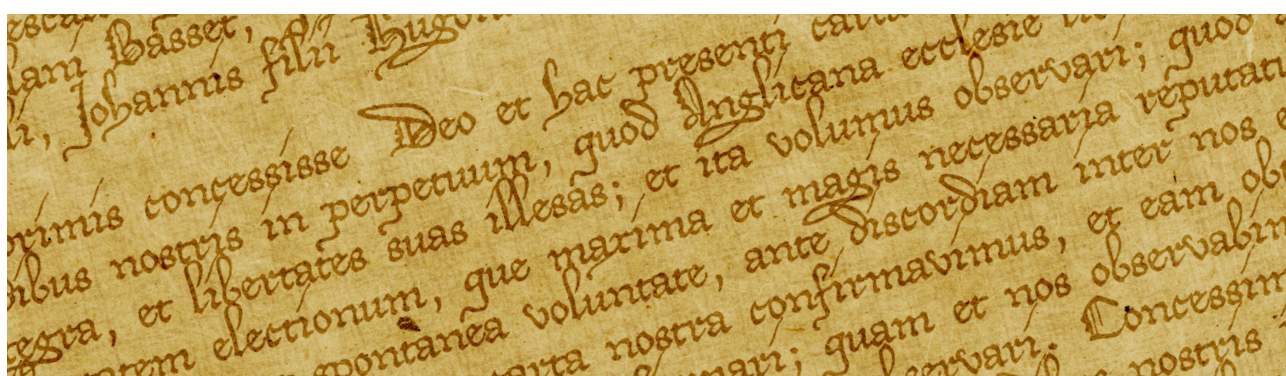
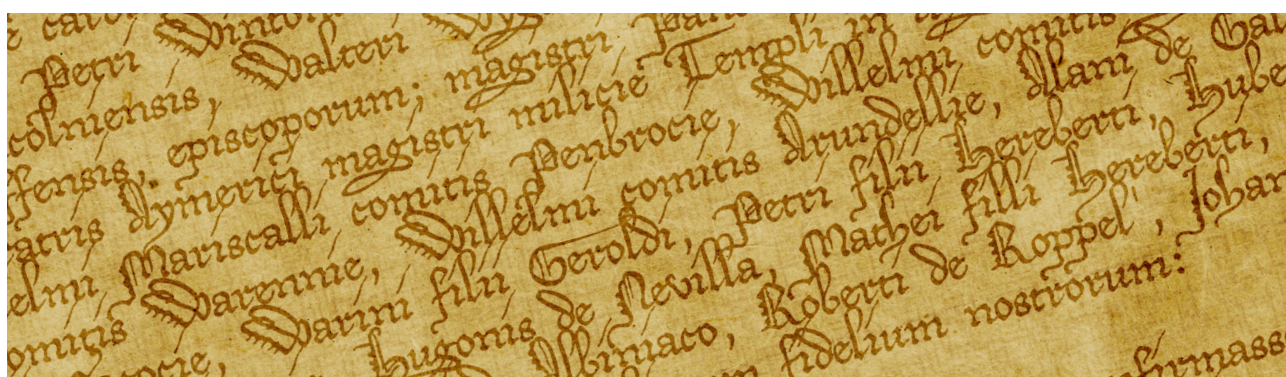


# Equality and Human Rights Commission Annual Report and Accounts

1 April 2013 – 31 March 2014



# Equality and Human Rights Commission Annual Report and Accounts

1 April 2013 – 31 March 2014

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

Accounts presented to Parliament  
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to the Equality Act 2006

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# Foreword from the Chair

**Fairness, dignity and respect are values we all share. At the Equality and Human Rights Commission we work to promote and enforce the laws that protect those values, and help to ensure that equality and human rights are a reality for everyone.**

Our Annual Report and Accounts 2013/14 sets out the work we have delivered to support those aims over the past year – my first full year as Chair of the Commission. It details how we delivered the work programme set out in our Corporate Plan 2013/14, within the framework of the strategic priorities we set out in our 2012–15 strategic plan. It describes the progress that we have made as an organisation towards making and keeping Britain a fairer society in which everyone, regardless of background, has an equal opportunity to fulfil their potential.

I am pleased to report that during the year the Commission continued to improve the way it delivers its statutory functions under the Equality Act 2006, reflecting its role

as a European National Equality Body and as an ‘A status’ United Nations National Human Rights Institution.

Through our research and inquiries, our strategic legal programme, our work with the private and public sectors, our briefings on new legislation and reforms, and our reporting to international bodies on how the UK is meeting its obligations, we ensured that Parliament, the UN and other bodies could have increasing confidence in the Commission as a source of expert and authoritative advice, guidance and evidence on equality and human rights.

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

Equality and human rights are for everyone and, while we should be proud of the real progress Britain has already made towards becoming a fairer and more inclusive society, we must also continue to recognise and challenge persisting unfairness, intolerance and injustice.

Our business plan 2014/15 sets out how we will do this over the year ahead, working with a range of organisations across the public, private and voluntary sectors. This year, we will also begin work on our next periodic review of progress on equality and human rights in Britain, which will form the evidence base on which we will build our future strategic direction.

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



# Foreword from the Chief Executive

**Over the past year, the Equality and Human Rights Commission has delivered a programme of high-quality work towards our strategic priorities, building our reputation as an organisation which influences public debate and delivers positive improvements to equality and human rights.**

Our work to improve fairness and equality of opportunity in Britain's future economy included research highlighting the low rates of access for disabled people and ethnic minorities to Modern Apprenticeships in Scotland; examining employment conditions in the meat processing sector and the cleaning sector; and developing a new strategy to improve employers' and employees' understanding of religion or belief rights.

We promoted fair access to public services through our work in partnership with VisitEngland, VisitScotland and VisitWales to help small businesses in the tourism sector increase access for disabled customers, and supported an important legal case clarifying the protection of customers against discrimination by hotel owners because of sexual orientation.

As regulator of the Public Sector Equality Duty, we completed a range of work to improve the way public services tackle discrimination and advance equality of opportunity.

We also took forward work to promote dignity and respect, and to safeguard the rights of those in the most vulnerable situations through our follow-up reports on disability harassment and the home care of older people. Our reports on the use of stop and search powers by police forces in England and Wales influenced recent government announcements of proposed improvements.

Alongside this, we have continued to provide briefings and advice to Parliament on proposed legislation, including on legal aid reforms, voting rights for prisoners, the Care Bill, the Anti-Social Behaviour, Crime and Policing Bill, the Deregulation Bill and the draft Slavery Bill. We provided evidence-based responses to consultations and briefings to the Intelligence and Security Committee's inquiry on privacy and security, and the Home Affairs Select Committee's inquiry on female genital mutilation.

Fulfilling our role as a UN National Human Rights Institution, we presented shadow reports to the relevant treaty bodies for the UK's examination on the UN Convention Against Torture and the UN Convention on the Elimination of All Forms of Discrimination Against Women.

At the same time, we have continued to improve our performance across the board – in the quality and delivery of our work, the value for money we provide

and our stewardship of resources. We have delivered increased efficiencies and savings, including through office moves and consolidation, and driven continued improvements in the financial management of the organisation. We also agreed a new framework agreement setting out our working relationship with the Department for Culture, Media and Sport, our sponsor department.

In April 2014, the Commission published its business plan for 2014/15, setting out the work we will focus on this year in each of our strategic priority areas. We are delighted that this has been well received by many of our stakeholders. It sets a clear framework within which we can continue to make progress on the issues that really matter to all of us and that go to the heart of what we as a society consider to be important.

There is a lot to be done, but we are confident that we are well placed to maintain our progress on delivering against our strategic priorities effectively and efficiently.

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





# About the Equality and Human Rights Commission

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



## Human Rights Act 1998

1998 CHAPTER 42

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

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

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

## **Duties and powers**

We have unique duties and powers under the Equality Acts of 2006 and 2010 to help us fulfil our mandate. These include duties and powers to:

- uphold the rights of individuals and tackle instances of discrimination;
- use our influence and authority to ensure that equality and human rights are fully

considered by government, employers, media and society;

- provide information, guidance and advice on discrimination and rights in specific settings to businesses, the voluntary and public sectors and individuals;
- develop an evidence-based understanding of the causes and effects of inequality for people across Britain; and
- act directly to enforce legislation.

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

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

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

The Commission’s sponsor is the Department for Culture, Media and Sport (DCMS). The Government Equalities Office (GEO) acts as the Commission’s sponsor team within DCMS.

## Accounting Officer

The Home Secretary and the Minister for Women and Equalities appointed Mark Hammond as an ex-officio Commissioner and Accounting Officer in June 2011. His responsibilities as the Accounting Officer are set out on page 40. As Accounting Officer, he is also responsible for maintaining a sound system of internal control. The governance statement on pages 41 to 49 sets out how this responsibility has been discharged in the year to 31 March 2014.

## Governance

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

The Chief Executive, Mark Hammond, is responsible for developing and implementing strategy, fulfilling the Commission's statutory objectives, managing and staffing the Commission, reporting the results of his work to the Board of Commissioners and acting as the Commission's designated Accounting Officer.

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

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

Further information about the Commission's governance arrangements can be found in the Accounting Officer's governance statement on pages 41 to 49.

## The Board of Commissioners

The Commissioners who served as members of the Board between 1 April 2013 and 31 March 2014 are as follows:

- Baroness Onora O'Neill CBE
- Sarah Anderson CBE
- Caroline Waters OBE
- Evelyn Asante-Mensah OBE
- Ann Beynon OBE, Wales Commissioner
- Laura Carstensen
- Lord Chris Holmes MBE, Disability Commissioner
- Kaliani Lyle, Scotland Commissioner
- Sarah Veale CBE
- Professor Swaran Singh

Mark Hammond, the Commission's Chief Executive, is an ex-officio Commissioner. There are biographies for the Commission's Board members at [www.equalityhumanrights.com/about-us/about-commission/commissioners](http://www.equalityhumanrights.com/about-us/about-commission/commissioners)

## **The Disability Committee**

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

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

The Committee uses its powers and responsibilities to support and shape the Commission’s work on the development and implementation of statute and case law that affects disabled people. It also embeds the rights of disabled people in the programme of work driven by the Commission’s three-year strategy.

Following an independent review of the Disability Committee, the then Secretary of State decided to dissolve the Committee in 2017. A statutory instrument has been laid in Parliament.

