

Design Council Annual Report and Accounts

For the year ended 31 March 2021

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About Design Council

Design Council's mission is to make life better by design.

We work with people to create better places, better products and better processes, all of which lead to better performance.

We commission pioneering evidence-based research, develop ground-breaking programmes and deliver influencing and policy work to demonstrate the power of design and how it impacts three key areas of the economy: business innovation, places and public services.

We bring together non designers and designers from grassroots to government and share with them our design expertise to transform the way they work.

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The Trustees submit this Annual Report for the year ended 31 March 2021 along with the financial statements for the year ended 31 March 2021, 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.

Foreword from the Chief Executive and Chair

Design shapes the world – the places we live, the products we buy, the businesses and services we use. It helps us rise to challenges on a local, national and global scale. It creates environmental, social and economic impact. It has the power to make life better.

Throughout 2020/21, we continued to open people's eyes to the power of design. Once again, we supported hundreds of people across the UK – in business and place-making, the public sector and charities – to use design to bring about positive change. Together, we addressed all kinds of issues, from improving health and wellbeing, to enabling sustainable living, to increasing people's design skills to improve outcomes. We also continued to make huge strides forward in developing new research into design's holistic value and in placing design high on the government's agenda.

Alongside this work, we also intensified our focus on inclusive design and diversity. We refreshed our network of [Design Council Experts](#) so they better reflect the communities we serve. We hosted a series of [events for black creatives](#) to showcase their work and inspire conversations about inclusion and equity in design. And we updated our own equality, diversity and inclusion policy. In doing this, we are even better placed to lead the way in ensuring that design works for everyone.

In a year that has been like no other, we are extremely proud of all that we have achieved. This is down to the monumental effort of the Design Council team, as well as the support of our Trustees, experts and partners throughout the pandemic. We are incredibly thankful for their determination to push on and make a difference during such a challenging time. We would particularly like to extend our best wishes to Sarah Weir, who had to stand down as Chief Executive in October 2020 due to a health condition. We thank Sarah for her huge contribution to the Design Council.

As we emerge from the pandemic, we are optimistic about what we can achieve. We look forward to building on the successes of 2020/21, and to doing even more to bring together designers across the UK to use design as a force for change.

Warm wishes to all.



Minnie Moll
Chief Executive



Terry Tyrrell
Chair

Why design matters

How do we define design

Design shapes the world. Every single thing around us has been designed by someone.

Design uses creativity to solve problems across many sectors including architecture, product, industrial, digital, service, graphic and systems. Design for social impact has proved how powerful design thinking can be in creating a more equitable and inclusive world.

Design is a critical enabler of innovation. If innovation is new ideas, then design turns ideas into action. It's a craft and a mindset.

“Design is what links creativity and innovation. It shapes ideas to become practical and attractive propositions for users or customers.”

Sir George Cox.

“Design is not just what it looks like and feels like. Design is how it works.”

Steve Jobs.

“Design is everything. People often think about design in an artistic way, but absolutely everything involves design, from what kinds of houses we live in, to what kind of transport we use and how our food is packaged.”

Kate Burningham, Reader in Sociology of the Environment,

Design in numbers

1.69m people working in design economy, which generates £85.2bn annually, equivalent to 75% of the banking industry. 78,000 design firms, the majority of them small SMEs. 68% of designers work in non-design sectors.

Source Design Economy 2018

Objectives and activities

Charitable objects

Design Council is a charity incorporated by 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”.

Our vision and mission

In 2019/20 we reviewed our vision, mission and values as part of developing our new [Strategy for 2020/24](#), *Using design as a force for change*.

Our vision is a world where design, as a force for change, makes lives better for all.

Our mission is to make life better by design, working with people to create better places, better products and better processes, all of which lead to better performance.

Our values are to work ambitiously, with agility and openness, not afraid to take risks.

In March 2021, Minnie Moll joined Design Council as its new Chief Executive and undertook a strategic review consulting with colleagues, Trustees and external stakeholders. We are now shifting our focus to [Design for Planet](#): to harness design to address the climate emergency and support the government to meet its net zero targets. You can read our [Sustainability Statement here](#).

What we offer

We commission pioneering evidence-based research, develop ground-breaking programmes and deliver influencing and policy work to demonstrate the power of design and how it impacts three key areas of the economy: business innovation, places and public services. We bring together non designers and designers from grassroots to government and share with them our design expertise to transform the way they work.

Public benefit

The Trustees confirm that in exercising their powers and duties they have had due regard to the Charity Commission's guidance on public benefit.

Design Council exists for the benefit of people and our purpose is to make life better by design. The Trustees have referred to the Charity Commission's guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities.

Our impact report, [*Making life better by design: our story of impact*](#), published in July 2020 sets out some of the activities and achievements of Design Council in carrying out its charitable purpose for the public benefit. It charts our work over the last 15 years. It evidences how design has contributed to three major areas of the economy – business innovation, places and public services – achieving societal and environmental benefits along the way.

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. All grants paid during the year related to the Transform Ageing programme, with payments being made quarterly, 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 fundraising 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.

Achievements and performance

For the Annual Report and Accounts this year we have set out our key achievements during the year as well as case studies of four major programmes we ran during the year: Design in the Public Sector Programme (DiPS), Home of 2030, Design, differently, and Sustainable and Inclusive Design for Network Rail. We also progressed a number of corporate and organisation initiatives.

In a year that has been like no other, we are extremely proud of all that we have achieved. This is down to the huge efforts of the Design Council team, as well as the support of our Trustees and partners throughout the Covid-19 pandemic.

Key achievements

We engaged more than 1,000 people in our programmes, from 71 organisations across the UK.

