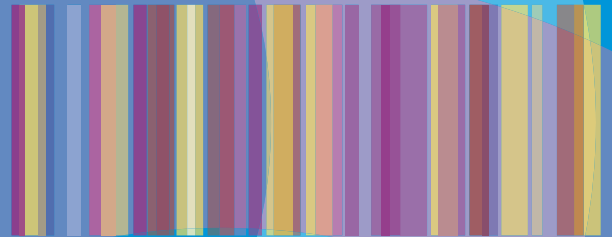


Equal Opportunities Commission

# Annual Report & Accounts 2006-2007



Women. Men. Different. Equal.  
Equal Opportunities Commission



Equal Opportunities Commission

# Annual Report & Accounts

2006-2007

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# Annual Report & Accounts

2006-2007

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## Foreword by the Chair Jenny Watson



There is no denying that over the last thirty-two years we have made huge progress towards gender equality. Most of us have forgotten what life was like for women in the 1970s when they could be sacked for getting married, or could be refused credit or a mortgage without a male guarantor and could even be refused service in a hotel or bar just because they were women.

Women now make up nearly half the workforce. There are now more women than men entering higher education, whereas in 1975 women made up only a third of higher education students. More women than ever are reaching senior positions and the pay gap between men and women has narrowed from 29% in 1975 to 17% today. So on one level it could appear that gender equality has almost arrived. However, if we scratch beneath the surface we see that as well as some new challenges that are emerging, some persistent gender inequalities remain.

The glass ceiling is still firmly in place and even though more women are reaching the top, they are still vastly under-represented in public life and across all sectors. Pregnancy discrimination continues to be a problem and, although domestic violence and rape are less hidden than they were thirty years ago, the incidence of violence against women remains unacceptably high. There is still a dearth of jobs that offer flexible working at senior levels – which means that women, and indeed men, who want to work flexibly to balance work and family life are forced to trade down and end up working in jobs beneath their skill level at great loss to the economy. And the part-time pay gap has barely shifted over the last thirty years and remains at a stubborn 38%.

As we continue to grapple with these ‘old problems’ new challenges are appearing on the horizon, caused partly by the fact that we’re living through an unfinished social revolution. Family life is changing with increasing numbers of men wanting to play a more active role in bringing up their children. Our ageing population presents profound challenges – by 2010 we will need 10 million carers and many women will face the double whammy of caring for older relatives whilst also bringing up their own children.

This means we need to change the way we organise our working lives and give greater support to parents and carers so that families can balance work and family responsibilities. And we need to radically transform our public services, which are still largely designed around the 'breadwinner dad, stay at home mum' model, to meet the needs of the modern family.

The good news is that many businesses small and large already recognise the many benefits that a transformed workplace culture can bring. Providing flexible working helps to retain and recruit high-quality staff, reduces staff turnover and increases productivity. For this reason many companies increasingly offer flexibility to all staff, making use of technology and modern ways of organising work to empower all their staff, not only women or parents, to have more control over their working lives, whilst leaving the employer firmly in the driving seat. Such innovation is critical if we are to maintain our competitiveness in a 24/7 global economy and I would like to thank all those employers who have taken the time to share their experiences of a more flexible workplace culture with us, and with their colleagues in the private and public sectors.

So although we have much to celebrate over our thirty-two year history, there is unfinished business to hand over to the Commission for Equality and Human Rights. We look forward to the Commission for Equality and Human Rights building on our legacy and tackling the new challenges that the unfinished social revolution brings.





## Foreword by the Chief Executive Caroline Slocock



It has been a challenging, but very rewarding final year for the EOC. We have seen many of the changes we have been calling for reaching fruition – for example, women at the heart of the Government’s pensions reforms, the extension of the right to request flexible working to carers and legislative and other changes that will help reduce discrimination against pregnant women – and have continued to make progress across many areas, including through a highly effective legal programme.

Our research and campaigning has pushed up the agenda the need for more support for the modern family, with both major political parties recognising that work life balance is a hugely important issue for voters. Our polling evidence showed that 82% of Britons think it is difficult for parents to balance work and home life and 72% think this will be even more difficult in 10 years time. The publication of our analysis of the Millennium Cohort Survey clearly demonstrated the demise of the ‘breadwinner dad, stay at home mum’ family model and called for greater support for parents and carers. Our investigation into the Transformation of Work has also brought home that half of the working population would like to work more flexibly and that 6.5 million people could use their skills more fully if more flexible working were available. We have continued to lobby for changes on pensions to meet the needs of both parents and carers, including through the highly effective Women’s Pensions Network, which we lead.

At the same time, our investigation into the pay and progression of ethnic minority women has shed new light on the barriers that Bangladeshi, Pakistani and Black Caribbean women face in the workplace. It showed that these young women are leaving school and higher education with good qualifications and are supported by their families in their ambition to combine a career with family life, but are still facing major workplace penalties. The report calls for a fundamental cultural shift in the way black and Asian women are treated at work and by policy makers.



For the first time we carried out a Scotland-specific general formal investigation, which focused on the role and status of classroom assistants. It demonstrates that they are a classic illustration of how work associated with women's traditional domestic and caring roles is undervalued.

Our legal work has also led to significant strategic change, including our work to help reduce sexual harassment with a number of major employers, including the armed services; a successful judicial review against the Government, which will lead to changes in the regulations which implement the European Equal Treatment Amendment Directive (ETAD); and many ground-breaking legal cases and interventions, including the case of *Moyhing v NHS Trusts*, which highlighted the need for NHS Trusts to ensure men in nursing roles are not discriminated against.

Last but far from least, we have successfully introduced the new Gender Equality Duty. This is the most significant change in sex equality law for over thirty years, with far-reaching implications not just for the employees in the public sector but for the users of services, as it requires public authorities to promote equality and eliminate discrimination. We have produced the highly regarded Codes of Practice for England and Wales, and for Scotland, and guidance to public bodies on how to comply.

Over the last year we have been working to help create an effective Commission for Equality and Human Rights (CEHR) with the Commission and Transition Team. Looking ahead to our final six months, we will be concentrating our energies on preparing for the new Commission, on taking forward existing work and launching our final campaign, the Gender Agenda, setting out 10 year strategic goals for gender equality.

We have made tremendous progress over the last year and I would like to thank EOC staff, without whose skills, creativity and sheer hard work, none of this would have been possible.





# The EOC's Mission

The EOC's mission, as the independent statutory body on gender equality for Great Britain, is to promote equality of opportunity for all men and women and to eliminate sex discrimination and discrimination against transsexual people. It is working to achieve the following vision for equality, as set out in its Corporate Plan for 2005-08.



## Women. Men. Different. Equal.

*This is what the world would look like once our vision had been achieved.*

*It's important that it's achieved for all women and men, regardless of ethnicity, faith or belief, disability, age and sexual orientation, and whatever their class or language.*

Women's economic **potential** would be realised, leading to higher productivity, with:

- equal pay
- a family-friendly economy
- equal choice in education, jobs and leisure
- proper rewards for skills in areas of work where women predominate, including the care sector
- equal power for women and men.

**Caring** would be shared and valued (practically and financially), with:


- real choice for men and women in how they share earning family income and looking after children or adult family members
- genuine choice for parents and carers in whether and how much to work
- real choice and support for carers of adults and those they look after, promoting independent living
- equal pensions for men and women.

Public services and policies **would meet the different needs of diverse women and men**, with:

- equal access
- policy and services tailored to different needs
- better employment practices delivering greater productivity and equality
- real choice for ill, frail and disabled people about care arrangements, including independent living.

To **eliminate discrimination** there would be:

- effective, consistent and modernised discrimination and human rights legislation
- an effective single equality and human rights body
- employers and employees aware of their rights and responsibilities with expert advice available when needed
- an end to institutional gender discrimination.



# Introduction: A review of the EOC's achievements over its lifetime

This is the EOC's last full annual report, as the EOC will be handing on its legacy to the new Commission for Equality and Human Rights on 1 October 2007. This report therefore not only reviews achievements over the last year and looks forward to the challenges ahead, it also briefly reviews the lifetime achievements of the EOC so that the forthcoming transition of its work to the CEHR is put in context.

The EOC was established in 1975, in the same year as the Sex Discrimination Act (SDA) and six years after the Equal Pay Act (EqPA). There is no doubt great strides have been made towards gender equality over these last three decades. Many things that women take for granted today were only established through the Sex Discrimination and Equal Pay Acts. Over the last thirty years we have witnessed striking changes in the lives of men and women. The number of women in the workforce has increased by a third since 1975, with women now making up almost half the workforce. There are now more women in senior positions – nearly one-third of managers are women compared to less than 2% in 1974. Perhaps one of the most striking changes is the massively increased number of women in higher education. In 1975, women represented just one-third of higher education students, now they outnumber men. We have seen increases in women's representation too. Following the October 1974 General Election, 4.3% of MPs were women, by 2006 the figure has risen to 19.5%. Greater advances have been seen in the recently established Scottish Parliament and Welsh Assembly with the May 2007 elections returning 32% women Members of the Scottish Parliament and 50% women Assembly Members.

More difficult to measure, but no less significant, the importance of treating women equally has become generally accepted, if not always respected. And, as women's economic participation has increased, new gender equality issues have emerged with men increasingly taking a more active role in their children's upbringing, breaking down gender

stereotypes, which are beginning to disappear, but still persist and put barriers in the way of both women and men.

Over this entire period, the EOC has helped to drive change through its agenda setting, capacity building and its unique law enforcement role. The hallmark of its style, particularly in recent years, has been to achieve strategic change by drawing on the evidence base and working with stakeholders to find solutions that work and which they will implement. At the same time, it has been confident and inventive in the use of its legal enforcement powers.



## Agenda setting

The EOC's greatest success has been to put on the map the gender pay gap and to create a consensus around the need for action. The hourly pay gap between women and men working full-time currently stands at 17% per hour for full-time women workers, having fallen from 29% in 1975. The part-time pay gap is more stubborn, at 38%.

The most recent phase of this work started with the landmark Equal Pay Task Force, which ran from 1999 to 2001, and which identified three causes of the pay gap – occupational segregation, discrimination including pay discrimination, and the effect of caring responsibilities. The EOC then began a staged programme of work to better understand, raise awareness of, and identify solutions to these areas and to raise awareness amongst employers of the need to undertake pay reviews, including through Close the Pay Gap campaigns in Scotland and Wales. This work has been highly influential, particularly its series of general formal investigations. The EOC also held a Productivity Summit in 2004 with Gordon Brown at 'No.11', which widely promoted the economic as well as the social case for change. This work eventually led to the setting up of the Women and Work Commission, which set out

its recommendations for tackling the pay gap in February 2006, and to the Government Action Plan published in September 2006.

The EOC has made extensive use of independent research to influence public policy. This has included large, complex research programmes around specific issues. In recent years, research has been a key element of six EOC general formal investigations and these have been highly influential. For example, the EOC's investigation into pregnancy discrimination showed for the first time the scale of the problem and led to specific changes in Government policy – such as a new measure to help employers improve planning, and a new statement of rights and responsibilities given to pregnant women at their first antenatal appointment. The EOC's investigation into occupational segregation took an issue that was known about, but was not regarded as a priority for action and put it high on the agenda for schools, careers advice, apprenticeships and employer recruitment practices. The research influenced many recommendations of the Women and Work Commission, which recognised occupational segregation as a major continuing cause of the gender pay gap. Our investigation, *Moving on Up?*, published this year, represented the largest ever programme of research into the barriers facing ethnic minority women in the workplace. This has completely changed the terms of the debate, and there is now widespread acceptance that many young black and ethnic minority women's progress in the labour market is not limited by qualifications, or by lack of ambition, but by other barriers in the labour market that need to be addressed through policy intervention.

Other independent research commissioned by the EOC has also been effectively used:

- Earlier research into carers raised the issue up the political agenda and was instrumental in extending the payment of Invalid Care Allowance to married women.
- Research into childcare in the early 1990s informed the development of a National Strategy for Childcare, whilst research on pensions was particularly important in influencing the decision to equalise pension ages and has helped to ensure that women

are placed at the heart of the Government's current proposed pension reforms.

- Many research projects have also influenced stakeholders other than the Government. For example, the repeated monitoring of Equal Pay Reviews in the early 2000s (combined with the availability of tool kits to help with their implementation) prompted more companies to carry out equal pay reviews.
- Polling evidence has recently helped put support of the modern family at the heart of the priorities of all major political parties.

More recently the EOC has had a particularly pivotal role in highlighting the barriers that men can face in carrying out a caring role and the need for caring to be more valued, financially and practically. Ground-breaking EOC research has also shown that there has been a revolution in the attitude of younger fathers, compared to earlier generations. Fathers of children under the age of five devoted less than a quarter of an hour per day to child-related activities in the mid-1970s in contrast to two hours per day by the late 1990s. The EOC has successfully lobbied for a modern infrastructure of support for families over many years, including greater access to flexible working, better childcare provision, services for disabled and older people and better leave for both mothers and fathers. By joining forces with other stakeholders through the Parents and Carers Coalition, it helped create an understanding of the linked needs of both parents and carers of older relatives. The EOC's lobbying to reform the pension system to better reward the contribution of parents and carers has been highly influential in helping to shape the Government's recent reforms. The EOC's wider work on better support for families has also helped pave the way for a range of improvements that the current Government has introduced, including the introduction of the right to request flexible working for parents, and now carers, the extension of maternity leave to one year, and the introduction of paternity leave and parental leave.

The EOC has also been campaigning over many years, including in Scotland and Wales, to improve public services and to ensure that they meet the sometimes different needs of

women and men. As a result of this lobbying, the Government introduced the Gender Equality Duty, for which the EOC campaigned for six years, which came into effect in April 2007. This has the potential to be the most significant piece of sex equality legislation in over thirty years and will require public bodies to eliminate unlawful sex discrimination and promote gender equality.



## Capacity building

The EOC has worked closely with stakeholders, including employers, unions and other front-line advisers, to help build their knowledge and understanding and equip them to promote equality and eliminate discrimination. It has worked to transfer expertise to unions and others through a programme of talks and training, supported by an award-winning general website and specialist websites for front-line advisers in England and Wales and Scotland and an effective Helpline service.

The EOC has produced many guides and Codes of Practice over the years, including the Code of Practice on Equal Pay in 2003 and the equal pay toolkits in 2002, and most recently the Code of Practice and supporting guidance for the new Gender Equality Duty.



## Enforcement

The EOC's unique law enforcement work has been of a very high standard throughout its thirty-two year history. It has not only supported many vulnerable individuals, both women and men, to help take forward their cases to stop discrimination, it has also used individual cases to secure major improvements in policy, practice and law for women and men more generally, sometimes drawing on European law. For example, working with others in the legal and advice community, through test cases and judicial review we have:

- Established that sexual harassment and discrimination on grounds of pregnancy are, in law, sex discrimination, although they were not mentioned in the original Sex Discrimination Act (SDA).

- Established that part-time workers are entitled to join company pension schemes.
- Established that part-time workers only need the same length of service as full-time workers before they acquire employment protection rights.
- Extended coverage of the Sex Discrimination and Equal Pay Acts to armed services personnel, who had been exempted from their protection, and established rights for a broad range of workers who had no employment protection.
- Secured clarification and extension of the Equal Pay Act, for example establishing that a woman can compare her pay to that of a previous or subsequent post holder.
- Established that differential retirement ages for men and women could not adversely affect men's entitlement to many benefits, such as free prescriptions, winter fuel payments, and access to free leisure activities. In the EOC's second decade, we funded the high-level cases of several men in order to establish equal concessionary benefits for men across the board.
- Established that transsexuals come within the scope of the employment provisions of the SDA; that widowers' pension benefits should be paid to a transsexual partner; and that a transperson has the right to full recognition in their reassigned gender.
- Achieved greater sex equality in insurance, rented housing and public appointments.

