

Annual report and accounts

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2022-23

Equality and Human Rights Commission

Annual report and accounts

1 April 2022 – 31 March 2023

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.

Ordered by the House of Commons to be printed on 19 July 2023.

Further information about the Equality and Human Rights Commission is available on our website equalityhumanrights.com



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ISBN 978-1-5286-4318-4

E-Number: E02941492

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by HH Associates Ltd.
on behalf of the Controller of His Majesty's Stationery Office.

HC1703

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Foreword

We approached the first year of our 2022-25 Strategic Plan with a renewed focus on tackling some of the biggest issues facing society today.

As Britain emerged from the most serious period of the Coronavirus (COVID-19) pandemic and faced the challenges of higher inflation and cost of living increases, the Equality and Human Rights Commission (EHRC) has taken a leading role in shaping a fairer and more equal Britain.

As Britain's equality regulator and as a National Human Rights Institution, it is our duty to challenge discrimination and protect people's rights and freedoms. Our work touches everyone's lives. It is a privilege to serve the people of Britain in this way and we take our responsibilities seriously. The breadth of our work is covered throughout this report.

Our legal support scheme is a case in point. Our action through a ground-breaking legal support scheme has funded several high-profile cases, including that of a public sector employee who claimed they experienced acts of direct race discrimination, harassment and victimisation. Their case was settled after we funded the eight-day final hearing.

Our inquiry into the experiences of lower-paid ethnic minority workers in the health and social care sectors exposed evidence of bullying and harassment. It set out recommendations for these sectors to ensure that everyone can thrive at work regardless of their ethnicity.

We continued to use our expertise to explain the law. We offered impartial, independent advice on innumerable issues passing through the parliaments and courts of the UK, Scotland and Wales. Through these engagements, we ensured that lawmakers understood the implications of their work on the existing equality and human rights framework. We encouraged them to amend any legislation that could lead to a regression in rights. Many of the issues we deal with are ones where people hold strong and sometimes opposing views, particularly in areas relating to the protected characteristics of sex and gender reassignment. In these and other areas, we have been fearless in tackling important issues relevant to our important national remit.

In October 2022 our independence and impartiality as an 'A status' National Human Rights Institution (NHRI) were reconfirmed by the Global Alliance of National Human Rights Institutions (GANHRI). This validates our full compliance with the 'Paris Principles', which are the benchmark for high-performing human rights institutions across the world.

As well as tackling long-standing areas of concern, including in the workplace, the fight to protect rights in a fast-changing digital world has presented new challenges. That is why we have focused on the potential impact of Artificial Intelligence (AI) on equality law and practice. While tech is often a force for good, it can also perpetuate bias and discrimination if poorly commissioned and implemented. That is where we have taken action to improve the way public bodies, including the police and councils, use new technology.

We are grateful to every individual and organisation championing equality and human rights, whether in charities, public bodies, private firms, or in governments and parliaments in England, Scotland and Wales. We are grateful to those who have helped us to deliver, including members of our Board and Committees, and our staff.

In the coming year, we will continue to champion and enforce equality and human rights laws across Britain, using our wide-ranging powers to hold organisations to account if they break the law. We will apply ourselves wholeheartedly to tackling future challenges too, and we look forward to your support in doing so.

Baroness Kishwer Falkner, Chairwoman

Marcial Boo, Chief Executive

Who we are and what we do

We are Britain's equality regulator. We were established under the Equality Act 2006 to protect and enforce the laws that ensure fairness, dignity and respect. We are independent of the UK, Scottish and Welsh governments. We are Great Britain's globally accredited 'A' status National Human Rights Institution, with a full human rights mandate in England and Wales and in Scotland in relation to matters reserved to the UK Parliament.

Our job is to challenge discrimination and protect people's rights across England, Scotland and Wales. We do this by:

- Upholding and explaining the laws that protect people's rights and freedoms
- Enforcing the Equality Act 2010 in England, Scotland and Wales
- Preventing and challenging discrimination, so that everyone gets a fair chance in life, and
- Protecting people's rights, so that everyone is treated fairly, with dignity and respect.

We adhere to the Hampton Code of Practice for Regulators, which outlines five principles of good regulation. These are:

- proportionality
- accountability
- consistency
- transparency, and
- targeting.

Further information on our approach to regulation and our regulatory objectives is on our website.

Performance report

This performance report summarises what we have achieved in the past year and the context in which we operated in England, Scotland and Wales. It also highlights our work as an international human rights body.

Introduction

In April 2022, we published our Strategic plan 2022-25. In the plan we focus on six priority areas while continuing to build an agile organisation that can respond effectively to emerging issues.

Our six priority areas for 2022-25 are:

1. Equality in a changing workplace
2. Equality for children and young people
3. Upholding rights and equality in health and social care
4. Addressing the equality and human rights impact of digital services and artificial intelligence
5. Fostering good relations and respect between groups, and
6. Ensuring an effective legal framework to protect equality and human rights.

Our **business plan 2022-23** set out the activities we planned to undertake in the first year of the three year strategic plan.

Throughout the year, we focused on our role as a strong equality regulator enforcing the law and working to protect the rights of all people. We took tough action against those who abused the rights of others and worked hard to explain the law so that everyone could follow it.

Our delivery and impact

Our work in 2022-23 was aligned with the priorities in our strategic plan, as well as the planned activities in our business plan. The sections that follow give detail about each of our major programmes of work and their impact in 2022-23. We also highlight where we have used our specific powers, and where our work relates to Scotland or Wales.

Equality in a changing workplace

Workplaces across the UK and across all sectors faced significant upheaval during the Coronavirus (COVID-19) pandemic. Changes to the nature of work are creating new challenges for people in relation to conditions, pay and progression in the workplace. Our goal is to ensure that workers and prospective workers can work free from discrimination, victimisation and harassment, that pay and employment gaps for women, ethnic minority, and disabled workers are reduced and that all workplaces are fair and inclusive. We used a wide range of regulatory powers to call out workplace concerns in several household-name organisations and sectors, and brought influence to bear on important new legislation and policy related to the workplace.

With UK Hospitality, we launched a Preventing Sexual Harassment at Work Toolkit in April 2022. Organisations across the sector are now using the toolkit to adopt a zero-tolerance approach to sexual harassment of staff in their venues. The toolkit has also been recognised by the Independent Society of Musicians, who are adapting it for their sector.

As Britain's regulator of the Equality Act 2010, we have specific duties and powers in respect of gender pay gap reporting. All employers in the private and voluntary sectors with more than 250 employees must publish gender pay gap information on an annual basis. In July 2022, we published a list of organisations that had not reported their gender pay gap by the statutory deadline. We then worked with them to ensure their compliance, and thereby achieved 100% pay gap reporting.

We also worked with employment stakeholders to encourage greater focus on closing their gender pay gaps, such as through the Action Plan Toolkit we developed with the Chartered Management Institute.

In a survey conducted by the Chartered Management Institute, 77% of respondents that had used our gender pay gap Action Plan Toolkit found it useful.

Lower-paid ethnic minority workers in the health and social care sectors played a pivotal frontline role during the COVID-19 pandemic. Our [inquiry into their treatment](#) was published in June 2022. It found that many experience bullying, racism and harassment at work. Highlighting this enables governments, local authorities, regulators and employers to improve practice and cultures in the sector.

“
Fostering an inclusive, equitable and diverse culture in the NHS and social care is the cornerstone to improving everyone’s experience. We will continue to work with the EHRC to monitor our progress to staff equity and equality within health and social care.
”

Kevin Stewart,
Scottish Government
Social Care Minister

We concluded a section 23¹ agreement with the East of England Ambulance Service Trust following their implementation of a training plan to improve staff conduct and culture. In a recent report, the Care Quality Commission (CQC) highlighted improvements resulting from our work.

We concluded a section 23 agreement with Jaguar Land Rover. They entered the agreement with us after an employment tribunal found they had failed to protect transgender rights in their workplace. They implemented an action plan to update policies and practices, provide equalities training and create inclusion councils. As a result, we were satisfied with the progress they had made.

In February 2023, McDonald’s Restaurants Limited signed a section 23 agreement with us in response to concerns about the handling of sexual harassment complaints made by staff in its UK restaurants.

In March 2023, IKEA UK entered a section 23 agreement with us following a complaint about sexual harassment and assault from a former IKEA employee, relating particularly to how the allegations were handled by IKEA UK.

We continue to use our regulatory powers to support legal cases where we recognise potential breaches of the Equality Act, or where we believe there may be a need to seek legal clarification. We funded an employment appeal tribunal case in which Melissa Glover was successful in her appeal against her former employer, Lacoste, following a flexible working request she made while on maternity leave. This had been refused by her employer,

¹ We use our power to enter legally-binding agreements whereby an organisation commits to not breaching equality law, usually in a specific area where there have been concerns. These are known as ‘section 23’ (s23) agreements from the relevant section in the [Equality Act 2006](#)

on the grounds that managerial staff must work full-time and be fully flexible. The Employment Appeal Tribunal found she was disadvantaged at the point Lacoste rejected her flexible working appeal. It did not matter that she was still on leave at that time. This provides important clarity for employers and employees. The UK government has now committed to making the right to request flexible working a day-one employment right.

“
A great big thank you to the [@EHRC](#) for funding [Melissa Glover’s] case.
”

Tweet from a charity, **Pregnant Then Screwed**, that supports the rights of pregnant women and mothers

Following the launch of our Race Legal Support Scheme in 2021, we continued to support people who suffered discrimination based on race. We supported an employee of the Crown Office and Procurator Fiscal Service in Scotland, who claimed that she experienced acts of direct race discrimination, harassment and victimisation. Following our support, Scottish Ministers reached a final settlement with her.

“
Nobody should be subjected to discrimination at work, and I am pleased that my case has now been settled. I am grateful to the Equality and Human Rights Commission for supporting my case and helping me get justice.
”

Employee of the Crown Office
and Procurator Fiscal

We contributed to and influenced draft legislation and policies produced by governments, including the UK government’s voluntary guidance on ethnicity pay reporting and guidance on the use of positive action measures. We provided extensive advice to parliamentarians on the Worker Protection (Amendment of Equality Act 2010) Bill, the Employment Relations (Flexible Working) and the Protection from Redundancy (Pregnancy and Family Leave) Act, all of which introduce much-needed protection from workplace harassment and discrimination and increase access to flexible working. We also advised on the human rights implications of the UK government’s Strikes (Minimum Service Levels) Bill.

Following our consultation response on the draft Social Partnerships and Public Procurement (Wales) Bill, many of our recommendations were supported by the Senedd's Equality and Social Justice Committee and subsequently accepted by the Welsh Government.

Equality for children and young people

We know that many children and young people in Britain encounter discrimination that limits their potential, whether that is due to bias or insufficient support in educational environments or because of unequal access to employment. Children and young people in institutional care settings are especially at risk of not having their rights upheld. Our goal is to protect and uphold the rights of all children and young people, to improve the educational outcomes for groups who are particularly at risk and to increase the number of young people with disabilities and some other protected characteristics who are in employment. This year, we funded important legal cases, worked with governments, particularly in Wales, to improve educational policies, and reported internationally on the UK's compliance with the international Convention on the Rights of the Child.

In August 2022, the UK government responded to our [2021 Restraint Inquiry](#), pledging to provide new guidance on restraint in schools to encourage de-escalation practices and reduce the need for physical restraint. Additionally, primary legislation contained in the [Apprenticeships, Skills, Children and Learning Act 2009](#) will be brought into force to require schools to record incidents of physical force and inform parents when it has been used. All schools will be required to have a restraint policy.

We allocated section 28² funding to support a disabled child who was due to attend Heathlands special school. Due to COVID-19 risk issues, the child was unable to attend and was taken off the roll by the school. After engaging in pre-litigation discussions, the school agreed to allow the child to attend. The child started at the school during the Easter 2022 term.

In December 2022, we submitted a report to the United Nations Committee on the UK's compliance with its international human rights obligations under the Convention on the Rights of the Child (CRC). We sought to influence the Committee's assessment of the UK's compliance and the recommendations it will make. We used our [Human Rights Tracker](#), which contains progress assessments on the UK's actions against the CRC, to hold the UK government to account on their obligations.

² Section 28 of the Equality Act 2006 enables the EHRC to provide legal assistance in proceedings where the individual alleges they have been a victim of behaviour contrary to the Equality Act

With the Welsh Government, we were involved in shaping policies that promote equality in education. This included contributions to the new curriculum, which was phased into Welsh schools in October 2022. As a result of our engagement, the Welsh Government pledged to carry out a thorough assessment of the curriculum and assessment reforms, with a focus on understanding their impact on all learners from diverse backgrounds and needs. Our Public Sector Equality Duty (PSED) guidance, which will help advance this commitment, was published in April 2023.

The Welsh Government confirmed that they are updating their exclusion guidance in response to our published advice on equality in education, including on admission appeals.

Our work influenced the Tertiary Education and Research (Wales) Act 2022, resulting in an amendment to expand the strategic duty of promoting equality of opportunity to include specific reference to research.

Upholding rights and equality in health and social care

The COVID-19 pandemic placed huge pressure on the UK's health and social care systems, and we are concerned about unequal access to treatment and breaches of human rights and equality legislation. Our priorities are ensuring that people with learning disabilities, autism and mental health conditions receive the support they need, improving individuals' access to social care, and reducing barriers

for people with protected characteristics to receive the healthcare they need. This year, we made significant, high-profile use of our inquiry and research powers, we submitted evidence to support important legislative reform, and we used our legal powers to make necessary legal interventions.

Our engagement continued with governments, local authorities, regulators and others on the recommendations from our inquiry, published in March 2022, into the treatment and experiences of lower-paid ethnic minority workers in health and social care.

In February 2023, we published the findings and recommendations of our inquiry into how older and disabled adults and unpaid carers can challenge local authority decisions about social care and support in England and Wales. The report highlighted and addressed concerns about how to provide better support in the social care system.

“

The EHRC's report confirms the problems we are finding with access for people with communication needs as we increasingly look at complaints through the lens of human rights.

”

Paul Najsarek,
Local Government and
Social Care Ombudsman

“

EHRC’s report also highlights significant gaps that need to be tackled to improve people’s access to information about how to challenge decisions... It is crucial that local authorities throughout Wales, as well as the Welsh Government and Care Inspectorate Wales, carefully consider EHRC’s findings and recommendations.

”

Heléna Herklots CBE,
Older People’s Commissioner for Wales

We published a research report about challenging decisions regarding adult social care in Scotland. This detailed the negative experiences of people who challenged decisions about social care. They gave us recommendations to improve the system, which are included in the report.

The Joint Committee on the Draft Mental Health Bill, in conducting pre-legislative scrutiny, cited our submission in several places in their report to the government. The Committee adopted our recommendation for a stronger duty on commissioners to provide community care services for learning disabled and autistic people to help prevent inappropriate detention in psychiatric hospitals.

Our efforts were successful in ensuring that the Scottish Mental Health Law Review considered the equality legal framework. We influenced several of the recommendations in the final report, resulting in a change in approach overall, and 15 out of 28 recommendations being partially or fully implemented. We are now working with the Scottish Government to ensure that any new Mental Health Bill takes into account equality considerations, and we await their response to the final report of the review.

We intervened in the Supreme Court case of R (Maguire) v HM Senior Coroner for Blackpool and Fylde, which will decide what rights vulnerable care home residents have under Article 2 (right to life) in respect of inquests into their death. We are currently awaiting judgment.

In collaboration with NHS England, we reminded the newly established Integrated Care Boards of their obligations under the PSED. We provided training to staff at the CQC on our approach to regulation. We fed into their new regulatory framework for local authority assurance, highlighting key insights from our inquiries and work on AI.

With waiting times to access gender identity clinics increasing, in November 2022 we wrote to the Minister for Women and Equalities expressing our concerns. We also highlighted shortcomings to the UK government’s approach to the approved list of medical practitioners on the government’s gender recognition certificate (GRC) website.

Addressing the equality and human rights impact of digital services and artificial intelligence

Organisations are increasingly making use of AI, encompassing machine learning and algorithms, whether in hiring employees or making decisions and providing services. Challenges to equality and human rights arise as a result. We have sought to understand the equality and human rights implications of AI and to forge new partnerships in taking this forward. AI has many benefits, but it is our role to ensure that people can be free from harassment and discrimination online, that digital provision does not exclude people from essential services, and that the application of AI, including in the workplace, does not result in discrimination or breaches of human rights.

We delivered an international webinar on AI in collaboration with Equinet and the Commonwealth Forum of National Human Rights Institutions. The webinar shared knowledge and best practice with National Human Rights Institutions.

We provided advice on equality and human rights issues throughout the passage of the Online Safety Bill in Parliament. We engaged stakeholders, including members of the House of Lords and regulators, to promote people's rights.

We worked with the Office for AI as it developed the white paper "A pro-innovation approach to AI regulation", emphasising the importance of embedding equality and human rights across the regulatory framework for AI.

A Memorandum of Understanding with the Information Commissioner's Office (ICO) was agreed that will govern future collaborative working and information sharing between the EHRC and the ICO in respect of regulating AI and digital technology.

By building relationships with stakeholders, we have worked on joint proposals, such as a project with the Centre for Data Ethics and Innovation to develop a tool that tackles algorithmic bias.

We also conducted a 'deep dive' examination with 30 local authorities and organisations in England and Scotland to understand how AI is used to deliver essential services, such as benefits payments, while guarding against the potential for automated systems to inappropriately flag certain families as a fraud risk.

Our published PSED guidance on the use of AI by public bodies was well received. It provides practical examples of how AI systems may cause discriminatory outcomes and outlines the steps that public bodies should take to prevent this. We received positive feedback from stakeholders on the guidance and delivered a series of presentations to raise awareness.

“

The EHRC’s new, clear guidance on how the PSED applies to AI is a critical step in ensuring the responsible development and use of AI and digital services across England, Scotland, and Wales.

”

Zoe Viner,
associate at PUBLIC

The Scottish AI Register launched in March 2023, referencing our PSED work. This register is intended to be the home for public information on how AI is used across the public sector in Scotland.

