

Annual Report and Accounts

1 April 2019 – 31 March 2020



Equality and Human Rights Commission

Annual Report and Accounts

1 April 2019 – 31 March 2020

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

Accounts presented to Parliament pursuant to paragraph 40 of Schedule 1 to the Equality Act 2006.

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HC 491



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The Equality and Human Rights Commission was established under the Equality Act 2006, and our statutory powers and duties are described in the 2006 Equality Act.

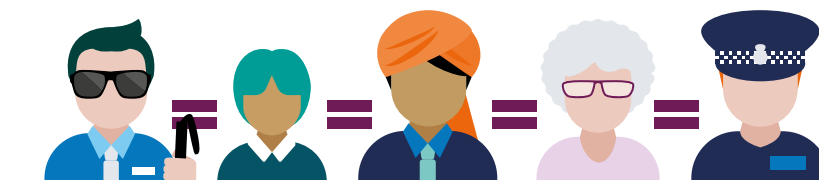
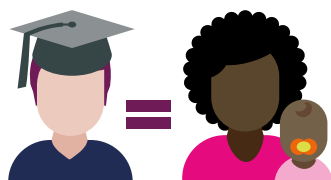
This is our Annual Report and Accounts for the year 1 April 2019 to 31 March 2020. It includes details of the work we carried out during this period in line with our Business Plan.

It also includes our accounts prepared in accordance with the Government Financial Reporting Manual (FReM). The accounts are prepared on an accruals basis under International Financial Reporting Standards (IFRS).

Further information about us is available on our website equalityhumanrights.com.



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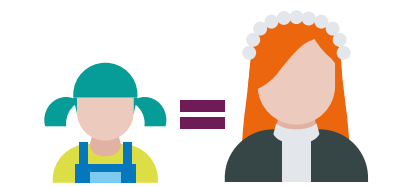


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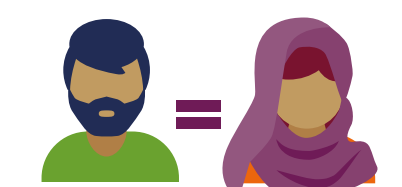
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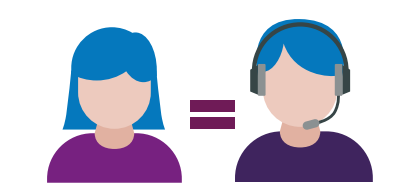
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We stand up for **freedom, compassion** and **justice** in changing times.

Foreword from our Chair

The coronavirus pandemic has sadly brought into sharp focus the deep inequalities that exist in our society. The national crisis has reminded us that we all depend on each other, and that equality and human rights are integral to how any civilised society seeks to protect lives and provide everyone with the opportunity to fulfil their full potential. **It is a stark reminder of how important our work is.**

The pandemic has been a real test for the EHRC. I believe that we responded quickly to prioritise COVID-related issues and that our swift response is evidence that we are now a confident and agile organisation. We have demonstrated this through our ability to influence many policy recommendations integral to the response to the virus, and to stress the importance of equality and human rights issues, especially in relation to health related matters.

The transformation of the organisation in my time at the EHRC is seen in all of our other work throughout the last year. It is especially visible in the area of legal enforcement. It was always my ambition for EHRC to use its powers more effectively. In the last year we have started and completed more investigations and inquiries than ever before. Supporting strategic cases to gain maximum impact and helping to support individuals will always remain at the core of our legal work but inquiries and investigations also play a major role in identifying underlying inequalities and possible unlawful practices.

Foreword from our Chair

The strength of all our legal work this year demonstrates that if we use our powers appropriately we can drive significant change for the benefit for us all.

Internationally, we have continued to chair the Commonwealth Forum of National Human Rights Institutions (CFNHRI). Our ambition is to leave the forum with a lasting structure and framework that will help its development for many years to come. A new governance structure has been agreed by all members and we are making great progress in achieving the long-term ambition of a permanent secretariat to help coordinate the forum's activity and provide consistent support to all who need it across the Commonwealth.

Whether it is to address the challenges of COVID-19 or to address more systematic inequalities, the EHRC must be able to operate without fear or favour to exercise its unique powers and to be vocal about the problems that exist in society. Providing this leadership is essential if we are to help people who experience disadvantage. We can only do this if we provide strong leadership across our three nations and work closely with all our partners, including Government.

“

Finally, I would like to extend my thanks to the members of the Board, the executive leadership team and all who work at the Commission. Everyone at the EHRC brings huge commitment, professionalism and experience to their work. Without your contributions we would not have been so successful this year.

”



David Isaac CBE
Chair



Foreword from our Chief Executive

For everyone at the EHRC, 2019-20 started at full pace and ended, as with the rest of the country, in somewhat different circumstances.

The COVID-19 pandemic and the social distancing restrictions fundamentally changed the way we all live and work. I am writing this foreword at home with the most profound sense of gratitude and appreciation for how individuals in every part of our organisation have been working in the last few months. Personally, professionally and through leadership of the Commission, I have championed flexible working all my life. I am immensely proud that we were able to live our values at this moment of challenge, building on years of investment both in infrastructure and in culture and ways of working. With some alterations to support colleagues with caring responsibilities, the delivery of our work programme continued, including the production of this year's annual report and accounts and the reframing of our work for next year to allow for a programme of work on the impact of the pandemic. None of this would have been possible without the journey of improvement of the past few years.

This past year was the first of our new strategic plan, the three-year cycle of our work programme, divided into six aims and using our full resources in combination. This new approach has already paid dividends. I am especially pleased to see us leading the way in helping to end harassment at work. The #MeToo movement has continued to send shockwaves through our industries. To help businesses we produced a comprehensive guide, which has quickly become one of most popular we have ever produced and is supported by leading businesses. We carried out research and called for legislative change, on which the government has consulted. And we have signalled to business that this is a regulated space, by carrying out a number of pieces of enforcement which helped individual employees in challenging situations. This was a result of our legal, research, policy and communications colleagues all working together.

Foreword from our Chief Executive

Parliament has given us unique legal powers, which includes our ability to launch investigations where we believe illegal acts have taken place and inquiries to delve deeper into specific issues. We have used these to great effect. Two high profile investigations into the BBC and Labour Party continue and will be finished shortly. We used our investigation powers to enforce the gender pay gap regulations where we looked at six companies who had failed to report. All reached legally binding agreements with us and another year of full compliance.

We undertook four public inquiries this year. The university sector enthusiastically welcomed our report into racial harassment on university campuses and Universities UK are leading work to implement the recommendations. Our review of the impact of legal aid cuts on discrimination cases resulted in the Ministry of Justice making changes. Two further inquiries started on the use of restraint in schools and the experience of disabled people in the criminal justice system, with the latter published in June after a slight delay due to the coronavirus pandemic.

“

I want to thank all my team, past and present, and David and the Board for their continued support. We have had some changes in the last year at the most senior level in the executive. Everyone who has left us in the last year played an important part. Those who have joined bring a wealth of new experience and I look forward to continued success working alongside them.

”



Rebecca Hilsenrath
Chief Executive



Who we are and what we do



“

Our work is driven
by a simple belief: if everyone
gets a fair chance in life,
we all thrive.

”

Who we are and what we do



Our role and purpose

We will ensure that strong equality and human rights laws protect people, seek to close gaps in the data showing what is happening in practice and use our unique powers to uphold the system of equality and human rights protections. We stand up for freedom, compassion and justice in changing times.

We put these important principles into practice so that everyone can make the most of their rights, is treated fairly, with dignity and respect, and has the chance to lead a fulfilling life.

We work across Great Britain, singling out possibilities to advance equality and human rights in the specific contexts of England, Scotland and Wales. Our statutory Wales and Scotland Committees help us identify and make the most of these opportunities. We work with the Scottish Human Rights Commission, which has the remit to promote human rights in Scotland.



Our strategic goals

1. To ensure that people's life chances aren't held back by barriers in their way
2. To make sure we have strong foundations on which to build a more equal and rights-respecting society
3. To protect the rights of people in the most vulnerable situations

You can learn more about our strategic goals and priority aims in [our plan for 2019-22](#).

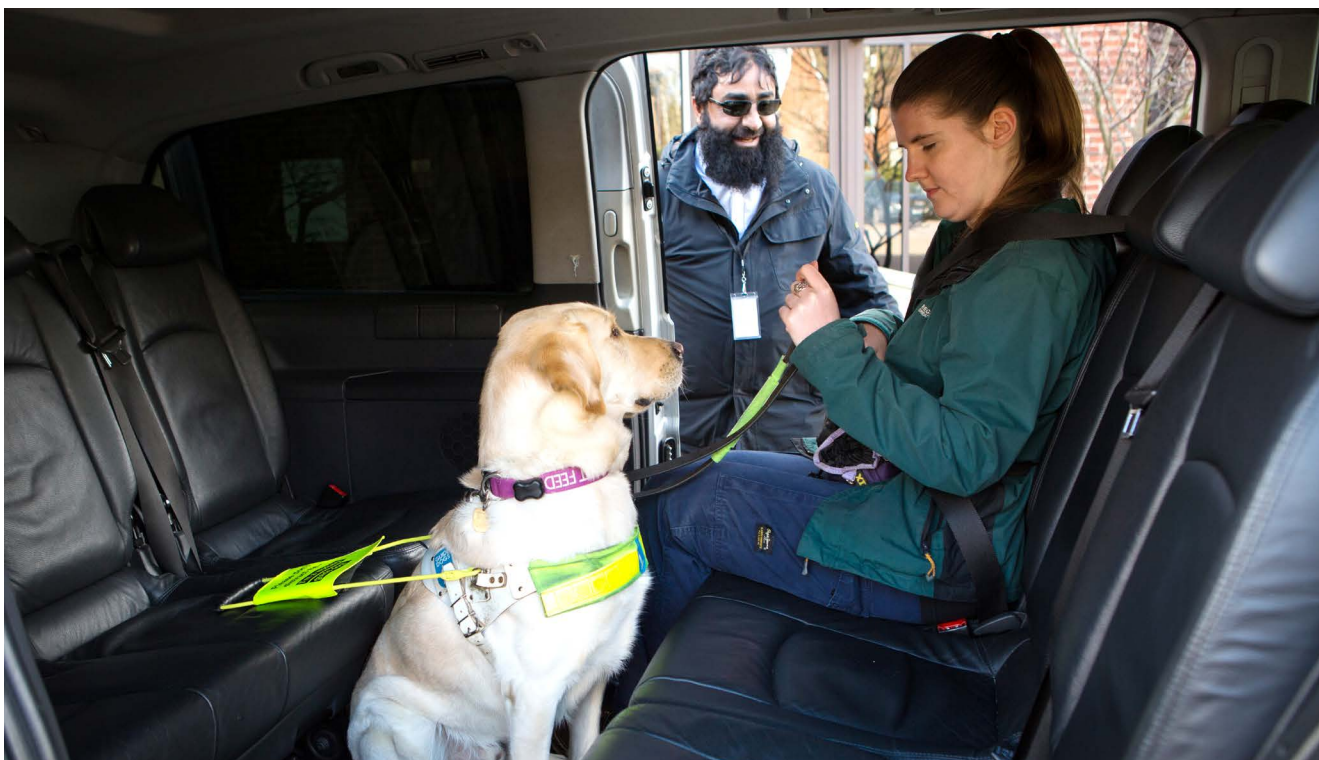
Our work

We ensure that those who make decisions about the laws, policies and practices that affect our everyday lives fully respect and promote equality and human rights laws and principles. We do this by supplying them with evidence, advice, guidance and support. We also use our enforcement powers to require them to take action.

We equip and support individuals to gain access to justice when they experience discrimination, or a breach of their human rights. We supply clear information to help them understand and assert their rights, as well as offering direct support to bring legal cases. We also build capacity among those who provide legal advice to individuals, ensuring they are equipped with the necessary knowledge to help people.

We will go to communities across Britain to hear about their experiences and seek out cases to support, in order to ensure that those who breach the rights of others understand that they cannot do so with impunity.

We work in partnership with those who are responsible for overseeing a particular sector, such as regulators, inspectorates or ombudsmen. We encourage them to incorporate equality and human rights in the standards that they set, in how they assess compliance and tackle problems in a particular sector. We know they have an important role to play because of their access to and influence in various sectors, including their ability to advise decision-makers about the laws and policies that govern those sectors.



Our statutory duties and powers

We are a statutory non-departmental public body established by the Equality Act 2006. As such, we operate independently and are recognised as an expert and an authority on equality and human rights law, evidence and analysis. Policymakers, businesses and public bodies use our guidance and advice.

We are also Britain's national equality body and have been awarded an 'A' status as a national human rights institution (NHRI) by the United Nations. We work with equivalent bodies in Scotland and Northern Ireland, across Europe and internationally to protect and promote equality and human rights around the world.

Under the Equality Act 2006, we have unique duties and powers to fulfil our mandate.

To maintain our status as an NHRI, we are required to meet the six main criteria set out under the United Nations Paris Principles, which are:

- mandate and competence: a broad mandate, based on universal human rights norms and standards
- autonomy from Government
- independence guaranteed by statute or Constitution
- pluralism
- adequate resources, and
- adequate powers of investigation.

We have a duty to make Britain a fair society in which everyone has an equal opportunity to fulfil their potential and participate, without being limited by prejudice or discrimination; a society that respects and protects every person's human rights, recognises individual dignity and worth, and values diversity and equality.

We have a responsibility to promote understanding of and good practice in relation to equality and diversity and to make sure that people understand their rights and responsibilities under the Equality Act 2010. This includes enforcing the Equality Act and working towards the elimination of unlawful discrimination and harassment.

We promote the harmonisation of national law, policy and practice with international human rights law and standards, and encourage public bodies to comply fully with the Human Rights Act 1998, which incorporates the European Convention of Human Rights into national law. We also monitor the UK's compliance with the seven United Nations human rights treaties that it has signed and ratified.

We do all of this in different ways, using different duties and powers. These include measuring progress on equality and human rights in Britain and reporting to Parliament, providing advice, guidance, education and training, undertaking research, and enforcing the law and investigating instances in which it may be being broken.

We use a wide range of different methods to send a clear message about the need to comply with equality and human rights law by challenging flagrant breaches, tackling the systemic barriers people face and defending the rights of people in the most vulnerable positions who experience serious breaches of their fundamental rights.

Our governance and risk management

The Board of Commissioners (the Board), led by the Chair, David Isaac, and its subcommittees work within a framework of duties and responsibilities, including those prescribed by the Equality Act. The Board is responsible for:

- approving the strategic and business plan
- monitoring our performance against the plan, and
- ensuring that there are appropriate systems of governance, accountability and control in place.

The Chief Executive, Rebecca Hilsenrath, is responsible under authority delegated by the Board for:

- our overall organisation, management and staffing
- our procedures in financial and other matters, including conduct and discipline, and
- developing and implementing strategy proposals and plans and reporting to the Board the results of these.



More information about our governance arrangements and risk management can be found in the '[Corporate governance report](#)' section on page 62.

Going concern

The Commission's financial statements have been prepared on a going-concern basis. This is based on the Commission's assessment that it will continue to receive funding and its operations will continue for the foreseeable future. This assessment has also considered that, for non-trading public sector entities such as the Commission, the FReM provides that 'the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern.'

The Commission is primarily financed through grant-in-aid from its sponsoring department, the Cabinet Office. The grant-in-aid is included in our sponsoring department's (the Cabinet Office) estimates for 2020/21, which have been approved by Parliament. The Equality Act 2006 requires the Secretary of State to provide sufficient funding for the Commission to carry out its statutory functions.

The Commission has considered the impact of coronavirus (COVID-19), which has resulted in a reprioritisation of work within the Commission, but concluded that it will not have a material impact on our ability to meet our statutory obligations. As a result, there is no reason to believe that funding will not continue to be provided beyond 2020/2021.



Performance report

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Our performance

Our strategy this year has been to use the full range of our powers more robustly, including inquiries and investigations, judicial reviews, binding legal agreements, publishing information and guidance, and undertaking research. In our business plan we set out 30 measures of success across our six priority aims to show what we wanted to achieve this year.

By using our resources and the full range of our powers, we maximise our impact. We have prioritised the areas or instances of discrimination that cast the biggest shadow over Britain, and have increased the totality of our enforcement work across a range of equality and human rights issues.



The following sections set out what we have achieved this year and the impact we have had through our work.

Our year in numbers

In 2019/20, we addressed 79 enforcement and litigation matters:

We entered into
15 section 23 agreements

without investigations



We started 8 investigations or assessments with employers, leading to

6 legally binding agreements



We supported
22 discrimination cases

under our legal support project for transport



We took on
34 new strategic litigation cases,

including cases on the implementation of Universal Credit, mistreatment of detainees and age assessments of children seeking asylum

We considered
over 300
alleged breaches of equality and human rights law



Also...



Our impact in focus:

**preventing racial
discrimination in adoption**

Couples looking to adopt will be protected against unlawful discrimination after we supported Sandeep and Reena Mander's case.



Sandeep and Reena Mander were told not to apply to become adoptive parents by Adopt Berkshire on the basis that White British or European applicants would be given preference.

The Manders, who are both British born and of Sikh Indian heritage, were told that although they would be suitable adoptive parents, they could not make an application as only white children were available. They were then advised to consider adopting from India.

