

EQUAL  
OPPORTUNITIES  
COMMISSION

ANNUAL  
REPORT  
2004–2005



Women. Men. Different. Equal.  
Equal Opportunities Commission



EQUAL OPPORTUNITIES COMMISSION

# ANNUAL REPORT 2004–2005

Presented to the House of Commons pursuant to section 7  
of the Government Resources and Accounts Act 2000

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# Contents

<b>Introduction</b>	3
<b>Delivery against our Business Plan targets</b>	4
<b>Progress against underpinning themes</b>	15
<b>Statement of Accounts 2004–05</b>	17

# Introduction

The business year 2004–05 was an extremely productive, dynamic and successful year for the Equal Opportunities Commission (EOC). We continued to develop our various mainstream activities, and in addition ran three major investigations into key gender equality issues, plus a Gender & Productivity Summit hosted by the Chancellor of the Exchequer. What follows breaks this down to relate to the objectives that were set for the year in the Business Plan.

Overall, the EOC's influencing work has been highly successful:

- Even before our three general formal investigations were complete, the Government agreed during the year to take forward some key recommendations. On pregnancy, the Government has been consulting on our proposal for a statement of written rights and responsibilities for women and employers and on the "green light" for employers to ask when a woman would return. On occupational segregation, the Government announced at the EOC's Gender & Productivity Summit that it would draw up a national strategy and it is already taking forward some elements. On flexible working, the Government agreed to extend the "right to ask" to older parents and carers even before our interim report was published.
- There has been an increase of 10% in opinion formers who think that the Government should take action to close the pay gap. Manifesto commitments were made by all the main parties on the EOC's agenda, with each party making major policy announcements during the election on childcare and support for families. The Labour party included a commitment to address the disadvantage faced by women on pensions.
- Research commissioned by the EOC suggests that our reputation as an evidence based, authoritative and influential organisation is high, reflecting our values. Media coverage for our agenda grew throughout the period and independent analysis confirms that it was exceptionally positive.

# Delivery against our Business Plan targets

The following sets out the EOC's seven operational themes for 2004–05, with a summary of this year's achievements, our long-term and 3-year vision and more detail of our targets and achievements during the year.

## THEME 1.

### Women and men valued equally

**Summary:** We have put the pay gap firmly into the mainstream agenda by, amongst other things, by our Gender & Productivity Summit at Downing Street, our Close the Pay Gap campaigns in Scotland and Wales, our work with employers through the Equal Pay Forum and elsewhere and our legal support for equal pay cases. We have also raised awareness of the disadvantages faced by women in respect of pension entitlements, and given evidence to the Pensions Commission and others on potential solutions to remedy the situation.

#### Our long-term vision:

Equal pay and equal pensions exist, and the benefits system treats everyone fairly.

#### Goals and targets – EOC Corporate Plan 2003–2006

##### Goal:

That employers, the Government, trade unions and others are committed to doing what it takes to value women equally through equal pay, equal pensions and a benefits system that treats people fairly.

##### Targets:

- Use our productivity case for change to persuade Government, employers and unions that the achievement of gender equality is central to economic growth.
- Persuade Government, employers and unions to tackle all three causes of the gender pay gap: pay discrimination, occupational segregation and the impact of family responsibilities.
- Persuade others to accept that pensions need to be fairer for women and to take actions to achieve this.
- Develop strategic relationships with the CBI, employers' organisations and the TUC that will deliver action on all three causes of the pay gap.

## What we achieved towards this in 2004–05:

- The pay gap is on the mainstream agenda. The Women and Work Commission was set up by the Prime Minister, demonstrating the Government's commitment to taking action to tackle the pay gap.
- We organised a summit on Gender & Productivity, which took place in October at 11 Downing Street, hosted by the Chancellor. At this event it was widely accepted, by the range of high level opinion formers and business leaders who attended, that tackling inequality between men and women in the workplace will increase productivity, and that tackling the causes of the pay gap was key. It was agreed that unlocking the potential of women would benefit employers and the British economy, as well as women themselves.
- The Government recognised the "scandal of women's pensions", and Labour's manifesto includes a commitment to "address the disadvantages faced by women" in its pensions reform.
- A debate on pay was held in the Scottish Parliament; EOC Scotland led Close the Gap, the biggest ever Scotland-wide media campaign on the pay gap; and the Scotland Commissioner hosted a Scotland Business Summit.
- The Close the Pay Gap campaign in Wales has successfully promoted the small business pay review kit (SME), with over 2000 small businesses visiting the website, and over 150 business advisers in Wales are now using the kit with employers.
- We assisted more equal pay cases than any other type of claim. Seven out of nine were successful, and produced good media coverage which helped raise awareness amongst employers and others of the issue. Two were closely linked to our investigations and campaigns. These included:
  - Neve case: employer to work with EOC to improve pay practices.
  - Aldridge, Imrie, Neve cases: pay gaps due to job segregation.
  - NHS Trust Pension Agency, Home Office and DEFRA: Equal pay claims against Government departments.
- Our Equal Pay Forum increased its membership to 299 employers (49 in the education sector, 125 in the private sector, 120 in the public sector, and 5 trade unions).
- We set up, jointly with Opportunity Now, an equal pay forum network for the higher education sector. Its launch was hosted by Imperial College, and the keynote speaker was the then Higher Education Minister, Alan Johnson.
- The Trade and Industry Committee held an inquiry into the effect of occupational segregation on the gender pay gap. The Committee's report asked the Government to consider a review of the equal pay legislation to try to make the principle of "equal pay for equal work" more effective.
- Over 57,000 downloads of the Equal Pay Act, 37,000 downloads of the Code of Practice on Equal Pay; 11,000 downloads of the equal pay review kit and 8000 of the SME kit occurred from our website in the period January 2004–March 2005.

## THEME 2.

# Fair treatment, not discrimination

**Summary:** We have helped to increase mainstream awareness of discrimination with the success of our formal investigation into pregnancy discrimination and our pregnancy discrimination campaign, which have put this issue firmly on the national agenda for the first time. Our Helpline activities, capacity building, publications, partnership work, support of key legal cases and associated media work have also contributed to increasing awareness. Our legal work has been particularly innovative this year, with a new of use powers and interventions afforded us under section 71 of the Sex Discrimination Act.

### Our long-term vision:

Women and men get fair treatment at work and in all walks of life, regardless of their sex. If a woman or a man is treated unfairly because of their sex, help and advice is available to stop it happening.

### Goals and targets – EOC Corporate Plan 2003–2006

#### Goals:

That there are fewer parts of British society where sex discrimination is persistent or frequent; more small businesses know the law and more people seek advice; fewer problems happen, and they are stopped more easily; people on low incomes find it easier to get advice and, if they have to, get their rights enforced.

#### Targets:

- Use the EOC's legal powers to investigate organisations or areas of life where sex discrimination is persistent or happens frequently.
- Support important individual cases on sex discrimination and equal pay and use them to maximum impact.
- Increase public awareness of discrimination by publicising cases, formal investigations and general formal investigations, through the press and through campaigns.
- Develop the expertise of people who advise individuals and employers, in the legal and advice sectors, so that more people get fair treatment, without having to go to court.
- Reduce barriers to using the employment tribunal system, particularly for people on low incomes.
- Influence developments in EU and UK discrimination law to secure coherent and robust legislation.
- Use our powers to argue (along with the CRE and DRC) for the burden of proof in employment tribunal cases to be shifted to the Respondent (usually a company) from the individual Complainant, which could have substantial impact in years to come.

