

Design Council Annual Report and Accounts

For the year ended 31 March 2017

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Design Council Trustees' Annual Report for the year ended 31 March 2017

The trustees submit this Annual Report along with the consolidated financial statements for the year ended 31 March 2017, which comply with the current statutory requirements and which have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

Objectives and activities

Objects of the charity

Design Council is a charity incorporated under a Royal Charter. The objects of Design Council are for the public benefit and are as follows:

The advancement of British industry and public services by the improvement of design in their products and services;

The protection, enhancement, improvement and revitalisation of the natural and built environment (including architecture), and the advancement of the education of the public in such subjects and in subjects relating to sustainable development and sustainable living, and to promote study and research in such subjects provided that the useful results of such study are disseminated to the public at large;

Sustainable development means “development which meets the needs of the present without compromising the ability of future generations to meet their own needs”.

Design Council's aims

Originally established by the UK government in 1944 as the Council for Industrial Design with a remit to support Britain's post-war economic recovery, today Design Council is recognised as a leading authority on the use of strategic design.

Our mission is to improve the quality of people's lives through the use of design. Our sphere of influence is significant both nationally and internationally.

We use design as a strategic tool to tackle major societal challenges, drive economic growth and innovation, and improve the quality of the built environment. Our approach is people-centred and enables the delivery of positive social, environmental and economic change. We address all aspects of design including product, service, user experience and design in the built environment. Our work ranges across the board, from the pixel to the city. We are the UK government's adviser on design.

Our independence, impartiality and ability to convene allows us to bring together strategic expertise and insight to identify and highlight issues and challenges of national significance. Our unparalleled network of some 450 design and built environment experts, our programmes, our methodologies and our processes allow us to provide strategic advice, support and insight which assist in addressing these challenges.

We draw on research, evidence gathering and insight from our programmes to demonstrate the impact of design and disseminate best practice in its use. We can thereby champion the value of design to reach a wide range of stakeholder audiences.

Value of design

For more than seventy years, Design Council has made a significant and tangible contribution to addressing some of the UK's most complex challenges by providing strategic design support, advice and expertise to bring about positive change. We continue to build on this legacy using design to address issues of national significance.

Britain has world-renowned design capabilities that deliver real value to the UK economy. Our research, *The Design Economy*, a first in the world mapping the entire design economy across the country, was published in 2015/16 and will be updated in 2017/18. This showed that in 2013 the design economy generated £71.7bn in gross value added (GVA), equivalent to 7.2% of total GVA.

We are entering a new era where markets are changing and increasingly strategic design is considered a competitive advantage both for companies and communities. Governments and public sector organisations are championing design and there has been an increase in the industry that can service this need. Development of cities, services and organisations is moving at a pace faster than ever before, problems being tackled are on a global scale, and as they are getting even more complex, the role for design becomes even more essential to find solutions.

The EU referendum result in June 2016 was a significant moment for the UK's design sector, as it was for the country as a whole. Our imperative was to sustain the UK's competitive edge in the world economy. During the period of uncertainty during 2016/17, we focused on ensuring that design played a strong part in boosting our economy and society. As this uncertainty continues during the Brexit negotiations in the forthcoming two years, we will work to ensure that value of design is fully recognised as being a key aspect of growth, productivity and prosperity for the UK in the future.

Our services

Design Council believes that design has the power to unlock complex problems, add further value to the economy, tackle challenging social issues and improve the quality of the built environment. Our services and programmes are designed to address such national issues, delivering positive change and social impact.

We combine our work on policy, research and thought leadership, with practical demonstration applying our design methods and processes to address national issues and sharing the knowledge and insights we generate.

Our programmes and services are currently focused on addressing issues in health and wellbeing, economic growth, housing and infrastructure and the transformation of public services.

Our income is derived from a combination of grants, partnerships and commissioned, paid-for services.

A key element of our activities is a grant programme we deliver for the Department for Business, Innovation and Skills (now called the Department for Business, Energy and Industrial Strategy – BEIS). In 2016 as part of the last Spending Review, the Department for Business, Innovation and Skills endorsed Design Council's role as the UK government's adviser on design and the continuation of grant funding with an indication of funding out to 2019/20 was confirmed. The grant was worth £3.35m in this 2016/17 year.

- This grant is to make the case and grow the market for design in areas of the economy where it is underused. We do this by growing the evidence base on the value and impact of design and using our national remit to provide both knowledge and insight from across the country on design. Our programmes focus on issues of national importance, aligned with both BEIS objectives and wider government priorities.
- We champion the value of design in a number of ways, including through providing expert insight to government and public, private and third sector organisations; our contributions at events and conferences nationally and internationally; our engagement with national and international delegations; our services and our extensive media reach.

We also provide programmes and services under grant agreements across a range of other programmes with a range of partners. In 2016/17, these included:

- The three-year European Design Innovation Platform (EDIP) programme, referred to as **Design for Europe**, funded by the European Commission. The objective was to raise awareness of and capability for design for innovation across the EU and establish a sustainable pan-European network for design. The funding for the programme ran to January 2017 and we are exploring ways to continue the programme into 2017 and beyond.
- Our product innovation support and funding programme, **Design Council Spark**, fast-tracks new products to market. This demonstrates the role of design in innovation and ways to accelerate the path of entrepreneurs. During 2016/17 the call for applicants reached an audience of 3 million and delivered more than 500 applications. We supported 28 ventures to use design to improve their pitch and selected 10 to go through this year's programme. To date, Design Council Spark has supported 31 product innovations since 2014.
- Our work to transform public services. For example our ongoing **Design in Public Services** (DiPS) programme supports and trains local authorities across the country to innovate and transform public services. Since 2013 DiPS has supported 56 services challenges across approximately 50 local authorities. We have been able to extend this programme with the ongoing support of the Local Government Association.

- We have developed and are leading on **Transform Ageing**, our cross-sector three-year initiative to improve people's experience in later life, funded by the Big Lottery Fund. We have worked alongside UnLtd, the South West Academic Health Science Network and the Centre for Ageing Better on this programme which is based in Cornwall, Devon and Somerset and launched in December 2016. Bringing together people in later life, social innovators and commissioners of health and social care services, we are utilising design thinking and skills to develop new solutions that better support the needs of these communities.

Our services are also commissioned by a range of clients from central and local government, to universities and commercial enterprises including:

- Through **Design Council Cabe**, our comprehensive **design service for city and local authorities** brings together local knowledge and world-class built environment and design expertise to help deliver high-quality, sustainable places. This includes working on the largest regeneration site in Europe with Old Oak and Park Royal Development Corporation to ensure all new developments meet the very highest of design standards. We have also advised major infrastructure providers including Thames Tideway Tunnel and supporting places across the country facing housing growth.
- Our **Design Academy** programme is in its third year. We know from our work with industry that businesses report high levels of technical design skills, but a lack of 'horizontal' or cross-disciplinary design skills amongst graduates, particularly related to the application of design to broad systemic or strategic organisational challenges. Design Academy responds to this challenge through the delivery of a fast-track innovation programme. This intensive course for design students at leading universities helps to prepare undergraduates from a variety of disciplines for real world design challenges by developing their strategic design capabilities.
- **Innovation programmes** with a number of public and private sectors organisations to support them in addressing complex challenges and to drive innovation and transformation, using our well-established design methods.