During the intervening period, the working arrangements for the Committee will be strengthened, to ensure that they are as robust as possible in order to address the range of challenges faced by disabled people across Britain.

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

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

## **The Scotland Committee**

The Scotland Committee is chaired by Kaliani Lyle and met four times during 2013/14.

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

There is additional information about the Scotland Committee and its work at

[www.equalityhumanrights.com/about-us/devolved-authorities/commission-scotland](http://www.equalityhumanrights.com/about-us/devolved-authorities/commission-scotland)

## **The Wales Committee**

The Wales Committee is chaired by Ann Beynon OBE and met four times during 2013/14.

The purpose of the Committee is to exercise the Commission’s general powers in respect of activities listed in the Equality Act 2006 and to give advice to the Welsh

Government and National Assembly for Wales in respect of laws, including the likely effect of proposed changes to laws that, in the opinion of the Commission, affect only Wales. This is subject to the exclusions set out in the Equality Act 2006 relating to disability matters (delegated to the Disability Committee), and advice or guidance on a Great Britain-wide basis (provided by the Commission).

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

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

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

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

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

During the year, the Audit and Risk Assurance Committee was chaired by Sarah Anderson CBE. Sarah Anderson's term of office as a Commissioner ends on 10 July 2014. A new Committee chair will be appointed from the Board. The Committee met five times during the year ending 31 March 2014.

The Committee reports to the Board and comprises three non-executives and two independent members. The independent members of the Committee are Howard Cressey and Ram Gidoomal CBE. The independent members' term of office expired on 31 March 2014. A recruitment process was completed in March and new independent members Roger Dunshea and Dean Parker were appointed with effect from 1 April 2014.

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

The Committee advises the Board on the appointment of the internal auditor, approves the internal audit strategy and work plan, and ensures that internal audit provides an appropriate level of assurance to the Accounting Officer and the Board. The Committee considers the National Audit Office (NAO) external audit

strategy and reviews the annual report and associated management letter and any recommendations that the NAO identifies during its audit work. Representatives of the internal and external auditors and Commission staff, as necessary, attend Audit and Risk Assurance Committee meetings. The sponsor department attends the meetings in an observer role. The Chief Executive may attend the meetings.

## **The Senior Management Team**

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

There is further information about the members of the Senior Management Team in the remuneration report on pages 29 to 38.

## **Commission staff**

As at 31 March 2014, 205 (193 full-time equivalent (FTE)) (217 (207 FTE) as at 31 March 2013) individuals were directly employed by the Commission on a permanent or fixed-term basis. In addition, the Commission engaged a small number of staff who are support workers on a secondment or loan from within the Civil Service or engaged on an interim or agency basis.

The average number of FTE employees in post during the year 2013/14 was 201 (258 during 2012/13), including seconded, loan or agency staff (see note 3a to the financial statements).

This 24 per cent reduction in workforce was achieved through a voluntary exit programme, by taking the opportunity to reshape the organisation through staff turnover and by reducing the number of temporary staff.

## **Code of conduct**

The Commission has a clear set of core values that guide the actions and behaviour of its employees. A set of behavioural indicators has also been published which, although not exhaustive, is intended to assist employees in understanding expectations and managers in objectively assessing compliance with the behaviours expected.

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

## **Staff consultation and engagement**

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

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

## **Staff development**

During 2013/14, the Commission continued to invest in the development of its workforce. Over 76 per cent of the Commission's employees attended centrally managed and delivered development programmes, and 20 per cent attended externally facilitated face-to-face development courses. In addition, all staff had access to the Civil Service Learning portal, facilitating completion of a wide range of eLearning modules, along with access to reference materials.

We also supported and encouraged workforce development through secondments both inwards and externally.

## **Staff survey**

The results of the staff survey for 2013 were the best seen over the three years that the survey has run. While this marked very clear signs of improvement, the Senior Leadership Team was clear that there was no room for complacency since there was scope for improvement across a number of scores.

Of 22 measures, the survey showed a year-on-year improvement in 14; 4 measures remained stable; and a slight deterioration was seen in 4. The survey contained a range of measures typical of such surveys – clarity of direction, workload levels, management support, fairness of treatment, motivation and flow of information.

# Strategic report



## Equality Act 2010

CHAPTER 15

CONTENTS

PART 1

SOCIO-ECONOMIC INEQUALITIES

1 Public sector duty regarding socio-economic inequalities  
to amend section 1



## **Delivering our strategic priorities in 2013/14**

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

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

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

## **Delivery highlights in 2013/14**

In our 2013/14 corporate plan we set out the work we would undertake in each of our strategic priority areas and overall we have achieved 87 per cent of our planned programme of work (an improvement from 81 per cent last year). Much of the remaining 13 per cent was either delayed into the first quarter of 2014/15, or had to be changed due to external factors.

Over the past year, we have worked with police forces to make their use of stop and search powers fairer and more

effective, and with local authorities and other public bodies to increase protection against disability-related harassment and to improve the quality of home care. Our guidance on areas such as the Public Sector Equality Duty and religion or belief in the workplace has been well received and well used, and we continue to build on our evidence base through high-quality research and analysis.

We have supported, or intervened in, a number of successful landmark legal cases on issues affecting some of the most disadvantaged in our society, including the Government’s decision to close the Independent Living Fund; sexual orientation discrimination by hotel owners; and breaches of human rights legislation by police forces which had retained information on peaceful protesters and young people convicted of minor criminal offences.

We have delivered increased efficiencies and savings, including through office moves and rationalisation; and agreed a new framework agreement setting out our relationship with our sponsor department.

We are now recognised by Parliament, other organisations and in the media as an expert source of advice, guidance and evidence on equality and human rights. As a result, the Government and media have turned to us to provide evidence on challenging issues such as the use by the police of stop and search powers, gender segregation at university events, or the extent to which caste discrimination is an issue in Britain and how to address it.

A summary of our major achievements against each of our priorities and underpinning deliverables is set out on the following pages.

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

- We conducted research into the Modern Apprenticeships programme in Scotland, highlighting the low rates of access of disabled people and ethnic minorities and a lack of progress in reducing gender-based occupational segregation.
- We concluded a dialogue to inform our strategy to improve employer and employee understanding of religion or belief rights.
- We concluded follow-up work from our inquiry into the meat processing sector, and completed research and a call for evidence into recruitment and employment conditions in the cleaning sector.

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

- We published, in partnership with VisitEngland, VisitScotland and VisitWales, a guide to help small businesses in the tourism sector welcome customers with assistance dogs.
- We supported a gay couple in a Supreme Court appeal, which resulted in the court ruling that a bed and breakfast owner's religious beliefs did not entitle them to discriminate because of sexual orientation.
- We published reports showing the extent to which public authorities in England and Scotland have met specific obligations under the Public Sector Equality Duty.
- We delivered guidance for Scottish public authorities on how to tackle discrimination and promote equality for employees and service users through public procurement.
- We intervened in a case brought by several disabled claimants in which the Court of Appeal overturned the Government's decision to close the Independent Living Fund, finding insufficient evidence of compliance with the Public Sector Equality Duty.
- We responded to public and media interest in Universities UK (UUK) guidance on gender segregation in meetings at universities; we set out the clear legal position, which corrected UUK's legal interpretation.

## To promote dignity and respect, and to safeguard people's safety

- We followed up our inquiries into disability harassment and the home care of older people with reports assessing progress against our recommendations.
- We published a range of reports on the use of stop and search powers by police forces in Wales and Scotland and worked with police forces to make their use of stop and search powers fairer and more effective.
- We commissioned and published research on caste in Britain, setting out clear proposals for how discrimination based on caste can be tackled through existing laws on race discrimination.

## Our core work

### Our role as a National Human Rights Institution

- We presented shadow reports to the relevant treaty bodies for the UK's examination on the UN Convention Against Torture and the UN Convention on the Elimination of All Forms of Discrimination Against Women; the majority of our recommendations and concerns were reflected in both UN committees' concluding observations, which will form the basis of future work with government departments.

### Research

- We continued to develop our research and evidence base, publishing a range of briefing papers covering gender and pay, standards of living, health, identity, expression and self-respect, and productive and valued activities.

## Using the law

- We provided evidence-based responses to consultations and briefings to the Intelligence and Security Committee's inquiry on privacy and security, and the Home Affairs Select Committee's inquiry on female genital mutilation. We also provided briefings and advice to Parliament on legal aid reform proposals, voting rights for prisoners, proposed amendments to the Care Bill, the Anti-Social Behaviour, Crime and Policing Bill on the use of stop and search powers, the Deregulation Bill and the draft Slavery Bill.

## Business improvement

- We have seen a significant increase (34 per cent) in the number of visitors to our website – from 1.6m in 2012/13 to 2.1m this year. The website has been recognised by the Royal National Institute of Blind People (RNIB) for its accessibility, being named as website of the month in January 2014.

- We delivered over £2.8m of efficiency savings through the rationalisation of our estates, by moving to lower-cost accommodation, staff reductions and reduction in reliance on interims.
- We improved our handling of, and response to, requests for information, with a significant reduction (21 per cent) in the number of complaints received and upheld.

## Risks and uncertainties

The Commission manages the risks to achieving its objectives by:

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

Action has been taken during the year to further improve the understanding and management of risk within the Commission. Additional information about the risk management framework and issues of significance has been provided in the governance statement on pages 41 to 49.

## Strategic risk

As at 31 March 2014, the Commission's strategic risk register contained six risks:

- the lack of independence required to maintain National Human Rights Institution (NHRI) 'A status' and to deliver the Commission's legal duties;
- failure to protect and enhance the Commission's reputation;
- inadequate funding to fulfil the Commission's role;
- failure to recruit, develop and retain quality staff;
- being prepared for the outcome of the Scottish independence referendum; and
- the changing devolved constitutional environment.

During the year, the Commission successfully managed risks relating to failure to deliver its business improvement objectives and failure to deliver against its business plan, and these risks were removed from the register.

The risk focusing on the changing devolved constitutional environment is a new risk: increased devolution in the UK and internationally in future may lead to a fragmented equality and human rights landscape, affecting the Commission's ability to deliver its remit effectively.

## Meeting our Public Sector Equality Duty requirements

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

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

## Workforce diversity

The table opposite summarises the Commission's workforce diversity profile as at 31 March 2014.

