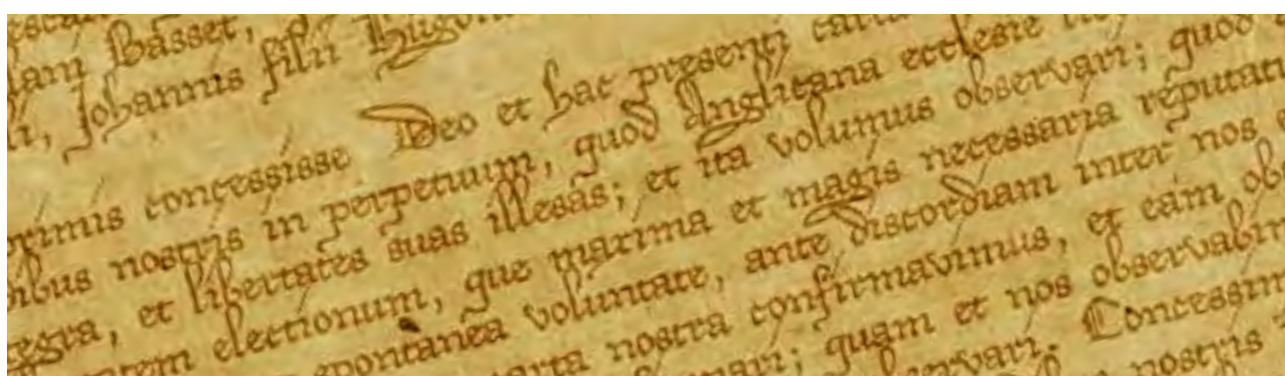


# Equality and Human Rights Commission Annual Report and Accounts

1 April 2014 – 31 March 2015



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1 April 2014 – 31 March 2015

Annual Report presented to Parliament  
pursuant to paragraph 32 of Schedule 1  
to the Equality Act 2006

Accounts presented to Parliament  
pursuant to paragraph 40 of Schedule 1  
to the Equality Act 2006

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# Foreword from the Chair

**Over the past year, equality and human rights have been a focus of national and international attention. The tragic events in Paris and Denmark led to a global debate about freedom of expression, while political discussions about fairness and equality took centre stage in the run-up to the 2015 General Election.**

As Britain's national equality body and an A-Status UN National Human Rights Institution, the Equality and Human Rights Commission's role is to promote and protect the equalities, human rights and civil liberties that form the bedrock of many British values and institutions, and which help Britain play a leading role on the international stage.

Fairness and equality of opportunity are about the law protecting everyone, without favouring some individuals or groups. Our work over the past year demonstrates how the Commission is addressing the issues facing an increasingly diverse Britain.

At the same time, we need to ensure that the rights of individuals who suffer particular discrimination and ill-treatment

where they work or live are protected. To this end, during the year we carried out the first major inquiry into the preventable deaths of hundreds of people with mental health conditions who were detained in hospitals, prisons and police cells at the time. The recommendations of the inquiry will be implemented by the relevant regulators, and we hope will prevent further avoidable tragedies. We were pleased to see the Home Secretary's subsequent announcement of work to ensure that, whenever possible, people with mental health conditions are no longer held in police cells.

In delivering these achievements, the Commission relies on the continuing hard work of the Chief Executive and staff. On behalf of the Board, I would like to thank them all for their efforts over the past year.

Our business plan for 2015/16 sets out how we will continue to deliver our mandate over the year ahead, working in partnership with organisations across the public and private sectors to play our part in delivering further progress towards achieving our strategic objectives.

During this year, we will also be working to safeguard our A-status as Britain's National Human Rights Institution (NHRI) as the UN considers our reaccreditation, and bringing our expertise to the public debate on the Government's intention to replace the Human Rights Act with a British Bill of Rights.

2015 marks the 800th anniversary of Magna Carta, when we celebrate Britain's long and proud tradition of respect for the rule of law and the values of dignity, fairness and tolerance that we all share. There is much to be done before we can be confident that we are a country that fully lives up to these aspirations and values. We look forward to the challenge.

**Baroness Onora O'Neill CBE**  
**Chair of the Equality and Human Rights Commission**



# Foreword from the Chief Executive

**Over the past year, the Commission has delivered a programme of work focused on our strategic priorities.**

Among the highlights were the following.

We set up a task force with companies and industry bodies to improve working conditions for thousands of low-paid workers in the cleaning industry, following our inquiry into the sector.

Together with the Department for Business, Innovation and Skills, we began the first comprehensive study for nine years into the scale and nature of pregnancy and maternity discrimination in the workplace.

We continued our work with HM Treasury and other government departments to make spending decisions fairer and more efficient; and developed a method for modelling the cumulative impact of government spending and fiscal decisions.

We began work with the Home Office, police forces, HM Inspectorate of Constabulary and the College of Policing on a package of reforms and training to improve the police's use of stop and search powers.

We published a leaflet to advise disabled passengers of their rights when travelling by air, which is being distributed through airports, travel companies and organisations working with disabled people.

We began a project, in partnership with the Department for Culture, Media and Sport and several national sports bodies, to increase participation of women, girls and people from ethnic minorities in grassroots sports.

As an expert body on equality and human rights law, we provided definitive legal advice on steps that can lawfully be taken to increase the number of women on the boards of organisations; the limits on gender segregation at universities; freedom of expression; and equal marriage legislation.

In our role as a National Human Rights Institution we published reports on human rights treaties covering the rights of the child, torture, disabled people, civil and political rights, and on the Universal Periodic Review – influencing the recommendations that the United Nations committees make to Government towards the realisation of human rights in the UK.

The Commission successfully supported or intervened in important legal cases including the retention of information by the police on people without criminal records and the disclosure of minor convictions for offences committed in childhood.

Other legal cases have involved the unlawful prosecution of a child victim of trafficking for offences; the breach of a patient's human rights by failing to consult

them or their families about use of do not resuscitate notices; and the rights of families to be represented at inquests.

While delivering this work, we have continued to improve the value for money we provide, with an operational budget of £17m for 2014/15 compared with £70m for 2009/10. We have delivered our programme of work through working in partnership with other organisations and by increased efficiencies and savings, including through office moves and consolidation, and continued improvements in the financial management of the organisation.

Our constructive approach to helping business has been recognised and our ‘proportionate, balanced and pragmatic approach’ was noted in the very positive feedback in a report this year from the Cabinet Office’s Better Regulation Delivery Office.

We will continue to build on our achievements of the past year, delivering against our remit effectively and efficiently and working to ensure that equality and human rights are for everyone.

**Mark Hammond**  
**Chief Executive of the Equality and Human Rights Commission**





# About the Equality and Human Rights Commission

*Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Human Rights Act 1998. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)*



Human Rights Act 1998

1998 CHAPTER 42

## Our strategic vision

We live in a country with a long history of upholding people's rights, valuing diversity and challenging intolerance. The Commission seeks to maintain and strengthen this heritage while identifying and tackling areas where there is still unfair discrimination or where human rights are not being respected.

## Our role

The Equality and Human Rights Commission (the Commission) is a non-departmental public body established by Parliament under the Equality Act 2006 to help safeguard and enforce the laws that protect all our rights to fairness, dignity and respect. We contribute to making and keeping Britain a fair society in which everyone, regardless of background, has an equal opportunity to fulfil their potential.

The Commission is an independent non-partisan body that uses its powers to support and promote laws and practices that help make our society fair for everyone. Our aim is to be a trustworthy and authoritative organisation which is recognised as a centre of excellence for data, evidence and legal expertise and an essential point of contact for policymakers across Britain needing advice on equality and human rights. While we want to work with organisations and individuals to advance the cause of fairness, dignity, tolerance and respect, we are ready to take tough action against those who break the law.

As a UN-accredited National Human Rights Institution and EU National Equality Body, we work with others in Scotland

and Northern Ireland, across Europe and internationally to protect and promote equality and human rights.

## Duties and powers

We have unique duties and powers under the Equality Act of 2006 to help us fulfil our mandate. These include duties and powers to:

- uphold the rights of individuals and tackle instances of discrimination;
- use our influence and authority to ensure that equality and human rights are fully considered by government and public bodies;
- provide information, guidance and advice on discrimination and rights in specific settings to businesses, the voluntary and public sectors and individuals;
- develop an evidence-based understanding of the progress on equality and human rights in Britain; and
- act directly to enforce legislation.

There is further information about the Commission's duties and powers at: [www.equalityhumanrights.com/about-us/about-the-commission/our-vision-and-mission/our-strategic-plan/our-duties-and-powers](http://www.equalityhumanrights.com/about-us/about-the-commission/our-vision-and-mission/our-strategic-plan/our-duties-and-powers)

The Commission has specific responsibilities under the United Nations Paris Principles and the European Union Equality Directives to ensure we maintain our status as a National Human Rights Institution and EU National Equality Body.

We are an independent public body and are also fully committed to complying with HM Treasury's Managing Public Money and the Cabinet Office's requirements for non-departmental public bodies. These include specific requirements on certain aspects of how we work.

The Commission's sponsor department is the Department for Culture, Media and Sport (DCMS). The Government Equalities Office (GEO) acts as the Commission's sponsor team within DCMS. The Secretary of State for Education and Minister for Women and Equalities and other members of the ministerial team account for the Commission's business in Parliament.

## Accounting Officer

Mark Hammond was appointed Chief Executive, ex-officio Commissioner and Accounting Officer in June 2011. His responsibilities as the Accounting Officer are set out on page 41. As Accounting Officer he is also responsible for maintaining a sound system of internal control. The governance statement on pages 42–51 sets out how this responsibility has been discharged in the year to 31 March 2015.

## Governance

Within the framework of its duties and responsibilities, including those prescribed by statute, the Board of Commissioners, led by the Chair, Baroness Onora O'Neill CBE, is responsible for approving the strategic plan, monitoring the Commission's performance against the plan and ensuring that the Commission has in place appropriate systems of governance, accountability and control.

The Chief Executive, Mark Hammond, is responsible under authority delegated by the Board for the overall organisation, management and staffing of the Commission, for its procedures in financial and other matters, including conduct and discipline, and for developing strategy proposals and developing and implementing plans, reporting the results of his work to the Board of Commissioners and acting as the Commission's designated Accounting Officer.

The Commission has three statutory decision-making committees (Disability, Scotland and Wales), with powers and duties set out in the Equality Act 2006.

The Commission also has two non-statutory committees: the Audit and Risk Assurance Committee and the Human Resources and Remuneration Committee.

Further information about the Commission's governance arrangements can be found in the Accounting Officer's governance statement on pages 42–51.

## The Board of Commissioners

The Commissioners who served as members of the Board between 1 April 2014 and 31 March 2015 are as follows:

- Baroness Onora O'Neill CBE (Chair)
- Caroline Waters OBE (Deputy Chair)
- Sarah Anderson CBE (term of office ended on 10 July 2014)
- Evelyn Asante-Mensah OBE
- Ann Beynon OBE (Wales Commissioner)

- Laura Carstensen
- Lord Chris Holmes MBE (Disability Commissioner)
- Susan Johnson OBE (appointed for a four-year term from 6 January 2015)
- Kaliani Lyle (Scotland Commissioner)
- Lorna McGregor (appointed for a four-year term from 6 January 2015)
- Professor Swaran Singh
- Sarah Veale CBE

Mark Hammond, as the Commission's Chief Executive, is a Commissioner ex officio.

There are biographies for the Commission's Board members at:

[www.equalityhumanrights.com/about-us/about-commission/commissioners](http://www.equalityhumanrights.com/about-us/about-commission/commissioners)

## The Disability Committee

The Disability Committee is chaired by Lord Chris Holmes MBE. The Committee met five times during the course of the year. In accordance with the provisions of the Equality Act 2006, the Committee is made up of between seven and nine members, at least half of whom are or have been disabled persons.

The Equality Act 2006 sets out the functions of the Commission that are delegated to the Disability Committee so far as they relate to 'disability matters'. Such delegation does not prevent the Commission from exercising a power, or fulfilling a duty, by taking action that relates partly to disability matters and partly to other matters.

The Committee uses its powers and responsibilities to support and shape the Commission's work that affects disabled people and embeds the rights of disabled people in the programme of work driven by the Commission's three-year strategy.

Following an independent review of the Disability Committee in 2013 the then Secretary of State decided to dissolve the Committee in 2017. Statutory instrument 2014 No. 406 The Equality Act 2006 (Dissolution of the Disability Committee) Order 2014 has been approved by Parliament.

During the intervening period, the working arrangements for the Committee are being strengthened to ensure that they are as robust as possible in order to address the range of challenges faced by disabled people across Britain. During 2014/15 six new members were appointed to the Committee and one member was re-appointed.

There is further information about the members of the Disability Committee and its work at:

[www.equalityhumanrights.com/about-us/about-the-commission/the-commissioners/disability-committee](http://www.equalityhumanrights.com/about-us/about-the-commission/the-commissioners/disability-committee)

## The Scotland Committee

The Scotland Committee is chaired by Kaliani Lyle and met four times during 2014/15.

The Committee exercises in Scotland some of the Commission's powers as devolved in the Equality Act 2006 subject to exceptions related to disability matters (delegated to

the Disability Committee) and advice or guidance on a Britain-wide basis (provided by the Commission). The Committee gives advice to the Scottish Government about the effect of Scottish legislation.

There is additional information about the Scotland Committee and its work at: [www.equalityhumanrights.com/about-us/devolved-authorities/commission-scotland](http://www.equalityhumanrights.com/about-us/devolved-authorities/commission-scotland)

## **The Wales Committee**

The Wales Committee is chaired by Ann Beynon OBE and met four times during 2014/15.

