

Question 1: Do you agree with our objectives for the allocation of voluntary redress? If not, please explain why.

Yes

Question 2: Are there any additional objectives or criteria we should consider when making a decision on our forward approach to voluntary redress? Are there things our approach should definitely include or absolutely avoid?

*Include: Since the redress payments are in lieu of a fine, normally indicating that without redress there would be a market failure, the redress funds should be treated as if they were public funds, and subject to the same requirements for transparency and public procurement.*

*Include: The ability for local authorities and other relevant non-charitable organisations to receive the resources, either directly or indirectly.*

*Include/consider: In any bidding process, the ability for bidders to include match or gap funding would be an effective way of bidders demonstrating their confidence in the value or utility of any particular bid.*

*Avoid: Awarding funds to a charity to pass on to its own subsidiary or trading arm without a competitive process, potentially distorting competition in the (generally well-functioning) market for insulation and fuel poverty/affordable warmth work (as has happened previously).*

Question 3: What are your views on 'Option 1: Current process with enhanced principles'? Are there any other advantages, disadvantages, risks or costs relating to this option that we should consider?

*It's the simplest option and therefore likely to be the easiest and cheapest to implement, but there is the significant risk of suboptimal redress funds allocation if no competitive process involved.*

Question 4: What are your views on the possible additional principles outlined in 'Option 1: Current process with enhanced principles'? Are there further additional principles that would help meet our objectives?

*4.4: There is little evidence of significant economies of scale in delivery of affordable warmth, healthy homes etc. work. Designing a simple or proportionate process for administering distribution would help limit the diseconomies of smaller projects.*

*4.5: The number of bidding processes needs to be limited if the resources of often small charities is not to be tied up writing bids.*

*4.7 .Energy supplier charitable trusts could in some circumstances have a valuable role to play if affected customers identify with the relevant energy supplier. If a redress payment is due to failure to meet an obligation such as ECO this would not be relevant, but if a redress payment is due to poor customer service, for example, then allowing the energy suppliers trust to use redress for debt reduction, energy efficiency and affordable warmth measures would make sense.*

*4.8/9/10: The use of an open bidding process, regardless of which option is taken, is arguably the most important outcome of this consultation.*

*4.12 Although probably true, this is not of crucial importance.*

*4.13/14/15 This suggests that previously £ millions have been distributed with little or no oversight of the outputs or outcomes achieved. Whilst reporting should not be onerous, it should add little cost to*

*charities and other organisations since they should be monitoring spend and output as a matter of course.*

*4.17 The costs of publishing reports online should be borne by the beneficiaries of the redress payments. It is likely many would do this as a matter of course anyway.*

Question 5: What are your views on 'Option 2: Responsibility given to a third party with appropriate expertise'? Are there any other advantages, disadvantages, risks or costs relating to this option that we should consider?

*Option 2 is preferable, even considering the costs of the third party organisation. The third party organisation should not have the option of distributing the money to its own subsidiary or have similar conflicts of interest.*

Question 6: How should the costs of the third party associated with allocating redress be funded?

*From the redress funds*

Question 7: Should the company that made the redress payment have an input into the approval of recipients under this option?

*No.*

Question 8: How can we ensure that smaller potential recipients can bid and are not disadvantaged compared to larger potential recipients?

*Keeping the bidding process simple would be beneficial. The Dept of Health's Warm Homes Healthy People fund application process (2011/2012) is a good example of a quick, simple process. NEA's recent OFGEM redress-funded application process is not. Smaller organisations could also bid as part of consortia bids, possibly lead by local authorities, housing associations etc*

Question 9: What are your views on this 'Variation on Option 2 – Voluntary redress payments go to a charitable trust set up by Ofgem'? Are there any other advantages, disadvantages, risks or costs relating to this option that we should consider, particularly in relation to the DAF provider model set out above?

*There's nothing wrong with this option but it doesn't give any additional benefits to the standard option 2, and probably involves greater costs and risks of political interference.*

Question 10: How should the costs of running a charitable trust set up by Ofgem be funded?

Question 11: What are your views of the idea of using part of voluntary redress payments to support specific schemes? What are the advantages, disadvantages, risks or costs relating to this idea? What existing schemes could be considered under this approach?

*Choosing pet schemes goes against all the principles of transparency and competition outlined in the rest of this document, and should be avoided.*

Question 12: Which of the options in this consultation do you think should be used and why?

*Option 2*

Question 13: Should any other options be considered? If so, please provide an outline explanation of your suggested alternative option(s). Please also outline any associated benefits and costs with the alternative option(s).

*Local Authorities should be allowed to bid for these funds, either directly or indirectly. Allowing access for Local Authorities willing to match-fund would also raise the likelihood of proven projects being selected.*