



75 years
making life better
by design.

**Design
Council**

Design Council Annual Reports and Accounts

For the year ended 31 March 2020

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About Design Council

Design Council is a charity and the government's advisor on design.

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

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

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

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The Trustees submit this Annual Report for the year ended 31 March 2020 along with the financial statements for the year ended 31 March 2020, which comply with the current statutory requirements and which have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

Foreword from the Chair and Chief Executive

When Design Council was founded in 1944 the plan was simple: invest in the design sector to help rebuild the economy after the Second World War. Today, 75 years on, we are just as relevant, using design as a force for change to tackle major challenges.

Indeed, the world is changing rapidly, bringing to the fore national and global issues that we all must urgently address. The need for us to innovate and find new solutions is critical and we know that design has a key role to play.

Recently, Design Council launched its [story of impact](#), showing the power of design to confront big, complex societal problems. In reflecting on our past successes, we have also gained valuable insight into how we can and should work in the future to improve economic, societal and environmental outcomes.

Our impact report follows the publication of our new [Strategy 2020-24](#), which looks at how we will work with others to champion design and spread its use. Our three strategic priorities are: to improve the nation's health and wellbeing and reduce health inequalities; to enable sustainable living and help the UK reach its net zero targets; and to intensify our market making work for design, helping people access, understand and learn essential design skills to respond to these and other major challenges.

These are crucial areas of work, which have gained deeper significance following the coronavirus pandemic. At Design Council we are committed to helping the UK recover from the devastating consequences on all of us from Covid-19, rebuilding our economy, strengthening society and nurturing our environment.

There is much that can and must be done. But we cannot do this alone. At Design Council we will continue to work with colleagues and partners across the country to use design as a force for change. By coming together and using the power of design, we can all look forward to a healthier, more sustainable and prosperous society.



Sarah Weir OBE

Chief Executive, Design Council

A handwritten signature in black ink, appearing to read 'Sarah Weir'.



Terry Tyrrell

Chair, Design Council

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

Why design matters

What is design

- ❖ A mindset and skillset.
- ❖ Critical thinking and creativity combined.
- ❖ Much more than aesthetics.
- ❖ Design helps us identify and respond to economic, societal and environmental challenges.
- ❖ Design is firmly linked with innovation, productivity and business resilience.
- ❖ Design generates substantial revenue for the UK.

Head Problem solving

The ability to visualise and conceptualise the intangible.

Heart Humanity centred

The passion and curiosity to design solutions that are right for people and planet.

Hand Practical skills

The technical abilities to enable the end goal to be reached.

Our design principles

Over the next four years, we will use our wealth of research, evidence, experience and expertise to help tackle challenges around three key areas: health and wellbeing, sustainable living and design skills.

Design deeply: we understand the root of the problem and its wider context so together we tackle the cause, not the symptom.

Design disruptively: we are bold, provocative and reimagine the status quo, rather than just making a better version of what already exists.

Design collaboratively: we recognise that one solution is not going to fix a problem, so we team up with others who are also working on the same goals.

Design democratically: we shift power to communities by helping them to develop their own design skills to bring about positive change in their lives.

Objectives and activities

Our history

Set up in 1944 by Churchill's war cabinet to support Britain's economic recovery after World War II, the Council of Industrial Design, as we were then known, had the founding purpose of promoting 'by all practical means the improvement of design in the products of British industry'.

75 years later, our work has evolved and we have a unique offer, bringing our skills and knowledge together to benefit three major areas of the economy: business innovation, place and public services. We draw on our unrivalled network of more than 450 experts from all kinds of design disciplines to make life better by design.

Charitable objects

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

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

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

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

Our vision and mission

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

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

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

Our values

Our values are to work ambitiously, with agility and openness.

We are ambitious and aspire to reduce inequalities and include everyone. We are bold and courageous in how we work and we never intentionally leave anyone behind.

We are agile, meaning we are not attached to old ways of working. We do not ignore or shut down opinions different to our own. We spend time building trust with partners collaboratively.

We are not afraid to take risks, experimenting to find out what will work in the future, using our specialist knowledge of design to research possibilities. We stay up to date, knowledgeable and learn by doing. We make, test, learn and reflect.

And for 2020/24 our strategy is focused on improving **health & wellbeing, enabling sustainable living and increasing design skills**.

What we offer

We publish pioneering, evidence-based research on the value of design, commissioning and gathering this together to show the need and make the case for its use.

We provide independent advice for clients, stakeholders and partners, based on evidence, insights and expertise. This enables them to develop relevant policies and find design-led solutions to their current and future challenges.

We develop and run major design-led programmes in the UK and abroad that evidence the value of design, helping clients discover for themselves what works.

We evaluate all we do, providing evidence and stories to influence local and national governments in the UK and abroad, inspiring others to act, endorse and promote design as a force for change.

We influence policy and communicate our work widely, passing on our knowledge, skills, expertise and insights, and pressing for change where needed.



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.

[*Making life better by design: our story of impact*](#), charts our work over the last 15 years and evidences how design has contributed to three major areas of the economy – business innovation, places and public services – achieving societal and environmental benefits along the way.

Grant making

Design Council makes grants to certain beneficiaries under our programmes. Grants made in the year are set out in note 4 to the financial statements. All grants paid during the year related to the Transform Ageing programme, with payments being made quarterly, according to the amount of expenditure incurred in carrying out the programme's deliverables.

Fundraising statement

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

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

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

Achievements and performance

For the Annual Report and Accounts this year we are providing a more Executive Summary style of Trustee Report for the Financial Statements. Below are the key achievements and we have also highlighted the key outcomes from our grant programme for the [Department for Business, Energy and Industrial Strategy](#) (BEIS).