In sport and education, the EOC used the SDA to successfully challenge practices that denied women and girls an equal opportunity to participate. Practices ruled unlawful by the courts have included: refusing a woman access to club snooker facilities; not allowing female professional pool players to join the players' organisation; and the refusal of a licence for Jane Couch, the women's world welterweight boxing champion, to box in the UK on the grounds of her sex. In education, a major case established that, where grammar school education is available, girls must have access to as many places as boys.

The EOC has also increased compliance with the law through the strategic use of its

own unique powers of enforcement. The use of our powers to prevent discriminatory advertising mean that such adverts are now comparatively rare. Several of the EOC's early formal investigations challenged occupational segregation and stereotyping. Two resulted in the removal of barriers to men from training as midwives and serving as airline cabin crew. Most recently, belief formal investigations have been used to secure action to eliminate widespread sexual harassment in a number of national institutions, together employing many thousands of women: Royal Mail; the Ministry of Defence and the armed services; and HM Prison Service.



## Scotland and Wales

The EOC has also worked vigorously in Scotland and Wales and, following the setting up of the Scottish Parliament and the Welsh Assembly, has delivered a programme of work that reflects devolved priorities. We have built some innovative partnerships on key issues such as equal pay, and our offices have played a strong role in building relationships across equality strands and in working towards the new Commission for Equality and Human Rights.







## Key achievements during 2006-07

During 2006-07 the EOC successfully delivered a challenging programme of work, which made a significant contribution towards meeting our three-year Corporate Plan objectives:

- Realising women's economic potential
- Caring shared and valued
- Better public services and policies
- Eliminating discrimination

The EOC has also been focusing increasingly on the transition into the Commission for Equality and Human Rights (CEHR). During the year the EOC has made an important contribution to work to create a successful new body that will bring together across Great Britain the statutory responsibilities to reduce discrimination on the grounds of gender, disability, race, sexual orientation, age and faith and belief, as well as responsibility for human rights in England and Wales and for human rights on reserved matters in Scotland.



### Realising women's economic potential

In 2006-07, the EOC did much to raise awareness of the enormous economic potential of women and to take forward, with others, effective strategies that would enable Britain to make more of their skills and talents:

- The EOC's investigation into the pay and progression of ethnic minority women, *Moving on up?*, was completed in March 2007. The findings revealed for the first time the full scale of the workplace penalties faced by Bangladeshi, Pakistani and Black Caribbean women, who are increasingly well qualified. Our research included a new survey of 16 year-olds, which found that girls from these backgrounds were just as ambitious as white girls to combine a career with family. The report calls for a fundamental cultural shift in the way black and Asian women are treated at work, and urges policy makers and employers to develop 'cultural intelligence' – the awareness, understanding

and confidence to communicate and relate positively to people from different cultural backgrounds. Cultural intelligence is vital if employers are to get the best from ethnic minority women at work, and policy makers are to design policy that meets their needs so they can use, and employers can benefit from, their skills and qualifications. Practical policy measures – including careers advice and work experience that challenges stereotypes and opens up a wider range of opportunities, a more personalised service from Jobcentre Plus to help Bangladeshi and Pakistani women into work, and help with childcare costs for larger families – would make a big difference to closing the employment gaps that still face ethnic minority women. Separate strands of work were carried out in Scotland and Wales, given the different context and policy framework, with reports due to be published during spring/summer 2007.

- The aim of the EOC's **Transformation of Work investigation** has been to look to the future and to identify how work organisation can be changed to better meet the changing aspirations of individuals for their working and family lives and the business challenges facing employers in the increasingly global workplace of the 21st century. The evidence and emerging findings from the first phase were discussed at a lively and challenging virtual think-tank of leading academics and thinkers at the Design Museum in December 2006. *Working outside the box: Changing work to meet the future*, the interim report of the Transformation of Work investigation, was successfully launched at the end of January this year at a packed event hosted by the Institute of Directors. Alistair Darling, the Secretary of State at the Department of Trade and Industry, spoke in support of the findings, and IBM and McDonalds managers, with employees, gave inspiring presentations stimulating discussions describing the positive pay-backs from the new ways of working they had introduced.

- The interim phase of this investigation uncovered a massive waste of talent across the workforce. 6.5 million people in Britain today could be using their skills more fully if more flexible working was available, either by working at a level at which they used to work or simply returning to the workforce. Often considered a problem limited to working mothers, the EOC's new findings show that this 'skills drain' affects almost as many men as women, and more non-parents than parents. Our report shows that half of the working population would like to work more flexibly, with a slightly higher proportion of men than women. Our final report, due in June 2007, will identify some new models of work for the 21st century that can open up wider choices and change all our lives and our businesses for the better.
- The EOC has also undertaken important work to better understand why jobs mostly carried out by women often attract low pay, known as the 'undervaluing of women's work'. The EOC's **general formal investigation into the pay and grading of classroom assistants in Scotland** is due to be published in May 2007. The report looks at the role and status of classroom assistants and is finding increasing evidence to suggest that classroom assistants are not receiving equal pay for work of equal value and that the lack of formal job roles linked to actual job demands, qualification and training is a key contributing factor causing the undervaluation of classroom assistant jobs.
- More generally, we also carried out a national literature review of research work on the undervaluing of women's work with a view to publishing a policy document in May 2007, to raise awareness amongst policy makers and employers about the scale of undervaluing women's work and what they need to do to tackle it.
- The EOC published its fourth assessment of women's progress into top positions, **Sex and Power: who runs Britain? 2007**, with companion publications in Scotland and Wales, which looked at progress after over thirty years of the Sex Discrimination Act. This attracted considerable interest in England, Scotland and Wales and showed that progress is painfully slow and in some areas appears to be reversing.
- We have continued to follow up on the recommendations in our **investigation into occupational segregation, Free to choose: Tackling gender barriers to better jobs** (published in 2005), many of which were endorsed by the Women and Work Commission, and are included in the Government's Action Plan in response to the Women and Work Commission Report. In November, working with the Department for Education and Skills (DfES) and the National Association of Connexions Partnerships, we produced case study guidance on challenging gender barriers in careers. We are participating in the Apprenticeships Equality and Diversity group, which has been set up to create a new strategy and action plan to deliver change in apprenticeships, and are on the newly-formed equality and diversity group for the Apprenticeship Ambassadors Network. We are also taking an active role on the steering group for the cross-government Olympic Equality and Diversity Strategy and Action Plan.
- We have continued to work with employers and unions to get action to tackle **pay discrimination in all three countries**, including calling for changes to modernise equal pay law and ensure it delivers equal pay in all sectors.
- Following our 2004 submission to the Commission on Local Government Pay, we have been monitoring the progress of local government towards the fulfilment of the 2004 National Agreement, which committed all local authorities in England and Wales to carrying out a pay review by April 2007. While we are disappointed that not all authorities have yet been able to fulfil their commitment to equal pay, we welcome the progress that is being made and the recent announcement that the Government has issued revised guidance on applications for equal pay capitalisation. The situation in Scotland, where employers and unions reached an agreement in 1999 under the Single Status Agreement, has also seen slow progress towards implementation.





## Caring shared and valued

Caring responsibilities fall disproportionately on women and as a result women are often forced into low-paid, low-skilled part-time jobs in order to balance work and caring responsibilities because part-time working is not available in higher-paid work. Lack of well-paid flexible work is one of the three causes of the pay gap. However, in recent years our research has shown that fathers want to take on a greater role in bringing up their children, but can face barriers that prevent them from doing so. We are working to break these down. Caring responsibilities have not been adequately recognised by the pensions system, leading to many women having lower pension entitlements, and they are still poorly supported by services.

This year the EOC has made significant progress in helping to remove barriers to the sharing of caring and to ensure that it is valued, raising awareness of the enormous pace of social change and continuing to campaign for better support from government and employers for modern families in all their many forms, and for specific changes in areas like pensions.

- Following on from our successful event on families with David Cameron, Leader of the Opposition, in March 2006, which highlighted the importance of support for families as a key political battleground, in March 2007 the EOC published a major piece of quantitative research into the state of modern families, the Millennium Cohort Survey. This was the basis for a shorter policy document, *The State of the Modern Family*, which argued for better support for the modern family, including targeted support for low-income fathers, greater access to affordable childcare and the extension of the right to request flexible working to all employees. This was launched at a very successful **Citizens' Forum event, Parenting in 2020**, held in partnership with the Fawcett Society in March 2007, **with Gordon Brown, then Chancellor of the Exchequer**.
- We made a major contribution to getting the needs of women further embedded at the heart of the Government's planned **reform of pensions** through our campaigning and influencing work with government and others and through our publication of relevant

research. We have responded in detail to two White Papers during the year, as well as lobbying for further improvements in the State Pensions Reform Bill introduced to Parliament in November 2006, to ensure that as many women and carers as possible can benefit from the planned changes. We continued to chair the Women's Pensions Network of key stakeholders from age and women's groups, the pensions industry, Parliament and the unions, to build consensus around reforms, which recognise the contribution of parents and carers. John Hutton, Secretary of State at the Department for Work and Pensions, chose to launch the State Pensions Reform Bill at the Women's Pensions Network, acknowledging its influence.

- We continued to raise awareness of the **changing roles of fathers** through the publication of a well received leaflet – *Twenty-first Century Dad* – linked to Fathers Day in June 2006. The leaflet highlighted the need to provide more equal parental leave rights for fathers and the unequal access to existing rights for low-income fathers.
- We worked with the DTI to obtain a more broadly drawn Regulation to **extend the right to request flexible working to carers**, which comes into force in April 2007. We had long campaigned with others for this right, which we were successful in obtaining in the Work and Families Act 2006.



## Better public services and policies

In addition to closing the pay gap, the other priority for the EOC during this period has been to help create **better public services and policies** for women and men, in particular by helping public bodies to prepare for the new legislative duty on the public sector to eliminate discrimination and promote equality, which came into force across Great Britain on 6 April 2007. This is the most significant change in sex equality law for over thirty years, shifting the onus from individuals having to challenge discrimination, to organisations having to take action to deliver equality. It has major implications not just for the employees of the public sector but for the users of services; and it is also likely to make a major contribution to

closing the pay gap. The EOC played the lead role in influencing government to introduce the duty and in ensuring its most effective design. The EOC has a critical role in helping to ensure it achieves real change on the ground through our promotional and enforcement powers, and through influencing government departments, key public sector organisations and inspectorates, to provide the necessary leadership and vision.

- In 2006-07, the EOC published its Codes of Practice on the new **Gender Equality Duty for England and Wales, and separately for Scotland**. We worked with government and stakeholders to ensure the design of the duty was as effective as possible in bringing about gender equality. The specific duties include a requirement on public authorities to consider taking action on the causes of the gender pay gap and for Scottish public authorities who employ over 150 staff to develop and publish an equal pay policy. The specific duties in Scotland also place a duty on Scottish Ministers to set out strategic priorities for the public sector and report on progress every three years.
- The EOC negotiated, consulted on and published a statutory Code of Practice on the duty for England and Wales, and a separate one for Scotland. We also published supporting guidance, including guidance to provide public authorities with information on the major gender equality issues that need to be addressed in their sectors, and demonstrating the relevance of gender equality to their mainstream policy objectives. The Codes of Practice also set out detailed steps that public bodies should take to ensure that they are meeting the duty in their procurement practice. The Gender Equality Duty section is the most visited part of the EOC website with almost 110,000 copies of the Code of Practice downloaded by the end of March.
- We have been working with inspectorates to ensure that, as part of their obligations under the duty, gender equality considerations are built into their inspection frameworks and processes.
- We have developed a strategic monitoring and enforcement strategy. And we are

working with the voluntary sector, unions and other key stakeholders to ensure effective scrutiny of public authorities' implementation of the duty.

- In Wales the specific duties remain to be finalised, but a joint EOC Wales and Welsh Assembly Government briefing on the Gender Equality Duty has been issued to the whole of the public sector in Wales, which emphasises the importance of the duty and its benefits.
- During the year we have worked with partners in priority sectors to hold more than 100 successful conferences and events to raise awareness of the new duty.



## Eliminating discrimination

During the year the EOC has continued to carry out its statutory role to **eliminate discrimination**, supporting a number of individual cases under Section 75 of the Sex Discrimination Act, using its other unique statutory powers and providing wider support and information to individuals – and other organisations who advise individuals – through its Helpline, websites, guidance and promotional activities. This work plays an important role in reducing discrimination and raising wider awareness of the law – and therefore in closing the pay gap.

In 2006-07, the EOC had a very active programme of legal work, which included:

- A successful application for judicial review against the Government in respect of its implementation of the **European Equal Treatment Amendment Directive (ETAD)**. The Government has agreed to amend the regulations. The judgement is highly significant, ensuring that ETAD is fully implemented and existing protection maintained against sexual harassment and for women taking maternity leave.
- Continuing **strategic enforcement work with major employers** where discrimination appears to be widespread. This included continuation of our work with the Royal Mail to reduce sexual harassment, as a result of a suspended formal investigation. Similar work to reduce sexual harassment was

initiated during the year with the Ministry of Defence (MoD) in relation to the armed services, again resulting from a suspended formal investigation. Investigations were suspended because both the MoD and the Royal Mail developed effective Action Plans and agreed to work with us to make sure they were implemented. We also carried out preparatory work for a third investigation into sexual harassment in the Prison Service. This was subsequently launched in April and immediately suspended as the Prison Service put forward an acceptable two-year Action Plan to use independent research to determine where harassment occurs, and reduce it by improving its complaints and discipline procedures.

- Signing agreements with six major employers to improve policies, pay systems and handling of sexual harassment complaints.
- Continuing to take forward recommendations from the **EOC's General Formal Investigation into pregnancy discrimination, *Greater expectations***, which was published in June 2005. This investigation found disturbingly high levels of discrimination against pregnant women at work, with nearly half experiencing some form of discrimination. One of the reasons was a lack of understanding by both employers and employees of rights and responsibilities, and we made two recommendations to raise awareness – an information leaflet that will be given out at antenatal appointments and a toolkit for employers. To help employers plan ahead, we also recommended that employers were given a 'green light' to ask women on maternity leave when they would return. All three recommendations have been taken forward. We worked with the DTI on the detail of their new leaflet on maternity rights for pregnant women and their partners, which also includes an information section for employers. We were particularly instrumental in getting the section on fathers' rights added. We also developed and published a new **pregnancy toolkit** to help employers manage pregnant staff and new parents. We are continuing to work with small employer organisations and the Government to take forward the recommendation that small employers should receive more government help with costs and human resource assistance.
- The successful conclusion of 21 **key legal cases** where the EOC gave support under Section 75 of the Sex Discrimination Act. These have led to significant strategic change, eg, the successful settlement in the landmark **British Airways v Starmar** case, in which BA agreed to reduce Mrs Starmar's working hours by 50% because of her parenting responsibilities, and the **Bodman** case which highlighted the need for employers to have transparent pay systems. We successfully supported **Moyhing v NHS Trusts** – challenging the decision of the Employment Tribunal that it was acceptable for the Trusts to have a different chaperoning policy for male and female nurses when intimate procedures are being given to female patients "as a safeguard against the generalised risk of assault upon a patient and/or false accusations of assault against male nurses". As a result of the Employment Appeal Decision, NHS Trusts now need to review their policies on chaperoning.
- In our intervention in **Derbyshire and Others v St Helens Borough Council**, we argued successfully in the House of Lords that employers cannot use the honest and reasonable defence established in **Khan** to avoid liability for victimisation claims. This widely reported case stemmed from equal pay claims brought by school catering workers, who were sent letters containing a threat that the cost to the council of defending the claims would be so prohibitive that it would be unable to continue supplying school dinners and the claimants and their colleagues could lose their jobs.
- Our intervention in **Cadman v Health & Safety Executive**, in the European Court of Justice (ECJ) helped to persuade the ECJ that there are certain circumstances when an employer will need to provide objective justification for using 'length of service' in calculating pay. Although the result in **Cadman** was not as far reaching as the Opinion of the Advocate General, it was nonetheless useful.
- In Scotland the EOC ran its first ever national conference on issues for transgender and transsexual people in employment and services.