The Committee exercises in Wales the Commission's powers as devolved in the Equality Act 2006 subject to the exclusions set out in the Equality Act 2006 relating to disability matters (delegated to the Disability Committee), and advice or guidance on a Britain-wide basis (provided by the Commission). The Committee gives advice to the Welsh Government about the effect of legislation affecting only Wales.

There is additional information about the Wales Committee and its work at: [www.equalityhumanrights.com/about-us/devolved-authorities/the-commission-in-wales](http://www.equalityhumanrights.com/about-us/devolved-authorities/the-commission-in-wales)

There is a full explanation of the statutory functions of the Disability, Scotland and Wales committees in the Commission's Governance Framework at: [www.equalityhumanrights.com/publication/ehrc-governance-framework](http://www.equalityhumanrights.com/publication/ehrc-governance-framework)

## **The Human Resources and Remuneration Committee**

The Human Resources and Remuneration Committee is chaired by Caroline Waters OBE and met five times during the year to discharge its duties. It comprises three Commissioners and an independent member. The independent member of the Committee is Helen Murlis.

## **The Audit and Risk Assurance Committee**

The Audit and Risk Assurance Committee was chaired by Sarah Anderson CBE until the end of her term of office on 10 July 2014. Laura Carstensen was acting Chair from 11 July 2014 to 31 March 2015 when she was formally appointed as Chair. The Committee met five times during the year ending 31 March 2015.

The Committee reports to the Board and comprises three Commissioners and two independent members. The independent members of the Committee are Roger Dunshea and Dean Parker who were appointed with effect from 1 April 2014.

The Committee is advisory and assists the Board and the Accounting Officer by reviewing the comprehensiveness, reliability and integrity of the Commission's internal controls, risk management processes and governance arrangements, along with the quality and reliability of financial reporting within the Commission.

The Committee advises the Board on the appointment of the internal auditor,

approves the internal audit strategy and work plan and ensures that internal audit provides an appropriate level of assurance to the Accounting Officer and the Board. The Committee considers the National Audit Office (NAO) external audit strategy and reviews the Audit Completion Report and associated management letter and any recommendations that the NAO identifies during its audit work. Representatives of the internal and external auditors and Commission staff, as necessary, attend Audit and Risk Assurance Committee meetings. The sponsor department attends the meetings in an observer role. The Chief Executive may attend the meetings.

## **The Senior Management Team**

The role of the Senior Management Team is to help the Chief Executive develop and implement strategy, provide leadership for staff, set work priorities, monitor performance and manage risk.

There is further information about the members of the Senior Management Team in the remuneration report on pages 30–39.

## **Commission staff**

As at 31 March 2015, 203 (192 full-time equivalent (FTE)) (205 (193 FTE) as at 31 March 2014) individuals were directly employed by the Commission on a permanent or fixed-term basis. In addition, the Commission engaged a small number of staff who are support workers, on a secondment or loan from within the Civil Service or engaged on an interim or agency basis.

The average number of FTE employees in post during the year 2014/15 was 201 (201 during 2013/14), including seconded, loan or agency staff (see note 3a to the financial statements).

## **Code of conduct**

The Commission has a clear set of core values that guide the actions and behaviour of its employees.

## **Staff consultation and engagement**

The Commission is committed to communicating and consulting with its entire workforce. There are regular team meetings, planning days and briefings from the Chief Executive, complemented by additional ‘open meetings’ on an as-needed basis.

The Commission recognises trade unions and aims to work in partnership with the Public and Commercial Services Union (PCS) and Unite. Joint Negotiation and Consultation Committee meetings are held quarterly with the trade unions.

## **Staff development**

We recognise that our people are crucial to our success.

During 2014/15, we have continued to develop our people. Over the course of the year 60 per cent of our people have taken up opportunities to learn new skills and develop themselves in topics such as leadership skills, giving evidence and courtroom skills, interviewing effectively,

report writing and improving IT capability. We have also supported some of our people through various academic qualifications, and in the Crossing Thresholds Programme (a career mentoring programme for women in the Civil Service). We have also enabled people to attend a range of conferences to keep their skills and knowledge current.

Over the course of the year we have advertised 45 vacancies and, of these, 22 have been filled by our own people, enabling us to develop them further and see them grow into different roles and/or attain promotion to the next level. The remaining 23 roles we have filled with external candidates, giving us the opportunity to bring in new skills and fresh ideas.

## **Staff survey**

In order to be as effective as we can be, and deliver on our strategic objectives, we must make sure that we are providing the right environment for our people to flourish. In 2014/15, 75 per cent of our people took part in work to identify the characteristics of an ideal organisational culture that would best support the delivery of our business objectives. Using this information alongside the development of our new Strategic Plan, in the coming months we will develop and deliver a People Strategy which will in turn enable us to develop our culture and realise our vision – to become a great place to work that delivers great work.

# Strategic report



## Equality Act 2010

CHAPTER 15

CONTENTS

PART 1

SOCIO-ECONOMIC INEQUALITIES

1 Public sector duty regarding socio-economic inequalities  
1 Amend section 1



## **Our strategic priorities in 2014/15**

Our 2012–15 Strategic Plan was formulated against the background of the economic challenges facing Britain, major public sector reforms and significant changes to the Commission’s structure and budget. We set out our ambition to focus our resources on the areas where we could add most value in tackling the most significant challenges, through influencing others to deliver improvement, working in partnership with others and joining up with other scrutiny bodies to expand our reach.

We identified three strategic priorities for 2012 to 2015. These were to:

- promote fairness and equality of opportunity in Britain’s future economy;
- promote fair access to public services, and autonomy and dignity in service delivery; and
- promote dignity and respect, and safeguard people’s safety.

We published a revision of our Strategic Plan for 2015/16 in March 2015. It brought forward the strategic priorities that we set out in 2012; priorities that remain relevant today and will continue to underpin our work in the coming year.

## **Delivery highlights in 2014/15**

Over the past year we have continued to build the reputation and confidence of our organisation, delivering high-impact work that has had a positive effect on people’s lives. Here we highlight just some of our successes.

## To promote fairness and equality of opportunity in Britain's future economy, we:

- Published 'The Invisible Workforce', our assessment of compliance with equality and human rights law in **employment practices in the cleaning sector**. This highlighted concerns about potentially unsafe working environments, unlawful discrimination, under- and non-payment of wages, and harassment and bullying. A multi-stakeholder cleaning sector taskforce is now working with us on improving practice and compliance with the law; encouraging more responsible procurement; treating workers with dignity and respect; and raising awareness of employment obligations.
- Began the first comprehensive study for nine years on the scale and nature of **pregnancy and maternity discrimination** and disadvantage in the workplace, conducted jointly with the Department for Business, Innovation and Skills (BIS).
- Published authoritative guidance on the legal framework for steps that can lawfully be taken to increase the number of **women on the boards of organisations**. We collected evidence for our inquiry into the recruitment and appointment of directors to the boards of FTSE 350 companies.
- Published the results of our call for evidence on experiences at work and service provision relating to **religion or belief**.
- Launched an **investigation** into the policies and processes used by the Metropolitan Police Service to deal with complaints about unlawful discrimination and victimisation of police personnel.
- Successfully influenced the Wood Commission report on Developing Scotland's Young Workforce and delivered a high-impact report on low levels of access and uptake of **modern apprenticeships in Scotland** by young people from ethnic minorities and young disabled people, and on gender segregation in choice of apprenticeship.
- Contributed to improving **Welsh workplaces** by sharing effective practice through the Equality Exchange Network and engaging directly with key employers such as Airbus Defence and Space, and Legal & General.

## To promote fair access to public services, and autonomy and dignity in service delivery, we:

- Launched a two-year **Sports Inclusion Programme**, committing £600,000 to increase the participation of women, girls and people from ethnic minorities in rugby, through Premiership Rugby Limited. Our funding will support the recruitment of 480 female teachers and volunteers, and the delivery of five-week rugby training programmes – 156 for girls and 130 for children from ethnic minority backgrounds. We also agreed an action plan with Boxing Scotland to ensure appropriate development opportunities are in place for women boxers.
- Wrote to **letting agents** reminding them of their obligations not to discriminate unlawfully against potential tenants. The Property Ombudsman has fined one of the agencies, which has now agreed to work with the Ombudsman to remove discriminatory practice.
- Intervened in a judicial review in which the High Court declared the new residence criterion for **eligibility for council tax reduction** to be indirectly discriminatory and in breach of the Public Sector Equality Duty (PSED).
- Reported on progress following our formal assessment of compliance with the equality duties in the **Spending Review 2010**; and published a report by the National Institute of Economic and Social Research and Landman Economics on the development of a method for modelling the **cumulative impact** of government spending and fiscal decisions.
- Published a passport-sized leaflet to advise **disabled passengers** of their rights when travelling by air. This is being distributed through airports, travel companies and organisations working with disabled people.
- Ensured the new **Special Educational Needs and Disabilities Code** for schools reflects the requirement to make reasonable adjustments to secure equal access to education for disabled children.
- Published new guidance on the PSED and data collection for English public authorities, in partnership with the Information Commissioner for England. We also published PSED monitoring reports and an independent review of the **PSED in Wales**, which assesses progress in relation to the requirements of the duty, highlights successful outcomes, identifies barriers to implementation and provided targeted support to **45 public authorities in Scotland** to improve the quality of their published equality outcomes, which form part of the specific equality duties in Scotland.

- Started a two-year programme to improve compliance with **equality and human rights obligations in health and social care**, developing an online compendium of resources for the sector and working with the Care Quality Commission (CQC) Academy to embed equality and human rights across its curriculum. We also entered into a formal agreement with a Scottish NHS Board to ensure **equal access to their services for deaf patients**, through the proper provision of British Sign Language interpreters.
- Helped secure better access to halting sites for **Gypsies and Travellers** in Scotland, including publishing research into good practice in establishing site provision.

## To promote dignity and respect, and contribute to keeping people safe, we:

- Entered into a formal agreement with one public authority and continued work with two other authorities to improve their approach to **disability harassment**.
- Completed our **inquiry into non-natural deaths of adults with diagnosed mental health conditions in State detention**, which found failures by institutions to learn lessons and implement recommendations. We launched an easy-to-use Human Rights Framework setting out 12 practical steps for policy-makers and frontline staff in prisons, secure hospitals and police services to help protect lives.
- Commenced our project to make sure people who experience **lesbian, gay, bisexual and transgender hate crime** have better opportunities to report it.
- Embedded expertise and learning about good practice to address disproportionate and invasive use of **stop and search police powers** in England, through a partnership training programme with the National College of Policing.
- Responded to concerns about offensive electoral campaigning based on prejudice against people who share particular protected characteristics by working with the Electoral Commission to deliver up-to-date guidance on **electoral conduct**. The aim of the guidance is to improve understanding of the legal framework among local authorities and other public authorities involved in elections, as well as to inform the general public.

- Intervened in a judicial review to highlight flaws in the system for including **vulnerable asylum seekers** in the Detained Fast Track Process. The High Court found that there was an ‘unacceptably high risk of unfairness’, and the Home Office will have to amend the procedures to include better screening-out of vulnerable applicants and earlier access to lawyers.
  - Argued in a Supreme Court appeal that the storage and disclosure of a police warning for bicycle theft given to a prospective teacher when he was 11 breached the **Article 8 right to privacy**. The Supreme Court confirmed that the Criminal Records Bureau scheme set up under the Police Act 1997 was not compatible with human rights.
- In addition, we:**
- In our role as a National Human Rights Institution (NHRI) published reports on **human rights treaties** covering the rights of the child, torture, disabled people, civil and political rights, and on the Universal Periodic Review – influencing the recommendations that the United Nations committees make to Government towards the realisation of human rights in the UK.
  - Supported or intervened in **landmark cases** on issues affecting equality protections and on breaches of human rights.
  - Delivered **resources for parliamentarians**, women’s rights organisations and children and young people on the United Nations Convention on the Elimination of all forms of Discrimination Against Women, and the United Nations Convention on the Rights of the Child.
  - **Advised the UK Parliament** on equality and human rights issues by providing briefings on the Care Bill, the Criminal Justice and Courts Bill, the Deregulation Bill, the Modern Slavery Bill, the Immigration Bill, the Counter-Terrorism and Security Bill and the Armed Forces (Service Complaints and Financial Assistance) Bill.
  - Helped inform the policies of governments and public authorities by submitting **responses to consultations** including changes to planning policy for Gypsy and Traveller sites, the review of the Regulation of Investigatory Powers Act, the integration of health and social care in Scotland, and the Independent Police Complaints Commission consultation on post-incident management.
  - Launched our new **strategic litigation policy** to ensure that our resources are deployed to maximum impact, following consultation with the legal community, civil society, the advice sector and others to harness their experience and perspectives in determining priorities.

- Selected and appointed two new panels of counsel covering respectively England and Wales and Scotland. The panels were appointed following a successful competitive exercise. Members of the panels are the Commission's preferred providers of external legal services, including representation and advice.

- Continued to strengthen financial controls and reporting, demonstrated through our fourth consecutive **clean audit opinion** from the Comptroller and Auditor General, and to drive further **efficiency savings** through the implementation of our estates strategy; in all we have delivered £3m in savings under this heading in the last two years.

## Meeting our Public Sector Equality Duty requirements

Under the Equality Act 2010, the Commission, like all public bodies, is subject to the Public Sector Equality Duty and must have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not. The duty covers age, disability, sex, gender reassignment, pregnancy and maternity, race, religion or belief, and sexual orientation. The duty to have due regard to the need to eliminate discrimination also covers marriage and civil partnership in the workplace.

