

# Design Council Annual Reports and Accounts

For the year ended 31 March 2019

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

We are an independent charity and the government's advisor on design.

Our vision is a world where the role and value of design is recognised as a fundamental creator of value, enabling happier, healthier and safer lives for all.

Through the power of design, we make better places, better products, better processes and better performance.

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The Trustees submit this Annual Report for the year ended 31 March 2019 along with the financial statements for the year ended 31 March 2019, 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.

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## About Design Council

### **WHY we exist**

Our purpose is making life better by design. Our vision is a world where the role of design is recognised as a fundamental creator of value enabling a better quality life for all.

### **WHO we are**

The impartial champions of better lives by design

The independent facilitator of partnerships to achieve better lives by design

The amplifier of issues that will result in better lives by design

### **WHAT we make happen**

Healthier, happier and safer lives: through the power of design we make better places, better products, better processes and better performance.

### **WHO we are for**

People: through Government, businesses, entrepreneurs, schools, universities, non-profit organisations, design communities.

### **HOW we operate**

As the only organisation focused on evidencing the value and impact of design across the economy and not just in the creative industries, we know that story. We are therefore uniquely positioned to tell and sell it to a wide range of audiences.

We're a small organisation of 50 staff with 500 people in it. Our staff team have a range of skills and experience in design practice, the built environment, research, evaluation, policy, communications and corporate services. We have a range of strategic partnerships, national clients and an unrivalled extensive formal network of 450 contracted and independent design associates and built environment experts across the country.

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## Why design matters?

For over 70 years, the Design Council has made a significant and tangible contribution to addressing some of the UK's most complex challenges. We do this in a variety of ways: providing strategic advice and practical support whilst evidencing, through our independent national statistics and stories, the value of design to bring about positive, sustainable change.

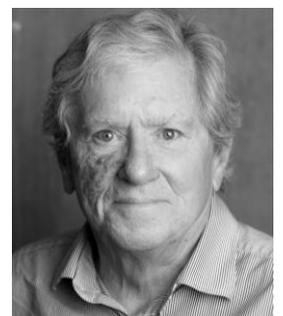
The Design Council celebrates its 75th birthday in December 2019 and it is clear that the role and value of design in a changing and often uncertain world is just as important now as it was in 1944. We will be celebrating this forthcoming anniversary in a variety of ways: looking back at our proud history but most importantly, just as they did in 1944, looking forward into the future and exploring where we can best fulfil our purpose of making life better by design.

**Whatever the question, design has an answer.** Design solves problems and always starts with the person. It is a challenge-driven and outcomes-focused process. It helps identify the root cause of a problem, informed by diverse perspectives and experiences. It unlocks new insights to inform the development of ideas. These can then be shaped and delivered into innovative solutions to achieve both economic and societal impact and to transform the experiences of communities, consumers, business and society.

Design is part of the post-Brexit solution, as we have evidence that industries using design skills are £10 per hour more productive than the UK average.<sup>1</sup> Demand for digital design in particular is well established across the globe, clearly linked to innovation, disruption and R&D as shown through our research. It is vital to the UK economy to both maintain and build on this position.

Our role is to know, tell and sell this story, for the benefit of the UK. This is to government, to our clients and to those who advocate for, care about, write about and practice design. The government of the day knew that design mattered in 1944. It still matters now, generating £85.2bn in gross value to the UK economy in 2016, and growing 52% since 2009.

To fully realise the social value and economic growth of this country in a sustainable way, we need to invest in design.<sup>2</sup>



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<sup>1</sup> Designing a Future Economy 2017 p.8/9

<sup>2</sup> The Design Economy 2018 p.11

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## Objectives and activities

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### History

Founded in 1944 our original role was to elevate the UK's industrial design standards and to support economic recovery in post-war Britain. For most of the following years the Design Council was part of government and its purpose and activities evolved over time, responding to external factors. In 1976, we became a charity incorporated by Royal Charter, still as a part of government.

The Commission for Architecture and the Built Environment (CABE) was the direct successor to the Royal Fine Art Commission, originally established in 1924. CABE was founded in 1999 as an executive non-departmental public body in government, jointly funded by the Department for Culture, Media and Sport (DCMS) and the then Department for Communities and Local Government (DCLG). CABE was the government's advisor on architecture, urban design and public space in England. Its role was to influence and inspire the people making decisions about the built environment. It championed well-designed buildings, spaces and places, ran public campaigns and provided expert, practical advice. It worked directly with architects, planners, designers and clients.

In 2011, the Design Council changed status from being a public body to an independent charity. In the same year, CABE changed status and merged with the Design Council. All trade and assets were transferred and Design Council's Royal Charter was updated to reflect the changes, broadening our remit to cover environmental as well as social and economic issues. By the end of 2018/19 all CABE's work, activity and governance had been fully merged with Design Council.

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### Objects of the charity

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".

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## Vision, mission and values

Following a review of our vision, purpose and values in 2017/18, we updated these and our restated purpose and vision for 2018/19 is shown below:

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

We are an independent charity and the government's advisor on design. Our vision is a world where the role and value of design is recognised as a fundamental creator of value, enabling happier, healthier and safer lives for all. Through the power of design, we make better places, better products, better processes and better performance.

Our independence, impartiality and trusted partner status based on our long experience provides an ability to convene. This enables us to bring together strategic expertise and insights to identify, highlight and amplify issues and challenges of national significance. Our unparalleled network of 450 design and built environment experts, combined with our programmes, methodologies and processes enables us to provide strategic advice, support and insight which assist in addressing major societal challenges.

We exist for the benefit of people; engaging government, public, private and third sectors, including local government, businesses, entrepreneurs, schools, universities, non-profit organisations and design communities. Our sphere of influence is significant both nationally and internationally.

In order to make life better by design we:

- Ensure design skills are understood as both a taught and learnt mindset and skillset, combining 'head, heart and hand'.<sup>3</sup>
- Demonstrate the role and value of design now and in the future in a variety of ways, based on our evidence, research and insights.

Our aim is to ensure these are both done well and understood widely. We can then use evidence and examples to show clearly why design is of vital importance to our future. The services we deliver reinforce the value of design supporting the development of better places, products, processes and performance for people.

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

- Committed to improving people's lives.
- Focused on effectiveness.
- Collaborative in how we work with others.

These are all in pursuit of the reason we exist: to **make life better by design**.

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<sup>3</sup> \*Skills = **Head / problem solving** (the ability to visualise and conceptualise the intangible), **heart / people centred** (the passion and curiosity to design solutions that are right for people) and **hand / practical** (the technical abilities to enable the end goal to be reached).

Inclusivity and bias were highlighted in [The Design Economy 2018](#) research as a key issue facing the design sector. Good design is people-centered, and we have an evidenced understanding of the needs of diverse populations, individuals and business.<sup>4</sup> Using this, we are able to show how unlocking new ideas can change the experiences of a wider range of consumers, business, communities and society at large. We will champion inclusivity and ensure there is diversity of experiences and voices informing our research and practice and a diversity of people benefitting from our work. We aim to champion design through using open and accessible language to maximise understanding of the value design can offer to sectors, places and people across the country.

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## Our programmes and services

Our national research programme provides evidence 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 programmes and services are then designed, using insights from that research, to address issues of national significance, and deliver positive change and social impact.

We combine our work on policy, research and thought leadership, with practical demonstration through our programmes and services, 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 key aspects of health and wellbeing, education, 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, Energy and Industrial Strategy (BEIS). In 2016, as part of the last Spending Review (CSR), the then Department for Business, Innovation and Skills (BIS) endorsed Design Council's role as the UK government's adviser on design and the continuation of grant funding with an indication of funding to 2019/20 was confirmed. The grant was worth £2.52m in 2018/19, a reduction from £3.34m received the prior year in 2017/18.

- This grant is to make the case and grow the market for design in areas of the economy where it is underused. We do this by growing the evidence base on the value and impact of design and using our national remit to provide both knowledge and insight from across the country on design. Our programmes focus on issues of national importance, aligned with both BEIS objectives and wider government priorities.