- Our Transfer of Expertise Teams in England, Scotland and Wales strengthened the impact of their work this year by engaging with an increasingly diverse range of front-line advice organisations. Often working in partnership with other equality strands, the Transfer of Expertise Teams reached over 14,000 delegates in their target audience, at conferences, workshops and training seminars. A further 206,000 individuals in the target groups were reached via journal articles, fliers and media advertising, whilst reports of our activities reached a potential audience of 2 million union members via web-casts and news items in union members' magazines.
- Access to the EOC's main website continued to increase, providing a 24/7 information service to a wide range of audiences. Traffic was up 42% on the previous year with 2.8 million visits. Various new sections were added to increase our reach to particular audiences, for example a youth micro-site for young people, and an online pregnancy toolkit for employers. Our websites for legal advisors in England and Wales, and the website in Scotland, continued to offer valuable support to specialist legal practitioners, with about 700,000 visits in total (up 26% on last year). Our Helpline continues to be a popular source of advice with over 23,000 enquiries this year.

in intensive dialogue and key working groups. A 'Transition Commissioner' for the EOC, Jeannie Drake, has been appointed to the new Commission.

In its final year, the EOC has been working to ensure that it passes on a strong gender legacy to the CEHR. We are preparing a 'Gender Agenda', which will be a published document setting out 10-year strategic goals for the CEHR, with its companion publications for Scotland and Wales. The **Gender Agenda and a Gender Equality Index** will provide a tool against which to measure progress on gender equality, and will be launched in the summer to keep gender high in the public consciousness as we approach the launch of the CEHR on 1 October.

We began to pave the way for the campaign with a speech from our chair in February to the Smith Institute, setting out the key elements of our Gender Agenda. And in March, in partnership with the Fawcett Society, we held a successful Citizens' Forum on Parenting in 2020, which was attended by the Chancellor of the Exchequer. The day looked at the challenges facing parents and carers now and in the future and how families could be better supported. The final phase of the Gender Agenda campaign will run during summer 2007.


The EOC's achievements are set out in more detail against each of the Corporate Plan objectives in pages 20 to 32.



## The Commission for Equality and Human Rights

During the last year we have worked with other equality strands and the Commission for Equality and Human Rights (CEHR) to help create an effective body both in terms of the underlying policy issues and in terms of infrastructure. By contributing to the Equalities Review, the Discrimination Law Review, and the Gibbons Review of Tribunals, we have continued to work towards an effective statutory framework in which the new Commission will operate. We have seconded staff to the CEHR Transition Team, and many of our staff, from the Chief Executive downwards, have been involved





## Strategies for achieving our objectives

We work with others to achieve our mission through:

- **Agenda setting:** genuinely engaging the public, using our authority, research and expertise to lead the debate, getting buy-in from those who can make change happen.
- **Capacity building:** creating the tools that will help others to promote change, building partnerships and alliances to share good practice.
- **Enforcement:** using our legal powers fully and confidently, both our powers to investigate discrimination and to support individual cases.


The EOC recognises that its vision will only be achieved if others take action. That is why a strategy of persuasion is at the heart of the way the EOC works. In all our agenda-setting work in particular, we aim to make a persuasive case for change to others. We do this by demonstrating the importance of action, not just to deliver social justice and fair access to opportunity, but also because of the gains to the economy and individual businesses of realising women's economic potential; and because of the wider economic and social benefits of supporting and valuing the caring role that women, and increasingly men, are playing. Furthermore, we work closely with government, employers and other key stakeholders, not just through our formal influencing work, but also drawing them into our projects from the beginning to help us define issues and identify solutions. The Advisory Groups to our general formal investigations have proved particularly effective in ensuring the recommendations are taken forward.

Our strategy of persuasion is even more critical during our final year as we aim to pass on a strong gender legacy to the CEHR. We have sought to demonstrate to all our stakeholders how gender equality can help to alleviate many of the pressing social problems of the day, eg, enabling fathers to take a more active parenting role leads to better outcomes for children. We also show how our work links to

other equality strands, for instance our work on the pay and progression of ethnic minority women. Our work on pensions, caring and transforming the workplace all have links to the age and disability strands.

In May 2006, responsibility for the EOC's sponsorship moved with the Women and Equality Unit from the Department of Trade and Industry to the Department for Communities and Local Government, led by the new Minister for Equalities, Ruth Kelly. We have worked with our new department to demonstrate that gender equality can increase economic participation, reduce social exclusion and help build stronger communities, boosting productivity overall, increasing social mobility and enabling us to build community cohesion. We were pleased that Ruth Kelly spoke at the launch of our investigation into the pay and progression of ethnic minority women, *Moving on up?*

Our extensive and consistently positive media coverage supports our strategy of persuasion – to make a convincing case for change starting from other people's concerns, whether that's about the country's productivity, pensions reform or the need for greater support for the modern family in its many forms. We use research, including polling research, to influence the agenda. We run regular audits of change in gender equality, for example, *Sex and Power*, to provide news journalists with the crunchy statistics that provide the foundation for most articles and thereby ensure coverage for our issues. By starting from others' views, our case for change is designed to build a consensus, including a political consensus across the main parties, around the action required by government and employers. By politicising our gender equality message and demonstrating that real people are very concerned about our issues, our media work has been successful in engaging media commentators and pushing gender equality up the political agenda.



## Measuring our success

The EOC's goals are long-term and will take time to deliver but we continue to make progress towards them.

One key measure of success is how far we have secured policy changes. Our investigations have led to significant changes in practice. For example, three key recommendations from our investigation into pregnancy discrimination have been taken forward this year, including changes in law. Our campaigning work has helped secure some major policy changes, including the extension of the right to request flexible working to carers and better pension provision for women and carers under the Government's proposed pension reforms. More broadly we have helped to establish support for families as a major political issue, with both major parties recognising that balancing work and family responsibilities is a key issue for voters today. Our legal work has had widespread impact both on the law, for example, through our successful judicial review on ETAD, and on practice, for example, the Moyhing case is likely to lead to changes in NHS practice, and in the reduction of discrimination within major organisations, not least the armed services.


Due to budget constraints this year we have been unable to measure our effectiveness by independent polling as we have done in previous years. However, it is still possible to see visible progress. Taking media coverage of our issues as a measure, we can see that we have been successful in raising family and caring policy up the political agenda as both main political parties seek to gain ground on this issue. We are also in demand from government and other stakeholders as a valuable source of advice, particularly on pensions issues and issues affecting ethnic minority women. This trend confirms earlier independent evaluations carried out for the EOC in 2005, which showed that the EOC has a very strong reputation with our stakeholders and that within the space of a year the number of opinion leaders who think that the Government should take action to close the pay gap rose from 40% to 53%.

## Management of risks and use of resources

The EOC has robust risk management processes in place. We will continue to manage risks by keeping our risk register under regular review by the Audit Committee and the Corporate Management Team, which meets regularly. In addition, the Chief Executive reports progress against business plan objectives to every Commission meeting. And for our last 18 months we have developed both a living Transition Plan and an additional specific risk register for our transition activity, which has been reviewed by the Audit Committee and our internal auditors and shared with the full Commission.

In accordance with the terms of our Management Statement, we keep our sponsor department – the Department for Communities and Local Government – apprised of our risk management by approximately monthly meetings with senior officials and by copying them all our Commission papers. This enables officials to brief Ministers in an informed way when our Chair and Chief Executive meet them usually twice a year to discuss developments.

With limited funds at our disposal we have closely monitored our financial budget during the year, re-allocating funds where appropriate according to prioritised needs within the framework of our business plan. The result has been that we have spent to within 1.2% of our Delegated Expenditure Limit.



## Challenges and risks and planned future developments through to October 2007

In October 2007 the EOC will cease to exist. Its role will be subsumed into the Commission for Equality and Human Rights (CEHR), established under the Equality Act (2006). The EOC has always been a strong supporter of the CEHR. Discrimination and inequality are multi-faceted and the creation of the CEHR gives us the opportunity to tackle inequalities holistically.

Our top priority over our last months will be to ensure that we work towards delivering an effective CEHR by passing on a strong gender legacy, by helping to build the new body and by ensuring that those of our staff that wish to transfer are equipped with the right skills to do so. The EOC has a CEHR Transition Commissioner, Jeannie Drake, who is playing an active role in setting up the new body and taking it forward. We will also continue to second staff to the CEHR and staff will participate in working groups during these latter stages of the transition period, helping to establish the CEHR's vision and first work programme, design the new organisation and ensure an effective assimilation process for migrating many of the Commission's existing staff to the new structure. And increasingly we will be assisting the CEHR in operationalising these, especially through the assimilation process, which is expected to start in June.

Our goal is for the Gender Agenda to remain high throughout this period. This is partly to ensure a strong agenda going into the CEHR. But it is also important that the agenda remains high more widely. We have carried out extensive consultation with stakeholders over the last couple of years to gain their views on how the Gender Agenda connects with other equality strands and human rights, so that cross-strand issues can be reflected both in our own priorities and those we have suggested to the CEHR.

The EOC faces a challenging period in its final months with a reduced budget of Grant-in-Aid of £4 million for the period April to October 2007. The creation of the CEHR will be increasingly time-consuming and the EOC will also continue to take forward essential work and maintain existing services. It will help introduce the new Gender Equality Duty and continue with its statutory enforcement role. The EOC will also deliver a Gender Agenda campaign setting out key strategic objectives to deliver gender equality, and complete existing projects, primarily the Transformation of Work and the Scottish Classroom Assistants general formal investigations, and follow up work on the recent investigation into the pay and progression of ethnic minority women.



# Achievements against Corporate Plan objectives

## Realising women's economic potential

### The Corporate Plan goals and objectives: 2005-08

#### Long-term vision:

Women's **economic potential** would be realised, leading to higher productivity, with:

- equal pay
- a family-friendly economy
- equal choice in education, jobs and leisure
- proper rewards for the skills in areas of work where women predominate, including the care sector
- equal power for women and men.

#### EOC 3 year objectives:

- Unlocking better paid areas of work for women through **transformation of work** by understanding women and men's changing career and caring expectations, finding solutions to the barriers perceived by key employers to changing work and identifying how schools and job centres can help.
- Ongoing action to tackle **pay discrimination and close the pay gap** by EOC identifying and successfully influencing for changes in policy by government, and practice by employers and unions, including more pay reviews/private sector duty.
- Action to tackle **occupational segregation** in construction, engineering, plumbing, ICT and childcare, as a result of delivery by government and employers of the EOC's February 2005 GFI recommendations.
- Action to understand why some groups of ethnic minority women succeed better in employment than others and so focus on which barriers need to be removed and how, so that the employment and pay gaps for, eg, **Bangladeshi, Pakistani and Black Caribbean women** can be closed and their potential (economic and personal) can be better realised.

- **Undervaluing of work** in certain sectors, including the care workforce, where women dominate pushed up the political agenda, as a result of the EOC creating a better understanding of the causes and drivers for change.
- In Scotland and Wales, the EOC is working with the Scottish Parliament and the National Assembly for Wales to work to increase the number of **women in power**, particularly elected to political positions in national legislatures, local government and in public appointments.



### What we achieved in 2006-07

The pay gap remains stubbornly high. Women working full-time earn 17% less per hour than men working full-time, and earn 38% less per hour when they work part-time.

We made considerable progress towards our objective of unlocking better paid areas of work for women by publishing our final report of the **general formal investigation into the pay and progression of ethnic minority women, *Moving on up? The way forward***, continuing to take forward the recommendations of our Occupational Segregation investigation, ***Free to choose: Tackling gender barriers to better jobs***, and by following both of these up with our **investigation into the Transformation of Work**. We have also undertaken important work, particularly in Scotland, to understand why women are often paid less in occupations where mostly women work – known as the 'undervaluing of women's work'.

The **Transformation of Work investigation** is exploring how working time can be better organised to meet the needs of both employees and employers. A lack of flexible working opportunities means a massive waste of potential, with many part-timers, most of whom are women, taking jobs below the level at which they are qualified. It is also a factor in



the creation of occupational segregation, as many women choose to work in sectors where flexible working is available. The investigation is looking at innovative ways of redesigning work to respond to changes in people's expectations of work and family life – improving work life balance and increasing both individual and national productivity. The interim report found a massive waste of talent across the workforce. 6.5 million people in Britain today could be using their skills more fully if more flexible working were available, either by working at a level at which they used to work or simply returning to the workforce. Often considered a problem limited to working mothers, these new findings show that this 'skills drain' affects almost as many men as women, and more non-parents than parents. Our report shows that half of the working population would like to work more flexibly, with a slightly higher proportion of men than women.

The evidence and emerging findings from the first phase were discussed at a lively and challenging virtual think-tank of leading academics and thinkers at the Design Museum in December 2006. *Working outside the box: Changing work to meet the future*, the interim report of the Transformation of Work investigation, was successfully launched at the end of January this year at a packed event hosted by the Institute of Directors. Alistair Darling, the Secretary of State at the DTI, spoke in support of the findings and IBM and McDonalds managers, with employees, gave inspiring presentations stimulating positive discussions, describing the positive pay-backs from new ways of working they had introduced. Our final report, due to be published in June 2007, will identify some new models of work for the 21st century that can open up wider choices and change all our lives and our businesses for the better. Our knowledge and understanding were greatly enhanced by the members of our External Advisory Board, and we would like to extend our thanks to them for the time and support they have given to this investigation. The investigation was partly funded by the European Social Fund.

We have continued to work with employers and unions to get action to tackle pay discrimination. In order to secure the future of a forum focused on equal pay issues in the workplace, we have

worked with Opportunity Now to find an alternative partner in providing an annual series of events dedicated to equal pay. We are delighted that Opportunity Now has entered into a partnership with the leading law firm Eversheds. The new partnership will launch a series of roadshows in the autumn of 2007. We have also been working with organisations such as the European Commission, the TUC and the Fawcett Society to firm up our proposals to modernise equal pay legislation, as well as ensuring, through the new Gender Equality Duty, that the public sector is required to take effective action on equal pay.

We secured a requirement within the Gender Equality Duty specific duties for public sector employers to consider the need to take action to address the causes of the gender pay gap both within their own organisation and within their wider policy or service delivery functions. In addition, public sector employers in Scotland who employ over 150 staff will have to develop and publish an equal pay policy. These specific duties should significantly increase the rate of progress towards closing the public sector gender pay gap. The EOC in Scotland has been working with, and encouraging, local government and unions in Scotland to implement the 1999 Single Status Agreement, which seeks to deliver on equal pay in local authorities.

Following our 2004 submission to the Commission on Local Government Pay, we have been monitoring the progress of local government towards the fulfilment of the 2004 National Agreement in England and Wales, which committed all local authorities in England and Wales to carrying out a pay review by April 2007. While we are disappointed that not all authorities have yet been able to fulfil their commitment to equal pay, we welcome the progress that is being made and we especially welcome the recent announcement that the Government has issued revised guidance on applications for equal pay capitalisation. We have had discussions with all parties to pursue our aim of ensuring that women working in local government receive their entitlement to equal pay.



## Close the pay gap campaigns

In Scotland, we have continued to chair the Close the Gap partnership initiative, funded by the Scottish Executive and Scottish Enterprise. The current priorities for Close the Gap in Scotland have been the finance sector and further and higher education. There have been a number of initiatives and resources produced as part of this programme of activity. In Wales our Close the Pay Gap campaign with the Welsh Assembly Government and Wales TUC has ensured that equal pay has moved up the political agenda and increased understanding of equal pay issues, and alongside our Equality Exchange best practice network, has secured action from over 100 employers.