Equality and diversity are at the heart of everything we do. There is information about our equality objectives and how we are performing in promoting equality of opportunity for all of our staff at: [www.equalityhumanrights.com/about-us/about-the-commission/equality-and-diversity](http://www.equalityhumanrights.com/about-us/about-the-commission/equality-and-diversity)

## Workforce diversity

The following table summarises the Commission's workforce diversity profile as at 31 March 2015.

During 2014/15, the Commission's workforce headcount reduced from 205 (193 full-time equivalent (FTE)) as at 1 April 2014 to 203 (192 FTE) as at 31 March 2015. Twenty-three staff left the Commission and there were 21 new appointments.

Overall, there has been no significant change to the Commission's workforce diversity during 2014/15. The main changes are an increase in the proportion of staff who have caring responsibilities and that the workforce is getting older.

In 2014/15, we undertook an exercise to refresh our equality monitoring data and encourage staff to make a diversity declaration. Sixty per cent of our staff responded and provided data.

In summary:

- 61 per cent of our workforce are female; no change from the previous two years;
- 25 per cent of our workforce describe themselves as having a disability; broadly the same as 2013/14;
- 16 per cent of our workforce declared they are from ethnic minority groups; a slight decrease (2 per cent) from 2013/14;
- 14 per cent of our workforce are aged under 34, the same as 2013/14; 18 per cent are aged over 55, compared with 16 per cent in the previous year;
- 47 per cent of our workforce declared a religion or belief; slightly less than 50 per cent last year;
- 6 per cent of our workforce declared they are lesbian, gay or bisexual; no change from the previous year; while 84 per cent stated they are heterosexual; broadly the same as 2013/14;
- 52 per cent of our staff declared they are married or in a civil partnership; no change from the previous year;
- Over half (52 per cent) of our staff declared they have caring responsibilities; an increase from 46 per cent in 2013/14; and
- no staff have identified themselves to be transgender.

<b>Workforce diversity</b>	<b>Year ended 31 March 2015</b>	<b>Year ended 31 March 2014</b>
<b>Age</b>	<b>%</b>	<b>%</b>
16–24	1	0
25–34	13	14
35–44	31	29
45–54	37	41
55–64	16	13
65+	2	3
<b>Disability</b>		
Disabled	25	26
Non-disabled	55	46
Not declared	20	28
<b>Gender</b>		
Male	39	39
Female	61	61
<b>Ethnic group</b>		
White	81	80
Black and ethnic minority	16	18
Not declared	3	2
<b>Gender reassignment</b>		
Transgender or transsexual	None declared	None declared
<b>Religion or belief</b>		
Religion or belief	47	50
No religion or belief	44	41
Not declared	9	9
<b>Sexual orientation</b>		
Lesbian/gay/bisexual	6	6
Heterosexual	84	83
Not declared	10	11
<b>Caring responsibilities</b>		
Yes	52	46
No	39	44
Not declared	9	10
<b>Pregnancy and maternity status</b>		
Pregnant or on maternity leave	3	6
<b>Marriage/civil partnership status</b>		
Married or in a civil partnership	52	52
Not married or in a civil partnership	42	40
Not declared	6	8

At 31 March 2015, three members of the Senior Management Team were male and two female. Below that, at Senior Civil Service equivalent level, there were eight females and two males. Across the rest of the workforce, 74 members of staff were male and 114 female.



## Financial review

The annual statement of accounts for the period to 31 March 2015 is set out on page 40 onwards. The notes contained within these accounts also form an integral part of the accounts.

In 2014/15, the comprehensive net expenditure for the year taken to taxpayers' equity was £19.3m (£18.7m in 2013/14). The Commission continuously reviews its expenditure and manages its budget to deliver best value and ensure all spending is effective. In 2014/15 the Commission's year-end outturn was within all budgetary control totals as delegated by the sponsor department.

The Commission's budget (capital and resource) for 2014/15 excluding depreciation was £19.6m, made up of £16.6m core funding, £0.5m transitional funding and £2.5m discretionary funding to deliver specific work agreed with the sponsor department. The transitional funding was provided to complete activities in order to realise efficiencies in the core budget. Throughout the year the Commission actively managed its budget in order to maximise business planning outcomes.

## Resources

The capital structure of the Commission is shown as taxpayers' equity, which is funded by the annual resource allocation from our sponsor department. The statements of financial position and changes in taxpayers' equity for the year provide more information. The deficit value of taxpayers' equity as at 31 March 2015 was £4.2m (£2.7m at 31 March 2014).

## Key Performance Indicators

The Commission reports monthly to the Senior Management Team on the following Key Performance Indicators. The Board of Commissioners reviews the report at each meeting.

We have seen an increase in the success rate in legal cases we have funded or intervened in at 79 per cent and above the target; the success rate in Appeal Court cases, where legally binding precedents are set, was 78 per cent.

There has been a significant reduction in our sickness absence rate which fell to an average of 8.52 days lost to illness per FTE compared with 11.41 in 2013/14. The improvement in attendance is due to active management of individual cases and, excluding long-term absence, the average was less than 3.0 days.

We have seen another marked reduction in the number of complaints received from 37 last year to 26, due to targeted improvements made in the handling of and responses to information requests.

We have seen a reduction in the number of visitors to our website (10 per cent), with 1.9m visitors in 2014/15. The move to a new website had an impact on search engine optimisation and led to a fall in visitors immediately after launch. This is common with new website migrations and explains the overall fall over the year. However, performance over the last quarter increased to an average of more than 192,000 visitors per month – which if sustained would result in 2.3 million unique visitors over the

next 12 months. We are not complacent, however, and we will need to drive further improvement of the website in the next year.

The percentage of freedom of information requests answered within the deadline fell short of the target of 100 per cent. This

was because the Commission received 15 per cent more requests in the year, and as a result of the large number received, five were recorded incorrectly. We have made a number of improvements to our handling processes to ensure the timeliness of responses in future.

Key Performance Indicator	2014/15 target	2014/15 outturn
Success rate of completed strategic legal actions	70%	79%
Number of unique visitors to the website	>2.5m	1.9m
Number of stage 1 complaints received	<75	26
Complaints acknowledged within five working days	90%	93%
Complaints responded to within 20 working days	90%	96%
Complaints upheld by the Information Commissioner's Office	<2%	0
Requests made under the Freedom of Information Act 2000 responded to within the statutory deadlines	100%	96%
Requests made under the Data Protection Act 1998 responded to within the statutory deadlines	100%	100%
Parliamentary questions answered within the deadline	100%	100%
Staff turnover	<10%	6.9%
Sickness absence (average number of staff days lost to illness per FTE)	<9	8.5

Overall, the Commission has met or exceeded its targets in nine of the operational Key Performance Indicators.

## **Sustainability**

The Commission aims to include sustainable development in its decision-making and activities and has in place an environmental policy consistent with the UK's commitment to sustainable development, the UK Government's 'Greening Government' agenda and the targets set out in the 2006 Energy Review. In 2014/15 the Commission had fewer than 250 full-time equivalent staff and is exempt from reporting against the full range of Greening Government targets.

The Commission uses, where possible, environmentally friendly office consumables from sustainable or recycled resources, many of which are recycled in turn. Furthermore, we are committed to controlling the amount of water and energy consumed in our buildings, and where possible to making use of fuel-efficient transportation methods. The Commission has a Green Group, led by a Senior Management Team member.

During the office refit of the new Cardiff office, a range of energy-saving features were installed. The Commission plans to reuse the majority of its old furniture, retaining whatever it can. Any items not retained are sold for reuse elsewhere.

## **Going concern**

Grant-in-aid, unlike other income, is treated as financing and is taken straight into taxpayers' equity. Cash grant-in-aid for the period to 31 March 2016, taking into account the amounts required to meet the Commission's liabilities falling due in that period, has already been included in the sponsor department's estimates for the year, which have been approved by Parliament. There is no reason to believe that the department's future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going-concern basis for the preparation of these accounts.

**Mark Hammond**  
**Chief Executive**  
**1 July 2015**

# Directors' report



Protection of  
Freedoms Act 2012

CHAPTER 9

## Future developments

The Commission's 2015/16 Business Plan was published on 24 March 2015. The plan sets out a programme of work to tackle inequalities and protect the human rights of everyone in Britain.

During 2015/16 we will continue the work that was developed last year and we will initiate new projects on:

- Fairness and equality of opportunity in the economy – by identifying strategies to address specific factors contributing to pay gaps.
- Fair access, autonomy and dignity in public services – examining the state of access to civil justice and the availability of advice and assistance on equality and human rights issues.
- Dignity, respect and safety – assessing the relationship between attitudes, values and behaviours, to identify levers that can prevent and respond to unlawful discrimination, harassment and identity-based violence.

Central to our Business Plan for 2015/16 is the delivery of fundamental work to shape our future plans as an organisation, including the five-year review of progress towards equality and human rights called 'Is Britain Fairer? 2015' and producing our Strategic Plan for 2016–19. At the same time, we will need to assess and respond to changes in the context for our work following the General Election in May as well as proposals for further devolution

in Scotland and in Wales – with as yet unknown implications for our budget, our 'sponsor' relationship with a government department, and possibly the legislative and constitutional framework. These developments will require us to devote significant levels of resource to respond effectively to uncertainty and change, while laying the groundwork for the long term through strategic analysis and planning.

The Business Plan for 2015/16 can be found on the Commission's website:

[www.equalityhumanrights.com/about-us/about-commission/our-vision-and-mission/our-business-plan](http://www.equalityhumanrights.com/about-us/about-commission/our-vision-and-mission/our-business-plan)

## Register of Commissioners' interests

The Commission maintains a register of Commissioners' interests, which is available for review at:

[www.equalityhumanrights.com/about-us/about-commission/commissioners/board-meetings/commissioners-interests](http://www.equalityhumanrights.com/about-us/about-commission/commissioners/board-meetings/commissioners-interests)

## Corporate governance

Information about our corporate governance structure can be found above in 'About the Equality and Human Rights Commission', while the effectiveness of the system of governance and risk and control processes across the Commission are described in the Accounting Officer's governance statement which starts on page 42.

## **Internal audit**

Grant Thornton UK LLP provided the internal audit service to the Commission that reviews the governance measures that are in place. Grant Thornton UK LLP was appointed as the internal auditor for a three-year term, which commenced in May 2014.

Grant Thornton LLP was appointed after a joint tender process for internal audit services was undertaken with a grouping of regulators using the Crown Commercial Services framework.

## **Auditing of accounts**

The external audit is carried out by the Comptroller and Auditor General, who is required to examine, certify and report on the annual financial statements in readiness for their laying before the Houses of Parliament. The external auditor's remuneration for the audit of the 2014/15 financial statements was £50,000 (£55,000 in 2013/14).

During the year, the Commission did not purchase any non-audit work from the National Audit Office.

As far as the Accounting Officer (Chief Executive) is aware, there is no relevant audit information of which the Commission's auditor is unaware, and the Chief Executive has taken all the steps that ought to have been taken to make himself aware of any relevant information and to establish that the Commission's auditor is aware of that information.

## **Tax arrangements of public sector appointees**

In accordance with HM Treasury guidance on disclosure, the following tables set out the number of interim staff and the assurances given about tax status.

**For all off-payroll engagements as of 31 March 2015, for more than £220 per day and that last for longer than six months.**

<b>Number of existing engagements as of 31 March 2015</b>	<b>6</b>
Of which:	
Number that have existed for less than 1 year at the time of reporting	3
Number that have existed for between 1 and 2 years at the time of reporting	2
Number that have existed for between 2 and 3 years at the time of reporting	0
Number that have existed for between 3 and 4 years at the time of reporting	0
Number that have existed for 4 years or more at the time of reporting	1
The Commission confirms that all existing off-payroll engagements, outlined above, have at some point been subject to a risk-based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought and received.	

**For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015, for more than £220 per day and that last for longer than six months**

<b>Number of new engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015</b>	<b>13</b>
Number of the above which include contractual clauses giving the Commission the right to request assurance in relation to income tax and National Insurance obligations	13
Number for whom assurance has been requested	13
Of which:	
Number for whom assurance has been received	13
Number for whom assurance has not been received	0
Number that have been terminated as a result of assurance not being received	N/A

All required assurances have been given.

## Payment of suppliers

The Commission is committed to the Prompt Payment Code [www.promptpaymentcode.org.uk/](http://www.promptpaymentcode.org.uk/) and aims to pay all undisputed invoices within 30 days if there is no specific provision in the contract. Against this measure, 99.5 per cent of undisputed invoices were paid within the target (99.7 per cent in 2013/14).

The Commission is also committed to supporting small and medium-sized enterprises by aiming to achieve payment of undisputed supplier invoices within five days. Against this measure, the Commission paid undisputed invoices on average within three days (two days in 2013/14).

The Commission defines undisputed invoices as supplier invoices that quote a valid purchase order number, have been receipted and have been physically received by the Finance Team.

## Donations

There were no charitable or political donations during 2014/15.

## Complaints to the Commission

The Commission welcomes comments and suggestions about its performance, including complaints. We consider all complaints we receive; this feedback helps us to develop and improve the way we work.

In 2014/15, we received 17 service complaints, down from 25 in 2013/14. Of these, 14 were resolved at the first stage of our complaints procedure. Four complaints were found to be fully justified, and three others justified in part.

In three cases, the complainants asked for their complaints to be reviewed under the second stage of our complaints procedure. None of these complaints were upheld at this review stage. During 2014/15 one complaint handled by the Commission was referred to the Parliamentary and Health Service Ombudsman for consideration. The Ombudsman did not uphold the complaint.