## What we achieved towards this in 2004–05:

- Mainstream awareness of discrimination is higher, particularly on the subject of pregnancy discrimination. An interim report was published in September 2004 followed by a consultation with over 1,000 employers. Two major recommendations are being considered through the Government's Work and Parents consultation.
- Our pregnancy discrimination campaign was launched in January with huge publicity. We calculate that 50% of the population will have heard or seen the coverage at least twice.
- We supported four cases that involved discrimination due pregnancy/maternity.
  - Two cases (Mountford and Rimmer) were decided at Employment Tribunal level.
  - The Hoyland case concerned reduction of bonus during maternity leave; it was partly successful but there may be an appeal to the ECJ.
  - The Madarassy case concerned whether employers could conduct risk assessments where they employ women of childbearing age. So far it has been unsuccessful but has EOC support to go to the Court of Appeal.
- Based on market research with ethnic minority women, we produced and distributed over 10,000 publications (nearly 4,000 in translation) aimed at ethnic minority women and advisors, to raise awareness of their employment rights. The launch of these publications was covered in the Asian Times, BBC's Asian programme, Sunrise Radio, India Weekly and The Voice, which helped extend our reach to new audiences.
- We achieved accreditation from the Telephone Helplines Association – confirmation that our Helpline is well run and of high quality. We handled nearly 24,000 Helpline calls in the year. The five biggest issues were pregnancy and maternity (21%), equal pay (15%), work-life balance (11%), recruitment and selection (8%), and sexual harassment (6%). A customer survey showed 96% of enquirers satisfied or very satisfied.
- The Helpline gave an extra dimension to our campaigns, legal work, and media coverage of priority issues like pregnancy discrimination and flexible working, by providing invaluable case studies, statistics and user feedback.
- We increased our preliminary assessments and investigations into companies in breach of the SDA, using our new Follow Up and Investigations Units. Legal action was commenced against two major companies. We followed up 12 successful sex discrimination claims in the Scottish employment tribunals to ensure that steps were being taken to avoid future discrimination.
- We focussed on fewer cases this year with larger impact, including:
  - A number of test cases that are still in progress concerning pregnancy, maternity, flexible working and equal pay issues.
  - A v The Chief Constable of West Yorkshire, in which the House of Lords found the employer's refusal to employ a male to female transsexual as a police constable because of decency and privacy concerns, was contrary to the Equal Treatment Directive.
  - B v NHS Trust Pension Agency, in which the European Court held that B's transsexual partner was entitled to the survivors pension benefit even though they could not legally marry.

- We followed up EOC cases against seven major employers, in the public and private sectors, to secure changes in discriminatory policies and practices. This included sex discrimination on various grounds: pregnancy, sexual harassment, bullying, flexible working, equal value, family-friendly hours, and sex/race discrimination.
- Three sexual harassment cases were concluded, in two of the cases settlements were reached and the third was unsuccessful.
- We secured more in-depth media coverage of legal cases, and were strategic in linking cases to our policy initiatives, investigations and campaigns. This helped us raise awareness of rights and responsibilities by regularly securing coverage on programmes which reached a wide audience, for example, GMTV and Radio 4's Today programme, as well as The Guardian, Financial times, Telegraph, Mirror, and the BBC. We also increased the coverage of EOC cases in the legal media, some 30–40 articles during the year.
- We launched a specialist legal website on sex discrimination and equal pay for Scotland, tailored to Scottish courts and legal procedures. Visits to the website increased by 100% from the previous year with an increase from 21,000 page views a month to 63,014 per month this year (22,433 unique visitors and 5,308 repeat visitors).
- We established a permanent Adviser Line for CABs, trade unions and law centres, which is now run four mornings a week by our casework team.
- Our Transfer of Expertise Team, in only its second year, reached approximately 10,000 advisers from trade unions, Citizens Advice, Acas, youth agencies and legal firms, via conferences, workshops, seminars and journal articles. We initiated the EOC Youth Project working with youth advisers and providing stands at appropriate conferences.
- EOC Scotland continued its successful transfer of expertise programme, through its involvement and running of the Scottish Discrimination Law Association and Scottish Employment Rights Network series of events, conferences and seminars.
- We helped contribute to the development of the law by submitting well-supported proposals to the Government on the powers of the proposed Commission for Equality and Human Rights (CEHR), on the implementation of the Equal Treatment Amendment Directive, on the proposed recast of European equality legislation on employment, and on the Article 13 Gender Directive.

## THEME 3.

### Caring roles shared

**Summary:** The Parents and Carers Coalition and Agenda, with associated polling and focus group work, and the National Family Strategy helped to make this theme a key election issue, with all Westminster parties making manifesto commitments. The launch of the interim report of the Flexible Working investigation was very successful in registering the under-use of part-time workers. EOC Scotland and Wales were active in promoting fathers, and men in caring. Support of key legal cases increased the momentum of flexible working issues.

#### Our long-term vision:

Women and men share responsibility for work at home. Society and employers support people who look after their children or relatives and who also go out to work, making it possible to balance both and enjoy life.

#### Goals and targets – EOC Corporate Plan 2003–2006

##### Goals:

That employers, Government and the general public accept that caring makes a huge contribution to Britain's economic and social welfare, as well as to children, elderly and disabled people. Action is essential to support parents and carers: people who look after children or relatives have more choice about working patterns and working hours; women and men have more choice about how they share responsibilities at home and share caring responsibilities; and more care provision is available.

##### Targets:

- Use our case for caring effectively with the media and with policy makers and opinion formers.
- With the Parents and Carers Coalition and others, identify solutions to the problems facing parents and carers and engender Government and employer commitment to them.
- Work with employers and other organisations to promote practices that give employees more choice about working patterns and care services.

#### What we achieved towards this in 2004–05:

- Support for parents and carers became a key election issue, with all parties making manifesto commitments. Whilst we are only one player, we have made a difference through the Coalition, by lobbying and using public opinion as a lever.
- The concept of the National Family Strategy – modernisation of the welfare state to meet the needs of the modern family – helped push the issues up the agenda and was influential in Labour's ideas of modernising the welfare state and joined-up thinking across maternity rights, childcare and the 'right to ask', as demonstrated in the pre-budget report.

- Public commitments by the Government in November 2004, picked up in whole or in part, six of the nine points in the Coalition's key demand document published a few months earlier.
- The launch of the interim report on flexible working was very successful, particularly in making the case that over 50% of part-timers are working below their potential.
- Conferences and events took place to get fathers onto the policy agenda in Scotland, as well as an Equality Exchange event on flexible working aimed at small employers.
- We supported four cases where the claimant requested part-time work due to childcare responsibilities, as well as two high profile cases on flexible working issues:
  - In *Ms E Jones v Capital TT Audio Plastics Ltd*, a production controller challenged her employer's refusal to allow her to return to work part-time after maternity leave. The company offered her only a part-time receptionist post, which did not reflect her managerial status or her pay and conditions. The case settled, and was used very successfully to illustrate the issues women face, as part of our communications strategy to launch the investigation into flexible working.
  - In *Ms McMillan v MOD and The Royal Navy*, a non-seagoing Chief Petty Officer sought part-time hours after the birth of her second child. Her request was refused because the Armed Forces require all regular service men and women to work full time. The applicant was successful at ET, but lost when the MOD appealed; her appeal is now launched with the Court of Session. The case received widespread coverage and has become a test case on the difficult questions it raised on the application of the SDA.

