

Disability Rights Commission

Annual Report and Accounts 2004-05

Disability Rights Commission

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Annual Report presented to Parliament by the Secretary of State for Work and Pensions in pursuance of paragraph 16(3) of Schedule 1 to the Disability Rights Commission Act 1999 and Accounts presented to Parliament by the Secretary of State for Work and Pensions on behalf of the Comptroller and Auditor General in pursuance of paragraph 15(2) of Schedule 1 to the Disability Rights Commission Act 1999.

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Part One

Disability Rights Commission Annual Report

2004-05

Annual Report 2004-2005

A year of progress

25 April 2005 was our fifth birthday: a significant milestone. I am delighted with what has been achieved in 2004-05 and in previous years on disability equality – collectively, with many individuals and organisations. We have begun to see a real change in the way that disabled people are treated throughout Britain; we have had new legislation, which has strengthened disabled people's rights; disabled people's expectations are rising; and Government, employers and other organisations are beginning to take disability seriously.

There is still a long way to go. Disabled people remain twice as likely to be out of work and more likely to earn less; they have fewer qualifications; transport remains a barrier for many; and the right to independent living is still a dream rather than a reality.

But I believe the DRC has worked well with others in 2004-05 as in previous years to make a real difference for disabled people. During the last year we have worked with disabled people and numerous disability organisations, the Confederation of British Industry, Local Government Association, trade unions, Federation of Small Businesses, Qualifications and Curriculum Authority, Universities UK, Institute of Directors, regulator and inspection bodies, National Aids Trust and NHS in England, Scotland and Wales – to name but a few.

The DRC's Helpline was contacted by over 124,000 people in 2004-05, taking the number of people who have contacted the Helpline since we opened for business in April 2000 to around 500,000. Last year our caseworkers received over 1000 referrals taking the number of disabled people that we have helped directly through casework to more than 8000. We also continued to win ground-breaking legal cases for people who have been unfairly discriminated against, clarifying the law and promoting wider change as a result. We ran campaigns to raise awareness of new laws and disability equality and we provided information in the form of publications, codes of practice, an award winning website and email bulletins, as well as providing training events and seminars to inform and consult on our work.

We could not have achieved this without many of those reading this report. Let me take this opportunity to thank you.

Looking to the future it is likely that the DRC's functions will be integrated into the new Commission for Equality and Human Rights around the end of 2007. However we have a full agenda ahead of us and are working to secure a powerful legacy thereafter on which the CEHR can build. We are determined to leave a strong mark.

This report tells you about what the DRC has achieved in 2004-05 and the challenges that lie ahead.

Thank you for your continued support.

Bert Massie

Education

Past – Where we were in 2000

- Education wasn't covered by the Disability Discrimination Act (DDA). It was legal for schools, colleges and universities to exclude pupils and students on grounds of disability. To give one high profile example, a profoundly deaf woman, Anastasia Fedotova, was rejected by Oxford University – despite the fact that she had six A levels at grade A – and it was not possible even to explore whether disability discrimination was a factor.

Present – 2004-05 moving things forward

- In 2004-05, 5000 copies of our Citizenship pack have been distributed to schools throughout England and Scotland, helping to ensure children learn more about disability equality. Our citizenship website is a finalist in the New Media Age effectiveness awards 2005.
- During 2004-05, we have worked with the Qualifications and Curriculum Authority (QCA) to ensure awarding bodies don't discriminate against disabled students. The Joint Council for Qualifications took on the DRC's recommendations and introduced a change in policy from ensuring they make "special arrangements" for disabled students to "reasonable adjustments" which provides much stronger protection for disabled students.
- Working with others, we influenced the new Disability Discrimination Act 2005 so that awarding bodies awarding general qualifications are adequately covered by anti-discrimination legislation. This ensures disabled people taking general examinations are not discriminated against due to a failure of the awarding body to make appropriate reasonable adjustments (previously vocational qualifications bodies, schools, colleges and universities were required to do this but bodies covering general qualifications were not).
- We have worked with the Teacher Training Agency and the General Teaching Council this year to produce the guidance 'Able to Teach' for providers of teacher training detailing their responsibilities under the DDA, to ensure disabled people can enter and progress within the profession.
- With the Department for Education and Skills (DfES) we have produced a DVD resource to help schools make reasonable adjustments for disabled pupils.

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- The DRC has also helped DfES in the development of a toolkit to help LEAs and schools review their accessibility plans and develop their accessibility strategies, including planning arrangements to increase the participation of disabled pupils in the school curriculum.
 - In Scotland, following representations on allowing Additional Support Needs Tribunals to hear Part 4 DDA schools cases, the Scottish Executive have agreed to undertake a consultation exercise in 2007 – with the aim of gathering views on a change following a review of the introduction of the new Additional Support for Learning tribunals.
 - Seminars have been held throughout 2004-05 for the parents of disabled students in Scotland on their rights under Part 4 of the DDA.
 - DRC research looked at the experiences of education services of disabled students and their parents. This work has identified some key issues that are important to disabled students, for example, independence and participation. This work has also helped us refine our methods of consultation and research with these groups.
 - The DRC has been monitoring the Education (Disability Strategies and Pupils Educational Records) Act (Scotland) 2002, which places duties on schools in Scotland to develop strategies to remove barriers to physical access and increase access to the curriculum.
 - DRC Wales has secured a policy review by the Welsh Assembly Equal Opportunities Committee into the service provisions for disabled young people in Wales.
 - The DRC has also commissioned research in Wales on further and higher education, which identified significant gaps in provision to support students. The Welsh Assembly set up a Ministerial Task and Finish Group to look at one of the gaps, namely the acute shortage of sign language interpreter support in colleges. Recommendations to increase the training of new interpreters are now being considered.

Future – Looking forward to 2005-06

- September 2005 sees the introduction of new physical access duties in further and higher education, which will mean that every college and university will have to make reasonable adjustments to ensure disabled people can physically access their education.

- There will soon also be a duty on education and other public sector bodies to actively promote disability equality. The public sector Disability Equality Duty will ensure that disabled children and adults are able to participate in the wider education system alongside their non-disabled peers and will bring in new duties on awarding bodies.

For more information on our work on education please go to www.drc-gb.org/education

Employment

Past – Where we were in 2000

- The DDA applied only to employers with 15 or more employees and many were unaware of their legal duties towards disabled people. Some occupations such as police officers, fire-fighters and prison officers were excluded altogether.
- Disabled people were over twice as likely to be out of work as non-disabled people. Only 46.6 per cent of disabled people were in work.¹

Present – 2004-05 moving things forward

- Every employer (except the armed forces) has come under the reach of the DDA in the last year. The DRC has promoted these new duties alongside the Department for Work and Pensions. We produced Codes of Practice for employers, trade organisations and qualifications bodies in October 2004.
- We have continued to develop a successful litigation strategy, which has informed the way the courts approach disability discrimination. We have won important cases in the Court of Appeal and the House of Lords. One example this year was the case of Gaynor Meikle, a schoolteacher who lost her sight and had to go on sick leave after her school refused to make basic reasonable adjustments, such as ensuring materials were available in large print, to retain her. Her case was supported by the DRC. The Court of Appeal ruled that failure to make reasonable adjustments can amount to constructive dismissal and that an employer may have a duty to make such adjustments to its usual policies to ensure people with a disability aren't unfairly treated.
- We have trained hundreds of staff within partner organisations (such as the Citizens Advice, the Law Centres Federation, trade unions and solicitors and barristers) during 2004-05.

¹ DRC (2004) Disability Briefing.
http://www.drc-gb.org/uploaded_files/documents/10_666_Disability%20Briefing%20Dec%202004.doc

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- We have developed guidance this year with the Council on Tribunals, Making Tribunals Accessible to Disabled People: Guidance on the DDA, and provided training for employment tribunal chairmen.
 - We have initiated joint working with the National Institute for Mental Health in England, including early work on developing a Speakers' Bureau of disabled people to encourage dialogue between disabled people and employers around the country.
 - Guidance on the law and best practice has been developed and issued with the Chief Fire Officers' Association (along with a training video), the Prison Officers' Association and the employment agency sector.
 - We successfully promoted the findings of an NOP poll looking at people's confidence about employer flexibility should they develop a disability or long-term health condition. Over the year 2004-05 we achieved 94.51 million opportunities to see or hear DRC employment messages, the overwhelming majority of them positive about employing disabled people.
 - We ran radio advertising this year which reached over 10 million people to promote campaign messages to small businesses and their advisers and to tackle myths and stereotypes about employing disabled people.
 - Working with the Institute of Public Policy Research and disability organisations, we have successfully influenced national debates on welfare to work and the balance of rights and responsibilities between disabled people, Government and employers.
 - We influenced the Prime Minister's Strategy Unit report into the life chances of all disabled people, for example securing inclusion of a recommendation about Government departments and agencies aiming to be exemplars in employing disabled people.
 - We also influenced the Social Exclusion Unit's inquiry into the life chances of people with mental health conditions, for example, leading to proposals in relation to the Access to Work scheme.
 - In Scotland, we have worked with Jobcentre Plus this year to provide a second tier advice service for specialist staff. DRC Scotland also participated in the Scottish Executive research review on the state of employment of disabled people in Scotland.
 - As well as substantial casework, transfer of expertise, speaking engagements and media activity, DRC Wales has hosted round table events on routes into work for disabled people this year. During the year we have also worked with Access to Work and the Royal National Institute for Deaf People on a pilot project in Wales to look at alternative format literature, letters and forms for Deaf people.