Fostering good relations and promoting respect between groups

Fostering good relations between groups with protected characteristics is core to the 2006 Equality Act. We play a leading facilitating role in public debates about equality and human rights issues, including where the balance of rights across different groups must be considered. This year we advised on several important and some contentious issues. We published guidance and used our legal powers to challenge discriminatory practice against marginalised groups.

In April 2022, we published a [practical guide to the Equality Act in relation to single sex spaces](#). The guidance helps service providers to make lawful decisions about services they offer to women and men separately. It explains the permitted sex and gender reassignment exceptions in the Equality Act 2010.

We provided independent, expert advice to Scottish and UK governments on the legal and practical implications of the Gender Recognition Reform (Scotland) Bill including on cross-border issues, expressing concerns about the implications for children under 18 years old.

On 4 April 2023, we responded to a letter from the UK Minister for Women and Equalities which asked for our advice on the definition of sex in the Equality Act 2010. We advised that a change to the definition could bring helpful clarity in some areas but could cause ambiguity in others, and recommended that the UK government consider any potential change with care and after consultation.

We gave advice to the Health and Social Care Committee of the Scottish Parliament on how best to balance rights in relation to their inquiry on assisted dying.

We worked with the Scottish Funding Council to identify the most persistent inequalities in Scotland's colleges and universities. We developed a sector-wide approach to equality outcomes, producing a set of National Equality Outcomes for the higher and further education sectors. This is the first time that national equality outcomes have been agreed in partnership with a sector body.

In May 2022, we launched a formal investigation into Pontins' holiday parks due to continued concerns about discrimination against Gypsies and Travellers.

This investigation arose as a result of our termination of a 12-month legal agreement with Pontins' owner Britannia Jinky Jersey Limited. We had entered into the agreement following our concerns about a discriminatory booking policy. The company had not satisfied us that it was taking the required steps to prevent unlawful race discrimination or meeting its commitments under the agreement. We ended the agreement in February 2023 and are currently investigating our concerns about racial discrimination.

In October 2022, we launched resources for school leaders to tackle hair discrimination, with a focus on Afro-textured hair and styles. This problem was highlighted by court cases, research and feedback from stakeholder, including in calls to the Equality and Advisory Support Service (EASS). We had previously supported two legal cases related to this issue, including Ruby Williams' case in 2020, after she was repeatedly sent home from school due to her Afro hair.

The resources were supported by World Afro Day and the All-Party Parliamentary Group for Race Equality in Education, and received widespread media coverage across TV, radio, print and online outlets, including internationally.

We continued to work with the England and Wales Cricket Board to tackle racism in cricket. This included monitoring Yorkshire County Cricket Club's action plan to tackle racism and discrimination. We also worked with other sports governing bodies to ensure that all those participating in physical activity, whether for fun, fitness or as professionals, are not subjected to discrimination and harassment.

Ensuring an effective framework to protect equality and human rights

The protection of equality and human rights depends on effective legislation. One of our core purposes is to use our powers, evidence and influence to strengthen the framework that protects equality and human rights in Britain. This year we were ambitious in engaging in a wide range of new legislation with implications for equality and human rights. We published guidance on various issues, including to further embed the PSED in practice, and we funded cases to tackle race discrimination to build case law and practice in this area through a new legal fund to support individuals experiencing discrimination by race or ethnicity.

We provided advice to the government, MPs and members of the House of Lords, as well as wider stakeholders on multiple bills in Parliament. Our briefings set out the equality and human rights implications of proposed legislation, with expert analysis and recommendations on how to maintain and strengthen legal protections.

This year, we engaged on the following Bills:

- Worker Protection (Amendment of Equality Act) Bill
- Retained EU Law (Revocation and Reform) Bill
- Public Order Bill
- Bill of Rights Bill
- Illegal Migration Bill
- Strikes (Minimum Service Levels) Bill
- Protection from Redundancy (Pregnancy and Family Leave) Act 2023
- Employment Relations (Flexible Working) Bill
- Online Safety Bill
- Levelling Up and Regeneration Bill
- Gender Recognition Reform (Scotland) Bill
- Higher Education (Freedom of Speech) Bill.

All our Parliamentary briefings and letters can be found on [our website](#).

We published new technical guidance on the PSED, which has been positively received, we also published further guidance on the PSED and procurement for Scottish public bodies in May 2022, and produced ground-breaking guidance on the PSED and use of AI in the public sector in September 2022.

In Wales, we reviewed the Welsh Government's compliance with their PSED duties and found that, out of 46 strategies or policies, only six included an Equality Impact Assessment (EIA). Those that did were deemed unsatisfactory. We also monitored compliance with the PSED with local authorities. We continue to work with the Welsh government and local authorities to improve their use of EIAs and their compliance with PSED.

Our Race Legal Support Fund was launched in November 2021 to combat race discrimination and support victims seeking justice. We made over £100,000 available within the year to fund 25 cases. Five cases were concluded in year. To improve access to the Fund, we launched an open procurement exercise to appoint a panel of solicitors to allow unrepresented individuals to access the Fund in 2023.

We started to update the Statutory Code of Practice for Services, Public Functions, and Associations to incorporate guidance on age discrimination. This will ensure that the Code reflects recent changes in legislation and case law. It will also be user friendly and accessible, and is expected to be published in 2023-24 following consultation.

In April 2022, we published a report for the United Nation's fourth Universal Periodic Review (UPR) of the UK. This details progress made towards protecting human rights in Britain since our last report in 2017 to help other countries in making their recommendations to the UK as part of the peer-review process. It covered health, education, work, justice, liberty, and personal security and included recommendations to the UK and Welsh governments on how to better protect human rights. In furtherance of the UPR submission, we also funded Birmingham City University's (BCU) Centre for Human Rights to empower and support civil society through the Universal Periodic Review (UPR) process. They provided training and networking opportunities for civil society in England and Wales to engage effectively with the UK's 4th UPR Cycle.

The Commonwealth Forum of National Human Rights Institutions was held in Kigali in June 2022. During the event, we formally handed over chairing responsibilities to the Rwanda National Commission for Human Rights and wished them success for their tenure.

In October 2022, the sub-committee on accreditation of the Global Alliance of National Human Rights Institutions conducted a review of our status. We were successfully re-accredited as an 'A' Status National Human Rights Institution. This designation is a clear recognition of our strength and independence, as well as our demonstrated commitment to promoting and upholding human rights. It also allows us to continue reporting directly to the United Nations on human rights issues on behalf of the people of Britain.

We submitted a shadow report on the International Covenant on Economic, Social and Cultural Rights (ICESCR) to a United Nations Committee in December 2022. The report seeks to influence the Committee in their assessment of the UK's compliance with its international human rights obligations, and the recommendations the Committee will make to improve the UK's compliance. We will hold the UK government to account regarding their implementation of existing and new recommendations.

We also funded a project by Just Fair to prepare an independent shadow report for the United Nations Committee on Economic, Social and Cultural Rights (CESCR), on behalf of civil society in England and Wales. Through this project, Just Fair empowered and supported civil society to hold the UK Government to account on its international obligations through gathering evidence and holding events for organisations to learn about the process, and to support other organisations with their submissions.

In December 2022, we submitted a report to the United Nations Committee on the UK's compliance with its international human rights obligations under the Convention on the Rights of the Child (CRC). Through this report, we influence the Committee's assessment of the UK's compliance and the recommendations it will make.

Every year on 10 December, the world celebrates Human Rights Day, the day when, in 1948, the United Nations General Assembly adopted the Universal Declaration of Human Rights (UDHR). On this day in 2022, we published updates on our Human Rights Tracker, reflecting the action of the UK and Welsh Governments and key developments across a range of thematic areas. We were also invited to showcase this flagship tool at the Geneva Human Rights Platform's 2022 Annual Conference, based on the Tracker's international reputation as best practice. We were pleased to speak alongside digital human rights experts from around the world.

Building our commission

In July 2021, we launched a multi-year internal transformational change programme to coordinate and drive improvements to ensure that we can meet the ambitions of our strategic plan.

During 2022-23, we completed various projects as part of this programme. We integrated our legal enforcement and compliance teams into a new regulatory network to build capacity and focus in delivering high quality responses across the full range of our regulatory activity. Within this we built a new regulatory intelligence hub to draw on all sources of information and intelligence about the equality and human rights issues most requiring our attention. This has enabled quicker decisions about where we can act to promote and protect people's rights.

We opened a modern new office in Wales and improved our other offices to support effective working as we emerged from the COVID-19 years. We upgraded our technical infrastructure, improving security and efficiency by moving software to the cloud and implementing Microsoft Teams across the organisation to improve collaboration and knowledge sharing.

Our business

We work from four locations. Our head office is in Manchester, and we have offices in London, Cardiff and Glasgow. Our workforce is organised into three functional areas: Policy and Strategy, Regulation and Operations, each led by an Executive Director. Staff are spread across all offices, with conferencing technologies available, and can meet and collaborate from any office or individually.

Financial performance

Our 2022-23 delegation letter confirming our resource budget of £17.1 million (excluding depreciation) was received only at the start of March 2023, by which time we had additional budgetary pressures. We took steps to minimise the impact of these pressures and held regular review meetings with the Cabinet Office, who agreed to provide full budgetary cover for our additional pressures, to the extent of an additional £0.8m.

The £17.1 million was allocated as £12.0 million administration and £5.1 million programme funding, with the additional £0.8 million divided between administration and programme funding in line with spending. We also received £0.5 million funding for capital projects.

Our net operational resource expenditure at 31 March 2023 (excluding capital and depreciation) was £17.64 million, thereby below our revised £17.80 million forecast total, and our capital investment was £0.49 million, thereby 2% under the £0.5 million budget.

Further information is provided in the statement of accounts and notes to the accounts for the year to 31 March 2023 which are set out from page 99 onwards.

The table below summarises total expenditure against budget (excluding capital and depreciation)

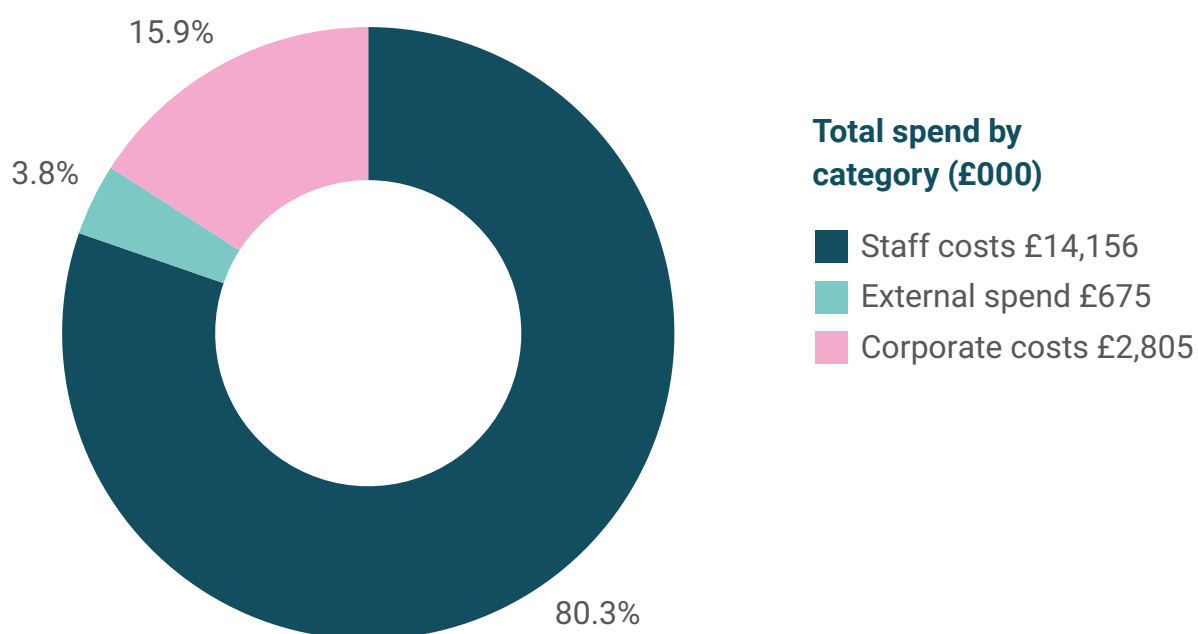
Year ended	Total budget	Additional funding utilised	Total funding envelope	Total spend	Variance
	£000	£000	£000	£000	£000
Baseline March 31, 2023	17,100	550	17,650	17,636	(14)

We used our budget allocation to achieve our business plan objectives, delivering both planned and reactive work as outlined in the 'Performance Report' section of this report.

We adopted an agile approach to business planning by holding regular review meetings on our activity and spending during the year. This enabled us to re-prioritise and reallocate budget to areas that would have most impact.

The following chart provides a breakdown by expenditure headings.

Expenditure spend 2022-23



In line with other public bodies, we experienced higher levels of staff turnover in the year after the COVID-19 pandemic. We continued to invest in new staff with the specialist skills and expertise we need to deliver our work. Our staff costs represent 80.3% of total spend (2021-22 71.3%). We have increased our staff head count, particularly in the legal and compliance teams where the head count increased by 12%. There is a more detailed section on our staff from page 81.

Corporate costs include those associated with running EHRC, including IT systems, premises, recruitment, learning and development and financial services. Such costs tend to be regular and fixed. We continued to invest in our infrastructure to facilitate remote and hybrid working and move further to a cloud-based platform.

External expenditure reduced this year, with more work delivered internally. External work focussed on legal advice through our Panel of Counsel and publication costs for our reports.

We spent £0.49 million of our total capital budget of £0.5 million. The main expenditure related to fit-out of our London office and the relocation of our Cardiff office to provide a flexible, safe working environment for staff. We invested in ICT infrastructure, renewing our video conferencing equipment to enhance capacity and compatibility with other systems, and refreshing user devices to enhance remote working. Investment in modern ICT helps us to reduce our environmental impact as detailed from page 34 in our sustainability report.

Capital structure

Our capital structure is shown as taxpayers' equity in our financial statements. Expenditure is funded by grant-in-aid received from our sponsoring department, the Cabinet Office. We monitor our cash flow and our financial forecast to ensure we have sufficient cash to meet our net liabilities and to pay our creditors promptly. We ended the year with a cash balance of £32,000 (2021-22: £375,000). The statements of financial position and changes in taxpayers' equity in the statement of account provide more information.

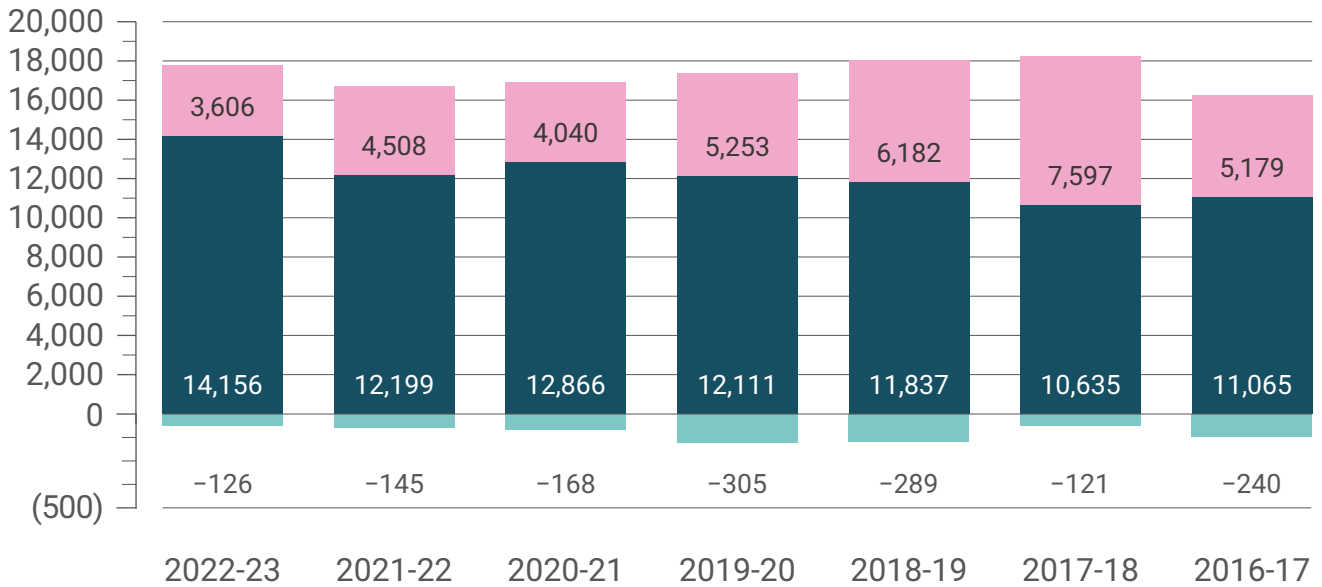
Long-term expenditure trends and value for money

Resource funding for 2022-23 was utilised to fund staffing costs, overheads and our programme of work. In line with other public bodies, the EHRC is subject to government spending controls. Our baseline budget has remained at £17.1 million, with no additional uplift to account for inflationary costs.

In 2012, a financial review of the EHRC concluded that we required a budget of £17.1 million in 2012-13 to carry out our basic statutory functions. Taking inflation into account, using the Bank of England inflation calculator, this would now be £22.9 million. As such, our current budget of £17.1 million represents a real-terms reduction of over 34%. We have reduced external expenditure by investing in staff and improving value for money by scrutinising our existing areas of expenditure and renewal of contracts.

Areas of emerging focus such as artificial intelligence, are often fast moving and will potentially have significant impact on human rights. Developing our response to these places, additional pressure on our limited resources and forces us to make difficult decisions regarding resource allocation to ensure that we fulfil our statutory responsibilities, whilst responding to these emerging issues and remaining within our baseline budget.

