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20 December 2005

Mr S Walker
Chief Executive
NHS Litigation Authority
Napier House
24 High Holborn
London
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Dear Steve

Foundation Trusts and Periodical Payments

I am writing to advise you of the decision reached by Department of Health Ministers to enable the NHSLA to become the source of periodical payments on behalf of CNST members, where an appropriate agreement has been reached between the NHSLA and a member trust.

The Secretary of State for Health was asked to agree that a) the NHSLA should be the source of payments for periodical payments orders, where an appropriate agreement has been reached with a member trust, and that b) in the event of insolvency of a Foundation Trust, such that it would not be able to put the NHSLA in the necessary funds to meet those payments, the Secretary of State would do so. On 16 December 2005, the Secretary of State for Health confirmed her agreement. The Minister of State for NHS Delivery, Minister of State for Quality and Patient Safety and Monitor (the Independent Regulator of Foundation Trusts) are all content. In addition, Central Finance at the Department of Health has given their approval.

I trust this letter is sufficient to provide you with the necessary assurances to proceed with entering in to agreements with scheme members.

Yours sincerely

A handwritten signature in cursive script that reads 'Flora Goldhill'.

FLORA GOLDHILL