During 2013/14, the Commission's workforce headcount reduced from 217 (207 full-time equivalent (FTE)) as at 1 April 2013 to 205 (193 FTE) as at 31 March 2014. Nineteen staff left the Commission and there were seven new appointments.

Overall, there has been no significant change to the Commission's workforce diversity during 2013/14. The main changes are: an increase in the proportion of staff who declare themselves as disabled; an increase in the proportion of our staff who are married or in a civil partnership; and the workforce is getting older.

In 2013/14, we undertook an exercise to refresh our equality monitoring data and encourage staff to make a diversity declaration. Over 65 per cent of our staff responded and provided data – a 6 per cent increase on our previous exercise.

In summary:

- 61 per cent of our workforce are female; no change from 2012/13;
- 26 per cent of our workforce describe themselves as having a disability; an increase from 21 per cent at the end of 2012/13;
- 18 per cent of our workforce are from ethnic minority groups; no change from 2012/13;
- 14 per cent of our workforce are aged under 34 compared with 18 per cent at the end of 2012/13; 3 per cent are aged over 65, slightly higher than 1 per cent in 2012/13;
- 50 per cent of our workforce declared a religion or belief; no change from the previous year;
- 6 per cent of our workforce declared they are lesbian, gay or bisexual – a slight decrease from 8 per cent in 2012/13; while 88 per cent stated they are heterosexual – an increase from 81 per cent in 2012/13;

Workforce diversity (%)	Year ended 31 March 2014	Year ended 31 March 2013
<b>Age</b>	<b>%</b>	<b>%</b>
16–24	0	0
25–34	14	18
35–44	29	30
45–54	41	38
55–64	13	13
65+	3	1
<b>Disability</b>		
Disabled	26	21
Non-disabled	46	79
Not declared	28	N/A <sup>1</sup>
<b>Gender</b>		
Male	39	39
Female	61	61
<b>Ethnic group</b>		
White	80	80
Black and ethnic minority	18	18
Not declared	2	2
<b>Gender reassignment</b>		
Transgender or transsexual	None declared	None declared
<b>Religion or belief</b>		
Religion or belief	50	50
No religion or belief	41	40
Not declared	9	10
<b>Sexual orientation</b>		
Lesbian/gay/bisexual	6	8
Heterosexual	83	81
Not declared	11	11
<b>Caring responsibilities</b>		
Yes	46	40
No	44	47
Not declared	10	13
<b>Pregnancy and maternity status</b>		
Pregnant or on maternity leave	6	7
<b>Marriage/civil partnership status</b>		
Married or in a civil partnership	52	46
Not married or in a civil partnership	40	41
Not declared	8	13

<sup>1</sup> The 'not declared' category for disability is new for the year ended 31 March 2014.

- 52 per cent of our staff are married or in a civil partnership compared with 46 per cent last year;
- almost half (46 per cent) of our staff have caring responsibilities, increased from 40 per cent in 2012/13; and
- no staff have identified themselves to be transgender.

At 31 March 2014, four members of the Senior Management Team were male and three female. Below that, at Senior Civil Service equivalent level, there were five females and one male. Across the rest of the workforce, 80 members of staff were male and 125 female.

## Financial review

The annual statement of accounts for the period to 31 March 2014 is set out on the following pages. The notes contained within these accounts also form an integral part of the accounts.

In 2013/14, the comprehensive net expenditure for the year taken to taxpayers' equity was £18.7m (£24.7m in 2013). The Commission, along with the majority of the public sector, has responded to the need to reduce public spending through being more efficient. In 2013/14, the Commission reduced its running costs by £1.4m or 29 per cent, recycling some of these savings to frontline activity.

The Commission continues to reduce its reliance and expenditure on interim staff by developing its staff and ensuring that skills transfer from interims to permanent members of staff. Expenditure on interim staff in 2013/14 was £1.3m or 59 per cent

lower than in 2012/13. Average numbers reduced from 12 in 2012/13 to 6 in 2013/14.

During 2013/14, the Commission rationalised the estate, delivering savings of £1m or 38 per cent. This programme continues, with vacant space being marketed as it is released.

The Commission continuously reviews its expenditure and manages its budget to deliver best value and ensure all spending is effective. In 2013/14, the Commission year-end outturn was within all budgetary control totals.

The Commission's budget for 2013/14 was £22.6m; made up of £16.9m core funding and £5.7m transitional funding. This transitional funding was provided to complete activities in order to realise efficiencies in the core budget. Against the core budget, Commission expenditure was £16.3m; 96 per cent of budget. Throughout the year the Commission actively managed its budget in order to maximise business planning outcomes.

Against the transitional funding of £5.7m, outturn was £2.9m; an underspend of £2.8m. This saving was realised by the Commission actively managing its estate costs to deliver £1m of savings per annum, spending £0.9m less than was budgeted. The Commission sought to recycle and reuse furniture and equipment wherever possible, realising these savings. Savings were also made as the severance costs of staff were £0.5m lower than budgeted. During 2013/14 the Commission had planned to migrate to a shared services solution for some of its back office services.

This budget of £0.8m was not required due to the delay in the availability of the public sector shared service solution.

During the year, the Commission realised savings of £1.4m in back office costs. The Commission will continue to rationalise and drive down back office costs, recycling savings to frontline activities.

## Resources

The capital structure of the Commission is shown as taxpayers' equity, which is funded by the annual resource allocation from our sponsor department. The statements of financial position and changes in taxpayers' equity for the year provide more information. The deficit value of taxpayers' equity as at 31 March 2014 was £2.7m (£3.1m in 2013).

## Key performance indicators

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

Overall, the Commission has met or exceeded its targets in eight of the operational key performance indicators (See table below).

We have seen a significant increase in visitors to our website (34%), with 2.1m visitors, and another marked reduction in the number of complaints received from 47 last year to 37, due to targeted improvements made in the handling and responses to information requests.

Key performance indicator	2013/14 target	2013/14 outturn
Success rate of completed strategic legal actions	70%	62%
Number of unique visitors to the website	>0.8m	>2.1m
Number of visits to the website	>1.1m	>2.6m
Number of stage 1 complaints received	<75	37
Complaints acknowledged within five working days	90%	97%
Complaints responded to within 20 working days	90%	100%
Complaints upheld by the Information Commissioner's Office	<2%	0%
Requests made under the Freedom of Information Act 2000 responded to within the statutory deadlines	100%	97%
Requests made under the Data Protection Act 1998 responded to within the statutory deadlines	100%	100%
Parliamentary questions answered within the deadline	100%	82%
Staff turnover	<10%	7.75%
Sickness absence (average number of staff days lost to illness per FTE)	<9	11.4



Although the overall success rate in legal cases we have funded or intervened in at 62% is less than the target, the success rate on Appeal Court cases, where legally binding precedents are set, was 79%. We will review our litigation strategy, by which we prioritise legal cases, during 2014/15, under the leadership of our new chief legal officer.

The percentage of parliamentary questions answered within the deadline fell short of the target of 100 per cent. This was as the Commission received, on the same day, a large number of questions requiring a range of information that was not readily available. The answers to the questions took time to research and collate.

The sickness absence rate increased to an average of 11.41 days lost to illness per FTE compared with 7.55 in 2012/13. This has been caused by a high level of ongoing long-term sickness absence; long-term sickness absence is defined as an absence of more than 20 continuous working days fully supported by a medical certificate. Excluding long-term absence, the average was 4.14 days. Over the last quarter of the year there has been an improvement in attendance due to active management of individual cases.

## **Sustainability**

The Commission aims to include sustainable development in its decision-making and activities. To assist this process, we have developed an environmental policy. The policy is consistent with the UK's commitment

to sustainable development, the UK Government's 'Greening Government' agenda and the targets set out in the 2006 Energy Review. In 2013/14, the Commission had less than 250 full-time equivalent staff and is exempt from reporting against the full range of Greening Government targets.

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

The Commission has a Green Group, led by a Senior Management Team member. During 2013/14, the Green Group worked within the Commission and with landlords to put in place the following improvements:

- 'green' pages on the Commission's intranet;
- the introduction of recycling points; and
- the introduction of closed loop recycled paper – this made a significant contribution in the wider Department for Culture, Media and Sport context.

During the office refit of Arndale House, a range of energy-saving features were installed including separate electricity meters to monitor power and a new, modern air-conditioning system, which allows us to change airflow and temperature across the office floors. The

Commission reused the majority of its old furniture, retaining whatever it could. Any items that could not be retained were sold for reuse elsewhere.

The Commission reduced the number of printers in use over the year. Replacement PCs and laptops conform to the latest 'Energy Star' ratings.

During 2013/14, the Commission became more efficient in its use of space, reducing its estate by 31% (1,127m<sup>2</sup>).

## **Going concern**

Grant-in-aid, unlike other income, is treated as financing and is taken straight into taxpayers' equity. Cash grant-in-aid for the period to 31 March 2015, taking into account the amounts required to meet the Commission's liabilities falling due in that period, has already been included in the sponsor department's estimates for the year, which have been approved by Parliament. There is no reason to believe that the department's future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going-concern basis for the preparation of these accounts.

**Mark Hammond**  
**Chief Executive**  
**1 July 2014**

# Directors' report



## Protection of Freedoms Act 2012

CHAPTER 9

The statement of accounts on the following pages reports the results of the Commission for the period to 31 March 2014. It was prepared on an accruals basis and in accordance with the Accounts Direction issued by the Secretary of State in accordance with the Equality Act 2006.

## Principal activities

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

## Future developments

The Commission's 2014/15 business plan was published on 2 April 2014. The plan sets out a programme of work to tackle entrenched inequalities and protect the human rights of everyone in Britain, including people in some of the most vulnerable situations across England, Scotland and Wales.

The business plan for 2014/15 sets out a range of projects it will undertake over the next year. Particular areas include:

- safeguarding people with mental health conditions in state detention;
- investigating concerns about possible unsafe working environments, discrimination, non-payment of wages and forced labour in the cleaning sector;
- ensuring job adverts do not discriminate against groups of workers, for example by targeting those of a particular nationality;
- following up recent concerns about failures leading to poor care and risks to patient safety, by working to raise levels

of compliance with equality and human rights standards in health and social care;

- tackling the recognised significant under-reporting of lesbian, gay, bisexual and transgender hate crime;
- contributing to work to reduce incidents of female genital mutilation;
- seeking improvements for disabled people in access to banking services and opportunities to participate in sport; and
- tackling the ongoing under-representation of women on corporate boards by improving recruitment practice in FTSE 350 companies.