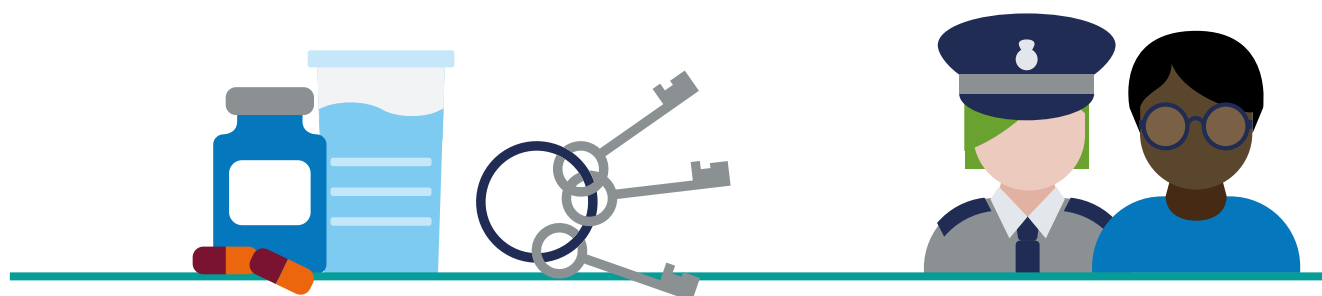
We supported the Manders in their case. On 6 December 2019, the Oxford County Court ruled that they should not have been barred from applying to join the approved adopters register because of where their parents were born. It declared the action as direct race discrimination.

This decision will promote better outcomes for British children in our care system who are waiting for loving homes, as well as preventing racial discrimination against potential adoptive parents.

Our impact in focus:

**protecting the rights
of disabled prisoners**

People with mental health conditions and learning disabilities will be protected from the misuse of chemical restraint in prison after we funded a legal challenge.



We funded a disabled prisoner's application for judicial review of the Justice Secretary's decision to make PAVA spray available to officers in adult male prisons.

The Ministry of Justice has now made changes to the way it intends to roll out the spray, including strengthened safeguards and guidance on when it can be used.

These changes will help to ensure that officers can protect themselves in a way that doesn't jeopardise the rights of others, particularly those who have mental health conditions or learning disabilities that could leave them particularly vulnerable to its use.

Our impact in focus:

protecting disabled people from discriminatory benefit cuts

Disabled people moving onto the Universal Credit scheme will not have their benefits cut after we intervened in two linked cases at the High Court.



Three disabled people were receiving Severe Disability Premium and Enhanced Disability Premium benefits, but were forced to transfer onto Universal Credit when they moved across local authority area boundaries. This meant they received £180 less in benefits each month.

After two legal challenges, the High Court found that paying the lower rate was unlawful because they were being treated differently from disabled people who remained on legacy benefits.

This ruling was upheld by the Court of Appeal and has helped to protect thousands of disabled people from a sudden and substantial benefit cut.

The Department for Work and Pensions says that it is now making transitional payments to more than 15,000 people who were receiving Severe Disability Premium and Enhanced Disability Premium. These benefits were awarded to allow disabled people to pay for the support they need to lead independent lives.

Our impact in focus:

gender pay gap enforcement

One hundred per cent of employers in Britain with 250 or more employees reported their gender pay gap data after we opened formal investigations under section 20 of the Equality Act.



We notified 46 private sector and four public sector organisations of our intention to open statutory investigations into their failure to report their gender pay gap data on time. We publicly named these organisations, including three 'repeat offenders' that had failed to report on time two years in a row.

After being informed about the legal action, most of the organisations either reported their gender pay gaps or satisfied us that they are out of scope of the regulations

Due to coronavirus (COVID-19), employers across the country face unprecedented uncertainty and pressure. Recognising this, further enforcement action has been suspended. Our gender pay gap enforcement action will recommence for the 2020/21 reporting year.

Our impact in focus:

creating a safe work environment for all

To help employers protect workers, we published technical guidance and a seven-step guide for employers on preventing sexual harassment and harassment at work.



Accompanying the guidance, we wrote to leading employers and industry groups asking them to step up and protect their staff. It has become our most downloaded piece of guidance, with more than 18,000 views so far. Well-known high street brands have agreed to take action, including Barclays, RBS and Tesco.

The Government Equalities Office launched a survey to collect data to determine the nature and prevalence of sexual harassment – a recommendation from our earlier report **'Turning the tables'** (2017).

The Government has consulted on some of our main policy and legal recommendations, including our call for employers to have a duty to prevent harassment. It is also supporting our call for a statutory code of practice based on our technical guidance.

Engaging with communities

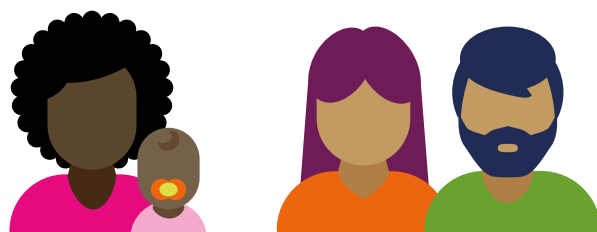
Our report, **‘Is England Fairer?’** revealed not only a nation deeply divided by income, gender and race – but also a widening geographical divide.

We found that education, health, employment and living standards are significantly worse in certain areas.

For example:

- the proportion of people not in employment, training or education was almost twice as high in the West Midlands and North East as it is in the South, and
- the poverty rate experienced by ethnic minorities was over 10% higher in the North West and North East than in the South.

To help close these gaps by ensuring a focus on England as well as Wales and Scotland, and by strengthening relationships with stakeholders across regional areas, we have formed our England Network under the strategic leadership of our Deputy Chair, Caroline Waters.



Working Forward

Now in its third year, our Working Forward community of employers has grown its membership base to 500 members.

To reflect the needs of its members, the network has widened its focus from supporting pregnant women and new mothers in the workplace. It now also works to tackle sexual harassment and emerging equality issues such as the potential discriminatory impact of algorithms used in recruitment practices. By focusing on these specific issues, employers are committing to making real progress on the road to equality.

Changing Britain through our unique legal powers

We use our unique legal powers to defend people from unfair or unequal treatment.

Inquiries and investigations

Inquiries and investigations help us to examine issues that we are concerned about to reveal underlying problems and to make policy recommendations for change that will improve the lives of people across Britain.

This year, we have undertaken a number of high-profile inquiries and investigations. This demonstrates our focus on using our powers strategically to make the greatest impact.

Closed inquiries

Our inquiry report, '**Tackling racial harassment: universities challenged**', showed that racial harassment is occurring at an alarmingly high rate across British universities.



We have made a series of recommendations for governments across Britain and higher education providers to address racial harassment, including:

- introducing a mandatory duty on employers to protect staff from harassment
- ensuring that sector regulators have adequate powers to hold universities to account
- introducing effective complaints procedures, and
- embedding an inclusive culture where staff and students feel confident and supported when making complaints.



Universities UK has since formed a taskforce looking at racial harassment experienced by both staff and students. It will develop new guidance for the sector and make recommendations to address the challenges in this area.

Our inquiry, '**Access to legal aid for discrimination cases**', looked at whether legal aid enables effective access to justice for those who raise a discrimination complaint in England and Wales.



Our report revealed that people face unnecessary barriers to justice and vulnerable individuals are not being supported to bring discrimination claims.

We are calling on the Government to change the financial eligibility threshold to expand the number of people who receive legal aid. The Government should also follow through on its commitment to reinstate face-to-face legal advice and make sure there are enough providers.



Pending publication

'Inclusive justice: a system designed for all' looks at the experiences of defendants and accused people with a cognitive impairment, mental health condition and/or neuro-diverse condition in the criminal justice system. We are concerned about whether people with such conditions can properly engage and understand the proceedings they are involved in. Our report sets out recommendations to improve outcomes, not only for the group we are looking at, but for all involved in the system.

Live inquiries

We have launched a formal inquiry into how schools are monitoring and recording their use of restraint, following widespread concerns about its use and the lack of data available.

We have paused work on this inquiry due to coronavirus.



As the use of video and phone hearings expanded swiftly in response to the coronavirus pandemic, we have released interim findings from this inquiry to help reduce the risks that these technologies pose to disabled people. The full report has since been published, early in the 2020/21 reporting year.

Live investigations

We are using our powers to investigate suspicions of unlawful action by organisations under the Equality Act 2010. We have opened formal investigations into:

- past pay discrimination against women at the British Broadcasting Corporation (BBC)
- use of pre-employment health questions by the care agency Elite CarePlus Ltd, and
- allegations of antisemitism in the Labour Party.

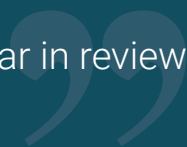


Once these investigations are completed, we will publish the findings, recommendations and actions we will take.



We work tirelessly to
protect the human rights of
every individual in Britain and
have had a very **productive**
and successful year.

See 'Our year in review' on page 40





Our work in Scotland

Working in partnership with the Children and Young People's Commissioner for Scotland, we pursued a judicial review against the Scottish Government.

We believed it was breaching its human rights obligations to children by not producing effective national guidance to direct local authorities, schools and staff on the lawful use of restraint and seclusion.

As a result of our legal action, the Scottish Government agreed to act on the following:

1. Produce human rights based guidance on restraint and seclusion, and review the effectiveness of that guidance.
2. Involve children, young people and their families in the drafting and review of the guidance.
3. Consider statutory action should the guidance prove to be ineffective.
4. Develop and introduce a standard dataset to be implemented across Scotland to ensure consistent recording and monitoring of incidents.



After we issued technical guidance on the use of non-disclosure agreements and tackling sexual harassment in the workplace, we jointly facilitated training workshops with trade unions and the Scottish Women's Law Centre.

These sessions allowed us to transfer our expertise to workers, advisers and trade union representatives and demonstrate how to use our guidance to support action to secure better working practices.

Our work in Wales

We have improved the skills and understanding of over 200 equality and human rights practitioners in the public service through our Equality and Human Rights Exchange events in Wales.

We sent 15 early enforcement letters to public bodies and private organisations in Wales about their duties under the Equality Act 2010, including:

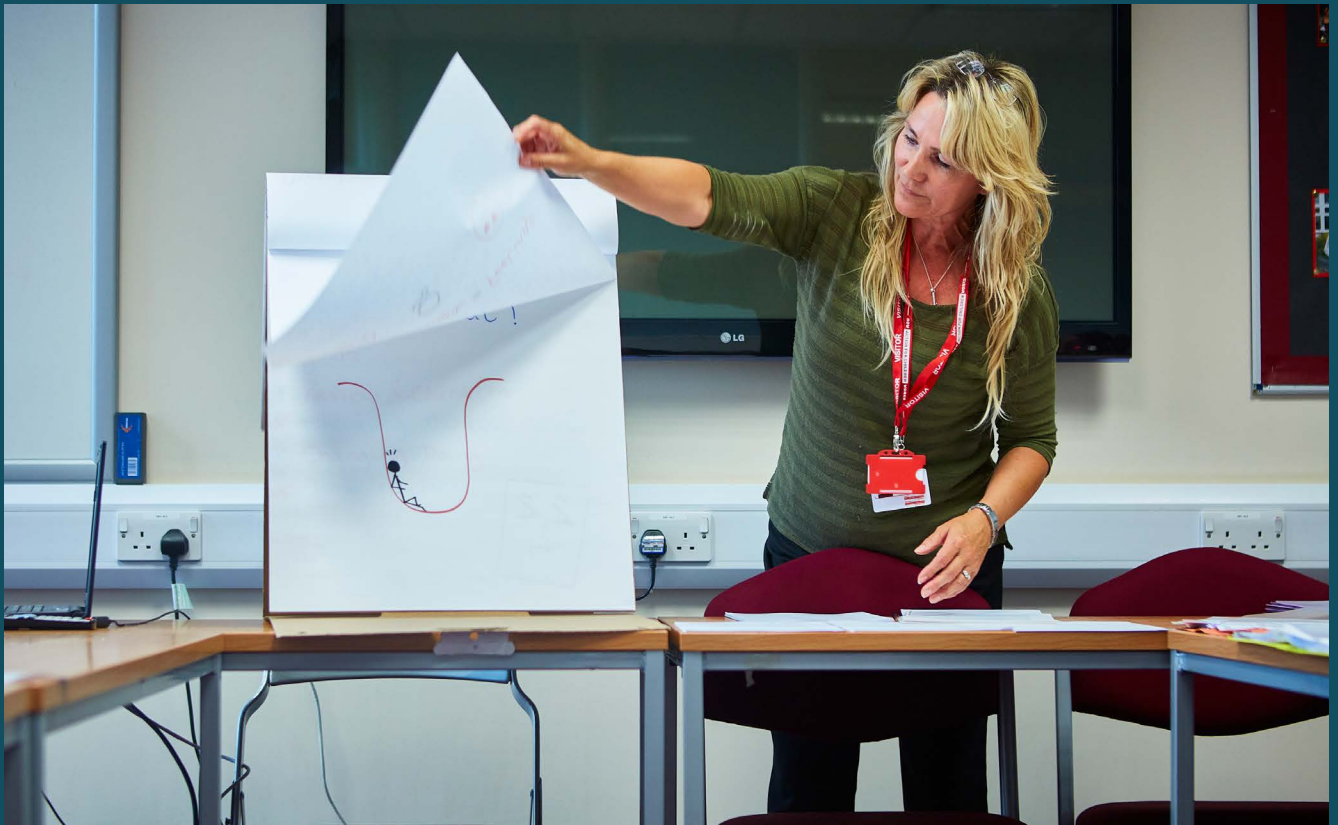
- An enforcement letter to an employer that had posted a discriminatory apprenticeship advert. After receiving our letter, the employer removed the advert and agreed to improve its recruitment processes.
- An enforcement letter to Welsh Government because it had refused a request to provide an Easy Read version of its their consultation document 'Managing the transition from children's to adults' healthcare services'. This document was

relevant to many disabled people. After we explained the importance of making the consultation accessible to disabled people, the Welsh Government immediately made an Easy Read version available.

- An enforcement letter to the Council of Management of Ruthin School following reports from Care Inspectorate Wales and Estyn that the school was in breach of the Equality Act 2010. The boarders handbook issued by the school stated that boarders with mental health conditions would not be admitted to the school. After receiving our enforcement letter, the school agreed to update its policy.



Delegates now have an improved understanding of putting in place fair workplace practices and implementing policies that reduce socio-economic disadvantage.



Our report, '**Is Wales Fairer?**' recommended that the socio-economic duty in the Equality Act should be brought into force in Wales by the Welsh Government as a matter of priority. The duty places the responsibility

on public bodies to factor in socio-economic disadvantages when making strategic decisions to reduce inequalities. Subsequently, the First Minister of Wales committed to introducing the duty in Wales.

Setting a worldwide example

We strengthen human rights protection for people in Britain by seeking greater alignment with international human rights laws and accountability mechanisms.

In October, we launched our first [human rights tracker](#) to help make Britain's human rights record transparent and hold the Government accountable.

We submitted our report, '**Civil and political rights in Great Britain**', to the United Nations as part of our work on monitoring the International Covenant on Civil and Political Rights. We raised a number of concerns about the UK's civil and political rights record. These include a number of long-standing issues – such as the adequacy of steps taken to tackle violence against women and girls, and concerns around immigration detention – as well as emerging issues, such as the human rights challenges posed by new digital technologies like automated facial recognition.

We successfully influenced a UN review of the UK's compliance with the Convention Against Torture. Of the concerns we raised, 71% were reflected in the UN Committee's recommendations, including all but one of our advocacy priorities. The civil society submission that we funded and supported was also influential: 60% of its concerns were picked up by the Committee.

In our second year as Chair of the Commonwealth Forum of National Human Rights Institutions (CFNHRI), we researched options to secure the Forum's future. This led to a membership vote to establish a permanent secretariat for the Forum, which we supported.



In September 2019, we supported the Northern Ireland Human Rights Commission to host an international event in Rwanda on sport and human rights.

We redesigned the [CFNHRI website](#) to raise the profile of our work and the work of its members. To highlight our priority work on sexual orientation and gender identity rights, we worked with members to create an animation to raise awareness of how NHRIs can work to protect, promote and advance the rights of Lesbian, Gay, Bisexual and Transgender people across the Commonwealth.

Due to coronavirus, our term of Chair of the CFNHRI is likely to be extended until the Commonwealth Heads of Government Meeting is reconvened and the Chair of the Forum can pass to the Rwandan National Commission on Human Rights.

