

Equality and Human Rights Commission Annual Report and Accounts

1 April 2012 – 31 March 2013



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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

The past year has been one of significant change and progress for the Equality and Human Rights Commission, including the appointment of a new Chair and Board members. I was delighted to be invited by the Secretary of State to chair an organisation which has an important role to play in helping to make Britain a fairer and more successful country for us all.

We fulfilled our statutory roles as a National Equality Body and as a United Nations National Human Rights Institution. We provided expert guidance to the private and public sectors and our expertise helped achieve important changes or clarifications to legislation, including the Human Rights Act and the Public Order Act.

We were successful in strategically important legal bearing casework on issues including the retention of personal information by public bodies and the right to privacy; the treatment of people with disabilities by the police; discrimination on the grounds of sexual identity; and the requirement to consider disability when determining housing benefit payments.

These achievements were delivered while the Commission significantly reduced its headcount, responding to government decisions on our funding. After a period of considerable uncertainty over the past two years, I am pleased to say that the Commission is now able to operate from a much more stable position. We have an agreed budget and staffing level, and a clearer agreement defining our relationship with government.

I am keen that we continue to build our partnerships with other organisations, fellow regulators, businesses and employers, and with all who can help us improve the ways in which equality standards and respect for human rights are achieved. We will be working hard to demonstrate our commitment to genuine and constructive partnerships which deliver shared aims and objectives.

The Commission relies on the continuing hard work of all its staff and on behalf of the Board I would like to thank them all for their efforts, particularly since they have had to deal with uncertainty over their own roles.

I would also like to thank all the Commissioners who sat on the previous Board, and in particular Trevor Phillips and Baroness Margaret Prosser for their many achievements while leading the Commission since its creation in 2007.

Baroness Onora O’Neill CBE, Chair



Foreword from the Chief Executive

The Commission's ability to deliver its ambitious targets has been helped by the many changes which we have made over the past year to how we work. These included continuing to improve our corporate governance so that we are now an organisation with a track record of sound financial stewardship.

We also significantly reduced costs to the taxpayer by reorganising our office accommodation across England, Scotland and Wales to save more than £1m a year and by reducing our reliance on interim managers, also saving £1m annually. Overall, we have achieved total efficiencies of £6m on our core operations.

Alongside these changes, a reduction to our budget and a review of the Commission's powers and duties by the Government led to us introducing a new operating model, closing our helpline and grants programme and reducing our headcount by nearly 130 staff.

Managing these fundamental changes absorbed significant resources and placed considerable constraints on the Commission's work during the year.

However, I am pleased to say that against this backdrop of change we have achieved over 81 per cent of our work programme deliverables and met or exceeded our targets in 92 per cent of our operational key performance indicators.

These included our expert guidance on the Equality Act and Public Sector Equality Duty, which has been used by 500,000 employers, workers, service providers and users across the private, public and third sector. Our briefings on around 15 government bills and many more select committee inquiries were welcomed and consistently used in parliamentarians' interventions during debates. The Commission was successful in 80 per cent of its legal interventions and casework on strategically important issues.

The recommendations resulting from our assessment of the government's 2010 Spending Review were welcomed by the Chief Secretary to the Treasury and we are currently working with government departments to ensure that equality considerations are built into future policy making.

The Commission worked with five police forces across the country to reduce the race disproportionality of their use of stop and search powers against black and Asian people by up to 50 per cent. We will extend this area of work over the next year by showing how other forces can continue to reduce crime while improving their equality and human rights performance.

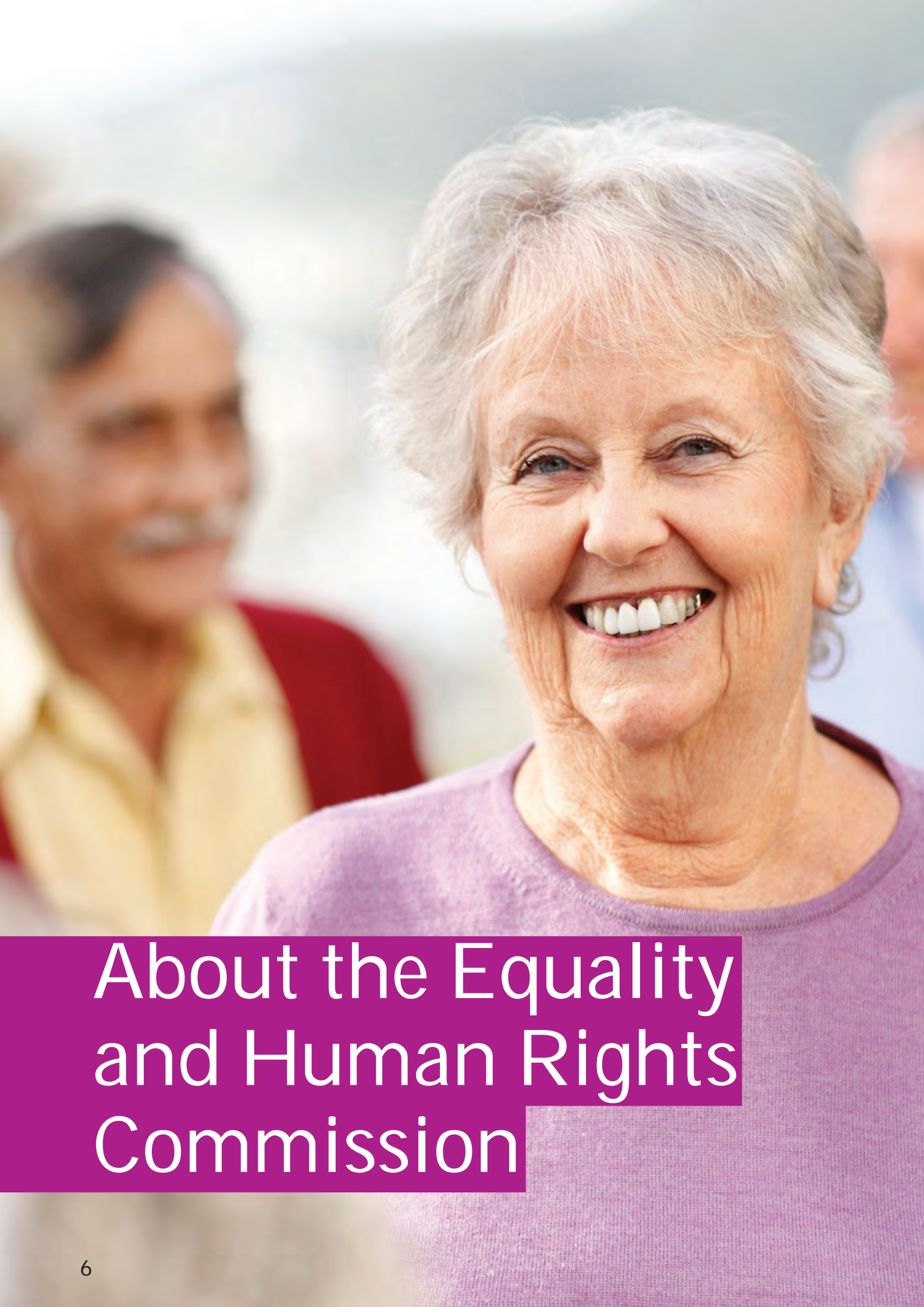
The Commission joined with the 30% Club to launch the first in-depth report into the appointment process to non-executive membership of boards, and with the Employers Network for Equality and Inclusion and Ernst & Young on the development of a new equality standard for the private sector.

As more and more transactions take place online, the Commission partnered with AbilityNet and BCS, the Chartered Institute for IT, to develop the first ever digital accessibility training course. The course is designed to help anyone who generates web content to ensure that it complies with their legal obligations under the Equality Act to make it user-friendly for disabled people.



These achievements were delivered during a period of considerable uncertainty for the Commission. Since the year end, we have been able to agree a revised budget and Framework Document which sets out our relationship with the Government in a way which will increase our autonomy and independence in carrying out our operations while remaining accountable to Parliament. I look forward to working with our staff and our new Chair and Board to ensure that we continue to deliver our mandate to make Britain a fairer and more equal place for all.

Mark Hammond, Chief Executive



About the Equality and Human Rights Commission

The Equality and Human Rights Commission (the Commission) has a remit to reduce inequality, eliminate discrimination and promote and protect human rights. The Commission acts as an outcomes-based strategic regulator ensuring that legislation is effective.

The Commission is a non-departmental public body created under the provisions of the Equality Act 2006, and was established on 1 October 2007. The Commission covers England, Scotland and Wales, where it is responsible for encouraging compliance with the Human Rights Act 1998, and has been granted powers to enforce equality legislation on age, disability, gender, gender reassignment, race, religion or belief and sexual orientation.

Since 2009, the Commission has been an 'A status' National Human Rights Institution (NHRI). NHRI status is conferred after a peer review operated by a sub-committee of the International Co-ordinating Committee of NHRIs. Compliance with the Paris Principles is a central requirement of the accreditation process. The Paris Principles adopted by the UN General Assembly list a number of responsibilities and requirements for national institutions.

Duties and powers

We have unique duties and powers under the Equality Acts of 2006 and 2010 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, employers, media and society;
- 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 causes and effects of inequality for people across Britain; and
- act directly to enforce legislation.

There is further information about the Commission's duties and powers at www.equalityhumanrights.com/about-us/vision-and-mission/our-strategic-plan/our-duties-and-powers/

The Commission has specific responsibilities under the United Nations (UN) Paris Principles and the European Union (EU) Equality Directives to ensure that we maintain our status as an NHRI and a European 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.

Until 4 September 2012, the Commission's sponsor was the Government Equalities Office (GEO), part of the Home Office. As part of the government changes of 4 September 2012, responsibility for women and equalities moved to Maria Miller MP, as Secretary of State at the Department for Culture, Media and Sport (DCMS).

GEO moved to DCMS and continues to be the Commission's sponsor.

Accounting Officer

The Home Secretary and the Minister for Women and Equalities appointed Mark Hammond as an ex-officio Commissioner and Accounting Officer in June 2011. His responsibilities as the Accounting Officer are set out on page 43. As Accounting Officer he is also responsible for maintaining a sound system of internal control. The governance statement on pages 44 to 55 sets out how this responsibility has been discharged in the year to 31 March 2013.

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, 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 for developing and implementing strategy, fulfilling the Commission's statutory objectives, managing and staffing the Commission, 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 responsibilities set out in the Equality Act 2006.

At the beginning of 2012/13 there were also four non-statutory decision-making committees covering Audit and Risk, Regulation, Remuneration and Resources; three of these committees were replaced in the Commission's new governance framework adopted by the Board. The Commission currently has two non-statutory committees: the Audit and Risk Committee and the Human Resources and Remuneration Committee.

Further information about the Commission's governance arrangements can be found in the governance statement on pages 44 to 55.

