
Government Equalities Office

Resource Accounts 2009-10

Presented to the House of Commons pursuant to the Government Resources and Accounts Act 2000 s.6(4).

Government Equalities Office

Resource Accounts 2009-10 (For the year ended 31 March 2010)

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Management Commentary

1: Introduction



This is GEO's third Resource Accounts, and I am again pleased that NAO have agreed the accounts. I should like to thank the Office for all their help and support over the last year.

As this report shows, 2009/10 was a year of considerable achievement. In particular, we introduced on schedule a major new Equality Bill, streamlining 30 years of previous legislation and strengthening it in important respects. Passage of the Bill was a major task over the last 12 months, and I am pleased to say the Equality Act received Royal

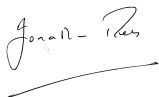
Assent on 8 April 2010.

In addition, we made good progress on our programmes to open up opportunities in public and political life with fairer representation of different groups, to create a fair and flexible labour market for all, and to promote freedom from violence, with the first ever cross-Government Violence against Women and Girls Strategy. We also promoted equality internationally, with the UK for instance co-hosting with Spain the largest ever women Ministers summit.

GEO also devoted considerable time in the last year to helping the Equality and Human Rights Commission, in the light of weaknesses identified in its internal controls, and other problems it faced. The EHRC was set up by Parliament with a high degree of independence but since it takes 75% of GEO's budget we are naturally keen to help it succeed. To this end in 2009/10, we appointed 9 new Board members to strengthen its board, agreed a new Framework Agreement to clarify responsibilities, and a new Financial Improvement Plan.

Looking forward, the new Government has made clear its commitment to concerted action to tear down barriers to social mobility and equal opportunities in Britain. It has set out a clear cross Government work programme on equal pay and flexible working, on representation, on implementing the Equality Act, and in June published the first ever cross-government programme of work to tackle prejudice against lesbian, gay, bisexual and transgender people. GEO looks forward to supporting Theresa May, Lynne Featherstone and their colleagues to deliver these and other objectives to build a fairer society.

Finally I should like to thank all staff in GEO, WNC and Treasury Solicitors for their commitment, hard work, and record of achievement.



Jonathan Rees

2: Who we are and what we do

GEO Overview

GEO is a small policy department employing 130 staff. It has responsibility within Government for equality strategy and legislation and takes the lead on issues relating to women, sexual orientation and transgender equality matters.

Our Business Plan

Our Business Plan for 2010-11, published in March 2010, set out our plans for the forthcoming year. Following the Election, the new Coalition set out its priorities for equalities in its programme for government published in May 2010. A new Structural Reform Plan is due to be published in July 2010 setting out the new Government's plans in more detail.

Our Ministers

For the year ahead, GEO will be reporting to two Ministers:



Rt Hon Theresa May MP (Conservative)

- Minister for Women and Equalities and Home Secretary



Lynne Featherstone MP (Liberal Democrat)

- Minister for Equalities and Criminal Information

The following Ministers were responsible for the department during 2009-10:

Rt Hon Harriet Harman QC MP

- Leader of the House of Commons, Lord Privy Seal and Minister for Women and Equality – Cabinet Minister for Equality

Vera Baird QC MP

- Solicitor-General – leading on the Equality Bill

Maria Eagle MP

- Minister of State at the GEO and at the Ministry of Justice – sponsor Minister for the Equality and Human Rights Commission (EHRC)

Michael Foster DL MP

- Parliamentary Secretary

Our Departmental Board

Board

The Departmental Board leads the work of the GEO. The Board sets the overall strategic direction of the department and provide guidance on major operational and management issues, and is comprised of seven members of the Senior Civil Service working in GEO and three appointed non-executive directors.

Unlike larger departments, GEO does not have an Investment Board because it does not have departmental programmes and major projects on the scale that would justify such a Board.

Audit and Risk Committee

The Audit and Risk Committee is a standing committee of the main Board. Its role is to assess the adequacy of the Department's risk management and audit arrangements. The Committee's remit includes the two non-departmental public bodies (NDPBs) sponsored by the GEO. It is chaired by Peter Bungard, a Non-Executive Director of the main Board. Meetings are attended by the Director General, Director of Corporate Services, Internal Audit, and representatives of the National Audit Office (NAO) who attend in an *ex officio* capacity. Decisions made by the Audit and Risk Committee are reported back to the main Board for approval.

Board interests

The GEO Board is asked annually to declare any company directorships or other significant interests. None have been declared in 2009-10.

Board Members and Responsibilities



Jonathan Rees
Director General

- Accounting Officer
- Overall responsibility for the management of GEO, including GEO staff in Private Office and supporting WNC
- Chair of Departmental Board



Janice Shersby

Director

- Deputy Head of GEO
- Policy Director
- GEO Better Regulation champion



Chris Bull

Director, Corporate Services

- Finance, Human Resources, Working Environment
- Sponsorship of EHRC
- Corporate secretariat, Correspondence, Freedom of Information



Alison Pritchard

Head of Strategy

- Cross-cutting equality policy and strategy
- International Strategy & Equal Treatment EU Directive
- Better Regulation
- Voluntary Sector and Big Society
- Mainstreaming Equality
- Equality in Procurement



Helene Reardon-Bond OBE

Deputy Director, Gender Equality Policy and Inclusion

- Opening up opportunities in public and political life
- Promoting physical safety and freedom from violence
- Sponsorship of the WNC
- Delivery of UK and international/EU gender equality commitments

Melanie Field

Deputy Director, Discrimination Law

- Modernising, streamlining and strengthening the legislative framework
- Equality Act



Helen Carrier

Chief Economist and Deputy Director, Evidence and Equality at Work

- Improving equality at work and economic participation for all
- Improving life chances and public services (National Equality Panel)
- Chief economist

Non-Executive Directors



Janet Soo-Chung CBE

Consultant at NHS North West Leadership Academy



Judy McKnight CBE

Former General Secretary, Napo (Trade Union and Professional Association)



Peter Bungard

Chief Executive, Gloucestershire County Council
Chair, GEO audit and risk committee

3: Progress Towards GEO's Priorities

GEO's vision is a fair and equal society for all. Our overall aim is to improve equality and reduce discrimination and disadvantage. We set out below some of the key policy highlights in 2009/10.

Equality Act

- From April 2009, when the Equality Bill was introduced into Parliament, the Bill had a relatively smooth and successful passage through both Houses, reaching its final stage on 6 April 2010 and received Royal Assent on 8 April 2010. The Act simplifies and harmonises existing laws and introduces a range of new measures which will strengthen protection and support the drive towards a more equal society.
- The government policy statement on the shape of the new Equality Duty was published.
- The government policy statement on ending age discrimination in services and public functions was published.
- Through the Office for National Statistics, we have ensured that the Integrated Household Survey contains a question on sexual orientation which will help us to better understand issues experienced by the LGB population.
- In March 2010 we commissioned the National Institute of Economic and Social Research (NIESR) to undertake independent research into caste prejudice and discrimination to inform and shape our future thinking on caste discrimination.

A fair and flexible labour market

- "Working towards equality: A framework for action" was published in February 2010. This includes a response to July 2009 Women and Work Commission (WWC) recommendations.
- The right to request flexible working was extended and an awareness campaign was launched.
- New flexibility for working parents over maternity and paternity leave and pay was announced.
- We supported the TUC evaluation of the impact of union equality representatives.
- The development of the first ever National Equality Framework for Business (NEFB) was announced.
- In March 2010 we commissioned a report to identify ways in which Government can support employers in developing LGB and T friendly workplaces.
- We published influential research into perceptions of discrimination, diversity on private and public sector boards, and the causes of the gender pay gap.

Opening up opportunities in public and political life

- New targets to increase the diversity in public appointments were announced. A mentoring scheme and ambassadors for Public Appointments Network were launched.
- The BAME councillors' shadowing scheme was launched.
- GEO led the response to the Speaker's Conference report on increasing diversity of MPs.
- GEO represented the UK on the Council Of Europe Experts Group on Sexual Orientation and Gender Identity.

- We commissioned research from the Office for Public Management to better understand the barriers faced by lesbian, gay, bisexual and transgender people from participating in public and political life.

Improving life chances and public services

- The Cross-Government Equality Task Group on equality duty compliance was convened.
- The Government Digest of Best Practice compliance with Public Sector equality duties was published.
- The Equality in Procurement Trailblazers Group was established.
- Women in Focus workshops on women offenders were held.

Promoting physical safety and freedom from violence

- The first ever Violence against Women and Girls (VAWG) strategy was published.
- A £2.25 million fund for the sexual violence voluntary sector, with Office for Criminal Justice Reform (OCJR) was set up.
- “The Stern Review” into how rape complaints are handled by public authorities in England and Wales was published.
- A government action plan to meet the challenges of dealing with Hate Crime was published.

4: Progress on Additional Key Areas

This section reports on the important work we are doing on building our evidence base, working internationally and engaging widely.

Improving Evidence Base

Our strategic goal is to produce cutting-edge research across the full range of equality issues, as well as to improve the analysis of inequality more broadly.

- In January 2010, we published the report of the National Equality Panel "*An Anatomy of Economic Inequality in the UK*", and the Government response to the Panel's report.
- We updated and deepened the evidence on the drivers of the gender pay gap by commissioning a research project from the University of Manchester. The report provided important evidence for *Working Towards Equality: A Framework for Action*.
- Together with Equality and Human Right Commission and the Department for Work and Pensions, we monitored the impact of the recession on various demographic groups, publishing two reports (June and December 2009).
- We have also commissioned research on concerns and experiences of women and families during the economic downturn.
- In May 2009, we published an independent report by Oxera Consulting Ltd on the use of age-based practices in financial services. This report provided key evidence for the consultation on ending age discrimination in services and public functions that took place between June and September 2009.
- We have commissioned Cranfield School of Management to undertake research on the diversity of private and public sector boards, and what could be done to improve it.

Working Internationally

- In July 2009, we submitted a one year on follow-up report on a small number of recommendations made by the Convention on the Elimination of Discrimination against Women Committee, following the 2008 examination. In May 2009, we submitted the UK progress report on the implementation of the Beijing Declaration and the Platform for Action (BPfA) to the UN Economic Commission for Europe, ahead of the UN Commission on the Status of Women (CSW) annual meeting in New York in February/March 2010, where the main theme was a global review of progress of the BPfA.
- The UK submitted a response to a comprehensive questionnaire in December 2009 to measure progress in delivery of the Commonwealth Gender Plan of Action. The Commonwealth Secretariat reviewed progress and published its report at the triennial Commonwealth Women's Affairs Ministers conference held in June 2010. The UK took an active role in the conference.
- The UK works with the EU Presidencies to advance equality between women and men. Recently this has included organising and co-hosting with the Spanish Presidency the EU Women in Power summit in Cadiz in February 2010. This was the largest meeting with EU women ministers from across a wide range of

portfolios. We also supported the Swedish Presidency in 2009 working on the impact of the financial crisis on women's economic participation.