Our year in review

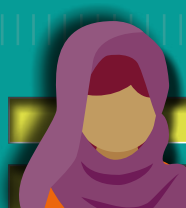
Findings of inquiry into legal aid for victims of discrimination published

Investigation on Elite CarePlus Ltd's pre-employment screening process opened

Ashdown House disability discrimination case concluded

Research on Gypsy and Traveller site provisions published

Legal support project for discrimination in transport launched



April
2019

May
2019

June
2019

July
2019

August
2019

September
2019



Submission to the UN Committee Against Torture in response to the UK List of Issues published

Is England Fairer? published

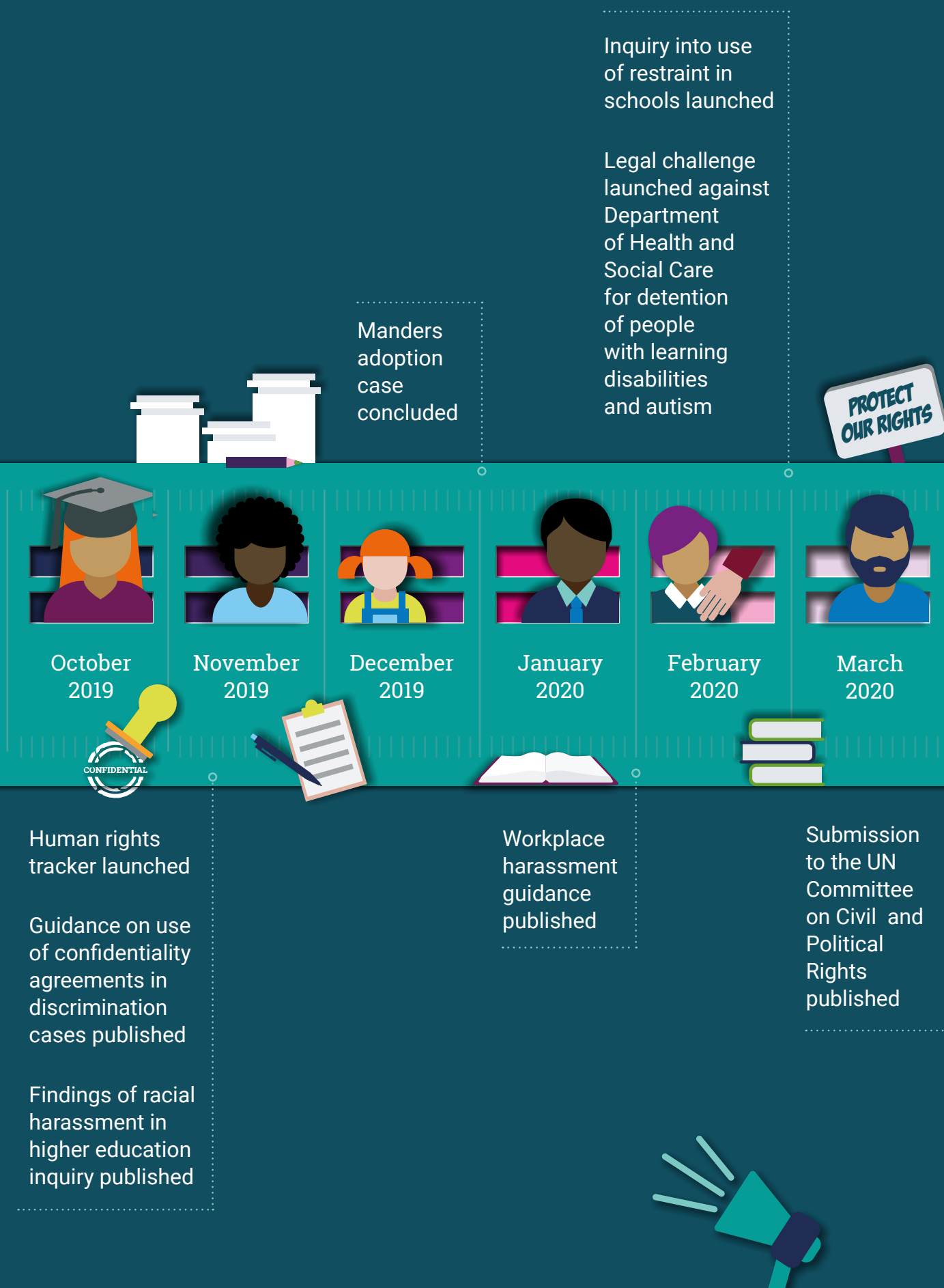
Gender pay gap enforcement activity (May-August)

Investigation into antisemitism in the Labour Party opened

PAVA spray case concluded



Performance report



Our response to coronavirus (COVID-19)



The response to the coronavirus (COVID-19) pandemic has resulted in profound changes to everyday life in Britain. These have had significant direct and indirect implications for equality and human rights, and therefore our remit and delivery. We have revised our business plan for the coming year to reflect how we will use our unique powers and levers to ensure that the disproportionate effect on different protected characteristic groups are understood and mitigated. We are undertaking a range of policy, compliance, research and enforcement work to ensure the crisis doesn't leave some people further behind.

We have invested in our technology infrastructure to enable colleagues to work more flexibly, facilitating remote working and improving connectivity between our offices.

This investment has facilitated home working for colleagues across the Commission during the coronavirus pandemic. We will continue to encourage colleagues to work from home until we can guarantee a safe working environment.

We set out our strategy early: to focus on the effect of the pandemic on protected characteristic groups and to use human rights as a framework across a small number of priority issues.



The nature of this crisis means we are responding to fast-moving risks and opportunities concerning the equality and human rights implications of coronavirus across a number of areas. Across this, we are continuing to assess how we can use our enforcement powers and public voice in the most appropriate way.



Our longer-term response will reflect the changing context as all three nations move out of the immediate crisis and towards recovery. We want to shift away from this responsive approach towards a more proactive focus on a smaller number of key issues, based as far as possible on our revised business plan.

Exiting the EU

The EU withdrawal bill received Royal Assent in January 2020 and the UK left the European Union on 31 January 2020.

During a transition period due to end on 31 December 2020, the UK's future relationship with the EU will be negotiated.



Although the EU exit does not directly impact on the Commission, we have worked to ensure the equality and human rights are protected, focusing on the delivery of two key objectives:

- ensuring we retain the UK's equality and human rights legal framework as we leave the EU, and
- ensuring the UK remains a global leader on equality and human rights after leaving the EU.

During the transition period we will carefully scrutinise and advise government and Parliament on proposals that have implications for the protection or advancement of equality and human rights in the UK, and will seek opportunities to preserve and enhance protections.

Working with the Women and Equalities Committee

The Women and Equalities Committee (WEC) examines the work of the Government Equalities Office (GEO), holds Government to account on equality law and policy, and scrutinises the Equality and Human Rights Commission.

We are in close contact with the Committee and hold regular meetings with the Chair and Committee staff to discuss respective priorities and update on progress and impact against our Strategic and Business Plans. We routinely submit written evidence to the Committee, including advice on the law, policy and practice changes we consider are needed.

In 2018/19, we submitted oral and written evidence to the Committee's inquiry on **'Enforcing the Equality Act: the law and the role of the Equality and Human Rights Commission'**. The inquiry sought to understand what needs to be done to achieve widespread compliance with the Equality Act 2010.

The inquiry report made a number of observations and recommendations regarding the role of the Commission. It called on us to refocus our work and be bolder in the use of our powers, increase and publicise our enforcement activity and bolster our work with regulators, inspectorates and ombudsmen (RIOs).

We welcomed the inquiry report and supported many of its recommendations. We accepted most of the recommendations addressed to the Commission and were pleased that the Committee endorsed a number of the recommendations we had proposed in our evidence, including in relation to legal aid for discrimination cases and wider access to justice issues.

We agree with the Committee's conclusion that the burden on individuals for enforcement of the Equality Act is too high. Greater consideration should be given to placing the onus on duty-bearers to root out discrimination and ensure respect for equality. The Government and the Commission have important roles to play in this shift of emphasis.

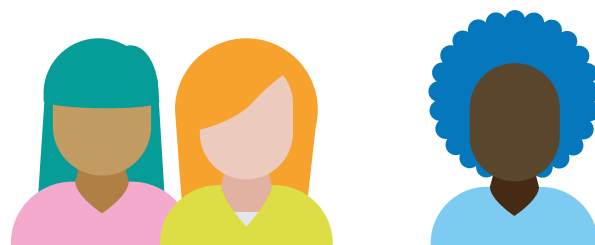
We have taken concrete steps to address the majority of the Committee's recommendations, many of which mirrored own thinking and the objectives of our 2019-22 Strategic Plan, including:

- Identifying Priority Aims that best enable the use of our enforcement and litigation powers to challenge discriminatory practices or breaches of rights. We have focussed on targeted, effective enforcement that supports broader strategies for change.
- Establishing a dedicated Enforcement team and implementing a new litigation and enforcement policy. We have also adopted a proactive 'publicity by default' policy for all our enforcement and compliance work and have developed case study database for our website to promote deeper public understanding of our enforcement work.
- Establishing a new Compliance team whose role includes developing joined-up strategies and strong relationships with RIOs, and ensuring that relevant organisations are notified of important judgements so they are supported to meet the requirements of the law.

While we recognise we have further to go to achieve the change we want to see, we did not accept some of the Committee's recommendations or recognise its characterisation of the progress we are making. We are proud of our progress. For instance, we have significantly increased our enforcement activity in recent years and have done this in the context of a reduced budget. In 2018/19 we doubled the volume of our formal enforcement work compared with 2014/15; further information on this activity in 2019/20 is contained in this report.

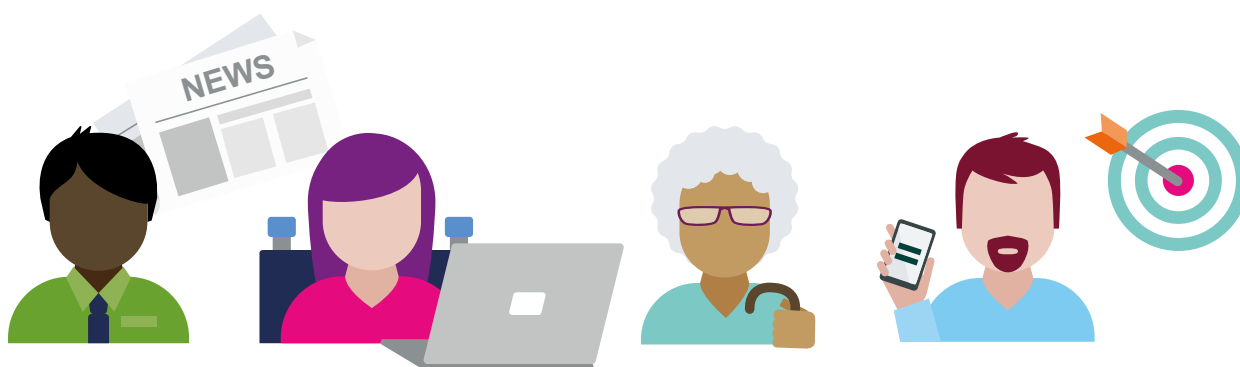
We didn't accept the Committee's view that the Commission lacks clarity or focus. The organisation has gone through transformational change, particularly in recent years, to be more focused on impact. The culmination of this is our new Strategic Plan, the investment we have made to increase our internal expertise and the structure we have created to deliver our work. We also didn't accept that the Commission should establish memoranda of understanding with all relevant enforcement bodies. We are already working more closely with RIOs and, in line with our priorities, helping to inform their approach to securing compliance with equality law. However given the number of organisations concerned (some 145) and the need to invest in relationship management to secure meaningful agreements with them, we intend to focus on those that are most relevant to our current Priority Aims.

Finally, we also didn't accept the Committee's call for us to develop a dedicated Code of Practice on single-sex services. The law requires the consideration of the specific circumstances of each case and we therefore consider what would be most helpful is a guide for service providers to aid their decision making. However, as is the case for most organisations, our programme of work has changed drastically in response to coronavirus and we are currently focusing our resources on the equality and human rights issues arising from the pandemic. Our work on guidance on single-sex services has therefore been paused.



Performance against our corporate KPIs

To support the delivery of our strategy we seek to be an exemplar employer and reach a wide audience with our work. We have set ambitious targets to improve the diversity and engagement of our workforce, and increase our media and website reach.



¹ As we have fewer than 250 employees, we are not required to publish our gender pay gap figures. However, as the organisation responsible for enforcing the gender pay gap regulations, we have chosen to publish our data on our gender, race and disability pay gaps because we want to lead by example. Our pay gap reporting is retrospective covering the year 2018/19 and is based on a 'snapshot date' of 31 March 2019.

KPI	Outturn
We are an inclusive employer with a diverse and engaged workforce	
Workforce reflects diversity of Great Britain 1% increase in the number of staff who declare themselves as disabled and 1% increase in the percentage of staff who declare themselves as from an ethnic minority group.	2019/20 outturn: <ul style="list-style-type: none"> – 61% of our employees are female (1% increase on 2018/19) – 17% of our employees describe themselves as disabled (3% increase on 2018/19) – 13% of our employees are from ethnic minority groups (1% increase on 2018/19)
Employee engagement index score 70%	2019/20 outturn: 68% Tracking our progress: This is equal to our 2019 score, and is 6% higher than the Civil Service 2018 average (2019 benchmark scores have not yet been released).
We have reduced our mean gender, race and disability pay gaps compared to last year¹	Gender pay gap (2018/19): 0% mean / 0% median Disability pay gap (2018/19): -0.3% mean / 5.0% median Ethnicity pay gap (2018/19): -1.4% mean / 7.6% median Our workforce vs the UK working population: <ul style="list-style-type: none"> – 61% female employees vs 47% in UK – 17% of employees describe themselves as disabled vs 13.4% in UK – 13% declared they are from ethnic minority groups vs 12.6% in UK
Media	
Increase national media coverage by 20% of 17/18 baseline (1,000) by March 2020 (this is based on a 10% yearly increase) and achieve 90% favourable sentiment in each reporting year.	<ul style="list-style-type: none"> – Media mentions: 1,784 (an increase of 78% above the 17/18 baseline) – Media favourability: 97.1%
Website	
Increase unique users by March 2020.	<ul style="list-style-type: none"> – Users: 3,187,105 (up 13.76%) – Page views: 7,236,084 (up 10.69%)

Our approach to regulation

The purpose of our regulatory function is to change behaviour in society and to prevent and stop unlawful actions.

We do this by working with individuals and organisations in the public, private and voluntary sectors to improve equality and human rights in Britain.

Helping people and organisations comply with legislation is the focus of this work, and sometimes this will mean taking formal enforcement action, using the powers the Equality Act 2006 gives us.

Regulation does not just mean legal enforcement action such as investigations and litigation. It also means providing advice, raising awareness and understanding, transferring expertise and supporting organisations in their efforts to comply with the law.

We have a range of tools that we can use, and we will always choose the method that we consider most effective in each circumstance. We base our actions on evidence and an assessment of what is in the public interest. In so doing, we are bound by the Hampton Code of Practice for Regulators, which outlines five principles of good regulation: proportionality, accountability, consistency, transparency and targeting.



Further information on our approach to regulation and our regulatory objectives are available on [our website](#).

Operations

Financial performance

Our resource budget for 2019/20 (excluding depreciation) consisted of £12.4m administration and £5.0m programme funding. In addition, we received funding of £0.5m for capital expenditure.

Our net operational resource expenditure (excluding capital and depreciation) was £17.2m and our capital investment was £0.4m.

The annual statement of accounts and notes to the accounts for the year to 31 March 2020 are set out from [page 113 onwards](#).

We have used our budget allocation during the year to achieve our Business Plan objectives, further details are given in the performance report ([page 17](#)).

Performance against our resource funding (excluding capital and depreciation) is shown in the table below:

Year ended	31-Mar-20
Total budget £000	17,431
Total spend £000	17,217
Variance (underspend) £000	(214)
% Variance (underspend)	(1.23)

Against the core funding of £17.4m, we underspent by £0.2m: equivalent to 1.23% of our budget. This underspend was a result of small underspends across a number of business areas, mainly attributable to the downturn in activity experienced during March 2020 due to restrictions put in place due to the COVID-19 pandemic, demonstrating the effective financial management in place throughout the Commission during the year.

In 2019/20, we spent £0.4m against our capital budget of £0.5m: an underspend of £0.1m equivalent to 20% of the budget. This expenditure related to further investment in IT systems, replacing furniture across all our offices and a minor refit of areas of our London office.

Capital structure

Our capital structure is shown as taxpayers' equity and expenditure in year is funded by grant-in-aid received from our sponsoring department. The statements of financial position and changes in taxpayers' equity for the year provide additional information.

Long-term expenditure trends and value for money

Our resource funding for 2019/20 of £17.4m is used to cover our operational costs and to fund our programme of work. Across the current spending review, our funding has reduced by £3.0m (14.7%) from £20.4m in 2016/17. Funding for 2020/21 has been included in the main estimate and funding for future years will be determined by the next spending review.

Payment of suppliers

Late payment is an important issue for business, especially smaller businesses, as it can affect their cash flow and put their ability to trade at risk. We recognise that the public sector should set an example by paying promptly. We are committed to the [Prompt Payment Code](#) and aim to pay all undisputed invoices² as soon as possible: 93% of all invoices were settled within five working days and 99.9% of undisputed invoices were paid within the target range of 30 days.

Our business model

We operate from four offices: our head office in Manchester, London, Cardiff and Glasgow. To deliver our strategic plan colleagues are organised into three groups called networks, each led by an executive director to ensure effective communication and strategic working practices. Each network is made up of specialist teams which provide expert input to support the delivery of our annual business plan.

Our equality objectives

Under the Equality Act 2010, all public bodies, including the Commission, are subject to the Public Sector Equality Duty (PSED), a legislative tool which requires public bodies to proactively identify and tackle discrimination, inequalities and promote good relations.

At the Equality and Human Rights Commission, we are responsible for regulating compliance with the duty. We must also comply with it. We aim to be exemplary in doing so.

² We define 'undisputed invoices' as those that quote a valid purchase order number and where we are content with the goods / service provided.

As part of this duty, we are required to set equality objectives. We have prioritised three types of equality objectives. These relate to:

- delivering our mandate
- our people, and
- our intelligence gathering.

Equality and diversity are at the heart of everything we do, and our equality objectives underpin our employment practices and ways of working. They are designed to:

- ensure business improvements and any organisational changes are implemented fairly
- foster an accessible and inclusive working environment for all our staff
- ensure that our services are accessible and users' experiences and outcomes are positive, and
- promote equality within our supply chain, supporting our suppliers to embed equality and diversity practices within their own organisations and those they work with.

This year, we commissioned an independent review of our own PSED compliance, developed a PSED improvement plan, and established a working group of our own expert staff to deliver it.

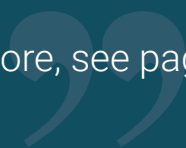
We publish an annual summary of the employment monitoring data we have collated and considered in our equality and diversity workforce reports. Information about our equality objectives and our performance in promoting equality of opportunity for all of our staff is available on our website.





We encourage applications
from a diverse range of
candidates and operate a
guaranteed interview scheme
for disabled applicants.

To find out more, see pages 56 and 57



Our people

Our inclusive organisation

We aspire to be an exemplary employer, providing the working environment, information technology, learning and development, and people policies that enable all of our colleagues to thrive at work, perform to the best of their abilities and deliver our strategic plan.

