

Design Council Annual Report and Accounts

For the year ended 31 March 2016

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Facts about design economy

Design Council published *The Design Economy* in 2015 based on our research into the value of design to the UK economy. The report looks beyond the traditional definition of the design sector and in doing so, provides the most thorough and accurate view of design's contribution to the UK economy ever produced.

The Design Economy report explores the contribution by designers working in both design-specific and non-design industries to the UK economy. This definition, which Design Council calls the 'design economy', more accurately represents the true value of design.

It draws on in-depth analysis of data from the Office of National Statistics and international data, and contains useful learnings for central government and other public agencies such as local authorities and Local Enterprise Partnerships, in the contribution design makes to the UK, its potential and the challenges to be overcome.

Key findings include:

- In 2013 the design economy generated £71.7bn in gross value added (GVA), equivalent to 7.2% of total GVA.
- In the period between 2009-2013, the design economy GVA increased by 27.9%, compared to 18.1% across the UK economy as a whole.
- Approximately 580,000 people are directly employed in the UK's design industries, while a further 1 million designers work across the economy in non-design industries.
- This makes the design economy equivalent to the ninth biggest employer in the UK.

This research highlights a dynamic design economy which means good news for the UK. Find out more at www.designcouncil.org.uk/what-we-do/design-economy.

Design Council Trustees' Annual Report for the year ended 31 March 2016

The trustees submit this Annual Report along with the consolidated financial statements for the year ended 31 March 2016, 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.

About Design Council

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

Over 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 strategic design to address issues of national significance.

Britain has world-renowned design capabilities that deliver real value to the UK economy. Our latest research, *The Design Economy*, published in October 2015, 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 for strategic design where the market is 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 and the problems being tackled are on a global scale and are getting even more complex.

The EU referendum result in June 2016 is another significant moment for the UK's design sector, as it is for the country as a whole. The imperative now is to sustain the UK's competitive edge in the world economy. During the coming period of expected uncertainty, we at Design Council will focus on ensuring that design plays its part in boosting our economy and society. And we will work to ensure that design continues to be an engine for growth into 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 and deliver positive change.

We are a think-do organisation combining 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 (BIS). This grant is to make the case and grow the market for design in areas of the economy where it is underused. 2015/16 was the last year of the current grant settlement period and was worth £3.35m this year. BIS has confirmed the continuation of grant funding and given an indication of funding out to 2019/20. This endorses Design Council's role as the UK government's adviser on design.

We provide services under grant agreements across a range of other programmes with a range of partners including:

- The three-year European Design Innovation Platform (EDIP) programme, referred to as Design for Europe, funded by the European Commission. The objective is to raise awareness of and capability for design for innovation across the EU and establish a sustainable pan-European network for design. The programme is now in its third year and we are exploring ways to continue the programme into 2017 and beyond.
- Our innovation fund, Spark, which fast-tracks new prototype products to market. This is now in its second year. From over 650 applications we have chosen 21 ventures so far to go through the 20-week programme. This demonstrates the role of design in innovation and ways to accelerate the path of entrepreneurs.
- Our work to transform public services. For example our ongoing Design in Public Services programme to support and train local authorities across the country to innovate and transform public services. We have been able to extend this programme further with the ongoing support of the Local Government Association.
- A new, three-year programme, funded by the Big Lottery Fund, to improve people's experience in later life which will commence in 2016. We will bring together people in later life, social innovators and commissioners of health and social care services 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:

- Our comprehensive design service for city and local authorities that 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 the Old Oak and Park Royal Development Corporation to ensure all new developments meet the very highest of design standards. We are advising major infrastructure providers including Thames Tideway Tunnel and supporting places across the country facing housing growth.
- We know from our work with industry that businesses report high levels of technical design skills, but a lack of 'horizontal' or cross-disciplinary skills amongst graduates, particularly related to the application of design to broad systemic or strategic organisational challenges. Our Design Academy programme 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. The course has been prototyped successfully working with four universities and is being expanded in 2016.

- 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, for example with Rolls-Royce and Mercer.
- We were contracted to deliver design coaching support to SMEs through the government's Business Growth Service (BGS), however we were disappointed that the government took the decision to close this service in November 2015.

Objectives in short and long term

We set ourselves four key priorities for the year to 31 March 2016 to demonstrate, enable and advocate the role of design by:

1. Driving innovation in businesses, public services, and universities by delivering design coaching to build confidence and new skills and capabilities.
2. Addressing pressing economic and societal challenges, particularly in health, by supporting innovators and entrepreneurs to design products and services with real social impact.
3. Enhancing cities and places by providing design support, advice, training on well-designed buildings, spaces and places for people. This approach should enable cities to in turn transform public services and stimulate economic growth.
4. Persuading more organisations and businesses to use design in a strategic way, in parts of the economy where it is underused.

In this year we also undertook a strategic review to inform our future plans and objectives, ensuring our work remains relevant both to the evolving use of design and design thinking and its ability to address issues of national significance.