Engaging widely

- Continued to ensure that the work of GEO is widely understood by our stakeholders and have conducted a perception audit, which we hope to build on, to gauge stakeholder views and to learn how we can improve further.
- Used various opportunities, including consultations, to host successful regional events in order to improve our presence in the regions; for example, we held 8 events attended by approximately 600 people to consult with our partners in the regions, (including Cardiff, Birmingham, Peterborough, Bristol, York, Edinburgh and London) during the Equality Bill consultations; we hosted 10 events attended by over 780 delegates on women offenders around the country (including Leeds, Liverpool, Nottingham, Newcastle, Cambridge and Brighton) to engage with a broad mix of agencies across the criminal justice system; and we held a road show of 16 events attended by over a thousand people (including in Swansea, Glasgow, Leicester, Luton, Bradford and Gloucester) to roll-out the BAME Women Councillor's Taskforce.
- Received positive feedback from the stakeholder audit conducted in 2009; over 70 per cent of the stakeholders that responded rated the GEO as being good or excellent at engaging with them. Top-line results showed that overall, respondents are happy with the way GEO conducts stakeholder engagement. Explored opportunities to link up with Devolved Administrations, including publications like Real Help Now and the Welsh Language Scheme.
- Ensured that our work is accessible to all, including through our website (by conforming to a high level of accessibility and adding new features like the 'read-aloud' function), publications (by offering alternative formats) and events attendance (by meeting the needs of our delegates, including the provisions of translators and using venues that are fully DDA-compliant).
- Hosted a successful one-day stakeholder conference in March 2010, which was attended by approximately 200 of our stakeholders and provided an opportunity to engage with our key partners. It consisted of Ministerial speakers, Q&A sessions, presentations and table discussions.
- In February 2010 we held the first ever LGBT History Month event, jointly with the TUC, focusing on LGB and T equality in the workplace.

5: Managing our Resources

This section sets out how we managed our resources in 2009-10 and what we have done to improve our capacity to deliver. It sets out ways in which we are working to reduce the burden of our policy proposals on businesses and charities, and details ongoing work which seeks to improve the way in which we run our business.

Financial Management

GEO was allocated a budget of £85.8m which was restructured and reduced through discussion with the Treasury to £80.8m during 2009-10. Of this new budget, £61.5m was allocated to the Equality and Human Rights Commission. Of the remaining budget, £9.6 million was allocated to administration costs (mainly salaries and non-pay costs such as accommodation and IT) and £9.7m to GEO programmes. GEO's total expenditure by GEO's business plan activities is shown below:

GEO BUSINESS PLAN PRIORITIES	Programme £k
Modernising Strengthening and streamlining the legislative framework	£229
Improving Equality at Work and economic participation for all	£420
Opening up opportunities in Public and Political Life	£467
Improving life chances and public services	£651
Promoting physical safety and freedom from violence	£1,637
Improving our evidence base	£348
Sponsorship of the EHRC	£55,049
Sponsorship of the WNC	£709
Working Internationally	£142
Administration costs	£9,359
TOTAL	£69,010

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£000s	£000s
	2009-10	2008-9
Net Resource Outturn (Estimates)	£69,010	£69,583
<i>Adjustments to remove:</i>		
Provision voted for earlier years		
<i>Adjustments to additionally include:</i>		
Non-voted expenditure in the OCS		
Consolidated Fund Extra Receipts in the OCS		
Other adjustments		£68
Net Operating Cost (Accounts)	£69,010	£69,651
<i>Adjustments to remove:</i>		
Capital grants to local authorities		
Capital grants financed from the Capital Modernisation Fund		
European Union income and related adjustments		
Voted expenditure outside the budget	-£55,049	-£59,264
<i>Adjustments to additionally include:</i>		
Other Consolidated Fund Extra Receipts		
Resource consumption of non departmental public bodies	£57,495	£59,395
Unallocated resource provision		
Other adjustments		
Resource Budget Outturn (Budget)	£71,456	£69,782
of which		
Departmental Expenditure Limits (DEL)	£71,456	£69,782
Annually Managed Expenditure (AME)		

Administration Budget

GEO administration budget of £9.6m is largely consumed on salaries of £6.5m, legal services from the Treasury Solicitor's Office of £1m and accommodation and IT costs of £0.6m. In line with the Operational Efficiency Programme and to secure efficiencies the GEO buys most of the services we need from other Departments. For example, GEO buys HR systems, internal audit, IT and accounting systems from Communities and Local Government, who also provide our accommodation. We buy in Private Office and Parliamentary support from the Home Office and legal advice from the Treasury Solicitor's Office.

Consultancy Spending

GEO did not use any IT or management consultancy services in 2009-10.

Improving our governance

The Departmental Board steers the GEO's work, providing critical challenge on the major operational and managerial issues brought to it. The Board meets six times a year, and concentrates particularly on the review of GEO performance and finance, as well as examining key equalities policy issues. The minutes of the Board are circulated to all staff and are available on GEO's website.

Pete Bungard chairs the GEO's Audit and Risk Committee, with the other two non-executive members completing the membership. Representatives from the National Audit Office, internal audit and the GEO's corporate services directorate advise the Committee. The Committee provides the GEO Board with assurance and challenge on finance, including the review of draft accounts, and on GEO's management of risk. The Committee, as do the main Board, review the effectiveness of their operations and benchmark against established good practices, using National Audit Office and Treasury guidance.

Other main forums for GEO governance include the Senior Management Team, which meets twice a week to plan and review key operational issues, and the Research Management Board, which examines and approves commissions for research in support of evidence-based policy making.

GEO is scrutinised by the National Audit Office, who provide interim and year-end audits of GEO systems and financial documents. The select committee for Communities and Local Government also reviews GEO's work, and the GEO Autumn Performance Report and Annual Report and Accounts in particular.

Human Resources

Workforce diversity

The GEO is determined to be transparent in accounting for its performance. This is particularly important in our action to address discrimination and promote equality. The GEO will be consulting on its first single equality scheme, as set out in our Business Plan 2010/11. Until then, we set out below the provisional breakdown of our staff according to gender and ethnic origin:

- 130 people work in the GEO of whom 65% are women and 35% men.
- There are 7 senior civil servants in our senior management team.
- The Gender Pay Gap is currently estimated at minus 7.7%, that is, the median pay of women in GEO is higher than the median pay of men.
- 22% of GEO staff are from ethnic minority backgrounds.
- 4% of GEO staff have disclosed a disability.

Improving our capability

GEO has a large programme of work to deliver and therefore requires an able and flexible workforce to ensure key aims and objectives delivery.

Our GEO Learning and Development Strategy highlighted the core skill requirements of the Department and through our Skills Audit carried out in November 2009 we were able to identify the skill needs of our people.

We will be drawing on shared services arrangements agreed with CLG and DWP to provide access to a range of learning opportunities and continue to monitor the skills and diversity of our workforce. We are also working to understand staff issues through workshops and surveys.

During 2010/11, we will:

- Progress actions set out in our Diversity Delivery Plan and regularly review progress.
- Ensure that staff are aware of and undertake learning and development opportunities appropriate to their needs and those of the Department as detailed in our Learning and Development Plan 2010/11.
- Engage with our staff through a detailed staff survey and undertake necessary improvement action.
- Effectively communicate with our staff to ensure they remain informed of business developments.
- Meet regularly and consult with our trade union colleagues on a range of staff issues.

Occupational Health and Safety

GEO does not manage any premises, and relies on the Health and Safety management responsibilities discharged via CLG, for staff based in Eland House, and previously Cabinet Office for the Private and Press Office staff based in Whitehall. Currently, the Private and Press Office are based in the Home Office.

Environmental matters

The GEO is located in Eland House, the headquarters building of CLG. Consequently GEO is covered by CLG's environmental policies. The CLG works to Sustainable Operations on the Government Estate targets covering the following key areas:

- carbon neutrality
- carbon emissions
- energy efficiency
- waste and recycling
- biodiversity and
- water consumption

The Sustainable Development in Government annual report shows that CLG does well against the targets and is second in the departmental "league table".

<http://www.sd-commission.org.uk/publications.php?id=866>

Public Information

GEO's website (www.equalities.gov.uk) conforms to a high level of accessibility and includes new features such as the 'read-aloud' function. We updated onto the website a range of factsheets during 2009/10, as well as producing a range of publications to support GEO's main aims and other areas of business. We also deal with Freedom of Information requests, complaints and general enquiries as a separate Department. GEO can be contacted in the following ways; enquiries@geo.gsi.gov.uk and 0303 444 1204. GEO staff in Eland House, London can also be contacted via CLG's switchboard (0303 444 0000) and using the email format: firstname.surname@geo.gsi.gov.uk.

Legal Services

Treasury Solicitors Office (TSol) provides professional legal advice and drafting services that contribute to delivery on the full range of the Department's objectives. Key activities include the drafting of primary and secondary legislation, providing advice on equalities and employment law, freedom of information, human rights and European law and on litigation as required. James Maskell heads the TSol team.

Communications

Denise Shaw, GEO's specialist Head of Communications, heads a small team of two press officers, one administrator, one speechwriter-researcher, one marketing and communications manager, and one strategic communications planner.

Principal risks and uncertainties of GEO

GEO closely monitors its financial, operational and legal risks. The Senior Management Team reviews GEO's risk register monthly and the Departmental Board reviews risks and risk management procedures every 4 months. The Audit & Risk Committee, chaired by one of GEO's non executive directors, regularly reviews GEO's risk register and completes comprehensive six monthly reviews of all GEO's programme risk registers.

In 2010-11, we will continue to improve our risk management framework and have commissioned a review of current procedures by internal audit as the starting point.

Key relationships with stakeholders that might affect the entity's long-term position

GEO has identified all key stakeholders and meets with them regularly either individually or in established forums. This minimises risks and promotes consensus as to GEO's role.

Policy and achievement of policy on the entity's employees

The GEO values effective working relationships with staff and consults regularly with them and trades unions on important issues such as flexible working patterns, recruitment and other HR strategies, policies and processes. GEO has its own terms and conditions, and organisational values. GEO monitors the equality and diversity of its employees and has a diversity delivery plan in place.

