

Annual Report and Accounts 18 April 2006– 31 March 2008

Equality and
Human Rights
Commission



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Human Rights**
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Annual Report and Accounts 18 April 2006– 31 March 2008

Equality and Human Rights Commission

Presented to Parliament pursuant to
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Foreword from the Chair

When the Commission opened its doors on 1 October 2007, there was a great weight of expectation and anticipation about what the new organisation could achieve and deliver.

We inherited a legacy from our predecessor organisations – the Disability Rights Commission, the Equal Opportunities Commission and the Commission for Racial Equality. Between them, they had 70 years of experience in tackling inequality, battling prejudice and working to achieve results for disadvantaged groups in our society.

The new Commission has fully embraced their mandates; but it also has an extended remit covering age, gender reassignment, religion and belief, sexual orientation, and the promotion of human rights. The vision underpinning the new Commission was to create a body that was not simply an 'anti-discrimination' organisation, but an equality commission that promoted fairness. We wanted to address economic, cultural and systemic causes of inequality.

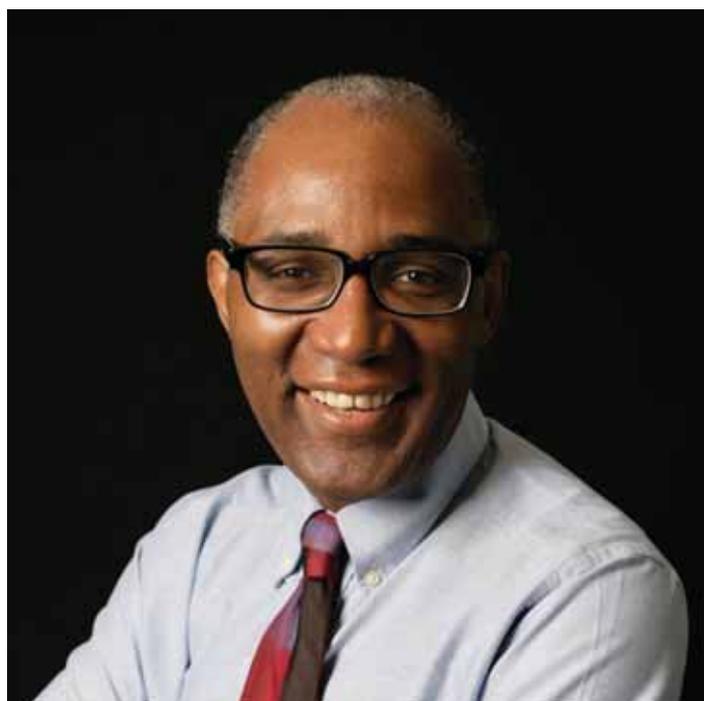
Our Board of Commissioners has established itself as a respected thought leader for the Commission and works together effectively.

We have been bold in addressing difficult issues. In the 23½ month period covered by this report, the Commission has made its case for managed migration in order to achieve greater community cohesion and enhance good relations. We have influenced the creation of a landmark new Equality Bill. We have launched a Human Rights Inquiry in an attempt to build up a picture of the effectiveness of the human rights framework in Great Britain. And we have taken up a new role as an authority that can hold the ring in challenging debates, through our seminars with the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA).

Behind all this work is a vision of creating a society where we do not need to defend separate interests, making such defences unnecessary because people are at ease in a society where diversity and difference are assets not impediments.

The work of the Commission over the past year has built the solid foundations we need to take the arguments and debate we have started forward. As Britain begins to grapple with a new set of challenges over the next period of time, the Commission will continue to lead the debate, work to tackle the inequality that exists across our society and attempt to continue to improve the lives of the whole society.

Trevor Phillips OBE
Chair



Foreword from the Interim Director General

The launch of the new Equality and Human Rights Commission on 1 October 2007 marked a significant moment in the history of equality and human rights in Britain. The Commission is the first British organisation of its kind, heralding a major shift in the way we tackle inequality, promote human rights and develop good relations.

We start from the premise that fairness matters to everyone in Britain. We want to overcome the barriers that hold people back, release their talent and improve their chances in life.

We wanted to create an organisation able to help deliver that; operating in an integrated way across all protected equality grounds and human rights and in partnership with others. Our vision was of an organisation, which would be accessible, authoritative, ambitious, accountable and agile. Establishing it has been a complicated mixture of merger and start up: blending the best from the former Commissions whilst creating something entirely new.

This first Annual Report is for the 23½ month accounting period 18 April 2006 to 31 March 2008 and covers two distinct periods. Until September 2007 we were in 'transition' phase, at the end of which our 'opening for business' on 1 October was a major achievement: we had an interim business plan to guide our first six months' work, and a helpline and website ready to provide advice from day one. Then from October 2007 to March 2008 we were in 'build-up' mode. In those six months we measured our progress against the four strategic priorities in our interim business plan.

Note: This annual report and accounts is for the 23½ months ending March 2008 and therefore the content reflects the position 'as at' March 2008

Highlights included:

- **Building a credible and independent Commission:** recruiting a high-calibre senior leadership team, completed in March 2008; and transferring 347 people from the former Commissions
- **Mapping, analysing and targeting key equality battlegrounds:** we launched our Social Housing Allocation inquiry in November 2007 and Human Rights inquiry in March 2008
- **Improving life chances and experiences:** we intervened in the important Bainbridge case on equal pay, and supported Sharon Coleman's case for 'associative disability', the positive ruling on which potentially helps up to six million carers in Britain. We co-published with the End Violence Against Women Coalition the *Map of Gaps* report on the provision of services for women affected by violence. During April 2008 and March 2009 we allocated £11 million grants funding to 285 local and community organisations, and
- **Developing new narratives and accounts:** we worked with the GEO on preparation for a new Equality Bill, and with Whitehall Departments on implementation of the Public Duties. We consulted on and launched our first Single Equality Scheme.

By April 2008, thanks to the enthusiasm and hard work of everyone in the Commission and to the support and encouragement of our sponsor department, the Government Equalities Office, and our many stakeholders, we were in the right place to move into the final phase of this ambitious merger and start up programme.

Neil Kinghan
Interim Director General



Chapter one

About us

Our Mission

As the independent advocate for equality and human rights in Britain, the Equality and Human Rights Commission aims to reduce inequality, eliminate discrimination, strengthen good relations between people and promote and protect human rights.

The Equality and Human Rights Commission is a non-departmental public body established under the provisions of the Equality Act 2006 with new powers to enforce legislation and to encourage and promote equality for all. It opened for business on 1 October 2007.

As an integrated and independent single body with new powers, it brings together the Commission for Racial Equality, the Disability Rights Commission and the Equal Opportunities Commission, and also takes on responsibility for protection against discrimination on the grounds of age, religion or belief, sexual orientation and promotion of human rights.

The Commission challenges prejudice and disadvantage, and promotes the importance of human rights.

The Commission enforces equality legislation on age, disability, gender, gender reassignment, race, religion or belief, and sexual orientation and works in compliance with the Human Rights Act.

The Commission uses its influence and authority to ensure that equality and human rights remain at the top of agendas for Government and employers, media and society. We will campaign for social change and justice.

The Commission stimulates debate on equality and human rights by acting directly and by fostering partnerships at local, regional and national levels. The Commission gives advice and guidance to businesses, the voluntary and public sectors, and also to individuals.

Through developing an evidence-based understanding of the causes and effects of inequality for people across Britain, the Commission will be an authoritative voice for reform.

Our management structure

The Board of Commissioners, led by the Chair, Trevor Phillips, is responsible for setting the strategic direction of the Commission. The Chief Executive, Nicola Brewer, supported by the senior management team, is responsible for business delivery and for advising the Board on emerging strategic priorities. The Commission's three statutory committees for Disability, Scotland and Wales are each chaired by a member of the Board of Commissioners: Jane Campbell (Disability), Morag Alexander (Scotland) and Neil Wooding (Wales).

Our strategic priorities

The Equality Act requires the Commission to produce its first three-year strategic plan in 2009. The Commission therefore published an interim business plan in September 2007 to cover the period from 1 October 2007 to 31 March 2008.

This set out four strategic objectives:

- Building a credible and independent Commission
- Mapping, analysing and targeting key equality battlegrounds
- Improving life chances and experiences, and
- Developing new narratives and accounts.

These strategic objectives and how we have delivered against them provide the framework for this first annual report.

Chapter two

Building a credible and independent Commission

The Commission was launched on time and to budget on 1 October 2007. This followed a transition phase during which the Chief Executive and the majority of the Commissioners were appointed and the organisational design was prepared.

The Commission's first task was to build an integrated organisation from the three former Commissions. This 'build-up' phase was a period of intense change for staff but, even so, a considerable amount was delivered, both internally and externally. A senior management team was in place by December 2007.

The full team were:

- Chief Executive: Nicola Brewer
- Group Director, Legal: John Wadham
- Group Director, Strategy: Patrick Diamond
- Group Director, Communication: Kamal Ahmed
- Group Director, Corporate Management: Carol Bernard
- National Director, Scotland: Ros Micklem
- National Director, Wales: Kate Bennett

Strategic direction

The Commission's interim business plan was designed to maintain the momentum of the former Commissions as well as set the strategic direction for a programme of work that encompassed our new and wider remit.

The former Commissions' work on grants and contracts was taken forward, key formal investigations completed, the Public Equality Duties promoted and specialist support for legal advisers and others working in related fields continued to be provided. The interim business plan also set out the Commission's new programmes, projects and services which would be underway by October 2007. These included legal assistance and casework; inquiries and investigations; policy and research; public affairs and media; stakeholder engagement; projects; equality impact assessments; the helpline, the website and the interim grants programme.

Building an evidence base

Between November 2007 and March 2008, 27 research projects were commissioned in three broad areas:

- Research to build up our knowledge of the new strands on sexual orientation, age and religion and belief
- Research on emerging issues including reviews on immigration, gypsies and travellers, and refugees and asylum seekers, and
- Research to expand the data available on 'gap analysis'. This involved a project to re-analyse 'pay gaps' using pooled data from several years' Labour Force Survey and allowed analysis relating to age, ethnicity and disability, as well as gender.

Chapter three

Mapping, analysing and targeting key equality battlegrounds

The Commission instigated or participated in several major projects to analyse and measure inequality at all stages of people's lives. Their scope and impact are illustrated by the following examples:

Human Rights Inquiry

We initiated a Human Rights Inquiry in England and Wales during 2007, which was chaired by Dame Nuala O'Loan and launched on 6 March 2008. This analysed how well the Human Rights Act is working in practice and how public perceptions of human rights are shaped. It combined in-depth research with public polling, focus group work and a series of public evidence sessions.

Social Housing Inquiry

We launched a Social Housing Inquiry on 5 November 2007 at the Local Government Association Conference, to measure the impact of housing allocation on community cohesion and good relations.

Review of Independent Living

The Commission contributed to the Government's review of Independent Living, which focused on social care needs and their impact on intergenerational inequality and income insecurity, in the following ways:

- The Chair of EHRCs Disability Committee chaired the Independent Living Review and Gerry Zarb, Head of Health and Independent Living policy at EHRC sat on the Review's expert panel
- The Commission worked with the Government to define Equality Public Service Agreements (PSAs) in relation to promoting independence and control (the primary PSA target linked to the Independent Living Strategy)
- Commissioner Jane Campbell was a member of the Government's Standing Commission for Carers, and
- The Commission organised a seminar on independent living for the Secretary of State for Work and Pensions.

Pathfinder work for the Triennial Review of Equalities report

Two projects were commissioned from the London School of Economics to refine the measurement framework suggested in the Equalities Review. In addition, two data audit projects were commissioned from Lancaster University, one on national data and one on local and regional data.

Chapter four

Improving life chances and experiences

As part of our commitment to being an accessible and outward facing organisation, we used our greater legal powers to provide an effective public advice service via our helpline. We also connected with the public through our website, our interim grants programme and our work with a network of partner organisations.

Test cases and enforcement action

The Commission completed many of the cases inherited from previous Commissions and began to take on strategic cases and enforcement work in line with the Interim Legal Strategy, across the seven protected equality grounds and through using the Human Rights Act.

This included pursuing 50 assisted cases, two interventions, three formal investigations and ongoing public sector duty enforcement work.