We have set out our achievement and performance for the year under review and summarised our future plans later in this report. Our work in the forthcoming year includes the development of a pan-organisation evidence framework and a data collection process to support impact measurement, answer key research questions and provide supporting evidence for policy development.

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. Nearly all grants paid during the year were to our partners on the *Design for Europe* programme. *Design for Europe* grants are paid annually according to the amount of expenditure partners have incurred in carrying out the programme's deliverables.

Changes in key management personnel

We were delighted to appoint seven new trustees to the board this year. Furthermore, Terry Tyrell, one of the existing trustees, 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.

Martin Temple served as Design Council Chair for five years and before that as a trustee for two years and played a pivotal role in this period. In 2010 Martin led a review to consider the future role and status of Design Council as the national strategic body for design for the then Minister of State for Universities and Science. As a result he was asked to oversee the transition of Design Council out of

government and the transfer of certain activities and assets from the Commission for Architecture and the Built Environment (CABE) in 2011 into Design Council.

John Mathers, Chief Executive, has announced he will stand down in November 2016 when he will then have completed four years leading Design Council. We are currently recruiting for a new Chief Executive to take the organisation into its next phase.

Achievements and performance

Achievements

In the year under review:

We delivered major design programmes:

- We successfully delivered our grant programme for BIS, to make the case and grow the market for design in areas of the economy where it is underused.
- Other major activity included the Spark product innovation fund, the Design for Europe EU-funded project and our Housing and Infrastructure packages of design support.
- We were disappointed that the government closed its BGS during the year, for which Design Council had been contracted to deliver design coaching.

We have grown and diversified income outside our government grant:

- We made progress against our goal to develop new income streams with less reliance on income from grants from BIS. Income from programme fees in 2015/16 grew by 39% compared to 2014/15.
- We were pleased to receive confirmation of 2016/17 grant funding and indicative levels of funding from BIS for the next four years, endorsing our role as the UK government's adviser on design.
- We further established a number of our other programmes, notably our design service for city and local authorities. We were appointed as design advisers by the Old Oak and Park Royal Development Corporation and announced a new partnership with Thurrock Council to support them in delivering their growth, including high-quality housing, major infrastructure and regeneration schemes.
- We developed our programme aimed at improving the experience of people in later life and were delighted to hear that we have been granted £3.65m for a three year programme from the Big Lottery Fund for this purpose; the new programme will get underway later in 2016.

We demonstrated the value of design and enhanced our reputation:

- We published new research reports on the value of design: in our Leading Business by Design series we covered aerospace and automotive, we made policy recommendations for high-value manufacturing and published a set of new case studies on construction and housing. Our other main research report, The Design Economy, provides the most comprehensive view yet of design's contribution to the UK economy and has been widely published.
- During the year we engaged key decision-makers on the value of design at our two summits in Birmingham and Brussels, the government's Global Investment Conference and at a number of other events across the UK and Europe.
- We continued to extend our reach to audiences online, reaching over 400,000 website users and 250,000 social followers on designcouncil.org.uk with downloads of materials published and visits to programmes pages currently at over 100,000 per year. Our European digital platform, designforeurope.eu, in its

second year has grown to 13,500 social media followers and 2,300 newsletter subscribers.

We developed our business model and strengthened the team:

- We undertook a strategic review which enabled us to assess our portfolio of programmes against the national context, emerging areas of design, and how Design Council can apply its key strengths, expertise and methodologies to address these areas.
- We have started to reorganise and align the organisation structure to support delivery of the new strategy. We also supported and developed our staff through a new leadership and management programme for senior and middle managers.
- We strengthened and expanded our network to 450 design and built environment experts based across the UK who enable us to deliver at a national scale. They bring together unparalleled expertise with experts in service design, innovation, SMART, inclusion, identity and health joining professionals from planning, architecture, landscape architecture and urban design.
- We progressed our strategic roadmaps for property, overheads and technology and started sharing our office space with one of our partners, the Centre for Ageing Better. We continue to make process improvements around IT security, Data Protection and Health and Safety.
- We have appointed and inducted seven new trustees to strengthen the board.

Performance against objectives

Performance against our four key objectives for 2015/16 is set out on the following pages.

Overall we broadly met our objectives. The main area of disappointment was on income generation which fell short of budget and in turn meant our impact fell short of our aspiration. This was largely due to delays on getting programmes commissioned and the decision by the government to close its *BGS* in November 2015. Tight cost control meant that we ended the year with free reserves and cash in line with budget.

1. Driving innovation in businesses, public services, and universities by delivering design coaching to build confidence and new skills and capabilities.