Long-term expenditure trends (£000)



■ Staff & Commissioner costs
 ■ Purchase of goods & services
 ■ Income

Payment of suppliers

We follow the government's prompt payment guidance to ensure that suppliers are paid quickly, especially as many businesses have been negatively affected by the COVID-19 pandemic and economic factors. We settled 92.5% of all invoices received within five working days. We paid 100% of undisputed invoices within the target of 30 days.

Our people

During the pandemic, few people left the EHRC and in common with other organisations we experienced higher than usual attrition levels at the start of the year as staff looked for new career opportunities. This stabilised in the last six-months of the year. Our rolling annual turnover of permanent staff was 16.5% on 31 March 2023, a reduction from 21% on 31 March 2022.

Due to our recruitment processes, we maintained a high level of staff capacity through the year. At 31 March 2023, we employed 228 people, with a full time equivalent of 216 people.

Whilst our baseline sickness absence rate reduced, with an average 5.1 working days lost (AWDL) per FTE employee in 2022-23 compared with 5.7 days in 2021-22, an additional 0.9 days per FTE were lost in 2022-23 due to COVID-19, driving our total average working days lost to 6.0 per FTE employee.

We saw improvements in our annual People Survey results. Whereas average scores reduced in other public sector bodies, we recorded an improved Employee Engagement Index score, which is used as the core measure of how staff feel. This was 53% in 2022-23, compared with 51% in 2021-22. We analysed the results carefully to continue to improve our employee experience in 2023-24.

Our pay gaps

Pay gaps measure the difference in gross hourly earnings between two groups, based on gross salaries paid directly to employees.

- The gender pay gap measures the difference between male and female sexes
- The ethnicity pay gap measures the difference between white British and ethnic minority employees
- The disability pay gap measures the difference between employees who declare a disability and those who don't.

The **median pay gap** is the difference between the midpoints in the ranges of hourly earnings. It takes all salaries in the sample, lines them up in order from lowest to highest, and picks the middle salary. This is the more representative measure of the pay gap because it is not affected by the few individuals who are outliers at the top and bottom of the range.

The **mean pay gap** is the difference between the average hourly earnings.

At 31 March 2022, we saw further reductions in all median pay gaps:

Pay gap	Median %		Mean %	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Gender	0.0	-0.3	6.4	1.0
Ethnicity	0.3	0.6	7.8	6.2
Disability	0.0	0.3	12.3	11.6

Our median gender pay gap at 31 March 2022 is zero, having narrowed from 0.3% the previous year. This means that on average men and women employed by the EHRC receive the same hourly pay.

The increase in our mean pay gap compared with the previous year is accounted for by a small number of changes in our senior management team.

We maintain a diverse workforce that is representative of the UK working population in all protected characteristics, other than age. As a result of turnover, our workforce diversity has decreased slightly in some protected groups.

Changes in our workforce diversity over the year are in the following table.

Characteristic	31 March 2023	31 March 2022	Difference ⁴
Ethnicity			
Ethnic minority	23%	24%	-1%
White	72%	71%	+1%
Prefer not to say/not declared	5%	5%	-
Sex			
Female	64%	61%	+3%
Male	36%	39%	-3%
Prefer not to say/not declared	-	-	-
Marital status			
Married or in a civil partnership	42%	42%	-
Not married or in a civil partnership	42%	37%	+5%
Prefer not to say/not declared	16%	21%	-5%
Religion or belief			
Religion or belief	29%	30%	-1%
No religion or belief	59%	56%	+3%
Prefer not to say/not declared	12%	14%	-2%

Characteristic	31 March 2023	31 March 2022	Difference ³
Disability			
No	72%	70%	+2%
Yes	18%	20%	-2%
Prefer not to say/not declared	9%	10%	-1%
Sexual orientation			
Lesbian, gay, bisexual, other	12%	13%	-1%
Heterosexual/straight	73%	77%	-4%
Prefer not to say/not declared	15%	10%	+5%
Caring responsibilities			
No	50%	47%	+3%
Yes	41%	43%	-2%
Prefer not to say/not declared	9%	10%	-1%
Age			
16–24	2%	4%	-2%
25–34	28%	28%	0
35–44	28%	29%	-1%
45–54	25%	21%	+4%
55+	17%	19%	-2%
Gender reassignment			
No	87%	86%	+1%
Yes	3%	2%	+1%
Prefer not to say/not declared	10%	12%	-2%

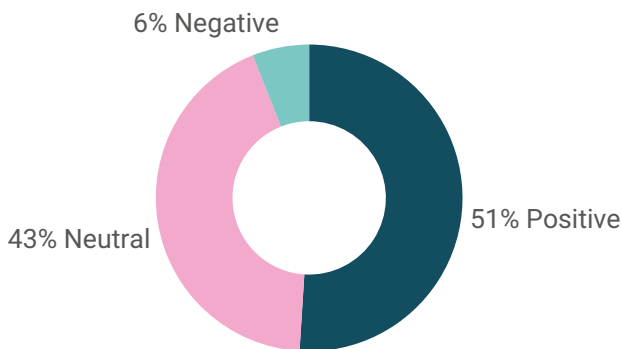
³ Changes in these tables have been rounded to the nearest percentage, so increases and decreases will not necessarily add to zero. In small organisations like ours, minor workforce changes can have a disproportionate effect on statistics.

Communications

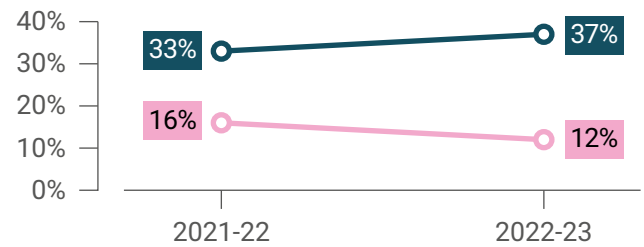
In 2022-23, the Communications and Engagement function has made significant progress in maximising our impact. It has delivered an increase in media coverage of more than 50% from 2021-22. It has also successfully navigated through highly contested areas of work and achieved a significant shift in public comment, particularly on social media.

Internally, staff communications have been professionalised and the weekly newsletter has been refreshed. This has resulted in an increase in engagement scores. In 2021-22 the weekly newsletter achieved an average open rate of 42%; since the refresh the open rate has increased to 90%. We have also built a new content team which will help us to deliver our new corporate website in 2023-24 and implement a best-practice content strategy which will see more engaging, user-friendly content across all our owned channels.

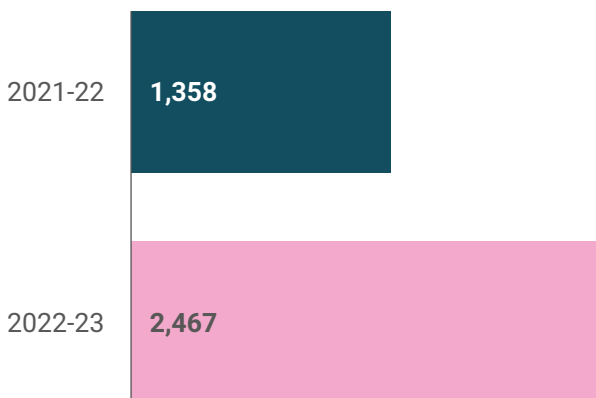
Average media sentiment



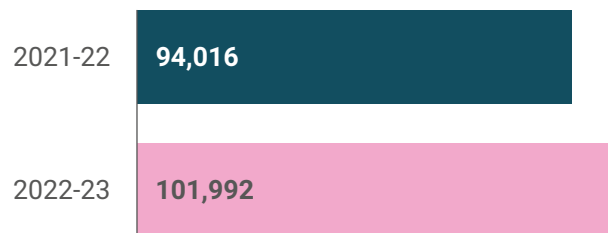
Average stakeholder newsletter engagement



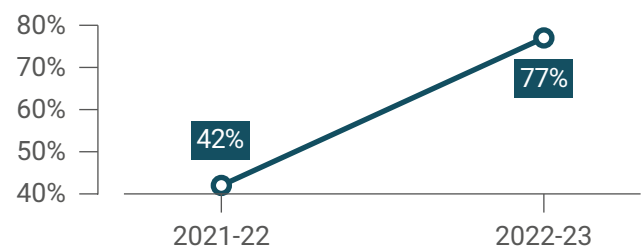
Total media mentions



Social media followers



Internal newsletter engagement rate



○—○ Average open-rate ○—○ Average click-through rate

Equality objectives

In line with our duties as a public body, we have three equality objectives which guide our work:

Equality objective 1: We will promote equality and tackle discrimination by achieving the priorities set out in our strategic plan.

Our priorities are described in our [strategic plan](#) and are aimed at creating a society that is fair and where people live well together. Our annual business plan is developed to deliver our priority areas of focus. The performance section of this report identifies what we have achieved in the first year of our strategic plan.

Equality objective 2: We will seek to address under-representation of people with different protected characteristics in EHRC, including at senior levels.

Our second equality objective relates to our corporate improvement and our people. Our focus remains on increasing the diversity of our workforce, including at senior levels. The tables above in this report indicate that we continue to have a diverse workforce. There is strong diversity among the Commissioners on our Board and among members our statutory Scotland and Wales Committees, reflecting the protected characteristics in the Equality Act.

Equality objective 3: We will make sure our evidence is robust, impartial and enables understanding of the different needs and experiences of protected characteristic groups.

Our third equality objective focuses on the evidence we use to achieve our strategic priorities and on encouraging others to collect and use data to make evidence-based decisions to protect and promote equality for all. In 2022-23 we established a regulatory hub and process to gather and process the evidence we use for our decision making. This allows us to ensure we take appropriate regulatory action based on a strong, evidence-based model.

Sustainability reporting

We are committed to creating a sustainable workplace and protecting the environment with the resources available to us.

The Greening Government Commitments set out the actions government departments and their agencies must take to reduce their impacts on the environment. The current framework runs until 2025, with a view to achieving net-zero carbon emissions by 2050.

As a non-departmental public body of fewer than 250 employees, we were previously exempt from the mandatory sustainability and environmental reporting requirements. Our data from 2022-23 will therefore become our baseline for future years.

We recognise that carbon offsetting may become a feature of future net-zero planning, but for now we continue to focus on reductions.

In addition to our reporting obligations, we are committed to maintaining ethical and sustainable business practices, which consider the social, economic and environmental impact of our work. This year, we continued to take practical action to review and improve our processes to embed consideration for the environment into all relevant decision making. We also took steps to improve our internal capability and understanding of sustainability and carbon literacy, supported by a thriving employee sustainability network.

Our work in 2022-23 included:

- Publishing an Environmental, Social and Governance (ESG) statement, setting out our external and internal commitments.
- Introducing a desk booking tool to manage our offices and regularly review our properties in terms of desk occupancy.
- Launching our Sustainability Network to bring together staff from across EHRC to identify ways of making our estate more environmentally sustainable, and to support wider staff understanding and engagement with issues relating to sustainability.
- Updating our Cycle to Work scheme, increasing the budget cap from £1,000 to £2,000 and adding additional providers to make a much wider choice of bikes (and e-bikes in particular) available to staff.
- Moving into Companies House in Cardiff, which holds International Standard Organisation (ISO) 14001:2015. We reused excess furniture and appliances during the refurbishment to minimise the carbon impact of our relocation, working with our construction partners to implement sustainable lighting and plumbing works, meeting Building Research Establishment Environmental Assessment Method (BREEAM) standards.

Scope and data

We share all our buildings with one or more other organisations. In most cases, the utilities and services we use are recharged to us based on the floor area of the building occupied, meaning that metrics reported are extrapolated data from our occupancy of the property.

We are a minor tenant in all premises occupied and are not the key decision maker with regard to most areas covered by GGC, our landlord is obliged to report for the whole building.

Most data included is only available at a building level as there is no separate meterage in place for sub-tenants, and we are recharged as a percentage of the space we occupy.

We have only included data from our London office (Windsor House – ‘WH’) and Manchester office (Arndale House – ‘AH’) in this report where the information is available.

The following reporting areas are not applicable:

- **Nature recovery and biodiversity action planning** – the EHRC does not have any landholdings or natural capital. To compensate for the lack of opportunity to develop an action plan, we are exploring volunteering opportunities including litter picking.
- **Travel car fleet** – the EHRC does not own, lease or hire any car fleets.

The following tables report on our position at 31 March 2023.

Mitigating climate change: working towards net-zero by 2050

GGC target:

Reduce overall emissions by 52% and reduce direct emissions by 20% from the 2017-18 baseline by 2024-25, with a view to net-zero by 2050.

Greenhouse gas (GHG) emissions		2022-23
Tonnes of carbon dioxide equivalent (CO ₂ e)	Scope 1 (direct) emissions	10.99
	Scope 2 (energy indirect) emissions	16.82
	Scope 3 (official business travel – domestic) emissions	5.27
	Total greenhouse gas emissions	33.08
Kilowatt hours (kWh)	Energy electricity green tariff (scope 2 and 3)	–
	Mains standard grid electricity consumption (scope 2 and 3)	87,000
	Natural gas	60,220
	District heating systems	–
	Heat from other sources	–
	Total related energy use	147,220
£	Expenditure on energy	9,090*
	Expenditure on official business travel	148,298
	Total related expenditure	157,388

*Figures shown are for our Arndale House office in Manchester. Figures for our other offices have either not been made available by the Government Property Agency (GPA) or are consolidated in an overall service charge from the GPA and are therefore not shown.

In this year, we relocated offices in Cardiff and Glasgow, allowing us to release properties from our portfolio, including Bowring Buildings (Glasgow), The Maltings (Cardiff), and ground floor space in Companies House (Cardiff). The total carbon footprint saving for these spaces was 495 CO₂e.

Domestic and international flights

GGC sub-target:

Reduce emissions from domestic business flights by at least 30% from the 2017-18 baseline by 2024-25.

The Cabinet Office has set ambitious internal targets to reduce domestic flight emissions by 50% by 2050. However, recent industrial action from rail networks and operators led to increased reliance on domestic flights. In this year, we travelled 17,815 kilometers in domestic flights, releasing 7049.179 CO₂e (with RF) emissions.

We encourage all staff to always take the lower carbon travel option where possible, with our central booking system making the climate impact of travel clear to the user. We have invested in technologies that enable hybrid working between teams from multiple locations.

GGC sub-target:

Report the distance travelled by international business flights, with a view to better understanding and reducing related emissions where possible.

In this year, the distance travelled by international flights was 28,670 kilometres, which includes staff travelling to Commonwealth Forum meetings as part of the handover of the chair of the Rwandan Human Rights Commission.

Minimising waste and promoting resource efficiency

GGC target:

Reduce the overall amount of waste generated by 15% from the 2017-18 baseline.

We remain committed to increasing our reuse status, rather than recycle, looking at furniture and digital poverty schemes. The EHRC is unable to report on waste at Arndale House. Improvements in monitoring and measurement are in hand.

		2022-23
	Total waste reused or recycled externally (excluding ICT waste)	0.369
	Total waste to landfill	–
	Total ICT waste: recycled (externally)	–
	Total ICT waste: reused (externally)	–
Tonnes	Total waste incinerated with energy recovery	0.335
	Total waste incinerated without energy recovery	–
	Total waste composted or sent to anaerobic digestion	–
	Total waste recycled	0.369
	Total waste	0.704
£000's	Total waste disposal cost	Not available

Paper consumption

GGC sub-target:

Reduce government's paper use by at least 50% from a 2017–18 baseline.

In 2022-23, we procured one box of A4 paper (five reams), compared to zero in 2021-22. During the pandemic and due to hybrid working, we did not deplete existing stock levels. As such, we made use of existing stock on our estate. We purchase only recycled paper which we also recycle after use.

	2022-23	2021-22
Reams of paper procured (A4 equivalent)	5	–
Cost of paper £	17.97	–
Pages printed	74,027 (562kg CO ₂)	58,334 (411kg CO ₂)
Pages saved (not released)	11,359 (80kg CO ₂)	5,672 (41kg CO ₂)

In 2022-23, we printed 74,027 pages in total across all sites, which resulted in an estimated 562kg of CO₂ produced. In 2021-22 we printed 58,334 pages (411kg CO₂). The increase is due to the gradual return to the office following the pandemic. We record paper savings from print jobs that were sent to our printers but not released within 72 hours. In 2022-23, we saved 11,359 pages (80kg CO₂ saved), a significant increase compared to 5,672 pages (41kg CO₂) in 2021-22.

Reducing our water use

GGC target:

Reduce water usage by 8% against the 2017-18 baseline.

Costs for utilities are not charged separately and form part of a total service charge from our landlords and are not identified separately. Improvements in monitoring and measurement of water consumption are in hand.

		2022-23
Metres cubed (m ³)	Water consumption	518
£000	Total water cost	Not available

Procuring sustainable products and services

The Cabinet Office works with all suppliers in accordance with the Government Buying Standards and in alignment with the Greening Government Commitments. It is committed to sustainability in the way goods and services are procured and works with suppliers to improve performance. This is done through:

- capturing any environmental impacts at the business case stage
- ensuring that customers incorporate sustainability in the development of commercial requirements
- evaluation criteria include social and economic factors in addition to environmental factors
- using Crown Commercial Service frameworks to offer solutions that comply with all relevant standards and include sustainability factors as a criterion for award
- working with the Crown Commercial Service to ensure procurement policies and operations are fully aligned with the GGC targets .

Reducing environmental impacts from ICT and digital

We operate a fully sustainable portfolio of ICT services. Where new opportunities arise, we consider from the outset the whole life environmental and landfill impacts. Good progress has been made through:

- increasing our use of cloud infrastructure, reducing the need for legacy physical infrastructure, by approximately 50% in 2022-23. Our cloud partner aims to use 100% renewable energy by 2025
- investing in new video conferencing equipment for our meeting rooms to facilitate meetings between teams based in various locations across the UK. This reduces travel by staff and suppliers
- Providing new laptop devices with better energy efficiency through modern design, improvements to battery life and optimised power saving profiles.

Going concern

Our financial statements have been prepared on a going-concern basis. This is based on our assessment that we will continue to receive funding and our operations will continue for the foreseeable future.