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<sup>4</sup> The Design Economy 2018 / Designing a Future Economy 2017

- We champion the value of design in a number of ways. These include: through providing expert insight to government and public, private and third sector organisations; our contributions at events and conferences nationally and internationally; our engagement with national and international delegations; our services and our extensive media reach.

We also provide programmes and services under grant agreements with a range of partners. In 2018/19, these included:

- [Design in the Public Sector](#): run with the Local Government Association (LGA) we help public services to innovate and address systemic challenges relating to health and wellbeing by growing their skills and capacity to innovate.
- [Design Council Spark](#): a leading UK product innovation support programme and investment fund designed to help entrepreneurs turn their bright ideas into a commercially successful product.
- [Transform Ageing](#): a pioneering social innovation programme to enable those in later life to transform their own experience of ageing, taking a community and design-led approach. Funded by the National Lottery Community Fund, it is being run in south west England over three years with our partners UnLtd, the South West Academic Health Science Network (SWAHSN) and the Centre for Ageing Better.

Our services are also commissioned by a range of clients including central and local government, national infrastructure bodies and commercial enterprises. These include:

- [Design advice service for places, local authorities and organisations](#): our comprehensive range of services provide independent and expert design advice to support the development of well-designed, sustainable places which can achieve their commercial and social potential. Our services bring together local knowledge with world-class built environment and design expertise.
- [Design Academy](#): we train undergraduates through our four-day course which complements existing curricula in design, business and engineering schools. The course helps students to develop the creative and problem-solving skills that will help them thrive in the workplaces of the future.
- [Design Council innovation services](#): using our tried and tested design tools and techniques, we run these services with a number of private, public and third sector organisations. We supported them in addressing complex challenges and to drive innovation and transformation within their organisations, for the benefit of their customers or users of their services.

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## Objectives in short and long term

The refresh of our 2016/20 strategy was completed and agreed by Trustees in March 2018 and a comprehensive programme review was also completed, as planned, during 2018/19. Our updated strategy provided a clear framework for our work and set out the objectives we aimed to achieve by 2020. Our programmes and services during the 2018/19 period were focused on addressing issues in health and wellbeing, infrastructure and places with inclusion and skills threaded through everything we did. They addressed issues of national importance, that underpin economic and environmental growth and sustainability of communities, sectors and places across the country.

In light of our reduced BEIS grant funding in 2018/19 we focused our efforts on key areas where we believe we can have a unique impact and be most effective. Our key objectives for the year to 31 March 2019 were focused on:

- 1. Growing the evidence base of design:** and making the case for further use of design. This is central to what we do as an evidence-based organisation.
- 2. Proving the importance of design in addressing key societal challenges where it is underused:** through a combination of our programmes and research we have demonstrated the importance of design and the design sector, especially to the economy.
- 3. Making the case and growing the market for design by reaching new audiences:** we aim to reach a broad and diverse audience through our programmes and research, to effectively make the case for design and grow the future market.
- 4. Maintaining our focus on financial management and the improvement of systems, processes and facilities.** This ensured we met our 2018/19 budget and put in place conditions to support the delivery of the full strategy to 2020.

We have set out our achievements and performance for the year under review against these priorities and summarised our future plans later in this report on pages 12-21.

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## 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.

The 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.

This report sets out some of the activities and achievements of the Design Council in carrying out its charitable purpose for the public benefit over the last year.

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## 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.

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## 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.

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## Achievements and performance

Our purpose is to make people's lives better by design: through the power of design we will make better places, better products, better processes and better performances happen.

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### Measuring our impact

We set out a number of strategic aims in our 2016-20 strategy showing our desired impacts over that period. However, many of these are long range impacts and will take time to evaluate. Towards the end of 2019-20, the final year of the strategy, we will review our progress against achieving these strategic aims. We will then use the lessons learned from this evaluation to inform our next strategy from April 2020.

In the shorter term, we review our performance against a range of key performance indicators ranging from: meeting key quarterly targets, outputs and deliverables and growing the reach and demand for our knowledge and information among our key audiences.

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### Looking to the future

We are currently part of the way through developing a new story of impact for the Design Council. This has involved working through an organisational theory of change which will focus on how we are going to develop our long-term outcomes, as well as more clearly demonstrating our impact. Flowing from the theory of change will be individual programme theories of change underpinned by an evaluation strategy allowing us to evidence the difference that they are making. The organisational theory of change is anticipated to be completed by the end of Q2 in 2019/20.

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## Our year at a glance

### We've grown the evidence base on the value of design and design skills

- 9 new research projects and 2 evaluations.
- 8,600 [Design Economy 2018](#) downloads.
- 4,200 [Healthy Places](#) downloads.
- 1,300 [Designing a Future Economy](#) downloads.

### We've targeted our communications to reach a broader audience

- Increase in our audience across our social media channels.
- Worldwide use of our website, including visitors from the UK, US, India, Australia and Europe. Our Double Diamond is still the most viewed publication which shows international recognition of our design approach.
- We held 13 international visits engaging with key organisations on design's value.
- Articles in mainstream press on design.

### We've shone a light on design's importance in addressing key societal challenges

- Supported 14 local authority teams to tackle public health challenges.
- Supported 12 entrepreneurs to develop their product ideas.
- Launched a programme to help entrepreneurs create new products to aid independent living.
- Launched [free online training](#) to improve built environment professionals understanding of inclusive design.
- Worked with teams across the country to ensure that new infrastructure being developed is designed to best deliver on wider housing growth.

### We've increased promotion and advocacy of the value of design to Government.

- 9 government consultations or calls for evidence responded to.
- Ministerial engagement with our events and messages, including speeches by Minister of State and Care and Minister for Business, Energy and Industrial Strategy.

### We've seen uptake of new ideas by relevant organisations or government

- We have seen the impact of our policy work in the National Infrastructure Assessment, Aviation Strategy, Construction Sector Deal and second version of National Planning Policy Framework which all have design embedded within their policy documents.
- We continued our strategic partnerships with Homes England, the South West Academic Health Science Network and Centre for Ageing Better.

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## Performance against 2018/19 objectives

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

1. **Growing the evidence base of design:** and making the case for further use of design. This is central to what we do as an evidence-based organisation. Our research and engagement activity has improved the evidence base for design which we can build on in 2019/20:
  - **The Design Economy:** launched with the [Secretary of State for Business, Energy](#) and Industrial Strategy at the Great Exhibition of the North our second The Design Economy report set out the state of design in the UK and its value to the economy. It evidenced the value of design to the UK economy has grown from £71.7bn to £85.2 bn. Expanding on our 2015 research, we not only explored the supply of design firms and designers, but also investigated how the rest of the UK business population interacts with them, and what the demand for design is. The Design Economy provides the evidence base across government for the importance of design. The report has been downloaded over 8,600 times.
  - We have made progress in implementing The Design Economy recommendations. For example, with funding from the Arts and Humanities Research Council (AHRC) we are a partner in exploring what a Design Action Plan for the UK could look like. Insights on factors affecting design have been gathered from designers and design users across the UK. One of the key insights from the research is the need for evidence on the value of design and its effective dissemination. Findings will be published in 2019.
  - We undertook further research exploring questions raised by The Design Economy on the following topics:
    - **Improving diversity in design firms:** we commissioned an evidence review on the relationship between diversity and business performance and case studies on design firms to share learning on their efforts to improve diversity in their organisations. Our work on diversity will continue into 2019/20, as we recognise a broad definition of diversity to champion our evidence gathering and engagement.
    - **How design can benefit SMEs business performance:** we undertook case study research with smaller firms to explore how design can benefit them, and the barriers and enablers to this process. We have used this process to shape research questions for a major study in 2019/20 looking at firms that do and don't use design and have started putting research connections with relevant partners in place.
    - **Differences between design sectors:** we produced individual outputs for each sector, which explore the opportunities and challenges of different design communities. We will build on this to widen our research audience and to start a conversation on key issues such as diversity, regionality, educational barriers and skills gaps.
    - **How design skills relate to performance in sectors and places:** we commissioned follow-on research to examine how design skills are related to the economic performance of individual sectors and places. This will form part of our regional growth engagement work in 2019/20.