Across our programmes, 81% of participants said their experience of working with Design Council had made them think differently about their project and the role of design. Nine in ten participants said they felt able to share their perspectives and insight with others.

We held 95 design reviews for 26 clients, including seven local authorities and four national infrastructure bodies. Nine in ten design review participants said design review helped to build consensus across stakeholders to help smooth the planning process.

We published 20 blogs, spoke at 37 events and reached more than 1.4m people online.

We responded to three Government consultations, provided advice for the Government's Innovation Strategy, sat on 11 advisory boards, judged six design competitions and joined five national campaigns advocating for good design.

We increased the proportion of Design Council experts outside of London from 44% to 57%, with representation in every region as well as improving gender balance and ethnic diversity.

We reached more than 145,000 people through our series of online events for black creatives, showcasing their work and inspiring conversations about inclusion and equity in design.

Case studies

Systemic Design Framework

Developed during the year and launched April 2021, our [Systemic Design Framework](#) has been developed to help designers working on major complex challenges that involve people across different disciplines and sectors. It places our people and our planet at the heart of design. It builds upon the global success of [Design Council's Double Diamond \(2004\)](#) which sits within our [Framework For Innovation \(2019\)](#).

Design in the Public Sector Programme

Design Council has worked in partnership with the Local Government Association (LGA) since 2015 to deliver the [Design in the Public Sector programme](#) (DiPS). Our shared mission is to grow the public sector's capacity to deliver effective and efficient public services.

To date, our programme has enabled more than 80 local authority teams to think innovatively and take action to deliver improved services across a diverse portfolio – from adult social care, to housing, to supporting young people. This year our DiPS programme focused on helping councils to address local climate change challenges.

In parallel, Design Council ran a research project to understand how design can play a meaningful role in meeting the challenges presented by the climate emergency. The results of this informed the publication of [Beyond Net Zero: A Systemic Design Approach](#). This presented a practical process, shared terms and guidance on using design to meet complex climate challenges.

The participants of this year's DiPS programme were the first beneficiaries of this new way of working. Together they saw the value of the design process in being curious and challenging assumptions, involving more people in their conversations, breaking down and reframing their challenges, and gathering better insights. Some 89% DiPS participants felt that they had improved their design skills, and nine out of ten said they would use design approaches in their other work.

We were able to share insights from the programme with 450 public sector leaders through a series of webinars. In doing so, we want to encourage them to scale design and innovation across the sector.

“DiPS has given me more confidence in developing ideas and concepts and has given a structure to the design journey that I will be able to reuse...[By] following the design thinking approach we will improve on [what has been] achieved across other projects.”

Participant, Design in the Public Sector.

We are continuing to run similar programmes with a wide range of partners during 2021/22.

Home of 2030

Home of 2030 is a government-backed national design competition, created to drive innovation in the provision of affordable, efficient and healthy green homes

for all. Design Council was a key partner in the initiative, working alongside BRE, RIBA and the Ministry of Building Innovation + Education (MOBIE).

Our role was to gather insights from a diverse range of people across the UK on the kinds of homes and neighbourhoods they want and need. We welcomed more than 300 people across the UK to our Home of 2030 workshops to hear their views and tested the findings with a survey of 2,000 people across England.

From this we published, A Public Vision for the Home of 2030, setting out in 20 clear design principles for future homes. As well as informing the competition brief, the document provides valuable guidance for the housing sector.

“[This] report follows one of the largest-ever exercises to place people at the heart of new homes – revealing precisely what we need from the homes of the future.” Housing Minister Rt Hon Christopher Pincher MP

The winners of the [Home of 2030](#) competition, +Home and Connector Housing, were launched in late 2020.

Design Council continues to champion the importance of well-designed homes and neighbourhoods. During 2020/21 we also supported the Healthy Homes Act and worked with Homes England to create their Sustainability Framework which aims to drive up the quality and pace of sustainable development.

Design, differently

In summer 2020, Design Council launched ‘Design, differently’. This new programme brought together 20 inspirational community organisers across the UK to design new ways to support each other, share learning and solve problems. The project aimed to help participants achieve more across their communities, particularly during the most challenging of times. It was supported by the Emerging Futures Fund, part of the National Lottery Community Fund, and Local Trust.

Following one-to-one conversations with each community organisation, Design Council Experts ran a series of three online workshops, as well as two storytelling sessions, using a suite of digital and physical tools, to hear more about our participants’ work and their ambitions. We listened to their stories, discussed how design could be used to reimagine and create different ways of living, and explored different ways of working together to better advocate for their important work.

“Design, differently’ helped me see how important the job I do is, but also see it in a way I’d never considered before, in terms of its design: how we fit into and how we’ve helped structure our communities.”

Design, differently participant.

Design Council went on to publish and promote insights from the programme, to help other community organisers create movements for change.

Sustainable and Inclusive Design for Network Rail

Design Council has worked with Network Rail since 2017. During 2020/21 our relationship continued to grow as we supported the organisation to improve design quality across British railways. We engaged with teams across its 45,000-strong workforce to further their understanding of, and support for, excellent design in rail infrastructure.

We delivered a varied package of support, including developing built environment policy and guidance; creating rail-focused design publications; and devising and delivering research projects, workshops and a professional placement programme. Inclusive design is a key priority for Network Rail and we are proud to have supported them to embed this approach across their organisation. Our series of six inclusive design workshops, mark the launch of Network Rail's Inclusive Design Guidance in early 2021, brought together over 200 team members from across Britain to raise ambitions and discuss ideas for designing places that work better for everyone.

In addition, we continued to run the Network Rail Design Advice Panel which reviews built environment schemes across the UK. The panel advised project teams on how to ensure their masterplans, stations, lineside buildings and footbridges support better passenger experiences and contribute to their local communities.