This assessment has also considered that, for non-trading public sector entities such as the EHRC, the government financial reporting manual (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 Equality Act 2006 requires the Secretary of State to provide sufficient funding for us to carry out our statutory functions and we are financed through grant-in-aid from our sponsoring department, the Cabinet Office. Our budget and grant-in-aid funding is included in the Cabinet Office main estimates for 2023-24, which have been approved by Parliament.



Marcial Boo,
Chief Executive and Accounting Officer
14 July 2023

Accountability Report

The accountability report includes the corporate governance report, the remuneration and staff report and the parliamentary and audit report. These sections reflect the financial and parliamentary accountability reporting requirements.

Corporate governance report

The corporate governance report explains how our governance, risk management, internal control arrangements and management structures support the delivery of the annual business plan, how we measure progress against the strategic plan and provide assurance of the effectiveness of our internal controls.

The Board of Commissioners, chaired by the Chairwoman, determines corporate strategy and policy and oversees corporate performance. It is advised by its Audit and Risk Assurance Committee and its People and Workspace Committee.

The Leadership Team, chaired by the Chief Executive, is responsible for operational decisions, for delivering to the objectives set by the Board, and for all aspects of performance and business improvement. Further details are below.

Board of Commissioners

The Board of Commissioners is our top decision-making body. The Board's responsibilities include setting the strategic direction, reviewing overall performance and delivery, and ensuring good governance. It delegates management of operations to the Chief Executive and holds the Chief Executive and staff to account by monitoring performance against priorities and making sure that resources are used effectively and efficiently.

The UK Government's Minister for Women and Equalities appoints our Chair and Commissioners. Profiles of current Commissioners are on [our website](#). Details of terms of their office are in the remuneration report on page 66.

On 31 March 2023, the Board comprised 11 non-executive Commissioners. The Chief Executive is a Commissioner ex officio.

There were eight formal and two additional Board meetings during 2022-23. Attendance at the formal meetings is shown below. Board meetings cover all aspects of our work on regulation, policy, strategy and corporate services as well as emerging equality and human rights issues. The Board received regular updates from its committees to gain further assurance and strategic advice.

Board meetings attendance by Commissioner and Chief Executive

Name	Attendance/eligibility
Baroness Kishwer Falkner (Chairwoman)	8/8
Caroline Waters	5/6
Alasdair Henderson	7/8
Eryl Besse	8/8
Arif Ahmed	2/2
Jessica Butcher	7/8
Joanne Cash	2/2
David Goodhart	8/8
Helen Mahy	7/7
Kunle Olulode	2/2
Akua Reindorf	5/8
Dr Lesley Sawers	8/8
Su-Mei Thompson	8/8
Marcial Boo (Chief Executive)	8/8

The Board is chaired by Baroness Kishwer Falkner. She is responsible for setting the Board's agenda and ensuring that meetings are conducted properly, items discussed, and decisions made. She is responsible for overall leadership of EHRC, and for ensuring effective governance, including by drawing on Commissioners' skills and expertise competences and promoting openness in debates and effective decision-making.

Committees of the Board

The board receives support and advice from four Committees. Details of these are below.

Scotland Committee

The Scotland Committee uses its statutory powers in the Equality Act 2006 to advise the Board on the impact of work in Scotland and give advice about new laws or proposed changes to the law that affect only Scotland.

The Scotland Committee held six formal meetings during 2022-23 and is chaired by the Scotland Commissioner, Dr Lesley Sawers.

In 2022-23, the Scotland Committee gave advice to the Board on matters that impact in Scotland, including: the 2022-25 Strategic Plan; implications of the Gender Recognition Act reforms in Scotland; proposed reforms to the Equality Act 2010; the UK Government's Bill on the Bill of Rights. The Committee also reviewed its Terms of Reference and conducted an effectiveness review.

The Scotland Commissioner held meetings with stakeholders, including: the Scottish Government Interim Race Governance Group co-chairs to discuss the Group's priorities; the Scottish Government Cabinet Secretary responsible for the Gender Recognition Reform (Scotland) Bill; and the co-chairs of the National Advisory Council for Women and Girls. The Committee was represented on the 'Policing in a Digital World' Advisory Board and on EHRC internal working groups.

Scotland Committee formal meeting attendance

Name	Attendance/eligibility
Scotland Commissioner, Dr Lesley Sawers (Chair)	6/6
Mariam Ahmed	5/6
Phil Arnold	4/5
David Crichton	4/5
Lindsey Millen	4/6
Bernadette Monaghan	2/5
Tatora Mukushi	4/6
Rami Okasha	5/6

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

Wales Committee formal meeting attendance

Name	Attendance/eligibility
Wales Commissioner, Eryl Besse (Chair)	5/5
Chris Dunn	3/3
Geraint Hopkins	4/5
Martyn Jones	3/5
Helen Mary Jones	3/3
Alison Parken	3/3
Mark Sykes	3/5
Bethan Thomas	4/5

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

Wales Committee

The Wales Committee uses its statutory powers in the Equality Act 2006 to advise the Board on the impact of work in Wales and give advice about new laws or proposed changes to the law that affect only Wales.

The Wales Committee held five formal meetings during 2022-23 and is chaired by the Wales Commissioner, Eryl Besse.

In 2022-23, the Wales Committee gave advice to the Board on matters that impact equality and human rights in Wales, including: the 2022-25 strategic plan; strengthening and advancing equality and human rights in Wales; potential Equality Act reform; the proposed Bill of Rights; and our data and evidence strategy. The Committee also reviewed its Terms of Reference.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) supports the Board, and the Chief Executive as Accounting Officer, by providing independent advice and challenge to give assurance that governance arrangements and control frameworks are in place and effective. The Committee operates in line with the guidance and good practice principles set out in HM Treasury's "Audit and Risk Assurance Committee Handbook" (March 2016) and the Cabinet Office's "Code of Conduct for Board Members of Public Bodies" (June 2019).

The ARAC held five formal meetings during 2022-23. It was chaired by Helen Mahy, Commissioner, until 4 March 2023, and by Kunle Olulode, Commissioner, from 20 March 2023.

In 2022-23, the ARAC considered financial and operational performance, risk management, compliance with policy, internal audit reports and progress with audit recommendations. It also reviewed compliance with government functional standards, re-assessed EHRC's business continuity arrangements and conducted reviews into the regulatory framework and planning and programme management. The Committee also completed its internal

Improvement Plan, agreed in February 2022, and conducted a satisfactory effectiveness review following completion of the Plan.

The ARAC were pleased to note that the winding up process for the Commission for Racial Equality Pension and Life Assurance Scheme (CREPLAS) was completed in the year and the surplus remaining on the scheme of £4.7 million had been returned to HMT by the scheme administrators.

ARAC formal meetings attendance	
Name	Attendance/eligibility
Commissioners	
Helen Mahy (Chair to 4 March)	5/5
Jessica Butcher	3/5
Su-Mei Thompson	4/5
Independent members	
Gill Eastwood	4/5
Charlotte Moar	5/5

Kunle Olulode was appointed Chair, effective from 20 March 2023. No meetings were held between this date and 31 March 2023.

The National Audit Office, which act as EHRC's external auditors, and internal audit representatives attended all meetings. The Government Equality Hub, representing EHRC's sponsor department, attended all formal meetings as observers.

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

P&WC meetings attendance	
Name	Attendance/eligibility
Caroline Waters (Chair to 14 January)	2/2
Eryl Besse (Chair from 15 January)	2/2
Helen Mahy	1/1
Akua Reindorf	2/2
Su-Mei Thompson	3/3
Independent member	
Jonathan Parsons	2/2

More information about the P&WC is on [our website](#).

People and Workspace Committee

The People and Workspace Committee (P&WC) provides advice and assurance on matters affecting employees, remuneration, infrastructure and environmental impact.

The P&WC held three formal meetings during 2022-23. It was chaired by Caroline Waters, Commissioner and Deputy Chair, until 14 January 2023, and by Eryl Besse, Commissioner and Deputy Chair, from 15 March 2023.

In 2022-23, the P&WC considered issues including culture and values, employee turnover, employee engagement, performance management, the Environment, Sustainability and Governance (ESG) statement and the EHRC's improvement programme.

The Committee also provided oversight of strategic and operational risks including relating to people, infrastructure and estates, and information governance.

Statement of Accounting Officer's responsibilities

Under the Equality Act 2006, the Secretary of State, with the consent of HM Treasury, has directed EHRC to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of EHRC and of its income and expenditure, statement of financial position and cash flows for the financial year.

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

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

- prepare the financial statements on a going-concern basis, and
- confirm that the Annual Report and Accounts is as a whole, fair, balanced and understandable.

Additionally, the Accounting Officer must confirm that they take personal responsibility for the Annual Report and Accounts, and the judgements required for determining that it is fair, balanced and understandable.

The Principal Accounting Officer of the Cabinet Office appointed the Chief Executive as Accounting Officer of EHRC. The responsibilities of the Accounting Officer include the propriety and regularity of the public finances, for which the Accounting Officer is answerable, keeping proper records and safeguarding EHRC's assets. These responsibilities are set out in 'Managing Public Money', published by HM Treasury.

As the 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 EHRC's auditors are aware of that information. As far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance statement

EHRC is a statutory non-departmental public body established by the Equality Act 2006. It is Britain's national equality body, recognised as an 'A' status National Human Rights Institution by the Global Network of National Human Rights Institutions. It operates independently of Government and Parliament.

This Governance Statement, for which I as Accounting Officer take responsibility, is designed to give an understanding of our governance structure, internal controls and risk management processes and explains how assigned duties have been carried out during 2022-23.

Scope of responsibility

I have responsibility for maintaining a system of internal control that supports the delivery of our policies, aims and objectives while safeguarding the public funds and our assets. My role, supported by the Leadership Team and alongside the Board, includes ensuring that steps are taken to prevent and detect fraud, in accordance with the responsibilities assigned to me in 'Managing Public Money' and our framework document.

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.

The relationship with our sponsor department, the Cabinet Office, is agreed through a Framework Document, which contains details of my responsibilities as the Accounting Officer of EHRC.

The Framework Document is on [our website](#).

Our Annual Report and Accounts are laid before Parliament by the Cabinet Office, and copies of the report are sent to the Scottish Parliament and the Senedd Cymru (Welsh Parliament).

More information about our corporate governance structures is on [our website](#).

Board of Commissioners

Details of the Commissioners who served as members of the Board during 2022-23 are on page 44.

Commissioners are expected to demonstrate integrity, honesty, objectivity and impartiality in line with the (Nolan) Principles of Public Life. They are required to disclose any relationship that could be or be perceived to be a conflict when participating in Board decisions. We maintain a register of Commissioners' interests. A declaration of interests is a standing item on Board agendas, with Commissioners reminded to keep the register up to date, and to declare any potential interests in advance of meetings.

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

The Board is responsible for setting overall corporate strategy, policy and annual business plans. The specific role, responsibilities and functions 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' and the UK Government's 'Corporate Governance in Central Government Departments: Code of good practice'. Our Governance Manual, along with the Equality Act 2006 and our Framework Document, act as the Board's terms of reference.

Our Governance Manual also includes our Commissioner and Committee Member Code of Conduct. This document outlines how we handle allegations and complaints against Commissioners and Committee Members. At the date of publication we had one investigation being handled through this process.

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

The Corporate Governance Code was written for government departments rather than public bodies, and advises having an 'approximately equal number of ministers, senior civil servants, and non-executives'. Our Board contains no ministers and comprises non-executive Commissioners in accordance with the Equality Act 2006, 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 minutes of Board meetings are on [our website](#).

Board performance and effectiveness

The Board carries out an external review of effectiveness every three years. The last review was begun in February 2022 and completed in July 2022, when a report on findings and recommendations was adopted by the Board. An improvement plan was developed to implement the recommendations. This was approved by the Board in November 2022 and is due to complete in October 2023. Improvements completed during 2022-23 included revising the Governance Manual and Code of Conduct for Commissioners and Committee members, updating the Terms of Reference for the Scotland and Wales Committees, reviewing the Board schedule of meetings, introducing new induction training for Commissioners and updating Board paper templates.

Senior management

The role of senior management is to support the Chief Executive and the Board in the development and implementation of the corporate strategy and business plan, to provide leadership of staff, set work priorities, monitor performance and manage risk.

The Chief Executive is supported by the Leadership Team, which is the decision-making group that assists with the management of the organisation, its programmes, projects and regulatory activity.

The Leadership Team is chaired by the Chief Executive and meets on a weekly basis. It includes Chief Officers and directors and is responsible for:

- matters concerning EHRC as a whole, including leadership strategies, culture, governance, relationships with key stakeholders, three nations approach, risk management and compliance with legal and other obligations.
- the delivery of the strategic and business plans and the Annual Report and Accounts for onward referral to the Board for approval.
- relationships with the Board and its Committees, including how matters are escalated, and responding to work requested by the Board.
- resourcing and/or re-phasing work, including for new programmes or projects.
- leading new work and agreeing a project management approach.

Project and programme management

Programme Delivery Groups support the delivery of our annual business plan and cover each area of focus under our strategic plan for 2022 to 2025. The groups are an important part of our governance structure as they have oversight of major decisions and delivery across the work in their area. Programme Delivery Groups meet monthly.

Information management

Information governance and the protection of assets containing personal and sensitive data are a priority. We have strong governance arrangements in place with a member of the Leadership Team acting as the Senior Information Risk Owner (SIRO) working closely with the Data Protection Officer (DPO), and we have appointed Data Owners and Data Champions in every team.

The SIRO chairs a quarterly Information Governance Steering Group that maintains oversight of data protection, information security and records management, and our improvement plan. A monthly report is presented to Leadership Team and an annual Information Governance Assurance Report goes to the Audit and Risk Assurance Committee.

During 2022-23, our information management processes:

- achieved a 'substantial assurance' result at internal audit;
- investigated all data incidents to assess risk and monitor patterns;
- provided training to staff and delivered induction training for new Commissioners and committee members;
- facilitated workshops with all Data Owners and Data Champions to review Information Asset Registers, share good practice and consult on developments;

- ensured data protection involvement in key projects, including security and records management improvements as part of the Microsoft 365 project;
- updated privacy notices, policies, procedures, technical and organisational security controls.

Personal data incidents

Between 1 April 2022 and 31 March 2023, four data breaches were reported (nine last year). All incidents were fully investigated, and lessons learned. No incident met the criteria for notification to the Information Commissioner's Office.

Freedom of information requests

In 2022-23, we received 156 requests under the Freedom of Information Act 2000 (231 in 2021-22). Of these, 99% received a response within the statutory deadline. 19 requests were the subject of internal review.

Internal complaints and grievances

It is important that all workers of EHRC, including employees, contractors, Commissioners and Committee members, can raise concerns about the standards of service we provide or the behaviour of other staff in delivering that service.

Our workers can submit a complaint or grievance using our Complaints Policy and Procedure or by using our Anti-Bullying and Harassment Policy and procedure. All complaints and grievances are investigated in line with the appropriate procedure.

During the year we managed four internal complaint processes, two of which have been resolved, two are ongoing at the date of publication. We have one outstanding employment tribunal application due to be heard in autumn 2023.

External complaints

In 2022-23, we received 14 complaints from outside the organisation (16 in 2021-22). The table below provides a summary of the outcome of these complaints. All complaints were dealt with satisfactorily by our internal procedures and none were referred to the Parliamentary and Health Service Ombudsman.

Decision	Number of complaints
Referred to the Parliamentary and Health Service Ombudsman	0
Upheld/resolved	8
Partly Upheld	0
Not Upheld	4
Not Progressed (Complainants didn't respond to request for further information)	2

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

Internal whistleblowing

Our whistleblowing policy is available to all staff on our intranet and sets out the steps staff should take to raise their concerns about behaviours and practices at the EHRC. The policy is supported by detailed guidance on the procedures to follow when raising these concerns. No whistleblowing reports were raised during 2022-23.

We carry out regular reviews of all our policies and have also drawn assurance from the ARAC's monitoring of our whistleblowing processes. We consider the policy and reporting arrangements to be effective.

External whistleblowing

As a Prescribed Whistleblowing Body,⁴ our mandate is to provide workers who are concerned that their employer is breaching equality and human rights law with a mechanism to make a disclosure to an independent body when they feel unable to disclose directly to their employer.

Every disclosure is recorded and the information disclosed is assessed to help us decide whether to look more closely at an organisation's compliance with equality and human rights law and whether to take regulatory action.

Further information on whistleblowing and how we deal with concerns reported to us is on our website.

Correspondence

Our correspondence function is integral to our work with members of the public. We receive and respond to emails, letters and phone calls from organisations, MPs, stakeholders and others requesting information, advice, legal support and action on a wide range of issues.

In 2022-23, we received 4,530 correspondence queries and responded to 4,227 (93%) within a target time of 20 working days.

Donations

We did not make any charitable or political donations in this year. A small amount of low-value peripheral equipment that could not be re-used was gifted to employees who left the organisation.

Internal control

We have a comprehensive framework of procedures and controls which cover financial and non-financial processes. This framework is regularly reviewed to ensure that it complies with all current requirements and is tested as part of the internal audit work programme.

As the Accounting Officer, I have responsibility for our financial affairs, subject to limits delegated to me by the Principal Accounting Officer and outlined in the Framework Document. I delegate resource and capital budgets to our directors based on the receipt of a business plan for their areas of responsibility.

⁴ Organisations and individuals that are listed in The Public Interest Disclosure (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.

The scheme of delegation underpins the financial delegations contained in the Framework Document. The scheme enables budget holders to make decisions and holds them accountable for the effective management of their delegated budget, the decisions they make and the delivery of their work plan against agreed milestones. Budget holders are required to report on their performance on a monthly basis to the Leadership Team.

Performance information is subject to further periodic scrutiny and review by the Board and the ARAC. They are provided with information to enable them to function effectively. Strategic risks and issues considered by senior management are escalated to the Board, with agreed management action where appropriate.