Outcomes included a successful conclusion in the House of Lords to the race discrimination case of *Watt v Ahsan*, and a favourable European Court of Justice Advocate-General opinion in the disability discrimination case of *Coleman v Attridge Law*.

The Commission made an important intervention in the *Bainbridge v Redcar and Cleveland Borough Council* case establishing a new precedent on equal pay. The case established that employers who wish to move to equal pay are entitled to a period of time to get it right.

The Commission assisted 23 new cases including two concerning age discrimination and two others concerning sexual orientation discrimination (one of which, *English v Sanderson Blinds Ltd*, proceeded to the Court of Appeal). The Commission also assisted three cases which potentially involved discrimination on more than one prohibited ground. We intervened in a further seven cases, which included human rights cases before the House of Lords and the European Court of Human Rights.

Helpline for advice and guidance

The Commission's helpline provides the public with information and guidance on their rights. All staff recruited to the helpline undertook an intensive eight week training programme covering all grounds of the Commission's remit, including human rights.

Map of Gaps

In November 2007, we partnered with the End Violence Against Women Coalition (EVAW) to publish the *Map of Gaps* report.

The report, which breaks down relevant data according to Government Office region, country and city level, highlighted Scotland as the best provider of services for women affected by violence. The Commission joined with the EVAW in calling for urgent action by national governments and local authorities to ensure consistent coverage and funding of specialised third sector support services for women.

Website and digital strategy

The Commission enhanced its ability to reach wide and diverse audiences by creating engaging website content and using a variety of channels for its distribution. Initiatives included a dedicated You Tube channel to showcase the Commission's work and proposals to pilot online discussions on two popular social network sites, Facebook and Bebo, to encourage younger audiences to discuss equality and diversity issues.

Progress was made towards operating as a fully bilingual English/Welsh site. Although not yet able to fully exploit Web 2.0 technology, the site allows users to order and download publications, view video content and access related microsites for functions such as recruitment.

We have invested significantly to ensure our website meets the highest standards in accessibility and usability.

Chapter five

Developing new narratives and accounts

The Commission sought to extend its vision and direction with a forward looking programme of projects and inquiries. This involved working closely with Government and other stakeholders to influence and guide ground-breaking legislation.

Influencing the creation of a landmark Equality Act

In preparation for the Single Equality Bill, the Commission developed legal policy priorities, drafting a set of principles with constitutional significance and a number of priority clauses, which we wanted to see in the Bill.

Independent review of flexible working

The Commission gave evidence to Imelda Welsh's independent review of flexible working, calling for the right to request (R2R) to be extended to all employees. The Commission argued that although offering the R2R to carers of young children, older dependants and disabled people has led to increasingly flexible working options, it was too often seen as a 'concession'.

Public duties and enforcement

The Commission worked hard to 'reset the dial' on an approach to the public duties and their enforcement, working closely with Permanent Secretaries in Whitehall to encourage leadership from the top and develop a focus on using the duties to deliver better public services for everyone.

For example, in March 2007, we held a joint conference with the General Teaching Council to highlight how equality duties could help teachers to address inequalities in education and share best practice throughout England.

Single equality scheme

The Commission consulted on our first single equality scheme, which will complement the business plan by setting out what the Commission would do to ensure our work reflected all areas of our remit.

Stop and search

We monitored Government proposals to impose new 'stop and search' and 'stop and account' powers outlined in the Flanagan Report to ensure compliance with the race equality duty.

Human Rights

We prepared briefings and written submissions and lobbied parliamentarians on a range of important human rights issues including:

- human rights implications of provisions in the Counter-Terrorism Bill. This involved detailed consideration of whether the proposals to extend interrogation detentions for up to 42 days complied with international standards and the European Convention on Human Rights, in particular

- a loophole in the Human Rights Act highlighted by the Health and Social Care Bill. The Commission worked with the British Institute of Human Rights (BIHR), Justice, Liberty, Age Concern and Help the Aged to influence the Government to introduce an amendment to the Health and Social Care Act 2008 to rectify the gap in human rights protection. This was the first time the scope of the Human Rights Act had been extended by statute to secure better protection for the public
- an Inquiry into a Bill of Rights for Britain by the Joint Committee on Human Rights, and
- the creation of a new criminal offence under the Criminal Justice and Immigration Bill relating to incitement to hatred based on sexual orientation.

The Commission also worked with non-governmental human rights organisations. In December 2007 we consulted with Muslim organisations affected by the Counter-Terrorism Bill and by the many other counter-terrorism measures introduced by the Government over the last eight years. The main focus of this consultation was the effect of the Government's counter-terrorism policy on community cohesion. We worked with a number of human rights organisations within Britain, such as BIHR, Justice and Liberty.

All three organisations contributed to the human rights aspects of the Commission's legal strategy. In March 2008, we launched our human rights inquiry in England and Wales, chaired by Dame Nuala O'Loan, to help us build up a picture of the effectiveness of the human rights framework in Great Britain.

Roundtables

The Commission implemented a national programme to promote 'new voices', reflecting our role of empowering the unheard or marginalised. Activities included examining the challenges facing marginalised communities and exploring the role of social class in modern Britain.

Conclusion

The end of our 'build-up' phase was signalled by the launch of our Business Plan for 2008–9, our single equality scheme and the interim Grants Programme. We have developed twelve key delivery targets addressing what the Commission will do in the next financial year. These are centred around our four strategic priorities:

1. analysing, defining and targeting key equality backgrounds
2. changing policy and organisational practice to provide better public services alongside an efficient and dynamic economy
3. engaging, involving and empowering the public, especially people from disadvantaged communities and areas, and
4. anticipating social change, developing new narratives and reaching new audiences in ways that strengthen equality and human rights.

Forward look

April 2008 to March 2009

The period from April 2008 to March 2009 will be marked by initiatives and campaigns, which move public debate forward and will bring direct benefits to millions of people.

The Commission's input into the Single Equality Bill, we believe, has led to a more ambitious document, including the prohibition of age discrimination in the provision of goods, facilities and services, and a single public sector duty to promote equality. Our theme will be that legislation should aim to allow everyone to release their talent.

Our reports will be aimed at stimulating widespread public debate on barriers, which prevent people from getting the best out of their working lives. 'Working Better' will look at flexible working and the balance between work and personal life, particularly for disabled workers, older workers and parents. 'Sex and Power 2008' will highlight how underrepresented women are, in public life and in the business world.

This year provides an excellent foundation as we look forward to 2008–2009. Our key delivery targets include influencing the Single Equality Bill as it travels through Parliament, reporting on the public inquiry into the working of the Human Rights Act, and engaging with business on the benefits of a diverse workplace. We will continue to build good working relationships with the voluntary sector and community organisations, working with them to influence Government strategies on such issues as the future of social care. We will promote 'new voices' to reflect our role as an organisation to empower the marginalised and develop a multi-media digital strategy to help us communicate more effectively to a wide range of audiences. To underpin this forward momentum, we will create a three-year strategic plan intended to strengthen positive attitudes to diversity and human rights.

Board of Commissioners

The Board

Trevor Phillips OBE

Trevor is Chair of the Equality and Human Rights Commission.

Trevor began his career in television, becoming head of current affairs at LWT in 1992. He was elected as a member of the Greater London Authority in May 2000, and became chair of the Assembly later that month.

Trevor is also a co-founder of the Equate Organisation, the social change consultancy, director of Pepper Productions, founded in 1995, director of the Bernie Grant Centre and is a vice president of the Royal Television Society. From August 2006, Trevor was a board member and director of Policy Network.

Baroness Margaret Prosser OBE

Margaret is Deputy Chair of the Commission. She chairs the External Affairs Committee and sits on the Remuneration Committee. Previously Deputy Secretary General of the Transport and General Workers Union, Margaret was also President of the TUC, a former Commissioner at the Equal Opportunities Commission and an active International Trade Unionist, who chaired the World Women's Committee of the International Chemical and Energy Workers' Union.

In 2004 Margaret was asked by the PM to chair the Women and Work Commission, looking at the continuing reasons for the gender pay and opportunities gap.

Margaret became a member of the House of Lords in July 2004, and in November of that year she was appointed as a non-executive director of the Royal Mail.

Dr Nicola Brewer CMG

Nicola was previously Director General for Europe at the Foreign and Commonwealth Office. A member of the FCO Board, she also led the FCO's contribution to the UK's 2005 Presidency of the EU. Before that she was Director General, Regional Programmes at the Department of International Development, responsible for an annual £2 billion bilateral aid programme, and a member of the DFID Board. Nicola is also a Trustee of the Pilgrim Trust.

Morag Alexander OBE

Morag is the Commissioner for Scotland and chairs the statutory Scotland Committee. She leads the Commission's work with the Ministry of Defence and the Armed Forces. She was the first Convener (Chair) of the Scottish Social Services Council from 2001 to 2007 and a Board Member of the Scottish Commission for the Regulation of Care from 2001 to 2007. She was Director of the Equal Opportunities Commission, Scotland, 1992 to 2001; Chair of Fair Play, Scotland, 2001 to 2006; Chair of the Early Years Advisory Group of Children In Scotland, 1995 to 2003; and a Trustee of Turning Point Scotland, 1998 to 2006. Morag is also a member of the Court of Queen Margaret University, Edinburgh. She is also currently a lay member of the General Optical Council.

Kay Allen

Recognised as one of the leading diversity specialists in the UK, Kay is MCIPD qualified with over 16 years' direct experience in diversity management.

In January 2000, Kay was appointed as a commissioner of the Disability Rights Commission. In 2001, she joined the Grass Roots Group as a diversity specialist and has been involved in a variety of programmes, including work for the British Army and several public sector organisations.

In her most recent appointment, Kay joined the Royal Mail as group head of social policy and inclusion and her previous role was in the public affairs team at BSKyB.

Baroness Jane Campbell DBE

Jane chairs the Disability Committee and sits on the External Affairs Committee.

Jane is an independent health and social care policy adviser. She is chair of the Office for Disability Issues (ODI) Independent Living Review Expert Panel, and was a commissioner of the Disability Rights Commission (DRC) from its set up in 2000. She co-founded, and for a time directed, the National Centre for Independent Living (NCIL). As chairperson of the British Council of Disabled People (BCODP) from 1991–95, she saw the organisation through some of its most pioneering work in the fields of independent living, civil rights, peer counselling and equal opportunities.

Kay Carberry CBE

Kay was appointed assistant general secretary of the TUC in January 2003, having previously been the first head of the TUC's equal rights department, set up in 1988.

She was a commissioner of the Equal Opportunities Commission from 1999 and was a member of the Women and Work Commission. She is a trustee of One Parent Families; the People's History Museum; the Work Foundation; and a member of the Franco-British Council.

Kay sits on the External Affairs Committee and on the Legal Committee.

Jeannie Drake CBE

Jeannie Drake CBE is deputy general secretary of the Communication Workers' Union. She is also a member of the Employment Appeal Tribunal, and sits on the boards of the Sector Skills Development Agency, the Personal Accounts Delivery Authority, and the Pension Protection Fund. She also sits on the TUC General Council and its executive committee.

Jeannie is the transitional Commissioner from the Equal Opportunities Commission, and is therefore responsible for transition issues relating to the former Commission on the EHRC Board. She also sits on the Legal Committee and on the Audit and Risk Committee.

Rev. Joel Edwards

Joel Edwards was formerly General Director of the Evangelical Alliance and is Chair of Micah Challenge International and the Churches Media Council. He was a probation officer for 14 years with the Inner London Probation Service before his appointment as the General Secretary for the African and Caribbean Evangelical Alliance in 1988. Joel is an honorary Canon of St Paul's Cathedral and has an honorary doctorate from the University of St Andrews.

Baroness Sally Greengross OBE

Sally is chief executive of the International Longevity Centre UK. She also co-chairs the Alliance for Health and the Future.

Sally has been a crossbench (independent) member of the House of Lords since 2000. Sally was director general of Age Concern England from 1987 until 2000, and is now their vice president. Until 2000, she was also joint chair of the Age Concern Institute of Gerontology at Kings College London, and secretary general of Eurolink Age.

Sally sits on the Disability Committee and on the External Affairs Committee.

Professor Kay Hampton

Professor Kay Hampton became chair of the Commission for Racial Equality (CRE) on 1 December 2006. Previously, Kay had served the CRE as deputy chair and commissioner for Scotland.