We have continued to follow up on the recommendations in our **investigation into occupational segregation, *Free to choose: Tackling gender barriers to better jobs*** (published in 2005), many of which were endorsed by the Women and Work Commission and are included in the Government's Action Plan. In November, working with the Department for Education and Skills (DfES) and the National Association of Connexions Partnerships, we produced case study guidance on challenging gender barriers in careers. This has led to DfES support for a number of new local projects. The EOC has been an active member of the Careers Quality Standards Advisory Group and has worked with DfES to develop standards that mainstream equality and diversity and highlight key issues such as challenging stereotypes. We are participating in the Apprenticeships Equality and Diversity Group, which has been set up to create a new strategy and action plan to deliver change in apprenticeships, and are on the newly-formed Equality and Diversity Group for the Apprenticeship Ambassadors Network, which is planning a programme of activity including an employers conference. We are also taking an active role on the steering group for the cross-government Olympic Equality and Diversity Strategy and Action Plan. We have advised the Sector Skills Development Agency and Sector Skills Councils leading positive action projects for the Government's Pathways into Work for Women initiative.

The publication of the interim report in September and the final report in March, of

our investigation into the labour market position of **Bangladeshi, Pakistani and Black Caribbean women** made a significant contribution to the EOC's objective to develop a greater understanding of why some groups of ethnic minority women succeed better in employment than others. We were delighted that Ruth Kelly spoke at the launch of the final report in March. The report found that growing numbers of young ambitious ethnic minority women are leaving school and college with good qualifications, yet find it harder than white women to get jobs suited to their skills. The report promotes the development of greater 'cultural intelligence' as the way forward, so that employers have the awareness, understanding and confidence to relate to people from different cultural backgrounds. The report also calls on the Government to develop a new approach in the way it responds to the needs of ethnic minority women. The current focus tends to place more of an emphasis on helping ethnic minority women gain additional skills or tackling a resistance to women from some communities working outside the home. Our investigation has found that younger women are supported by their parents in pursuing a career together with having a family, and therefore better careers advice and work experience at school and into adulthood, and help with childcare costs for larger families, would be of more practical benefit. Our knowledge and understanding were greatly enhanced by the members of our External Advisory Board, and we would like to extend our thanks to them for the time and support they have given to this investigation. The investigation was partly funded by the European Social Fund.

In Scotland a separate programme of work was carried out reflecting the different nature of the issue and separate policy frameworks that exist, while drawing on some of the Britain-wide findings. The investigation in Scotland has focused on ***Visible Minority Ethnic Women*** rather than the communities investigated in England and Wales. The report and separate recommendations will be produced in May 2007.

In Wales our research focused primarily but not exclusively on the largest ethnic minority groups in Wales – those from Black Caribbean, Bangladeshi, mixed race, Pakistani and

Somali backgrounds and is producing a real insight into the ambitions of ethnic minority girls as well as painting a vivid picture of the obstacles holding them back from achieving their full potential.

The EOC is finalising its first Scotland-specific **general formal investigation looking at the pay and conditions of classroom assistants**. This investigation, due to be published in June 2007 evaluates the role and grading of classroom assistants and will contribute to the EOC's wider understanding of the **undervaluing of women's work**.

We also held a successful expert seminar on the undervaluing of women's work. The seminar considered some of our currently unpublished work on the topic, which reviews what is known about the area. We are in the process of developing a policy document that explores the causes of the undervaluing of women's work and seeks to raise awareness among opinion formers and government of the scale of the problem.

The EOC continued to highlight the need to increase the number of women in power. The launch of *Sex and Power: who runs Britain? 2007*, with separate reports for Scotland and Wales, contained powerful statistics that captured the public imagination and stimulated debate in the media. The report found that progress is painfully slow and in some areas has even reversed, pointing out the vast number of women that are missing from public appointments (3,067) and from directorships in FTSE 100 companies (438).



## Caring shared and valued

### The Corporate Plan goals and objectives: 2005-08

#### Long-term vision:

Caring would be recognised and supported (practically and financially), with:

- real choice for men and women in how they share earned family income and looking after children or adult family members
- genuine choice in whether and how much to work
- real choice and support for carers of adults and those they look after, promoting independent living
- equal pensions for men and women.

#### EOC 3 year objectives:

- **Parents better supported in the first year and beyond**, through EOC with partners in Parents and Carers' Coalition, pressing for improvements in parental rights, including for fathers, and childcare strategy.
- **Enabling men to take a greater caring role** by EOC identifying and pressing for the removal of inflexibilities in leave, work patterns, pay and public services which act as barriers to their parental role.
- **Ensuring support for older people is higher up the political agenda** through the EOC influencing for specific government commitments to long-term strategies to improve support for both carers and those they care for.
- EOC analysis and influence gain government commitment to measures, which provide adequate pensions for parents and carers.



### What we achieved in 2006-07

The demands of caring, which still fall disproportionately upon women, are one of the three major causes of the gender pay gap. So we continued our work of campaigning for changes in working practices and to the welfare state that would make it easier for the modern

family in all its shapes and sizes to combine work and caring for their children or disabled, sick or frail adults.

Increasingly, caring is an issue for men, not just women, with men wanting to take a more active role in parenting and women gaining when they do, not least by making it easier for them to realise their full economic potential. We therefore continued to highlight the pace of social change and the need to support fathers as well as mothers. Our ground-breaking research has helped to make support for the modern family a key political issue, with both major political parties seeking to demonstrate from the top that they have effective policies on work-life balance and supporting families. Following on from an EOC event with David Cameron in March 2006, Gordon Brown attended our Parenting 2020 seminar earlier this year.

We have continued to work in co-operation with the key NGOs and some interested employer groups through the **Parents and Carers Coalition**, which we chair and organise, and have brought the coalition together to demonstrate support on key issues. For instance, we have been successful in persuading the Government to extend the right to flexible working to carers, which came into effect in April 2007.

We published research based on the Millennium Cohort Survey, which surveyed nearly 30,000 parents at the start of the millennium and again in 2003. We combined our analysis of this study with other research to publish a short policy paper, *The State of the Modern Family*. Our analysis of the research revealed that many families, particularly lower-income families, struggle to find the time they want with their children. Although the introduction of better maternity and paternity leave since 2003 has helped parents to balance work and caring for their children, there is a definite income divide between those who can afford to take full advantage of maternity leave, paternity leave and flexible working and those who cannot. The research also found that the close involvement of both mothers and fathers results in better outcomes for children, with fathers keener than ever to play a more active role in their children's upbringing. It also revealed that the

children who at 9-10 months received formal childcare, whilst their mothers worked, had a lower likelihood of development problems at age three. There was no evidence that mothers' employment had a negative effect on their children's development. On the back of this research we called for greater support for families including, targeted support for low-income fathers, so that they too can take advantage of paternity leave, greater parental choice over who looks after the baby, and greater access to affordable childcare.

We launched the research at a Citizens' Forum on Parenting in 2020, which we hosted in partnership with the Fawcett Society. We invited Gordon Brown to discuss children and parenting with a diverse group of 70 mothers and fathers. The participants voted strongly (over 80%) for the Government and employers to do more to support families. Gordon Brown promised to reflect on the messages he received, which included calls for more help with flexible working, childcare and caring responsibilities. This event followed on well from our event last year with David Cameron, with both occasions designed to establish this area as a key focus for current political debate.

We continued to raise awareness of the **changing roles of fathers** through the publication of a well received leaflet – *Twenty-first Century Dad* – linked to Fathers Day in June 2006. The leaflet highlighted the need to provide more equal parental leave rights for fathers and the unequal access to existing rights for low-income fathers. Shortly afterwards, the Government announced that it intended in due course to make it possible for fathers to take the second six months of what is now maternity leave.

Due to budget constraints we have not been able to take forward a project on services and support for older people and their carers. However, we are encouraging the CEHR to take forward a cross-strand project on caring and independent living. In Wales, we carried out research with the Welsh Consumer Council to highlight the damaging effects on people of poor-quality care services. Cardiff Council has responded by carrying out a pilot project to determine what the gender differences might be in the needs of older people.



Women currently receive a far lower income in retirement, on average than men, largely because of their caring role. We made considerable progress in our objective to gain government commitment to measures that provide adequate **pensions for parents and carers**. We have continued the influencing activity that has already helped to ensure that the needs of women were at the heart of the Pensions Commission's report on pensions.

We responded to the Government's State Pensions White Paper, lobbying for better state pension coverage for parents and carers and secured the Government's commitment to produce a Gender Impact Assessment of the subsequent Bill even before that was a requirement of the Gender Equality Duty. The launch of the State Pensions Reform Bill, took place on 29 November at the Women's Pensions Network with our Chair being invited to join the Secretary of State and the Minister at the launch to highlight the women's angle.

Partly as a result of our lobbying, the Bill contained a number of measures, which will increase women's state pension coverage, including better credits for parents and carers, and a reduction in the number of qualifying years for the Basic State Pension.

We have continued to chair the Women's Pensions Network, which has been praised by James Purnell, Minister for Pensions Reform, as a model of how to influence government, and have worked with others to lay amendments to the State Pensions Reform Bill to further improve the situation for parents, carers, the low-paid and the over 45s, and have made significant progress on gaining self-certification for carers caring for more than 20 hours per week who were at risk of slipping through the net.

To illustrate our concerns about gaps in the Government's proposals for Personal Accounts we collaborated with Scottish Widows, who paid for some pensions modelling from the Pensions Policy Institute and polling research looking at whether it would pay to save under the new system. The launch of this work on 21 November 2006 attracted a significant amount of interest with the Minister and our Chair speaking, along with the Conservative and Liberal Democrat spokespersons.

We responded to the Government's consultation on Personal Accounts in March where we argued for changes to the proposals to make sure that Personal Accounts are fit for the realities of women's lives, including allowing greater flexibility in when and how they save and ensuring that Personal Accounts are suitable for the low-paid and those with varying work patterns. We have also commissioned, in conjunction with Scottish Widows, some more pensions modelling to illustrate further possible improvement to help women and the low-paid. This will be published at a seminar in June, sponsored again by Scottish Widows.



## Better public services and policies

### The Corporate Plan goals and objectives: 2005-08

#### Long-term vision:

Public services and policies **would meet the different needs of diverse women and men, with:**

- equal access
- policy and services tailored to different needs
- better employment practices delivering greater productivity and equality
- real choice for ill, frail and disabled people about care arrangements, including independent living.

#### EOC 3 year objectives:

- Majority of public bodies see the duty as an opportunity to **improve their performance**.
- The majority of public bodies **set challenging targets**.
- **EOC codes of practice and guidance documents** are well received.
- General and specific duties that are finally agreed are outcome-focused.

### What we have achieved in 2006-07

Key to improving public services and policies is implementation of the new Gender Equality Duty. This is the most significant change in sex equality law for over thirty years, with far-reaching implications not just for the employees of the public sector, but for the users of services; and it is also likely to make a major contribution to closing the pay gap.

We continued to work with the Government on the final specific duties for England, which were put before Parliament on 15 November. We were pleased that the final design is outcome-focused and contains an explicit requirement to consider the need to take action on the causes of the gender pay gap.

The Scottish-specific duties were agreed by the Scottish Cabinet in December and contain much of what EOC Scotland campaigned for. The specific duties were laid before the Scottish Parliament on the 1 February. These are similar to the English-specific duties, with two key additions. Scottish public bodies, as well as drafting schemes and assessing the impact of their policies, will also be required to publish an equal pay policy and report on progress towards achieving equal pay over three years. In addition, Scottish Ministers are placed under a duty to set strategic gender equality priorities for the public sector and to report on progress made by the public sector towards these (similar to the disability duty). The specific duty to develop a scheme and impact assessment will commence on 29 June 2007 in Scotland, and equal pay policies will be required to be published by 28 September.

The Welsh-specific duties remain to be finalised. In the meantime we have worked with the Welsh Assembly Government to develop briefing on the Gender Equality Duty and this has been issued to the whole of the public sector in Wales. It emphasises the importance of the duty and its benefits. It explains that the detail of the specific duties in Wales has yet to be confirmed and calls on all authorities to have a scheme in the interests of transparency and clarity. It points out that action to address the most significant gender inequalities should be prioritised and suggests that schemes should include action to close the pay gap.

The England and Wales Code of Practice was laid before Parliament on November 15. The final version of the Code contained some significant breakthroughs in the interpretation of the law on procurement, including agreement that public bodies can exclude from their contracting shortlists private and voluntary sector contractors with significant findings against them in employment tribunals. The Code also makes clear that, to comply with the gender equality duty, public authorities that have a gender pay gap in their workforce must set an objective to tackle the cause or causes of that gap, which may entail carrying out an equal pay review. We have received very positive feedback on the usefulness of the Code, which has been downloaded from our website a record 109,291

times. The Scottish Code of Practice was laid before Parliament in March.

Our awareness campaign on the duty intensified over the last year. We launched a new Gender Equality Duty logo and campaign materials and EOC staff have spoken at over 100 public and voluntary sector events during the last year. Highlights included partnership conferences with the Department of Health, the Men's Health Forum, the Improvement and Development Agency and the Local Government Association, and the Department for Education and Skills. We also held 16 countrywide training events with ACAS and Eversheds. We were particularly pleased that we secured a reference to the Gender Equality Duty in Treasury guidance for departments on the Comprehensive Spending Review process. The EOC ran a parallel programme of activity for the public sector in Scotland. Together with the Commission for Racial Equality (CRE) and the Disability Rights Commission (DRC) in Scotland, the EOC published a guide on how public bodies could operate the different public duties together.

In Wales, we published a report on our successful Gender Equality Duty pilots in January which was widely distributed to all public authorities. The publication provided practical case studies and examples and helped to support the implementation of the Duty.

A major part of our awareness and influencing work has been encouraging all public bodies to set challenging gender equality targets that will really make a difference. Through one-to-one meetings, conference presentations and the statutory Code, we have repeatedly given a strong message that setting challenging objectives is at the heart of the Gender Equality Duty and we want to see public authorities setting a small number that will have a substantial impact. We have developed a monitoring and enforcement strategy, which identifies priority themes and sectors and we will be handing this work programme over to the CEHR in October 2007. To prepare for transition of this work, we have been working increasingly closely with the CRE and DRC teams responsible for the race and disability duties.



## Eliminating discrimination

### The Corporate Plan goals and objectives: 2005-08

#### Long-term vision:

To eliminate discrimination there would be:

- effective, consistent and modernised discrimination and human rights legislation
- an effective single equality and human rights body
- employers and employees aware of their rights and responsibilities with expert advice available when needed
- an end to institutional gender discrimination.

#### EOC 3 year objectives:

- **Increased compliance, and clarification and development of the law** as a result of EOC's formal investigations and other enforcement powers which challenge sex discrimination in key areas.
- **Sexual harassment and pregnancy discrimination in the workplace** is reduced, as a result of EOC enforcement, influencing and development of capacity building tools and guidance.
- An increase in the number of employers, trade unions, advisers, employees and members of the public with **access to accurate and clear advice on rights and responsibilities** through the EOC website, Helpline and transfer of expertise to other advisors.



### What we have achieved in 2006-07

We have used our enforcement powers to support and achieve the Commission's key objectives. The EOC has had an active year in its legal work, focusing on areas where it can have the most impact in improving compliance and securing its wider policy goals.