- We delivered design coaching to a wide range of organisations during the year. We published evaluation studies on 1) how design supports local government to commission and deliver better services and 2) how design enables science and technology research to achieve greater impact. We also published a number of case studies and articles. Activities included the following:
- We delivered coaching to five science and technology research projects each from Staffordshire and Bristol Universities where projects included a seat adaptation for drivers with spinal illnesses. We ran an innovation workshop for 15 scientific research managers as part of a commercialisation programme funded by HEFCE and Innovate UK and ran a session for Universities UK Vice Chancellors on design as a framework for policy innovation for the University of the Future.
- We anticipate good results coming through on our Public Services by Design coaching programme from the four public bodies that we have supported this year. We published a number of case studies and articles on alumni for example the Islington Clinical Commissioning Group, Northumberland County Council, University of Liverpool, Open University and University of East Anglia.
- We extended our Design in Public Services coaching with the Local Government Association for a third cohort of local authorities in the West Midlands – more than originally planned. This builds on previous cohorts in the East of England and the South West. Seven local authorities are participating to develop the skills required to empower their staff to help transform public services.
- We have been reviewing and streamlining our coaching programmes and are looking to prioritise and simplify the breadth of our design offers to the market and fast track the areas with the maximum potential.
- Our pilot programme with Rolls-Royce Aerospace to increase innovation in its supply chain has continued during the year. Initial positive results were shared in the Leading Business by Design research. We continue to gather evidence and plan to share findings and case studies from this work in 2016/17.
- We have been piloting innovation training programmes for corporates, business schools and through our Design Academy programme with undergraduates. On our Design Academy pilot we worked successfully with four universities (Manchester, Portsmouth, Nottingham Trent and Norwich). Positive results show that it enhances student experience and adds value to industry collaborations. We are already delivering to universities signed up for the programme in 2016/17.

2. Addressing pressing economic and societal challenges, particularly in health, by supporting innovators and entrepreneurs to design products and services with real social impact.

- As noted above we were pleased to be awarded a Big Lottery Fund grant in April 2016 for a three-year, £3.65m programme to look at how design can improve adult health and social care in later years. This will initially be piloted in the South West and run with our core partners UnLtd, the social enterprise organisation, the South West Academic Health Science Network and the Centre for Ageing Better.
- Our Knee High design challenge has brought innovation, experimentation and evaluation to products and services that aim to make a lasting difference to children under five. We concluded this three-year programme, run in partnership with Guy's and St Thomas' Charity and the London Boroughs of Southwark and Lambeth. We published a solutions paper outlining our learnings on how can we find, fund and nurture great people with innovative ideas for tackling health inequalities among young children. We also published an evaluation of the final three ventures who have successfully reduced barriers to families accessing support or activities.
- Our Spark product accelerator programme continued to grow with some great invention ideas being developed to take to market and some positive results coming through from the first cohort from the Spark 1 product accelerator, with 100% of ventures saying that they would have struggled to develop their product or that the development would have progressed more slowly without the programme.
- Over 350 applications were received for the Spark programme, up on last year, and 13 entries have been put through to the formal programme with final products including a medical device to treat nose bleeds, portable baby rockers and origami-like plant pots. The accelerator has also proved a great vehicle for engaging directly with pre start-up businesses and the call for entries drew over 11,000 views to the Spark content on our website, 50% of which were new visitors. We are delighted that Arthritis Research UK (ARUK) has partnered with us on Spark 2 sponsoring places to fast track to market innovative products for those with muscular skeletal conditions.
- 10 of the Spark runners up were put onto our pre-accelerator for early stage ventures programme run in partnership with MedTech. This specialised in medical technical innovation accelerator for early stage ventures and has also proved to be highly successful in discovering great product ideas.

3. Enhancing cities and places by providing design support, advice, training on well-designed buildings, spaces and places for people. This approach should enable cities to in turn transform public services and stimulate economic growth.

- We continued to develop our design advice and support service for cities and local authorities that brings together local knowledge and world-class built environment and design expertise to help deliver high-quality, prosperous places. We have an active programme of sharing key learnings from this work, through case studies, evidence gathering and events. In the year we continued to work with Oxford City Council and were pleased to announce new partnerships with Thurrock Council, the Old Oak and Park Royal Development Corporation and the Royal Borough of Greenwich. We are currently contracting with a number of authorities and institutions.
- We published new qualitative research exploring the role of design within the housing sector, in terms of how design and innovation can drive growth, overcome challenges in the supply chain and offer the confidence that communities need to support growth. We made recommendations for promoting the role of design within the housing construction sector and set out eight case studies demonstrating how community-led design has improved the overall quality of new housing including The Greenhouses in London and LILAC in Leeds.
- Our research suggests that where residents and landlords work together, new housing is more likely to meet the needs of the community and create a place that residents feel proud of. We delivered a Community-led Design and Development programme as part of the Department for Communities and Local Government's initiative to help local authorities, housing associations and tenants work together and influence the design of new developments, public spaces, neighbourhoods and surrounding communities. Our work included direct enabling support to resident and landlord organisations to bring about better tenant involvement and leadership to housing projects.