Kay is currently a lecturer in criminology at Glasgow Caledonian University and is a former research fellow and director of the Scottish Ethnic Minorities Research Unit between 1995 and 2000. Kay has also been employed by the University of Durban-Westville, South Africa (1978–1989), and the strategic planning department of Durban City Council (1990–1993).

Kay is the transitional Commissioner from the Commission for Racial Equality and is responsible for transition issues relating to the former Commission on the EHRC Board. She also sits on the Grants Committee.

Professor Francesca Klug OBE

Francesca Klug is a Professorial Research Fellow at the London School of Economics and Political Science, based in the Centre for the Study of Global Governance, and is Director of the Human Rights Futures Project. She is a Senior Research Associate at the Centre for the Study of Human Rights and a member of the Advisory Committee for the LSE's Centre for Analysis of Social Exclusion. Francesca has sat on the Bill of Rights and Responsibilities Reference Group at the Ministry of Justice and been a specialist advisor to the Joint Committee on Human Rights, carrying out a review of their working practices. She was a member of the Government's Commission for Equality and Human Rights Steering Group and was an independent academic advisor on the Equality Act 2006.

Francesca is the lead Commissioner on the Human Rights Inquiry. She sits on the External Affairs Committee, the Legal Committee and the Audit and Risk Committee.

Sir Bert Massie CBE

Sir Bert Massie was chair of the Disability Rights Commission (DRC) until its closure at the end of September 2007.

During the last 40 years, he has been involved with a large number of disability organisations. He has also served on a number of Government advisory committees concerned with disability. These include the Disabled Persons Transport Advisory Committee and the National Advisory Committee on the Employment of Disabled People. He was deputy chair of the National Disability Council and a member of the Disability Rights Task Force. He is a trustee of several voluntary organisations including Habinteg Housing Association, and Motability. He is also a governor of Liverpool John Moores University.

Bert is the transitional Commissioner from the Disability Rights Commission and is therefore responsible for transition issues relating to the DRC on the EHRC Board. Bert also sits on the Legal Committee and is a member of the Human Rights Inquiry panel.

Professor Ziauddin Sardar

Ziauddin is a writer, broadcaster and academic. He has written extensively about issues of human rights, equality and community and has previously acted as an advisor on equality, development and constitutional matters to international organisations and numerous national governments.

Zia sits on the External Affairs Committee and the Grants Committee.

Maeve Sherlock OBE

Maeve Sherlock is currently at Durham University doing research for her doctorate on the subject of the interface between faith and the State in modern Britain. Maeve's other roles include serving on the board of the Financial Ombudsman Service and as Chair of the Judges for the Charity Awards. Until 2006, Maeve was Chief Executive of the Refugee Council and previously spent three years as a member of the Council of Economic Advisers in the Treasury.

Maeve sits on the Grants Committee.

Ben Summerskill

Ben was appointed chief executive of Stonewall in March 2003. He successfully led parliamentary campaigns for the introduction of civil partnership and pioneering new 'goods and services' protections for gay people introduced in 2007.

Until 2003, Ben had spent 12 years as a journalist and was previously assistant editor of the Observer. Prior to that, he was operations director of a publicly-quoted restaurant and hotel company.

He was previously a member of the steering group appointed by the secretary of state to support the creation of the Equality and Human Rights Commission. He is also an adviser to the London Development Agency and the London Equalities Commission.

Ben chairs the Audit and Risk Committee.

Dr Neil Wooding

Neil is the Commissioner for Wales and chairs the Wales Committee. As Commissioner for Wales, Neil works closely with the National Director for Wales. He also sits on the Legal Committee.

Neil was the first equality adviser to be appointed in Wales and successfully established the NHS Centre for Equality and Human Rights. He was previously Wales Commissioner for the Equal Opportunities Commission. He is co-chair of Stonewall Cymru, a trustee of the National Aids Trust and a non-executive director of South East Wales Race Equality Council.

He is also the director of Public Service Management Wales, a fellow of the National Centre for Public Policy and is a respected authority on equality and human rights.

Annex one

Committees

The Commission may co-opt independent members to committees if this is required to bring in specific skills.

Disability Committee

Jane Campbell (Chair)
Sally Greengross (ex-officio)
Saghir Alam
Andrew Lee
Diane Mulligan
Liz Sayce
Mike Smith
Alun Davies
Bob Benson (ex-officio)
Rhian Davies (ex-officio)
Trevor Phillips (ex-officio)

Wales Committee

Neil Wooding (Chair)
Rhian Davies
Olwen Williams
Elizabeth Withers
Eleanor Williams
Clifton Robinson
Barry Clarke
Rev Aled Edwards

Scotland Committee

Morag Alexander (Chair)
Angela O'Hagan
Bob Benson
Christine Cnossen
Di Airey
Rajiv Joshi
Rowena Arshad
Alastair Pringle
Ronnie McDonald

Audit and Risk Committee

Ben Summerskill (Chair)
Jeannie Drake
Francesca Klug
Jane Earl (co-opted member)
Angie Jezard (co-opted member)

External Affairs Committee

Margaret Prosser (Chair)
Trevor Phillips
Jane Campbell
Kay Carberry
Sally Greengross
Francesca Klug
Ziauddin Sardar

Legal Committee

Trevor Phillips (Chair)
Kay Carberry
Jeannie Drake
Francesca Klug
Bert Massie
Neil Wooding

Grants Committee

Maeve Sherlock
Nicola Brewer (Chair)
Morag Alexander
Kay Hampton
Zia Sardar

Remuneration Committee

Trevor Phillips (Chair)
Margaret Prosser
Ben Summerskill
External Member (to be notified)

Annex two

About the Commission

How we are organised internally

The Commission's headcount as of 31 March 2008 was 410. In addition, we employed on average 120 agency staff throughout the 23½ month period to March 2008. The three organisations we replaced had a combined headcount of 620. A total of 347 staff from the former Commission for Racial Equality, Disability Rights Commission and the Equal Opportunities Commission moved to the new Commission on 1 October 2007.

The diversity make-up of individuals directly employed by the Commission includes: 63 per cent female; 23 per cent disabled; 27 per cent non-white; 51 per cent aged over 40 years; 21 per cent aged over 50 years; 5 per cent aged over 60 years; 9 per cent non-heterosexual; and individuals with a mix of eight different religions/beliefs.

The Commission employs a high proportion of part-time staff (21 per cent) and offers a broad range of flexible working opportunities such as term-time, remote working, job share, career breaks and secondments.

Pension benefits for employees are provided through the Principal Civil Service Pension Scheme. Information about how pension liabilities are treated is given in note 3 to the Statement of Accounts and in the Remuneration Report.

Communication and engagement activities across the Commission include a number of positive initiatives. Regular team meetings are held across the organisation. These are complemented by 'open meetings' and one-to-one sessions with the Chief Executive at various geographical locations. We have also held one-day events involving all employees to engage with and update on key developments and initiatives, including active involvement in the development of core values for the Commission. All of this is underpinned by the Commission's intranet.

Annex three

Statutory Committees

Disability Committee Report

Membership

Baroness Jane Campbell chairs the Disability Committee, with the assistance of two advisers, Neil Crowther and Abigail Lock. The other members of the Committee are:

Alun Davies
Liz Sayce
Andrew Lee
Diane Mulligan
Mike Smith
Saghir Alam

The Committee also has four ‘ex-officio’ members:

Trevor Phillips (Chair of the Commission)
Baroness Sally Greengross (Commissioner)
Bob Benson (Member of the EHRC
Scotland Committee)
Rhian Davies (Member of the
EHRC Wales Committee)

Meetings

The Committee first met in September 2007 and has had a further four formal meetings to March 2008, as well as an away day to discuss its strategic objectives.

Business has included: development of the Committee’s own work plans for 2008–2009; consultation on the Commission’s overall work plan and Corporate Strategy for 2009–12; making decisions on behalf of the Commission and advising on its legal interventions; and discussion and provision of advice for the Single Equality Bill. Individual Committee members have also been actively involved in the work of the Commission, including providing representation to external audiences and contributing to the development of core programmes of work.

Committee work plan

The Committee’s initial six-month work plan focused on:

- advising and championing agreed continuation projects from the Disability Rights Commission (such as formal investigations and Disability Equality Duty enforcement)
- contributing to the development of programmes of major significance to disabled people, notably the proposed Human Rights Inquiry and links with the UN Convention on the Rights of Persons with Disabilities; and work on independent living, social care and caring, and
- supporting effective engagement with disabled people and allies.

Disability Committee’s key tasks and achievements

In its first six months, the Disability Committee has also:

- provided advice concerning the involvement of disabled people in the production of the Commission’s first Equality Scheme
- held a series of meetings with disability organisations across Britain (including Equality 2025) to discuss its approach, emerging plans and opportunities for collaboration
- sought and won agreement from the wider Commission to be part of the formal framework for promoting and monitoring implementation of the UN Convention on the Rights of People with Disabilities
- co-hosted a conference on the UN Convention, in partnership with Scope, Disability Awareness in Action and the UK Disabled People’s Coalition
- started to make links with key organisations to explore how the Commission might contribute to promoting disabled people’s personal safety and security

- collaborated with the wider organisation to successfully influence the Health and Social Care Bill, and
- worked with other organisations including Mencap, to intervene in the exclusion of children with a learning disability from the school games. This resulted in the exclusions being lifted and efforts were made to include children with a learning disability in the 2008 games.

In addition to this, the Chair of the Committee, Jane Campbell has:

- spoken at a series of policy seminars, concerning the role of social care in achieving a range of wider social and economic outcomes, tying together the interests of carers, older and disabled people into a single shared approach, based on equality and human rights, and
- given a series of speeches to re-frame the disability debate within the Commission’s wider equality and human rights framework.

Scotland Committee report

Membership

Morag Alexander, Scotland Commissioner, chairs the Scotland Committee. The other members of the committee are:

Di Airey
Rowena Arshad
Bob Benson
Christine Cnossen
Rajiv Joshi
Ronnie McDonald
Angela O'Hagan
Alastair Pringle

Meetings

The committee first met in September 2007 and up to 31 March 2008 had a further three formal meetings (in November, January and March). Business has included development of the committee's own work plan, consultation on the Commission's and the Directorate's business plans, consideration of the grants programme, discussion of the Commission's legal strategy, and thinking about approaches to engaging with interested external people and organisations. The committee has also discussed the Equalities Review; Single Outcome Agreements and the impact on implementation and monitoring of the equality duties; and the Sentences Aggravated by Prejudice (Scotland) Bill and associated issues.

Committee work plan

The committee's initial six-month work plan focused on research, stakeholder engagement and publicity and marketing.

- Four research projects were commissioned. These explored:
- the Scottish Parliament's use of its powers on equalities
 - funding of equalities work in the voluntary sector
 - guidance on good community engagement, and
 - literature review of equalities data and research 2000–8.

Researchers have also been commissioned to explore the potential of a network for Visible Ethnic Minority Women, as part of the follow-up to the EOC *Moving on up?* project. A report is expected in April 2009.

Engagement activity included support for road shows on the Commission's grants funding, a major event for employers and fringe meetings at the Scottish conferences of two political parties.

Publicity and marketing activity included workshops on developing and communicating the Commission's key messages in Scotland.

Other Scotland Directorate key tasks and achievements

In its first six months, the Directorate has also:

- established a wide range of contacts, given presentations about the Commission at numerous external events, and participated in various working groups and partnership projects (including hosting the NHS Scotland Fair for All Gender project)
- undertaken lobbying and liaison work in relation to the Sentences Aggravated by Prejudice (Scotland) Bill, the Scottish Government's work on independent living, and the equality-proofing of the Scottish budget
- responded to a number of Scottish Government consultations
- worked closely with the Helpline, providing training and back-up
- had success in two major legal cases, one of which was the first win for EHRC after its inception
- continued follow-up work on the EOC investigation into equal pay for classroom assistants
- initiated monitoring activity in relation to the public sector duties
- begun to develop an effective working relationship with the Scottish Commission for Human Rights, and
- participated actively in Britain-wide activities such as the implementation of the interim grants programme, consultations on the business plan, development of the Equality Scheme, development of the equality measurement framework and a range of other legal, strategy and communications initiatives.