Objectives in short and long term

In 2015 trustees instigated a review and refresh of Design Council strategy for the period 2016 to 2020. 2016/17 was the first year fulfilling its objectives and these are set out below. This strategic review also aligned with the UK government's Spending Review for the period to 2020 given the close connection between Design Council and government.

The review built on our experience and examined the landscape to 2020 in terms of the national context, emerging areas of design, and how Design Council can apply its key strengths and methodologies to address these areas. Trustees also considered areas where Design Council needed to develop and build capabilities, resources and infrastructure.

The strategy sets out that the charity will:

- Continue to adopt an approach that is people-centred and enables the delivery of positive social, environmental and economic change.
- Use design as a strategic tool to tackle major societal challenges, drive economic growth and innovation, and improve the quality of the built environment, building on its position as a recognised, leading authority on the use of strategic design.
- Harness all aspects of design including product, service, user experience and design in the built environment, bringing this expertise together in our programmes.

Growing and diversifying income remains a high priority and there is a strong emphasis on measuring the impact of design, particularly as an intangible asset for innovation. Data and evidence underpin all that we do and we evaluate rigorously across all our programmes. We share the insights gained from our work with a wide range of audiences.

The organisation structure was to be aligned to support the delivery of the strategy. Inclusion is a key value of Design Council. We value diversity and respect others for their contribution whatever their background. We act with integrity and openness and encourage learning, cooperation and understanding.

For the year to 31 March 2017, our five key objectives were to:

1. **Provide world leading research, policy advice and thought leadership** on the role of design to the economy as a whole and for key industrial sectors. This included the development of a pan-Design Council evidence framework and a data collection process to support impact measurement, answer key research questions and provide supporting evidence for policy development.
2. **Develop our portfolio of high quality programmes and services** to address nationally significant issues, especially improving the built environment, accelerating product development, driving innovation in public and private bodies, and improving experiences in later life.
3. **Engage a wide range of individuals, organisations and businesses** with research, evidence and insight gathered from our programmes on design and the value of design.
4. **Re-organise the charity to be more outward facing** with a transition to four new groups, namely Architecture & Built Environment, Growth & Innovation, Policy & Communications and Corporate Services and the recruitment of a new Chief Executive.
5. **Maintain our focus on financial management and the improvement of systems, processes and facilities** to meet the budget and deliver the strategic roadmap agreed with trustees in 2016/17, and put in place conditions to support the delivery of the strategy out to 2020.

We have set out our achievement and performance for the year under review against these priorities and then summarised our future plans later in this report.

Our values

Our values demonstrate what we believe in and how we will behave:

- Being design-led underpins everything that we do. We practice what we preach, championing design in all of our activities.
- Being principled, we are prepared to take a stand for what we believe. Our work is evidence based.
- Working in partnership and collaboration with people and organisations who share our values and aspirations.
- Acting in an agile and entrepreneurial way, our future is in our hands and our hands alone.

Our approach is people-centred and inclusive to support the delivery of sustainable social, economic and environmental benefit. Our principles, our approaches and our network of experts are underpinned by inclusivity.

Public benefit

The charity trustees consider that they have complied with their duty in section 17 of the Charities Act 2011 to have due regard to Public Benefit guidance published by the Charity Commission and that the benefits that the charity provides are not unreasonably restricted.

We use design as a strategic tool to tackle major societal challenges, drive economic growth and innovation, and improve the quality of the built environment. Our approach is people-centred and enables the delivery of positive social, environmental and economic change. We aim to improve the quality of people's lives through the use of design.

Grant making

Design Council makes grants to certain beneficiaries under our programmes. Grants made in the year are set out in note 4 to the financial statements. The vast majority of grants paid during the year were to our partners on the Design for Europe and Transform Ageing programmes, with payments being made annually and quarterly respectively, according to the amount of expenditure incurred in carrying out the programme's deliverables.

Fundraising statement

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes".

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the key management personnel as described within the Structure, governance and management section, who are accountable to the trustees.

We have received no complaints in relation to solicitations. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds we do not consider it necessary to design specific procedures to monitor such activities.

Changes in key management personnel

Terry Tyrrell was appointed Chair of Design Council's board of trustees on 16 June 2016, taking over from Martin Temple who retired from the board of trustees on the same date.

In spring 2016 Design Council announced that John Mathers would retire from his role as Chief Executive in November 2016. Trustees appointed Madeline Denmead, Chief Operating Officer & Finance Director, and Clare Devine, Executive Director of Architecture, Built Environment & Design to take over executive responsibility for Design Council alongside their substantive roles from 6 May 2016 until a new Chief Executive had been recruited and in role.

Sarah Weir was recruited as Chief Executive and took up the role on 10 April 2017.

Achievements and performance

Achievements and performance against objectives

In the year under review we made good progress against all five of the key objectives set. Our achievements and performance against the objectives are set out below.

1. Provide world leading research, policy advice and thought leadership

- We further developed evidence on the value and impact of design on the economy, regions and skills base across the UK through commissioning a pioneering design skills index which defines skills and knowledge applied to design occupations for the first time.
- Our research exploring the phenomena of ‘design-intensive innovation’ brought together design experts, academia and designers to define how and why design impacts innovation. This work substantially informed our response to the Industrial Strategy and our recommendation for a Design for Growth Blueprint to drive and deliver resilient, inclusive and sustainable growth. We are now mapping where design innovation happens across the UK.
- We released in full free digital versions of four publications undertaken in recent years (Leading Business by Design, High Value Manufacturing, The Aerospace Sector and The Automotive Sector) as well as our full 2015 The Design Economy report. These reports have already had a significant impact on policy and business thinking in the UK and beyond.
- We developed an organisation impact framework, to better understand the impact of our work, share best practice to improve the evidence base on the value and impact of design.
- We conducted a detailed review to analyse how the numerous SME’s supported by Design Council between 2012 and 2016 were performing. This analysis found that 91% of the businesses we supported were still trading after five years, compared to just under half of firms in the control group. The results of the review emphasise the added value and impact of using design in business.
- Evaluations from our current programmes and services showed very positive result. For example on Design Council Spark 88% of participants felt that the programme had sped up the development of their product and over 60% of applicants expected to launch to market within a year of Design Council Spark. All Design Academy students felt that taking part in the programme had improved their employment prospects.