4. Persuading more organisations and businesses to use design in a strategic way, in parts of the economy where it is underused.

- Core to the relationship between the UK government and Design Council is a focus on ensuring that more organisations and businesses are persuaded to use design in a strategic way, supporting government objectives to drive innovation, productivity and economic growth. In addition, Design Council provides government with access to world-class policy insights on how to grow the economy and tackle social challenges through design; access to industry expertise and a network of British designers; research and case studies for promoting best practice; and support to achieve policy goals.
- During the year we delivered policy advice and support to BIS, government's other innovation agencies, and to wider government. This draws on our evidence base and our industry expert network of over 450 practitioners. We provided briefings for ministers and senior civil servants, responses to consultations, independent reviews and committee inquiries on topics like productivity, built environment, science and technology, design and technology education, intellectual property, and on economic statistics and how design is measured within this.
- We continued to support the implementation of the Creative Industries Strategy. We are pleased that the government is committed to design remaining a core part of their vision to enable the UK's creative industries to fulfil their full potential to 2020 and beyond. We continued to build partnerships and networks across the innovation landscape and engage with the design industry via quarterly sounding board and design industry roundtable meetings.
- We delivered a high-profile research programme that contributes to the evidence base on the role of design in driving innovation and growth. We also published learning and evaluation of our programmes on designcouncil.org.uk, a hub for publically-funded and private sector research and knowledge on design. We shared new case studies and best practice examples in the use of design.
- We acted as an outward face for British design hosting foreign delegations, promoting British design overseas for export growth and inward investment, and championing and growing the market for design across the UK economy. In the year we met with teams from across the world including Singapore, India and Japan.

Financial review

Review of the period

The consolidated results for Design Council for the year ended 31 March 2016 are set out in the financial statements from page 30 onwards.

In the fifth year as an independent charity the financial results showed a small deficit of £0.02m compared to a surplus of £0.47m in 2014/15.

Total income for the year amounted to £7.1m (£7.9m in 2014/15) of which £3.4m was in the form of a grant from BIS (£4.7m in 2014/15). The remaining income of £3.7m (£3.2m in 2014/15) was raised from a variety of external sources including from *Design for Europe* (£0.8m), Spark (£0.8m) and various activities within architecture and the built environment (£1.0m).

Total costs for the year were £7.1m (£7.5m in 2014/15). Cash and short term deposit balances have reduced to £1.1m (£2.1m in 2014/15) reflecting less cash paid in advance for activities on our larger programmes.

The average number of staff employed during the year was 59 compared with 63 in 2014/15. The decrease is in line with the slight reduction in activity as some programmes came to an end.

Reserves Policy

Total funds held by the Design Council at the end of the year were £1.80m (2014/15: £1.82m). Of this £0.68m were restricted funds (2014/15: £0.73m). 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 2016 free reserves were £0.65m against a target level of £0.45m to £0.90m.

Free Reserves

	2016	2015
	£000	£000
Total Unrestricted Funds	1,125	1,097
Less Tangible Fixed Assets	(476)	(450)
Free Reserves	649	647

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 up to March 2018. 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 therefore 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

Design Council has been in a period of transition since moving out of government and ceasing to be a Non-Departmental Public Body in April 2011. We set out to establish ourselves as an independent expert on the use of strategic design working for the public benefit to improve people's lives through the use of design.

Our performance against objectives for 2015/16 is set out earlier in the report.

Whilst trustees were satisfied with progress made in the period from 2011 to 2015, they felt it was timely to examine Design Council's future role and remit. To this end in autumn of 2015 trustees instigated a review and refresh of Design Council strategy for the period 2016 to 2020. Furthermore this strategic review aligned with the UK government's Spending Review for the period 2016/17 to 2019/20 given the close connection between Design Council and government.

The strategic review built on our experience in the last four years and examined the landscape out 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 our own capabilities, resources and infrastructure.

Trustees concluded that Design Council continues to have an important role to play as a charity. The strategy 2016 to 2020 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.

Furthermore Design Council's role as the UK government's adviser on design was endorsed through the continuation of grant funding from BIS. The purpose of this grant is to make the case and grow the market for design in areas of the economy where it is underused.

A strategic roadmap has been drawn up for the delivery of the strategy.

Growing and diversifying income remains a high priority. We plan to do this by further establishing high quality, repeatable and scaleable services that use strategic design to address nationally significant issues, meet a market need and provide evidence on the impact of design.

There is an increased emphasis on measuring the impact of design, particularly as an intangible asset for innovation. Data and evidence will underpin all that we do

and we will evaluate rigorously across all our programmes. We will share the insights gained from our programmes with a wide range of audiences.

The organisation structure will 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 will act with integrity and openness and encourage learning, cooperation and understanding.

