

Today’s scheme, 15 years in delivery and having undergone several revisions and updates, has been found to not always be as effective as it needs to be to ensure quality installations that instill consumer confidence. Furthermore, the consumer protections offered under the current scheme are suboptimal and not readily understood by contractors or consumers, especially when they find themselves in situations where they need help to secure a resolution to an issue that they have not been able to achieve via their contractor.

The consultation was divided into two sections:

1. Proposals to better support contractor engagement with a clearer scheme that can enhance standards by refocusing compliance assessments on a contractor’s delivery of quality installations.
2. Proposals presenting improvements to better protect the sector’s consumers.

Our goal in implementing these proposed changes is to place consumer protection at the heart of a reformed scheme, offering a step change improvement in:

- **Transparency**, to avoid unpleasant surprises and delivery that falls short of expectations;
- **Consistency**, by connecting protections that today are disparate and confusing for consumers (and contractors);
- **Surveillance**, through a significant increase in the scheme’s capacity for monitoring and engagement with consumers (and contractors).

To deliver on this goal, the changes that have been proposed move beyond the current restricted nature of today’s monitoring activities.

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<sup>4</sup> MCS (2022) [Consumer protection in small-scale renewables: research report and findings](#)

## Overview of Changes

The consultation has delivered support to changes to MCS that represent a significant departure from the current scheme's operating framework. We had presented proposals that did not build further on the existing scheme, avoiding making additions and amends that risk adding more complexity and confusion. [Annex A](#) provides a detailed analysis of the responses received to the consultation.

We have secured strong support for the ambition to reset the Scheme, to ensure that it is fit for the future. Based on the support we have now received through the feedback to the consultation, we will now proceed with the development of the new scheme, its documents, and processes. Our intention is to publish the new scheme's documents before the end of this year, and then following a period of transition, implement the new scheme in spring or early summer of 2024.

The process of implementation will be governed by factors some of which are outside of our control. This includes the need for Certification Bodies to evidence the steps they will take to operate compliance assessments aligned to the new scheme, with their migration from existing to new scheme overseen by the UK Accreditation Service (UKAS) and with support from MCS.

### Increasing scheme effectiveness

#### [Proposal 1: New scheme structure](#)

**SUPPORTED**

The proposed new scheme structure received support. Designed to improve accessibility, it will offer contractors easily understood quality assurance requirements, described in documents whose titles are immediately clear as to their purpose.

Under the new scheme, a refined set of MCS Installation Standards (MISs) will only contain technical requirements, removing scheme management and consumer requirements that have been added over the years. Scheme management and consumer requirements will instead now be described in either a Pre-sale Information and System Performance Estimate Standard relevant to each technology, Scheme Rules, or the Customer Duty. These effectively replace the current MCS 001-1 Standard and associated documents.

We acknowledge feedback on the proposed new document titles – Scheme Rules and Customer Duty – and that while we will proceed with the new structure, they'll likely be called something else at publication.

With the advent of a new Customer Duty and associated MCS checks, including proactive contact with every consumer of a certified installation, the new scheme will not mandate membership of a Consumer Code.

#### [Proposal 2: Certificates for replacement, extended and adopted systems](#) **PARTIALLY SUPPORTED**

Based on the feedback received, MCS will allow for the certification of replacement systems. We will require a contractor to indicate which installations are replacements via the MCS Installations Database (MID). We will also include rules for the adoption of installations by certified contractors as part of the new Scheme Rules.

Given the issues raised by respondents with the certification of systems that have been extended, MCS will not proceed with this element of the proposal at this time. We now plan to explore an alternative solution to the challenge of extending an installation so that it could attract MCS certification.

[Proposal 3: Risk-based compliance assessments](#)

**SUPPORTED**

The proposals for risk-based compliance assessments to address feedback that MCS is currently too focused on paperwork and back-office systems were strongly supported. These proposals amount to a resetting of the scheme’s compliance assessments on the “delivered quality” of a contractor’s installations.

We will also introduce a scheme-wide Compliance Risk Model, which we expect will evolve over time as we learn more from the data as to the indicators of risk to quality. At the launch of the new scheme, we will determine a risk calculation table containing objective factors of risk that avoid subjectivity.

We will establish a clear definition of risk under the new scheme that does not imply a contractor’s poor performance, but instead refers to the frequency of assessments in recognition of the risk factors, that if present, are likely to increase the potential for quality issues and consumer detriment.

[Proposal 4: Technical responsibility for each installation](#)

**SUPPORTED**

We will now progress plans to implement a change from the existing scheme’s requirement for a Nominated Technical Person (NTP) to a Technical Supervisor in the new scheme, responsible for overseeing each installation.

The Technical Supervisor for each installation will be recorded in the MID and will be visible for historical reference to the contractor and will be made available to a contractor’s Certification Body to support compliance assessments.

Details of an installation’s Technical Supervisor won’t be shared with the consumer via the MCS certificate, reflecting the fact that MCS remains a contractor (business) scheme with overall responsibility for the delivery of quality to a consumer residing with the contractor and not its individual employees or contracted staff.

[Proposal 5: Pending \(conditional\) certification](#)

**NOT SUPPORTED**

We will not proceed with this proposal given the impression that this would constitute a cashflow issue for smaller contractors – which make up the majority of the MCS certified contractor base – and as a penalty placed on a contractor wishing to secure certification for their business.

We now plan to explore an alternative solution to the challenge of securing a first installation for assessment to gain MCS certification.

[Proposal 6: MCS Contractor Agreement](#)

**SUPPORTED**

We will proceed with the implementation of a new Contractor Agreement that MCS will hold directly with the Contractor to replace the existing scheme’s sub licensing arrangements. The current scheme is delivered via a contractor’s chosen Certification Body and Consumer Code. As a result, and due to the existing licensing arrangements, we are often removed from the scheme’s relationship with contractors, unless we are involved with an escalated complaint.

We will ensure that the new Contractor Agreement is fair, transparent, and supportive of contractors who deliver quality installations and have good relationships with their consumers but can, if necessary, hold non-compliant contractors to account.

## Advancing consumer protection

### [Proposal 7: Centralised complaint management](#)

**SUPPORTED**

We will plan to centralise the scheme’s complaints and dispute management. We will take a balanced approach to the management of complaints and disputes, and always work to engage the original contractor.

We’ll secure an Alternative Dispute Resolution (ADR) partner for disputes that we are unable to bring to resolution. This will build on our existing role, in which we currently handle many of the scheme’s consumer complaints, either before or after the involvement of a contractor’s chosen Certification Body and/or Consumer Code.

We will implement the proposed programme of outbound contact with consumers. This programme will build on our support for the Boiler Upgrade Scheme (BUS), which complements the compliance activities of Ofgem through contact with all recipients of a BUS grant. This consumer contact programme checks on the delivery of the low carbon heating installations that have benefited from BUS, capturing an early view on the consumer’s satisfaction with their MCS certified installation.

### [Proposal 8: Implementation of new financial protections](#)

**SUPPORTED**

Based on support for the proposed “MCS Guarantee”, we will now progress plans for its development, sharing more details as to its potential structure and operation in due course. As explained in the consultation, the development of the “MCS Guarantee” will sit outside the implementation of all other supported changes to MCS.

The new scheme will not mandate the purchase of Insurance Backed Guarantees (IBGs), leaving contractors to decide on their value to their consumer offer.

We will incorporate guidance into the new scheme for contractors who wish to take deposits. Our advice will extend to the deployment of staged payments that are linked to deliverables that are well planned and clearly communicated.

## Implementing the new scheme

### [Proposal 9: Retirement of existing documents](#)

**SUPPORTED**

Our plans for the development of the new scheme will incorporate the retirement of existing scheme documents - MCS 001-1, MCS 001-2, MCS 025 and MGD 001. This process will be facilitated through the Impact Assessment associated with this response to the consultation. The Impact Assessment helps track the replacement, removal or retention of existing scheme requirements across to the new scheme.