We also encouraged people to think differently about the future of their local stations through our flagship Thinkstation programme. We welcomed some 300 stakeholders to a series of design workshops, where they shared their ideas on this important community asset, and considered its potential. Their feedback formed the basis of a RIBA design competition for a new Network Rail station.

Building on this, Design Council is now working with Network Rail and the design competition winners, 7N Architects, to run ExploreStation. We look forward to inviting passengers and other stakeholders from the rail industry to shape the winning design ahead of it being built.

Corporate and organisational initiatives

- Completed long-term investment in technology to become cloud-based in many areas of our work. This enabled Design Council to immediately work virtually as soon as Covid-19 lockdown started in March 2020.
- Practices already in place such as cloud and laptop based, flexible working enabled Design Council to react in an agile way in response to Covid-19.
- Design Council worked fully digitally during 2020 getting workshops and other services up and running online using applications such as Zoom, Miro and MS Teams.
- We restructured to reduce leadership and management time and created a single team for all delivery. A new Head of Operations now leads all our business systems.
- Recruitment for a new Chair was put on hold due to Covid-19 and will resumed in late 2021.
- Retained cash levels at £750k+, despite market challenges.
- We retained ISO9001 and upgraded our underpinning business processes and management system.
- Improved the format of the accounts and the transparency of our finances.
- Achieved 45%+ staff time as billable within Delivery Team.
- Simplified the DPP (appraisal) process which provides the core evidence of need for the annual development plan.
- Reviewed the way we work with BEEs, agreed a new Handbook and to have a single grouping of "Experts" (BEEs and DAs).

Financial review

Review of the period

The results for Design Council for the year ended 31 March 2021 are set out in the financial statements from page 31 onwards.

In our tenth year as an independent charity the financial results show a surplus of £15k, compared to the deficit of £1.7m in 2019/20. As was explained in the financial statements for last year, we concluded a major programme of work in 2019/20 where the income had been received in the preceding years which contributed to the significant in year deficit.

By comparison, the finances for 2020/21 were more straightforward despite the enormous strain that Covid and Lockdowns placed on all organisations. Design Council did not furlough staff, instead becoming fully digital in our delivery with everyone working from home.

Total income for the year amounted to £3.6m (£3.9m in 2019/20) including a grant of £1.7m from BEIS in 2020/21 (£1.7m in 2019/20). The remaining income of £1.9m (2019/20: £2.2m) was raised from a variety of sources.

Total costs for the year were £3.6m (£5.6m in 2019/20). The reduction in costs is largely driven by achieving efficiencies within our support costs through outsourcing, going digital and reducing our office footprint. In the year we did invest heavily in IT, ensuring all colleagues had laptops so they could work remotely and moving our systems over to being cloud-based.

Cash and short-term deposit balances have reduced to £0.9m as at 31 March 2021 (£1.2m as at 31 March 2020). Cash balances include balances received and ring-fenced for programme expenditure, being £0.037m of funds to be paid out to entrepreneurs on our Design Council Spark programme as at 31 March 2021.

The average number of colleagues employed during the year was 38 (41 in 2019/20), in addition to a refreshed Expert Network of 450 design and built environment practitioners.

Reserves Policy

Total funds held by Design Council at the end of the year were £1.09m (2019/20: £1.08m). Of this £0.28m were restricted funds (2019/20: £0.05m) a breakdown of which is shown in note 13 of the accounts. The Trustees have reviewed the level of reserves required 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 2021 free reserves were £0.74m (2019/20: £0.92m) against a target level of £0.4m to £0.8m. Given the current external context, the Trustees are comfortable that the free reserves at 31 March 2021 are within the policy reserves range. This external context includes macro-economic factors driven by the United Kingdom's decision to leave the European Union, and changes of political leadership taking place within government and the immediate impact of Covid-19 right at the end of the 2019/20. The longer-term impact of Covid-19 will be seen more clearly in 2020/21.

Free Reserves

	2021	2020
	£000	£000
Total Unrestricted Funds	812	1,024
Less Tangible Fixed Assets	(71)	(107)
Free Reserves	741	917

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 charity but it has a reliance on government funding via BEIS to carry out its current activities, 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 Design Council Enterprises Limited, a company registered in England. The subsidiary is used for fund-raising activities that are non-primary purposes trading. The subsidiary is currently dormant. As such, the results of Design Council Enterprises Limited have not been presented separately and consolidated accounts have not been prepared.

Plans for the future

Design Council launched its most recent strategy in 2020 [Strategy for 2020/24](#).

Subsequently, Minnie Moll undertook a strategic review consulting with colleagues, Trustees and external stakeholders after she joined as Chief Executive in March 2021.

Following the outcome of this review, Design Council is now shifting its focus to Design for Planet. The whole team is excited by our new strategic direction.

We are developing this new strategy for launch in Autumn 2021. We are also working collaboratively with BEIS on a settlement for the forthcoming Comprehensive Spending Review and on how we, as government's advisor on design, can support the government to meet its net zero targets.

Design for Planet: our role as a government accelerator for Net Zero

The transition to Net Zero is about much more than policy. It needs to be a societal shift. The scale and complexity of the Net Zero challenge is not only technical but also a creative and social challenge.

Design's critical role includes building bridges between research, technology and innovation and their application to social practice.

Public, private and third sector organisations need support with how to turn Net Zero commitments into delivery. And the public need to embrace new behaviours. We believe Design Council can help by:

- ❖ Using design as an accelerator to turn Net Zero policy into practice.
- ❖ Helping embed 'designing for planet' into behaviours and practices of designers, engineers, scientists, businesses and local government.
- ❖ Leveraging design to make Net Zero products, services and technologies easy, attractive and affordable choices for consumers - increasing adoption and supporting business growth and jobs.