Objectives for the coming year

The strategic roadmap envisages 2016/17 as a year in which Design Council puts in place a series of foundation stones that the charity can build on to move to enhanced levels of ambition in the later years of the plan. In the coming year we will:

- 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 includes 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 four new groups, namely Architecture & Built Environment, Growth & Innovation, Policy & Communications and Corporate Services. We will complete the recruitment of a new Chief Executive that is already underway following the resignation of John Mathers the current Chief Executive in spring 2016.
- 5. Maintain our focus on financial management and the improvement of systems, processes and facilities** to meet the budget set by trustees and support the delivery of the strategic roadmap in 2016/17. This will put in place conditions to support the delivery of the strategy out to 2020.

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 gift aided 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 and Finance Director, and Executive Director of Architecture, Built Environment and 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 seven 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 and Finance Director, and Executive Director of Architecture, Built Environment and Design.

Design Council has around 60 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.

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 and briefings and training is provided for trustees as necessary.

During 2015/16 Design Council recruited seven new trustees to enhance the board and widen the board's skills and expertise. Professor Anne Boddington, Kieron Boyle, Martin Darbyshire and Tim Stonor joined the board of trustees on 10 September 2015. Professor Dale Harrow, Doctor Andrew Mackintosh and Paul Priestman joined the board of trustees on 4 February 2016.

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 identify and manage potential risks and ensure 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 there is a market need.

Reference and administrative details

Board of trustees

Trustees who served during 2015/16 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.

Martin Temple retired as Chair and resigned from the board of trustees on 16 June 2016. Terry Tyrrell succeeds him as Chair. John Mathers announced his intention to resign for the role of Chief Executive in spring 2016. Design Council is in the process of recruiting a new Chief Executive.

Design Council trustees

	Date appointed	Date reappointed for second term	Date resigned
Martin Temple (Chair until 16.06.16)	01.04.11	31.12.14	16.06.16
Terry Tyrrell (Chair from 16.06.16)	31.01.14	n/a	n/a
Pam Alexander	01.06.11	31.12.14	n/a
Rab Bennetts	01.06.11	04.02.16	n/a
Anne Boddington	10.09.15	n/a	n/a
Kieron Boyle	10.09.15	n/a	n/a
Martin Darbyshire	10.09.15	n/a	n/a
Sandeep Dwesar	01.06.11	31.12.14	n/a
Jim Eyre	01.06.11	04.02.16	n/a
Dale Harrow	04.02.16	n/a	n/a
Wayne Hemingway	01.06.11	31.12.13	n/a
Andrew Mackintosh	04.02.16	n/a	n/a
Steve Pearce	31.01.14	n/a	n/a
Paul Priestman	04.02.16	n/a	n/a
Marek Reichman	09.06.11	31.12.14	n/a
Annika Small	31.01.14	n/a	n/a
Tim Stonor	10.09.15	n/a	n/a
Peter Williams	01.06.11	04.02.16	n/a

Design Council key management personnel

John Mathers, Chief Executive
Madeline Denmead, Chief Operating Officer and Finance Director
Clare Devine, Executive Director of Architecture, Built Environment and 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.

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.

Chair: Peter Williams. Members: 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.

Chair: Pam Alexander (retired 04.02.16), Terry Tyrrell (from 04.02.16). Members: Sandeep Dwesar, Martin Temple (retired 16.06.16).

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

Chair: Pam Alexander. Members: Rab Bennetts, Jim Eyre, Wayne Hemingway, Tim Stonor.

Principle office

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

Bankers and professional advisers

Bankers

Lloyds TSB
22-24 Southampton Street
London WC2E 7JB

External Auditors

BDO LLP
55 Baker Street
London W1U 7EU

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 2016 was 18 (2014 /15 - 12). 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 21 July 2016 and signed on their behalf on 26 July 2016 by

A handwritten signature in blue ink, appearing to read 'T. Tyrrell'.

Terry Tyrrell
Chair of Design Council board of trustees
26 July 2016

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 2016 which comprise the Group Statement of Financial Activities, the Group and Parent Charity Balance Sheets, the Group 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 auditor

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 section 154 of 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 the parent charity's affairs as at 31 March 2016, and of the group's net expenditure and application of resources 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' Annual 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.

A handwritten signature in black ink that reads "BDO LLP". The letters are written in a cursive, slightly stylized font.

BDO LLP
Statutory Auditor
London
United Kingdom

Date: 29 July 2016

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 2016

	Note	Unrestricted £000	Restricted £000	2016 Total £000	Unrestricted £000	Restricted £000	Restated 2015 Total £000
Income from							
Donations and legacies	2	45	-	45	-	-	-
Charitable activities	2	1,599	5,413	7,012	1,152	6,766	7,918
Other trading activities	3	1	-	1	1	-	1
Investments	3	5	-	5	9	-	9
Total income		1,650	5,413	7,063	1,162	6,766	7,928
Expenditure on							
Charitable activities	4	1,622	5,464	7,086	1,299	6,180	7,479
Total expenditure		1,622	5,464	7,086	1,299	6,180	7,479
Net gains on investments		-	-	-	19	-	19
Net income/(expenditure)		28	(51)	(23)	(118)	586	468
Net movement in funds		28	(51)	(23)	(118)	586	468
Reconciliation of funds							
Total funds brought forward		1,097	727	1,824	1,215	141	1,356
Total funds carried forward	8	1,125	676	1,801	1,097	727	1,824

Notes:

- All operations of the Design Council are continuing.
- There were no recognised gains and losses in the year other than those shown above.
- The notes, numbered 1 - 23, form part of these accounts.
- The parent charity's gross income and the results for the year are disclosed as follows:
Gross income £7,062k (Restated 2014/15 £7,927k) and deficit £24k (Restated 2014/15 surplus £467k).