- We undertook work to understand how design works in public, private and third sector settings.
  - **Value of inclusive design:** inclusive design aims to enable everyone to participate equally, confidently and independently in everyday activities. We undertook a literature review on the value of inclusive design to places, products and services which exposed a general lack of formal evidence. We are now scoping an evidence mapping exercise in 2019/20 to begin to fill this major evidence gap.
  - **Public health research:** we commissioned qualitative interviews with participants in our public sector innovation programmes to explore the role of design in prevention and public health. From our interim findings, we have been able to identify insights where design tools and methods can help people to tackle societal challenges.
  
- We looked into the barriers and enablers to prioritising inclusive design and healthy placemaking.
  - **Design review insights report:** we analysed our data from design reviews and design advice services which has exposed design issues and trends. We aim to build on this work as we explore options of applying data science techniques to our unique architecture and built environment datasets.
  - **Healthy places:** we launched this research in Parliament which explored the attitudes and behaviours of built environment practitioners towards healthy placemaking. Continued dissemination took place at various events, including at Clerkenwell Design Week, a discussion panel with NHS England and Kings Fund convened by The Prince's Foundation and we presented to the Cities and Local Growth Unit at the Ministry of Housing, Communities and Local Government (MHCLG). We convened a discussion on Building Healthy Places at the Wellcome Trust as part of the Living with Buildings exhibition. This report has been downloaded 4,200 times.
  
- **Developing new methodologies:** we have continued to innovate our methodologies and share our expertise with others, nationally and internationally, to improve the collective evidence base on design. We were invited to be part of the Design Metrics Project Management Committee coordinated by the Design Declaration committee (a collaboration across international design bodies, such as the International Council of Design (OCID) and Bureau of European Design Associations (BEDA)).

- **Sharing our expertise:** we aim to collaborate and advise others to inform the collective evidence base. For example, we advised the Intellectual Property Office on their research programme – ensuring an effective Intellectual Property Framework was another one of The Design Economy’s key recommendations. Following on from our design skills roundtables, the Design and Technology Association set up a working group to look into the evidence gap on the design skills pipeline problems associated with de-prioritisation of design education.

2. **Proving the importance of design in addressing key societal challenges where it is underused:** through a combination of our programmes and research we have demonstrated the importance of design and the design sector, especially to the economy. Through our programmes we’ve demonstrated design’s importance in addressing key societal challenges:

- **Design in the Public Sector:** since 2013, this programme run jointly with the Local Government Association (LGA) has supported 89 services challenges in more than 60 local authorities. We apply design methods to tackle public health challenges such as social isolation, obesity, inactive populations, frailty and sexual health, with a focus on prevention. In 2018/19, 14 teams across England went on the programme looking at a wide range of public health challenges from reducing MRSA blood infections in drug injecting users, to tackling air pollution. We ran workshops at the LGA staff conference to gather insights on future focus areas for the programme.
- We ran a design support programme for seven local authority teams as part of the Prevention at Scale pilot funded by the LGA. Challenges included: healthy lifestyles, impact of alcohol on place, stigma of suicide and mental health, cardiovascular disease/high blood pressure, increasing physical inactivity, alcohol reduction, and uptake of NHS health checks. An evaluation is in place to understand the progress made by teams since completing the programme and to evidence the difference design approaches are making to their projects and wider organisations.
- **Design Council Spark:** since its creation in 2014, it has helped more than 100 innovators and entrepreneurs to develop their product ideas, 45 of these have been intensively supported with mentoring, funding and specialist input to help them progress to market. Well-designed products improve things in both big and small ways, and this approach is at the heart of the Spark programme. The fourth round of Spark in 2018 was run in partnership with Versus Arthritis. The 12 finalists included those that created products to: improve the lives of women with mastectomies; bring sustainable food practices into the mainstream; better support the posture of female horse riders; and even decrease lemon wastage. The Spark Showcase in June 2018, presented by Deborah Meaden was the culmination of 16 weeks of graft and learning for the finalists. Five were selected for additional funding.

- We launched the fifth round of **Design Council Spark**, in partnership with Alzheimer’s Society, as the Home Innovation Challenge for brilliant ideas for home improvement products to aid independent living, to make life at home easier and better for all. The support programme will run during 2019/20.
- **Transform Ageing**: 2018/19 is the third year of this pilot programme. We have demonstrated that combining social entrepreneurship and community action with world class design practice can drive positive change, responding to the challenges of our ageing society. Critically, this is ensuring that people in later life can transform their own ageing, rather than having it transformed for them in ways that others think are right. We have been working with our project partners in shaping a legacy for the programme to ensure the seeds sown in the first three years can flourish into the future. We are also looking at opportunities to spread and scale the programme to better help solve societal challenges across a much wider national audience.
- **Design advice service for places, local authorities and organisations**: since 2011 we have provided advice on over 1,000 schemes and are supporting major infrastructure providers, as well as local authorities and places across the country, who are facing the challenge of housing growth. We believe that good design plays a vital role in creating better places that enrich the local community, transforming people’s quality of life, stimulating the economy and enhancing the environment. During the year we built on our work with local authorities and infrastructure bodies, including a number of new clients such as Network Rail, Highways England and partnerships with Homes England. We have worked with teams right across the country to ensure that new infrastructure being developed is designed to best deliver on wider housing growth.
- **Inclusive environments CPD**: with Ministry of Housing, Community and Local Government’s (MHCLG) funding, and recognising a gap in the market, we developed an “inclusive environments” continuing professional development (CPD) for built environment practitioners. We are gathering further evidence on the barriers and enablers to embedding inclusive design, and how tools such as this can help. We will be providing training programmes on inclusive design principles, which we are delivering initially for Transport for London in 2019/20.
- **Design Academy**: since 2015, we have supported more than 400 students. Of those who participated, 93% felt it helped them to apply design approaches to real world problems and 62% felt it had improved their employment prospects. Our programmes review in 2018 highlighted the need to develop an offer that supports interdisciplinary student, staff and faculty learning. We have also focused on finding new funding and strategic partners by integrating this work with the insights from our other programmes. We will be testing a potential new model for Design Academy in summer 2019 with Manchester Metropolitan University and Hong Kong Design Institute.

- **Design Council innovation services:** we supported a number of organisations to address confidential and complex challenges and to drive innovation and transformation within their organisations, for the benefit of their customers or users of their services.

In our research and policy work we focused on:

- **Demonstrating the value of design within Industrial Strategy and Grand Challenges:** we delivered two proof of concept workshops:
  - **100 Year Life:** with the Social Care Institute for Excellence (SCIE) and the Centre for Ageing Better, we convened organisations from housing, care and ageing to discuss how inclusive environments can contribute to good health and wellbeing in later life. We produced recommendations to: help people afford better housing and plan their finances; develop a workforce with the right skills; and use existing policy levers, such as expansion of personal budgets, to best effect.
  - **Designing for Low Dexterity:** we collaborated with the Institute of Engineering and Technology, Royal College of Arts, Versus Arthritis, and Voice to explore the challenges and opportunities around low dexterity on behalf of the Ageing Grand Challenge team. The Minister of State for Health and Social Care gave the opening address. We continue to advocate for design supporting policy development of the Ageing Society Grand Challenge.
- **Supporting design strategies of other key partners:** we are actively engaged with various UKRI funders to explore how we can support them to embed design as part of their calls. We are also engaged with the design strategies of major infrastructure and non-departmental public bodies. For example, we signed a Memorandum of Understanding with Homes England in April 2018, which commits both organisations to closer working, collaborations and sharing design capability. Design Council also has continued engagement with Highways England's Strategic Design Panel.
- **Demonstrating our position as world leaders in design:** we supported campaigns to promote UK design internationally, working with the Department for International Trade (DIT) as part of the working group on design and produced international comparisons of design export data in our Design Economy 2018. In the year we hosted 13 international delegations (including visitors from Japan, Singapore, Turkey and France). We held further meetings with a range of international colleagues and were active in conversations about design research and education as well as design policy at the Design Declaration Pre-Summit. We are partners in the Business of Design Week in Hong Kong which takes place in December 2019.