For statistics and stories on the impact of our work download our new report, [Making life better by design](#). This charts our successes over the last 15 years and showcases the immediate impact of programmes alongside the legacy of our longer-term work, such as creating successful new places or redesigning public services.

Highlights from 2019/20

Health and Wellbeing	<p>In 2019/20 we created impact across the design disciplines of products, services and places and across the wider set of circumstances which determine good health. These range from social connections to economic wellbeing to inclusive environments. We:</p> <ul style="list-style-type: none">• Celebrated the culmination of the three-year Transform Ageing programme which supported 62 social entrepreneurs to create a greater range of products and services for people in later life. This generated £3.73m (for a £815,000 investment plus design support), reached 89,500 people, created 193 jobs and 800 volunteering opportunities and identified benefits in reduced isolation and improved wellbeing. Importantly 69% of the jobs created were for people in later life.• Supported 13 teams through Design in the Public Sector, which upskilled 65 people to take a design approach to their challenges. For example the Southwark Digital Health Check, which is the first of its kind in the UK and reached 300 people through the first prototyping stage.• Created two innovative ideas to reduce debt in Barking & Dagenham, which we prototyped and are being taken forward, through BBC R4 The Fix.• Supported 10 inventors to create products supporting people live independently at home, including a raised seat bidet, a low-cost stabilising spoon and duvet cover for those with low dexterity.• Worked with East Sussex to develop a series of interventions around suicide prevention across the built environment, service provision and the way the area is depicted in film, which we shared at the National Suicide Conference.• Produced the National Design Guide, working with Tibbalds and MHCLG to develop national design principles which include healthy & sustainable places.• Submitted the UK Prevention Research Partnership (UKPRP) stage one consortia bid for the prevention of
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	<p>Non-Communicable Disease using the built environment and passed successfully to stage two.</p> <ul style="list-style-type: none"> Continued our Great Place to Work Team of staff volunteers, which contributed to initiatives on staff health & wellbeing such as flexible working and cycle to work schemes.
Sustainable Living	<p>In 2019/20 we focused on diversifying our portfolio of strategic design advice work and made a concerted effort to secure and enhance our infrastructure client offer.</p> <p>We have delivered a total of 101 design reviews, 52 workshops and have spoken at numerous public events, in the UK and overseas.</p> <ul style="list-style-type: none"> Secured a new contract with Network Rail to deliver strategic design advice for four years with a threshold of £1million. Secured High Streets Task Force 4-year contract worth nearly £400k. Secured Homes 2030 contract and delivered four public engagement workshops regionally. Delivered Think Station for Network Rail resulting in 11 workshops, over 400 stakeholders, 120 organisations, 4 cities. Delivered a total of 101 design reviews for local authority, infrastructure and housing association clients, including Lower Thames Crossing, Project Richmond, Sizewell, Heathrow and new large housing developments. Advised on the UK Housing Audit with Place Alliance Delivered Housing Expo workshop for partners and stakeholders. Developed a focus for design principles, standards and approaches for Housing associations concerned with estate regeneration. Convened a group of designers to ask how design can support the climate crisis, and spoke about this on a panel at the Service Design Festival. As a result of our new strategy we will develop a Design Council Sustainable Living policy in 2020/21.
Design Skills	<p>In 2019/20 we re-connected more extensively with the wide-ranging design community. This included running five regional workshops across the UK. We will build on this engagement in 2020/21, positioning ourselves as thought leaders about latest design practice and how these skills can help tackle some of the big social, economic and environmental challenges of our time. This includes including the UK's recovery as the Covid-19 lockdown slowly eases.</p>