We have been involved in **two formal investigations** and subsequent follow-up work with the employers concerned, started preparatory work on a third, and been involved in a number of other strategic interventions:

- We continued monitoring the **belief formal investigation into sexual harassment in the Royal Mail**. After evaluating the Royal Mail's progress in the last three years, we have agreed with them a more specific set of objectives for the coming year to secure further improvements to changes they have already made.
- We have also been working closely with the **armed services**, having launched and then suspended an investigation in relation to sexual harassment. A comprehensive agreement was reached in June 2005 about how the MoD and the armed services would tackle the problem. The MoD launched its action plan to tackle sexual harassment in the armed services at a joint press conference with the EOC in May 2006. The MoD continues to show strong leadership on this issue and key elements of the action plan include;
  - publicising widely to all MoD staff the findings of research into the extent of sexual harassment in the armed services,
  - completing a review of all current formal and informal complaints,
  - giving direction on standards of behaviour that will help create an environment in the armed services that is free from harassment.
- We carried out preparatory work for a third investigation into sexual harassment of staff in the **Prison Service**. The investigation was subsequently launched in April and immediately suspended as the Prison Service developed an acceptable two-year Action Plan to tackle the problem, including an independent survey to determine the actual nature and incidence of sexual harassment in the Prison Service, a revised complaints and discipline procedure, and more training for managers.



**The EOC was also involved in other strategic interventions:**

- We successfully challenged the Government's **implementation of the Equal Treatment Amendment Directive (ETAD)**. The Government has indicated that it will now amend the implementing regulations.

The judgement is significant, ensuring that ETAD is fully implemented and that existing rights are retained in relation to harassment and for women taking maternity leave. The law has been clarified in respect of liability for third-party harassment. An employer is liable if it knowingly fails to protect a woman from a supplier or customer, whatever the reason. Another clarification concerns the rights of a woman during additional maternity leave, which the judgement confirmed should remain more akin to those during ordinary maternity leave, including the accrual of service. It also confirmed that there is no need for a woman to compare her treatment with how she would have been treated had she not become pregnant, something which is difficult to do. The Government is now consulting the EOC on amendments to the Sex Discrimination Act.

- We also completed 23 assessments of organisations that were potentially in breach of the Sex Discrimination Act and the Equal Pay Act. Based on these assessments we negotiated **formal agreements** with six major organisations to improve their pay systems and policies and practices on recruitment, promotion, maternity benefits and sexual harassment.

We have continued to take forward recommendations from our ground-breaking **general formal investigation into pregnancy discrimination, *Greater expectations***, published in June 2005. This investigation had revealed a lack of understanding by both employers and employees of rights and responsibilities and revealed that nearly half of all pregnant women at work had experienced some form of discrimination. It made two recommendations to raise awareness – an information leaflet that will be given out at antenatal appointments and a toolkit for employers. To help employers plan ahead, we also recommended that employers were given a 'green light' to ask women on maternity leave when they would return. All three recommendations have been taken forward. We worked with the DTI on the details of their new leaflet on maternity rights for pregnant women and their partners, which also includes an information section for employers. We were particularly instrumental in getting the section on fathers' rights added. We also



developed and published a new pregnancy toolkit to help employers manage pregnant staff and new parents. We are continuing to work with small employer organisations and the Government to take forward the recommendation that small employers should receive more government help with costs and human resource assistance.

We took the opportunity of the anniversary of the landmark **Jean Porcelli** case, to continue to highlight the prevalence of **sexual harassment**, and published some initial findings from research completed last year and some new guidelines to employers. The research showed that there is one successful sexual harassment case brought each week. The guidelines stressed the need for well-communicated policies and effective complaints procedures and training to help staff investigate complaints sensitively. This received major coverage in *The Times* and was also reported in some other newspapers, helping to alert employers to their responsibilities.



### There have also been significant test cases and interventions:

#### On the priority issue of equal pay:

We assisted **Bridget Bodman in her equal pay case against API Group**. Ms Bodman's case was unusual in so far as she used her successor's salary to make her claim. Ms Bodman joined the API group in April 2000 as a Group Accountant and was promoted to Financial Controller in March 2001. She subsequently found out that her successor, a male employee, was paid £8,000 more than her and received an £8,640 car allowance and additional benefits. The tribunal ruled that the company had no defence for the difference in salaries and said, "The absence of both clear criteria and process for determining pay awards and bonus payments creates a climate where pay discrimination on gender grounds can operate, consciously or unconsciously, unsuspected, undetected and unchallenged". The tribunal decision flagged up the importance of transparent pay systems.

In **Derbyshire and Others v St Helens Borough Council (House of Lords)**, the EOC, the DRC and the CRE all intervened at the House of

Lords permission stage. This widely reported case stemmed from equal pay claims brought by school catering workers. The Respondent wrote to the Claimants prior to the Employment Tribunal Hearing. Those letters contained a threat that if the Claimants continued with their claims, the costs of defending the claims would be so prohibitive that the Respondent would be unable to continue supplying school dinners and the Claimants (and colleagues) could lose their jobs. The Claimants' claims of victimisation were successful at Employment Tribunal and Employment Appeal Tribunal, but lost at the Court of Appeal. The Claimants then sought permission to appeal to the House of Lords and were successful in that the House of Lords ruled the victimisation provisions in discrimination legislation protected employees who sought to assert their rights under discrimination legislation from less favourable treatment. The decision provided a clear warning to employers to avoid doing anything that might make a reasonable employee feel that she was being unduly pressurised to concede a discrimination claim.

We continued to pursue the case of **Cadman v Health and Safety Executive** to the European Court of Justice. The Claimant, who was a HSE Principal Inspector, claimed equal pay with four male comparators. It was accepted before the Employment Tribunal that the applicant and her comparators were doing like work, but the disparity largely arose from the fact that length of service was used to determine pay, and the male comparators had longer service than the applicant. It was accepted too that women in general had shorter service than men, rendering the reason for the difference in pay indirectly discriminatory. The Court of Appeal referred the case to the European Court of Justice. The Advocate General's opinion was that using length of service as a pay criterion must be objectively justified. The decision of the European Court of Justice was not as far reaching and reaffirmed the principle from an earlier case that, while the employer does not always have to justify using length of service in determining pay, employers must provide objective justification where women can provide evidence that casts 'serious doubt' that longer service does actually lead to better performance.

### And two extremely important cases relating to the rights of pregnant women:

We assisted the **Madarassy case** at Employment Appeal Tribunal and Court of Appeal because her claim against Normura International raised important legal issues, particularly on the application of the burden of proof. Mrs Madarassy was employed by Nomura International as a Senior Banker, but was made redundant in November 2001 not long after returning from maternity leave. She claimed that the decision to dismiss her was unlawful sex discrimination because, had she not either been a woman and/or taken maternity leave, she would still be employed. She also argued that other adverse treatment, which took place during her employment, was discrimination. Mrs Madarassy lost most of her claims at the Employment Tribunal; the EOC assisted her at Employment Appeal Tribunal and Court of Appeal. We attempted to argue for an interpretation of the guidelines on the burden of proof, which was even more helpful to claimants. The Court of Appeal recognised the importance of the issue and upheld the guidelines, but did not go further. Other cases are certain to follow.

The EOC supported **Jessica Starmer** in the defence of British Airways (BA) appeal to the Court of Appeal. Mrs Starmer had asked that BA reduce her working hours to 50% due to her parenting responsibilities. Her husband (also a pilot with BA) had also reduced his hours to help care for their daughter. BA refused and appealed against both Mrs Starmer's successful Tribunal and Employment Appeal Tribunal decisions, which found that BA had indirectly discriminated against her. In early March, following an approach from BA, the parties entered into mediation. This was successful with Mrs Starmer being allowed to work 50% hours, and BA agreeing that other parents in her position (with a good flying record) could do the same.

### And an important case relating to sex discrimination against men:

We continued to support **Moyhing v NHS Trusts** – challenging the decision of the Employment Tribunal, that it was acceptable for the Trusts

to have a different chaperoning policy for male and female nurses during intimate procedures with female patients, “as a safeguard against the generalised risk of assault upon a patient and/or false accusations of assault against male nurses”. Mr Moyhing's case raised important issues about the equal treatment of men and women in highly segregated professions and the kinds of outdated assumptions that are often made about them. The employment Appeal Tribunal upheld his case on 9 June. NHS Trusts now need to review their policies on chaperoning. The case was widely publicised, helping to highlight stereotypical assumptions faced by men working in the caring professions.

### Advice and training on rights and responsibilities

Our Transfer of Expertise Teams in England, Scotland and Wales strengthened the impact of their work this year by engaging with an increasingly diverse range of front-line advice organisations, widening the availability of up-to-date expert advice on the employment rights aspects of the Sex Discrimination and Equal Pay Acts. Raising awareness of the new Gender Equality Duty was a priority for our work in the latter half of the year, with specific training sessions developed to meet the needs of the advice community.

Often working in partnership with other equality strands, the Transfer of Expertise Teams reached over 14,000 delegates in their target audience, at conferences, workshops and training seminars. A further 206,000 individuals in the target groups were reached via journal articles, fliers and media advertising, whilst reports of our activities reached a potential audience of 2 million union members via web-casts and news items in union members' magazines.

EOC lawyers in England and Wales provided training seminars for experienced Employment Tribunal Chairs. The seminars focused on how the EOC's work relates to the cases the Employment Tribunal Chairs decide. The seminars raised issues of sensitivity to sex discrimination claims, including particular sensitivities with cases involving pregnant

women, black and ethnic minority women, and transsexuals. The invitation from Goolam Meeran, President of the Employment Tribunals for England and Wales, is particularly welcome after a long period in which former Presidents of Employment Tribunals in England and Wales did not consider it appropriate for the statutory commissions to provide training to them. This year's training also included presentations from the DRC, the CRE, and representatives from the other discrimination strands. This has offered an excellent opportunity for the EOC to share concerns and ideas with Chairs about cases and also about government initiatives such as the Discrimination Law Review. In Scotland the EOC's Director of Legal Affairs gave training on equal pay legislation to all tribunal members across Scotland.

Access to the EOC's main website continued to increase, providing a 24/7 information service to a wide range of audiences. Traffic was up 42% on the previous year with 2.8 million visits. Various new sections were added to increase our reach to particular audiences, for example a youth micro-site for young people, and an online pregnancy toolkit for employers. These kinds of initiatives were rewarded in the e-Government National Awards 2006 where we were finalists in the category, *e-Government excellence: other public sector body*. Our websites for legal advisors in England and Wales, and in Scotland, continued to offer valuable support to specialist legal practitioners, with about 700,000 visits in total (up 26% on last year). Enquiries for the year by phone, email or letter to our Helpline totalled 23,000.

The EOC is committed to providing a high quality service to everyone we deal with. In order to do this we invite comments on our service. Our quality of service complaints procedure is set out on our website. It is a three-stage procedure and in the final stage the complaint is referred to the Chief Executive. This year two complaints were referred to the Chief Executive.



## Commission for Equality and Human Rights

### The Corporate Plan goals and objectives: 2005-08

#### Long-term vision:

A Commission for Equality and Human Rights (CEHR) uses proactive and effective work practices to reduce discrimination of all types and create genuine equality for women and men and transsexual people.

Improved equality legislation that is consistent, modern and effective.

#### EOC 3 year objectives:

- CEHR's first strategic plan sets challenging sex equality strategy and targets based on evidence and analysis.
- EOC staff are well equipped for a smooth transition into the new body.
- CEHR is set up to succeed, with the confidence of key gender and other stakeholders.
- Government introduces a **Single Equality Bill** with modernised, effective provisions across all strands that will, in particular, help achieve sex equality.



### What we achieved in 2006-07

In order to ensure that the CEHR's first strategic plan sets challenging sex equality strategy and targets, we are preparing a '**Gender Agenda**', which will be a published document setting out 10-year strategic goals for the CEHR. These goals, which we developed after consultation with stakeholders, are:

- Closing the income gap between men and women.
- Giving better support to modern families.
- Modernising public services so they meet women's and men's needs.
- Providing equal access to justice and safety.
- Sharing power equally between men and women.

Transgender people face additional problems, so we have an extra goal for them over the next 10 years:

- Respecting transgender people so they have equal rights and access to services.

The Gender Agenda campaign began in January with the launch of our latest 'Sex and Power' Index, and was followed by a major speech by our Chair in February to the Smith Institute, setting out the key elements of our Gender Agenda. And in March, in partnership with the Fawcett Society, we held a successful Citizens' Forum on Parenting in 2020, which was attended by the Chancellor of the Exchequer – to promote our key Gender Agenda theme of better support for modern families.

A publicity campaign to formally launch the **Gender Agenda and a Gender Equality Index**, which will provide a tool against which to measure progress on gender equality, will take place over the summer to keep gender high in the public consciousness as we move closer to transition.

We have continued to deliver our **two-year training and development programme** aimed to provide our staff with improved skills to be of benefit within the CEHR and to help them to deal with the transition into the new body. In particular, we have delivered training sessions on the other equality strands with more planned for the year ahead.

We have continued to work at all levels to **help build the CEHR**, a task that has involved increasing numbers of staff and time over 2006-07. For example, along with the other equality Commissions, we have contributed to the CEHR Transition Team's work on staffing issues and organisational design. Jeannie Drake is our Transition Commissioner on the CEHR and she is working with the other Commissioners to help build the vision and strategy for the new organisation as well as helping to set up the new body. To help the new Commission work up its ideas, we have put forward the EOC's proposals for what we think might be usefully included in the CEHR's first business plan and the Chair, the Chief Executive and a number of EOC Commissioners took part in the CEHR's first informal Awayday with stakeholders.

EOC Wales played a major role in the Wales Equality Reference Group – a grouping of 22 equality organisations that has worked closely with the CEHR Transition Team to deliver an effective CEHR in Wales.

We took the lead in producing the **Equality Manifesto for Wales** in partnership with other equality organisations. The manifesto was launched for the 2007 Assembly elections and highlighted equality priorities across Wales.

In Scotland the EOC continued to work closely with its sister Commissions in preparation for the CEHR. We also held a national conference on **transgender issues** faced by individuals in employment and services attended by employers and public bodies.

We have continued to input to the **Discrimination Law Review** and the **Equalities Review**. We were pleased that the Equalities Review took on board many of our points and highlighted the disadvantage faced by new mothers of young children in the workplace.







# EOC governance arrangements and use of resources

The Equal Opportunities Commission (EOC) is a non-departmental public body, established in 1975 by Section 53 of the Sex Discrimination Act (the Act).

The EOC's duties under the Act are:

- To work towards the elimination of discrimination.
- To promote equality of opportunity between women and men.
- To promote equality of opportunity in the field of employment and of vocational training for persons who intend to undergo, are undergoing or have undergone gender reassignment.
- To keep under review the working of the Act and the Equal Pay Act 1970 and, when required by the Secretary of State, or when it thinks it necessary, to draw up and submit to the Secretary of State proposals for amending them.

In addition the EOC must, in consultation with the Health and Safety Commission, keep under review the legislative provisions dealing with health and safety at work, which require different treatment for men and women.

The Act also **allows** the Commission to conduct formal investigations and to make recommendations.

For April 2006 the EOC was financed by Grant-in-Aid from the Department of Trade and Industry (under the Increasing UK Competitiveness heading in the DTI's Request for Resources 1 to HM Treasury). From May 2006 sponsorship for the EOC moved to the Department for Communities and Local Government (under the Tackling Disadvantage heading in the CLG's Request for Resources 1 to HM Treasury).



## Commission members and their responsibilities

Under Paragraphs 3 and 4 of Schedule 3 of the Sex Discrimination Act (the Act), Commissioners are appointed by the Secretary of State. During

the year, the following served as members of the Commission:

Rowena Arshad	Duncan Fisher
Evelyn Asante-Mensah	Deborah Mattinson
Sue Ashtiany	Frances Hasler
Mohammed Aziz	Catherine Brown
Fiona Cannon	Jenny Watson
Kay Carberry	Jeannie Drake
Surinder Sharma	Neil Wooding

Jenny Watson is Chair of the Commission and Fiona Cannon is Deputy Chair.

Paragraph 5 of Schedule 3 to the Act makes provision for the payment to Commissioners of such remuneration, pensions, allowances or gratuities as the Secretary of State with the consent of the Minister for the Civil Service, may determine. Details of Commission members' remuneration are shown in the Remuneration Report.