# Annex A: Analysis of consultation responses

## Introduction

This section looks in detail at the responses received to the consultation and how these have been considered in determining changes to MCS.

It first provides an overview of the respondents to the consultation and then summarises each individual proposal included in the consultation, about which the consultation asked questions.

A summary of the responses received to each question is then provided and an outline of the MCS consideration is then given to these responses in support of a final decision.

## Who responded

The consultation ran from 5 June 2023 to the 17 July 2023 and received 106 responses via the consultation's response form. We received a further 1,493 individual votes and associated comments in response to a series of online polls presented via LinkedIn and Twitter. Responses were received from contractors (installation companies), manufacturers, trade bodies, consumer organisations and individual consumers.

In addition, we benefitted from written feedback outside of the consultation's response mechanisms. Prior to the publication of the consultation, we also held a series of pre-consultation workshops and meetings with contractor members of the MCS installer forum, government officials, our Standards community, and Certification Bodies.

The profile of respondents differs between the consultation questions and online polls, but in overview the following market segments make up the responses received:

Contractor / Installation Company	<b>53%</b>
Consumer / Independent	<b>14%</b>
Trade Association	<b>11%</b>
Consumer Organisation	<b>7%</b>
Certification Body	<b>7%</b>
Manufacturer	<b>7%</b>
Other	<b>1%</b>



## Proposal 1: New scheme structure

### Summary of proposals

Our consultation proposed a new, clearer Scheme structure be adopted to provide consistently high-quality outcomes for consumers, increase Scheme accessibility and improve contractor understanding of what constitutes compliance and, therefore, quality.

The proposed new structure would require contractors who wish to operate as “MCS certified” to:

- Undergo assessment via their chosen Certification Body (CB) against the MCS Installation Standard (MIS) for each technology that they wish to install, and;
- Pass a series of initial and ongoing Scheme Approval checks, performed by MCS on a contractor’s business, to establish compliance with new Scheme Rules, Customer Duty, and the applicable System Performance Estimate Standard.

Once a contractor has satisfied both, MCS will offer the contractor to enter into a Contractor Agreement to operate as MCS certified.

It was proposed that Scheme Rules will form the primary reference for contractors to understand the requirements of operating as MCS certified.

A new Customer Duty was proposed to set out the rights and responsibilities of a consumer receiving advice, quotations, designs, installations, products, and services from their MCS contractor and, in turn, their subcontractors. We propose to collate evidence and conduct initial as well as ongoing checks to ensure compliance with the Customer Duty. These proposed surveillance checks will include general integrity and financial stability checks as well as consumer satisfaction monitoring via contact with the consumer of every MCS certified installation.

We had proposed to no longer mandate a contractor’s membership of a Consumer Code.

It was further proposed that a new Contractor Agreement, issued directly to contractors by MCS, after a successful Certification Body assessment of a contractor to the appropriate MIS and completion of Scheme Approval checks on a contractor’s business by MCS.

To complement new Scheme Rules and a Customer Duty, it was proposed that the MISs that cover each of the technologies in scope for MCS, be reset so that they contain only their technical requirements necessary to perform a quality installation, relocating the consumer management and market environment information that has been added to the MISs over the years.

It was proposed that a System Performance Estimate relevant to each technology be provided to the consumer before the contract is awarded and follows an industry-backed, standardised methodology.

Consultation Question	
1.1	Do you agree with a proposed new scheme structure to incorporate MISs containing the technical requirements for an installation, new Scheme Rules and Customer Duty?

## Summary of responses

There were 89 responses to this question. Of these responses, 61 (69%) agreed with the proposed new scheme structure, 18 (20%) disagreed with the proposal, and 10 (11%) neither agreed nor disagreed.

Most respondents supported the proposed new scheme framework, especially those who indicated they were responding as a contractor. A significant majority of respondents gave their “agreement in principle”, requesting more detail and visibility of the scheme governance documents, including the proposed new Contractor Agreement. These documents were not provided as part of the consultation.

Respondents largely welcomed a more integrated scheme, offering consistency in the treatment of contractors and in response to consumer complaints.

## MCS consideration and decision

We believe there to be significant justification and now support for the adoption of a new operating framework for MCS as described in Proposal 1 of the consultation. We do not accept the arguments made by a small minority of respondents who would wish to maintain the status quo and their current role within the scheme, especially when considering the evidence we see of poor-quality installations by contractors who have continued to operate under the scheme for a significant period of time despite obvious consumer detriment. We are determined to implement changes to MCS that will significantly improve scheme effectiveness and responsiveness.

This evidence, taken together with feedback from consumers as presented in the MCS Consumer protection in small-scale renewables research report and findings<sup>5</sup>, makes a clear case for structural change.

Now that we have received support for structural change, we intend to publish the new scheme documents as a single package at the end of the year.

Conversely there were some respondents who suggested that we need to go even further in simplifying the scheme and reducing the cost in both time and money of operating as MCS certified. We intend to monitor the performance of the new scheme against these metrics, comparing the performance of the existing scheme with new.

<sup>5</sup> MCS [Consumer protection in small-scale renewables](#) research report and findings published in December 2022

Consultation Question	
1.2	In light of the proposed introduction of the MCS Customer Duty, are there any risks that need to be considered with the removal of mandatory Consumer Code membership?

## Summary of responses

There were 90 respondents to this question. Of these responses, 46 (51%) agreed with the proposal for the introduction of the MCS Customer Duty and the removal of mandatory Consumer Code membership, 24 (27%) disagreed with the proposal, and 20 (22%) neither agreed nor disagreed.

In addition to submitted consultation response forms, an online poll to address this question via LinkedIn achieved 272 responses, of which 131 (48%) agreed with the proposal and 141 (52%) disagreed. We note though that there were a large number of poll submissions made by employees who work for a Consumer Code. The same poll on Twitter achieved 104 responses, of which 78 (75%) agreed with the proposal and 26 (25%) disagreed.

Respondents cited confusion over the role Consumer Codes play and that their involvement in the scheme adds complexity that can put potential new entrants off. Many welcome the proposed Customer Duty as a clear statement of how the scheme expects certified contractors to interact with their consumers, and in return, set expectations of consumers.

## MCS consideration and decision

We will proceed with the implementation of the new Customer Duty. Prior to publication we will determine whether this title adequately describes the purpose of this new scheme document. We expect that the new Customer Duty will be shared by contractors with their consumers at first contact, ahead of the design and installation of a consumer's system.

MCS will collate evidence and conduct initial as well as ongoing checks to ensure compliance with this Customer Duty and that the Contractor is meeting obligations to safeguard consumers. These surveillance checks will include general integrity and financial stability checks, as well as going beyond this to include consumer satisfaction monitoring via contact with the consumer of every MCS certified installation.

We will place consumer protection at the heart of the new scheme and will invest in and build robust resources, systems and processes to support service delivery and to ensure capability. We will no longer mandate a contractor's membership of a Consumer Code.

## Proposal 2: Certificates for replacement, extended and adopted systems

### Summary of proposals

We proposed that MCS certificates could be granted for replacement installations and extensions to existing installations, irrespective of whether the original installation was MCS certified. Contractors would be required to indicate via the MID, as an attribute to appear on the MCS certificate, whether an installation is entirely new, a replacement to a previous installation or an extension to an existing installation.

We also proposed that an MCS contractor can “adopt” an installation as their own, that for whatever reason has not been completed if the contractor accepts full responsibility for the quality and compliance of the installation upon completion and handover to the consumer.

Consultation Question	
2.1	What risks, associated with MCS allowing for the certification of replacement or extended systems, should be considered?