## THEME 4.

### Equal choice, not stereotypes

**Summary:** The successful launch of the interim and final reports of the investigation into Occupational Segregation, aimed at breaking down gender barriers to better jobs, ensured that this issue caught the imagination of employers and opinion formers, and started a process which will result in a Government-led strategy on occupational segregation. We produced 'good practice' guides for employers, careers advisers and other professionals, launched a website designed specifically for young people, and did a wide range of influencing work with Government departments, employers, unions and others. Again, we supported key legal cases relevant to this theme.

#### Our long-term vision:

When women and men choose jobs, educational subjects and how to spend their leisure time, there are no stereotypes about 'traditional' roles. People choose freely and there are no jobs that it's unusual for a woman or a man to do.

## Goals and targets – EOC Corporate Plan 2003–2006

### Goal:

That in jobs that have been dominated by one sex and where there aren't enough skilled people, employers are starting to recruit more people of the opposite sex.

### Targets:

- Understand more about how some jobs and educational subjects come to be dominated by one sex and devise possible solutions to reduce this horizontal segregation over time.
- Use our productivity case for change to convince Government and the devolved administrations in Scotland and Wales to create changes in schools, career choices and work, so that more women and men go into jobs they haven't normally done.
- Get commitment from employers to reduce segregation. Focus on areas where there are shortages of skilled people.

## What we achieved towards this in 2004–05:

- Successful launch of the report on Occupational Segregation, aimed at breaking down gender barriers to better jobs – the issue caught the imagination of employers and opinion formers. Ruth Kelly attended the launch, stated her strong support of the report's aims, and promised a formal response. Media coverage of the report was extensive and positive. Separate but complementary recommendations were successfully launched in England, Scotland and Wales.
- One of the key recommendations is a Government-led strategy and action plan on occupational segregation. Patricia Hewitt and Charles Clarke have both indicated their support and, at our Gender & Productivity Summit, a prototype of the plan was launched with joint TUC and CBI endorsement.
- We produced five 'good practice' guides tailored to the needs of employers, training providers, careers advisers, work experience co-ordinators and Learning and Skills Councils.
- We launched the website: [www.works4me.org.uk](http://www.works4me.org.uk) to involve young people, and to provide them with useful information. In its first month it was getting 1500 hits a day, and its online poll showed 75% of respondents keen to try work normally done by the opposite sex.
- The report of the DTI Select Committee on occupational segregation was demonstrably influenced by evidence drawn from our investigation into occupational segregation.
- Key external speaking engagements for EOC Scotland during this period included the keynote address to the annual LGBT Equality Network Conference and the STUC Congress on a platform looking at equal pay issues.
- We supported the case of *Neve v Serco*, in which an office manager claimed work of equal value with six site engineers, and used this to illustrate the problems faced by women when we publicised our investigation into occupational segregation.

## THEME 5.

# Different lives, equal services

**Summary:** We have made the Gender Equality Duty an established part of the political landscape. It has the potential to transform the performance of public service bodies, and the DTI is committed to developing an outcome-focused model for it. The Welsh Assembly's Mainstreaming Review incorporated EOC priorities, and we made significant progress in Scotland in preparing the groundwork for the Gender Equality Duty.

### Our long-term vision:

We all get services that are equally useful for our different lives. From childcare to pensions, transport to training, services and products answer women's and men's needs. Everyone has equal access.

### Goals and targets – EOC Corporate Plan 2003–2006

#### Goals:

That a new law is in place in Great Britain to make public bodies deliver services that meet different needs and to promote equality for women and men in their work. This would be similar to the law that already exists on race and, in Wales, for all people. Women and men find that services are starting to fit their needs better.

#### Targets:

- Help and encourage the Westminster Government to act on its commitment to put a gender public duty in place by providing policy and technical advice and building widespread support for such a duty.
- Encourage public bodies in England, Scotland and Wales to make sure that their services and policies genuinely meet the different needs of men and women.
- Call for specific changes in services in England, Scotland and Wales that would help deliver the EOC's vision – for example, changes to childcare services, pensions, and other services, including training, that help people get into work.

### What we achieved towards this in 2004–05:

- The Gender Equality Duty is now an established part of the political landscape. Making it so has been one of our most significant achievements in 2004–05 and is the culmination of five years' work. It has the potential to transform the performance of public service bodies and to be the most significant development in sex equality legislation for 30 years.
- We were successful in:
  - persuading the DTI to develop an outcome-focussed model for the Gender Equality Duty;
  - developing the model based on a wide range of actual case study examples;
  - pressing for the inclusion of the public sector duty in the CEHR Bill.

- The Welsh Assembly's Mainstreaming Review incorporated EOC priorities, and we have a formal role advising on its implementation.
- EOC Scotland was part of a strategic reference group looking at developing equality in the Scottish health service through its Fair for All strategy.

Progress was made in preparing the groundwork for the Gender Equality Duty in Scotland. We were able to secure the commitment of the Scottish Executive Health Department as the only Government department taking part in the pilot project research. Commitments were secured on working with the Scottish Executive to roll out the Gender Equality Duty.

## THEME 6.

### Equal power

**Summary:** Our publication: "Who runs Britain?" has had a continuing effect on the political agenda. We were involved with a Scottish Executive working group on the diversity of councillors, with research into the gender representation of the legal profession.

#### Our long-term vision:

Women – in their full diversity – are as likely as men to be in positions of power, taking decisions in Government, business and their communities.

#### Goals and targets – EOC Corporate Plan 2003–2006

##### Goal:

That there are more women leaders, reflecting the full diversity of women – in Government, business and public life.

##### Target:

Persuade others to take action to increase the proportion and diversity of women in leadership roles and positions of power

#### What we achieved towards this in 2004–05:

- We published "Who Runs Britain?" to highlight the current status of women and men in power, which secured national media coverage.
- We were involved in a Scottish Executive working group, which produced recommendations on increasing the diversity of local government councillors.
- Agreement was secured with the Law Society of Scotland to carry out joint research looking at the issue of gender representation in the legal profession in Scotland.
- EOC Wales actively promoted, with political parties, actions to increase women's political representation through the 'Choose a Winner' publication. In Wales the number of women MPs doubled from 10% to 20%, mainly through the mechanism of all-women shortlists.

## THEME 7.

# Women safe from violence

**Summary:** We gave evidence to the Fawcett Society Commission on women and the criminal justice system, supported key sexual harassment cases, and participated in a Scottish Executive working group on hate crime and domestic violence.

### Our long-term vision:

Domestic violence is unacceptable. Women feel safe outside their homes. The justice system is fair to women who have experienced violence.

### Goals and targets – EOC Corporate Plan 2003–2006

#### Goal:

That violence against women is treated as seriously as other violent crimes.

#### Target:

Our target was limited to supporting others making the case that violence against women should be treated as seriously as other forms of violent crime e.g. through our work to mainstream gender issues.

