Response from Lisburn & Castlereagh City Council
Damages (Return on Investment) Bill

Clause 1 – Assumed return on Investment

- Under the Scottish model which the Bill adopts, the Department's current role in setting the rate is removed and will be determined by the Government Actuary. Lisburn & Castlereagh City Council appreciate the advantage of this approach and once the parameters for how the rate is to be set are detailed in legislation, setting the rate will be an actuarial exercise rather than a political one.

Schedule C1 – (Paragraph 2)

- The introduction of regular reviews of the rate at least every five years is welcomed. This provides the Assembly with an appropriate level of accountability and will ensure that, in future, the rate will not become out of touch with the changing financial environment. The flexibility for the rate to be adjusted to respond to sudden and unexpected changes in the market is an important tool within in the Bill.

Schedule C1 – (Paragraph 7)

- Lisburn & Castlereagh City Council agrees that it is important for the Department to have the power to change, by secondary legislation, the parameters within which the Government Actuary is to calculate the rate, including a power to change the assumed period of investment of 43 years, a power to change the amount of the standard adjustments and a power to make changes to the notional portfolio. This ensures political accountability for how the rate is set.

- The investment period of 43 years rather than the Scottish 30 years is a more realistic approach based on evidence that 43 years reflects the average period over which claimants invest. Claimants with life changing injuries will experience future financial loss and the cost of care can run for many years into the future, often for the injured person's lifetime.

Schedule C1 – (Paragraph 9)

- The current discount rate of 2.5% set by the Lord Chancellor in 2001 in accordance with legal principles established by the House of Lords in *Wells v Wells* does not take into account changes in the market since 2001. The current rate seriously risks undercompensating claimants. The new statutory methodology to be applied by the Government Actuary is a more appropriate calculation to achieve the 100% rule.

Schedule C1 – (Paragraph 12)

- Lisburn & Castlereagh City Council welcomes the new methodology based on a diversified portfolio of low risk investments over 43 years to provide the claimant a better return on investment rather than solely investing in index-linked gilts.

The transparency and clarity offered by the Bill, along with the control and oversight are important and valuable advantages of the new framework.