The business plan for 2014/15 can be found on the Commission's website [www.equalityhumanrights.com/publication/business-plan-2014-2015](http://www.equalityhumanrights.com/publication/business-plan-2014-2015)

## Register of Commissioners' interests

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

## Corporate governance

Information about our corporate governance structure can be found above in 'About the Equality and Human Rights Commission', while the effectiveness of the system of governance and risk and control processes across the Commission

are described in the Accounting Officer's governance statement which starts on page 41.

## **Internal audit**

Deloitte LLP provided the internal audit service to the Commission that reviews the governance measures that are in place. Deloitte LLP was appointed as the internal auditor for a three-year term, which commenced in May 2010. In April 2013, the appointment was extended for one year to May 2014.

A joint tender process for internal audit services was undertaken with a grouping of regulators. Following the procurement exercise run using the Crown Commercial Services framework, Grant Thornton was appointed to provide the Commission's internal audit service from May 2014.

## **Auditing of accounts**

The external audit is carried out by the Comptroller and Auditor General, who is required to examine, certify and report

on the annual financial statements in readiness for their laying before the Houses of Parliament. The external auditor's remuneration for the audit of the 2013/14 financial statements is £65,000 (£82,500 in 2012/13).

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

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

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

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

**For all off-payroll engagements as of 31 March 2014, for more than £220 per day and that last for longer than six months**

<b>Number of existing engagements as of 31 March 2014</b>	<b>7</b>
Of which:	
Number that have existed for less than 1 year at the time of reporting	4
Number that have existed for between 1 and 2 years at the time of reporting	1
Number that have existed for between 2 and 3 years at the time of reporting	0
Number that have existed for between 3 and 4 years at the time of reporting	0
Number that have existed 4 years or more at the time of reporting	2
Confirmation that all existing off-payroll engagements, outlined above, have at some point been subject to a risk-based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.	
Number for whom assurance has been requested	7
Number for whom assurance has been received	7
Number for whom assurance has not been received	0
Number that have been terminated as a result of assurance not being received	N/A

**For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2013 and 31 March 2014, for more than £220 per day and that last for longer than six months**

<b>Number of new engagements, or those that reached six months in duration, between 1 April 2013 and 31 March 2014</b>	<b>4</b>
Number of the above which include contractual clauses giving the Commission the right to request assurance in relation to income tax and National Insurance obligations	4
Number for whom assurance has been requested	4
Of which:	
Number for whom assurance has been received	4
Number for whom assurance has not been received	0
Number that have been terminated as a result of assurance not being received	N/A

All required assurances have been given.

## **Payment of creditors**

The Commission is committed to the Prompt Payment Code ([www.promptpaymentcode.org.uk/](http://www.promptpaymentcode.org.uk/)) and aims to pay all undisputed invoices within 30 days if there is no specific provision in the contract. Against this measure, 99.7 per cent of undisputed invoices were paid within the target (99.2 per cent in 2012/13).

The Commission is also committed to supporting small and medium-sized enterprises by aiming to achieve payment of undisputed supplier invoices within five days. Against this measure, the Commission paid undisputed invoices on average within two days (three days in 2012/13).

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

## **Donations**

On the closure of one of its offices, the Commission donated six chairs, a printer and a small video conferencing screen, all with no net book value, to three local charities. There were no other charitable or political donations during 2013/14.

## **Complaints to the Commission**

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

In 2013/14, we received 25 service complaints, down from 34 in 2012/13.

Of these, 16 were resolved at the first stage of our complaints procedure and one was withdrawn. Two complaints were found to be fully justified, and five others were justified in part. As a result of investigating relevant complaints, we have made changes to information and contact points on our website to make them clearer and more accessible.

In the remaining eight cases, the complainants asked for their complaints to be reviewed under the second stage of our complaints procedure. One complaint was partially upheld at this review stage.

## **Community and social responsibility**

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

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

**Mark Hammond**  
**Chief Executive**  
**1 July 2014**

# Remuneration report



## Marriage (Same Sex Couples) Act 2013

CHAPTER 30



## **Remuneration policy**

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

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

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

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

## **Commission members' remuneration\*\***

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

### **a) Chair**

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

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

	2013/14 £	2012/13 £
Salary	50,000	19,551
Employer's National Insurance contributions (NIC)	5,838	2,353
<b>Total</b>	<b>55,838</b>	<b>21,904</b>
Expenses	–	–

#### b) Commissioners' emoluments

	2013/14 £	2012/13 £
Commissioners' salaries and fees	127,200	190,222
Commissioners' employer's NIC	8,111	15,137
Statutory committee and advisory group members' fees	66,996	69,455
Statutory committee and advisory group members' employer's NIC	81	113
<b>Total</b>	<b>202,388</b>	<b>274,927</b>

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

**c) Fees and expenses for each Commissioner**

<b>Commission member</b>	<b>Fees £</b>	<b>Expenses £</b>
<b>Sarah Anderson CBE</b> Appointed for three-year term from 11 July 2011	15,000	202
<b>Evelyn Asante-Mensah OBE</b> Appointed for four-year term from 15 January 2013	10,000	141
<b>Ann Beynon OBE</b> Reappointed 3 December 2012; term ends 28 March 2016	10,000	1,009
<b>Laura Carstensen</b> Appointed for four-year term from 15 January 2013	10,000	7,359
<b>Lord Chris Holmes MBE</b> Appointed for four-year term from 15 January 2013	28,800	7,679
<b>Kaliani Lyle</b> Reappointed 29 March 2013; term ends 28 March 2016	10,000	1,543
<b>Professor Swaran Singh</b> Appointed for five-year term from 15 January 2013	10,000	351
<b>Sarah Veale CBE</b> Appointed for four-year term from 15 January 2013	10,000	0
<b>Caroline Waters OBE (Deputy Chair)</b> Appointed for five-year term from 15 January 2013	23,400	0

Commission member appointments are not pensionable.

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

Fees paid to Lord Chris Holmes MBE include additional days worked on the Disability Committee Review.

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

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

	Fees £	Expenses £
<b>Howard Cressey</b> Term of office ended 31 March 2014	3,000	224
<b>Ram Gidoomal CBE</b> Term of office ended 31 March 2014	3,000	0

### Chief Executive\*\*

The annual salary of the Chief Executive, Mark Hammond, for the year ended 31 March 2014 was £130,000.

Total actual emoluments for the year were £183,483, including employer's contributions of £31,590 to the Principal Civil Service Pension Scheme (PCSPS). Employer's NIC amounted to a further £16,456. During 2013/14, the Chief Executive received a performance-related non-consolidated award of £5,000. The Chief Executive received a taxable allowance of £437 for additional travel costs following the relocation of the London office. The Chief Executive is an ordinary member of the PCSPS, with the Commission's contribution to the scheme amounting to the equivalent of 24.3 per cent of salary.

### Salary and pension entitlements\*\*

The following tables provide details of the salary, pension entitlements and the value of any taxable benefits-in-kind of the most senior officers of the Commission for the period ended 31 March 2014.

The Chief Legal Officer, Rebecca Hilsenrath, joined the Commission on 17 March 2014. No payment was made during 2013/14.

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

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

<b>Salary**</b>	<b>Salary £'000</b>	<b>Non- consolidated award £'000</b>	<b>Benefits- in-kind (rounded to nearest £100)</b>	<b>Notional pension benefits (£'000)</b>	<b>Total (inclusive of notional pension benefits) (£'000)</b>
<b>Mark Hammond</b> Chief Executive	125–130 (2012/13: 125–130)	0–5 (2012/13: nil)	Nil (2012/13: nil)	97 (2012/13: 52)	230–235 (2012/13: 180–185)
<b>Ian Acheson</b> Chief Operating Officer	85–90 (2012/13: 45–50) (FTE: 85–90)	Nil (2012/13: nil)	Nil (2012/13: nil)	80 (2012/13: 66)	165–170 (2012/13: 110–115)
<b>Kate Bennett</b> National Director for Wales	70–75 (2012/13: 70–75)	0–5 (2012/13: nil)	Nil (2012/13: nil)	6 (2012/13: 10)	85–90 (2012/13: 80–85)
<b>Wendy Hewitt</b> Director of Legal (from 11 July 2013)	45–50 (FTE: 65–70) (2012/13: nil)	Nil (2012/13: nil)	Nil (2012/13: nil)	33 (2012/13: nil)	80–85 (2012/13: nil)
<b>Curtis Juman</b> Chief Resources Officer	90–95 (2012/13: 55–60) (FTE: 90–95)	Nil (2012/13: nil)	Nil (2012/13: nil)	38 (2012/13: 49)	130–135 (2012/13: 100–105)
<b>Alastair Pringle</b> National Director for Scotland	65–70 (2012/13: 20–25) (FTE: 65–70)	Nil (2012/13: nil)	Nil (2012/13: nil)	47 (2012/13: 11)	115–120 (2012/13: 35–40)
<b>Lorraine Rogerson</b> Chief Information Officer (to 31 January 2014)	90–95 (FTE: 105–110) (2012/13: 50–55) (FTE: 105–110)	Nil (2012/13: nil)	Nil (2012/13: nil)	-25 (2012/13: 4)	65–70 (2012/13: 55–60)

<b>Pension entitlements**</b>	<b>Real increase in pension and related lump sum (£2.5k bands)</b>	<b>Pension at 31 March 2014 and related lump sum (£5k bands)</b>	<b>CETV at 31 March 2013 (£'000)</b>	<b>CETV at 31 March 2014 (£'000)</b>	<b>Real increase in CETV as funded by employer (£'000)</b>
<b>Mark Hammond</b> Chief Executive	5-7.5	10-15	67	136	56
<b>Ian Acheson</b> Chief Operating Officer	2.5-5	25-30	319	395	50
<b>Kate Bennett</b> National Director for Wales	0-2.5 plus 0-2.5 lump sum	15-20 plus 55-60 lump sum	380	412	5
<b>Wendy Hewitt</b> Director of Legal (from 11 July 2013)	0-2.5 plus 2.5-5 lump sum	20-25 plus 60-65 lump sum	352	388	27
<b>Curtis Juman</b> Chief Resources Officer	0-2.5 plus 5-7.5 lump sum	25-30 plus 75-80 lump sum	349	398	24
<b>Alastair Pringle</b> National Director for Scotland	2.5-5	20-25	174	211	23
<b>Lorraine Rogerson</b> Chief Information Officer (to 31 January 2014)	-0-2.5 plus -0-2.5 lump sum	55-60 plus 165-170 lump sum	1,051	1,093	-18

The actuarial factors used to calculate cash equivalent transfer values (CETVs) were changed in 2013/14. For consistency, the CETVs at 31 March 2013 and 31 March 2014 have both been calculated using the new factors. Therefore, the CETV at 31 March 2013 may differ from the corresponding value in last year’s report, which was calculated using the previous factors.