Wales Committee report

Membership

Dr Neil Wooding, Commissioner for Wales, chairs the Wales Committee. The other members of the committee are:

Barry Clarke
Rhian Davies
Reverend Aled Edwards
Clifton Robinson
Eleanor Williams
Dr Olwen Williams
Liz Withers

Meetings

The committee first met in October 2007 and had a further two meetings during the period (December and February).

Business has included:

- consultation on the Commissions' strategic aims and business plan
- identifying strategic priorities to inform development of a Wales work programme
- formulating an approach to media and stakeholder engagement
- consideration of the grants programme, and
- discussion of human rights and the Commission's legal strategy.

The committee also discussed the impact of the Government of Wales Act 2006 and the Commission's interaction with the Welsh Assembly as part of the Commission's work. As a member of the Statutory Disability Committee, Rhian Davies provided the Wales Committee with regular feedback.

Committee work plan

The committee's initial six-month work plan focused on engagement with external people and organisations, human rights and the Croeso project.

Engagement

Activity included engagement with Assembly Members, employers and other stakeholders. An evening reception was held to introduce Welsh Assembly Members to Wales Committee members.

The committee's engagement strategy was launched through a policy of evening and afternoon stakeholder sessions linked with committee meetings as the committee met across Wales.

Three Employer Network events were held across Wales. Over 100 employers came together to hear about the Commission's work and to discuss how as a network they could work together to build equality and human rights into their work.

Human Rights

Research was commissioned into public attitudes towards good relations, equality and human rights in Wales and, in partnership with the Welsh Assembly Government, the first ever Human Rights Summit in Wales was convened. Over 150 people attended to discuss key challenges in putting human rights at the heart of Welsh public services.

Croeso

In partnership with the Welsh Assembly Government, the Croeso project promoted discussion and understanding between different communities. An animation project aimed at young people was launched with the intention of promoting good relations. In March an event was held in the Senedd Building at the Welsh Assembly to celebrate Gypsy and Traveller culture in Wales.

Annex four

Management commentary

18 April 2006–31 March 2008

Introduction

The Statement of Accounts on the following pages reports the results of the Commission for the 23½ month period 18 April 2006 to 31 March 2008. It was prepared on an accrual basis and in accordance with the Accounts Direction issued by the Secretary of State in accordance with the Equality Act 2006.

History

The Equality and Human Rights Commission is a non-departmental public body established by statute. It is financed by Grant-in-Aid from the Government Equalities Office. The Secretary of State for the Government Equalities Office, the Lord Privy Seal, is answerable to Parliament for the Commission and responsible for making financial provision for its needs.

The Equality Act 2006 provided that the members of the Commission be appointed by the Secretary of State for the relevant department, currently the Government Equalities Office. The Secretary of State also appointed a Chair with the endorsement of the Prime Minister. The details of the Chair and Commissioners are given on pages 19 to 23. The Commission commenced operations on 1 October 2007 and operates from offices in London, Manchester, Birmingham, Cardiff and Edinburgh and a number of co-located hub offices employing a small number of staff in Nottingham, Newcastle, Leeds, Guildford, Bristol and Cambridge.

Principal activities

The Commission is a Great Britain wide body, classified to the central government sector for national accounts purposes. Its functions, duties and powers are laid out in Sections 3–32 of the Equality Act.

The Commission is empowered to do anything that appears to it, to be necessary or expedient for the purpose of, or in connection with, the exercise of its functions under the Act, within the constraints set out in broader legislation.

The Commission is obliged to monitor the effectiveness and effects of equality and human rights legislation and may make proposals to Government for change. The Commission will publish a report every three years on progress towards identified outcomes with reference to identified indicators. This report will be sent to the Lord Privy Seal who will lay it before Parliament. The report will be an important document in terms of its contribution to, and improvement of, the Government's vision for equality.

Register of Members' Interests

The Commission maintains a Register of Members' Interests, which is available for inspection by arrangement.

Corporate governance

RSM Bentley Jennison LLP provided the internal audit services to confirm that governance measures were in place. The Internal Auditors also conducted additional work for the Commission during this period. The external audit is carried out by the National Audit Office (NAO) which is required to examine, certify and report on the annual financial statements, in readiness for laying before the Houses of Parliament. The External Auditors' remuneration for the audit of the 2006–8 financial statements is expected to be £89,500. The National Audit Office did not perform any non-audit work for the Commission in this period.

Auditing of accounts

The Commission has an Audit and Risk Committee. The Audit and Risk Committee's purpose is to review the establishment and maintenance of an effective system of governance, risk and control processes across the Commission that supports the Commission's objectives. This is to provide an independent perspective and constructive challenge, to ensure that the optimal control environment is in place and that formal assurance statements are supported. Up to 31 March 2008, the committee met on five occasions.

During 2006–8 the members of the Audit and Risk Committee were:

Ben Summerskill (Chair)

Jeannie Drake

Francesca Klug

Jane Earl (external co-opted member)

Angie Jezard (external co-opted member)

The NAO reviewed the Annual Report and Accounts which includes the Statement on Internal Control for the Commission and was satisfied that it reflects a true and fair view for the 23½ month period to March 2008. However, the Comptroller & Auditor General (C&AG) has qualified his audit opinion on the statement of accounts for the 23½ month period to March 2008 due to the Commission not securing approval from its sponsor department, the Government Equalities Office, for £323,708 of expenditure classified as 'special payments' in relation to the re-engagement of staff from the Commission for Racial Equality.

The C&AG's report, which is included in the financial statements, sets out the circumstances that gave rise to this situation in the early phase of the formation of the Commission and also notes the steps taken by the Commission (as set out in the Statement on Internal Control) during October 2007 to March 2008 to improve financial management and the internal control environment.

Results for the year

The annual statement of accounts for the 23½ month period 18 April 2006 to 31 March 2008 are set out on the following pages. The notes contained within these accounts also form an integral part of the accounts.

Grant-in-Aid, unlike other income, is treated as financing and taken straight into the Balance Sheet Reserves. Cash Grant-in-Aid for the period to 31 March 2009, taking into account the amounts required to meet the Commission's liabilities falling due in that period, has already been included in the GEO'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. (See note 10 of the accounts for further details.)

Balance sheet reserves comprise £8k donated asset reserve and £1,070k deficit general reserve. The donated asset reserve represents the current net book value of assets originally donated to the Disability Rights Commission. The deficit position on the general reserve is due to the accounting treatment of the Commission's primary source of income, Grant-in-Aid, which is recognised on a cash basis and cannot be drawn down in advance of need. As explained in the previous paragraph and in note 10 to the accounts, this deficit reserve does not affect the long term viability of the Commission.

The income and expenditure account showed a deficit of £52.9 million for the 23½ month period. This deficit is due to the fact that the Commission's principal source of income, Grant-in-Aid (£50.9 million for this period) is treated as financing and so does not appear within the Income and Expenditure Account.

The income and expenditure account also reflects income of £61k from Scottish Executive, with whom we have worked in partnership to enable the NHS in Scotland to deliver the statutory duty to promote gender equality.

As from 1 October 2007, the responsibilities, assets and liabilities of the three legacy commissions (Commission for Racial Equality, Disability Rights Commission and Equal Opportunities Commission) were subsumed into the Commission. The review of the estate portfolio and fixed assets has led to some disposals. The accounting policy for depreciation has also led to some adjustment in the inherited asset values. (See note 1c of the accounts for further details.)

Provisions totalling £1.9 million were made during the 23½ month period relating to the future pension costs associated with the former Commissions' early retirement schemes and also the costs associated with the disposal of former commission leasehold properties. Further details can be found at notes 1p and 8a to the financial statements. Details of total provisions made in the year can be found in note 8a to the financial statements.

Transition costs included £11 million relating to the former Commission's voluntary early retirement and voluntary early severance schemes.

Pensions and pension liabilities

The remuneration report on the pages below and note 3 in the financial statements gives details of the Commission's pension arrangements and related liabilities.

Payment of creditors

The Commission aims to pay its bills in accordance with the contract or within 30 days if there is no specific provision in the contract. Sample testing during 2006–8 showed that 49% of invoices were paid within the policy target. Delays in payment were due to the difficulties involved in verifying expenditure incurred by the legacy commissions.

Charitable donations

No charitable donations were made in the 23½ month period 18 April 2006 to 31 March 2008.

Environmental policy

The Commission will be developing its approach to reducing its impact on the environment by improving the environmental performance of its operations and its properties.

Equality scheme

Following a period of consultation the Commission published its first Equality Scheme in April 2008 outside of timeline. As an employer the Commission was committed to achieving equality of opportunity for all employees and potential employees.

The Commission gives full and fair consideration to people with disabilities, having regard to the nature of the employment. The Commission offers disabled applicants the option of requesting that their application is considered under the terms of its guaranteed interview scheme.

Staff consultation and development

The Commission is committed to keeping its staff informed of performance, development and progress. Staff involvement was encouraged in the business planning process, through “away days”, focus groups and an annual staff conference. Training programmes were run throughout the year for all staff with the emphasis on core competency training. Specialised training was encouraged and financial assistance offered in higher and further education courses relevant to the Commission’s work.

Post balance sheet events

Note 18 to these accounts refers to the conclusion of negotiations to dispose of former Commission lease properties.

Statement on the disclosure of information to auditors

As far as I am aware, there is no relevant audit information of which the Commission’s auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Commission’s auditors are aware of that information.

Annex five

Remuneration report

18 April 2006–31 March 2008

The Policy on the Remuneration of Senior Managers for the 23½ month period ended 31 March 2008.

This is the first period of account of the Commission for 23½ months from 18 April 2006. This period includes the transition and build up phase in establishing the Commission and the first six months of operation from October 2007 to March 2008. As explained in note 1b to the financial statements there are no prior year comparators.

The Commission's most senior managers comprised the Chief Executive Officer (CEO) and those of her direct reports who constituted the Senior Management Team (SMT).

The Commission will establish a Remuneration Committee during 2008–9. The Remuneration Committee will, within the constraints of a non-departmental public body, provide rewards which will attract, retain and motivate the senior management necessary to enable the Commission to fulfil its statutory remit and responsibilities. The Committee will be made up of selected Commissioners and an external independent co-optee who will review the CEO and SMT annual reward package.

The CEO and members of SMT's annual remuneration award comprises a consolidated amount eligible for pension through the Civil Service pension arrangements. The CEO's total annual remuneration was made in line with the performance management and reward systems for the Senior Civil Service.

We consult the trade unions on pay and conditions of service that apply to all staff including, where relevant and appropriate, those applying to senior managers. For 2006–8 the pay award began the process of pay harmonisation between the three former Commissions. Staff transferring from these bodies have been job matched to commensurate roles within the Commission. The 2006–8 pay award was determined within the financial limits imposed by the Treasury.

During the period SMT included a secondee from the Ministry of Justice.

Commission members' remuneration**

a) Chair:

Trevor Phillips was chair throughout the period. He is classed as an Office Holder and is not a member of the Principal Civil Service Pension Scheme (PCSPS). Provision has been made in the accounts for a pension provision broadly analogous to that provided by PCSPS. The provision is included in Note 8b to the financial statements and detailed below.

As part of the terms and conditions of his appointment, and in order to maximise the official use of his time, the Commission funds the provision of an official car and driver to the Chair of the Commission. This includes journeys from the Chair's home to the Commission. We are currently in discussion with HM Revenue and Customs regarding any benefit in kind arising from this arrangement. In the meantime we have made an estimate of the benefit arising, based on guidance and a reasonable assessment of usage. The estimated benefit arising is £16k.

During the 23½ month period, the Chair's remuneration was as follows.