Our business model

This is also evolving to support our new strategic direction. In 2021/22 we aim to:

- ❖ **Resources:** ensure that cash stays within Reserves Policy (£400k-800K) and develop a third source of income. Review physical office needs and put in place a new arrangement when the lease with Regus ends in December 2021.
- ❖ **Efficiency:** achieve 20%+ Net Margin, 50%+ staff billable time within Delivery and PIC Teams, and 35% maximum spend on overheads (Corporate Services).
- ❖ **Systems:** retain ISO9001 and secure Cyber Essential Plus (level above what we currently have).
- ❖ **Development:** achieve 80%+ plus satisfaction in colleague surveys and 20%+ BAME in our talent pool.

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 registered address is Eagle House, 167 City Road, London, EC1V 1AW.

Structure of the organisation and decision making

During the year ending 31 March 2021, the key management personnel of Design Council comprised the Trustees, the Chief Executive and the Chief Design Officer.

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 six 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 and 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.

During the year there were several changes to key management personnel as outlined below.

Sarah Weir stood down as Chief Executive on 31 October 2020 due to a health condition. From this point Sue Morgan, Executive Director and Cat Drew, Chief

Design Officer acted as Joint Interim Chief Executives until Minnie Moll joined as Chief Executive on 1 March 2021.

Other subsequent changes to the Executive Team include Sue Morgan, Executive Director leaving on 18 June 2021. Ed Hobson has been appointed as the new Director of Place and will join the organisation on 2 November 2021 with interim cover arrangements put in place.

Recruitment for a new Chair was put on hold due to Covid-19 and will resume in 2021. Terry Tyrrell, the current Chair, agreed to stay on until a new Chair is appointed.

The Board decided during 2020 that it would be helpful, where possible, to maintain as much continuity on the Board due to an extremely challenging external environment and to support the new Chief Executive and the new Chair when appointed. Changes to Trustee tenures can be seen in the table on page 21.

As previously noted, an organisational restructure was conducted in summer 2020 to reduce leadership and management time and to create a single team for all delivery. Design Council had 38 staff employed at the end of the year at the main office in London. Additionally, Design Council draws on the expertise of our 450+ strong [network of design and built environment practitioners and experts](#) which we refreshed and expanded during the year to better represent the communities that we serve.

Recruitment, induction and training of Trustees

When new Trustees are recruited it is through an open process. New Trustees 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, up to a maximum of nine years.

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 survey is used to identify skills gaps and development priorities. Briefings and training are provided for Trustees as necessary.

Good governance

During 2020/21 a number of activities originally planned for 2020 were postponed due to Covid. From April 2020, all Board meetings and decision-making was done digitally. However, we did manage to move forward a number of items as set out below.

We conducted a short 'health check' legal review of our governance arrangements to ensure that they are suitable to support delivery of the organisation's strategy and aims and are in line with sector best practice and the latest legislation. This review will help us prepare for a full Governance Review in 2021, especially by helping us create the terms of reference and specific areas for review or development.

We also carried out a legal review of our conflicts of interest procedures. The outcome was that our procedures are in line with best practice but that we should develop a conflicts of interest policy which is planned for 2021.

We introduced some sessions for Trustees in between formal Board meetings and topics included charity finance, risk appetite and our new systemic design framework.

The Board is committed to adopting the principles set out in the Charity Governance Code and continuing to enact governance improvements during 2021/22 including:

- ❖ New Chair and Trustee recruitment and onboarding.
- ❖ Design for Planet embedding new purpose, vision, values.
- ❖ Governance review to include conflicts of interest and ethics policies.
- ❖ Assurance framework.
- ❖ Plan for hybrid Board meetings of face to face and digital.
- ❖ Review and upgrade of governance processes/systems.

Pay and remuneration of key management personnel

The remuneration of key management personnel is reviewed and approved annually by the Stewardship Committee. Remuneration is benchmarked periodically against pay for similar roles in the sector, see note 5.

Trustees are not remunerated for their role as Trustees, other than reimbursement of reasonable expenses.

A small number of Trustees also deliver design advice services in their capacity as Design Council experts. Any remuneration for these services is at the same rate as paid to other built environment practitioners for equivalent services. A description of these services carried out during 2020/21 is disclosed in note 16.

Risk management

We believe that sound risk management is integral to both good management and good governance practice. Risk management forms integral part of the charity's decision-making and be incorporated within strategic and operational planning.

New activities and projects are reviewed to ensure they are in line with the charity's objectives and mission. Any risks or opportunities arising will be identified, analysed and reported at an appropriate level.

A risk register covering key strategic risks is maintained and updated four times a year and more frequently where risks are known to be volatile. A more detailed operational risk register is maintained in aspects where this is considered appropriate, taking account of the impact of potential risk and the cost benefit of the exercise. Individual error and incident reports are produced where a reportable event is identified. Risk registers are maintained for individual core programmes and we support programme staff regarding their roles in risk management.

Reports are made to the Board and Chief Executive each quarter of continuing and emerging high concern and related risks and those where priority action is needed to effect better control. The charity will regularly review and monitor the effectiveness of its risk management framework and update it as considered appropriate.

The Board of Trustees commissions expert advisers to provide independent assessments and assurance on a case by case to address specific business needs.

In 2020 from the outset of Covid, Trustees were updated initially fortnightly (and subsequently monthly) on key organisational risks and mitigating actions as part of regular reports.