Diversity Delivery Plan

Good progress has been made on the Department's Diversity Delivery Plan and in April 2010 we were assessed by the Civil Service Diversity Board as "well placed" to meet our diversity targets by 2011.

Value for Money and Efficiency

Although GEO does not have a formal value for money or efficiency target from the 2007 Spending Review, we do strive towards achieving value for money and efficiency in our work and in our sponsorship of the EHRC and WNC. In addition to sharing the services listed under the Administration budget GEO uses procurement frameworks negotiated by other Government Departments for research and other goods and services. GEO also works closely with HM Treasury on ensuring that we ensure value for money in our activities.

Reporting entities within the GEO's accounting boundary

GEO sponsors two non-departmental public bodies, the Equality and Human Rights Commission (EHRC) and the Women's National Commission (WNC). The EHRC's website <http://www.equalityhumanrights.com/> records that:

"Our job is to promote equality and human rights, and to create a fairer Britain. We do this by providing advice and guidance, working to implement an effective legislative framework and raising awareness of your rights."

In 2009-10 GEO gave EHRC £55,049,000 in grant-in-aid in pursuit of these objectives.

The WNC was established in 1969. It is the official and independent advisory body giving the views of women to the government of the United Kingdom. It is an umbrella organisation representing women and women's organisations in England, Northern Ireland, Scotland and Wales to ensure women's views are taken into account by the government and are heard in public debate. (<http://www.thewnc.org.uk/>).

In 2009-10 WNC spent £709,000 net, funded by GEO.

6: Visions and Priorities for 2010-11

Looking forward, the new Government has made clear its commitment to social mobility and equal opportunities in Britain. It has set out a clear cross Government work programme on equal pay and flexible working, on representation, on implementing the Equality Act, and in June published the first ever cross-government programme of work to tackle prejudice against lesbian, gay, bisexual and transgender people. In 2010-11 GEO will work with the Coalition in its objectives to:

- tear down the barriers that hold people back, because of their social background, age, gender, gender identity, race, religion or belief, sexual orientation, or because they have a disability, and promote social mobility and equal opportunities in Britain; and
- reduce the budget deficit fairly. The GEO will contribute to achieving this objective by bearing down on overheads and other costs within the department and in its non-departmental public bodies and commit to savings in the Spending Review. GEO will also work with other Government Departments to ensure that different groups are not disproportionately adversely affected by budget reductions.

The Government intends to publish an Equalities Structural Reform Plan in July 2010, and a fuller Business Plan in the autumn.

Financial Statements

Items of Public Interest

Statutory background

On 26th July 2007 the then Prime Minister announced the establishment of the Government Equalities Office (GEO) to strengthen further the Government's ability to deliver across the entire equalities agenda. On the 12th October 2007 a Transfer of Functions Order came into effect and the Government Equalities Office became a separate department required to produce its own report and accounts.

The Government Equalities Office presents the Resource Accounts for the financial year ended 31 March 2010. The accounts have been prepared in accordance with the direction given by HM Treasury in pursuance of section 7(2) of the Government Resources and Accounts Act 2000.

These financial statements relate solely to the Government Equalities Office's expenditure, and have been prepared in accordance with the accruals concept to give a true and fair view of the Department's affairs.

Results for the year

The Operating Cost Statement shows:

The net operating cost amounted to £69.01 million (2008-09 £69.651 million).

The net operating cost has been calculated after taking into account notional costs which are not currently charged to the Government Equalities Office but which are borne centrally by the Exchequer.

The net resource outturn amounted to £69.01m against an Estimate total of £85.818 million.

Resource funding by Parliament

The Government Equalities Office is a supply financed Government Department and, as such, remains subject to gross expenditure control under the Parliamentary Vote system. The GEO is accountable to Parliament for its expenditure and Parliamentary approval for its spending plans is sought through Supply Estimates presented to the House of Commons.

Employment of disabled persons

People with disabilities, as defined in the Disability Discrimination Act 1995, are employed within the Government Equalities Office. The Government Equalities Office aims to improve services for disabled staff and undertakes reasonable adjustments to the working environment where necessary.

Commitment to equality and valuing diversity

The Government Equalities Office is committed to providing services which embrace diversity and which promote equality of opportunity. As an employer we are also

committed to equality and valuing diversity within our workforce. Our goal is to ensure that these commitments are embedded in our day-to-day working practices.

Employee involvement

The Government Equalities Office respects its staff as people and values their contribution. An internal communications network is in place, reinforced by focus groups and regular discussions with staff.

Staff have access to welfare services and trade union membership. The Government Equalities Office has established procedures for consulting with trade unions.

Payments to suppliers

The Government Equalities Office is committed to the prompt payment of bills for goods and services received. Payments are normally made when goods and services are received. A payment may be made earlier if it is legally due under a contract term. From April 2009, if there is no specific deadline in a contract, GEO has a target to make all payments within 10 days of acceptance of the relevant goods and services or receipt of a valid invoice or claim, whichever is the later. For 2009-10, GEO achieved a prompt payment performance of 90% against this target. Until March 2009, the Department's policy was to pay all undisputed invoices within 30 days of acceptance of the relevant goods and service or receipt of a valid invoice or claim, whichever is the later. For 2008-09, GEO achieved a prompt payment performance of 93% against this target.

The 'Late Payment of Commercial Debts (Interest) Act 1998' which came into effect from 1 November 1998 and the 'Late Payment of Commercial Debts Regulations 2002' which came into force on 7 August 2002 provides all businesses and public sector bodies with the following entitlements:

- i. the right to claim interest for late payment;
- ii. the right to claim reasonable debt recovery costs, unless the supplier has acted unreasonably;
- iii. the right to challenge contractual terms that do not provide a substantial remedy against late payment; and
- iv. the right for 'representative bodies' to challenge contractual terms that are grossly unfair on behalf of small and medium sized enterprises.

No such charges have been incurred.

External Auditor

These accounts have been audited by the Comptroller and Auditor General at a notional cost of £59k (2008-09 £57k); this comprises £55.5k for the audit of the 2009-10 statutory accounts and £3.5k for the audit of the restated 2008-09 accounts under International Financial Reporting Standards.

As far as the Accounting Officer is concerned, there is no relevant audit information of which GEO's auditors are unaware, and the Accounting Officer has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that GEO's auditors are aware of that information.

Personal Data related incidents

There were no reported personal data related incidents during 2009-10.

Sickness Absence Data

The average working days lost per employee during the year due to sickness was 3.8 per person.

Public Sector Information Holders

The Government Equalities Office is a Public Sector Information Holder, and has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

Appointment and remuneration of the Director General

The permanent head of the Government Equalities Office was appointed by the Lord Privy Seal. The appointment is for an indefinite term under the terms of the Civil Service Commissioners' Recruitment Code.

Management Board (Senior Management Team)

Members of the Management Board (Senior Management Team) during the year were:

Jonathan Rees	Director General and Accounting Officer
Janice Shersby	Deputy Head and Policy Director
Chris Bull	Director of Corporate Services
Melanie Field	Deputy Director, Discrimination Law
Alison Pritchard	Deputy Director, Equality PSA and Strategy
Helene Reardon-Bond	Deputy Director, Gender Equality Policy and Inclusion
Helen Carrier (from 25 May 2009)	Deputy Director, Evidence and Equality at Work
Charles M Ramsden (until 31 May 2009)	Deputy Director, Evidence and Equality at Work

Board of Management responsibilities

The Board has responsibility for leading the Government Equalities Office to ensure that it delivers on the aims set by the ministers, builds its capability for the future and maintains high standards of propriety. In the preparation of the accounts, the Board of Management has selected suitable accounting policies and applied them consistently; made judgements and estimates that are reasonable and prudent; and has prepared the accounts on a going concern basis.

The Salary and Pension Entitlements of the most senior managers are set out in the Remuneration Report.

Remuneration Report

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Ministers and most senior management (i.e. Board members) of the department and are subject to audit.

Remuneration

Ministers

2009-2010

In 2009-10 the Government Equalities Office reported to:

- Rt. Hon Harriet Harman QC MP, the Minister for Women and Equality;
- Maria Eagle MP, the Minister of State at GEO and the Ministry of Justice and sponsor Minister for the Equality and Human Rights Commission;
- Vera Baird QC MP, Solicitor-General – leading on the Equality Act; and
- Michael Foster DL MP, the Parliamentary Under Secretary of State.

Harriet Harman was Lord Privy Seal and as such her Ministerial salary and pension declaration is reflected in the accounts of the Cabinet Office.

Maria Eagle's ministerial salary declaration is reflected in the accounts of the Ministry of Justice as she was also the Minister of State at the Ministry of Justice.

Vera Baird was the Solicitor General and as such her Ministerial salary and pension declaration is reflected in the accounts of the Attorney General's Office.

Michael Foster was an unremunerated minister.

Since the end of the reporting period following the General Election in May 2010, the GEO has reported to:

- Rt. Hon Theresa May MP, the Minister for Women and Equalities and Home Secretary; and
- Lynne Featherstone MP, the Minister for Equalities and Criminal Information.

The following information has been audited.

The Board

The GEO Board is made up of the following non-executive and executive Directors.

Non-Executive Directors

The Non-Executive Directors of the Board received the following remuneration for their services during the year.

Non- Executive Directors	2009-2010		2008-2009	
	Salary £	Benefit- in-Kind (to nearest £100)	Salary £	Benefit- in-Kind (to nearest £100)
Peter Bungard	4,000	-	2,000 (2,500 full year equivalent)	-
Judy McKnight	4,000	-	2,000 (2,500 full year equivalent)	-
Janet Soo-Chung	3,500* (4,000 full year equivalent)	-	2,500	-

* Additional £500 earned was paid in 2008-09.

Executive Directors

Executive Directors	2009-2010		2008-2009	
	Salary £'000	Benefit- in-Kind (to nearest £100)	Salary £'000	Benefit- in-Kind (to nearest £100)
Jonathan Rees	140-145	-	125-130	-
Janice Shersby	105-110	-	90-95	-
Chris Bull	105-110	-	95-100	-
Melanie Field	80-85	-	65-70	-
Alison Pritchard	75-80	-	20-25 ³ (70-75 full year equivalent)	-
Helene Reardon- Bond	65-70	-	30-35 ⁴ (65-70 full year equivalent)	-
Helen Carrier <i>(From 25 May 2009)</i>	55-60 ¹ (60-65 full year equivalent)	-	N/A	N/A
Charles Ramsden <i>(Until 31 May 2009)</i>	10-15 ² (75-80 full year equivalent)	-	20-25 ⁵ (50-55 full year equivalent)	-

2009-10

¹ Figure quoted is for the period 25 May 2009 to 31 March 2010.