2. Develop our portfolio of high quality programmes and services

- Our Design in the Public Sector programme for local authorities, currently run in partnership with the Local Government Association (LGA), continues to attract wide interest and make increasing impact at scale. In 2016/17, we supported 16 local authorities with 21 projects. Over the last three years, we have worked with more than 56 project teams in eight regions who have benefited from this innovative training programme.
- We were awarded £3.65m by Big Lottery under their Accelerating Ideas fund to deliver our three year Transform Ageing programme with partners. We are now working with people in later life, health and social care commissioners and social entrepreneurs in Devon, Somerset and Cornwall to identify local challenges to develop solutions to improve people's experience in later life.
- Our three year Design for Europe programme, to drive up awareness and understanding of the value of design across 28 countries, formally concluded with a successful and well attended summit in Tallinn, Estonia in October 2016. The programme reached a significant milestone at the end of its contract with the European Commission having established a community of 100,000 and catalysed take-up of design within national innovation strategies across Europe, with 10 out of 28 EU countries harnessing design at national levels.
- Our accelerator support programme Design Council Spark, for entrepreneurs and innovators, supported 13 finalists in its second cohort, which culminated in a Showcase at City Hall in September, attracting an audience of more than 150 leaders from business, investment, research and design. We successfully launched our third Design Council Spark call which reached an unprecedented audience of more than 3 million with over 500 applications instigated, resulting in 28 selected ventures supported to use design to improve their pitch and preparation for further investment. We have subsequently identified 10 finalists for this third cohort attracting a more targeted number of ideas in health and environment.
- Design Academy, our training programme for future leaders in business, engineering and design, expanded attracting eight universities this year. The programme has supported more than 240 students this year and has generated very positive feedback from students and faculties. Through an assessment of the programme there are clear indications from the majority of universities that the programme enables students to make the link between design and innovation and also provides them with an approach they can embed in their own work supporting their employment prospects and meeting a recognised demand from business and industry for graduates with strategic design skills.

- We have expanded Design Council Cabi's dedicated place based panel advice and support service to further cities and authorities. This service supports the delivery of well-designed development across the country. Our reviews and stakeholder surveys are building a body of insight and evidence on a range of development types coming forward across the country and the opportunities and challenges faced by key stakeholders in delivering sustainable development to support place based growth. This insight is informing the development of our services.
- In March 2017, we launched a Creating Healthy Places survey exploring the barriers that prevent built environment professionals from creating healthier places through their work. This sector-wide survey will inform future work to tackle public health issues through development and regeneration.

3. Engage a wide range of individuals, organisations and businesses

- Our engagement activities add value to our policy and delivery work by championing the value of design and the opportunities it brings to a broad audience. Across the year, we shared design expertise and evidence online on subjects as varied as social innovation, health and social care and the built environment. This news and content generated over 402,000 visits to our website, and reached millions of people via social media, email and coverage on other media channels.
- Through our events activity, we convened the wider design community to share insights and experience. A particular highlight was the Design for Europe summit which brought together experts from 30 different countries to explore design's role in helping the European economy to grow.
- We have continued to increase and diversify our audience, with over 30,500 new social and email subscribers this year including local and central government employees, as well as those working for major public sector organisations such as NHS Trusts, major charities – particularly in the health space, built environment professionals, innovation specialists and academics.
- We supported both the Research Councils and Innovate UK to implement their design strategies. We were also represented on AHRC's Design Theme Advisory Board as well as attending regular meetings with, and providing advice to, Innovate UK about their Design Foundations programme.
- Our evidence to the House of Lords Science and Technology Committee on the role of design in R&D and innovation has informed its future work and our evidence to the Women and Equality Committee informed their recommendations on inclusive built environment. We have provided insight and evidence on the role of design in the built environment through our continued thought leadership and strategic policy advice on Cities and Devolution policy with Department of Communities and Local Government and to the Future Cities Catapult.

- We have provided consultation responses and thought leadership in health and social care policy, particularly on an ageing population, disability and built environment and emerging policy on, inclusive growth, education and skills (responding to the need to grow the economy).

4. Re-organise the charity to be more outward facing

- A transition to four new groups, namely Architecture & Built Environment, Growth & Innovation, Policy & Communications, and Corporate Services. This transition was all completed during 2016.
- Sarah Weir was appointed as new Chief Executive and took up her post on 10 April 2017.

5. Maintain our focus on financial management and the improvement of systems, processes and facilities

- Tight cost control was maintained throughout 2016/17 resulting in Design Council ending the year with free reserves and cash slightly ahead of budget. Systems, processes and facilities were strengthened and improved during the year including setting up the contractual framework to support Transform Ageing, our new £3.65m three-year programme launched this year.
- We were delighted to enter into an arrangement with the Centre for Ageing Better whereby we granted them a licence to occupy space within our offices in The Angel Building, Islington.

Key performance indicators

At least annually Design Council reviews performance against a range of key performance indicators ranging from outputs and outcomes of activities undertaken to more financial and operational measures of performance.

Throughout this year Design Council has been developing an organisation impact framework to better understand the impact of our work and to share best practice to improve the evidence base of the value and impact of design. The framework will be trialled in the year ending 31 March 2018.

Financial review

Review of the period

The consolidated results for Design Council for the year ended 31 March 2017 are set out in the financial statements from page 29 onwards.

In the sixth year as an independent charity the financial results showed a surplus of £3.6m compared to a small deficit of £0.02m in 2015/16. £3.3m of our surplus related to an unspent grant received from the Big Lottery Fund for the Transform Ageing programme. This is held as a restricted fund as at 31 March 2017, and will be drawn down over the remaining period of the programme to 2019.

Total income for the year amounted to £9.7m (£7.1m in 2015/16) of which £3.4m was in the form of a grant from BEIS (£3.4m in 2015/16). The remaining income of £6.3m (£3.7m in 2015/16) was raised from a variety of external sources including Big Lottery Fund for the Transform Ageing programme (£3.7m), Design for Europe (£0.6m), Design Council Spark (£1.0m) and various activities carried out by our Architecture and the Built Environment practice (£0.7m).

Total costs for the year were £6.1m (£7.1m in 2015/16). Cash and short term deposit balances have increased to £1.5m as at 31 March 2017 (£1.1m in 2015/16) reflecting the impact of a number of drivers, principally a surplus from our unrestricted programmes and a reduction in trade debtors.

The average number of staff employed during the year was 48 compared with 59 in 2015/16. The decrease is in line with the slight reduction in activity as some programmes came to an end and a move to a more flexible resource model using contract staff to resource short term projects or to backfill key staff vacancies.

Reserves Policy

Total funds held by the Design Council at the end of the year were £5.39m (2015/16: £1.8m). Of this £4.1m were restricted funds (2015/16: £0.7m) a breakdown of which is shown in note 8 of the accounts. The trustees have reviewed the level of reserves required by Design Council to sustain on-going operations. Accordingly Design Council has adopted a reserves policy whereby the unrestricted funds not committed or invested in tangible fixed assets (the “free reserves”) should be between three and six months of overheads. At 31 March 2017 free reserves were £0.9m against a target level of £0.5m to £0.9m.

Free Reserves

	2017	2016
	£000	£000
Total Unrestricted Funds	1,320	1,125
Less Tangible Fixed Assets	(405)	(476)
Free Reserves	915	649

Going Concern

The trustees have reviewed the financial position of Design Council and its subsidiary, its forecast cash flows, liquidity position and potential funding commitments for the foreseeable future. Design Council operates as an independent enterprising charity and there is a level of uncertainty regarding the charity's ability to grow and diversify its income streams. As a consequence, the trustees have used prudent assumptions in assessing the likely size and scale of income opportunities and will only commit funds to charitable activities when they are certain that obligations can be met. The trustees believe that the charity has adequate resources to continue in operational existence for the foreseeable future. As a result, they continue to adopt the going concern basis of accounting in preparing the Annual Report and Accounts.