Future – Looking forward to 2005-06

- Seminars are planned with Regional Development Agencies in England, with ACAS targeted at business advisers.
- We will produce a short film, *The Appointment*, geared to influencing attitudes amongst employers. It will be available in all formats on a single DVD for use in training situations and more widely.
- We hope to support positive change to policy and practice affecting the employment rates of disabled people in the public sector. The new Disability Equality Duty will be a crucial tool for this work.

For more information on our work on employment please go to www.drc-gb.org/employment

Services and Transport

Past – Where we were in 2000

- Disabled people had no right to reasonable adjustments to premises.
- In the area of public transport, a date had not been set for all trains to be accessible, although a date for new trains had.
- Private members clubs were not covered by the DDA.
- Housing had only limited coverage by anti-discrimination legislation.

Present – 2004-05 moving things forward

- October 2004 saw the introduction of the physical access duties of the DDA, which means that anyone providing a service to the public has to take reasonable steps (including removing or altering physical barriers) to ensure disabled people can use their service.
- The DRC ran a successful awareness-raising campaign, *Open 4 All*, in the run up to October 2004, to highlight these duties. We worked with business and other service providers, as well as disability organisations and DWP to ensure smooth implementation of the Act. Organisations such as the Confederation of British Industry and the British Retail Consortium welcomed the introduction of the legislation and the much anticipated “business backlash” did not materialise. The campaign resulted in over 300 million opportunities to see campaign messages in the media (240 million positive, most of the rest neutral) and distribution of over 60,000 publications. The campaign was a finalist for the Institute of Public Relations Excellence Awards 2004. The judging panel noted ‘by using a clever mix of survey data, celebrity involvement, creative direct mailing and industry endorsement the regulatory message was balanced with the positive long term message about disabled people as a new customer base.’

- We had launched our first ever formal investigation, into website accessibility in 2003. In April 2004 we published a report of our findings.² This initiative found that 8 out of 10 websites are near impossible for disabled people to use. We are currently working with the British Standards Institute to develop guidance to improve access to the web.
- The DRC has supported high profile legal cases to protect disabled people's rights as customers. Perhaps the most high profile was the successful case of Robert Ross against Ryanair and Stansted Airport Ltd., which was widely reported in the national and international press throughout 2004-05. Robert had been charged for a wheelchair to take him from the airport building to his plane. On winning his case he commented 'it is unfair to charge disabled people more to travel.'
- The DRC began updating the Code of Practice under Part 3 DDA during 2004-05 and has set up an internal working group to deliver this. A draft transport code of practice has recently been published and consultation on the draft began on 30th May 2005. The consultation will run to autumn 2005. This work supports the Disability Discrimination Act 2005 (DDA 2005) which gained Royal Assent on 7 April.
- During 2004-05, we have piloted work to increase community based advice and advocacy for disabled people. This project will continue until 2005/6.
- During 2004-05 we have worked with the Office of the Deputy Prime Minister in developing Part M of the Building Regulations in relation to non-domestic buildings and have set up a working group to look at the feasibility of monitoring application of Part M.
- During the year we have worked to ensure that key funders of capital projects take on board DRC principles of good practice regarding inclusive access and apply these in the granting of funds.
- In Scotland, our Learning Inclusive Design project has been successful, in 2004-05, in influencing the practice of Scottish schools of architecture and has formed the basis of a parliamentary petition led by the Royal Institute of Architects in Scotland calling for greater emphasis on accessibility for disabled people within the undergraduate programme of training.

Future – Looking forward to 2005-06

- The new Disability Discrimination Act 2005 will see significant progress in services and transport not least in ending the exemption of the use of transport from Part 3 of the DDA at the end of 2006. This will mean that disabled people can expect equal service boarding, travelling and disembarking from public transport vehicles. To give one example, it will be unlawful not to make reasonable adjustments for disabled people in a train buffet car. Private

² DRC (2004) *The Web: Access and Inclusion for Disabled People*. London: The Stationery Office. <http://www.drc-gb.org/publicationsandreports/2.pdf>

members clubs with 25 or more members will also come under the Act. There are also new duties for landlords. The DRC helped shape the Act through our parliamentary lobbying work.

- We will produce guidance for housing associations and landlords to promote their new duties arising under the 2005 Act. These mean, amongst other things, that landlords can not withhold consent without good reasons from disabled tenants who want to make their own adaptations to rented accommodation.
- We will produce guidance on the new duties for public bodies for planning and highways departments of local authorities.
- We will communicate with key stakeholders on the new legislation on transport coming in from 2006, so that people know their rights and duties.

For further information on our work on services and transport please go to www.drc-gb.org/open4all

Health, Social Care and Independent Living

Past – Where we were in 2000

- 14% of disabled people felt they didn't get any of the help that they needed in 2001.³
- One study found that people with a learning disability were 58 times more likely to die by the age of 50 than non-disabled people.⁴
- Disabled people's aspirations for independent living were not strongly recognised by policy makers.

Present – 2004-05 moving things forward

- We have worked with the Department of Health this year to produce 'You can make a Difference', a series of booklets for frontline health staff, backed by guidance for Boards, on how to work with disabled customers. This is part of the work we have been doing with the Department under the joint framework we set up with them in 2003-04. We also held two successful stakeholders forums in 2004-05. Evaluation of the leaflets found them to be helpful and practical but more needs to be done to effect real change in health service organisations.
- In Scotland we launched a major initiative in June 2004 with NHS Scotland, Fair for All, which aims to enable all levels of NHS Scotland personnel to develop and provide services that do not discriminate against disabled people as service users.

³ DRC (2001) The DRC 2001 Attitudes and Awareness Survey. http://www.drc.org.uk/uploaded_files/documents/10_486_Atitudes%20and%20Awareness%20Survey%2020011.doc

⁴ Hollins S, Attard MT, von Fraunhofer et al (1998) Mortality in people with learning disability: risks, causes and death certification findings in London. *Developmental Medicine and Child Neurology*, 40, 1: 50-56.

- In December we launched a formal investigation in England and Wales into the experiences of people with a learning disability and people with mental health conditions using primary health services which will report in the summer of 2006. Over 1000 questionnaires, mainly from disabled people, had been returned by April 2005. The investigation has already raised the profile of this important area with Radio 5 Live featuring it as one of their stories of the year at the end of 2004.
- During the year the DRC has intervened in some significant legal cases relating to human rights issues. The East Sussex case on manual lifting of disabled people by care staff led to a very important High Court ruling outlawing blanket bans on lifting disabled people and upholding people's rights to dignity, respect and participation.
- We have also worked with the Health and Safety Executive, Royal College of Nursing, Department of Health and social care partners to develop and promote improved guidance on lifting and handling.
- During the year we have discussed with the Department of Health proposals to reduce inequality in direct payments.
- We influenced the Government's Strategy Unit report on Disabled People's Life Chances to endorse and adopt the DRC's view of independent living – the first time independent living has been recognised as a core element of government policy.
- We have worked with health inspection bodies during the year, and are continuing to do so, to ensure they are aware of the needs of disabled patients.
- Working with professional and voluntary sector partners, we campaigned for – and won three crucial changes to the new Mental Capacity Act: legal recognition of a 'living will' recording a desire for life-prolonging treatment; a right to an advocate for 'unbefriended' disabled people; and provisions which make it clear that assessments of someone's capacity to make decisions, and decisions being made for someone lacking capacity, should not be based on discriminatory assumptions.

Future – Looking forward to 2005-06

- Our formal investigation into the experiences of people with learning disabilities and those with mental health conditions will be published in summer 2006 and will include strong recommendations to reduce health inequalities experienced by disabled people and action plans to work with partners for change.
- Working with the Social Care Institute of Excellence and the National Centre for Independent Living, and other public and voluntary sector partners, we will initiate a major debate on independent living in the next

two years, highlighting the positive contribution disabled people can make, ensuring that disabled people have choice in the services they receive and challenging damaging associations of disability with risk and dependency.

- We will continue our Fair for All initiative with NHS Scotland to eliminate discrimination against disabled people.