² Figure quoted is for the period 1 April 2009 to 31 May 2009.

2008-09

³ Figure quoted is for the period 23 November 2008 to 31 March 2009

⁴ Figure quoted is for the period 20 October 2008 to 31 March 2009

⁵ Figure quoted is for the period 20 October 2008 to 31 March 2009.

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 allowance to the extent that it is subject to UK taxation.

This report is based on payments made by the Department and thus recorded in these accounts. In respect of ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP and various allowances to which they are entitled are borne centrally.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

Pension Benefits

Government Equalities Office SMT 2009-10	Real Increase in Pension at pension age	Real Increase in Lump Sum at pension age	Accrued Pension at pension age 31/03/2010	Accrued Lump Sum at pension age 31/03/2010	CETV as at 31/03/2009	CETV as at 31/03/2010	Real Increase in CETV during the year
	£000	£000	£000	£000	£000	£000	£000
Jonathan Rees	5-7.5	0	70-75	0	1051	1236	106
Janice Shersby	0-2.5	5-7.5	25-30	85-90	415	469	29
Chris Bull	0-2.5	5-7.5	35-40	110-115	733	803	35
Melanie Field	0-2.5	2.5-5	15-20	55-60	260	299	21
Alison Pritchard	0-2.5	0	5-10	0	80	104	15
Helene Reardon-Bond	2.5-5	7.5-10	25-30	85-90	503	598	62
Helen Carrier (From 25 May 2009)	0-2.5	0	5-10	0	72 ¹	86	12
Charles Ramsden (Until 31 May 2009)	0-2.5	0-2.5	25-30	80-85	498	525	4

¹ CETV at 25/05/09

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the

appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

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

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

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

Cash Equivalent Transfer Values

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

The figures include the value of any pension benefit in another scheme or arrangement which the individual 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 calculated 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 which may be due when pension benefits are taken.

Real increase in CETV

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

Jonathan Rees
Director General and Accounting Officer
14 July 2010

Statement of Accounting Officer's responsibilities

Under the Government Resource and Accounting Act 2000, the Government Equalities Office is required to prepare Resource Accounts for each financial year, in conformity with Treasury direction, detailing the resources acquired, held or disposed of during the year and the use of resources by the Government Equalities Office during the year.

The Resource Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Government Equalities Office, the net resource outturn, resources applied to objectives and cash flows for the financial year.

Her Majesty's Treasury has appointed the permanent Head of the Government Equalities Office as Accounting Officer with the overall responsibility for preparing the Government Equalities Office's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the accounts, the Accounting Officer is required to comply with the Financial Reporting Manual prepared by HM Treasury, and in particular to:

- observe the Accounts Direction issued by 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 have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Government Equalities Office will continue in operation.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in *Managing Public Money* published by HM Treasury.

Statement on Internal Control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of GEO's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

GEO is responsible for the Government's overall strategy and priorities on equality issues. We reported in the year to Harriet Harman QC MP (Leader of the House of Commons, Lord Privy Seal and Minister for Women and Equality), Vera Baird QC MP (Solicitor-General – leading on the Equality Act), Maria Eagle MP (Minister of State at GEO and the Ministry of Justice and sponsor Minister for the Equality and Human Rights Commission), and Michael Foster DL MP (Parliamentary Under-Secretary of State at GEO).

GEO is a policy department employing 130 staff, located in the Department of Communities and Local Government's headquarters building, Eland House in Victoria, London. As a small department GEO is dependent on others for the supply of services (primarily CLG for accommodation, IT, payroll, internal audit and some finance and HR services; and TSOL for legal services). I am, therefore, concerned to secure cost-effectiveness in buying-in those services as well as ensuring that the GEO itself is operating effectively and economically.

GEO sponsors two NDPBs, the Women's National Commission (WNC) and the Equality and Human Rights Commission (EHRC). The WNC's staff of 12 and its expenditure against an annual budget of £750,000 is reflected in GEO's account. The EHRC prepares its own accounts, covering the grant-in-aid allocated to them from GEO's budget. For 2009-10 the grant-in-aid was £70 million. Within this the budget for the EHRC was agreed at £59.5 million resource and £2 million capital.

The purpose of the system of internal control

The system of internal control is designed to manage risk to an acceptable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the GEO for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Given the small scale of GEO our internal controls are designed to be proportionate and to keep risk to a reasonable level. Since my statement on internal control in last year's annual report and accounts we continue to have made good progress in governance and risk control systems. In particular the GEO Board and Audit and Risk Committee have developed into effective accountability forums, providing significant challenge as well as endorsement, and in the latter case closely

benchmarking its performance against NAO principles of good practice. The Board considers reports on finance and control issues at each meeting and the Audit and Risk Committee takes all matters relating to accounts, risk registers and control.

A significant part of our programme spend is on research done to inform policy making. We have a dedicated Research Management Board which meets every three months to consider the business value of research proposals and affordability against a £1.5 million research budget. The Board consists of GEO senior managers and research team leaders. For financial year 2010-11 I shall enhance the assurance provided by the Research Management Board by having the main GEO Board consider its recommendations. I shall also seek to deliver economies and efficiencies by closer integration of our research work with other Government departments.

All policy and operational options put to Ministers consider financial implications and risks. We are also required to assess the new burdens that might arise from policies and initiatives.

I have commissioned from the Department for Communities and Local Government Internal Audit Services a programme of risk-based audits, covering, for example, risk management, financial management and reporting and a follow-up review of sponsorship arrangements.

Capacity to handle risk

In carrying out our work, GEO needs to respond quickly to Ministerial priorities and changing external circumstances. Much of our work is project based. We have, for example, taken on new work in the year to support an independent review into how rape complaints are handled by public authorities in England and Wales (the Baroness Stern Review), to improve conditions for service families, and expanded our international work considerably to meet new external challenges. In this fast-changing environment my objective is that GEO staff can assess new risks quickly and ensure effective mitigations so that public money is safeguarded and operational effectiveness is maximised. GEO has become increasingly adept at identifying risk and mitigations but I note external and internal audit observations that risk management needs to be formalised further. In June 2010 Internal Audit gave substantial assurance on GEO's risk management, reporting that many key areas are well controlled and accord with good management practice. They noted, however, that improvements could be made, by, for example, making the approach to risk management more consistent across teams, and improving awareness of risk in GEO more widely. The amount of resource to be devoted to improvement needs to be proportionate to our budget and size. We are considering whether more training in risk management is appropriate as part of our wider learning and development strategy.

During the year we managed to mitigate the most significant risk facing GEO – that of having insufficient administration budget. Negotiations with Treasury and other departments enabled us to exchange unwanted programme money and capital for administration budget.

The risk and control framework

There are three main challenges in 2010-11, responding to the outcome of the General Election, implementing the 2010 Equality Act in a timely and cost effective way, and improving the EHRC's financial controls and delivery. All will test our risk management strategies. I am assisted in risk control by:

- Monthly reviews in my Senior Management Team meetings of the main identified risks to GEO, designed to establish the likelihood and impact of the risk, to review mitigations and to add or close risks as necessary;
- Risk owners – members of the Senior Management Team who are responsible for the main risks;
- Regular reviews by the heads of the GEO policy and corporate teams of the risks in their own areas, leading to an escalation of risks to the main register as appropriate;
- Reviews of risk every two months at the GEO Board, allowing an independent assessment to be made by our non-executive Directors;
- A review every three months by the Audit and Risk Committee of a risk log relating mainly to financial risks; and
- A substantial review of all the GEO risk registers in November 2009 by the Audit and Risk Committee, the first of an annual series.

Review of effectiveness

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

In their interim management letter of April 2010 the National Audit Office (NAO) recorded that since the conclusion of their 2008-09 audit, the GEO has made significant progress in developing accounting and internal control systems. Key reconciliations are now in place and new controls are being embedded. I recognise that some areas for improvement remain, however, particularly around the need for a bespoke account code structure and clarity around the application of financial controls on purchasing.

CLG's Internal Audit Services have also noted good progress. Their report on financial management and reporting in April 2010 gave GEO amber / green status on

the three main areas examined, meaning that Internal Audit gave substantial assurance that risk management, governance and control systems are established and found to be working effectively, with some weaknesses. To address the weaknesses noted I now intend to: ensure that our risk management processes are formalised; a guide to budgetary management is produced, to assist budget managers; and most importantly, improve oversight of the budgeting and spending activities of key partners such as EHRC. I pick up on EHRC issues, also noted as important by NAO and the Chair of the Audit and Risk Committee, towards the end of this statement.

Bearing these external observations in mind and based on my own reviews I am confident that good progress is being made on internal controls and the financial framework.

The Chair of the Audit and Risk Committee commented in March 2010 that:

“It was widely recognised at the beginning of 2009 that the GEO was a young Department, still establishing basic control systems. Capacity of a small Department was also seen as a hurdle, in that audit and control expectations were compatible with that of a large government department. Risk management processes existed at a project level, but not as part of a corporate control system.

The Committee has been able to have frank conversations between the Executive, Non Executives and external advisors, focussed on developments necessary to create robust systems compatible with the scale of the Department. There can be little doubt that considerable progress has been made over the last 12 months, as confirmed through discussions with NAO, and through the robustness of the risk management system reviewed by the Committee in November 2009. Financial control systems have now been embedded, although it is acknowledged that in the early part of 2009/10 they were insufficient to meet the minimum standards of the NAO – this is now resolved.”

I am pleased with the progress made but the Chair of the Audit and Risk Committee also reported that:

“As Chair, and on behalf of the Audit and Risk Committee, I would advise that after its first year of operating, the Committee is of the opinion that appropriate control mechanisms exist for the operation of GEO’s responsibilities, with the exception of the EHRC sponsorship responsibility which represents an improved but unacceptably high risk. This latter issue should remain a focus for improvement over the next year.”