We have invested in our technology infrastructure to enable colleagues to work more flexibly, facilitating remote working and improving connectivity between our offices. This investment has facilitated home working for colleagues across the Commission during the COVID-19 pandemic, which has imposed restrictions on travel and mandated social distancing.

We are committed to ensuring that our employment policies and practices are fair, advance equality of opportunity, eliminate discrimination and foster good relations. We support and recognise trade unions, and we work in close partnership with our trade union colleagues to consult and negotiate on all relevant matters.

Our investment in learning, development and careers

It is important to us that our colleagues have the skills and knowledge to do their jobs and to develop their careers. We have invested in learning and development by funding an extensive programme of core learning as well as supporting individual requests for funding.

We have also delivered training using our own in-house expertise, including sessions on the Equality Act and our legal powers.



Recruitment policies

We encourage applications from a diverse range of candidates and operate a guaranteed interview scheme for disabled applicants. We also encourage all applicants to request any reasonable adjustments where necessary.

Our diversity data

The following section summarises our workforce diversity profile as at 31 March 2020. Figures are displayed as percentages of the total workforce analysed.

In small organisations such as ours, minor workforce changes can have a disproportionate statistical impact, and we rely on self-declaration by our colleagues.

As a result of our recruitment practices, positive action programmes, and an increase in self-declaration rates, we have seen positive changes in our workforce diversity this year.

- Our workforce numbers increased from 189 (177 full-time equivalent (FTE)) on 1 April 2019 to 201 (199 FTE) on 31 March 2020.
- We have a total³ of nine women and six men in senior roles (director and above); two of our senior managers (our Chief Executive and executive directors) are male and two are female.
- We have 117 women and 75 men at other levels.
- In the past year, 68% of new recruits were female, leading to a 1% increase in the percentage of women at the Commission.
- We have seen a 1% increase in Black, Asian and ethnic minority colleagues.
- We have seen a 3% increase in disabled colleagues.

³ Our senior team at 31 March consists of 15 people (13.83 FTE), which includes: nine permanent employees, six female and three male (which includes three female employees on temporary promotion while vacancies are filled); four people (three female and one male) on loan or secondment from other Government departments; and two people who have been engaged on interim contracts to fill director posts on a temporary basis while permanent recruitment takes place.

Characteristic	31/03/2019	31/03/2020	Difference
Ethnicity			
Black and ethnic minority	12%	13%	1%
White	76%	82%	6%
Prefer not to say/not declared	12%	5%	-7%
Sex			
Female	60%	61%	1%
Male	40%	39%	-1%
Marital status			
Married or in a civil partnership	48%	46%	-2%
Not married or in a civil partnership	42%	43%	1%
Prefer not to say/not declared	10%	11%	1%
Religion or belief			
Religion or belief	32%	35%	3%
No religion or belief	54%	54%	-
Prefer not to say/not declared	14%	11%	-3%
Disability			
No	71%	73%	2%
Yes	14%	17%	3%
Prefer not to say/not declared	15%	10%	-5%

Characteristic	31/03/2019	31/03/2020	Difference
Sexual orientation			
Lesbian, Gay, Bisexual	10%	11%	1%
Heterosexual/straight	77%	80%	3%
Prefer not to say/not declared	13%	9%	-4%
Caring responsibilities			
No	50%	50%	-
Yes	39%	42%	3%
Prefer not to say/not declared	11%	8%	-3%
Age			
16–24	1%	1%	-
25–34	21%	25%	4%
35–44	34%	34%	-
45–54	24%	18%	-6%
55–64	18%	20%	2%
65+	2%	2%	-
Transgender			
No	83%	90%	7%
Yes	1%	0%	-1%
Prefer not to say / not declared	16%	10%	-6%

Risk management

We work within a formal risk management framework to ensure that all risks to the delivery of our priority aims are identified and mitigations are put in place as soon as possible.

Our risk management strategy is outlined in the 'Corporate governance report' section on [page 83](#).

Corporate social responsibility

We take corporate social responsibility seriously and are committed to ensuring that this continues to be part of our culture, consistent with our commitment to fairness, dignity and respect. We have a range of policies and practices to support our approach and include sustainability in our decision-making and promote environmentally friendly practices throughout our estate by reducing our energy consumption, minimising waste and reducing our carbon footprint.

- Our standard contracts all include modern slavery, anti-bribery and corruption, and transparency clauses and we work with our suppliers to promote best practice in this area.

- Commission employees are entitled to up to three days per year special leave (paid) to undertake voluntary work because we recognise that volunteering can be a way to share and gain new skills and develop links with the wider society. In 2019/20, 16 employees volunteered 138 hours of time to assist other organisations.
- Our environmental policy is consistent with the UK's commitment to sustainable development, the 'Greening Government' agenda and the targets set out in the 2006 Energy Review. In 2019/20, we had fewer than 250 FTE staff and are therefore exempt from reporting against the full range of Greening Government targets.

Performance report signed by:



Rebecca Hilsenrath, Accounting Officer
8 July 2020



Accountability report

The accountability report contains:

Corporate governance report	62
Directors' report	62
Governance statement	69

Remuneration and staff report	90
The Parliamentary accountability and audit report (including the Certificate and report of the Comptroller and Auditor General)	108

Corporate governance report

The corporate governance report explains how we are governed and managed, how this framework supports the delivery of the strategic plan and how we ensure a sound system of internal control.

Directors' report

Board of Commissioners

The Board of Commissioners is the highest level decision-making body in the organisation, responsible for setting strategic direction, reviewing overall performance and delivery against the business plan and ensuring good governance of the Commission. The Board does not directly manage operations, but delegates that role to the Chief Executive. The Board holds the Chief Executive and the staff to account by monitoring performance against our strategic priorities and ensuring that resources are used effectively and efficiently.

As at 31 March 2020, the Board comprised nine non-executive Commissioners and the Chief Executive, who is a Commissioner ex officio.

During 2019/20, the Board members included:

- **David Isaac CBE** (Chair)
- **Caroline Waters OBE** (Deputy Chair)
- **Suzanne Baxter**
- **Pavita Cooper**
- **Alasdair Henderson**
- **Susan Johnson OBE**
- **Mark McLane**
- **Helen Mahy CBE**
- **Dr June Milligan** (Wales Commissioner) (to 31 May 2019)⁴
- **Professor Lesley Sawers OBE** (Scotland Commissioner)
- **Professor Swaran Singh** (to 7 October 2019)
- **Rebecca Hilsenrath** (Chief Executive and Commissioner ex officio)



Commissioners are appointed by the Minister for Women and Equalities. Their biographies are available on our website.



The Board met formally six times between 1 April 2019 and 31 March 2020. Minutes of recent meetings are on our website.

Committees of the Board

The Board was supported by two statutory committees with decision-making powers as set out in the Equality Act, each chaired by a Commissioner. These are:

- Scotland Committee
- Wales Committee

The Board has also established three non-statutory committees. These committees provide assurance and advice to the Board and Executive Group but do not have statutory or formal decision-making powers:

- Audit and Risk Assurance Committee
- Human Resources and Remuneration Committee
- Disability Advisory Committee

Information about these committees, their remit and functions can be found on pages 64 to 67.

⁴ Pending the appointment of a new Wales Commissioner, Wales Committee Vice-Chair Alison Parken was appointed Acting Chair of the Wales Committee and invited by the Chair to attend Board meetings to represent the views of the Wales Committee in Board discussions.

Scotland Committee

The Scotland Committee was chaired by the Scotland Commissioner, Dr Lesley Sawers, and met formally four times and informally twice during 2019/20.

The Scotland Committee exercises its powers as delegated in the Equality Act 2006; it has power to give advice to the Scottish Government in respect of new laws or proposed changes to the law, which, in the Commission's opinion, affect only Scotland. Furthermore, the Committee advises the Commission on the impact of its work in Scotland.

In 2019/20, the Scotland Committee considered a range of issues and advised the Commission on a number of matters. This included providing advice to the Board on the implications for the Commission of further potential constitutional change in Scotland, the impact of the UK general election on Commission strategic priorities and proposals for the publication of 'Is Scotland Fairer' in 2021. As part of the formal Memorandum of Understanding the Committee met with the Scottish Human Rights Commission Board in September 2019 to discuss issues of common interest. The Committee met with stakeholders in Glasgow following the launch of the Commission's new strategic plan. Two further stakeholder meetings that were planned for March 2020, one with young people in Edinburgh and one with community organisations in the West of Scotland, had to be postponed due to the impact of the coronavirus restrictions.

The Scotland Commissioner continued to promote and support the work and priorities of the Commission and met with Scottish Government Ministers, including the First Minister of Scotland, and other key stakeholders to achieve this aim. The Scotland Commissioner was also appointed as the chair of the Commission's Working Group to oversee the development of the next 'Is Britain Fairer?' suite of reports. Other Committee members represented the Scotland Committee at a number of Commission working groups including the Disability Advisory Committee and the Strategic Reference Group and represented the Commission externally at a wide variety of events and meetings.

The Scotland Committee extended its thanks to members Calum Irving, who resigned in August 2019, and Nicole Busby whose term ended in January 2020. On the recommendation of the Scotland Commissioner, Committee members David Crichton and Marsali Craig were reappointed by the Board for a second term in January 2020.



Additional information about the Scotland Committee and its work is available on [our website](#).

Wales Committee

The Wales Committee met formally four times during 2019/20. The Committee was chaired by Dr June Milligan until 31 May 2019 when her resignation as Commissioner took effect. Dr Alison Parken was appointed the acting Chair from 1 June 2019. The Commission awaits the UK Government's appointment of a new Wales Commissioner, who will also assume the role as Chair of the Wales Committee.

The Committee exercises its powers as delegated in the Equality Act 2006. The Committee has the delegated power to give advice to the Welsh Government in respect of new laws or proposed changes to the law, which, in the Commission's opinion, affect only Wales. Furthermore, it advises the Commission on the impact of its work in Wales.

In 2019/20, the Wales Committee travelled across Wales and met a wide range of people from diverse backgrounds to listen and learn about the key equality and human rights challenges across the country and to promote the Commission's work. This engagement included meeting leaders of economic growth deals to discuss how equality consideration could be incorporated into the outcomes of their work; meeting with members of the National Assembly's Equality, Local Government and Communities Committee to discuss how they can work closely together to scrutinise the performance of the Welsh Government; and meeting with civil society organisations to hear about the challenges of racial inequalities in Wales to inform the Commission's report later in 2020/21 to the United Nations.

During the year, the Wales Committee considered a range of issues including advice to Welsh Government on the introduction of the socio-economic duty in Wales, race inequality in Wales, responding to potential changes to the equality and human rights framework in the UK and Wales, and advising the Commission on the impact of its investigations work in Wales.

During the year, Sophie Howe left the Committee at the end of a five-year term of office. The Committee extends its thanks to Sophie for her contribution to its work. During 2019/20 a recruitment exercise was undertaken to identify two new members to join the Committee in 2020/21. The Committee looks forward to welcoming Grace Quantock and Bethan Thomas as colleagues.



Additional information about the Wales Committee and its work is available on [our website](#).

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee (HRRC) was chaired by Caroline Waters and met three times during the year ending 31 March 2020.

The Committee is advisory. Its purpose is to provide strategic advice, support and challenge to officers and assurance to the Board on matters of people and infrastructure. Key areas of focus for the Committee include: developing the Commission as an 'exemplar employer' – and the people policies, processes and initiatives that this encompasses; inclusion, diversity and equality – policies, initiatives and outturns; reward strategy and annual pay award (including pay gaps – action plans and outturns); performance management policy, process and outturns; talent management and succession planning.

The HRRC's terms of reference state that it should comprise a Chair and three Commissioners, with the option to co-opt external members.

- Commissioner members between 1 April 2019 and 31 March 2020 were: Caroline Waters (Chair); Pavita Cooper; Mark McLane; Helen Mahy.



Additional information about the HRRC is available on [our website](#).

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) was chaired by Susan Johnson and met four times during the year ending 31 March 2020.

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

The Committee approves the internal audit strategy and work plan, and ensures that internal audit provides an appropriate level of assurance to the Accounting Officer and the Board. The Committee receives the National Audit Office external audit plan, reviews the Audit Completion Report and associated management letter, as well as any recommendations that the National Audit Office identifies during its audit work. The Chief Executive and representatives of the internal and external auditors attend ARAC meetings, as well as relevant Commission employees as necessary. The Government Equalities Office is invited to attend meetings in an observer role.

The ARAC's terms of reference state that it should comprise three Commissioners, and up to two independent members, with the option of an additional co-opted member.

- Commissioner members between 1 April 2019 and 31 March 2020 were: Susan Johnson (Chair); Suzanne Baxter; Helen Mahy.
- Gill Eastwood and Charlotte Moar were appointed as independent members with effect from 1 May 2019.



Additional information about the ARAC is available on [our website](#).

Advisory Committees

Disability Advisory Committee

The Disability Advisory Committee (DAC) is advisory in its nature and provides advice on our work to protect and promote human rights and equality for disabled people. The DAC was chaired by Dr Rachel Perkins during the year ending 31 March 2020 and met four times in 2019/20.

DAC meetings are joined by a representative from the Board, currently Caroline Waters; the Scotland Committee is represented by Marsali Craig and the Wales Committee by Martyn Jones.



Further information about the members of the Disability Advisory Committee and its work is available on [our website](#).

Accounting Officer

Rebecca Hilsenrath, the Chief Executive, served as Accounting Officer for the whole of the reporting period 1 April 2019 to 31 March 2020. The responsibilities of the Accounting Officer are set out below.

Statement of Accounting Officer's responsibilities

Under the Equality Act 2006, the Secretary of State, with the consent of HM Treasury, has directed the 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 affairs of the Commission and of its net resource outturn, the use of resources in year, financial position, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Financial Reporting Manual (FReM), and in particular to:

- observe the Accounts Direction issued by the Secretary of State, with the consent of HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government FReM have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going-concern basis, and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

Statement regarding disclosure of information to the auditors

As Accounting Officer, 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 National Audit Office are aware of that information. As far as I am aware, there is no relevant audit information of which the auditors are unaware.

I confirm that this Annual Report and Accounts is fair, balanced and understandable and as Accounting Officer I take responsibility for the judgements made to ensure that it is fair, balanced and understandable.

Governance statement

The Commission is a statutory non-departmental public body established by the Equality Act 2006. We are Britain's national equality body under EU law and are recognised as an 'A' status National Human Rights Institution (NHRI) by the United Nations. The Commission, in light of these roles, operates independently of Government.

This Governance Statement, for which I as Accounting Officer take responsibility, is designed to give a clear understanding of how the duties set out above have been carried out during 2019/20. It sets out our governance structure, internal controls and risk management processes.

Scope of responsibility

As Accounting Officer I have responsibility for maintaining a sound system of internal control that supports the delivery of the Commission's policies, aims and objectives while safeguarding the public funds and the Commission's assets and for taking reasonable steps to prevent and detect fraud, in accordance with the responsibilities assigned to me in 'Managing Public Money' and our framework document. In delivering this role, I am supported by the Executive Group, and by the Board of Commissioners.

Corporate governance structures

Our corporate governance structures and information on how we are required to report to Parliament are set out in the Equality Act 2006. Our relationship with our sponsor department is agreed through the Framework Document, an updated version of which was agreed in November 2019, which also contains details of my responsibilities as the Commission's Accounting Officer.

Our Annual Report and Accounts is sent to our sponsor department, the Cabinet Office, which lays copies of it before Parliament. Copies of the report are also sent to the Scottish Parliament and the National Assembly for Wales.



Further information can be found throughout this section of the report and is available on the Commission's website.

Our governance structure

Our governance structure provides independent control and oversight of our operations. Schedule 1 to the Equality Act 2006 formally established our Board.

The Board provides:

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

Board of Commissioners

Details of the Commissioners who served as members of the Board between 1 April 2019 and 31 March 2020 are given at [page 73](#).

Commissioners are independent in character and judgement, and are required to disclose any relationship that could potentially affect their judgement when participating in Board decisions. We maintain a register of Commissioners' interests and at the start of each Board meeting, Commissioners are reminded to keep the register up to date and to declare any interests in the agenda items for that meeting.



The Commissioners' register of interests is available on [our website](#).

The Board is responsible for setting overall direction, policy and plans.

The specific role, responsibilities and function of the Board and its committees are set out in our Governance Manual prepared in line with the Cabinet Office Code of Best Practice for Board Members of Public Bodies which, along with the Equality Act 2006 and the Framework Document, acts as the Board's terms of reference.

The Board's approach to governance is in line with HM Treasury's Corporate Governance Code and our Governance Manual has been prepared in line with the code.



Our Governance Manual is available on [our website](#).

The Board's composition departs from the code, which advises having 'approximately equal numbers of ministers, senior civil servants, and non-executives'. In the Commission there are a higher number of non-executives (Commissioners) in accordance with the Equality Act, which requires the Secretary of State to appoint a board of between 10 and 15 Commissioners. Members of the Board have a good balance of skills and experience to enable it to fulfil its responsibilities.



The Framework Document (updated in November 2019) is available on [our website](#).

The agreed minutes of recent Board meetings are published on [our website](#).

The Board met six times during 2019/20; attendance figures for meetings are provided below. In addition, two strategic away days were held in September 2019 and January 2020; these were also attended by the members of the Executive Group.

Board meetings cover a range of topics and include a review of performance reports covering all aspects of our work and emerging issues; the Board receives financial performance reports and the strategic risk register. The Board also receives regular updates from its sub-committees, which enable it to provide guidance to improve key strategies, governance and risk management approaches. The meetings were efficient, board papers received were of good quality and challenge is encouraged. Our governance team provides a comprehensive secretariat service to the Board and its sub-committees, which ensures the efficient administration of the Board and its activities.