### What we achieved towards this in 2004–05:

- We gave evidence to the Fawcett Society's Commission on women and the criminal justice system concerning the experiences of women working in the police, legal professions and the Prison Service. Their report makes helpful anti-discrimination recommendations.
- We participated in a Scottish Executive working group, which produced proposals for hate crime legislation and looked at recommendations for improving the law on domestic violence.

# Progress against underpinning themes

In addition to the seven themes above we also progressed work against our underlying themes, as follows.

## Commission for Equality and Human Rights (CEHR)

Contributing to the development of this new body which will replace the EOC, CRE, and DRC, incorporating new powers and duties.

### Our key achievements include:

- With others, persuading the Government to commit to the Single Equality Act.
- Persuading the Government to include our proposals for CEHR's remit and powers in its White Paper.
- Influencing the DTI to improve the White Paper proposals in the published Bill.
- Being actively involved in the CEHR transition steering group.
- Maintaining active communication with staff and working up training programmes to help retain and motivate EOC staff.
- Working with stakeholders from other equality and human rights strands to understand the common and overlapping issues and draw up a "gender manifesto" of issues for the new Commission to draw on for its first strategy document.

The result is that CEHR meets most of our main criteria which means that it will be able to operate as an effective statutory body.

## Organisational development

- Financial, management and risk management systems have been improved, and our appraisal system has been refined.
- We have started the process of upgrading our intranet site to facilitate better internal communication.
- We held a successful all-staff conference, which helped to determine future priorities.

- We commissioned an independent staff survey, which showed improvement in key areas compared with the previous survey, and high levels of motivation amongst staff. An action plan has been drawn up for improvement areas.
- We were re-accredited with Investors in People in 2004. The assessor noted clear evidence of relevant outcomes relating to both people development and the performance of the organisation, and that all staff appear to understand the organisation's priorities and had individual targets that supported these.

EQUAL OPPORTUNITIES COMMISSION

# STATEMENT OF ACCOUNTS

2004–05

## Foreword to the Accounts

### Introduction

This statement of accounts is prepared in a form directed by the Secretary of State for Trade and Industry with the consent of the Treasury in accordance with the Sex Discrimination Act 1975.

### Background

The Equal Opportunities Commission (EOC) was established in 1975 by Section 53 of the Sex Discrimination Act (the Act).

It is financed by Grant-in-Aid from the Department for Trade and Industry (Request for Resources 1 – Increasing UK Competitiveness).

### Aims and Objectives

The EOC's duties under the Act are:

- to work towards the elimination of discrimination;
- to promote equality of opportunity between women and men equally;
- to promote equality of opportunity, in the field of employment and of vocational training, for persons who intend to undergo, are undergoing or have undergone gender reassignment, and
- to keep under review the working of the Act and the Equal Pay Act 1970 and, when required by the Secretary of State, or when it thinks it necessary, to draw up and submit to the Secretary of State proposals for amending them.

In addition, the EOC must, in consultation with the Health and Safety Commission, keep under review the legislative provisions dealing with health and safety at work which require different treatment for men and women.

### Accounting treatment of Grant-in-Aid

Grant-in-Aid, unlike other income, is recognised in the period in which it is received.

Cash Grant-in-Aid for 2005–06, taking into account the amounts required to meet the EOC's 2004–05 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 financial statements.

### Results for the year

The EOC received as its principal source of income £8,586,000 in Grant-in-Aid in 2004–05, comprising £8,393,845 revenue and £192,155 capital grants. There was a surplus of £120,809 for the financial year. Unlike other income the EOC has to account for Grant-in-Aid on a cash basis. As we are required to keep cash balances to a workable

minimum this has meant that agreed Grant-in-Aid of £994,000 has not been drawn down and is not included in these accounts but £825,000 relating to 2003–04 has been included. Without these items there would have been a surplus of £289,809.

The EOC is committed to carrying out its duties to the highest standards whilst ensuring the costs of its work are kept to a minimum.

### Changes in Fixed Assets

There were no significant changes in the year.

### Commission members

Under Paragraphs 3 and 4 of Schedule 3 of the Act, Commissioners are appointed by the Secretary of State. During the year, the following served as members of the Commission:

Rowena Arshad	Julie Mellor (Chair)
Sue Ashtiany	Surinder Sharma
Fiona Cannon	David Smith (until February 2005)
Kay Carberry	Jenny Watson
Jeannie Drake	Tess Woodcraft (until May 2005)
Duncan Fisher	Neil Wooding
Deborah Mattinson	

Julie Mellor has resigned as EOC Chair with effect from 13 July 2005. In the interim Jenny Watson will act as Chair until a new Chair has been appointed.

Evelyn Asante-Mensah, Catherine Brown and Frances Hasler were appointed as Commissioners from April 2005 and Mohammed Aziz was appointed as a Commissioner from May 2005.

Paragraph 5 of Schedule 3 to the Act makes provision for the payment to Commissioners of such remuneration, pensions, allowances or gratuities as the Secretary of State with the consent of the Minister for the Civil Service, may determine.

Details of Commission members' remuneration are shown in note 6.1 in the Notes to the Accounts.

The Commission maintains a Register of Interests of its Commissioners. Copies of the Register are available on application by post or e-mail to the London office. Details of how to contact the Commission can be found on the website at [www.eoc.org.uk](http://www.eoc.org.uk).

The responsibilities of the Commissioners are to:

- establish the Commission's vision and strategy and agree policy on major new areas;
- agree the corporate and business plans and budget and ensure that these are consistent with the Commission's overall purpose and statutory role and sensitive to the context of devolution;
- monitor progress against plans and evaluate strategy;
- ensure good corporate governance;
- approve the support of individual legal cases.

### Chief Executive

Caroline Slocock was Chief Executive throughout the year.

### Audit Committee

Jeannie Drake chairs the Audit Committee. Its role is to review the work of management in ensuring that adequate controls are in place within the organisation, that risks are identified and managed, and that governance arrangements meet the required standards, and to give advice to the Accounting Officer on the adequacy of audit arrangements (internal and external) and on the implications of assurances provided in respect of risk and control in the organisation.

In the year the committee met on four occasions to consider audit and management reports and the annual accounts, and reported to the Commission on its recommendations and its monitoring activities.

### Employee involvement

Effective communication with staff is a key factor in our success in achieving business objectives and in developing our own positive culture. Managers hold team briefings and Information Technology is used extensively for staff communication.

The EOC recognises the Public and Commercial Services Union (PCS) for collective bargaining purposes on behalf of staff.

The CEO holds regular meetings with all staff in different locations.

### Investors in People

The EOC achieved re-accreditation of its Investors in People Award in January 2004.

### Equal Opportunities

The EOC's Equal Opportunities in Employment Policy strives to achieve equality of opportunity in employment and the fair treatment of all its employees. The EOC has an Equality Scheme which incorporates its responsibilities under the Race Relations (Amendment) Act and promotes diversity and equality of opportunity across all its activities.

### Policy in relation to disabled employees

The EOC displays the Two Ticks disability symbol in recognition of the commitment demonstrated towards the recruitment, training and retention of disabled employees.

### Payment of creditors

The EOC 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 2004–05 showed that 99% (2003–04 91%) of invoices were paid within the policy target.