	<p>We delivered training on design skills to professionals across the economy, notably:</p> <p>Business:</p> <ul style="list-style-type: none"> • To the private sector via the London Business School to 60 staff as part of the Ericsson KAM Executive programme • To social entrepreneurs through the final year of Spark and through Transform Ageing. • 86% of social entrepreneurs in our Transform Ageing programme felt more confident to act for social change, and most felt better equipped to identify, access and create relevant networks. <p>Public sector:</p> <ul style="list-style-type: none"> • To local public servants through Design in Public Services (DiPS) via our contract with the Local Government Association. • With NESTA to policy makers across the UK via States of Change. • To over 50 stakeholders working to redesign their 0-5 years children's support pathway in the Royal Borough of Kensington and Chelsea from GPs, midwives, health visitors, heads of local schools, librarians. • To university students via Global Design Camp with Manchester Metropolitan University and Hong Kong Design Institute. • 98% of participants on our public sector innovation programmes gained design skills and 93% then shared the approaches they learnt through the programmes with colleagues. <p>Places:</p> <ul style="list-style-type: none"> • To built environment professionals through our online hub (that draws together best practice on inclusive environments) and our free online Inclusive Environments CPD training course. • To 300 members of TFL staff on Inclusive Environments through a series of 10 interactive training sessions. • To house building professionals through 2 roundtables exploring how design skills are vital in thinking about estates developments/regeneration. • To local councillors and local planning officers in Waltham Forest about design review. • To Highways England's Road Academy again on design review. <p>In addition:</p> <ul style="list-style-type: none"> • We contributed to the Building Better Building Beautiful commission report by running a procurement workshop which resulted in recommendations being published in the final commissions report.
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	<ul style="list-style-type: none"> Sponsored the Festival of Place and the Pineapple awards ensuring design skills and design quality work at were highlighted with a reach of 970k impressions during the event and 1.7m overall impressions. <p>As well as thinking about the skills of individuals, we have also been working with clients to embed a design way of working in their organisation. Most notable this year has been our work with infrastructure clients, and Network Rail in particular, who have now embraced design as a core way of working.</p> <p>In addition to the above we have also recognised that people across Design Council have different exposure to the latest thinking around Design and the value of design skills. To address this we have re-invigorated lunch and learn sessions for staff – drawing in experts (internal and external) on how we can fulfil our mission to make life better by design.</p> <p>This year we also addressed the diversity of our Design Associate (DA) network and have recruited a range of new DAs to better reflect a better mix of backgrounds and skills we can draw on to support our work in the future.</p>
Corporate	<ul style="list-style-type: none"> Published our new strategy Using design as a force for change, which focuses on improving health and wellbeing, enabling sustainable living and increasing design skills. Brought design to new audiences with increased social media audience growth levels – we are up 275% compared to 2018/19, and audience engagements have increased by 60%. Published our Framework for Innovation, building on our world-renowned Double Diamond - there are 10,000+ visits every month to these on our website. Enhanced our International standing, including representing the UK at the Bureau of European Design Association's (BEDA) insight summit, Design Declaration Summit, Global Design Leaders' Summit and Service Design Global Conference. We also hosted a number of overseas delegations. All staff were trained in mental health awareness and equality, diversity and inclusion. Practices already in place such as cloud and laptop based, flexible working enabled the Design Council to react in an agile way in response to Covid-19. Grew our network of Design Associates as mentioned above. Grown fee income by 20% and reduced our cost base, notably by moving to a serviced office in January 2020 which has also enabled us to work in a more agile way. Completed long-term investment in technology to be entirely cloud-based. This enabled Design Council team to all immediately work virtually as soon as Covid-19 lockdown started in March 2020. Streamlined systems and processes to be more efficient and outcome-oriented.

Highlights from our 2019/20 BEIS programme

<p>Grown the evidence base on the value of design, including identifying key gaps for 20/21, including...</p>	<ul style="list-style-type: none"> • The Design Economy 2018 was cited in over 40 media publications last year, reaching 2.8 million readers. • Our <i>Design Economy 2021</i> consultation reached across the UK and internationally – including 7 engagement events - identifying key evidence gaps on the use of design which we will seek to address in 20/21. • 4 new research projects on business, AI and health; 8 insight briefings from workshops and events; 2 new evaluations of our work and produced our first impact report sharing learning from Design Council's last decade. • Three new discussion papers based on new strategic priorities about where design is underused and could be most impactful. • Participated in three international meetings on design metrics: we are the only organisation globally that can demonstrate design's presence and impact on a nation's economy to its broadest definition.
<p>Developed new advocates and relationships that support the design sector, including...</p>	<ul style="list-style-type: none"> • Worked with 8 LEPs on the development of their local industrial strategies, and delivered two workshops supporting grand challenges. • Convened public and private stakeholders on business value, resulting in three offers of support including our offer to support Innovate UK to embed design support in their new £20m business fund in response to Covid-19. • Brought together a collaboration of organisations focused on skills needed for the future, a significant step forward in cross-sector collaboration. • Deepened our relationships within non-departmental public bodies, including UKRI. • Successfully tendered for and run significant programmes of work supporting better design quality of place, including High Streets Taskforce, Home of 2030, The National Design Guide and a four-year contract with Network Rail.
<p>Increased promotion and advocacy of the value of design to Government, including...</p>	<ul style="list-style-type: none"> • Responded to 6 consultations or calls for evidence, including being invited to provide oral evidence on regional investment and growth and ageing • Raised the awareness of Design Council by inviting 80 parliamentarians to the launch of our strategy – targeting about 50 specifically with information about design in their communities. (This launch was planned for 25 March 2020 and was cancelled due to Covid-19) • Built stronger relationships with a range of key government departments, through our policy and programmes including MHGLC and DCMS.

	<ul style="list-style-type: none"> • Informed Building Better Building Beautiful Commission which now reflects much of Design Council's evidence submitted to the Commission in 2019, and the publication positively references Design Council's contribution.
Made the case to a wide audience of the value of design, including...	<ul style="list-style-type: none"> • Design Council staff delivered keynote presentations or contributed on panels for at least 100 external events, reaching a live audience of approximately 12,000 people, and many more online. • Reached 7 million Radio 4 listeners through the third series of BBC Radio 4 The Fix, that our Chief Design Officer co-presented and has been downloaded 60,000 times on Sounds in its first 2 months. • Are now regularly posting instances of thought leadership from our staff via Medium, alongside commissioned visual storytelling articles and films. We have noticed 4-8 times as much engagement on pieces posted on Medium. • Achieved increased social media audience growth levels – we are up 275% compared to 2018/19, and audience engagements have increased by 60%. • Published our Framework for Innovation, building on our world-renowned Double Diamond - there are 10,000+ online visits every month to these on our website.

Financial review

Review of the period

The results for Design Council for the year ended 31 March 2020 are set out in the financial statements from page 34 onwards.

In our ninth year as an independent charity the financial results show a deficit of £1.7m compared to a deficit of £1.4m in 2018/19. Our deficits in both 2018/19 and 2019/20 were principally 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 three 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 2019/20 was £0.5m (2018/19: £1.4m).

Total income for the year amounted to £3.9m (£4.8m in 2018/19) reflecting a continued reducing grant of £1.7m from BEIS in 2019/20 (£2.5m in 2018/19). The remaining income of £2.2m (2018/19: £2.3m) was raised from a variety of sources and affected at year end by Covid-19.