The Board of Commissioners

The Commissioners who served as members of the Board between 1 April 2012 and 31 March 2013 are as follows:

- Trevor Phillips OBE
(Chair to 10 September 2012)
- Baroness Onora O'Neill CBE
(Chair from 12 November 2012)
- Baroness Margaret Prosser OBE
(Deputy Chair to 10 September 2012;
Interim Chair from 11 September 2012
to 3 December 2012)
- Sarah Anderson CBE
(Acting Deputy Chair from 11
September 2012 to 15 January 2013)

- Caroline Waters OBE
(Deputy Chair from 15 January 2013)
- Stephen Alambritis
(to 3 December 2012)
- Evelyn Asante-Mensah OBE
(from 15 January 2013)
- Ann Beynon OBE, Wales Commissioner
(reappointed 3 December 2012)
- Kay Carberry CBE
(to 3 December 2012)
- Laura Carstensen
(from 15 January 2013)
- Baroness Sally Greengross OBE
(to 3 December 2012)
- Chris Holmes MBE, Disability
Commissioner (from 15 January 2013)
- Baroness Meral Hussein-Ece OBE
(to 3 December 2012)
- Dr Jean Irvine OBE
(to 3 December 2012)
- Kaliani Lyle, Scotland Commissioner
(reappointed 29 March 2013)
- Angela Mason CBE
(to 3 December 2012)
- Professor Swaran Singh
(from 15 January 2013)
- Michael (Mike) Smith, outgoing
Disability Commissioner
(to 3 December 2012)
- Professor Geraldine Van Bueren
(to 3 December 2012)
- Sarah Veale CBE
(from 15 January 2013)
- Simon Woolley
(to 3 December 2012).

Mark Hammond, the Commission's Chief Executive, is an ex-officio Commissioner.

There are biographies for the Commission's Board members at www.equalityhumanrights.com/about-us/the-commissioners

The Disability Committee

The Disability Committee was chaired by Mike Smith until the end of his term of office on 3 December 2012 and Chris Holmes chaired the Committee from his appointment on 15 January 2013. The Committee met six times during the course of the year. Subject to 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 on the development and implementation of statute and case law that affects disabled people. It also embeds the rights of disabled people in the programme of work driven by the Commission's three-year strategy.

There is further information about the members of the Disability Committee and its work at www.equalityhumanrights.com/about-us/the-commissioners/disability-committee

The Scotland Committee

The Scotland Committee is chaired by Kaliani Lyle and met six times during 2012/13.

The Committee exercises the Commission's general powers in respect of activities listed in the 2006 Act and gives advice to the Scottish Parliament in respect of laws, including the likely effect of proposed changes to laws that, in the opinion of the Commission, affect only Scotland. This is subject to the exclusions set out in the 2006 Act relating to disability matters (delegated to the Disability Committee), and advice or guidance on a Great Britain-wide basis (provided by the Commission).

There is additional information about the Scotland Committee and its work at www.equalityhumanrights.com/scotland/the-commission-in-scotland

The Wales Committee

The Wales Committee is chaired by Ann Beynon OBE and met five times during 2012/13.

The purpose of the Committee is to exercise the Commission's general powers in respect of activities listed in the 2006 Act and gives advice to the Welsh Government and National Assembly for Wales in respect of laws, including the likely effect of proposed changes to laws that, in the opinion of the Commission, affect only Wales. This is subject to the exclusions set out in the 2006 Act relating to disability matters (delegated to the Disability Committee), and advice or

guidance on a Great Britain-wide basis (provided by the Commission).

There is additional information about the Wales Committee and its work at www.equalityhumanrights.com/wales/the-commission-in-wales

There is a full explanation of the statutory functions of the Disability, Scotland and Wales committees at www.equalityhumanrights.com/uploaded_files/equality_act_2006.pdf

The Regulatory Committee

The Regulatory Committee was chaired by Kay Carberry CBE and met six times up to January 2013.

The Remuneration Committee

The Remuneration Committee was chaired by Baroness Margaret Prosser OBE and met twice during the year to discharge its duties. It comprised three non-executives and an independent member. The independent member of the Committee was Helen Murlis.

The Resources Committee

The Resources Committee was chaired by Baroness Margaret Prosser OBE and met five times up to January 2013.

The Audit and Risk Committee

The Audit and Risk Committee was chaired by Dr Jean Irvine OBE until the end of her term of office on 3 December 2012. The Committee is now chaired by Sarah Anderson. The Committee met five times during the year ending 31 March 2013. The Committee reports to the Board and comprises three non-executives and two independent members. The independent members of the Committee are Howard Cressey and Ram Gidoomal CBE.

The Committee is advisory and assists the Board 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 annual report and associated management letter and any recommendations that the NAO identifies during its audit work. The Chief Executive, representatives of the internal and external auditors and Commission staff, as necessary, attend Audit and Risk 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 to 41.

Commission staff

As at 31 March 2013, 217 (368 as at 31 March 2012) 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 full-time equivalent (FTE) employees in post during the year 2012/13 was 258 (392 during 2011/12), 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. A set of behavioural indicators has also been published which, although not exhaustive, is intended to assist employees in understanding expectations and managers in objectively assessing compliance with the behaviours expected.

Copies of our core values and the behavioural indicators are available upon request.

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

During 2012/13, over 70 per cent of the Commission's employees attended centrally managed training programmes, which complemented a range of individually targeted learning programmes.

Individually targeted development was achieved through the devolution to directorates of a proportion of the learning and development budget; through gaining access to the Civil Service Learning online portal in October 2012; and through facilitating loans and secondments both into and out of the Commission from across the Civil Service and other non-departmental public bodies.

In addition, a number of staff members were able to fulfil a variety of temporary internal secondment opportunities across the organisation, which included both lateral and promotional development opportunities.

Sickness absence

In 2012/13 the average number of days lost to illness per FTE employee was 7.55. This is a significant reduction of 1.66 days per FTE employee from 2011/12 when the average number was 9.21 per employee.

Reducing the overall level of sickness absence has been a key target for the Commission. The reduction has been achieved by performance and development managers, supported by the Commission's People Team, monitoring the application of the sickness absence policy and ensuring that sickness is managed appropriately. The public sector average for 2012 was 7.9 days per employee (source: 2012 Absence Management Survey, Chartered Institute of Personnel and Development).

Meeting our Public Sector Equality Duty requirements

Under the Equality Act 2010, the Commission, like all public bodies subject to the Public Sector Equality Duty, 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. 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/equality-and-diversity

Workforce diversity

The following table summarises the Commission's workforce diversity profile as at 31 March 2013. Overall, there has been no significant change to the Commission's workforce diversity during 2012/13. In summary:

- 61 per cent of our workforce are female; a slight decrease from 65 per cent at the end of 2011/12;
- 21 per cent of our workforce describe themselves as having a disability; a slight decrease from 23 per cent at the end of 2011/12;
- 18 per cent of our workforce are from ethnic minority groups compared with 19 per cent at the end of 2011/12;
- 18 per cent of our workforce are aged under 34 compared with 25 per cent at the end of 2011/12; less than 1 per cent are aged over 65;
- 51 per cent of our workforce declared a religion or belief compared with 48 per cent at the end of 2011/12;
- 8 per cent of our workforce declared they are lesbian, gay or bisexual (LGB); while 81 per cent stated they are heterosexual;
- 45 per cent of our staff are married and 1 per cent are in a civil partnership;
- over one-third of staff have caring responsibilities; and
- no staff have identified themselves to be transgender.

Workforce diversity (%)	Year ended 31 March 13	Year ended 31 March 12
Age	%	%
16–24	0	0
25–34	18	25
35–44	30	28
45–54	38	30
55–64	13	15
65+	1	2
Disability		
Disabled	21	23
Non-disabled	79	77
Gender		
Male	39	35
Female	61	65
Ethnic group		
White	80	78
Black and ethnic minority	18	19
Not declared	2	3
Gender reassignment		
Transgender or transsexual	None declared	None declared
Religion or belief		
Religion or belief	51	48
No religion or belief	40	40
Not declared	10	12
Sexual orientation		
Lesbian/gay/bisexual	8	9
Heterosexual/straight	81	78
Not declared	11	13
Caring responsibilities		
Yes	40	36
No	47	51
Not declared	13	13
Pregnancy and maternity status		
Pregnant or on maternity leave	6.9	6.8
Not pregnant or on maternity leave	93.1	93.2
Marriage/civil partnership status		
Married	45	40
Civil partnership	1	1
Other	40	45
Not declared	14	14



Delivering our
strategic priorities
in 2012/13

Our 2012/13 business plan comprised two key elements: work to deliver our three strategic priorities; and actions to ensure that the Commission is an effective and efficient organisation. The strategic plan outlines three strategic priorities for the Commission:

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

The past year has been one of significant change for the Commission. We have implemented a new operating model, introduced new ways of working and reduced our headcount by more than 150 members of staff. We have also supported the transition of our helpline to a new provider, procured by the Government, and closed our grants programme.

Managing these fundamental changes, in a way that is fair to all our staff, has absorbed significant resources and constrained the Commission's work during the year. Against this backdrop of change we have achieved over 81 per cent of our work programme deliverables within our business plan and met or exceeded our targets in 92 per cent of our operational Key Performance Indicators (KPIs), including a significant increase (23 per cent) in visitors to our website and a marked reduction (23 per cent) in the number of complaints we received.

We have also been successful in a number of important human rights interventions, including the Court of Appeal case of *R (T) v Chief Constable of Greater Manchester*, where we successfully argued that the way the police dealt with confidential information relating to minor offences committed by children is in breach of human rights laws protecting privacy. We have secured a 79 per cent success rate in all our legal actions against our target of 70 per cent.

A brief summary of our major achievements against each of our priorities and underpinning deliverables is set out below.

Priority 1: To promote fairness and equality of opportunity in Britain's future economy

- We published the results of our review of progress made in the meat and poultry processing industry's treatment of migrant and pregnant agency workers since our 2010 inquiry. The report highlights significant progress and was accompanied by guidance to help firms tackle the remaining challenges.
- Following the European Court of Human Rights judgments in four combined cases concerning religious rights in the workplace in February 2013, we published a straightforward guide to the workplace rights of employees, job applicants and customers with religion or belief or none.
- Following the Davies Review, which looked at increasing gender diversity on FTSE 100 boards, we commissioned an in-depth study into the role of executive search firms in the appointment process. Our research showed that the appointment of women to boards, is held back by 'default preferences' for candidates and contained a number of recommendations to help executive search firms address this problem.
- In response to over 15,000 calls a year to the Advisory, Conciliation and Arbitration Service (ACAS) from employers and employees seeking advice on pregnancy or maternity redundancy issues, in July 2012 we jointly published a new guide to help employers, particularly small- and medium-sized enterprises (SMEs), to understand the rights of women who are pregnant or on maternity leave when facing redundancy. The new guide, *Managing redundancy for pregnant employees or those on maternity leave*, outlines what the law says and offers advice on how to handle the situation correctly.
- In June 2012, the Commission submitted a written statement to the UN Human Rights Council showcasing our work on business and human rights. With the Eurogroup of NHRIs we also worked to implement the Berlin Action Plan on Business and Human Rights. This highlights that global supply chains mean we need to drive up international standards to support progress in the UK.
- In March 2013, we launched simple guides, informed by our Business and Human Rights working group, for small businesses to help them meet their obligations under the Equality Act 2010 and to identify and manage human rights issues in the workplace and their supply chain. These guides will help small businesses to take steps to address issues such as the right to privacy and managing confidential data held about customers and staff.