Design Council Balance Sheets

As at 31 March 2016

	Note	Group		Charity	
		2016 £000	Restated 2015 £000	2016 £000	Restated 2015 £000
Fixed assets					
Tangible fixed assets	10	476	450	476	450
Investment in subsidiaries	11	-	-	-	-
Investments	12	9	25	9	25
Total fixed assets		485	475	485	475
Current assets					
Debtors	15	1,464	1,100	1,465	1,101
Short term deposits	16	-	1,100	-	1,100
Cash at bank and in hand	17	1,134	967	1,133	966
Total current assets		2,598	3,167	2,598	3,167
Current liabilities					
Creditors: amounts falling due within one year	18	1,142	1,746	1,142	1,746
Net current assets		1,456	1,421	1,456	1,421
Provisions for liabilities	19	140	72	140	72
Net assets	9	1,801	1,824	1,801	1,824
Funds					
Restricted funds	8	676	727	676	727
Unrestricted funds		1,125	1,097	1,125	1,097
Total funds		1,801	1,824	1,801	1,824

The notes at pages 33 to 46 form part of these accounts.

Approved and authorised by the trustees on 21 July 2016 and signed on their behalf
On 26 July 2016 by



Terry Tyrrell
Chair of Design Council board of trustees
26 July 2016

Design Council Statement of Cash Flows

For the year ended 31 March 2016

	Note	£000	2016 £000	£000	Restated 2015 £000
Cash flows from operating activities:					
Net cash provided by (used in) operating activities	a		(948)		(191)
Cash flows from investing activities:					
Interest received		5		9	
Purchase of property, plant and equipment		(6)		(1)	
(Purchase) / sale of short term deposits		1,100		(600)	
(Purchase) / sale of fixed asset investments		16		(6)	
Net cash provided by (used in) investing activities			1,115		(598)
Change in cash and cash equivalents in the year			167		(789)
Cash and cash equivalents brought forward			967		1,756
Cash and cash equivalents carried forward			1,134		967

Note to the statement of cash flows

Note:

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

	2016 £000	Restated 2015 £000
Net income/(expenditure) for the year	(23)	468
Interest received	(5)	(9)
Gain on investment	-	(19)
Depreciation charges	120	73
Increase/(decrease) in provision for liabilities	68	24
Capitalisation of provision	(140)	-
(Increase)/decrease in debtors	(364)	125
Increase/(decrease) in creditors	(604)	(853)
Net cash provided by/ (used in) operating activities	(948)	(191)

Notes to the Design Council Financial Statements

For the year ended 31 March 2016

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. There are no significant adjustments and key assumptions as a result of the transition to FRS 102.

b) Reconciliation with previous Generally Accepted Accounting Practice

The Charity has adopted FRS 102 for the first time when preparing these financial statements. The transition date to FRS 102 was 1 April 2014 and the last financial statements prepared under the previous financial reporting framework were prepared for the year ended 31 March 2015. In preparing the accounts, the trustees have considered whether a restatement of comparative items was needed in applying the accounting policies by FRS102 and the Charities SORP FRS102. An explanation and reconciliation of how the transition has affected the reported financial position is provided in the notes to the financial statements (see note 23).

c) 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.

d) 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.

e) 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.

f) Liquid resources

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

g) 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.

h) 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>

- i) 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.
- j) 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.
- k) 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.
- l) 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.
- m) 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	2016 Total £000	Restated 2015 Total £000
Donations and legacies	45	-	45	-
Total income from donations and legacies	45	-	45	-
Grants from BIS	-	3,350	3,350	4,650
Other grants from government and public bodies	-	2,063	2,063	2,116
Programme fees	1,599	-	1,599	1,152
Total income from charitable activities	1,599	5,413	7,012	7,918

3. Income from other trading activities and investments

	Unrestricted £000	Restricted £000	2016 Total £000	Restated 2015 Total £000
Turnover from Design Council Enterprises	1	-	1	1
Total income from other trading activities	1	-	1	1
Investment income	5	-	5	9
Total income from investments	5	-	5	9