For more information on our work on health and independent living please go to www.drc-gb.org/health. For more details of Fair for All please go www.drc-gb.org/scotland

Communicating the disability equality vision

Moving things forward

- We have run a successful communications campaign – ‘Open 4 All’ – which was a finalist for the Institute of Public Relations Excellence Awards 2004. The initiative is still being evaluated but it has secured significant positive media coverage and has involved close work with key stakeholders.
- The DRC has seen progress against its targets on media coverage. For example, we had 579 million opportunities to see DRC messages last year. This was up from 485 million in 2003-04. This year, we met our targets in relation to ethnic and consumer media for the first time and there has also been an upwards trend in terms of broadcast coverage and national newspaper coverage and in the percentage of items about the DRC in news and opinion sections.
- We gained substantial media coverage for legal cases, including the much-publicised case of Robert Ross against Ryanair. The story was featured on the BBC and ITV national and London news programmes. Further coverage was achieved in 32 regional papers, six regional radio news programmes and two specialist journals.
- Our website won the best Government website category at the Visionary Design Awards for accessible web design in November 2004. The site has seen a steady increase in visitors year-on-year. In our first year, there were approximately 200,000 ‘hits’. In 2004-05 this had increased to 1.3 million.
- We have produced a wide range of publications in the last year for disabled people, employers, providers of services and others. These have included Codes of Practice on employment, draft codes on the forthcoming disability equality duty for the public sector, parliamentary and legal bulletins and a DDA guide for pub landlords. These are all available on our website.
- We have focused on employment issues in 2004-05 to encourage employers to recruit and retain disabled people. We ran a series of radio adverts to

highlight the positive role disabled people can play in the workplace. These adverts reached 10 million people, and promoted the findings of research highlighting people's fears of disclosing a disability at work. This resulted in significant national and regional media coverage.

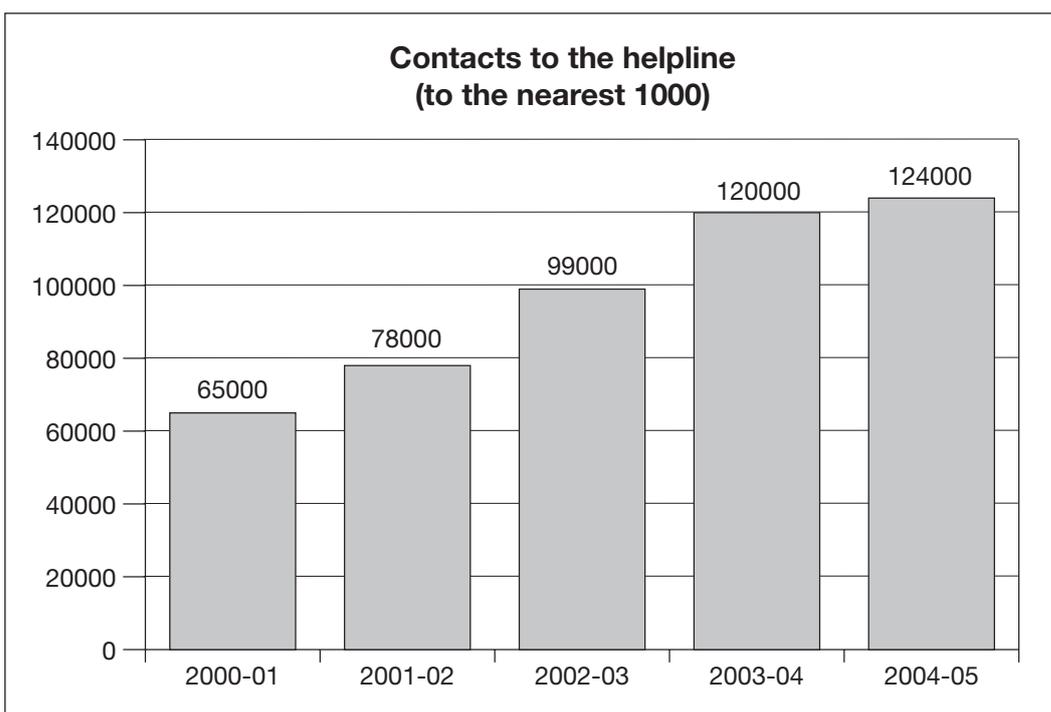
Looking forward to 2005-06

- We will continue our work on employment – turning our attention to increasing the awareness and confidence of disabled people, including those with long-term health conditions in asking for reasonable adjustments.
- We will focus a significant communications initiative on the public sector – highlighting the forthcoming Disability Equality Duty and supporting improvements to practice in employing disabled people.
- We will launch a major policy initiative ‘The Disability Debate’, to engage widespread discussion on the future agenda for disability rights. We shall develop this fresh agenda to inform the new Commission for Equality and Human Rights and wider Government policy.
- We have introduced video clips to our website on rights in British Sign Language and will expand this going forwards. We will also have an online range of materials in community languages available.

Using the law to create change

Moving things forward

- The DRC Helpline Service has received and answered almost half a million enquiries (490,000) since 2000. We had some 124,000 calls in 2004-05. Our analysis shows that just over 70 per cent (86,800) of enquiries were from disabled people, advocates and family members, and the remaining 30 per cent (37,200) were from businesses and public sector organisations. We increased our number of helpline advisers from 27 to 35 over the year. Evaluation shows that over 95 per cent of users would contact the DRC Helpline again.
- The Helpline has recently established a formal agreement with the Centre for Accessible Environments (CAE) whereby enquiries received from service providers and employers regarding access and built environment issues are referred to the CAE.
- The DRC Helpline has maintained Community Legal Services (CLS) status in 2004-05.



- We provide the Disability Conciliation Service (DCS), an independent conciliation service, for cases relating to services and education. During 2004-05 the conciliation service received 58 referrals and has continued to consistently deliver positive outcomes for clients, ranging from financial settlements and apologies, commitments to good practice and equality and changes to practices, policies and procedures. Nearly 80 per cent of cases that progress to a conciliation meeting have ended in a full and final settlement.
- We are transferring legal expertise to advisers of disabled people. During 2004-05 we have set up a dedicated “know your rights” area on the DRC website, which provides advisers and disabled people with information on all aspects of employment related discrimination, workplace resolution and enforcement of legal rights. We offer training and support and we produce enabling materials to help disability organisations to understand and use the DDA.
- We have supported some important cases relating to the legal definition of disability in the last year. One of the most notable was the case of *Hewett v Motorola*, which ruled that Asperger’s Syndrome is covered by the statutory definition of disability. The *Swift v Chief Constable of Wiltshire* case established that for a mental illness to be a recurring condition, the key question is whether the substantial adverse effect of the illness will recur, rather than the illness itself. The DRC has not yet lost a single case heard in the highest courts (The Court of Appeal and the House of Lords) in its five years of existence.

- We created a Strategic Enforcement Unit to undertake formal investigations and enforce other legal powers on discrimination. The unit has been responsible for developing guidelines on the use of Section 5 agreements under the Disability Rights Commission Act 1999 and has secured the first such agreement.
- We produced two draft statutory codes of practice on the forthcoming Disability Equality Duty for the public sector. These draft codes have been distributed to over 5000 organisations. We organised nine consultation conferences around the country and ten sector specific seminars on housing, children's services and education. We have spoken at more than 15 events organised by other organisations and had significant media coverage in trade journals.

Looking forward to 2005-06

- We are working towards receiving enquiries by text messaging, making it more accessible to deaf clients for example, and expect to see this developed at the DRC Helpline within the next year.
- We are committed to giving parties a real alternative to litigation by building upon and improving the high standards of conciliation we make available. Conciliation provides an opportunity to negotiate real changes for individuals and disabled people more widely without involving the ordeal of formal court proceedings.
- We will continue to bring strategic legal cases which explore the boundaries of rights for disabled people under the DDA and human rights legislation.
- Using our experience, we will put access to justice firmly on the political agenda, working with the judiciary, the courts and tribunals.

Influencing law and policy

During 2004-05 we have had policy impact in each of our thematic areas – these achievements are highlighted in the relevant sections of this report. In addition we have secured some good outcomes more generally. These are described below.

- We successfully influenced the Government's social exclusion unit to ensure questionnaires used in their Breaking the Cycle initiative were improved.
- The DRC was invited to give evidence to the Select Committee on the Assisted Dying (for the terminally ill) Bill in September 2004 to highlight concerns we had about safeguards for disabled people. Lord Joffe revised the scope of the original Bill put forward, restricting it to those with a terminal illness in response to the DRC's arguments.

- We worked closely with the Department for Work and Pensions to ensure that the structure of the forthcoming Disability Equality Duty (DED) is effective in delivering improvements for disabled people.
- Through parliamentary activity, liaison with DWP and close working with other stakeholders, an extension of the duty was secured in relation to harassment and in promoting positive attitudes towards disabled people and encouraging disabled people to participate in public life. Ministers have confirmed that the DED will apply to schools in England and Wales. This is a significant success for the DRC and other organisations.
- DRC comments have been reflected in draft guidance on new building regulations and we secured amendments to statutory guidance on housing allocations.
- We have worked closely with The Office of The Deputy Prime Minister on the Planning and Compulsory Purchases Act 2004 with a view to helping them to mainstream disability into the planning system. Most planning applications will need to be accompanied by a design and access statement. Local authorities will also be able to support local access groups.
- As a member of the CEHR Task Force and through liaison with DTI and DWP, influenced the proposals for the new Commission for Equality and Human Rights (CEHR) to ensure that the remit, powers and structure of the new body will enable it to successfully advance equality for disabled people. Through Parliamentary activity during the passage of the Equality Bill, and as a member of the Steering Group considering the logistical aspects of establishing the CEHR, we will continue to influence the proposals to ensure the best outcome for disabled people.