Two Board members resigned during the year, June Milligan and Swaran Singh. The current number of non-executive Commissioners is now nine.

Board and Committee attendance

Membership of and attendance at formal statutory and advisory committee meetings is recorded in the following tables.

Board		
Name	Attendance / eligibility	Attendance %
David Isaac (Chair)	6/6	100
Caroline Waters (Deputy Chair)	4/6	67
Suzanne Baxter	6/6	100
Pavita Cooper	4/6	67
Alasdair Henderson	6/6	100
Susan Johnson	6/6	100
Helen Mahy	6/6	100
Mark McLane	3/6	50
June Milligan ⁵	1/1	100
Lesley Sawers	5/6	83
Swaran Singh ⁶	2/3	67
Rebecca Hilsenrath (Chief Executive)	6/6	100

⁵ June Milligan stepped down on 31 May 2019.

⁶ Swaran Singh stepped down on 7 October 2019.

Accountability report

Scotland Committee		
Name	Attendance / eligibility	Attendance %
Lesley Sawers (Chair)	4/4	100
Phil Arnold	4/4	100
Naomi McAuliffe	4/4	100
Nicole Busby (term ended January 2020)	3/3	100
Marsali Craig	4/4	100
David Crichton	4/4	100
Calum Irving (resigned August 2019)	2/2	100
Clare MacGillivray	3/4	75
Bernadette Monaghan	4/4	100
Rami Okasha	3/4	75

Wales Committee		
Name	Attendance / eligibility	Attendance %
June Milligan (Chair) (resigned 31 May 2019)	1/1	100
Alison Parken ⁷	4/4	100
Faith Walker	4/4	100
Geraint Hopkins	3/4	75
Mark Sykes	2/4	50
Martyn Jones	3/4	75
Nicola Williams	3/4	75
Rocio Cifuentes	4/4	100
Sophie Howe	0/3	0

⁷ Alison Parken was appointed Acting Chair of the Wales Committee from 1 June 2019, pending appointment of a new Wales Commissioner. As Acting Chair, Alison was invited by the Board Chair to attend Board meetings during her tenure.

Audit and Risk Assurance Committee

Name	Attendance / eligibility	Attendance %
Susan Johnson (Chair)	4/4	100
Suzanne Baxter	3/4	75
Helen Mahy	4/4	100
Gill Eastwood – independent member ⁸	3/4	75
Charlotte Moar – independent member ⁸	3/4	75

Human Resources and Remuneration Committee

Name	Attendance / eligibility	Attendance %
Caroline Waters (Chair)	3/3	100
Pavita Cooper	1/3	33
Mark McLane	2/3	67
Helen Mahy	3/3	100

⁸ Gill Eastwood and Charlotte Moar were appointed to the Audit and Risk Assurance Committee as independent members in May 2019. Due to prior commitments, independent members were unable to attend the June 2019 meeting; comments on papers presented at the meeting were received by correspondence before the meeting.

Board performance and effectiveness

During 2019/20, the Board and officers continued to take forward actions to address the recommendations from the Board performance and effectiveness review which was completed in November 2018 and those of the subsequent work, which focused on strengthening the Board's engagement with its statutory committees.

This work has focused on:

- clarifying elements of the governance framework and roles and responsibilities
- more clearly articulating the shared vision for the Commission
- ensuring that the conduct of business supports the Board in maintaining strategic focus, and
- clarifying the consultation and reporting arrangements of the Statutory Scotland and Wales Committees and strengthening how they work with the Board to add strategic value.

The changes introduced as a result of these reviews fall into two broad categories.

Those which are clearly for the Board itself to own and implement such as reviewing Board culture and etiquette; reviewing how the Board can effectively support and challenge the senior leaders to deliver the vision for the Commission and ensuring that there is a common understanding of the Board's collective role and purpose.

Those aimed at strengthening how the organisation supports the Board to operate effectively. For example: the introduction of electronic Board paper management software; changes to decision-making structures; amending the format of Board meetings to create more time for the discussion of strategic issues; formalising processes for inputting the views of the statutory committees into Board decision-making and conducting regular joint Board and Executive away days to allow for the joint discussion of key strategic issues.

The next Board performance and effectiveness review will be taken forward during 2020. This will present an opportunity to evaluate the impact of actions taken to improve effectiveness as a result of the previous reviews and to consider where further action can be taken to maximise Board effectiveness.

Our leadership

The role of senior management (executive directors) is to help the Chief Executive develop and implement strategy, provide leadership for staff, set work priorities, monitor performance and manage risk.

The following decision-making groups supported the Chief Executive during 2019/20. These assisted her in the ongoing management of the organisation, its programmes, projects and regulatory activity. The groups and their remits were as follows.

The Executive Group, consisting of executive directors and directors, has responsibility for:

- developing and implementing our Strategic and Business Plans
- approving our publications and submissions
- taking decisions that require resources or that have high levels of strategic, reputational or operational risk, and
- keeping the organisation under review and taking day-to-day operational decisions.

The Prioritisation Group,⁹ chaired by the Executive Director for Wales and Corporate Strategy and Policy, responsible for:

- deciding what action to take on new or emerging issues that do not form part of our Business Plan, using agreed prioritisation criteria
- making decisions about the appropriate use of our regulatory powers (where these are not reserved to the Board), and
- making decisions about taking enforcement action.

The Delivery Group,¹⁰ chaired by the Executive Director for England and Corporate Improvement and Impact, responsible for:

- ensuring delivery of the Business Plan
- providing assurance that projects are being effectively governed and managed
- undertaking detailed reviews of our key strategies in year
- making decisions about the allocation of resources to new priorities that come from the Prioritisation Group, and
- making decisions about re-phasing or stopping work to undertake new priorities in year.

For footnotes please [see page 78](#)

The Priority Aim Boards, consisting of staff from across the organisation, are responsible for:

- the oversight of work under each Priority Aim in our strategic plan
- ensuring a joined-up approach to delivery that delivers maximum across each of our Priority Aims
- identifying and mitigating risks and issues for each Priority Aim
- ensuring a joined-up approach to stakeholder engagement and communications, and
- taking decisions within the strategic plan, existing budgets and staffing.

This new approach to decision-making and oversight of performance is being trialled as a way of simplifying the system and improving accountability. Consideration is also being given to other changes to our decision-making structures to ensure they remain fit for purpose.

Internal audit

Mazars LLP acted as the Commission's internal auditors during 2019/20. The internal audit plan agreed with the ARAC is designed to provide independent assurance on our governance, risk management and internal controls.

Audits are carried out in accordance with the guidance contained within the Public Sector Internal Audit Standards.

Areas reviewed as part of the 2019/20 plan included:

- ICT strategy
- location strategy
- corporate governance
- performance management framework
- programme and project management
- core financial controls – financial planning, and
- operational review – enforcement and litigation

The internal auditor reports on the results of its work, its findings and recommendations to the ARAC. The Commission agrees action plans and timescales to implement recommendations made during the audit programme. The ARAC checks progress against these recommendations at each meeting.

⁹ From January 2020, the functions of the Prioritisation Group were merged into the Executive Group for a trial period of six months.

¹⁰ From March 2020, the functions of the Delivery Group were merged into the Executive Group for a trial period of six months.

Auditing of accounts

The Commission's external audit is carried out by the National Audit Office on behalf of the Comptroller and Auditor General.

Personal data incidents

Between 1 April 2019 and 31 March 2020, 12 data breaches were reported. We notified the Information Commissioner's Officer of two breaches which were assessed as meeting the Information Commissioner's Office reporting guidelines, in both instances the Information Commissioner's Officer has decided not to take action.

All incidents are fully investigated by the Data Protection Officer; incidents are documented and lessons learned are implemented where possible.

Freedom of information requests

Between 1 April 2019 and 31 March 2020 the Commission received 192 requests under the Freedom of Information Act 2000 or the Freedom of Information (Scotland) Act 2002. Of those requests, 99% were responded to within the statutory deadline and in one case an extension was applied. Six requests are in progress or awaiting clarification and 14 were referred for internal review.

Internal whistleblowing

The Commission's whistleblowing policy has been in operation throughout the year. The policy which is available to all staff on our intranet sets out the steps staff should take to raise their concerns about behaviours and practices within the Commission and is supported by detailed guidance on the procedures to follow when raising these concerns. No issues were raised under the whistleblowing arrangements during 2019/20.

External whistleblowing

The Commission became a Prescribed Body in November 2019¹¹. We receive whistleblowing disclosures from employees who are concerned that their employer is breaching equality and human rights law.

The information disclosed to the Commission helps us to decide whether to look more closely at an organisation's compliance with equality and human rights law. We record every disclosure that we receive and assess it to decide whether to pursue regulatory action.

As at March 2020, we had received 43 disclosures since becoming a Prescribed Body which were categorised as below.

¹¹ Organisations and individuals that are listed in The Public Interest Disclosure (Prescribed Persons) Order 2014¹ ("Prescribed Persons Order 2014") are referred to as prescribed persons. Prescribed Persons have a role in the whistleblowing process. This role is influenced by the statutory functions specific to each body.

Accountability report

Disclosure issue	Number	Percentage
Discrimination / Bullying / Unfair treatment of staff at work	23	53%
Failure to make reasonable adjustment	3	7%
Outside remit of EHRC	3	7%
Gender pay gap	2	5%
Discriminatory practice by employer to customer	2	5%
Disclosure not clear	2	5%
Employment Tribunal – fair trial	1	2%
Unfair dismissal	1	2%
Failure to comply with PSED	1	2%
Privacy rights	1	2%
Discrimination in health care	1	2%
Failure to provide employee with information re: race and age discrimination	1	2%
Failure to address mental health issues	1	2%
General enquiry outside whistleblowing remit	1	2%

Accountability report

Approximately half of the disclosures we received fell outside our Priority Aims and a fifth were still under consideration at the time of reporting. A small number of disclosures were either outside the remit of the organisation or did not include enough information to make a full assessment.

12% of the disclosures have been referred to the Commission's enforcement team for further assessment to identify the most appropriate response within the range of options available to the Commission.

Action taken	Number	Percentage
No action taken - does not meet our Priority Aims	20	47%
Currently being assessed	8	19%
No action taken - unable to assess on the information provided	6	14%
Referred to enforcement team	5	12%
Outside of EHRC remit	2	5%
Passed to corporate communications team for action	1	3%



Further information on whistleblowing and how we deal with concerns reported to us is available on [our website](#).

Donations

The Commission did not make any charitable or political donations in the year. A small amount of low-value peripheral equipment purchased as reasonable adjustments that had nil value to the Commission was gifted to the employees who left the organisation.

Complaints

We welcome comments and suggestions about our performance. All complaints received are taken seriously and feedback is used to help us to develop and improve the way we work.

We treat every expression of dissatisfaction that requires a response as a complaint. This includes dissatisfaction with the standard of service that should be expected from us, the behaviour of our staff in delivering that service or any action by our staff or others engaged on Commission business. Our complaints policy does not cover comments about our policies or policy decisions, or dissatisfaction with our policies or decisions about individual cases, funding, or requests for legal advice and assistance. We have an alternative resolution system for dealing with these.

In the year from 1 April 2019 to 31 March 2020, we received 25 new stage one service complaints (compared with 31 in 2018/19). Reasons for complaints mostly included dissatisfaction with a response received.

Those who feel that their complaint has not been resolved after it has been through both stages of our complaints procedure can refer the matter to the Parliamentary and Health Service Ombudsman. No complaints were referred in the period from 1 April 2019 to 31 March 2020.



Information about our complaints policy is available on [our website](#).

Internal control

Budget holders are accountable for both the effective management of their delegated budget and the delivery of their work plan against agreed milestones and are required to report on their performance to the Executive Group. Performance information is subject to further scrutiny and review at Board and the ARAC provide independent oversight.

We work to ensure that the Board and our committees are provided with the information they require to enable them to function well.

Strategic risks and issues considered by senior management are escalated to the Board, with agreed management action where appropriate.

Our sponsor department during 2019/20 was the Cabinet Office. The accountabilities, responsibilities and financial delegations given to our Accounting Officer are set out in a Framework Document. We have a scheme of delegation of financial responsibility which underpins the financial delegations contained within the framework document. This enables managers and budget holders to make decisions, but also holds them accountable for the decisions that they make.

Risk management

The Commission's risk management approach is based on devolved accountability: risks are owned by those best placed to manage them; risk owners are responsible for ensuring that a sound risk management culture is promoted within their area of responsibility. The overall strategic direction on risk management is set centrally by the Board.

The Commission maintains an operational risk register. This collates all risks identified into a single document which is reviewed monthly by the Executive Group to ensure effective mitigations are in place.

The Board sets the Commissions risk appetite and has oversight of the strategic risk register, with the ARAC providing scrutiny of risks and mitigation plans. Our internal auditor regularly reviews and reports on risk management processes to provide assurance that these are operating effectively.

In 2019/20 we rolled out a revised risk management model, ensuring that risk management is embedded in our processes, and risk information is actively used in decision-making at all levels.

Strategic risks in 2019/20

As at 31 March 2020, our strategic risk register contained six risks which were most recently reviewed and agreed by the Board in March 2020 as outlined in the following table:

Strategic risk	Mitigation
Lack of funding limits our ability to deliver our strategy	<p>We continue to closely monitor and manage spend against our allocated budget to ensure that resources are fully optimised</p> <p>We ensure early engagement with Cabinet Office and the Government Equalities Office to build a strong evidence base for the forthcoming Spending Review. We continue to develop positions and gather evidence on the need for a sufficient and sustainable budget so that we can fulfil our statutory mandate.</p>
The Commission loses powers or remit to less-suited bodies	<p>We engage early with Ministers and officials and conduct stakeholder influencing and communications activity around our unique powers.</p> <p>We continue to build relationships with government departments around our priority aims.</p>
Our work does not have the impact we expected across our priority aims	<p>We have effective governance processes in place to ensure risks are regularly monitored.</p> <p>We have a sound evidence base for our work and conduct through analysis of our impact to inform future work.</p> <p>This report outlines many areas where the Commission has delivered sustained impact across our core remit.</p>

Strategic risk	Mitigation
We do not have the right leadership, skills and experience to deliver our strategy	<p>We have been proactive with our recruitment throughout the year to ensure any gaps do not impact on the delivery of our work, including an effective senior leadership recruitment approach which ensures timely, high quality replacements.</p> <p>We have also developed robust succession plans with a clear pipeline of talent within the organisation that meets our core business needs and we continuously monitor and assess performance, fairness and equality.</p>
Our work does not meet the expectations of our stakeholders	<p>We ensure we engage with key government figures at the earliest opportunity. We have developed an effective stakeholder strategy to manage expectations and assess areas where we are having the most impact. We consider the strategic impact when planning our work priorities.</p>
We are not effectively protected from cyber security threats	<p>We have carried out cyber health testing and implemented recommendations from our auditors. We will continue to monitor and upgrade our systems where necessary.</p>

Information management

Our regulatory compliance is led by the Data Protection Officer and Records Manager who report regularly to our Information Governance Steering Group and the ARAC. Quarterly knowledge sharing events are held which all data owners within the Commission are required to attend.

Information governance and the protection of assets holding sensitive information and personal data continue to be a priority. We hold personal data relating to our employees and hold data relevant to our work. All such data is stored securely and is only retained for the period required or in line with our retention schedule. When no longer required, data is disposed of using secure methods. We have not recorded any data losses requiring referral to the Information Commissioner's Office.

Accounting Officer's review of effectiveness assurance

As Accounting Officer, I have responsibility and accountability for the Commission, its management, the efficient use of public funds and stewardship of its assets. I additionally have responsibility for ensuring that the Commission has in place systems of governance, risk management and internal control and for reviewing the effectiveness of these systems.

My review is informed by:

- the work of both internal and external audit and any observations they make during the course of their work
- the independent view provided by the Board and ARAC and,
- annual assurance statement returns from executive directors and budget holders who have responsibility for the maintenance of the governance structures and internal control framework within their delegation.

The system of internal controls reflects good practice, and is designed to identify and manage risk within the Commission rather than to eliminate all risk of failure to achieve policies, aims and objectives; they can therefore only provide reasonable and not absolute assurance of effectiveness.

We continually assess and refine management data to ensure that the Board are provided with the most appropriate information to allow them to identify and respond to emerging risks. The Board are involved in shaping the information they receive to ensure its quality and that it meets their needs in overseeing the work of the Commission.

We work to ensure that staff are fully aware of our policies and procedures and their role in providing me with assurance. In 2019/20 we developed and rolled out customised risk training for our staff; we have also developed an assurance framework to enable a clearer focus on accountability and ownership of risks.

These controls have been in place throughout the year ended 31 March 2020 and up to the date of approval of the Annual Report and Accounts, and accord with Treasury guidance.

I have been advised on the implications of the effectiveness of the system of internal control by the Board and the Audit and Risk Assurance Committee and where any weaknesses have been identified, action has been taken to rectify them.

The Chair of the ARAC has provided the following statement:

‘We have an effective, well established Audit and Risk Assurance Committee commensurate with the size and complexity of the Commission which seeks to maintain and improve governance procedures. ARAC members possess a range of skills and experience which provide valuable insight and review.

The ARAC provides assurance to the Board on matters such as risk management, governance and internal control. It also engages with the Commissions’ internal and external auditors and determines the priorities for audit work.

Based on the reports received from the internal auditors and our review of reports received from management during the year, the ARAC is of the opinion that all control systems in place have performed well and there are no significant issues to be drawn to the attention of the Accounting Officer.’

Internal audit opinion

Mazars, our internal auditors, provide an annual assurance statement based on the findings of their internal audit programme work. Maintaining and improving effective governance remains a key priority and any recommendations received are acted upon.

Seven audits were undertaken in year and each was provided with a formal assurance. These included six with an 'Adequate' level of assurance and one with 'Substantial' assurance.