### Summary of responses

There were 77 responses to this question. Of these responses, 38 (49%) were supportive of the proposal to allow for the certification of replacement or extended systems, 26 (34%) disagreed with the proposal either in full or in part, and 13 (17%) neither agreed nor disagreed.

Most respondents were supportive of allowing for the certification of these types of installations. Some respondents highlighted that a replacement system using entirely new components, is effectively a new installation and is allowed for already under MCS. Respondents suggested that MCS should provide guidance that contractors can use to inform their consumers in relation to maintaining their access to government incentive if the previous system benefits from a government incentive were to be replaced (generating a new certificate).

However, while there was considerable support for the certification of replacement installations (including from those who disagreed with the full proposal), respondents highlighted several issues with raising certificates for extensions to systems. These issues included how to determine responsibility for system elements if it were to fail in some way.

### MCS consideration and decision

MCS set out this proposal to allow MCS contractors to certify a broader range of their installation work, reflecting previous feedback from contractors wishing to present their consumer with an MCS certificate as a statement of their quality, not limited to entirely new installations.

MCS will allow for the certification of replacement systems in the scheme changes. What constitutes a “replacement system” will be defined in the new Scheme Rules.

We will require a contractor to indicate which installations are replacements, with the potential to prompt the contractor to indicate this is the case where an existing certificate is registered on the MID. Recording that an installation is a replacement will allow for more focused questions to be included in the proposed

proactive programme of outbound contact with all consumers of MCS installations. Contractors will be expected to advise consumers of any impact to the ongoing payment of a government incentive if the previous installation that attracted an incentive were to be replaced.

Given the potential issues raised by respondents with the certification of systems that have been extended, MCS will not proceed with this element of the proposal at this time. We now plan to explore an alternative solution to the challenge of extending an installation so that it could attract MCS certification.

Consultation Question	
2.2	Should MCS allow for the adoption of incomplete installations and if so, what additional checks or consumer protections might be necessary?

### Summary of responses

There were 78 respondents to this question. Of these responses, 46 (59%) were supportive of the proposal to allow for the “adoption” of incomplete installations, 13 (13%) disagreed with the proposal either in full or in part, and 19 (24%) neither agreed nor disagreed.

Incomplete installation adoption was supported by most respondents, on the basis that the adopting contractor takes “full responsibility” for the entirety of the installation as though it was their own work.

### MCS consideration and decision

MCS has previously allowed for the adoption of incomplete installations, partially delivered by MCS certified contractors, although until now this has been facilitated through an internal MCS policy document and guidance provided to Certification Bodies to accommodate installation “adoption” on a case-by-case basis. The rules for adopting installations by certified contractors will be written in the new Scheme Rules.

As we plan to contact all consumers of certified installations, we will be able to check on consumer satisfaction and identify contractors who are tempted to “MCS” another non-certified contractor’s work for a fee. We would consider this practice to be in breach of MCS standards.

## Proposal 3: Risk-based compliance assessments

### Summary of proposals

We proposed mandating risk-based compliance assessments that are focused on gathering evidence of a contractor’s “delivered quality” on-site.

It was proposed that compliance assessments be conducted in line with a prescribed Compliance Risk Model, with a contractor’s risk rating determined as a function of a series of risk measures. The consultation described an initial set of proposed risk measures, and that Certification Bodies will be required to operate their assessments in accordance with the Compliance Risk Model.

Our intention is to better support Certification Bodies in allocating their assessor resources to those contractors that present the highest risk of non-compliance, with an increased frequency of assessments needed to establish those contractor’s “delivered quality”. The increased level of assessment for higher risk contractors is to be afforded by these contractors taking an increased burden of the scheme’s assessments, coupled with rewarding those contractors that have established a low risk of non-compliance with fewer on-site assessments.

For each non-conformity found by a Certification Body or MCS, we proposed that a contractor will be required to determine the root cause(s), corrective and preventative actions. A plan of action with associated timescales will need to be agreed with the contractor’s Certification Body or MCS as appropriate.

Consultation Question	
3.1	Do you agree with our plans to refocus the scheme’s Certification Body delivered compliance assessments on “delivered quality”, with a reduced focus on a contractor’s back-office systems and paperwork?

### Summary of responses

There were 82 respondents to this question. Of these responses, 53 (65%) agreed with the proposal to refocus the scheme’s Certification Body delivered compliance assessments on “delivered quality”, with a reduced focus on a contractor’s back-office systems and paperwork, 9 (11%) disagreed with the proposal, and 20 (24%) neither agreed nor disagreed.

In addition to completed consultation response forms, online polls to address this question achieved a significant response. The question posed via LinkedIn achieved 251 responses, of which 203 (81%) agreed with the proposal, 48 (19%) disagreed. The same poll on Twitter achieved 204 responses, of which 190 (93%) agreed with the proposal and 14 (7%) disagreed.

A refocusing of the scheme conformity assessments on “delivered quality” was widely supported. Respondents wanted to understand more in relation to the minimum documentation necessary to prove the management of quality, especially if an installation assessment were to find non-conformities, suggesting weaknesses in a contractor’s management of quality. A minority of respondents were concerned that securing and maintaining MCS would become too easy under this proposal, inferring that quality standards would fall because of a reduced focus on a contractor’s paperwork and back-office systems.

## MCS consideration and decision

We will now proceed with the development of assessments that are focused primarily on a contractor’s “delivered quality”.

We will expect Certification Bodies offering compliance assessments against the MISs, to deliver their assessments “in the field”, capturing objective evidence of the quality of an installation. The assessment of all but essential paperwork should not be necessary unless deficient paperwork and/or back-office systems is determined to be the root cause of a non-conformity.

Consultation Question	
3.2	Do you agree with the deployment of a scheme-wide compliance risk model that determines the volume and nature of contractor assessments, with the aim of ensuring more compliance effort is spent on higher risk contractors, with low-risk contractors rewarded with less site assessments?

## Summary of responses

There were 85 responses to this question. Of these responses, 57 (67%) agreed with the proposal to deploy a scheme-wide compliance risk model that determines the volume and nature of contractor assessments, 7 (8%) disagreed with the proposal, and 21 (25%) neither agreed nor disagreed.

In addition to completed consultation response forms, online polls to address this question achieved a good response. The question posed via LinkedIn achieved 169 responses, of which 147 (87%) agreed and 22 (13%) disagreed with the proposal. The same poll on Twitter achieved 105 responses, of which 84 (80%) agreed with the proposal and 21 (20%) disagreed.

The deployment of a scheme-wide compliance model was supported. Most respondents called for transparency, fairness, and consistency irrespective of a contractor’s choice of Certification Body.

Responses from Certification Bodies asked for close alignment with the risk models already deployed elsewhere in the sector, including through Competent Person Schemes (CPS) and as an assessment methodology deployed in the Electrotechnical Assessment Specification.

A small number of respondents raised concerns with the low-risk scenario that would lead to reduced or no on-site assessments in a year. However, most respondents supported the idea of rewarding ongoing compliance with less assessments.

Respondents talked to the ongoing nature of the assessment of risk, with risk levels to be stored in the MID. Furthermore, respondents wanted to understand how the scheme’s risk model will accommodate both positive as well as negative drivers of risk.

## MCS consideration and decision

We will establish a clear definition of risk under the new scheme that does not imply low quality but instead refers to the frequency of assessments in recognition of the indicators that could increase the risk to quality. For example, the complexity of a contractor’s operations requiring a higher level of supervision of installations based across a wide geography and through sub-contracting arrangements.

We understand the importance of transparency in so far as a contractor can clearly understand how



their risk level has been determined, and if possible, the actions they can take to reduce their risk level. The factors that indicate risk will remain under constant review as the scheme learns what constitutes the main positive and negative drivers of compliance. In time, we will look to deploy machine learning that can establish correlations in the data both MCS and Certification Bodies hold on contractors and their installations.