Ensuring we work with everyone

- During 2004-05 we have continued to work in partnership wherever possible. An example is our work, initially in Yorkshire and now nationwide, with black and ethnic minority organisations, including provision of training support, help with funding applications and the setting up of a steering group for the project. We launched 'Our Rights, Our Choices', a guide on improving advice and information services to black and minority ethnic disabled people, at Westminster in April 2004.
- Internally, we introduced a mandatory core skills training programme for all line managers and ran training for staff on disability, race, sexuality, religion and cultural awareness and equality.

- We have reviewed the DRC's Race Equality Scheme and have undertaken in-depth monitoring of data on disability, race and gender. In March 2005, the number of DRC staff stating that they have a disability or long term health condition was 30 per cent. Staff from ethnic minorities made up 9.5 per cent of the total DRC workforce in 2004-05, up from 8.7 per cent in 2003-04. Of 41 staff joining us in 2004-05 14.6% are from black and ethnic minority communities.
- We have many external networks to enable disabled people to develop in their careers and access leadership opportunities. For example, in 2004-05 we worked with Connexions to encourage trainees from disabled and minority ethnic communities and recruited two disabled "modern apprentices" in November 2004 and a disabled graduate from SCOPE.
- We ran a DRC awareness raising campaign in March 2005 to increase the proportion of disabled and ethnic minority job applicants.
- We continued to support a diversity mentoring programme linking Black and Asian students with employers and another linking disabled students with employers.
- We carried out our second equal pay audit in October 2004. This exercise highlighted good progress, with the pay gap narrowing. Some anomalies were highlighted and these issues have been dealt with.
- We have continued to support the career development of all our staff in posts where a professional qualification is either essential or desirable.
- During 2004-05 we have reviewed our staff appraisal and one to one systems to ensure managers are competent in setting targets that are measurable, ambitious yet achievable.

Working with people with mental health conditions

Moving things forward

Our Mental Health Action Group (MHAG) has continued to be influential in 2004-05. MHAG members were invited to feed into the Prime Minister's Strategy Unit project on disabled people's life chances. The final report quotes from the MHAG document 'Coming Together' on advocacy being as central to independent living as personal assistance. Other MHAG advice is also reflected in the report.

The group discussed Incapacity Benefit reform, raising concerns about inflammatory media coverage of people with mental health conditions. These points were reflected in DRC media and policy influencing work.

Members of the group attended meetings for people with mental health conditions which have shaped the DRC's formal investigation into health provision.

The group ensured that materials on the DRC website regarding employment reflected the reasonable adjustments that can be made for people with mental health conditions: the mental health equivalent of installing a ramp.

Looking forward to 2005-06

The group will focus on health and independent living, in particular the formal investigation into the experiences of those people with mental health conditions using primary care services; and their rights to independent living.

MHAG will be involved in efforts to influence public sector employment practices.

The group will also help to ensure that the new Disability Equality Duty to the public sector includes good practice in relation to people with mental health conditions; and that good practice in challenging discrimination faced by people with mental health problems is fed into the planned Commission for Equality and Human Rights.

Working with people with a learning disability

Moving things forward

The Learning Disability Action Group (LDAG) has been very busy in 2004-05. A lot of good work has been taken forward.

The group has talked about a number of big issues.

- The Learning Disability Task Force.
- Education and Disability Rights.
- The Commission's "formal inquiry" on health services. A formal inquiry is a powerful way of looking at what an organisation or sector does.
- The Banking Industry's new Chip and Personal Identification Number system.
- Working in partnership with the Valuing People Support Team.

LDAG supported four big pieces of partnership work this year. They were:

- Working with the British Banking Association to help banks and building societies deliver good money management services to people with a learning disability.

- Working with the Commission for Racial Equality and Valuing People to write a guide to help local Learning Disability Partnership Boards work well with people from a black or minority ethnic background. This book has been produced. Now we need to make sure Partnership Boards use it.
- Writing a guide for local government that will help them to make sure all of their services are right for people with a learning disability.
- Working with Valuing People to help people with a learning disability get registered to vote for the 2005 General Election and to support people when they go to vote. We sent out over 10,000 packs to support people in the voting process and early evidence shows that more people with a learning disability voted than in the last general election.

The DWP's Disability and Carers Service attended LDAG's meeting in February 2005. They are the organisation that pays people benefits like attendance allowance and disability living allowance. LDAG members helped the Service to make their "Customer Promise" better. LDAG is also teaching the Service about Easy Read.

Lots of work has been completed this year on the Mental Capacity Act. The DRC supported the Bill so long as some conditions were met. The Mental Health Action Group also support the Act.

Four members of the group, supported by Commissioner Richard Exell, were invited by the Minister of State, Rosie Winterton, to talk about their concerns. The Minister listened carefully and agreed that all reading materials about the Bill and about the Act should be available in Easy Read. She said she would talk to people with a learning disability about the Easy Read books before they are published.

After the Bill was published, lots of changes were agreed. Some of the changes are good. The Minister agreed to send a senior civil servant to both an LDAG meeting and a National Forum meeting.

LDAG also finished some work on transport during the year. The group met with a number of train companies who listened to LDAG members' concerns about using the railway. They have promised to come back to talk to the group to show them the work they have done on things like producing information in Easy Read.

LDAG members have also helped the Disability Rights Commission with its writing of the Code of Practice for transport.

Finally, LDAG has also worked on issues about: the Social Care Institute for Excellence; the Disability Discrimination Act; the Commission for Equality and Human Rights; the Disability Rights Commission's formal investigation into barriers to accessing health care; and carer and family matters.

Looking forward to 2005-06

LDAG will feed in views on:

The Disability Rights Commission's Easy Read booklets

Access to Civil Justice

Access to Criminal Justice

Independent Living

The Disability Rights Commission's Disability Debate

Looking forward – The next two years and beyond...

We have two or three years left before the Commission for Equality and Human Rights (CEHR) comes into operation. However, we will not in any way be resting on our laurels, and our offices and all our staff will continue to work at making disability rights a reality throughout England, Scotland and Wales.

The DRC's budget has almost doubled since we began and is in excess of £21 million in 2005-06, a major increase on the previous year. This extra money is primarily to meet extra responsibilities under the new disability legislation, but it is also a recognition of the DRC's strong past record.

This summer we have launched a major policy initiative – to develop with partners a 10 Year Vision for Disability in Britain. The report of this 'Disability Debate' will be published next year, aimed at influencing the new Commission for Equality and Human Rights and wider Government policy. The Debate will consider what sort of society we want to see for disabled people throughout Britain. Please do check our website for more details and let us have your views.

We will press on with supporting the implementation of the new Disability Discrimination Act and help to make the new rights a reality. In particular we will help to ensure that the Disability Equality Duty, which requires the public sector to actively promote disability equality, is effective and has the support of all those who are covered by this powerful and wide ranging new duty. We will publish codes of practice and practical guidance by the end of 2005.

The exemption for public transport from the first DDA will also be lifted at the end of 2006 and this too will have a huge impact on the lives of disabled people. Codes of practice will be produced and work undertaken to ensure the law works in practice.

We will continue to use our legal powers in ways that benefit as many disabled people as possible by clarifying the scope of the law, seeking evidence of where it needs to change and ensuring that injustice is tackled.

We will continue to raise the profile of disabled people's rights and the major contribution that disabled people can make to this country.

We will work to boost the strength of organisations that are involved in promoting and securing disability rights at local level.

There are over 10 million disabled people in Great Britain and the DRC's job is to bring about a society where all disabled people can participate fully as equal citizens.

Bob Niven

Chief Executive

The DRC's Commissioners in 2004-05

Chairman of the Disability Rights Commission

Bert Massie C.B.E

Bert Massie has been involved with a large number of disability organisations and served on a number of government advisory committees concerned with disability over the last thirty years. He was deputy chair of the National Disability Council and a member of the Disability Rights Task Force.

In 1978 he joined the Royal Association for Disability and Rehabilitation (RADAR) and became its Director in 1990. He remained there until the end of 1999 when he became Chairman of the DRC in January 2000.

Bert is a Trustee of several voluntary organisations including Tripscope, the Institute of Employment Studies, Motability, and Habinteg Housing Association.

John Hougham C.B.E

John Hougham was formerly chairman of the Advisory, Conciliation and Arbitration Service (ACAS) and Executive Director of Personnel at the Ford Motor Company. He is a lay member of the Employment Appeal Tribunal.

John is Deputy Chairman of the Commission and Chairman of its Audit and Remuneration Committee.

Saghir Alam

Saghir Alam works for a firm of Solicitors practising Business and Medical Law. He is a Non-Executive Director of Rotherham District General Hospitals NHS Trust and Trustee for Investment Funds.

He is Patron of the National Ethnic Disabled Children's Society and Special Advisor to Connecting for Development a national organisation working on international development. He has particular experience working and consulting on Government Ministerial Committees. He is a member of the Lord Chancellor's Consultative Forum, a Member of the NHS Modernisation Agency Advisory Board and a Member of the BBC Advisory Council.