Total costs for the year were £5.6m (£6.2m in 2018/19). The reduction in costs is largely driven by achieving efficiencies within our support costs through outsourcing, going digital and reducing our office footprint. In the year we did invest heavily in IT, ensuring all staff had laptops so they could work remotely and moving our systems over to being cloud-based.

Cash and short-term deposit balances have reduced to £1.2m as at 31 March 2020 (£2.2m as at 31 March 2019). Cash balances include balances received and ring-fenced for programme expenditure, being £0.174m of funds to be paid out to entrepreneurs on our Design Council Spark programme as at 31 March 2020.

The average number of staff employed during the year was 41 (46 in 2018/19), with 22 additional design and built environment practitioners and experts added to our network of 450.

Reserves Policy

Total funds held by the Design Council at the end of the year were £1.08m (2018/19: £2.76m). Of this £0.05m were restricted funds (2018/19: £1.11m) 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 £0.92m (2018/19: £1.47m) against a target level of £0.4m to £0.8m. Given the current external context, the Trustees are comfortable that the free reserves at 31 March 2020 were above the target level. This external context includes macro-economic factors driven by the United Kingdom's decision to leave the European Union, and changes of political leadership taking place within government and the immediate impact of Covid-19 right at the end of the 2019/20. The longer-term impact of Covid-19 will be seen more clearly in 2020/21.

Free Reserves

	2020	2019
	£000	£000
Total Unrestricted Funds	1,024	1,643
Less Tangible Fixed Assets	(107)	(173)
Free Reserves	917	1,470

Coronavirus

In keeping with every organisation at present, the Trustees of the Charity are currently assessing the impact of Covid-19. The situation is evolving rapidly and it is not possible at this stage to determine with any certainty the full impact on the Charity, its clients, employees and suppliers. The BEIS core funding is guaranteed until March 2021, but delays to the Comprehensive Spending Review means that the level of BEIS funding beyond this is not known at present. Although this is considered unlikely at this stage, there is a risk that the Charity could require further funding. On this basis there is considered to be a material uncertainty which may cast significant doubt over the Charity's ability to continue as a going concern.

Going Concern

As stated above, the Trustees of the Charity are currently assessing the impact of Covid-19. The situation is evolving rapidly and it is not possible at this stage to determine with any certainty the impact on the Charity, including its customers, employees and suppliers. BEIS core funding is guaranteed until March 2021 and although the Charity is confident funding will continue (based on current information received from BEIS), it has not received confirmation of funding beyond this time. Should this confirmation of funding not be forthcoming, the Charity would require further funding. As there is currently no guarantee an alternative source would be found, the Charity would therefore require significant cost reductions to be implemented. On this basis there is considered to be a material uncertainty which may cast significant doubt over the Charity's ability to continue as a going concern.

Nonetheless, the Trustees have reviewed its monthly cash flow forecasts (including implementing a stress testing analysis on a % range of funding likely to be received from BEIS, along with a number of cost saving scenarios) and believe that BEIS core funding will continue such that it has sufficient cash flows for the next twelve months. As such, the Trustees continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include the adjustments that would result if the Charity were unable to continue as a going concern.

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.

Plans for the future

This year is the first of our new [Strategy for 2020/24](#). Over the next four years, we will use our wealth of research, evidence, experience and expertise to help tackle challenges around three key areas: health and wellbeing, sustainable living and design skills.

To achieve this our teams have developed detailed plans which will:

Improve health and wellbeing

By 2024 we will have increased design skills within communities and organisations in at least four local areas experiencing some of the worst health inequalities in the UK. In doing so, we will help people better understand the issues that can influence their health. We will also have empowered them to develop, test and put in place their own solutions to live healthier lives. We will build on our existing programmes to:

- ❖ Work with partners and deliver major place-based programmes in these areas.
- ❖ Support businesses to improve health and wellbeing of their staff.
- ❖ Have a particular focus on homelessness.

Enable sustainable living

By 2024 we will have added to the wider global knowledge on new, more environmentally sustainable practices. We will have also increased the work we do to support people to design places, products and processes which are more sustainable and help the UK meet its stated net zero targets. We will further extend our work by:

- ❖ Developing sustainable infrastructure models with our clients.
- ❖ Leading public sector innovation to mitigate the climate change crisis.
- ❖ Focus particularly on air quality.

Increase design skills

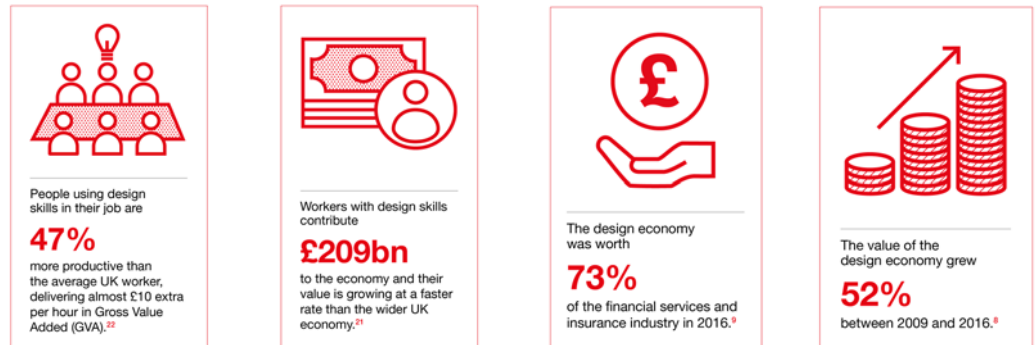
By 2024 we will have helped close the skills gap across the UK through our design skills-led approach. We will build on our existing programmes to reach another 500 businesses, 5,000 community members, and 2,500 public servants and their stakeholders who will be enabled to use design skills. We will continue our work with central and local government to help their younger and older learners to unlock their full potential. They, in turn, can then pass these skills on to thousands of others. Building on our long history of success in this area we will:

- ❖ Develop a package of support and training for community-led design and place-shaping.
- ❖ Provide an SME design skills programme to embed design as a critical enabler of performance.
- ❖ Create a new design skills programme for non-design trained leaders so they recognise the commercial impact of design.
- ❖ Share the latest social, environmental and systemic design practices so that designers can maximise their potential for humanity's good.