- **Supporting regional growth and design leadership:** we delivered a Design for Growth Blueprint focusing on how to address the productivity gap between the Black Country and the rest of the country. Groups of senior Black Country business, education and voluntary sector representative explored the role for design in addressing four areas of the skills challenge: school performance, helping people into work, upskilling the existing workforce and raising awareness of Black Country success stories like The Skills Factory. The outputs of this work have been provided in a report to the Black Country Local Enterprise Partnership (LEP).
3. **Making the case and grown the market for design by reaching new audiences:** we aim to reach a broad and diverse audience through our programmes and research, to effectively make the case for design and grow the future market.
- **Influencing policy and parliamentary engagement:** we responded to relevant sector consultations where design plays a key role, for example: draft National Planning Policy Framework, consultation on Work Related Training, the Productivity Review call for evidence, Education Committee Fourth Industrial Revolution Inquiry, BEIS Committee inquiry into Automation and the Future of Work, Social Housing Green Paper, UK2070 Commission, Greater Manchester Local Industrial Strategy, Science and Technology Committee on Balance and effectiveness of research and innovation spending.
  - **We delivered a programme of engagement activities at party conferences,** for Labour and Conservatives. Sarah Weir spoke at the post-Brexit Employment and Skills Fringe: Is devolution the solution to inclusive growth (Conservative Party Conference) and chaired panel debates on the Blueprint for the Economy, and Transform Ageing: The Next Generation (with Groundwork and National Youth Agency).
  - **Convening disparate stakeholders on key issues such as skills, diversity and productivity:** we stimulated debate on important issues, using our unique position to bring together a range of different voices and stakeholders in public, private and third sector roles. These include:
    - Three roundtables with the V&A which resulted in a number of initiatives including the Royal Academy of Engineering leading a working group to compile a paper on the future of Design and Technology in our schools.
    - An AI/Automation roundtable co-produced with TUC and doteveryone. Frances O'Grady, General Secretary of the TUC gave an introductory statement and Sarah Weir chaired the roundtable. We are scoping the next stages of this work.
    - Industry panel at New Designers, bringing together a panel of industry experts to highlight the role of design in business, and the value of the design economy to UK GVA.
    - An event 'Engineering Connections: Women and Work' with Engineering UK which focused on women in design and engineering.

- **We contributed to others' events**, reaching wider audiences on design, for example:
    - Supporting events as part of the London Design Festival, including attending the London Design Biennale reception at No 10; chairing a panel on diversity for Design Junction; delivering the key note speech at the launch of London College of Communication 2018 show.
    - Sarah Weir spoke at and chaired a panel at the MHCLG National Conference on Design Quality.
    - Supporting events as part of MIPIM with a robust schedule of meetings, events and speaking opportunities with organisations like RIBA, Royal Town Planning Institute, Housing Federation, Homes England, New London Architecture.
  - **Using different communication mediums to disseminate our evidence:** this includes producing new case studies, thought leadership pieces and social media:
    - We have improved our engagement with online audiences. Across all social media platforms (Linkedin, Twitter, Facebook and Instagram) we have achieved an increase in audience of 5,695 people, bringing our measurable audience total to 228,360.
    - We continued to publish video content including [Craig's Story](#) and our [Leading Women](#) series that shared the stories of leading female designers. Across all social media platforms we have achieved 61,000 impressions (the amount of times the post was seen) for Craig's Story. The video has been viewed 34,000 times.
    - Piloting a new story-telling online platform, Shorthand, we shared the story of [Maggie's Centre](#), and how well-designed spaces have helped them with their mission of providing free practical, emotional and social support to people with cancer and their families and friends. Initial results show that Shorthand has proven to be successful.
    - Our content has worldwide appeal. Our website includes visitors from the UK, US, India, Australia and Europe.
    - Our website content on our world-renowned Double Diamond is still our most viewed publication (128,000 views in 2018/19), which shows international recognition of our tools and messages. The Design Council's [Double Diamond](#) methodology has become internationally acknowledged as an effective challenge and outcomes focused approach. It unlocks new insight, supports the development of ideas and enables the delivery of solutions that can address strategic challenges.
4. **Maintaining our focus on financial management and the improvement of systems, processes and facilities.** This ensured we met our 2018/19 budget and put in place conditions to support the delivery of the full strategy to 2020.
- Tight cost control was maintained throughout 2018/19 resulting in Design Council ending the year with free reserves and cash ahead of budget.
  - We undertook a root and branch review of our programmes and started to implement a targeted and integrated programme strategy.
  - Systems, processes and facilities were strengthened and improved during the year. We introduced new policies on data protection, IT security and health and safety.

- We were delighted to extend and expand our arrangement with the Centre for Ageing Better, where they licence space within our offices in The Angel Building, Islington.
- Managers were supported in managing sickness and absence, encouraged to promote use of our Occupational Health facility, and all staff and managers were training in mental health awareness. Subsequently, overall sickness absence related to mental health has also reduced.

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## Financial review

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### Review of the period

The results for Design Council for the year ended 31 March 2019 are set out in the financial statements from page 39 onwards.

In our eighth year as an independent charity the financial results show a deficit of £1.4m compared to a deficit of £1.3m in 2017/18. Our deficits in both 2018/19 and 2017/18 were due to drawing down expenditure from the restricted fund relating to our Transform Ageing programme. The grant income of £3.65m from the National Lottery Community Fund for this three-year programme was recognised fully two years ago, in 2016/17, in line with our income recognition policy (see note 1 (b) to the financial statements). Our expenditure for the Transform Ageing programme in 2018/19 was £1.4m (2017/18: £1.3m). If the expenditure on Transform Ageing is excluded, we made a small surplus of £0.1m in both 2018/19 and 2017/18.

Total income for the year amounted to £4.8m (compared to £5.4m in 2017/18). Income for 2018/19 comprised a reduced grant of £2.5m from BEIS (£3.4m in 2017/18). The remaining income of £2.3m (2017/18: £2.0m) was raised from a variety of sources including Design Council Spark (£0.8m) and various activities carried out by our Architecture and the Built Environment practice (£0.9m).

Total costs for the year were £6.2m (£6.7m in 2017/18). The reduction in costs is largely driven by £0.4m of cost savings within our support costs.

Cash and short-term deposit balances have reduced to £2.2m as at 31 March 2019 (compared to £2.6m as at 31 March 2018). Cash balances at 31 March 2019 include balances received and ring-fenced for programme expenditure. This includes £0.7m of monies due to our partners on the Transform Ageing programme and an additional £0.2m relating to awards to be paid out to entrepreneurs on our Design Council Spark programme. The average number of staff employed during the year has remained consistent at 46 compared with 47 in 2017/18.

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### Reserves Policy

Total funds held by the Design Council at the end of the year were £2.76m (2017/18: £4.11m). Of this £1.11m were restricted funds (2017/18: £2.44m) a breakdown of which is shown in note 8 of the accounts. The Trustees have reviewed the level of reserves required to sustain on-going operations. Accordingly, the 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 2019 free reserves were £1.49m (2017/18: £1.32m) against a target level of £0.45m to £0.9m. Given the current external context, the Trustees are comfortable that the free reserves at 31 March 2019 were above the target level; the 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.

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## Free Reserves

	2019	2018
	£000	£000
Total Unrestricted Funds	1,643	1,669
Less Tangible Fixed Assets	(150)	(345)
Free Reserves	<u>1,493</u>	<u>1,324</u>

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## 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. The 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.

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## 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. 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.

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## Plans for the future period

In developing our business plan 2018/19, Trustees were conscious of the challenging and uncertain external context. This includes continued ambiguity around our EU exit and an awareness that this is taking the majority of Government's attention. Furthermore, our financial stability is dependent on a successful outcome from the government's spending review – the timeline for which is still unknown and has been delayed because of our EU exit.

As 2019/20 is the final year of the current strategy, Trustees will be evaluating the impact we have made in achieving our strategic aims. We will use the findings to develop our next strategy which will start from April 2020.

