

Press release: Reforms to compensation payouts announced

The announcement follows a pledge made by Ministers in February to consult on whether there was a fairer way to set the “discount rate” in future.

The reforms will make sure personal injury victims get the right compensation – and could also see significant savings for motorists through lower car insurance premiums and the NHS.

The discount rate is the percentage used to adjust compensation awards for victims of serious personal injury, according to the amount they can expect to earn by investing it.

The adjusted awards should put claimants in the same financial position they would have been in had they not been injured – they should receive neither more nor less than 100% compensation.

In February this year the discount rate was reduced from 2.5% to minus 0.75%, in accordance with the law.

As a result, Ministers launched a full consultation in March and analysis of the feedback, along with other research, has indicated that claimants often take more investment risk than the law currently assumes.

The changes, proposed in draft legislation, mean the rate would be set by reference to “low risk” rather than “very low risk” investments as at present, better reflecting evidence of the actual investment habits of claimants.

The proposals will also ensure the rate is reviewed more regularly in future – at least every three years – and extend the expertise available to the Lord Chancellor in carrying out the reviews by creating a role for an independent expert panel in the process.

Ministers are keen to engage on the issue ahead of a Bill being introduced into Parliament.

Lord Chancellor and Justice Secretary David Lidington said:

We want to introduce a new framework based on how claimants actually invest, as well as making sure the rate is reviewed fairly and regularly.

In developing our proposals, we have listened carefully to the views of others, and we will continue to engage as we move forward.

While it is difficult to provide an estimate, based on currently available

information if the new system were to be applied today the rate might be in the region of 0% to 1%.

The move will help ensure that claimants continue to receive full compensation, but will significantly reduce overpayment by more reliably reflecting how the money is actually invested.

Notes to editors

- In February the discount rate was reduced from 2.5% to minus 0.75%, leading to larger awards and concerns in some quarters that the current law provides more compensation than needed to claimants. The consultation, launched in March, sought to address those concerns by collecting views on how to make the system better and fairer.
- It is a well-established principle of law that individuals should receive 100% compensation for losses suffered as a result of personal injuries that are not their fault. The personal injury discount rate is a percentage used to adjust the lump sum awards for future losses, costs and expenses received by victims of life-changing injuries to account for the amount victims can expect to earn by investing their awards. The discount rate applied to the compensation for future financial loss (such as loss of future earnings and care costs) should ensure that people receive the 100% compensation that they were awarded – no more or less – by taking into account what they are likely to earn on that money before they are expected to have spent it.
- The current framework for setting the discount rate uses real yields from Index Linked Gilts as a proxy for the returns that can be expected from a very low risk investment strategy. However, drawing on expertise from financial advisers, the Government has found strong evidence that in practice claimants are advised to and invest in low risk diversified portfolios.
- In February this year, in accordance with the law, the discount rate was lowered from 2.5% to minus 0.75%. At the same time, a number of pledges were made, including a consultation to consider whether there is a better and fairer way of setting the rate in future. That framework is contained in the draft legislation published today.
- When the current discount rate was announced in February, the Prudential Regulation Authority (PRA) estimated that the reduction in the discount rate from 2.5% to minus 0.75% could cost insurers around £2 billion a year, albeit with a wide range of uncertainty around this figure [1]. PWC predicted an increase of £50-£75 on an average comprehensive motor insurance policy [2]. The Government has set aside an extra £1.2 billion a year to meet the expected additional costs to the public sector (notably to NHS Resolution) [3]
- The proposals make clear that:
 - a) The rate is to be set by reference to “low risk” rather than “very low risk” investments as at present, better reflecting evidence of the actual investment habits of claimants.
 - b) The rate should be reviewed at least every three years

c) The Lord Chancellor will consult a panel of independent experts when setting the rate.

- Under the proposed legislation, the discount rate will be set by reference to rates of return on “low risk” rather than “very low risk” investments as at present. This is based on evidence gathered during consultation. Where they expressed a view, consultees advised that claimants do not invest in very-low risk portfolios such as one entirely comprising Index Linked Gilts and many suggested that it is reasonable to expect claimants to invest in low-risk portfolios instead. Representative low-risk portfolios have been constructed from exemplars obtained from consultation responses and a survey of wealth managers and financial advisors. The returns expected from these portfolios are examined in the report by the Government Actuary’s Department and impact assessment published with the draft legislation.
- The proposals envisage that a review of the discount rate would be started within 90 days of the new law coming into force. On this review the Lord Chancellor must consult the Government Actuary and HM Treasury (as at present). On all further reviews the role of the Government Actuary as a statutory consultee will be taken by an independent expert panel (which will be chaired by the Government Actuary). The Government Actuary heads the Government Actuary’s Department, which is a non-ministerial department, whose mission is to support effective decision-making and robust reporting within government as the first choice provider of actuarial and specialist analysis, advice and assurance.
- The draft legislation will be published on gov.uk later today and will be open for public comment.