- a) The Commission has in place a competency framework that clearly sets out the skills, knowledge and behaviours that staff will need in order to perform their jobs effectively, and this framework supports performance management. The Commission’s appraisal process identifies individual progress and performance against agreed personal objectives through six-month and annual appraisal reviews.
- b) Currently, pay progression is not linked to the performance-management system.
- c) Curtis Juman is on loan to the Commission from his employer. Termination of the loan agreement is subject to three months’ notice. Alastair Pringle is on loan to the Commission from his employer. Termination of this agreement is subject to one month’s notice.
- d) All other group and national directors are on permanent employment contracts with a three-month notice period.
- e) There are no elements of the remuneration package that are not cash.
- f) On 31 January 2014, the Chief Information Officer, Lorraine Rogerson, left the Commission as part of an organisation-wide voluntary

early severance scheme. The total compensation package on departure was £255,931, reflecting the length of her employment in the public sector as a whole. The compensation package was in line with the rules of the Civil Service Compensation Scheme and no enhancement was made.

- g) The departure of the Chief Information Officer was part of a planned reorganisation of the Senior Leadership Team of the Commission. The reorganisation aligned the Senior Leadership Team with the new shape of the Commission and reduced Senior Leadership Team numbers and costs. The work attaching to the role was distributed between other members of the Senior Leadership Team.

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

### Salary multiples\*\*

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

	2013/14	2012/13
Highest-paid director’s total remuneration £’000	135 - 140	125 - 130
Median total remuneration	37,269	35,795
Ratio	3.6	3.6

The remuneration of the highest-paid director in the Commission in the financial year 2013/14 was in the range of £135,000 to £140,000 (£125,000 to £130,000 in 2012/13). This was 3.6 times (3.6 in 2012/13) the median remuneration of the workforce, which was £37,269 (£35,795 in 2012/13). In 2013/14 and 2012/13, the highest-paid director was a permanent employee. The annual equivalent remuneration paid to interim staff has been estimated, as this information is not available. The estimate is based on 222 days at the interim's agency day rate net of VAT less 30 per cent to cover agency fees and employer's NICs.

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

In 2013/14 and 2012/13, no permanent employee received remuneration in excess of the highest-paid director. In 2013/14 and 2012/13, no interim member of staff received remuneration in excess of the highest-paid director. Remuneration ranged from £16,406 to £135,437 (£15,500 to £130,000 in 2012/13).

From 2012/13 to 2013/14, the pay ratio remained stable.

## **Pensions**

Pension benefits are provided through the Civil Service pension arrangements. Employees may be in one of four defined-benefit schemes: either a final-salary scheme (classic, premium or classic plus) or a whole-career scheme (nuvos).

These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year.

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

There are further details about the Civil Service pension arrangements at [www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)

## **Cash equivalent transfer value**

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

The figures include the value of any pension benefit in another scheme or arrangement that the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit



accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax that may be due when pension benefits are taken.

### **Real increase in CETV**

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

Signed on behalf of the Equality and Human Rights Commission.

**Mark Hammond**  
**Chief Executive**  
**1 July 2014**

# Statement of accounts 1 April 2013 – 31 March 2014



Marriage and Civil  
Partnership (Scotland) Act  
2014

# Statement of Accounting Officer's responsibilities

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

- observe the Accounts Direction issued by the Secretary of State, with the consent of the HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going-concern basis.

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

# The Accounting Officer's governance statement

## Introduction

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

The governance statement is designed to supplement the information provided in the financial statements. It sets out the governance structure, internal controls and risk management processes that have been operating within the Commission during the 2013/14 financial year. It reviews the effectiveness of these governance arrangements and how they support the efficient use of resources in order to deliver the Commission's aims and objectives.

## The governance structure of the Commission

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

The Board provides:

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

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

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

## The Board of Commissioners

As at 31 March 2014, the Board is led by the Chair, Baroness Onora O'Neill CBE, and comprises nine non-executive members and the Chief Executive, who is an ex-officio Commissioner.

The Board members are:

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

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

Board members are independent in character and judgement and there are currently (as at 31 March 2014) no relationships that could affect a member's judgement when participating in Board decisions.

The Commission's Board governance framework incorporates the responsibilities of the Board and its committees and standards of behaviour for members. This code of practice and conduct (referred to as the 'Commission's Board governance framework') has been prepared in line with the Cabinet Office Code of Best Practice for Board Members of Public Bodies, taking

account of the nature of the Commission's business. It also reflects the principles set out in: the HM Treasury/Cabinet Office Code of Good Practice: Corporate governance in central government departments; the Financial Reporting Council's Combined Code on Corporate Governance; the HM Treasury Audit and Risk Assurance Committee Handbook; good-governance principles developed by the Independent Commission on Good Governance and current best-practice principles in corporate governance.

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

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

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

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

During 2013/14, the Board met nine times. The attendance figures for these Board meetings are in the table below.

Name	Meetings attended
Onora O’Neill CBE, Chair	9
Caroline Waters OBE, Deputy Chair	8
Mark Hammond	9
Sarah Anderson CBE	9
Evelyn Asante-Mensah OBE	7
Ann Beynon OBE	8
Laura Carstensen	9
Lord Chris Holmes MBE	8
Kaliani Lyle	7
Professor Swaran Singh	8
Sarah Veale CBE	8

During 2013/14, the Board discussed and agreed a process to complete a Board effectiveness review. The review will be carried out during 2014/15 and will be completed in July 2015.

As part of the 2013/14 internal audit plan, the Commission's internal auditor undertook a review of the corporate governance arrangements. The aim of the audit was to provide an independent assessment of the design and effectiveness of corporate governance controls. As part of the review, the audit focused on the integrity of the performance-reporting information provided to the Board. The report gave an opinion of substantial assurance over the areas reviewed.

## **Committees of the Board**

### **Disability Committee**

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

Lord Chris Holmes MBE attended all of the six meetings held during 2013/14.

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

### **Scotland Committee**

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

Kaliani Lyle attended all of the four meetings held during 2013/14.

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

### **Wales Committee**

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

Ann Beynon attended three of the four meetings held during 2013/14.

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

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

The Audit and Risk Assurance Committee is chaired by Sarah Anderson CBE and comprises the Chair, two Commissioners and two independent members.

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

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

The Audit and Risk Assurance Committee reviews the reports of the internal auditor and ensures that management responses are appropriate and that recommendations are implemented.

In addition to the reports provided by the NAO and internal auditor, the Audit and Risk Assurance Committee receives regular updates on the strategic risk register, significant operational risks

and procurement, and on the progress made on the implementation of internal audit recommendations.

In 2013/14, the Audit and Risk Assurance Committee received reports on the Commission's process to manage expenditure on external legal counsel and the exercise to appoint a new internal auditor on the expiry of the contract with the incumbent.

During 2013/14, the Audit and Risk Assurance Committee met five times.

Name	Meetings attended
Sarah Anderson CBE (Chair)	5
Ann Beynon OBE	4
Laura Carstensen	5
Howard Cressey (independent member) Term of office ended 31 March 2014	4
Ram Gidoomal CBE (independent member) Term of office ended 31 March 2014	5

Roger Dunshea and Dean Parker have been appointed as independent members of the Audit and Risk Assurance Committee with effect from 1 April 2014.



### Human Resources and Remuneration Committee

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

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

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

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

During 2013/14, the Human Resources and Remuneration Committee met five times.

Name	Meetings attended
Caroline Waters OBE (Chair)	5
Evelyn Asante-Mensah OBE	4
Sarah Veale CBE	5
Helen Murlis (independent member)	5

### Internal control

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

The reporting of performance against business plan targets is carried out on a monthly, quarterly and annual basis as an integral part of the performance

and management review process. The reports are presented to the appropriate managers, the Senior Management Team, the Board and the sponsor department. Risks and issues considered by the Senior Management Team are escalated to the Board, with agreed management action where appropriate.

A Framework Document between the Commission and its sponsor department, the Department for Culture, Media and Sport (DCMS), has been agreed and was effective from 1 April 2013. A copy of the Framework Document is available at [www.equalityhumanrights.com/publication/department-culture-media-and-sport-and-ehrc-framework-document](http://www.equalityhumanrights.com/publication/department-culture-media-and-sport-and-ehrc-framework-document)

In 2013/14, the Commission operated in a manner consistent with the Framework Document and the requirements of the HM Treasury guidance contained in Managing Public Money. The Framework Document sets out accountabilities and responsibilities and the financial delegations given to me as the Accounting Officer of the Commission.

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

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

During 2013/14, the Commission developed an assurance framework showing the sources of assurance that underpin this statement.

## **Internal audit**

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

During 2013/14, the internal auditor reviewed the systems for selected financial processes (including procurement), risk management, corporate governance and legal support processes. The audit assessment of each of these areas gave substantial assurance.

The internal auditor reviewed the systems and controls for business planning in two stages. Phase one of this work gave limited assurance. Phase two performed further work and found that all actions recommended at phase one that were due for completion had been implemented. The report on the second phase of work gave substantial assurance. The internal auditor also reviewed the systems and controls in human resources. It found that in this area there were control weaknesses needing management attention, and gave a limited assurance opinion. The Commission has an action plan in place to address the control weaknesses identified and to mitigate risk. The action plans are reviewed regularly by the Senior Management Team and progress is reported at each meeting of the Audit and Risk Assurance Committee.

## **Risk management**

The Commission is committed to ensuring that a robust system of risk management is embedded in the organisation. The Commission assesses how the achievement of our aims and objectives might be affected by the risks that we face and seeks to put in place mitigating actions.