In 2019/20, our four key objectives will continue to address the main areas set out and articulated for 2018/19. For the year to 31 March 2020, our four objectives are:

- 1. Growing the evidence base of design:** we will continue to provide world-leading research, policy advice and thought leadership on the role and value of design to the economy and society. We will continue to develop research techniques that enable us to understand the impact and value of design. Research activities planned for the year include: preparing for our next Design Economy; understanding and tackling the barriers to using design; ensuring we have the skills needed for the future; exploration of business use of design, focusing on SMEs; collaboration on design skills, uncovering evidence gaps on design skills; and insight gathering on design's impact on place and infrastructure.
- 2. Proving the importance of design in addressing key societal challenges where it is underused:** the purpose of our evidence is to inform and provoke further action. This requires engaging people with the evidence and bringing them with you – demonstrating tangibly how a new concept can be applied. Through a combination of our programmes, policy, research and thought leadership we will continue to use design to support aims of the Industrial Strategy. We will work to understand and demonstrate the conditions required to deliver a more innovative, productive economy and thriving places.

Our programmes will address nationally significant issues in the areas of health and wellbeing, infrastructure and housing, with inclusion and skills threaded through these areas. We will use findings from our research to inform our service delivery on the ground. During the year we will develop and integrate our programmes to create synergies and build a unique service offer. This work will be led by our new Chief Design Officer who starts in July 2019, and who will also support business development and bring expert design knowledge to the organisation.

- 3. Making the case and growing the market for design by reaching new audiences:** we will aim to reach a wider, engaged and more diverse audience through our programmes and research, to effectively make the case for design and grow the future market. We will continue our proactive digital strategy as well as exploring a range of potential partners to work with, to strengthen the market for design across the economy. With a focus on themes such as health and wellbeing, housing and infrastructure, we will raise awareness on the value of design in developing solutions that can solve challenges and improve lives.

We will develop and deliver Design Council's story of impact to demonstrate the difference we are making with evidence and insight from our programmes and this will be shared as part of our 75th anniversary.

- 4. Maintaining our focus on financial management and the improvement of systems, processes and facilities:**

We will make operational efficiencies and savings through improvements in our IT systems, business systems, governance processes, programme and quality management tools.

We will extend our office sharing with Centre for Ageing Better during 2019/20. Significantly, during the year we will identify and agree new central office premises, which are fitting for our future ambitions and within our budget envelope. We plan to move at the end of 2019/20.

We aim to reduce voluntary staff turnover further, by continuing to act on feedback from staff, and through a number of planned initiatives such as: creating a strong narrative about the organisation; improving internal communication; seeking regular feedback from staff; and creating opportunities for staff development.

We will review the composition and skills of our design expert network to enhance sector specific knowledge (eg infrastructure and, health and wellbeing), to recruit additional experts to chair panels, and to enhance diversity.

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## Structure, governance and management

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### 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.

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### Structure of the organisation and decision making

During the year ending 31 March 2019, the key management personnel of Design Council comprised the Trustees, the Chief Executive and the Executive Director of Strategy, Innovation and Design<sup>5</sup>.

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.

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<sup>5</sup> The Executive Director of Strategy, Innovation and Design left on 31.01.19.

During the year there were a number of changes to key management personnel.

Four Trustees were reappointed for a second term: Anne Boddington, Kieron Boyle, Martin Darbyshire and Tim Stonor.

We were delighted to welcome seven new Trustees to the Board during the year: Sherin Aminossehe, Lauren Currie OBE and Keith Morgan joined in October 2018. Beatrice Fraenkel, Vimi Grewal-Carr and Paul Monaghan joined in December 2018. Gillian Horn joined in February 2019.

Three Trustees retired at the end of their terms: Pam Alexander OBE and Sandeep Dwesar retired as Trustees in December 2018 and Andrew Mackintosh retired in February 2019. Two Trustees resigned during the year for personal reasons.

Trustee terms are summarised in the table on page 31.

Clare Devine departed as Executive Director of Strategy, Innovation and Design on 31 January 2018. Following this, Clare provided strategic design services to us in a freelance capacity for a period of six months.

Design Council had 46 staff during the year. Three members of staff delivering the Transform Ageing programme are based in Exeter. The majority and remainder are currently based in our offices at the Angel Building in Islington, London. A move to new central London premises for these staff is planned for 2019/20. We draw on the expertise of our 450 strong network of design and built environment practitioners and experts.

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

The seven Trustees appointed during the year filled the skills gaps identified in the skills audit, with the exception of a qualified accountant. The Board increased its areas of specialism, bringing a wider understanding of the worlds we operate in, as well as a more commercial outlook.

The recruitment managed in-house was not only cost-effective but also resulted in a high quality of applicants and appointments and as a result has increased the Board's diversity. Trustee appointment and induction packs were updated and a new induction session was held with the executive team. Training and development will be progressed this year with opportunities for Trustee and staff to get to know each other better.

An external member of the Finance, Audit and General Purposes Committee member was appointed to the Committee, to provide technical, financial expertise in the absence of a qualified accountant on the Board.

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## Good governance

During 2018/19 we continued to make governance improvements against four themes: skills and diversity of the board; Trustee engagement and effective use of meetings; clarity of roles; and clarity of strategy and purpose

Some of the actions carried out during the year included:

- Appointing seven new Trustees and increasing the diversity of the Board. The Board size has been reduced over time to 12 to align with best practice.
- Introducing a new Code of Conduct covering Trustees' duties and expected behaviours.
- Reviewing the Committee structure to ensure it is appropriate and supports the delivery of the strategy: two sub committees were retained with slightly amended remits.
- Adopting a new risk policy and risk scoring to help the Board to prioritise and filter risks more effectively and to establish if any further action is needed.
- Introducing an 'assurance mapping' process to plan the key external assurance reviews for the year.

The Board is committed to adopting the principles set out in the Charity Governance Code. Trustees conducted a governance self-assessment in line with the Charity Governance Code in March 2019 and based on the findings will continue to enact governance improvements during 2019/20.

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## Pay and remuneration of key management personnel

The remuneration of key management personnel is reviewed and approved annually by the Stewardship Committee (previously the HR and Remuneration 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 built environment practitioners. 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 2018/19 is disclosed in note 19.

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## Risk management

The Trustees and executive management of the charity believe that sound risk management is integral to both good management and good governance practice. Risk management should form an 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. Risk registers are maintained for individual core programmes and we support programme staff regarding their roles in risk management. Any risks or opportunities arising will be identified, analysed and reported at an appropriate level.

During the year the Board adopted a new risk policy and risk scoring to help the Board to prioritise and filter risks more effectively and to establish if any further action is needed.

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.

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.

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

<b>Risk/challenge area</b>	<b>We will mitigate this by:</b>
<b>Managing ongoing macro-economic/government/political uncertainty</b>	<ul style="list-style-type: none"><li>• Showing compelling evidence of the value of design to Government.</li><li>• Ensuring our themes and priorities align to the Government's increasing focus on integrated services eg health and wellbeing, housing, infrastructure.</li><li>• Continuing our position as government's advisor on design through our CSR submission for 2020-24.</li></ul>
<b>Ensuring we grow and diversify our income</b>	<ul style="list-style-type: none"><li>• Securing additional income through successful business development, both in</li></ul>

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	<p>growing existing business and winning new business, utilising a more integrated offer across all aspects of Design Council.</p> <ul style="list-style-type: none"> <li>• Positioning our income generating programmes as unique and adding value.</li> <li>• Retaining funding from BEIS via the CSR post 2019/20 period.</li> </ul>
<p><b>Ensuring we maintain a long term sustainable financial position</b></p>	<ul style="list-style-type: none"> <li>• Implementing the programmes strategy (agreed Oct 2018) and aligned investment plan, to differentiate ourselves in the market and to support the business to deliver its long-term financial strategy.</li> <li>• Ensuring we are utilising digital as effectively as we can across all our systems and processes.</li> <li>• Maintaining rigorous cost control and monitoring the financial position during the year.</li> <li>• Moving to a new premises, with as little disruption as possible.</li> </ul>
<p><b>Ensuring we maintain our strong reputation and impact</b></p>	<ul style="list-style-type: none"> <li>• Strengthening our reputation by establishing new integrated programmes in the marketplace.</li> <li>▪ Measuring and demonstrating our impact through our Theory of Change programme.</li> </ul>

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## Reference and administrative details

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### Board of Trustees

Trustees who served during 2018/19 are listed below. The Board of Trustees is overseen by the Chair, Terry Tyrrell. Tim Stonor is the Deputy Chair of the Board.