In addition our business model is evolving and we aim to

- ❖ Develop a third source of funding (to replace the grants that concluded in 2019/20).
- ❖ Build upon our success in generating new fee income (achieving 20% per annum in the last two years).
- ❖ Work collaboratively with BEIS on a settlement for the forthcoming Comprehensive Spending Review in Autumn 2020. Whilst this would normally be a three-year settlement, we still await confirmation as to what SR will be carried out in 2020 in light of key external factors such as the UK's withdrawal from the EU and Covid-19.
- ❖ Ensure we fully cost our work and keep our overheads to a minimum.

As a whole staff team we are excited by our new strategic plan, and by the progress we have made remodelling our work in 2019/20. This year is going to be another one of change, growth and development, while collectively we all work digitally, efficiently and innovatively in response to the impacts of Covid-19.



All statistics from

Design Council. (2018) The design economy 2018: the state of design in the UK.

Structure, governance and management

Governing document

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

Design Council registered as a charity on 13 October 1976 and the registered charity number is 272099. Our registered address is Eagle House, 167 City Road, London, EC1V 1AW.

Structure of the organisation and decision making

During the year ending 31 March 2020, the key management personnel of Design Council comprised the Trustees, the Chief Executive and the Chief Design Officer (who joined on 1 July 2019).

The Board of Trustees is responsible under Design Council's Royal Charter for:

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

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

The Board of Trustees delegates day to day responsibility for managing the charity to the Chief Executive. The Chief Executive is accountable to the Board of Trustees for achieving the mission and strategic aims, for ensuring the organisation is well run and meets its charitable objects and for ensuring that Design Council remains relevant, contemporary and sustainable in the future. The Chief Executive reports to the Chair of the Board of Trustees and leads a senior management team.

During the year there were three changes to key management personnel. One Trustee, Steve Pearce, left having come to the end of his second term of office and one external advisor, Alex Spark, retired from the Finance, Audit and General Purposes Committee. Trustees' terms are summarised in the table on page 25.

Cat Drew joined on 1 July 2019 as Chief Design Officer.

Sarah Weir is leaving on 31 October 2020 as Chief Executive.

Design Council had 41 staff employed at the end of the year at the main office in London. Staff delivering the Transform Ageing programme were based in Exeter. The Design Council draws on the expertise of our 450+ strong network of design and built environment practitioners and experts.

Recruitment, induction and training of Trustees

When new Trustees are recruited it is through an open process. New Trustees are appointed by the Board of Trustees. Trustees may serve up to two consecutive three-year terms, although in exceptional circumstances a third term may be approved, up to a maximum of nine years.

On appointment, new Trustees are provided with an induction pack and have meetings with key management personnel to brief them on the activities of the Design Council and their responsibilities as a Trustee. Periodically, a survey is used to identify skills gaps and development priorities. Briefings and training are provided for Trustees as necessary.

Good governance

During 2019/20 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.

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 Spring 2019 and based on the findings will continue to enact governance improvements during 2020/21.

Pay and remuneration of key management personnel

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

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

A small number of Trustees also deliver design advice services in their capacity as 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 2019/20 is disclosed in note 17.

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:

Risk/challenge area	We will mitigate this by:
Economy, downturn post Covid-19	<ul style="list-style-type: none">• Showing compelling evidence of the value of design to Government.• Ensure our strategy is aligned with the Government's priorities.• Develop strong action plan as Government's advisor on design through our CSR submission for 2020-24 (or whatever period is agreed).• Reducing our cost base to retain our free reserves and respond to possible cash flow challenges.

Ensuring we grow and diversify our income

- Continue to integrate our offer and our service delivery.
- Focus activity on strategic priorities building long-term partnerships.
- Secure contracts from Government, Public Bodies and Local Authorities for delivery that meets our combined strategic priorities and remits.

Ensuring we maintain a long term sustainable financial position

- Achieve sustainable margins on client delivery work.
- Deliver our new operating model, fully digital with reduced overheads.
- Continue to build the network of Design Council experts and associates, used to support delivery.

Ensuring we maintain our strong reputation and impact

- Deliver Design Economy 2021.
 - Launch a new website in 2021 which is much easier to navigate and secure documents or information by searching.
 - Deliver our Impact Report 2020.
-

Reference and administrative details

Board of Trustees



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

Trustees who served during 2019/20 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
Terry Tyrrell (Chair)	31.01.14	31.12.16 31.12.19 31.12.20	Reappointed for a third term and will retire on 31 December 2020.
Tim Stonor (Deputy Chair)	10.09.15	10.09.18 10.09.21	Reappointed for a second term
Sherin Aminossehe	04.10.18	04.10.21	
Anne Boddington	10.09.15	10.09.18 10.09.21	Reappointed for a second term
Kieron Boyle	10.09.15	10.09.18 10.09.21	Reappointed for a second term
Lauren Currie OBE	04.10.18	04.10.21	
Martin Darbyshire	10.09.15	10.09.18 10.09.21	Reappointed for a second term
Beatrice Fraenkel	13.12.18	13.12.21	
Vimi Grewal-Carr	13.12.18	13.12.21	
Gillian Horn	01.02.19	01.02.22	
Keith Morgan	04.10.18	04.10.21	
Steve Pearce	31.01.14	31.12.16 31.12.19	Retired on 31 December 2019

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

*Health-related reasons

Activity during 2019/20

Appointments and retirements

Steve Pearce retired as a Trustee on 31 December 2019 after completing two terms.