### Auditors

The accounts are audited by the Comptroller and Auditor General who is appointed under statute and who reports to Parliament. The cost of audit work performed in respect of the reporting period is £21,800.

### **Charitable Donations**

The EOC made no charitable donations during the year.

### **Annual Report**

Under Section 56 of the Act, the EOC must publish an Annual Report which will provide details of the year's activities and achievements. Schedule 3 of the Act covers the financial provisions for the EOC and, under paragraph 15, it is required to prepare a statement of accounts for each accounting year.

### **Future Developments**

The EOC is participating in the consultations with regard to a combined Commission for Equality and Human Rights.

**Caroline Slocock  
Chief Executive  
30 June 2005**

## Statement of the EOC's and Chief Executive's responsibilities

Under paragraph 15 of Schedule 3 to the Sex Discrimination Act 1975 (as amended by paragraph 9 of Schedule 4 to the Race Relations Act 1976) the EOC is required to prepare a statement of accounts for each financial year in the form and on a basis directed by the Secretary of State, with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the EOC's state of affairs at the year-end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the EOC is required to:

- observe the accounts direction determined 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 judgments and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the entity will continue in operation.

As the senior full-time official of the EOC, the Chief Executive carries the responsibilities of an Accounting Officer for the EOC. The Chief Executive's relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum issued by the Treasury and published in *Government Accounting*.

## Accounting Officer's Statement on the System of Internal Control

### Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of EOC's vision, targets and objectives, set by the Commission and agreed with the Department of Trade and Industry, while safeguarding public funds and EOC's assets for which I am personally responsible, in accordance with the responsibilities assigned to me by *Government Accounting*.

### The purpose and system of internal control

The system of internal control is designed to manage to a reasonable level rather than eliminate all risk of failure to achieve EOC's vision, targets and objectives. It can therefore only provide reasonable assurance and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of EOC's vision, targets and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control was in place for the year ended 31st March 2005 and up to the date of approval of the annual accounts and accords with Treasury guidance.

### Capacity to handle risk and the risk and control framework

The EOC have taken the following actions:

- developed a risk policy and management framework and circulated it to all staff;
- incorporated identification and impact of risk as an integral part of project planning;
- designated the Head of Strategic Planning and Caring Policy as Risk Co-ordinator, who is responsible for ensuring that risks are identified and managed through the agreed process;
- managed risks as an integral part of management by the Corporate Management Team, including in the development of new policies, where a risk assessment is now given to the Commission as a standard process for each new policy;
- regular reviews of performance by the Corporate Management Team against the Business Plan, including the management of risks, at its regular business meetings;
- risk assessments of high-level risks and of operational risks and the integration of these assessments into the existing Business Plan framework and into a process of project planning designed to help implement the 2004–05 Business Plan;

- regular updates to the Commission and sponsoring department from the Chief Executive Officer, backed up by more formal quarterly reports and a mid and end year review which will include an assessment of the effectiveness of these arrangements;
- designated risk owners for high-level and significant operational risks;
- a framework for setting individual objectives for staff which, amongst other things, show how they will manage risks. These will be kept under review in year and formally reviewed at the year-end;
- received regular reports from our internal auditors on aspects of internal control and discussed these with the Audit Committee which reports in turn to the Commission;
- secured the support of the Audit Committee and Corporate Management Team for the above;
- consulted generally with the internal auditors on the above.

Risk management was integrated into the business planning process for 2004–05. The Risk Co-ordinator held a central risk register which logs high-level risks and significant operational risks relating to the 2004–05 Business Plan. This is being carried forward into 2005–06 analysing risks associated with activities and projects into the new framework now established.

A Management Statement including a Financial Memorandum has been negotiated with our sponsor department, the Department of Trade and Industry. Since September 2003 internal auditing services are provided to the EOC by RSM Robson Rhodes LLP who operate in accordance with the guidance of the Government Internal Audit Standards.

### Review of effectiveness

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

- The Commission reviews at each of its meetings the latest actions taken to mitigate risks as recorded in the high-level risk register and regularly considers new risks that have arisen. As above it has been involved in defining our revised risk framework.
- The Audit Committee reviews the management of risk through the reports from external and internal auditors and has formally approved the work plan of our internal auditors to perform a risk based programme including helping us develop further our control mechanisms and framework. In 2004–05 the Audit Committee instituted a more rigorous method of ensuring that all audit recommendations are acted upon.

- During 2005–06 the Chair of the Audit Committee will make regular reports to the Commission regarding the work of the Audit Committee and will have periodic meetings with the Chair.
- The Audit Committee regularly reviews the risk register and the associated monitoring document.
- To provide further evidence of effective control, each identified risk owner now certifies to me regularly in writing that they can confirm that the identified required responses for action are in place and that the actions on identified specific risks have been or are being undertaken, detailing any areas where this is not the case.

**Caroline Slocock**  
**Chief Executive**  
**30 June 2005**

## The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 28 to 48 under the Sex Discrimination Act 1975, as amended by the Race Relations Act 1976. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 32 to 33.

### Respective responsibilities of the Equal Opportunities Commission, the Chief Executive and Auditor

As described on page 22, the Equal Opportunities Commission and Chief Executive are responsible for the preparation of the financial statements in accordance with the Sex Discrimination Act 1975, as amended by the Race Relations Act 1976 and Secretary of State directions made thereunder and for ensuring the regularity of financial transactions. The Equal Opportunities Commission and Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Sex Discrimination Act 1975, as amended by the Race Relations Act 1976 and Secretary of State directions made thereunder, and 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. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Commission has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 23 to 25 reflects the Commission's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Commission's corporate governance procedures or its risk and control procedures.

## Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Equal Opportunities Commission and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are 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 are free from material misstatement, whether caused by error, or by fraud or other irregularity 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 have also evaluated the overall adequacy of the presentation of information in the financial statements.

The maintenance and integrity of the Equal Opportunities Commission's website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

## Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Equal Opportunities Commission at 31 March 2005 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Sex Discrimination Act 1975, as amended by the Race Relations Act 1976 and directions made thereunder by the Secretary of State for Trade and Industry; and
- 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.

I have no observations to make on these financial statements.

**John Bourn**  
National Audit Office

**Comptroller and Auditor General**  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP  
Date 7 July 2005

## Income and expenditure account

for the period ended 31 March 2005

	Note	2004–05		2003–04	
		£'000	£'000	£'000	£,000
<b>Income</b>					
HMG grant	2	8,394		7,338	
Income from activities	4	274		89	
Other operating income	5	<u>794</u>		<u>666</u>	
			9,462		8,093
<b>Expenditure</b>					
Staff costs	6	(4,862)		(4,400)	
Early retirement and severance costs		(9)		(9)	
Depreciation and amounts written off tangible fixed assets	9 & 10	(220)		(184)	
Other operating charges	7	<u>(4,267)</u>		<u>(4,182)</u>	
			<u>(9,358)</u>		<u>(8,775)</u>
<b>Operating deficit</b>			104		(682)
Interest receivable	8	14		7	
Cost of capital		<u>3</u>		<u>(8)</u>	
			<u>17</u>		<u>(1)</u>
Surplus/(deficit) on ordinary activities		*	121		(683)