Stephen Alambritis

Stephen Alambritis is Head of Press and Parliamentary Affairs at the Federation of Small Businesses. He was formerly a member of the Disability Rights Task Force and the Better Regulation Task Force. He is a Shareholder Board Director with Enterprise Insight.

Michael Burton

Michael Burton is a Trustee of the Royal Association for Disability and Rehabilitation (RADAR) and of the Enabling Partnership, a federation of pan-disability charities.

A wheelchair user from the age of thirteen, Michael's education continued through a mainstream school to University College, Oxford, where he graduated in Physics. Now retired from salaried employment, he spent most of his career in the shipping and insurance sectors of the City of London, holding a wide variety of posts up to main board level in listed companies.

Jane Campbell M.B.E

Jane Campbell is Chair of the Social Care Institute for Excellence (SCIE), a government-funded, independent organisation dedicated to improving the quality of social care across England, Wales and Northern Ireland. Before this she co-founded and directed the National Centre for Independent Living (NCIL). As Chairperson of the British Council of Disabled People (BCODP) from 1991-1995, she placed the organisation at the forefront of the campaign for disability civil rights. Jane became a Commissioner of the Disability Rights Commission (DRC) at its inception in 2000. Jane participates in the governance of several voluntary and campaigning disability organisations. She has written a number of books on disability issues and speaks at a wide range of conferences and events.

Susan Daniels

Susan Daniels is currently Chief Executive of the National Deaf Children's Society. She is a Governor of Mary Hare Grammar School for Deaf Children. Amongst other voluntary appointments, she chairs a joint study and monitoring group on teacher of the deaf training and is vice-chair of the UK Council on Deafness (UKCOD), is a key member of the Department of Health Universal New Born Hearing Screening Programme, Department for Education and Skills National Steering Group of the SEN Regional Partnerships and the Department for Education and Skills Steering Committee of the Early Support Pilot Programme (ESPP).

Richard Exell O.B.E

Richard Exell works for the Trades Union Congress, specialising in social security issues. He is a member of the Social Security Advisory Committee, the Fabian Commission on Life Chances and Child Poverty, the Board of the Disability Alliance (appointed to 21 October 2004 AGM) and the Board of End Child Poverty (appointed to December 2004 AGM). He was a member of the union team that negotiated the European Directive on parental leave and formerly a member of the National Advisory Council on the Employment of People with Disabilities.

Christopher Holmes M.B.E

Christopher Holmes is Britain's most successful Paralympic swimmer, winner of 9 Gold medals over 4 Games. He has worked as a freelance journalist, broadcaster and reporter for BBC and Independent radio and television for over 10 years. He has also written extensively on a variety of subjects in the national broadsheets over this period.

Christopher is an accomplished public speaker regularly presenting after dinner, motivational and developmental speeches at corporate social and community events. Christopher has wide experience of the voluntary sector, working with a number of charities in the areas of social exclusion, regeneration and individual and community development.

Christopher is a practising lawyer with a leading London firm.

Eve Rank

Eve Rank has extensive experience in representing the needs and interests of people with learning disabilities and in establishing self-advocacy groups.

Lakhvir Rellon

Lakhvir Rellon is a social worker by background. She started her career as a development worker with an Asian Women's Centre in Birmingham.

She worked for Dudley Social Services for several years before joining Sandwell Social Services Dept to develop a user led mental health resource centre. In 1994 she began working for Save the Children developing support systems and training opportunities for childcare workers. She worked briefly with the NSPCC before taking up post as the Asian Services Development Manager at North Birmingham Mental Health Trust. The Directorate she led won the NHS Equality Awards, the Health and Social Care Awards and the NHS Healthcare Communications Award.

From there she moved on to become a Director with North Birmingham before being appointed as the Director of Diversity at Birmingham and Solihull Mental Health Trust in 2003.

Philippa Russell C.B.E

Philippa Russell is a leading, well-respected and influential figure for many years on behalf of disabled children, notably as Director of the Council for Disabled Children and Associate Director of the National Development Team (for people with learning disabilities). She has been a member of numerous voluntary and public bodies over the years, including NAGSEN, NDC and the Disability Rights Task Force.

Jenny White M.B.E

Jenny White was formerly Legal Advisor at the Electricity Association, and now works independently. She chaired the CBI Disability Working Group when the DDA was enacted, and served on the National Disability Council. Previously on the Board of the Royal National Institute for Deaf People, she is currently a trustee of the Centre for Accessible Environments and a lay member of the research ethics committee for East London and the City.

Elaine Noad (Commissioner for Scotland)

Elaine Noad is Director of Social Work Housing and Health, South Ayrshire Council, an equalities adviser to the Convention of Scottish Local Authorities and a Trustee of the Guide Dogs for the Blind Association.

Dr Kevin Fitzpatrick (Commissioner for Wales)

Kevin Fitzpatrick is an appointed member of the Ofcom Advisory Committee in Wales. He was formerly employed as the National Policy & Research Manager with the Shaw Trust which involved the development and implementation of a research strategy aimed at disabled people's needs and to manage this on a national policy framework. He is also an active member of the management board of a local Council for Voluntary Services and chairs the management committee of an Adoption agency.

A former University Lecturer, he is a Trustee of the Bevan Foundation, a 'think tank' in Wales. Dr. Fitzpatrick, who has a PhD in Philosophy, has 30 years direct experience of disability and the issues affecting disabled people. Prior to his appointment as Commissioner, he spent a year as the elected Chair of Disability Wales.

Part Two

Disability Rights Commission Annual Accounts

2004-05

Foreword to the Financial Statements

Statutory Authority and Principal Activities

The Disability Rights Commission was established as a Non-Departmental Public Body (NDPB) under the Disability Rights Commission Act 1999. The principal activities in the financial year 2004/2005 have been to enable the Commission to carry out the general duties, powers and specific powers outlined in the Act.

These are summarised as to:

- work towards the elimination of discrimination against disabled people;
- promote the equalisation of opportunities for disabled people;
- take steps to encourage good practice in the treatment of disabled people;
- to keep the Disability Discrimination Act (DDA) under review;
- assist disabled people by offering information, advice and support in taking cases forward;
- provide information and advice to employers and service providers;
- undertake formal investigations;
- prepare statutory codes of practice providing practical guidance on how to comply with the law; and
- arrange independent conciliation between service providers and disabled people in the area of access to goods and services.

The accounts for the year ended 31 March 2005 have been prepared in accordance with the Accounts Direction dated 24 May 2002 given by the Secretary of State for Work and Pensions, with the approval of the Treasury, in accordance with the Disability Rights Commission Act 1999.

Operating and Financial Review

Results and Financial Summary

Grant-in-Aid for the year amounted to £16.6m from the Department for Work and Pensions (DWP). This was used for recurrent expenditure of £16.0m, £0.5m for the purchase of capital assets and £0.1m was carried forward as deferred grant for use in 2005-06. The Commission has made an operating surplus of £531K during the year ended 31 March 2005. This has been transferred to the general reserve and will help to reduce the cumulative deficit brought forward.

Charitable Donations

The Commission made no charitable donations during the year.

Review of Activities

The Commission came into operation on 25 April 2000, and occupies four main offices, located in Manchester, London, Edinburgh and Cardiff.

Recruitment continued throughout the year within the ceiling of 192 well-qualified staff. Around one-third of these have declared a disability.

The DRC's key activities in 2004-05 have included:

- Playing a key part in ensuring successful implementation in practice of the Government's wide-ranging, continuing, decade-long programme of reform in disability rights legislation through the Disability Discrimination Act (DDA) and the Special Education Needs & Disabilities Act (SENDA) as well as through preparation for the new Disability Discrimination Act which received Royal Assent in April 2005
- This has been achieved in particular through the preparation of new and revised statutory Codes of practice and related targeted guidance; information and advice services for employers, service providers and disabled people and their organisations; promotional campaigns, media and other communications activity; successful launches of the major provisions of the DDA that came into effect in October 2004; and legal and other strategies to clarify and highlight what the law requires and how to apply it
- Continuing effective delivery of quality services, in particular through the DRC Helpline, Website, Caseworking and Conciliation, covering all aspects of the existing disability rights legislation
- The DRC took forward programmes of work to tackle major barriers to access faced by disabled people in key sectors of society and the economy – education; employment; the services and transport; and health & independent living
- Working to ensure that forthcoming legislation and Government decisions on a new single Commission for Equality & Human Rights (CEHR) sustain high priority for tackling discrimination faced by disabled people and ensuring that they are represented directly within the new body
- Working effectively in the devolved contexts in Scotland and Wales, with appropriate Whitehall Government Departments and with the other Equality Commissions
- Continuous improvement in the use of DRC resources and ways of working.