We started quarterly meetings between the executive team and key advisors to consider potential risks to Design Council and to discuss sector trends and upcoming legislation. These involve our lawyers, auditor, IT service provider and HR advisor and key points are fed back to the Board.

The Board adopted a new risk summary to help the Board to prioritise and filter risks more effectively and to establish if any further action is needed. Work started in 2020/21 on risk appetite and assurance framework which continues into 2021/22.

Trustees consider that the key risks facing the Design Council are as set out below:

Risk/challenge area	We will mitigate this by:
Economy, downturn post Covid-19	<ul style="list-style-type: none"> • Showing compelling evidence of the value of design to Government. • Ensure our strategy is aligned with the Government's priorities. • Develop strong action plan as Government's advisor on design through our CSR submission for 2022-25 (or whatever period is agreed). • Reducing our cost base to retain our free reserves and respond to possible cash flow challenges.
Ensuring we grow and diversify our income	<ul style="list-style-type: none"> • Continue to integrate our offer and our service delivery. • Focus activity on strategic priorities building long-term partnerships. • Secure contracts from Government, Public Bodies and Local Authorities for delivery that meets our combined strategic priorities and remits.

Ensuring we maintain a long term sustainable financial position

- Achieve sustainable margins on client delivery work.
- Deliver our new operating model, fully digital with reduced overheads.
- Secure suitable office space from December 2021 when Regus contract ends.
- Continue to build the network of Design Council experts and associates, used to support delivery.

Ensuring we maintain our strong reputation and impact

- Launch Design for Planet new strategy.
 - Deliver Design Economy 2021.
 - Launch a new website in 2021 which is much easier to navigate and secure documents or information by searching.
-

Reference and administrative details

Board of Trustees

More information on each of our Trustees can be found [here](#).

Trustees who served during 2020/21 and attendance at meetings are listed below. The Board of Trustees is overseen by the Chair, Terry Tyrrell. Tim Stonor and Anne Boddington are Co Deputy Chairs of the Board.

Trustee	Date appointed	Terms served	Retirements and notes
1. Terry Tyrrell (Chair)	31.01.14	31.12.16 31.12.19 31.12.20 31.12.21	Reappointed for a third term and agreed to stay on until new Chair is in position.
2. Tim Stonor (Deputy Chair)	10.09.15	10.09.18 10.09.21 10.09.22	Reappointed for third term of one year
3. Anne Boddington (Deputy Chair)	10.09.15	10.09.18 10.09.21 10.09.22	Reappointed for third term of one year. Appointed c o-Deputy Chair).
4. Sherin Aminossehe	04.10.18	04.10.21	Will retire in October 2021
5. Kieron Boyle	10.09.15	10.09.18 10.09.21 10.09.22	Reappointed for third term of one year
6. Lauren Currie OBE	04.10.18	04.10.21 04.10.24	Reappointed for a second term
7. Martin Darbyshire	10.09.15	10.09.18 10.09.21 10.09.22	Reappointed for third term of one year
8. Beatrice Fraenkel	13.12.18	13.12.21 13.12.24	Reappointed for a second term
9. Vimi Grewal-Carr	13.12.18	13.12.21 13.12.22	Reappointed for second term of one year
10. Gillian Horn	01.02.19	01.02.22	Will retire in February 2022
11. Keith Morgan CBE	04.10.18	04.10.21 04.10.24	Reappointed for a second term

Attendance record	Board Meeting	Finance, Audit and GP Cttee	Stewardship Cttee
Board members			
Terry Tyrrell (Chair)	6/6	3/3	2/2
Tim Stonor (D Chair)	6/6		2/2
Anne Boddington (D Chair)	6/6		
Sherin Aminossehe	5/6		
Kieron Boyle	6/6		
Lauren Currie OBE	5/6		
Martin Darbyshire	6/6	3/3	
Beatrice Fraenkel	6/6		2/2
Vimi Grewal-Carr	6/6		1/2
Gillian Horn	4/6	2/3	
Keith Morgan CBE	6/6	3/3	

Activity during 2020/21

Board appointments and retirements

None.

Chair recruitment

In October 2019, the Design Council started recruitment for a new Chair. This recruitment was halted temporarily in March 2020 due to Covid-19. On 14 May 2020, the Board agreed to extend the term of current Chair Terry Tyrrell, until a new Chair is recruited and beyond his current retirement date of 31 December 2020, should this be required. Chair recruitment will resume in 2020/21.

Board support during Covid-19

A small group of Trustees volunteered to meet regularly to discuss key issues and risks and to support the Chief Executive. From The Board felt that this would be useful during such unprecedented and uncertain times (between April to September 2020) and would report its discussions back to the Board where appropriate.

Regular additional written updates and reports were provided to the Board between March and November 2020.

Key management personnel

Aside from the Trustees the key management personnel are:

Minnie Moll, Chief Executive (joined 1 March 2021).

Sarah Weir OBE, Chief Executive (left 31 October 2020).

Cat Drew, Chief Design Officer (joined 1 July 2019).

Committees

The Board of Trustees has two sub committees: Finance, Audit and General Purposes Committee and a Stewardship Committee. Each committee reports back to the Board of Trustees after it meets. During the year:

- ❖ The Committee chairs were reconfirmed.
- ❖ The Board agreed that the Finance, Audit and General Purposes Committee will meet quarterly (twice yearly with external auditors present). The Stewardship Committee continues to meet twice yearly.

Finance, Audit and General Purposes

Committee: meets four times a year to support the Board of Trustees in ensuring effective financial stewardship, risk management, effective management of physical resources (including technology and property), and to ensure that the charity is complying with all aspects of the law and relevant regulations. It receives reports from the external auditors.