All operations are continuing

\* See foreword

The notes on pages 32 to 48 form part of these accounts

## Statement of total recognised gains and losses

for the period ended 31 March 2005

	Note	2004–05 £'000	2003–04 £'000
Surplus/(deficit) for the year	*	121	(683)
Unrealised surplus on revaluation of Fixed Assets	14	<u>0</u>	<u>0</u>
<b>Total recognised gains/ (losses) for the period</b>	*	<u>121</u>	<u>(683)</u>

\* See foreword

*The notes on pages 32 to 48 form part of these accounts*

## Balance sheet

as at 31 March 2005

	Note	31 March 2005		31 March 2004	
		£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible assets	9	758		874	
Intangible assets	10	181		93	
			939		967
<b>Current assets</b>					
Debtors	11	724		594	
Cash at bank and in hand	17	31		51	
<b>Creditors</b> (amounts falling due within one year)	12	<u>(1,237)</u>		<u>(1,102)</u>	
<b>Net current assets</b>			(482)		(457)
Creditors (amounts falling due after more than one year)	12	(235)		(291)	
Provisions for liabilities and charges	13	(274)		(361)	
			<u>(509)</u>		<u>(652)</u>
<b>Net liabilities</b>			* <u><u>(52)</u></u>		<u><u>(142)</u></u>
<b>Financed by:</b>					
Deferred government grants	14		939		967
Revaluation reserve	14		0		0
Income and expenditure reserve	14		<u>(991)</u>		<u>(1,109)</u>
			* <u><u>(52)</u></u>		<u><u>(142)</u></u>

These financial statements were approved by the Commission on 30 June 2005 and were signed on its behalf by:

Caroline Slocock  
Chief Executive  
30 June 2005

\* See note 1i

The notes on pages 32 to 48 form part of these accounts

## Cash flow statement

for the period ended 31 March 2005

	Note	2004–05 £'000	2003–04 £,000
<b>Net cash outflow from operating activities</b>	16	(34)	(410)
<b>Returns on investments and servicing of finance</b>			
Interest received	8	14	7
<b>Capital expenditure and financial investment</b>			
Intangible fixed asset additions		(120)	(24)
Tangible fixed asset additions		(72)	(55)
<b>Financing</b>			
Capital grants received	2	192	88
<b>Net cash inflow from financing</b>			
Decrease in cash	17	<u>(20)</u>	<u>(394)</u>

*The notes on pages 32 to 48 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 EOC's financial statements.

#### 1a Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules modified by the application of current cost principles to tangible and intangible fixed assets and in accordance with directions issued by the Secretary of State for Trade and Industry to show a true and fair view.

#### 1b Fixed assets

All fixed assets are capitalised at their cost of acquisition and installation. They are revalued annually using the indices taken from the publication *Price Index Numbers for Current Cost Accounting* issued by the Office for National Statistics.

The EOC's capitalisation threshold is set at £2,500 per individual item (including any amounts of Value Added Tax which are irrecoverable). IT and furniture assets that are individually below the threshold are grouped for capitalisation purposes.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of more than £2,500 is incurred. Software licences are amortised over the shorter of the term of the licence and the useful economic life (7 years).

#### 1c Depreciation

Fixed assets are depreciated using the straight-line basis commencing in the month of acquisition. Depreciation is applied over the estimated useful economic lives of the assets to the business as follows:

Furniture	-	15 years
IT equipment (including telecommunications equipment)	-	7 years
Fixtures and fittings	-	Duration of the life of the relevant office lease

#### 1d Income recognition

Income is recognised in the period to which it relates other than Grant-in-Aid which is recognised in the period in which it is received.

Grant-in-Aid relating to specific capital expenditure on depreciable assets is treated as deferred credit under the heading "Deferred Capital Grant". A proportion is then transferred to the Income & Expenditure Account over the estimated useful economic life of the assets to which it relates to offset the depreciation charge on those assets.

#### 1e 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 EOC recognises

## Notes (continued)

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 EOC recognises the contributions payable for the year.

### 1f *Cost of capital*

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

### 1g *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.

The EOC sub-leases part of the Manchester office premises to the Disability Rights Commission. The income is credited against the premises costs in the Income and Expenditure Account.

### 1h *VAT*

The EOC can recover VAT on items relating to its 'business' activity, such as conferences. H M Customs and Excise allows full VAT recovery on specifically identifiable 'business' activities plus an agreed percentage recovery on the VAT incurred on all overhead costs. All costs are net of recoverable VAT; irrecoverable VAT is included with the cost to which it belongs.

### 1i *Going Concern*

The balance sheet at 31 March 2005 shows net liabilities of £52k. This reflects the inclusion of 2004–05 liabilities falling due in future years which, to the extent that they are not to be met from the EOC's other sources of income, may only be met by future grants or Grants-in-Aid from the EOC's sponsoring department, the Department of Trade and Industry. 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 2005–06, taking into account the amounts required to meet the EOC's 2004–05 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 financial statements.

### 1j *Early Retirement Costs*

Full provision for early retirements is made in the year in which the liability occurs. The provision is valued by discounting at the Treasury determined rate.

Notes (continued)

**2 HM Grants Received**

	2004–05 £'000	2003–04 £'000
Revenue Grant (RfR 1)	8,394	7,338
Deferred Capital Grant (RfR 1)	192	88
	<u>8,586</u>	<u>7,426</u>

**3 Split of activity**

The EOC is required by the Treasury Direction and Fees and Charges Guide to disclose segmental information for the different services provided as below. All income was generated by activities in the United Kingdom. This note is not provided for SSAP25 purposes.

Activity	2004–05			2003–04		
	Turnover £'000	Costs £'000	(Deficit) £'000	Turnover £'000	Costs £'000	(Deficit) £'000
Equality Exchange	66	215	(149)	76	213	(137)

The aim of the Equality Exchange is to keep employers and other organisations up to date on the latest developments on sex equality, for which a membership fee is charged. The purpose is to disseminate information rather than recover the full cost of providing the service.

**4 Income from activities**

	2004–05 £'000	2003–04 £'000
Receipts from fees and publications	67	87
Recovered legal costs	34	0
Sponsorship	173	2
	<u>274</u>	<u>89</u>

Notes (continued)

**5 Other operating income**

	2004–05	2003–04
	£'000	£'000
European Social Fund (ESF)	200	277
Fair Play Scotland	89	62
Scottish Executive	10	0
Close the Gap Scotland	272	108
Release of deferred capital grant	220	184
Community Legal Service	0	25
Miscellaneous	3	10
	<u>794</u>	<u>666</u>

Other operating income includes EU Funding of £400k (2003–04 £387k), comprising of ESF £200k (2003–04 £277k), Fair Play £12k (2003–04 £9k) and Close the Gap £188k (2003–04 £101k). The £10k from Scottish Executive relates to the Women and Work Commission project (2003–04 £0k), see Note 26.

**6.1 Commission members' remuneration****a) Chair:**

The Chair was re-appointed on 1 February 2005, until the role and functions of the EOC form part of the new Commission for Equality and Human Rights, or 31 January 2008, whichever is the earlier. The Chair is on an employment contract but not a member of the Principal Civil Service Pension Scheme. The Chair receives an annual salary of £131,250 (from 1st Feb 2005) per year that includes an allowance for pension provision.