Trustee	Date appointed	Terms served	Retirements and notes
<b>Terry Tyrrell (Chair)</b>	31.01.14	31.12.16 31.12.19 31.12.20	Reappointed for a third term
<b>Pam Alexander OBE (Deputy Chair)</b>	01.06.11	31.12.14 31.12.17 31.12.18	Retired 31.12.18
<b>Tim Stonor (Deputy Chair)</b>	10.09.15	10.09.18 10.09.21	Reappointed for a second term
<b>Sherin Aminossehe</b>	04.10.18	04.10.21	
<b>Anne Boddington</b>	10.09.15	10.09.18 10.09.21	Reappointed for a second term
<b>Kieron Boyle</b>	10.09.15	10.09.18 10.09.21	Reappointed for a second term
<b>Lauren Currie OBE</b>	04.10.18	04.10.21	
<b>Martin Darbyshire</b>	10.09.15	10.09.18 10.09.21	Reappointed for a second term
<b>Sandeep Dwesar</b>	01.06.11	31.12.14 31.12.17 31.12.18	Retired 31.12.18
<b>Beatrice Fraenkel</b>	13.12.18	13.12.21	
<b>Vimi Grewal-Carr</b>	13.12.18	13.12.21	
<b>Gillian Horn</b>	01.02.19	01.02.22	
<b>Andrew Mackintosh</b>	04.02.16	04.02.19	Retired 04.02.19
<b>Paul Monaghan</b>	13.12.18	13.12.19	Resigned 17.03.19
<b>Keith Morgan</b>	04.10.18	04.10.21	
<b>Steve Pearce</b>	31.01.14	31.12.16 31.12.19	
<b>Annika Small</b>	31.01.14	31.12.16 31.12.19	Resigned 26.04.18

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### Key management personnel

Aside from the Trustees the key management personnel are:

**Sarah Weir OBE**, Chief Executive

**Clare Devine**, Executive Director of Strategy, Innovation and Design (left 31 January 2019).

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## Committees

During the year the committee structure was reviewed to ensure that it was fit for purpose and supported the delivery of the strategy and oversight of financial and administrative aspects of Design Council's activities.

The Cabe Committee was closed from 31 December 2018 because the Board felt that CAFE had been fully integrated into the Design Council since the 2011 merger, and that the Architecture and Built Environment activities no longer needed the oversight of a separate committee.

Two sub committees were retained with slightly amended remits: the Finance, Audit and General Purposes Committee and a Stewardship Committee (formerly the HR and Remuneration Committee). New members were appointed to the committees and the terms of reference were approved by the Board of Trustees. Each committee reports back to the Board of Trustees after it meets.

Design Council Board Committees:

***Finance, Audit and General Purposes***

***Committee:*** meets three times a year to support the Trustee Board 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.

**Keith Morgan, Chair**

(appointed Chair on 13.12.18)

**Terry Tyrrell, Member**

(Chair until 13.12.18)

**Alex Spark, External Member**

(external member appointed 04.10.18)

**Martin Darbyshire, Member**

(appointed 07.02.19)

**Sandeep Dwesar, Ex Chair**

(retired 31.12.18)

***Stewardship Committee (previously the HR and Remuneration Committee):***

meets twice a year to support the Trustee Board 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.

**Beatrice Fraenkel, Chair**

(appointed Chair on 04.02.19)

**Terry Tyrrell, Member**

(appointed 07.02.19)

**Vimi Grewal-Carr, Member**

(appointed 07.02.19)

**Tim Stonor, Member**

(appointed 07.02.19)

**Sandeep Dwesar, Ex Chair**

(retired as Chair on 31.12.18)

**Annika Small, Ex Chair**

(resigned as chair 26.04.18)

***Design Council Cabe Committee:*** met quarterly to review the performance of the architecture and built environment programmes. Closed 31.12.18.

**Pam Alexander, Chair**

**Kieron Boyle, Member**

**Tim Stonor, Member**

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## Administrative details

### *Registered name and address*

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

### *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 and Braithwaite**  
10 Queen Street Place  
London EC4R 1BE

### **Make UK**

Broadway House  
Tothill Street  
London SW1H 9NQ

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

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## 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 2019 was 12 (2017/18 - 10). 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 25 July 2019 and signed on their behalf on 25 July 2019 by

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

**Terry Tyrrell**  
**Chair of Design Council Board of Trustees**  
**25 July 2019**

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

## Opinion

We have audited the financial statements of the Design Council ("the Charity") for the year period ended 31 March 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2019 and of its 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.

## 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 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 related to going concern

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

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

### Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: Trustees' Report. The Trustees are responsible for the other information.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Act 2011 require us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- adequate 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, 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 determines 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 the Act and relevant regulations made or having effect thereunder.

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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://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 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.



**BDO LLP**  
**Statutory Auditor**  
**London,**  
**United Kingdom**

Date: 1 August 2019

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under 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 Statement of Financial Activities

For the year ended 31 March 2019

	Note	Unrestricted £000	Restricted £000	2019 Total £000	Unrestricted £000	Restricted £000	2018 Total £000
<b>Income from</b>							
Charitable activities	2	1,141	3,404	<b>4,545</b>	1,131	4,074	5,205
Other trading activities	3	263	-	<b>263</b>	217	-	217
Investments	3	6	-	<b>6</b>	3	-	3
<b>Total income</b>		<b>1,410</b>	<b>3,404</b>	<b>4,814</b>	<b>1,351</b>	<b>4,074</b>	<b>5,425</b>
<b>Expenditure on</b>							
Charitable activities	4	1,436	4,734	<b>6,170</b>	1,002	5,699	6,701
<b>Total expenditure</b>		<b>1,436</b>	<b>4,734</b>	<b>6,170</b>	<b>1,002</b>	<b>5,699</b>	<b>6,701</b>
<b>Net movement in funds</b>		(26)	(1,330)	<b>(1,356)</b>	349	(1,625)	(1,276)
<b>Reconciliation of funds</b>							
Total funds brought forward		1,669	2,443	<b>4,112</b>	1,320	4,068	5,388
<b>Total funds carried forward</b>	8	<b>1,643</b>	<b>1,113</b>	<b>2,756</b>	<b>1,669</b>	<b>2,443</b>	<b>4,112</b>

**Notes:**

- a. All operations of Design Council are continuing.
- b. There were no recognised gains and losses in the year other than those shown above.
- c. The notes, numbered 1 - 20, form part of these accounts.

# Design Council Balance Sheet

As at 31 March 2019

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible fixed assets	10	173	394
<b>Total fixed assets</b>		<b>173</b>	<b>394</b>
<b>Current assets</b>			
Debtors	12	2,008	3,201
Short term deposits	13	1,250	600
Cash at bank and in hand	14	928	1,970
<b>Total current assets</b>		<b>4,186</b>	<b>5,771</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	15	1,603	1,913
<b>Net current assets</b>		<b>2,583</b>	<b>3,858</b>
Provisions for liabilities	16	-	140
<b>Net assets</b>	9	<b>2,756</b>	<b>4,112</b>
<b>Funds</b>			
Restricted funds	8	1,113	2,443
Unrestricted funds		1,643	1,669
<b>Total funds</b>		<b>2,756</b>	<b>4,112</b>

The notes at pages 42-54 form part of these accounts.