Information about the Commission's complaints policy is available on the Commission's website:

[www.equalityhumanrights.com/footer/complaint-policy-and-procedure](http://www.equalityhumanrights.com/footer/complaint-policy-and-procedure)

## Community and social responsibility

The Commission recognises that there is an increasingly urgent requirement for all organisations to take a responsible, proactive approach to minimising the negative impact of their activities on the local and global environment, and to promote best environmental practice and continuous improvement. This is consistent with our commitment to fairness, dignity and respect – values we all share.

The Commission has a policy whereby members of staff are allowed up to three days a year (paid) to undertake voluntary work and are encouraged to take up some voluntary activity. Members of staff of the Commission act as school governors and trustees of charities; they are active in raising funds for charitable purposes; and Commission premises are used for fund-raising events at lunchtimes.

**Mark Hammond**  
**Chief Executive**  
**1 July 2015**



# Remuneration report



Marriage (Same Sex  
Couples) Act 2013

CHAPTER 30

## Remuneration policy

The Commission's most senior managers comprise the Chief Executive, Mark Hammond, and the Senior Management Team.

The Human Resources and Remuneration Committee reviews the annual reward package of the Chief Executive and members of the Senior Management Team. Further information about the members and the duties of this committee can be found in 'About the Equality and Human Rights Commission' above.

The trade unions are consulted on pay and conditions of service that apply to all staff including, where relevant and appropriate, those which apply to senior managers.

## Commission members' remuneration\*\*

Commissioners are recruited and appointed and their remuneration is set by the Secretary of State.

### a) Chair

Baroness Onora O'Neill CBE was Chair throughout the period. She was appointed Chair from 12 November 2012. Her appointment ends on 31 March 2016 unless it is terminated before that date. The Chair is classed as an office holder and the post is not pensionable.

\*\* Information and sections within the remuneration report marked with double asterisks have been audited.

During the period, the Chair’s remuneration was as follows:

	<b>2014/15</b> £	<b>2013/14</b> £
Salary	50,000	50,000
Employer’s National Insurance contributions (NICs)	5,801	5,838
<b>Total</b>	<b>55,801</b>	<b>55,838</b>
Expenses	219	-

**b) Commissioners’ emoluments**

	<b>2014/15</b> £	<b>2013/14</b> £
Commissioners’ salaries and fees	123,545	127,200
Commissioners’ employer’s NICs	7,136	8,111
Statutory committee and advisory group members’ fees	73,040	66,996
Statutory committee and advisory group members’ employer’s NICs	297	81
<b>Total</b>	<b>204,018</b>	<b>202,388</b>

Total Commissioners’ costs at note 3e to the financial statements include the above plus the costs of the Chair.

## c) Fees and expenses for each Commissioner

<b>Commission member</b>	<b>Fees £</b>	<b>Expenses £</b>
<b>Sarah Anderson CBE</b> Appointed for three-year term from 11 July 2011 Term of office ended 10 July 2014	4,673	44
<b>Evelyn Asante-Mensah OBE</b> Appointed for four-year term from 15 January 2013	10,000	-
<b>Ann Beynon OBE</b> Reappointed 3 December 2012; term ends 28 March 2016	10,000	701
<b>Laura Carstensen</b> Appointed for four-year term from 15 January 2013	10,000	3,327
<b>Lord Chris Holmes MBE</b> Appointed for four-year term from 15 January 2013	30,600	5,292
<b>Susan Johnson OBE</b> Appointed for four-year term from 6 January 2015	2,436	181
<b>Kaliani Lyle</b> Reappointed 29 March 2013; term ends 28 March 2016	10,000	948
<b>Lorna McGregor</b> Appointed for four-year term from 6 January 2015	2,436	59
<b>Professor Swaran Singh</b> Appointed for five-year term from 15 January 2013	10,000	799
<b>Sarah Veale CBE</b> Appointed for four-year term from 15 January 2013	10,000	-
<b>Caroline Waters OBE (Deputy Chair)</b> Appointed for five-year term from 15 January 2013	23,400	172

Commission member appointments are not pensionable.

Fees paid to Sarah Anderson CBE reflect the terms and conditions applicable to the previous Board; the term of office expired on 10 July 2014.

Fees paid to Lord Chris Holmes MBE include additional days worked on Disability Committee recruitment and development, projects on sports inclusion, access to air transport and inclusive education and on the Commissioners working group on UN treaty monitoring. Fees also reflect a reasonable adjustment.

Fees paid to Caroline Waters OBE include an allowance for her work as Deputy Chair.

Susan Johnson's fees are paid to her employer.

Fees and expenses paid to independent members of the Audit and Risk Assurance Committee were as follows:

	Fees £	Expenses £
<b>Roger Dunshea</b>	2,000	630
<b>Dean Parker</b>	2,000	-

### Chief Executive\*\*

The annual salary of the Chief Executive, Mark Hammond, for the year ended 31 March 2015 was £131,300.

Total actual emoluments for the year were £181,435, including employer’s contributions of £32,222 to the Principal Civil Service Pension Scheme (PCSPS). Employer’s NICs amounted to a further £16,108. During 2014/15, the Chief Executive received a performance-related non-consolidated award of £460. The Chief Executive received a taxable allowance of £45 for additional travel costs following the relocation of the London office. The Chief Executive is an ordinary member of the PCSPS, with the Commission’s contribution to the scheme amounting to the equivalent of 24.3 per cent of salary.

### Salary and pension entitlements\*\*

The following tables provide details of the salary, pension entitlements and value of any taxable benefits-in-kind of the most senior officers of the Commission for the period ended 31 March 2015.

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

<b>Salary**</b>					
	<b>Salary £'000</b>	<b>Non- consolidated award £'000</b>	<b>Benefits- in-kind (rounded to nearest £100)</b>	<b>**Notional pension benefits (£'000)</b>	<b>**Total (inclusive of notional pension benefits) (£'000)</b>
<b>Mark Hammond</b> Chief Executive	130–135 (2013/14: 125–130)	0–5 (2013/14: 0–5)	Nil (2013/14: nil)	49 (2013/14: 49)	180–185 (2013/14: 180–185)
<b>Ian Acheson</b> Chief Operating Officer (to 28 February 2015)	110–115* (2013/14: 85–90) (FTE: 90–95)	0–5 (2013/14: nil)	Nil (2013/14: nil)	12 (2013/14: 86)	120–125 (2013/14: 175–180)
<b>Kate Bennett</b> National Director for Wales	75–80 (2013/14: 70–75)	0–5 (2013/14: 0–5)	Nil (2013/14: nil)	11 (2013/14: 10)	85–90 (2013/14: 90–95)
<b>Rebecca Hilsenrath</b> Chief Legal Officer	90–95 (2013/14: nil)	Nil (2013/14: nil)	Nil (2013/14: nil)	22 (2013/14: nil)	115–120 (2013/14: nil)
<b>Curtis Juman</b> Chief Resources Officer	95–100 (2013/14: 90–95)	0–5 (2013/14: nil)	Nil (2013/14: nil)	14 (2013/14: 44)	110–115 (2013/14: 135–140)
<b>Alastair Pringle</b> National Director for Scotland	65–70 (2013/14: 65–70)	0–5 (2013/14: nil)	Nil (2013/14: nil)	23 (2013/14: 28)	90–95 (2013/14: 95–100)

\* Ian Acheson (Chief Operating Officer) left under voluntary exit terms on 28 February 2015. The above salary includes compensation in lieu of notice of £25,000 to £30,000.

Cabinet Office guidance requires the inclusion of a column for pension benefits and a 'Total' column. The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights. The 'Total' column includes the value of the pension benefits. This figure is notional and **does not** represent remuneration received directly by individuals.

\*\*The 2013/14 notional pension benefits have been revised based on updated pensions data supplied by MyCSP.

<b>Pension entitlements**</b>	<b>Real increase in pension and related lump sum (£'000)</b>	<b>Pension at 31 March 2015 and related lump sum (£'000)</b>	<b>CETV at 31 March 2014 (£'000)</b>	<b>CETV at 31 March 2015 (£'000)</b>	<b>Real increase in CETV as funded by employer (£'000)</b>
<b>Mark Hammond</b> Chief Executive	2.5–5	10–15	105	150	27
<b>Ian Acheson</b> Chief Operating Officer (to 28 February 2015)	0–2.5	30–35	399	429	5
<b>Kate Bennett</b> National Director for Wales	0–2.5 plus 0–2.5 lump sum	20–25 plus 60–65 lump sum	415	448	11
<b>Rebecca Hilsenrath</b> Chief Legal Officer	0–2.5	0–5	1	23	14
<b>Curtis Juman</b> Chief Resources Officer	0–2.5 plus 2.5–5 lump sum	25–30 plus 80–85 lump sum	402	433	7
<b>Alastair Pringle</b> National Director for Scotland	0–2.5	20–25	213	238	9

The actuarial factors used to calculate cash equivalent transfer values (CETVs) were changed in 2014/15. For consistency, the CETVs at 31 March 2014 and 31 March 2015 have both been calculated using the new factors. Therefore, the CETV at 31 March 2014 may differ from the corresponding value in last year's report, which was calculated using the previous factors.

- a. The Commission has in place a competency framework that clearly sets out the skills, knowledge and behaviours that staff will need in order to perform their jobs effectively, and this framework supports performance management. The Commission's appraisal process identifies individual progress and performance against agreed personal objectives through six-month and annual appraisal reviews.
- b. Currently, pay progression is not linked to the performance management system.

- c. Curtis Juman is on loan to the Commission from his employer. Termination of the loan agreement is subject to three months' notice. Alastair Pringle is on loan to the Commission from his employer. Termination of this agreement is subject to one month's notice.
- d. All other group and national directors are on permanent employment contracts with a three-month notice period.
- e. There are no elements of the remuneration package that are not cash.
- f. On 28 February 2015, the Chief Operating Officer, Ian Acheson, left the Commission as part of an organisation-wide voluntary exit scheme. The total compensation package on departure was £114,084 (£88,098 voluntary exit scheme payment and £25,986 compensation in lieu of notice) reflecting the length of his employment in the public sector as a whole. The compensation package was in line with the rules of the Civil Service Compensation Scheme.
- g. The departure of the Chief Operating Officer was part of a planned reorganisation of the Senior Leadership Team of the Commission. The reorganisation aligned the Senior Leadership Team with the new shape of the Commission.

\*\*Notes a) to f) above and information and sections within the remuneration report marked with double asterisks have been audited.

## Salary multiples\*\*

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

	2014/15	2013/14
Highest-paid director's total remuneration £'000	130 - 135	135 - 140
Median total remuneration	38,345	37,269
Ratio	3.4	3.6

The remuneration of the highest-paid director in the Commission in the financial year 2014/15 was in the range of £130,000 to £135,000 (£135,000 to £140,000 in 2013/14). This was 3.4 times (3.6 in 2013/14) the median remuneration of the workforce, which was £38,345 (£37,269 in 2013/14). In 2014/15 and 2013/14, the highest-paid director was a permanent employee.

Total remuneration includes salary, non consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions or the cash equivalent transfer value of pensions. The annual equivalent remuneration paid to interim staff has been estimated, as this information is not available. The estimate is based on 222 days at the interim's agency day rate net of VAT less 30 per cent to cover agency fees and employer's NICs.



In 2014/15 and 2013/14, no permanent employee received remuneration in excess of the highest-paid director. In 2014/15 one interim member of staff received remuneration in excess of the highest-paid director (2013/14 none). Remuneration ranged from £16,440 to £136,025 (£16,406 to £135,437 in 2013/14).

From 2013/14 to 2014/15, the pay ratio decreased from 3.6 to 3.4 as staff at the bottom of the pay scales received a higher pay award than those at the top.

## Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007 employees may be in one of four defined-benefit schemes: either a final-salary scheme (classic, premium or classic plus) or a whole-career scheme (nuvos). These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5 per cent and 6.85 per cent of pensionable earnings for classic and 3.5 per cent and 8.85 per cent for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three

years' initial 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. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of

the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at: [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

New Career Average pension arrangements will be introduced from 1 April 2015 and the majority of classic, premium, classic plus and nuvos members will join the new scheme. Further details of this new scheme are available at: [www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha/](http://www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha/)

## Cash equivalent transfer value

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme – not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement that the member has transferred to the

Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax that may be due when pension benefits are taken.

## Real increase in cash equivalent transfer value

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or 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.

Signed on behalf of the Equality and Human Rights Commission.

**Mark Hammond**  
**Chief Executive**  
**1 July 2015**

# Statement of accounts 1 April 2014 – 31 March 2015

# Statement of Accounting Officer's responsibilities

Under the Equality Act 2006 the Secretary of State, with the consent of HM Treasury, has directed the Equality and Human Rights Commission to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Equality and Human Rights Commission and of its income, expenditure, changes in taxpayers' equity and cash flows for the financial year. In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual, and in particular to:

- observe the Accounts Direction issued by the Secretary of State, with the consent of HM Treasury, 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 as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going-concern basis.

The Home Secretary and Minister for Women and Equalities appointed the Chief Executive of the Commission as Accounting Officer of the Commission on 22 June 2011. The responsibilities of the Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Equality and Human Rights Commission's assets, are set out in Managing Public Money, which is published by HM Treasury.

# Governance statement

## Introduction

As Accounting Officer working with the Commission's Board, I have responsibility for maintaining effective governance and a sound system of internal control that supports the achievement of the Commission's aims and objectives while safeguarding the public funds and assets for which I am personally responsible in accordance with Managing Public Money.