Stewardship Committee: meets twice a year to support the Board of Trustees in ensuring the charity is complying with all the relevant regulations and best practice by reviewing and making recommendations on: the Chief Executive's annual performance and remuneration, strategic staffing and people matters, and recruitment, skills and development of the Board of Trustees, and governance matters.

Keith Morgan, Chair

(appointed Chair on 13.12.18 / reappointed chair on 27.05.21)

Terry Tyrrell, Member

(appointed 14.12.17)

Martin Darbyshire, Member

(appointed 07.02.19)

Gillian Horn, Member

(appointed 03.10.19)

Beatrice Fraenkel, Chair

(appointed Chair on 04.02.19 / reappointed chair on 27.05.21))

Terry Tyrrell, Member

(appointed 21.07.16)

Vimi Grewal-Carr, Member

(appointed 07.02.19)

Tim Stonor, Member

(appointed 07.02.19)

Administrative details

Registered name and address

Design Council
Eagle House
167 City Road
London EC1V 1AW

Charity Commission 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
10 Queen Street Place
London EC4R 1BE

Sayer Vincent

Invicta House
108-114 Golden Lane
London EC1Y 0TL

**CMS Cameron McKenna Nabarro
Olswang LLP** Cannon Place
78 Cannon Street, London EC4N 6AF

Law at Work

7th Floor The Beacon, 176 St. Vincent
Street, Glasgow, Scotland, G2 5SG

Make UK

Broadway House
Tothill St
London SW1H 9NQ

New advisors were appointed following tender processes.

Law at Work replaced Make UK as our HR advisors in May 2021.
Sayer Vincent replaced BDO as our external auditors in January 2021.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of Design Council for the purposes of company law) 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).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these 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 estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

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 2021 was 11 (2020: 12). The Trustees are members of the charity but this entitles them only to voting rights. The Trustees have no beneficial interest in the charity.

Approved and authorised by the Trustees on 28 October 2021 and signed on their behalf on 12 November 2021

Terry Tyrrell
Chair of Design Council Board of Trustees

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

Opinion

We have audited the financial statements of Design Council (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of its incoming resources and application of resources, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Charities Act 2011

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Design Council'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.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual

report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- The information given in the trustees' annual report is inconsistent in any material respect with the financial statements;
- Sufficient accounting records have not been kept; or
- The 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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity'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 trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our 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 an auditor's report that includes our 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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.

Sayer Vincent LLP

22 November 2021

Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Design Council Statement of Financial Activities

For the year ended 31 March 2021

	Note	Unrestricted £000	Restricted £000	2021 Total £000	Unrestricted £000	Restricted £000	2020 Total £000
Income from							
Charitable activities	2	1,489	2,119	3,608	1,369	1,777	3,146
Other trading activities	3	-	-	-	727	-	727
Investments	3	1	-	1	6	-	6
Total income		1,490	2,119	3,609	2,102	1,777	3,879
Expenditure on							
Charitable activities	4&7	1,702	1,892	3,594	2,721	2,837	5,558
Total expenditure		1,702	1,892	3,594	2,721	2,837	5,558
Net movement in funds		(212)	227	15	(619)	(1,060)	(1,679)
Reconciliation of funds							
Total funds brought forward		1,024	53	1,077	1,643	1,113	2,756
Total funds carried forward	14	812	280	1,092	1,024	53	1,077

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 - 16, form part of these accounts.

Design Council Balance Sheet

As at 31 March 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible fixed assets	9	71	107
Total fixed assets		171	107
Current assets			
Debtors	10	805	520
Cash at bank and in hand		925	1,159
Total current assets		1,729	1,679
Current liabilities			
Creditors: amounts falling due within one year	11	708	709
Net current assets		1,021	970
Net assets	12	1,092	1,077
Funds			
Restricted funds	13	280	53
Unrestricted funds		812	1,024
Total funds		1,092	1,077

The notes at pages 34 to 44 form part of these accounts.

Approved and authorised by the Trustees on 28 October 2021 and signed on their behalf on 12 November 2021

Terry Tyrrell
Chair of Design Council Board of Trustees

Design Council Statement of Cash Flows

For the year ended 31 March 2021

	Note	£000	2021 £000	£000	2020 £000
Cash flows from operating activities:					
Net cash used in operating activities	a		(231)		(919)
Cash flows from investing activities:					
Interest received		1		6	
Purchase of property, plant and equipment		(4)		(106)	
Sale / (Purchase) of short term deposits		-		1,250	
Net cash provided by/(used in) investing activities			(3)		1,150
Change in cash and cash equivalents in the year			(234)		231
Cash and cash equivalents brought forward			1,159		928
Cash and cash equivalents carried forward			925		1,159

Note to the statement of cash flows:

Note:

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

	2021 £000	2020 £000
Net income/ (expenditure) for the year	15	(1,679)
Interest received	(1)	(6)
Loss on disposal of tangible fixed asset	-	1
Depreciation charges	40	171
(Increase)/decrease in debtors	(284)	1,488
Increase/(decrease) in creditors	(1)	(894)
Net cash used in operating activities	(231)	(919)

Notes to the Design Council Financial Statements

For the year ended 31 March 2021

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 financial statements have been prepared on a going concern basis which assumes that the Charity will continue in operational existence for twelve months from the date of approval of the Financial Statements.

The Trustees have applied the going concern basis to the financial statements. As outlined within the trustees' report the charity has been managing the financial risks associated with Covid-19 and the continuing uncertainty around the charity's long term funding arrangements. The Trustees are confident in the charity's ability to manage these risks and do not consider that these represent any material uncertainty around 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 and stage of completion of contract delivery for programme fees.

b) 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;
- Programme fees and licence fee income are accounted for on an accruals basis. As services are delivered in accordance with any milestones set out in these contracts

income is recognised. Any part of the service not delivered at the balance sheet date is deferred;

- 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.

c) Expenditure

Expenditure is accounted for on an accruals basis, and allocated to the appropriate heading in the Financial Statements. Charitable activities' expenditures enable 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.