Government functional standards

Functional standards consist of management standards and associated documentation to guide people working in and with the UK government. In 2021-22, we carried out work to ensure we met HMT's mandatory requirements for all relevant functional standards. In 2022-23, we continued to improve our compliance. We are now widening this work to build an operational service manual in 2023-24.

Fraud

A counter-fraud policy is in operation which aligns with government requirements. Staff are always expected to act with integrity and to safeguard the public resources for which they are responsible.

There were no cases of fraud identified in 2022-23.

Conflicts of interest

The governance framework sets out the rules and guidance for Commissioners and Committee members on conflicts of interests and we maintain a publicly available register of Commissioners' interests. All appointees are required to complete a declaration and to notify EHRC of any changes to their declaration as soon as they occur. Attendees are required to declare any potential conflicts at the beginning of meetings and individuals are required to recuse themselves from relevant items.

The staff Code of Conduct requires staff to declare all interests, including paid and unpaid external roles which may (or may be perceived to) conflict with their role in the organisation. The Code explains the actions that staff need to take to excuse themselves from any activity where their interest may be perceived as influencing their judgement.

The Code explains that it is the employee's responsibility to keep their information up to date and accurate. Declarations returned are recorded, reviewed and assessed.

We have reviewed the declarations received during 2022-23 and are satisfied that no employees of the organisation hold external roles that present a conflict of interest to EHRC.

Auditing of accounts

The National Audit Office carries out our external audit on behalf of the Comptroller and Auditor General.

Risk management

With responsibility for the ownership of risk, the Board agrees an overall risk framework and reviews their risk appetite on an annual basis. In 2022-23, we further strengthened our risk management framework by improving our corporate risk management policy. The executive base our approach to risk management on collective accountability, with risks and mitigating actions identified and owned by those best placed to manage them. Conversations on risk take place on a monthly basis at the Leadership Team meetings to ensure effective mitigations are in place, and at ARAC each quarter.

Risks are scored according to their likelihood, impact and severity. When a risk achieves its target score, it is removed from the live risk register, but oversight is retained overall. In 2022-23, we identified and tracked a total of 20 corporate risks. Risk trends were generally positive with a maximum of 19 live risks and a minimum of 14 throughout the year.

Risks managed during 2022-23 spanned the seven strategic areas agreed by the Board. These cover the areas of greatest concern to the organisation in relation to the delivery of our strategic plan for 2022-25. The table below provides a summary of the main actions taken to manage these risks during the year.

Strategic risk		Summary of actions
1	<p>External environment</p> <p>That EHRC is not sufficiently aware of external issues and does not feed appropriate intelligence into decision-making with a consequential impact on effectiveness and reputation.</p>	<p>We strengthened the capacity of our strategy, data and evidence teams and developed a new regulatory intelligence hub to support effective decisions on the use of our powers and levers to achieve maximum impact.</p>
2	<p>Stakeholder relationships</p> <p>That EHRC does not engage effectively with stakeholders, failing to inform, persuade or influence them appropriately and consequently losing their confidence, resulting in loss of funding, status or adverse impacts on delivery.</p>	<p>We maintained regular engagement with the UK, Scottish and Welsh governments through meetings, briefings and evidence. We strengthened our communications and stakeholder function through recruitment and new software to support media analysis.</p>
3	<p>Mission and strategy</p> <p>That EHRC does not have an effective process for arriving at the right strategy and policy commensurate with its remit, with the consequence that it does not deliver what is needed to fulfil its remit.</p>	<p>We created a panel of solicitors to ensure full access to external, impartial advice. We strengthened our strategy team and improved our internal communications with staff to share our strategy and the impacts we are aiming for.</p>
4	<p>Delivery</p> <p>That EHRC does not deliver the outcomes in its strategic plan with the result that it does not fulfil its remit and suffers reputational damage.</p>	<p>We improved our planning and performance frameworks and invested in developing staff to plan for impact. We advocated for greater funding certainty, and improved budget management and reporting processes to ensure that we deliver within our means.</p>

Strategic risk	Summary of actions
<p>5 People That EHRC does not have people with the right skills and does not use them well.</p>	<p>We reviewed our organisation design and recruited to key gaps across functions. We delivered priority learning and development. After an initial period of high turnover, this reduced over the course to a stable position at expected levels. We developed the values that will be used to in leadership and development programmes in 2023-24.</p>
<p>6 Change and improvement That EHRC does not recognise and manage the need for change well, resulting in poor staff engagement and lost opportunity in delivering organisational improvements.</p>	<p>We managed change through a cross organisational delivery group. Our people survey results recorded a significant increase in staff believing that we manage change well.</p>
<p>7 Governance and compliance That EHRC does not comply with all required public governance standards, protections and law, and fails to benefit from best practice standards resulting in loss of productivity or reputation.</p>	<p>We concluded a Board Effectiveness Review and took forward many of the recommendations received. We strengthened our Corporate Legal team and received substantial assurance on our information governance internal audit. We moved much of our ICT infrastructure to the cloud to offer greater cyber security protections.</p>

Accounting Officer's assurance

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

The system of internal control reflects good practice. It identifies and manages risk, rather than eliminate all risk of failure. It provides reasonable but not absolute assurance of effectiveness, supporting the achievement of our aims and objectives, while safeguarding our funds and assets, in line with 'Managing Public Money'. These controls have been in place throughout 2022-23 and up to the date of approval of the Annual Report and Accounts and accord with Treasury guidance.

My review of effectiveness is informed by assurances received from the Leadership Team throughout the year and from the work carried out by ARAC. It is further supported by the assurance received from internal and external audit opinions.

Assurance provided by delegated budget holders

Budget holders are required to confirm that they understand the terms of the delegation, their limits of authority and responsibilities and that they are aware of all controls in place.

Budget holders are required to complete an annual assurance statement that confirms that they have met all their obligations or made me, as Accounting Officer, aware of any instances where controls have not been met in the following areas:

- management of delegated financial resources
- managing staff performance
- risk identification and management, and
- audit arrangements.

Budget holders are also required to make me aware of any contingent liabilities or potential claims against EHRC that have not been disclosed elsewhere. I am assured that, on review of the returns received, that there is nothing of this nature that needs to be brought to the attention of the auditors.

Assurance provided by the ARAC

The ARAC provides independent oversight and review of processes and policies to give assurance that our governance arrangements are appropriate and are operating effectively.

The ARAC completed its programme of work for the year and, in addition to reporting to the Board, has produced an annual report of its work for my and the Board's consideration. ARAC has not identified any issues requiring disclosure.

The Chair of the ARAC has provided the following statement:

We have an effective Audit and Risk Assurance Committee (ARAC). ARAC Members possess a range of skills and experience and provide valuable insight and scrutiny. Throughout the year, ARAC worked with EHRC's executive Leadership Team and other officers to ensure that adequate controls were in place. The ARAC Improvement Plan that ran from February to October 2022 was effective in improving reporting and governance processes and building a trust between the Committee members and staff. ARAC received regular reports from management on financial performance, risk and relevant policies. ARAC received strong assurance on the organisation's approach to information governance and received regular reports on anti-fraud and whistleblowing procedures, with no concerns arising. We maintained a strong focus on improving governance procedures, particularly risk management and assurance processes, and will continue to scrutinise and seek further assurance during 2023-24 that new frameworks put in place by management are effective.

ARAC engaged with EHRC's internal and external auditors throughout the year. We reviewed the internal audit plan and all reports received. The transition to a new internal audit provider went smoothly, with all reports received as planned and constructive working relationship reported between the audit service and staff.

The ARAC Chair reported to the Board at each meeting and provided assurance on matters such as risk management, governance and internal control. ARAC is therefore of the opinion that control systems in place have performed adequately and there are no significant issues or weaknesses to be drawn to the attention of the Accounting Officer.

Assurance provided by the annual internal audit opinion

Internal audit

The internal audit plan is designed to provide independent assurance on our governance, risk management and internal controls. Audits agreed as part of the annual plan are carried out in accordance with the guidance contained in the Public Sector Internal Audit Standards. The internal auditor reports on findings, provides comparators to similar organisations and makes recommendations to management, who develop and agree an action plan to address any weaknesses identified. TIAA acted as our internal auditor during 2022-23.

Areas reviewed and reported on as part of the 2022-23 plan included information governance, communication and media, governance of Board and Committees, project and programme management and a follow-up regarding a previous audit on the area of cyber security.

ARAC received reports from the internal auditor on each review and a progress report from management on actions to implement recommendations.

The internal auditors provide an annual report which summaries the outcomes of audits carried out during the year and provides an annual opinion. As Accounting Officer, I review the audit reports received and the recommendations made and ensure that maintaining and improving effective governance remains a key priority for management and that any recommendations made by the internal auditors are acted upon.

Six audits were undertaken this year, one of which was an advisory, follow up on a previous audit report. This audit therefore did not give a level of assurance.

Of the five audits provided with a level of assurance, two were rated as 'substantial', meaning that "there is a robust system of internal controls operating effectively to ensure that risks are managed, and process objectives achieved," and three as 'reasonable', where "the system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved".

Recommendations have been made based on the findings of the audit work, but no fundamental control weaknesses, where limited or no assurance could be given, were identified.

From the reports received, there were no urgent recommendations, six important recommendations and 10 routine recommendations. All the recommendations received have been reviewed by management and actions agreed.

This year, based on their audit work, the head of internal audit issued the following opinion:

'TIAA is satisfied that, for the areas reviewed during the year, the Equality and Human Rights Commission has reasonable and effective risk management, control and governance processes in place.'

Accounting Officer's conclusion

I have considered the evidence provided during the production and review of the Annual Governance Statement and the independent advice and assurance provided by ARAC. I am 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 2023.

Considering the assurances that I have received along with other evidence available to me, I conclude that we have satisfactory governance and risk management systems in place with effective plans to ensure continuous improvement of our control framework.

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



Marcial Boo,

Chief Executive and Accounting Officer
14 July 2023

Remuneration and staff report

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

Remuneration of the Chair and other Board members

Commissioners are appointed by the Minister for Women and Equalities initially for a term of between two and five years and may be reappointed for one additional period.

The daily remuneration rates are set by the Minister. Board members are expected to work up to the number of days⁵ on EHRC business as prescribed in their letter of appointment. Any additional days for which fees are claimed must be approved by the Chairwoman in advance. Fees are paid in 12 equal instalments across the year and appointments are not pensionable.

Commissioners attend formal and informal meetings of the Board, support specific programmes of work and committees, represent EHRC at external events and attend training or developmental events as required. Commissioners and Committee members can claim travel and subsistence expenses or request that travel is booked on their behalf when working on EHRC business. The expenses in the tables below show the total cost of out of pocket expenses claimed and travel booked by EHRC for member travel and subsistence. HMRC guidelines class any travel to Board meetings as 'commuting', and any expenses claimed for these are subject to tax and National Insurance. EHRC meets the resultant tax liability for these expenses.

⁵ The Chairwoman is remunerated at a rate of £500 per day and is expected to work for up to 100 days per annum (total fees £50,000 per annum). Deputy Chairs are remunerated at a rate of £450 per day and are expected to work for up to 52 days per annum (total fees £23,400 per annum). Commissioners are remunerated at a rate of £400 per day and are expected to work for up to 25 days per annum (total fees £10,000 per annum). Chairs of the Audit and Risk, Wales and Scotland Committees are remunerated at a rate of £400 per day and are expected to work for up to 30 days per annum (total fees £12,000 per annum)

a) Chair & Commissioners' pay summary
(the information in tables b, c, and d is subject to audit)

	2022-23	2021-22
	£000	£000
Board members' fees (tables b, c, and d)	171	184
Board members' employer's National Insurance contributions (NICs) (tables b, c, and d)	11	10
Statutory and advisory committee members' fees (table e, f, and g)	41	98
Total	223	292

The above table is a summary of emoluments disbursed. Further detail is shown in the following tables.

b) Chair

Baroness Kishwer Falkner was appointed as Chairwoman effective from 1 December 2020 for a period of four years.

	2022-23	2021-22
Chair's fees	50,000	50,000
Employer's NICs	5,943	5,679
Total	55,943	55,679
Expenses	1,081	155

c) Deputy Chairs

	Fees £		Expenses £	
	2022-23	2021-22	2022-23	2021-22
Caroline Waters Reappointed for a five-year term from 15 January 2018 – term ended January 2023	18,448	23,400	244	216
Eryl Besse (Deputy Chair)⁶ Appointed 16 January 2023 with an end date of 31 March 2026	4,728	–	–	–
Alasdair Henderson (Deputy Chair)⁶ Appointed 16 January 2023 with an end date of 26 April 2026	4,728	–	–	–
Subtotal	27,904	23,400	244	216
Employer's NICs paid on fees and Expenses	2,401	2,009	–	–
Total	30,305	25,409	244	216

⁶ The end dates are aligned with the dates of appointment as Commissioners

d) Fees and expenses for each Commissioner	Fees £		Expenses £	
	2022-23	2021-22	2022-23	2021-22
Arif Ahmed Appointed 3 January 2023 for an initial four-year term	2,500 ⁷	–	71	–
Suzanne Baxter Appointed 27 April 2018 for an initial four-year term (term ended 26 April 2022)	833 ⁷	10,000	–	609
Eryl Besse Appointed 01 April 2022 for an initial four-year term (appointed Deputy Chair from 16 January 2023)	9,493	–	171	–
Jessica Butcher Appointed 1 December 2020 for an initial four-year term	10,000	10,000	160	390
Joanne Cash Appointed 16 January 2023 for an initial four-year term	2,105 ⁷	–	–	–
Pavita Cooper Appointed 27 April 2018 for an initial four-year term (term ended 26 April 2022)	833 ⁷	10,000	–	–
David Goodhart Appointed 1 December 2020 for an initial four-year term	10,000	10,000	98	384
Alasdair Henderson⁸ Reappointed 27 April 2022 for an additional four-year term (appointed Deputy Chair from 16 January 2023)	11,708	12,400	542	80
Helen Mahy⁹ Reappointed 27 April 2022 for an additional four-year term (resigned 4 March 2023)	11,099	10,500	68	450
Kunle Olulode Appointed 3 January 2023 for an initial four-year term	2,500 ⁷	–	–	–

	Fees £		Expenses £	
	2022-23	2021-22	2022-23	2021-22
Akua Reindorf Appointed 20 December 2021 for an initial four-year term	10,000	2,500 ⁷	253	160
Dr. Lesley Sawers⁹ Reappointed 29 March 2021 for an additional four-year term	12,000	10,500	1,005	832
Su-Mei Thompson Appointed 1 December 2020 or an initial four-year term	10,000	10,000	612	403
Susan Johnson Re-appointed 7 January 2019 for a three-year term (term ended 06 January 2022)	–	7,664	–	396
Mark McLane Appointed 27 April 2018 for an initial four-year term – resigned 31 March 2022	–	10,000	–	–
Lord Bernard Ribeiro Appointed 1 December 2020 for a one-year term (term ended 30 November 2021)	–	6,667 ⁷	–	–
Subtotal	93,071	110,231	2,980	3,704
Employer's NICs paid on fees and expenses	2,627	2,201	–	–
Total	95,698	112,432	2,980	3,704

⁷ Full year equivalent (FYE)

⁸ Paid one additional day per month from as lead Commissioner for policy until his appointment as Deputy Chair

⁹ Paid five additional day's allowance (£2,000) per annum in respect of acting as sub-committee chair from January 2022

e) Committee fees and expenses (summary)

Committee members are remunerated at a rate of £250 per day and are expected to work for 12 days per annum (total fees £3,000 per annum). Members are expected to attend Committee meetings, to meet EHRC staff to support programme or projects and to represent EHRC at external events.

	Fees £		Expenses £	
	2022-23	2021-22	2022-23	2021-22
Scotland Committee	19,357	26,250	63	–
Wales Committee	17,063	27,104	35	655
Total (Scotland and Wales)	36,420	53,354	98	655
Employer's NICs paid	–	–	–	–

Scotland Committee

During 2022-23, the Scotland Committee consisted of three members who were paid fees of £3,000 each for the whole reporting period. One member resigned on 30 April 2022 and received fees of £250 up to this date. One member's term ended on 31 December and received fees of £2,250. Two terms ended on 31 January, with both members paid total fees of £2,500. One member had a short unpaid period whilst their appointment was extended, reducing fees paid from £3,000 to £2,857.

During 2021-22 the Scotland Committee consisted of eight members who were paid fees of £3,000 each for the whole reporting period. One member resigned on 31 December 2021 and received fees of £2,250 up to this date.

Wales Committee

During 2022-23 the Wales Committee consisted of four members who were paid £3,000 each for the whole reporting period. Three members resigned during the reporting period and received total fees of £2,063. Two new members were appointed in October 2022 and were paid £1,500 each from the date of appointment.

During 2021-22 the Wales Committee consisted of six members who were paid fees of £3,000 each for the whole reporting period.

One member resigned in March 2022 and received fees totalling £2,854 for the year. Martyn Jones received an extra allowance while acting as Chair of the Committee in the absence of a Wales Commissioner, receiving total fees of £6,250.

f) Fees and expenses for Committee independent members

ARAC and P&WC independent members receive an allowance of £250 per day and are expected to work a minimum of eight days per year.

	Fees £		Expenses £	
	2022-23	2021-22	2022-23	2021-22
Charlotte Moar (ARAC) Appointment extended until 30 September 2024	2,000	3,000	225	202
Gill Eastwood (ARAC) Appointment extended until 30 September 2025	2,000	3,000	548	168
Jonathan Parsons (P&WC) Appointed November 2022 for an initial two-year term	667	–	9	–
Total	4,667	6,000	782	370
Employer's NIC	–	119	–	–

g) Fees and expenses for the Disability Advisory Committee

The Disability Advisory Committee was wound up on 31 March 2022 and no costs have been incurred during the current reporting period

	Fees £		Expenses £	
	2022-23	2021-22	2022-23	2021-22
Disability Advisory Committee	–	39,000	–	–

Staff pay and pension arrangements

Remuneration policy

The Equality Act 2006 details our authority to remunerate employees. We are responsible for the payment of any deductions from pay to the appropriate body and subject to HMT pay remit guidance when making any annual pay increases.