We will implement an appeals process through which contractors can challenge their risk rating.

Consultation Question	
3.3	Do you agree with the level of assessment burden described and that this can only decrease after 2 years on the scheme?

### Summary of responses

There were 77 responses to this question. Of these responses, 42 (55%) agreed with the proposed level of assessment burden and that this can only decrease after 2 years, 28 (36%) disagreed with the proposal, and 7 (9%) neither agreed nor disagreed.

Most respondents agreed with the proposed assessment burden (frequency), including the option to reduce the volume of assessments after 2 years in line with current practice under CPS.

Respondents called for the allocation of an appropriate risk level to those contractors who have been MCS certified for more than 2 years at the launch of the new scheme.

### MCS consideration and decision

The deployment of the new scheme’s Compliance Risk Model at launch will require the allocation of a risk rating to existing certified contractors. We will work with Certification Bodies to implement the Compliance Risk Model retrospectively, applying an appropriate risk level to contractors, recognising there are long-standing MCS certified contractors with low rates of non-compliance, few if any complaints, operating straightforward delivery models.

We expect that Certification Bodies will charge an annual certification fee, irrespective of a contractor’s risk level and therefore the volume of assessments. We also anticipate that Certification Bodies will charge contractors for additional assessments as determined by the scheme’s Compliance Risk Model. Through a new MCS to CB Agreement we will expect each Certification Body to publish their fees clearly and transparently. Given the current annual assessment cycle, we will work closely with Certification Bodies if a contractor’s risk rating were to increase between annual assessment, ensuring the scheme is responsive to increased risk of non-compliance.

Installation assessments that are associated with complaints or result from the scheme’s planned contact programme with consumers of new installations, will contribute to a contractor’s ongoing risk rating.

Consultation Question	
3.4	Do you agree with our proposed list of factors that should influence a contractor’s risk of non-compliance (increasing or decreasing)?

### Summary of responses

There were 73 responses to this question. Of these responses, 33 (45%) agreed with the proposed list of factors that should influence a contractor’s risk of non-compliance, 6 (8%) disagreed with the proposal, and 34 (47%) neither agreed nor disagreed. A higher than average “neither agreed nor disagreed” response is because the question seeks suggestions as to potential risk factors.

In addition to the suggested risk factors in the consultation, respondents suggested that the severity of a non-conformity, found through assessment, should influence a contractor’s risk rating. Further suggestions for risk factors included: repeated minor non-conformities that become major if they are systemic, the volume of installations performed by a contractor, the frequency of installation and complaints as a percentage of installations.

Respondents indicated the need for measures that if delivered, could reduce a contractor’s risk rating.

### MCS consideration and decision

As suggested in several responses to this question, we will incorporate risk factors that can increase as well as decrease a contractor’s risk rating. We will also adopt the suggestion to distinguish between major and minor non-conformities, which in turn will impact on a contractor’s risk rating.

Together with the Certification Bodies, we will determine a risk calculation table that will form the basis of the Compliance Risk Model at launch, containing objective risk factors to avoid subjectivity. We will provide support to all Certification Bodies in the calculation of a risk rating for certified contractors on the existing scheme.

Consultation Question	
3.5	Do you agree with the proposal to record a contractor's risk rating on the MID and make this visible to them?

### Summary of responses

There were 74 responses to this question. Of these responses 56 (76%) agreed that a contractor’s risk rating should only be visible to them via the MID, 3 (4%) disagreed with the proposal, and 15 (20%) neither agreed nor disagreed.

While most respondents agreed with the proposal, a few raised concerns as to how this might appear to contractors.

## **MCS consideration and decision**

We will make adjustments to the MID so that a contractor's risk rating is visible to them. This risk rating will only be visible to MCS, the contractor and their Certification Body.

We'll make it clear what risk factors have affected their risk rating. There will also be a transparent appeals process.

## Proposal 4: Technical responsibility for each installation

### Summary of proposals

We proposed that a “Technical Supervisor” be responsible for each of a contractor’s installations and that their technical supervision of an individual installation be captured and recorded in the MID.

We further proposed that a contractor’s Technical Supervisor(s) shall be appropriately qualified, with sufficient training and experience, to be able to verify that the full scope of works required to install and commission an installation has been undertaken competently and is fully compliant.

The Technical Supervisor can vary from installation to installation. The size, complexity and geographical coverage of a contractor’s operations will likely dictate the number of Technical Supervisors employed, or contracted, to provide technical oversight of all installations.

Consultation Question	
4.1	Do you agree with a move away from Nominated Technical Person (NTP) to a Technical Supervisor recorded on the MID for each installation?

### Summary of responses

There were 77 responses to this question. Of these responses 56 (73%) agreed with a move away from NTP to Technical Supervisor recorded on the MID 13 (17%) disagreed with the proposal, and 8 (10%) neither agreed nor disagreed.

In addition to completed consultation response forms, online polls to address this question achieved a good response. The question posed via LinkedIn achieved 171 responses, of which 118 (69%) agreed and 53 (31%) disagreed with the proposal. The same poll on Twitter achieved 22 responses, of which 18 (80%) agreed with the proposal and 4 (20%) disagreed.

Most respondents agreed with creating a link between each installation and an appropriately qualified individual who has taken responsibility for the quality and promised performance of the installation as “delivered quality”.

Many respondents talked to the weakness in the current scheme of a contractor only needing one Nominated Technical Person (NTP), sharing that “it is far too easy for companies to have an NTP who never actually goes out on installs” and/or the appropriate oversight of quality and sign-off to ensure the quality of all installations.

Questions were asked as to whether this change to MCS introduces a level of responsibility for individuals versus certified contractors (businesses). Furthermore, respondents wanted to understand what would constitute adequate technical supervision and what is meant by a Technical Supervisor’s “sign off” of an installation to be retained in the records kept by the contractor.

## MCS consideration and decision

We will now progress plans to implement a change from NTP to a Technical Supervisor, with the role of Technical Supervisor to be described in the new Scheme Rules and recorded in the MID for each installation.

Associated with this change, we will issue guidance as to what constitutes an acceptable supervisory ratio and the nature of supervision to help contractors (and their Certification Bodies) establish what is an appropriate level of technical oversight. In doing so, we will consider existing supervisory models as described in other schemes relevant to this sector and feedback that suggests that consideration should be given to how a contractor manages their quality.

At launch and through the operation of the new scheme, we will emphasise that MCS remains a contractor (business) certification scheme, with assessments that are primarily focused on “delivered quality”. If “delivered quality” is found to be not the case, then we would expect a Certification Body to consider whether an appropriate level of technical supervision is in place, especially if the assessed installation is one of many installations that have been supervised by the same individual across numerous locations and/or in a short space of time.

Consultation Question	
4.2	What checks should be made when assessing an installation as to the technical supervision that was put in place, and the involvement and competency of the Technical Supervisor?

## Summary of responses

There were 74 responses to this question. Given the nature of this question, which asks for proposals on the checks that should be made when assessing the technical supervision of an installation, it is not possible to categorise responses as either agreed or disagreed.

Most responses referred to the technical qualifications they would expect a Technical Supervisor to have achieved. It was further suggested that MCS mirror the approach taken in other schemes, for example for the provision of an Electrical Installation Certificate, requiring individual responsibility for each “part” of the job.

Respondents returned to the nature of technical supervision, stressing the importance of quality checks (and checklists) to ensure that an installation matches its design, with photographs suggested by some as a way of tracking the delivery of quality.

## MCS consideration and decision

We intend to follow the same approach as currently described in MCS 025 – The Competency Standard, in that a Technical Supervisor will be expected to hold an in date qualification for the technology being installed, as currently listed on the [MCS website](#).