More specific outputs have been:

- Preparation of statutory Codes on key new legislative provisions in particular on the disability Public Sector Duty and on the rights of disabled people in transport
- The DRC's report on its first formal investigation, on website accessibility, was published in April 2004 and its recommendations were followed up throughout the year
- The DRC Helpline dealt with over 124,000 calls and enquiries (compared with 119,500 in 2003-04). The largest proportion of these were from disabled people and their representatives, and around a third from employers and service providers
- Growing use of the DRC's web and e-mail bulletin eg. a total of over 1.3 million visitor sessions and over 18,000 immediate subscribers to the DRC's monthly email bulletin
- The Casework team provided more in-depth work in over 800 cases in the context of the DDA
- Some 120 cases pre-existing and new cases were handled by the Conciliation Service concerning access to goods and services, with a sizeable majority of cases reaching a full and final settlement
- The Commission directly supported 47 new legal cases and intervened in further strategically important cases at the precedent-setting higher levels of the Tribunals and Courts
- The DRC has completed published or website guidance in support of a number of sectors particularly those affected by legislative change or otherwise of critical importance to disabled people
- The DRC secured a number of advances for disability rights in various pieces of legislation and in particular the new Disability Discrimination Act.

Future developments

Under the three-year Strategic Plan 2004-05 to 2006-07 approved by the Secretary of State, and covering England, Scotland and Wales, the DRC's main priorities and outputs in the coming year and beyond will be:

- Ensuring effective implementation of the Government's continuing programme of legislative reform on disability rights, including the planned new provisions on the duty on all public sector bodies actively to promote disability equality as well as on accessible transport

- Sector-based programmes to close the gaps in participation rates between disabled and non-disabled people including in employment, education, quality health care and use of transport
- Launching and taking forward a second, wide-ranging Formal Investigation, into health care outcomes for disabled people, particularly those with learning and mental health difficulties
- Continuing involvement to ensure that the planned single Commission for Equality and Human Rights gives high priority to disability and the involvement of disabled people
- Continuing high-quality advice and information services for disabled people, employers and providers backed up by legal action to clarify the law and eliminate blatant discrimination
- A programme to strengthen the capacity of disability organisations and other third parties to promote disability rights and their implementation at regional and local levels
- Sustaining continuous improvement in the use of all DRC resources.

In the recently published Equality Bill, the DRC, in common with the other equality commissions currently in existence, will cease to exist no later than 31st March 2009.

Supplier Payment

The Commission is committed to complying with the Better Payment Practice Code (available from <http://www.payontime.co.uk/>). Unless subject to specific negotiation, at the outset with a new supplier or when contracts are being renewed, the Commission's policy with regard to all suppliers is to make payment within the stated credit terms or within 30 days of receipt of a valid invoice. A review of invoices paid during the year show that 68% were paid within 30 days of receipt. (67% in 2003-04).

Commissioners

Commissioners serving throughout the year were:

Bert Massie – Chairman
Saghir Alam
Stephen Alambritis
Michael Burton
Jane Campbell
Susan Daniels
Richard Exell
Dr Kevin Fitzpatrick
Christopher Holmes
John Hougham – Deputy Chairman
Elaine Noad
Evelyn Rank
Lakhvir Rellon
Philippa Russell
Jenny White

All members, with the exception of the Chairman, are entitled in accordance with Treasury guidelines to claim an allowance of £146 for each day on which they meet as a Commission and when transacting Commission business. Fees and expenses claimed and paid to Commissioners during the year amounted to £122,000. The Chairman of the Commission, Bert Massie, received a salary of £85,000 (excluding Pension and Employers National Insurance Contributions).

Disabled Employees

Disabled people comprise some 35% of all DRC staff. The Commission aims to give all staff equal access to training, career development and promotion opportunities. In cases where an employee becomes disabled, or a disability worsens, the Commission will consider all reasonable adjustments to help them to continue in employment. The Commission welcomes job applications from people with disabilities in accordance with its equal opportunities policy which is to provide equal access to employment for all who are eligible, on the basis of ability, qualifications and fitness for work. 10 Commissioners serving during the period were themselves disabled.

Employee Involvement

Effective communication with staff is a key factor in achieving our business objectives. Management hold team briefings and Information Technology is used extensively for staff communication.

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

Auditing of Accounts

The accounts are audited by the Comptroller and Auditor General. The audit fee for 2004-05 is estimated to be £25,000.



Robert Niven
Accounting Officer

24 June, 2005

Statement of the Disability Rights Commission and the Chief Executive's responsibilities

Under section 15 of schedule 1 to the Disability Rights Commission Act 1999, the Disability Rights Commission (the Commission) is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Work and Pensions, with the consent of the Treasury. The accounts are prepared on an accruals basis (modified by the revaluation of fixed assets) and must show a true and fair view of the Commission's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the Commission is required to:

- Observe the accounts direction issued by the Secretary of State for Work and Pensions, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed and disclose and explain material departures in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the body will continue in operation.

The Accounting Officer for the Department for Work and Pensions has designated the Chief Executive as the Accounting Officer for the Commission. His relevant responsibilities as Accounting Officer, including his responsibilities for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the non-departmental public bodies Accounting Officers' Memorandum, issued by the Treasury and published in Government Accounting.

Statement on Internal Control

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Commission's policies, aims and objectives, set by the Department's Ministers, whilst safeguarding the public funds and the Commission's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The system of internal control is designed to manage risk to an acceptable level, rather than totally eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the Commission's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This procedure was introduced during 2003, and further enhanced up to the date of approval of this annual report and accounts, and accords with Treasury guidance. The Risk Management procedure now in place incorporates suggestions made by NAO and the Internal Auditors. Risk Management is undertaken at all levels of the organisation and is the key element of Internal Control. The Commission has a defined measure of risk appetite. All risks are scrutinised at both Senior Management and Board level against this measure of risk appetite. Those risks exceeding risk appetite require additional mitigating action. Risks are then re-assessed to bring the final level of risk down to an acceptable level.

The DRC Audit Committee's overall purpose is to assist the Accounting Officer to meet the standards of propriety and good governance expected of the Commission. Specific responsibilities include:

- approving the annual accounts with special regard to their compliance with UK Generally Accepted Accounting Practice;
- reviewing all relevant reports on the DRC by the National Audit Office as external auditor of the Commission (in accordance with the DRC Act), and the proposed course of action to be taken in response;
- considering the Commission's proposed internal audit plan and reports from the internal auditors to include the audit needs assessment;

- reviewing internal control systems and their ability to ensure propriety and deliver economic, effective and efficient use of the Commission's resources; and
- assessing the adequacy of the financial information presented to the Commission.

The Commission contracts with a highly-regarded accountancy firm for provision of internal audit service. The audit is performed to standards defined in the Government Internal Audit Manual. Regular reports are submitted which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Commission's system of internal control together with recommendations for improvement.

My review of the effectiveness of the system of internal control is informed both by the work of the internal auditors who report to the Audit Committee and the DRC executive managers who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports. The DRC has made a number of improvements to its processes and controls in the light of these helpful recommendations. The organisation has in particular implemented resulting action plans in the areas of our casework service and in ICT, as well as in other areas covered by internal audit reports and comments by the NAO. Several large pieces of work were undertaken to ensure that the Commission has robust systems in place with regard to Data Protection, Freedom of Information and IT Security. These areas had been identified by both Internal and External Audit as having inherent weaknesses, and steps were taken as soon as practicable to increase controls to the high levels to which the Commission subscribes.

The DRC supports the view that continuous improvement is essential to take the organisation forward. We have identified that there is scope for improvement in the devolved financial processes, including the methodology and professional support provided to non-financial managers. We have also identified the need to closely monitor our recruitment and retention strategies, due to the transition period leading up to the CEHR and will re-evaluate effectiveness regularly.

Within their annual report to the DRC for 2004-05, considered at the Audit and Remuneration Committee on 25 May 2005, in their statement of overall assurance the Internal Auditors stated that the DRC has an adequate, effective and reliable framework of internal control.



Robert Niven
Accounting Officer

24 June, 2005

The Disability Rights Commission

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 40 to 58 under the Disability Rights Commission Act 1999. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 44 to 46.

Respective responsibilities of the Disability Rights Commission, the Chief Executive and Auditor

As described on page 34 the Commission and Chief Executive are responsible for the preparation of the financial statements in accordance with the Disability Rights Commission Act 1999 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Commission and Chief Executive are also responsible for the preparation of the Foreword and other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Disability Rights Commission Act 1999 and Treasury directions made thereunder, and 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. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Commission has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

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 certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 35 to 37 reflects the Commission's compliance with Treasury's guidance 'Corporate Governance: Statement on Internal Control'. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Commission's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Commission and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 are free from material misstatement, whether caused by error, or by fraud or other irregularity 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 have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Disability Rights Commission at 31 March 2005 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Disability Rights Commission Act 1999 and directions approved by Treasury; and
- 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.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

4th July 2005

National Audit Office
**157-197 Buckingham Palace Road
Victoria
London SW1W 9SP**

The maintenance and integrity of the Disability Rights Commission's website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The Disability Rights Commission

Income and Expenditure Account

Period Ending 31 March 2005

	Note	<u>2004-05</u> £'000	<u>2004-05</u> £'000	<u>2003-04</u> £'000
Income				
Grant in Aid from DWP	2.1	16019		13826
Access to Work		168		211
Release of Deferred Capital Grant	11	576		517
Release of Donated Asset Reserve	11	118		132
Other Income		78		99
Total Income			16959	14785
Commission Running Costs				
Staff Costs	3	(6677)		(6191)
Depreciation on Fixed Assets	5	(675)		(503)
Downward revaluation of Fixed Assets		(17)		(146)
Other Operating Charges	4	(9059)		(7592)
Total Expenditure			(16428)	(14432)
Operating surplus for the period			531	353
Surplus on disposal of fixed assets			5	0
Cost of Capital			5	(9)
Surplus on ordinary activities			541	344
Write back Cost of Capital			(5)	9
Surplus for the Financial Year			536	353
Retained (Deficit) brought forward			(674)	(1027)
Retained (Deficit) carried forward			(138)	(674)

The notes at pages 44 to 58 form part of these accounts
All operations are continuing.