The governance statement is designed to supplement the information provided in the financial statements. It sets out the governance structure, internal controls and risk management processes that have been operating within the Commission during the 2014/15 financial year. It reviews the effectiveness of these governance arrangements and how they support the efficient use of resources in order to deliver the Commission's aims and objectives.

## The governance structure of the Commission

The governance structure of the Commission provides independent control and oversight of the Commission's own operations. Schedule 1 to the Equality Act 2006 formally established the Commission's Board of Commissioners (the Board).

The Board provides:

- effective support and challenge in order to ensure good governance and internal control;
- additional rigour and discipline in decision-making; and
- insight from the wider experience of non-executive members which informs the thinking of the Commission.

The Board is supported by three statutory decision-making committees (Disability, Scotland and Wales), with powers set out in the Equality Act 2006.

The Board has established two non-statutory committees (Audit and Risk Assurance, and Human Resources and Remuneration) with advisory responsibilities.

## The Board of Commissioners

As at 31 March 2015, the Board is led by the Chair, Baroness Onora O’Neill CBE, and comprises 10 non-executive members and the Chief Executive, who is an ex-officio Commissioner.

The Board members are:

Baroness Onora O’Neill CBE (Chair)  
Caroline Waters OBE (Deputy Chair)  
Evelyn Asante-Mensah OBE  
Ann Beynon OBE (Wales Commissioner)  
Laura Carstensen  
Lord Chris Holmes MBE (Disability Commissioner)  
Susan Johnson OBE  
Kaliani Lyle (Scotland Commissioner)  
Lorna McGregor  
Professor Swaran Singh  
Sarah Veale CBE  
Mark Hammond (Chief Executive)

Two new Commissioners, Susan Johnson and Lorna McGregor, were appointed in the year. These appointments will enhance the Board’s expertise and experience in the financial and legal fields.

There are biographies for the non-executive members on the Commission’s website at: [www.equalityhumanrights.com/about-us/about-commission/commissioners](http://www.equalityhumanrights.com/about-us/about-commission/commissioners)

Board members are independent in character and judgement and there are currently (as at 31 March 2015) no relationships that could affect a member’s judgement when participating in Board decisions.

The Commission’s Board governance framework incorporates the responsibilities of the Board and its committees and standards of behaviour for members. This code of practice and conduct (referred to as the Commission’s ‘Board governance framework’) has been prepared in line with the Cabinet Office Code of Best Practice for Board Members of Public Bodies, taking account of the nature of the Commission’s business. It also reflects the principles set out in: the HM Treasury/Cabinet Office Code of Good Practice, Corporate governance in central government departments; the Financial Reporting Council’s Combined Code on Corporate Governance; the HM Treasury Audit and Risk Assurance Committee Handbook; good governance principles developed by the Independent Commission on Good Governance; and current best practice principles in corporate governance.

The governance framework, which includes the Board’s terms of reference, is available at: [www.equalityhumanrights.com/about-us/about-commission/governance](http://www.equalityhumanrights.com/about-us/about-commission/governance)

The Board meets regularly and is supported by a dedicated Commissioners’ Office. The Board is responsible for setting the overall direction, policy and plans of the Commission. The specific responsibilities of the Board are detailed in the governance framework.

During 2014/15, the Board met six times. The attendance figures for these Board meetings are in the table that follows.

Name	Meetings attended
Onora O’Neill CBE, Chair	6
Caroline Waters OBE, Deputy Chair	5
Mark Hammond	6
Sarah Anderson CBE (to 10 July 2014)	1/1
Evelyn Asante-Mensah OBE	3
Ann Beynon OBE	6
Laura Carstensen	6
Lord Chris Holmes MBE	6
Susan Johnson OBE (from 6 January 2015)	2/2
Kaliani Lyle	5
Lorna McGregor (from 6 January 2015)	2/2
Professor Swaran Singh	2
Sarah Veale CBE	6

## Board performance and effectiveness review

During 2014/15 the Board carried out an effectiveness review. The review concluded that over the last 12 months there has been much progress in the development of processes and resources that support the work of the Board. The review noted that there is a good level of expertise across the membership of the Board, and that the Chair and Chief Executive have formed an effective partnership in managing key external relationships, particularly those with government. Initiatives to build the relationship between staff and the Board were also acknowledged to have been helpful. The review noted that the Board

is still ‘young’ in its development as a collegiate and strategically focused body, partly due to the fact that six members are relatively new to the role, having been appointed in early 2013.

The report from the review recommended priorities for action which fell into two broad categories – first, those which are clearly for the Board itself to own and implement, and second those which are aimed at strengthening how the organisation supports the Board to operate effectively. The Board has agreed these two sets of recommended actions and has a plan and timescales for action. The Commission reviews and monitors these actions and will formally check progress in July 2015.

## Committees of the Board

### Disability Committee

The Disability Committee is chaired by Lord Chris Holmes MBE and met five times during the course of the year.

Lord Chris Holmes MBE attended four of the five meetings held during 2014/15.

Professor Swaran Singh is also a member of the Disability Committee; he attended three of the five meetings held during 2014/15.

Further information about the Disability Committee has been provided in 'About the Equality and Human Rights Commission' at page 9 above.

### Scotland Committee

The Scotland Committee is chaired by Kaliani Lyle and met four times during the course of the year.

Kaliani Lyle attended all of the four meetings held during 2014/15.

Further information about the Scotland Committee has been provided in 'About the Equality and Human Rights Commission' at page 9 above.

### Wales Committee

The Wales Committee is chaired by Ann Beynon OBE and met four times during the course of the year.

Ann Beynon OBE attended all of the four meetings held during 2014/15.

Further information about the Wales Committee has been provided in 'About the Equality and Human Rights Commission' at page 10 above.

### Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee was chaired by Sarah Anderson CBE until the end of her term of office on 10 July 2014. Laura Carstensen was acting Chair from 11 July 2014 to 31 March 2015 when she was formally appointed as Chair. The Committee comprises the Chair, two Commissioners and two independent members.

The Audit and Risk Assurance Committee is responsible for providing independent advice and constructive challenge and for reviewing the establishment and maintenance of an effective system of governance, risk and financial and other control processes across the Commission in support of the Commission's objectives.

The Audit and Risk Assurance Committee considers the National Audit Office's (NAO's) audit strategy and reviews the annual audit completion report and associated management letter and any recommendations that the NAO identifies during audit work. The Audit and Risk Assurance Committee advises the Board on the appointment of the internal auditor and approves the internal audit strategy and work plan. The Audit and Risk Assurance Committee reviews the reports of the internal auditor and ensures that management responses are appropriate and that recommendations are implemented.

In addition to the reports provided by the NAO and internal auditor, the Audit and Risk Assurance Committee receives regular updates on the strategic risk register, significant operational risks, procurement and the progress made on the implementation of internal audit recommendations.



In 2014/15, the Audit and Risk Assurance Committee considered and advised on the appointment of the Commission’s internal auditors. The Committee received reports on the move to an integrated internal audit service across government, the Commission’s revised Risk Policy and Guidance, and the progress made towards the winding-up of the Commission for Racial Equality Pension and Life Assurance Scheme.

During 2014/15, the Audit and Risk Assurance Committee met five times.

Name	Meetings attended
Sarah Anderson CBE (Chair to 10 July 2014)	2/2
Ann Beynon OBE	2
Laura Carstensen (Chair from 11 July 2014)	5
Susan Johnson OBE	1/1
Roger Dunshea	5
Dean Parker	5

### **Human Resources and Remuneration Committee**

The Human Resources and Remuneration Committee is chaired by Caroline Waters OBE and comprises the Chair, two Commissioners and one independent member.

The Human Resources and Remuneration Committee provides strategic focus and assurance for matters relating to the Commission’s human resources arrangements, including pay and

conditions of employment. It contributes to the continuing development of human resources strategies which support the strategic objectives and priorities of the Commission as a good employer and comply with current legal requirements.

The Human Resources and Remuneration Committee provides oversight of organisational review and change programmes, as initiated by the Board, in consultation with the Chief Executive.

During 2014/15 the Human Resources and Remuneration Committee met five times.

Name	Meetings attended
Caroline Waters OBE (Chair)	5
Evelyn Asante-Mensah OBE	3
Sarah Veale CBE	5
Helen Murlis (independent member)	5

## Internal control

The Commission produces an annual business plan setting out what it will do and the key performance measures for the year. The business plan has been informed by the objectives within the 2012–15 Strategic Plan, evidence from the triennial review and legislative requirements, and takes into account our existing commitments such as following up on previous inquiries and assessments. The business plan is formally agreed by the Board.

The reporting of performance against business plan targets is carried out on a monthly, quarterly and annual basis as an integral part of the performance and management review process. The reports are presented to the appropriate managers, the Senior Management Team, the Board and the sponsor department. Risks and issues considered by the Senior Management Team are escalated to the Board, with agreed management action where appropriate.

A Framework Document between the Commission and its sponsor department, the Department for Culture, Media and Sport (DCMS), is in place. Minor revisions to the Framework Document were made during 2014/15. A copy of the Framework

Document is available at:

[www.equalityhumanrights.com/publication/department-culture-media-and-sport-and-ehrc-framework-document](http://www.equalityhumanrights.com/publication/department-culture-media-and-sport-and-ehrc-framework-document)

In 2014/15, the Commission operated in a manner consistent with the Framework Document and the requirements of the HM Treasury guidance contained in Managing Public Money. The Framework Document sets out accountabilities and responsibilities and the financial delegations given to me as the Accounting Officer of the Commission.

As Accounting Officer, I have put in place a clear system and hierarchy of corporate financial delegations for budget holders and managers which underpin those corporate financial delegations given to the Commission.

A corporate procurement policy and guidance notes covering all areas of procurement, including contract management, have been produced and made available to all staff on the corporate intranet. The policy and guidance notes were reviewed during the year. Compliance with the procurement policy is monitored by the senior procurement business partner, who is a professionally qualified specialist. Compliance is reported to the

Senior Management Team and the Audit and Risk Assurance Committee.

### **Senior Management Team**

I am supported by a Senior Management Team that meets weekly and a Senior Leadership Team that meets monthly. The Senior Management Team supports me in the development and implementation of strategy and in managing the Commission's strategic risks. The Senior Leadership Team provides leadership for staff, sets work priorities, monitors performance and manages operational risk.

The Senior Management Team is informed by the work of the Delivery Board. The Delivery Board meets monthly in order to scrutinise performance information and risks prior to these being reported to the Senior Management Team. The Delivery Board tracks progress against milestones and Key Performance Indicators.

During the year the Chief Operating Officer, Ian Acheson, left the Commission. The Senior Management Team will be restructured to reflect the current working model of the Commission. An appointment to a new role of Executive Director for Strategy and Policy has been made and the post holder in place from 1 April 2015. The new role will focus on managing the quality improvement agenda and the integration of our work.

### **Internal audit**

The Audit and Risk Assurance Committee agrees an annual internal audit plan, which is designed to provide assurance on the Commission's internal controls. The internal auditor reports to the Audit and Risk Assurance Committee on the results of

its work, recommending improvements as appropriate.

During 2014/15, the internal auditor did a health check on the key financial controls (including procurement) and a risk maturity assessment. The internal auditor reviewed the systems for demonstrating quality and delivery, legal case selection and progression, communication and stakeholder engagement, and human resource processes. The internal auditor also followed up on progress made in implementing the prior recommendations

The risk maturity assessment concluded that the Commission is risk defined: strategies, policies and procedures are in place, risk appetite has been defined, and monitoring and reporting arrangements are in place. The audit report on the process for legal case selection and progression gave full assurance. The audit assessment of key financial controls, the systems for demonstrating quality and delivery, and communication and stakeholder engagement gave substantial assurance.

The report on human resource processes provided limited assurance. The issues leading to the limited assurance opinion are not considered to impact on the general control structure of the Commission. The Commission has plans to develop the human resources function and is actively progressing improvements in processes and procedures with an agreed action plan.

### **Risk management**

The Commission is committed to ensuring that a robust system of risk management is embedded in the organisation. The Commission is currently assessed as being

risk defined with work continuing to move the Commission towards risk managed status. The Commission assesses how the achievement of our aims and objectives might be affected by the risks that we face and seeks to put in place mitigating actions.

The Commission manages the risks to achieving its objectives by:

- clearly aligning both operational and strategic risks with its strategy;
- communicating a clear allocation of roles and responsibilities for risk management;
- continuous efforts to embed risk management in all of its work;
- operating control mechanisms that are continually reviewed; and
- regular monitoring of the risk status through reports to the Senior Management Team, the Audit and Risk Assurance Committee and the Board of Commissioners.

The Commission's strategic risk register provides a focus on the key risks to the organisation and has risk owners at Senior Management Team level. The risk register is discussed at Senior Management Team meetings and is reported to the Audit and Risk Assurance Committee at each meeting. A black/red/amber/green rating system is used to assess the status of each risk. Risk tolerances are set in line with the risk appetite agreed by the Board.

Operational risk registers are also in place. These are reviewed and refreshed on a monthly basis to ensure that the risks of not delivering against the business plan are addressed. The highest-rated operational risks are included in a significant operational risks register, which is reviewed

by the Senior Management Team and by the Audit and Risk Assurance Committee.

The Commission's internal auditor regularly reviews and reports on risk management processes to provide assurance that these are operating effectively. The review undertaken in 2014/15 assessed the Commission's level of risk maturity as 'risk defined'. The Commission has a strategy and policies in place and has communicated these and a risk appetite is defined.