Priority 2: To promote fair access to public services, and autonomy and dignity in service delivery

- We have published a range of guides that give individuals, businesses, employers and public authorities the information they need in order to understand the Equality Act 2010, exercise their rights and meet their responsibilities.
- These include comprehensive technical guides on the Equality Duty for England, Scotland and Wales, technical guides for further and higher education users and providers and guidance on the use of pre-employment health questionnaires for employers and applicants. In addition, we published guidance for public authorities on how to give due consideration to equality issues in procurements.
- We have undertaken and published a baseline report on how well public authorities have met their obligations under the England-specific duty to publish equality information. Our report showed that over 75 per cent of the 1,100 public authorities assessed had taken steps to comply. We have written to the 29 authorities that did not publish any equality information, reminding them of their obligations to comply with the law.
- In May 2012 we published our landmark formal assessment of the 2010 Spending Review, which was the first time an assessment of this kind has been undertaken. The report considers the extent to which the decision-making by ministers and HM Treasury officials met legal obligations to consider the impact on equality when completing the Spending Review.
- We have followed up the recommendations of our inquiry into the human rights of older people receiving home-based care. We hosted two seminars for local authorities, sharing best practice on protecting human rights with more than 50 commissioning managers.
- In November we published our Your home care and human rights guidance for older people and their families, with 537 downloads in the first week and positive media coverage. This guidance, which was supported by Age UK, Action on Elder Abuse and Unison, follows up the findings of our inquiry into home-based care that showed that many older people are reluctant to complain about inadequate care.

Priority 3: To promote dignity and respect, and to safeguard people's safety

- Out in the open: A manifesto for change, the follow-up report to Hidden in plain sight, our disability-related harassment inquiry summarised the comprehensive responses of the governments of the UK, Scotland and Wales and outlined our recommendations for action. This was widely covered by the media. To date, there have been 3,000 downloads of the report and 195 views of the easy-read version.
- As part of the UK's independent mechanisms on the UN Convention on the Rights of Persons with Disabilities, we have continued to build the capacity of disabled people to participate in the UN's examination of the UK in 2014/15, for example with two training events for 90 disabled people's organisations in February 2013.
- We successfully concluded formal agreements with two police forces following a reduction in the disproportionate use of the Police and Criminal Evidence Act 1984, Section 1 stop and search powers: Leicestershire Police halved its use and saw a downward trend of race disproportionality, and Thames Valley Police's use of the powers fell by one-quarter and the force halved its disproportionality. We have also scrutinised police forces' use of Section 60 stop and search powers this year.
- We have responded to the Home Office consultation on the use of Schedule 7 stop and detention powers under the UK's Terrorism Act 2000, highlighting that they should be used proportionately and in a non-discriminatory manner.
- We submitted responses to the Bill of Rights Commission consultation that set out our position that any bill of rights should not water down any protections in the Human Rights Act.
- We hosted an event in Parliament on the Justice and Security Bill to highlight concerns expressed by many public bodies and media commentators over government proposals to extend the use of closed material procedures in civil court cases.
- We submitted three written statements to the UN Human Rights Council – the highest number of any European NHRI. This includes concerns about the UK's compliance with the UN Convention Against Torture, ahead of the examination in 2013/14, and our submission has shaped over 75 per cent of the questions to be put to the UK Government.

- We published a follow-up report to our Scotland team's Inquiry into Human Trafficking, which looks at how effectively the Scottish Government, UK Government and local authorities and agencies have paid due regard to the inquiry. The report was an important lever in securing the UK Government's ratification of the Council of Europe's Istanbul Declaration on human trafficking.
- We submitted a list of issues report to the UN Committee to Eradicate Violence against Women, shaping 50 per cent of the questions that will be put to the UK Government in 2014.
- We also published research on European Court of Human Rights judgments at a conference on the European Convention on Human Rights, which showed that just a tiny minority of the Strasbourg court's rulings are against the UK Government.

Delivering high-impact interventions and legal cases

- We used our legal powers to intervene or provide legal assistance in a range of cases; 39 new legal actions were taken over the year and we saw an overall success rate of 79 per cent on the 29 concluded cases. The Commission has intervened in:
 - the Court of Appeal case of R (T) v Chief Constable of Greater Manchester, where we successfully argued that the way police dealt with confidential information relating to minor offences committed by children is in breach of human rights law protecting privacy;
 - the case of Hode and Abdi v the United Kingdom concerning the rights of spouses to join refugee partners, where the European Court of Human Rights held that there had been a violation of Article 14 (prohibition of discrimination) in conjunction with Article 8 (right to respect for private and family life) of the European Convention on Human Rights;
 - the Court of Appeal case of ZH v Commissioner of Police for the Metropolis, where, with Liberty, we successfully argued that the treatment by the police of a vulnerable autistic teenager was in contravention of Article 3 (absolute right prohibiting torture, inhuman or degrading treatment or punishment);
 - the judicial review of R (South West Care Homes and others) v Devon County Council to clarify the relevant equality law that local authorities are obliged to consider when planning services to meet the needs of older and disabled people. The Commission's expert advice contributed to the final ruling with the Court citing the need for authorities to give due regard to the potential impact on vulnerable people of possible care home closures or reduced support.

- We also helped Abdul Musa, who blew the whistle on racism, to win his discrimination claim against Royal Mail, which paid him an undisclosed sum in compensation. The tribunal agreed that Mr Musa was victimised at work and unfairly dismissed by his employer because he had exposed the racist behaviour of his colleagues.

It found that managers at the depot in Blackburn had known that racism was an issue in the depot, but had failed to act to protect Mr Musa.

- Ahead of the Enterprise and Regulatory Reform Bill's report stage in the House of Commons, we issued a briefing that was used extensively in the debate.

Developing our intelligence function and regulatory decision-making processes

- We published five thematic briefing papers on:
 - attitudes;
 - individual, family and social life;
 - participation, influence and voice;
 - physical security;
 - and life.

These identify the most persistent and/or significant equality and human rights issues in Britain today and will inform our next statutory review.

- We introduced a new approach to our prioritisation and regulatory decision-making that helps us to focus our resources and ensures that our actions have maximum impact. This is informed by a new set of quarterly intelligence reports that pull together information on current and emerging equality and human rights issues.

Building a modern, exemplary public service organisation – our transformation programme

- We welcomed a new Chair in September 2012, who worked with the Department for Culture, Media and Sport to appoint our new Board in January 2013. In addition, for the first time since March 2009, the Commission has in place a permanent senior management and leadership team.
- We have seen our staff numbers reduce from 330 at 1 April 2012 to 217 at 31 March 2013, with 97 FTE staff having left the Commission under two voluntary exit schemes. With a core financial settlement secured for 2013/14 and 2014/15 there will be no need to further reduce staff numbers during 2013/14. We have also reduced our reliance on interims from a peak of 142 in 2009 to fewer than 12 in 2012/13, saving over £1.5m; there are plans for a further reduction to around four FTEs in 2013/14.

- We have also continued the implementation of our estates strategy, further rationalising our office space and moving to government-owned property in London, Glasgow and Birmingham. We have made savings of about £1.2m per annum and there are plans to realise a further £1.2m of savings over the next two years.
- Our planned move towards implementing shared services for our business support model did not take place this year, as a result of the delay in availability of the Government's shared-services solution.
- We commissioned an independent statutory review of our Disability Committee's activities as required under the Equality Act 2006; the review will report in 2013/14 and we will publish the Commission's response.
- We launched the Civil Service internet-based learning portal, Civil Service Learning, for all Commission employees, who now have access to a range of generic learning and development resources. We also provided a programme of unconscious bias training – 'The Mirror: Improving the quality of your decision' – in support of one of our key equality objectives.

Delivering excellence in advice, guidance and information

- We have seen the highest number of visitors to the Commission website since our launch in 2007, with 1.6 million unique visitors and 2.1 million total visits; the number of people accessing the website has grown by over 30 per cent each year. This has been driven by the launch of major pieces of work including 'Out in the open' and our education materials ('Equal Rights, Equal Respect'). Overall, the website has now achieved seven million visitors and one million downloads.
- We launched 'Digital Accessibility: Web Essentials', the first ever digital accessibility training course. In partnership with AbilityNet and BCS, the Chartered Institute for IT, the course aims to help businesses reach their disabled customers and to improve accessibility for all.



Management commentary

The statement of accounts on the following pages reports the results of the Commission for the period to 31 March 2013. It was prepared on an accruals basis and in accordance with the Accounts Direction issued by the Secretary of State in accordance with the Equality Act 2006.

Principal activities

The Commission's duties and powers have been described above in 'About the Equality and Human Rights Commission'.

Register of Commissioners' interests

The Commission maintains a register of Commissioners' interests, which is available for review at www.equalityhumanrights.com/about-us/the-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 that starts on page 44.

Internal audit

Deloitte LLP provided the internal audit service to the Commission that reviews the governance measures that are in place. The internal auditor also conducted additional work for the Commission during this period. Deloitte LLP has been appointed as the internal auditor for a three-year term, which commenced in May 2010. In April 2013 the appointment was extended for one year to May 2014.

Auditing of accounts

The external audit is carried out by the NAO, which 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 2012/13 financial statements is expected to be £81,500.

Regulations under Section 494 of the Companies Act 2006 require the Commission to disclose any remuneration paid to the auditor for any non-audit work undertaken. During the year, the Commission did not purchase any non-audit work from the NAO.

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.

Risks and uncertainties

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
- regularly monitoring the risk status through reports to the Senior Management Team, the Audit and Risk Committee and the Board of Commissioners.

Steps have been taken during the year to further improve the understanding and management of risk within the Commission. Additional information about the risk management framework and issues of significance has been provided in the governance statement on pages 44 to 55.

Financial review

The annual statement of accounts for the period to 31 March 2013 is set out on the following pages. The notes contained within these accounts also form an integral part of the accounts.

In 2012/13 the scope of the Commission's work was reduced, including the cessation of the grants programme and the transfer of the helpline to the Equality Advisory Support Service. This reduction in activity meant an overall reduction in the Commission's budget.

The comprehensive net expenditure for the year taken to taxpayers' equity was £24.7m (£42.9m in 2012). The Commission, along with all of the public sector, has responded to the need to reduce public spending wherever it can be more efficient. In 2012/13 the Commission reduced its running costs by 30 per cent, recycling these savings to frontline activity.

The Commission continues to reduce its reliance and expenditure on interim staff. Expenditure in 2012/13 was 41 per cent lower than in 2011/12. Average numbers reduced from 21 in 2011/12 to 12 in 2012/13. In April 2013 the Commission had six interim staff.

During 2012/13 the Commission rationalised the estate, delivering savings of 35 per cent. This programme continues, with efficiencies being gained wherever possible.

The Commission continuously reviews its expenditure and manages its budget to deliver best value and ensure that all spending is effective. In some instances we have reduced work and spending in the light of our continuous commitment to value for money.

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 2013 was £3.1m (£9.5m in 2012).

Key Performance Indicators

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

KPI	2012/13 target	2012/13 outturn
Number of new strategic legal actions	n/a	39
Success rate of completed strategic legal actions	70%	79%
Number of unique visitors to the website	>0.8m	1.6m
Number of visitors to the website	>1.1m	2.1m
Number of complaints received	<75	47
Complaints acknowledged with five working days	90%	97%
Complaints responded to within 20 working days	90%	93%
Complaints upheld by the Information Commissioner's Office	<2%	0%
Freedom of information requests responded to within the statutory deadlines	100%	96%
Data Protection Act requests responded to within the statutory deadlines	100%	100%
Parliamentary questions answered within the deadline	100%	91%
Staff turnover (excluding voluntary exit scheme)	<10%	8.02%

Tax arrangements of public sector appointees

In May 2012 HM Treasury published Review of the tax arrangements of public sector appointees. The aim of the review was to ensure that it is clear and transparent that all public sector appointees are fully meeting their obligations to pay income tax and National Insurance Contributions (NICs). The review concluded that public sector bodies must seek formal assurance that such obligations are being met from any interim staff costing more than £220 per day with a contract lasting more than six months. The results of the exercise to seek such assurances should be reported on in the annual report and accounts.