[1] [Office for Budget Responsibility \(March 2017\). Economic and Fiscal Outlook](#) [2] For example, Cecil N, Lynch R (27 February 2017). Insurance payouts shake-up ‘to land NHS with £1 bn bill and hit drivers’. Evening Standard [3] [Economic and fiscal outlook, March 2017](#)

[News story: The Mersey Beatles headline Astana Expo](#)

The tribute band recreated the magic of the Fab Four as part of a British showcase promoting trade and culture in the region. The 2 performances drew full crowds. Their sets covered some of the most iconic tracks in pop history, including ‘Can’t Buy Me Love’ and ‘Hey Jude’.

The performances are part of a wider UK showcase in the closing weeks of Astana Expo 2017, to promote British culture, technology and innovation. UK participation at Astana Expo ends on 10 September.

UK Deputy Commissioner Sara Everett said:

The UK at Astana Expo has delivered a strong cultural and business programme, in this fast-growing economy.

The popularity of this concert highlights the UK's immense creative and cultural contribution to the world, making the creative industries one of our strongest and most vital sectors and leading the Confederation of British Industry to forecast the UK as the world's leading creative hub by 2025.

Mersey Beatles

The Mersey Beatles are childhood friends who grew up in Liverpool. They had a record collection in common. The Beatles were at the top of their collections as they are to this day.

The friends have been recreating the sound of the Beatles since 1999. They were resident at The Cavern Club in Liverpool for 10 years and have since toured the world.

Steven Howard, Mark Bloor and Brian Ambrose attended secondary school together in Liverpool. David Howard and Steven Howard are cousins. Tony Cook, another friend from Liverpool, is the fifth Mersey Beatle. His keyboard skills make the hits of the later years come to life. The Mersey Beatles love of the Beatles music shines through in every performance.

British showcase at Astana Expo

The Mersey Beatles were part of a British showcase across the Expo site and on the UK Pavilion that included:

- 22 August: Engineering Day in association with the [British Chamber of Commerce](#)
- 25 August: Arrival of the [British Bloodhound](#) at Expo, the fastest car in the world
- 26 August: Jane Austen Day in association with the Astana Book Club

UK Pavilion at Astana Expo

The UK is promoting the UK as a business partner of choice at Astana Expo 2017 through a Pavilion designed by UK architect Asif Khan with a team of British and international creative talent, and a British cultural programme.

The International Business Festival

The Mersey Beatles Live at Expo was sponsored by The International Business Festival – the world's biggest business event. Hosted every 2 years in its home city of Liverpool, the festival captures the dynamism and diversity of the global marketplace.

Held across 3 weeks in June 2018, the third edition of the International

Business Festival is set to be the biggest and boldest yet, with a programme focused on 9 key industry sectors including manufacturing, life sciences and culture, media and sport.

British Engineering Day at the UK Pavilion at Astana Expo

[British Engineering Day](#), held in the UK Pavilion on 22 August, showcased British capabilities and excellence in manufacturing and engineering technologies. It provided a networking opportunity for British and Kazakhstani companies to build contacts and meet with potential partners and distributors to sell their services and goods.

Jane Austin Day

Jane Austen Day, held on 26 August, celebrated the 200th anniversary of the renowned and internationally loved novelist. It was held in collaboration with PRObooks, a club consisting of over 900 active participants in Astana.

British Bloodhound

[Bloodhound](#) was at the National Day Stage at Astana Expo until 5 Sept.

Bloodhound is an international education initiative based around a 1,000mph jet and rocket powered car. The primary aim of the programme is to inspire the next generation by showcasing science technology, engineering and maths subjects in the most exciting way possible, by setting a world land speed record and sharing the adventure along the journey.

[Statement to Parliament: Update on draft Airports National Policy Statement process](#)

In my [statement](#) on 13 July this year, I said I would set out the next steps of the [draft Airports National Policy Statement \(NPS\)](#) process following the summer recess.

The government [consulted on a draft Airports NPS](#) between 2 February and 25 May this year.

We received over 70,000 responses, and work to analyse them is ongoing. I would like to thank everyone who took the time to feed in their views.

In the consultation document, my department was clear that further work was underway to update the evidence base, including revised aviation demand forecasts and the government's final air quality plan. It was intended these

documents would be presented for consideration during the initial consultation, but the timing of the general election meant this was not possible.

I am therefore confirming that there is a need to conduct a short period of further consultation to allow this updated evidence to be taken into account. This further consultation will focus mainly on the specific elements of the NPS affected, and is expected to begin later this year.

I appointed the former Senior President of Tribunals, Sir Jeremy Sullivan, to provide independent oversight of the consultation process. I am very grateful to him for his hard work in helping to ensure that the consultation was as open, fair and transparent as possible. Today (7 September 2017) I am publishing his [report on the initial consultation](#), and can announce that he has agreed to oversee the period of further consultation.