Certain weaknesses and exceptions were highlighted by the audit work but there were no fundamental internal control issues identified, and no fundamental findings from internal audits during the year. From the seven reports, a total of 16 Priority 2¹² recommendations and 15 Priority 3¹² recommendations were made, all have been discussed with and accepted by management and have been addressed or are in the process of being addressed.

On the basis of their audit work the internal audit opinion on the framework of governance, risk management, and control within the Commission is **Moderate** in its overall adequacy and effectiveness. (Moderate is defined by Mazars as 'Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control').

¹² Priority 2 (Significant): recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk. Priority 3 (Housekeeping): recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

Accounting Officer's conclusion

As Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to ensure that our auditor is aware of that information. As far as I am aware, there is no relevant audit information of which the auditors are unaware.

I have considered the evidence provided during the production and review of the Annual Governance Statement and the independent advice and assurance provided by the ARAC. I am therefore content that a good system of internal control which was robust and fit for purpose, including the maintenance of an appropriate structure for managing risk was in place for the year ended 31 March 2020.

I conclude that we have satisfactory governance and risk management systems with effective plans to ensure continuous improvement.

I confirm that this Annual Report and Accounts is fair, balanced and understandable and as Accounting Officer I take responsibility for the judgements made to ensure that it is fair, balanced and understandable.



Rebecca Hilsenrath, Accounting Officer
8 July 2020

Remuneration and staff report

This section provides details of the remuneration (including any non-cash remuneration) of Commissioners, independent members, the Chief Executive and the Executive Team. The content of the tables and fair pay disclosures are subject to audit.

Remuneration of the Chair and other Board members

Commissioners are appointed by the Secretary of State for Women and Equalities for a period of between two and five years and may be reappointed for an additional period.

The remuneration for the Chair, Deputy Chair and Commissioners is set by the Secretary of State, and appointments are not pensionable. Costs incurred in travelling to meetings are reimbursed by the Commission, the resultant tax liability for these expenses is met by the Commission.

Accountability report

a) Chair and Commissioners' emoluments (summary)

	2019/20 £'000	2018/19 £'000
Board members fees (tables b, c and d)	150	167
Board members employer's National Insurance Contributions (NICs) (tables b, c and d)	11	10
Statutory committee and advisory committee members' fees (table e)	93	90
Statutory committee and advisory committee members' employer's NICs	-	-
Independent members fees (table f)	4	2
Total	258	269

The above table is a summary of emoluments disbursed, further detail is shown in the tables below.

b) Chair

David Isaac was reappointed to the position of Chair of the Board of Commissioners in May 2019.

	2019/20 £'000	2018/19 £'000
Chair's fees	50,000	50,000
Employer's NICs	5,709	5,736
Total	55,709	55,736
Expenses	64	177

c) Deputy Chair

Caroline Waters serves as Deputy Chair and was reappointed for a 5-year term in January 2018.

	2019/20 £	2018/19 £
Deputy Chair's fees	23,400	23,400
Employer's NICs	2,325	2,065
Total	25,725	25,465
Expenses	3,327	1,469

d) Fees and expenses for each Commissioner

	Fees £		Expenses £	
	2019/20	2018/19	2019/20	2018/19
Suzanne Baxter Appointed April 2018	10,000	9,167	1,500	708
Pavita Cooper Appointed April 2018	10,000	9,167	-	-
Alasdair Henderson Appointed April 2018	10,000	9,167	-	-
Susan Johnson Reappointed January 2019	10,000	10,000	2,637	1,872
Lorna McGregor Term ended January 2019	-	7,603	-	-
Mark McLane Appointed April 2018	10,000	9,167	-	-
Helen Mahy Appointed April 2018	10,000	9,167	784	368
June Milligan Resigned May 2019	1,667	10,000	72	881
Lesley Sawers Appointed March 2016	10,000	10,000	2,208	1,622
Swaran Singh Resigned October 2019	5,000	10,000	757	959
Sub-total	76,667	93,438	7,957	6,410
Employer's NICs paid on fees and expenses	2,606	2,509	-	-
Total	79,273	95,947	7,957	6,410

e) Committee fees and expenses (summary)

	Fees £		Expenses £	
	2019/20	2018/19	2019/20	2018/19
Disability Advisory Committee (DAC)	42,000	40,000	203	-
Scottish Committee	24,500	25,750	2,091	-
Wales Committee	27,000	24,000	2,190	-
Total	93,500	89,750	4,484	-
Employer's NICs paid	169	-	-	-

f) Fees and expenses for Audit and Risk Assurance Committee Members

	Fees £		Expenses £	
	2019/20	2018/19	2019/20	2018/19
Roger Dunshea Term ended 31 March 2019	-	2,000	-	540
Charlotte Moar Appointed May 2019	1,833	-	288	-
Gill Eastwood Appointed May 2019	1,833	-	154	-
Total	3,666	2,000	443	540

Pay and pension arrangements

Remuneration policy

Our authority to remunerate employees is detailed in the Equality Act 2006. The Human Resources and Remuneration Committee (HRRC) reviews the annual reward package of senior management.

The senior managers comprise the Chief Executive and three Executive Directors. The following section contains details of the remuneration and pension interests of the senior managers.

- a) All permanently employed Executive Directors have employment contracts with a three-month notice period; for the Chief Executive, a six-month notice period is required.
- b) There are no elements of the remuneration package that are not cash.

Fair pay disclosures

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

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

FTE is defined as actual hours worked as a proportion of a full working week (36 hours).

For the purposes of calculating the pay ratio, the annual remuneration paid to interim staff is estimated, as this information is not available. The calculation of the estimate is based on 222 days at the interim's agency day rate (excluding VAT) less 30% to cover agency fees and employer's NICs.

	2019/20	2018/19
Highest-paid director's total remuneration £'000	160 – 165	120 – 125
Median total remuneration	38,226	38,136
Ratio	4.25	3.21

The banded remuneration of the highest-paid director in the Commission in the financial year 2019/20 was £160,000 to £165,000 (2018/19, £120,000 to £125,000). This was 4.25 times (2018/19, 2.92 times) the median remuneration of the workforce, which was £38,226 (2018/19, £38,136).

In 2019/20, no¹³ (2018/19, none) employee received remuneration in excess of the highest-paid director. Remuneration ranged from £14,000 to £162,000 (2018/19 £14,000 - £121,000). Two directors (one permanent employee and one interim) received a basic salary in excess of £100,000 in 2019/20. No permanent employee received remuneration in excess of the highest-paid director.

While the median remuneration has remained consistent at £38,000, the increase in the ratio between the highest-paid director and median total remuneration can be attributed to the appointment of an interim executive director of corporate services for a short period while a permanent appointment was being made.

When the ratio is calculated using the mid-point of the highest paid permanent director's band (£122,500) this is calculated as 3.20.

Salary and pension entitlements

The following tables provide details of the salary, pension entitlements and value of any taxable benefits-in-kind of our most senior officers for the period ended 31 March 2020.

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.

Non-consolidated award (bonus)

Bonuses are based on performance levels attained and are made as part of the appraisal process. The bonuses reported in 2019/20 relate to performance in 2018/19 and the comparative bonuses reported for 2018/19 relate to the performance in 2017/18.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided and treated by HM Revenue and Customs as a taxable emolument. No benefits in kind were paid in 2019/20 (nil in 2018/19).

¹³ In 2019/20, Ben Wilson, Executive Director of Corporate services resigned. This position has the remit to report to the Board on finance and performance. Due to the key nature of this role, it was decided to engage an interim while the search for a permanent replacement took place. Malcolm Cornberg was appointed as interim Executive Director of Corporate services from 9 January 2020 for a period of up to six months, working four days per week. During the period to 31 March 46 days were worked at a total cost (including VAT, employers NIC and agency fees) of £59,000. By removing VAT at 20% and other costs (which are estimated at 30% of the daily rate charged) we estimate actual remuneration £35,000 for the period.

Accountability report

Salary (this information is subject to audit) (bands of £5,000 are used in this table)	Salary £'000	Non-consolidated award £'000	Benefits in kind (rounded to nearest £100)	Notional pension benefits ¹⁴ £'000	Total (inclusive of notional pension benefits) £'000
Rebecca Hilsenrath Chief Executive					
2019/20	120 – 125	0 – 5	Nil	48	170 – 175
2018/19	115 – 120	0 – 5	Nil	47	165 – 170
Melanie Field Executive Director Wales, and Corporate Strategy and Policy					
2019/20	95 – 100	0 – 5	Nil	32	125 – 130
2018/19	95 – 100	0 – 5	Nil	20	115 – 120
Ben Wilson Executive Director England, and Corporate Improvement and Impact ¹⁵					
2019/20	70 – 75	0 – 5	Nil	31	110 – 115
2018/19	90 – 95	0 – 5	Nil	37	130 – 135
Alastair Pringle Executive Director Scotland, and Corporate Delivery					
2019/20	95 – 100	0 – 5	Nil	35	130 – 135
2018/19	90 – 95	0 – 5	Nil	33	125 – 130
Malcolm Cornberg (Interim Executive Director Corporate Services) ¹⁶					
2019/20	30 – 35	–	–	–	30 – 35

¹⁴ Cabinet Office guidance requires the inclusion of a column for pension benefits and a 'Total' column. The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights. The 'Total' column includes the value of the pension benefits. This figure is notional and does not represent remuneration received directly by individuals.

¹⁵ Ben Wilson resigned from the post of Executive Director on 3 February 2020 and left the Civil Service (Annual Salary £95,000 to £100,000); payment of £1,743 was made through payroll in March 2020 consisting of pay uplift due from 1 April 2019 to the date of leaving and a non-consolidated award relating to the performance year April 2018 to March 2019.

¹⁶ See page 97

Accountability report

Pension Benefits	Accrued Pension at age 65 at 31 March 2020 and related lump sum £'000 (Bands of £5,000)	Real increase in pension and related lump sum £'000 (Bands of £2,500)	CETV at 31 March 2020 £'000	CETV at 31 March 2019 £'000	Real increase in CETV funded by £'000
Rebecca Hilsenrath - Chief Executive					
	15 – 20	2.5 – 5	260	207	29
Lump sum	-	-			
Melanie Field - Executive Director Wales, and Corporate Strategy and Policy					
	35 – 40	0 – 2.5	847	790	18
Lump sum	105 – 110	-			
Ben Wilson - Executive Director England, and Corporate Improvement and Impact					
	15 – 20	0 – 2.5	183	161	14
Lump sum	-	-			
Alastair Pringle - Executive Director Scotland, and Corporate Delivery					
	35 – 40	0 – 2.5	502	456	19
Lump sum	-	-			

¹⁶ Malcolm Cornberg was appointed to the post of interim Executive Director Corporate services on 9 January 2020; this temporary appointment is not pensionable and does not include any bonus. The total annual remuneration has been calculated as being in the range £160,000 – £165,000; the figure quoted in the table above represent payment made between the date of appointment and 31 March 2020.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded and the cost of benefits is met by monies voted by Parliament each year. Pensions payable under classic, premium, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures

quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a 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 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from the appointed provider – Legal & General. 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 0.5% 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**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)



Further details about the Civil Service pension arrangements can be found on [their website](#).

The cash equivalent transfer value

The 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 pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total service, not just their current appointment. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the employee. It is worked out using common market valuation factors for the start and end of the period.

Civil Service and other compensation schemes: Exit packages

There were no exits under any compensation scheme in 2019/20 (2018/19 one employee left the Commission under the terms of an efficiency exit; there were no redundancy exits).

Exit package cost band £	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
Year	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
< 10,000	-	-	-	1	-	1
Total number of exit packages	-	-	-	1	-	1
Total resource costs (£'000)	-	-	-	8	-	8

	2019/20 £'000	2018/19 £'000
Departure(s) agreed	-	8
Compensation in lieu of notice (CiLON) and other exit costs	-	-
Total	-	8

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the Commission

has agreed early retirements, the additional costs are met by the Commission and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Tax arrangements of public sector appointees

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

The Commission confirms that all existing off-payroll engagements, outlined below, have at some point been subject to a risk-based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought and received.

For all off-payroll engagements as of 31 March 2020, charging more than £245 per day and that last for longer than six months.

Total number of existing engagements as of 31 March 2020	2
That have existed for:	
less than 1 year at the time of reporting	1
between 1 and 2 years at the time of reporting	1
between 2 and 3 years at the time of reporting	0
between 3 and 4 years at the time of reporting	0
4 years or more at the time of reporting	0

For all new off-payroll appointments, or those that reached six months in duration, between 1 April 2019 and 31 March 2020 for more than £245 per day and that last for longer than six months

(a) The number of new engagements or those that reached six months in duration between 1 April 2019 and 31 March 2020	2
(b) The number of these engagements which were assessed as caught by IR35	0
(c) The number of these engagements which were assessed as not caught by IR35	2
(d) The number engaged directly (via PSC contracted to department) and are on the departmental payroll	0
(e) The number that were reassessed for consistency / assurance purposes during the year	0
(f) The number that saw a change to IR35 status following the consistency review	0

All off-payroll appointments (agency workers) are engaged via PAYE terms through their agencies so the engagements are outside of IR35.

For any off-payroll engagements of Board members and/or senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020

Number of off-payroll engagements of Board members and/or senior officials with significant financial responsibility, during the financial year.	1
Total number of individuals on payroll and off-payroll that have been deemed 'Board members, and/or senior officials with significant financial responsibility', during the financial year. This figure includes both on payroll and off-payroll engagements.	13

Staff report

Staff numbers and related cost

The number of staff employed by the Commission at 31 March is as follows.

	2019/20		
	Female	Male	Total
Directors	6	3	9
Other employees	113	72	185
Other employees (short-term workers)	4	3	7
Total	123	78	201
Directors (seconded / loan inwards)	3	1	4
Secondments / loans in	2	1	2
Directors (interim contracts)	-	2	2
Interims	4	3	7
Others (support workers)	1	1	2

As at 31 March 2020, 201 individuals were directly employed by the Commission on a permanent or fixed-term basis (this was 189 as at 31 March 2019). We also engaged a number of interim staff and support workers as shown above.

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

	2019/20	2018/19
Permanently employed staff	181	158
Other		
Short-term contract staff	9	14
Inward secondments	3	-
Agency staff (contracted staff)	6	5
Total	199	177

The average number of FTE employees engaged during the year 2019/20 was 199 (177 during 2018/19), including seconded, loan or agency staff.

Staff costs

	2019/20			2018/19
	£'000 Permanently employed Staff	£'000 Others (Agency and FTC)	£'000 Total	£'000
Wages and salaries	7,832	389	8,221	8,225
Social security costs	861	41	902	910
Apprenticeship levy	27	-	27	27
Pension costs	2,141	104	2,245	1,749
Inward secondments	-	152	152	-
Untaken annual leave ¹⁷	(8)	-	(8)	-
Total staff costs	10,853	686	11,539	10,938
Recoveries in respect of (outward) secondments ¹⁸	(149)	-	(149)	(67)
Total staff costs (less amount recovered)	10,704	686	11,390	10,871
Interim costs	-	500	500	349
Sub-total	10,704	1,186	11,890	11,220
Settlement payments	-	-	-	340
Staff exit packages	(37)	-	(37)	8
Total	10,667	1,186	11,853	11,568

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 allowances to the extent that they are subject to UK taxation.

FTC: Fixed-term contract

¹⁷ Untaken annual leave represents the movement in the accrual based on the calculated cost of leave not taken at 31 March.

¹⁸ Two members of staff have been seconded out of the Commission during the reporting period; their salaries are fully recovered. During the year, four Civil Service employees were seconded to the Commission on a short-term basis. Three Civil Service employees have been loaned to the Commission during the reporting period.

Accountability report

Facility time

The Trade Union (Facility Time Publication Requirement) Regulations 2017 that came into force on 1 April 2017 require the

Commission to publish information relating to the number of hours spent on facility time by employees who are relevant union officials during the relevant period.

Relevant union officials	2019/20
Number of employees who were relevant union officials during the relevant period	8
FTE employee number	7.6

Percentage of time spent on facility time				
Percentage of time	0%	1% – 50%	51% – 99%	100%
Number of employees	0	8	0	0

Percentage of pay bill spent on facility time	
Total cost of facility time £000	4
Total paybill (staff) £000	11,845
%	0.03

Paid trade union activities	%
Time spent on paid trade union activities as a percentage of total paid facility time hours	100

Expenditure on consultancy

There was no consultancy spend during 2019/20; this was nil in 2018/19.

People metrics

There has been a decrease on our sickness absence rate, which was on average 5.9 working days lost (AWDL) per FTE employee in 2019/20 compared with 8.5 days in 2018/19. The decrease was mainly due to a number of long-term absences coming to an end. If long-term absences are excluded (absences of more than four weeks), the average days lost per FTE employee reduces to 2.9.

Our rate of turnover of permanent staff was 11% compared with 9.2% in 2018/19.

People policies

As an organisation we have comprehensive HR policies and procedures that encompass the entire employee life cycle at the Commission.

In relation to recruitment we have systems in place to ensure fairness for disabled people and other under-represented groups, including the practice of anonymised applications for recruiting panels, a guaranteed interview scheme where applicants can be invited to interview when they meet the minimum criteria and we make reasonable adjustments when requested at all stages of the process.

All of our policies and procedures have integrated support for disabled employees in order for us to retain and develop all of our people. All employees are offered full support to remain in work through the use of our policies for flexible working, annual leave and special or other leave.

Employees have access to a comprehensive employee assistance programme and are offered full support by the Commission whenever required including independent and confidential occupational health assessments. Employees have access to internal resources such as mental health first aiders. When reasonable adjustments are requested, they are considered and implemented wherever possible.