	2006–8 £'000
Salary	179
Employers NIC	22
	201
Expenses	2

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

	31 March 2008 £'000
Real increase in accrued pension	2.5 – 5.0
Real increase in accrued lump sum	–
Accrued pension as at 31 March 2008	5.0 – 10.0
Accrued lump sum as at 31 March 2008	–
CETV at 11 September 2006	105
Real increase in CETV funded by employer	47
CETV as at 31 March 2008	177

b) The cost of Commission members' emoluments was:

	2006–8 £
Commissioners' salaries and fees	225,349
Commissioners' employers NIC	20,935
Statutory Committee and advisory Group members' fees	45,932
Statutory Committee and advisory Group members' employers NIC	2,937
	295,153

- c) The fees and expenses for each Commission member were as follows:

Commission member and date of appointment	Fees £	Expenses £
Morag Alexander OBE 29 March 2007	27,800	980
Kay Allen 4 December 2006	13,200	1,420
Baroness Jane Campbell DBE 4 December 2006	30,120	4,558
Kay Carberry 4 December 2006	9,800	30
Jeannie Drake CBE 4 December 2006	8,600	716
Joel Edwards 1 November 2007	2,400	195
Baroness Sally Greengross OBE 4 December 2006	10,800	543
Professor Kay Hampton 4 December 2006	4,900	1,709
Professor Francesca Klug OBE 4 December 2006	13,200	772
Sir Bert Massie CBE 4 December 2006	4,000	303
Baroness Margaret Prosser OBE (Deputy Chair) 4 December 2006	61,100	615
Ziauddin Sardar 4 December 2006	12,600	498
Maeve Sherlock OBE 1 November 2007	2,800	1,764
Ben Summerskill 4 December 2006	13,229	1,405
Dr Neil Wooding 4 December 2006	10,800	1,190

Commission member appointments are not pensionable. Fees and expenses paid to independent members of the Audit and Risk Committee were in total £2k.

Chief Executive**

The Chief Executive's basic annual salary for the year ended 31 March 2008 was £185,000. Total actual remuneration for the 13 month period of employment 1 March 2007 to 31 March 2008 was £189,269. Total actual emoluments were £259,968

including employer's contributions of £48,264 to the PCSPS. Employers NIC amounted to a further £22,435. The Chief Executive is an ordinary member of the PCSPS with the Commission's contribution to the scheme amounting to the equivalent of 25.5% of salary.

Salary and pension entitlements**

The following table provides details of the salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of the Equality and Human Rights Commission for the 23½ month period ended 31 March 2008.

‘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.

Salary and Pension Entitlements **	Salary £ and time in post	Benefits in kind (rounded to nearest £100)	Flexible benefits (rounded to nearest £100)	Bonus
Dr Nicola Brewer Chief Executive	189,269 1 Mar 07 to 31 Mar 08	Nil	Nil	Nil
Kamal Ahmed Group Director Communications	41,940 4 Dec 07 to 31 Mar 08	Nil	Nil	Nil
Kate Bennett National Director for Wales	37,949 1 Oct 07 to 31 Mar 08	Nil	Nil	Nil
Carol Bernard Group Director Corporate Management	96,603 2 Jul 07 to 31 Mar 08	Nil	Nil	Nil
Patrick Diamond Group Director Strategy	58,540 25 Aug 07 to 31 Mar 08	Nil	Nil	Nil
Ros Micklem National Director for Scotland	41,626 24 Sep 07 to 31 Mar 08	Nil	Nil	Nil
John Wadham Group Director Legal	78,548 6 Aug 07 to 31 Mar 08	Nil	Nil	Nil

Real increase in pension and related lump sum (£2.5k bands)	Pension at 31/03/08 and related lump sum (£5k bands)	CETV at 31/03/07 (nearest £k)	CETV at 31/03/08 (nearest £k)	Real increase in CETV as funded by employer (nearest £k)
17.5–20 plus 57.6–60 lump sum	55–60 plus 165–170 lump sum	611	1078	370
0–2.5	0–5k	Nil	9	7
0–2.5 plus 2.5–5 lump sum	10–15 plus 35–40 lump sum	185	245	31
0–2.5	25–30	329	439	6
0–2.5	0–5	Nil	9	7
0–2.5	0–5	Nil	12	11
7.5–10	25–30	280	486	146

- a) EHRC has developed an objective setting system and is in the process of developing a performance management system.
- b) Pay progression will be linked to the performance management system.
- c) The Group and National Directors are all on permanent employment contracts with a three month notice period.
- d) The EHRC has no service contracts for senior managers.
- e) No compensation for loss of office paid or receivable has been made under the terms of an approved Compensation Scheme.
- f) There are no elements of the remuneration package which are not cash.**
- g) The EHRC did not pay any third party for the services of a senior manager.**

Pensions

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

****Information and sections marked with a double asterisk ** are subject to audit.**

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

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

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

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

Cash equivalent transfer values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

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

Awards or compensation made to past senior managers**

Compensation is being paid to a member of the Senior Management Team under a compromise agreement, however, the payments have not been disclosed because the details of the agreement are confidential.

Signed on behalf of the Equality Human Rights Commission

Neil Kinghan
Interim Director General
15 June 2009

Statement of Accounts 18 April 2006– 31 March 2008

Equality and
Human Rights
Commission

Statement of Accounting Officer's responsibilities

Under the Equality Act 2006 the Secretary of State, with the consent of the 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 and expenditure, recognised gains and losses 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 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 Permanent Secretary of the sponsor department appointed the Chief Executive and, on 7 May 2009, the Interim Director General as Accounting Officer of the Equality and Human Rights Commission. The responsibilities of an 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* published by the Treasury.

My appointment as Accounting Officer was effective from 7 May 2009 following the departure of Dr Nicola Brewer the Accounting Officer of the Commission during the period covered by this statement. Accordingly I have reviewed with the Commission's senior officers the matters contained herein in order to enable me to make this statement in discharging my responsibility.

EHRC Accounting Officer's Statement on Internal Control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Commission's aims and business objectives whilst safeguarding public funds and the Commission's assets for which I am personally responsible, in accordance with the responsibilities defined in Managing Public Money and in the Commission's Framework Document. The Commission's framework for financial controls have been agreed with our sponsor the Government Equalities Office (GEO). I am required to advise the Board if any action would infringe upon the requirements of propriety or regularity or upon my wider responsibilities for value for money.

The purpose and system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The Commission's system of internal control is based on a process designed to:

- identify and prioritise risks to the achievement of the Commission's aims and business objectives
- evaluate the likelihood of those risks being realised and the impact should they be realised
- manage those risks efficiently, effectively and economically, and
- integrate risk management into the Commission's wider set of management processes.

The system of internal control described here has been developed from the date the Chief Executive, Dr Nicola Brewer was appointed as Accounting Officer (24 May 2007) and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

The Commission is developing an effective system of risk management that assesses:

- strategic risks
- key operational risks, and
- risks to the key delivery targets for the year in question.

For each of these categories, controls are identified and put in place to manage risks within acceptable levels. The Commission is developing appropriate processes for the systematic identification, evaluation and control of risk.

The risk and control framework

Under the Commission's risk management arrangements, the Senior Management Team (SMT) has a key role in managing the Commission's risk profile and considering the main risks which might impact on aims and business objectives. The SMT meets weekly and is the most senior internal management group of the Commission.

All members of the SMT are committed to undertake regular reviews of risk through the Risk Appraisal Group (RAG). The RAG was formed to frame the Commission's approach to and consideration of risk. In addition the RAG identifies risks, agrees mitigating action and monitors risk management.

Risk management processes are integrated into the Commission's project management system.

Other aspects of the integrated approach are that:

- colleagues' capacity to handle risk is reinforced through the Operational Programme Board
- an internal audit plan is agreed annually between the Audit and Risk Committee and the internal auditors with regular reviews by the internal auditors of the appropriateness of the Commission's system of internal controls together with recommendations for improvement, and
- we have a security policy in operation which deals with all aspects of security including personnel, information and ICT.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. This is informed by the work of the internal auditors, the SMT who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors, the National Audit Office, in their management letter and other reports. The NAO reviewed the ARA, including this Statement on Internal Control for the Commission, and was satisfied that it reflects a true and fair view for the 23 1/2 month period to March 2008.

However, the Comptroller & Auditor General (C&AG) has qualified his audit opinion on the statement of accounts for the 23½ month period to March 2008 due to the Commission not securing approval from its sponsor Department, the Government Equalities Office, for £324k of expenditure classified as ‘special payments’ in relation to the re-engagement of staff from the former Commissions.

Some £308k of this related to the 2006–8 period covered by these accounts with the remainder falling into 2008/9. The Commission initially sought the approval for the re-engagement of nine staff, however only seven of these were subsequently re-engaged. The details for these former CRE staff are below;

Period of time employed	Number of individuals	Severance costs	Consultancy fees
Under three months	2 ¹	231,259	21,102
Three to six months	4 ²	293,892	197,390
Over six months	1 ³	104,125	105,216
Totals	7	629,276	323,708

¹ One individual included in this category provided several days of casual support to the Commission between May and September 2008.

² One individual included in this category was appointed in January 2008 and was employed to June 2008.

³ The individual in this category was appointed in June 2007 by the Transition Team, and was then employed directly by the Commission from 1 October 2007 to 31 March 2008. As the full costs have been correctly accounted for by the Commission, the full cost is disclosed here.

The C&AG's report, which is included in the financial statements, sets out the circumstances that gave rise to this situation in the early phase of the formation of the Commission and also notes the steps taken by the Commission during October 2007 to March 2008 to improve financial management and the internal control environment, as set out in this statement.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control is as follows:

- The Board has overall responsibility for monitoring the effectiveness of the Commission's system of internal controls and receives regular reports from the Audit and Risk Committee
- The Audit and Risk Committee reviews the effectiveness of the risk management process. The Committee meets every two months and is attended by our internal and external auditors, and
- The internal audit function is performed by Bentley Jennison. It carries out its work in accordance with the internal audit plan that is approved by the Audit and Risk Committee and which is designed to allow internal audit to make a statement on the adequacy and effectiveness of the Commission's risk management, governance and control processes for the year.

During 2006–8 significant progress was made in developing the system of internal control and the Commission's approach to risk management. The establishment of a 'shadow' Audit and Risk Committee in advance of the launch date of 1 October 2007 ensured key policies and a risk management framework was in place. This also allowed us to begin a programme of internal audit review promptly during October 2007.

During the period, the Commission has developed its internal controls, risk management and financial management. As set out below, the Commission:

- developed performance reporting to the Board
- established financial delegations and the 'financial standing instructions' necessary to devolve budgets to the SMT
- held regular meetings of the Audit and Risk Committee, which has determined the scope of the internal audit plan, reviewed the delivery of the plan and scrutinised the approach to risk management developed by the Commission. Positive reports on the progress in the Commission's developing framework for risk controls were received from the National Audit Office and the Internal Auditors following the audit work completed during 2007/8

- developed and implemented a process to transfer the Transition Programme activities into the 'live' operations. The Release Authority Board allowed the identification of risks associated with the handover (for example whether the product was 'fit for purpose' or if the skills to accept the product existed in the new Commission) so that mitigating actions could be taken
- revised the Transition Programme Risk Register to develop a Strategic Risk Register for the Commission and began work to cascade this through to Group Directorates
- developed business critical policies and procedures in readiness for the Commission's launch date 1 October 2007, and worked to adopt best practice during the year for all policies and procedures. In particular the Commission strengthened its approach to procurement and worked to raise awareness through the budget and business planning framework and introduced on-line guidance to staff
- agreed and delivered a programme of Internal Audit review with particular focus on the set up of the systems and framework of delegated authorities, governance, procurement and staffing, and
- reviewed and strengthened further our governance arrangements.

At the Commission's Audit and Risk Committee on 25 September, Bentley Jennison reported that, based upon the work undertaken, for the period 1 October to 31 March 2008 the Equality and Human Rights Commission has adequate and effective risk management, control and governance processes to manage the achievement of the organisation's objectives.

Whilst both the internal and external audit reports give assurance that the majority of controls the Commission is developing are well designed and will give good assurance in the future, it is working to embed these systems and procedures and to ensure that the framework for risk and financial management continues to evolve satisfactorily.

Neil Kinghan
Accounting Officer
15 June 2009

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 Commission for Equality and Human Rights (the Commission) for the period ended 31 March 2008 under the Equality Act 2006. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses 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

The Interim Director General as Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Equality Act 2006 and the Secretary of State's directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities. My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Equality Act 2006 and the Secretary of State's directions made thereunder. I report to you whether, in my opinion, the forewords, the Annual Report and its annexes are consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Commission has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Commission's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this Statement covers all risks and controls, or form an opinion on the effectiveness of the Commission's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the forewords, the Annual Report, the annexes to the Annual Report and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the

Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Equality Act 2006 and directions made thereunder by the Secretary of State, of the state of the Commission's affairs as at 31 March 2008 and of its deficit, recognised gains and losses and cash flows for the period then ended
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Equality Act 2006 and the Secretary of State's directions made thereunder, and
- the forewords, the Annual Report and its annexes are consistent with the financial statements.