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

	2004–05	2003–04
	£'000	£'000
Salary and pension provision	113	109
Social security costs	14	13
	<u>127</u>	<u>122</u>

**b) The cost of Commission members' emoluments was:**

	2004–05	2003–04
	£'000	£'000
Salaries and fees	143	139
Social security costs	16	15
	<u>159</u>	<u>154</u>

Notes (continued)

c) *The salaries and fees for each Commission member were as follows:*

	<b>Salaries and fees</b>
	<b>£'000</b>
Rowena Arshad	4
Sue Ashtiany	1
Fiona Cannon	0
Kay Carberry	2
Jeannie Drake	2
Duncan Fisher	4
Deborah Mattinson	0
Julie Mellor	113
Sylvie Pierce	0
Surinder Sharma	2
David Smith	0
Jenny Watson	12
Tess Woodcraft	2
Neil Wooding	1

Commission member appointments are not pensionable.

## 6.2 Chief Executive

The Chief Executive's basic annual salary for 2004–05 is £91,454 per year, plus entitlement to a non-pensionable bonus in recognition of performance against specific objectives. An agreed bonus, in line with the scheme in operation in the Senior Civil Service, of £10,000 has been accrued.

Total actual emoluments were £128,037 including the employer's contributions of £16,919 to the PCSPS, £11,214 National Insurance and £8,450 bonus relating to 2003–04. The Chief Executive is an ordinary member of the PCSPS with the Commission's contribution to the scheme amounting to the equivalent of 18.5% of salary.

## Notes (continued)

**6.3 Senior Management**

a) *The salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of the Equal Opportunities Commission for the year ending 31 March 2005 were as follows:*

	Salary, including performance pay £	Benefits in kind (rounded to nearest £100)	Real increase in pension and related lump sum at age 60 (£k)	Total accrued pension at age 60 at 31/3/05 and related lump sum (£k)	CETV at 31/3/04 (nearest £k)	CETV at 31/3/05 (nearest £k)	Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £k)	Employer contribution to partnership pension account including risk benefit cover – to nearest £100
Caroline Slocock Chief Executive	£99,904 (2003–04 £96,378)	nil	0 – 2.5 plus 5 – 10 lump sum	25 – 30 plus 75 – 80 lump sum	323	378	35	
Alice Leonard Head of Strategic Law Enforcement	£55,542 (2003–04 £55,542)	nil	0 – 2.5 plus 0 – 2.5 lump sum	10 – 15 plus 35 – 40 lump sum	221	239	5	
Joanna Collinge Joint Head of Corporate Services	£15,794 (2003–04 £32,779)	nil	0 – 2.5 plus 0 – 2.5 lump sum	0 – 2.5 plus 5 – 10 lump sum	20	23	2	
Alf Hill Joint Head of Corporate Services	£45,997 (2003–04 £23,874)	nil	0 – 2.5	5 – 10	104	117	7	
Christine Jackson Joint Head of Corporate Services	£9,254 (2003–04 £18,368)	nil	0 – 2.5 plus 0 – 2.5 lump sum	5 – 10 plus 15 – 20 lump sum	105	105	1	
Sarah Wootton Head of Communications & Change	£56,600 (2003–04 £54,999)	nil	5 – 10 plus 25 – 30 lump sum	10 – 15 plus 35 – 40 lump sum	28	124	52	
Amanda Ariss Head of Policy & Research	£59,799 (2003–04 £59,799)	nil	0 – 2.5 plus 0 – 2.5 lump sum	2.5 – 5 plus 10 – 15 lump sum	29	40	8	
John Wilkes Head of EOC Scotland	£50,803 (2003–04 £50,411)	nil	0 – 2.5 plus 2.5 – 5 lump sum	2.5 – 5 plus 10 – 15 lump sum	37	50	3	
Kate Bennett Head of EOC Wales	£50,803 (2003–04 £49,223)	nil	0 – 2.5 plus 0 – 2.5 lump sum	2.5 – 5 plus 10 – 15 lump sum	40	52	9	

- a) Senior management also included Dr. Elaine Drage, a secondee employed and salary paid by the Department of Trade and Industry.
- b) None of the above received any benefits-in-kind (2003–04 nil).
- c) All of the above were in post from 1 April 2004 to 31 March 2005, apart from Joanna Collinge; 1 April 2004 to 29 December 2004, and Christine Jackson; 1 April 2004 to 31 July 2004.

Notes (continued)

c) *Salary*

'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.

d) *Pension*

Pension benefits are provided through the CSP arrangements. From 1 October 2002, employees may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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. 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). Further details about the CSP arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

Columns 5 & 6 of the above table show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column 7 reflects the increase in CETV effectively funded by the employer. It takes account of 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.

## Notes (continued)

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 CETV figures, and from 2003–04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

## 6.4 Staff number and costs

*The average number of persons employed during the year, including secondment and agency staff, analysed by category, was as follows:*

	Number of employees	
	2004–05	2003–04
Management	22	24
Operational staff	115	108
Support staff	29	21

*The aggregate payroll costs were as follows:*

	2004–05	2003–04
	£'000	£'000
Salaries	3,740	3,331
Social security costs	304	268
Pension contributions	487	443
Secondments	57	80
Amounts payable in respect of agency staff	115	124
	<u>4,703</u>	<u>4,246</u>
Commissioner costs	159	154
	<u>4,862</u>	<u>4,400</u>

Notes (continued)

*Pension arrangements*

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but Equal Opportunities Commission is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2004–05, employers' contributions of £483k were payable to the PCSPS (2003–04 £441k) at one of four rates in the range 12 to 18.5 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 2005–06, the salary bands will be revised and the rates will be in a range between 16.2 and 24.6 per cent.

The contribution rates reflect benefits as they are accrued, not the costs as they are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £4k (2003–04 £2k) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £178, 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

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

No persons retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2003–04 £2k).

## Notes (continued)

**7 Other operating charges**

	2004–05	2003–04
	£'000	£'000
<b><i>Running costs</i></b>		
Travel, subsistence, recruitment and training	570	553
Premises*	406	513
Operating leases – premises	401	401
Office services and supplies	560	551
Operating leases – equipment	111	123
Audit fee**	22	21
Corporate expenses	149	65
Travel, subsistence and hospitality – Chair and other Commission members	39	45
Unwinding of discounted provision	17	42
<b><i>Programme costs</i></b>		
Legal services	370	563
Research services	432	473
Publicity and information services	1,190	832
	<u>4,267</u>	<u>4,182</u>

\* Premises costs are stated net of a £117k rates rebate in respect of prior years.

\*\* The audit fee relates to statutory audit work and certification of ESF grant claims.

**8 Interest receivable**

	2004–05	2003–04
	£'000	£'000
Interest receivable	14	7

Notes (continued)

9 Tangible fixed assets

	Furniture £'000	IT Equipment and Telecomms £'000	Fixtures and Fittings £'000	Totals £'000
<i>Cost or valuation</i>				
1 April 2004	406	651	430	1,487
Transfers	0	(15)	21	6
Additions	3	40	29	72
Disposals	0	(8)	0	(8)
Revaluation	7	0	7	14
<b>31 March 2005</b>	<b>416</b>	<b>668</b>	<b>487</b>	<b>1,571</b>
<i>Depreciation</i>				
1 April 2004	121	273	219	613
Transfers	0	(2)	3	1
Charge for year	28	92	80	200
Disposals	0	(5)	0	(5)
Revaluation	2	(1)	3	4
<b>31 March 2005</b>	<b>151</b>	<b>357</b>	<b>305</b>	<b>813</b>
<i>Net book value</i>				
<b>31 March 2005</b>	<b>265</b>	<b>311</b>	<b>182</b>	<b>758</b>
1 April 2004	285	378	211	874

IT Equipment and Telecomms fixed assets with a net book value of £13k and intangible fixed assets with a net book value of £5k were transferred to Fixtures and Fittings.