Subsidiary undertaking and related parties

The Charity wholly owns a subsidiary the Design Council Enterprises Limited, a company registered in England. The subsidiary is used for fund-raising activities that are non-primary purposes trading. Its results are included in note 14 of the accounts.

Plans for the future period

During 2017/18, in the second year of our five year strategy, Design Council aims to build on the initial work done in 2016/17. We will be fulfilling our charitable aims of:

- Using our research widely
- Improving how design is used in people's lives
- Enhancing the natural and built environment
- Engaging and involving the public in our research.

Our focus, as an independent expert, is the championing, articulation and pursuit of purposeful design for public benefit through a virtuous circle of the four statements described above.

Building on the combination of powerful research undertaken and insights gathered through our multi-faceted programmes around the country, will enable us to be clear on the purpose of design and the difference it will make in each area of work, develop a stronger voice and narrative which articulates what the best design is and be sure who is going to benefit from all programmes and projects we are involved in – whether as a convenor, an enabler, an advocate or a doer.

We will continue to develop the existing high quality programmes we run, using our unique and extensive network of over 450 Design Associates and Built Environment Experts across the country. We will be working in areas of key importance to our economy and productivity as a country such as ageing, health and social care, housing and the built environment, education and skills and wealth creation. We will also be thinking ahead and planning for the post Brexit environment in which we will all be living and working from 2019 onwards.

Design can provide a key mechanism for us to look forward and positively respond to our changing world. More than ever, our economy and our politics will rely on creative thinking, imagination and innovation. Good design is at the centre of solutions and it can drive economic growth, improve our shared built environments, tackle social challenges and bring people together.

Continuing as the UK government's advisor on design, we will make the case and grow the market, both creating and taking all opportunities to position design at the centre of Government, industry and public sector plans for a healthier, more prosperous Britain. And to deploy it to respond positively to change through all we do.

By reaching out to partner with a wider range of people, we will continue to also build our sustainable income base, beyond our current grant from BEIS.

We are trialling a new organisation impact framework in 2017/18 to better understand the impact of our work and to share best practice to improve the evidence base of the value and impact of design.

Objectives for the coming year

We will continue to follow the main areas set out and articulated for 2016/17. These are:

- 1. Provide world leading research, policy advice and thought leadership.**
This year, we will be focusing on the role of design to the economy as a whole and for key sectors. We will be publishing our first Design Council evidence framework, the second edition of our ground-breaking report on *The Design Economy*, as well as other reports on design's economic contribution in the areas of innovation and design skills. All of these will support local and national decisions makers to respond to and understand more clearly both local and national gaps and needs, as well as plot future trends.
- 2. Further develop and refine our portfolio of high quality programmes and services.** All our programmes are built and developed from evidence of need and demand coming from our research. Our portfolio of programmes which encompass Transform Ageing, Design Academy, Design in Public Sector, Design Council Spark and Design Council Cabe's design advice programme will all be further developed, grown and rigorously evaluated during 2017/18. We will use our extensive network of Design Associates and Built Environment Experts across the country to deliver them. We will also be exploring synergies and linkages between them all, which could have both wider financial benefits for the economy, as well as broader social impact. Lastly, we will also be actively exploring those programmes which could be further scaled up across the country and involve other partners.
- 3. Engage an enhanced range of individuals, organisations and businesses.** Sharing more widely and using our wider range of research, combined with evidence and insight from across our programmes, we will be publishing more work online, as well as exploring a range of potential partners to work with, strengthening the market for design, across the economy.
- 4. Continue to be more outward looking as a charity with a dual focus on maximising both our financial results and social impact from our work.** With a focus on major societal challenges including housing, health and social care, ageing, training and lifelong learning to ensure longer employment, we will raise awareness on the value of design in creatively challenging thinking and identifying opportunities that can solve problems and improves lives. We will also be looking further ahead at new opportunities for design, in a range of mediums. We will both convene and participate in a range of conferences, events and roundtables to demonstrate and showcase the ways design can be used and be useful
- 5. Build on the improvement of systems, processes and facilities in 2016/17, and continue to further streamline to ensure robust financial management** enabling us to meet the budget set by trustees for 2017/18 and reach the future goals of our strategy for the period to 2020. This will include the need to extend our reach and develop more strategic partnerships, in pursuit of this goal and grow and diversify income.

Structure, governance and management

Governing document

Design Council is a charity incorporated by Royal Charter that works for public benefit. The Royal Charter was originally granted on 9 May 1976 and amended on 1 April 2011 to reflect Design Council's change in status from being a public body to being a charity and the transfer in of certain activities and assets of the Commission for Architecture and the Built Environment (CABE).

Design Council registered as a charity on 13 October 1976 and the registered charity number is 272099. Our premises are Angel Building, 407 St John Street, London EC1V 4AB.

Subsidiary undertakings

Design Council Enterprises Limited (Design Council Enterprises) is a trading subsidiary used for fundraising activities that are not primary-purpose charitable activity. Available profits are made as a qualifying charitable donation to the charitable company.

Structure of the organisation and decision making

The key management personnel of Design Council comprise the trustees, Chief Executive, Chief Operating Officer & Finance Director, and Executive Director of Architecture, Built Environment & Design.

The board of trustees is responsible under Design Council's Royal Charter for:

- Ensuring the proper management and administration of the charity.
- For safeguarding the assets of the charity to ensure these assets and resources are used only in furtherance of the charitable objects.
- Ensuring that Design Council has an appropriate strategy and monitoring performance against this agreed strategy.
- Ensuring that the Design Council complies with all legal and regulatory requirements and that the charity has high levels of governance.

The board of trustees takes into consideration the Charity Commission's requirements including guidance on public benefit and trustees must at all times act in the best interests of the charity and must avoid any conflict between their personal or outside interests and those of the charity. The responsibilities of the board of trustees and its committees are set out in terms of reference. The board of trustees met eight times during the year under review.

The board of trustees delegates day to day responsibility for managing the charity to the Chief Executive. The Chief Executive is accountable to the board of trustees for achieving the mission and strategic aims, for ensuring the organisation is well run, meets its charitable objects and for ensuring that Design Council remains

relevant, contemporary and sustainable in the future. The Chief Executive reports to the Chair of the board of trustees and leads a Senior Management Team, which includes the Chief Operating Officer & Finance Director, and Executive Director of Architecture, Built Environment & Design.

Design Council has around 50 staff mainly based in our offices at the Angel Building in Islington, London and we draw on the expertise of our 450 strong network of design and built environment practitioners and experts.

Governance review

During the year, Design Council commissioned an independent governance benchmarking review to help the board of trustees to ensure that the governance arrangements are fit for purpose and to support the organisation's vision for the future and the delivery of the strategy. The review also sought to future proof our governance arrangements, taking into account likely direction of travel in good governance.

Four themes emerging from the review were: clarity of strategy and purpose, trustee engagement and effective use of meetings, skills and diversity of the board, and clarity of roles. We have developed an action plan to address the recommendations coming out of the review, assessing risks, priorities, dependencies and timescales and will be rolling out a programme of governance improvements during 2017/18.