Qualified opinion on regularity arising because of irregular payments to consultants

As explained in the attached report, the former Commission for Racial Equality, Equal Opportunities Commission and Disability Rights Commission ceased to exist on 30 September 2007. At this point they paid voluntary early retirement and voluntary early severance to those of their staff who were not transferring to the new Commission for Equality and Human Rights. Seven members of staff, who left the former Commission for Racial Equality through the severance scheme at a cost of £629,276, were subsequently re-engaged by the Commission for Equality and Human Rights on short term consultancy contracts. The Commission paid some £323,708 to the individuals in consultancy fees. Such payments require the approval of the Treasury and the Commission's sponsor Department. Approval was not obtained in advance of the payments being made and the Treasury has subsequently concluded that it cannot grant retrospective approval for these payments, as they did not represent value for money. Accordingly, I have concluded that this expenditure is not in conformity with the authorities which govern it.

In my opinion, except for the payments made to re-engaged staff referred to above, in all other material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

My report is on pages 55 to 63.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS
18 June 2009

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

Introduction

1. The Equality Act 2006 established a new Commission for Equality and Human Rights. Under the Act, the House approved Commencement Order No. 1 with effect from 18 April 2006, at which point the new Commission formally came into existence. On 1 October 2007 the Commission took up its new powers and took on the responsibilities of the three legacy equality Commissions; the Commission for Racial Equality, the Disability Rights Commission and the Equal Opportunities Commission, as well as taking responsibility for protection against discrimination on the grounds of age, religion or belief, sexual orientation and the promotion of human rights in the United Kingdom.
2. The new Commission, which is now known as the Equality and Human Rights Commission, has a role to:
 - challenge prejudice and disadvantage, and promote the importance of human rights
 - enforce equality legislation on age, disability, gender, gender reassignment, race, religion or belief, and sexual orientation, and work on compliance with the Human Rights Act
 - use its influence and authority to ensure that equality and human rights remain at the top of agendas for Government and employers, media and society
 - stimulate debate on equality and human rights by acting directly and by fostering partnerships at local, regional and national levels
 - give advice and guidance to businesses, the voluntary and public sectors, and also to individuals, and
 - develop an evidence-based understanding of the causes and effects of inequality for people across Britain.

3. The statement of accounts on the following pages represents the results of the Commission for Equality and Human Rights (the Commission) for the period from 18 April 2006 to 31 March 2008.

Purpose of report

4. The purpose of this Report is to explain the background to the qualification of my audit opinion and to note the steps taken by the Commission to improve its internal control environment.

My obligations as auditor

5. Under the Equality Act 2006 (the Act), I am required to examine, certify and report on each statement of account that I receive. I am required, under International Standards on Auditing (UK and Ireland), to obtain evidence to give reasonable assurance that the Commission's financial statements are free from material misstatement. In forming my opinion I examine, on a test basis, evidence supporting the disclosures in the financial statements and assess the significant estimates and judgements made in preparing them. I also consider whether the accounting policies are appropriate, consistently applied and adequately disclosed.

Audit opinion

Qualified opinion owing to irregular expenditure on re-engaged consultants

6. During the accounting period the Commission incurred expenditure of some £11,136,000 in relation to the voluntary early severance and voluntary early retirement of former employees of the three legacy equality commissions. Such employees mostly ended their employment at 30 September 2007, when the legacy commissions ceased to exist.

7. The new Commission had little influence over which of these former employees applied for, or received, voluntary early severance and voluntary early retirement. Along with delays in recruiting new staff, this meant that the Commission had insufficient senior staff in place properly to take up its responsibilities on 1 October 2007. In attempting to resolve these problems, the Commission subsequently re-engaged seven former employees of the former Commission for Racial Equality on short term consultancy contracts, but did so without obtaining the requisite Treasury authority. This has led to the qualification of my opinion.

8. In various letters to its sponsor Departments, the Commission discussed re-engaging up to nine staff from the legacy commissions, but in the event appears to have only re-engaged seven; all of whom were former employees of the Commission for Racial Equality.

These seven staff had left the Commission for Racial Equality under the early exit scheme at a cost of £629,276, and were then paid a total of £323,708 in consultancy fees by the Commission. Some £308,434 of this related to the 2006–08 period covered by these accounts, with the remainder falling into 2008–09.

The amount paid per individual varied between £2,702 and £105,216, in line with the contracts given to these individuals by the Commission. Five of these staff were re-engaged from 1 October 2007 without a competitive procurement process, and all their contracts had ceased by 31 March 2008. The other two staff were re-engaged in 2008 after breaks in service. One of these was employed on a casual basis at a total cost of £2,702 and the other was re-engaged after a competitive procurement process, and worked from January to June 2008.

9. The total amount of time for which the Commission employed each of these contractors, and the amounts paid, are summarised in the table below.

Period of time employed	Number of individuals	Severance costs	Consultancy fees
Under three months	2 ¹	231,259	21,102
Three to six months	4 ²	293,892	197,390
Over six months	1 ³	104,125	105,216
Totals	7	629,276	323,708

10. In July 2008, after a standard recruitment process, the Commission also re-engaged as a Commission employee, an individual who had worked at the Disability Rights Commission. This employee had received a voluntary early severance payment of £13,290 in respect of their service at the legacy commission, and then worked as an employee of the Commission until 30 April 2009; receiving a total of some £25,670 in salary payments during their service. Given the break in service and formal recruitment process, the Commission considers it fully complied with Civil Service guidelines when it employed this individual. Nevertheless, the details of this appointment are included to provide full information on all staff re-engaged from the legacy commissions.

The Treasury's decision

11. The Treasury categorises such payments as special payments. The Treasury requires non departmental public bodies such as the Commission to seek the approval of their sponsor department, in advance, for any special payments. Departments are advised that they may then need to consult the Treasury. The Treasury's guidance on this subject is contained in Managing Public Money, and specifically states that bodies should take care to avoid offering employees consultancy work after severance unless best value can be demonstrated.

¹ One individual included in this category provided several days of casual support to the Commission between May and September 2008.

² One individual included in this category was appointed in January 2008 and was employed to June 2008.

³ The individual in this category was appointed in June 2007 by the Transition Team, and was then employed directly by the Commission from 1 October 2007 to 31 March 2008. As the full costs have been correctly accounted for by the Commission, the full cost is disclosed here.

12. The Government Equalities Office, which is now the Government department responsible for sponsoring the Commission, recognised that the Commission's re-engagement of staff from the former Commission for Racial Equality was novel and contentious, and would therefore need Treasury authority. The Office did not formally consult the Treasury on this matter until January 2009, when the Commission provided the Office with full and accurate information. In doing so, the Office advised that it could not endorse the retrospective business case presented by the Commission. Once consulted, the Treasury concluded that it could not grant retrospective approval for the payments, as they did not represent value for money. It gave the following more detailed reasons for this decision:
- the re-engagement salaries were significantly higher than the salaries when the individuals worked for the legacy commission and were also significantly higher than a combination of the salaries offered in the legacy commissions plus an additional three month 'loyalty bonus'
 - there was insufficient evidence to demonstrate that re-engaging staff provided value for money compared to other options
 - there was insufficient evidence to support the view that the EHRC fully considered the pension and tax liabilities of re-engaging staff, and
 - as it was unclear whether staff had a break in contract terms between working at the legacy commissions and at the EHRC, it was possible that the individual members of staff should have repaid their severance packages as required under the terms of the Civil Service Compensation Scheme.

The Commission's actions

13. The Commission first raised in writing issues relating to the possible re-engagement of one of these staff with the Accounting Officer of its then sponsor department (Department for Communities and Local Government) in May 2007. In July 2007 it made a more substantial submission to the Accounting Officer of the Department (Department for Work and Pensions) that was then expected to take over the sponsor role. While these departments agreed the principle that the Commission could retain essential staff on a casual basis to support the transition during this period, the Commission accepts that it pursued these matters with an inadequate level of formality and detail. In particular, the Commission did not present a clear business case for either the number of staff involved or the duration of their re-engagement.

14. In mitigation the Commission considers that it had a strong business need, which it did discuss with the sponsor departments, to re-engage staff from the legacy commissions.

In particular, the Commission considered that it:

- needed to retain the expertise and knowledge of these particular staff for part or all of the six month 'build up' period after 1 October 2007
- had a high number of unfilled senior level posts at 1 October 2007, and needed experienced staff to fill the key posts until recruitment was complete, and
- needed to mitigate the risk of failing to deliver to the timetable set by Ministers.

The set up of the Commission

15. The failure of the Commission to follow proper processes in respect of the re-engagement of these staff should be viewed in the context of a difficult and convoluted process of setting up this new body, with delays in making a number of key decisions about the Commission's policies and staffing.

16. In the period preceding the Commission's start up on 1 October 2007, there were changes in where responsibility for managing the start up of the Commission lay. Up to July 2007, responsibility lay with the Department for Communities and Local Government. At this point the Government announced that it was setting up a new Government Equalities Office, which would sponsor the Commission. Initially this office was to be part of the Department for Work and Pensions, but by September 2007 Government had decided that the Office would be a separate Government department with its own Accounting Officer. Until an individual could be appointed to that post, the Accounting Officer for the Department for Communities and Local Government retained Accounting Officer responsibility for the Office.
17. Despite these changes, many of the staff responsible for sponsoring the Commission, including those at senior levels, remained the same and the Office successfully put in place the legal and statutory framework required to establish the Commission on 1 October 2007.
18. As a result, some key policy documents were not put in place sufficiently early. For example, while the sponsor departments had made the Commission aware of the funds that would be available to it, the Government Equalities Office did not formally approve the Commission's budget until November 2007. Furthermore, the Framework Document, which sets out the Commission's managerial responsibilities and the Department's delegations to the Commission, was not formally approved until April 2008.
19. On the particular issue of the re-engagements, the Commission informed the Department for Work and Pensions in July 2007 that it was intending to re-engage certain staff from the legacy commissions to fill critical shortages. At the time, the Commission did not provide the Department or its successors with a full business case, and did not provide full and accurate information setting out the staff to be re-engaged or the cost or duration of these re-engagements.

Nevertheless, the changes in responsible department did create a degree of distraction and confusion to the process of setting up the Commission, which complicated the decision making process at a crucial time. In the Commission's view, the sponsor departments were not able to give it the necessary guidance and support to ensure a successful launch on 1 October 2007.

The staffing of the Commission

20. A major weakness was that the Chief Executive and senior management team were not put in place early enough to properly plan the start up of the Commission.

21. The Chief Executive only took up post on 5 March 2007, and was appointed as Accounting Officer on 24 May, with the Commission expected to start on 1 October. When the Commission did start operations on 1 October, it did so with only ten out of the agreed complement of 25 Directors in post. Indeed, the majority of the management team who were in place at that date only took up post in the two months immediately before 1 October. Furthermore, while those senior managers who were appointed before 1 October had considerable specialist skills, they had insufficient time to develop as a team before the Commission started operations. The delays in appointing the senior staff was a crucial failing, as a newly created organisation needs to have a senior management team in place sufficiently early to prevent a decision making vacuum, ensure effective operational management is in place from the beginning, and to develop a business strategy and transition plan.

22. These staffing problems were mirrored throughout the organisation. The legacy Commissions offered all their staff voluntary early severance in July 2007, and some 180 people elected to leave through this scheme. The new Commission had virtually no influence over which staff agreed to take the severance, and lost staff who filled key roles in the legacy bodies.

Furthermore, the number of staff who accepted severance meant that as at 1 October 2007, the new Commission started operations with a shortfall of some 140 staff against a complement of 525. Of the staff who did transfer, the new Commission did not have sufficient time to finalise an organisation design, job descriptions or complete job evaluations before starting operations. Consequently, the Commission was unable to job match people to roles or confirm the content of individual jobs. Understandably, this had a negative impact on the morale of the staff in post, and matters were worsened further because of an unresolved pay remit, leading to ongoing uncertainty about staff terms and conditions. Indeed, the pay remit was not finally agreed by the sponsor Department and the Treasury until Autumn 2008.