Committees

Alex Spark retired as external member of the Finance, Audit and General Purposes Committee on 31 October 2019 after serving for a year.

Activity after 31 March 2020

Chair recruitment

In October 2019, the Design Council started recruitment for a new Chair. This recruitment was halted temporarily in March 2020 due to Covid-19.

On 14 May 2020, the Board agreed to extend the term of current Chair Terry Tyrrell, until a new Chair is recruited and beyond his current retirement date of 31 December 2020, should this be required.

Board support during Covid-19

The Board agreed that a small group of Trustees would volunteer to meet informally fortnightly during the period of Covid-19 to offer support the Chief Executive, and would report its discussions back to the Board where appropriate.

Key management personnel

Aside from the Trustees the key management personnel are:

Sarah Weir OBE, Chief Executive (leaving 31 October 2020).
Cat Drew, Chief Design Officer (joined 1 July 2019).

Committees

The Board of Trustees has two sub committees: Finance, Audit and General Purposes Committee and a Stewardship Committee. One member was appointed to a committee and their terms of reference were approved by the Board of Trustees. Each committee reports back to the Board of Trustees after it meets.

Finance, Audit and General Purposes

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

Keith Morgan, Chair
(appointed Chair on 13.12.18)

Martin Darbyshire, Member
(appointed 07.02.19)

Gillian Horn, Member
(appointed 03.10.19)

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

Beatrice Fraenkel, Chair
(appointed Chair on 04.02.19)

Terry Tyrrell, Member
(appointed 21.07.16)

Vimi Grewal-Carr, Member
(appointed 07.02.19)

Tim Stonor, Member
(appointed 07.02.19)

Administrative details

Registered name and address¹

Design Council
Eagle House
167 City Road
London EC1V 1AW

Charity Commission number

272099

Bankers

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

External auditors

BDO LLP
55 Baker Street
London W1U 7EU

Advisory and legal

Bates Wells
10 Queen Street Place
London EC4R 1BE

Make UK

Broadway House
Tothill St
London SW1H 9NQ

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

¹ As of 1 January 2020

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 2020 was 11 (2018/19 - 12). The Trustees are members of the charity but this entitles them only to voting rights. The Trustees have no beneficial interest in the group or the charity.

Auditors

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

Approved by the Trustees on 23 July 2020 and signed on their behalf on 01 October 2020 by



Terry Tyrrell
Chair of Design Council Board of Trustees
01 October 2020

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

Opinion

We have audited the financial statements of Design Council ("the Charity") for the year ended 31 March 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flow 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 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

Material uncertainty related to going concern

We draw your attention to note 1 which states that the confirmed BEIS core grant does not extend beyond 31 March 2021 and as a result the Charity could require further funding or significant cost reductions. On this basis there is considered to be a material uncertainty which may cast significant doubt over the Charity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

BDO LLP
Statutory Auditor
London,
United Kingdom

Date: 7 October 2020

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 2020

	Note	Unrestricted £000	Restricted £000	2020 Total £000	Unrestricted £000	Restricted £000	2019 Total £000
Income from							
Charitable activities	2	1,369	1,777	3,146	1,141	3,404	4,545
Other trading activities	3	727	-	727	263	-	263
Investments	3	6	-	6	6	-	6
Total income		2,102	1,777	3,879	1,410	3,404	4,814
Expenditure on							
Charitable activities	4&7	2,721	2,837	5,558	1,436	4,734	6,701
Total expenditure		2,721	2,837	5,558	1,436	4,734	6,170
Net movement in funds		(619)	(1,060)	(1,679)	(26)	(1,330)	(1,356)
Reconciliation of funds							
Total funds brought forward		1,643	1,113	2,756	1,669	2,443	4,112
Total funds carried forward	14	1,024	53	1,077	1,643	1,113	2,756

Notes:

- All operations of Design Council are continuing.
- There were no recognised gains and losses in the year other than those shown above.
- The notes, numbered 1 - 18, form part of these accounts.

Design Council Balance Sheet

As at 31 March 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible fixed assets	9	107	173
Total fixed assets		107	173
Current assets			
Debtors	10	520	2,008
Short term deposits	11	-	1,250
Cash at bank and in hand		1,159	928
Total current assets		1,679	4,186
Current liabilities			
Creditors: amounts falling due within one year	12	709	1,603
Net current assets		970	2,583
Net assets	13	1,077	2,756
Funds	14		
Restricted funds		53	1,113
Unrestricted funds		1,024	1,643
Total funds		1,077	2,756

The notes at pages 37 to 48 form part of these accounts.