As at 31 December 2014, the Commission's strategic risk register contained eight risks:

- perceived lack of the independence required to maintain National Human Rights Institution (NHRI) 'A status' and to deliver the Commission's legal duties;
- failure to protect and enhance the Commission's reputation;
- inadequate funding to fulfil the Commission's role;
- failure to recruit, develop and retain quality staff;
- failure to respond appropriately to devolution changes in the UK;
- failure to respond appropriately to the changing environment in the UK's relationship with Europe;
- the impact of the Commission's strategic direction; and
- failure to deliver key business plan objectives.

## **Information management**

Corporate security and the protection of assets holding sensitive information continue to be a priority. During 2014/15, the Commission has concentrated on embedding its security policies and standards into normal business activities, paying particular attention to information security controls in relation to contracts with suppliers, and ensuring our business continuity plans are fit for purpose and effective.

As a non-departmental public body the Commission is not required to satisfy the mandatory requirements of the Security Policy Framework (SPF) but we continue to align to the SPF as a well-established framework promoting good practice.

During 2014/15 there were no information security incidents reported.

## **Review of effectiveness**

As Accounting Officer I have responsibility for reviewing the effectiveness of the systems of internal control. This review is informed by the Senior Management Team and by directors and managers within the Commission who have responsibility for the development and maintenance of the internal control framework, the work of the internal auditor and comments made by the Comptroller and Auditor General in his reports on the Commission's accounts and by the NAO in its management letters and in other reports.

The systems in place are designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives; they can therefore only provide reasonable and not absolute assurance of effectiveness.

The internal auditor's annual report based on the work completed in the agreed internal audit plan provided substantial assurance in respect of corporate governance, risk management and internal controls.

## **Assurance assessment**

I have considered the evidence available to me, which forms the basis of the governance statement and the independent advice from the Audit and Risk Assurance Committee. In my opinion and with due regard to the evidence and advice at my disposal, I am able to provide reasonable assurance in respect of the systems of governance, internal control and risk management.

I have made this assessment after concluding that the strengths in the control, governance, risk and information-management systems in place outweigh the weaknesses. Although there is a need for improvement in specific areas, systems generally operate effectively. Risks are generally well managed and material errors and failures that arise are detected and rectified promptly and effectively.

With the Commission's Board and the Senior Management Team I will continue to ensure that any non-compliance with regard to financial and administrative controls is detected and rectified promptly and effectively. I will continue to be clear and unequivocal in my expectations that staff will comply with the financial procedures laid down and the consequences of non-compliance. This work will ensure that the Commission has a fully effective system of internal control.

**Mark Hammond**  
**Accounting Officer**  
**1 July 2015**

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

I certify that I have audited the financial statements of the Equality and Human Rights Commission for the year ended 31 March 2015 under the Equality Act 2006. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Equality Act 2006. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Equality and Human Rights Commission's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Equality and Human Rights Commission; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Opinion on regularity

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

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Equality and Human Rights Commission's affairs as at 31 March 2015 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Equality Act 2006 and Secretary of State directions issued thereunder.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Equality Act 2006; and
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**

**8 July 2015**

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



# Statement of comprehensive net expenditure for the year ended 31 March 2015

	Note	2014/15		2013/14	
		£'000	£'000	£'000	£'000
<b>Expenditure</b>					
<i>Staff costs</i>					
Staff costs	3b & e	11,499		11,253	
Staff exit scheme packages	3c	398		557	
Early retirement	12	-		306	
			11,897		12,116
<i>Depreciation and amortisation</i>	4		498		606
<i>Other expenditure</i>					
Other expenditure	4	6,934		5,798	
Loss on disposal of property, plant and equipment	4	3		45	
			6,937		5,843
<b>Total expenditure</b>			<b>19,332</b>		<b>18,565</b>
<b>Income</b>					
Income	5	(239)		(128)	
<b>Total income</b>			<b>(239)</b>		<b>(128)</b>
<b>Net expenditure</b>			<b>19,093</b>		<b>18,437</b>
Interest cost on pension scheme liabilities	13		66		57
<b>Net expenditure after interest</b>			<b>19,159</b>		<b>18,494</b>

Continued on page 55

## Statement of comprehensive net expenditure for the year ended 31 March 2015 (continued)

	Note	2014/15		2013/14	
		£'000	£'000	£'000	£'000
<b>Other comprehensive expenditure</b>					
Actuarial (gain)/loss on pensions provision	13		101		188
Net (gain)/loss on revaluation of property, plant and equipment	6		(5)		(13)
<b>Total comprehensive expenditure for the year</b>			<b>19,255*</b>		<b>18,669*</b>

The notes on pages 60 to 84 form part of these accounts.

\*This is fully financed from grant-in-aid from our sponsor department.

# Statement of financial position

## as at 31 March 2015

	Note	31 March 2015		31 March 2014	
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Property, plant and equipment	6	1,397		1,576	
Intangible assets	7	117		31	
<b>Total non-current assets</b>			<b>1,514</b>		<b>1,607</b>
<b>Current assets</b>					
Trade and other receivables	9a	803		491	
Cash and cash equivalents	10	123		722	
<b>Total current assets</b>			<b>926</b>		<b>1,213</b>
<b>Total assets</b>			<b>2,440</b>		<b>2,820</b>
<b>Current liabilities</b>					
Trade and other payables	11a	(4,720)		(3,219)	
Provisions	12	(122)		(378)	
<b>Total current liabilities</b>			<b>(4,842)</b>		<b>(3,597)</b>
<b>Total assets less current liabilities</b>			<b>(2,402)</b>		<b>(777)</b>
<b>Non-current liabilities</b>					
Pension liabilities	13	(1,637)		(1,573)	
Trade and other payables	11a	(150)		(302)	
<b>Total non-current liabilities</b>			<b>(1,787)</b>		<b>(1,875)</b>
<b>Assets less liabilities</b>			<b>(4,189)</b>		<b>(2,652)</b>
<b>Taxpayers' equity</b>					
Revaluation reserve			258		253
General reserve			(4,447)		(2,905)
			<b>(4,189)</b>		<b>(2,652)</b>

The notes on pages 60 to 84 form part of these accounts.

The financial statements on pages 54 to 59 were approved by the Commission's Board on 1 July 2015, and were signed on its behalf by:

**Mark Hammond, Chief Executive**

**1 July 2015**

# Statement of cash flows for the year ended 31 March 2015

	Note	2014/15 £'000	2013/14 £'000
<b>Cash flows from operating activities</b>			
Net expenditure after interest		(19,159)	(18,494)
Increase in trade and other receivables	9a	(312)	(223)
Increase/(Decrease) in trade and other payables	11a	1,293	(1,850)
Depreciation, amortisation and impairment	4	498	606
Loss on disposal of property, plant and equipment	4	3	47
Increase in provisions	12	72	250
Use of provisions	12	(52)	(1,058)
Provisions not required/written back	12	(276)	(25)
Difference between movement on pension liabilities and amounts recognised in Statement of Comprehensive Net Expenditure	13	(37)	(57)
<b>Net cash outflow from operating activities</b>		<b>(17,970)</b>	<b>(20,804)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(246)	(234)
Purchase of intangible assets	7	(101)	(21)
<b>Net cash outflow from investing activities</b>		<b>(347)</b>	<b>(255)</b>
<b>Cash flows from financing activities</b>			
Grant-in-aid received from sponsor department		17,718	19,158
		<b>17,718</b>	<b>19,158</b>
<b>Net decrease in cash and cash equivalents in the year</b>		<b>(599)</b>	<b>(1,901)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	10	<b>722</b>	<b>2,623</b>
<b>Cash and cash equivalents at the end of the financial year</b>	10	<b>123</b>	<b>722</b>

The notes on pages 60 to 84 form part of these accounts.

# Statement of changes in taxpayers' equity for the year ended 31 March 2015

2013/14	Note	Revaluation Reserve £'000	General Reserve £'000	Total £'000
<b>Balance at 31 March 2013</b>		<b>240</b>	<b>(3,381)</b>	<b>(3,141)</b>
<b>Changes in taxpayers' equity 2013/14</b>				
Net expenditure after interest for the year		-	(18,494)	(18,494)
Net expenditure recognised directly in equity for the year:				
– Remeasurements	13	-	(188)	(188)
– Revaluation of property, plant and equipment	6	13	-	13
<b>Total recognised income and expense for the year</b>		<b>13</b>	<b>(18,682)</b>	<b>(18,669)</b>
Grant-in-aid received from sponsor department		-	19,158	19,158
<b>Balance at 31 March 2014</b>		<b>253</b>	<b>(2,905)</b>	<b>(2,652)</b>

Continued on page 59

## Statement of changes in taxpayers' equity for the year ended 31 March 2015 (continued)

2014/15	Note	Revaluation Reserve £'000	General Reserve £'000	Total £'000
<b>Balance at 31 March 2014</b>		<b>253</b>	<b>(2,905)</b>	<b>(2,652)</b>
<b>Changes in taxpayers' equity 2014/15</b>				
Net expenditure after interest for the year		-	(19,159)	(19,159)
Net expenditure recognised directly in equity for the year:				
– Remeasurements	13	-	(101)	(101)
– Revaluation of property, plant and equipment	6	5	-	5
<b>Total recognised income and expense for the year</b>		<b>5</b>	<b>(19,260)</b>	<b>(19,255)</b>
Grant-in-aid received from sponsor department		-	17,718	17,718
<b>Balance at 31 March 2015</b>		<b>258</b>	<b>(4,447)</b>	<b>(4,189)</b>

The notes on pages 60 to 84 form part of these accounts.

# Notes to the financial statements for the year ended 31 March 2015

## 1. Statement of accounting policies

The financial statements have been prepared in a form consistent with the Accounts Direction issued by the Secretary of State in accordance with the Equality Act 2006.

In addition, the financial statements have been prepared in accordance with the 2014/15 Government Financial Reporting Manual (FReM) as issued by HM Treasury. The accounting policies described in the FReM apply International Financial Reporting Standards (IFRSs) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy judged to be most appropriate to the particular circumstances of the Commission for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Commission are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Figures in the financial statements are rounded to the nearest £'000 unless otherwise stated.

### 1a. Accounting convention

The financial statements have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets.

### 1b. Going concern

The negative balance on the general reserve is due to timing differences between expenditure and grant-in-aid draw down. The Commission only draws down grant-in-aid from DCMS to cover current cash flow requirements. The future financing of the Commission's liabilities has already been included in the sponsor department's estimates for the year, which have been approved by Parliament. There is no reason to believe that the department's future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going-concern basis for the preparation of these accounts.

### 1c. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Commission's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the

revision and future periods if the revision affects both current and future periods.

**Critical judgements in applying accounting policies:**

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the Commission’s accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- valuation of property, plant and equipment (see accounting policy 1e and note 6); and
- recognition criteria for intangible assets (see accounting policy 1g and note 7).

Key sources of estimation uncertainty: The following are the key assumptions concerning the future and other key sources of estimation uncertainty, at the statement of financial position date:

- useful lives of items of property, plant and equipment for depreciation calculations (see accounting policies 1e and 1f and note 6);
- useful lives of intangible assets and amortisation (see accounting policies 1g and 1h and note 7);
- provisions (see accounting policy 1j and note 12); and
- pension liabilities (see accounting policy 1n and note 13).

**Changes in accounting estimates:**

The useful economic life of intangible assets has been revised for 2014/15; see note 1h.

**1d. Grant-in-aid**

The FReM requires the Commission to account for grant-in-aid received for revenue purposes as financing and to credit it to taxpayers’ equity. The treatment arises as grant-in-aid is regarded as a contribution from a controlling party, which gives rise to a financial interest in the residual interest of the Commission. Grant-in-aid received for the purchase of non-current assets is also credited to taxpayers’ equity.

**1e. Property, plant and equipment**

Purchased and donated assets are capitalised where the expected useful lives of the assets exceed one year and where the acquisition exceeds £3,000, either individually or in related groups.

Property, plant and equipment are carried at fair value; depreciated historic cost is used as a proxy for fair value. This treatment is allowed as the assets are of short life and low value apart from furniture where any revaluation would not be material.

The asset values for fit-out costs are updated annually using producer price indices published by the Office for National Statistics, which the Commission deems to be the most appropriate valuation methodology available. Any gain on revaluation is credited to the revaluation reserve. Any loss is debited to the revaluation reserve to the extent that a gain has previously been recorded, and otherwise to the statement of comprehensive net expenditure.



## 1f. Depreciation of property, plant and equipment

Property, plant and equipment are depreciated using the straight-line basis. Depreciation is applied over the estimated useful economic lives of the assets to the Commission as follows:

Fit-out costs for premises	The lower of the useful economic life of the fit-out costs and the life of the lease
Office furniture	15 years
ICT and telephony hardware	Five to seven years
Assistive equipment*	Four years

\*In note 6, assistive equipment is included with furniture.

Non-current assets are depreciated using the straight-line basis commencing with the month of acquisition and ending with the month of disposal.

## 1g. Intangible assets

Intangible assets comprise acquired computer software licences and certain costs incurred in the development phase of internal computer software projects.

Intangible assets are carried at fair value; amortised historic cost is used as a proxy for fair value. This treatment is allowable due to the assets being of short life and low value.

Costs incurred in the developmental phase of internal software projects are only capitalised if they are directly associated

with the production of identifiable computer software programs controlled by the Commission that would generate economic benefits beyond one year, and provided that a number of criteria are satisfied. These include the technical feasibility of completing the asset so that it is available for use, the availability of adequate resources to complete the development and use the asset, and how the asset will generate future economic benefit.

Where computer software development costs are capitalised, these are amortised in accordance with the amortisation policy. Other costs associated with developing or maintaining computer software programs are recognised as an expense when incurred.