Identifying and responding to problems

23. The problems with setting up the Commission were first properly identified by an Office of Government Commerce Gateway review in May 2007, which reported serious concerns about the readiness of the new Commission to deliver the transition to the new programme. The report identified that six months before going live the Commission had no business strategy, no agreed organisational design, no clear understanding of what the Commission would do, and was missing important elements of effective programme management. In particular, the report identified that the programme needed to bring in sufficient expert resource quickly to manage the transition.

24. While the Commission's new Chief Executive acted promptly on the report's recommendations, there was insufficient time to rectify all the identified problems fully before 1 October. Consequently, while the Chief Executive did quickly recruit some expert consultants, including a Programme Director to lead the transition, the Commission still recognised that it would face a range of skills gaps at 1 October 2007. It considered that it needed to put interim arrangements in place to minimise the risks to the start up, including the temporary recruitment of specific former staff from the legacy Commissions.
25. Following recognition of these weaknesses, the Commission also initiated a phased programme for going live. Instead of a full launch on 1 October, the Commission went from transition to a build up phase on 1 October 2007, with a full operational launch from 1 April 2008. This phased process followed best practice, as it allowed the Commission to focus on achieving basic operational readiness on 1 October and to present a 'business as usual' face to stakeholders. The Commission accepted that achieving full integration could only be achieved over a longer timescale.
26. In the period since the issues covered by this report occurred, the Commission has developed its financial and performance reporting, reviewed and strengthened its governance arrangements, strengthened procurement arrangements, developed financial guidance to staff and worked to enhance the budget and business planning framework.
27. The Commission and its Audit and Risk Committee have also continued to enhance internal control processes. In particular, they have agreed and delivered a programme of internal audit reviews, which particularly focused on the set up of the systems and framework of delegated authorities, governance, procurement and staffing. Work has also gone on to develop a Strategic Risk Register for the Commission and to cascade it through to Group Directorates. Further information on improvements in controls is provided by the Commission's Accounting Officer in the Statement on Internal Control.

Amyas C E Morse
 Comptroller and Auditor General
 National Audit Office
 151 Buckingham Palace Road
 Victoria
 London
 SW1W 9SS
 18 June 2009

Improvements in the Commission's controls

26. In the period since the issues covered by this report occurred, the Commission has developed its financial and performance reporting,

Income and Expenditure

Account for the 23½ month period ended 31 March 2008

	Note	2006–8	
		£'000	£'000
Income			
Income from activities			
Other operating income	2	669	
Access to work		36	
			705
Expenditure			
Staff and commissioners costs – Operational	3b	(10,178)	
Staff and commissioners costs – Transitional	3b	(8,944)	
Early retirement and severance costs	1p	(11,136)	
Depreciation and amounts written off tangible and intangible fixed assets	5	(1,860)	
Other operating charges – Operational	4	(12,261)	
Other operating charges – Transitional	4	(7,984)	
			(52,363)
Operating surplus/(deficit)			(51,658)
Loss on disposal of fixed assets	5	(1,396)	
Interest receivable		31	
Cost of capital	1l	108	
			(1,257)
Surplus/(deficit) on ordinary activities			(52,915)

The notes on pages 68 to 85 form part of these accounts.

Statement of recognised gains and losses for the 23½ month period ended 31 March 2008

	Note	2006–8 £'000
Release from donated asset reserve	1f, 2 & 11	300
Actuarial gain/(loss)		(25)
Recognised gains/(losses) for the period		275

The notes on pages 68 to 85 form part of these accounts.

Balance Sheet

as at 31 March 2008

	Note	31 March 2008	
		£'000	£'000
Fixed assets			
Tangible assets	5a	6,796	
Intangible assets	5b	1,075	
			7,871
Current assets			
Debtors	6	1,779	
Cash at bank and in hand	10	6,484	
Current liabilities			
Creditors (amounts falling due within one year)	7	(10,941)	
Net current assets/(liabilities)			(2,678)
Total assets less current liabilities			5,193
Creditors (amounts falling due after more than one year)	7	(503)	
Provisions for liabilities and charges	8	(5,752)	
			(6,255)
Net assets/(liabilities)			(1,062)
Financed by:			
Donated asset reserve	11		8
General reserve	11		(1,070)
			(1,062)

The notes on pages 68 to 85 form part of these accounts. These financial statements were signed on behalf of the Equality and Human Rights Commission by:

Neil Kinghan

Interim Director General

15 June 2009

Cash Flow Statement for the 23½ month period ended 31 March 2008

	Note	2006–8 £'000
Net cash inflow/(outflow) from operating activities	9	(40,481)
Returns on investments and servicing of finance		
Interest received		31
Capital expenditure and financial investment		
Tangible fixed asset additions		(7,333)
Intangible fixed asset additions		(840)
Financing		
Transfers from legacy commissions	10	4,256
Grant-in-Aid	11	50,851
Net cash inflow/(outflow) from financing		
Increase in cash	10	6,484

The notes on pages 68 to 85 form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Commission's financial statements.

1a. Accounting convention

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

The accounts have been prepared in accordance with applicable accounting standards and form directed by the 2007–8 Financial Reporting Manual (FReM) except in the case of the agreed departure noted at 1a above. The accounting policies contained in FReM follow the UKs Generally Accepted Accounting Practice (UK GAAP) for companies to the extent that it is meaningful and appropriate in the public sector context. Where the public sector context is such that the application of GAAP would not produce financial statements relevant to its needs, GAAP is adopted.

1b. Accounting for the transfer of functions from Commission for Racial Equality (CRE), Disability Rights Commission (DRC) and Equal Opportunities Commission (EOC) to the Equality and Human Rights Commission (the Commission)

Although the FReM (section 5.4.4) suggests that the merger of two or more entities into one new entity should be accounted for per FRS6 Merger Accounting, the Commission is concerned that this would override the primary legislation for the new body. The Commission has a broader remit than the CRE, DRC and EOC combined and a more strategic national focus, and as such it is not appropriate to adopt merger accounting. The Equality Act 2006 provided for the Commission to inherit all the assets and liabilities of the CRE, DRC and EOC.

The Equality Act 2006 requires the Commission to produce the first set of accounts for the 23½ month period 18 April 2006 to 31 March 2008, and we believe this should take precedence over the FReM interpretation given above.

Merger accounting would require the results of all four bodies to be combined for the whole 23½ month period, with prior year comparatives given for the same period. This would be difficult to fit with the aim of producing “True and Fair” accounts, and also introduces the risk that the National Audit Office (NAO) might have to qualify on the basis that they could not verify the comparatives given, as estimates would have to be made to construct the predecessor results over more than one financial year reporting period.

The Commission is applying the following solution to produce accounts as required by the legislation, and enable NAO to audit the accounts, and provide “True and Fair” opinions:

- the Commission is producing this first set of accounts for the 23½ month period stated, with no comparatives, including only those transactions which have gone through their own books of account, and
- the three legacy bodies have produced final six month accounts, but with full prior year comparatives (clearly shown as full year figures).

This treatment has been discussed and agreed with the NAO. The Commission has the formal consent of HM Treasury to depart from the requirements of the FReM in the manner described above for this set of accounts.

This first Annual Report is for the 23½ month accounting period 18 April 2006 to 31 March 2008 and covers two distinct periods following the Commencement Order which took effect on 7 April 2006. From April to September 2007 we were in ‘transition’ phase. Then from October 2007 to March 2008 were in ‘build up’ mode. The costs attributable to these phases are referred to as ‘Transition’ and ‘Operational’ in these financial statements.

1c. Transfer of functions

As from 1 October 2007 the responsibilities, assets and liabilities of the three legacy commissions (CRE, DRC and EOC) were subsumed into the Commission.

The closing balance values for the former commissions have been transferred into the Commission. The balance sheet consolidates the balance sheets of the former commissions and the cash flow position is derived from the opening balances of the assets and liabilities transferred.

1d. Valuation and disposal of legacy assets

As part of the rationalisation of the combined CRE, DRC and EOC estate portfolio those leased premises surplus to requirements were transferred to other organisations along with those fixtures and fittings and furniture in situ.

In addition a review of the useful life of the inherited assets has been undertaken. Consequently some assets have been identified for disposal, as they are considered obsolete. The legacy assets transferred into the Commission have been recorded at their Net Book Value as at 30 September 2007. The remaining useful life has been assessed based on the date of acquisition and depreciation for the period calculated in line with our depreciation policy.

1e. Grant-in-Aid

The FReM requires the Commission to account for Grant-in-Aid received for revenue purposes as financing and credit it to the General Reserve. 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 fixed assets is also credited to the General Reserve. Grant-in-Aid is paid to the Commission by the Government Equalities Office under their Request for Resources 1: Promoting a fair and equal society where everyone has the opportunity to prosper and reach their full potential.

1f. Fixed assets

Purchases and donated assets are capitalised where the expected useful lives of the assets exceed one year and where the cost of acquisition exceeds £3,000, either individually or in related groups. The value of donated fixed assets is reflected in a Donated Asset Reserve which is credited with the value of the original donation.

The Commission adopts a depreciated historical cost basis as a proxy for current valuation for all its fixed assets.

1g. Depreciation

Fixed assets 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	15 years
Office furniture	4 years
ICT software and hardware	4 years
Telephony software and hardware	4 years

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

In the case of donated assets an amount equal to the depreciation on donated assets is released from the Donated Asset Reserve to the Income and Expenditure Account.

Purchased computer software licences are capitalised as intangible fixed assets, software development is not capitalised.

1h. Income recognition

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

1i. Access to Work

The Commission makes use of the Access to Work scheme run by Jobcentre Plus, who consider what reasonable adjustments are needed to allow a person with a disability to perform 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%. The reimbursement by Jobcentre Plus is treated as exceptional income and is not included in the calculation of income that the Commission may retain.

1j. Analysis of employees

The analysis of employees at note 3a reports the number of full time equivalent members of staff and is made on the following basis.

Managerial – comprises senior management and heads of department.

Operational – comprises operational staff.

Administration and support – comprises staff providing support services and those providing administrative support to teams.

1k. Pension policy

Past and present employees are covered by the provisions of the Civil Service Pension Schemes. The defined benefit elements of the schemes are unfunded and non-contributory except in respect of dependents' 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 Principal Civil Service Pension Scheme (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 schemes the EHRC recognises the contributions payable for the year. Pension benefits for current and former Chairs of the Commissions were provided under a 'broadly by analogy scheme' subject to FRS 17. This scheme was an unfunded defined benefit scheme. The fund was managed by the Home Office Pay and Pension Section (HOPPS) and any pensions were administered by them in accordance with the standard rules (by analogy with the PCSPS). Note 8b to these financial statements details the provision on the By Analogy Pension Liability.

1l. Cost of capital

In order to show the full cost of the Commission's activities, notional costs are included in the Income and Expenditure Account. A notional cost of capital is charged at HM Treasury's cost of capital rate of 3.5% to average capital employed during the year. The sum is written back into the General Reserve for the year.

1m. Operating leases

Operating leases are for premises and equipment rental and are charged to the Income and Expenditure Account on a straight line basis over the life of the lease.

1n. 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.

1o. Going concern

The balance sheet at 31 March 2008 shows net liabilities of £1,062k. This reflects the inclusion of 2006–8 liabilities falling due in future years which, to the extent that they are not to be met from the EHRC's other sources of income, may only be met by future grants or grant in aid from the Commission's sponsoring department. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need.

Cash grant in aid for 2008–9, taking into account the amounts required to meet the Commission's 2006–8 liabilities falling due in that year, has already been included in the department's Estimates for that year, which have been approved by Parliament, and 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.

1p. Provisions

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 retirement date. A provision has been made that represents the total future liabilities to the former employees. The former Commission employees were offered terms under an early severance scheme with effect from 30 September 2007. Payments under the scheme were made by the Commission after 30 September 2007.

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

Provision has been made for potential liabilities arising from litigation that EHRC has ongoing at 31 March 2008. Provision is also made for potential staffing issues arising from the transfer of employment from the legacy commissions to EHRC.

1q. Dilapidations and Property Provisions

At 31 March 2008 the Commission held leases on properties formerly occupied by the legacy commissions but not used by the Commission. These premises are being disposed of. In 2006–8 provision of £125k has been made for dilapidations cost arising when premises are vacated. Provision has also been made for £1,574k costs arising from property disposals. The figures used are based on the advice of independent property consultants. The provision has not been discounted as the liability will be discharged within one year.