In August 2012 the Cabinet Office issued Procurement Policy Note 07/12, which gave further guidance on the required assurances and reporting.

On value for money grounds the Commission implemented the Procurement Policy Note from 1 October. During the period from 1 October 2012 to 31 March 2013, the Commission had six interim staff earning more than £220 per day for longer than six months. All six interim staff have provided assurances as to their tax obligations.

Future developments and events after the reporting period

Developments that will impact upon the future of the Commission and events after the reporting period have been disclosed in note 19 to the financial statements.

Financial instruments

The Commission's approach to risk management and policies in relation to financial instruments are disclosed in note 8 to the financial statements.

Treatment of pensions liabilities

The Commission's approach towards the treatment of pensions liabilities have been disclosed in accounting policy 10 and note 13 to the financial statements.

Payment of creditors

The Commission is committed to the Better Payment Practice Code (see www.payontime.co.uk) and aims to pay all undisputed invoices within 30 days if there is no specific provision in the contract. Against this measure, 99.2 per cent of undisputed invoices were paid within the target (99.7 per cent in 2011/12).

The Commission is also committed to supporting SMEs by aiming to achieve payment of undisputed supplier invoices within 10 days. Against this measure, the Commission paid undisputed invoices on average within three days (in 2011/12, also three days).

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

Donations

No charitable or political donations were made in the period to 31 March 2013.

Complaints to the Commission

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

We treat as a complaint any expression of dissatisfaction with our service which calls for a response. During 2012/13 we received 34 such complaints – 33 relating to England and one to Scotland. Of these, 28 were resolved at the first stage of our complaints procedure and one was withdrawn. In the remaining five cases, the complainant asked for their complaint to be reviewed under the second stage of our complaints procedure.

Those who feel that their complaint has not been resolved after it has been through both stages of the Commission's complaints procedure can refer the matter to the Parliamentary and Health Service Ombudsman. During 2012/13, the Commission received one enquiry from the Ombudsman regarding a complaint handled during this period. We await the Ombudsman's decision on this.

In 2012/13 around half the complaints received related to the Commission's former helpline service, which the Commission ceased to provide in September 2012, as the Government commissioned the new Equality and Advice Support Service. Other complaints related primarily to information on the Commission's website and the provision of legal assistance and advice.

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.

Sustainability

The Commission is committed to putting sustainable development at the heart of all its decision-making and activities. To assist this process we have developed an environmental policy. The policy is 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.

The Commission is committed to using, where possible, environmentally friendly office and hospitality 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 an active Green Group, led by a Senior Management Team member. During 2012/13 the Green Group worked within the Commission and with landlords to put in place the following improvements:

- a 'Green tip of the week' on the Commission's 'Green' intranet pages;
- improved facilities for staff who cycle to work; and
- introduction of food waste bins in the kitchens.

During the refurbishment of Arndale House, a range of energy-saving features were installed and all furniture was re-used or recycled. All rubbish was recycled.



Remuneration report

Remuneration policy

The Commission's most senior managers comprise the Chief Executive, Mark Hammond, and his direct reports who constitute the Senior Management Team.

Until January 2013, the Remuneration Committee reviewed the annual reward package of the Chief Executive and members of the Senior Management Team. From January 2013, this role was taken over by the Human Resources and Remuneration Committee. Further information about the members and the duties of these committees can be found in 'About the Equality and Human Rights Commission' above.

The Chief Executive's annual remuneration was made in line with the performance management and reward systems for the Senior Civil Service.

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.

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

	2012/13 £'000	2011/12 £'000
Salary	49	112
Employer's NIC	6	13
Employer's pension contribution	10	22
Total	65	147
Expenses	-	1

The full year annual salary was £112,000.

Commission members' remuneration**

a) Chair

Trevor Phillips OBE was Chair until 10 September 2012. His first term of office ended on 10 September 2009. He was reappointed for a second three-year term from 11 September 2009 and this second term ended on 10 September 2012. The Chair is classed as an office holder and is not a member of the Principal Civil Service Pension Scheme (PCSPS). Provision has been made in the accounts for a pension provision 'broadly by analogy' to that provided by PCSPS. That provision is included in note 13 to the financial statements.

The cash equivalent transfer values (CETV) for the Chair under the broadly by analogy scheme were:

	31 March 2013 £'000
Real increase in accrued pension	0.0–2.5
Real increase in accrued lump sum	-
Accrued pension as at 10 September 2012	20–25
Accrued lump sum as at 10 September 2012	-
CETV as at 31 March 2012	375
Real increase in CETV funded by employer	21
CETV as at 10 September 2012	401

CETV reflects the pension amount as at leaving service on 10 September 2012. The CETV at 31 March 2012 differs from that disclosed in last year's report as a result of a data change notified by the scheme administrators.

Baroness Margaret Prosser OBE was Interim Chair from 11 September 2012 to 3 December 2012. The Chair is classed as an office holder and the post is not pensionable.

During her period as Interim Chair, the remuneration was as follows:

	2012/13 £'000	2011/12 £'000
Salary	14	-
Employer's NIC	2	-
Total	16	-
Expenses	-	-

The full year annual salary was £84,000.

Baroness Onora O'Neill CBE was appointed Chair from 12 November 2012.

The 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.

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

	2012/13 £'000	2011/12 £'000
Salary	20	-
Employer's NIC	2	-
Total	22	-
Expenses	-	-

The full year annual salary is £50,000.

b) Commissioners' emoluments

	2012/13 £	2011/12 £
Commissioners' salaries and fees	190,222	253,358
Commissioners' employer's NIC	15,137	22,884
Statutory committee and advisory group members' fees	69,455	79,241
Statutory committee and advisory group members' employer's NIC	113	1,263
Total	274,927	356,746

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

Commission member	Fees £	Expenses £
Stephen Alambritis Term of office ended 3 December 2012	10,058	169
Sarah Anderson CBE (Deputy Chair 11 September 2012 to 15 January 2013) Appointed for three-year term from 11 July 2011	20,115	188
Evelyn Asante-Mensah OBE Appointed for four-year term from 15 January 2013	2,167	158
Ann Beynon OBE Reappointed 3 December 2012; term ends 28 March 2016	13,353	1,190
Kay Carberry CBE Term of office ended 3 December 2012	10,058	723
Laura Carstensen Appointed for four-year term from 15 January 2013	2,167	1,718
Baroness Sally Greengross OBE Term of office ended 3 December 2012	10,058	-
Chris Holmes MBE Appointed for four-year term from 15 January 2013	2,167	-
Baroness Meral Hussein-Ece OBE Term of office ended 3 December 2012	10,058	-
Dr Jean Irvine OBE Term of office ended 3 December 2012	10,058	-
Kaliani Lyle Reappointed 29 March 2013; term ends 28 March 2016	14,968	1,245
Angela Mason CBE Term of office ended 3 December 2012	10,058	-
Baroness Margaret Prosser OBE (Deputy Chair to 10 September 2012) Term of office ended 3 December 2012	32,984	902
Professor Swaran Singh Appointed for five-year term from 15 January 2013	2,167	389
Mike Smith Term of office ended 3 December 2012	12,433	-

Commission member	Fees £	Expenses £
Geraldine Van Bueren Term of office ended 3 December 2012	10,058	494
Sarah Veale CBE Appointed for four-year term from 15 January 2013	2,167	-
Caroline Waters OBE (Deputy Chair) Appointed for five-year term from 15 January 2013	5,070	-
Simon Woolley Term of office ended 3 December 2012	10,058	-

Commission member appointments are not pensionable.

Fees paid to Mike Smith include £2,375 for work as Chair of the inquiry into disability-related harassment.

Fees and expenses paid to independent members of the Audit and Risk Committee were £6,283 (£6,446 in 2011/12) in total.

Chief Executive**

The annual salary of the Chief Executive, Mark Hammond, for the year ended 31 March 2013 was £130,000.

Total actual emoluments for the year were £177,324, including employer's contributions of £31,590 to the PCSPS. Employer's NIC amounted to a further £15,734. 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 table provides details of the salary, pension entitlements and the value of any taxable benefits in kind of the most senior officers of the Commission for the period ended 31 March 2013. '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.

Chris Oswald and Lynn Welsh filled the role of Transitional Programme Co-Director from 11 May 2012 to 30 November 2012 on a job-share arrangement. During that time both also continued with their substantive roles. The salary noted here is for both posts.

Salary **	Salary £'000	Benefits in kind (rounded to nearest £100)	Flexible benefits (rounded to nearest £100)	Bonus
Mark Hammond Chief Executive	125–130 (2011/12: 100–105 from 20 June 2011)	Nil (2011/12: nil)	Nil (2011/12: nil)	Nil (2011/12: nil)
Ian Acheson Chief Operating Officer (from 17 September 2012)	45–50 (FTE: 85–90) (2011/12: nil)	Nil (2011/12: nil)	Nil (2011/12: nil)	Nil (2011/12: nil)
Kate Bennett National Director for Wales	70–75 (2011/12: 70–75)	Nil (2011/12: nil)	Nil (2011/12: nil)	Nil (2011/12: nil)
Helen Hughes Chief Operating Officer (to 2 September 2012)	50–55 (FTE: 125– 130) (2011/12: 125–130)	Nil (2011/12: nil)	Nil (2011/12: nil)	Nil (2011/12: nil)
Curtis Juman Chief Resources Officer (from 1 September 2012)	55–60 (FTE: 90–95) (2011/12: nil)	Nil (2011/12: nil)	Nil (2011/12: nil)	Nil (2011/12: nil)
Sheila Kumar Interim Group Director Regulation (to 30 June 2012)	35–40 (FTE: 100– 105) (2011/12: 100–105)	Nil (2011/12: nil)	Nil (2011/12: nil)	Nil (2011/12: nil)
Chris Oswald Transitional Programme Co-Director (job share) (11 May 2012 – 30 November 2012)	25–30 (FTE 50–55) (2011/12: nil)	Nil (2011/12: nil)	Nil (2011/12: nil)	Nil (2011/12: nil)

Salary **	Salary £'000	Benefits in kind (rounded to nearest £100)	Flexible benefits (rounded to nearest £100)	Bonus
Alastair Pringle National Director for Scotland (from 26 November 2012)	20–25 (FTE: 65–70) (2011/12: nil)	Nil (2011/12: nil)	Nil (2011/12: nil)	Nil (2011/12: nil)
Lorraine Rogerson Chief Information Officer (from 8 October 2012)	50–55 (FTE: 105– 110) (2011/12: nil)	Nil (2011/12: nil)	Nil (2011/12: nil)	Nil (2011/12: nil)
John Wadham Chief Legal Officer (to 1 March 2013)	110–115 (FTE: 115– 120) (2011/12: 115–120)	Nil (2011/12: nil)	Nil (2011/12: nil)	Nil (2011/12: nil)
Lynn Welsh Transitional Programme Co-Director (job share) (11 May 2012 – 30 November 2012)	30–35 (FTE: 50–55) (2011/12: nil)	Nil (2011/12: nil)	Nil (2011/12: nil)	Nil (2011/12: nil)

