



Department
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Tracey Crouch MP
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Dear Tracey

I am writing with regard to the payments to be made under payment scheme that will be established by the Mesothelioma Act 2014. During debates you argued that the rate of payment should be raised from 75% of average civil damages to 80%, and I would like to thank you for your passionate contributions and dedicated attention to this very important matter.

I am happy to be able to share with you the good news that we are now in a position to increase the payments by an average of £8,000 per person, bringing the rate of payment up to the equivalent of 80% of average civil damages. This change has been made possible by the rigorous commercial process we have gone through to get the best possible organisation in place to administer the mesothelioma scheme. This means that successful applicants can now expect to receive an average payment of £123,000 before benefit recovery. As before, there will also be an additional £7,000 on top of this as a contribution towards legal fees.

It is unfortunate that this good news did not come sooner; however the final cost of the scheme's administration could not be known until the open tender process had been concluded and the contract awarded. Now that the contract has been awarded to the winning bidder, Gallagher Basset International, and the costs agreed, we are able to raise the payment tariff, whilst keeping the levy below the 3% of GWP threshold.

As you are aware, timescales to deliver this scheme are tight. For that reason, I do not intend to withdraw the current set of regulations that have been laid with Parliament, and I ask for your understanding in regard to this. These regulations contain a payment tariff based on 75% of the average civil damages award, but to withdraw and re-lay an updated set of regulations risk us being unable to get the scheme operational by April 2014. My intention is to lay a negative instrument as soon as the regulations come into force. This will contain a new tariff table showing the higher rates of payment and will ensure that everyone coming to the scheme benefits from the higher amounts. To be clear, nothing material to the regulations themselves will be changed. The rate of payment is simply one table whilst the bulk of the regulations, which primarily focus on the way that the scheme will operate, will not change. Therefore, we can still give the regulations the degree of scrutiny they deserve and have meaningful debates on their content without stopping victims and their families accessing payments as soon as

possible. I appreciate this is not the way things are normally done but I again ask for your understanding given the unique circumstances we find ourselves in.

I look forward to continuing to work together with you when the regulations are considered by Parliament.

*With regards
MP*

Mike Penning MP
Minister of State and Minister for Disabled People