The Commission maintains a Register of Interests of its Commissioners. Copies of the Register are available on application by post or e-mail to the London office. Details of how to contact the Commission can be found on the website at [www.eoc.org.uk](http://www.eoc.org.uk)

The responsibilities of the Commissioners are to:

- Establish the Commission's vision and strategy and agree policy on major new areas.
- Agree the corporate and business plans and budget and ensure that these are consistent with the Commission's overall purpose and statutory role and sensitive to the context of devolution.
- Monitor progress against plans and evaluate strategy.
- Ensure good corporate governance.
- Approve the support of individual legal cases.

Caroline Slocock was Chief Executive throughout the year.

## Resources

The EOC operates from premises in Manchester, London, Cardiff and Glasgow. [Notes 8 and 9](#) to the accounts detail the tangible and intangible assets of the organisation and [note 5](#) the staff numbers. The skills and experience of our staff is our major asset as an influencing and enforcement organisation.



## Research and development

The EOC commissions research from academic institutions, independent researchers and market research companies to provide a robust evidence base for its policy development and communications activities. In 2006-07, projects totalling £262,100 were commissioned. The largest areas of expenditure were to support the second year of two major investigations on 'Black and Ethnic Minority Women's Progression in the Labour Market' and 'Transformation of Work'. The research for these was part-funded by the European Social Fund, with £63,200 and £119,600 of research being commissioned respectively. Other major areas of research included: research to support development of a long-term gender agenda (£27,100), and pensions (£25,000).



## Financial position

Grant-in-Aid, unlike other income, is treated as financing and taken straight into the Balance Sheet Reserves. Cash Grant-in-Aid for 2007-08, taking into account the amounts required to meet the EOC's 2006-07 liabilities falling due in that year, has already been included in the department's estimates for that year, which have been approved by Parliament, and there is no reason to believe that the department's future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

## Results for the year

The income and expenditure account showed a deficit of £8,912k for the financial year. The deficit on the Income and Expenditure Account is due to the fact that the EOC's principal source of income, Grant-in-Aid, is treated as financing and does not appear on the Income and Expenditure Account. Grant-in-Aid for the year was £9,250k.

The result for the year has been affected by changes in the accounting treatment for Grant-in-Aid and fixed assets. Prior to these changes, the surplus on the income and expenditure account would have been £540k, of which £245k relates to prior year Grant-in-Aid received this year and £185k which would have been recognised as other operating income, being the release from a capital reserve. The net surplus balance resulting would therefore amount to £110k.

The EOC is committed to carrying out its duties to the highest standards whilst ensuring the costs of its work are kept to a minimum.

### Changes in fixed assets

There were no significant changes to fixed assets in the year.

### Cash flows

The Commission is required to draw down Grant-in-Aid, its principal source of income, on the basis only of need. Accordingly it operates to minimise the amount of cash on hand throughout the year, consistent with the need to cover contingencies arising from inflows from other sources and unexpected outflows. At the year-end, cash on hand and at bank was £319k representing 3.2% of overall income inclusive of Grant-in-Aid.

### Charitable donations

The EOC made no charitable donations during the year.

### Pension benefits

Pension benefits for employees are provided through the Civil Service Pension Scheme arrangements. Information about how pension

liabilities are treated is given in [note 5](#) to the Statement of Accounts and in the Remuneration Report.

Further details of the Civil Service Pension Scheme arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)



## Payment of creditors

The EOC aims to pay its bills in accordance with the contract or within 30 days if there is no specific provision in the contract. Sample testing during 2006-07 showed that 99% (2005-06 98%) of invoices were paid within the policy target.



## Accounts direction

The statement of accounts which follows is prepared in a form directed by the Secretary of State for Communities and Local Government with the consent of the Treasury in accordance with the Sex Discrimination Act 1975.



## Auditing of the accounts

An Audit Committee reviews the work of management to ensure that adequate controls are in place within the organisation. The Audit Committee ensures that risks are identified and managed, that governance arrangements meet the required standards, and advises the Accounting Officer on the adequacy of audit arrangements (internal and external) and on the implications of assurances provided in respect of risk and control in the organisation.

During 2006-07 the members of the Audit Committee were:

Jeannie Drake (Chair)	Kay Carberry
Rowena Arshad	Duncan Fisher
Catherine Brown	

During the year the committee met on three occasions to consider audit and management reports and the annual accounts, and reported to the Commission

on its recommendations and its monitoring activities at the June 2006 meeting.

The accounts are audited by the Comptroller and Auditor General who is appointed under statute and who reports to Parliament. The work is carried out by the National Audit Office. The cost of audit work performed in respect of 2006-07 is £22,950.



## Statement by Accounting Officer on the disclosure of information to auditors

As far as I am aware, there is no relevant audit information of which the EOC's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the EOC's auditors are aware of that information.



## Our impact on the environment

The EOC is conscious to preserve the environment and seeks to avoid waste of energy and materials.



## Employee involvement

Effective communication with staff is a key factor in our success in achieving business objectives and in developing our own positive culture. Managers hold divisional and team briefings and Information Technology is used extensively for staff communication across our four sites. The CEO also holds regular meetings with all staff in different locations and meets individual teams too. As we approach transition with the CEHR the senior management team has involved the full management team in drawing up its transition plan. A newsletter on developments in the transition process is sent to all staff by the Transition Manager, normally weekly.

The EOC recognises the Public and Commercial Services Union (PCS) for collective bargaining purposes on behalf of staff.

## Analysis by gender, disability and ethnic monitoring of staff employed by the EOC

	Total	%	AO		PA		EO & Equiv		HEO & Equiv		SEO & Equiv		G7		G6	
<b>Gender</b>			No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Female	136	82	14	70	11	100	32	87	29	78	20	80	26	90	4	67
Male	29	18	6	30	0	0	5	13	8	22	5	20	3	10	2	33
<b>Total</b>	<b>165</b>		<b>20</b>		<b>11</b>		<b>37</b>		<b>37</b>		<b>25</b>		<b>29</b>		<b>6</b>	
<b>Disabled</b>																
<b>Total</b>	<b>15</b>	<b>9</b>														
<b>Ethnic Origin</b>																
White	155	94														
Non-white – Mixed, Asian, Black & Chinese	10	6														
<b>Total</b>	<b>165</b>															

### Notes:

The EOC has undertaken a full analysis of its workforce by gender, religion and belief, sexual orientation, ethnic origin, disability and transgender, categorised by grade. Ethnic Origin has been recorded and analysed using the census categories as recommended by the CRE. However, as overall staff numbers are small and it is possible that individuals could be identified from the figures, we have not published all the information gathered.

Staff from AO grade to Grade 7 (excluding PA grade) have identified themselves as having a disability. Of those who identify themselves as being black or from an ethnic minority group, 4% fall into the Black category, 1% fall into the Asian category and 12% into both the Mixed and Chinese categories. There is representation from BME groups from AO grade to Grade 7 (excluding HEO grade), although the majority are in the AO to EO grades. Figures exclude the Chair and the Chief Executive.



## Recruitment

The EOC is an equal opportunities employer, which positively promotes diversity and equality of opportunity and welcomes applications from all groups. We take care to ensure that recruitment information is as accessible as possible, which includes advertising in the national press to maximise the field of potential recruits and ensure that all groups are likely to see the advertisements.



## Employment of disabled people

The EOC displays the 'Two Ticks' disability symbol in recognition of the commitment demonstrated towards the recruitment, training and retention of disabled employees.



## The EOC's Equality Scheme

During 2006-07 the EOC carried out sex equality work in ways that helped gather information and address equality on the grounds of race, disability, age, religion and belief, sexual orientation and linguistic preference.

The main focus of our Equality Scheme work continued on race and was expanded to take account of the new disability legislation and the requirements of the Gender Equality Duty.

In compliance with the Race Relations (Amendment) Act we provided further training for all EOC staff in their requirements under the race duties. Our investigation into the experiences of ethnic minority women in finding jobs and gaining promotion reported in England with reports in Scotland and Wales to follow. The investigation has been central to the EOC's work this year and has helped in promoting race equality across the breadth of the organisation and in reaching more ethnic minority women.

In compliance with the Disability Equality Duty we published our first Disability Action Plan setting out our commitment to an inclusive approach involving disabled people and to the principles outlined in the Duty to Promote Disability Equality Statutory Code of Practice.

We invited disabled members of staff and a range of external disabled stakeholders and service users to participate in involvement groups to inform the priorities for action set out in our first plan. Both internal and external involvement groups met during the year and offered suggestions and feedback, which have helped inform our priorities.

Gender equality lies at the very heart of everything we do. This means that everything we do is designed to meet the objectives of the Gender Equality Duty. In preparation for the EOC's own Gender Equality Scheme we began consulting during 2006-07 to establish views from a wide range of stakeholders on the gender equality objectives the EOC should prioritise in our final months, leading up to the establishment of the Commission for Equality and Human Rights.

Our external consultation was with gender and transsexual stakeholders as well as stakeholders from race, disability, age, sexual orientation, religion and belief, employers, public authorities, trade unions, the other Commissions and equality organisations.

As an employer we worked to ensure that equality ran through everything we did. At an operational level every member of staff was required to set and agree an equality scheme objective with their manager as part of our annual objective-setting process. During the year an analysis of equality scheme objectives took place and the report was disseminated across the organisation to share good practice and raise awareness of the practical implications of our commitments under the Scheme.

We intend to deliver our gender equality objectives by 30 September 2007. If we had longer we would wish to make even more strenuous efforts to improve the gender balance in staff across the organisation, but the scope is limited at a time when we are not recruiting. It is already our established practice to actively encourage people of every background to apply. We ensure our recruitment is fair and transparent, placing advertisements where they will be equally seen by women and men, including those who are transgender.



# Remuneration report

The policy on the remuneration of senior managers for current and future financial years.

The EOC's most senior managers comprise the Chief Executive (CEO) and those of her direct reports who constitute the Corporate Management Team (CMT), all of whom are Grade 6 employees, and Dr Elaine Drage, a secondee, from the Department of Trade and Industry.

The CEO's annual remuneration award comprises two elements; a consolidated amount and a non-consolidated, non-pensionable bonus. Recommendations on the CEO's total annual remuneration are made in line with the performance management and reward systems for the Senior Civil Service. The EOC has a separate Remuneration Committee made up of selected Commissioners who review the Chair's recommendations and agree the CEO's annual reward package.

During 2006-07 the members of the Remuneration Committee were:

Jeannie Drake (Chair)	Kay Carberry
Rowena Arshad	Duncan Fisher
Catherine Brown	

All other CMT members have their remuneration determined by collective bargaining along with all other EOC employees. The pay award generally comprises pay progression to a 'rate for the job' and an uplift to the minima, maxima and all other points in the EOC's salary scales. The pay award is determined within the financial limits imposed by the Treasury. All pay progression for members of CMT is subject to satisfactory performance as measured and assessed by the CEO using the EOC's own performance management systems.

During 2006-07 the EOC also had as an additional member of CMT a secondee from the Department of Trade and Industry, whose salary is paid by that department.

## Commission members' remuneration\*

### a) Chair:

Jenny Watson has been chair throughout the year. She is classed as an Office Holder and is not a member of the Principal Civil Service Pension Scheme. Jenny Watson receives an annual salary of £96,600.

During the period, the Chair's actual remuneration was as follows:

	2006-07 £'000	2005-06 £'000
Salary and pension provision	94	98
Social security costs	11	12
	<b>105</b>	<b>110</b>

### b) The cost of Commission members' emoluments was:

	2006-07 £'000	2005-06 £'000
Salaries and fees	30	126
Social security costs	1	14
	<b>31</b>	<b>140</b>

The emoluments for 2005-06 are higher than those for 2006-07 as the 2005-06 figures include Jenny Watson's fees in her role as Deputy Chair and Acting Chair prior to her appointment as Chair in November 2005.

c) The salaries and fees for each Commission member were as follows:

	Salaries and fees £'000
Kay Carberry	2
Jeannie Drake	3
Duncan Fisher	4
Evelyn Asante-Mensah	2
Sue Ashtiany	1
Fiona Cannon	1
Neil Wooding	2
Rowena Arshad	9
Frances Hasler	3
Mohammed Aziz	3

Commission member appointments are not pensionable.



### Chief Executive\*

The Chief Executive's basic annual salary for 2006-07 was £102,972, plus entitlement to a non-pensionable bonus in recognition of performance against specific objectives. An estimated bonus of £15,250 has been accrued but may change. The bonus accrual is an estimated figure as details are yet to be determined in line with the scheme in operation in the Senior Civil Service.

Total actual emoluments were £157,212 including employer's contributions of £26,258 to the PCSPS, £13,382 Employers National Insurance contributions and £14,600 bonus relating to 2005-06. The Chief Executive is an ordinary member of the PCSPS with the Commission's contribution to the scheme amounting to the equivalent of 25.5% of salary.



### Salary and pension entitlements\*

The table on the next page provides details of the salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of the Equal Opportunities Commission, who are employed by the EOC, for the year ending 31 March 2007.

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation.



\*The information contained in the above sections marked with an asterisk (\*) is subject to audit.

## Salary and pension entitlements\*

	Salary, including performance pay £'000	Benefits in kind (rounded to nearest £100)	Real increase in pension and related lump sum at age 60 (£k)	Total accrued pension at age 60 at 31/3/06 and related lump sum (£k)	CETV at 31/3/06 (nearest £k)	CETV at 31/3/07 (nearest £k)	Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £k)	Employer contribution to partnership pension account including risk benefit cover – to nearest £100
<b>Caroline Slocock</b> Chief Executive	115 – 120 (2005-06 105 – 110)	Nil (2005-06 Nil)	0 – 2.5 plus 2.5 – 5 lump sum	30 – 35 plus 90 – 95 lump sum	530	565	20	
<b>Alice Leonard</b> Head of Strategic Law Enforcement	55 – 60 (2005-06 55 – 60)	Nil (2005-06 Nil)	0 – 2.5 plus 0 – 2.5 lump sum	15 – 20 plus 45 – 50 lump sum	342	375	31	
<b>Alf Hill</b> Head of Corporate Services	60 – 65 (2005-06 55 – 60)	Nil (2005-06 Nil)	0 – 2.5	10 – 12.5	189	224	26	
<b>Sarah Wootton</b> Head of Communications & Change	55 – 60 (2005-06 60 – 65)	Nil (2005-06 Nil)	0 – 2.5 plus 0 – 2.5 lump sum	10 – 15 plus 40 – 45 lump sum	183	186	2	
<b>Amanda Ariss</b> Head of Policy & Research	65 – 70 (2005-06 60 – 65)	Nil (2005-06 Nil)	0 – 2.5 plus 0 – 2.5 lump sum	5 – 10 plus 15 – 20 lump sum	65	75	9	
<b>John Wilkes</b> Head of EOC Scotland	65 – 70 (2005-06 55 – 60)	Nil (2005-06 Nil)	0 – 2.5 plus 2.5 – 5 lump sum	5 – 10 plus 20 – 25 lump sum	93	118	22	
<b>Kate Bennett</b> Head of EOC Wales	60 – 65 (2005-06 55 – 60)	Nil (2005-06 Nil)	0 – 2.5 plus 15 – 17.5 lump sum	5 – 10 plus 25 – 30 lump sum	84	178	28	

- a) Senior management also included Dr Elaine Drage, a Grade 5 secondee, employed and salary paid by the Department of Trade and Industry.  
b) All of the above were in post from 1 April 2006 to 31 March 2007.  
c) No compensation for loss of office paid or receivable has been made under the terms of an approved Compensation Scheme.

- d) None of the above received any benefits-in-kind (2005-06 nil).  
e) There were no elements of the remuneration package that were not cash.  
f) No compensation was paid to former senior managers.  
g) The EOC did not pay any third party for the services of a senior manager.