The Commission's strategic risk register provides a focus on the key risks to the organisation and has risk owners at Senior Management Team level. The risk register is discussed at Senior Management Team

meetings and is reported to the Audit and Risk Assurance Committee at each meeting. A black/red/amber/green rating system is used to assess the status of each risk. Risk tolerances are set in line with the risk appetite agreed by the Board.

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

The Commission's internal auditor regularly reviews and reports on risk management processes to provide assurance that these are operating effectively. The review undertaken in 2013/14 gave substantial assurance.

As at 31 March 2014, the strategic risk register contained six risks:

- the lack of independence required to maintain National Human Rights Institution (NHRI) 'A status' and to deliver the Commission's legal duties;
- failure to protect and enhance the Commission's reputation;
- inadequate funding to fulfil the Commission's role;
- failure to recruit, develop and retain quality staff;
- being prepared for the outcome of the Scottish independence referendum; and
- the changing devolved constitutional environment.

During the year, the Commission successfully managed risks relating to failure to deliver its business improvement objectives and failure to deliver against its business plan, and these risks were removed from the register.

The risk focusing on the changing devolved constitutional environment is a new risk: increased devolution in the UK and internationally in future may lead to a fragmented equality and human rights landscape, affecting the Commission's ability to deliver its remit effectively.

## **Information management**

Corporate security and the protection of assets holding sensitive information continue to be a priority. During 2013/14, the Commission has reviewed and updated its security policies and improved its risk assessment processes, particularly in relation to contracts with suppliers. We have updated our classification scheme, which is aligned to the new HM Government Classification Scheme, and our Register of Sensitive Information ensures that we capture relevant details about sensitive information assets.

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

During 2013/14 there were no information security incidents reported to the Government.

## **Review of effectiveness**

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

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

The internal auditor's annual report concluded that, based on the work completed in the internal audit plan, the Commission has adequate and effective systems over governance, risk and control which provide reasonable assurance regarding the effective and efficient achievement of its objectives.

## **Assurance assessment**

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

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

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

**Mark Hammond**  
**Accounting Officer**  
**1 July 2014**

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

I certify that I have audited the financial statements of the Equality and Human Rights Commission for the year ended 31 March 2014 under the Equality Act 2006. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## **Respective responsibilities of the Accounting Officer and auditor**

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

comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

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

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

## **Opinion on regularity**

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

## **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the Equality and Human Rights Commission's affairs as at 31 March 2014 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Equality Act 2006 and Secretary of State directions issued thereunder.

## **Opinion on other matters**

In my opinion:

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

## **Matters on which I report by exception**

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

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

## **Report**

I have no observations to make on these financial statements.

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

**3 July 2014**

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

# Statement of comprehensive net expenditure for the year ended 31 March 2014

	Note	2013/14		2012/13	
		£'000	£'000	£'000	£'000
<b>Expenditure</b>					
<i>Staff costs</i>					
Staff costs	3b & e	11,253		15,269	
Staff exit scheme packages	3c	557		1,384	
Early retirement	12	306		95	
			12,116		16,748
<i>Depreciation and amortisation</i>	4		606		185
<i>Other expenditure</i>					
Other expenditure	4	5,798		7,820	
Loss on disposal on property, plant and equipment	4	45		3	
Impairment of non-current assets	4	-		17	
			5,843		7,840
<b>Total expenditure</b>			<b>18,565</b>		<b>24,773</b>
<b>Income</b>					
Income from activities	5		(28)		(65)
Other income – access to work	1m		(100)		(146)
<b>Total income</b>			<b>(128)</b>		<b>(211)</b>
<b>Net expenditure</b>			<b>18,437</b>		<b>24,562</b>
Interest receivable			-		-
Interest cost on pension scheme liabilities	13		57		67
<b>Net expenditure after interest</b>			<b>18,494</b>		<b>24,629</b>

Continued on page 54



## Statement of comprehensive net expenditure for the year ended 31 March 2014 (continued)

	Note	2013/14		2012/13	
		£'000	£'000	£'000	£'000
<b>Other comprehensive expenditure</b>					
Actuarial (gain)/loss on pensions provision	13		188		72
Net (gain)/loss on revaluation of property, plant and equipment	6		(13)		(45)
<b>Total comprehensive expenditure for the year</b>			<b>18,669*</b>		<b>24,656*</b>

The notes on pages 59 to 84 form part of these accounts.

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

# Statement of financial position

## as at 31 March 2014

	Note	31 March 2014		31 March 2013	
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Property, plant and equipment	6	1,576		1,767	
Intangible assets	7	31		16	
<b>Total non-current assets</b>			<b>1,607</b>		<b>1,783</b>
<b>Current assets</b>					
Trade and other receivables	9a	491		268	
Cash and cash equivalents	10	722		2,623	
<b>Total current assets</b>			<b>1,213</b>		<b>2,891</b>
<b>Total assets</b>			<b>2,820</b>		<b>4,674</b>
<b>Current liabilities</b>					
Trade and other payables	11a	(3,219)		(4,878)	
Provisions	12 <sup>1</sup>	(378)		(1,211)	
<b>Total current liabilities</b>			<b>(3,597)</b>		<b>(6,089)</b>
<b>Total assets less current liabilities</b>			<b>(777)</b>		<b>(1,415)</b>
<b>Non-current liabilities</b>					
Provisions	12 <sup>1</sup>	-		-	
Pension liabilities	13	(1,573)		(1,442)	
Trade and other payables	11a	(302)		(284)	
<b>Total non-current liabilities</b>			<b>(1,875)</b>		<b>(1,726)</b>
<b>Assets less liabilities</b>			<b>(2,652)</b>		<b>(3,141)</b>
<b>Taxpayers' equity</b>					
Revaluation reserve			253		240
General reserve			(2,905)		(3,381)
			<b>(2,652)</b>		<b>(3,141)</b>

The notes on pages 59 to 84 form part of these accounts.

The financial statements on pages 53 to 58 were approved by the Commission's Board on 1 July 2014, and were signed on its behalf by:

**Mark Hammond, Chief Executive**

**1 July 2014**

<sup>1</sup> During the year provisions were reclassified from non-current to current.

# Statement of cash flows for the year ended 31 March 2014

	Note	2013/14 £'000	2012/13 £'000
<b>Cash flows from operating activities</b>			
Net expenditure after interest		(18,494)	(24,629)
(Increase)/decrease in trade and other receivables	9a	(223)	696
(Decrease) in trade and other payables	11a	(1,850)	(2,973)
Less movement in payables relating to items not passing through Statement of Comprehensive Net Expenditure	15b	-	(16)
Depreciation, amortisation and impairment	4	606	202
Loss on disposal of property, plant and equipment	4	47	3
Increase in provisions	12	250	371
Use of provisions	12	(1,058)	(1,759)
Provisions not required/written back	12	(25)	(734)
Difference between movement on pension liabilities and amounts recognised in Statement of Comprehensive Net Expenditure	13	(57)	(100)
<b>Net cash outflow from operating activities</b>		<b>(20,804)</b>	<b>(28,939)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(234)	(470)
Purchase of intangible assets	7	(21)	(11)
<b>Net cash outflow from investing activities</b>		<b>(255)</b>	<b>(481)</b>
<b>Cash flows from financing activities</b>			
Grant-in-aid received from sponsor department		19,158	30,981
Payments in respect of finance leases			(1)
		<b>19,158</b>	<b>30,980</b>
<b>Net increase/(decrease) in cash and cash equivalents in the year</b>		<b>(1,901)</b>	<b>1,560</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	10	<b>2,623</b>	<b>1,063</b>
<b>Cash and cash equivalents at the end of the financial year</b>	10	<b>722</b>	<b>2,623</b>

The notes on pages 59 to 84 form part of these accounts.

# Statement of changes in taxpayers' equity for the year ended 31 March 2014

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

Continued on page 58

## Statement of changes in taxpayers' equity for the year ended 31 March 2014 (continued)

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

The notes on pages 59 to 84 form part of these accounts.

# Notes to the financial statements for the year ended 31 March 2014

## **1. Statement of accounting policies**

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

In addition, the financial statements have been prepared in accordance with the 2013/14 Government Financial Reporting Manual (FReM) as issued by HM Treasury. The accounting policies described in the FReM apply International Financial Reporting Standards (IFRSs) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy judged to be most appropriate to the particular circumstances of the Commission for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Commission are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

### **1a. Accounting convention**

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

### **1b. Going concern**

Grant-in-aid, unlike other income, is treated as financing and is taken straight into taxpayers' equity. Cash grant-in-aid for the period to 31 March 2015, taking into account the amounts required to meet the Commission's liabilities falling due in that period, has already been included in the sponsor department's estimates for the year, which have been approved by Parliament. There is no reason to believe that the department's future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going-concern basis for the preparation of these accounts.

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

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

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

### **Critical judgements in applying accounting policies**

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

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

### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future and other key sources of estimation uncertainty, at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities in the next financial year:

- useful lives of items of property, plant and equipment for depreciation calculations (see accounting policies 1e and 1f and note 6);
- useful lives of intangible assets and amortisation (see accounting policies 1g and 1h and note 7);
- provisions (see accounting policy 1j and note 12); and
- pension liabilities (see accounting policy 10 and note 13).

### **Changes in accounting estimates**

There have been no changes in accounting estimates.

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

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

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

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

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

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

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

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

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

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

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

### 1g. Intangible assets

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

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

Costs incurred in the developmental phase of internal software projects are only capitalised if they are directly associated with the production of identifiable computer software programs controlled by the Commission that would generate

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

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

### 1h. Amortisation of intangible assets

Intangible assets are amortised using the straight-line basis. Amortisation is applied over the estimated useful economic lives of the assets to the Commission as follows: software costs over five to seven years.

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

### 1i. Impairment of assets

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

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



**1j. Provisions**

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

If the effect is material, provisions are determined by discounting the expected future cash flows by the HM Treasury real discount rate for short term provisions. The HM Treasury real discount rates for 2013/14 are: short-term provisions 1.9 per cent; medium-term provisions minus 0.65 per cent; and long-term provisions 2.2 per cent. The discount rates used in 2012/13 were minus 1.8 per cent, minus 1 per cent and 2.2 per cent respectively. Where the provision relates to voluntary early retirement under pension scheme rules (see note 12), then the provision will be discounted at the pensions rate as published by HM Treasury and not the Treasury real discount rate. The pensions rate for 2013/14 is 1.80 per cent (2.35 per cent in 2012/13).