## 1h. Amortisation of intangible assets

Intangible assets are amortised using the straight-line basis. Amortisation is applied over the estimated useful economic lives of the assets to the Commission. Each asset is assessed on an individual basis and an appropriate life applied dependent on the characteristics of the asset.

Intangible assets are amortised using the straight-line basis commencing with the month of acquisition and ending with the month of disposal.

## 1i. Impairment of assets

International Accounting Standard 36, Impairment of Assets, has been adapted in the FReM so that impairments that are due to a clear consumption of economic benefit should be recognised in the statement of comprehensive net expenditure, rather than set against an available revaluation reserve.

Where asset revaluations give rise to impairment, the Commission will assess whether the impairment is due to consumption of economic benefit and should therefore be recognised in the statement of comprehensive net expenditure.

### **1j. Provisions**

A provision is recognised in the statement of financial position when the Commission has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect is material, provisions are determined by discounting the expected future cash flows by the HM Treasury real discount rate for short-term provisions. The HM Treasury real discount rates for 2014/15 are: short-term provisions minus 1.5 per cent, medium-term provisions minus 1.05 per cent and long-term provisions 2.2 per cent. The discount rates used in 2013/14 were 1.9 per cent, minus 0.65 per cent and 2.2 per cent respectively.

### **1k. Cash and cash equivalents**

Cash and cash equivalents include cash on hand and call deposits with the Government Banking Service.

### **1l. Income recognition**

Income is recognised on an accruals basis in the period to which it relates.

### **1m. Access to Work**

The Commission makes use of the Access to Work scheme run by the Department for Work and Pensions (DWP), which considers what reasonable adjustments are needed to allow a person with a disability to perform their role. The equipment or

service to make the adjustment is paid for by the Commission, with DWP reimbursing an agreed proportion of the cost up to 100 per cent. The reimbursement is treated as income.

### **1n. Pension policy**

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

Pension benefits for former Chairs of the Commission and legacy Commissions are provided under a 'broadly by analogy' scheme. The scheme disclosures are stated in accordance with International Accounting Standard 19, Employee Benefits. The current Chair's appointment is not pensionable.

This scheme is an unfunded defined-benefit scheme. The fund is managed by the Home Office Shared Service Centre, and any pensions are administered by them in accordance with the standard rules (by analogy with the PCSPS). Where actuarial gains and losses arise from changes to actuarial assumptions when revaluing future benefits, and from actual experience in respect of scheme liabilities and

investment performance of scheme assets being different from previous assumptions, then the actuarial gains and losses are recognised directly in taxpayers' equity for the year.

Note 13 to these financial statements details the provision on the by-analogy pension liability.

### **10. Leases**

A distinction is made between finance leases and operating leases.

Leases of equipment where the Commission has substantially all the risks and rewards of ownership are classed as finance leases. At the commencement of the lease term the equipment is capitalised at the total cost of payments under the lease. The payments under the lease are included in current or non-current liabilities.

Leases other than finance leases are classed as operating leases.

Operating leases are for premises and equipment rental and are charged to the statement of comprehensive net expenditure on a straight-line basis over the life of the lease.

### **1p. Value added tax (VAT)**

Most of the activities of the Commission are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase costs of fixed assets.

### **1q. Segmental reporting**

The 2014/15 FReM requires all reporting entities to apply IFRS 8, Operating Segments, in full. Since segmental information for total assets and liabilities is not regularly reported to the chief operating decision-maker and in compliance with the FReM, it has not been produced in the accounts.

### **1r. Future IFRS amendments and early adoption**

The Commission applies new or amended IFRSs in line with their adoption by the FReM.

As at 31 March 2015, there were no new standards issued for 2014/15 that were not applied which would materially affect the Commission's financial statements. The Commission has not adopted any standards early.

## 2. Segmental reporting

The Commission's primary reporting format in 2014/15 is by directorate, with three directorates, two national offices and a Commissioners' Office. Segmental results are shown below.

Segmental information for total assets and liabilities is not regularly reported to the chief operating decision-maker, and has not therefore been produced in the accounts (see accounting policy 1q).

Directorate	2014/15			2013/14		
	Income £'000	Expenditure £'000	Total £'000	Income £'000	Expenditure £'000	Total £'000
Chief Executive and Commissioners' Office	(25)	184	159	-	654	654
Chief Resources Officer	(89)	8,432	8,343	(110)	9,675	9,565
Chief Legal Officer	(89)	1,997	1,908	(17)	2,246	2,229
Scotland	(2)	962	960	-	1,007	1,007
Chief Operations Officer	(34)	7,053	7,019	(1)	4,057	4,056
Wales	-	770	770	-	983	983
<b>Net expenditure after interest</b>	<b>(239)</b>	<b>19,398</b>	<b>19,159</b>	<b>(128)</b>	<b>18,622</b>	<b>18,494</b>

### 3. Staff numbers and related costs

#### 3a. Staff numbers

The average number of FTE employees in post during the year was as follows:

	2014/15	2013/14
Staff with a (UK) employment contract (staff who are directly employed by the Commission)	192	195
<i>Other</i>		
Seconded staff (net of inward and outward secondments)	-	-
Agency staff (contracted staff)	9	6
<b>Total</b>	<b>201</b>	<b>201</b>

#### 3b. Staff costs

	2014/15 £'000	2013/14 £'000
<i>Staff with a permanent (UK) employment contract</i>		
Wages and salaries	7,832	7,846
Social security costs	678	689
Other pension costs	1,547	1,564
<i>Other</i>		
Agency staff	1,193	908
Seconded staff (net of inward and outward secondments)	(11)	(12)
<b>Total</b>	<b>11,239</b>	<b>10,995</b>

#### Salary:

'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 allowances to the extent that they are subject to UK taxation.

#### Pension arrangements:

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined-benefit scheme, but the Commission is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. There are details in the

resource accounts of the Cabinet Office: Civil Superannuation at: [www.civilservice.gov.uk/pensions/governance-and-rules/resource-accounts](http://www.civilservice.gov.uk/pensions/governance-and-rules/resource-accounts)

For 2014/15, employer's contributions of £1,566,655 were payable to the PCSPS (£1,550,426 in 2013/14) at one of four rates in the range 16.7 per cent to 24.3 per cent of pensionable earnings, based on salary bands. The scheme actuary usually reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2014/15 to be paid when the member retires, and not the benefits paid during the year to existing pensioners.

Employees can opt to open a partnership pension account, which is a stakeholder pension with an employer contribution. Employer's contributions of £2,846 (£nil in 2013/14) were payable to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 per cent 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 £238 (£nil in 2013/14) – 0.8 per cent of pensionable pay – were payable to the PCSPS to cover the cost of the future provision of lump-sum benefits on death in service or ill-health retirement of these employees.

Contributions due to the partnership pension providers at the date of the statement of financial position were £514 (£nil in 2013/14). Contributions prepaid at that date were £nil (also £nil in 2013/14).

Total employer's contributions payable to pension scheme providers were £1,548,130. The charge for the year noted above differs from this due to the release of prior year accruals and the inclusion of current year accruals.

No individuals retired early on ill-health grounds (none in 2013/14); the total additional accrued pension liabilities in the year amounted to £nil (also £nil in 2013/14).

### 3c. Staff exit-package costs

The Commission launched a scheme in November 2011 that allowed volunteers to leave under voluntary terms approved by the Cabinet Office. The scheme was offered again during 2014/15.

The following terms were offered:

- Employees below their normal pension age – one month's pay for every year of pensionable service, up to a maximum of 21 months' pay. Employees close to retirement age will have their compensation tapered.
- Employees above their normal pension age – one month's pay for every year of pensionable service up to a maximum of six months' pay.
- Employees who have reached their minimum pension age will be able to choose whether to buy out the actuarial reduction on their pension using their compensation payment. Where the compensation payment does not meet the full cost of the buy-out and the member of staff has a minimum of two years' qualifying service, the Commission may add the necessary top-up payment to provide an unreduced pension,

provided that the full compensation payment is surrendered.

- Employees earning less than £23,000 will be deemed to be earning that amount for the purposes of calculating their compensation payment.

In addition, the following employees were not eligible to be considered for voluntary exit:

- employees with less than two years' current qualifying service;
- agency staff or contractors;

- seconded employees of any description; and

- employees who have already tendered their resignations or been notified of their retirement, transfer or dismissal.

Employees on loan will be considered under any scheme run by their own home department, which may be expecting them to return and take up posts.

Total costs incurred comprise:

Exit-package cost band	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0 (0)	0 (0)
£10,000–£25,000	3 (4)	3 (4)
£25,000–£50,000	2 (3)	2 (3)
£50,000–£100,000	3 (1)	3 (1)
£100,000–£150,000	1 (0)	1 (0)
£150,000–£200,000	0 (0)	0 (0)
£200,000–£250,000	0 (0)	0 (0)
£250,000–£300,000	0 (1)	0 (1)
<b>Total number of exit packages by type</b>	<b>9 (9)</b>	<b>9 (9)</b>
<b>Total resource cost (£'000)</b>	<b>420 (529)</b>	<b>420 (529)</b>

Figures for 2013/14 are shown in brackets.

The £398,000 (£557,000 in 2013/14) recognised in the statement of comprehensive net expenditure comprises £420,000 (£529,000 in 2013/14) for current year exit costs; £1,000 (£nil in 2013/14) for other costs in support of the scheme; £4,000 (£3,000 in 2013/14) for employee legal costs; and a credit of £27,000 (cost of £25,000 in 2013/14) relating to the prior year scheme.

### 3e. Commissioners' costs

	2014/15 £'000	2013/14 £'000
Commissioners' fees	174	177
Commissioners' social security costs	13	14
Statutory committee fees	73	67
<b>Total</b>	<b>260</b>	<b>258</b>

### 3d. Commissioner numbers

The average number of Commissioners in post during 2014/15 was 10 (2013/14 10).



## 4. Other expenditure

	Notes	2014/15 £'000	2013/14 £'000
<b>Running costs</b>			
Staff support, recruitment and training		322	289
Staff and Commissioners' travel and subsistence		453	449
Rentals under operating leases		767	765
Premises costs (non-lease)		932	900
Support and office services		378	327
IT and telecommunications cost		454	621
Access to work		101	76
Auditor's remuneration		50	65
<b>Programme</b>			
Advisory services		287	227
Legal and mediation services		217	1,193
Grants given		572	(85)
Publication and information		739	412
Research and policy development		1,662	559
<b>Total other operating expenditure</b>		<b>6,934</b>	<b>5,798</b>
<b>Non-cash items</b>			
Depreciation of property, plant and equipment	6	482	599
Amortisation of intangible assets	7	16	7
(Profit)/loss on disposal of property, plant and equipment		3	45
<b>Total other expenditure</b>		<b>7,435</b>	<b>6,449</b>

During the year, the Commission purchased £nil of non-audit services from its auditor.

In 2013/14 the Commission's expenditure on legal and mediation services was £1,193,000; in 2014/15 this decreased to £217,000. While there is a difference of £976,000 this reflects the release of provisions in 2014/15 which reduced the comparative figure by £890,000. During

2014/15 the Commission continued to support and intervene in cases which seek to clarify case law with 73 active cases in 2014/15 compared with 69 in 2013/14.

Year on year expenditure on research and policy development increased from £559,000 in 2013/14 to £1,662,000 in 2014/15. In 2014/15, in addition to core funding, the Commission received £2.5m to fund specific work agreed with the sponsor

department. The research element of this additional funding increased expenditure under this heading. The major elements were:

- pregnancy and maternity in the workplace fieldwork research and analysis of results;
- quantitative fieldwork and analysis into equality and human rights support for small and medium-sized enterprises; and
- review and analysis of stop and search for National College of Policing training.

## 5. Income

	Notes	2014/15 £'000	2013/14 £'000
Other income		137	28
Access to Work	1m	102	100
<b>Total</b>		<b>239</b>	<b>128</b>

## 6. Property, plant and equipment

2014/15	Fixtures and fittings £'000	IT and telecomms equipment £'000	Furniture £'000	Total £'000
<b>Cost or valuation</b>				
At 1 April 2014	3,183	2,344	597	6,124
Additions in year	199	99	3	301
Disposals	-	(218)	(53)	(271)
Revaluations	16	-	-	16
<b>At 31 March 2015</b>	<b>3,398</b>	<b>2,225</b>	<b>547</b>	<b>6,170</b>
<b>Depreciation</b>				
At 1 April 2014	1,964	2,062	522	4,548
Depreciation for the year	420	54	8	482
Disposals	-	(215)	(53)	(268)
Revaluations	11	-	-	11
<b>At 31 March 2015</b>	<b>2,395</b>	<b>1,901</b>	<b>477</b>	<b>4,773</b>
<b>Net book value</b>				
<b>At 31 March 2015</b>	<b>1,003</b>	<b>324</b>	<b>70</b>	<b>1,397</b>

<b>2013/14</b>	<b>Fixtures and fittings £'000</b>	<b>IT and telecomms equipment £'000</b>	<b>Furniture £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>				
At 1 April 2013	3,123	2,127	649	5,899
Additions in year	106	268	68	442
Disposals	(79)	(51)	(120)	(250)
Revaluations	33	-	-	33
<b>At 31 March 2014</b>	<b>3,183</b>	<b>2,344</b>	<b>597</b>	<b>6,124</b>
<b>Depreciation</b>				
At 1 April 2013	1,401	2,094	637	4,132
Depreciation for the year	575	19	5	599
Disposals	(32)	(51)	(120)	(203)
Revaluations	20	-	-	20
<b>At 31 March 2014</b>	<b>1,964</b>	<b>2,062</b>	<b>522</b>	<b>4,548</b>
<b>Net book value</b>				
<b>At 31 March 2014</b>	<b>1,219</b>	<b>282</b>	<b>75</b>	<b>1,576</b>
<b>At 31 March 2013</b>	<b>1,722</b>	<b>33</b>	<b>12</b>	<b>1,767</b>

## 7. Intangible assets

2014/15	Software £'000
<b>Cost or valuation</b>	
At 1 April 2014	716
Additions	102
<b>At 31 March 2015</b>	<b>818</b>
<b>Amortisation</b>	
At 1 April 2014	685
Charged in the year	16
<b>At 31 March 2015</b>	<b>701</b>
<b>Net book value</b>	
<b>At 31 March 2015</b>	<b>117</b>

2013/14	Software £'000
<b>Cost or valuation</b>	
At 1 April 2013	1,812
Additions	22
Disposals	(1,118)
<b>At 31 March 2014</b>	<b>716</b>
<b>Amortisation</b>	
At 1 April 2013	1,796
Charged in the year	7
Disposals	(1,118)
<b>At 31 March 2014</b>	<b>685</b>
<b>Net book value</b>	
<b>At 31 March 2014</b>	<b>31</b>
<b>At 31 March 2013</b>	<b>16</b>

## 8. Financial instruments

As the cash requirements of the Commission are met through grant-in-aid by our sponsor department, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body.