Significant internal control issues

The EHRC is an arm’s length body set up by Parliament with a high level of independence. My capacity to influence its strategic direction as well as its day-to-day operations is by statute limited. I do however appoint the Commission’s Accounting Officer, and as the primary Accounting Officer for the grant-in-aid I have sought to improve the integrity of EHRC systems and the value for money of its

operations. The GEO Audit and Risk Committee have assessed GEO's sponsorship role where it relates to the EHRC as the most significant and outstanding risk facing the GEO, given that some 80 per cent of GEO's budget is allocated to the EHRC and that financial and operational systems within EHRC are still developing and that first two EHRC accounts were qualified. While NAO acknowledge and commend the efforts we have made to improve our work with EHRC I recognise there is more EHRC needs to do.

I set out below some of the steps we have taken.

First we have set in hand a regular series of accountability and review meetings. Consequently I meet every 2 weeks with my counterpart Accounting Officer in the EHRC, Neil Kinghan, and GEO officials hold regular accountability and review meetings with EHRC colleagues. Ministers meet regularly with the EHRC Chair.

Second we have updated the institutional arrangements including by:

- agreeing a new Framework Document designed to set out clearly the respective responsibilities of GEO and the EHRC and to improve accountability;
- concluding with HM Treasury of a strategy to improve the governance and financial and operational management of the EHRC;
- improving financial and performance management information;

Third Ministers have sought to strengthen EHRC governance. In the last year 9 new Board members have been appointed and EHRC has appointed a new Audit and Risk Committee Chair, and membership;

Fourth we have looked closely at the value for money of EHRC's operations. Since I was not satisfied, I cut EHRC's budget by 11% in 2010-11, and also fined EHRC £508k for breaching their pay limit.

I shall continue to keep the EHRC's budget under review taking into account assessments of EHRC performance and capability allowed for in the revised Framework Document as well as prevailing public expenditure conditions.

The Comptroller and Auditor General qualified the EHRC's accounts for 2006-08 because of irregular expenditure on the re-engagement of staff. In their report on the qualification the Public Accounts Committee reported that:

- The EHRC Board has an important role to play in scrutinising operations; and
- "Serious weaknesses" in the EHRC's controls have continued beyond the production of the 2006-08 Accounts.

These weaknesses have now culminated in the Comptroller's qualification of the 2008-09 accounts because of:

- The residual financial effects of the re-engagement;
- A breach of pay remit;
- Sustained failures in procurement; and
- Insufficient evidence to support the regularity of expenditure on grants.

I believe the steps shown above will improve EHRC's financial controls, but I still assess EHRC's management of significant sums of public money as a major risk and within the statutory limitations on me I will press EHRC further to improve their stewardship of public money.

Jonathan Rees
Director General and Accounting Officer
14 July 2010

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of the Government Equalities Office for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Taxpayers' Equity, the Statement of Net Operating Costs by Departmental Strategic Objective 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 the financial statements in accordance with applicable law and 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 Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Department; and the overall presentation of the financial statements.

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

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2010 and of its net cash requirement, net resource outturn, net operating cost, net operating costs applied to departmental strategic objectives, changes in taxpayers' equity and cash flows for the year then ended; and

- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury 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 HM Treasury directions made under the Government Resources and Accounts Act 2000; 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
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria, London, SW1W 9SP

14 July 2010

Statement of Parliamentary Supply

Summary of Resource Outturn 2009-10

Request for Resource	Note	Gross Expenditure	A in A	Estimate	Gross Expenditure	A in A	Outturn	2009-10 £000	2008-09 £000
				Net Total			Net Total	Net Total outturn compared with Estimate: saving/(excess)	Outturn
1	5	85,948	130	85,818	69,134	124	69,010	16,808	69,583

The underspend relates to:-

a. Administration –

- (i) Programme expenditure efficiencies in the Government Equalities Office resulted in about £1m in savings.
- (ii) Claw back of £3.5m from Equalities and Human Rights Commission in efficiency savings and as a penalty for breach of its pay remit

- b. Payments to NDPBs – Grant in aid not required by the Equality and Human Rights Commission due to cuts of £5m in the Commission’s capital budget and an underspend of £7m.

Net cash requirement 2009-10

Note	Estimate	Outturn	2009-10 £000	2008-09 £000
			Net total outturn compared with estimate: savings/(excess)	Outturn
6	85,817	69,362	16,455	69,918
Net cash requirement				

Summary of income payable to the Consolidated Fund

Note	2009-10 £000 Forecast		2009-10 £000 Outturn	
	Income	Receipts	Income	Receipts
(In addition to appropriations in aid, the following income relates to the Department and is payable to the Consolidated Fund)	0	0	0	0
Total	0	0	0	0

The notes on pages 42 to 55 form part of these accounts

Operating Cost Statement
for the year ended 31 March 2010

			2009-10 £000	2008-09 £000
	Note	Staff Costs	Other costs	Income
Administration Costs:				
Staff costs	9	6,496		5,210
Other administration costs	10		2,863	2,701
Operating Income			0	0
Programme Costs Request for Resource 1				
Staff costs	9	862		324
Programme costs	11		58,913	61,443
Income	12		(124)	(27)
Totals		7,358	61,776	(124)
Net Operating Cost	5		69,010	69,651

The notes on pages 42 to 55 form part of these accounts

Statement of Financial Position

as at 31 March 2010

	Note	As at 31 March 2010		As at 31 March 2009		As at 1 April 2008	
		£000	£000	£000	£000	£000	£000
Non-current assets:			0		0		0
Current assets:							
Trade and other receivables	14	981		1,309		700	
Cash and Cash equivalents	15	1,394		7,308		88,000	
Total current assets			<u>2,375</u>		<u>8,617</u>		<u>88,700</u>
Total Assets			<u>2,375</u>		<u>8,617</u>		<u>88,700</u>
Current Liabilities							
Trade and other payables	16	(1,691)		(8,307)		(88,700)	
Total Current Liabilities			<u>(1,691)</u>		<u>(8,307)</u>		<u>(88,700)</u>
Non-current assets plus/less net current assets/liabilities			<u>684</u>		<u>310</u>		<u>0</u>
Non Current liabilities			0		0		0
Assets less Liabilities			<u>684</u>		<u>310</u>		<u>0</u>
Taxpayers' Equity:							
General fund			684		310		0
Total taxpayers' equity			<u>684</u>		<u>310</u>		<u>0</u>

Jonathan Rees
 Director General and Accounting Officer
 14 July 2010

The notes on pages 42 to 55 form part of these accounts

Statement of Cash Flows
for the year ended 31 March 2010

		2009-10	2008-09
		£000	£000
	Note		
Cash outflow from operating activities			
Net operating cost		(69,010)	(69,651)
Adjustment for non-cash transactions	10	22	43
(Increase)/Decrease in trade and other receivables	14	328	(609)
Less Movement in receivables relating to items not passing through the OCS	14	546	0
Increase/(Decrease) in payables	16	(6,616)	(80,393)
Less Movement in payables relating to items not passing through the OCS	16	6,116	(1,082)
Net cash outflow from operating activities		(68,614)	(151,692)
Cash flows from financing activities			
From the Consolidated Fund (supply) - current year		63,400	71,000
Net Financing		63,400	71,000
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		(5,214)	(80,692)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		0	0
Payments of amounts due to the Consolidated Fund	16	(700)	0
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(5,914)	(80,692)
Cash and cash equivalents at the beginning of the period	15	7,308	88,000
Cash and cash equivalents at the end of the period	15	1,394	7,308

The notes on pages 42 to 55 form part of these accounts

Statement of Changes in Taxpayers' Equity
for the period ended 31 March 2010

	Note	General Fund
		£000
Balance at 31 March 2008		0
Changes in accounting policy		0
Balance at 1 April 2008		0
Changes in taxpayers' equity for 2008-09		
Non-cash charges - cost of capital	10	(14)
Non-cash charges - auditor's remuneration	10	57
Net operating costs for the year		(69,651)
Total recognised Income and expense for 2008-09		(69,608)
Net Parliamentary Funding - drawn down		71,000
Net Parliamentary Funding - deemed		4,334
Supply (payable)/receivable adjustment	16	(5,416)
Balance at 31 March 2009		310
Changes in taxpayers' equity for 2009-10		
Non-cash charges - cost of capital	10	(37)
Non-cash charges - auditor's remuneration	10	59
Net operating costs for the year		(69,010)
Total recognised Income and expense for 2009-10		(68,988)
Net Parliamentary Funding - drawn down		63,400
Net Parliamentary Funding - deemed		5,416
Supply (payable)/receivable adjustment	14	546
Balance at 31 March 2010		684

The notes on pages 42 to 55 form part of these accounts

Statement of Net Operating Costs by Departmental Strategic Objective

for the period ended 31 March 2010

	Note	2009- 10 £000	2008- 09 £000
		Strategic Objective 1	Strategic Objective 1
Gross Expenditure		69,134	69,678
Income	12	(124)	(27)
Net Expenditure		69,010	69,651

Objective 1: To address the disadvantage that individuals experience because of their gender, race, disability, age, sexual orientation, religion or belief.

The notes on pages 42 to 55 form part of these accounts

Notes to the accounts

for the year ended 31 March 2010

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2009-10 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Government Equalities Office for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Government Equalities Office for the reportable activity are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The financial statements are presented in pounds sterling and all values are shown to the nearest thousand pounds. The functional currency of the Government Equalities Office is pounds sterling.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare two additional primary statements. The *Statement of Parliamentary Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The *Statement of Operating Cost by Departmental Strategic Objectives* and supporting notes analyse the Department's income and expenditure by objectives agreed with Ministers.

In applying the accounting policies listed below, management does not consider that there have been any significant judgements or estimates made which impact upon the financial statements.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention.

1.2 Non-current Assets

The Government Equalities Office does not own any non-current or intangible assets. The Capitalisation threshold is £5,000, except for land, for which there is no minimum.

1.3 Inventories

The Government Equalities Office holds inventories of stationery, free publications, computer spares and similar consumable materials. Due to the nature of these items the Government Equalities Office does not consider it appropriate to reflect their value in the Statement of Financial Position. Accordingly the Government Equalities Office has charged all expenditure on consumable items to the Operating Cost Statement.

1.4 Administration and programme expenditure

The Operating Cost Statement is analysed between administration and programme income and expenditure. The classification of expenditure and income as

administration or as programme follows the definition of administration costs set out by HM Treasury.

Administration costs reflect the direct costs of running the Government Equalities Office as defined under the administration cost control regime, together with associated operating income.

Programme costs include grant in aid payments to the Equality and Human Rights Commission, grants to small bodies, running costs of the Women's National Commission (WNC) and its associated income, and other expenditure incurred by GEO that does not fall within the administration category.

1.5 Grants Payable

A grants payable liability arises when the grant recipient carries out the specific activity which forms the basis of the entitlement, or otherwise meets the grant entitlement criteria.