Support costs in note 7 costs are attributed to the categories detailed on an actual basis. The basis of apportionment to charitable expenditure is 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 the accruals within the balance sheet.

Design Council reclaims from HMRC VAT incurred in 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.

d) Liquid resources

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

e) Funds accounting

Funds held by 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.

f) 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 improvements</i>	<i>10 years, or over the period of the lease</i>
<i>Furniture and fittings</i>	<i>5 years</i>
<i>Computer equipment</i>	<i>2 - 5 years</i>

The financial statements include an accelerated depreciation charge relating to leasehold improvements and furniture and fittings with the useful life for these fixed assets now ending in December 2019 (compared to an end point of March 2020, which was assumed in the 2018-19 financial statements). This change has been made following Design Council's decision to exit its lease at the Angel Building early (see Note 9).

g) 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.

h) 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.

i) Provisions

Provisions are made when 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.

j) 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.

k) Design Council Enterprises Limited

The charity owns the whole of the share capital of Design Council Enterprises Limited. Its trading subsidiary was dormant during the year and therefore consolidated accounts are not prepared.

2. Income from charitable activities

Income from charitable activities 2020/21

	Unrestricted £000	Restricted £000	2021 Total £000
Grant from BEIS	-	1,680	1,680
Other grants from government and public bodies	-	439	439
Programme fees	1,489	-	1,489
Total income from charitable activities	1,489	2,119	3,608

Income from charitable activities 2019/20

	Unrestricted £000	Restricted £000	2020 Total £000
Grant from BEIS	-	1,680	1,680
Other grants from government and public bodies	-	90	90
Programme fees	1,376	-	1,376
Total income from charitable activities	1,376	1,770	3,146

3. Income from other trading activities and investments

Income from other trading activities and investments 2020/21

	Unrestricted £000	Restricted £000	2021 Total £000
Licence income	-	-	-
Other income	-	-	-
Total income from other trading activities	-	-	-
Investment income	1	-	1
Total income from investments	1	-	1

Income from other trading activities and investments 2019/20

	Unrestricted £000	Restricted £000	2020 Total £000
Licence income	227	-	227
Other income	500	-	500
Total income from other trading activities	727	-	727
Investment income	6	-	6
Total income from investments	6	-	6

Other income includes £500k received from the landlord at Angel Building to surrender the lease early

4. Expenditure

Expenditure 2020/21

	Grants payable	Staff costs	Other direct costs	Total direct costs	Support costs (note 7)	2021 Total
	£000	£000	£000	£000	£000	£000
Charitable activities						
Policy, Impact & Communications	-	511	234	745	484	1,229
Social Innovation	-	316	178	494	321	815
Place & Infrastructure	-	651	289	940	610	1,550
Total 2021	-	1,478	701	2,179	1,415	3,594

Expenditure 2019/20

	Grants payable	Staff costs	Other direct costs	Total direct costs	Support costs (note 7)	2000 Total
	£000	£000	£000	£000	£000	£000
Charitable activities						
Policy, Impact & Communications	-	543	211	754	534	1,288
Social Innovation	305	537	756	1,598	915	2,513
Place & Infrastructure	-	601	428	1,029	728	1,757
Total 2020	305	1,681	1,395	3,381	2,177	5,558

Notes:

Grants payable

Design Council made £305k grant payments to selected partners in support of programmes as shown below.

- (i) Social Innovation (£305k)
The grant payments for the Transform Ageing programme were as follows:

Recipient:	Amount £000
The Foundation for Social Entrepreneurs (t/a Unltd)	222
South West Peninsula Academic Health Science	63
Community Council for Somerset	5
Volunteer Cornwall	5
Torbay Community Development Trust	5
Devon Communities Together	5
Total Transform Ageing	305

5. Staff costs and numbers

Staff costs were as follows:

	2021 £000	2020 £000
Salaries and wages	1,751	1,912
Social security costs	199	214
Pension contributions	137	177
Staff benefits	8	6
Redundancy costs	8	43
Total payroll staff costs	<u>2,103</u>	<u>2,352</u>
Total temporary and contract staff costs	<u>29</u>	<u>91</u>
Total staff costs	<u>2,132</u>	<u>2,443</u>

Redundancy payments are £8k (2019/20: £43k). These payments are based on continuous length of service. Amounts paid excluded pension contributions or benefits in kind.

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

Band	2021	2020
£60,000 - £69,999	2	2
£70,000 - £79,999	1	3
£80,000 - £89,999	1	-
£100,000 - £109,999	1	-
£120,000 - £129,999	-	1

The costs of key management personnel are £191k (2019/20: £247k). These relate to three staff (2019/20: two) 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:

	2021 No	2020 No
Permanent (payroll)	34	38
Other staff (other)	4	3
	<u>38</u>	<u>41</u>

6. Net income/(expenditure) for the year

This is stated after charging:

	Note	2021 £000	2020 £000
Depreciation		40	171
Trustees' reimbursed expenses	a	-	1
Staff reimbursed expenses		6	14
Auditors' remuneration:			
Audit		14	30
Other services		-	1
Operating lease rentals:			
Plant and machinery		5	13
Land and buildings		360	448

Note:

a. Expenses totalling £92 were reimbursed to one Trustee (2019/20: £1,061 for two Trustees).