\*The information contained in the above table is subject to audit.

## Pensions

Pension benefits are provided through the Civil Service Pension (CSP) arrangements. From 1 October 2002, employees may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill-health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach 60, or immediately on ceasing to be an active member of the scheme if they are already 60.

Further details about the CSP arrangements can be found at the website [www.civilservice-pension.gov.uk](http://www.civilservice-pension.gov.uk)

### The Cash Equivalent Transfer Value (CETV)

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the Cabinet Office's Civil Superannuation Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### The real increase in the value of the CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### Methods used to assess whether performance conditions were met

The CEO's remuneration package is linked to her overall performance. The CEO's objectives are set, monitored and assessed by the Chair

using the Senior Civil Service performance management and reward processes.

All other staff are subject to the EOC's own comprehensive, formal process of objective setting, monitoring, review and assessment by the CEO.

#### **The relative importance of the proportion of remuneration, which is (or is not) subject to performance conditions**

All of the CEO's annual remuneration, ie, her consolidated increase and non-consolidated bonus is determined with reference to her performance.

#### **A summary and explanation of policy on duration of contracts, and notice periods and termination payments**

The CEO and CMT members at Grade 6 are all employed on standard, permanent contracts. They are required to give the employer 3 months notice of termination of contract. The EOC is required to give them 5 weeks notice in the first 4 years of service, then an additional week per year of service rising to a maximum of 13 weeks.

#### **Details of the service contract for each senior manager who has served during the year including date of the contract, the unexpired term, and details of the notice period**

The EOC has no service contracts for senior managers.

#### **Provision for compensation for early termination and other details sufficient to determine the entity's liability in the event of early termination**

As the EOC has no service contracts for senior managers there is no liability arising from early termination.

**Caroline Slocock**

Chief Executive

2 July 2007





# Statement of Accounts

2006-2007

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Women. Men. Different. Equal.  
Equal Opportunities Commission

# Statement of Accounting Officer's responsibilities

Under paragraph 15 of Schedule 3 to the Sex Discrimination Act 1975 (as amended by paragraph 9 of Schedule 4 to the Race Relations Act 1976) the Secretary of State, with the consent of the Treasury has directed the Equal Opportunities Commission to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Equal Opportunities Commission and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- Observe the accounts direction determined by the Secretary of State, with the consent of the Treasury, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis.
- Make judgments and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements.
- Prepare the financial statements on the going concern basis.

The Permanent Secretary of the sponsor department has appointed the Chief Executive as Accounting Officer of the Equal Opportunities Commission. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Equal Opportunities Commission's assets are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum issued by the Treasury and published in *Government Accounting*.

# Accounting Officer's Statement on the System of Internal Control

## Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of EOC's vision, targets and objectives, set by the Commission and agreed with the Department of Trade and Industry and, since May 2006, our new sponsor the Department for Communities and Local Government, while safeguarding public funds and EOC's assets for which I am personally responsible, in accordance with the responsibilities assigned to me by *Government Accounting*.

The Management Statement and Financial Memorandum set out the arrangements for involving our sponsor department in these arrangements and for financial controls and these are followed. Our sponsors are also invited to attend our Audit Committee.

## The purpose and system of internal control

The system of internal control is designed to manage to a reasonable level rather than eliminate all risk of failure to achieve the EOC's vision, targets and objectives. The environment in which it is operating is also increasingly affected by the activities designed to set up the new Commission for Equality and Human Rights, into which the EOC is being subsumed on 1 October 2007. It can therefore only provide reasonable assurance and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of EOC's vision, targets and objectives, to identify and prioritise the risks posed by the transition process into the CEHR, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control was in place for the year ended 31 March 2007 and up to the date of approval of the annual accounts and accords with Treasury guidance.

## Capacity to handle risk

The EOC have taken the following actions:

- Developed a risk policy and management framework and circulated it to all staff.
- Incorporated identification and impact of risk as an integral part of project planning.
- Designated the Head of Strategic Planning and Caring Policy as Risk Coordinator and also Transition Manager to the CEHR who is responsible for ensuring that risks are identified and managed through the agreed process.
- Managed risks, including CEHR transition risks, as an integral part of management by the Corporate Management Team, including in the development of new policies, where a risk assessment is now given to the Commission as a standard process for each new policy.

## The risk and control framework

To deliver this effectively we have:

- Instituted regular reviews of performance by the Corporate Management Team against the Business Plan, including the management of risks, at its regular business meetings.
- Undertaken risk assessments of high-level risks and of operational risks and integrated these assessments into the existing Business Plan framework and into a process of project planning designed to help implement the 2006-07 Business Plan.
- Given regular updates to the Commission and sponsoring department from the Chief Executive Officer, including an assessment of the management of all risks including CEHR

transition risks. This is backed up by more formal quarterly reports and a mid and end year review, which will include an assessment of the effectiveness of these arrangements.

- Designated risk owners for high-level and significant operational risks.
- A framework for setting individual objectives for staff which, amongst other things, show how they will manage risks. These are kept under review in year and formally reviewed at the year-end.
- Received regular reports from our internal auditors on aspects of internal control and discussed these with the Audit Committee which reports in turn to the Commission.
- Secured the support of the Audit Committee and Corporate Management Team for the above.
- Consulted generally with the internal auditors on the above.

Risk management is integrated into the business planning process. The Risk Coordinator held a central risk register which logs high-level risks and significant operational risks relating to the 2006-07 business plan and the transition to the CEHR. This is being carried forward, via this well established framework, into the 2007-08 analysis of risks, which are increasingly focused on those relating to the EOC's input to the creation of and transition to the CEHR.

A Management Statement including a Financial Memorandum, was negotiated with our then sponsor department the Department of Trade and Industry in 2004. The Department for Communities and Local Government, our sponsor since May 2006, is also content with the Management Statement and Financial Memorandum.

Since September 2003 internal auditing services have been provided to the EOC by RSM Robson Rhodes LLP who operate in accordance with the guidance of the Government Internal Audit Standards.

## Review of effectiveness

As Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control. This review is informed by the work of the internal auditors and the senior managers within the EOC who have responsibility for the development and maintenance of the internal control framework, and by comments made by the National Audit Office in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Commission and the Audit Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

- The Commission reviews at each of its meetings the latest actions taken to mitigate risks as recorded in the high-level risk register and regularly considers new risks that have arisen. As above it has been involved in defining our revised risk framework.
- The Audit Committee reviews the management of risk through the reports from external and internal auditors and has formally approved the work plan of our internal auditors to perform a risk based programme including helping us develop further our control mechanisms and framework.
- During 2006-07 the Chair of the Audit Committee made regular reports to the Commission regarding the work of the Audit Committee, met the internal auditors to discuss specifically the CEHR transition risks and has had periodic meetings with the Chair.
- The Audit Committee regularly reviews the risk register and the associated monitoring document.
- To provide further evidence of effective control, each identified risk owner certifies to me regularly in writing that they can confirm that the identified required responses for action are in place and that the actions on identified specific risks have been or are being undertaken, detailing any areas where this is not the case.

**Caroline Slocock**  
Chief Executive

2 July 2007

# The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Equal Opportunities Commission for the year ended 31 March 2007 under the Sex Discrimination Act 1975, as amended by the Race Relations Act 1976. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Equal Opportunities Commission, the Chief Executive and Auditor

The Equal Opportunities Commission and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Sex Discrimination Act 1975, as amended by the Race Relations Act 1976 and Secretary of State directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Sex Discrimination Act 1975, as amended by the Race Relations Act 1976 and Secretary of State directions made thereunder. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Forewords by the Chair and the Chief Executive, the EOC's Mission, the Introduction, Review of the EOC's Achievements Over its Lifetime, Key Achievements During 2006-07, Strategies for Achieving our Objectives, Measuring our Success, Management of Risks and Use of Resources, Challenges and Risks and Planned Future Developments through to October 2007, EOC Governance Arrangements and Use of Resource and the unaudited part of the Remuneration Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition I report to you if the Equal Opportunities Commission has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Equal Opportunities Commission's compliance with HM Treasury guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of Equal Opportunities Commission's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.



## Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Equal Opportunities Commission and the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Equal Opportunities Commission's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Sex Discrimination Act 1975, as amended by the Race Relations Act 1976 and directions made thereunder by the Secretary of State for Communities and Local Government, of the state of the Equal Opportunities Commission's affairs as at 31 March 2007 and of the deficit, total recognised gains and losses and cash flows for the year then ended; and
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Sex Discrimination Act 1975, as amended by the Race Relations Act 1976 and Secretary of State directions made thereunder; and information given in the Annual Report, which comprises the Forewords by the Chair and the Chief Executive, the EOC's Mission, the Introduction, Review of the EOC's Achievements Over its Lifetime, Key Achievements During 2006-07, Strategies for Achieving our Objectives, Measuring our Success, Management of Risks and Use of Resources, Challenges and Risks and Planned Future Developments through to October 2007, EOC Governance Arrangements and Use of Resource and the unaudited part of the Remuneration Report, is consistent with the financial statements.

## Audit Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## Report

I have no observations to make on these financial statements.

**John Bourn**

Comptroller and Auditor General

**National Audit Office**

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

6 July 2007

# Income and expenditure account

for the period ended 31 March 2007

	Note	2006-07		Re-stated 2005-06	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Income from activities	3	141		189	
Other operating income	4	369		601	
			510		790
<b>Expenditure</b>					
Staff costs	5	(5,302)		(5,218)	
Early retirement and severance costs		(10)		(9)	
Depreciation and amounts written off tangible and intangible fixed assets	8 & 9	(202)		(214)	
Other operating charges	6	(3,924)		(5,131)	
			(9,438)		(10,572)
<b>Operating surplus/(deficit)</b>			<b>(8,928)</b>		<b>(9,782)</b>
Interest receivable	7	13		27	
Cost of capital		3		5	
			16		32
<b>Surplus/(deficit) on ordinary activities</b>		<b>*</b>	<b>(8,912)</b>		<b>(9,750)</b>

The deficit is financed by Grant-in-Aid as explained in [note 1b](#) to the accounts.

All operations are continuing.

\* See [note 1j](#)

As there were no recognised gains or losses for 2006-07 or 2005-06 other than those reported in the income and expenditure account a statement of total recognised gains or losses has not been included.

*The notes on pages 52 to 62 form part of these accounts.*

# Balance sheet

as at 31 March 2007

	Note	31 March 2007		<i>Re-stated</i> 31 March 2006	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	8	460		615	
Intangible assets	9	153		200	
			<b>613</b>		815
<b>Current assets</b>					
Debtors	10	547		555	
Cash at bank and in hand	16	319		200	
<b>Creditors</b> (amounts falling due within one year)	11	<b>(1,111)</b>		(1,447)	
<b>Net current liabilities</b>			<b>(245)</b>		(692)
Creditors (amounts falling due after more than one year)	11	(122)		(179)	
Provisions for liabilities and charges	12	(150)		(183)	
			<b>(272)</b>		(362)
<b>Net assets</b>		*	<b>96</b>		(239)
<b>Financed by:</b>					
General reserve	13		<b>96</b>		(239)
			*	<b>96</b>	(239)

These financial statements were approved by the Commission on 27 June 2007 and were signed on its behalf by:

**Caroline Slocock**  
Chief Executive  
2 July 2007

\* See note 1j

The notes on pages 52 to 62 form part of these accounts.

# Cash flow statement

for the period ended 31 March 2007

	Note	2006-07 £'000	<i>Re-stated</i> 2005-06 £'000
<b>Net cash (outflow)/inflow from operating activities</b>	<i>15</i>	<b>(9,144)</b>	(9,336)
<b>Returns on investments and servicing of finance</b>			
Interest received	<i>7</i>	<b>13</b>	27
<b>Capital expenditure and financial investment</b>			
Intangible fixed asset additions	<i>9</i>	<b>0</b>	(40)
Tangible fixed asset additions	<i>8</i>	<b>0</b>	(57)
<b>Financing</b>			
Grant-in-Aid applied towards revenue expenditure	<i>13</i>	<b>9,250</b>	9,478
Grant-in-Aid applied towards the purchase of fixed assets	<i>13</i>	<b>0</b>	97
<b>Net cash inflow from financing</b>			
Increase/(decrease) in cash	<i>16</i>	<b>119</b>	169

*The notes on pages 52 to 62 form part of these accounts.*

# Notes to the Accounts

## 1 Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the EOC's financial statements.

### 1a Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules modified by the application of current cost principles to tangible and intangible fixed assets and in accordance with directions issued by the Secretary of State for Communities and Local Government to show a true and fair view.

### 1b Change of accounting policy

With effect from the 2006-07 financial year the Government Financial Reporting Manual (FReM) requires the EOC to account for its grant-in-aid received for revenue purposes as financing because this is regarded as contribution from a controlling party which gives rise to a financial interest in the residual interest of the EOC. This is a change in accounting policy from earlier periods when such items were regarded as income.

In prior years the EOC has held grant-in-aid used to purchase fixed assets in a deferred government grants reserve. The FReM requires that grant-in-aid used for the purchase of fixed assets in general, ie, not given for the purchase of a specific asset, should be credited to the general reserve. In 2006-07 the deferred government grant reserve has been combined with the income and expenditure reserve and renamed the general reserve. In prior years an amount to offset the depreciation charge was released to the income and expenditure account. This release is no longer necessary.

The effect of these changes on the certified 2005-06 accounts and the impact of the change on the results of the current year is shown below. There is no impact on the net asset or liability position of the EOC as a result of these changes in policy.

	At 31 March 2006 (as previously stated) £'000	Impact of adopting the new policies £'000	At 31 March 2006 (re-stated) £'000
Deficit on ordinary activities for 2005-06	(58)	(9,692)	(9,750)
General reserve	(1,054)	815	(239)
Deferred government grants	815	(815)	0
	At 31 March 2007 (without applying the new policies) £'000	Impact of adopting the new policies £'000	At 31 March 2007 (applying the new policies) £'000
Surplus/(deficit) on ordinary activities for 2006-07	540	(9,452)	(8,912)
General reserve	(517)	613	96
Deferred government grants	613	(613)	0

The above deficit for the year arises because of the accounting treatment of Grant-in-Aid and revaluation of fixed assets. Prior to the accounting changes, the surplus on the income and expenditure account would have been £540k, of which £245k relates to prior year's Grant-in-Aid received this year and £185k which would have been recognised as other operating income, being the release from a capital reserve. The net surplus balance resulting would therefore amount to £110k.



### 1c Fixed assets

All fixed assets are capitalised at their cost of acquisition and installation. They are revalued annually using the indices taken from the publication 'Price Index Numbers for Current Cost Accounting' issued by the Office for National Statistics.

The EOC's capitalisation threshold is set at £2,500 per individual item (including any amounts of Value Added Tax which are irrecoverable). IT and furniture assets that are individually below the threshold are grouped for capitalisation purposes.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of more than £2,500 is incurred. Software licences are amortised over the shorter of the term of the licence and the useful economic life (7 years).

### 1d Depreciation

Fixed assets are depreciated using the straight-line basis commencing in the month of acquisition. Depreciation is applied over the estimated useful economic lives of the assets to the business as follows:

Furniture	– 15 years
IT equipment (including telecommunications equipment)	– 7 years
Fixtures and fittings	– Duration of the life of the relevant office lease

### 1e Income recognition

Income is recognised in the period to which it relates.

### 1f Pension policy

Past and present employees are covered by the provisions of the Civil Service Pension Schemes. The defined benefit elements of the schemes are unfunded and non-contributory except in respect of dependents' benefits. The EOC recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Scheme (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes the EOC recognises the contributions payable for the year.

### 1g Cost of capital

In order to show the full cost of the EOC's activities, notional costs are included in the Income and Expenditure Account. A notional cost of capital is charged at 3.5% to average capital employed during the year. The sums are written back into the general reserve for the year.