Pay and remuneration of key management personnel

The remuneration of key management personnel is reviewed and approved annually by the HR and Remuneration Committee. Remuneration is benchmarked periodically against pay for similar roles in the sector, see note 5. Trustees are not remunerated other than reimbursement of reasonable expenses.

Risk management

The board of trustees identifies and manages potential risks and ensures that activities undertaken do not jeopardise the reputation of the Design Council. Trustees regularly review potential risks and ensure that necessary steps are taken to either minimise or eliminate them.

The Finance, Audit and General Purposes Committee and board of trustees have responsibility for risk management which is reflected in their terms of reference. The Design Council maintains a risk register that is reviewed by the Finance, Audit and General Purposes Committee and board of trustees at each meeting. Separate individual risk registers are maintained for individual projects or programmes, as appropriate.

The board of trustees commissions expert advisers to provide independent assessments and assurance on a case by case to address specific business needs. During the year we covered IT, health and safety, and data protection and management.

Trustees consider that the key risk facing the Design Council is in growing and developing new income streams to maintain our future as a self-sustaining enterprising charity. Design Council mitigates this risk by regularly reviewing its services to confirm they meet a market need and having a targeted and focussed approach to business development initiatives.

Reference and administrative details

Board of trustees

Trustees who served during 2016/17 are listed below. The board of trustees agrees Design Council's strategic direction, monitors the delivery of our objectives, upholds our values and governance and takes into consideration the Charity Commission's guidance on public benefit. The board of trustees delegates day-to-day responsibility for managing the charity to the Chief Executive.

Terry Tyrrell was appointed Chair of Design Council's board of trustees on 16 June 2016, taking over from Martin Temple who retired from the board of trustees on that date.

In spring 2016 Design Council announced that John Mathers would retire from his role as Chief Executive in November 2016. Trustees appointed Madeline Denmead, Chief Operating Officer & Finance Director, and Clare Devine, Executive Director of Architecture, Built Environment & Design to take over executive responsibility for Design Council alongside their substantive roles from 6 May 2016 until a new Chief Executive was recruited and in role.

Sarah Weir was recruited into the role of Chief Executive and took up her new position on 10 April 2017.

Recruitment, induction and training of trustees

New trustees are recruited through an open process and are appointed by the board of trustees. Trustees may serve up to two consecutive three-year terms although in exceptional circumstances a third term may be approved. On appointment, new trustees are provided with an induction pack and have meetings with key management personnel to brief them on the activities of the Design Council and their responsibilities as a trustee. Periodically, a confidential survey is used to identify skills gaps and development priorities. Briefings and training is provided for trustees as necessary. Induction and training of trustees will be reviewed as part of implementing recommendations from the governance benchmarking review.

Four trustees were appointed to serve a second term in the year under review. Jim Eyre for a third year in his second term and Terry Tyrrell, Annika Small and Steve Pearce for a second three-year term. Furthermore, Sandeep Dwesar was appointed for a one year of a third term in view of exceptional circumstances to allow sufficient time to ensure succession around financial oversight after Peter Williams, Chair of the Finance, Audit and General Purposes Committee announced his intention to retire on 20 July 2017.

Two trustees, Rab Bennetts and Wayne Hemingway, retired on 31 December 2016. No new trustees were appointed during the year.

Design Council trustees

	Date appointed	Date re - appointed	Retirements and notes
Martin Temple (Chair) <i>Retired as Chair 16.06.16</i>	01.04.11	31.12.14	Retired on 16.06.16
Terry Tyrrell (Chair) <i>Appointed Chair 16.06.16</i>	31.01.14	31.12.16	Reappointed for a second term of three years to 31.12.19
Pam Alexander	01.06.11	31.12.14	Reappointed for a second term of three years to 31.12.17
Rab Bennetts	01.06.11	04.02.16	Retired on 31.12.16
Anne Boddington	10.09.15	n/a	
Kieron Boyle	10.09.15	n/a	
Martin Darbyshire	10.09.15	n/a	
Sandeep Dwesar	01.06.11	31.12.14 16.03.17	Reappointed for a third term of one year to 31.12.18
Jim Eyre	01.06.11	04.02.16	Reappointed for second term of three years on a year by year basis to 31.12.18
Dale Harrow	04.02.16	n/a	
Wayne Hemingway	01.06.11	31.12.13	Retired on 31.12.16
Andrew Mackintosh	04.02.16	n/a	
Steve Pearce	31.01.14	31.12.16	Reappointed for a second term of three years to 31.12.19.
Paul Priestman	04.02.16	n/a	
Marek Reichman	09.06.11	31.12.14	Reappointed for a second term of three years to 31.12.17.
Annika Small	31.01.14	31.12.16	Reappointed for a second term of three years to 31.12.19.
Tim Stonor	10.09.15	n/a	
Peter Williams	01.06.11	04.02.16	Reappointed for second term of three years to 31.12.18

Design Council key management personnel

John Mathers, Chief Executive (retired 4 November 2016)
Sarah Weir, Chief Executive (commenced 10 April 2017)
Madeline Denmead, Chief Operating Officer & Finance Director
Clare Devine, Executive Director of Architecture, Built Environment & Design

Committees

Three formal committees assist the board of trustees in overseeing the financial and administrative aspects of Design Council activities as set out below. Each committee has adopted terms of reference approved by the board of trustees and reports back after each meeting to the board of trustees. Other committees may be convened as necessary. At 31 March 2017 the committees were:

Finance, Audit and General Purposes Committee: meets three times a year to monitor financial performance and review the management accounts, budgets and cash flow. It also reviews the annual financial statements, internal controls and risk management, and receives reports from the external auditors.

Peter Williams (Chair)
Sandeep Dwesar
Jim Eyre

HR and Remuneration Committee: meets at least once a year to review the performance and remuneration of the Chief Executive and to provide general oversight on staffing structures and remuneration, including pensions.

Terry Tyrrell (*retired as Chair and appointed member 21.07.16*)
Sandeep Dwesar (*appointed Chair 21.07.16*).
Annika Small (*appointed 21.07.16*)
Martin Temple (*retired 16.06.16*).

Design Council Caba Committee: meets quarterly to keep an oversight on this area and to review performance.

Pam Alexander (*Chair*)
Rab Bennetts (*retired 31.12.16*)
Kieron Boyle (*appointed 8.12.16*)
Jim Eyre
Wayne Hemingway (*retired 31.12.16*)
Tim Stonor

Administrative details

Registered name and address

Design Council
Angel Building
407 St John Street
London EC1V 4AB

Charity Commission registered number
272099

Bankers

Lloyds Bank
Villiers House
48-49 The Strand
London WC2N 5LL

External Auditors

BDO LLP
55 Baker Street
London W1U 7EU

Advisory and Legal

Bates, Wells and Braithwaite
10 Queen Street Place
London EC4R 1BE

EEF
Broadway House
Tothill St
London SW1H 9NQ

Olswang
90 High Holborn
London WC1V 6XX

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for the year. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and regulations made thereunder. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Each of the trustees confirms that to the best of his/her knowledge there is no information relevant to the audit of which the auditors are unaware. Each of the trustees also confirms that he/she has taken all necessary steps to ensure that he/she is aware of all relevant audit information and that this information has been communicated to the auditors.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2017 was 15 (2015/16 - 18). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the group or the charity.