4. Expenditure

	Grants payable	Staff costs	Other direct costs	Total direct costs	Support Costs (note 7)	2016 Total	Restated 2015 Total
	£000	£000	£000	£000	£000	£000	£000
Charitable activities							
Insight	448	827	614	1,889	659	2,548	3,118
Challenges	7	339	521	867	393	1,260	1,658
Design Support	-	579	403	982	449	1,431	1,315
Cabe	-	784	484	1,268	579	1,847	1,388
2016	455	2,529	2,022	5,006	2,080	7,086	7,479
Restated 2015	793	2,593	2,035	5,421	2,058	7,479	

Notes:

Grants payable

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

(i) Insight £448k

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

Recipient:	Amount £000
University of Lancaster	86
NESTA	72
Danish Design Centre	59
Politecnico di Milano	49
Birmingham City University	33
Luxinnovation GIE	26
KEPA	25
La 27e Région	24
ARC Fund	20
Estonian Design Centre	18
Dšola	15
Invest Northern Ireland	13
Enoll IVZW	8
Total EDIP (<i>Design for Europe</i>)	448

4. Expenditure (continued)

(ii) Challenges £7k

The grant payments for the Challenges programme were as follows:

Recipient:	Amount £000
Good Enough Productions	3
Family and Childcare Trust Ltd	3
Pop up Parks Ltd	1
Total Knee High	7

5. Staff costs and numbers

Staff costs were as follows:

	2016 £000	Restated 2015 £000
Salaries and wages	2,312	2,586
Social security costs	266	290
Pension contributions	297	218
Staff benefits	34	30
Redundancy costs	43	3
Total payroll staff costs	2,952	3,127
Total temporary and contract staff costs	397	189
Total staff costs	3,349	3,316

£43k was paid for redundancy payments during the year (2014/15: £3k). 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 2016.

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

Band	2016	2015
£60,000 - £69,999	1	1
£70,000 - £79,999	1	1
£80,000 - £89,999	-	3
£90,000 - £99,999	-	-
£120,000 - £129,999	2	-
£130,000 - £139,999	-	1
£140,000 - £149,999	1	-
£150,000 - £159,999	-	1

Key management personnel of three staff (2014/15: two) specified in the Trustees' Report within the Structure, governance and management section received emoluments of £383k (2014/15: £291k).

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

	2016	Restated
	No	2015
		No
Permanent (payroll)	54	55
Other staff (other)	5	8
	59	63

6. Net incoming resources for the year

This is stated after charging:

	Note	2016	2015
		£000	£000
Depreciation		120	73
Trustees' reimbursed expenses	a	5	5
Staff reimbursed expenses		34	29
Auditors' remuneration:			
Audit		30	25
Other services		12	20
Operating lease rentals:			
Plant and machinery		45	42
Other	b	394	394

Notes:

- a. Expenses were reimbursed to four trustees (2014/15: two trustees).
- b. Other operating lease rentals relate to the rental payments for the Design Council office premises within the Angel Building, Islington.

7. Support Costs

Support costs are allocated to charitable activities as follows:

	Note	2016 Staff Costs £000	2016 Other costs £000	2016 Total £000	Restated 2015 Total £000
Executive		394	61	455	342
Facilities		49	684	733	725
Governance costs	a	85	-	85	83
Human resources		82	36	118	162
IT		-	111	111	148
Finance	b	210	248	458	525
Depreciation		-	120	120	73
Total support costs		820	1,260	2,080	2,058

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 £230k (2014/15: £225k).

8. Movements in funds

	Restated at the start of the year £000	Income £000	Expenditure £000	At the end of the year £000
Restricted funds:				
BIS 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 Grant	-	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

	Unrestricted funds £000	Restricted funds £000	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	606	221	201	1,028
Additions in year	140	-	6	146
Disposals in year	-	-	-	-
At the end of the year	746	221	207	1,174
Depreciation				
At the start of the year	170	211	197	578
Charge for the year	111	5	4	120
Disposals in year	-	-	-	-
At the end of the year	281	216	201	698
Net book value				
At the end of the year	465	5	6	476
At the start of the year	436	10	4	450

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.

	2016 £	2015 £
Investment in subsidiary undertakings incorporated in the UK	1	1

12. Fixed asset investments

	Restated
	2016
	2015
	£000
	£000
Currency option	9
	25
	9
	25

As at 31 March 2016 there was one currency put option in place to sell €285k on 30 May 2016.

As at 31 March 2015 there was one currency put option in place to sell €325k on 29 May 2015. This was exercised on 31 May 2015, and realised no further gain/(loss) to the gain already recognised during 2014/15 of £19k.