All staff have access to wide-ranging learning and development resources and agree personal development objectives with their line managers. For development and progression, we offer opportunities to apply to government commissioned positive action programmes to employees who fall into eligible categories, as well as a commitment to make reasonable adjustments to roles where candidates are successful at interviews.

Pensions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme in which 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 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation www.civilservice-pensions.gov.uk.

For 2019/20, employers' contributions of £2,133,927 were payable to the PCSPS (2018/19 £1,738,053) at one of four rates in the range 26.6 to 30.3 per cent (2018/19: 20.0 to 24.5 per cent) of pensionable pay, based on salary bands. The scheme Actuary reviews employer contributions every four years following a full scheme valuation and the salary bands and contribution rates were revised for 2019/20 as shown above. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £7,164 (2018/19: £8,316) were paid to one or more of a panel of appointed stakeholder pension providers. Employer contributions are age-related and range from 8.0 to 14.75 per cent (2018/19: 8.0 to 14.75 per cent) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £221 (0.5 per cent; 2018/19: £289, 0.5 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 reporting period date were £850. Contributions prepaid at that date were nil.

There were no early retirements on ill-health grounds (nil in 2018/19).

Parliamentary accountability and audit report

Losses and special payments (this information has been subject to audit).

Losses and special payments (this information has been subject to audit)

HM Treasury's publication, 'Managing Public Money' and the Financial Reporting Manual (FReM) require a statement showing losses and special payments by value and by type to be shown where they exceed £300,000 in total, and those individually that exceed £300,000.

There were no losses, special payments or gifts in 2019/20 that require disclosure in the Annual Report and Accounts.

Accountability report signed by:



Rebecca Hilsenrath, Accounting Officer
8 July 2020

The certificate and report of the comptroller and auditor general to the houses of parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Equality and Human Rights Commission (EHRC) for the year ended 31 March 2020 under the Equality Act 2006. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the EHRC's affairs as at 31 March 2020 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Equality Act 2006 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Equality and Human Rights Commission in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- EHRC's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- EHRC have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Equality and Human Rights Commission's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Equality Act 2006.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Equality and Human Rights Commission's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the EHRC's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the EHRC's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause EHRC to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Other information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Equality Act 2006;
- in the light of the knowledge and understanding of the Equality and Human Rights Commission and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General

13 July 2020

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

A photograph of two students in a classroom. On the left, a young man with short blonde hair, wearing a dark suit and tie, is looking down at a book. On the right, a young woman wearing a black hijab and a dark suit is looking towards the camera with a slight smile, holding a pen over an open book. The background shows a classroom with various posters and a blue wall.

Statement of accounts

1 April 2019 – 31 March 2020

Accounts presented to Parliament pursuant to paragraph 40 of Schedule 1 to the Equality Act 2006.

The Equality and Human Rights Commission is a statutory non-departmental public body established under the Equality Act 2006, and its statutory powers and duties are described in the 2006 and 2010 Equality Acts.

These accounts are prepared on an accruals basis in accordance with the Government Financial Reporting Manual (FReM) and International Financial Reporting Standards (IFRS).

Statement of accounts

Statement of comprehensive net expenditure for the period ended 31 March 2020

	Note	2019/20 £'000	2018/19 £'000
Income			
Operating income	4	(305)	(289)
Total operating income		(305)	(289)
Expenditure			
Staff costs	3	11,853	11,568
Commissioner and committee costs ¹⁹	3	258	269
Purchase of goods and services	3	5,253	6,182
Depreciation and impairment charges	3	500	412
Provision expense	3	(161)	63
Other operating expenditure			
– loss on disposal of property, plant and equipment	3	5	15
Total operating expenditure		17,708	18,509
Net operating expenditure		17,403	18,220
Interest cost on pension scheme liabilities	12	40	37
Net expenditure for the year		17,443	18,257
Other comprehensive net expenditure			
Items which will not be classified to net operating costs:			
– net (gain)/loss on revaluation of property, plant and equipment	5	(22)	183
– net (gain)/loss on revaluation of intangible assets	6	31	(1)
– actuarial (gain)/loss on pension scheme liabilities	12	82	(5)
Comprehensive net expenditure		17,534	18,434

¹⁹ Commissioner costs, which were reported within staff costs in 2018/19, have been presented separately to provide the same treatment as our sponsoring body.

Statement of accounts

Statement of financial position

as at 31 March 2020

	Note	31 March 2020 £'000	31 March 2019 £'000
Non-current assets			
Property, plant and equipment	5	995	1,285
Intangible assets	6	330	119
Trade and other receivables	9	31	90
Total non-current assets		1,356	1,494
Current assets			
Trade and other receivables	9	662	517
Cash and cash equivalents	8	185	26
Total current assets		847	543
Total assets		2,203	2,037
Current liabilities			
Trade and other payables	10	(1,586)	(2,908)
Provisions	11	-	(220)
Pension liabilities	12	(98)	-
Total current liabilities		(1,684)	(3,128)
Total assets less current liabilities		519	(1,091)
Non-current liabilities			
Trade and other payables	10	(11)	(18)
Provisions	11	(211)	(212)
Pension liabilities	12	(1,362)	(1,435)
Total non-current liabilities		(1,584)	(1,665)
Assets less liabilities		(1,065)	(2,756)
Taxpayers' equity			
Revaluation reserve	SoCTE	62	118
General reserve	SoCTE	(1,127)	(2,874)
		(1,065)	(2,756)



Rebecca Hilsenrath, Accounting Officer
8 July 2020

Statement of accounts

Statement of cash flows

for the year ended 31 March 2020

	Note	2019/20 £'000	2018/19 £'000
Cash flows from operating activities			
Net operating expenditure	SoCNE	(17,443)	18,257
Adjustments for non-cash transactions	5/6	505	427
(Increase)/ Decrease in trade and other receivables ²⁰	9	(86)	27
Increase/(Decrease) in trade and other payables	10	(1,329)	(394)
Movement in provisions	11	(221)	63
Difference between movement on pension liabilities and amounts recognised in the SoCNE	12	(57)	(58)
Net cash outflow from operating activities		(18,631)	(18,254)
Cash flows from investing activities			
Purchase of non-financial assets	5/6	(435)	(428)
Proceeds from disposal of non-financial assets		-	14
Net cash outflow from investing activities		(435)	(414)
Cash flows from financing activities			
Grant-in-aid received from sponsoring department²¹		19,225	18,669
Net increase/(decrease) in cash and cash equivalents in the year		159	1
Cash and cash equivalents at the beginning of the financial year	8	26	25
Cash and cash equivalents at the end of the financial year		185	26

²⁰ The movement in payables and receivables includes capital purchases not passing through the SoCNE.

²¹ Total grant-in-aid received in 2019/20 includes additional cash drawn down to settle trade creditors and accruals carried forward from the previous year

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Statement of changes in taxpayers' equity at 31 March 2020

	Note	Revaluation Reserve £'000	General Reserve £'000	Total £'000
Balance at 31 March 2018		300	(3,291)	(2,991)
Grant-in-aid received from sponsoring department:		-	18,669	18,669
Comprehensive net expenditure for the year		-	(18,257)	(18,257)
Remeasurements – actuarial gain/loss on pension scheme liabilities		-	5	5
Revaluation of property, plant and equipment		(182)	-	(182)
Balance at 31 March 2019		118	(2,874)	(2,756)
Grant-in-aid received from sponsoring department: cash draw down	SoCNE	-	19,225	19,225
Net expenditure after interest for the year	SoCNE	-	(17,443)	(17,443)
Remeasurements – actuarial gain/loss on pension scheme liabilities	12	-	(82)	(82)
Revaluation of property, plant and equipment	5/6	(9)	-	(9)
Transfer between reserves	5/6	(47)	47	-
Balance at 31 March 2020		62	(1,127)	(1,065)

Notes to the financial statements

for the period ended 31 March 2020

1 Statement of accounting policies

The Commission is a statutory non-departmental public body established by the Equality Act 2006. The Commission operates independently and is Great Britain's national equality body.

The Commission is sponsored by the Minister for Women and Equalities and was funded through Grant in Aid.

The Commission operates from four offices across Great Britain and has offices located in:

London Fleetbank House,
Salisbury Square, EC4Y 8JX

Manchester Arndale House,
Arndale Centre, M4 3AQ

Cardiff Government Buildings,
St Agnes Rd, Gabalfa, CF14 4YJ

Glasgow
151 West George Street, G2 2JJ

These financial statements have been prepared in a form consistent with the Accounts Direction issued by the Secretary of State in accordance with the Equality Act 2006 and in accordance with the Government Financial Reporting Manual (FReM) as issued by HM Treasury. The accounting policies described in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector. Where the FReM permits a choice of accounting policy, the accounting policy judged to be most appropriate to the particular circumstances of the Commission for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Commission are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

There were no changes to accounting policies during 2019/20.

1.1 Accounting convention

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

1.2 Going concern

The Commission's financial statements have been prepared on a going-concern basis. This is based on the Commission's assessment that it will continue to receive funding and its operations will continue for the foreseeable future. This assessment has also considered that, for non-trading public sector entities such as the Commission, the FReM provides that 'the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern.'

The Commission is primarily financed through grant-in-aid from its sponsoring department, the Cabinet Office. The grant-in-aid is included in our sponsoring department's (the Cabinet Office) estimates for 2020/21, which have been approved by Parliament. The Equality Act 2006 requires the Secretary of State to provide sufficient funding for the Commission to carry out its statutory functions.

The Commission has considered the impact of coronavirus (COVID-19), which has resulted in a reprioritisation of work within the Commission, but concluded that it will not have a material impact on our ability to meet our statutory obligations. As a result, there is no reason to believe that funding will not continue to be provided beyond 2020/2021.

1.3 Accounting judgements and key sources of estimation uncertainty

In the application of our accounting policies and the preparation of financial statements management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are continually reviewed. The nature of estimation, however, means that actual outcomes could differ from those estimates and could cause material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Areas of estimation uncertainty:

The following are the key assumptions concerning the future and other key sources of estimation uncertainty as at the statement of financial position date:

- **Useful lives of non-current assets**
There is uncertainty in relation to estimated useful lives of non-current assets; these are reviewed as at the reporting date and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence or legal or other limits on their use.

- **Impairment of non-current assets**
Impairment of non-financial assets is measured by comparing the carrying value of the asset with the estimate of its recoverable amount.
- **Provisions**
Discount rates for provisions are set by HM Treasury are updated annually and may have an effect on liabilities disclosed.
- **Retirement benefit obligations**
The former Chair's pension scheme is unfunded and exposes the Commission to uncertainty arising from the actuarial valuation of the scheme which uses factors such as changes in life expectancy and discount rates to calculate the scheme's total liability.

1.4 Newly issued IFRS not yet effective

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

- **IFRS 16 Leases** – Given the consequences of COVID-19 and the associated reporting burden HM Treasury agreed with the Financial Reporting Advisory Board (FRAB) on 18 March 2020 to defer the implementation of IFRS 16 until 1 April 2021.

The standard replaces IAS 17 'Leases' and represents a change in lease accounting by requiring lessees to recognise assets and liabilities for all leases on their statement of financial position. Following discussions with the Cabinet Office the following group policies were agreed which the Commission has elected to follow:

- to accept that IFRS 16 will not be applied to short term leases (less than one year) (as mandated by the FReM), and
- to agree that CO Group's low value lease threshold will be £5k.

We have carried out an initial assessment to calculate the impact of reclassifying operating leases relating to premises that we currently occupy. Our assessment is that this will have a material impact on our statement of financial position due to the remaining period of the leases at the point of assessment.

- **IFRS 17 Insurance contracts** which replaces IFRS 4 Insurance contracts and is expected to be effective for accounting periods beginning on or after 1 January 2023, following a decision to defer the effective date by one year.

Our assessment is that this will have no impact on the Commission's financial statements as we do not enter into insurance contracts.

We have not adopted any standards early.

1.5 Grant-in-aid

The FReM requires the Commission to account for grant-in-aid received as financing and to credit this to taxpayers' equity. This is due to grant-in-aid being regarded as a contribution from a controlling party, which gives rise to a financial interest in the residual interest of the Commission.

Grant-in-aid received for the purchase of non-current assets is also credited to taxpayers' equity.

1.6 Employee benefits

Under 'IAS19: Employee benefits', staff costs are recorded as an expense as soon as an organisation is obliged to pay them.

The Commission accrues for any annual leave entitlement not taken at the year-end.

Performance payments are paid in arrears during the subsequent financial year; the cost of these is recognised on an accruals basis at the end of the financial year and is calculated as a fixed proportion of the total paybill which represents the maximum amount that can be disbursed.

1.7 Operating segments

Operating segments (note 2) are based on the main reporting areas of the Commission (Networks) and align with our internal reporting. Since segmental information for assets and liabilities is not reported to the chief operating decision-maker at segmental level these are not included in the segmental reporting analysis.

The chief operating decision maker has been identified as the Accounting Officer of the Commission.

1.8 Purchase of goods and services

All expenditure is recognised in the financial statements on an accruals basis. Goods and services are purchased under our procurement policy, using Government frameworks where possible to ensure value for money.

1.9 Prepayments

Prepayments for goods and services which are to be provided in future periods are recorded as assets in the statement of financial position and recognised as an expense either when the goods or service is received or over the life of the agreement.

Items are recognised for prepayment if the total cost exceeds £100, items recognised for prepayment include:

- Where a contractual obligation exists to pay for goods or services in advance of consumption (for example building lease charges) the cost is expensed over the period of the charge.
- Licence costs, subscriptions and maintenance agreements which are paid in full in advance are expensed over the duration of the agreement.

1.10 Property, plant and equipment

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

All property, plant and equipment is measured initially at cost, representing the cost attributable to acquiring the asset and bringing it into use in the manner intended by management. Assets that are held for their service potential and are in use are measured subsequently at their current value in existing use.

All assets are restated at current value each year using producer price indices published by the Office for National Statistics, which we deem to be the most appropriate valuation methodology available. Any gain on revaluation is credited to the revaluation reserve. Any loss is debited to the revaluation reserve to the extent that a gain has previously been recorded, and otherwise to the statement of comprehensive net expenditure.

1.11 Depreciation of property, plant and equipment

Property, plant and equipment is depreciated using the straight-line basis. Depreciation is charged over the estimated useful economic life of an asset commencing when the asset is placed in service.

We estimate the useful economic lives of assets as:

Fit-out costs for premises	The lower of the useful economic life of the fit-out costs and the life of the lease
Office furniture	10–15 years
ICT and telephony hardware	2–7 years
Assistive equipment	4 years

1.12 Intangible assets

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

Intangible assets are initially recognised at cost, assets are revalued annually using producer price indices published by the Office for National Statistics, which we deem to be the most appropriate valuation methodology. Any gain on revaluation is credited to the revaluation reserve. Any loss is debited to the revaluation reserve to the extent that a gain has previously been recorded, and otherwise to the statement of comprehensive net expenditure.

Costs incurred in the developmental phase of internal software projects are only capitalised if they are directly associated with the production of identifiable computer software programs controlled by the Commission that would generate economic benefits beyond one year, and provided that a number of criteria are satisfied. These include the technical feasibility of completing the asset so that it is available for use, the availability of adequate resources to complete the development and use the asset, and how the asset will generate future economic benefit.

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

1.13 Amortisation of intangible assets

Intangible assets are amortised over the estimated useful economic life of the asset using the straight-line basis, commencing when the asset is placed in service. Assets are assessed on an individual basis and an appropriate life applied dependent on the characteristics of the asset according to the table below.

Software and associated services	Over the term of the software licence
Information Technology	5 years or over the unexpired term of the software licence (whichever is shorter)

1.14 Impairment of assets

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

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

1.15 Provisions

In accordance with IAS 37 provisions are recognised when we have a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

For legal costs a provision is made when there is a probability of greater than 50% of the Commission losing the case and being ordered to pay costs. The Commission takes on legal cases to challenge and clarify the law, which may result in judgement being made against the Commission. The assessment is carried out on a case-by-case basis taking the advice of external legal experts.

For dilapidations, a provision is made for the estimated costs of returning premises to their original condition at the end of the lease period where there is an obligation contained within the lease. Where a value is not stated a rate per square foot based on professional valuation is used.

	2019/20	2018/19
Short-term	0.51%	0.76%
Medium-term	0.55%	1.14%

Provisions are discounted according to the above HM Treasury discount rate when their utilisation is expected to be in excess of one year from the date of creation.

1.16 Access to Work scheme

We make use of the Access to Work scheme run by the Department for Work and Pensions (DWP), which considers what reasonable adjustments are required to enable a person to perform their role. The equipment or service required to make the adjustment is paid for by the Commission, with the DWP reimbursing an agreed proportion of the cost under a funding agreement.

1.17 Pensions

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

Pension benefits for former Chairs of the Commission and legacy Commissions are provided under a 'broadly by analogy' scheme. The scheme disclosures are stated in accordance with IAS 19, Employee Benefits. This scheme is an unfunded defined-benefit scheme managed by the Home Office Shared Service Centre, and any pensions are administered by them in accordance with the standard rules (by analogy with the PCSPS). Where actuarial gains and losses arise from changes to actuarial assumptions when revaluing future benefits, and from actual experience in respect of scheme liabilities and investment performance of scheme assets being different from previous assumptions, then the actuarial gains and losses are recognised directly in taxpayers' equity for the year.

1.18 Leases

In line with IAS 17, leases are identified as finance leases or operating leases.

Operating leases are charged to the SoCNE on a straight-line basis over the term of the lease, the Commission does not have any finance leases.

Operating leases and lease incentive (periods of rent-free occupation) are charged to the SoCNE on a straight-line basis over the life of the lease; the Commission currently occupies buildings under operating leases where the Landlord charges for rent and associated services.