Auditors

BDO LLP offer themselves for reappointment as auditors at the Annual General Meeting.

Approved by the trustees on 20 July 2017 and signed on their behalf on 20 July 2017 by

A handwritten signature in blue ink, appearing to read 'T. Tyrrell', is written in a cursive style.

Terry Tyrrell
Chair of Design Council board of trustees
20 July 2017

Independent Auditor's Report to the Trustees of the Design Council

We have audited the financial statements of Design Council for the year ended 31 March 2017 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2017 and of the group's net income and application of resources, including the income and expenditure, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- The information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- Sufficient accounting records have not been kept; or
- The parent charity financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

BDO LLP

**BDO LLP
Statutory Auditor
London
United Kingdom**

Date 21 July 2017

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Design Council Consolidated Statement of Financial Activities

For the year ended 31 March 2017

	Note	Unrestricted £000	Restricted £000	2017 Total £000	Unrestricted £000	Restricted £000	2016 Total £000
Income from							
Donations and legacies	2	1	-	1	45	-	45
Charitable activities	2	875	8,661	9,536	1,599	5,413	7,012
Other trading activities	3	128	-	128	1	-	1
Investments	3	6	-	6	5	-	5
Total income		1,010	8,661	9,671	1,650	5,413	7,063
Expenditure on							
Charitable activities	4	806	5,269	6,075	1,622	5,464	7,086
Total expenditure		806	5,269	6,075	1,622	5,464	7,086
Net loss on investments		(9)	-	(9)	-	-	-
Net income/(expenditure)		195	3,392	3,587	28	(51)	(23)
Net movement in funds		195	3,392	3,587	28	(51)	(23)
Reconciliation of funds							
Total funds brought forward		1,125	676	1,801	1,097	727	1,824
Total funds carried forward	8	1,320	4,068	5,388	1,125	676	1,801

Notes:

- All operations of Design Council are continuing.
- There were no recognised gains and losses in the year other than those shown above.
- The notes, numbered 1 - 22, form part of these accounts.
- The parent charity's gross income and the results for the year are disclosed as follows:
Gross income £9,671k (2015/16 £7,062k) and surplus £3,587k (2015/16 deficit £23k).

Design Council Balance Sheets

As at 31 March 2017

	Note	Group		Charity	
		2017 £000	2016 £000	2017 £000	2016 £000
Fixed assets					
Tangible fixed assets	10	405	476	405	476
Investment in subsidiaries	11	-	-	-	-
Investments	12	-	9	-	9
Total fixed assets		405	485	405	485
Current assets					
Debtors	15	4,770	1,464	4,771	1,465
Short term deposits	16	400	-	400	-
Cash at bank and in hand	17	1,104	1,134	1,103	1,133
Total current assets		6,274	2,598	6,274	2,598
Current liabilities					
Creditors: amounts falling due within one year	18	1,151	1,142	1,151	1,142
Net current assets		5,123	1,456	5,123	1,456
Provisions for liabilities	19	140	140	140	140
Net assets	9	5,388	1,801	5,388	1,801
Funds					
Restricted funds	8	4,068	676	4,068	676
Unrestricted funds		1,320	1,125	1,320	1,125
Total funds		5,388	1,801	5,388	1,801

The notes at pages 32-44 form part of these accounts.

Approved and authorised by the trustees on 20 July 2017 and signed on their behalf on 20 July 2017 by



Terry Tyrrell
Chair of Design Council board of trustees
20 July 2017

Design Council Statement of Cash Flows

For the year ended 31 March 2017

	Note	£000	2017 £000	£000	2016 £000
Cash flows from operating activities:					
Net cash provided by (used in) operating activities	a		383		(948)
Cash flows from investing activities:					
Interest received		6		5	
Purchase of property, plant and equipment		(19)		(6)	
(Purchase)/sale of short term deposits		(400)		1,100	
(Purchase)/sale of fixed asset investments		-		16	
Net cash provided by (used in) investing activities			(413)		1,115
Change in cash and cash equivalents in the year			(30)		167
Cash and cash equivalents brought forward			1,134		967
Cash and cash equivalents carried forward			1,104		1,134

Note to the statement of cash flows

Note:

a. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2017 £000	2016 £000
Net income/(expenditure) for the year	3,587	(23)
Interest received	(6)	(5)
Loss on investment	9	-
Depreciation charges	90	120
Increase/(decrease) in provision for liabilities	-	68
Capitalisation of provision	-	(140)
(Increase)/decrease in debtors	(3,306)	(364)
Increase/(decrease) in creditors	9	(604)
Net cash provided by/(used in) operating activities	383	(948)

Notes to the Design Council Financial Statements

For the year ended 31 March 2017

1. Accounting policies

The principal accounting policies applied in the preparation of the financial statements are as follows.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102. The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The accounting policies below include estimates relating to provisions and the recoverability of debtors.

b) Group financial statements

The consolidated financial statements include the accounts of the Design Council and its wholly owned subsidiary undertaking, Design Council Enterprises Limited, on a line-by-line basis. Transactions and balances between the charity and its subsidiary have been eliminated from the consolidated financial statements.

c) Income recognition

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably. In particular:

- Grants are accounted for once a formal offer of funding is received, subject to satisfying any performance-related conditions. In the event that a grant is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period;
- Donations are accounted for on receipt;
- Gifts in kind are assets donated to the charity for its own use or for distribution to beneficiaries. They are included at valuation and recognised as income only when they are used or distributed.

d) **Expenditure**

Expenditure is accounted for on an accruals basis, and allocated to the appropriate heading in the Financial Statements. Charitable activities' expenditures enable the Design Council to meet its charitable aims and objectives, consistent with good governance. In note 4 costs are attributable to the categories of charitable expenditure on an actual basis with the exception of support costs which are allocated as a proportion of total directly attributable costs.

Grants are paid to approved beneficiaries. Grant expenditure is recognised in the period in which eligible activity creates an entitlement in line with the terms and conditions of the grant. Accrued grants are charged to the SOFA and included as part of accruals within the balance sheet.

The Design Council reclaims from HMRC VAT incurred on goods and services in line with the standard method of partial exemption. Irrecoverable VAT is treated as a central cost and allocated with other support costs to the relevant activities on the SOFA.

e) **Liquid resources**

Design Council's liquid resources are a combination of cash, and short term deposits.

f) **Funds accounting**

Funds held by the Design Council are either:

- **Restricted Funds:** These are the grant funds received from government, charities, and other public bodies where the use of the funds is restricted to a specific purpose.
- **Unrestricted Funds:** These are funds which have been received from all other programmes.

g) **Fixed assets and depreciation**

Tangible Fixed Assets costing less than £1k are not capitalised and are written off in the year of purchase. Assets are capitalised at cost and are kept under review for any impairment.