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 gift aided to the charitable company. A summary of the results of the subsidiary is shown below:

	2016	2015
	£	£
Income	1,150	660
Administrative expenses	-	-
Operating profit	1,150	660
Interest receivable	1	5
Gift aid to parent undertaking	(1,151)	(665)
Loss on ordinary activities before taxation	-	-
Taxation	-	-
Loss for the financial year	-	-
The aggregate of the assets, liabilities and funds was:		
Assets	1,510	794
Liabilities	(1,509)	(793)
Funds	1	1

15. Debtors

	Group		Charity	
	2016	2015	2016	2015
	£000	£000	£000	£000
Trade debtors	401	382	401	382
Other debtors	333	248	333	248
Prepayments and accrued income	730	467	730	467
VAT due	-	3	-	3
Amounts due from subsidiary	-	-	-	-
Gift aid receivable from subsidiaries	-	-	1	1
	1,464	1,100	1,465	1,101

Other debtors includes a long term debtor of £326k (2014/15: £243k) which is a deposit paid to the landlord of Design Council's office premises within the Angel Building, Islington.

16. Short term deposits

	Group		Charity	
	2016	2015	2016	2015
	£000	£000	£000	£000
Lloyds Money Market deposit	-	1,100	-	1,100
	-	1,100	-	1,100

17. Cash at bank and in hand

	Group		Charity	
	2016	2015	2016	2015
	£000	£000	£000	£000
Cash at bank	1,134	967	1,133	966
	1,134	967	1,133	966

18. Creditors: amounts due within one year

	2016	Restated Group 2015	2016	Restated Charity 2015
	£000	£000	£000	£000
Trade creditors	93	106	93	106
Tax and social security	63	77	63	77
VAT payable	16	-	16	-
Other creditors	108	185	108	185
Grant accruals	216	327	216	327
Other accruals	564	759	564	759
Deferred income	82	292	82	292
	1,142	1,746	1,142	1,746

Included within other creditors is £29k for a payment due to Design Council's defined contribution pension scheme (2014/15:£40k).

19. Provisions for liabilities

	2016	Group 2015	2016	Charity 2015
	£000	£000	£000	£000
Provisions	140	72	140	72
	140	72	140	72

20. Operating lease commitments

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

	2016		Restated 2015	
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
Within 1 year	459	39	459	43
Between 2 - 5 years	39	1	498	40
Over 5 years	-	-	-	-
	498	40	957	83

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:

- £1,151 was gift aided from Design Council Enterprises to Design Council during the year
- As at 31 March 2016, Design Council Enterprises had an intercompany creditor of £1,509 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 £
Martin Temple	Chair		Council Member, University of Warwick		12,758
Martin Temple	Chair		Chair, EEF		6,122
Pam Alexander	Trustee	a	Non Executive Director, Crest Nicholson plc	8,000	
Tim Stonor	Trustee		Director, Space Syntax Limited		8,130
John Mathers	Chief Executive		Vice President, BEDA		2,623
Rab Bennetts	Trustee		Trustee, UK Green Building Council		1,000
Andrew Mackintosh	Trustee	b	Steering Board Member, Intellectual Property Office	10,000	

Notes:

- This income related to design support services for cities and places delivered by Design Council to Crest Nicholson plc for a site in Hove.
- This income related to a contribution from the Intellectual Property Office for Design Council to produce the research report *The Design Economy*.

23. Transition to FRS102

These financial statements are the first year in which the accounts have been prepared by applying the accounting policies of FRS102 and the Charities SORP FRS102. The transition date applied has been 1 April 2014. A reconciliation of how the transition has affected the closing funds and movement in funds for the prior two years is below.

Reconciliation of funds

	31 March 2015			31 March 2014		
	Unrestricted £000	Restricted £000	Total £000	Unrestricted £000	Restricted £000	Total £000
Closing funds prior to FRS 102 adjustments	1,118	727	1,845	1,256	141	1,397
Accrued holiday leave	(46)	-	(46)	(41)	-	(41)
Fixed asset investment	25	-	25	-	-	-
Closing funds after FRS 102 adjustments	<u>1,097</u>	<u>727</u>	<u>1,824</u>	<u>1,215</u>	<u>141</u>	<u>1,356</u>

Reconciliation of movement in funds

	Year ended 31 March 2015			Year ended 31 March 2014		
	Unrestricted £000	Restricted £000	Total £000	Unrestricted £000	Restricted £000	Total £000
Net movement in funds prior to FRS 102 adjustments	(138)	586	448	(374)	61	(313)
Accrued holiday leave	(5)	-	(5)	(41)	-	(41)
Fixed asset investment	25	-	25	-	-	-
Net movement in funds after FRS 102 adjustments	<u>(118)</u>	<u>586</u>	<u>468</u>	<u>(415)</u>	<u>61</u>	<u>(354)</u>

Notes:

- Holiday leave: benefits related to unused holiday pay have been recognised as a liability as part of the conversion to FRS102. This was not recognised as a liability in the previous set of financial statements
- Fixed asset investment: as at 31 March 2015 there was one currency put option in place to sell €325k on 29 May 2015. The commission fees and fair value adjustment as at 31 March 2015 have been capitalised as part of the conversion to FRS102. No capitalisation of fair value adjustment related to the option was recognised in the previous set of financial statements.

Design Council

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