### 1h Operating leases

Operating leases are for premises and equipment rental and are charged to the Income and Expenditure Account on a straight-line basis over the life of the lease.

The EOC sub leases part of the Manchester office premises to the Disability Rights Commission. The income is credited against the premises costs in the Income and Expenditure Account.

### 1i VAT

The EOC can recover VAT on items relating to its 'business' activity, such as conferences. H M Revenue and Customs allows full VAT recovery on specifically identifiable 'business' activities plus an agreed percentage recovery on the VAT incurred on all overhead costs. All costs are net of recoverable VAT; irrecoverable VAT is included with the cost to which it belongs.

## 1j Going concern

The balance sheet at 31 March 2007 shows net assets of £96k. This reflects the inclusion of 2006-07 liabilities falling due in future years which, to the extent that they are not to be met from the EOC's other sources of income, may only be met by future grants or Grants-in-Aid from the EOC's sponsoring department. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need.

Cash Grant-in-Aid for 2007-08, taking into account the amounts required to meet the EOC's 2006-07 liabilities falling due in that year, has already been included in the department's Estimates for that year, which have been approved by Parliament, and there is no reason to believe that the department's future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

## 1k Provisions

Full provision for early retirements is made in the year in which the liability occurs. The provision is valued by discounting at the Treasury determined rate.

In 2006-07 provision of £28k has been made for dilapidations costs arising when the Cardiff offices are vacated. Notice was given on 25 March 2007 to end the lease agreement on 25 March 2008. The figure of £28k is based on the advice of independent property consultants. The provision has been recognised in full in the income and expenditure account for 2006-07 and the balance sheet as at 31 March 2007. The provision has not been discounted as the liability will be discharged within one year. The Commission for Equality and Human Rights has agreed to indemnify EOC against costs arising from the vacation of the Cardiff premises therefore a corresponding asset has been recognised.

## 2 Split of activity

The EOC is required by the Treasury Direction and Fees and Charges Guide to disclose segmental information for the different services provided as below. All income was generated by activities in Great Britain. This note is not provided for SSAP25 purposes.

Activity	2006-07			2005-06		
	Turnover £'000	Costs £'000	(Deficit) £'000	Turnover £'000	Costs £'000	(Deficit) £'000
Equality Exchange	44	148	(104)	53	142	(89)

The aim of the Equality Exchange is to keep employers and other organisations up to date on the latest developments on sex equality, for which a membership fee is charged. The purpose is to disseminate information rather than recover the full cost of providing the service.

## 3 Income from activities

	2006-07 £'000	2005-06 £'000
Receipts from fees and publications	47	53
Recovered legal costs	40	82
Sponsorship	54	54
	<b>141</b>	<b>189</b>

## 4 Other operating income

	2006-07 £'000	Re-stated 2005-06 £'000
European Social Fund (ESF)	215	149
Fair Play Scotland	13	117
Scottish Executive	59	80
Close the Gap Scotland	38	134
Miscellaneous	44	121
	<b>369</b>	<b>601</b>

Other operating income includes EU Funding of £229k (2005-06 £201k), comprising of ESF £215k (2005-06 £149k), Fair Play £6k (2005-06 £28k) and Close the Gap £8k (2005-06 £24k). The £59k from Scottish Executive is made up of the Fair for All – Gender project £50k (2005-06 £30k) and Mainstreaming gender in Scottish School Education project £9k (2005-06 £0k) (*see note 24*).

Miscellaneous income includes £28k re the dilapidations on termination of the Cardiff office lease.

## 5 Staff number and costs

The average number of persons employed during the year comprised:

	Number of employees	
	2006-07	2005-06
Permanent staff	167	162
Other staff	6	10

The aggregate payroll costs were as follows:

	2006-07 £'000	2005-06 £'000
Salaries	3,980	3,951
Social security costs	327	315
Pension contributions	773	709
Secondments	70	22
Amounts payable in respect of agency staff	16	81
	<b>5,166</b>	<b>5,078</b>
Commissioner costs	136	140
	<b>5,302</b>	<b>5,218</b>

### Pension arrangements

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but Equal Opportunities Commission is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2006-07, employers' contributions of £803k were payable to the PCSPS (2005-06 £707k) at one of four rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands (the rates in 2005-06 were between 16.2 per cent and 24.6 per cent). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2007-08, the salary bands will be revised but the rates will remain the same.

The contribution rates are set to meet the cost of the benefits accruing during 2006-07 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees joining can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £6k (2005-06 £2k) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £385, 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £nil. Contributions prepaid at that date were £nil.

No persons retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2005-06 £nil).

Total employers' contributions for the year paid over to pension scheme providers amounted to £809k. The charge to the income and expenditure account for the year is less than this at £773k. This is due to the release of a prior year accrual relating to payment of backdated pay awards.

## 6 Other operating charges

	2006-07 £'000	2005-06 £'000
<b>Running costs</b>		
Travel, subsistence, recruitment and training	464	592
Premises	585	566
Dilapidations*	28	0
Operating leases – premises	354	428
Office services and supplies	538	583
Operating leases – equipment	91	116
Audit fee**	23	34
Corporate expenses	81	117
Travel, subsistence and hospitality – Chair and other Commission members	31	40
Unwinding of discounted provision	3	4
<b>Programme costs</b>		
Legal services	423	414
Research services	297	578
Publicity and information services	1,006	1,659
	<b>3,924</b>	<b>5,131</b>

\* Provision made for dilapidations on termination of the Cardiff office lease.

\*\* The audit fee for 2005-06 related to statutory audit work (£22k, no VAT chargeable) and to the audit of the Close the Gap project in Scotland (£12k including VAT). The audit fee for 2006-07 is for statutory audit work only.

## 7 Interest receivable

	2006-07 £'000	2005-06 £'000
Interest receivable	13	27

## 8 Tangible fixed assets

	Furniture £'000	IT Equipment and Telecoms £'000	Fixtures and Fittings £'000	Totals £'000
<b>Cost or valuation</b>				
1 April 2006	404	605	478	1,487
Additions	0	0	0	0
Disposals	0	(2)	0	(2)
Revaluation	(6)	(18)	(5)	(29)
<b>31 March 2007</b>	<b>398</b>	<b>585</b>	<b>473</b>	<b>1,456</b>
<b>Depreciation</b>				
1 April 2006	174	364	334	872
Charge for year	27	84	32	143
Disposals	0	(2)	0	(2)
Revaluation	(3)	(11)	(3)	(17)
<b>31 March 2007</b>	<b>198</b>	<b>435</b>	<b>363</b>	<b>996</b>
<b>Net book value</b>				
<b>31 March 2007</b>	<b>200</b>	<b>150</b>	<b>110</b>	<b>460</b>
1 April 2006	230	241	144	615

## 9 Intangible fixed assets

The Commission's intangible fixed assets comprise purchased software licences.

	Purchased software licences £'000
<b>Cost or valuation</b>	
1 April 2006	300
Additions	0
Disposals	0
Revaluation	(7)
<b>31 March 2007</b>	<b>293</b>
<b>Depreciation</b>	
1 April 2006	100
Charge for year	42
Disposals	0
Revaluation	(2)
<b>31 March 2007</b>	<b>140</b>
<b>Net book value</b>	
<b>31 March 2007</b>	<b>153</b>
1 April 2006	200



## 10a Debtors

	31 March 2007 £'000	31 March 2006 £'000
Trade debtors	87	20
Other debtors	3	2
VAT debtor	1	10
Prepayments and accrued income	456	523
	<b>547</b>	<b>555</b>

All debtors fall due within one year.

## 10b Debtors: intra-government balances

	Debtors: Amounts falling due within one year 31 March 2007 £'000	Debtors: Amounts falling due within one year 31 March 2006 £'000
Balances with other central government bodies	116	217
Balances with local authorities	0	0
Balances with NHS Trusts	0	0
Balances with public corporations and trading funds	0	0
Balances with bodies external to government	431	338
	<b>547</b>	<b>555</b>

## 11a Creditors: amounts falling due within one year

	31 March 2007 £'000	31 March 2006 £'000
Trade creditors	403	266
Other creditors	15	46
Accruals and deferred income	693	1,135
	<b>1,111</b>	<b>1,447</b>

## 11b Creditors: amounts falling due after one year

	31 March 2007 £'000	31 March 2006 £'000
Premises rent free period	122	179

## 11c Creditors: intra-government balances

	Creditors: Amounts falling due within one year 31 March 2007 £'000	Creditors: Amounts falling due within one year 31 March 2006 £'000
Balances with other central government bodies	33	1
Balances with local authorities	0	35
Balances with NHS Trusts	0	0
Balances with public corporations and trading funds	0	0
Balances with bodies external to government	1,078	1,411
	<b>1,111</b>	<b>1,447</b>

Creditors (amounts falling due after more than one year) is a balance with bodies external to government.

## 12 Provisions for liabilities and charges

	Early Retirement Costs £'000	Dilapidations £'000
Balance at 1 April 2006	183	0
Additions in year	0	28
Charge for the year	(64)	0
Unwinding of discount	3	0
<b>Balance at 31 March 2007</b>	<b>122</b>	<b>28</b>
Amounts falling due within one year	50	28
Amounts falling due after one year	72	

## 13 Movement in government funds and reserves

	General Reserve £'000
Balance at 1 April 2006 (Re-stated)	(239)
Grant-in-Aid received towards resource expenditure	9,250
Deficit for the year	(8,912)
Write back cost of capital	(3)
<b>Balance at 31 March 2007</b>	<b>96</b>

## 14 Operating lease commitments

The EOC has commitments in the following year relating to operating leases that expire:

	Buildings		Equipment	
	2006-07 £'000	2005-06 £'000	2006-07 £'000	2005-06 £'000
Within one year	168	0	48	25
Between two and five years	383	462	3	76
After five years	0	42	0	0

There were no obligations under finance leases.

## 15 Reconciliation of operating surplus/(deficit) to net cashflow from operating activities

	2006-07 £'000	<i>Re-stated</i> 2005-06 £'000
Operating surplus/(deficit)	(8,928)	(9,782)
Depreciation charges	185	181
Loss on revaluation of fixed assets	17	33
(Increase)/decrease in debtors	8	169
Increase/(decrease) in creditors	(365)	154
Release provision for backdated severance and early retirement costs	(64)	(95)
Unwinding of discounted provision	3	4
Net cash (outflow)/inflow from operating activities	<b>(9,144)</b>	(9,336)

## 16 Analysis of changes in net funds

	1 April 2006 £'000	Cash flows £'000	31 March 2007 £'000
Cash at bank and in hand	200	119	<b>319</b>

## 17 Financial instruments

The Commission has no significant exposure to liquidity, interest rate or currency risks. FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the non-trading nature of its activities and the way in which government departments are financed, the Commission is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Commission has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the department in undertaking its activities.

### Interest rate risk

Interest rate risk is not significant; as the Commission has no borrowings. The Commission holds an interest bearing Business Reserve Account. There is no risk associated with this.

### Liquidity risk

The Commission is not exposed to significant liquidity risk; as it has no borrowing facilities and cash requirements are met by the Department for Communities and Local Government funding.

### Currency risk

Currency risk is not significant, as the Commission had no material imports or exports, nor does it hold foreign currency assets or liabilities.

### Credit risk

The Commission has no long-term debt and is not exposed to credit risk.

## 18 Capital commitments

There were no capital commitments at the end of the year (2005-06 Nil).

## 19 Contingent liabilities

Legal costs and recoveries relating to supported cases in progress as at 31 March 2007 are not treated as a contingent liability but as an ongoing expense.

## 20 Related party transactions

The EOC is a Non-Departmental Public Body sponsored by the Department for Communities and Local Government. The Department for Communities and Local Government is regarded as a related party. During the year, the EOC has had various material transactions with the Department for Communities and Local Government. For the month of April 2006 the Department for Trade and Industry was the sponsor department and is regarded as a related party. During the year, the EOC had a material transaction with the Department for Trade and Industry.

No key managerial staff have undertaken any material transactions with the EOC during the year. One Commission member was connected with a transaction with the EOC during the year (*see below*).

Opinion Leader Research Ltd (OLR) is regarded as a related party as a Commission member, Deborah Mattinson, is joint CEO of OLR. During the year the EOC entered into a transaction with a value of £62,157 with OLR. The transaction related to a Citizens' Forum on the future of parenting (Parenting in 2020). The Commission performed a single tender exercise to place this business, with the permission of our sponsor department. It was agreed that this was necessary because of the unavoidably short timescales for delivery of this event created by circumstances outside of the EOC's control. It was also agreed that OLR were uniquely equipped to deliver such an event in this timescale as a notable specialist in this field that had also carried out a similar event on the family for another organisation a few months earlier and had expertise on the subject matter involved.

At the year-end £43,510 had been paid to OLR and £18,647 was included as an accrual.

In addition the EOC has had a small number of material transactions with other Government Departments and other central government bodies. These transactions have been with the Disability Rights Commission, The Commission for Racial Equality, Scottish Enterprise, Scottish Executive, The Cabinet Office, the Department for Work and Pensions and The Office of the Deputy Prime Minister.

## 21 Performance against key financial targets

The EOC expenditure for the year only varied by 1.2% from the amount of its delegated expenditure limit together with retainable income generated. The EOC is committed to carrying out its duties to the highest standards whilst ensuring the costs of its work are kept to a minimum.

## 22 Post balance sheet events

The Equality Bill which will merge the EOC and other equality bodies into a wider Commission for Equality and Human Rights (CEHR) was enacted on 16 February 2006; the CEHR will be operative from 1 October 2007.

The financial statements were authorised for issue on 20 June 2007.

## 23 Other commitments

There were no other commitments at the end of the year.

## 24 Scottish Executive funding

During 2006-07 Scottish Executive provided the EOC with £50,000 of funding for a project re Gender Equality in the Health Department. During the year £53,646 was spent on the project, £26,422 staff costs and £27,224 non-staff costs.

Scottish Executive will provide a further £80,000 for the project in 2007-08.

Scottish Executive also provided the EOC with £8,600 of funding for a project re Mainstreaming gender in Scottish Schools Education. During the year £8,600 was spent on the project, £6,200 staff costs and £2,400 non-staff costs.

Scottish Executive will provide a further £5,900 for the project in 2007-08.

## 25 CEHR contingent liabilities

Note 22 to these accounts refers to the provisions within the Equality Act 2006 to set up a new Commission for Equality and Human Rights (CEHR), which will take on the responsibilities of the Equal Opportunities Commission (EOC) from 1 October 2007. The EOC has been working with the transition team managing the setting up of the new Commission to ensure a smooth wind down of the EOC's activities. Some of these activities may give rise to contingent liabilities.

One such liability will arise in connection with an early severance scheme that will be made available to EOC staff. Subsequent to the Balance Sheet date, employees have been offered terms under an early severance scheme and payments thereunder are due to be made on or about 30 September 2007. EOC are not yet able to estimate the number of employees affected or the costs involved.

A further liability will arise in connection with the termination of the leases for the buildings that EOC currently occupies. The CEHR Transition Team has asked EOC to give notice to break leases on their Cardiff, London and Glasgow offices.

EOC gave notice to break the Cardiff lease with effect from 25 March 2008 on 25 March 2007. Consequently, as at the Balance Sheet date, EOC had entered into a firm obligation to pay dilapidation costs in respect of this lease and has recognised this as a provision (*see note 12*).

In June 2007 EOC served notice to break leases with effect from December 2007 in respect of the offices in London and Glasgow. EOC are not yet able to estimate the value of liabilities arising in connection with these leases.

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Please note: from 1 October 2007 the Equal Opportunities Commission (EOC) will be replaced by the new Commission for Equality and Human Rights (CEHR) [www.cehr.org.uk](http://www.cehr.org.uk)



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