1.6 Operating income

Income is recorded on an accruals basis at the transacted amounts, or the amounts at which customers are committed to pay.

1.7 Cost of Capital charge

This is a charge, reflecting the cost of capital utilised by the Government Equalities Office. The charge is calculated at the real rate set by HM Treasury (currently 3.5 percent) on the average carrying amount of all assets less liabilities, except for:

- a. cash balances within the Office of HM Paymaster General, where the charge is nil.
- b. assets and liabilities in respect of amounts due from, or to the Consolidated Fund where the charge will be at a nil rate.

1.8 Foreign Currency Transactions

Foreign currency payments are accounted for at the Sterling equivalent at the exchange rate ruling on the day the payment is made.

1.9 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The department 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 schemes, the department recognises the contributions payable for the year.

1.10 Provisions

The Government Equalities Office provides for legal or constructive obligations which are of uncertain timing or amount at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the

time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury discount rate of 2.2% in real terms.

1.11 Value Added Tax

Prior to 1 April 2008 the Department for Communities and Local Government accounted for VAT on transactions incurred by the Government Equalities Office.

On 1 April 2008 the Government Equalities Office became VAT registered. Most of the activities of the Office are outside the scope of VAT. Input VAT is recovered on certain contracted out services. Irrecoverable VAT is charged to the relevant expenditure category or, if appropriate, capitalised with additions of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts will be stated net of VAT.

2. First-time adoption of IFRS

	General Fund £'000
Taxpayers' equity at 31 March 2009 under UK GAAP	378
Adjustment for IAS 19 holiday pay accrual	<u>(68)</u>
Taxpayers' equity at 1 April 2009 under IFRS	<u>310</u>
	£'000
Net operating cost for 2008-09 under UK GAAP	(69,583)
Adjustment for IAS 19 holiday pay accrual	<u>(68)</u>
Net operating cost for 2008-09 under IFRS	<u>(69,651)</u>

In line with HM Treasury advice, Prior Period Adjustments (PPAs) arising from the adoption of IFRS were not included in spring Supplementary Estimates for 2009-10 on the basis that the PPA numbers could have been misleading, particularly where transactions may well have pre-dated the 2001-02 cut off point for reporting PPAs, as only part of an obligation would have been included. PPAs arising from a change in accounting policy related to other than IFRS were included in the Estimates in line with conventional arrangements.

3. Reconciliation of net resource outturn under UK GAAP to net operating cost under IFRS

	Outturn
	£'000
Net resource outturn for 2008-09 under UK GAAP	(69,583)
Adjustment for IAS 19 holiday pay accrual under IFRS	(68)
Net restated operating cost for 2008-09 under IFRS	<u>(69,651)</u>

4. Analysis of net resource outturn by section

	Outturn						2009-10	2008-09	
	Admin	Other Current	Grants	Gross resource Expenditure	A in A	Net Total	£000	£000	
							Estimate		
							Net Total	Estimate	Prior Year outturn
							Net Total	Estimate	
Request for Resource 1: Promoting a fair and equal society where everyone has the opportunity to prosper and reach their full potential									
A) Administration	9,359	3,422	0	12,781	124	12,657	16,818	4,161	10,191
B) Payments to NDPBs	0	0	55,049	55,049	0	55,049	67,696	12,647	59,264
C) Grants to Private Sector and Charities	0	0	1,304	1,304	0	1,304	1,304	0	128
Resource Outturn	9,359	3,422	56,353	69,134	124	69,010	85,818	16,808	69,583

The underspend relates to:-

a) Administration –

- (i) Programme expenditure efficiencies in the Government Equalities Office resulted in about £1m in savings.
- (ii) Claw back of £3.5m from Equalities and Human Rights Commission in efficiency savings and as a penalty for breach of its pay remit

b) Payments to NDPBs – Grant in aid not required by the Equality and Human Rights Commission due to cuts of £5m in the Commission's capital budget and an underspend of £7m.

5. Reconciliation of outturn to net operating cost and against Administration Budget

5.1 Reconciliation of net resource outturn to net operating cost

		£000	£000	2009-10 £000 Outturn	2008-09 £000 Outturn
	Note	Outturn	Supply Estimate	compared with Estimate	
Net Resource Outturn	4	69,010	85,818	16,808	69,583
IFRS Implementation Adjustment					68
Non-supply income (CFERs)	7	0	0	0	0
Net operating cost		69,010	85,818	16,808	69,651

5.2 Outturn against final Administration Budget

	£000 Budget	2009-10 £000 Outturn	2008-09 £000 Outturn
Gross Administration Budget	9,617	9,359	7,843
Income allowable against Administration Budget	0	0	0
Net Outturn against final Administration Budget	9,617	9,359	7,843

6. Reconciliation of net resource outturn to net cash requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with estimate: saving/(excess) £000
Resource Outturn	4	85,818	69,010	16,808
Non Cash Items	10	(1)	(22)	21
Changes in Working Capital other than cash			374	(374)
Net cash requirement		85,817	69,362	16,455

7. Analysis of income payable to the Consolidated Fund

	Note	Forecast 2009-10		Outturn 2009-10	
		£000		£000	
		Income	Receipts	Income	Receipts
Other operating income and receipts not classified as A in A		0	0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess cash surrenderable to the Consolidated Fund		0	0	0	0
Total income payable to the Consolidated fund		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

8. Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated fund

	Note	2009-10	2008-09
		£000	£000
Operating Income	12	124	27
Income authorised to be appropriated in aid		(124)	(27)
Operating income payable to the Consolidated Fund	7	<u>0</u>	<u>0</u>

9. Staff Numbers and Related Costs

Staff costs consist of:

	2009-10					2008-09
	Total	Permanently employed staff	Others	Ministers	Special Advisors	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	5,927	5,361	566	0	0	4,375
Social security costs	456	456	0	0	0	337
Other pension costs	975	975	0	0	0	822
Total net costs	<u>7,358</u>	<u>6,792</u>	<u>566</u>	<u>0</u>	<u>0</u>	<u>5,534</u>

Staff cost borne by programme expenditure is £862k (2008-09: £324k)

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Government Equalities Office is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary (Hewitt Associates) conducted a full actuarial valuation as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2009-10, employer's contributions of £975k were payable to the PCSPS (2008-09: £822k) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2010-11, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2009-10 to be paid when the member retires and not the benefits paid during this period to existing pensioners

Employees joining after 1 October 2002 can opt to open a partnership pension account, a stakeholder pension with an employer contribution. There were no employer's contributions to such a pension made in 2009-10.

Average number of persons employed

The average number of whole-time equivalent persons employed during the year is shown in the table below.

Objectives	Total	Permanent staff	Others	Ministers	2009-10	2008-09
					Number	Number
					Special Advisors	Total
1 Legislative Framework	26	24	2	0	0	26
2 Ministers for Women Priorities	36	32	4	0	0	29
3 Equality PSA and Strategy	42	40	2	0	0	27
5 Directorate and Corporate Services	20	19	1	0	0	17
6 Minister's Private Office	6	6	0	0	0	4
Total	130	121	9	0	0	103

The increase in staff during 2008-09 reflects changes in the scope of the Equality Bill, an increased emphasis on international work and new work taken on, notably the Stern Review into how rape complaints are handled.

10. Other administration costs

	Note	2009-10 £000	2008-09 £000
Goods and services	10a	1,317	1,309
Legal Costs	10b	1,045	1,000
Accommodation costs	10c	479	349
Non-cash items			
Auditor's remuneration and expenses	10d	59	57
Cost of Capital charge		(37)	(14)
		2,863	2,701

- a. Goods and services expenditure is mainly in respect of IT services, travel and subsistence, contracted out office services, staff training, management and professional fees, printing and stationery, telephone costs and general postage;
- b. Legal costs relate to professional legal advice on policy development, new bills, European directives and litigation provided by Treasury Solicitor's Department;
- c. The rental charge for GEO floor space in Eland House was £385k (2008-09: £385k), of which £52k has been allocated to programme costs, as this is the element of the charge that relates to the Women's National Commission. The element of the rental charge allocated as administrative expenditure has been included in accommodation costs.
- d. Audit fees comprise £55.5k (2008-09: £54k) for the audit of financial statements and £3.5k (2008-09: £3k) for the audit of restated 31 March 2009 accounts under International Financial Reporting Standards.

11. Programme Costs

	2009-10 £000	2008-09 £000
Grant in Aid Payment:		
Commission for Equality and Human Rights	55,049	59,264
Grants to Private Sector and Charities:		
Rape Crisis Centres	1,085	128
National Equality Panel	120	-
Civil Service Rainbow Alliance (CSRA)	45	-
Equality South West	41	-
British Association of Adoption and Fostering (BAAF)	13	-
Other Programme costs:		
Women's National Commission	338	512
Future Equalities Programme	1,186	863
Gender Equality Policy	959	729
Discrimination Law Review	77	35
Other Equalities Policies	-	236
Total	<u>58,913</u>	<u>61,767</u>

2008-09 amounts have been broken down into additional headings for clarity and to be in the same format for 2009-10 layout. The amounts and headings disclosed in 2008-09 accounts are as follows:

	2008-09 £'000
Grant in Aid Payment:	
Commission for Equality and Human Rights	59,264
Other Programme costs	2,179
Staff costs for Women's National Commission	<u>324</u>
Total Programme Costs	<u>61,767</u>

12. Operating income

	2009-10 £000	2008-09 £000
Programme income		
Sales of services	<u>(124)</u>	<u>(27)</u>
Total Programme Income	<u>(124)</u>	<u>(27)</u>

Income relates to services rendered to OGDs by Women's National Commission

13. Analysis of net operating cost by spending body

Spending Body	Estimate	2009-10 £000 Outturn	2008-09 £000 Outturn
Government Equalities Office	16,818	12,657	10,259
Non-departmental public bodies			
Commission for Equality and Human Rights	67,696	55,049	59,264
Grant to Private Sector and Charities			
Rape Crisis Centres	1,085	1,085	128
National Equality Panel	120	120	0
Civil Service Rainbow Alliance (CSRA)	45	45	0
Equality South West	41	41	0
British Association of Adoption and Fostering (BAAF)	13	13	0
Net Operating Costs	<u>85,818</u>	<u>69,010</u>	<u>69,651</u>

14. Trade receivables and other current assets

	2010 £000	2009 £000	1 April 2008 £000
Amounts falling due within one year:			
VAT	262	171	0
Other receivables	143	138	700
Prepayments and accrued income	30	1,000	0
Amounts due from the Consolidated Fund in respect of supply	546	0	0
	<u>981</u>	<u>1,309</u>	<u>700</u>

Government Equalities Office has no receivables falling due after one year.