1r. Grants

Section 17 of the Equality Act 2006 empowers the Commission to award grant funding. The Commission will fund organisations working in the voluntary sectors which are legally constituted to work in one or more of the equality mandate areas and which have a strong direct link to their beneficiaries, either individuals or communities. The cost of the grant is reflected wholly in the year in which it is allocated.

2. Other operating income

	2006–8 £'000
Scottish Executive – Fair for All	61
Miscellaneous income	308
Release from donated asset reserve	300
	669

Miscellaneous income includes £300k contribution from the Commission's sponsor department, the Government Equalities Office, towards the cost of lease disposals.

3. Staff number and costs

3a. Analysis of employees

The average numbers of employees in post are shown below.

	2006–8 Operational	2006–8 Transition	2006–8 Total
Management	72	1	73
Operational staff	221	3	224
Administration and support	96	0	96
Seconded staff	2	14	16
Agency staff	55	65	120
	446	83	529
Commissioners	16	0	16
	462	83	545

The high level of seconded and temporary staff costs reflects the transition and build up stages of the Commission where a number of staff were seconded from the legacy commission and interim staff were required to deliver the programme preparing for the formation of the Commission. Commissioners numbers are shown as operational as it is difficult to prorate this between operational and transitional. The Chief Executive is included as management.

3b. Analysis of staff costs

The table below shows total staff costs for the 23½ month period.

	2006–8 Operational £'000	2006–8 Transition £'000	2006–8 Total £'000
Wages and salaries	6,403	202	6,605
Social security costs	520	21	541
Other pension costs	1,219	28	1,247
Seconded staff	32	1,126	1,158
Agency staff	1,818	7,306	9,124
Outward secondments	(69)	0	(69)
Sub-total	9,923	8,683	18,606
Commissioner costs (including pension provision)	255	261	516
Total	10,178	8,944	19,122

No staff costs have been capitalised.

Salary

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

Pension arrangements

New employees joining will automatically be joined in the Nuvos scheme (a defined benefit pension scheme) or can elect to start a partnership pension account (a stakeholder pension with an employer contribution). A number of staff transferring from the legacy Commissions are existing members of the Principal Civil Service Pension Scheme (PCSPS).

PCSPS is an unfunded multi-employer defined benefit scheme and the Commission is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation, visit: www.civilservice-pensions.gov.uk

Employees can opt to open a partnership pension account (a stakeholder pension with an employer contribution). Employers’ contributions of £12,450 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £853, 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £612. Contributions prepaid at that date were £Nil.

For this 23½ month period, employers’ contributions of £1,166,328 were payable to the PCSPS at one of four rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands. The scheme’s Actuary reviews employer contributions every four years following a full scheme valuation. From 2008–9, the salary bands will be revised but the rates will remain the same. (The rates will be changing with effect from April 2009.) The contribution rates are set to meet the cost of the benefits accruing during 2006–8 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

4. Other operating charges

	2006–8 Operational £'000	2006–8 Transition £'000	2006–8 Total £'000
Running Costs			
Staff support, recruitment and training	561	915	1,476
Staff and Commissioner's travel and subsistence	659	316	975
Equipment lease costs	2	0	2
Premises lease costs	1,081	1,513	2,594
Premises costs (non lease)	2,375	1,181	3,556
Support and office services	1,041	2,012	3,053
IT and telecomm costs	888	595	1,483
Access to work	45	0	45
Auditor's remuneration	90	0	90
Programme			
Helpline and advisory services	819	491	1,310
Legal and mediation services	639	146	785
Grants given	2,640	0	2,640
Publication and information	575	491	1,066
Research and policy development	846	324	1,170
Total	12,261	7,984	20,245

5. Assets

5a. Tangible assets

	Fixtures and fittings £'000	IT and Telecomms Equipment £'000	Furniture £'000	Total £'000
Cost or valuation				
O/Bal 18 April 06	0	0	0	0
Transfers in 1 Oct 07	643	499	449	1,591
Additions	4,265	2,938	711	7,914
Disposals	(643)	(393)	(171)	(1,207)
Write downs	0	0	0	0
31 March 08	4,265	3,044	989	8,298
Depreciation				
O/Bal 18 April 06	0	0	0	0
Transfers in 1 Oct 07	0	0	0	0
Charge for year	288	786	428	1,502
Disposals	0	0	0	0
Write downs	0	0	0	0
31 March 08	288	786	428	1,502
Net book value				
31 March 08	3,977	2,258	561	6,796
18 April 06	0	0	0	0

5b. Intangible assets

	Software £'000
Cost or valuation	
O/Bal 18 April 06	0
Transfers in 1 Oct 07	189
Additions	1,433
Disposals	(189)
Write downs	0
31 March 08	1,433
Depreciation	
O/Bal 18 April 06	0
Transfers in 1 Oct 07	0
Charge for year	358
Disposals	0
Write downs	0
31 March 08	358
Net book value	
31 March 08	1,075
18 April 06	0

6a. Debtors

Debtors falling due within one year	31 March 2008 £'000
Trade debtors	121
Access to work	30
Prepayments and accrued income	1,363
Other	265
	1,779

6b. Debtors: intra-government balances

Debtors falling due within one year	31 March 2008 £'000
Balances with other central government bodies	149
Balances with local authorities	409
Balances with NHS Trusts	0
Balances with public corporations and trading funds	0
Balances with bodies external to government	1,221
	1,779

7a. Creditors (amounts falling due within one year)

	31 March 2008 £'000
Trade creditors	2,639
Other creditors	800
Taxes and social security costs	604
Accruals	6,898
Deferred income	0
	10,941

7b. Creditors (amounts falling due after one year)

	31 March 2008 £'000
Premises rent free period	503

7c. Creditors: intra government balances

Amounts falling due within 1 year	31 March 2008 £'000
Balances with other central government bodies	2,507
Balances with local authorities	76
Balances with NHS Trusts	0
Balances with public corporations and trading funds	277
Balances with bodies external to government	8,081
	10,941

Creditors (amounts falling due after one year) is a balance with bodies external to Government.

Sa. Provisions for liabilities and charges

	Early Retirement £'000	Dilapidations £'000	Other £'000	Former and Current Chairs Pension £'000	Property Disposal £'000	Total £'000
O/Bal 18 April 06	0	0	0	0	0	0
Transfers in 1 Oct 2007	2,388	311	0	1,049	0	3,748
Additions in year	175	125	327	67	1,574	2,268
Utilised in year	(235)	0	0	(29)	0	(264)
Unwinding of discount	0	0	0	0	0	0
Balance at 31 March 2008	2,328	436	327	1,087	1,574	5,752

See notes 1k, 1p and 1q for explanations for these provisions.

Sb. Broadly by analogy pensions

Pension benefits for the current Chair of the EHRC and former Chairs of the CRE and EOC are provided under a scheme broadly by analogy (BBA) with PCSPS. The BBA pension scheme is unfunded with benefits being paid as they fall due and guaranteed by EHRC. 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 2008 %
Rate of inflation	2.75%
Rate of increase in salaries	4.30%
Rate of increase for pensions in payment and deferred pensions	2.75%
Rate used to discount scheme liabilities	5.30%

The liabilities associated with ex Chairs holding BBA pensions are as follows.

	31 March 2008 £'000
Active member (past service)	187
Deferred pensioners	130
Current pensioners	504
Dependent pensioners	266
Present value of scheme liabilities	1,087

The movement on the provision during the 23½ month accounting period is as follows.

	31 March 2008 £'000
Opening balance 18 April 2006	0
Transfers in 1 October 2007	1,049
Current service cost	18
Employee contributions	2
Interest cost	22
Total actuarial gains/(losses)	25
Less benefits paid	(29)
Present value of scheme liabilities	1,087

The last actuarial valuation of the scheme took place on 19 December 2008. Changes in the demographic and financial assumptions underlying the valuation of the scheme have resulted in gains to the scheme of £14k or 1.3% of the balance sheet valuation of the scheme liabilities. Experience losses on the scheme arising because actual movement in liabilities were not in line with previous assumptions made amounted to £39k or 3.8% of the balance sheet valuation of the scheme liabilities. The total actuarial loss was £25k or 2.4% of the balance sheet valuation of the scheme liabilities.

9. Net cash inflow/(outflow) from operating activities

	2006–8 £'000
Operating surplus/(deficit)	(51,658)
Depreciation charges	1,860
Release of donated asset reserve	(300)
(Increase)/decrease in debtors	(656)
Increase/(decrease) in creditors	8,294
Increase/(decrease) in provisions	2,201
Use of provisions	(264)
Increase/(decrease) in pension liability	42
Net cash inflow/(outflow) from operating activities	(40,481)

The closing balance values for the former Commissions have been transferred into the Commission. The cash flow position is derived from the transferred balances of the assets and liabilities.

10. Analysis of changes in net funds: Cash at bank and in hand

	OPG £'000	Commercial £'000	Total £'000
Opening balance 18 April 2006	0	0	0
Transfers in 1 October 2008	2,053	2,203	4,256
Cash flows	2,143	85	2,228
Balance at 31 March 2008	4,196	2,288	6,484

11. Movements on reserves

	Donated assets £'000	General reserve £'000
Opening balance 18 April 2006	0	0
Transfers in 1 October 2007	308	1,127
Grant in Aid received for revenue purposes	0	42,528
Grant in Aid received for capital purposes	0	8,323
Surplus/(deficit) on ordinary activities	0	(52,915)
Actuarial gain/(loss)	0	(25)
Write back cost of capital	0	(108)
Depreciation	(6)	0
Disposals	(294)	0
Balance at 31 March 200	8	(1,070)

12. Financial instruments

Because of the non-trading nature of its activities and the way in which government departments are financed, the Commission is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies. The Commission has no significant exposure to liquidity, currency or interest rate risks. The Commission has no long term debt and is not exposed to credit risk.

13. Contingent liabilities

Legal costs and recoveries relating to supported cases in progress as at 31 March 2008 are not treated as a contingent liability but as an ongoing expense.

14. Contingent assets

Legal and General are currently holding funds relating to the wind up of the Commission for Racial Equality Pension and Life Assurance Scheme pension scheme in 2005, pending the finalisation of a data cleansing exercise which has the potential to impact on the number of people assessed as being members of the scheme. Once this exercise is complete, it is likely that some funds will be returned by Legal and General, but the amount and date of this is uncertain.

15. Capital commitments

No capital commitments were outstanding at 31 March 2008.

16. Leases and hire purchase obligations

16.1 Operating leases

The Commission has commitments in the year following 31 March 2008 relating to operating leases that expire:

	2006–8	
	Land and buildings £'000	Other leases £'000
Within one year	55	4
Between two and five years	1,812	–
After five years	512	–
Total	2,379	4

16.2 Finance leases

There were no obligations under finance leases.

17. Performance against key financial targets

The Commission operated within its delegated expenditure limit for the period. The Commission is committed to carrying out its duties to the highest standard whilst ensuring that the costs of its work are kept to a minimum.

18. Related party transactions

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

19. Post Balance Sheet events

After the balance sheet date the Commission disposed of premises at St Dunstan's House (London), Unit 5 Ty Nant Court (Cardiff), Capital Tower (Cardiff) and Riverside House (Edinburgh).

As at 31 March 2008 the Commission held a provision of £436k for dilapidations on properties to be disposed of, since the balance sheet date £386k of this provision had been used. A provision of £1,574k was held for other costs arising from property disposals, by the balance sheet date £753k of this provision had been used for the costs of disposal of the above properties.

Following Nicola Brewer's resignation, Neil Kinghan was appointed EHRC Accounting Officer on 7 May 2009.

The Equality and Human Rights Commission's financial statements were authorised for issue by the EHRC Accounting Officer on 18 June 2009.

20. Special payments

During 2006–8, the Commission re-engaged seven former employees of the legacy commissions on short term contracts. In some cases the staff had left the legacy commission under the voluntary early retirement and voluntary early severance scheme. The contracts varied between several days and six months. The total payments amounted to £308k. A breakdown of these costs is included in the Statement on Internal Control.

Compensation is being paid to a member of the Senior Management Team under a compromise agreement, however, the payments have not been disclosed because the details of the agreement are confidential.

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