Approved and authorised by the Trustees on 23 July 2020 and signed on their behalf on 1 October 2020 by



Terry Tyrrell
Chair of Design Council Board of Trustees
01 October 2020

Design Council Statement of Cash Flows

For the year ended 31 March 2020

	Note	£000	2020 £000	2019 £000
Cash flows from operating activities:				
Net cash used in operating activities	a		(919)	(338)
Cash flows from investing activities:				
Interest received		6	6	
Purchase of property, plant and equipment		(106)	(60)	
Sale / (Purchase) of short term deposits		<u>1,250</u>	<u>(650)</u>	
Net cash provided by/(used in) investing activities			<u>1,150</u>	<u>(704)</u>
Change in cash and cash equivalents in the year			<u>231</u>	<u>(1,042)</u>
Cash and cash equivalents brought forward			<u>928</u>	<u>1,970</u>
Cash and cash equivalents carried forward			<u>1,159</u>	<u>928</u>

Note to the statement of cash flows:

Note:

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

	2020 £000	2019 £000
Net (expenditure) for the year	(1,679)	(1,356)
Interest received	(6)	(6)
Loss on disposal of tangible fixed asset	1	43
Increase/(decrease) in provision for liabilities	-	(140)
Depreciation charges	171	238
Decrease in debtors	1,488	1,193
Increase/(decrease) in creditors	<u>(894)</u>	<u>(310)</u>
Net cash used in operating activities	<u>(919)</u>	<u>(338)</u>

Notes to the Design Council Financial Statements

For the year ended 31 March 2020

1. Accounting policies

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

a) Basis of preparation

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

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared on a going concern basis which assumes that the Charity will continue in operational existence for twelve months from the date of approval of the Financial Statements.

The Trustees are confident BEIS funding will continue beyond March 2021 but do not have a confirmed funding agreement at the signing date of these accounts. In addition, whilst the Charity has a strong pipeline of professional fees throughout the next 12 months this income is not certain. The Trustees continue to adopt the going concern basis of accounting in preparing the annual financial statements.

However, as stated above, the Trustees of the Charity are currently assessing the impact of Covid-19. The situation is evolving rapidly and it is not possible at this stage to determine with any certainty the impact on the Charity, including its customers, employees and suppliers. BEIS core funding is guaranteed until March 2021 and although the Charity is confident funding will continue (based on current information received from BEIS), it has not received confirmation of funding beyond this time. Should this confirmation of funding not be forthcoming, the Charity would require further funding. As there is currently no guarantee an alternative source would be found, the Charity would therefore require significant cost reductions to be implemented. On this basis there is considered to be a material uncertainty which may cast significant doubt over the Charity's ability to continue as a going concern.

Nonetheless, the Trustees have reviewed its monthly cash flow forecasts (including implementing a stress testing analysis on a % range of funding they are likely to receive from BEIS, along with a number of cost saving scenarios) and believe that BEIS core funding will continue such that it has sufficient cash flows for the next twelve months. As such, the Trustees continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include the adjustments that would result if the Charity were unable to continue as a going concern.

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements.

The accounting policies below include estimates relating to provisions and the recoverability of debtors and stage of completion of contract delivery for programme fees.

b) Income recognition

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

- Grants are accounted for once a formal offer of funding is received, subject to satisfying any performance-related conditions. In the event that a grant is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period;
- Programme fees and licence fee income are accounted for on an accruals basis. As services are delivered in accordance with any milestones set out in these contracts income is recognised. Any part of the service not delivered at the balance sheet date is deferred;
- Gifts in kind are assets donated to the charity for its own use or for distribution to beneficiaries. They are included at valuation and recognised as income only when they are used or distributed.

c) Expenditure

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

Support costs in note 7 costs are attributed to the categories detailed on an actual basis. The basis of apportionment to charitable expenditure is as a proportion of total directly attributable costs.

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

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

d) Liquid resources

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

e) Funds accounting

Funds held by 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 equipment</i>	<i>2 - 5 years</i>

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

g) Pensions

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

h) Leases

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

i) Provisions

Provisions are made when 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 charitable activities

	Unrestricted £000	Restricted £000	2020 Total £000	2019 Total £000
Grant from BEIS	-	1,680	1,680	2,520
Other grants from government and public bodies	-	90	90	884
Programme fees	1,369	7	1,376	1,141
Total income from charitable activities	1,369	1,777	3,146	4,545

3. Income from other trading activities and investments

	Unrestricted £000	Restricted £000	2020 Total £000	2019 Total £000
Licence income	227	-	227	263
Other income	500	-	500	-
Total income from other trading activities	727	-	727	263
Investment income	6	-	6	6
Total income from investments	6	-	6	6

Design Council vacated the Angel Building premises in December 2019, before the end of the lease agreement which ceased in March 2020. Other income includes £500k received from the landlord to surrender the lease early.

4. Expenditure

	Grants payable	Staff costs	Other direct costs	Total direct costs	Support costs (note 7)	2020 Total £000	2019 Total £000
	£000	£000	£000	£000	£000	£000	£000
Charitable activities							
Policy & Communications	-	543	211	754	534	1,288	1,534
Growth & Innovation	305	537	756	1,598	915	2,513	3,144
Architecture & Built Environment	-	601	428	1,029	728	1,757	1,492
Total 2020	305	1,681	1,395	3,381	2,177	5,558	6,170
Total 2019	1,027	1,779	1,206	4,012	2,158	6,170	

4. Expenditure (continued)

Notes:

Grants payable

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

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

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

5. Staff costs and numbers

Staff costs were as follows:

	2020 £000	2019 £000
Salaries and wages	1,878	1,996
Social security costs	214	227
Pension contributions	177	180
Staff benefits	6	10
Redundancy costs	77	46
Total payroll staff costs	2,352	2,459
Total temporary and contract staff costs	91	87
Total staff costs	2,443	2,546

Redundancy payments are £77k (2018/19: £46k). These payments are based on continuous length of service. Amounts paid excluded pension contributions or benefits in kind.