Pension entitlements **	Real increase in pension and related lump sum (£2.5k bands)	Pension at 31 March 2013 and related lump sum (£5k bands)	CETV at 31 March 2012 (£'000)	CETV at 31 March 2013 (£'000)	Real increase in CETV as funded by employer (£'000)
Mark Hammond Chief Executive	2.5–5	5–10	27	65	28
Ian Acheson Chief Operating Officer (from 17 September 2012)	2.5–5	20–25	263	319	42
Kate Bennett National Director for Wales	0–2.5 plus 0–2.5 lump sum	15–20 plus 50–55 lump sum	350	380	9
Helen Hughes Chief Operating Officer (to 2 September 2012)	0–2.5	10–15	111	133	15
Curtis Juman Chief Resources Officer (from 1 September 2012)	0–2.5 plus 5–7.5 lump sum	20–25 plus 65–70 lump sum	304	349	31
Sheila Kumar Interim Group Director Regulation (to 30 June 2012)	0–2.5 plus 0–2.5 lump sum	30–35 plus 100–105 lump sum	562	568	1
Chris Oswald Transitional Programme Co-Director (job share) (11 May 2012 – 30 November 2012)	0–2.5	5–10	135	147	4
Alastair Pringle National Director for Scotland (from 26 November 2012)	0–2.5	15–20	158	170	5

Pension entitlements **	Real increase in pension and related lump sum (£2.5k bands)	Pension at 31 March 2013 and related lump sum (£5k bands)	CETV at 31 March 2012 (£'000)	CETV at 31 March 2013 (£'000)	Real increase in CETV as funded by employer (£'000)
Lorraine Rogerson Chief Information Officer (from 8 October 2012)	0–2.5	50–55 plus 165–170 lump sum	1,043	1,060	3
John Wadham Chief Legal Officer (to 1 March 2013)	2.5–5	40–45	801	864	38
Lynn Welsh Transitional Programme Co-Director (job share) (11 May 2012 – 30 November 2012)	0–2.5 plus 0–2.5 lump sum	5–10 plus 20–25 lump sum	127	139	6

The actuarial factors used to calculate CETVs were changed in 2012/13. For consistency, the CETVs at 31 March 2012 and 31 March 2013 have both been calculated using the new factors. Therefore the CETV at 31 March 2012 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. Sheila Kumar was on loan to the Commission from her employer.

d) All other group and national directors are on permanent employment contracts with a three-month notice period.

- e) Until 30 September 2012 the Group Director Communications, Richard Emmott, was an interim appointment supplied by Veredus Interim Management. During 2012/13, £101,232 (inclusive of VAT) was payable to Veredus (£272,136 in 2011/12).
- f) Until 28 December 2012 the Interim Executive Director of Change and Corporate Services, Lesley Ottery, was an interim appointment supplied by Veredus Interim Management. During 2012/13, £144,617 (inclusive of VAT) was payable to Veredus (in 2011/12, 9 January 2012 to 31 March 2012: £56,517).
- g) There are no elements of the remuneration package that are not cash.

**Notes a) to g) 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.

	2012/13	2011/12
Highest-paid director’s total remuneration	130,000	177,905
Median total remuneration	35,795	34,225
Ratio	3.6	5.2

The remuneration of the highest-paid director in the Commission in the financial year 2012/13 was in the range of £125,000 to £130,000 (£175,000 to £180,000 in 2011/12). This was 3.6 times (5.2 in 2011/12) the median remuneration of the workforce, which was £35,795 (£34,225 in 2011/12). In 2012/13, the highest-paid director was a permanent employee; in 2011/12, the highest-paid director was an interim member of staff. The annual equivalent remuneration paid to interim directors has been estimated, as this information is not available. The estimate is based on 260 days at the interim’s agency day rate net of VAT less 30 per cent to cover agency fees and employer’s NICs.

In 2012/13 and 2011/12, no permanent employee received remuneration in excess of the highest-paid director. In 2012/13 no interim member of staff (one in 2011/12) received remuneration in excess of the highest-paid director. Remuneration ranged from £15,500 to £130,000 (£15,500 to £181,090 in 2011/12).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind and severance payments. It does not include employer pension contributions or the CETV of pensions.

From 2011/12 to 2012/13, the pay ratio decreased from 5.2 to 3.6. The decrease was a result of the Commission’s continuing to reduce the number of interim staff at senior levels.

Pensions

Pension benefits are provided through the Civil Service pension arrangements. 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.

The accrued pension quoted is the pension that member is entitled to receive when they reach the pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over the pension age. The pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

There are further details about the Civil Service pension arrangements at www.civilservice.gov.uk/pensions

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 purchasing additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries 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 CETV

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
4 July 2013



Statement of accounts 1 April 2012 – 31 March 2013

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 the 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 the 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 the HM Treasury.

The Accounting Officer's governance statement

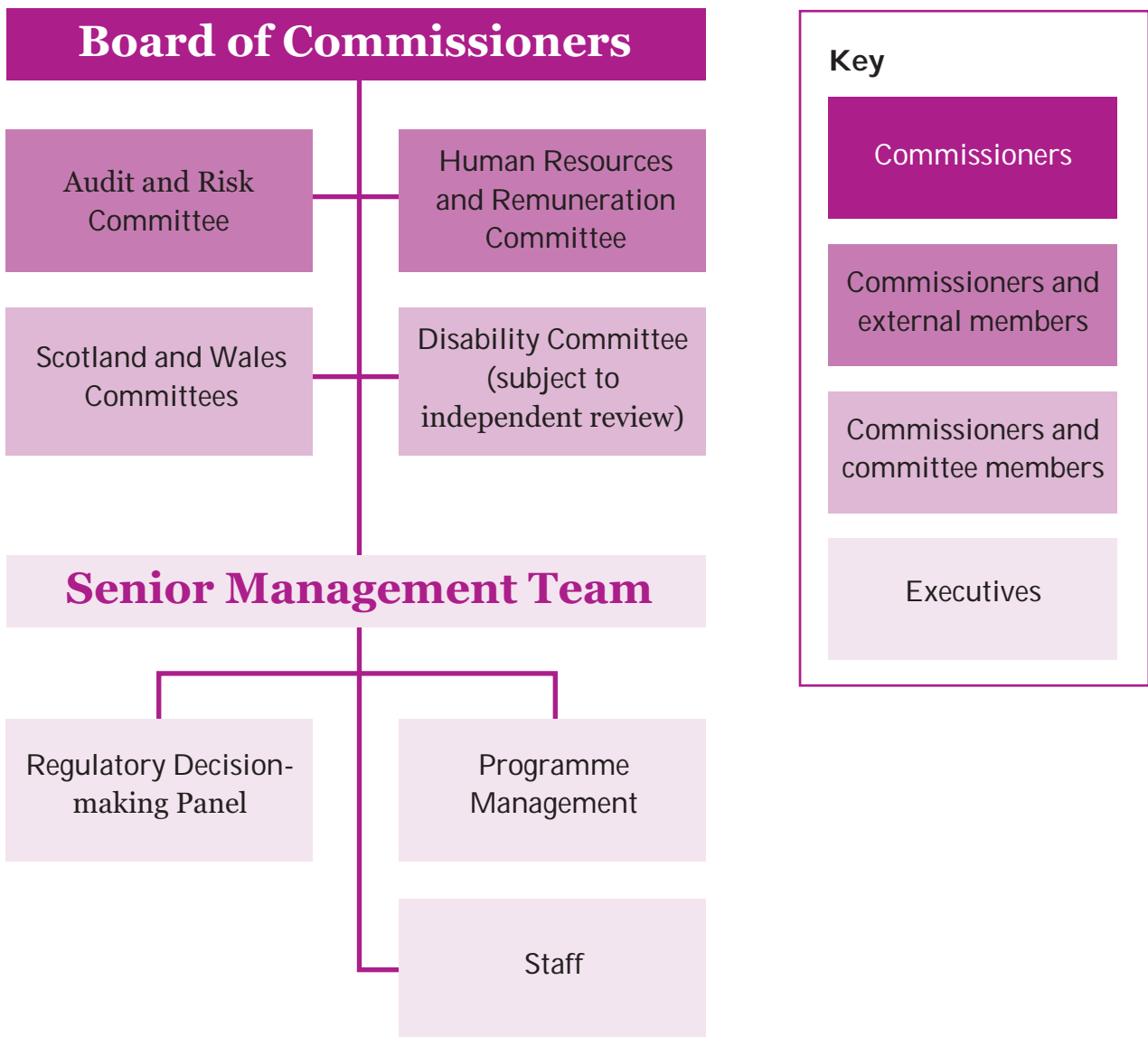
Purpose of the governance statement

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 2012/13 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.

Governance structure

The Commission's governance structure is set out below:



The Board of Commissioners

Within the framework of its duties and responsibilities generally, including those prescribed by statute and regulation, the Board of Commissioners 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.

During the year, the Secretary of State for Culture, Media and Sport, in accordance with the 2006 Act, appointed a new Chair and six new Board members following an open recruitment process. The Chair was appointed from 12 November 2012 and the six new Board members were appointed from 15 January 2013. The appointments of two Commissioners were extended for a second term.

At 31 March 2013, the Board is led by the Chair, Baroness Onora O'Neill, and comprises nine non-executive members and the Chief Executive, who is an ex-officio Commissioner.

The Board members are as follows:

Baroness Onora O'Neill CBE (Chair)
Caroline Waters OBE (Deputy Chair)
Sarah Anderson CBE
Evelyn Asante-Mensah OBE
Ann Beynon OBE
Laura Carstensen
Chris Holmes MBE
Kaliani Lyle
Professor Swaran Singh
Sarah Veale CBE
Mark Hammond (Chief Executive)

There are biographies for the non-executive members on the Commission's website at www.equalityhumanrights.com/about-us/the-commissioners

The composition of the Board provides the Commission with the right mix of skills required to lead delivery of the organisation's strategic plan, and is well balanced to support objective decision-making. Members are independent in character and judgement and there are currently (as at 31 March 2013) 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's Corporate governance in central government, the Financial Reporting Council's Combined Code on Corporate Governance, the HM Treasury Audit Committee Handbook, good-governance principles developed by the Independent Commission on Good Governance Public Services and current best-practice principles in corporate governance. The Board has assessed its compliance with Corporate governance in central government departments: Code of good practice 2011 and is compliant with the parts of the code applicable to non-departmental public bodies.

During the period, a review of the Commission's governance framework and the terms of reference of the Board, and statutory and non-statutory committees has been undertaken and improvements put into place. The review was informed by advisory work undertaken by the Commission's internal auditor during 2011/12. The revised processes were put into place in January 2013 when the new Commissioners began their terms of office.