We anticipate that for smaller and medium-sized contractors, their current NTP will likely become their Technical Supervisor.

If non-conformities are established through assessment, and the root cause is identified as a lack of appropriate technical supervision, then a contractor will need to establish the necessary supervisory

arrangements more appropriate to the volume and complexity of their operations. Prior to the launch of the new scheme, we will publish guidelines as to what constitutes adequate supervision, appropriate to the volume and complexity of a contractor’s operations.

Consultation Question	
4.3	We do not plan to include the Technical Supervisor’s details on an MCS certificate but retain this information in the MID for compliance reasons only. Do you agree with this approach?

### Summary of responses

There were 69 responses to this question. Of these responses 45 (65%) agreed with not including the Technical Supervisor’s details on the MCS certificate, 18 (26%) disagreed with the proposal, and 6 (9%) neither agreed nor disagreed.

It is interesting to note that over a quarter of the responses that disagreed with the proposal were due to their desire for the proposal to go much further in terms of sharing the Technical Supervisor’s details on the MCS certificate, allowing for greater individual accountability.

Most respondents agreed with the proposal to maintain the details of the Technical Supervisor in “the background”, allowing for the Supervisor’s involvement in any assessment. Many argued that the end consumer, who is typically contracted with a business for their installation, does not need to know the specific individuals involved and should be holding their contractor to account and not one individual.

### MCS consideration and decision

We will proceed with amendments to the MID that will allow for the recording of the Technical Supervisor alongside the other installation details. The Technical Supervisor for an installation will not be published on the MCS certificate. We will make this information available to the contractor for historical reference and to Certification Bodies in support of their assessments.

In time, we will consider how best to store associated information to describe the qualifications, competencies, and areas of responsibility of a Technical Supervisor.

## Proposal 5: Pending (conditional) certification

### Summary of proposals

In response to reports that some contractors struggle to secure a first installation that can be used for their initial assessment by their chosen Certification Body, we had proposed the introduction of “pending certification” which, if granted by a contractor’s Certification Body and MCS, would allow a contractor to advertise that their first installation will be an MCS certified installation.

As a form of security, to protect the consumer from their contractor’s potential failure to achieve MCS certification, we had proposed that the contractor pay a bond of £5,000 to MCS. This would be returned once the contractor is able to operate as “MCS certified” and raise an MCS certificate for their first installation. If the contractor were to fail to achieve certification, the contractor would forfeit this bond, which MCS would then use to commission an MCS certified contractor to complete the consumer’s installation via the adoption process, raising the associated MCS certificate.

Consultation Question	
5.1	Do you agree that a “pending certification” option is of benefit to contractors struggling to secure a first installation without having to complete an installation at their own cost? Will this resolve the issue of contractors needing to complete a first installation to support their initial assessment, but unable to find a consumer willing to contract with a contractor who isn’t already MCS certified?

### Summary of responses

There were 77 responses to this question. Of these responses 28 (36%) agreed with the proposal for “pending certification” as a mechanism through which the scheme could support contractors in securing their first installation for assessment, 21 (27%) disagreed with the proposal, and 28 (36%) neither agreed nor disagreed.

In addition to completed consultation response forms, online polls to address this question achieved a good response. The question posed via LinkedIn achieved 180 votes, of which 110 (61%) agreed and 70 (39%) disagreed with the proposal. The same poll on Twitter achieved 41 votes, of which 22 (54%) agreed with the proposal and 19 (46%) disagreed.

Of all the questions posed in the consultation, this generated the most polarised opinions. Some respondents suggested that the challenge of securing a first installation for a willing consumer is not a significant issue and therefore doesn’t warrant a solution, citing that most contractors do find a way to secure their first installation under the current scheme arrangements. Equally it was argued that only those contractors who are prepared to deliver their first installation at their cost are those that do eventually secure MCS certification for their business.

Respondents raised concerns as to how “pending certification” would work in practice. The most significant concern raised relating to the nature of certification itself, meaning that a subject for certification, in this case a contractor, can’t be partially certified; certification being Boolean and so a contractor is either certified or is not. There were associated concerns raised as to the capacity of Certification Bodies to visit the installation and subsequently respond to corrections to that installation arising from non-conformities found at first inspection in a timely manner.

Respondents also pointed out that the notation of “pending” might act as a further barrier to consumers, raising concerns as to the legitimacy of a contractor choosing to follow this route into the scheme.



Several suggestions for alternatives to “pending certification” were provided. Examples included utilising the personal certification route offered under ISO 17024, simulating an installation in an assessment centre environment that if passed would attract further on-site assessments to prove competency while effectively on “probation” similar to the approach offered through Gas Safe<sup>6</sup>, and allowing the commissioning of new to scheme contractor’s first few installations by the manufacturer.

## MCS consideration and decision

Given the consultation feedback and the potential complexities involved in managing “pending certification”, we don’t now believe this to be the right solution to the problem this proposal was attempting to address.

However, more broadly, we do wish to address scheme accessibility, especially for those wishing to transition their business into the low carbon sector. We will therefore explore the suggestion of an MCS installation assessment through which a contractor’s Technical Supervisor can complete elements of an installation in a simulated environment. If “passed”, an assessment of this nature would likely lead to additional assessments of actual installations to help consolidate their “delivered quality”. We plan to move to pilot this idea next year.

Consultation Question	
5.2	Will taking a bond to offset the cost of completing a consumer’s installation if a contractor fails to achieve MCS certification provide adequate protection for consumers? Do you have any other suggestions that could provide adequate consumer protection during a contractor’s “pending certification”?

## Summary of responses

There were 75 responses to this question. Of these responses 14 (19%) agreed with the proposal of taking a bond to protect consumers if a contractor were to ultimately fail to secure MCS certification for their first installation, 45 (60%) disagreed with the proposal, and 16 (21%) neither agreed nor disagreed.

Several issues were raised with the taking of a £5,000 bond. Contractor respondents raised the concern that smaller businesses may struggle to find this amount, and although not intended in the proposal, then be concerned that as a first installation which would likely have some compliance issues, that the bond would then not be returned, placing a significant drain on a contractor’s cashflow.

Questions were raised as to the mechanics of taking the bond, its potential to be used to remediate issues that the original contractor had been unable to resolve, and the timing as to its subsequent return being dependent upon the contractor’s chosen Certification Body and MCS.

Respondents suggested that as an alternative, MCS might legislate for staged payments to better protect consumers, operating as an extension to compliance with the new scheme’s Customer Duty.

## MCS consideration and decision

We will not proceed with this proposal.

<sup>6</sup> [Path to Gas Safe Registration](#)

Consultation Question	
5.3	Is a bond of £5,000 enough of a deterrent to prevent unscrupulous contractors taking advantage of an option for “pending certification”?

### Summary of responses

There were 73 responses to this question. Of these responses 12 (16%) agreed with £5,000 as the value of the bond to act as a deterrent to unscrupulous contractors, 50 (68%) disagreed with the proposal, and 11 (14%) neither agreed nor disagreed.

Most respondents disagreed with this proposal. The perception of many was of this being a penalty and that a contractor would struggle to get their money back. As with responses to question 5.2, respondents felt this approach does not recognise that a contractor is unlikely to get everything right on their first install.

There was some agreement that £5,000 would act as a safety net for consumers but not as a deterrent to unscrupulous contractors. Some respondents suggested that MCS should graduate the value of the bond based on the size of contractor business.

### MCS consideration and decision

We will not proceed with this proposal.

The proposal had been intended to help facilitate a way around the problem some contractors can face in securing a first installation for assessment, making the scheme more accessible. As many responses perceived £5,000 as a penalty on contractors looking to secure certification, with unscrupulous contractors not being concerned by this amount, we have decided not to proceed with this proposal.