**1k. Cash and cash equivalents**

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

**1l. Income recognition**

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

**1m. Access to Work**

The Commission makes use of the Access to Work scheme run by Jobcentre Plus, which considers what reasonable adjustments are needed to allow a person with a disability to perform their role. The equipment or service to make the adjustment is paid for

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

**1n. Analysis of employees**

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

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

**1o. Pension policy**

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

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

This scheme is an unfunded defined-benefit scheme. The fund is managed by the Home Office Shared Service Centre, and any pensions are administered by them in accordance with the standard rules (by analogy with the PCSPS). Where actuarial gains and losses arise from changes to actuarial assumptions when revaluing future benefits, and from actual experience in respect of scheme liabilities and investment performance of scheme assets being different from previous assumptions, then the actuarial gains and losses are recognised directly in taxpayers' equity for the year.

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

#### **1p. Leases**

A distinction is made between finance leases and operating leases.

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

Leases other than finance leases are classed as operating leases.

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

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

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

#### **1r. Segmental reporting**

The 2013/14 FReM requires all reporting entities to apply IFRS 8, Operating Segments, in full. Since segmental information for total assets and liabilities is not regularly reported to the chief operating decision-maker and in compliance with the FReM, it has not been produced in the accounts.

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

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

Revisions to International Accounting Standard 19 made during 2013/14 constitute a change in accounting policy. For the Commission this revision makes no changes to either the statement of financial position or the statement of comprehensive net expenditure. As there is no impact on the statement of financial position, only one comparative is shown.

As at 31 March 2014, there were no new standards issued for 2013/14 that were not applied, which would materially affect the Commission's financial statements. The Commission has not adopted any standards early.

## 2. Segmental reporting

The Commission's primary reporting format in 2013/14 is by directorate, with four directorates and a Commissioners' Office. Segmental results are shown below.

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

Directorate	2013/14			2012/13		
	Income £'000	Expenditure £'000	Total £'000	Income £'000	Expenditure £'000	Total £'000
Chief Executive and Commissioners' Office	-	654	654	-	351	351
Chief Information Officer	(3)	2,528	2,525	(4)	3,230	3,226
Chief Resources Officer	(108)	7,878	7,770	(150)	12,971	12,821
Chief Legal Officer	(17)	2,246	2,229	(46)	2,124	2,078
Scotland	-	1,007	1,007	-	939	939
Chief Operations Officer	-	3,326	3,326	(1)	4,238	4,237
Wales	-	983	983	(10)	987	977
<b>Net expenditure after interest</b>	<b>(128)</b>	<b>18,622</b>	<b>18,494</b>	<b>(211)</b>	<b>24,840</b>	<b>24,629</b>

### 3. Staff numbers and related costs

#### 3a. Staff numbers

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

	2013/14	2012/13
Staff with a (UK) employment contract	195	247
<i>Other</i>		
Seconded staff (net of inward and outward secondments)	-	(1)
Agency staff	6	12
<b>Total</b>	<b>201</b>	<b>258</b>

#### 3b. Staff costs

	2013/14 £'000	2012/13 £'000
<i>Staff with a permanent (UK) employment contract</i>		
Wages and salaries	7,846	9,878
Social security costs	689	898
Other pension costs	1,564	1,962
<i>Other</i>		
Agency staff	908	2,226
Seconded staff (net of inward and outward secondments)	(12)	(73)
<b>Total</b>	<b>10,995</b>	<b>14,891</b>

#### Salary

'Salary' includes: gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances; and any other allowances to the extent that they are subject to UK taxation.

#### Pension arrangements

The PCSPS is an unfunded multi-employer defined-benefit scheme, but the Commission is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. There are details in the resource accounts of the Cabinet Office:

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

For 2013/14, employers' contributions of £1,550,426 were payable to the PCSPS (£1,964,791 in 2012/13) at one of four rates in the range 16.7 per cent to 24.3 per cent of pensionable pay, based on salary bands. The scheme actuary usually reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2013/14 to be paid when the member retires, and not the benefits paid during the year to existing pensioners.

New employees automatically join the PCSPS nuvos scheme (a defined-benefit pension scheme), or can opt to open a partnership-pension account, which is a stakeholder pension with an employer contribution. Employers' contributions of £nil (£4,255 in 2012/13) were payable to one or more of the panel of three appointed stakeholder-pension providers. Employer contributions are age-related and range from 3 per cent to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £nil (£290 in 2012/13) – 0.8 per cent of pensionable pay – were payable to the PCSPS to cover the cost of the future provision of lump-sum benefits on death in service or ill-health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £nil (£nil in 2012/13). Contributions prepaid at that date were £nil (also £nil in 2012/13).

Total employers' contributions payable to pension scheme providers were £1,550,426. The charge for the year noted above differs from this due to the release of prior year accruals and the inclusion of current year accruals.

No individuals retired early on ill-health grounds (none in 2012/13); the total additional accrued pension liabilities in the year amounted to £nil (also £nil in 2012/13).

### **3c. Staff exit-package costs**

The Commission launched a scheme in November 2011 that allowed volunteers to leave under voluntary terms approved by the Cabinet Office. The scheme was offered again during 2013/14.

The following terms were offered:

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

provided that the full compensation payment is surrendered.

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

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

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

- seconded employees of any description; and
- employees who have already tendered their resignations or been notified of their retirement, transfer or dismissal.

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

Total costs incurred comprise:

Exit-package cost band	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0 (2)	0 (2)
£10,000–£25,000	4 (20)	4 (20)
£25,000–£50,000	3 (18)	3 (18)
£50,000–£100,000	1 (5)	1 (5)
£100,000–£150,000	0 (1)	0 (1)
£150,000–£200,000	0 (0)	0 (0)
£200,000–£250,000	0 (0)	0 (0)
£250,000–£300,000	1 (0)	1 (0)
<b>Total number of exit packages by type</b>	<b>9 (46)</b>	<b>9 (46)</b>
<b>Total resource cost (£'000)</b>	<b>529 (1,374)</b>	<b>529 (1,374)</b>

Figures for 2012/13 are shown in brackets.

The £557,000 (£1,384,000 in 2012/13) recognised in the statement of comprehensive net expenditure comprises £529,000 (£1,374,000 in 2012/13) for current year exit costs; £nil (£109,000 in 2012/13) for other costs in support of the scheme; £3,000 (£18,000 in 2012/13) for employee legal costs; and costs of £25,000 (a credit of £117,000 in 2012/13) relating to the prior year scheme.

### 3d. Commissioner numbers

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

	2013/14	2012/13
Commissioners	10	10

### 3e. Commissioners' costs

	2013/14 £'000	2012/13 £'000
Commissioners' fees	177	273
Commissioners' social security costs	14	26
Past chair pension costs	-	10
Statutory committee fees	67	69
Statutory committee social security costs	-	-
<b>Total</b>	<b>258</b>	<b>378</b>

## 4. Other expenditure

	Notes	2013/14 £'000	2012/13 £'000
<b>Running costs</b>			
Staff support, recruitment and training		289	357
Staff and Commissioners' travel and subsistence		449	458
Rentals under operating leases for equipment		10	32
Rentals under operating leases for premises		755	1,717
Premises costs (non-lease)		900	961
Support and office services		327	433
IT and telecommunications cost		621	766
Losses and special payments		-	-
Access to work		76	114
Auditor's remuneration		65	82
<b>Programme</b>			
Helpline and advisory services		227	46
Legal and mediation services		1,193	512
Grants given		(85)	1,405
Publication and information		412	416
Research and policy development		559	521
<b>Total other operating expenditure</b>		<b>5,798</b>	<b>7,820</b>
<b>Non-cash items</b>			
Depreciation of property, plant and equipment	6	599	149
Amortisation of intangible assets	7	7	36
Loss on impairment of non-current assets	6	-	17
(Profit)/Loss on disposal of property, plant and equipment		45	3
<b>Total other expenditure</b>		<b>6,449</b>	<b>8,025</b>

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

Expenditure on barristers' fees and related costs increased as the Commission allocated additional resource to take legal cases.

During 2012/13, the Commission ceased its grants programme. The credit shown in 2013/14 relates to adjustments relating to the prior year activity.



## 5. Income from activities

	2013/14 £'000	2012/13 £'000
Other government grants	-	10
Sponsorship income	-	-
Miscellaneous income	28	55
<b>Total</b>	<b>28</b>	<b>65</b>

## 6. Property, plant and equipment

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

<b>2012/13</b>	<b>Fixtures and fittings £'000</b>	<b>IT and telecomms equipment £'000</b>	<b>Furniture £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>				
At 1 April 2012	5,332	2,313	1,096	8,741
Additions in year	429	28	30	487
Disposals	(2,720)	(214)	(460)	(3,394)
Impairment	-	-	(17)	(17)
Revaluations	82	-	-	82
<b>At 31 March 2013</b>	<b>3,123</b>	<b>2,127</b>	<b>649</b>	<b>5,899</b>
<b>Depreciation</b>				
At 1 April 2012	3,953	2,292	1,092	7,337
Depreciation for the year	131	16	2	149
Disposals	(2,720)	(214)	(457)	(3,391)
Revaluations	37	-	-	37
<b>At 31 March 2013</b>	<b>1,401</b>	<b>2,094</b>	<b>637</b>	<b>4,132</b>
<b>Net book value</b>				
<b>At 31 March 2013</b>	<b>1,722</b>	<b>33</b>	<b>12</b>	<b>1,767</b>
<b>At 31 March 2012</b>	<b>1,379</b>	<b>21</b>	<b>4</b>	<b>1,404</b>

## 7. Intangible assets

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

2012/13	Software £'000
<b>Cost or valuation</b>	
At 1 April 2012	1,866
Additions	11
Disposals	(65)
<b>At 31 March 2013</b>	<b>1,812</b>
<b>Amortisation</b>	
At 1 April 2012	1,825
Charged in the year	36
Disposals	(65)
<b>At 31 March 2013</b>	<b>1,796</b>
<b>Net book value</b>	
<b>At 31 March 2013</b>	<b>16</b>
<b>At 31 March 2012</b>	<b>41</b>

## 8. Financial instruments

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

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

### Liquidity risk

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

### Interest-rate risk

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

### Credit risk

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

## 9a. Trade and other receivables

	31 March 2014 £'000	31 March 2013 £'000
<b>Amounts falling due within one year</b>		
Trade receivables	8	28
Prepayments and accrued income	443	191
Other receivables:		
Access to work	25	35
Other	15	14
<b>Total</b>	<b>491</b>	<b>268</b>

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

	31 March 2014 £'000	31 March 2013 £'000
<b>Amounts falling due within one year</b>		
Balances with:		
Other central government bodies	25	52
Local authorities	144	46
Balances with bodies external to government	322	170
<b>Total</b>	<b>491</b>	<b>268</b>

## 10. Cash and cash equivalents

	31 March 2014 £'000	31 March 2013 £'000
At 1 April	2,623	1,063
Net change in cash and cash equivalent balances	(1,901)	1,560
<b>Balance at 31 March</b>	<b>722</b>	<b>2,623</b>

All balances are held with the Government Banking Service.