2 Statement of outturn by operating segment

Our operations are divided into networks, each led by an Executive Director. These networks and the teams included in each are summarised below.

England, Corporate Impact and Improvement teams:

- Communications, International and Correspondence
- Estates and Facilities
- People Team
- Finance, Procurement and Performance and Effectiveness Unit (PEU)
- Information Technology

Scotland, Corporate Delivery and Legal teams:

- Compliance
- Inquiries and Investigations
- Scotland (including the Scotland Committee)
- Legal
- Corporate Law and Information Governance

Wales, Corporate Strategy and Policy teams:

- Senior Management Team
- Human Rights, Treaty Monitoring and Research
- Policy
- Strategy and Corporate Governance (including the Board and the Disability Advisory Committee)
- Wales (including the Wales Committee)

2 Statement of outturn by operating segment (continued)

During the reporting period there was a change to the Commission's structure which moved the Legal Directorate into the Scotland and Corporate Delivery network. The 18/19 totals in the table below have been amended to provide comparatives for the previous year.

	2019/20		
	Gross expenditure £'000	Income £'000	Net expenditure £'000
England, Corporate Improvement and Impact	6,247	(264)	5,983
Scotland, Corporate Delivery and Legal	6,057	(39)	6,018
Wales, Corporate Strategy and Policy	4,899	(2)	4,897
Total operating expenditure	17,203	(305)	16,898
Depreciation and amortisation charge	505	-	505
Interest cost on pension scheme liabilities	40	-	40
Total	17,748	(305)	17,443

	2018/19		
	Gross expenditure £'000	2018-19 Income £'000	Net expenditure £'000
England, Corporate Improvement and Impact	6,152	(249)	5,903
Scotland, Corporate Delivery and Legal	6,248	(36)	6,212
Wales, Corporate Strategy and Policy	5,682	(4)	5,678
Total operating expenditure	18,082	(289)	17,793
Depreciation and amortisation charge	427	-	427
Interest cost on pension scheme liabilities	37	-	37
Total	18,546	(289)	18,257

Capital expenditure, assets and liabilities are not reported to the chief operating decision-maker at segmental level and have not therefore been included in this table.

Statement of accounts

3 Expenditure

	Note	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Staff costs			
Wages and salaries		8,184	8,235
Social security costs		929	937
Pension costs		2,245	1,749
Untaken annual leave		(8)	17
Inward secondments		152	-
Recoveries in respect of outward secondments		(149)	(67)
Agency staff		500	349
Chair's and Commissioners' emoluments		258	269
Settlement payments		-	340
Staff exit packages		-	8
		12,111	11,837
Purchase of goods and services			
Legal		1,436	1,181
Rentals under operating leases		600	646
ICT and telecommunications		591	442
Premises costs (non-lease)		582	551
Publication and information		428	1,086
Travel and subsistence		391	550
Research and policy development		309	535
Support and office services		304	401
Staff support, recruitment and training		258	227
Advisory services		229	229
Access to Work		72	64
External auditors' remuneration		53	52
Grants awarded		-	218
		5,253	6,182

3 Expenditure (continued)

	Note	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Non-cash items			
Depreciation of property, plant and equipment		467	395
Amortisation of intangible assets		33	17
Loss on disposal of property, plant and equipment		5	15
Provision expense		(160)	93
Borrowing costs of provisions (unwinding of discount on provisions)		(1)	(30)
Net operating expenditure		17,708	18,509
Interest cost on pension scheme liabilities		40	37
Total expenditure		17,748	18,546

Our expenditure this year was £17.364m; consisting of £12.111m staff and Commissioner costs and £5.253m relating to the purchase of goods and services, this was (£18.019m in 2018/19 – £11.837m staff costs and £6.182m goods and services) a reduction of 3.64%. Staff costs represent 69.75% of total expenditure, and have increased in line with additional staff recruited during the year and the agreed 2% average pay award. We continue to employ agency staff where required to fill specialist roles or short-term vacancies in key posts.

Non-staff costs are analysed as running costs relating principally to accommodation and support services and programme costs which focus on the delivery of our Business Plan objectives.

Due to the nature of our work, spend on individual programmes may be captured in one discrete reporting period or may be spread across two or more years.

Statement of accounts

Programme costs	(£'000)
Legal costs	1,436
Publication and information	428
Research and policy development	309
Advisory services	229
Total programme costs	2,402

Legal costs

Our legal spend is used to enforce the Equality Acts. In line with recommendations from the Women and Equalities Committee we have made this area of work a focus of our 19/20 work programme.

Spend includes:

- enforcement action
- supporting cases
- inquiries and investigations, and
- providing legal advice to other areas of our work.

Publication and information

Spend in this area is largely driven by the nature of our work and supports the delivery of our key messages. We have seen a reduction in spend in this area in 2019/20 due to the completion of campaigns in 2018/19 including:

- promotion of our work (e.g. human rights campaign)
- the development of training tools to augment our work on access to justice
- publishing the findings of inquiries and our work including 'Is Britain Fairer?', and
- stakeholder engagement events to support our work programme.

Research, policy development and treaty monitoring

Spend in this area has reduced compared with 2018/19, this is mainly due to the completion of 'Is Britain Fairer?' which involves substantial research work.

Advisory services

- Our website is our primary source of information for the public; we continue to develop and refine the content. We are currently undertaking a re-design project for the website which is expected to go live in 2020/21.

Statement of accounts

4 Income

	Note	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Non-cash items			
Grants received		218	204
Lease income		43	43
Access to Work		42	39
Other income		2	3
Total income		305	289

Notes:

- Grants received are income received from the Foreign and Commonwealth Office to cover the additional costs we have incurred as Chair of the Commonwealth forum of NHRIs.
- Lease income represents income from the sub-let of an area of our Manchester office to another Government Department; the income covers costs outlaid in relation to rent, service charge, business rates and other costs.
- Access to Work provides support to employees, costs are incurred and a proportion is recovered from the Access to Work scheme and recognised as income; the Commission funds non-recoverable costs (policy note 1.16).

Statement of accounts

5 Plant, property and equipment

	Leasehold improvement²² £'000	IT and telecoms equipment £'000	Furniture £'000	Payments on account and assets under construction £'000	Total £'000
Cost or valuation					
At 1 April 2019	1,482	1,413	419	57	3,371
Additions in year	76	15	53	16	160
Disposals	-	(12)	(73)	-	(85)
Reclassifications and transfers	14	8	35	(57)	-
Revaluations	42	15	5	-	62
At 31 March 2020	1,614	1,439	439	16	3,508
Depreciation					
At 1 April 2019	1,043	777	266	-	2,086
Charge in year	165	280	22	-	467
Disposals	-	(12)	(68)	-	(80)
Revaluations	30	9	1	-	40
At 31 March 2020	1,238	1,054	221	-	2,513
Carrying value					
At 31 March 2019	439	636	153	57	1,285
At 31 March 2020	376	385	218	16	995

Payments on account and assets under construction include ICT equipment currently being configured. These amounts include accruals and do not necessarily represent a cash outflow in the current year.

²² Leasehold improvement costs include the costs of fitting out premises that the Commission occupies under a lease; assets are depreciated over the term of the lease.

Statement of accounts

5 Plant, property and equipment (continued)

	Leasehold improvement £'000	IT and telecoms equipment £'000	Furniture £'000	Payments on account and assets under construction £'000	Total £'000
Cost or valuation					
At 1 April 2018	1,950	2,815	591	342	5,698
Additions in year	-	48	3	57	108
Disposals	(12)	(1,678)	(165)	-	(1,855)
Reclassifications and transfers	-	342	-	(342)	-
Revaluations	(456)	(114)	(10)	-	(580)
At 31 March 2019	1,482	1,413	419	57	3,371
Depreciation					
At 1 April 2018	1,215	2,278	423	-	3,916
Charge in year	107	270	18	-	395
Disposals	(6)	(1,657)	(164)	-	(1,827)
Revaluations	(273)	(114)	(11)	-	(398)
At 31 March 2019	1,043	777	266	-	2,086
Carrying value					
At 31 March 2018	735	537	168	342	1,782
At 31 March 2019	439	636	153	57	1,285

Statement of accounts

6 Intangible assets

	Software £'000	Payments on account and assets under construction £'000	Total £'000
Cost or valuation			
At 1 April 2019	213	110	323
Additions	89	186	275
Disposals	(29)	-	(29)
Reclassification	110	(110)	-
Revaluations	(37)	-	(37)
At 31 March 2020	346	186	532
Amortisation			
At 1 April 2019	203	-	203
Charge in year	33	-	33
Disposals	(29)	-	(29)
Revaluations	(5)	-	(5)
At 31 March 2020	202	-	202
Carrying value			
At 31 March 2019	9	110	119
At 31 March 2020	144	186	330

Payments on account and assets under construction include systems currently being developed and configured for the Commission.

These amounts include accruals and do not necessarily represent a cash outflow in the current year.

6 Intangible assets (continued)

	Software £'000	Payments on account and assets under construction £'000	Total £'000
Cost or valuation			
At 1 April 2018	160	15	175
Additions	-	95	95
Disposals	(22)	-	(22)
Revaluations	75	-	75
At March 2019	213	110	323
Amortisation			
At 1 April 2018	135	-	135
Charge in year	17	-	17
Disposals	(22)	-	(22)
Revaluations	73	-	73
At March 2019	204	-	204
Carrying Value			
At 31 March 2018	25	15	40
At 31 March 2019	9	110	119

Statement of accounts

7 Financial instruments

As our cash requirements are met through the Estimate process of our Sponsoring Department, financial instruments play a more limited role in creating and managing risk than would apply in a non-public sector body. The majority of financial instruments we hold relate to contracts to buy non-financial items in line with our expected purchase and usage requirements, our exposure to credit, liquidity and market risk is considered minimal.

8 Cash and cash equivalents

	2019/20 £'000	2018/19 £'000
At 1 April 2019	26	25
Net change in cash and cash equivalent balances	159	1
Balance at 31 March 2020	185	26

9 Trade receivables, financial and other assets

	2019/20 £'000	2018/19 £'000
Amounts falling due within one year:		
Trade receivables	40	20
Access to Work	-	-
Other receivables	6	7
Prepayments	520	395
Accrued income	44	95
Contract assets	52	-
	662	517
Amounts falling due after one year:		
Prepayments	31	90
Total receivables	693	607

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10 Trade payables and other current liabilities

	2019/20 £'000	2018/19 £'000
Amounts falling due within one year:		
Accruals	667	1,464
Trade payables	6	736
Other taxation and social security	354	264
Holiday pay accrual ²³	241	233
Pension payments	287	182
Rent-free accrual	9	25
Contract liabilities	11	-
VAT	11	4
	1,586	2,908
Amounts falling due after one year:		
Rent-free accrual	11	18
Total receivables	1,597	2,926

²³ The holiday pay accrual, previously reported within 'accruals' has been shown separately to match our sponsor body reporting.

Statement of accounts

11 Provisions for liabilities and charges

	Legal provision £'000	Dilapidation provision £'000	£'000
Balance at 1 April 2019	220	212	432
Provided in year	-	-	-
Provisions not required/written back	(160)	-	(160)
Utilised in year	(60)	-	(60)
Change in discount rate	-	(1)	(1)
Balance at 31 March 2020	-	211	211

Ageing of provisions	Legal provision	Dilapidation provision	2019/20 £'000
Not later than one year	-	-	-
Later than one and not later than five years	-	211	211
Later than five years	-	-	-
Total	-	211	211

12 Pension liabilities (retirement benefit obligations)

Pension liabilities comprise pension benefits for the former Chair of the Commission and former Chairs and Deputy Chairs of legacy Commissions. The benefits are provided under a scheme broadly by analogy with the PCSPS.

The pension scheme is unfunded, with benefits being paid as they fall due and guaranteed by the Commission. There is no fund and therefore no surplus, deficit or assets. The Government Actuary's Department, using the financial assumptions in the tables below, has calculated the scheme liabilities at 31 March 2020.

Assumptions %	31 March 2020	31 March 2019
Rate used to discount scheme liabilities	1.80	2.90
Rate of inflation: Consumer Prices Index	2.35	2.60
Rate of increase for pensions in payment and deferred pensions	2.35	2.60

The liabilities are as follows:	31 March 2020 £'000	31 March 2019 £'000
Active members (past service)	-	-
Deferred pensioners	138	129
Current pensioners	1,322	1,306
Net present value of scheme liabilities	1,460	1,435

Analysis of movement in scheme liability	2019/20 £'000	2018/19 £'000
Balance at 1 April	1,435	1,498
Net interest	40	37
Actuarial loss/(gain) – in other comprehensive income	82	(5)
Less benefits paid	(97)	(95)
Present value of scheme liabilities	1,460	1,435
Cumulative actuarial loss/(gain) recognised in taxpayers' equity	873	791

12 Pension liabilities (retirement benefit obligations) (continued)

Actuarial gains/losses to be recognised in other comprehensive income	2019/20 £'000	2018/19 £'000
Experience loss/(gain) arising on the scheme liabilities	16	25
Changes in assumptions underlying the present value of the scheme liabilities	66	(30)
Net total actuarial loss / (gain) in other comprehensive income.	82	(5)

Experience loss arising on the scheme liabilities amounted to £16,000 (a £25,000 loss in 2018/19), changes in the demographic and financial assumptions underlying the valuation of the scheme have resulted in a loss to the scheme of £66,000 (a £30,000 gain in 2018/19).

The total remeasurements were a loss of £82,000 (a £5,000 gain in 2018/19) recognised directly in taxpayers' equity.

Experience loss/(gain) as a percentage of scheme liabilities	2019/20 £'000	2018/19 £'000
Experience loss/(gain) arising on the scheme liabilities	16	25
Net present value of the scheme liabilities	1,460	1,435
Percentage of scheme liabilities at the year end	1.10	1.74

12 Pension liabilities (retirement benefit obligations) (continued)

The sensitivity analysis of Scheme Liabilities defined benefit obligations (DBO) to changes in the significant actuarial assumptions (keeping all other assumptions unchanged) indicates the following:		%	£'000
Rate of discounting scheme liabilities	+ 0.5% a year	-5%	(73)
Rate of increase in CPI	+ 0.5% a year	5%	80
Life expectancy – each member assumed 1 year younger than their actual age		3%	47

Opposite changes in assumptions to those above would produce approximately equal and opposite changes in the DBO. Similarly, doubling the changes in the assumptions will produce approximately double the changes in the DBO.

The sensitivities show the changes in each assumption in isolation. In practice, such assumptions rarely change in isolation and given the interdependencies between them, the impacts may offset to some extent. The longevity assumptions used in the valuation of the scheme are:

	Exact age	31 March 2019		31 March 2020	
		Men	Women	Men	Women
Life expectancy at retirement		Years	Years	Years	Years
Current pensioners	60	27.6	29.3	26.8	28.4
Current pensioners	65	22.7	24.3	21.9	23.5

The longevity assumptions used in the valuation of the scheme are:	Exact age	31 March 2019		31 March 2020	
		Men	Women	Men	Women
Life expectancy at retirement		Years	Years	Years	Years
Future pensioners ²⁴	60	29.6	31.2	28.5	30.2
Future pensioners ²⁴	65	25.1	26.7	24.0	25.6

²⁴ Illustrative life expectancies for future pensioners as at 31 March 2019 and 2020 are based upon members aged 40 at these dates.

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13 Commitments under leases

Total future minimum lease payments under operating leases are given below for each of the following periods:

	31 March 2020 £'000	31 March 2019 £'000
Obligations under operating leases comprise:		
Premises leases		
Not later than one year	604	617
Later than one year but not later than five years	552	1,159
Later than five years	-	-
Total	1,156	1,776

Buildings are occupied under rental agreements or a memorandum of terms of occupation with other government bodies; all with a definite end date.

No other items are currently held under operating leases.

There are no obligations under finance leases.

14 Contingent liabilities disclosed under IA S37

As at 31 March 2019 a contingent liability was disclosed regarding an employment tribunal scheduled to be heard in July 2019. This claim was subsequently withdrawn. There were no contingent liabilities as at 31 March 2020.

15 Related party transactions

The Commission is a non-departmental public body sponsored by the Cabinet Office. During the year we received £19.225m of funding in the form of grant-in aid. No other significant transactions have taken place.

The Commission has transacted with other Government Departments and other public sector bodies in the normal performance of its functions. Payments in respect of premises lease costs have been made to the Government Property Agency, Property Agency, an Executive Agency of the Cabinet Office.

The Commission does not have any subsidiaries.

No board member, manager or other related party has undertaken any material transactions with the Commission during the reporting period.

16 Events after the reporting period

There were no events between the Statement of Financial Position date and the date the accounts were authorised for issue.

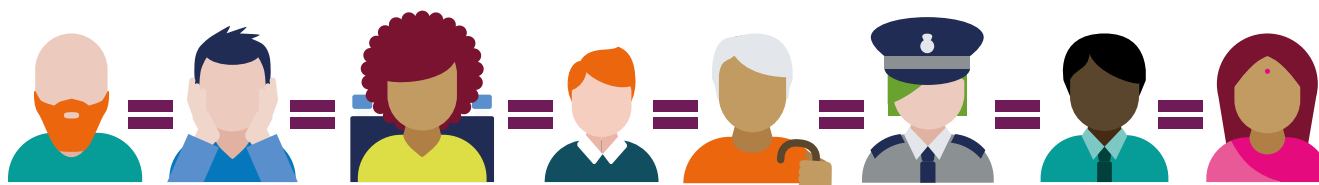
Authorised for issue

The accounts have been authorised for issue by the Accounting Officer on the same date as the Comptroller and Auditor General's Audit Certificate.



Contacts

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Questions and comments regarding this publication may be addressed to:
correspondence@equalityhumanrights.com.
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EASS

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Telephone 0808 800 0082

Textphone 0808 800 0084

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