The reward package of senior managers (the Chief Executive and the Executive Directors) is reviewed by the People and Workspace Committee (P&WC) annually.

The following section contains details of the remuneration and pension interests of senior managers.

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.

There are no elements of the remuneration package that are not cash.

Salary and pension entitlements (this information is subject to audit)

The following section provides details of the salary, pension entitlements and any taxable benefits in kind of our senior officers for the period to 31 March 2023.

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 paid are based on performance levels achieved against agreed objectives, these are assessed as part of the annual appraisal process. Bonuses paid in 2022-23 related to performance in 2021-22 and the comparative bonuses reported for 2021-22 related to performance in 2020-21.

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 2022-23 (none in 2021-22).

Remuneration (salary, benefits in kind and pensions) – this information has been subject to audit

Single total figure of remuneration					
	Salary £000 (bands of £5,000)	Bonus £000 (bands of £5,000)	Benefits in kind (rounded to nearest £100)	Notional pension benefits ¹⁰ £000 (to the nearest £1,000)	Total £000 (bands of £5,000)
Marcial Boo, Chief Executive					
2022-23	125–130	–	–	49	175–180
2021-22	70–75 FYE 120-125	–	–	26	95–100
Melanie Field, Chief Strategy and Policy Officer					
2022-23	95–100	–	–	(49) ¹¹	45–50
2021-22	95–100	–	–	37	135–140
Cath Denholm, Chief Operating Officer					
2022-23	95–100	–	–	39	135-140
2021-22	95–100	–	–	39	135-140
Jacqueline Killeen, Chief Regulator¹²					
2022-23	65–70 FYE 90-95	–	–	33	100–105
2021-22	–	–	–	–	–

¹⁰ The FReM 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.

¹¹ Notional Pension Benefits for 2022-23 for Melanie Field are negative due to transfer into the Alpha pension scheme.

¹² Jackie Killeen is currently on secondment to the EHRC from the British Council, the figures in the above table have been provided by the British Council based on the Salary agreed by EHRC.

Pay multiples (this information has been subject to audit)

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 and allowances, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions or the cash equivalent transfer value (CETV) of pensions.

Full-time equivalent (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, we have estimated the annual remuneration paid to interim staff, as this information is not available. The calculation is based on an estimate on 222 working days at the interim's agency day rate (excluding VAT) less 30% to cover agency fees and employer's NICs.

	2022-23	2021-22	2022-23	2021-22
	Including bonus payments	Including bonus payments	Excluding bonus payments	Excluding bonus payments
Banded remuneration of the highest-paid director £	125,000 – 130,000	120,000 – 125,000	125,000 – 130,000	120,000 – 125,000
First quartile of pay £	40,226	38,991	40,160	38,991
First quartile ratio %	3.17	3.14	3.17	3.14
Median total remuneration £	41,025	39,785	40,160	38,991
Median pay ratio %	3.11	3.08	3.17	3.21
Third quartile of pay £	52,184	49,602	51,319	49,226
Third quartile ratio %	2.44	2.47	2.48	2.49
Range of banded remuneration for employees	20,000 – 25,000 to 125,000 – 130,000	£10,000 – 15,000 to 120,000 – 125,000	20,000 – 25,000 to 125,000 – 130,000	10,000 – 15,000 to 120,000 – 125,000

There were also no bonuses or benefits paid to the highest paid director in either year.

The banded remuneration of the highest-paid director in the financial year 2022-23 was £125,000 to £130,000 (2021-22 £120,000 to £125,000) including bonus payments. This was:

- 3.17 times (2021-22 3.14 times) the **first quartile** of remuneration, which was £40,226 (2021-22 £38,991)
- 3.11 times (2021-22, 3.08 times) the **median** remuneration of the workforce, which was £41,205 (2021-22, £39,785)
- 2.44 times (2021-22 2.47 times) the **third quartile** of remuneration, which was £52,184 (2021-22 £49,602).

In 2022-23 no employee, (2020-21, none) received remuneration more than the highest paid director.

In comparison to 2021-22, the median and first quartile ratios to the highest paid director have risen. This is due to the 2022-23 pay award being based on a percentage of salary. The fall in the third quartile from 2.47 to 2.44 is attributed to the percentage pay award for employees in this quartile being higher than that of the highest paid director, thereby reducing the ratio.

Change in total remuneration

	2022-23	2021-22	Change	% Change
Average pay Including bonuses £	46,993.54	45,082.51	1,911.03	4.24
Average pay excluding bonuses £	46,401.39	44,721.19	1,680.20	3.76
Average bonus payment £	592.15	717.44	-125.29	-17.46
No of employees receiving a bonus	220	139	81	58.27

Average remuneration for all staff excluding bonuses increased by 3.76 per cent. This increase is attributed to a combination of the pay award and a change in the grade mix of the workforce.

The average bonus payment decreased by 17.5 percent whilst the number of recipients increased by 58.3 percent, representing a greater distribution of bonuses across all staff, with bonus payments ranging from £20 to £1,675.

Pension benefits – this information has been subject to audit

Accrued pension at pension age as at 31 March 2023 and related lump sum (bands of £5,000)	Real increase in pension and related lump sum at pension age (bands of £2,500)	CETV at 31 March 2023	CETV at 31 March 2022	Real increase in CETV
		£000	£000	£000
Marcial Boo, Chief Executive				
20–25	2.5-5	341	287	30
Melanie Field, Chief Strategy and Policy Officer				
45–50 plus a lump sum of 110–115	0 plus a lump sum of 0	1,050	990	(64) ¹³
Cath Denholm, Chief Operating Officer				
5-10	0-2.5	83	51	22
Jacqueline Killeen, Chief Regulator				
30–35 plus a lump sum of 45–50	0-2.5 plus a lump sum of 0-2.5	518	457	20

¹³ Negative due to transfer into the Alpha pension scheme

The cash equivalent transfer value

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. 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.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures

The real increase in the CETV

This reflects the increase in CETV that is funded by the employer. It excludes increases due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

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 with the cost of benefits 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 switch into **alpha** sometime between 1 June 2015 and 1 February 2022.

Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below).

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 defined contribution (money purchase) 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 an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). 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 pension arrangements are on the Civil Service Pension Scheme website.

Civil Service and other compensation schemes: exit packages (this information is subject to audit)

During 2022-23 one person left EHRC through a voluntary exit and received an exit package in the range £100,000 – £150,000. (2021-22: none).

Exit package cost band (£)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
100,000 – 150,000	–	1	1
Total resource cost (£000's) ¹⁴	–	174	–

¹⁴ Including pay in lieu of notice, accrued holiday pay, employers NICs and associated legal fees

Redundancy and other departure costs were approved by the Cabinet Office and 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 and the table above shows the total cost of exit packages and associated costs agreed and accounted for in 2022-23 of £174,000, (2021-22, nil). Where the public body has agreed early retirements, the additional costs are met by the public body 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.

All off-payroll engagements as of 31 March 2023, for more than £245 per day and lasting for longer than six months

No engagement met the above criteria	–
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2021-22: there were no existing engagements as at 31 March 2022 which were over 6 months.

All off-payroll appointments engaged at any point during the year ended 31 March 2023 and earning at least £245 per day

Number of off-payroll workers engaged during the year ended 31 March 2023	10
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In-scope of IR35	10
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Out-of-scope of IR35	–
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Engagements reassessed for compliance or assurance purposes	–
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Engagements that changed IR35 status following review	–
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2021-22: the number of engagements, that met the above criteria between 1 April 2021 and 31 March 2022 was 10.

Off-payroll engagements of Board members or senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023

Number of off-payroll engagements of Board members or senior officials with significant financial responsibility, during the financial year.	1
Total number of individuals on payroll and off-payroll who have been deemed 'Board members or senior officials with significant financial responsibility', during the financial year. This figure includes both on payroll and off-payroll engagements.	21

2021-22: there were no off-payroll board members, the total number of Board members was 20

Staff report

Staff numbers and related cost (average staff numbers and staff costs are subject to audit).

Staff numbers

The number of staff we employed on 31 March 2023 is as follows:

	2022-2023		
	Female	Male	Total
Directors (SCS Grade 1–3 equivalent)	5	5	10
Other employees	123	70	193
Other employees (short-term workers)	15	4	19
Directors (SCS Grade 1–3 equivalent) (seconded/loans inwards)	1	–	1
Other employees (seconded/loans inwards)	1	4	5
Total	145	83	228
Interims and support workers	–	–	–
Other employees (seconded/loans outwards)	1	1	2

As at 31 March 2023, 222 individuals were directly employed by EHRC on a permanent or fixed-term basis (218 at 31 March 2022). No interim staff and support workers were engaged at 31 March 2023. Six employees were seconded from other departments and two were seconded or loaned out at 31 March 2023; all salary costs for such agreements are funded by the receiving organisation.

The average number of FTE employees in post during the year is detailed in the following table.

	2022-23	2021-22
Permanently employed staff	182	173
Other		
Short-term contract staff	21	12
Inward secondments	5	4
Agency staff (contracted staff)	5	4
Total	213	193

The average number of FTE employees engaged during the year 2022-23 was 213 (193 in 2021-22), including seconded, loan or agency staff.

Staff costs

	2022-2023 Permanently employed staff	2022-2023 Others (agency and FTC)	2022-2023 Total	2021-2022 Total
	£000	£000	£000	£000
Wages and salaries	8,989	589	9,578	8,423
Social security costs	1,038	65	1,103	904
Apprenticeship levy	35	–	35	29
Pension costs	2,482	150	2,632	2,305
Inward secondments	–	158	158	169
Untaken annual leave ¹⁵	34	–	34	(76)
Exit costs	135	–	135	–
Total staff costs	12,713	962	13,675	11,754
Recoveries in respect of (outward) secondments ¹⁶	(115)	–	(115)	(100)
Total staff costs (less amount recovered)	12,598	962	13,560	11,654
Interim costs	–	373	373	253
Total	12,598	1,335	13,933	11,907

¹⁵ Untaken annual leave represents the movement in the accrual based on the calculated cost of leave not taken at 31 March 2023. The increase is due to a change in the annual leave year which is now based on joining date rather than the 1 April for all staff.

¹⁶ Represents outward secondments during the reporting period where the employee remains on our payroll but salary costs are fully recovered.

Sickness absence

The sickness absence rate for staff increased compared to 2021-22 and is shown in the table below as average working days lost (AWDL) per FTE.

	AWDL
2022-23 (as at 31 March 23)	6.0
2021-22 (as at 31 March 22)	5.7

Staff turnover

The rate of turnover of permanent staff was 16.5% in 2022-23 compared with 21% in 2021-22. Along with other public and private sector organisations, we experienced an increase in staff turnover in 2021-22 following the COVID-19 pandemic. During 2022-23 we saw a reduction in the number of leavers. We continue to review and improve our processes for offering confidential exit interviews to fully understand reasons for leaving.

Employee engagement

We conducted our annual People Survey in November 2022 and achieved a high response rate of 84% of the workforce. We saw a rise in overall employee engagement index score to 53.4% (compared to 51.4% in 2021-22).

Areas where we saw improvements in staff feedback included higher confidence in the Leadership Team and its vision for EHRC, a clearer understanding of objectives, higher satisfaction with leadership and the management of change, and satisfaction with learning and development opportunities. Areas with less satisfaction included pay and reward and the visibility of the Board. We are taking forward actions to ensure further improvement, including reviewing our induction processes and our employment offer to employees, and planning more opportunities for people to interact with our Board.

Recruitment practices

Recruitment has continued to be a priority. We improved existing practices and continued to use external partners to support recruitment. In the year, we reduced the number of agency staff, as posts were filled by permanent workers.

Facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017 and requires relevant public sector employers, to 'collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation'.

Facility time is defined in the regulations as 'the provision of paid or unpaid time from an employee's normal role to undertake Trade Union duties and activities as a Trade Union representative'. The tables below show the amount and cost of facility time for 2022-23.

Relevant union officials	2022-23
Number of employees who were relevant union representatives during the relevant period	25
FTE employee number	24.38

Percentage of time spent on facility time				
Percentage of time	0	1 – 50	51 – 99	100
Number of employees	1	24	–	–

Percentage of pay bill spent on facility time	
Total cost of facility time £000	11
Total pay bill (staff) £000	13,675
%	0.078

The regulations require organisations to publish how many hours were spent by trade union officials on paid trade union activities as a percentage of total paid facility time hours. Facility time is paid or unpaid time that trade union officials receive from their normal role to undertake trade union duties and activities.

Paid trade union duties include, for example, preparing for negotiation or consultation and attending meetings; accompanying their trade union members to meetings; and completing training relevant to their trade union role.

Paid trade union activities means the time taken off with pay by trade union officials to carry out matters beyond the immediate interest or concern of EHRC. These activities include attendance at national executive committee meetings and attendance at trade union conferences.

Paid trade union activities	%
Time spent on paid trade union activities as a percentage of total paid facility time hours	32

Expenditure on consultancy

There was no consultancy spend during 2022-23. This was nil in 2021-22.

We operate a guaranteed interview scheme for applicants who meet the minimum criteria with requested reasonable adjustments made at all stages of the process and we use recruitment software to anonymise applications to ensure fairness.

People policies

There is a comprehensive set of policies and procedures in place to support colleagues during their time at work. These are reviewed and updated on a regular basis in consultation with employee groups and trade unions. We report on policy compliance and review on an annual basis to the ARAC.

All policies and procedures are designed to be inclusive for all employees and protected characteristics, supporting reasonable adjustments and flexible working requests along with other support packages wherever possible.

Employees have access to a comprehensive employee assistance programme and support is available through a number of channels when required, including independent and confidential occupational health services and internal resources such as mental health first aiders.

We recognise and work with the PCS and Unison trade unions and we operate a formal Health and Safety Committee to which both management and trade union representatives are invited.

All staff have access to a range of learning and development resources and agree personal development objectives with their line managers. Employees in eligible categories are encouraged to apply to Government positive action programmes to aid personal and career development.

Diversity and inclusion

We promote equality and inclusion for all and we have improved the representation of ethnic minority and disabled staff at all levels through improved recruitment practices and developing interviewing skills for staff. In the past year, as a proportion of our total staff, we saw an increase of 10% in ethnic minority staff and a 1% increase in disabled staff, we also saw a 17% increase in the number of staff who declared themselves to be LGBTQ+. We encourage staff to declare these characteristics to ensure we have an accurate picture of our employees.

In 2022-23 we responded to a call for more opportunities for staff to engage on interest areas. We established staff networks for Race Equity, LGBTQ+, Disability, Sustainability, Wellbeing and Social Mobility.

Pensions

The PCSPS is an unfunded multi-employer defined benefit scheme in which we are unable to identify our share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2016. Details are on the Civil Service Pensions website.

In 2022-23, employers' contributions of £2,626,483 were payable to the PCSPS (2021-22: £2,304,330) at one of four rates in the range 26.6% to 30.3% (2021-22: 26.6%-30.3%) 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 2022-23 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. Contributions due to the PCSPS at the reporting period date were £277,773.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions are age-related and range from 8.0% to 14.75%. Employers also match employee contributions up to 3% of pensionable pay. During 2022-23 two employees joined the partnership scheme (nil in 2021-22).

Employers' contributions of £6,102 were made to the stakeholder pension providers in 2022-23 (nil in 2021-22). Employer contributions of £218 (nil in 2021-22), representing 0.5% of the member's pensionable pay, were paid 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 £2,657 (nil in 2021-22). Contributions prepaid at that date were nil (nil in 2021-22).

There were no early retirements on ill-health grounds (nil in 2021-22).

Parliamentary accountability and audit report

This section summarises the key parliamentary accountability statements within the annual report and accounts and contains the certificate and report of the Comptroller and Auditor General.

Parliamentary disclosures

(all disclosures are subject to audit)

Losses and special payments

'Managing Public Money' and the Financial Reporting Manual (FRM) require a statement showing losses and special payments by value and by type to be shown separately where they exceed £300,000 in total, and those individually that exceed £300,000. There were no losses or special payments in 2022-23 that require disclosure in the Annual Report and Accounts (none in 2021-22).

Remote contingent liabilities

A remote contingent liability exists where the likelihood of settlement is too remote to meet the definition of a contingent liability. There are no remote contingent liabilities as at 31 March 2023.

Fees and charges

EHRC does not have the ability to raise income through the levy of fees or charges.

Regularity of expenditure

The Accounting Officer is able to identify any material irregular or improper use of funds. To the date of this statement, there have been no instances of irregularity, impropriety or non-compliance discovered during the financial year.



Marcial Boo,

Chief Executive and Accounting Officer

14 July 2023

Audit Certificate

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 Commission for Equality and Human Rights (trading as the Equality and Human Rights Commission) for the year ended 31 March 2023 under the Equality Act 2006.

The financial statements comprise the Commission's

- Statement of Financial Position as of 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Commission's affairs as of 31 March 2023 and its net expenditure for the year then ended; and
- 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 (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). 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 2019. I am independent of the Commission in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Commission's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Commission's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Commission is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises the information included in the Annual Report but does not include the financial statements nor my auditor's certificate and report. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Equality Act 2006.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Equality Act 2006; and

- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In light of the knowledge and understanding of the Commission and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and the Accountability Report.

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 by the Commission or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or

- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Commission and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Commission and Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Commission from whom the auditor determines it necessary to obtain audit evidence;

- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with Secretary of State directions made under the Equality Act 2006;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with Secretary of State directions made under the Equality Act 2006; and
- assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Commission will not continue to be provided in the future.

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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Commission's accounting policies, key performance indicators and performance incentives.
- inquired of management, the Commission's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Commission's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Commission's controls relating to the Commission's compliance with the Equality Act 2006 and Managing Public Money;

- inquired of management, the Commission’s head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team and the relevant external specialists, including pensions expertise, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Commission for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Commission’s framework of authority and other legal and regulatory frameworks in which the Commission operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Commission. The key

laws and regulations I considered in this context included the Equality Act 2006, Managing Public Money, employment law, pensions legislation and tax legislation.