All fixed assets are written off on a straight line basis over the assets' expected useful lives as follows:

<i>Leasehold fixtures and fittings</i>	<i>10 years, or over the period of the lease</i>
<i>Furniture and equipment</i>	<i>5 years</i>
<i>Computer hardware and software</i>	<i>2 - 5 years</i>

h) **Pensions**

The charity operates a defined contribution pension scheme on behalf of its employees. The amount charged to the SOFA in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

i) **Leases**

All leases are accounted for as operating leases and rentals are charged to the income and expenditure account on a straight line basis over the life of the lease.

j) Provisions

Provisions are made when the Design Council has a legal or constructive financial obligation, that can be reliably estimated and for which there is an expectation that payment will be made. The obligation is recognised as a liability once the obligation has crystallised.

k) Fixed asset investment

Fixed asset investments, which consist of Euro Put-Options, are included at fair value at the balance sheet date. Any gain/(loss) on the change in fair value is credited/(charged) to the SOFA.

l) Holiday leave benefits

A liability is recognised to the extent of any unused holiday pay entitlement, which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement and so accrued at the balance sheet date.

2. Income from donations and legacies, and charitable activities

	Unrestricted £000	Restricted £000	2017 Total £000	2016 Total £000
Donations and legacies	1	-	1	45
Total income from donations and legacies	1	-	1	45
Grant from BEIS	-	3,350	3,350	3,350
Other grants from government and public bodies	-	5,311	5,311	2,063
Programme fees	875	-	875	1,599
Total income from charitable activities	875	8,661	9,536	7,012

3. Income from other trading activities and investments

	Unrestricted £000	Restricted £000	2017 Total £000	2016 Total £000
Licence income	127	-	127	-
Turnover from Design Council Enterprises	1	-	1	1
Total income from other trading activities	128	-	128	1
Investment income	6	-	6	5
Total income from investments	6	-	6	5

4. Expenditure

	Grants payable £000	Staff costs £000	Other direct costs £000	Total direct costs £000	Support Costs (note 7) £000	2017 Total £000	Represented 2016 Total £000
Charitable activities							
Policy & Communications	-	385	283	668	426	1,094	1,501
Growth & Innovation	472	829	1,070	2,371	1,210	3,581	3,738
Architecture & Built Environment	-	631	224	855	545	1,400	1,847
Total 2017	472	1,845	1,577	3,894	2,181	6,075	7,086
Total 2016	455	2,529	2,022	5,006	2,080	7,086	

4. Expenditure (continued)

Notes:

Grants payable

The Design Council makes grant payments to selected partners in support of programmes as shown below.

(i) **Growth and Innovation £472k**

The grant payments for the EDIP (*Design for Europe*) programme were as follows:

Recipient:	Amount £000
Danish Design Centre	68
NESTA	66
University of Lancaster	53
Politecnico di Milano	38
Birmingham City University	31
KEPA	26
Dšola	15
ARC Fund	12
Enoll IVZW	12
Estonian Design Centre	10
Luxinnovation GIE	8
La 27e Région	3
Total EDIP (<i>Design for Europe</i>)	<u>342</u>

(ii) The grant payments for the Transform Ageing programme were as follows:

Recipient:	Amount £000
The Foundation for Social Entrepreneurs (t/a Unltd)	103
South West Peninsula Academic Health Science Network Limited	19
Total Transform Ageing	<u>122</u>

(iii) The grant payments for the Design Council Spark programme were as follows:

Recipient:	Amount £000
Best You Can Be Physiotherapy	5
Air Breathe Ltd	3
Total Design Council Spark	<u>8</u>

5. Staff costs and numbers

Staff costs were as follows:

	2017	2016
	£000	£000
Salaries and wages	2,000	2,312
Social security costs	228	266
Pension contributions	201	297
Staff benefits	19	34
Redundancy costs	58	43
Total payroll staff costs	2,506	2,952
Total temporary and contract staff costs	275	397
Total staff costs	2,781	3,349

£58k was paid for redundancy payments during the year (2015/16: £43k). Redundancy payments are based on continuous length of service. Amounts paid excluded pension contributions or benefits in kind. There were no outstanding liabilities for redundancies as at 31 March 2017.

The number of employees, whose emoluments were over £60k (including salary and taxable benefit in kind costs) falls within the ranges shown below.

Band	2017	2016
£60,000 - £69,999	2	1
£70,000 - £79,999	1	1
£80,000 - £89,999	-	-
£90,000 - £99,999	-	-
£120,000 - £129,999	-	2
£140,000 - £149,999	1	1
£170,000 - £179,999	1	-

The costs of key management personnel are £402k (2015/16 restated: £432k). These relate to three staff (2015/16: three) as specified in the Trustees' Report within the Structure, governance and management section.

The average number of employees based on headcount during the year was as follows:

	2017	2016
	No	No
Permanent (payroll)	43	54
Other staff (other)	5	5
	48	59

6. Net income for the year

This is stated after charging:

	Note	2017 £000	2016 £000
Depreciation		90	120
Trustees' reimbursed expenses	a	2	5
Staff reimbursed expenses		25	34
Auditors' remuneration:			
Audit		27	30
Other services		5	12
Operating lease rentals:			
Plant and machinery		33	45
Land and buildings		393	394

Notes:

a. Expenses were reimbursed to two trustees (2015/16: four trustees).

7. Support Costs

Support costs are allocated to charitable activities as follows:

	Note	2017 Staff Costs £000	2017 Other costs £000	2017 Total £000	2016 Total £000
Executive		389	88	477	455
Facilities		35	654	689	733
Governance costs	a	83	-	83	85
Human resources		134	42	176	118
IT		-	133	133	111
Finance	b	294	239	533	458
Depreciation		-	90	90	120
Total support costs		935	1,246	2,181	2,080

Notes:

- Governance costs relate to Design Council's cost of secretariat. This includes the administration of trustee meetings.
- The Design Council only recovers a proportion of the VAT incurred on purchases under the "partial exemption methodology". The irrecoverable element of the incurred VAT is taken centrally and charged to finance £192k (2015/16: £230k).

8. Movements in funds

Movements in funds during 2016/17

	2016 At the start of the year	Income	Expenditure	Gains/ (losses) on investments	2017 At the end of the year
	£000	£000	£000	£000	£000
Restricted funds:					
BEIS Grant	101	3,350	(3,268)	-	183
Design for Patient Dignity	13	-	(2)	-	11
Public Sector Workshops	74	48	(89)	-	33
EDIP (Design for Europe)	-	594	(594)	-	-
Knee High	-	42	(42)	-	-
Nominet	13	-	-	-	13
Design Council Spark	475	975	(909)	-	541
Big Lottery Fund – Transform Ageing	-	3,652	(365)	-	3,287
Total restricted funds	676	8,661	(5,269)	-	4,068
Total unrestricted funds	1,125	1,010	(806)	(9)	1,320
Total funds	1,801	9,671	(6,075)	(9)	5,388