Approved and authorised by the Trustees on 25 July 2019 and signed on their behalf on 25 July 2019 by



**Terry Tyrrell**  
**Chair of Design Council Board of Trustees**  
**25 July 2019**

# Design Council Statement of Cash Flows

For the year ended 31 March 2019

	Note	£000	2019 £000	2018 £000
<b>Cash flows from operating activities:</b>				
<b>Net cash provided by/(used in) operating activities</b>	a		<b>(338)</b>	1,152
<b>Cash flows from investing activities:</b>				
Interest received		6	3	
Purchase of property, plant and equipment		(60)	(89)	
(Purchase)/sale of short term deposits		<u>(650)</u>	<u>(200)</u>	
<b>Net cash provided by/(used in) investing activities</b>			<b>(704)</b>	(286)
<b>Change in cash and cash equivalents in the year</b>			<b>(1,042)</b>	866
<b>Cash and cash equivalents brought forward</b>			<b>1,970</b>	1,104
<b>Cash and cash equivalents carried forward</b>			<b>928</b>	1,970
<b>Note to the statement of cash flows:</b>				
<b>Note:</b>				
a. Reconciliation of net income/(expenditure) to net cash flow from operating activities				
			<b>2019 £000</b>	2018 £000
<b>Net (expenditure) for the year</b>			<b>(1,356)</b>	(1,276)
Interest received			(6)	(3)
Loss on disposal of tangible fixed asset			43	-
Increase/(decrease) in provision for liabilities			(140)	-
Depreciation charges			238	100
Decrease in debtors			1,193	1,569
Increase/(decrease) in creditors			<u>(310)</u>	762
<b>Net cash provided by/(used in) operating activities</b>			<b>(338)</b>	1,152

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# Notes to the Design Council Financial Statements

For the year ended 31 March 2019

## 1. Accounting policies

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

### a) Basis of preparation

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

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

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The accounting policies below include estimates relating to provisions, recoverability of debtors, an accelerated depreciation charge on leasehold improvements 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;
- 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.

### c) 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.

**d) Liquid resources**

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

**e) 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.

**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 hardware and software</i>	<i>2 - 5 years</i>

The financial statements include an accelerated deprecation charge related to leasehold improvements with the useful economic life for these fixed assets now ending in March 2020 (compared to an end point of February 2022, which was assumed in the 2017/18 financial statements). This change has been made following Design Council's decision to exit its lease at the Angel Building early (see note 20).

**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.

The financial statements include a reprofiling of its rent charge for the Angel Building, with expenditure profiled on a straight line up to March 2020 (compared to an end point of February 2022, which was assumed in the 2017/18 financial statements). This change has been made following Design Council's decision to exit its lease at for the Angel Building early (see note 20).

**i) 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.

**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 donations and legacies, and charitable activities

	Unrestricted £000	Restricted £000	2019 Total £000	2018 Total £000
Grant from BEIS	-	2,520	<b>2,520</b>	3,350
Other grants from government and public bodies	-	884	<b>884</b>	724
Programme fees	1,141	-	<b>1,141</b>	1,131
<b>Total income from charitable activities</b>	<b>1,141</b>	<b>3,404</b>	<b>4,545</b>	<b>5,205</b>

## 3. Income from other trading activities and investments

	Unrestricted £000	Restricted £000	2019 Total £000	2018 Total £000
Licence income	263	-	<b>263</b>	217
<b>Total income from other trading activities</b>	<b>263</b>	<b>-</b>	<b>263</b>	<b>217</b>
Investment income	6	-	<b>6</b>	3
<b>Total income from investments</b>	<b>6</b>	<b>-</b>	<b>6</b>	<b>3</b>

## 4. Expenditure

	Grants payable £000	Staff costs £000	Other direct costs £000	Total direct costs £000	Support costs (note 7) £000	2019 Total £000	2018 Total £000
<b>Charitable activities</b>							
Policy & Communications	-	541	349	890	644	<b>1,534</b>	1,744
Growth & Innovation	1,027	657	572	2,256	888	<b>3,144</b>	3,453
Architecture & Built Environment	-	581	285	866	626	<b>1,492</b>	1,504
<b>Total 2019</b>	<b>1,027</b>	<b>1,779</b>	<b>1,206</b>	<b>4,012</b>	<b>2,158</b>	<b>6,170</b>	<b>6,701</b>
Total 2018	715	1,792	1,623	4,130	2,571	6,701	

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#### 4. Expenditure (continued)

**Notes:**

**Grants payable**

The Design Council made £1,027k grant payments to selected partners in support of programmes as shown below.

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

Recipient:	Amount £000
The Foundation for Social Entrepreneurs (t/a Unltd)	866
South West Peninsula Academic Health Science Network Limited	83
Community Council for Somerset	38
Volunteer Cornwall	20
Torbay Community Development Trust	20
<b>Total Transform Ageing</b>	<b><u>1,027</u></b>

## 5. Staff costs and numbers

Staff costs were as follows:

	2019 £000	2018 £000
Salaries and wages	1,996	2,103
Social security costs	227	254
Pension contributions	180	180
Staff benefits	10	11
Redundancy costs	46	110
Total payroll staff costs	<u>2,459</u>	<u>2,658</u>
Total temporary and contract staff costs	<u>87</u>	<u>138</u>
<b>Total staff costs</b>	<b><u>2,546</u></b>	<b><u>2,796</u></b>

£46k was paid for redundancy payments during the year (2017/18: £110k). Redundancy payments are based on continuous length of service. Amounts paid excluded pension contributions or benefits in kind. There was an outstanding £11k liability for a redundancy as at 31 March 2019.

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

Band	2019	2018
£60,000 - £69,999	1	3
£70,000 - £79,999	2	1
£100,000 - £109,999	1	-
£110,000 - £119,999	-	2
£120,000 - £129,999	1	1

The costs of key management personnel during 2018/19 were £259k (2017/18: £433k). These relate to two staff (2017/18: three) as specified in the Trustees' Report within the Structure, governance and management section.

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

	2019 No	2018 No
Permanent (payroll)	44	45
Other staff (other)	<u>2</u>	<u>2</u>
	<b><u>46</u></b>	<b><u>47</u></b>

## 6. Net expenditure for the year

This is stated after charging:

	Note	2019 £000	2018 £000
Depreciation		238	100
Trustees' reimbursed expenses	a	1	-
Staff reimbursed expenses		15	24
Auditors' remuneration:			
Audit		28	27
Other services		1	8
Operating lease rentals:			
Plant and machinery		21	24
Land and buildings		437	551

### Note:

a) Expenses totalling £1,380 were reimbursed to four Trustees (2017/18: £99 for two Trustees).

## 7. Support Costs

Support costs are allocated to charitable activities as follows:

	Note	2019 Staff costs £000	2019 Other costs £000	2019 Total £000	2018 Total £000
Executive		248	46	294	460
Facilities		63	717	780	961
Governance costs	a	52	-	52	55
Human resources		114	64	178	231
IT		54	147	201	140
Finance	b	236	179	415	624
Depreciation		-	238	238	100
<b>Total support costs</b>		<b>767</b>	<b>1,391</b>	<b>2,158</b>	<b>2,571</b>

### 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 £226k (2017/18: £245k).

## 8. Movements in funds

### Movements in funds during 2018/19

	2018 At the start of the year	Income	Expenditure	2019 At the end of the year
	£000	£000	£000	£000
<b>Restricted funds:</b>				
BEIS Grant	203	2,520	(2,700)	23
Design in the Public Sector Workshops	30	129	(154)	5
Design Council Spark	231	755	(446)	540
National Lottery Community Fund – Transform Ageing	1,952	-	(1,431)	521
Inclusive Design – CPD training	3	-	(3)	-
Other Restricted Funds	24	-	-	24
<b>Total restricted funds</b>	<b>2,443</b>	<b>3,404</b>	<b>(4,734)</b>	<b>1,113</b>
<b>Total unrestricted funds</b>	<b>1,669</b>	<b>1,410</b>	<b>(1,436)</b>	<b>1,643</b>
<b>Total funds</b>	<b>4,112</b>	<b>4,814</b>	<b>(6,170)</b>	<b>2,756</b>