There is a copy of the current governance framework at www.equalityhumanrights.com/about-us/governance

The Board operates within written terms of reference, which are also available at www.equalityhumanrights.com/about-us/governance

The Board meets regularly and is supported by a dedicated Commissioners' Office. The Board is responsible for:

- establishing the strategic direction and maintaining oversight of the Commission;
- ensuring that the Commission discharges its statutory duties under the 2006 and 2010 Equality Acts, its obligations under the Paris Principles within the policy and resources framework (the Framework Document) agreed with its sponsor department, high standards of corporate governance and principles of public law;
- ensuring that the Commission fulfils its statutory duties effectively and operates within its statutory and delegated authority, including any conditions relating to the use of its grant-in-aid specifically and the use of public funds

more generally, in compliance with HM Treasury guidance in Managing Public Money;

- ensuring that effective arrangements are in place to provide assurance on risk management, good governance and internal control;
- determining the Commission's performance metrics and monitoring performance against them and ensuring that it demonstrates that resources are being used to good effect, with propriety and without grounds for criticism that public funds are being used for private, partisan or party-political purposes;
- holding the Chief Executive to account for the performance and delivery against strategic and business plan priorities, objectives and budgets, including follow-up actions on his decisions;
- formulating a strategy for ensuring that the Commission is open and transparent in all that it does, providing Parliament and the public with as full information as may be requested concerning its policy decisions and its actions (this includes full compliance with the Freedom of Information Act 2000 and the Data Protection Act 1998, as amended, and its adopted complaints procedures);
- making annual reports publicly available and, where practical and appropriate, holding open Board meetings, releasing summary reports of meetings and inviting evidence from members of the public on matters of public concern;

- promoting and protecting the Commission's position, values, mission, vision, integrity, image and reputation; and
- ensuring that high standards of corporate governance that command the confidence of the Commission's stakeholders are observed at all times.

Committees of the Board

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

At the beginning of the year there were also three non-statutory decision-making committees covering Regulation, Remuneration and Resources with authority, devolved by the Board, to make decisions on regulation and resourcing issues. In January 2013, following the appointment of a smaller Board of Commissioners, these three committees were abolished. The smaller, more focused Board will retain the decisions on regulation and resourcing that were previously delegated to committees. A Human Resources and Remuneration Committee was established to take over the work of the Remuneration Committee and the human resources issues previously dealt with by the Resources Committee.

In addition, the Board has established a non-statutory committee, the Audit and Risk Committee, with advisory responsibilities. It 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 that support the Commission's objectives. The Audit and Risk Committee considers the National Audit Office's (NAO's) audit strategy and reviews the annual report and associated management letter and any recommendations that the NAO identifies during audit work. The Committee advises the Board on the appointment of the internal auditor and approves the internal audit strategy and work plan. The Committee reviews the reports of the internal auditor and ensures that management responses are appropriate and that recommendations are implemented.

Further information about the Commission's committees, beginning on page 8, has been provided in 'About the Equality and Human Rights Commission' above.

The tables below show attendance at Board and committee meetings held during 2012/13.

Board meetings

These attendance figures are for Board meetings from 1 April 2012 to 31 March 2013. During 2012/13 the Board met seven times.

Name	Meetings attended
Trevor Phillips , Chair (up to 10 September 2012)	1/2
Onora O'Neill , Chair (from 12 November 2012)	4/4
Margaret Prosser *	4/4
Caroline Waters **	3/3
Mark Hammond	5/7
Stephen Alambritis *	4/4
Sarah Anderson	7/7
Evelyn Asante-Mensah **	2/3
Ann Beynon	6/7
Kay Carberry *	4/4
Laura Carstensen **	3/3
Sally Greengross *	3/4
Chris Holmes **	1/3
Meral Hussein-Ece *	3/4
Jean Irvine *	4/4
Kaliani Lyle	7/7
Angela Mason *	4/4
Swaran Singh **	2/3
Mike Smith *	4/4
Geraldine Van Bueren *	2/4
Sarah Veale **	3/3
Simon Woolley *	4/4

*Commissioners' terms of office ended on 3 December 2012.

**Commissioners' terms of office commenced on 15 January 2013.

Regulatory Committee meetings

These attendance figures are for Regulatory Committee meetings from 1 April 2012 to 31 March 2013. During 2012/13 the committee met six times.

Name	Meetings attended
Kay Carberry*	6/6
Sally Greengross*	4/6
Angela Mason*	5/6
Mike Smith*	5/6
Geraldine Van Bueren*	5/6
Simon Woolley*	2/6

*Commissioners' terms of office ended on 3 December 2012.

Resources Committee meetings

These attendance figures are for Resources Committee meetings from 1 April 2012 to 31 March 2013. During 2012/13 the committee met five times.

Name	Meetings attended
Margaret Prosser* (Chair)	5/5
Stephen Alambritis*	4/5
Sarah Anderson	5/5
Meral Hussein-Ece*	2/5
Kaliani Lyle	4/5

*Commissioners' terms of office ended on 3 December 2012.

Audit and Risk Committee meetings

These attendance figures are for Audit and Risk Committee meetings from 1 April 2012 to 31 March 2013. During 2012/13 the committee met five times.

Name	Meetings attended
Stephen Alambritis*	4/4
Sarah Anderson***	1/1
Ann Beynon#	2/5
Laura Carstensen**	1/1
Jean Irvine*	4/4
Howard Cressey (independent member)	4/5
Ram Gidoomal (independent member)	5/5

*Commissioners' terms of office ended on 3 December 2012.

**Commissioner's term of office commenced on 15 January 2013.

***Commissioner appointed to Committee in January 2013.

#Commissioner was due to join one meeting by telephone but IT problems meant that this was not possible.

Remuneration Committee meetings

These attendance figures are for Remuneration Committee meetings from 1 April 2012 to 31 March 2013. During 2012/13 the committee met once.

Name	Meetings attended
Jean Irvine*	1/1
Helen Murlis (independent member)	1/1
Trevor Phillips , Chair (up to 10 September 2012)	0/1
Margaret Prosser*	1/1

*Commissioners' terms of office ended on 3 December 2012.

Statutory committees

Mike Smith chaired the Disability Committee until the end of his term of office in December 2012; he attended all of the five meetings held during 2012.

Chris Holmes chaired the Disability Committee from his appointment in January 2013; he attended the one meeting held during 2013.

Kaliani Lyle chairs the Scotland Committee; she attended all of the six meetings held during 2012/13.

Ann Beynon chairs the Wales Committee; she attended all of the five meetings held during 2012/13.

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.

At the end of 2012/13, the Commission's internal auditor began a review of the resource and performance reporting received by the Board. The findings of the review and its recommendations will be used to refine the reporting to the Board, with a view to increasing the quality and usefulness of the information received.

In 2012/13 the Commission operated in a manner consistent with the Framework Document and the procurement delegation agreed between the Commission and the Home Office (our sponsor department at the beginning of the period), and the requirements of the HM Treasury guidance contained in *Managing Public Money*. The Framework Document set out accountabilities and responsibilities and the financial delegations given to me as the Accounting Officer of the Commission.

During 2012/13 the Commission and its sponsor team moved from the Home Office to the Department for Culture Media and Sport (DCMS). Since the transfer, we have engaged in dialogue with DCMS and agreed a new Framework Document. During 2012/13 we continued to operate under the provisions of the document in place at 1 April 2012. A revised Framework Document between the Commission and DCMS has been agreed and is effective from 1 April 2013. A copy of the Framework Document is available at www.equalityhumanrights.com/about-us/vision-and-mission/#framework

As Accounting Officer, I have put into place a clear system and hierarchy of corporate financial delegations for budget holders and managers which underpins 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 are subject to regular review. Compliance with the procurement policy is monitored by the Head of Procurement, who is a professionally qualified specialist.

Internal audit

The Audit and Risk 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 Committee on the results of its work, recommending improvements as appropriate.

The internal auditor considered the control weaknesses identified in its reports – none of which were considered to be fundamental – and the progress made by the Commission in developing the organisation's risk and control framework during the year. The internal auditor commented on the continued development of the Commission's control framework and considered that progress has been made in addressing historical control issues. The auditor reviewed the systems for key financial controls, change-programme risk management,

procurement and legal and strategic grants, and the audit assessment of each of these areas was substantial assurance.

The internal auditor also reviewed the systems and controls for information assurance. It found that there were control weaknesses needing management attention, and gave a limited assurance opinion. The Commission has an action plan in place to address the control weaknesses identified and to mitigate risk. The action plans are reviewed regularly by the Senior Management Team and progress is reported at each meeting of the Audit and Risk Committee.

Risk management

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

The Commission continually seeks to develop and improve risk management. In 2012/13 a review of the risk management process was undertaken. The review drew on best practice from the Commission's then sponsor department, the Home Office. A new format risk register was put in place, supported by a risk management policy and associated guidance. During 2012/13 the Commission started a training programme to educate staff in risk management procedures and techniques. The training is run by Commission staff and the internal auditor. The risk management policy and guidance are available on the Commission's intranet.

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 Committee at each meeting. A black/red/amber/green rating system is used to assess the status of each risk.

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 'top 10' operational risks are included in a significant operational risks register, which is reviewed by the Senior Management Team and by the Audit and Risk Committee.

The Commission's internal auditor regularly reviews and reports on risk management processes to provide assurance that these are operating effectively.

As at 31 March 2013, the strategic risk register contained four risks:

- the lack of independence required to maintain National Human Rights Institution (NHRI) 'A status' and to deliver the Commission's legal duties;
- the Commission ceasing to be seen as independent, authoritative and professional;
- the impact of the Commission's change programme; and
- funding restrictions in 2014/15 and beyond.

Information management

Corporate security and the protection of assets holding sensitive information continue to be a priority. The Commission had previously implemented a programme of work to improve security-management processes in line with the Security Policy Framework and the UK Government Information Assurance Maturity Model. Security policies are in place and continue to be developed and refined, and training has been provided for all staff.

During 2012/13 there were no information security incidents reported to the Government.

Review of effectiveness

As Accounting Officer, I am responsible 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 concluded that, based on the work completed in the internal audit plan, the Commission has adequate and effective systems over governance, risk and control which provide reasonable assurance regarding the effective and efficient achievement of its objectives.

the consequences of non-compliance. This work will ensure that the Commission has a fully effective system of internal control.

Mark Hammond
Accounting Officer
4 July 2013

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 Committee. In my opinion and with due regard to the evidence and advice at my disposal, I am able to provide 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. While risks are generally well managed, 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 the work begun previously to address any remaining non-compliance with regard to financial and administrative controls reported in the past. I will continue to be clear and unequivocal in my expectations that staff will comply with the financial procedures laid down and

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 2013 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 2013 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 Management Commentary 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.

Amyas C E Morse

5 July 2013

Comptroller and Auditor General

National Audit Office

157–197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Statement of comprehensive net expenditure for the year ended 31 March 2013

	Note	2012/13 £'000	2011/12 £'000
Expenditure			
Staff costs	3b & e	15,269	21,830
Staff exit scheme packages	3c	1,384	2,894
Early retirement and severance costs	12	95	84
		16,748	24,808
Depreciation and amortisation	4	185	2,098
Other expenditure	4	7,820	16,250
Loss on disposal of property, plant and equipment	4	3	1
Impairment of non-current assets	4	17	-
		7,840	16,251
Total expenditure		24,773	43,157
Income			
Income from activities	5	(65)	(208)
Other income – Access to Work	1m	(146)	(215)
Total income		(211)	(423)
Net expenditure		24,562	42,734
Interest cost on pension scheme liabilities	13	67	75
Net expenditure after interest		24,629	42,809
Other comprehensive expenditure			
Actuarial loss on pensions provision	13	72	81
Net gain on revaluation of property, plant and equipment	6	(45)	(20)
Total comprehensive expenditure for the year		24,656*	42,870*

The notes on pages 65 to 89 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 2013

	Note	31 March 2013 £'000	31 March 2012 £'000
Non-current assets			
Property, plant and equipment	6	1,767	1,404
Intangible assets	7	16	41
Total non-current assets		1,783	1,445
Current assets			
Trade and other receivables	9a	268	964
Cash and cash equivalents	10	2,623	1,063
Total current assets		2,891	2,027
Total assets		4,674	3,472
Current liabilities			
Trade and other payables	11a	(4,878)	(8,075)
Provisions	12	(692)	(2,639)
Total current liabilities		(5,570)	(10,714)
Total assets less current liabilities		(896)	(7,242)
Non-current liabilities			
Provisions	12	(519)	(694)
Pension liabilities	13	(1,442)	(1,470)
Trade and other payables	11a	(284)	(60)
Total non-current liabilities		(2,245)	(2,224)
Assets less liabilities		(3,141)	(9,466)
Taxpayers' equity			
Revaluation reserve		240	195
General reserve		(3,381)	(9,661)
		(3,141)	(9,466)

The notes on pages 65 to 89 form part of these accounts.