I considered other risk assessment procedures performed relating to fraud, non-compliance with laws and regulations and regularity including review of Commissioner meeting minutes; attending the Audit and Risk Assurance Committee; enquiries of management, internal audit and those charged with governance; review of significant and unusual transactions; and review of segregation of duties and mitigating controls.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having a direct effect on the financial statements;
- I enquired of management, the Audit and Risk Assurance Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and

- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

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

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies,

Comptroller and Auditor General

Date: 17 July 2023

National Audit Office,

157-197 Buckingham Palace Road,
Victoria, London SW1W 9SP

Statement of accounts

1 April 2022 – 31 March 2023

These accounts are presented to Parliament pursuant to paragraph 40 of Schedule 1 to the Equality Act 2006.

EHRC is a statutory non-departmental public body established under the Equality Act 2006. Its powers and duties are described in the 2006 and 2010 Equality Acts.

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

Primary statements

The Primary Statements within the Statement of Accounts include the Statement of Comprehensive Net Expenditure, the Statement of Financial position (Balance Sheet), the Cashflow Statement and the Statement of Changes in Taxpayer's Equity Primary Statements are complemented by the subsequent notes.

The Statement of Comprehensive Net Expenditure shows the cost for the year of the EHRC's activities, it essentially captures the inflow and outflow of resources for the financial year up to 31 March, which have been received or incurred as part of the ordinary activities of the EHRC.

The Statement of Financial Position (Balance Sheet) is a statement showing the EHRC's assets and liabilities: that is, what is owned and what is owed as at 31 March 2023. The net impact of this is funded by taxpayers' equity which is received as funding from our sponsor body.

The Cashflow Statement shows the changes in cash during the financial year and cash balance at the end of the year. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the EHRC's infrastructure.

Statement of accounts

Statement of Comprehensive Net Expenditure (SoCNE)

for the year ended 31 March 2023

		2022-2023	2021-2022
	Notes	£000	£000
Income			
Operating income	4	(125)	(145)
Total operating income		(125)	(145)
Expenditure			
Staff costs	3	13,933	11,907
Commissioner and committee costs	3	223	292
Purchase of goods and services	3	3,455	4,508
Depreciation and impairment charges	3	912	601
Provision expense	3	(169)	204
Total operating expenditure		18,354	17,512
Net operating expenditure		18,229	17,367
Interest cost on pension scheme liabilities	12	21	17
Interest cost on leases (IFRS16)	13	15	-
Net expenditure for the year		18,265	17,384
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	(34)	(25)
net (gain)/loss on revaluation of intangible assets	6	(2)	1
actuarial loss/(gain) on pension scheme liabilities	12	(211)	120
Comprehensive net expenditure for the year		18,018	17,480

The notes on pages 106 to 137 form part of these accounts

Statement of accounts

Statement of

Financial Position (SoFP)

as at 31 March 2023

		2022-2023	2021-2022
	Notes	£000	£000
Non-current assets			
Property, plant and equipment	5	1,098	940
Intangible assets	6	65	172
Right of use assets	13	1,343	–
Trade and other receivables	9	85	54
Total non-current assets		2,591	1,166
Current assets			
Trade and other receivables	9	596	666
Cash and cash equivalents	8	32	375
Total current assets		628	1,041
Total assets		3,219	2,207
Current liabilities			
Trade and other payables	10	(1,591)	(2,015)
Lease liabilities	13	(447)	–
Dilapidations provision	11	–	(343)
Pension liabilities	12	(116)	(105)
Total current liabilities		(2,154)	(2,463)
Total assets less current liabilities		1,065	(256)

Statement of accounts

Statement of

Financial Position (SoFP)

as at 31 March 2023 (cont.)

		2022-2023	2021-2022
	Notes	£000	£000
Non-current liabilities			
Lease liabilities	10	(857)	–
Dilapidations provision	11	(216)	(89)
Pension liabilities	12	(1,010)	(1,316)
Total non-current liabilities		(2,083)	(1,405)
Total assets less total liabilities		(1,018)	(1,661)
Taxpayers' equity			
Revaluation reserve	SoCTE	57	51
General reserve	SoCTE	(1,075)	(1,712)
Total equity		(1,018)	(1,661)

The notes on pages 106 to 137 form part of these accounts



Marcial Boo,
Chief Executive and Accounting Officer
14 July 2023

Statement of accounts

Statement of Cash Flows (SoCF)

for the year ended 31 March 2023

		2022-2023	2021-2022
	Notes	£000	£000
Cash flows from operating activities			
Net expenditure	SoCNE	(18,265)	(17,384)
Adjustments for non-cash transactions	5, 6, 13	912	172
Decrease/(increase) in trade and other receivables	9	39	29
Decrease/(increase) in trade and other payables	10	(424)	339
(Decrease)/increase in provisions	11	(216)	204
Pension payments	12	(105)	(124)
Lease movements not passing through the SoCNE		(86)	–
Movements in capital payables not passing through the SoCNE		152	–
Interest expense	SoCNE	36	–
Net cash outflow from operating activities		(17,957)	(16,335)
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE) and intangible assets	5&6	(493)	(490)
Movement in capital accruals		(152)	–
Net cash outflow from investing activities		(645)	(490)

Statement of accounts

Statement of Cash Flows (SoCF)

for the year ended 31 March 2023 (cont.)

		2022-2023	2021-2022
	Notes	£000	£000
Cash flows from financing activities			
Grant-in-aid received from sponsoring department	SoCTE	18,661	17,115
Payments in respect of lease liabilities	13	(387)	–
Interest expense in respect of lease liabilities	13	(15)	–
Net Financing		18,259	17,115
Net increase/(decrease) in cash and cash equivalents in the year	8	(343)	290
Cash and cash equivalents at the beginning of the financial year		375	85
Cash and cash equivalents at the end of the period		32	375

The notes on pages 106 to 137 form part of these accounts

Statement of accounts

Statement of Changes in Taxpayers' Equity (SoCTE)

for the year ended 31 March 2023

		Revaluation reserve	General reserve	Total
	Notes	£000	£000	£000
Balance at 31 March 2021		63	(1,358)	(1,295)
Grant-in-aid received from sponsoring department – cash draw down	SoCF	–	17,115	17,115
Net expenditure for the year	SoCNE	–	(17,384)	(17,384)
Remeasurements – actuarial gain/loss on pension scheme liabilities	12	–	(120)	(120)
Revaluation of PPE and intangibles	5&6	23	–	23
Transfer between reserves		(35)	35	–
Balance at 31 March 2022		51	(1,712)	(1,661)
Grant-in-aid received from sponsoring department – cash draw down	SoCF	–	18,661	18,661
Net expenditure for the year	SoCNE	–	(18,265)	(18,265)
Remeasurements – actuarial gain/loss on pension scheme liabilities	12	–	211	211
Revaluation of PPE and intangibles	5&6	36	–	36
Transfer between reserves		(30)	30	–
Balance at 31 March 2023		57	(1,075)	(1,018)

The notes on pages 106 to 137 form part of these accounts

Notes to the financial statements for the period ending 31 March 2023

1.0 Accounting policies

The EHRC is a statutory non-departmental public body sponsored by the UK Government's Minister for Women and Equalities established by the Equality Act 2006. It operates independently from Government and Parliament and is Britain's national equality body.

We operate from four offices across Britain located in:

- London – Third Floor, Windsor House, Victoria St, London, SW1H 0TL
- Manchester – Arndale House, Arndale Centre, M4 3AQ
- Cardiff – Companies House (1st Floor), Crown Way, Cardiff, CF14 3UZ, and
- Glasgow – 1st Floor, 100 Bothwell Street, Glasgow, G2 7DA.

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, we have selected the accounting policy judged to be most appropriate to the circumstances of our organisation for the purpose of giving a true and fair view. The policies we have adopted are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Accounting policy 1.15 (Leases) has been updated to reflect the adoption of IFRS16 from 1 April 2022, there have been no further changes to the underlying accounting policies used to prepare the 2022-23 Statement of Accounts.

Policies will continue to be reviewed as part of the accounts preparation and may be re-worded where this will aid understanding.

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

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 where material.

1.2 Going concern

The financial statements have been prepared on a going-concern basis. This is based on the assessment that the EHRC will continue to receive funding and operations will continue for the foreseeable future. This assessment has also considered that, for non-trading public sector entities like the EHRC, 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 Equality Act 2006 required the Secretary of State to provide sufficient funding for the EHRC to carry out the statutory duties contained within the Act and as an arms-length body sponsored by the Cabinet Office, the EHRC has no reason to assume that future funding will not be forthcoming. This going concern assessment is made up to 12 months from signing date which includes the initial part of the 2023-24 financial year.

The EHRC has assumed that funding will continue beyond the 2022-23 financial year as outlined in the requirement to submit a three-year spending plan.

The Framework agreement between the EHRC and the Cabinet Office provides assurance that in the event of the EHRC being wound up and assets or liabilities of the EHRC will be passed to any successor organisation or the Cabinet Office if there is no successor body.

In conclusion, these factors, and the anticipated future provision of services in the public sector, support the EHRC’s adoption of the going concern basis for the preparation of the accounts.

1.3 Accounting judgements and key sources of estimation uncertainty

In applying the accounting policies and preparing the financial statements management is required to make judgements regarding complex transactions or those involving uncertainty about future events and 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 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 at the time of the statement of our financial position:

- 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, legal or other limits on their use
- Impairment of non-current assets
- Leases (right of use assets) break clauses: where a lease contains a break clause management assess whether or not this is likely to be exercised at commencement and the life of the asset will recognise this date. These will be reviewed to assess whether or not any changes to circumstances will result in changes to the lease-term
- Leases (right of use assets) discount rates: If a discount rate is not implicit in a lease, the rate promulgated by HM Treasury effective at the date of the initial recognition or remeasurement will be used

- **Provisions:** Provisions are based on the best estimate of the amount required to settle an obligation following an assessment of risks and uncertainties, HM Treasury discount rates for general provisions and post-employment benefits are applied where appropriate and may have an effect on liabilities disclosed
- **Retirement benefit obligations:** The pension scheme for the former chair of the EHRC, and for the former chairs and deputy chairs of legacy commissions, is unfunded and exposes the EHRC 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

New or amended standards are implemented in line with their adoption by the FReM.

IFRS17 Insurance contracts replaces IFRS 4 Insurance contracts and is expected to become effective for public sector bodies in 2025–26. Our assessment is that this will have no impact on our financial statements because we do not enter into insurance contracts.

There are no other IFRS interpretations not yet effective that would be expected to have material impact on the EHRC financial statements. No standards have been adopted early.

1.5 Grant-in-aid

The FReM requires the EHRC 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 EHRC

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

1.6 Employee benefits

Benefits payable during employment

IAS19: Employee benefits, prescribes rules for recognition and presentation of various types of benefits that employers provide to their employees, under which short-term benefits are recognised as an undiscounted expense in the accounting period and include:

- staff salary costs which are recorded as an expense as soon as an organisation is obliged to pay them
- Performance payments unpaid at the end of the year are recognised on an accruals basis, calculated as a fixed proportion of the total pay bill, which represents the maximum amount that can be paid out.

Employee leave accrual

An accrual is made for the cost of any annual leave entitlement by staff not taken at 31 March, the accrual is made at the salary rates applicable on the date the accrual is made.

1.7 Operating segments

Operating segments (note 2) are based on the main reporting areas of our organisation (Networks) and align with our internal reporting. Since segmental information for assets and liabilities is not reported to the Chief Operating Decision-Maker (CODM) at a segmental level, these are not included in the segmental reporting analysis.

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

1.8 Recognition of income and expenditure

Activity is accounted for in the year in which it takes place and is recognised in the financial statements on an accruals basis.

Expenditure in relation to services received (including services provided by employees) is recognised at the point that the services are received rather than when payments are made.

Operating income is principally the recovery (either full or partial) of costs incurred from other parties. Income is recognised when the transaction can be reliably measured, and it is probable that economic benefits associated with the transaction will flow to the EHRC.

Where income and expenditure has been recognised but cash has not been received or paid, a receivable or payable for the relevant amount is recorded in our statement of financial position.

1.9 Prepayments

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

Items are recognised for prepayment if the total cost exceeds £100, items 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 across the duration of the agreement.

1.10 Property, plant and equipment

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that a future economic benefit can be recognised, where the expected useful lives of the assets exceeds one year and that the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (for example, for repairs and maintenance) is charged as an expense when it is incurred.

A £3,000 de minimis limit for capital expenditure is applied, either individually or in related groups of similar assets.

All property, plant and equipment are 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 not 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 are deemed 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.

Depreciation

Property, plant and equipment are depreciated over their estimated useful economic using the straight-line basis commencing when the asset is placed in service. All assets' residual values, useful lives and methods of depreciation are reviewed at each financial reporting year-end and adjusted if appropriate.

We estimate the useful economic lives of assets as follows:

- **fit-out costs (leasehold improvements) 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
- **computer and networking equipment, telephones hardware:** 2–7 years
- **right of use assets:** the contractual length of the lease or where it is established that a break clause is likely to be exercised the period of the break clause (see note 1.15).

Impairment

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 are recognised in the statement of comprehensive net expenditure, rather than set against an available revaluation reserve.

Where impairment losses are identified that are not due to consumption, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is charged to the statement of comprehensive net expenditure.

Where asset revaluations cause impairment, an assessment is carried out to determine whether the impairment is due to the consumption of economic benefit and should be recognised in the statement of comprehensive net expenditure.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset is charged to the statement of comprehensive net expenditure as a loss on disposal. Net gains from disposals are credited to the statement of comprehensive net expenditure (that is, netted off against the carrying value of the asset at the time of disposal).

1.11 Intangible assets

Recognition

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

Intangible assets are recognised at cost initially, assets are revalued annually using producer price indices published by the Office for National Statistics, which is deemed 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 been recorded previously, 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 associated directly with the production of identifiable computer software programs controlled by our organisation that would generate economic benefits beyond one year and provided that several 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.

Other costs associated with developing or maintaining computer software programmes are recognised as an expense when incurred.

Amortisation

Intangible assets are amortised over the estimated useful economic life of the asset using the straight-line basis, commencing at the point 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 following:

- software and associated services are assessed over the term of the software licence, and
- information technology assets are assessed over five years or over the unexpired time of the software licence (whichever is shorter).

Impairment

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 impairment losses not due to consumption are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is charged to the statement of comprehensive net expenditure.

Where asset revaluations give rise to impairment, an assessment is carried out to determine if the impairment is due to consumption of economic benefit and should be recognised in the statement of comprehensive net expenditure.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset is charged to the statement of comprehensive net expenditure as a loss on disposal. Receipts from disposals are credited to the statement of comprehensive net expenditure as a gain on disposal (that is, netted off against the carrying value of the asset at the time of disposal).

1.12 Provisions, contingent liabilities, and contingent assets

Provisions

In accordance with IAS 37 provisions are recognised when a legal or constructive obligation from a past event arises and an outflow of economic benefits will probably be required to settle the obligation, and the amount of the obligation can be assessed reliably.

For **legal costs** a provision is made when there is a probability of greater than 50% that the case will be lost and being ordered to pay costs. Legal cases are taken on by the EHRC to challenge and clarify the law, which may result in adverse judgment being made. The probability assessment is carried out on a case-by-case basis, taking the advice of external legal experts.

For **dilapidations**, outside the scope of IFRS 16, 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 in the lease.

If a value is not provided by the lessor within the lease the provision is calculated utilising a rate per square foot based on a professional valuation.

If an annual assessment to revalue the provision is not carried out, provisions held are discounted according to the HM Treasury discount rate (indicated in the table below) when their use is expected to be more than a year from the date of creation.

HMT General provisions discount rates	2022-23	2021-22
Short-term: applied on cash flows from up to and including five years from the date of the Statement of Financial Position	3.27%	0.47%
Medium-term: applied on cash flows from after five and up to and including 10 years from the date of the Statement of Financial Position	3.20%	0.70%

Contingent liabilities

A contingent liability arises where an event has taken place that gives the EHRC a possible obligation which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly under the EHRC's control. Contingent liabilities also occur when a provision would otherwise be made but it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the financial statements but are disclosed in a note to the accounts.

Contingent assets

A contingent asset arises where an event has taken place that gives rise to a possible asset which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly under our control.

Contingent assets are not recognised in the financial statements but disclosed in a note to the accounts when it is probable that there will be an inflow of economic benefits or service potential.

1.13 Access to Work scheme

The Access to Work scheme, run by the Department for Work and Pensions (DWP), considers if any reasonable adjustments are required for a person to do their job. If a member of staff has an agreement in place which provides part-funding for equipment or services, the EHRC agrees to make up any shortfall.

1.14 Pensions

Current and former employees are covered by the provisions of the Principal Civil Service Pension Scheme (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 dependents' 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 paying into the PCSPS/CSOPS amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS/CSOPS. Regarding the defined-contribution elements of the scheme, we recognise the contributions payable for the year.

Pension benefits for former Chairs of the EHRC and its legacy organisations 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 and pensions are administered 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.

1.15 Leases (as a Lessee)

IFRS 16, effective from 1 April 2022 specifies how EHRC as a lessee, recognises, measures, presents and discloses leases, removing the distinction between operating and finance leases and requiring lessees to recognise 'right of use' assets and liabilities for all leases unless exempt due to the lease term being 12 months or less and/or the underlying asset having a low value (less than £5,000). In accordance with the FReM, occupancy agreements between government departments are treated as contracts and are within the scope of IFRS 16. IFRS 16 is not applied to intangible assets.

HMT mandated that any impact of the adoption of IFRS6 from 1 April 2022 should be taken through the SoCTE rather than by restating the prior year. EHRC has therefore applied IFRS 16 using the above approach and therefore the comparative information has not been restated and continues to be reported under IAS 17. The effect of adopting IFRS 16 is included as an adjustment to taxpayers' equity at 1 April 2022, there is no SoCTE impact as RoU assets match the lease liability plus any reclassification of associated receivables or payables.