Statement of Total Recognised Gains and Losses

Year Ended 31st March, 2005

		<u>2004-05</u>	<u>2003-04</u>
	Note	<u>£'000</u>	<u>£'000</u>
Surplus for the year		536	353
Unrealised surplus/(loss) on revaluation of fixed assets	11	(18)	56
Total gains during the period		518	409

The Disability Rights Commission

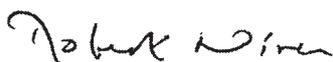
Balance Sheet

as at 31 March 2005

	Note	31 Mar 2005 £'000	31 Mar 2005 £'000	31 Mar 2004 £'000
FIXED ASSETS				
Tangible assets	5	1799		2022
CURRENT ASSETS				
Debtors and Prepayments	6	572		336
Cash at Bank and in hand		1110		261
		1682		597
CURRENT LIABILITIES				
Creditors – amount falling due within one year	7	(1731)		(1270)
NET CURRENT ASSETS		(49)		(673)
TOTAL ASSETS LESS CURRENT LIABILITIES			1750	1349
PROVISIONS FOR LIABILITIES AND CHARGES				
	8		(88)	0
NET ASSETS			1662	1349
CAPITAL AND RESERVES				
Donated Assets	11		612	740
Deferred Capital Grant Reserve	11		1188	1283
General Reserve	11		(138)	(674)
			1662	1349

The notes at pages 44 to 58 form part of these accounts

These financial statements were approved by the Commission on 21 June, 2005 and were signed on its behalf by:



Robert Niven
Chief Executive

Cash Flow Statement

Year Ended 31 March 2005

	Note	<u>2004-05</u> £'000	<u>2003-04</u> £'000
Net cash inflow from operating activities	9	849	502
Returns on investment and servicing of finance		–	–
Capital expenditure and financial investment			
Purchase of tangible fixed assets	5	(490)	(830)
Financing	2	490	830
Increase in cash	10	849	502

Disability Rights Commission

NOTES TO THE ACCOUNTS

1. Accounting Policies

1.1 Basis of Accounting

The accounts for the Commission have been prepared in accordance with the Accounts Direction issued by the Secretary of State for Work and Pensions on 24 May 2002.

The accounts are prepared on an accruals basis and the historical cost convention, modified to include revaluations of fixed assets to reflect their current costs.

Without limiting the information given in the accounts, and subject only to compliance with the requirements set out in the Accounts Direction, they also comply with the accounting and disclosure requirements of the Companies Act 1985, and with applicable accounting standards issued by the Accounting Standards Board except to the extent where HM Treasury has issued alternative guidance.

1.2 Government Grants

1.2.1 Grant-in-Aid Received from DWP

Grant-in-Aid is paid to the Commission from Department for Work and Pensions, Request for Resources 3, in 2004-05, and is credited to income in the year in which it is received, except as follows.

1.2.2 Deferred Capital Grant

Grants received, in respect of Commission capital expenditure, are credited to a Deferred Capital Grant Reserve and released to the Income and Expenditure account over the expected useful life of the relevant asset.

1.3 Access to Work

The Commission makes use of the Access to Work scheme run by Jobcentre Plus, who consider what reasonable adjustments are needed to allow a person with a disability to perform a suitable role. The equipment or service to make the adjustment is bought by the Commission with Jobcentre Plus reimbursing an agreed proportion of the cost, up to 100%. The reimbursement by Jobcentre Plus is

treated as exceptional income and is not included in the calculation of income the Commission may retain.

1.4 Interest on Capital

A notional charge for interest on capital has been included in the accounts. This is calculated on the average value of capital employed by the Commission during the year, at HM Treasury's cost of capital rate of 3.5%.

1.5 Analysis of Employees

The analysis of employees at note 3.6 reports the number of full time equivalent members of staff and is made on the following basis:-

Managerial includes senior management and heads of department

Operational includes operational staff including those providing administration support to teams

Administration and Support includes staff providing support services (Finance, IT and Human Resource functions)

1.6 Fixed Assets and Depreciation

Purchases are capitalised where the expected useful lives of the assets exceed one year and where the cost of acquisition exceeds £2,500, either individually or in related groups. These assets are revalued annually using indices taken from the publication "Price Index Numbers for Current Cost Accounting" published by the Office of National Statistics. The total of any revaluation is charged to the Deferred Capital Grant reserve or the Donated Assets reserve.

Assets are depreciated over their expected useful life by the straight line method. The classes and standard asset lives are reviewed annually. The depreciation rates applied to the main categories of assets are as follows:

Class of Asset	Standard Useful Life
Fixtures and Fittings	10 years or the remaining life of the lease if shorter
IT and Telecommunications Equipment	3 years
Furniture	10 years

A full year's depreciation is charged in the year of acquisition and none in the year of disposal for all assets.

Software development is not capitalised.

Donated tangible fixed assets are capitalised at their valuation on receipt and are valued and depreciated as described above for purchased assets. The value of donated tangible fixed assets is reflected in a donated assets reserve which is credited with the value of the original donation and any subsequent revaluation and indexation; an amount equal to the depreciation charge is released from this reserve each year to the income and expenditure account.

1.7 Leases

Expenditure in respect of operating leases is recognised in the accounts in the year to which the payments relate.

1.8 Pensions

Past and present employees are covered by the provision of the Civil Service Pension Schemes which are described at Note 3.7. The defined benefit elements of the scheme are unfunded and are non-contributory except in respect of dependents' benefits. The Commission recognises the expected cost of these elements on a systematic basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes (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 scheme, the Commission recognises the contributions payable for the year.

1.9 Tax

The Commission has no trading activity and therefore is not registered for VAT. It also falls outside the scope of Corporation Tax.

2. Income

2.1 Grants Received

		<u>2004-05</u>	<u>2003-04</u>
		<u>£'000</u>	<u>£,000</u>
Revenue Grant	(DWP RfR 3)	16,018	13,826
Deferred Capital Grant	(DWP RfR 3)	490	830
Deferred Income	(DWP RfR 3)	89	
		<u>16,597</u>	<u>14,656</u>

3. Remuneration

3.1 Remuneration Committee

The Commission has an Audit and Remuneration Committee. The terms of reference state that the committee may make recommendations to the Chairman and Commission on the appropriate level of remuneration for the Commission's Chief Executive. It may also offer advice to the Chief Executive on the recruitment and remuneration of senior DRC staff.

3.2 Chairman

The Chairman, Bert Massie, is employed by the Royal Association for Disability and Rehabilitation and is on secondment to the Commission. He was appointed Chairman from 4 January 2000 and receives an annual salary of £85,000 per year. He is a member of the Royal Association for Disability and Rehabilitation Pension Scheme. The scheme provides a pension based on the length of service and final salary. The Commission meets the costs of the employer's pension contributions, currently set at 23.5 per cent of salary; Employer's National Insurance; and VAT charged by RADAR on their invoice.

During the period the Chairman's actual remuneration was as follows:-

	<u>2004-05</u>	<u>2003-04</u>
	<u>£'000</u>	<u>£,000</u>
Remuneration	85	73
Employers National Insurance	9	8
Pension	20	17
VAT	20	17
Total Remuneration	<u>134</u>	<u>115</u>

3.3 Commissioners (excluding Chairman)

The Commissioners receive a fixed fee of £146 plus expenses for each day that they attend meetings of the Commission. These appointments are not pensionable. Details of the Commissioners are given in the Foreword. Analysis of the fees and expenses received by Commissioners during the period are shown in the following table:

	Actual Fees Paid	Actual Expenses Paid	Tax on T&S Expenses	Total
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
2003-04	70	31	23	124
2004-05	91	31	18	140

3.4 Chief Executive

The Chief Executive's basic annual salary is £85,958 a year plus entitlement to a non-pensionable bonus in recognition of his performance against a personal responsibility plan. A bonus will be awarded and for the purpose of the accounts is estimated at £6,000. Total actual emoluments were £121,519 including the employer's contributions of £15,902 to the Principal Civil Service Pension Scheme. The Chief Executive is an ordinary member of the Principal Civil Service Pension Scheme, with the Commission's contribution to the scheme amounting to the equivalent of 18.5% of salary.