14.1 Intra-Government Balances

The following table analyses total receivables balances across the categories shown:

Amounts falling due within one year	2010 £000	2009 £000	1 April 2008 £000
Balances with other central government bodies	951	309	700
Balances with bodies external to government	30	1,000	0
Total receivables at 31 March	<u>981</u>	<u>1,309</u>	<u>700</u>

15. Cash and cash equivalents

	2010	2009	1 April 2008
	£000	£000	£000
Balance at 1 April	7,308	88,000	29,254
Net change in cash and cash equivalents	<u>(5,914)</u>	<u>(80,692)</u>	<u>58,746</u>
Balance at 31 March	<u>1,394</u>	<u>7,308</u>	<u>88,000</u>

The following balances at 31 March were held at:

Office of HM Paymaster General	1,372	7,308	88,000
Government Banking Service (GBS) Citi Bank Account	<u>22</u>	<u>0</u>	<u>0</u>
Balance at 31 March	<u>1,394</u>	<u>7,308</u>	<u>88,000</u>

16. Trade payables and other current liabilities

	2010	2009	1 April 2008
	£000	£000	£000
Amounts falling due within one year			
Other taxation and social security	(21)	(2)	0
Trade payables	(95)	(879)	(116)
Accruals and deferred income	(1,575)	(1,310)	(83,550)
Amount issued from the Consolidated Fund as Supply, but not spent at year end	0	(5,416)	(4,334)
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund - Received	0	(700)	(700)
	<u>(1,691)</u>	<u>(8,307)</u>	<u>(88,700)</u>

GEO has no payables falling due after one year.

16.1 Intra-Government Balance

	2010	2009	1 April 2008
	£'000	£'000	£'000
Amounts falling due within one year			
Balances with other central government bodies	(809)	(7,280)	(88,068)
Balances with Local Authorities	<u>0</u>	<u>(24)</u>	<u>0</u>
Subtotal of Intra government balances	(809)	(7,304)	(88,068)
Balances with bodies external to government	(882)	(1,003)	(632)
Total payables at 31 March	<u>(1,691)</u>	<u>(8,307)</u>	<u>(88,700)</u>

17. Capital commitments

There are no capital commitments at 31 March 2010

18. Commitments under leases

Operating Leases

Total minimum lease payments under operating leases are given in the table below for each of the following periods.

	2009-10 £000	2008-09 £000
Obligations under operating leases comprise:		
Buildings:		
Not later than one year	0	385
Later than one year and not later than five years	0	0
Later than five years	0	0
	<u>0</u>	<u>385</u>
Other:		
Not later than one year	5	5
Later than one year and not later than five years	0	5
Later than five years	0	0
	<u>5</u>	<u>10</u>

19. Other financial commitments

Communities and Local Government

Communities and Local Government's Financial Shared Services Division will provide payment processing services to the Government Equalities Office over the next year at a price to be negotiated.

20. Financial Instruments

As the cash requirements of the Department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk.

21. Contingent Liabilities

The Government Equalities Office does not have any Contingent Liabilities.

22. Related Party Transactions

The Government Equalities Office sponsors two commissions, the Equality and Human Rights Commission and the Women's National Commission. The Government Equalities Office granted some £55 million to the Equality and Human Rights Commission in 2009-10 and met the £709k costs of the Women's National Commission.

During the year the Government Equalities Office had significant transactions with other government departments and other central government bodies including Department for Communities and Local Government, Department for Work and Pensions and Treasury Solicitor's Department.

No Minister, Board Member or Key officer has undertaken material transactions with the Government Equalities Office during the year.

23. Entities within the departmental boundary

The entities within the boundary of GEO during 2009–10 were as follows:

23.1 Executive Non-departmental public body

- a. The Equality and Human Rights Commission (EHRC)

This is an executive non-departmental public body of the GEO. The EHRC is not consolidated within the GEO's accounts. It produces an annual report and accounts which are available from its website at <http://www.equalityhumanrights.com>.

23.2 Non- Executive Non-departmental public body

- a. The Women's National Commission (WNC)

This is a non-executive non-departmental public body of the GEO. The WNC's financial activities are reported within the GEO's accounts. Further information on the WNC is available from its website at <http://www.thewnc.org.uk>.

24. Disclosure of IFRSs in issue not yet effective

The Government Equalities Office (GEO) has reviewed the IFRSs in issue but not yet effective, to determine if it needs to make any disclosures in respect of those new IFRSs that are or will be applicable. References to 'new IFRSs' include new Interpretations and any new amendments to IFRSs and Interpretations. It has been determined the following new IFRSs are relevant to GEO but will have no significant impact on the GEO's financial statements.

Amendments to IFRSs

- IAS 24 Related Party Disclosures

Amendments to IFRSs resulting from Annual Improvements to IFRSs (May 2008 and April 2009)

- IAS 7 Statement of Cash Flows

The GEO has identified the following accounting change will impact upon its financial statements.

- Chapter 11 Income and Expenditure. The removal of Cost of Capital charging from the accounts. From 1 April 2010 notional costs should not be recorded for cost of capital. Cost of Capital charging will be excluded from the GEO's accounts. The

initial application will have an impact of approximately £37k on both the GEO's income and expenditure for 2010-11.

25. Events after Reporting Period

It was announced in the Budget on 22 June 2010 that the Government intends to adopt the Consumer Price Index (CPI) for the indexation of public service pensions from April 2011. This will have an impact upon the future operation of the pension schemes that the Government Equalities Office provides to employees.

These accounts were authorised for issue on 22 July 2010.

Annexes

Annex A: Core Tables

Table 1: Total Departmental Spending

	£'000								
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
Resource budget									
<i>Resource DEL</i>									
Promoting a fair and equal society	58,709	71,158	60,089	80,098	69,728	71,146	69,518	-	-
Total resource budget DEL	58,709	71,158	60,089	80,098	69,728	71,146	69,518	-	-
<i>Resource AME</i>									
Promoting a fair and equal society	-	-14,900	-117	8,384	-	-	-	-	-
Total resource budget AME	-	-14,900	-117	8,384	-	-	-	-	-
Total resource budget	58,709	56,258	59,972	88,482	69,728	71,146	69,518	-	-
<i>of which: depreciation</i>	1,048	1,101	717	618	1,731	1,731	564	-	-
Capital budget									
<i>Capital DEL</i>									
Promoting a fair and equal society	1,058	863	326	7,175	904	904	2,000	-	-
Total capital budget DEL	1,058	863	326	7,175	904	904	2,000	-	-
<i>Capital AME</i>									

Total capital budget AME	-	-	-	-	-	-	-	-	-
Total capital budget	1,058	863	326	7,175	904	904	2,000	-	-
Total departmental spending†									
Promoting a fair and equal society	58,719	56,020	59,581	95,039	68,901	70,319	70,954	-	-
Total departmental spending†	58,719	56,020	59,581	95,039	68,901	70,319	70,954	-	-
<i>of which:</i>									
Total DEL	58,719	70,920	59,698	86,655	68,901	70,319	70,954	-	-
Total AME	-	-14,900	-117	8,384	-	-	-	-	-

† Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

Spending by local authorities on functions relevant to the department

Current spending	-	-	-	-	-	-	-	-	-
<i>of which:</i>									
financed by grants from budgets above	-	-	-	-	-	-	-	-	-
Capital spending	-	-	-	-	-	-	-	-	-
<i>of which:</i>									
financed by grants from budgets above††	-	-	-	-	-	-	-	-	-

†† This includes loans written off by mutual consent that score within non-cash Resource Budgets and aren't included in the capital support to local authorities line in Table 3.

Table 2: Resource budget DEL and AME

	£'000								
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
Resource DEL									
Promoting a fair and equal	58,709	71,158	60,089	80,098	69,728	71,146	69,518	-	-

society

of which:

Administration	5,670	6,284	9,912	6,054	10,205	12,651	15,518	-	-
Payments to NDPBs	53,039	64,874	50,177	74,044	59,395	57,495	53,000	-	-
Grants to Private Sector and Charities	-	-	-	-	128	1,000	1,000	-	-

Total resource budget DEL	58,709	71,158	60,089	80,098	69,728	71,146	69,518	-	-
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of which:†

Pay	17,999	42,952	25,823	38,141	28,121	29,265	35,058	-	-
Procurement	35,681	27,105	29,181	36,118	28,751	29,434	29,372	-	-
Current	3,981	-	4,492	5,171	11,068	10,716	4,523	-	-

grants and subsidies to the private sector and abroad

Current	-	-	-	-	-	-	-	-	-
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grants to local authorities

Depreciation	1,048	1,101	717	618	1,731	1,731	564	-	-
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Resource AME

Promoting a fair and equal society	-	-14,900	-117	8,384	-	-	-	-	-
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of which:

Payments to NDPBs	-	-14,900	-117	8,384	-	-	-	-	-
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Total resource budget AME	-	-14,900	-117	8,384	-	-	-	-	-
----------------------------------	---	----------------	-------------	--------------	---	---	---	---	---

of which:†

Pay	-	-	-	-	-	-	-	-	-
Procurement	-	-	-	-	-	-	-	-	-
Current	-	-	-	-	-	-	-	-	-

grants and subsidies to the private sector and abroad

Current	-	-	-	-	-	-	-	-	-
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grants to local authorities

Depreciation	-	-	-	-	-	-	-	-	-
--------------	---	---	---	---	---	---	---	---	---

Total resource budget	58,709	56,258	59,972	88,482	69,728	71,146	69,518	-	-
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† The economic category breakdown of resource budgets only shows the main categories, so may not sum to the total. The breakdown may even exceed the total where further income scores in resource budgets

Table 3: Capital Budget DEL and AME

	£'000								
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
Capital DEL									
Promoting a fair and equal society	1,058	863	326	7,175	904	904	2,000	-	-
<i>of which:</i>									
Payments to NDPBs	1,058	863	326	7,175	904	904	2,000	-	-
Total capital budget DEL	1,058	863	326	7,175	904	904	2,000	-	-
<i>of which:</i>									
Capital expenditure on fixed assets net of sales†	1,058	863	326	7,175	904	904	2,000	-	-
Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-	-
Net lending to private sector	-	-	-	-	-	-	-	-	-
Capital support to public corporations	-	-	-	-	-	-	-	-	-
Capital support to local authorities††	-	-	-	-	-	-	-	-	-
Capital AME									
Total capital budget AME	-	-	-	-	-	-	-	-	-
Total capital budget	1,058	863	326	7,175	904	904	2,000	-	-
<i>Of which:</i>									
Capital expenditure on fixed assets net of sales†	1,058	863	326	7,175	904	904	2,000	-	-
Less	1,048	1,101	717	618	1,731	1,731	564	-	-

depreciation†††									
Net capital expenditure on tangible fixed assets	10	-238	-391	6,557	-827	-827	1,436	-	-

† Expenditure by the department and NDPBs on land, buildings and equipment, net of sales. Excludes spending on financial assets and grants, and public corporations' capital expenditure.