Movements in funds during 2015/16

	2015 At the start of the year	Income	Expenditure	Gains/ (losses) on investments	2016 At the end of the year
	£000	£000	£000	£000	£000
Restricted funds:					
BIS (BEIS) Grant	394	3,350	(3,643)	-	101
Design for Patient Dignity	15	-	(2)	-	13
Public Sector Workshops	-	163	(89)	-	74
EDIP (Design for Europe)	-	789	(789)	-	-
Knee High	-	83	(83)	-	-
Nominet	13	-	-	-	13
Design Council Spark	305	828	(658)	-	475
Big Lottery Fund Design for Care	-	50	(50)	-	-
Inclusive Design	-	51	(51)	-	-
Tenant Empowerment Programme	-	99	(99)	-	-
Total restricted funds	727	5,413	(5,464)	-	676
Total unrestricted funds	1,097	1,650	(1,622)	-	1,125
Total funds	1,824	7,063	(7,086)	-	1,801

9. Analysis of group net assets between funds

Analysis of group net assets between funds 2016/17

	Unrestricted funds £000	Restricted funds £000	2017 Total funds £000
Tangible fixed assets	394	11	405
Current assets	704	4,761	5,465
Short term deposits	400	-	400
Long term debtor: amount owed over one year	409	-	409
Current liabilities	(447)	(704)	(1,151)
Provisions for liabilities	(140)	-	(140)
Net assets at the end of the year	1,320	4,068	5,388

Analysis of group net assets between funds 2015/16

	Unrestricted funds £000	Restricted funds £000	2016 Total funds £000
Tangible fixed assets	476	-	476
Investments	9	-	9
Current assets	1,030	1,242	2,272
Long term debtor: amount owed over one year	326	-	326
Current liabilities	(576)	(566)	(1,142)
Provisions for liabilities	(140)	-	(140)
Net assets at the end of the year	1,125	676	1,801

10. Tangible fixed assets Group and Charity

	Leasehold Improvements £000	Furniture and fittings £000	IT £000	Total £000
Cost				
At the start of the year	746	221	207	1,174
Additions in year	-	-	19	19
Disposals in year	-	-	(1)	(1)
At the end of the year	746	221	225	1,192
Depreciation				
At the start of the year	281	216	201	698
Charge for the year	79	4	7	90
Disposals in year	-	-	(1)	(1)
At the end of the year	360	220	207	787
Net book value				
At the end of the year	386	1	18	405
At the start of the year	465	5	6	476

11. Investment in subsidiaries

The charity owns the whole of the issued ordinary share capital of Design Council Enterprises Limited, a company registered in England.

	2017 £	2016 £
Investment in subsidiary undertakings incorporated in the UK	<u>1</u>	<u>1</u>

12. Fixed asset investments

	2017 £000	2016 £000
Currency option	<u>-</u>	<u>9</u>
	<u>-</u>	<u>9</u>

As at 31 March 2017 there were no currency options in place.

As at 31 March 2016 there was one currency put option in place to sell €285k on 30 May 2016. This was not exercised.

13. Taxation

Design Council is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly the charity is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the period.

14. Subsidiary Undertakings

Design Council Enterprises

The charitable company owns the whole of the issued ordinary share capital of Design Council Enterprises Limited, a company registered in England. The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the SOFA. Available profits are paid by the charitable company via a qualifying charitable donation to the charitable company. A summary of the results of the subsidiary is shown below:

	2017	2016
	£	£
Income	508	1,150
Administrative expenses	(6)	-
Operating profit	<u>502</u>	<u>1,150</u>
Interest receivable	1	1
Profit on ordinary activities before taxation	<u>503</u>	<u>1,151</u>
Tax on profit on ordinary activities	-	-
Profit on ordinary activities after taxation	<u>503</u>	<u>1,151</u>
Qualifying charitable donation to parent undertaking	<u>(503)</u>	<u>(1,151)</u>
Retained profit for the financial year	<u>-</u>	<u>-</u>
The aggregate of the assets, liabilities and funds was:		
Assets	544	1,510
Liabilities	<u>(543)</u>	<u>(1,509)</u>
Funds	<u>1</u>	<u>1</u>

15. Debtors

	2017	Group	2017	Charity
	£000	2016	£000	2016
		£000		£000
Trade debtors	229	401	229	401
Other debtors	420	333	420	333
Prepayments and accrued income	4,121	730	4,121	730
Amounts due from subsidiary	-	-	-	-
Qualifying charitable donation receivable from subsidiaries	-	-	1	1
	<u>4,770</u>	<u>1,464</u>	<u>4,771</u>	<u>1,465</u>

Other debtors includes a long term debtor of £409k (2015/16: £326k) which is a deposit paid to the landlord of Design Council's office premises within the Angel Building, Islington.

16. Short term deposits

	2017	Group	2017	Charity
	£000	2016	£000	2016
		£000		£000
Lloyds Money Market deposit	400	-	400	-
	<u>400</u>	<u>-</u>	<u>400</u>	<u>-</u>

17. Cash at bank and in hand

	Group		Charity	
	2017	2016	2017	2016
	£000	£000	£000	£000
Cash at bank	1,104	1,134	1,103	1,133
	1,104	1,134	1,103	1,133

18. Creditors: amounts due within one year

	Group		Charity	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade creditors	40	93	40	93
Tax and social security	64	63	64	63
VAT payable	22	16	22	16
Other creditors	16	108	16	108
Grant accruals	261	216	261	216
Other accruals	659	564	659	564
Deferred income	89	82	89	82
	1,151	1,142	1,151	1,142

Included within other creditors is £16k for a payment due to Design Council's defined contribution pension scheme (2015/16: £29k).

19. Provisions for liabilities

	Group		Charity	
	2017	2016	2017	2016
	£000	£000	£000	£000
Provisions	140	140	140	140
	140	140	140	140

20. Operating lease commitments

The group and charity had total minimum lease commitments at the year-end under operating leases expiring as follows:

	2017		2016	
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
Within 1 year	432	21	459	39
Between 2 - 5 years	2,287	33	39	1
Over 5 years	-	-	-	-
	2,719	54	498	40

21. Contingent liabilities

There are no contingent liabilities to declare.

22. Related parties transactions

Related party transactions between Design Council and its wholly owned subsidiary Design Council Enterprises were as follows:

- A £503 qualifying charitable donation was made from Design Council Enterprises to Design Council during the year.
- As at 31 March 2017, Design Council Enterprises had an intercompany creditor of £543 due to Design Council.

Design Council trustees are drawn from among its key stakeholders, and staff may at times have links to stakeholder organisations. Therefore it is in the nature of Design Council's business to have transactions which are classified as related. All transactions entered into are as part of the ordinary course of business and on an arm's length basis, consistent with Design Council's policy on potential conflicts of interest. During the year, Design Council entered into the following transactions with related parties as follows:

Name	Position at Design Council	Note	Related Party	Income £	Expense £
Kieron Boyle	Trustee	a	Chief Executive, Guy's & St Thomas' Charity	42,423	-
John Mathers	Chief Executive up to 4 November 2017		Vice President, BEDA	-	2,950
Tim Stonor	Trustee		Director, Space Syntax Limited	-	1,210

- a. This income related to the conclusion of the Knee High programme, which was awarded to Design Council, in 2013 before Kieron Boyle became Chief Executive of Guy's & St Thomas' Charity.

Design Council

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Registered Charity number 272099
Company number RC000848
Design Council Enterprises Limited company number 7211046