In my statement in July I said that the timing of the election – in particular the need to re-start the [Select Committee process](#) – meant we now expect to lay any final NPS in the first half of 2018 for a vote in the House of Commons. This government remains committed to realising the benefits that airport expansion could bring, and I can confirm that we do not expect this additional period of consultation to impact on the timetable for parliamentary scrutiny of the NPS.

[News story: Government backs innovative technology to slash shipping emissions to zero](#)

The government has committed to help fund innovative technologies and fuels to reduce maritime emissions, ultimately helping create a zero-emissions sector.

The government, in partnership with industry, has committed to spending over £6 million on funding trials of innovative energy saving devices, such as:

- state of the art propellers
- on board waste heat recovery
- rotor sails that use wind power to cut fuel consumption

In addition to funding trials, we are also now providing technical backing and expertise through the Maritime and Coastguard Agency for the following projects:

- work in Scotland to prove the use of hydrogen fuel cells for ferries in the UK

- Caledonian MacBrayne Ferries ongoing work to deliver innovative vessels such as hybrids, and their longer term efforts to prove the use of innovative propulsion and fuels for the next generation of ferries

The UK is playing a leading role in implementing binding energy efficiency targets for shipping, which we helped secure global agreement on in 2011. By 2025, the majority of new ships will be expected to be 30% more efficient than current designs.

Maritime transport emits around 1,000 million tonnes of CO₂ annually worldwide, and is responsible for about 2.5% of global greenhouse gas emissions. If emissions from international shipping are not addressed, studies suggest they will account for almost a fifth (17%) of global emissions by 2050, highlighting the need for urgent action.

Speaking in the run up to London International Shipping Week 2017, Maritime Minister John Hayes said:

The UK is home to a wealth of expertise in maritime technology, but more needs to be done to move this sector towards a zero emissions world.

That's why this government is committed to backing vital technology to meet this goal, and we are looking to deepen our technical expertise to further support industry.

I will relay this message during London International Shipping Week 2017, where we will showcase the UK's exciting future as a powerhouse of maritime innovation.

The government has also been working closely with industry to develop international regulations to support liquid natural gas and other alternative fuels. Vessels fuelled with liquid natural gas are regularly refuelling in the UK at ports including Teesport, Southampton and Immingham.

The UK already has several hybrid ships operating in its waters. These systems offer local air quality benefits, can be quieter for port communities and provide opportunities for further energy efficiency on board a vessel.

[Press release: International protection for UK's second largest](#)

seabird colony

The newly designated Northumberland Marine Special Protection Area (SPA) stretches 12 miles from the coastline into the North Sea, and covers an area of more than 120,000 football pitches.

It's the most important site in the UK for Arctic, common and roseate terns, the second most important site for sandwich tern, and the third most important site for Atlantic puffin.

International designation will help ensure any disturbance to the birds' essential open water feeding areas is minimised, so the birds have a safe space to feed in.

It builds on the protection already afforded to important breeding sites via the network of SPAs at Coquet Island, Farne Islands, Lindisfarne and Northumbria Coast. Today's designation will help to protect the full range of habitats needed by the birds.

Environment Minister Thérèse Coffey said:

We already have one of the strongest track records in the world when it comes to looking after our precious marine environment, and today's designations will strengthen our blue-belt of protected areas while helping seabirds across the country thrive.

Andrew Sells, Natural England's Chairman said:

This is a momentous day for a huge number of our best-loved and most charismatic seabirds, many of which have suffered population declines over recent decades.

These designations will protect vital feeding areas for seabirds along the English coast, creating safe havens to help the birds thrive for generations to come.

Chris Corrigan, Director, RSPB England said:

It is fantastic to see these special places being recognised and given the protection they so need and we hope to see more designations in the very near future.

As the UK moves closer to leaving the EU, we urge the government to continue to recognise the significance of protecting these sites, based on scientific evidence, and they continue to protect and manage these sites to the same or even higher standards than those currently secured by European law for generations to come.

Along with the new Northumberland Marine SPA, Natural England also announced extensions to Hamford Water SPA in Essex and Morecambe Bay and Duddon Estuary SPA in Cumbria.

These designations add an area of more than 150,000 football pitches (450 square miles) to the existing Marine Protected Area network. This gives international protection to feeding habitats for over 425,000 seabirds for the first time.

As an important breeding site in the UK Northumberland Marine SPA ranks:

- top for Arctic tern (9,564 individuals), common tern (2,572) and roseate tern (160)
- 2nd for sandwich tern (43,24 individuals)
- 3rd for Atlantic puffin (108,484 individuals)
- 4th for common guillemot (65,751 individuals)
- 11th for little tern (90 individuals)

Arctic terns make the longest annual migration of any bird species in the world – an average of 44,000 miles each year.

The new Northumberland Marine SPA covers a 41 mile stretch between Scremerston and Blyth.

The most important site for breeding seabirds in the UK is at Flamborough, along the Yorkshire coast.

Contact Natural England for more information

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