The financial statements on pages 59 to 64 were approved by the Commission's Board on 4 July 2013, and were signed on its behalf by:

Mark Hammond, Chief Executive
4 July 2013

Statement of cash flows for the year ended 31 March 2013

	Note	2012/13 £'000	2011/12 £'000
Cash flows from operating activities			
Net expenditure after interest		(24,629)	(42,809)
Decrease in trade and other receivables	9a	696	500
Decrease in trade and other payables	11a	(2,973)	1,496
Less movement in payables relating to items not passing through statement of comprehensive net expenditure	15b	(16)	-
Depreciation, amortisation and impairment	4	202	2,098
Loss on disposal of property, plant and equipment	4	3	-
Increase in provisions	12	371	2,334
Use of provisions	12	(1,759)	(2,162)
Provisions not required/written back	12	(734)	(431)
Difference between movement on pension liabilities and amounts recognised in statement of comprehensive net expenditure	13	(100)	(55)
Net cash outflow from operating activities		(28,939)	(39,029)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(470)	(1,370)
Purchase of intangible assets	7	(11)	-
Net cash outflow from investing activities		(481)	(1,370)

Statement of cash flows for the year ended 31 March 2013 (continued)

	Note	2012/13 £'000	2011/12 £'000
Cash flows from financing activities			
Grant-in-aid received from sponsor department		30,981	35,975
Payments in respect of finance leases		(1)	-
		30,980	35,975
Net increase/(decrease) in cash and cash equivalents in the year		1,560	(4,424)
Cash and cash equivalents at the beginning of the financial year	10	1,063	5,487
Cash and cash equivalents at the end of the financial year	10	2,623	1,063

The notes on pages 65 to 89 form part of these accounts.

Statement of changes in taxpayers' equity for the year ended 31 March 2013

2011/12	Note	Revaluation reserve £'000	General reserve £'000	Total £'000
Balance at 31 March 2011		175	(2,746)	(2,571)
Changes in taxpayers' equity 2011/12				
Net expenditure after interest for the year		-	(42,809)	(42,809)
Net expenditure recognised directly in equity for the year:				
– Actuarial loss	13	-	(81)	(81)
– Revaluation of property, plant and equipment	6	20	-	20
Total recognised income and expense for the year		20	(42,890)	(42,870)
Grant-in-aid received from sponsor department		-	35,975	35,975
Balance at 31 March 2012		195	(9,661)	(9,466)

Statement of changes in taxpayers' equity for the year ended 31 March 2013 (continued)

2012/13	Note	Revaluation reserve £'000	General reserve £'000	Total £'000
Balance at 31 March 2012		195	(9,661)	(9,466)
Changes in taxpayers' equity 2012/13				
Net expenditure after interest for the year		-	(24,629)	(24,629)
Net expenditure recognised directly in equity for the year:				
– Actuarial loss	13	-	(72)	(72)
– Change to revaluation reserve	6	45	-	45
Total recognised income and expense for the year		45	(24,701)	(24,656)
Grant-in-aid received from sponsor department		-	30,981	30,981
Balance at 31 March 2013		240	(3,381)	(3,141)

The notes on pages 65 to 89 form part of these accounts.

Notes to the financial statements for the year ended 31 March 2013

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 2012/13 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.

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

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 2014, 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.

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, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities in the next financial year:

- 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 10 and note 13).

Changes in accounting estimates

There has been a change in accounting estimate with regard to depreciation for fit-out costs in relation to the Commission premises in Cardiff. This recalculation of depreciation is a consequence of the Commission not exercising its option to terminate the lease at the break point as was anticipated at 31 March 2012.

There has also been a change in accounting estimate with regard to the useful lives of property, plant and equipment for depreciation calculations. This is because the Commission still has in use assets that are fully written down. The life of office furniture has been increased from four years to 15 years. The life of ICT and telephony hardware has been increased from four years to between five and seven years. A new class of assets for assistive equipment has been introduced, with a life of four years.

There has also been a change in accounting estimate with regard to the useful lives of intangible assets for amortisation calculations. This is because the Commission still has in use assets that are fully written down. The life of intangible assets has been increased from four years to seven years.

It is impracticable to state the impact of these changes on future accounting periods.

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.

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 life of the lease
Office furniture	15 years
ICT and telephony hardware	Five to seven years
Assistive equipment*	Four years

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

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

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.

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 as follows :

Software costs	Five to seven years
----------------	---------------------

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 appropriate HM Treasury real discount rate. Where the provision relates to voluntary early retirement under pension scheme rules (see note 12), then the provision will be discounted at the pensions rate as published by HM Treasury and not the HM Treasury real discount rate. The pensions rate for 2012/13 is 2.35 per cent (2.8 per cent in 2011/12).

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 Jobcentre Plus, 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 Jobcentre Plus reimbursing an agreed proportion of the cost up to 100 per cent. The reimbursement is treated as income.

1n. Analysis of employees

The analysis of employees at note 3a reports the number of full-time equivalent (FTE) members of staff and is made on the following basis:

Staff with a permanent (UK) employment contract	Staff who are directly employed by the Commission
Agency staff	Contracted staff employed on a short-term basis
Seconded staff	Staff who have been seconded into or out of the Commission

1o. 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 (broadly 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 broadly by analogy pension liability.

1p. 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.

1q. 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.

1r. Grants

Section 17 of the Equality Act 2006 empowers the Commission to award grant funding. The Commission funds organisations working in the voluntary sector which are legally constituted to work in one or more of the equality mandate areas and which have a strong direct link to their beneficiaries – either individuals or communities.

Grant payments are recognised on an accruals basis in the period to which they relate.

The Commission's grant programme ended in 2012/13.

1s. Segmental reporting

The 2012/13 FReM requires all reporting entities to apply IFRS 8, Operating Segments, in full. Since segmental information for total assets and liabilities are not regularly reported to the chief operating decision-maker and in compliance with the FReM, they have not been produced in the accounts.

1t. 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 2013 there were no new standards issued for 2012/13 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 2012/13 is by directorate, with six directorates and a Commissioners' Office. Segmental results are shown below:

Segmental information for total assets and liabilities are not regularly reported

to the chief operating decision-maker, and have not therefore been produced in the accounts (see accounting policy 1s). During 2012/13 responsibility for some areas of work transferred between directorates. The 2011/12 figures have been restated to reflect this change.

Analysis of net expenditure by segment

Directorate	2012/13			2011/12		
	Income £'000	Expenditure £'000	Total £'000	Restated income £'000	Restated expenditure £'000	Restated total £'000
Chief Executive and Commissioners' Office	-	351	351	-	1,260	1,260
Intelligence and Engagement	(4)	3,230	3,226	-	5,368	5,368
Corporate Management and Grants Unit	(150)	12,971	12,821	(240)	22,989	22,749
Legal	(46)	2,124	2,078	(45)	4,618	4,573
Scotland		939	939	(137)	1,594	1,457
Policy and Regulation	(1)	4,238	4,237	(1)	6,155	6,154
Wales	(10)	987	977	-	1,248	1,248
Net expenditure after interest	(211)	24,840	24,629	(423)	43,232	42,809

3. Staff numbers and related costs

3a. Staff numbers

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

	2012/13	2011/12
Staff with a (UK) employment contract	247	372
Other		
Seconded staff (net of inward and outward secondments)	(1)	(1)
Agency staff	12	21
Total	258	392

3b. Staff costs

	2012/13 £'000	2011/12 £'000
Staff with a (UK) employment contract		
Wages and salaries	9,878	13,649
Social security costs	898	1,274
Other pension costs	1,962	2,709
Other		
Seconded staff (net of inward and outward secondments)	(73)	(70)
Agency staff	2,226	3,764
Total	14,891	21,326

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 it is subject to UK taxation.

Pension arrangements

The 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 2007. There are details in the resource accounts of the Cabinet Office:

Civil Superannuation at www.civilservice.gov.uk/pensions/governance-and-rules/resource-accounts

For 2012/13, employers' contributions of £1,964,791 were payable to the PCSPS (£2,686,437 in 2011/12) at one of four rates in the range 16.7 per cent to 24.3 per cent of pensionable pay, 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 2012/13 to be paid when the member retires, and not the benefits paid during the year to existing pensioners.

New employees automatically join the PCSPS nuvos scheme (a defined-benefit pension scheme), or can opt to open a partnership pension account, which is a stakeholder pension with an employer contribution. Employers' contributions of £4,255 (£4,896 in 2011/12) 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 £290 (£488 in 2011/12) – 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 balance sheet date were £nil (£409 in 2011/12). Contributions prepaid at that date were £nil (also £nil in 2011/12).

Total employers' contributions payable to pension scheme providers were £1,969,336. 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.

One individual retired early on ill-health grounds (none in 2011/12); the total additional accrued pension liabilities in the year amounted to £nil (also £nil in 2011/12).

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 2012/13.

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	2 (6)	2 (6)
£10,000–£25,000	20 (38)	20 (38)
£25,000–£50,000	18 (25)	18 (25)
£50,000–£100,000	5 (13)	5 (13)
£100,000–£150,000	1 (2)	1 (2)
Total number of exit packages by type	46 (84)	46 (84)
Total resource cost (£'000)	1,374 (2,848)	1,374 (2,848)

Figures for 2011/12 are shown in brackets.

The £1,384,000 (£2,894,000 in 2011/12) recognised in the statement of comprehensive net expenditure comprises £1,374,000 (£2,848,000 in 2011/12) for exit costs; £109,000 (£11,000 in 2011/12) for other costs in support of the scheme; £18,000 (£35,000 in 2011/12) for employee legal costs; and a credit of £117,000 (£nil in 2011/12) relating to the prior year scheme.