## Proposal 6: MCS Contractor Agreement

### Summary of proposals

We had proposed that Contractors that achieve certification through their chosen Certification Body and subsequently maintain their compliance with a series of MCS Scheme Approval checks, will be offered a Contractor Agreement that, once signed, allows a contractor to operate as “MCS certified”.

This new Contractor Agreement is intended to allow MCS to hold contractors to account for their “delivered quality” in both their interactions with consumers and for the quality and compliance of their installations.

Consultation Question	
6.1	Do you agree that MCS should further strengthen its ability to hold contractors to account for poor quality installations via a new Contractor Agreement?

### Summary of responses

There were 79 responses to this question. Of these responses 57 (72%) agreed with the implementation of a new Contractor Agreement that can hold contractors to account, 5 (6%) disagreed with the proposal, and 17 (22%) neither agreed nor disagreed.

Most respondents agreed in principle with MCS being able to act when contractors fail to deliver quality compliant installations and/or do not treat their consumers well.

Concerns were raised that while a new Contractor Agreement might strengthen the scheme powers to compel contractors to do the right thing, it might also be seen as unachievable, setting the bar so high or to be interfering too much in the relationships contractors must maintain with the consumers. Other responses referred to MCS offering to mediate between parties.

Responses also referred to the need for a robust, fair, and transparent complaints procedure, affording contractors sufficient time to resolve problems before MCS “steps in”.

### MCS consideration and decision

A new Contractor Agreement will offer MCS more powers than the existing sub-sub licence that is currently held between the Certification Body and contractor. However, this Contractor Agreement needs to be fair, underpinning commitments on both the contractor and MCS.

Our intention is to foster a direct and supportive relationship with MCS certified contractors. This relationship will be based on transparency and will be as much about celebrating quality installations and good consumer outcomes, as it is about providing support to both the contractor and their consumers, when in a small minority of cases, things have gone wrong.

We know that most contractors wish to deliver high quality installations for their consumers. Under the proposed new scheme, we will always endeavor to act in partnership with contractors, fostering an open relationship that would allow for the opportunity to address any issues or non-conformities in relation to compliance to the scheme.

Consultation Question	
6.2	Do you agree that MCS should adopt powers so that a contractor who is no longer on the scheme is not absolved from the liabilities and responsibilities accrued during their operation as an MCS certified Contractor?

## Summary of responses

There were 79 responses to this question. Of these responses 57 (72%) agreed with the implementation of a new Contractor Agreement that can hold contractors to account, 7 (9%) disagreed with the proposal, and 15 (19%) neither agreed nor disagreed.

Most respondents agreed with holding contractors to account beyond the end of their Contractor Agreement to operate as MCS certified, especially if the contractor decided to drop their certification to avoid resolving a consumer issue.

However, respondents were concerned as to whether this would be achievable through the proposed new Contractor Agreement, especially if the contractor is no longer trading. Further suggestions were made as to the need to refer to protections already afforded under Consumer Protection Law and via a contractor’s Public Liability insurance.

## MCS consideration and decision

We intend to proceed with the development of the new Contractor Agreement and will ensure that it acknowledges the obligations placed on businesses under Consumer Protection Law.

By MCS having a direct relationship with each contractor via the Contractor Agreement, we'll adopt powers to hold contractors to account when we have evidence of consumer detriment, regardless of whether a contractor is still trading as MCS certified.

## Proposal 7: Centralised complaint management

### Summary of proposals

We had proposed that MCS takes a central role in the management of consumer complaints and disputes. Our intention is to embed complaint management and dispute resolution in our operations, central to the delivery of a new scheme framework.

Our proposals incorporated the provision of independent Alternative Dispute Resolution (ADR) as an option for consumers and contractors following a failure to provide a resolution through the MCS complaints process.

Taking learning from our involvement in outbound calling consumers in receipt of the Boiler Upgrade Scheme grant, we proposed to deploy a proactive programme of outbound contact with consumers receiving MCS installations, irrespective of whether they make use of a government incentive. This proposal will give the scheme much greater insight into consumer satisfaction and outcomes with each contractor's work, and the ability to make an early record of issues and if necessary, trigger a remediation plan just a few days after the completion of a consumer's installation. These findings will inform MCS Scheme Approval Checks and the scheme's Compliance Risk Model.

Our ambition for a proactive programme of outbound contact far exceeds anything offered in comparable industries. In this way, we expect the small-scale renewable technology sector to continue to set leading standards for quality and consumer outcomes.

#### Consultation Question

7.1	What are the most important aspects of complaint management that we should consider?
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### Summary of responses

There were 74 responses to this question. Given the nature of this question, which asked for input on what aspects should be considered important to successful complaint management, it is not possible to categorise responses as either agreed or disagreed.

However, most respondents expressed support for our taking a leading role in the scheme's complaint and dispute management. 70% of respondents offered to input further in designing aspects of complaint management.

Respondents placed emphasis on the speed of complaint handling, linked to an ability to establish the root cause of an issue, that in turn can allow for a timely remediation plan to be put in place that engages both contractor and consumer.

Some respondents talked of the need for us to assign the appropriate resources for what will become a core function of a new scheme.

### MCS consideration and decision

We consider this to be a fundamental part of the operation of a new scheme, building on the role we already play in handling many of the scheme's consumer complaints when considering the complaint volumes published by the two existing Consumer Codes. We are often the point of escalation when complaints fall outside the remit of these organisations, or if they have been unable to secure a resolution for the consumer.

We have also proposed to contact every consumer of an MCS certified installation to understand their initial satisfaction, both with their relationship with their chosen contractor, and their completed installation. This industry first proactive programme of outbound contact will give MCS early warning of delivery issues, and working with contractors, help address problems before they escalate into complaints and potential disputes. We will do all of this in tandem with the contractor concerned, communicating openly and in the interests of consumer satisfaction. This programme of outbound contact builds on our current role in the provision of calls and email contact with all recipients of a Boiler Upgrade Scheme (BUS) grant.

We will take a balanced approach to the management of complaints and disputes, and always work to engage the original contractor.

Consultation Question	
7.2	How should we judge the success of our complaint management and dispute resolution, including through the partnerships we form for the provision of dispute resolution services and ADR?

## Summary of responses

There were 74 responses to this question. Given the nature of this question, which asked for input on what aspects should be considered important to successful complaint management, it is not possible to categorise responses as either agreed or disagreed.

Respondents shared their success criteria, which in order of the number of times mentioned in the responses included:

- Response times associated with each stage in the process, including time to resolution (linked to a suggestion to report median and mean response times).
- Case volumes by type (and publication of common complaints).
- Outcome/resolution status to support reporting and analysis:
  - resolved by mutual agreement between the complainant and the contractor
  - resolved in favour of the complainant
  - resolved in favour of the contractor
  - not resolved (escalated to ADR)
- Demonstrating fairness with clear rationale for the development of resolution that does not favour either party, linked to a process satisfaction survey.
- Engagement with manufacturers (warranties) to support their involvement as necessary.
- Benchmark scheme complaint and dispute management performance against comparable sectors to support improvements and development.
- Outcome of Alternative Dispute Resolution (ADR) referrals.
- Complaints not in scope and the reasons why (and outcome if available).

## MCS consideration and decision

Our design for the new scheme’s complaint management processes will consider the feedback received and will refer to the CMA’s “good practice principles for standards bodies”<sup>7</sup>. [Annex B](#) includes a cross-reference between the new scheme and CMA’s principles. We will publish a set of KPIs at the outset and commit to publishing regular quarterly updates as to the delivery of these KPIs.

We will invest to advance our current contact management system, allowing for dedicated complaint and dispute management functionality.

<sup>7</sup> CMA (2023) [Good practice principles for standards bodies – raising standards in the green heating and insulation sector](#)

## Proposal 8: Implementation of new financial protections

### Summary of proposals

We had proposed a new fund to act as the sector’s “fund of last resort” that can pay for the cost of remediation of a consumer’s installation, if a contractor is unable or unwilling to complete the remediation work deemed necessary to resolve an installation’s workmanship or performance issues.