†† This does not include loans written off by mutual consent that score within non-cash Resource Budgets.

††† Included in Resource Budget.

TABLE 4: Capital Employed

	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Projected outturn	2010-11 Plans
Assets and liabilities in the Statement of Financial Position at year end:							
Assets							
Non-current assets (1)	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-
Tangible Assets	-	-	-	-	-	-	-
Current Assets			31,215	88,700	8,617	2,375	50,000
Creditors (< 1 year)	-	-	-31,215	-88,699	-8,239	-1,691	-50,000
Creditors (> 1 year)	-	-	-	-	-	-	-
Provisions (2)	-	-	-	-	-	-	-
Capital Employed within main department	-	-	-	1	378	684	-
NDPB Net Assets							
NDPB Net Assets							
Commission for Racial Equality	780	463	450				
Disability Rights Commission	1,662	1,593	1,544				
Equal Opportunities Commission	-52	-239	96				
Commission for Equality and Human Rights (3)				-1,062			
Total	2,390	1,817	2,090	-1,062	-	-	-
Total Capital employed in Departmental Group	2,390	1,817	2,090	-1,061	378	684	-

Notes

(1) The Government Equalities Office has no fixed assets.

(2) The Government Equalities Office does not have any provisions.

(3) Includes in 2007-8 all assets and liabilities transferred from the legacy commission Equal Opportunities Commission, Disability Rights Commission and Commission for Racial Equality

Table 5 Administration Costs

	£'000								
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
Administration Expenditure									
Paybill	2,904	2,328	3,118	3,742	4,667	6,135			
Other	339	339	339	1,466	3,190	3,345			
Total	3,243	2,667	3,457	5,208	7,857	9,480	9,525	-	-
administration expenditure									
Administration income	-	-	-	-	-	-	-	-	-
Total administration budget	3,243	2,667	3,457	5,208	7,857	9,480	9,525	-	-
Analysis by activity									
Promoting a fair and equal society	3,243	2,667	3,457	5,208	7,857	9,480	9,525	-	-
Total administration budget	3,243	2,667	3,457	5,208	7,857	9,480	9,525	-	-

TABLE 6 : STAFF NUMBERS (1)

	2007-8 Actual	2008-9 Actual	2009-10 plans	2010-11 plans	2011-12 plans
Government Equalities Office					
CS FTEs (2)	62	81	121	115	-
Temporary Staff (3)	8	22	9		
Total Gross Admin Costs	70	103	130	115	-

(1) All figures are based upon an average of the financial year. Excludes Ministers and Special Advisers

(2) CS FTEs refers to FTE staff in permanent civil service posts.

(3) Temporary Staff refers only to those on short term contracts or agency staff appointed through GEO HR.

Annex B: Data Performance Table

PSA/DSO indicator table

Indicator	Indicator belongs to	Statement on data	OGDs lead
Supporting Families	DSO 1.1	<ul style="list-style-type: none"> In 2009 the overall median gender pay gap narrowed by 0.5 percentage points Positive data indicating more working parents were aware of and utilising flexible working arrangements 	
Empowering BME Women	DSO 1.2	<ul style="list-style-type: none"> Delivered BAME Women's Councillor Taskforce work programme Launched new cross-Government targets on gender, ethnicity and disability for public appointments 	
Tackling violence against women	PSA 23.1 DSO 1.3	<ul style="list-style-type: none"> Worked with Home Office to commission an independent review into the effective handling of rape complaints, published as the Stern Review Published first ever government fact-sheet on female genital mutilation Worked in partnership with Rape Crisis England & Wales and The Survivor's Trust to set up a deliver a cross-Government fund of £1.6 million 	Home Office
Improve the way we deal with women who commit crimes	PSA 24 DSO 1.3	<ul style="list-style-type: none"> Delivered 10 regional workshops to increase awareness of the Gender Equality Duty in meeting the needs of women offenders Co-funded, with Attorney General's Office, the evaluation of conditional caution pilots 	Ministry of Justice
Simplifying and strengthening equality law	DSO 2.1	<ul style="list-style-type: none"> Introduced Equality Bill into Parliament in April 2009. Equality Bill became Equality Act in April 2010 Ran two public consultations from June to September 2009 on 1) policy proposals for the specific public sector equality duties, and 2) inviting views on our developing policy for specific aspects of the age discrimination ban Published policy statement in January 2010 on the specific duties which will underpin the new Equality Duty Published policy statement in January 2010 on ending age discrimination in services and public functions 	
Devising and using a	DSO 2.2	<ul style="list-style-type: none"> Completed a comprehensive data audit and 	

Indicator	Indicator belongs to	Statement on data	OGDs lead
framework for measuring progress towards a more equal society		<p>published reports</p> <ul style="list-style-type: none"> • Developed process and outcome indicators and published reports • Published LSE/Oxford Report with proposed outcome completed 	

Indicator	Indicator belongs to	Statement on data	OGDs lead
<u>Indicator 1</u> Reduce the gender pay gap	PSA 15 DSO 3	<ul style="list-style-type: none"> • In 2007/08 the overall gender pay gap baseline was 22.5 per cent. • In 2008/09 the data showed improvement to 22.0 per cent. • A statistically significant reduction would be 0.55% over the three year CSR period. • Data for this indicator comes from the Office for National Statistics (ONS). 	
<u>Indicator 2</u> Increase disabled people's choice and control	PSA 15 DSO 4	<ul style="list-style-type: none"> • In 2008 the baseline data for this indicator showed that 23% of disabled people suggest they do not frequently have choice and control over their lives. • In 2009 the data showed improvement to 22%. • Significant changes are estimated to be in the range of 2 to 3 percentage points or more. • This indicator is measured using the Office for National Statistics Opinions Survey. 	ODI
<u>Indicator 3</u> Address inequalities in civic participation	PSA 15 DSO 5	<ul style="list-style-type: none"> • In 2007/8 the baseline data showed the gaps in civic participation are: BME10%, Disabled people 5%, Young people (16-25yr olds) 8%. • In 2009 (April – Dec) the data showed improvement in all gaps: BME to 9.7%, young people to 6.6%, disabled people to 3.9%. However, there was a statistically significant reduction in the overall levels of civic participation. • The indicator will be met if all three groups achieve a statistically significant reduction in their gaps with no reduction in the overall levels of civic participation. • Data is from the Citizenship Survey. 	CLG
<u>Indicator 4</u>	PSA 15	<ul style="list-style-type: none"> • The baseline for the composite gap in 	

Reduce discrimination at work

DSO 6

perceptions of labour market discrimination is 3.2%.

- In 2009 (April – Dec) the data showed a small increase in the composite gap to 3.3%. This is not statistically significant.
- A statistically significant reduction will be an estimated 2-3% on the current composite gap.

Indicator 5
Understand and address unfair treatment by public services

PSA 15
DSO 7

- Data is from the Citizenship Survey.
- The baseline for the composite gap in perceptions of fair treatment was -0.2% in 2007/8.
- In 2009 (April – Dec) the data showed that the composite gap has increased to 0.9%, however this is not statistically significant.
- This data shows almost no gap in peoples' experience of treatment by public services.
- Data is from the Citizenship Survey.

Annex C: Table on Public Accounts Committee recommendations

Name of report **Fifteenth Report Session 2009/10 – The Equality & Human Rights Commission**

PAC Conclusion (4): The [EHRC] Board did not effectively oversee or scrutinise the set-up process or management's decisions. The Chair of the Commission should have ensured that the Board more closely reviewed and scrutinised the progress in setting up the Commission, particularly in the period before the Chief Executive was appointed. The Board should have challenged management's proposals more robustly and should have been more proactive in holding management to account. The respective roles of the Board and the management team and be proactive Commission's Board should clarify the in seeking evidence to satisfy itself that management have processes in place to effectively deliver their responsibilities.

PAC Conclusion (7): The Comptroller and Auditor General qualified the Commission's accounts for 2006-08 because it did not follow proper process in re-engaging former staff as consultants. The Commission did not understand what needed to be included in the business case, did not hold an open competition for the appointment of the consultants, and did not obtain formal approval before the consultants started work. The Department should issue clear guidelines to the Commission on how future business cases should demonstrate the achievement of value for money. The Department should also clarify with the Commission at what point it expects to be brought into these decisions, especially where prior approval from the Treasury is required before action can be taken.

PAC Conclusion (8): Serious weaknesses in the Commission's controls have continued beyond the period covered by the 2006-08 Accounts. The late disclosure of an additional £15,000 paid to one of the re-engaged consultants and the breaches of the Commission's pay remit and staff complement show that the Commission's controls over staff costs remain weak. We welcome the Accounting Officer's assertion that stronger controls are now in place. The Department and the Accounting Officer must

The PAC Report was published in March 2010: the dissolution of Parliament for the General Election of May 2010 delayed the Government response to this Report.

The GEO is contributing, in respect of the four recommendations listed here, to the Treasury Minute responding to the Report. The Minute is due to be published before the 2010 Summer Recess.

ensure that the Commission follows proper procedures with regard to the management and use of public money in future

PAC Conclusion (9): The Commission has not had a permanent Chief Executive since May 2009. An interim Director General has been in post since May 2009 and is paid at a daily rate of £1,000 (excluding VAT), which will have cost a total of £138,000 (excluding VAT) by the end of January 2010. A new Chief Executive will need to tackle the continuing weaknesses in the Commission's controls. The Commission, with the agreement of the Department, should seek to appoint a permanent Chief Executive as soon as possible, having followed a rigorous competitive appointment process designed to ensure the appointment of the best-equipped candidate

Annex D: Complaints to the Parliamentary Ombudsman

**Number of Complaints to the
Parliamentary Ombudsman**

0

**Number of Investigations reported on
by the Parliamentary Ombudsman**

0



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