



Resolution

2nd Floor
151 Buckingham Palace Road
London
SW1W 9SZ
Telephone: 020 7811 2700

July 2020
FOI_4663

The following information was requested on 3 July 2020:

I believe that Guidance issued in July 1996 by the NHS Executive to all NHS Trust and Health Authority Chief Executives stated that, where a Trust or Health Authority proposed to enter into a structured settlement for damages, it must submit a Value For Money (VFM) Report for approval by the NHS Executive. Further Guidance relating to the preparation of a VFM Report stated that, when comparing the net present value of a conventional lump sum award, an annuity-backed structured settlement and a self-funded structured settlement, one of the 'mandatory parameters' was that: "costs of care should be assumed to rise by 2% per annum faster than the general rate of inflation".

I am interested in the discount rates used by various bodies. I had a look at your website but could not find any updates to the above. I would be interested to know if the VFM Reports still exist and, in any event, what the assumed discount rate is nowadays. If it has changed, a short history of the changes would be helpful.

Our Response

The 1996 guidance was superseded over 15 years ago.

The current discount rate is -0.25%, applicable from 5 August 2019.

Prior to that it was -0.75% (from 2017).

The previous rate had been +2.5% ever since 2001.

This concludes our response to your request.

If you are not satisfied with the service that you have received in response to your information request, it is open to you to make a complaint and request a formal review of our decisions. If you choose to do this, you should write to [Tinku Mitra](#), Head of Corporate and Information Governance for NHS Resolution, within 28 days of your receipt of this reply. Reviews of decisions made in relation to information requests are carried out by a person who was not involved in the original decision-making about the request.

If you are not content with the outcome of your complaint, you may apply directly to the Information Commissioner for a review of the decision. Generally, the Information Commissioner will not make a decision unless you have exhausted the local complaints procedure. The address of the Information Commissioner's Office is:

Wycliffe House

Water Lane
Wilmslow
Cheshire
SK9 5AF

<https://ico.org.uk/>