3d. Commissioner numbers

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

	2012/13	2011/12
Commissioners	10	14

3e. Commissioners' costs

	2012/13 £'000	2011/12 £'000
Commissioners' fees	273	366
Commissioners' social security costs	26	36
Past Chair pension costs	10	22
Statutory committee fees	69	79
Statutory committee social security costs	-	1
Total	378	504

4. Other expenditure

	Note	2012/13 £'000	2011/12 £'000
Running costs			
Staff support, recruitment and training		357	627
Staff and Commissioners' travel and subsistence		458	505
Rentals under operating leases for equipment		32	36
Rentals under operating leases for premises		1,717	1,674
Premises costs (non-lease)		961	2,467
Support and office services		433	503
IT and telecommunications cost		766	898
Access to Work		114	181
Auditors remuneration		82	90
Programme			
Helpline and advisory services		46	50
Legal and mediation services		512	1,678
Grants given		1,405	5,683
Publication and information		416	1,099
Research and policy development		521	759
Total other operating expenditure		7,820	16,250
Non-cash items			
Depreciation of property, plant and equipment	6	149	1,916
Amortisation of intangible assets	7	36	182
Loss on impairment of non-current assets	6	17	-
Loss on disposal of property, plant and equipment		3	1
Total other expenditure		8,025	18,349

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

5. Income from activities

	2012/13 £'000	2011/12 £'000
Other government grants	10	181
Miscellaneous income	55	27
Total	65	208

6. Property, plant and equipment

2012/13	Fixtures and fittings £'000	IT and telecomms equipment £'000	Furniture £'000	Total £'000
Costs or valuation				
At 1 April 2012	5,332	2,313	1,096	8,741
Additions in the year	429	28	30	487
Disposals	(2,720)	(214)	(460)	(3,394)
Impairment	-	-	(17)	(17)
Revaluations	82	-	-	82
At 31 March 2013	3,123	2,127	649	5,899
Depreciation				
At 1 April 2012	3,953	2,292	1,092	7,337
Depreciation for the year	131	16	2	149
Disposals	(2,720)	(214)	(457)	(3,391)
Revaluations	37	-	-	37
At 31 March 2013	1,401	2,094	637	4,132
Net book value				
At 31 March 2013	1,722	33	12	1,767

2011/12	Fixtures and fittings £'000	IT and telecomms equipment £'000	Furniture £'000	Total £'000
Cost or valuation				
At 1 April 2011	3,886	2,313	1,093	7,292
Additions in the year	1,367	-	3	1,370
Revaluations	79	-	-	79
At 31 March 2012	5,332	2,313	1,096	8,741
Depreciation				
At 1 April 2011	2,138	2,159	1,065	5,362
Depreciation for the year	1,756	133	27	1,916
Revaluations	59	-	-	59
At 31 March 2012	3,953	2,292	1,092	7,337
Net book value				
At 31 March 2012	1,379	21	4	1,404
At 31 March 2011	1,748	154	28	1,930

7. Intangible assets

2012/13	Software licences £'000
Cost or valuation	
At 1 April 2012	1,866
Additions	11
Disposals	(65)
At 31 March 2013	1,812
Amortisation	
At 1 April 2012	1,825
Charged in the year	36
Disposals	(65)
At 31 March 2013	1,796
Net book value	
At 31 March 2013	16

2011/12	Software licences £'000
Cost or valuation	
At 1 April 2011	1,866
At 31 March 2012	1,866
Amortisation	
At 1 April 2011	1,643
Charged in the year	182
At 31 March 2012	1,825
Net book value	
At 31 March 2012	41
At 31 March 2011	223

8. Financial instruments

As the cash requirements of the Commission are met through grant-in-aid provided 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 here.

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. However, the majority of those financial assets that are receivable are provided by other forms of grant income received from other public sector organisations. The Commission is not, therefore, exposed to significant credit risk.

9a. Trade and other receivables

	31 March 2013 £'000	31 March 2012 £'000
Amounts falling due within one year:		
Trade receivables	28	88
Prepayments and accrued income	191	800
Other receivables:		
– Access to work	35	59
– Other	14	17
Total	268	964

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

	31 March 2013 £'000	31 March 2012 £'000
Amounts falling due within one year:		
Balances with:		
Other central government bodies	52	142
Local authorities	46	288
Balances with bodies external to government	170	534
Total	268	964

10. Cash and cash equivalents

	31 March 2013 £'000	31 March 2012 £'000
At 1 April	1,063	5,487
Net change in cash and cash equivalent balances	1,560	(4,424)
Balance at 31 March	2,623	1,063
The balances at 31 March were held at:		
Government Banking Service	2,623	1,063

11a. Trade payables and other current liabilities

	31 March 2013 £'000	31 March 2012 £'000
Amounts falling due within one year:		
Trade payables	317	257
Other payables	334	475
VAT	5	4
Other taxes and social security	225	385
Accruals	3,997	6,954
Total	4,878	8,075

	31 March 2013 £'000	31 March 2012 £'000
Amounts falling due after more than one year:		
Amounts due under finance lease	13	-
Premises rent free period	271	60
Total	284	60

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

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

	31 March 2013 £'000	31 March 2012 £'000
Amounts falling due within one year:		
Balances with:		
Other central government bodies	2,499	1,908
Balances with bodies external to government	2,379	6,167
Total	4,878	8,075

12. Provisions

2012/13	Early retirement £'000	Dilapidations £'000	Other £'000	Property disposal £'000	Total £'000
Balance at 1 April 2012	999	607	1,659	68	3,333
Provided in year	56	-	292	-	348
Utilised in year	(305)	(295)	(1,091)	(68)	(1,759)
Provisions not required/written back	-	(312)	(422)	-	(734)
Unwinding of discount	23	-	-	-	23
Balance at 31 March 2013	773	-	438	-	1,211
Disclosed within non-current liabilities	519	-	-	-	519
Disclosed within current liabilities	254	-	438	-	692
Total	773	-	438	-	1,211

Analysis of expected timing of discounted flows:

	Early retirement £'000	Dilapidations £'000	Other £'000	Property disposal £'000	Total £'000
Not later than one year	254	-	438	-	692
Later than one year and not later than five years	519	-	-	-	519
Total	773	-	438	-	1,211

2011/12	Early retirement £'000	Dilapidations £'000	Other £'000	Property disposal £'000	Total £'000
Balance at 1 April 2012	1,243	-	597	1,752	3,592
Provided in year	46	607	1,525	68	2,246
Utilised in year	(318)	-	(168)	(1,676)	(2,162)
Provisions not required/written back	-	-	(295)	(136)	(431)
Unwinding of discount	28	-	-	60	88
Balance at 31 March 2012	999	607	1,659	68	3,333
Disclosed within non-current liabilities	694	-	-	-	694
Disclosed within current liabilities	305	607	1,659	68	2,639
Total	999	607	1,659	68	3,333

Early retirement

The Commission meets the additional cost of benefits beyond the normal PCSPS entitlement in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and the retirement date. A provision has been made that represents the total future liabilities to the former employees.

The sum of £95,000 (£84,000 in 2011/12) declared in the statement of comprehensive net expenditure for early retirement and severance costs is made up of £23,000 (£28,000 in 2011/12) for unwinding of discount; £57,000 (£46,000 in 2011/12) that covers the increase in pensions in payment; and £15,000 (£10,000 in 2011/12) that represents the difference between actual sums paid and the 2011/12 provision release.

Legal

Provision has been made for £438,000 (£557,000 in 2011/12) arising from future liabilities associated with litigation that the Commission has ongoing at 31 March 2013. 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 2013	31 March 2012	31 March 2011
Rate of inflation – Consumer Price Inflation (CPI)	1.70%	2.00%	2.65%
Rate of increase in salaries	3.95%	4.25%	4.90%
Rate of increase for pensions in payment and deferred pensions	1.70%	2.00%	2.65%
Rate used to discount scheme liabilities	4.10%	4.85%	5.60%

	31 March 2013 £'000	31 March 2012 £'000	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
The liabilities associated with ex-Chairs holding broadly by analogy pensions are as follows:					
Active member (past service)	-	354	295	326	238
Deferred pensioners	89	80	154	169	120
Current pensioners	1,353	1,036	995	1,129	950
Net present value of scheme liabilities	1,442	1,470	1,444	1,624	1,308

	2013 £'000	2012 £'000
The movement on the provision during the year is as follows:		
Balance at 1 April	1,470	1,444
Current service cost	12	27
Employee contributions	3	3
Interest cost on scheme liabilities	67	75
Total actuarial (gains)/losses	72	81
Transfer value	-	(81)
Less benefits paid	(182)	(79)
Present value of scheme liabilities	1,442	1,470
The amounts recognised in the statement of comprehensive net expenditure are as follows:		
Current service cost	12	27
Interest cost on scheme liabilities	67	75
	79	102
Actuarial (gains)/losses recognised directly in taxpayers' equity	72	81
Cumulative actuarial losses recognised directly in the statement of changes in taxpayers' equity	519	447

	31 March 2013 £'000	31 March 2012 £'000	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
History of experience losses/(gains)					
Experience loss/(gain) arising on the scheme liabilities	56	63	18	(63)	280
Percentage of scheme liabilities at the year end	3.9%	4.3%	1.3%	-4.1%	21.4%

The last actuarial valuation of the scheme took place on 16 May 2013. Changes in the demographic and financial assumptions underlying the valuation of the scheme have resulted in a loss to the scheme of £16,000 (an £18,000 loss in 2012) or 1.1 per cent (1.2 per cent in 2012) 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 £56,000 (a £63,000 loss in 2012) or 3.9 per cent (4.3 per cent in 2012) of the statement of financial position valuation of the scheme liabilities. The total actuarial loss was £72,000 (an £81,000 loss in 2012) or 5 per cent (5.5 per cent in 2012) of the statement of financial position valuation of the scheme liabilities.

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

Life expectancy at retirement	Exact Age	31 March 2013		31 March 2012	
		Men Years	Women Years	Men Years	Women Years
Current pensioners	60	28.6	30.7	29.0	32.4
Current pensioners	65	23.9	25.8	24.0	27.3
Future pensioners*	60	31.1	33.0	31.5	35.0
Future pensioners*	65	26.7	28.5	26.9	30.4

*Illustrative life expectancies for future pensioners as at 31 March 2012 and 31 March 2013 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 2013/14 reporting period will be £96,000.

14. Capital commitments

Contracted capital commitments at 31 March 2013, not otherwise included in these financial statements, were as follows:

	31 March 2013 £'000	31 March 2012 £'000
Property, plant and equipment	-	33
Total	-	33

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:

	31 March 2013 £'000	31 March 2012 £'000
Obligations under operating leases comprise:		
Buildings:		
Not later than one year	876	1,673
Later than one year and not later than five years	1,640	1,042
	2,516	2,715
Other:		
Not later than one year	4	24
	2,520	2,739

15b. Commitments under finance leases

	31 March 2013 £'000	31 March 2012 £'000
Obligations under finance leases comprise:		
Equipment:		
Not later than one year	3	-
Later than one year and not later than five years	11	-
Later than five years	2	-
	16	-

16. Contingent liabilities

Legal costs and recoveries relating to supported cases in progress as at 31 March 2013 are not treated as a contingent liability but as an ongoing expense.

A contingent liability exists regarding pension provision for the Chair of a legacy commission. If the Commission does have a liability the financial impact will be low, as the term of office giving rise to the liability was 11 months.

A contingent liability exists regarding pension provision for the Deputy Chairs of a legacy commission. The likelihood of a liability existing is considered to be low.

17. Contingent assets

Legal & General are currently holding funds relating to the winding up of the Commission for Racial Equality Pension and Life Assurance Scheme in 2005, pending the finalisation of a data-cleansing exercise that has the potential to affect the number of people assessed as being members of the scheme. Once this exercise is completed, it is likely that some funds will be returned to the public purse, but the amount and date of this are uncertain.

18. Related party transactions

The Commission is a non-departmental public body that was under the sponsorship of the Home Office until 4 September 2012, when sponsorship passed to DCMS. The Home Office and DCMS are regarded as related parties. During the year, the Commission received £30,981,000 of grant-in-aid from the sponsor departments, of which £30,500,000 was revenue and £481 capital (£35,975,000 in 2011/12, of which £34,527,000 was revenue and £1,448,000 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 members' interests, which is available at www.equalityhumanrights.com/about-us/the-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 Culture, Media and Sport. 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 the date on which the accounts are certified by the Comptroller and Auditor General.



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