7. Support Costs

Support costs 2020/21

Support costs are allocated to charitable activities as follows:

	Notes	2021 Staff costs £000	2021 Other costs £000	2021 Total £000
Executive		187	6	193
Facilities		92	376	468
Governance costs	a	53	-	53
Human resources		79	27	106
IT		71	141	212
Finance	b	172	171	343
Depreciation		-	40	40
Total support costs		654	761	1,415

Notes:

- Governance costs relate to Design Council's cost of secretariat. This includes the administration of Trustee meetings.
- 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 £106k (2019/20: £170k).

Support costs are attributed to the categories detailed on an actual basis.

Support costs 2019/20

Support costs are allocated to charitable activities as follows:

	Notes	2020 Staff costs £000	2020 Other costs £000	2020 Total £000
Executive		201	50	251
Facilities		66	738	804
Governance costs	a	53	-	53
Human resources		107	29	138
IT		66	174	240
Finance	b	267	253	520
Depreciation		-	171	171
Total support costs		762	1,415	2,177

Notes:

- Governance costs relate to Design Council's cost of secretariat. This includes the administration of Trustee meetings.
- 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 £170k (2018/19: £226k)

Support costs are attributed to the categories detailed on an actual basis.

8. Taxation

Design Council is a charity within the meaning 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.

9. Tangible fixed assets

	Leasehold Improvements	Furniture and fittings	Computer equipment	Total
	£000	£000	£000	£000
Cost				
At the start of the year	28	56	182	266
Additions in year	-	-	4	4
Disposals in year	-	-	-	-
At the end of the year	28	56	186	270
Depreciation				
At the start of the year	28	17	114	159
Charge for the year	-	10	30	40
Disposals in year	-	-	-	-
At the end of the year	28	27	144	199
Net book value				
At the end of the year	-	29	42	71
At the start of the year	-	39	68	107

10. Debtors

	2021	2020
	£000	£000
Trade debtors	422	180
Other debtors	71	80
Prepayments and accrued income	311	260
	804	520

Other debtors of £71k was a deposit held by the landlord relating to the Eagle House, London premises (2019/20: £71k). Trade debtors increased due to an increase in sales income in 2021 with significant sales issued in March 2021 still outstanding at the year end. There was no bad debt in 2020/21.

11. Creditors: amounts due within one year

	2021	2020
	£000	£000
Trade creditors	171	95
Tax and social security	59	114
VAT payable	74	42
Other creditors	17	17
Other accruals	274	400
Deferred income	113	41
	708	709

Included within other creditors is £17k for a payment due to Design Council's defined contribution pension scheme (2019/20: £17k).

12. Analysis of group net assets between funds

Analysis of group net assets between funds 2020/21

	Unrestricted funds	Restricted funds	2021 Total funds
	£000	£000	£000
Tangible fixed assets	71	-	71
Current assets	1,337	392	1,729
Current liabilities	(596)	(112)	(708)
Net assets at the end of the year	812	280	1,092

Analysis of group net assets between funds 2019/20

	Unrestricted funds	Restricted funds	2020 Total funds
	£000	£000	£000
Tangible fixed assets	107	-	107
Current assets	1,301	378	1,679
Current liabilities	(384)	(325)	(709)
Net assets at the end of the year	1,024	53	1,077

13. Movements in funds

Movements in funds during 2020/21

	2020 At the start of the year £000	Income £000	Expenditure £000	2021 At the end of the year £000
Restricted funds:				
BEIS Grant	-	1,680	(1,680)	-
Public Sector Workshops	-	90	(90)	-
Design Council Spark	29	-	-	29
National Lottery Community Fund – Community Design Network	-	49	(20)	29
GST Employee Health	-	153	(69)	84
Sport England	-	147	(20)	127
Other Funds	24	-	(13)	11
Total restricted funds	53	2,119	(1,892)	280
Total unrestricted funds	1,024	1,490	(1,702)	812
Total funds	1,077	3,609	(3,594)	1,092

Movements in funds during 2019/20

	2019 At the start of the year £000	Income £000	Expenditure £000	2020 At the end of the year £000
Restricted funds:				
BEIS Grant	23	1,680	(1,703)	-
Public Sector Workshops	5	90	(95)	-
Design Council Spark	540	7	(518)	29
National Lottery Community Fund – Transform Ageing	521	-	(521)	-
Other Funds	24	-	-	24
Total restricted funds	1,113	1,777	(2,837)	53
Total unrestricted funds	1,643	2,102	(2,721)	1,024
Total funds	2,756	3,879	(5,558)	1,077

14. Operating lease commitments

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

	2021		2020	
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
Within 1 year	330	5	423	5
Between 2 - 5 years	-	-	317	5
Over 5 years	-	-	-	-
	330	5	740	10

15. Contingent liabilities

There are no contingent liabilities to declare.

16. Related parties' transactions

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 the Design Council's policy on potential conflicts of interest. During the year, the Design Council entered into the following transactions with related parties as follows:

Name	Position at Design Council	Note	Related Party	Income £	Expense £
Kieran Boyle	Trustee	a	Chief Executive, Guys St Thomas' Charity	179,698	
Gillian Horn	Trustee	b	Gillian Horn		3,118
Tim Stonor	Trustee	b	Space Syntax		808

Notes:

- This income related to design support services delivered by Design Council to Guy's & St Thomas' Charity. £152,972 was for the Employee Health Fund, £22,976 for a project about Air Quality and £3,750 for a project related to Covid 19.
- Payments were made to Gillian Horn and Space Syntax in their roles as Built Environment Experts for the delivery of design advisory services.

**Design Council
Eagle House
167 City Rd
London EC1V 1AW**

info@designcouncil.org.uk
www.designcouncil.org.uk
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