International Accounting Standards 39 and 32 and IFRS 7 require disclosure of the role that financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities. The Commission holds financial instruments only to the extent that they are necessary to meet its normal operational activities. The majority of financial instruments held by the Commission relate to contracts to buy non-financial items in line with the Commission's expected purchase and usage requirements, and the Commission is therefore exposed to little credit, liquidity or market risk. The risks and how they are managed are explained below.

### Liquidity risk

As the cash requirements of the Commission are met through grant-in-aid provided by the sponsor department, the Commission is not exposed to significant liquidity risks.

### Interest rate risk

The Commission's financial assets and liabilities are predominantly non-interest bearing. The interest rate risk is not considered material in the context of the overall activity of the Commission.

### Credit risk

The Commission is exposed to credit risk to the extent of non-performance by its counterparties in respect of financial assets receivable. The majority of those financial assets that are receivable are not material. The Commission is not, therefore, exposed to significant credit risk.

## 9a. Trade and other receivables

	31 March 2015 £'000	31 March 2014 £'000
<b>Amounts falling due within one year</b>		
Trade receivables	85	8
Prepayments and accrued income	620	443
Other receivables:		
Access to Work	35	25
Other	63	15
<b>Total</b>	<b>803</b>	<b>491</b>

## 9b. Trade and other receivables: intra-government balances

	31 March 2015 £'000	31 March 2014 £'004
<b>Amounts falling due within one year</b>		
Balances with:		
Other central government bodies	182	25
Local authorities	50	144
Balances with bodies external to government	571	322
<b>Total</b>	<b>803</b>	<b>491</b>

## 10. Cash and cash equivalents

	31 March 2015 £'000	31 March 2014 £'000
At 1 April	722	2,623
Net change in cash and cash equivalent balances	(599)	(1,901)
<b>Balance at 31 March</b>	<b>123</b>	<b>722</b>

All balances are held with the Government Banking Service.

## 11a. Trade payables and other current liabilities

	31 March 2015 £'000	31 March 2014 £'000
<b>Amounts falling due within one year</b>		
Trade payables	483	10
Other payables	330	319
VAT	2	2
Other taxes and social security	230	224
Accruals	3,675	2,664
<b>Total</b>	<b>4,720</b>	<b>3,219</b>

	31 March 2015 £'000	31 March 2014 £'000
<b>Amounts falling due after more than one year</b>		
Premises rent-free period	150	302

Non-current liabilities are balances with bodies external to government.

## 11b. Trade payables and other current liabilities: intra-government balances

	31 March 2015 £'000	31 March 2014 £'000
<b>Amounts falling due within one year</b>		
Balances with:		
Other central government bodies	1,304	1,240
Local authorities	1	2
Balances with bodies external to government	3,415	1,977
<b>Total</b>	<b>4,720</b>	<b>3,219</b>

## 12. Provisions

2014/15	Early retirement £'000	Other £'000	Total £'000
Balance at 1 April 2014	-	378	378
Provided in year	-	72	72
Utilised in year	-	(52)	(52)
Provisions not required/written back	-	(276)	(276)
<b>Balance at 31 March 2015</b>	-	<b>122</b>	<b>122</b>
Disclosed within non-current liabilities	-	-	-
Disclosed within current liabilities	-	122	122
<b>Total</b>	-	<b>122</b>	<b>122</b>

Analysis of timing of discounted flows:

	Early retirement £'000	Other £'000	Total £'000
Not later than one year	-	122	122
Later than one year and not later than five years	-	-	-
Later than five years	-	-	-
<b>Total</b>	-	<b>122</b>	<b>122</b>



2013/14	Early retirement £'000	Other £'000	Total £'000
Balance at 1 April 2013	773	438	1,211
Provided in year	-	250	250
Utilised in year	(773)	(285)	(1,058)
Provisions not required/ written back	-	(25)	(25)
Unwinding of discount	-	-	-
<b>Balance at 31 March 2014</b>	<b>-</b>	<b>378</b>	<b>378</b>
Disclosed within non-current liabilities	-	-	-
Disclosed within current liabilities	-	378	378
<b>Total</b>	<b>-</b>	<b>378</b>	<b>378</b>

#### Analysis of timing of discounted flows:

	Early retirement £'000	Other £'000	Total £'000
Not later than one year	-	378	378
Later than one year and not later than five years	-	-	-
Later than five years	-	-	-
<b>Total</b>	<b>-</b>	<b>378</b>	<b>378</b>

During 2013/14 the early retirement provision of £773,000 was bought out with a one-off capital sum and as such was settled earlier than anticipated.

#### Legal

Provision has been made for £121,640 (£378,250 in 2013/14) arising from future liabilities associated with litigation that the Commission has ongoing at 31 March 2015. These liabilities are of uncertain timing and amount. Provision is made on the best estimate of expenditure required to settle the obligation. Where litigation is

decided in the Commission's favour, there is potential for recovery of costs.

Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the appropriate HM Treasury discount rate.

### 13. Pension liabilities

The pension liabilities comprise pension benefits for the former Chair of the Commission and former Chairs and Deputy Chairs of legacy commissions, which

are provided under a scheme broadly by analogy with the PCSPS. The current Chair's appointment is not pensionable.

The broadly by analogy pension scheme is unfunded, with benefits being paid as they fall due and guaranteed by the Commission. There is no fund and therefore no surplus, deficit or assets. The scheme liabilities for service have been calculated by the Government Actuary's Department using the following financial assumptions:

	31 March 2015	31 March 2014	31 March 2013
Rate of inflation: Retail Prices Index	2.20%	2.50%	1.70%
Rate of increase in salaries	4.20%	4.50%	3.95%
Rate of increase for pensions in payment and deferred pensions	2.20%	2.50%	1.70%
Rate used to discount scheme liabilities	3.55%	4.35%	4.10%

The liabilities associated with ex-Chairs holding broadly by analogy pensions are as follows:

	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000	31 March 2012 £'000	31 March 2011 £'000	31 March 2010 £'000
Active members (past service)	-	-	-	354	295	326
Deferred pensioners	114	102	89	80	154	169
Current pensioners	1,523	1,471	1,353	1,036	995	1,129
<b>Net present value of scheme liabilities</b>	<b>1,637</b>	<b>1,573</b>	<b>1,442</b>	<b>1,470</b>	<b>1,444</b>	<b>1,624</b>

The movement on the provision during the year is as follows:

	2014/15 £'000	2013/14 £'000
Balance at 1 April	1,573	1,442
Net interest	66	57
Remeasurements	101	188
Less benefits paid	(103)	(114)
<b>Present value of scheme liabilities</b>	<b>1,637</b>	<b>1,573</b>

The amounts recognised in the net expenditure account are as follows:

	31 March 2015 £'000	31 March 2014 £'000
Net interest	66	57
<b>Total</b>	<b>66</b>	<b>57</b>
<b>Remeasurements recognised directly in taxpayers' equity</b>	<b>101</b>	<b>188</b>
<b>Cumulative remeasurements recognised directly in taxpayers' equity</b>	<b>808</b>	<b>707</b>

History of experience losses/(gains)	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000	31 March 2012 £'000	31 March 2011 £'000	31 March 2010 £'000
Experience loss/(gain) arising on the scheme liabilities	8	100	56	63	18	(63)
Percentage of scheme liabilities at the year end	0.5%	6.4%	3.9%	4.3%	1.3%	-4.1%

The last actuarial valuation of the scheme took place on 29 May 2015. Changes in the demographic and financial assumptions underlying the valuation of the scheme have resulted in a loss to the scheme of £93,000 (an £88,000 loss in 2013/14) or 5.7 per cent (5.6 per cent in 2013/14) of the statement of financial position valuation of the scheme liabilities. Experience loss on the scheme that arose because actual movements in liabilities were not in line with previous assumptions amounted to £8,000 (a £100,000 loss in 2013/14) or 0.5 per cent (6.4 per cent in 2013/14) of the statement of financial position valuation of the scheme liabilities. The total remeasurements were £101,000 (£188,000 in 2013/14) or 6 per cent (12 per cent in 2013/14) of the statement of financial position valuation of the scheme liabilities.

The sensitivity analysis of the main actuarial assumptions indicates the following (changes in liabilities are quoted as at 31 March 2015 and percentages are rounded to the nearest 0.5 per cent):

- Increasing the discount rate by 0.5 per cent would result in a corresponding decrease in liabilities of approximately 5.5 per cent or £93,000.
- Increasing the consumer price inflation assumption by 0.5 per cent would result in a corresponding increase in liabilities of approximately 5.8 per cent or £93,000.
- Increasing assumed life expectancies in retirement by around one year would result in a corresponding increase in liabilities of around 4 per cent or £69,000.

The opposite changes in assumptions to those set out above would produce approximately equal and opposite changes in the liability. Similarly, doubling the changes in the assumptions will produce approximately double the changes in liability. The sensitivities show the changes in each assumption in isolation. In practice the financial assumptions rarely change in isolation and, given the interdependencies between them, the impacts of such changes may offset each other to some extent.

The longevity assumptions used in the valuation of the scheme are:

Life expectancy at retirement	Exact age	31 March 2015		31 March 2014	
		Men	Women	Men	Women
		Years	Years	Years	Years
Current pensioners	60	29.1	31.3	29.0	31.2
Current pensioners	65	24.2	26.4	24.1	26.2
Future pensioners*	60	31.4	33.6	31.3	33.5
Future pensioners*	65	26.9	29.0	26.8	28.9

\*Illustrative life expectancies for future pensioners as at 31 March 2014 and 31 March 2015 are based on members aged 40 at these dates.

It is estimated that the value of benefits falling due and guaranteed by the Commission in the 2015/16 reporting period will be £103,000.

## 14. Capital commitments

Contracted capital commitments at 31 March 2015, not otherwise included in these financial statements, were as follows:

	31 March 2015 £'000	31 March 2014 £'000
Property, plant and equipment	282	56
Intangible assets	1	-
<b>Total</b>	<b>283</b>	<b>56</b>

## 15. Commitments under leases

### 15a. Commitments under operating leases

Total future minimum lease payments under non-cancellable operating leases are given for each of the following periods in the table below:

Obligations under operating leases comprise:	31 March 2015 £'000	31 March 2014 £'000
<b>Buildings</b>		
Not later than one year	631	723
Later than one year and not later than five years	507	789
Later than five years	385	-
<b>Total</b>	<b>1,523</b>	<b>1,512</b>

### 15b. Commitments under finance leases

There were no obligations under finance leases.

## 16. Contingent liabilities

Legal costs relating to supported cases in progress as at 31 March 2015 are not treated as a contingent liability but as an ongoing expense.

A contingent liability exists regarding pension provision for a Chair and Deputy Chairs of a legacy Commission. The Commission does not hold sufficient information to estimate a value. The likelihood of occurrence is considered possible.

## 17. Contingent assets

Legal & General Group plc is currently holding funds relating to the winding up of the Commission for Racial Equality Pension and Life Assurance Scheme. The trustees are in the process of winding up the scheme. On the closure of the scheme it is likely that some funds may be remitted to the Commission. The amount and date of this are uncertain but could be in the range of £2m to £3m.

## 18. Related-party transactions

The Commission is a non-departmental public body under the sponsorship of the Department for Culture, Media and Sport. During the year, the Commission received £17,718,000 of grant-in-aid from the sponsor department, of which £17,371,000 was revenue and £347,000 capital (£19,158,000 in 2013/14, of which £18,694,000 was revenue and £464,000 capital). No other significant transactions have taken place between the two bodies.

During the year, the Commission was not involved in any other related party transactions.

The Commission maintains a register of Commissioners' interests, which is available at: [www.equalityhumanrights.com/about-us/about-commission/commissioners/board-meetings/commissioners-interests](http://www.equalityhumanrights.com/about-us/about-commission/commissioners/board-meetings/commissioners-interests)

## 19. Events after the reporting period

### Authorised for issue

The Commission's financial statements are laid before the Houses of Parliament by the Secretary of State for Education. International Accounting Standard 10 requires the Commission to disclose the date on which the accounts are authorised for issue. The authorised date for issue is 8 July 2015.

# Contacts

This publication and related equality and human rights resources are available from the Commission's website: [www.equalityhumanrights.com](http://www.equalityhumanrights.com)

For advice, information or guidance on equality, discrimination or human rights issues, please contact the Equality Advisory and Support Service, a free and independent service.

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