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

Band	2020	2019
£60,000 - £69,999	2	1
£70,000 - £79,999	3	2
£100,000 - £109,999	-	1
£120,000 - £129,999	1	1

The costs of key management personnel are £229k (2018/19: £259k). These relate to two staff (2018/19: two) as specified in the Trustees' Report within the Structure, governance and management section.

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

	2020 No	2019 No
Permanent (payroll)	38	44
Other staff (other)	3	2
	41	46

6. Net expenditure for the year

This is stated after charging:

	Note	2020 £000	2019 £000
Depreciation		171	238
Trustees' reimbursed expenses	a	1	1
Staff reimbursed expenses		14	15
Auditors' remuneration:			
Audit		30	28
Other services		1	1
Operating lease rentals:			
Plant and machinery		13	21
Land and buildings		448	437

Note:

a. Expenses totalling £1,061 were reimbursed to two Trustees (2018/19: £1,380 for four Trustees)

7. Support Costs

Support costs are allocated to charitable activities as follows:

	Note	2020 Staff costs £000	2020 Other costs £000	2020 Total £000	2019 Total £000
Executive		201	50	251	294
Facilities		66	738	804	780
Governance costs	a	53	-	53	52
Human resources		109	29	138	178
IT		66	174	240	201
Finance	b	267	253	520	415
Depreciation		-	171	171	238
Total support costs		762	1,415	2,177	2,158

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 £170k (2018/19: £226k).

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

8. Taxation

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

9. Tangible fixed assets

	Leasehold Improvements	Furniture and fittings	Computer equipment	Total
	£000	£000	£000	£000
Cost				
At the start of the year	623	205	134	962
Additions in year	-	35	71	106
Disposals in year	(595)	(184)	(23)	(802)
At the end of the year	28	56	182	266
Depreciation				
At the start of the year	535	163	91	789
Charge for the year	88	38	45	171
Disposals in year	(595)	(184)	(22)	(801)
At the end of the year	28	17	114	159
Net book value				
At the end of the year	-	39	68	107
At the start of the year	88	42	43	173

Design Council had a lease to occupy its office premises at Angel Building, Islington until the end of March 2020. Design Council agreed to surrender this lease early and exit Angel Building by the end of December 2019. This resulted in an accelerated depreciation charge being taken for leasehold improvements, and furniture and equipment being disposed of, with the useful life of these assets ending in December 2019.

10. Debtors

	2020	2019
	£000	£000
Trade debtors	180	358
Other debtors	80	696
Prepayments and accrued income	260	954
	520	2,008

Other debtors of £80k was a deposit held by the landlord relating to the Eagle House, London premises (2018/19: £696k deposit held by the landlord at Angel Building).

11. Short term deposits

	2020 £000	2019 £000
Lloyds Money Market deposit	-	1,250
	-	1,250

12. Creditors: amounts due within one year

	2020 £000	2019 £000
Trade creditors	95	81
Tax and social security	114	57
VAT payable	42	24
Other creditors	17	193
Grant accruals	-	719
Other accruals	400	472
Deferred income	41	57
	709	1,603

Tax and social security of £114k was held relating to February 2020 and March 2020. This was due to HMRC providing an agreement to delay both payments until July 2020 for these periods due to Covid-19.

Included within other creditors is £17k for a payment due to Design Council's defined contribution pension scheme (2018/19: £17k).

13. Analysis of group net assets between funds

Analysis of group net assets between funds 2019/20

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

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
Current liabilities	(462)	(1,141)	(1,603)
Net assets at the end of the year	1,643	1,113	2,756

14. Movements in funds

Movements in funds during 2019/20

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

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
Restricted funds:				
BEIS Grant	203	2,520	(2,700)	23
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 Funds	24	-	-	24
Total restricted funds	2,443	3,404	(4,734)	1,113
Total unrestricted funds	1,669	1,410	(1,436)	1,643
Total funds	4,112	4,814	(6,170)	2,756

15. Operating lease commitments

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

	2020		2019	
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
Within 1 year	423	5	489	11
Between 2 - 5 years	317	5	-	1
Over 5 years	-	-	-	-
	740	10	489	12

16. Contingent liabilities

There are no contingent liabilities to declare.

17. Related parties transactions

Name	Position at Design Council	Note	Related Party	Income £	Expense £
Beatrice Fraenkel	Trustee	a	Beatrice Fraenkel		604
Gillian Horn	Trustee	a	Gillian Horn		2,677
Gillian Horn	Trustee	a	Sunand Prasad, husband of Gillian Horn and partner of Penoyre and Prasad		486
Cat Drew	Director	b	Futuregov		9,000

Notes:

- Payments were made to Beatrice Fraenkel, Gillian Horn and Penoyre and Prasad in their roles as Built Environment Practitioners for the delivery of design advisory services.
- A payment to Futuregov was made in relation to the Fix radio programme, an organisation Cat Drew was a Director of before joining Design Council.

18. Subsequent events

Due to the Covid-19 pandemic and the UK lockdown which began on 23 March 2020, staff have been working digitally. Design Council did not furlough any staff, but did agree to defer tax payments as part of the Government's Covid-19 response scheme. Since the balance sheet date the total funds had declined from £1.08 million to £1.00 million by 30 June 2020. The Chief Executive, Sarah Weir OBE, is leaving Design Council on 31 October 2020 due to ill health.

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