Notes (continued)

## 10 Intangible fixed assets

The Commission's intangible fixed assets comprise purchased software licences.

	<b>Purchased software licences £'000</b>
<b><i>Cost or valuation</i></b>	
1 April 2004	113
Transfers	(6)
Additions	120
Disposals	(14)
Revaluation	2
<b>31 March 2005</b>	<b>215</b>
<b><i>Depreciation</i></b>	
1 April 2004	20
Transfers	(1)
Charge for year	20
Disposals	(5)
Revaluation	0
<b>31 March 2005</b>	<b>34</b>
<b><i>Net book value</i></b>	
<b>31 March 2005</b>	<b>181</b>
1 April 2004	93

Intangible fixed assets with a net book value of £5k were transferred to Fixtures and Fittings.

## 11 Debtors

	<b>31 March 2005 £'000</b>	31 March 2004 £'000
Trade debtors	42	35
Other debtors	93	3
Prepayments and accrued income	<u>589</u>	<u>556</u>
	<u><b>724</b></u>	<u><b>594</b></u>

All debtors fall due within one year.

Notes (continued)

12 a) Creditors: amounts falling due within one year

	31 March 2005	31 March 2004
	£'000	£'000
Trade creditors	378	549
Other creditors	92	0
VAT creditor	5	0
Accruals and deferred income	762	553
	<u>1,237</u>	<u>1,102</u>

b) Creditors: amounts falling due after one year

	31 March 2005	31 March 2004
	£'000	£'000
Premises rent free period	235	291

13 Provisions for liabilities and charges

	Early Retirement Costs
	£'000
Balance at 1 April 2004	361
Additions in year	0
Charge for the year	(104)
Unwinding of discount	17
Balance at 31 March 2005	<u>274</u>
Amounts falling due within one year	91
Amounts falling due after one year	183

14 Movement in Government funds and reserves

	Income and expenditure	Deferred Government Grants
	£'000	£'000
Balance at 1 April 2004	(1,109)	967
Capital grant received	0	192
Released to I & E in year	0	(220)
Surplus for the year	121	0
Write back cost of capital	(3)	0
Revaluation elements	0	12
Disposals	0	(12)
Balance at 31 March 2005	<u>(991)</u>	<u>939</u>

Notes (continued)

## 15 Operating lease commitments

The EOC has commitments in the following year relating to operating leases that expire:

	Buildings		Equipment	
	2004–05	2003–04	2004–05	2003–04
	£'000	£'000	£'000	£'000
Within one year	0	135	0	4
Between two and five years	57	0	136	107
After five years	447	336	3	0

There were no obligations under finance leases.

## 16 Reconciliation of operating surplus/(deficit) to net cashflow from operating activities

	2004–05	2003–04
	£'000	£'000
Operating surplus/(deficit)	104	(682)
Depreciation charges	220	184
(Increase)/decrease in debtors	(130)	(221)
Increase/(decrease) in creditors	79	572
Deferred capital grant	(220)	(184)
Release provision for backdated severance and early retirement costs	(104)	(121)
Unwinding of discounted provision	17	42
Net cash outflow from operating activities	<u>(34)</u>	<u>(410)</u>

## 17 Analysis of changes in net funds

	1 April 2004	Cash flows	31 March 2005
	£'000	£'000	£'000
Cash at bank and in hand	51	(20)	31

Notes (continued)

## 18 Financial Instruments

The Commission has no significant exposure to liquidity, interest rate or currency risks. FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. 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 the listed companies to which FRS 13 mainly applies. The Commission has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the department in undertaking its activities.

### *Interest rate risk*

Interest rate risk is not significant; as the Commission has no borrowings or interest bearing deposits;

### *Liquidity risk*

The Commission is not exposed to significant liquidity risk; as it has no borrowing facilities and cash requirements are met by the Department of Trade and Industry funding;

### *Currency risk*

Currency risk is not significant, as the Commission had no material imports or exports, nor does it hold foreign currency assets or liabilities.

### *Credit risk*

The Commission has no long-term debt and is not exposed to credit risk.

## 19 Capital Commitments

There were no capital commitments at the end of the year (2003–04 nil).

## 20 Contingent liabilities

There were no contingent liabilities at the end of the year.

Legal costs and recoveries relating to supported cases in progress as at 31 March 2005 are not treated as a contingent liability but as an ongoing expense.

## Notes (continued)

**21 Related party transactions**

The EOC is a Non-Departmental Public Body sponsored by the Department for Trade and Industry. The Department for Trade and Industry is regarded as a related party. During the year, the EOC has had various material transactions with the Department for Trade and Industry.

None of the Commission members or key managerial staff has undertaken any material transactions with the EOC during the year.

Opinion Leader Research Ltd is regarded as a related party as a Commission member, Deborah Mattinson, is joint CEO. During the year the EOC entered into a transaction with a value of £8,000 with Opinion Leader Research Ltd. The transaction related to a survey carried out to measure the success of the EOC's influencing activities following on from work done free of charge by Opinion Leader Research during 2003–04.

In addition the EOC has had a small number of material transactions with other Government Departments and other central government bodies. These transactions have been with the Disability Rights Commission, Scottish Enterprise, Scottish Executive, and Highlands and Islands Enterprise.

**22 Intra-government balances**

	Debtors: Amounts falling due within one year 2004–05 £'000	Creditors: Amounts falling due within one year 2004–05 £'000	Debtors: Amounts falling due within one year 2003–04 £'000	Creditors: Amounts falling due within one year 2003–04 £'000
Balances with other central government bodies	44	183	363	49
Balances with local authorities	244	1	12	
Balances with NHS Trusts				
Balances with public corporations and trading funds				
Balances with bodies external to government	<u>436</u>	<u>1,053</u>	<u>219</u>	<u>1,053</u>
	<u>724</u>	<u>1,237</u>	<u>594</u>	<u>1,102</u>

Notes (continued)

### 23 Performance against key financial targets

The EOC has ensured that its expenditure remains within the amount of its delegated expenditure limit together with retainable income generated in the year. The EOC is committed to carrying out its duties to the highest standards whilst ensuring the costs of its work are kept to a minimum.

### 24 Post Balance Sheet events

The Equality Bill which will merge the EOC and the other equality bodies into a wider CEHR (Commission for Equality and Human Rights) received its second reading on 5th April 2005. We expect the bill to continue its passage with a likely date for the CEHR to be operative from late 2007.

### 25 Other Commitments

There were no other commitments at the end of the year.

### 26 Scottish Executive funding

During 2004–05 Scottish Executive provided the EOC with £10,000 of funding for a project re the Women and Work Commission. During the year £10,352 was spent on the project, £1,641 staff costs and £8,711 non-staff costs. Scottish Executive will provide a further £50,000 for the project during 2005–06.

## Equal Opportunities Commission

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