Comparative figures for the previous year are as follows:-

Basic annual salary was £77,369 plus entitlement to a non-pensionable bonus in recognition of performance against a personal responsibility plan. During 2003-04, the bonus awarded was £1,035. Total actual emoluments were £106,379 including the employer's contributions of £14,313 to the Principal Civil Service Pension Scheme. The Commission's pension contributions were 18.5% of salary. (These figures have been revised from the published figures in 2003-04 following the confirmation of the bonus figure.)

3.5 Directors' Remuneration

The following table lists serving Directors and their relating remuneration amounts.

	Salary including performance Pay (£k)	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 31/03/05 and related lump sum (£k)	CETV at 31/03/04 (Nearest £k)	CETV at 31/03/05 (Nearest £k)	Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £k)
Bob Niven Chief Executive	105-110	0	0-2.5 Plus 0-2.5 Lump sum	2.5-30 Plus 85-90 Lump sum	446	477	9
Caroline Gooding Special Advisor	50-55	0	2.5-5 Plus 0-2.5 Lump sum	5-10 Plus 0-2.5 Lump sum	27	60	7
Liz Sayce Director of Communication and Change	60-65	0	0-2.5 Plus 2.5-5 Lump sum	5-10 Plus 20-25 Lump sum	87	114	14
Nick O'Brien Director of Legal Services	60-65	0	0-2.5 Plus 5-10 Lump sum	10-15 Plus 30-35 Lump sum	114	146	24
Ann Wilmot Director of Resources	50-55	0	0-2.5 Plus 0-2.5 Lump sum	10-15 Plus 0-2.5 Lump sum	122	150	15
Bob Benson Director for Scotland	50-55	0	5-10 Plus 25-30 Lump sum	15-20 Plus 45-50 Lump sum	113	268	80
Will Bee Director for Wales	50-55	0	0-2.5 Plus 0-2.5 Lump sum	5-10 Plus 10-15 Lump sum	62	76	8
Agnes Fletcher Assistant Director	45-50	0	0-2.5 Plus 0-2.5 Lump sum	2.5-5 Plus 5-10 Lump sum	33	43	5
Mark Shrimpton Assistant Director of Operations	45-50	0	0-2.5 Plus 0-2.5 Lump sum	10-15 Plus 0-2.5 Lump sum	131	148	7

4 Directors' pensions contributions were made to the Classic Scheme and others were to the Premium scheme. There were no payments made in respect of benefits in kind or to partnership pensions. Definitions of salary and pension scheme are as follows:-

Salary

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

Pension

(ii) Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (classic, premium, and classic plus). New entrants after 1 October 2002 may choose between membership of premium or joining a good quality "money purchase" stakeholder based 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).

Further details about the CSP arrangements can be found at the website www.civilservice-pensions.gov.uk

Columns 5 & 6 of the above table show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column 7 reflects the increase in CETV effectively funded by the employer. It takes account of 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.

A Cash Equivalent Transfer Value (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 CS 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.

3.6 Analysis of Employees

The average numbers of employees in post are shown below.

	<u>2004-05</u>	<u>2003-04</u>
Management	32	31
Operational Staff	111	93
Administration and Support	28	50
Agency Staff	<u>9</u>	<u>4</u>
	180	178

3.7 Analysis of Staff Costs

The table below shows total staff costs for the year.

	<u>2004-05</u>	<u>2003-04</u>
	<u>£'000</u>	<u>£'000</u>
Wages and Salaries	4953	4752
Social Security Costs	397	384
Other Pension Costs	651	617
Seconded and Temporary staff	402	199
Total	6403	5952

The Chairman's costs are noted separately at 3.2 and are not included in the figures at 3.7.

The PCSPS is an unfunded multi-employer defined benefit scheme but the Disability Rights 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).

For 2004-05, employers' contributions of £651,000 were payable to the PCSPS (2003-04 £617,000) at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. Rates will increase for 2005-06 following the scheme's actuaries' review of employer contributions. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers' contributions of £1,671 were paid to one or more of a panel of four 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 £312, 0.8 per cent of pensionable pay, are due 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 £227. Contributions prepaid at that date were nil.

4. Other Operating Charges Analysed

	<u>2004-05</u>	<u>2003-04</u>
	<u>£'000</u>	<u>£'000</u>
Running Costs		
Staff recruitment and training	650	426
Staff and Chairman's Travel and Subsistence	451	442
Equipment Lease costs	22	19
Premises Lease costs	265	409
Premises costs (non lease)	748	670
Support and Office Services	833	664
IT and Telecomm costs	409	396
Losses and special payments	2	1
Loss on disposal of fixed assets	0	1
Access to Work	138	153
Auditor's Remuneration	25	19
Programme		
Systems development	219	187
Research and consultation	433	980
Raising disability awareness	611	788
Providing advice and support	2877	2319
Education	93	118
Access to goods and services	351	0
Health and Independent Living	47	0
Employment	885	0
Total	9059	7592

5. Fixed Assets

The table below shows the analysis of Fixed Assets.

	Fixtures and Fittings	IT and Telecomm. Equipment	Furniture	TOTAL
	£'000	£'000	£'000	£'000
Cost or Valuation				
1 April 2004	1942	1939	395	4276
Additions	61	379	49	489
Disposals	0	(188)	0	(188)
Revaluation	(15)	(17)	(3)	(35)
31 March 2005	1988	2113	441	4542
Depreciation				
1 April 2004	759	1367	128	2254
Charge for year	199	462	44	705
Disposals	0	(186)	0	(186)
Revaluation	(7)	(21)	(1)	(29)
31 March 2005	951	1622	171	2744
Net Book Value				
31 March 2005	1037	491	270	1798
1 April 2004	1183	572	267	2022

6. Debtors

The table below shows debtors and prepayments.

Debtors falling due within one year

	31 March 2005	31 March 2004
	£'000	£'000
Trade Debtors	64	23
Access to Work	57	59
Prepayments and accrued income	451	254
	572	336

7. Creditors: amounts falling due within one year

	31 March 2005	31 March 2004
	£'000	£'000
Creditors		
Trade creditors	349	103
Taxes and social security costs	226	210
Accruals	1061	957
Deferred Income	95	0
	<u>1731</u>	<u>1270</u>

8. Provisions for Liabilities and Charges

A provision of £88,125 has been made for dilapidation costs. This is a requirement under the terms and conditions of the lease of the now vacated London property.

9. Reconciliation of Operating Surplus to net cash inflow from operating activities

	2004-05	2003-4
	£'000	£'000
Operating Surplus	531	353
Depreciation Charges	675	503
Downward revaluation of fixed assets	17	147
Proceeds from disposal of fixed assets	7	0
Release of Deferred Capital Grant Reserve	(576)	(517)
Release of Donated Asset Reserve	(118)	(132)
(Increase) in Debtors	(236)	(164)
Increase in Creditors	461	(692)
Decrease in Provisions	88	0
Net cash outflow from operating activities.	<u>849</u>	<u>502</u>

10. Reconciliation of Movement in Net Funds

	£'000
Net funds as at 1 April 2004	261
Increase in cash in period	849
Net funds as at 31 March 2005	1110

11. Movements on Reserves

	Donated Assets	General Reserve	Deferred Capital Grant Reserve
	£'000	£'000	£'000
Opening Balance	740	(674)	1283
Historic cost charged to I&E in year	(123)	0	(584)
Increase during year	0	536	490
Revaluation cost	(10)	0	(25)
Revaluation depreciation	5	0	24
Balance at 31 March	612	138	1188

12. Financial Instruments

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 listed companies.

The Commission has no significant exposure to liquidity, currency or interest rate risks.

13. Contingent Liabilities

The Commission has two outstanding legal cases which will be heard in the Court of Appeal and the Court of Session. It is possible that if the cases were lost, adverse cost orders may be made against the Commission.

14. Capital Commitments

No capital commitments were outstanding at 31 March 2005.

15. Leases and hire purchase obligations

15.1 Operating Leases

The following amounts fall due during the year ending 31 March 2005 under operating leases.

	2004-05		2003-04	
	Land and Buildings	Other Leases	Land and buildings	Other Leases
	£'000	£'000	£'000	£'000
Leases expiring within:				
One year	–	17	6	–
Two to five years	12	4	–	21
More than five years	287	–	287	–
Total	299	21	293	21

DRC staff currently occupy space on the third floor of Arndale House in Manchester for which there is no formal lease agreement with the landlord (Equal Opportunities Commission). The annual rent in 2004-05 on this space was £37,996 and this will increase to £53,358 in 2005-06 when more space is occupied.

The London office in Grays Inn Road also has no formal lease. Annual rent costs in 2004-05 were £441,021.

15.2 Finance Leases

There were no obligations under finance leases.

16. Performance against key financial targets

The Department for Work and Pensions, the sponsor Department, has not set any financial targets for the Commission.

17. Related Party Transactions

The Commission is a Non-Departmental Public Body, which is sponsored by Department for Work and Pensions. During the period the Commission has had various material transactions with the Department. None of the Commissioners has undertaken any material transactions with the Commission during the period.

18. Post Balance Sheet Event

There are no significant post balance sheet events.

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