



FIFTIETH ANNUAL REPORT

of the
Foreign Compensation Commission
for the Financial Year ended
31 March 2005

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
May 2006*

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[Explanatory Note. The last printed Annual Report of the Foreign Compensation Commission was the 49th Report, presented to Parliament in March 2000 and covering the year to 31 March 1999. The present Report covers the year 2004/05. However, it also contains, in an Annex, a summary of the expenses of the Commission for the intervening years.]

Functions

1. The Foreign Compensation Commission (FCC) was established in 1950 to support the consular work of the Foreign and Commonwealth Office by providing the means to have complex or numerous compensation claims determined by an independent and impartial judicial process. Over the years the FCC has been engaged to assess the extent of British property losses overseas at the hands of foreign Governments and, where compensation is made available through diplomatic protection or other means, to determine claims against established compensation Funds. To date there have been seven registration programmes to assess losses and thirteen compensation programmes to distribute funds.
2. The FCC carries out a range of administrative functions in addition to determining claims. These functions include examining claims pending adjudication, managing funds prior to distribution, paying out compensation, maintaining registers and records, and responding to diplomatic and other queries about claims and events giving rise to claims programmes.

Creation and Status

3. The FCC was established by the Foreign Compensation Act, 1950 and has been governed by that Act, as amended,¹ and by numerous 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 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 with functions as described herein.

¹ The principal governing legislation is the Foreign Compensation Act 1950, 14 Geo. 6. c12 as amended by The Foreign Compensation Act 1962, 11 & 12 14 Eliz.2. c4; The Foreign Compensation Act, 1969 c.20 and as further amended by the Statute Law (Repeals) Act, 1989 c. 43 and The Foreign Compensation (Amendment) Act, 1993 c. 16.

Personnel

5. On 30 January 2004, the current Chairman, Dr John Barker, assumed the office left vacant by the retirement of Mr Arthur Wheeler in December 2001. Under the Foreign Compensation Act, the Chairman is appointed by the Lord Chancellor and was recruited through a competition carried out by the Judicial Competitions (Tribunals) Division of the Department for Constitutional Affairs.

6. Regrettably, the former Secretary of the Commission, Mr Alex Grant, died unexpectedly at the beginning of 2004. His successor, Mr Barrie England, was appointed in November 2004 after a competitive recruitment process. As there is no active distribution programme at present, the Chairman and Secretary carry out their duties on a part-time basis. In addition, two temporary part-time clerical staff will be employed during 2005 to assist with electronic data entry.

Progress of Work

7. The Commission has taken steps to take stock of past work, identify current needs and move toward the development of a strategic plan for the future. The FCC now operates in a somewhat different legal, political and administrative environment than that of the Cold War when past programmes were initiated. Changes in the structure and operations of the FCC may be needed to reflect such developments. The period under review therefore represents a period of increased activity in order to ensure compliance and to develop the most cost-effective means of assessing losses, determining compensation claims, and providing ready access to foreign claims law, expertise and practice.

8. In order to enhance our ability to access the information which we hold on claims and the events to which they relate, a new initiative has been undertaken on a pilot basis to computerise important records and indexes. Computerisation will provide helpful statistical data for planning and management purposes and it will allow the FCC to respond more quickly and reliably to inquiries about individual claims, consistent with privacy requirements.

9. An electronic record will help to preserve for the future the case law of the Commission. This jurisprudence represents a body of claims practice and decisions on a range of issues such as deprivation, nationality of claims, attribution of responsibility, quantification of loss and procedural requirements.

10. The Freedom of Information Act came into force on 1 January 2005 with implications for the administration of FCC records. Some are held by The National Archives which has consulted the FCC when it has received relevant requests under the Act. In the interests of open government, steps are also being taken to develop a website and printed materials that will make information about the legal framework, procedures and activities of the FCC more readily available to the public.

The Way Forward

11. In the coming period, the FCC will be consulting interested parties to develop a strategic plan that will complement those of the Foreign and Commonwealth Office and of the Department for Constitutional Affairs. It is anticipated that this will eventually lead to modifications to the structure and procedures of the FCC, driven by the needs and requirements of the FCO and the DCA. Of particular relevance is the proposed establishment of a single Tribunals Service under the DCA and the expansion of the remit of the Council on Tribunals to embrace administrative justice generally. It is too early to say whether and how these developments will affect the FCC but they are being followed with interest and will be taken into account in any planning exercise.²

Expenses of the Commission

12. 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 Class II, vote 2, External Relations of the Foreign and Commonwealth Office. There has been an increase in FCC funding to support the additional work described herein.

Summary of Expenses – Financial Year ended 31 March 2005

Pay and Superannuation	£21,365.56
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² The Report of the Review of Tribunals by Sir Andrew Leggatt, entitled “Tribunals for Users - One System, One Service”, published 16 August 2001, recommended a common administrative service, independent of those bodies whose decisions the tribunals were reviewing. This was followed in July 2004 by a White Paper issued by the Department for Constitutional Affairs entitled “Transforming Public Services: Complaints, Redress and Tribunals” endorsing the consolidation of the largest tribunals into a single Tribunals Service and transforming the Council on Tribunals into an “Administrative Justice and Tribunals Council”.

ANNEX

SUMMARY OF EXPENDITURE 1999-2004

Summary of Expenses – Financial Year ended 31 March 2004

Pay and Superannuation	£11,612.80
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Summary of Expenses – Financial Year ended 31 March 2003

Pay and Superannuation	£11,612.80
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Summary of Expenses – Financial Year ended 31 March 2002

Pay and Superannuation	£14,028.99
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Summary of Expenses – Financial Year ended 31 March 2001

Pay and Superannuation	£13,068.54
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Summary of Expenses – Financial Year ended 31 March 2000

Pay and Superannuation	£11,112.10
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