We had further proposed that under a new scheme we would not mandate the purchase of Insurance Backed Guarantees (IBGs) or Deposit Protection Insurance.

Consultation Question	
8.1	Do you agree with the premise of the “MCS Guarantee” as a new financial protection to be associated with MCS certified installations?

### Summary of responses

There were 77 responses to this question. Of these responses 46 (60%) agreed with the premise of the MCS Guarantee, 20 (26%) disagreed with the proposal, and 11 (14%) neither agreed nor disagreed.

Most respondents supported the premise of a new financial protection for the remediation of consumer installation problems versus offering compensation under restricted conditions. In this way, consumers would achieve a resolution to their installation problem versus receiving an insurance payment. Many respondents suggested that this would establish greater consumer confidence in the sector.

Many respondents who disagreed with the proposal did so out of concern for the potential cost to the contractor. Respondents asked for more detail that will be forthcoming once the design, delivery, and governance of the “MCS Guarantee” has been determined.

In addition, concerns were raised in relation to the average cost of a Ground Source Heat Pump installation being above the proposed £20,000 limit for the cost of remediation.

### MCS consideration and decision

As stated in the consultation, the proposal for an “MCS Guarantee” is distinct from all other planned changes to the scheme. We will now progress the development of design for a delivery framework for a “fund of last resort” given the support received for this initiative through the consultation.

Based on our engagement with current Insurance Backed Guarantee (IBG) providers in the sector and warranty providers elsewhere, it is unlikely that the MCS Guarantee will be developed as an insurance scheme that issues policies to consumers.

We are minded to develop the MCS Guarantee to add value to a contractor’s MCS certification in front of their consumers.

Once we have received further detailed advice as to the structure of the MCS Guarantee, we will then make the decision whether to proceed with its development. If we decide to proceed, we will publish its design and planned operation.



Consultation Question	
8.2	What should we consider in designing the “MCS Guarantee” and in our choice of a financial protection partner(s)?

### Summary of responses

There were 66 responses to this question. Given the nature of the question, which asked what we should consider in designing the “MCS Guarantee”, it is not possible to categorise responses as either agreed or disagreed.

Respondents were concerned with the cost to the contractor, and therefore indirectly to the consumer, of accessing the Guarantee. Respondents encouraged speed in terms of processing applications to the Guarantee, citing issues with IBGs.

We were cautioned against offering financial compensation but rather to focus on solving a consumer’s installation issue. Many respondents talked about the need to provide clear terms and conditions and avoid this being an insurance policy that in turn would require FCA approval or a partnership with an existing FCA approved insurance provider.

### MCS consideration and decision

We are considering a range of options as to how to finance the MCS Guarantee as the sector’s “fund of last resort” as we take steps to secure a design for the fund, taking on board feedback received through the consultation. We will publish more details in due course.

Consultation Question	
8.3	Do you agree that there is little or no consumer detriment from removing the current mandatory requirement for IBGs?

### Summary of responses

There were 71 responses to this question. Of these responses 42 (59%) agreed that there is little or no detriment to the removal of the current mandatory requirements for IBGs, 15 (21%) disagreed with the proposal, and 14 (20%) neither agreed nor disagreed.

Most respondents felt that IBGs do not offer the protections consumers expect of a “guarantee” associated with the size and importance of an investment in low carbon technology. As claims data is not reported, there were some respondents who wished for more information to make a more informed assessment.

Responses in support of retaining a mandatory requirement for IBGs offered little evidence as to their effectiveness but suggested that they can offer some reassurance to consumers.

### MCS consideration and decision

We will not mandate purchasing IBGs in the new scheme.

Findings of our own research, feedback from contractors and evidence of failed claims due to the restrictive

nature of IBGs, including a dependence on a contractor’s insolvency, suggest that once the nature of IBGs is explained, that they do not offer the confidence consumers state they need to support their investment in low carbon technologies for their homes and small offices.

Consultation Question	
8.4	Are alternatives to credit card protection of deposits necessary in today’s market and if so, what form of protection would you suggest?

## Summary of responses

There were 63 responses to this question. Of these responses 16 (25%) agreed that the use of a credit card provides the necessary protection of deposits in today’s market and that there isn’t a need for an alternative, 36 (55%) disagreed with the proposal, and 11 (17%) neither agreed nor disagreed.

Concerns were raised by many respondents that not all consumers have or wish to have a credit card. Furthermore, concerns were raised over placing a responsibility on smaller contractors to ask for credit card payments but who don’t have this facility today, adding to the cost of a transaction. Some contractors also said that they won't ever take a deposit.

Some respondents encouraged us to include an element of deposit protection in the proposal for the “MCS Guarantee”, making it simpler and easier for contractors. Many respondents referred to a need for clear staged payments, agreed in advance with the consumer.

## MCS consideration and decision

We have been concerned as to the effectiveness of current Deposit Protection Insurance having seen examples of policies that are restricted in the length of time they apply during a period when the market has struggled with its supply chain. We are also mindful of feedback that contractors of all sizes are taking less deposits but favour a schedule of staged payments, agreed in advance with their consumers.

Our ambition for the new scheme is to streamline and reduce the level of burden placed on contractors, but at the same time increase protections for consumers. As the market matures and through the new Customer Duty, we will encourage and monitor a low or no deposit culture, linked to well-planned and clearly communicated staged payments that can support both a contractor’s cashflow and consumer protection.

Through our planned contact with all consumers of certified installations, and a centralised complaints management capability, the new scheme will monitor contractor behaviour around collecting and administering deposits. We'll also review how much of a deposit a contractor takes and determine whether this is appropriate and in line with what is stipulated in the Customer Duty. We'll be proactive in this area in order to minimise the consumer detriment we see today around loss of deposits.

Consultation Question	
8.5	Should MCS prescribe the maximum deposit a contractor can take from their consumer, as a percentage of the overall cost of an installation? Are there any other considerations in relation to a contractor taking deposits that we should review?

### Summary of responses

There were 75 responses to this question. Of these responses 38 (51%) agreed that we should prescribe a maximum deposit a contractor can take from a consumer as a percentage of the overall cost of an installation, 28 (37%) disagreed and 9 (12%) neither agreed nor disagreed.

Most respondents recognised the balance to be struck between ensuring consumer protection and maintaining business viability. Some felt this should be left to the market to determine and that our role should not extend as far as prescribed maximum deposits.

Some respondents felt that contractors should be offered guidance as to what represents a sensible level of deposit, with a need for them to justify why a higher deposit might be required in certain circumstances. Some respondents felt that our guidance should allow for deposits (or staged payments) to at least cover the initial outlay for the cost of equipment delivered to a consumer ready for installation.

### MCS consideration and decision

We will consider how to address the need for staged payments and the appropriateness of deposits if taken in the new Customer Duty.

While we agree with the majority view that this is a matter for a contractor to determine, we will gauge a consumer's satisfaction with the financial arrangements that they have agreed with their contractor via the new scheme's proactive programme of outbound contact with consumers. If issues are found, we will raise these with the contractor concerned.

## Proposal 9: Retirement of existing documents

We had proposed to retire the following MCS documents at the point at which a new scheme comes into effect:

- MCS 001-1 The Contractor Standard - Part 1: Requirements for MCS Contractors;
- MCS 001-2 The Contractor Standard – Part 2: The Certification Process;
- MCS 025 – The Competency Standard;
- MGD 001 - Complying with MCS 001 – Guidance on the MCS Contractor Standard.