At the commencement of a contract, EHRC assesses whether the contract constitutes a lease by conveying the right to control the use of an identified asset for a period of time in exchange for consideration, including whether:

- The contract involves the use of an identified asset
- The EHRC has the right to obtain substantially all of the economic benefit from the use of the asset throughout the period of use, and
- The EHRC has the right to direct the use of the asset for the duration of the period of use.

EHRC also assesses whether any break clauses or extension options are likely to be exercised at the lease commencement date. These assumptions are reassessed if there are significant events or changes in circumstances that were not anticipated at commencement.

Where the interest rate implicit in a lease cannot be readily determined, the lease liability is calculated using the HM Treasury discount rates provided in PES papers as the incremental borrowing rate.

Right of use assets

Right of use asset is initially measured at cost, which comprises the total of the lease liability and subsequently measured at current value in existing use in line with property, plant and equipment assets, using cost as a proxy for fair value as significant market fluctuations are not anticipated.

The right of use asset is depreciated using the straight line method from the commencement date to the end of the lease term.

IAS 36 Impairment of Assets is applied in line with property, plant and equipment assets to determine whether the right of use asset is impaired and to account for any impairment loss identified.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HM Treasury (HMT); for leases that commenced or are remeasured in the 2022 calendar year, this rate is 0.95% (2023: 3.51%)

All leases within the 2022-23 statements commenced and were adopted into IFRS 16 before 1st January 2023 and have therefore been discounted using the HMT discount rate of 0.95%.

The lease payment is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments or if EHRC changes its assessment of whether it will exercise an extension or break option.

The EHRC does not currently act as a lessor.

1.16 Value Added Tax (VAT)

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

1.17 Related-party transactions

The EHRC is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence our organisation or to be controlled or influenced by us.

Disclosure of these transactions allows readers to assess how the EHRC might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with us.

1.18 Events after the reporting period

Events after the reporting period are those, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

- **Adjusting events:** Those events that provide evidence of conditions that existed at the end of the reporting period – the statement of accounts is adjusted to reflect such events.
- **Non-adjusting events:** Those events that are indicative of conditions that arose after the reporting period – the statement of accounts is not adjusted to reflect such events. However, where a category of events would have a material effect, disclosure is made in the notes regarding the nature of the events and either their estimated financial effect or a statement that such an estimate cannot be made reliably.

2 Statement of out turn by operating segment

Our operations are divided into networks, each led by a Senior Officer. These networks and the teams included in each are summarised below during 2022-23, EHRC's reporting structure was re-organised, the tables below show the reporting responsibilities at 31 March 2023.

Chief Operating Officer network

Teams

- Communications, International and Correspondence
- Estates and Facilities, People and Information Technology
- Senior management team and private office
- Finance, Procurement, Planning and Governance
- Board and Committees.

Strategy and policy network

Teams

- Policy
- Strategy
- Human Rights monitoring
- Evidence and Data
- Wales
- Scotland.

Regulation network

Teams

- Compliance
- Legal and Enforcement
- Corporate Law and Information Governance.

	Gross expenditure	Income	Net expenditure
2022-23	£000	£000	£000
Chief Operating Officer	7,914	(107)	7,807
Regulation	5,397	(18)	5,379
Strategy and policy	4,131	–	4,131
Total operating expenditure	17,442	(125)	17,317
Depreciation and amortisation charge	912	–	912
Interest cost on pension scheme liabilities	21	–	21
Interest cost on leases	15	–	15
Total net expenditure	18,390	(125)	18,265

The 2021-22 totals in the table below have been amended to provide comparatives for the previous year.

	Gross expenditure	Income	Net expenditure
2021-22 (represented)	£000	£000	£000
Chief Operating Officer	7,958	(112)	7,846
Regulation	4,625	(31)	4,594
Strategy and policy	4,328	(2)	4,326
Total operating expenditure	16,911	(145)	16,766
Depreciation and amortisation charge	601	–	601
Interest cost on pension scheme liabilities	17	–	17
Total net expenditure	17,529	(145)	17,384

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

3 Expenditure		2022-23	2021-22
	Note	£000	£000
Staff costs			
Wages and salaries		9,578	8,423
Social security costs		1,103	904
Apprentice levy		35	29
Pension costs (PCSCS)		2,626	2,305
Pension costs (Partnership scheme)		6	–
Untaken annual leave		34	(76)
Inward secondments		158	169
Recoveries in respect of outward secondments		(115)	(100)
Agency staff		373	253
Chair's and Commissioners' fees and expenses		223	292
Exit packages		135	–
Total staff costs¹⁷		14,156	12,199
Purchase of goods and services			
ICT and telecommunications		741	740
Support and office services		640	682
Premises costs (non-lease)		552	653
Legal		491	236
Travel and subsistence		264	101
Publication and information		223	300
Staff support, recruitment and training		206	515
Advisory services		109	86
Research and policy development		78	475
Auditor's remuneration ¹⁸		63	55
Rentals under operating leases		57	605
Access to work		31	60
Total purchase of goods and services		3,455	4,508

3 Expenditure (cont.)		2022-23	2021-22
	Note	£000	£000
Non-cash items			
Depreciation of property, plant and equipment	5	363	432
Amortisation of intangible assets	6	115	153
Depreciation Right of Use assets	13	435	–
Gain/Loss on disposal of ROU assets	13	(1)	–
Revaluation of property, plant and equipment and intangible assets	5&6	–	16
Provision expense	12	(168)	203
Borrowing costs of provisions (unwinding of discount on provisions)	12	(1)	1
Total operating expenditure		18,354	17,512
Interest cost on pension scheme liabilities	12	21	17
Interest cost on IFRS16 Leases	13	15	–
Net finance expenditure		36	7
Total expenditure		18,390	17,529

4 Income		2022-23	2021-22
	Note	£000	£000
Grants received		104	112
Access to work scheme	1.13	21	31
Other income		–	2
Total income		125	145

¹⁷ Further detail is provided in the 'Remuneration and staff report' (page 64)

¹⁸ No non-audit services were provided by the external auditors.

5 Plant, property and equipment

	Leasehold improvement ¹⁹	IT and telecoms equipment	Furniture	Payments on account and assets under construction	Total
2022-23	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2022	1,357	1,417	344	7	3,125
Additions in year	153	216	24	94	487
Disposals	(212)	(494)	(24)	–	(730)
Reclassifications and transfers	7	–	–	(7)	–
Revaluations	16	17	27	–	60
At 31 March 2023	1,321	1,156	371	94	2,942
Depreciation					
At 1 April 2022	1,065	970	150	–	2,185
Charge in year	205	125	33	–	363
Disposals	(212)	(494)	(24)	–	(730)
Revaluations	(8)	(6)	(12)	–	26
At 31 March 2023	1,066	607	171	–	1,844
Carrying value					
At 31 March 2022	292	447	194	7	940
At 31 March 2023	255	549	200	94	1,098

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.

¹⁹ Leasehold improvement costs include the costs of fitting out premises that are occupied under a lease; such assets are depreciated over the term of the lease

5 Plant, property and equipment (cont.)

	Leasehold improvement ¹⁹	IT and telecoms equipment	Furniture	Payments on account and assets under construction	Total
2021-22	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2021	1,621	1,510	448	213	3,792
Additions in year	193	241	34	–	468
Disposals	(573)	(481)	(156)	–	(1,210)
Reclassifications and transfers	41	165	–	(206)	–
Revaluations	75	(18)	18	–	75
At 31 March 2022	1,357	1,417	344	7	3,125
Depreciation					
At 1 April 2021	1,411	1,251	248	–	2,910
Charge in year	168	214	51	–	433
Disposals	(573)	(481)	(156)	–	(1,210)
Revaluations	59	(14)	7	–	52
At 31 March 2022	1,065	970	150	–	2,185
Carrying value					
At 31 March 2021	210	259	200	213	882
At 31 March 2022	292	447	194	7	940

6 Intangible assets

2022-23	Software	Total
	£000	£000
Cost or valuation		
At 1 April 2022	398	398
Additions	6	6
Disposals	(31)	(31)
Revaluations	9	9
At 31 March 2023	382	382
Amortisation		
At 1 April 2022	226	226
Charge in year	115	115
Disposals	(31)	(31)
Revaluations	7	7
At 31 March 2023	317	317
Carrying value		
At 31 March 2022	172	172
At 31 March 2023	65	65

6 Intangible assets (cont.)

2021-22	Software	Total
	£000	£000
Cost or valuation		
At 1 April 2021	582	582
Additions	22	22
Disposals	(173)	(173)
Reclassification	–	–
Revaluations	(33)	(33)
At 31 March 2022	398	398
Amortisation		
At 1 April 2021	263	263
Charge in year	153	153
Disposals	(173)	(173)
Revaluations	(17)	(17)
At 31 March 2022	226	226
Carrying value		
At 31 March 2021	319	319
At 31 March 2022	172	172

7 Financial instruments

Due to the EHRC's cash requirements being 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. Most financial instruments we hold relate to contracts to buy non-financial items in line with our expected purchase and usage requirements, therefore the exposure to credit, liquidity and market risk is considered minimal.

8 Cash and cash equivalents	2022-23	2021-22
	£000	£000
At 1 April 2022	375	85
Net change in cash and cash equivalent balances	(343)	290
Balance at 31 March 2023	32	375

9 Trade and other receivables	2022-23	2021-22
	£000	£000
Amounts falling due within one year		
Receivables	8	8
Prepayments	586	588
Accrued income	2	70
Total	596	666
Amounts falling due after one year		
Prepayments	85	54
Total receivables	681	720

10 Trade payables and other liabilities	2022-23	2021-22
	£000	£000
Amounts falling due within one year		
Accruals	333	715
Trade payables	351	462
Other taxation and social security	315	279
Holiday pay accrual	308	274
Pension payments	280	252
Rent-free accrual	–	20
Contract liabilities and deferred income	–	6
VAT	4	7
Current part of lease liabilities	447	–
Total falling due within one year	2,038	2,015
Amounts falling due after one year		
Lease liabilities	857	–
Total payables	2,895	2,015

11 Provisions for liabilities and charges

	Dilapidation provision	Total provisions
2022-23	£000	£000
Balance at 1 April 2022	432	432
Provided in year	–	–
Provisions not required/written back	(168)	(168)
Provisions utilised	(47)	(47)
Unwinding of discount rate	(2)	(2)
Change in discount rate	1	1
Balance at 31 March 2023	216	216

	Dilapidation provision	Total provisions
2022-23 Ageing of provisions	£000	£000
Not later than one year	–	–
Later than one and not later than five years	216	216
Later than five years	–	–
Total	216	216

	Dilapidation provision	Total provisions
2021-22	£000	£000
Balance at 1 April 2021	228	228
Provided in year	203	203
Provisions not required/written back	–	–
Unwinding of discount rate	–	–
Change in discount rate	1	1
Balance at 31 March 2022	432	432

11 Provisions for liabilities and charges (cont.)

	Dilapidation provision	Total provisions
2021-22 Ageing of provision	£000	£000
Not later than one year	343	343
Later than one and not later than five years	89	89
Later than five years	–	–
Total	432	432

12 Pension liabilities (retirement benefit obligations)

Pension liabilities comprise pension benefits for the former Chair of the EHRC 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 our organisation. 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 2023.

	2022-23	2021-22
Assumptions %	£000	£000
Rate used to discount scheme liabilities	4.15	1.55
Rate of inflation: Consumer Prices Index	2.40	2.90
Rate of increase for pensions in payment and deferred pensions	2.40	2.90

	2022-23	2021-22
Liabilities	£000	£000
Active members (past service)	–	–
Deferred pensioners	–	–
Current pensioners	1,126	1,421
Net present value of scheme liabilities*	1,126	1,421

	2022-23	2021-22
Analysis of movement in scheme liability	£000	£000
Balance at 1 April	1,421	1,425
Net interest – recognised in net expenditure for the year	21	17
Actuarial loss/(gain) – in other comprehensive expenditure	(211)	120
Less benefits paid	(105)	(141)
Present value of scheme liabilities	1,126	1,421

	2022-23	2021-22
Actuarial gains/losses to be recognised in other comprehensive income	£000	£000
Experience loss/(gain) arising on the scheme liabilities	139	74
Changes in assumptions underlying the present value of the scheme liabilities	(350)	46
Net total actuarial loss/(gain) in other comprehensive expenditure	(211)	120

*Scheme liabilities (£000) are recognised as: Current liabilities £116, Non-current liabilities £1,010

Experience loss arising on the scheme liabilities amounted to £139,000 (a £74,000 loss in 2021-22), changes in the demographic and financial assumptions underlying the valuation of the scheme have resulted in a gain to the scheme of £350,000 (a £46,000 loss in 2021-22).

The total re-measurements were a gain of £211,000 (a £120,000 loss in 2021-22) recognised directly in taxpayers' equity.

Experience loss/(gain) as a percentage of scheme liabilities	2022-23	2021-22
	£000	£000
Experience loss/(gain) arising on the scheme liabilities	139	74
Net present value of the scheme liabilities	1,126	1,421
Percentage of scheme liabilities at the year end	12.30	5.21

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	-4%	(43)
Rate of increase in CPI	+ 0.5% a year	+4%	40
Life expectancy – each member assumed 1 year younger than their actual age		+3%	39

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 detailed in the table below:

Current pensioners	Exact age	31 March 2023		31 March 2022	
		Men (yrs)	Women (yrs)	Men (yrs)	Women (yrs)
	60	26.6	28.1	27.0	28.6
	65	21.8	23.2	22.1	23.8

13 Leases

IFRS 16 'Leases' has been implemented from 1 April 2022. Leases previously recognised as operating leases until 31 March 2022 along with new leases acquired during the year that meet the requirements of IFRS 16 are now recognised as right-of-use lease assets.

The EHRC's current lease contracts comprise the rental of office space, the lease statuses are explained below:

- one lease was classed as short-term (less than 12 months duration) and was exempt from recognition, EHRC exited this building in July 2022
- one lease met the requirements of IFRS 16 having over 12 months remaining on the term at 1 April 2022 and was recognised on transition
- the lease for the Manchester office had an end date of 31 March 2023, during the reporting period permission was given to agree an extension to the term of this lease. As permitted EHRC have treated this a modification of the lease and have recognised the remaining portion of the existing lease (12 months) and the new lease as a ROU asset

- during the year the EHRC entered into an additional two leases, both of which were classified as IFRS 16 leases from their commencement date.

The impact on the financial statements is provided below:

On initial application right-of-use assets have been recognised at an amount equal to the initial lease liability, adjusted by any rents paid in advance (prepayments) and VAT payable. The initial liability has been calculated based on the present value of future cash flows for each lease over the applicable lease term determined in accordance with the new standard.

The table below reconciles the current leases within the scope of IFRS 16 immediately on adoption.

Obligations under operating leases	£000
Premises leases	
Not later than one year	443
Later than one year but less than five years	336
Total	779
Extension of Arndale lease	1,047
Total	1,826
Operating lease commitments disclosed at 31 March 2022	1,826
Adjustments from IAS 17 to IFRS 16	
Less short-term leases (with a length of less than 12-months at 1 April 2022)	(20)
Less VAT element of payments made and prepaid amounts	(287)
Impact of discounting	(34)
IFRS 16 opening balance of existing lease liabilities 1 April 2022	1,485

	2022-23	2021-22
IFRS 16 lease liability comprise	£000	£000
Premises leases		
Balance on adoption	1,485	–
Present value of lease additions	326	–
Lease disposals	(120)	–
Payments made (cash outflow)	(402)	–
Interest cost	15	–
Liability at 31 March 2023	1,304	–
Total future lease obligations are given below:		
Not later than one year	447	–
Later than one year but not later than five years	801	–
More than one year	56	–
Present Value of obligations	1,304	–
Elements in the Statement of Comprehensive Net Expenditure		
Short-term leases and VAT element of ROU assets	57	–
Depreciation	435	–
Interest expense	15	–

Right of Use assets 2022–23	Office leases
	£000
Cost or valuation	
At 1 April 2022	–
Additions resulting from IFRS16 adoption in 1 April 2022	1,572
Additions in year	326
Disposals	(126)
Revaluations	–
At 31 March 2023	1,772
Depreciation	
At 1 April 2022	–
Charge in year	435
Disposals	(6)
Revaluations	–
At 31 March 2023	429
Carrying value	
At 31 March 2022	–
At 31 March 2023	1,343

14 Capital commitments

Significant commitments (greater than £10,000)	31 March 2023	31 March 2022
Fit-out of new London office (completion Q1 2022-23)	–	45
Completion of fit-out of Cardiff office	47	–
ICT equipment refresh	115	–
ICT licences	12	–
Total	174	45

15 Contingent liabilities disclosed under IAS 37

At 31 March 2023, the two contingent liabilities relating to legal issues exist as detailed below (none on 31 March 2022).

A contingent liability exists regarding an ongoing Judicial Review; this is likely to be heard in 2023. No further information has been disclosed as this could be prejudicial to the outcome of the case. The financial estimate of this liability is unquantifiable.

A contingent liability exists regarding one employment tribunal claim; this is scheduled to be heard in late 2023. No further information has been disclosed as this could be prejudicial to the outcome of the case, the inclusion of a financial estimate of this liability may be prejudicial to EHRC's interests and has not been disclosed.

16 Related party transactions

The EHRC is a non-departmental public body sponsored by the Cabinet Office which is regarded as a related party. During the year funding of £18.661 million was received from the Cabinet Office in the form of grant-in-aid. No other significant transactions have taken place.

The EHRC leases premises managed by the GPA, which is an executive agency of the Cabinet Office and payments have been made to the GPA in respect of rent and other costs associated with the leases. Transactions have also taken place with other government departments in the normal performance of EHRC's functions.

The EHRC does not have any subsidiaries.

No board member or manager has undertaken any material transactions with the EHRC during the reporting period except for remuneration and re-imbusement of expenses incurred which is reported on pages 65–71.

17 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 to report.

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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Published 19 July 2023 – ISBN: 978-1-5286-4318-4

