



FIFTY-THIRD ANNUAL REPORT

of the
Foreign Compensation Commission
for the Financial Year ended
31 March 2008



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State for Foreign and Commonwealth Affairs
by Command of Her Majesty
March 2009*

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Functions

1. The Foreign Compensation Commission (FCC) was established in 1950 to support the consular work of the Foreign and Commonwealth Office (FCO) by providing a mechanism to determine complex or numerous compensation claims through an independent and impartial judicial process. The FCC has also been engaged prior to settlement negotiations to administer a stocktaking of British property losses overseas at the hands of foreign Governments. Where compensation is secured through diplomatic or other means, the FCC then determines the entitlement of claimants to compensation. To date there have been seven registration programmes to assess losses prior to negotiations and thirteen compensation programmes to distribute funds.
2. The FCC carries out administrative and incidental advisory functions in addition to assessing losses and determining claims in a judicial capacity. These administrative functions include facilitating and examining claims pending adjudication, investing and managing funds prior to distribution, paying out compensation, maintaining registers and records, responding to diplomatic and other queries about claims and events giving rise to claims programmes, and ensuring compliance with regulatory and reporting requirements. It also supports the FCO by providing information and guidance on legal and practical aspects of claims handling, and maintaining links with other bodies concerned with tribunal functions such as the Ministry of Justice and the Administrative Justice and Tribunals Council.

Creation and Status

3. The FCC was established by the Foreign Compensation Act, 1950 and is governed by that Act, as amended, and by Statutory Instruments pursuant thereto. It appears on the Cabinet Office List of Non-Departmental Public Bodies, classed as a "Tribunal NDPB".
4. The FCC is scheduled under the Tribunals and Inquiries Act, 1992. By virtue of that Act and an Order pursuant to its predecessor Act of 1971, its judicial procedures have been under the supervision of the Administrative Justice and Tribunals Council (formerly Council on Tribunals) since 1984. In 1996 the administrative practices of the Foreign Compensation Commission were brought within the jurisdiction of the Parliamentary Commissioner for Public Administration by inclusion in Schedule 4 of the Parliamentary Commissioner Act 1967. The FCC is operating on a care and maintenance basis in relation to the processing of claims, while carrying out additional functions described herein.

Personnel

5. The part-time Chairman of the Commission, Dr John Barker, and the part-time Secretary, Mr Barrie England, both appointed in 2004, continued in their posts. The Commission continued to employ a further part-time staff member to carry out ongoing data-entry and other clerical duties. A former Head of Claims Section, Mr Lawrence Weldon, assisted the FCC with strategic planning in the final quarter of the period.

Progress of Work

6. During the year, the Commission was engaged in consultations with the Consular Directorate's Claims Section which was carrying out a strategic planning exercise to review its own role and responsibilities in relation to the management of foreign claims and its position within the Directorate. This exercise highlighted the need for more active dialogue with other branches of the FCO on matters of diplomatic protection and claims handling, and for more systematic information gathering processes to inform claims analysis and decision making. The FCC has provided information and perspectives on international claims handling in support of this process.
7. A former Head of Claims was invited by the FCC to assist with a stocktaking of current and future claims demands and to advise on how the FCC should optimise its support in future. Noting the problems associated with an increasing number of British nationals working, investing and retiring abroad, he also assisted Claims Section with an update of country assessments, reviewed expropriation guidelines and made useful recommendations, including the establishment of a tracking system that will strengthen and streamline Claims and FCC functions. These recommendations have fed into the Claims review and the FCC's own strategic planning.
8. The need for enhanced procedures to ensure timely and accurate reporting and informed analysis of existing and potential claims has been highlighted by the difficulties that significant numbers of British nationals are presently experiencing in several countries where property, including retirement homes and other investments, have been placed at risk. The tracking system that has been proposed will provide greater capacity to manage volatile demand and identify pressure points so that preventive and responsive measures can be taken in good time.
9. The FCC took part in consultations that led to the Report of the Review of Tribunals by Sir Andrew Leggatt, the subsequent White Paper on Transforming Public Services, and the enactment of the Tribunals, Courts and Enforcement Act 2007 which transformed the Council on Tribunals into the Administrative Justice and Tribunals Council and established a new unified Tribunals Service. These innovations, designed to improve the quality of administrative justice throughout the United Kingdom, provide important new opportunities for the FCC to work with other Tribunals to improve the quality and efficiency of the claims handling processes. The FCC also liaises with claims handling institutions in other jurisdictions to share knowledge and keep abreast of current trends and best practice.
10. The FCC addressed a range of administrative issues during the year, such as cost-effective accommodation of its large record base, disposal of its legal library in favour of online research and responding to FOI inquiries from members of the public, researchers and from The National Archives. Its programme of data capture for conversion of essential data into electronic records was continued throughout the period and is nearing completion. The FCC made additional information available on its pages on the FCO website to provide greater access to information for interested parties and members of the public.

Expenses of the Commission

11. As there were no claims funds generating revenue during the period, the expenses of the Commission were met from monies provided by Parliament and were accounted for in Request for Resources 1 of the Foreign and Commonwealth Office.

Summary of Expenses – Financial Year ended 31 March 2008

Fees £ 25,321.53



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