### Consultation Question

9.1	Do you agree that we can retire MCS 001-1, MCS 001-2, MCS 025 and MGD 001 as result of proposed changes to MCS?
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### Summary of responses

There were 68 responses to this question. Of these responses 49 (72%) agreed with the planned retirement of the existing scheme documents (as listed in the question) once the new scheme goes live, 8 (12%) disagreed and 11 (16%) neither agreed nor disagreed.

Most respondents agreed with our plans to retire existing scheme documents on the assumption that existing requirements have been fully considered and either replaced or replicated in the new scheme documents.

### MCS consideration and decision

To provide the necessary reassurance that the new scheme has considered all the requirements of the existing scheme, we have developed an Impact Assessment published alongside this response to the consultation to help track the replacement, removal or retention of existing scheme requirements.

We'll move to retire and archive these existing scheme documents as the new scheme goes live.

## Annex B: Cross-reference to CMA principles

Following the publication of CMA’s findings from a call for information in relation to consumer protection in the UK green heating and insulation sector<sup>8</sup>, the CMA has published “Good practice principles for standards bodies – raising standards in the green heating and insulation sector”<sup>9</sup>. The planned changes to MCS, as supported through our consultation, are to be developed to meet these good practice principles.

It should be noted that the scope of MCS extends beyond “green heating” and as such the following should be taken to apply to the range of small-scale renewables covered by MCS product and installation standards.

### **1. Effective promotion: Standards bodies to actively promote their activities to help ensure consumers understand their scope and purpose and the benefits of using a member business.**

- The new scheme will incorporate a Customer Duty. The MCS Customer Duty sets out the rights and responsibilities of a consumer receiving advice, quotations, designs, installations, products, and services from their MCS contractor and, in turn, their subcontractors. It also describes the consumer’s responsibilities to their chosen contractor. Compliance with the Customer Duty will be mandatory under the new Scheme.
- We expect that the new Customer Duty to be shared by contractors with their consumers at first contact, ahead of the design and installation of a consumer’s system.
- In line with the new scheme, we will reset the MCS processes and communications that refer to ‘What to do if things go wrong’. We will publish how consumers can benefit from and access MCS centralised complaints management under the new scheme.
- The MCS website offers consumers an easy contractor search function for MCS contractors operating in their area, offering the technology that they are interested in. MCS contractor data is shared with other organisations in the sector to power their search functions, including the Energy Saving Trust Renewables Installer Finder in support of consumers in Scotland.

### **2. Robust vetting and monitoring: Standards bodies to conduct robust compliance checks on applicants and, on an ongoing basis, their members, to ensure they meet (and continue to meet) requirements.**

- MCS is a third party assessed certification scheme, compliant with ISO 17067 (fundamentals of product certification). This international standard provides for the guidelines for operating and maintaining certification schemes. Certification Bodies offering MCS must maintain their compliance with ISO 17065 in front of UKAS, which specifies the requirements for bodies certifying products, processes, and services.
- As a minimum, Certification Bodies offering MCS are required to conduct annual assessments for contractors to secure and then maintain their MCS certification. Under ISO 17065, these assessments must be conducted to an agreed schedule and provide objective, impartial evidence of compliance with MCS Standards, as appropriate to the technology being installed by the contractor.
- Both Certification Bodies and MCS can raise non-conformities against contractors. The reporting and management of the resolution of non-conformities is overseen by each Certification Body and forms part of a Certification Body’s annual surveillance audit by UKAS.
- The new scheme will incorporate risk-based compliance assessments (Proposal 3). Under these changes to MCS, all Certification Bodies that maintain MCS on their schedule of accreditation will be obliged to operate their compliance assessments to the new scheme’s ‘Compliance Risk Model’, as prescribed in the new scheme’s MCS to CB Agreement. As a result, a contractor will attract the same risk rating irrespective of their chosen Certification Body, governing the frequency and volume of their assessments.
- Under the new scheme, MCS commit to undertaking ongoing probity checks against a certified contractor as part of “Scheme Approval Checks”. As well as automated checks on financial status etc. we’ll also monitor via a new outbound contact programme to engage every consumer that has had an MCS certified installation.

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<sup>8</sup> CMA (2023) [Call for information Consumer protection in green heating and insulation sector](#)

<sup>9</sup> CMA (2023) [Good practice principles for standards bodies – raising standards in the green heating and insulation sector](#)

**3. Smooth dispute resolution: Standards bodies to actively oversee and assist consumer complaints and dispute resolution to make the process as straightforward as possible and to help parties reach a resolution in a timely manner.**

- The MCS report on Consumer protection in small-scale renewables<sup>10</sup> describes the current issues with the sector’s complaint handling and dispute resolution. It reflects much of the sector’s research and reports that have been published previously. In addition, the MCS report’s findings were based on a significant independent research programme, engaging more than 2,000 nationally representative individuals who have responsibility for their home energy, 500 individuals who have one or more renewable energy systems at home, and several focus groups consisting of individuals with and without small-scale renewable energy technology systems.
- Proposal 7 describes the ambition that we have to take a central role in the management of consumer complaints and disputes, addressing the findings of the Consumer protection in small-scale renewables report. We will embed complaint management and dispute resolution in the operation of the new scheme.
- We’ll provide a transparent complaints management function that reports on speed of response, speed of resolution and outcomes.
- The new scheme will provide free access to independent ADR for consumers and contractors if our management of complaints and disputes fails to achieve a resolution.

**4. Effective use of sanctions: Standards bodies to ensure that any potential non-compliance is investigated and dealt with as effectively, impartially and quickly as possible. Where appropriate, a sanction decision will be communicated to consumers.**

- The current MCS scheme allows for disciplinary action to be taken against contractors. MCS, Certification Bodies and Consumer Codes all have powers to remove a contractor from the Scheme.
- Both MCS and Certification Bodies operate in compliance with ISO 17067/65 respectively, which includes a requirement for impartiality. MCS currently sit on many of the Certification Body’s Impartiality Committees (or similar governing bodies).
- Today there are issues with holding contractors and their directors to account if a contractor ceases to trade, or for whatever reason, loses their MCS certification. Proposal 6 will see the development of a new Contractor Agreement, forming a binding agreement between contractor direct with MCS as the scheme owner. This will allow us to hold contractors to account for their “delivered quality”, in the form of complaints, quality of installations and their interactions with consumers pre, during and post installation.
- The new Contractor Agreement is to remain in force even when a contractor loses or decides not to maintain their certification, ensuring that the scheme can hold contractors to account for the “delivered quality” of all their certified installations while operating as MCS certified.

**5. Strong financial protections: Standards bodies to ensure that consumer deposits and guarantees are effectively protected, and the terms of these protections are made clear to consumers.**

- Our research and direct experience of the current scheme is that the sector’s existing deposit protection and guarantee insurances are failing to meet the needs of consumers.
- We will complement the new scheme’s Customer Duty with guidance for contractors who wish to take deposits. Our advice will extend to the deployment of staged payments that are well planned and clearly communicated. The planned proactive contact with every consumer of a certified installation will check on a consumer’s satisfaction with their contractor’s payment arrangements.
- We are proposing to develop a new fund of last resort (Proposal 8) that can pay for the cost of remediation of a consumer’s installation, if a contractor is unable or unwilling to complete the remediation work deemed necessary to resolve an installation’s workmanship or performance issues.

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<sup>10</sup> MCS (2022) [Consumer protection in small-scale renewables: research report and findings](#)

## Contacting us

If you wish to comment on our response to the consultation, you may do so via email or by writing to us. Please state whether you are contacting us as an individual or an organisation and if you want any information you provide to be treated as confidential.

**Email to:** [mcsmeetings@mcscertified.com](mailto:mcsmeetings@mcscertified.com)

OR

**Write to:** The MCS Service Company Ltd, Violet 3, First Floor, Sci-Tech Daresbury, Keckwick Lane, Daresbury, Cheshire, WA4 4AB



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