### Movements in funds during 2017/18

	2017 At the start of the year	Income	Expenditure	2018 At the end of the year
	£000	£000	£000	£000
<b>Restricted funds:</b>				
BEIS Grant	183	3,350	(3,330)	203
Design in the Public Sector Workshops	33	90	(93)	30
EDIP (Design for Europe)	-	(17)	17	-
Design Council Spark	541	581	(891)	231
National Lottery Community Fund – Transform Ageing	3,287	-	(1,335)	1,952
Inclusive Design – CPD Training	-	70	(67)	3
Other Restricted Funds	24	-	-	24
<b>Total restricted funds</b>	<b>4,068</b>	<b>4,074</b>	<b>(5,699)</b>	<b>2,443</b>
<b>Total unrestricted funds</b>	<b>1,320</b>	<b>1,351</b>	<b>(1,002)</b>	<b>1,669</b>
<b>Total funds</b>	<b>5,388</b>	<b>5,425</b>	<b>(6,701)</b>	<b>4,112</b>

<b>Fund</b>	<b>Purpose and Restriction in use</b>
<b>BEIS Grant</b>	To make the case and grow the market for design in areas of the economy where it is underused, and to champion the value of design.
<b>Design in the Public Sector Workshops</b>	Skills and capacity building within the public sector.
<b>EDIP (Design for Europe)</b>	To increase awareness and an understanding of the value of design across EU countries.
<b>Design Council Spark</b>	A support and funding programme for entrepreneurs with product ideas.
<b>National Lottery Community Fund – Transform Ageing</b>	A social innovation programme aiming to improve people’s experience of ageing.
<b>Inclusive Design – CPD Training</b>	Development of online training in inclusive design for built environment practitioners.
<b>Other Restricted Funds</b>	Unused funds for a small number of completed legacy programmes. Design Council is agreeing plans for the use of the remaining funds.

## 9. Analysis of group net assets between funds

### Analysis of group net assets between funds 2018/19

	Unrestricted funds £000	Restricted funds £000	2019 Total funds £000
Tangible fixed assets	150	23	173
Current assets	1,551	1,385	2,936
Short term deposits	404	846	1,250
Long term debtor: amount owed over one year	-	-	-
Current liabilities	(462)	(1,141)	(1,603)
Provisions for liabilities	-	-	-
<b>Net assets at the end of the year</b>	<b>1,643</b>	<b>1,113</b>	<b>2,756</b>

### Analysis of group net assets between funds 2017/18

	Unrestricted funds £000	Restricted funds £000	2018 Total funds £000
Tangible fixed assets	345	49	394
Current assets	988	3,488	4,476
Short term deposits	600	-	600
Long term debtor: amount owed over one year	695	-	695
Current liabilities	(819)	(1,094)	(1,913)
Provisions for liabilities	(140)	-	(140)
<b>Net assets at the end of the year</b>	<b>1,669</b>	<b>2,443</b>	<b>4,112</b>

## 10. Tangible fixed assets

	Leasehold Improvements	Furniture and fittings	Computer hardware and software	Total
	£000	£000	£000	£000
<b>Cost</b>				
At the start of the year	755	173	114	<b>1,042</b>
Additions in year	8	32	20	<b>60</b>
Disposals in year	(140)	-	-	<b>(140)</b>
At the end of the year	<u>623</u>	<u>205</u>	<u>134</u>	<u><b>962</b></u>
<b>Depreciation</b>				
At the start of the year	436	156	56	<b>648</b>
Charge for the year	196	7	35	<b>238</b>
Disposals in year	(97)	-	-	<b>(97)</b>
At the end of the year	<u>535</u>	<u>163</u>	<u>91</u>	<u><b>789</b></u>
<b>Net book value</b>				
<b>At the end of the year</b>	<u><b>88</b></u>	<u><b>42</b></u>	<u><b>43</b></u>	<u><b>173</b></u>
At the start of the year	<u>319</u>	<u>17</u>	<u>58</u>	<u>394</u>

## 11. 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.

## 12. Debtors

	2019 £000	2018 £000
Trade debtors	358	275
Other debtors	696	700
Prepayments and accrued income	954	2,226
	<u><b>2,008</b></u>	<u>3,201</u>

Other debtors includes a deposit of £695k paid to the landlord of Design Council's office premises within the Angel Building, Islington. With the Design Council due to exit the Angel Building premises during 2019/20 this is a debtor due less than one year as at 2018/19 (2017/18: a long term debtor due after one year, also of £695k).

## 13. Short term deposits

	2019 £000	2018 £000
Lloyds Money Market deposit	<u>1,250</u>	600
	<u><b>1,250</b></u>	<u>600</u>

#### 14. Cash at bank and in hand

	2019	2018
	£000	£000
Cash at bank	928	1,970
	<b>928</b>	<b>1,970</b>

#### 15. Creditors: amounts due within one year

	2019	2018
	£000	£000
Trade creditors	81	121
Tax and social security	57	63
VAT payable	24	47
Other creditors	193	499
Grant accruals	719	337
Other accruals	472	799
Deferred income	57	47
	<b>1,603</b>	<b>1,913</b>

Included within other creditors is £17k for a payment due to Design Council's defined contribution pension scheme (2017/18: £16k).

#### 16. Provisions for liabilities

	£000	£000
Provisions	-	140
	-	140

Included above is the release of a £140k dilapidations provision related to Design Council's Angel Building premises. This change has been made following Design Council's decision to exit its lease at the Angel Building early (see note 20).

#### 17. Operating lease commitments

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

	2019		2018	
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
Within 1 year	489	11	626	21
Between 2 - 5 years	-	1	1,742	16
Over 5 years	-	-	-	-
	<b>489</b>	<b>12</b>	<b>2,368</b>	<b>37</b>

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## 18. Contingent liabilities

There are no contingent liabilities to declare.

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## 19. 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 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 £	Expenditure £
Kieron Boyle	Trustee	a	Chief Executive, Guy's & St Thomas' Charity	8,600	
Clare Devine	Executive Director	b	Clare Devine		1,908
Beatrice Fraenkel	Trustee	c	Beatrice Fraenkel		1,098
Gillian Horn	Trustee	c	Gillian Horn		5,302
Gillian Horn	Trustee	c	Sunand Prasad, husband of Gillian Horn and partner of Penoyre and Prasad		405
Paul Monaghan	Trustee	c	Director, Allford Hall Monaghan Morris		400
Tim Stonor	Trustee	c	Director, Space Syntax Limited		617
Sarah Weir	Chief Executive	d	Trustee, Alzheimers Society	60,000	

- a. This income relates to design support services delivered by Design Council to Guy's & St Thomas' Charity.
- b. Payments were made to Clare Devine in her role as an independent consultant during February - March 2019 following her departure as Executive Director of Strategy, Innovation and Design of the Design Council on the 31 January 2019.
- c. Payments were made to Beatrice Fraenkel, Gillian Horn, Penoyre and Prasad, Allford Hall Monaghan Morris, and Space Syntax in their roles as Built Environment Practitioners for the delivery of design advisory services.
- d. This income relates to a grant from Alzheimer's Society contributing to the fifth round of Design Council Spark.

## 20. Subsequent events

As at 31 March 2019 Design Council had a lease to occupy its office premises on the 3rd floor of the Angel Building, Islington up to February 2022. In June 2019, an agreement was made for Design Council to surrender this lease early and to exit the Angel Building by the end of March 2020. This decision has been treated as a post-balance sheet adjusting event in the financial statements, which has resulted in the following changes:

- a. A release of the £140k dilapidations provision in line with the relinquishment of our obligations to make good on dilapidations (note 16), with a corresponding disposal of £140k within fixed assets (note 10)
- b. An accelerated depreciation charge related to leasehold improvements (note 10) with the useful economic life for these fixed assets now ending in March 2020 (compared to an end point of February 2022, which was assumed in the 2017/18 financial statements)
- c. A reprofiling of the rent charge as per Design Council's accounting policy to charge expenditure on a straight line over the life of the lease (note 1 (h)). This results in lease costs being charged on a straight line up to March 2020 (compared to an end point of February 2022, which was assumed in the 2017/18 financial statements)"

**Design Council**

Angel Building  
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