## 11a. Trade payables and other current liabilities

	31 March 2014 £'000	31 March 2013 £'000
<b>Amounts falling due within one year:</b>		
Trade payables	10	317
Other payables	319	334
VAT	2	5
Other taxes and social security	224	225
Accruals	2,664	3,997
<b>Total</b>	<b>3,219</b>	<b>4,878</b>

	31 March 2014 £'000	31 March 2013 £'000
<b>Amounts falling due after more than one year:</b>		
Amounts due under finance lease	-	13
Premises rent-free period	302	271
<b>Total</b>	<b>302</b>	<b>284</b>

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

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

	31 March 2014 £'000	31 March 2013 £'000
<b>Amounts falling due within one year:</b>		
Balances with:		
Other central government bodies	1,240	2,499
Local authorities	2	-
Balances with bodies external to government	1,977	2,379
<b>Total</b>	<b>3,219</b>	<b>4,878</b>

## 12. Provisions

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

Analysis of timing of discounted flows:

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

<b>2012/13</b>	<b>Early retirement £'000</b>	<b>Dilapidations £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Balance at 1 April 2012	999	607	1,727	3,333
Provided in year	56	-	292	348
Utilised in year	(305)	(295)	(1,159)	(1,759)
Provisions not required/ written back	-	(312)	(422)	(734)
Unwinding of discount	23	-	-	23
<b>Balance at 31 March 2013</b>	<b>773</b>	<b>-</b>	<b>438</b>	<b>1,211</b>
Disclosed within non- current liabilities	-	-	-	-
Disclosed within current liabilities	773	-	438	1,211
<b>Total</b>	<b>773</b>	<b>-</b>	<b>438</b>	<b>1,211</b>

#### Analysis of timing of discounted flows:

	<b>Early retirement £'000</b>	<b>Dilapidations £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Not later than one year	773	-	438	1,211
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
<b>Total</b>	<b>773</b>	<b>-</b>	<b>438</b>	<b>1,211</b>

During the year, the early retirement provision of £773,000 was bought out with a one-off capital sum and as such was settled earlier than anticipated. In order to reflect this, the non-current element of the prior year early retirement provision has been reclassified from non-current to current. The value of the provision has not been restated.

#### **Early retirement**

The Commission meets the additional cost of benefits beyond the normal PCSPS entitlement in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and the retirement date.



At 31 March 2013, the provision held was £773,000. During 2013/14 the Commission bought out the liability with a one-off capital sum of £745,100.

**Legal**

Provision has been made for £378,250 (£438,000 in 2012/13) arising from future liabilities associated with litigation that the Commission has ongoing at 31 March 2014. These liabilities are of uncertain timing and amount. Provision is made on

the best estimate of expenditure required to settle the obligation. Where litigation is decided in the Commission's favour, there is potential for recovery of costs.

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

### 13. Pension liabilities

The pension liabilities comprise pension benefits for the former Chair of the Commission and former Chairs and Deputy Chairs of legacy commissions, which are provided under a scheme broadly by analogy with the PCSPS. The current Chair's appointment is not pensionable.

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

	31 March 2014	31 March 2013	31 March 2012
Rate of inflation: Retail Prices Index	-	-	0.00%
Rate of inflation: Consumer Prices Index	2.50%	1.70%	2.00%
Rate of increase in salaries	4.50%	3.95%	4.25%
Rate of increase for pensions in payment and deferred pensions	2.50%	1.70%	2.00%
Rate used to discount scheme liabilities	4.35%	4.10%	4.85%

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

	31 March 2014 £'000	31 March 2013 £'000	31 March 2012 £'000	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
Active members (past service)	-	-	354	295	326	238
Deferred pensioners	102	89	80	154	169	120
Current pensioners	1,471	1,353	1,036	995	1,129	950
<b>Net present value of scheme liabilities</b>	<b>1,573</b>	<b>1,442</b>	<b>1,470</b>	<b>1,444</b>	<b>1,624</b>	<b>1,308</b>

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

	2014 £'000	2013 £'000
Balance at 1 April	1,442	1,470
Current service cost	-	12
Past service cost	-	-
Employee contributions	-	3
Net interest	57	67
Remeasurements	188	72
Transfer value	-	-
Less benefits paid	(114)	(182)
<b>Present value of scheme liabilities</b>	<b>1,573</b>	<b>1,442</b>

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

	2014 £'000	2013 £'000
Current service cost	-	12
Past service cost	-	-
Net interest	57	67
<b>Total</b>	<b>57</b>	<b>79</b>
<b>Remeasurements recognised directly in taxpayers' equity</b>	<b>188</b>	<b>72</b>
<b>Cumulative remeasurements recognised directly in taxpayers' equity</b>	<b>707</b>	<b>519</b>

History of experience losses/(gains)	31 March 2014 £'000	31 March 2013 £'000	31 March 2012 £'000	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
Experience loss/(gain) arising on the scheme liabilities	100	56	63	18	(63)	280
Percentage of scheme liabilities at the year end	6.4%	3.9%	4.3%	1.3%	-4.1%	21.4%

The last actuarial valuation of the scheme took place on 20 May 2014. Changes in the demographic and financial assumptions underlying the valuation of the scheme have resulted in a loss to the scheme of £88,000 (a £16,000 loss in 2012/13) or 5.6 per cent (1.1 per cent in 2012/13) of the statement of financial position valuation of the scheme liabilities. Experience loss on the scheme that arose because actual movements in liabilities were not in line with previous assumptions amounted to £100,000 (a £56,000 loss in 2012/13) or 6.4 per cent (3.9 per cent in 2012/13) of the statement of financial position valuation of the scheme liabilities. The total remeasurements were £188,000 (a £72,000 loss in 2012/13) or 12 per cent (5 per cent in 2012/13) of the statement of financial position valuation of the scheme liabilities.

The sensitivity analysis of the main actuarial assumptions indicates the following:

- Increasing the discount rate by 0.5 per cent would result in a corresponding decrease in liabilities of approximately 5 per cent or £79,000.
- Decreasing the consumer price inflation assumption by 0.5 per cent would result in a corresponding decrease in liabilities of approximately 5 per cent or £79,000.
- Increasing assumed life expectancies in retirement by around one year would result in a corresponding increase in liabilities of around 4 per cent or £63,000.

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

Revisions to International Accounting Standard 19 made during 2013/14 constitute a change in accounting policy. For the Commission this revision makes no changes to either the statement of financial position or the statement of comprehensive net expenditure. As there is no impact on the statement of financial position, only one comparative is shown.

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

Life expectancy at retirement	Exact Age	31 March 2014		31 March 2013	
		Men	Women	Men	Women
		Years	Years	Years	Years
Current pensioners	60	29.0	31.2	28.6	30.7
Current pensioners	65	24.1	26.2	23.9	25.8
Future pensioners*	60	31.3	33.5	31.1	33.0
Future pensioners*	65	26.8	28.9	26.7	28.5

\*Illustrative life expectancies for future pensioners as at 31 March 2013 and 31 March 2014 are based on members aged 40 at these dates.

It is estimated that the value of benefits falling due and guaranteed by the Commission in the 2014/15 reporting period will be £100,000.

## 14. Capital commitments

Contracted capital commitments at 31 March 2014, not otherwise included in these financial statements, were as follows:

	31 March 2014 £'000	31 March 2013 £'000
Property, plant and equipment	56	-
Intangible assets	-	-
<b>Total</b>	<b>56</b>	<b>-</b>

## 15. Commitments under leases

### 15a. Commitments under operating leases

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

<b>Obligations under operating leases comprise:</b>	<b>31 March 2014 £'000</b>	<b>31 March 2013 £'000</b>
<b>Buildings</b>		
Not later than one year	723	876
Later than one year and not later than five years	789	1,640
Later than five years	-	-
	<b>1,512</b>	<b>2,516</b>
<b>Other</b>		
Not later than one year	-	4
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	4
<b>Total</b>	<b>1,512</b>	<b>2,520</b>

### 15b. Commitments under finance leases

There were no obligations under finance leases. The finance lease existing as at 31 March 2013 was bought out during the year with a one-off cash payment.

## 16. Contingent liabilities

Legal costs and recoveries relating to supported cases in progress as at 31 March 2014 are not treated as a contingent liability but as an ongoing expense.

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

## 17. Contingent assets

Legal & General is currently holding funds relating to the winding up of the Commission for Racial Equality Pension and Life Assurance Scheme in 2005, pending the finalisation of a data-cleansing exercise that has the potential to affect the number of people assessed as being members of the scheme. Once this exercise is completed, it is likely that some funds may be remitted. The amount and date of this are uncertain but could be in the range of £2m to £4m.

## 18. Related-party transactions

The Commission is a non-departmental public body under the sponsorship of the Department for Culture, Media and Sport. During the year, the Commission

received £19,158,000 of grant-in-aid from the sponsor department, of which £18,694,000 was revenue and £464,000 capital (£30,981,000 in 2012/13, of which £30,500,000 was revenue and £481,000 capital). No other significant transactions have taken place between the two bodies.

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

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

## 19. Events after the reporting period

### Authorised for issue

The Commission's financial statements are laid before the Houses of Parliament by the Secretary of State for Culture, Media and Sport. International Accounting Standard 10 requires the Commission to disclose the date on which the accounts are authorised for issue. The authorised date for issue is the date on which the accounts are certified by the Comptroller and Auditor General.







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